



CUSTOMER: Leading Canadian Mortgage Lender

Challenge

To become a global leader in personalized banking, one of Canada's leading banks looks for innovative ways to differentiate itself from competitors. Otherwise, it faces margin compression, which limits growth and the ability to offer exceptional customer experiences. The bank's Canadian mortgage business presented a prime opportunity for competitive differentiation, especially when it comes to interest rate negotiations.

The bank worked with Nomis Solutions to revamp the traditional operational model of mortgage pricing and deal presentment. The innovative approach uses a data science methodology to price segmentation for both originations and renewals in the back office. Then it extends this customer insight to more than 6,000 front-line employees to empower them to offer personalized pricing and manage the negotiation process more effectively.

Results

The bank implemented Nomis Solutions' Integrated Pricing Management to support their holistic approach to manage the entire mortgage portfolio, including creating offers, pricing, and deal management. Based on global and Canadian best practices, this approach focuses software, data, and analytics on the bank's specific strategic and financial objectives. Since implementing Integrated Pricing Management, the bank has realized:

- An annual incremental net interest income (NII) of \$600K per billion dollars on mortgage portfolio intake for both originations and renewals
- A 50% decrease in mortgage rate exception requests, which significantly improves margins and reduces operational cost

A holistic approach to managing its mortgage portfolio increased a leading Canadian bank's NII by \$600,000 per billion through intelligent pricing, optimized renewal management and discretion guidance for 6,000+ front-line employees.

New Capabilities

Using Integrated Pricing Management, the bank efficiently and dynamically deploys optimized mortgage rates and manages the customer negotiation and offer presentation process while providing deep insights into product performance and consumer responses. This allows the bank to:

- Optimize rate grids for originations and renewals given portfolio objectives and business constraints while incorporating price sensitivity, customer behaviour, competitor rates, and discretion trends
- Investigate multiple “what-if” scenarios using the bank’s specific rules and limits for the entire market or, for segments of the market, to better understand how customer responses affect the performance of the entire portfolio
- Drive an efficient pricing exception workflow to manage discretion, monitor and enforce front-line pricing policy adherence, and track accepted/rejected offers, including multiple offers.

Because it integrates with existing bank infrastructure, such as CRM, Integrated Pricing Management delivered a quick time-to-value with less disruption to employees. In addition, management has visibility and control across the entire pricing process from building rate sheets to monitoring front-line activity to analyzing customer response to various offers. With all pricing information stored and managed in a central location, the bank had reduced the dependency on spreadsheets, back-of-the-envelope calculations, and instinct-based pricing decisions to accelerate profitable revenue growth to meet their top strategic objectives.

About Nomis

Nomis is a fast-growing Fintech software company that combines cutting-edge Silicon Valley approaches to big data, advanced modeling, and deep analytics into the industry-leading price optimization SaaS software platform. We help large and medium-sized retail banks better understand their customers and grow their businesses. We help these banks deliver win-win products and pricing in an environment that is increasingly competitive and highly disruptive as interest rate increases begin. With experience in over 80 implementations, Nomis optimizes over \$1 trillion in banking transactions annually and returns more than \$300,000,000 to its customers every year.



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