

Create cross-sell opportunities using existing credit portfolio data

Data mining methodologies can increase wallet share by tapping into your existing customer data

Reimagining the value of credit data

We are imagining new possibilities for extracting additional value from credit portfolios. At Grant Thornton, we believe an important component of credit portfolio management is extracting value from the abundance of data in credit portfolios.

How is this possible? Today, we not only have the data on our customers' demographic and credit performance, but most institutions have the technology to collect information on their preferences, interactions with us, likes and dislikes. Digital and high-quality data is ubiquitous, be it social data (text, image, sound, video) or internal data on their interaction which in today's context is omnichannel. Today we can infer our customers' and prospects' preferences in advance.

Mining and extracting value from this data has been very rewarding for all commercial institutions. Using a combination of descriptive, prescriptive, and predictive analytical techniques, Grant Thornton can help its clients unlock significant value. Examples are in the making of sharper cross-sell and up-sell recommendations, share-of-wallet, market basket analysis, response modeling and other machine learning analytical methodologies.

Mining portfolio data is best illustrated by a case study.

- A Bank wished to increase average yearly card spending for its existing customer. It had a reasonably good internet banking channel accessible through both an app and website.
- The Bank has the customer consent for using data such as card transactions, payment behavior, or collected through activity monitoring.
- The Bank created 'customer segments' giving rise to a better understanding of customer profitability, revolving and purchase patterns, online activity patterns, and their likes/dislikes.

- Through data mining techniques like K-means clustering and t-distributed stochastic neighbor embedding (t-SNE), the Bank was able to create targeted strategies aimed at existing customers for promotional offers and an online campaign to source more look-alikes of their existing highly profitable segment.
- Grant Thornton developed an automated monitoring framework and mechanism so that the Bank could measure profitability, response, spend and losses by strategy and segments.
- The Bank is exploring the use of marketing mix modeling (MMM) techniques to optimize their marketing spend using continuous test and learn mechanisms.

We can assist with the following:



Independent assessment of targeted product growth opportunities by identifying stakeholders and data which will form the basis of an engagement in data mining.



Creation of a blueprint and project plan with qualitative and quantitative targets through the implementation of data science methodologies.



Using advanced data mining and statistical techniques like chi-squared automatic interaction detection (CHAID), t-distributed stochastic neighbor embedding (t-SNE), Clustering, Neural Networks, etc. to model all the KRIs.



Implementation of a customized business insights (BI) system / dashboard, including the underlying data architecture, which is sufficiently scalable.

Helping our clients thrive

Grant Thornton helps large, regional bank improve its customer insights through an analysis of the data associated with their credit portfolio.

CASE STUDIES



Challenge

A large U.S. regional bank that grew rapidly due to multiple acquisitions, was facing two key challenges:

- How to reconcile multiple disparate core banking technology systems; and
- How to attract, grow and retain their core banking customer base.



Solution

Grant Thornton developed a multi-year customer-centric digital transformation roadmap to help the bank understand their core customers and their specific banking needs, evaluate existing legacy technology systems and develop an end-to-end transformation strategy to improve their competitiveness in the marketplace.



Outcome

The bank was able to better serve their customers through improved customer insights, data collection abilities and digital offerings. The roadmap provided the bank with a clear understanding of their priority customer segments and their digital needs and with a multi-year vision of core technology implementation needs to connect the disparate data systems.

Concluding thoughts

At Grant Thornton, we believe unlocking the value of existing portfolio data is an opportunity for organizational growth and value creation. Our multi-disciplinary team of experts, with thought leadership and hands-on experience in credit portfolio management and data science, can elevate credit origination and sales strategies to another level.

We understand that the bespoke nature of your credit portfolios provides a variety of insights. It is from these insights that we want to create value for your organization and leverage credit data to your advantage. We would love to initiate a discussion with you on this opportunity. An initial investment in system and data capabilities can yield significant benefits in the long term.

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Contact



Oliver Dennison

Managing Director - Risk
T +1 646 629 9612
E olly.dennison@us.gt.com



Jhonathan David

Experienced Manager - Risk
T +1 212 624 5455
E jhonathan.herrera-shaikh@us.gt.com



Tushar Waghmare

Director - Risk
T +1 732 516 7633
E tushar.waghmare@us.gt.com



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