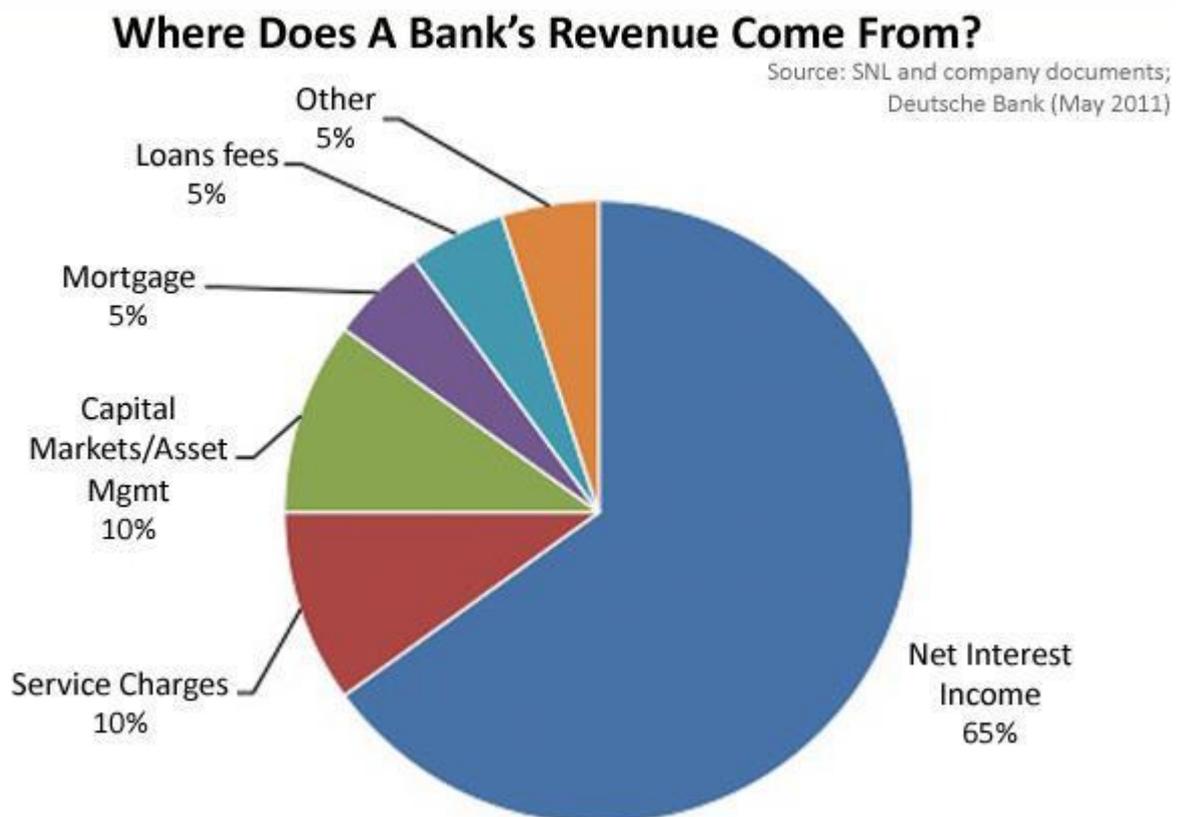# Predicto- Analytics solution for Banks

Overview

The banking industry has undergone a lot of transformation over the last three decades. The banks have become the virtual marketplace offering various services to the customers like deposits, loans, credit cards etc. through various channels. It is heavy Data industry. Hence Focusing on customer-related analytics is a key differentiator in the competitive landscape of retail banking.

Where Does A Bank's Revenue Come From?

Source: SNL and company documents; Deutsche Bank (May 2011)

- Other 5%
- Loans fees 5%
- Mortgage 5%
- Capital Markets/Asset Mgmt 10%
- Service Charges 10%
- Net Interest Income 65%

The consumers are changing drastically because of technology that is enabling them to do a lot of different things. Customers need your help. Yet, they're quick to say no when you suggest a product or a solution. They say things like "can you call me in 6 months?" or "I'll let you know if I need help. You've probably

experienced something similar. Customers admit they need help with specific problems you're able to solve, and then they say no to your product or service. It's common for us to assume that a customer's "no" has more to do with our product or service than it does with our request.

The Concept of Cross-Sales has always been there to generate higher sales in a given period of time. Bankers have highly relied on this mode of selling for many-many years. But it has been focused and clinically proven over a few decades now.

Every Banking business spends a lot of its time in making stray calls to get the sales for a particular product or service. This process at times could be very cumbersome and "nothing" really could be the possible result at the end of this calling process.

We at Data Semantics have thought through this process in-depth and did a research on where specifically the banks demand help to make this process a much simpler one. We identified that the problem was in "identifying the potential customer out of banks own database".

After identifying this glitch, along with studying many aspects of banks requirements towards the achievement of sales goals, we built algorithms to rank the prospects based on the risk involved in a particular cross-selling strategy. We called this solution Predicto.

Predicto helps you reduce the amount of time that one has to spend on screening the customer, who needs to be approached to buy a certain product or a service.

The objective of this Tool is to maximize the appropriate & ethical cross-selling. For Customers, this tool will guarantee that they have essential financial products and services necessary to appropriately manage and proposer in their financial lives from the very beginning of their relationship. For banks, it will help in mastering the skillset of cross-selling with existing customers and help to meet and exceed goals.

What does it do?

1. As the name suggests, Predicto "predicts" customer behavior in near future. This prediction is based on the historical patterns (or habits) of behavior customer has demonstrated.

2. The prediction of customer behavior is statistically validated which means there is a high (typically >95%) confidence around the prediction

3. Predicto also identifies the drivers of a predicted behavior. This helps in the development of strategy i.e. how much change in an approach would yield an expected change in customer behavior.

4. Predicto outputs a measure of behavior which could be a probability or a number which can be translated into the economics of a business. In other words, one can estimate how much profit the customer behavior would yield in the future.

5. Predicto generates campaign file which can be easily transferred, load into other environments for production.

6. Predicto provides drilled down reports on customers' past and future behavior and value thereon at aggregated level like across time, customer demographic segments and portfolio KPIs like no. of products per customer, product chronology, portfolio overlaps

Architecture

Predicto – Model Development Data Flow
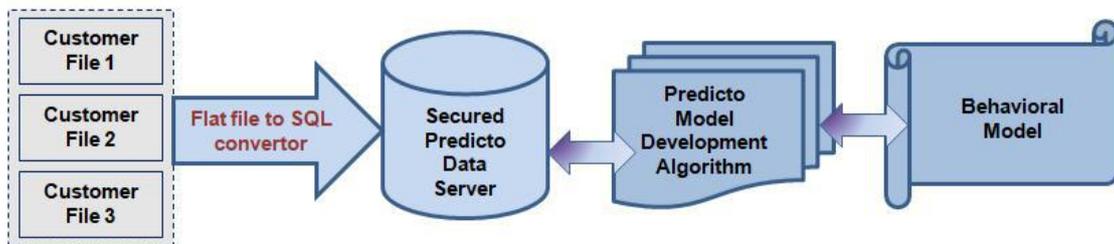
Predicto – Campaign Production Data Flow
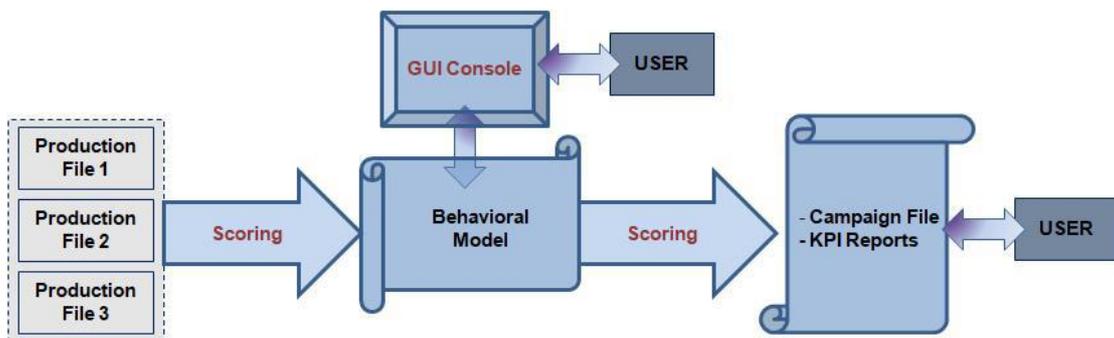
Conclusion:

As you might have understood by now, Predicto is a machine learning platform which helps not only predicting your customers' behavior but also helping you take appropriate action to change the behavior in the intended direction. For example, if you are trying to collect the overdue amount, Predicto helps in identifying customers who are likely to pay and still of high value. If you are

trying to sell a new product to a customer, Predicto helps you in identifying customers who are most likely to buy your product. Hence, your efforts towards enhancing customer relationship are no more random, but more precisely targeted. This yields high returns on investment, in other words, helps saving precious budgetary allocations.