

# Tier-1 bank

## CHALLENGES

With increased market pressure from smaller regional and community banks competing on price in selected geographies, the bank's inflexible, complex legacy infrastructure and systems limited its ability to price deposit products.

These legacy core systems also limited the bank's ability to differentiate pricing to customers based on key characteristics, such as segment, products and relationship value. With deposit pricing propositions limited to a one-size-fits-all, geography-based approach, as well as expensive and time-consuming product and pricing changes, the bank was challenged to respond quickly and effectively in a changing rate environment.

## OBJECTIVES

As part of its vision to deliver tailored deposit pricing propositions down to a segment of one, the bank identified several key objectives:

- Adopt a more proactive approach to deposit rate pricing.
- Evolve from basic geography-based pricing to more granular, relationship pricing.
- Centralize product and pricing information into a single source system.
- Increase pricing flexibility, agility and transparency.
- Reward and deepen customer relationships.
- Automate pricing execution and governance, including execution of rate recommendations from the bank's price optimization system.
- Reduce revenue leakage and improve profitability.
- Reduce operational risk and accelerate speed to market.

## SOLUTION

The bank selected Zafin's Rates & Fees solution as a customer-centric deposit pricing engine, which enabled a centralized and automated framework for determining and executing segment-specific deposit rates.

Zafin operates as an externalized product and pricing layer alongside existing systems, serving as a single source for all deposit product pricing information and feeding that data downstream to other bank systems.

Business users have ownership over pricing rules configuration.

The implementation, which successfully went live in November 2016 after a series of three phases, covered all existing and new retail deposit products, including time deposits, checking, savings and Money Market accounts.

- Differentiate rates by relationship
- Promo codes for special rates
- Display customer-specific rates during research and purchase
- Targeted offers and promotions
- Rate overrides/exceptions based on approved roles and thresholds

A four-level pricing hierarchy enables highly granular segmentation by line of business, relationship tier, sub-geography and bank segment.