

Integrated Marketing and Risk Analytics

Quicker Implementation, Increased Efficiency and Lower Cost



Historically, the focus of credit card firms has been on number of acquisition, not so much the quality and profitability of the acquisitions. This short term mass-marketing approach leads to lower response rates, higher cost per acquisition, higher default risks, and lower revenue per acquisition. The saturated market place and intensified competition has driven firms to focus on the return on marketing investment.

EXL's Integrated Marketing and Risk Analytics is a profitability-centric, highly targeted approach for marketing. It uses enhanced Customer Life Time

Value (CLTV) methodology and proprietary analytics toolkit, MicroAnalytix™ to identify profitable customers, and customize marketing channels and product offerings based on customer needs.

The key differentiators of this approach are:

- ▶ Estimating CLTV at customer level
- ▶ Evaluating each of the revenue and cost components separately
- ▶ Faster, accurate, innovative and comprehensive data usage enabled by proprietary analytics tools to develop a solution that best meets clients' needs



It empowers Chief Marketing Officers, Chief Risk Officers, and other senior management to develop better customer acquisition, cross sell and retention strategies, which result in higher marketing ROI, customer satisfaction and long term profitability.

Integrated Marketing and Risk Analytics is based on EXL's extensive experience marketing and risk analytics, working for the Top 3 credit card issuers. It has enabled clients achieve substantial benefits including:

- ▶ Increased response rate by as much as 50%
- ▶ Reduced acquisition cost by as much as 66%
- ▶ Improved profitability per acquisition by 20%
- ▶ Reduced customer churn by 10%

EXL applies CLTV to inform “who”, “what”, “how”

Maximize return by targeting profitable customers

“What” product to offer by assessing:

- Customer’s needs
- Response likelihood
- Product profitability

“Who” to target identified using:

- Customer response
- Customer engagement
- Customer risk

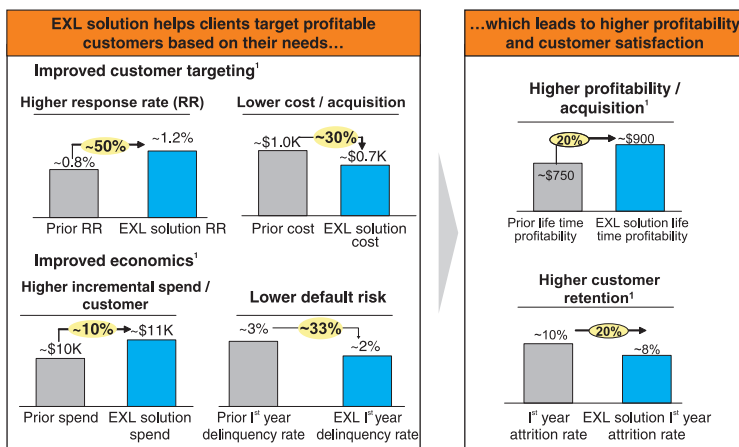
“How” to target:

- Right channel
- Optimal timing and frequency

Key enablers:

- Governance: goals, organization structure and performance metrics
- Decision science
- Information and analytical infrastructure

EXL's solution significantly improves profitability and customer satisfaction of marketing efforts



1. Illustrative for directional reads based on EXL's client experience

Case Study

EXL successfully deployed Integrated Marketing and Risk Analytics to enhance cross-sell efforts at one of the top European banks. EXL prioritized customers based on product offer NPV. EXL estimated customer-level profitability by developing predictive models for revenue, response and risk for each cross-sell offer.

The approach drove 430% increase in NPV from \$1.6MM to \$8.6MM while bringing down the cost of acquisition by 80%.

“The fresh thinking and ideas were brought to the life by the team”
~ A top US credit card issuer

To learn more about EXL's Integrated Marketing and Risk Analytics Services, please write to us at marketing@exlservice.com

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