

From Reactive to Proactive Retention



The Business

National Bank with over 300 branches and \$25B in assets.

This bank's most profitable customers with the highest cross sell potential were constantly preyed upon by the competition. With less than 10 percent of the bank's customers considered "Very Loyal", run-off was prevalent. The goal of the bank was to boost retention of its valuable customers to at least 70 percent, from the current 50 percent.

The Challenges

- All attempts over the last two years were fragmented, slow and basically "hit-or-miss". The bank needed a hands-off, less labor intensive program that would operate "lights-out", but appear highly personalized to the bank's customers.
- Even though only 36% of the payoff inquiries are defined at the credit bureau as "Mortgage"; many other inquiry types result in Mortgage Payoffs

Intellidyn's Solution

First, create *Business Intelligence, then introduce a proactive three-step marketing program.

The bank was able to act on 87% of customers most likely to payoff

Description	% of Valid SSN
Raw records from client payoffs	
Records with valid SSN	87.38%
SSN's matched to history file	82.88%
Matched records any prior inquiry	68.11%

Most payoff inquiries were for mortgage and installment loans

INQUIRY_TYPE	% Dist.
BANKCARD OPENED	8.8%
BANKCARD INQUIRY	4.8%
RETAIL TRADE OPENED	4.2%
RETAIL INQUIRY	2.4%
STUDENT LOAN OPENED	0.5%
HOME EQUITY OPENED	6.3%
HOME EQUITY INQUIRY	0.1%
MORTGAGE TRADE OPENED	7.8%
MORTGAGE INQUIRY	36.3%
BUSINESS LOAN OPENED	0.0%
BUSINESS LOAN INQUIRY	0.1%
RECREATIONAL MERCH. TRADE OPENED	0.1%
INSTALLMENT TRADE OPENED	2.4%
INSTALLMENT INQUIRY	20.0%
AUTO LOAN OPENED	3.1%
AUTO LOAN INQUIRY	2.2%
AUTO LEASE TRADE OPENED	0.4%
RENTAL INQUIRY REPORTED	0.4%
Grand Total	100.0%

We determined the new loan purpose and lender

Table of NEW_LENDER by NEW_LOAN_PURPOSE						
NEW_BANK	NEW_ACCOUNT_PURPOSE					Total
	CASH OUT	CONSOLIDATE	PIGGYBACK	RATE/TERM REDUC	SUBORDINATE	
Client Bank	4,907	8,764	45,950	16,714	13,704	90,208
WELLS FARGO	631	680	658	1,143	2,189	5,308
BANK OF AMERICA	303	361	362	463	2,554	4,052
WASHINGTON MUTUAL	505	559	306	591	1,526	3,493
WACHOVIA	102	108	230	218	2,013	2,676
CHASE MANHATTAN	281	295	347	1,159	514	2,602
FIRST TN BANK	75	44	138	63	1,911	2,236
J P MORGAN CHASE	82	113	167	104	1,123	1,593
SUNTRUST	134	112	103	123	730	1,205
NATIONAL CITY BANK	14	19	237	16	762	1,049
CITIBANK	9	11	63	19	936	1,038

Intellidyn's Solution

A three-step proactive marketing program

- Fix and Optimize current monitoring,
 - Define each type of inquiry
 - Monitor 24 x 7
 - Alert within 12 hours
- Transform to proactive programs,
 - Get out ahead of credit inquiry
 - MLS listing for homeowners
 - New phone listings @ new addresses
- Personalize Pro-active programs
 - Understand consumer's Personal situation:
 - Demographic
 - Lifestyle
 - Life Event
 - Credit Events
 - Historical Inquiries
 - Behavioral Segment

Client Results:

	Without Program	With Program
Number of active mortgage accounts	1,000,000	1,000,000
Percentage of customers that attrite	35.0%	12.0%
Percentage of customers identified as attrition risk	12.3%	10.2%
Percentage of identified attriters retained	3.0%	15.0%
Number of active accounts	1,000,000	1,000,000
Average attrition	350,000	120,000
Accounts Triggers identifies as attrition risk	122,500	102,000
Accounts identified and retained	3,675	15,300
Revenue protected by retaining accounts	\$ 7,350,000	\$ 30,600,000
Incremental gain from reducing attrition	\$ 14,332,500	\$ 59,670,000
ROI	213	1342