

Oracle Financial Services Price Creation and Discovery



Competitive financial institutions look to provide customized products for their customers based on various factors, including their current business with the bank or their attributes. Like all businesses, the focus of the bank is to profitably engage a customer, which is in large part driven by the offered rate. Oracle Financial Services Price Creation and Discovery helps Retail and Institutional banks price asset and liability products for customers while taking into account the customers' existing relationship, their engagement and performance with current products, the new products that the customer is considering, along with their key customer attributes.

KEY FEATURES

- Utilizes profitability metrics to set targets and goals
- Ability to select different pricing methodologies
- Conduct price review and subsequent re-pricing
- Perform Scenario Analysis using profitability reports
- Integrates with Oracle Financial Services Funds Transfer Pricing, Basel Regulatory Capital, Institutional and Retail Performance Analytics

KEY BENEFITS

- Price Optimizer encapsulates transfer pricing, capital charge, and relationship profitability
- Continuously monitors account performance to maintain deal profitability
- Enhances relationships with customers and promotes customer retention
- Customer profile based pricing at a granular level
- Defines offers based on the eligibility of a customer
- Automated triggers to select Customers/Accounts for price review based on specific criteria

Leverage a Flexible and Configurable Enterprise-Wide Pricing Optimization Product

As the popularity of risk based pricing continues to be widely adopted, banks need to better predict the profitability of a customer and estimate their own exposure to risk while differentiating their pricing based on the overall relationship of the customer with the bank to increase loyalty. Banks strive to price customers by acknowledging their current relationship with the bank as well as the customer's eligibility and past performance. Oracle Financial Services empowers financial institutions with tremendous customer insights, which allows them to provide differentiated rates and customized deals. This maximizes the profitability of a customer and enhances customer retention.

Oracle Financial Services Price Creation and Discovery enables bankers to effectively price banking products and deals comprising of multiple asset and liability products, using a highly flexible and configurable enterprise-wide pricing optimization tool. With this application, financial institutions can replace highly ineffective and inefficient Excel-based models with a comprehensive price optimizer to provide customers with differentiated rates based on the 360° view of the customers' risk exposure and related performance. The price optimizer used by Oracle Financial Services Price Creation and Discovery encapsulates transfer pricing, capital charge, and relationship profitability.

Banks have gradually migrated from product pricing to risk-based pricing, and have begun their journey into Relationship Pricing for further differentiation and enhancement of customer loyalty. Customers who approach a bank are not similar in profile; therefore, one uniform rate for a product may not be appropriate for all customers. Similarly, customers who already have a relationship with the bank are not happy to see new customers get the best offers. Existing customers expect to be rewarded on par if not better than new customers. Not having access to the rich offers influence attrition.

RELATED PRODUCTS

The following products are also available from Oracle Financial Services Analytical Applications:

- Oracle Financial Services Funds Transfer Pricing
- Oracle Financial Services Customer Insight
- Oracle Financial Services Institutional Performance Analytics
- Oracle Financial Services Retail Performance Analytics
- Oracle Financial Services Basel Regulatory Capital

Oracle Financial Services Price Creation and Discovery offers banks the flexibility to select different pricing methodologies that are specific to certain products. These pricing methodologies can be used across Retail and Institutional or Wholesale scenarios and utilize a Rate-card based approach or a wholly Negotiated method for pricing, depending on the product. Furthermore, Oracle Financial Services Price Creation and Discovery can predefine offers and associated eligibility criteria that can be further linked to the deal price for better differentiation.

Leverage a Unified, Fully Integrated System

Oracle Financial Services Price Creation and Discovery provides a comprehensive, structured and consistent price optimization solution that can be implemented on its own or with other Oracle Financial Services Analytical Applications, such as Funds Transfer Pricing, Basel Regulatory Capital, and Institutional or Retail Performance Analytics. With [Oracle Financial Services Funds Transfer Pricing](#), financial institutions can utilize transfer pricing capabilities and associated costs. Capital charges calculated by [Oracle Financial Services Basel Regulatory Capital](#) predict the profitability of a deal by leveraging the projection of expenses and thus calculate expected and unexpected loss. However, without the Basel application, banks can do this manually. By integrating with [Oracle Financial Services Institutional Performance Analytics](#) or [Oracle Financial Services Retail Performance Analytics](#), banks can leverage the knowledge of customers' current relationships and their related performance to further enhance profitability calculations by predicting other revenue, expenses associated with the transaction over time, as well as expected engagement levels based on the customer segment they belong to. All of these applications enhance the ability to more accurately arrive at an interest rate that not only takes the banks' profitability into account, but also strive to reward the customer for their current engagement through eligible offers or rates.

As a standalone application, Oracle Financial Services Price Creation and Discovery can calculate and incorporate a fully loaded profit and loss prediction for the deal based on the optimized rate and then conduct a scenario analysis. The generated rate is saved and made available for further analysis and tweaking through "what-if" analysis. By leveraging performance reports, financial institutions can monitor customer profitability, save parameters as a scenario, and then select one such scenario for implementation. Oracle Financial Services Price Creation and Discovery can analyze the granularity of a customer account to predict future performance and its effect on the bottom line profitability. In addition, the application can also help price customers by reviewing the performance of their peers on similar products to predict their behavior and performance.

Monitor Account Performance to Maintain Deal Profitability

In order to continuously track customer performance, Oracle Financial Services Price Creation and Discovery monitors the customer's income statement at a customer and account level. Customer performance is analyzed so that corrective measures can be taken to improve profitability. If the profitability of a customer is below the expected limit, Oracle Financial Services Price Creation and Discovery leverages a predefined review system for re-pricing. A complete workflow is available that allows the user to identify

accounts that need re-pricing and the subsequent procedure could be completed within the workflow. Flexibility to deviate from this process is provided and is the prerogative of the user.

This integrated system carries out pricing and activities post pricing, namely profitability monitoring, price review, re-pricing, and inclusion of existing products in a deal for new products where the pricing is being done at a customer level. Therefore, Oracle Financial Services Price Creation and Discovery provides financial institutions with an end-to-end view of the parameters influencing a deal and allows them to take corrective measures in order to ensure meeting business objectives.

About Oracle Financial Services Analytical Applications

Oracle Financial Services Analytical Applications bring financial institutions best-of-breed capabilities to proactively manage Financial Crime, Compliance, Risk, Treasury, Finance and the Front Office. The applications are built upon a commonly available analytical infrastructure consisting of a unified financial services data model, analytical computations, a Metadata driven "R" modeling platform, and the industry-leading Oracle Business Intelligence platform.

A single, unified data model and infrastructure provides one version of the analytical "truth" to business users throughout the entire enterprise. This enables financial services institutions to confidently manage performance, governance, risk and compliance. Shared data, metadata, computations and business rules enable institutions to meet emerging business and regulatory requirements with reduced expenses and the unified platform helps financial institutions to leverage existing investments.



CONTACT US

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Hardware and Software, Engineered to Work Together

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