

Case Study

Enabling dynamic price setting

www.simon-kucher.com/engine





Simon-Kucher engine



Case Study

Enabling dynamic price setting

Context

Client: Large Canadian National Bank

Challenges:

- Client facing intense competition from other national competitors as well as aggressive digital banks
- **Price wars** triggered by 1-2 trouble makers in the market
- High complexity with over 5000 internal and external product interactions needing to be captured and analyzed

Objectives:

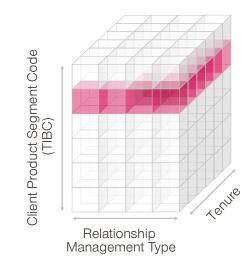
- Develop a high frequency flow of funds model with rapid reporting capabilities for a 360° view of the movements in the deposit portfolio
- Develop analytical models as well as a front-end software solution to support ongoing portfolio, pricing and promotion management

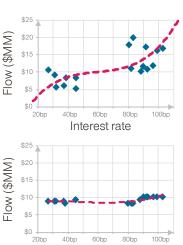
Approach

- Developed flow of funds model using account level balance snapshots at a weekly frequency
- Created a sensitive based segmentation by measuring client's acquisition and attrition propensity during campaigns
- Designed elasticity models to determine correlation of fund movement with price and non-price factors
- Developed a forecasting and optimization engine to recommend deposit rates for efficient book management
- Designed and developed a front-end user interface to bring all model outputs at fingertips

Deliverables

Analytical models and price optimization engine





*	Balance Insigh
45. 1111	Partialo Analysis Fig.
\$	Ö belest product
2	
	1990
	800
-	
	100
	100
	1. Sec



Achieved >10 bps in volume neutral margin increase through differentiated pricing

Interest rate

Central Price Management Tool

	Ê	Home			SCHOOL + RECEILS & PRATHE Brangy & Marbeing Consults
Select product: Centralite GIC X	8	Hello, Admin		Showing data for: Last Modified Tor	Sunday J March 2020, 1937 mility 5 March 2020, 17:08
825	and the second se	Portfolio Highlights at represent	Performance Overvie	ow	
		54 (FT	Poster	Current Balance MM4	• funding cost •
820		Ar Oher Saings (NP), Free R GC - 158 Teach change MMH is 1.29 %	Genetie DC	\$12.13.0	BIST DO M
815	•		Chepung	342.018	\$210.27 K
5	-		GIC-12M	816.82.8	\$359.85 M
1 111 0		Large balance change in deposit portfolio	GIC-14M	\$4.50 B	\$45.49 M
-	•	compared to an average change of 0.54 % in the last 13 minutes.	002-104	8132.0	\$75.00 W
		View shart	GIC- NW	1.0.0	\$25.50 W
0 80		Pinned Charts			
		Barror nught Barror nught		Pacang Integrates	
					-
	Contails (MC) X	Belefs product: Controls 00 X	Tests events Tests events Sender don't Sender don't Sender don't Sender don't	Tester Period Highlights II Interpret Biology of the many of t	Statust price Performance Coversion Performance Coversion Performance Coversion Statust price For Statust price For Statust price Performance Coversion Statust price Statust price For Statust price For Statust price Performance Coversion Statust price Statust price For Statust price For Statust price For Statust price Statust price Statust price For Statust price For Statust price Statust price Statust price Statust price For Statust price For Statust price Statust price Statust price Statust price For Statust price For Statust price Statust price Statust price Statust price For Statust price Statust price Statust price Statust price Statust price For Statust price Statust price Statust price Statust price Statust price For Statust price Statust price Statust price Statust price Statust price For Statust price Statust price Statust price Statust price Statust pris St

Simon-Kucher Engine combines over thirty-five years of unique monetization expertise with proven digital solutions that fit to you.

What we do

It's simple. We power businesses' growth. Through our digital technology and business-oriented thinking, delivered as a service. Straightforward and built to achieve the results you need – quickly and reliably.

What we deliver

Easy to use products: Cloud-based software as a service products, easy to use and implement.

Tailored solutions: Designed to help our clients grow and adapt to the ever-changing digital landscape, achieving the results they need.

If you want to use digital products to accelerate your company's power, find out what our solutions can do for you. We support your business with intelligent engines, smart toolkits, and intuitive platforms – all quickly and reliably delivered by our team of product managers, developers, and engineers.



David Chung Partner

- 17 State Street, 37th Floor
 New York, NY 10004, USA
- **L** Tel. +1 212 537 0743 | Mobile +1 917 549 0725
- david.chung@simon-kucher.com



Rohan Shah Senior Director

- 17 State Street, 37th Floor
 New York, NY 10004, USA
- **C** Tel. +1 212 537 0756 | Mobile +1 347 985 3526
- vohan.shah@simon-kucher.com