



A NORTH AMERICAN CASE STUDY

Developing Absolute Pitch with Deposits Pricing

Resulting in 7X ROI on Nomis Price Optimizer

Wolfgang Amadeus Mozart is widely believed to be the only great composer possessing absolute pitch, the ability to identify any musical note without a reference pitch. An observer of the 7 year old Mozart claimed, "I saw and heard how, when he was made to listen in another room, they would give him notes, high and low, not only on the piano but on every other imaginable instrument, and he came out with the note in an instant."

Up until recently, researchers maintained absolute pitch was something Mozart attained through his neurological wirings at birth.

Recent research has illuminated Mozart learned absolute pitch through consistent, purposeful experiences with many different instruments from a very young age (his father was an accomplished composer and was intentional with his instrumental training of a very young Mozart). The implication of the modern research is that the option exists for humans to learn absolute pitch with proper, deep training!

Alongside our clients, Nomis clearly observes through the right types of rigorous practice, financial institutions can move towards developing absolute pitch within their deposits portfolios. Here is a Nomis case study based on actual events illuminating the forms such learning can take and value generated.



Meet Nadine

Nadine is the head of deposits pricing at a leading North American financial institution. Nadine is always looking for opportunities to more precisely align what customers value with her institutions' pricing practices.

Nadine's Challenge

Nadine operates in a tight expense environment due to uncertain macroeconomic conditions and heightened competitive pressures for deposits funding sources. She prides herself on keeping up with market movements and portfolio customer behaviors and seeks an easy to execute strategy to generate expense savings. Ultimately, Nadine wanted a significant amount of expense savings through a package and framework easily defensible amidst many stakeholders and high pressures for tangible results.

The Opportunity

Nadine sought to find meaty pockets within her deposits portfolio where rate reductions could be made with little negative balance impacts and the degree of confidence she could attribute to the predicted impacts. The larger strategy was to realize some interest expense savings quickly to support meeting profitability goals and to redeploy savings to fund promotional growth in other portfolio pockets. Strategically, she estimated that competitors would face pressure to do this soon and wanted to see how she could put her institution ahead of the curve.

Outcomes

40%

INCREASE IN ANNUALIZED VALUE
FOR TARGETED PRODUCTS

3%

INCREASE IN ANNUALIZED VALUE FOR
ENTIRE DEPOSITS PORTFOLIO

7X ROI

ON THEIR DEPOSITS NOMIS
PRICE OPTIMIZER IN ONE PRICING
ACTION ALONE

The Solution

Moving towards absolute pitch via modeling and leveraging Nomis' speedy, high definition model monitoring routines, precise measures of the statistical confidence in the outputs, and price optimization simulation capabilities, Nadine determined she could reduce the interest expense of their deposits portfolio by 15% with small negative balance impacts. Essentially, Nadine deployed the model monitoring routines to detect segments where rate changes were predicted to be small and there were large degrees of confidence in the predictions and infused those granular insights into the Nomis Price Optimizer to simulate the impacts of alternative rate reductions.

Nomis helped Nadine's bank find the most efficient trades for its customers by being precise on determining where rate didn't matter. Nomis not only delivers and but maintains Nadine's pricing model and can therefore produce ongoing signals on rate sensitivities that prompt her team on moments they can capitalize. It's not only about where rates are more or less sensitive but being able to track the evolution of behavior to best optimize outcomes and deliver continuous value creation.

Here's what we at Nomis really like about the process Nadine followed-

- Nadine leveraged a fresh, routinized stream of high def model-driven insights to detect precise opportunities and confidence in the opportunities
- Nadine transparently and efficiently married her judgement with this insight/science inside the Nomis Price Optimizer to generate clear, easy to defend predictions
- Nadine shared the Nomis Price Optimizer outputs with a depth and rigor that her leadership expects and appreciates

The Outcome

Following the deployment of the decided rate changes, Nadine's team measured that the changes generated 40% increase in annualized value for the products in scope and 3% in annualized value for the entire portfolio! That's a 7X ROI alone on their subscription fee for deposits Nomis Price Optimizer! What we really appreciate is that value can be realized immediately through profits or redeployed for funding customer value in other areas of the deposits portfolio or across her financial institution!

Nadine's victory

Due to the significant positive impact on value of an initiative Nadine spearheaded and successfully implemented, she has visibly gained credibility amongst her leadership team. She captured executive attention by sharing the Nomis Price Optimizer outputs at a depth her leadership has been trained to see and appreciate. Now that her team is getting much kudos on their rigor and output quality since they started working with Nomis, her work is being questioned less and she faces a much smoother decision process within her financial institution.



Nadine did not accept the potential negative impact an ongoing flat rate environment would have on her business. She took the initiative to look for ways to improve her results by leveraging these restrictive macroeconomic factors to her advantage ahead of her competitors.

By partnering with Nomis Solutions, Nadine was able to identify pockets of opportunity, their size, and their shifts over time with certainty in order to reliably deliver enduring results.



Silicon Valley
8000 Marina Boulevard
Brisbane, CA 94005
+1 650 588-9800



Toronto
22 Adelaide Street West
Toronto, ON M5C 1X3
+1 416 583 1565



Melbourne
367 Collins Street, Level 32
Melbourne VIC 3000
+353 86 3814378

About Nomis

Nomis is a fast-growing FinTech focused on ensuring on-going value creation for the world's smartest financial institutions through optimized, end-to-end, customer-centric pricing capabilities. Institutions of all sizes leverage Nomis' unparalleled domain expertise and their market-leading Nomis Platform™ to operationalize cutting-edge Big Data and AI to understand and anticipate customer demands, competitor actions, and market dynamics.

Nomis has a proven track record of increasing customer and stockholder value, returning nearly \$800 million to its partner banks every year.

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