

Tier-1 bank

CHALLENGES

Inconsistencies in product management and pricing practices across geographies impacted the customer experience, limiting the bank's ability to deepen relationships and assist with customers' financial needs and goals.

Pricing mechanisms at the bank also lacked a systematic and coherent approach when determining relationship pricing.

OBJECTIVES

As part of a strategic vision to innovate and maintain its position as a leading digital bank, the bank was looking for new ways to continue to meet customer expectations and create sustainable shareholder value.

To accelerate this vision, the bank knew it needed to enhance its IT landscape in order to move the needle on several strategic priorities. The bank embarked on a bank-wide transformation to standardize its product and pricing platforms and unify its existing core platforms, driven by a number of guiding principles.

5 months

Initial implementation

30+

Banking products managed within a central product repository

1 million+

API calls per day

€10 million

Lift in annual revenue expected from more effective governance over mortgage offers

STRATEGIC PRIORITIES

- Increase the pace of innovation to serve changing customer needs.
- Harmonize the product offering to give clients a consistent experience across the bank.
- Think beyond traditional banking to develop new services and business models.
- Earn primary relationships.
- Offer common products across various markets with differentiated pricing and features based on local nuances
- Rationalize two core systems into one.

GUIDING PRINCIPLES

- Deliver personalized and relevant offerings.
- Leverage value-based pricing.
- Follow a risk-based approach to pricing at the customer and portfolio level.
- Use pricing to influence customer behaviour.
- Streamline product and pricing across multi-country instances.
- Enhance pricing discipline for all products and services rendered, including price realization, repricing and revising contracts.

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SOLUTION

After an extensive RFP process, the bank selected Zafin as its global enterprise standard for product, pricing and billing capabilities. This initial scope for the project included two phases across two countries, with subsequent rollouts to other geographies planned for the future.

Phase 1: Centralized product repository. The bank deployed Zafin's Product Master to migrate and centralize product data from multiple locations, including product definitions, conditions and eligibility and suitability criteria. The central repository delivers over 30 products to customer-facing channels and other systems via APIs, based on pre-configured eligibility rules.

This product eligibility logic, based on age, segment, product holdings, citizenship and more, was previously hardcoded in another system and migrated to Zafin's platform, increasing flexibility and reducing the need for IT intervention for ongoing change management.

Phase 2: Relationship pricing engine.

The bank deployed Zafin's Rates & Fees as a relationship pricing engine for one of the two countries, starting with consumer lending products.

The pricing engine contains price plans, price adjustment rules and a pricing grid for the various rates, products and rules. Pricing is determined based on a range of configurable attributes.

Based on these inputs, the pricing engine determines the correct interest rate for a customer, as well as calculates any appropriate fees associated with these lending products.

The solution then passes this information on to downstream systems and channels via an API.

BUSINESS OUTCOMES

The centralized product repository (Phase 1) went live on time and on budget in February 2019, following a **five-month implementation**. Each day, the solution receives **over a million API calls** to present products for which a customer is eligible, while delivering a more personalized omnichannel experience.

The relationship pricing engine (Phase 2) went live **on time and on budget** for the first country in scope in early 2020, following a 12-month implementation. The solution is now being deployed for the second country, with an expected launch date in Q3 2020.

Feedback from the client has been extremely positive. From a business perspective, the bank is now able to bring **more personalized products and services** to its customers, at a **more personalized price**, with **consistency across channels**, and at a **much higher speed**.

From an operational perspective, as a result of these implementations, the bank has **decommissioned legacy bespoke product management applications**, resulting in **significant time and cost savings**.

In a future phase, the bank is expected to utilize Zafin to enhance pricing governance over mortgage offers. On this one use case, the bank expects to **generate an additional €10 million in annual revenue**.

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