



Martin Chame, Second Vice President Business Intelligence Unit

Banco BHD Manages Risk-Performance Relationship Using SAS® Business Analytics

The bank accurately manages its information criteria and increases the level of knowledge of its clients, achieving substantial benefits for both the company and the clients.

Industry

Banking

Challenge

BHD needed to learn of its clients' changing credit behaviors in order to emphasize improved services and offer customized products.

Solution

SAS®9

Benefits

- Recovery increase of 40 percent in client consumption level.
- Credit card approval success rate of 40 percent.
- Ten times faster to process internal data.

BHD Bank, a pioneer in multiple banking services in the Dominican Republic, was founded in July 1972 and is still the leader in promoting important historical changes in the financial system. As measured by assets, BHD is the second-largest private bank in the country.

BHD uses SAS® Business Analytics to develop its expanding market strategy. The institution is opening a new business, so SAS will help it remain focused on ensuring a satisfying relationship with its clients, acquiring sustained revenue, and administering risks. To accomplish this, the bank has reinforced its service channels, increased the number of branches – currently totalling more than 80 offices, with plans under way to continue expanding across the territory in the coming years – and developed a specialized team of executives and managers to guarantee personalized service, a long-term business relationship and a solidly established position in the Dominican financial market.

Challenges

In spite of BHD Bank's global growth, there was unease in the credit card department. For some reason, some credit card holders who traditionally made large purchases were now drastically reducing expenditures. It was of utmost importance to know the cause for this behavior. In the same manner, as a services follow-up strategy, the checking and savings account executives required periodic reports of their clients who significantly modified their account transaction behavior. These reports allowed the executives to contact

the clients to ask about their changing needs, such as new balance requirements or loans. The reports also give the executives the opportunity to respond quickly with a solution.

Environment

Martín Chame, Second Vice President of the Business Intelligence Unit (UIN) of BHD, has put together a multidisciplinary team between two units: UIN, responsible for elaborating management report schemes, from the simplest to the most complex, with inferences and use of analytics such as the data mining reports; and the Information Technology Unit (UTI), in charge of managing the solution at the beginning of its implementation and storing all of the transactional, demographic and financial information.

With SAS, the team managed to segment the clients according to the value that each one generates to BHD, and according to its transactional needs, offer specific products, thanks to the direct impact on business decision making.

Banco BHD
donde tú cuentas



By setting up a multidisciplinary team oriented to take maximum advantage of the bank's area of business intelligence, Chame managed to modify the communications structure of the SAS solution with the servers and the data repositories, and from there, they were used much more intensively, both



THE
POWER
TO KNOW.

“Everybody stores data, but today the difference is in how this data is transformed into information, which allows optimizing business decisions in a timely manner, in an environment where being left behind is not an option. In today’s Latin American banking industry, this represents an opportunity. In the future, it will be a need, and whoever does not do so will be punished by their clients.”

Martin Chame
Second Vice President Business Intelligence Unit, BHD

SAS® Enterprise Guide® – a manipulation tool – as well as SAS® Enterprise Miner™.

Today’s operation

The level of efficiency and practicality of the recent SAS client-server version allows BHD to view and understand valuable information in order to make the best decisions in favor of their clients. This information includes balances, transactional files, demographics, credit scoring, client information entered by the call center regarding the clients, etc.

“We created the Business Intelligence Unit for the purpose of learning details about our clients and to be able to approach each one with the best offer in financial services, according to their needs,” said Fernando Castro, Planning and Marketing Vice President at BHD. “SAS has internally revolutionized the access to the data, and has facilitated the transformation of this data in information criteria, understanding the needs and taste of our clients, thus turning us into a partner that achieves the objectives.”

Results

The design of algorithms with SAS is of great business value to BHD. It allows the bank to identify aspects of the consumer’s profile where changes in the transactional behavior led to spending cutbacks, and also offers the best-suited solutions and answers to their customers.

The CRM unit at BHD receives a list of clients from the UIN every month to analyze why cutback consumption occurred and identify potential satisfaction and product problems. The team works with the customer to encourage more consumption and to identify the most adequate solution to the customer’s needs. As a result, 40 percent of clients return to their previous levels of consumption.

“Credit risk management is a fundamental part of our business,” said Jorge Besosa, Executive VP, Personal Banking and Electronic. “Through the development of scoring models, SAS has helped us to predict which clients could present a high probability of non-commitment in their obligations, seeking the best way to help them in the improvement of their personal finances.”

Cost savings

Using SAS gives numerous benefits to BHD, from its time saved in internal data management – improving approximately 10 times more from the previous procedure – up to the pre-approval of credit cards, with a success rate of nearly 40 percent thanks to the listings generated by the solution. The results reflected by the bank in revenue, portfolio quality and the satisfaction index have been achieved with a strong influence and support of the analytics; however it was not from this tool only, but also from the complete infrastructure that exists behind it.

“Today, I am convinced that we have achieved an in-depth knowledge of our clients that represents the highest standards of the global financial industry,” Chame concluded. “This without doubt, represents a competitive advantage. Everybody stores data, but today the difference is in how this data is transformed into information, which allows optimizing business decisions in a timely manner, in an environment where being left behind is not an option. In today’s Latin American banking industry, this represents an opportunity. In the future, it will be a need and whoever does not do so will be punished by their clients.”



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