# NOMIS PRICE OPTIMIZER FOR UNSECURED PERSONAL LENDING

Achieve growth, profitability, risk, and stability goals for your portfolios through advanced software and a strategic, scientific, and closed-loop pricing process.

## AT-A-GLANCE

Proven to deliver results, Nomis Price Optimizer allows managers at retail banks to analyze portfolios, run what-if scenarios, and develop pricing strategies that are optimized for their specific goals.

## UNIQUE CAPABILITIES

Know what happened — and why — as you manage your unsecured personal lending portfolio using key metrics that drive your business.
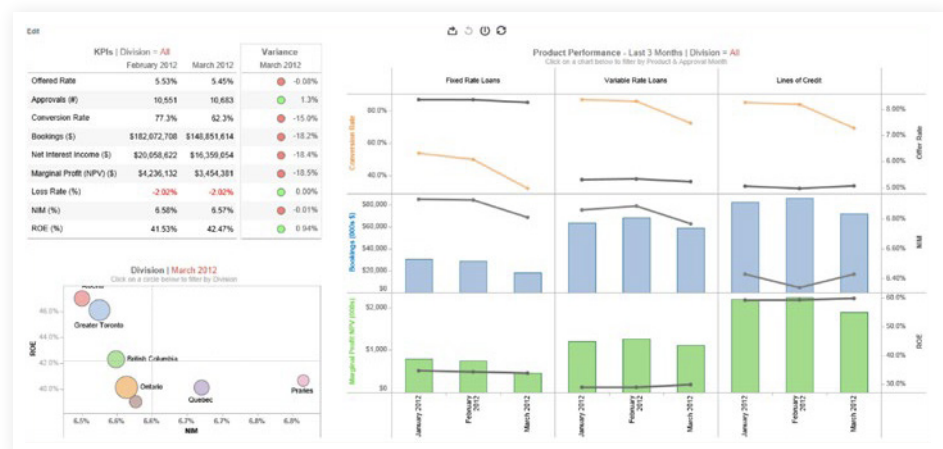


## PORTFOLIO REPORTING AND ANALYTICS

Tap into a rich suite of pre-defined, product-line-specific reports

Monitor and analyze historical and ongoing portfolio performance.

Evaluate performance at a granular level by interactively slicing, filtering, anddrilling down into the data.

Track and review standard metrics including your own rates, competitive rates, volume, expected losses, and profitability (e.g., marginal net income after taxes).

Analyze your data more deeply by exporting the views and associated data to other applications.

## Understand what might happen as you forecast balances, margin, and other KPIs

Predictive Models: Forecast relevant customer behavior and the corresponding impact on volumes as a function of multiple key factors

- Build your view of customer behavior using price, competitive factors, and customer, market, and product characteristics.
- Leverage proven Nomis predictive models (booked-to-approval), and optionally, those built by your own analytics team.

## Profit model: generate key cost/loss, income, and profitability metrics

- Define your own inputs using industrystandard, parameterized, product-line specific profit models
- Analyze at any level, from individual customer accounts all the way up to your full portfolio

## Global assumptions management: manage input parameters and assumptions

- Ensure that model assumptions are relevant to the underlying predictive and profit models.
- Maintain version control and make audits easy.
- Develop global assumptions and enforce them in all scenarios and pricing actions.
- Support local assumptions that apply to user-specific scenarios.

- Easily manage assumptions by importing from and exporting to Excel.

## Scenario analysis and reporting: forecast the impact of proposed pricing tactics with various business, competitive, and market assumptions

- Compare business-as-usual baselines to alternate scenarios.
- Project impact of decisions on volume and profitability KPIs.
- Calculate expected metrics across hundreds of thousands of micro-segments.
- Evaluate alternate pricing tactics and assumptions and understand the resulting expected KPIs.
- Analyze the results and drill down to understand the impact on individual micro-segments.
- Export results to Excel and PDF for pricing committee reviews.

| | Scenario Compare - KPIs | | | Var vs. Volume Maximizing | |
|---|---|---|---|---|---|
| | Volume Maximizing | Midpoint | Profit Maximizing | Midpoint | Profit Maximizing |
| Published Rate | 4.57% | 5.56% | 6.18% | 🟢 1.02% | 🟢 1.62% |
| Discretion | -0.49% | -0.49% | -0.49% | ⚪ -0.01% | ⚪ 0.00% |
| Offered Rate | 4.09% | 5.09% | 5.70% | 🟢 1.01% | 🟢 1.62% |
| Approvals (#) | 4,545 | 4,545 | 4,545 | ⚪ 0.0 | ⚪ 0.0 |
| Bookings (#) | 3,001 | 2,743 | 2,659 | 🔴 -258 | 🔴 -343 |
| Conversion Rate | 66.0% | 60.4% | 58.5% | 🔴 -5.7% | 🔴 -7.5% |
| Bookings ($) | $70,629,948 | $65,339,955 | $62,147,800 | 🔴 -7.49% | 🔴 -12.01% |
| Avg Loan/Line Amount | $23,535 | $23,819 | $23,376 | 🟢 1.21% | 🔴 -0.67% |
| Avg Monthly Balance | $7,494 | $7,536 | $7,379 | 🟢 $42 | 🔴 ($115) |
| Avg Utilization | 30.73% | 30.52% | 30.44% | 🔴 -0.21% | 🔴 -0.29% |
| Net Interest Income ($) | $8,164,951 | $8,852,094 | $9,159,597 | 🟢 8.42% | 🟢 12.19% |
| Marginal Profit (NPV) ($) | $1,511,573 | $2,034,269 | $2,267,005 | 🟢 34.58% | 🟢 49.99% |
| Annual Avg Loss Rate (Exp) | -1.81% | -1.78% | -1.78% | ⚪ 0.03% | ⚪ 0.03% |
| NIM (%) | 5.69% | 6.70% | 7.31% | 🟢 1.01% | 🟢 1.62% |
| ROA (%) | 1.82% | 2.50% | 2.88% | 🟢 0.68% | 🟢 1.06% |
| ROE (%) | 50.37% | 69.49% | 88.25% | 🟢 19.12% | 🟢 29.88% |

**Nomis Price Optimizer for UPL also offers:**

Performance monitoring to track actual portfolio performance against expectations, with actual-vs-forecast reports to identify segments that have a high variance and to understand the reasons why; strategy analysis to compare and analyze the actual performance of alternate in-market pricing strategies between test and control markets or champion and challenger strategies (a key component of a closed-loop test and learn process); and secure big-data management, with a variety of primary and third-party data feeds that are processed through Nomis' data and analytics. Nomis Price Optimizer for UPL is a part of a comprehensive suite of advanced decision-support and frontline pricing solutions for retail bank deposits, mortgage, and lending.

## Optimize prices and set constraints based on your specific business goals

✔ Portfolio Price Optimization: Simultaneously determine a complete set of prices that will optimally achieve your desired business goals while satisfying constraints and operational pricing rules.

✔ Maximize performance by analyzing hundreds of thousands of segments.

✔ Leverage our industrial-grade, constrained, non-linear optimization solver through a businessfriendly UI.

✔ Create pricing scenarios with a primary portfolio objective to maximize net income after taxes.

✔ Include secondary goals or limits such as to maintain current forecasted volume levels.

✔ Limit the extent of price changes with operational pricing rules (constraints); impose a specific relationship between the rates of different segments (for example, rates increase with risk and decrease with amount).

✔ Lock prices for cells where prices cannot or should not be changed.

✔ View optimized rates and recommended changes, along with the corresponding results, in detailed scenario reports.

✔ Override prices post-optimization, blending science, art, and experience to produce a nuanced pricing strategy proposal.

## Strategic efficient frontier analytics

Visualize a series of optimized pricing scenarios that achieve the optimal trade-off between volume and profits

✔ Generate multiple efficient frontiers based on varying sets of assumptions.

✔ Support strategic conversation about what is achievable through pricing and the opportunity and cost of each scenario.

✔ Access the detailed pricing and results underlying each scenario.

## Price list management

Create and publish price lists from pricing scenarios.

✔ Export approved final price lists to import into your rate distribution or core systems.



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## nomis

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