# nomis

CUSTOMER SUCCESS STORY

# Top 25 US Lender

## The Challenge

Despite sophisticated processes and internal expertise, meeting strategic goals for auto lending based on manual calculations can be difficult, even for a US Top 25 Lender. One leading American auto lender sought to maximize its bookings while meeting a specific goal for net income before taxes (NIBT), but struggled to find the right balance between volume and profitability.

The lender had a highly evolved manual system for determining pricing that was driven by a skilled and experienced pricing analyst. However, they found that they needed to do a lot of "course correcting" to stay on track to meet their volume and profit goals. Changing rates frequently was time consuming and wearing down both human and IT resources. In reviewing price decisioning options, the lender ran a test of Nomis Price Optimizer software against its current process.

## Outcomes

### 11.2%

HIGHER NIBT REVENUE

⬇

REDUCED THE FREQUENCY
OF PRICING CHANGES

## Results

Price Optimizer uses big data analysis to understand customer and competitor behavior and indentify trends. Its modeling capabilities allow pricing analysts to predict the impact of various options based on the lender's customized threshholds for new vs. used, dealer vs. direct, risk tolerance and volume vs. profit. Compared to the control group, Price Optimizer delivered the following results without a significant increase in bookings:

- Delivered 11.2% higher NIBT revenue than the control group.

- Reduced the frequency of pricing changes by incorporating transaction-level competitive market data and modeling it against specific goals.

## New Capabilities

By delivering a deeper understanding of pricing factors, Price Optimizer has delivered new capabilities that improve systems, processes, and productivity, including:

- Pragmatic software-driven, constraint-based price optimization that predicts results, visualizes tradeoffs, and creates high-definition models reflecting the bank's preferences for profit and growth.

- An advanced pricing process to quickly evaluate market shifts, adapt to new customer/competitor/industry behaviors and unify pricing data to inform consistent, repeatable, and accurate pricing process coupled with test and control strategies.

- Tools that free data scientists to focus on strategic tradeoffs instead of number crunching, improving the ability to ensure and demonstrate regulatory compliance, instill confidence in pricing decisions and preserve proprietary modeling IP.

Using price modeling, a major US auto lender reduced the disruption of frequent price changes and increased NIBT without a significant increase in bookings.

These capabilities give the bank a foundation to further expand and refine its price optimization strategy to reflect regional differences and other dimensions that affect price sensitivity. In addition to the near-immediate results of implementing the software and Nomis' best practice consulting, price optimization continues to improve over time.

Models are regularly re-calibrated through continuous learning, which increases predictive accuracy by using the software to create a closed loop pricing process that regularly reviews and iterates pricing scenarios based on past performance and current goals. As a result, the bank will be able to meet changing corporate or market dynamics and realize an ongoing return on investment.

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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.

**Learn more**

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