

SOUTH AFRICAN BANK USES NOMIS SOLUTIONS

to Adjust to New Policies and Simultaneously Increase Lending Capacity



COMPANY RESULTS

- ✓ 7x return on the annual investment
- ✓ Substantial increase in overall deposit portfolio in first 6 months
- ✓ 12% increase in net interest income
- ✓ Significant improvement to company efficiency

AT-A-GLANCE

When Basel III changed the capital requirements for banks, many financial organizations had to quickly re-evaluate their portfolios to make certain they still complied with new regulations. With the supplemental goal of increase lending capacity, one leading South African bank needed to increase fixed deposits by ZAR \$3 billion—approximately \$200 million USD—in a market of intense competition. The bank turned to a trusted partner, Nomis Solutions, to achieve this goal.

CHALLENGE:

New Policies Required New Practices



Already an existing customer, the bank had been leveraging Nomis Solutions' robust price optimization tools to set pricing strategies for roughly five years.

When the new growth agenda was introduced, they once again turned to Nomis Solutions.

In addition to market-leading technology, Nomis offered experienced consultative support, ranging from value-add workshops and best practice guidance to peer-to-peer executive meetings.

Company executives leaned on the seasoned, knowledgeable industry expertise that Nomis was able to deliver.

SOLUTION:

Informed decisions, Tailored Strategies



The bank began to leverage Nomis' price optimization capabilities for deposits, which uses industry data and the bank's unique, proprietary data to better understand customer behavior and trends. This enabled the bank to make more informed decisions and tailor its strategy to meet the specific goals of its growth agenda.

By implementing the Nomis technology platform, the bank has been able to:

- ✓ Realize a 7x return on the annual investment, in that initial year alone.
- ✓ Exceed the original goal of ZAR \$3 billion in fixed deposits, increasing the overall deposits portfolio by ZAR \$4 billion in just 6 months.

- ✓ Increase net interest income on target products by up to 12%, by introducing products that attracted new customers as well as setting appropriate rates on existing products to meet volume goals.

SOLUTION:

Greater Understanding of Data



Since implementation, the bank and team members have gained a deeper analytical understanding of the internal and external factors that affect customer acquisition and retention. This includes improved clarity on profiles, segments, price sensitivities, and customer behaviors to support business decisions and fuel ongoing growth for new products and related communications.

Further, there is now an increased awareness driven by price response modelling for major competitors, enabling the bank to better understand the impact of competitive actions and the effect of those actions on the market, sales, and external movements of the bank's deposits. There is also a greater understanding of the impact on balances and net interest income from changing rates or products in response to competitive pressures and marketing spend, using science-based data and price sensitivity analyses rather than manual estimates.

Modeling and forecasting capabilities helped the bank identify when and where to avoid spending marketing dollars unnecessarily and, more pertinently, to understand the key segments to target for price changes and respond appropriately to competitors with the smallest possible impact on margin and retention.

The ability to proactively set strategic goals, respond quickly to changing market trends, and leverage Nomis' industry expertise has empowered the bank to build a sustainable book of business, regardless of competitive pressures.



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