

Maximizing Profitability Through Data Analytics In Practice

Presentation to:
Indonesia International Banking Convention Participants

Strictly Private & Confidential

- Maximizing Resources
 - Limited \$\$\$
 - Better Allocation of resources
- Deepening Relationship of Clients
 - Relevant offers through preferred channel
 - X – Sell opportunities
 - Better and Loyal Clients
- Greater Profitability

Typical Usages of Data Analytics

SEGMENTATION & STRATEGY

- Better understanding of customer segments, profiles, and needs
- Product development
- Customers engagement base on segments

ACQUIRING NEW CUSTOMERS

- Identification of profitable customers and campaigns to tap
- Credit and revenue model
- “Like for Like”

PORTFOLIO MANAGEMENT

- Deeper relationship with customers through higher product penetration
- Welcome “Call” strategy
- Balance building campaign for credit card
- X-Sell of CASA to cards’ customers

LOYALTY

- Create stickiness or better client engagement
- Targeted offers to increase usage of cards
- Promote usage of products

RETENTION

- Reduce customer artifices (Passive or Active)
- Propensity to attrite and retention strategy

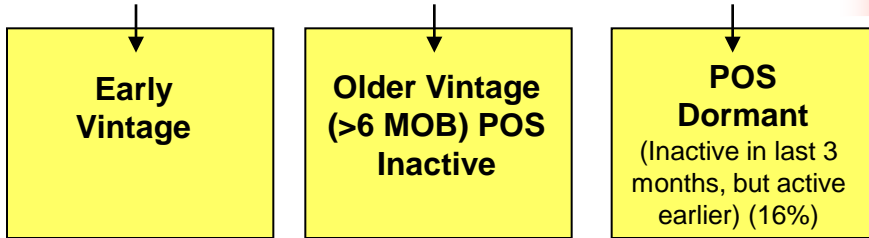
Debit card activation model

1 Understood the inactive & dormant customer profile in the CASA base

2 Built Scorecards for both Inactive & Dormant segment, to identify customers with high propensity of POS activation

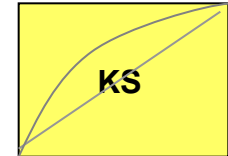
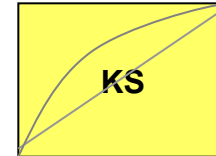
Saving Acct Inactive Base

Three segments of inactive customers



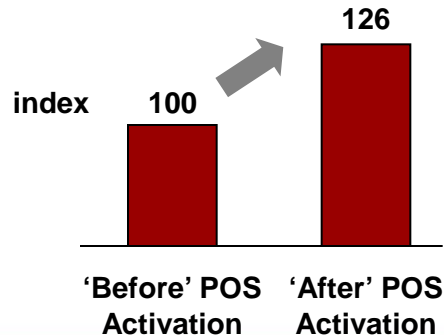
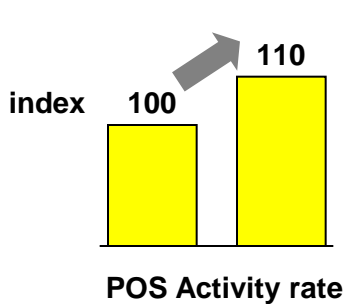
Scorecard for Inactive customers

Scorecard for Dormant customers

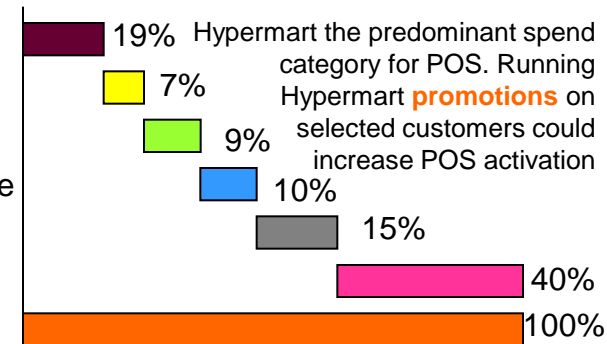


4 Dual Benefit – Increase in POS Activation as well as CASA balance

3 Analyzed customers' transaction across merchant categories to propose promotions that further encourage POS activation



- Other
- Salon & Boutique
- Hotel
- Departmental Store
- Retail
- Hypermart
- Total



Credit & Revenue to target profitable customers

1 Developed scorecard using SID data, that will separate low risk and high risk profitable customer

2 Defined customer profiles that separate good & bad customers

- Use information from existing customer to identify risk and profitable level & to predict default behavior of incoming customers
- Modeling development and validation

Examples of derived variables

- Utilization Ratio
- Average Credit Limit
- Worst Collectability status across all Cards
- Total number of Cards

3 Scores will boost the approval rate, lowering the risk, and improve overall profitability

Decision Matrix

High Risk	Reject	Reject or Adjust Pricing
Low Risk	X – Sell other products	Acquire More Assign Higher Limit
	Low Profit	High profit

- Targeted acquisition
- Higher Revenue
- Lower Risk
- Better Profit

Challenges & Issues in Using Leveraging Data Analytics based Decision Making

1. Availability and quality of data
2. Tools
3. Lack of system integration
4. Analytics resources
5. “High Power” users
6. Buy in at all levels

