

**CUSTOMER SUCCESS STORY**

# Leading South African Bank

## The Challenge

When Basel III changed the capital requirements for banks, many financial organizations had to re-evaluate their portfolios, including one of the leading banks in South Africa. To comply with new regulations and increase lending capacity, the bank needed to increase its fixed deposits by ZAR 3 billion (approximately USD 200 million) in a market of intense competition.

The bank had been using Nomis Price Optimizer for almost 5 years to set pricing strategy. When the new growth agenda was introduced, using the Nomis solution to analyze market data and model various scenarios was standard practice. In addition to technology, Nomis offered experienced consultative support ranging from value-adding workshops and best practice guidance to peer-to-peer executive meetings.

### Outcomes

**7x**

RETURN ON THE ANNUAL INVESTMENT

**ZAR 4 bn**

INCREASE IN OVERALL DEPOSIT PORTFOLIO IN 6 MONTHS

**12%**

INCREASE NET INTEREST INCOME

## Results

In making decisions about products and pricing, the bank leveraged Nomis Price Optimizer for Deposits, which uses industry data and the bank's proprietary data to better understand customer behavior and trends. This allowed the bank to make better-informed decisions that would meet the specific goals of their growth agenda. Using Nomis Price Optimizer has allowed the bank to:

- Realize a 7x return on the annual investment for that year alone.
- Exceed the original goal of ZAR 3 billion in fixed deposits, increasing the overall deposits portfolio by ZAR 4 billion in 6 months.
- Increase net interest income (NII) on targeted products by up to 12% by introducing products that attracted new customers and setting appropriate rates on existing ones to meet volume goals.

## New Capabilities

Implementing Price Optimizer for Deposits has given the bank a deeper analytical understanding of the internal and external factors affecting customer acquisition and retention. New capabilities include:

- Improved clarity on the book profile, segments, price sensitivities, and customer behaviours to support business decisions and fuel the ongoing growth plan for new products and related communications.
- Increased awareness driven by price response modelling for major competitors that allows the bank to better understand the impact of competitive actions and the effect of those actions on market, sales, and external movements of the bank's deposits.



To meet Basel III requirements, a leading South African Bank increased fixed deposits by almost 4% in 6 months in an intensely competitive market.



- Greater understanding of the impact on balances and NII from changing rates or products in response to competitive pressures and marketing spend using science-based data and price sensitivity analysis rather than manual estimates.

The bank achieved additional strategic benefits as they used Nomis Price Optimizer to inform decisions on how best to respond to a particular competitor challenge. The modeling and forecasting capability of Nomis

Price Optimizer helped the bank understand when and where to avoid spending marketing budget unnecessarily and, more pertinently, to understand the key segments to target for price changes in order to respond sufficiently to the competition with the smallest possible impact on margin and retention. Being able to proactively set strategic goals, respond quickly to changing market trends, and leverage Nomis' industry expertise empowers the bank to build a sustainable book of business, regardless of the competitive pressures.



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## 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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