

PRICETEK® ADVANTAGE: CANNIBALIZATION DETECTION SAVES HUNDREDS OF THOUSANDS IN INTEREST EXPENSE

Within just a few months of implementing PriceTek, the pricing team at a client bank quickly identified and resolved an anomalous increase in money market sales – saving the bank significant interest expense.

USER PROFILE

Mid-tier bank \$15-\$40B in assets
\$12 billion Deposit Portfolio
2 Users on the Pricing and Product Team

THE CHALLENGE

The bank had initiated a money market promotion designed to deepen relationships with existing customers and gain a larger share of wallet. After a few weeks our client realized there was an unexpected increase in originations that was out of line with expected trends. With existing internal reports, however, “it was difficult to analyze the portfolio at the level of granularity we needed,” commented the retail product manager.

PRICETEK DEPOSITS IN ACTION

To diagnose the problem, the bank turned to Novantas’ PriceTek Deposit optimization platform. Switch balances, an analytical feature of PriceTek, continuously monitors the flow of funds from one product to another and offers banks a detailed overview of any product cannibalization. Using this feature, our client quickly discovered that cannibalization of their promotional money market account was the issue, and together, the PriceTek Client Services team and the bank’s pricing team worked through a detailed process to calculate the interest expense impact, and create a data extract of account level information to complete the analysis needed.

THE RESULT

PriceTek’s analytical framework allowed the bank to analyze data at the necessary level of granularity and, as a result, easily pinpoint branch and personnel accountability, and the specific time periods where problems initiated. “PriceTek Deposits was invaluable in quickly diagnosing and correcting the problem,” recalled the retail product manager. “It would have been very difficult for us to detect specific abnormalities in our portfolio without investing a significant amount of time and energy. In the end, we identified the problem, changed the messaging, and communicated with the front line in a few days, getting the promotion back on track and saving hundreds of thousands of dollars in potential annual interest expense in the process.”