

Case study: Desjardins

Developing a new generation of risk-management expertise to keep pace in a changing marketplace



The largest financial services group in Canada, Desjardins offers a rich variety of innovative financial services, banking and insurance products.

“Experian’s program transformed our statisticians into credit risk managers. It gave the team the market and risk-management insight needed to drive real growth in our business by making credit decisions quickly and confidently and offering our members the superior level of service they have come to expect from the Desjardins Group.”

— *Philippe St-Aubin, Senior Manager, Card Strategies, Desjardins*

Challenge/Objective

With assets of \$212 billion, the firm enjoys a strong financial position and deep loyalty. Its sterling reputation makes Desjardins one of the strongest brands in North America.

Complacency is not an option for this forward-looking company. Its credit-card organization, VISA Desjardins, faced an evolving environment of new communications channels, alternative payment options and changing customer behavior. To keep pace in this dynamic market, the organization assembled a team of risk-management experts. VISA Desjardins wanted to be sure this new group was fully aware of the latest best practices and industry-leading techniques in risk management.

Resolution

VISA Desjardins had successfully partnered with Experian on consulting engagements to help develop credit strategies in Canada. To help its risk-management group further develop its expertise, the client once again turned to Experian’s global consulting organization.

Experian® proposed the Risk and Portfolio Management Essentials Workshop, a two day onsite course focused on credit-card risk management. The overall objective of the workshop was to help participants apply their extensive statistical academic knowledge to real-world situations. The workshop presented practical training on best practices, as well as the core fundamentals of credit risk management. Experian also provided rich context, including an overview of current developments in the credit-card industry, a discussion of how competitors were approaching these new challenges and strategic recommendations. The workshop covered the entire life cycle of credit-card portfolio management, from new business acquisition to account and portfolio management. For every area of the Customer Life Cycle, Experian consultants guided an in-depth discussion of common industry practices.

Results

The Experian team of consultants worked closely with the VISA Desjardins team, providing the strategic guidance it needed to move from a team of statisticians to a fully functional risk-management service.

Business benefits

- Empowered team to move from limited focus on reporting to playing a strategic role in driving growth
- Improved awareness of the impact of market trends to help strengthen competitive position
- Helped strengthen customer relationships with guidance on communication strategies

Operational benefits

- Applied risk management to drive opportunities at every stage of the Customer Life Cycle
- Provided updated methods to communicate with customers through a variety of channels
- Offered best practices to assess the credit risk of applicants and evaluate ability to pay

Prior to the engagement, the Desjardins team spent much of its time extracting data and producing reports to satisfy specific tactical requests. With guidance and input from Experian, the team has gained more understanding of how risk management can drive the business forward. Instead of generating reports, the group applies analysis to identify new opportunities that have a positive impact on the performance and profitability of the Desjardins credit-card portfolio.

Experian also helped VISA Desjardins examine its customer-communication strategies to provide a superior experience for customers. As new communications and payment channels emerge, consumers are increasingly connecting with Desjardins electronically and less through retailers and other avenues. Experian helped Desjardins examine how the firm communicates with customers for specific processes, including outbound marketing, customer acquisition, collection efforts and other interactions.

Desjardins is a financial services cooperative and has traditionally focused more on delivering excellent service to its end customers above maximizing profits. Experian discussed the benefits and risks of this approach, including the implications of industry trends on the firm's long-term health. With an improved awareness of current challenges in the credit card industry,

VISA Desjardins fine-tuned its strategy to balance its customer-centric approach with innovation and business growth.

The engagement not only provided tremendous strategic value to Desjardins, but also set the stage for continued engagements. Experian has established strong relationships with a new generation of risk managers at the firm and is looking forward to working with Desjardins as its business challenges continue to evolve.

About Experian Consulting Services

Experian's business consultants provide clients with exceptional strategic credit-risk-management insight, detailed enhancement opportunities and deployment strategies. They ensure consistency through deep business-subject-matter expertise, client familiarity and a proven client-engagement methodology.

Experian builds a strong partnership with clients at all levels, delivering a balanced portfolio of improvements to ensure implementation plans are delivered and benefits are realized. Clients are left fully equipped and empowered to enhance and sustain profitability and focus in their business.

Experian has offices in more than 15 countries, serving clients in more than 50 countries and delivering more than 700 engagements worldwide with a rigorous focus on quantifiable benefits.