

Retail Bank Revenue Enhancement

Customer Characteristics

Type

A Retail Banking franchise

Assets

\$USD15 Billion

Engagement Objectives

Identify revenue generating strategies in the areas of:

- Retail Deposits
- Exception Processing
- Electronic Banking
- Line of Credit

OVERVIEW

The Client bank started as a savings bank and grew into a full service retail bank with \$USD15 billion in assets. The Client hired PROFIT INSIGHT® to identify revenue-enhancing opportunities in the areas of Retail Deposits, Exception Processing, Electronic Banking, and Line of Credit.

PROFIT INSIGHT® was informed that three other Revenue Enhancement consultants had recently concluded engagements with the Client. These firms had already identified the more obvious “big ticket” items that would generate large revenues.

PROFIT INSIGHT® Engagement Results

		STRATEGIES	Value (\$USD)
PROFIT INSIGHT® Strategies	Presented	34	5.8 million
	Accepted	17	4.1 million
	% Implemented	50%	71%

SUMMARY OF THE ENGAGEMENT FINANCIAL IMPACT

The Client accepted 17 strategies worth \$USD4.1 million and noted another five strategies for further analysis and consideration. Moreover, the accepted strategies were implemented quickly. Four were put in place within the first four months, while another four strategies were implemented in the following quarter. The remaining ideas are scheduled for implementation within the next three months.

PROJECT EXPECTATIONS

The Head of the Bank Credit Card business brought PROFIT INSIGHT® to the Bank as he liked the ‘no risk’ pricing concept and he wanted an outsider’s view of their operations. He was hoping PROFIT INSIGHT® could bring ideas to the Bank with an annual value of \$USD13.5 million.

Members of the management team were skeptical that PROFIT INSIGHT® would find much in value for them because they had two experienced Product Managers and an employee whose full-time job was Earnings Enhancement.

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.

CHALLENGES

Three individual consulting firms had recently concluded engagements and had already “picked the low hanging fruit.” The primary challenge for PROFIT INSIGHT® was to quickly identify additional sources of revenue that were not already on the drawing board. Client requested an accelerated engagement time line. The engagement was put on the “fast track” methodology to minimize the on-site work and accelerate the implementation of revenue-generating ideas.

In addition, the Client was very well connected with other banks of similar size and scope. The Client used these alliances to stay on top of industry trends and revenue-enhancing strategies.

THE SOLUTION

After reviewing the Client’s existing revenue-enhancing plan, PROFIT INSIGHT® adopted a “back to basics” approach and began assembling a large number of strategies with smaller individual values that would generate a collectively significant financial benefit.

Each idea was analyzed thoroughly to determine the impact at the account level. This stringent requirement ensured that the Client’s four critical customer segments would not be negatively impacted by any changes.

RESULTS

PROFIT INSIGHT® concluded its on-site analysis within two months and began a series of strategy presentations. A total of 34 distinct strategies were presented to the Client for consideration, with a collective value of \$USD5.8 million in annualized benefit. The strategies were equally split among Product-related, Exception Processing, LOC/OD Protection, Electronic Banking, and ACH/Wire Transfers.

A STRONG PARTNER

During the early stages of PROFIT INSIGHT® engagement with the Bank, they outlined several strategies they were in the process of implementing. Upon explanation of how the

Bank planned to structure a new fee, PROFIT INSIGHT® determined that they were not optimizing the potential of the new revenue initiative and recommended an alternative method at the same price level.

Based on the first 6 months since implementation, the modification proposed by PROFIT INSIGHT® has produced \$USD8.10 million in incremental annualized revenue, which is more than double what the Bank would have achieved under their planned method. In a meeting with the Bank after the engagement had been completed, one of the Product Managers said “PROFIT INSIGHT® told us things about our business we did not know, and showed us things we could do that we had not thought of”.

THE PROFIT INSIGHT® DIFFERENCE

The PROFIT INSIGHT® Retail Banking 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 banking 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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