

Credit Cards in Brazil

Customer Characteristics

Type

Brazilian Bank with operations across the world.

Size

USD\$40 Billion in assets

Engagement Objectives

Identify and assist with the implementation of revenue enhancement opportunities designed to:

- Improve interest revenue
- Increase fee revenue
- Reduce interest expenses

RESULTS

PROFIT INSIGHT® presented 26 strategies with an annual benefit value of over USD\$56.5 million. The first strategy implemented within 30 days. Implemented strategies provide increased annual revenue in excess of USD\$35.7 million.

The strategies that have been implemented to date have provided consistent income with no negative customer feedback. Customer activity/volume has not seen a decline with the implementation of the approved strategies.

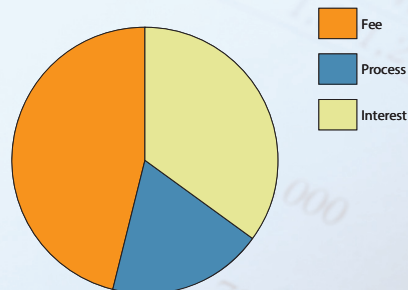
PROFIT INSIGHT® continues to track and monitor customer behavior responses in order to ensure that maximum benefit is achieved with minimal customer reaction.

- No change to the Terms and Conditions were required.
- Strategies were identified and presented in a collaborative manner with key client personnel.
- The client expanded the engagement to other banking divisions within Brazil. Negotiations are currently being held to expand the relationship to Europe and the Asia-Pacific regions.

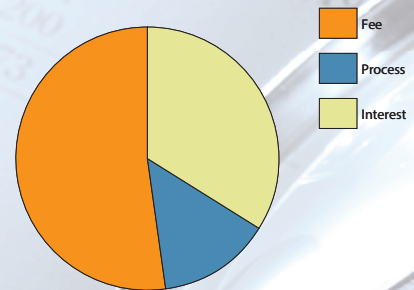
The presented strategies can be categorized into three enhancement types:

fees, processes and interest.

Percentage (%) of Strategy Types



Value (USD\$) of Strategy Types



Summary	Number	Amount
Presented	26	USD\$56.5M
Implemented	5	USD\$35.7M
Pending	4	USD\$13.5M

Category	Number	Amount
Retail Banking	13	USD\$41.4M
Credit Cards	13	USD\$15.1M
Total	26	USD\$56.5M

PROFIT INSIGHT® is the

CLEAR CHOICE

to help you achieve
your financial goals.

Cumulative financial benefits with solutions that are
Legal and compliant focusing on revenue
Enhancement, revenue
Assurance and cost
Reduction.

BACKGROUND

After several months of contract negotiations it was agreed with the client that PROFIT INSIGHT® would perform a preliminary engagement to provide a "high level" analysis of potential opportunities. A two week preliminary engagement was conducted in April 2006. Based on the results of this preliminary engagement the client agreed to a full on-site study. The client was convinced that PROFIT INSIGHT® could provide immediate value with minimum disruption, maximum value and limited implementation requirements.

ENGAGEMENT

The on-site engagement started in early September 2006, the PROFIT INSIGHT® engagement team consisted of two full time on-site analysts. Oversight and quality assurance were provided by a Senior Manager who made two visits on-site and had regular teleconference calls with the team.

Initially, the engagement focused on retail banking products and consumer credit cards. Prior to the start of the engagement PROFIT INSIGHT® provided the client with a detailed data request identifying account volumes, balances, transaction activity and related interest and fee revenue. PROFIT INSIGHT® used this data to conduct the initial strategy identification. PROFIT INSIGHT® employed its standard engagement methodology which included the following activities:

- Fee assessment practices
- Interest calculation methodology
- System parameter settings
- Competitive pricing review

PROFIT INSIGHT® gained valuable feedback by reviewing the findings during scheduled weekly status meetings with the client Project Team. During these meetings, new strategy concepts were reviewed, estimated benefit values were discussed, customer impact evaluated and system and disclosure requirements were outlined.

Subsequent meetings were held to discuss legal and compliance related issues. Several new regulatory changes were purposed at the start of the engagement. PROFIT INSIGHT® needed to identify new strategies that worked within the current regulatory environment and pending changes that were not completely finalized until the engagement was completed.

Working with PROFIT INSIGHT®, the Project Team finalized twenty six strategies and submitted them to the client Profitability Committee for consideration and approval.

During the course of the engagement the clients' senior management team was realigned. This resulted in an adjustment to the project focus. Although several strategies were identified in the consumer credit card area, management changes resulted in placing most card strategies on hold until management's responsibilities could be defined.

CHALLENGES

- Identify and present strategies in a changing regulatory environment.
- Pressure from consumer organizations to maintain or reduce current pricing levels and limit the introduction of new fees in the market.
- Limited resources within the bank to assist with the engagement process and provide guidance with the implementation requirements.

RESULTS

The Profitability Committee considered 26 strategies for possible implementation. One strategy that was accepted was implemented within 30 days of the initial identification. The following table summarizes the status of the presented strategies:

The implementation time-lines for the pending strategies have not been completely defined at this time. Pending regulatory changes in the market have prevented the finalization of the implementation parameters. PROFIT INSIGHT® continues to monitor the regulatory changes in order to provide assistance in the implementation plans.

The strategies presented included ideas in both retail banking and consumer credit cards. The following tables detail the distribution of strategies in the two different products areas.



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