

# Regional US Retail Bank

## Customer Characteristics

### Type

A regional US bank that covers three states.

### Assets

Over \$USD 16 billion.

## Engagement Objectives

Identify revenue enhancement opportunities in the areas of:

- Retail and Small Business Deposits
- Treasury Management Retail Loans
- Exception Processing
- Business Credit Card
- Electronic Banking
- Accounts Payable

## OVERVIEW

The Client bank contracted with PROFIT INSIGHT® to conduct a “fast track” engagement. The objective was to generate revenue-producing ideas in the areas of Retail and Small Business Deposits, Treasury Management, Retail Loans, Exception Processing, Business Credit Card, Electronic Banking, and Accounts Payable.

PROFIT INSIGHT® Engagement Results			
		Strategies	Value (\$USD)
PROFIT INSIGHT® Strategies	Presented	70	76 million
	Accepted	12	18.3 million
	Pending	2	3 million

The Client accepted 12 strategies for implementation with a combined estimated financial benefit of \$USD18.3 million. Two additional strategies valued at \$ USD3 million are pending further consideration.

## ENGAGEMENT HIGHLIGHTS

- The Retail Banking executive asked that ideas and rough estimates be brought to the table instead of spending time up front on complete business cases. He was very decisive and quickly determined which strategies to pursue.
- Strategy meetings were held every three weeks to review and discuss ideas.
- The engagement was successful because PROFIT INSIGHT® was able to adapt its methodology to fit the executive’s request.
- The overdraft processing strategy, alone, produced a 20% increase in NSF income.

When asked about the level of success of the engagement, the Client responded positively. The Executive Vice President of Retail Banking cited the following as the key contributors to the program’s success:

- *Accurate forecasting of increased revenue and income*
- *Tracking and monitoring abilities*
- *Real-world experience in the overdraft arena*
- *Ability to keep the bank informed of regulatory issues related to overdraft processing (i.e. OCC Letter #914)*
- *Flexibility in structuring the engagement to meet the Client’s “fast track” requirements*

PROFIT INSIGHT® is the

# CLEAR CHOICE

to help you achieve  
your financial goals.

**C**umulative financial benefits with solutions that are  
**L**egal and compliant focusing on revenue  
**E**nhancement, revenue  
**A**ssurance and cost  
**R**eduction.

## OBSTACLES/CHALLENGES

Another consultant had recently concluded a similar engagement and identified the more “obvious” revenue-generating strategies. The Client already had a list of several dozen strategies that were currently in process. The engagement was to be conducted on a “fast track” basis with emphasis on an accelerated idea generation phase.

The concept of “fast track” required PROFIT INSIGHT® to generate ideas without the benefit of a comprehensive analysis or complete business cases. Instead, PROFIT INSIGHT® simply offered each strategy with a rough estimate and presented it to the Client for immediate consideration.

PROFIT INSIGHT® was further challenged by the fact that another consultant had recently concluded a similar engagement. In addition, the Client had a list of strategies they were already working on. Naturally, both the previous consultant’s and the Client’s strategies were excluded from consideration.

## THE ENGAGEMENT

PROFIT INSIGHT® launched the Revenue Enhancement engagement in its usual non-obtrusive way, gathering data and related information for strategy analysis and quantification. Despite the challenges, over 70 strategies were submitted for consideration.

As part of the engagement, PROFIT INSIGHT® recognized that the Client was using a flat

overdraft limit for all customers if they met certain criteria. While this is a better philosophy than pure discretion on the part of branch personnel to pay insufficient items into overdraft versus return items (NSF), it does not always mitigate risk. Working with the Executive Vice President of Retail Banking, the strategy of utilizing a true risk management tool was approved for implementation.

With assistance from PROFIT INSIGHT®, the Client implemented an automated overdraft program that queried account holder information on a real-time basis and assigned an appropriate overdraft limit based on the customer’s risk profile. Because the Client already had a scoring infrastructure in place (a flat amount based on account type), the work involved to bring the new overdraft program to the bank’s customers was minimal.

Most overdraft programs in the market simply set overdraft limits according to account type

– not the customer’s individual risk profile. The PROFIT INSIGHT® program operates as a true risk management tool, establishing an objective and customized overdraft limit based on each customer’s particular risk profile and account usage characteristics.

The recommended overdraft program from PROFIT INSIGHT® as initially set up for paper checks only. After just a month, the scoring system was expanded to include customers’ electronic transactions, which opened up a significant new fee revenue stream. Within months the Client was seeing the bottom line results with an increase in NSF income of 20%, and bank employees were getting positive responses from customers.

The enhanced overdraft process also resulted in less work and reduced costs. Once the branches became comfortable with the dollar limits set for their customers, they let the system automatically pay items, which resulted in less research and decision-making.

## THE PROFIT INSIGHT® DIFFERENCE

The PROFIT INSIGHT® Revenue Enhancement Consulting practice helps clients significantly improve the profitability of their business. We partner with our clients to deliver short and long-term value by identifying, analyzing and implementing tactical solutions to significantly improve portfolio and operation performance while limiting impact to their customers.

Our consultants are recognized industry experts and include former Federal Reserve officials, bankers, and card operations and marketing executives with expertise in Efficiency, Offer Targeting, Pricing, Interest Calculations and Operations.



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