

Strategy Review Consulting

Success story

UK: Loan pricing (retail bank)

Challenge

- Improve profitability of new loans acquired by repricing 1/3 of accepted applicants
- Expand new business decisioning process to include different dimensions of customer value and return

Solution

- Determine best offer by moving from typical segmentation and score card cut-offs to using models for take-up and profitability
- Use Experian's decisioning and optimization software to implement pricing strategies in real-time

Results

- Increased profitability by 10%
- Ensured no change in default rates
- Achieved legislative goal of having 33% of the pricing compliant

This approach enhanced the decision-making process and ensured the most appropriate terms for the customer. It also brought the marketing, credit risk and finance teams together to achieve a common set of objectives.