

Profitable Growth

Successful Upsell of Profitable Products to High Value Customers

The Situation

A regional bank observed that customers with credit lines & loans are most profitable to the bank; they own more products, keep higher balances and generally utilize more services. Acquisition of new High Value customers is expensive, so the bank decides to target existing DDA customers with an up-sell opportunity of high value loans

The Need

- Identify existing customers with demand deposit accounts who qualify for high end credit.
- Build a targeting model to identify customers most likely to accept the high end loan offer

The Solution

A modeling population consisted of 352K qualified customers with DDA accounts but no loan, and 3,433 customers with DDA customers with loans (approx. 1% of the population).

A neural nets model identified 10% of the no-loan population most likely to take out the loan. The average response rate in this group was 3.9% (a nearly 400% lift)

The Benefit

The marketing campaign targeting the most likely customers yielded 29% increase in the High Value customers portfolio in just the first year.

Additional benefit was a significant reduction in attrition of the High Value Customers, as customers with more products are “sticky”.