

A Leading Asian Bank Transforms Pricing with Hyper-Personalization



A leading Asian bank wanted to modernize pricing models and ramp up the innovation quotient for its retail banking division. SunTec Relationship-based Pricing helped the bank streamline and transform its pricing models and deliver hyper-personalization to customers.

In 2020, COVID -19 ravaged the world economy and left Asia in the grips of its [first regional recession in 60 years](#). But even as the GDP contracted, the banking sector witnessed a further acceleration of digital adoption. As bank branches closed to ensure social distancing, banking customers went through [three years](#) of technology adoption in just three months. This pace of digitalization and digital adoption is unlikely to slow down.

The Asian banking sector is today considered a force to reckon with. [40 out of the 100](#) largest banks in the world are Asian and account for around 50 percent of the market capitalization of the world's top 100 banks. And with a large digitally empowered population, the region is already a major digital banking innovator. Over the last two years, customer adoption of fintech services have [doubled and even tripled](#) across key markets with China and India leading the way. Symbiotic partnerships between fintechs and traditional banks are on a rise as both parties try to engage better with customers and meet their evolving demands. But it is equally important for incumbent banks to accelerate the pace of their own digital transformation to retain and grow their market share.

A leading financial services group in Asia with its headquarters in Singapore is widely recognized as a digital innovator shaping the future of banking. With a full range of services spanning consumers, SME and corporate banking, the organization has a strong presence in all three Asian axes of growth – Greater China, Southeast Asia, and South Asia. The bank wanted to deepen its digitalization efforts to deliver innovation and personalization to its customers.

Asia is emerging as a global digital superpower. Banks in the region have been accelerating their modernization strategies to keep pace with their digitally savvy customers. Hyper-personalized, intuitive pricing offerings are in demand and banks are investing heavily in modernizing now obsolete processes to deliver just that.

Transformation Drive

Older pricing strategies no longer work in the modern digital economy. Customers expect variable, intuitive and hyper-personalized pricing from their financial services provider. And banks are hard pressed to analyze customer data to understand their behavior, needs and wants to create more relevant solutions. As one of the region's top digital innovators, the bank was keen to stay ahead of curve by revamping their pricing models for their retail business.

The bank's core banking platform was limited in its ability to deliver pricing innovation even though it was agile enough to onboard new customers digitally. The bank wanted to perform extensive customer segmentation based on customer relationships. They wanted to develop the capacity to assess average transaction values to arrive at the relationship value, based on which they could offer smart relationship-based pricing.

Their primary objective was to modernize their pricing strategies to deliver greater value. To begin with, the bank wanted a solution that would help them centralize pricing and billing functions and get a 360-degree view of the customer's relationship and engagement. They wanted to compute personalized, exception-based pricing as well as variations based on differentiators like age, currency, staff indicator, and cash flow. They also aimed to address the challenges they faced in configuring bundles and promotional schemes to create more relevant offerings.

In addition, they wanted to implement a standardized pricing system across markets, compute relationship-based credit interest and fee waivers. As a leader in the region, they also wanted to support industry-wide initiatives for new and more efficient payment systems.

Revamping Pricing for the Age of Hyper-Personalization

The bank implemented SunTec's Relationship-based Pricing for its brick-and-mortar banking business and has been using it for over a decade now. To cater to evolving market priorities, the bank introduced its Digital Bank (a 'digital only' bank). SunTec Relationship-based Pricing is being implemented for the digital arm as well to ensure smart pricing strategies and price customers based on their relationship value. The bank can thereby benefit from flexibility and scalability across both business models.

By centralizing pricing and revenue management, SunTec Relationship-based Pricing will help unify customer data from across silos to deliver detailed insights on customer behavior. They can offer innovative pricing using the platform.

The platform will evaluate total relationships across products and currencies to segment customers accordingly. These segments then help them decide upselling and cross selling charges.

With Suntec Xelerate, The Bank's Traditional Banking Business (Retail LoB) Was Able To:

- Calculate real-time charges based on relationship value/ segments for transactions
- Improve transparency with insights on fees and charges
- Improve ability to attract and retain customers
- Incentivize behavior to maintain profitable relationships
- Defocus efforts on non-profitable relationships
- Improve overall revenue of the bank through pricing

Results Delivered:

- **Improved customer account balances by 10%**
- **Saved USD 600,000 in revenue leakages**
- **Handled >6 million daily transactions**
- **Achieved 300% ROI**

On an average the product helped the brick-and-mortar **business improve customer account balances by 10 percent** and helped **save USD 600,000 in revenue leakages**. The cloud native platform could scale up to seamlessly **handle more than 6 million daily transactions**. The bank was able to **break even on this project in just 18 months and achieve 300 percent ROI** and was able to substantially increase its market share in the HNI segment.

Additionally, since digital banks have limited or no personal interaction with customers, they must have the flexibility to keep churning out relevant offers and engagement models to acquire and retain customers. With SunTec Xelerate, the digital bank will be able to implement hyper-personalized, variable pricing models.

The Asian bank's early investments in an intuitive, cloud native solution for pricing and billing has consolidated its position as a digital banking innovator, and it will prove to be a significant competitive asset as the region looks to recover from the financial losses of the pandemic. It has already implemented Xelerate for launching digital banks in India and Indonesia, and many Asian traditional banks are now looking at emulating them and setting up separate digital arms as well.