



## Adopt smart pricing strategy with Oracle Financial Services Analytical Applications

Build the foundation for profitability enhancements through a comprehensive relationship pricing strategy

With a persistent low growth environment, myriad of regulatory obligations and most banks running after a finite set of “good” customers, bank profitability is under great pressure. One niche lever in the hands of the banker in such a challenging environment is pricing. In order to stay competitive, banks cannot restrict themselves to only targeting new acquisitions; they need to think beyond it, towards generating value through the existing customer base as well. It is here that Pricing comes into play. Pricing as a profitability lever has often not been explored to its fullest potential by banks. Along with risk profiling of customers, banks also need to analyze the profitability of the relationship. Relationship pricing encompasses a number of factors including risk, profitability predictions, behavior predictions, product profitability and loyalty of customer.

Oracle Financial Services Price Creation & Discovery is a tool to aid a banker in pricing an asset, a liability or a combination of the two across all enterprise products, while taking into account the customer relationship depth and product attributes. The solution provides a sophisticated approach for pricing which fully encompasses all the features of the relationship. Fully loaded P&L statement with profitability metrics at both account and customer levels are created to provide an end-to-end view of all profitability components.

Oracle Financial Services Price Creation and Discovery key features include:

- » Multiple pricing methodologies including User Input, Carded & Negotiated
- » Profitability reports in a P&L format at account and deal level
- » Scenario Analysis for What-if and Re-optimization scenarios
- » Pre-defined eligibility based attributes contributing to profitability selected dynamically, such as card rates, profitability driver curves
- » Offer definition and incorporation in a deal along with analysis of its effect on profitability
- » Flexibility to define the metrics that are used to report profitability and targets
- » Review account performance and re-pricing of accounts to regulate profitability

The solution brings together capabilities across the OFSAA suite to better enable the financial institutions pricing strategy including product/deal transfer price, capital charge requirements and losses, and leverages the segmentation and projection modules to predict the behavior of an account and find the cash flows associated with the behavior.

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