



PwC Fusion Solutions

Product management (1/2)

TOP retail bank, Czech Rep.

Launch of new current account for Private Individual and SME

- Complete re-design of Banks IT functionalities including changes in front-end as well as bank-ends.
- Redesign processes and reduce their cost by **25%**.
- Creation and implementation activation and retention strategies
 - **1.5 mil** accounts sold within 12 months
 - **20%** increase of profitability

1

TOP 3 bank, Czech Rep.

New MSE product offer and value proposition

More than 100 specific products, pricing and processes which led to unclear product positioning, heavy-to-sell for sales people and price leakages

- Simplify structure of current products, close low profitable ones
- Lean and automated unsecured processes
- All branch staff able to sell basic MSE products
 - **60%** reduction of product portfolio
 - **20%** increase of profitability

2

TOP 1 bank, Czech Rep.

Credit cards portfolio redesign

Increase profitability & customer attractiveness, simplify processes, set-up Credit Cards lifecycle, review credit risk.

- Average revenue on the card account increased by **27%**
- Optimize processes and reduce their intensity by **50%**
- Sale of **100,000** new credit cards in 5 months

3



PwC Fusion Solutions

Product management (2/2)

Top 1 bank, Czech Rep.

Current Account offer optimization, Czech rep.

w offer of accounts for individuals based on fully flexible platforms allow to cover the needs for all types of customers.

- **1.5 million** new accounts and migration over 12 months
- **15 %** increase in sales for new clients
- **30%** revenue growth on account

4

Middle size bank, Czech & Slovak Reps.

Product portfolio enhancement

Design and launch of new card products both in Czech and Slovak branches.

Goals: To introduce new card products into the portfolio with the aim to increase sales and activation and decrease cost in comparison to current products.

- **380 ths EUR** additional revenue annually for both countries

5

Case study: Launch of new current account for Private Individual and SME in TOP Czech Retail Bank

Client expected to increase the perception of account value – perception and attractiveness, profitability & customer experience

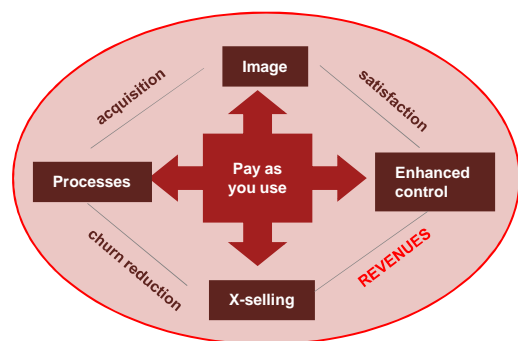
KPIs – Benefits realized

- Sale of 1,500,000 Private individuals accounts in 12 months and 50,000 business accounts in 4 months
- Increased profitability and its use by 20% (additional revenues more than CZK 500,000,000/yearly)
- Redesign processes and reduce their cost by 25%
- Creation and implementation activation and retention strategies
- Migration strategy implemented
- The introduction of completely new products (insurances) – achieved penetration of 15%

Project results

- Complete re-design of Banks IT functionalities including changes in Front-end as well as bank-ends
- Total project investments into IT exceed EUR 2.0 mil

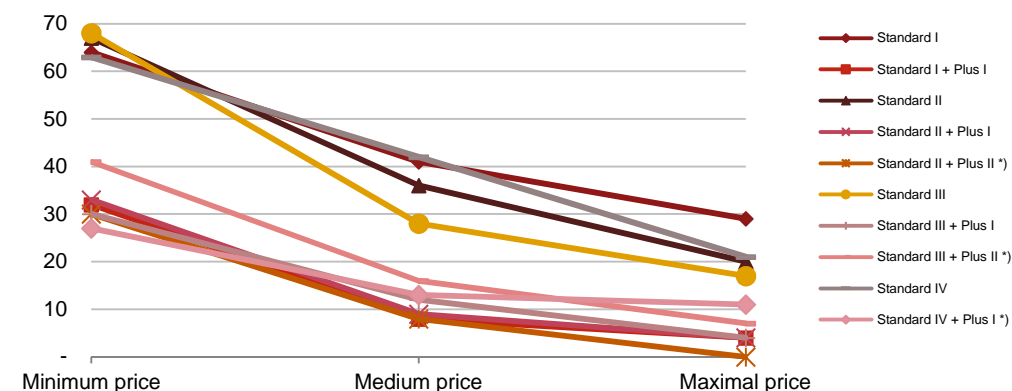
Current account facelift prerequisites



Client needs

- Increase bank's income from account
- Standardize customer interaction
- Increase product penetration
- Increase customer activity & loyalty
- Implement easy-to-buy and easy-to-sell product approach
- Impellent new product lifecycle (activation, limit management, sales argumentation, e.g.)
- Simplification of current product portfolio & processes

Price sensitivity for your preferred product lineup (% which declared definitely yes + rather yes)



Case study: New MSE product offer and value proposition in TOP 3 Czech bank

Background

Top 3 Czech bank with nearly 200.000 customers ($\approx 25\%$ market share) had very complicated structure of product portfolio – more than 100 products – for every sub segments specific products, pricing and process which led to unclear product positioning, heavy-to-sell for sales people and price leakages. Client expected to reduce number of products by 50%, improve process effectiveness by 30%, increase main bank market share from 25% to 30% and increase profit per client by 15% through complete product portfolio redesign (value proposition, product parameters, pricing, process) and enlarging product offer to all branches.

Approach

Product & value proposition:

- Identifying key buying factor for segment/sub-segments
- Understanding customer behaviour (transaction/payments) and key value for specific target groups
- Create new revenue stream – new products – insurance and new product logic and structure (mass customize approach)
- Simplify structure of current products, close low profitable ones

Process:

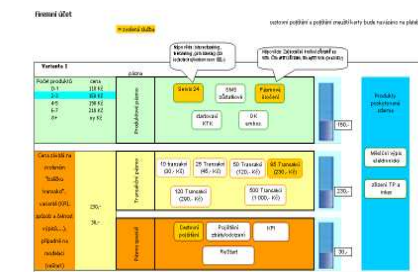
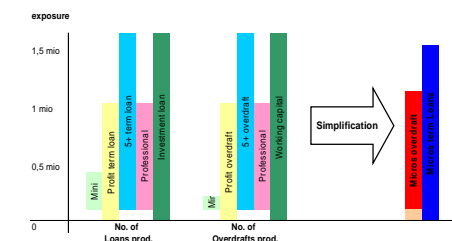
- Lean and automated unsecured processes (TTY,TTC) from 3 necessary visits/1 week time to 1 visit/1hour, newly using scoring instead of rating
- Simplify current account opening and servicing

Sales & service model:

- All branch staff able to sell basic MSE products, advanced operated by relationship managers
- New sales approach implemented

Benefit

- Product portfolio reduction by 60%, process improvement by 50%
- Product usage increase by 54%
- Launch a new business account – 50,000 sales in 4 months
- Increased profitability and its use by 20%



Case study: Complete re-design of Credit Cards portfolio in big european banking group

Client expected to increase profitability & customer attractiveness, simplify processes, set-up Credit Cards lifecycle, review credit risk processes

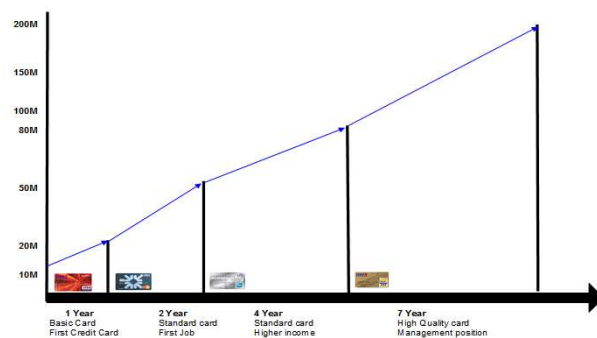
KPIs – Benefits realized

- Sale of 100,000 new credit cards in 5 months (today more than 350,000 credit cards issued)
- Increase the number of clients actively use the product from 53% to 74,8%
- Average card usage increased by 34%
- CC balance increased Y/Y by 25%
- Average revenue on the card account increased by 27%
- Optimize processes and reduce their intensity by 50%

Project results

- Complete re-design of IT credit card systems functionalities
- Total project investments into IT exceed EUR 2.5 mil

Life cycle strategy



Client needs

- Increase bank's income from 0.5 to 2 billion per year
- Increase market share to at least 40%
- Increase CC balance from 2.6 to 8.5 billion CZK
- Achieving at least 70% of active cards
- Implement easy-to-buy and easy-to-sell product
- Set up of new client lifecycle (activation, limit management, sales argumentation e.g.)
- Re-position of current products (overdrafts, debit and credit card, loans)
- Simplification of current product portfolio

Consumer Product Range

	Medium-Long Term Development		Currently offered as CoolCard Today		
Core Product	Before	Now	All At Once	Fixed	Bit by Bit
Repayment Option	Prepaid Customer preloads value onto the card	Immediate Debit Instantly debited from current account	Deferred Debit Payment in full at month end	Instalment Credit Fixed repayment amount each month	Revolving Credit Minimum Payment each month with option to pay more as needed each month
Inclusive Benefits		<ul style="list-style-type: none"> • SMS Balance Enquiry • Regular promotions/partner discounts 	<ul style="list-style-type: none"> • Price protection • Purchase protection in the event of damage or theft 	<ul style="list-style-type: none"> • Non-stop account access via direct banking (upon request) • Monthly account statement 	
Optional Enhancements		<ul style="list-style-type: none"> • Card Design Selection (including Gold Card) 	<ul style="list-style-type: none"> • Discount program Sphere card • Extended warranty • Česká Spořitelna Pension Fund Contribution • Card Design Selection 	<ul style="list-style-type: none"> • Bonus loyalty program • Additional Cardholder card for free • SMS Balance Enquiry • Repayment holidays 	



Card portfolio enhancement in a mid-sized bank, Czech and Slovak Republics

Background

As a part of revenue seeking initiative, a mid-sized bank operating in the Central European region, has asked PwC to support its activities regarding new card product introduction based on our previous successfully delivered engagements.

Approach

In the course of the 10 months project, our team supported the bank both in the Czech Republic and Slovakia by providing project management, coordination with third parties, and expert advice, particularly in areas such as product definition, benchmark, product lifecycle, and communication.

The goal of the project was:

- a) to come up with the best product in its segment while keeping it profitable and thus provide the bank with additional revenues
- b) to migrate part of the portfolio to a newly introduced card to reduce costs of the bank
- c) to prepare end-to-end product lifecycle including activation, cross-sell and migration strategy
- c) to ensure appropriate communication of the new products.

In the course of the project, the delivery team had to tackle issues such as limited resources, leadership change, or last minute cuts in marketing budget of the bank. The first wave of the cards was successfully launched in December 2015.

Benefit

As a result, the bank had introduced the 'best card on the market' for its target group which brought additional 380 000 EUR revenue annually for both countries.