



# ***PwC Fusion Solutions***

## Improved customer segmentation (1/2)

### **Top 3 bank, Czech Republic**

#### **Micro/MSE segment**

Sub-segmentation in micros was developed based on client characteristics and revenue potential calculated from both internal and external data.

- **57%** of customers wanted simple processes and quick service.
- Two active campaigns to promote business accounts were developed along with an introduction of an innovative and unique discount scheme for package fees.
- **10%** jump increase in number of customers

**1**

### **Large bank, Hungary**

- Corporate segmentation with further sub-segmented (Micro, Micro Premium) based on customer value and cost to serve.
- Sales and services models specific to segment/ sub-segment with a focus on most valuable customer
- **5%** cap on exceptions
- Using scoring instead of rating
- Sales uplift by **40%**
- Time to yes 3 days, time-to-cash 15 days

**2**

### **TOP 10 bank, Poland**

#### **Retail segment**

Client segmentation based on geographical and size criteria

- different service approach to mass and affluent client, VIP services

Newly developed Contact Centre was consisting of

- several service teams
- internet/electronic banking help-desk and
- 2-line support unit.

Increased client satisfaction from service, boosted sales through new sales campaigns

**3**



# ***PwC Fusion Solutions***

## Improved customer segmentation (2/2)

### **TOP 7 Bosna & Hercegovina, TOP 10 Slovenia, TOP 3 Czech Rep.**

Assessment of potential value gain by individual sub-segments followed with the roadmap implementation.

- revenues streams for the following 5 year
- detailed implementation plan
- infrastructure – processes and systems for all products

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# *Case study: Front-to-back strategy development for micro and MSE segment at european banking group in Slovakia*

## **Background**

The main goal of the project was to redevelop strategies for micro and MSE segment.

Previous segmentation was based on turnover set thresholds. Our work outlined that sub-segmentation in micros was required based on client characteristics and revenue potential calculated from both internal and external data.

## **Approach**

- We identified high revenue and high opportunity sub-segments of the micro sector. For each sub-segment, market potential, operating income and credit risk costs were calculated.
- Telephone survey of potential customers performed for indicative service requirements. 57% of customers wanted simple processes and quick service.
- Little product penetration and low level of active customers showed immense potential for x-sell growth. We suggested x-sell strategies and bundling possibilities.
- The Bank had good profitability in overdrafts and small investment loans, but had little profitability in other micro products. We suggested product strategies together with marketing communications approaches.
- We recommended the introduction of a micro/MSE segment management team, and a product development team. Significant attention was paid to integrating the leasing company into the distribution network.
- In terms of distribution through the branch network, we recommended senior and junior relationship managers for sales execution with frontrunners supporting micro and retail administrative duties.

## **Benefit**

- A 10% jump in customers during 2010, serving 46,000 clients at the end of the year. Two active campaigns to promote business accounts were developed along with an introduction of an innovative and unique discount scheme for package fees.

# *Optimising the service model for a Hungarian bank – a case study*

## **Background**

An Hungarian bank didn't differentiate its MSE and Corporate customers. As a result servicing MSE was expensive and the bank neglected its MSE clients for Corporate customers (due to better profitability and cost/ profit ratio)

## **Approach**

### **Segmentation**

- MSE/Corporate segmentation with further sub-segmented of MSE (Micro, Micro Premium) based on customer value and cost to serve).
- Sales and services models specific to segment/ sub-segment with a focus on most valuable customer

### **Sales model**

- On a Branch level, Relationship Managers dedicated to a segment/sub-segment based on number of relevant customers
- Relationship managers focused exclusively on sales with adequate targets/KPIs and motivational scheme
- Standardized approach, terms & conditions centralized. Branch/Relationship Manager responsible of handling exceptions (only rare exceptions permitted, capped at 5% of client portfolio's margin on annual basis)

### **Servicing model**

- Servicing moved down to the branch infrastructure (not Relationship Manager).
- MSE using scoring instead of rating (used with Corporate)

## **Benefit**

- Cost/ income ratio dropped from 120% in 2009 to 70% in 2011 (from 120% in 2009)
- Sales uplift by 40%
- Time to yes 3–5 days, time-to-cash 15–20 days

# Case study: Development of new direct service channel dedicated for consumer clients at Polish bank



## Background

The Top 10 Polish Bank designed the Target Service Model for retail segment to release RMs from operational activities and boost sales through new sales campaigns. The new model assumed preceding the operational support through the direct channel basing on call centre technology. The newly developed Contact Centre were consisting of: small service teams, large service teams, internet/electronic banking help-desk and 2-line support unit.

## Approach

### Market:

- Performed market research to assess demand for remote service for consumers
- New unit structured to reflect the market coverage of the Bank

### Segmentation:

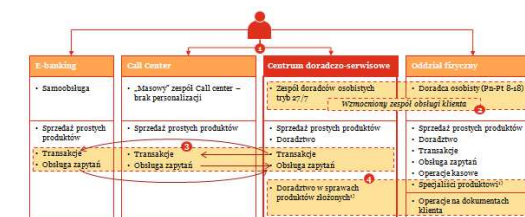
- Client segmentation based on geographical and size criteria
- Developed different service approach to mass and affluent client
- Developed the VIP services for key clients

### Service model:

- Assignment of portfolios to the person (affluent) or team (mass market)
- Direct lines to dedicated person/team
- Alignment of Contact Centre portfolios with RMs portfolios
- Single point of contact across all operational topics (no direct contact with operational units)

## Benefit

- Direct Contact Centre channel with full country and all lending products portfolio coverage
- Good alignment of new channel with RMs and Operational Units (Back Office)
- Transfer of all operational processes from RMs into new unit within 3 months
- Increased client satisfaction from service



## Case study: Assessment of segments potential and its prioritization (TOP 7 Bosna & Hercegovina, TOP 10 Slovenia, TOP 3 Czech Republic)

The object of the project was to assess business potential of individual segments and sub-segments within the bank to identify potentials for further growth of revenues and suggested action plan to achieve them.

### Project Objectives

- The objective of the project was to assess potential value gain by individual sub-segments followed with the roadmap implementation.

### Project results

The scope of the project was to:

- Define target customer segment and related sub-segments
- Build a valid revenue estimation
- Define key assumptions for BC fulfilment
- Design roadmap to fulfil the expected strategy
- Define related requirements: adjustments in customer base, CVP's, product portfolio etc.
- Design the implementation plan

### Bank needs

- To understand current potential and proper customer strategy
- To improve profitability of retail/bank segment in the specific timeframe

### Value Delivered

- Developed a concept of revenues streams for the following 5 year based on internal and external assumptions
- Developed a detailed implementation plan supported with the process how to achieve them
- Propose the whole infrastructure – processes and systems for all products
- Reduced internal workload significantly

	Acquisition	Activation	Development	Retention
Pensioners	44 826 000 CZK	353 826 000 CZK	172 992 403 CZK	- 268 823 000 CZK
Before pension	96 325 000 CZK	321 570 000 CZK	212 165 000 CZK	- 191 616 000 CZK
Middle age	261 883 000 CZK	543 323 000 CZK	428 617 000 CZK	- 401 795 000 CZK
Young generation				
Absolvents	158 798 000 CZK	633 593 000 CZK	288 784 000 CZK	- 286 591 000 CZK
Students				
Juniors	6 869 000 CZK	11 323 000 CZK	8 722 000 CZK	- 5 720 000 CZK
Children	335 894 000 CZK		33 550 000 CZK	- 27 860 000 CZK

