

# Current Accounts & Credit Cards in South Africa

## Customer Characteristics

### Type

Large National Bank

### Portfolio

2 million current accounts

1.4 million credit card accounts

## Engagement Objectives

- Increase revenue following another consulting engagement.
- Identify opportunities that were appropriate for the market and in compliance with emerging regulations.
- Implement strategies with minimal negative customer reaction.
- Minimize impact on transaction volumes and attrition rates.
- Easy implementation.

## CURRENT ACCOUNT ENGAGEMENT RESULTS

A year after the engagement, the bank implemented some of the strategies developed during the seven week analysis. These accepted strategies generated a first year benefit of \$3 million or \$4.70 per active account. One of the strategies increased the income from a particular fee by almost 60%. Additional ideas with an annual value of \$3.2 million were accepted, but deferred due to system issues. It is expected these ideas will be implemented in the following year.

PROFIT INSIGHT® Current Account Engagement Results		
Strategies	Year One Benefit (\$USD per active account)	Total Annual Benefit (\$USD)
Presented	9.75	6.2 million
Accepted	4.70	3 million
Pending	5.05	3.2 million

## CREDIT CARD ENGAGEMENT RESULTS

Annual estimated benefits from customized strategies and solutions:  
 \$US18 million per annum.

One of the opportunities identified by PROFIT INSIGHT® would allow for the continued assessment of a particular fee in certain circumstances - despite regulations set forth in the National Credit Act. PROFIT INSIGHT® also determined the idea did not require any modifications to disclosures and could be implemented with a simple system parameter change.

After thorough discussions and evaluations, the idea was approved by the client management team and implemented the very next-day. Based on an assumption that certain accounts would modify their behavior and not be subject to the fee, PROFIT INSIGHT® had originally estimated the annual benefit for the strategy would be approximately \$10 million.

After implementation, the anticipated behavior change did not materialize and the actual first year benefit was over \$20 million.

Because of our proven success, the client is currently in discussion with PROFIT INSIGHT® to expand the engagement into other product areas within the bank.

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.

## CURRENT ACCOUNT ENGAGEMENT OVERVIEW

PROFIT INSIGHT® conducted an engagement for this client's Current Accounts which included overdrafts. The bank was in the process of implementing several ideas provided to them by another consulting firm contracted in the prior year. Additionally, the bank had a team focused on identifying and implementing revenue improvement ideas. As a result, the bank felt it was unlikely PROFIT INSIGHT® would provide much value. Since the contingency fee pricing posed no financial risk to the bank, they allowed the study to commence.

The engagement period lasted a total of 7 weeks. During that period, multiple solutions were identified by PROFIT INSIGHT®. Of these, solutions considered to produce immediate impact were selected for formal consideration.

The engagement commenced in May. Two PROFIT INSIGHT® analysts were assigned to the engagement. During the first 2 weeks, PROFIT INSIGHT® interviewed key members of the management team, completed a competitive practices matrix, and conducted an in-depth analysis of Current Account interest calculation and fee assessment routines.

During the third week of the engagement, PROFIT INSIGHT® met with the Product Management team to review a list of ideas identified by PROFIT INSIGHT® analysis. Following that meeting, PROFIT INSIGHT® ideas were prioritized and over the next several weeks were reviewed in

detail with Legal, Systems, Finance, Operations and Marketing to determine the potential annual benefits and implementation issues. The process culminated with a formal presentation during week 6 which included the specific recommendations, benefits and implementation requirements.

## CURRENT ACCOUNT ENGAGEMENT RESULTS

As a result, the bank implemented the ideas in the following year that generated an actual first year benefit of \$3 million or \$4.70 per active account. One of the strategies increased the income from a particular fee by almost 60%. Additional ideas with an annual value of \$3.2 million were accepted, but deferred due to system issues. It is expected these ideas will be implemented in the following year.

## CREDIT CARD ENGAGEMENT OVERVIEW

As a result of the positive experience in the Current Account engagement, the client invited PROFIT INSIGHT® back to conduct a study of their Credit Card products. Two PROFIT INSIGHT® analysts were assigned to the engagement which began two years after the start of the prior engagement. After 6 weeks of analysis and collaboration, a formal presentation meeting was held. In that meeting, PROFIT INSIGHT® presented ideas with an estimated annual value of \$18 million.

## CREDIT CARD ENGAGEMENT RESULTS

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After thorough discussions and evaluations, the idea was approved by the client management team and implemented the very next-day. Based on an assumption that certain accounts would modify their behavior and not be subject to the fee, PROFIT INSIGHT® had originally estimated the annual benefit for the strategy would be approximately \$10 million.

After implementation, the anticipated behavior change did not materialize and the actual first year benefit was over \$20 million.

Because of our proven success, the client is currently in discussion with PROFIT INSIGHT® to expand the engagement into other product areas within the bank.



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