



## China CITIC Bank Credit Card Business Grows Quickly with SAS®

**Chen Jin**  
President of China CITIC  
Bank Credit Card Center

### Industry

Banking

### Business Issue

Even in the opportunity rich Chinese credit card market, the key to profitability is not the mere issuance of a large volume of cards; it is the discovery, selection and retention of the optimal customer.

### Solution

SAS® Credit Scoring for Banking

### Benefits

Using SAS® Credit Scoring China CITIC Bank has reduced credit card approval times to those more in line with international standards and created a customer information database that allows for effective segmentation and cross-selling capabilities.

China CITIC Bank Credit Card Center has been working with SAS to design its scorecard system for risk control since 2006. The center uses SAS in other areas, including credit risk, customer analysis and Basel II compliance. SAS solutions help China CITIC Bank Credit Card Center control risk effectively, significantly improve the efficiency of credit approval and win the desired customer base while implementing customer segmentation and cross-sell strategies.

Even in China's current consumer credit card market, China CITIC Bank is growing quickly: The bank began issuing credit cards in December 2003 and, by the end of 2006, had already broken even. By the end of 2007, China CITIC Bank Credit Card Center made a profit and issued more than 1.6 million additional cards for a total of more than 4 million. This was a milestone event in China's credit card industry, where the typical breakeven point is reached after about five years and a return on investment is usually obtained in about eight years. The development model – focusing on both quality and speed – helps to build the credit card brand for China CITIC Bank.

Accurate strategic positioning was integral to the credit card success at China CITIC Bank. Credit Card Center President Chen Jin said that now the center would be able to realize its objective. Chen Jin believes that winning the right customer is important to the center's success and that can be achieved through "intensive and meticulous farming" of the center's

current customer base through customer segmentation and risk management. "After the volume of cards issued reaches the breakeven point, business profitability will have little to do with the number of cards," Chen Jin said. "Profitability will rely more on customer qualification and existing risk. At that point, operational costs are critical. So, China CITIC Bank has undertaken several internal technical upgrades to make the center's operational costs lower than that of other banks."

According to Chen Jin, segmenting customers based on risk management is challenging, but the bank has made some great strides. At the end of 2006, China CITIC Bank Credit Card Center worked with SAS to design the scorecard system. After extensive preparation, 42 candidate factors were selected from the center's initial list of more than 160. "The first scorecard was widely accepted in Beijing," said Chen Jin. "Now, we can cope with general risk approval easily, and we are highly confident in our risk control capability."

SAS software's capability for handling massive amounts of complex information creates a rich and effective customer information database. The data sharing further lays the foundation for the customer segmentation and cross-selling. Last year, China CITIC Bank Credit Card Center launched the "Dual-Card Wealth Management" campaign. It offered two-way sales to the customer with China CITIC Bank debit card or credit card to enhance the customer loyalty and dependency

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on the primary bank. The organization uses relative active customer information in a shared database to ensure cross-selling percentages reach 68 percent by 2007. The center can also coordinate and interact with business units of the retail department. Chen Jin hopes the SAS information platform can be used to implement business resource sharing between the credit card business and the retail department to launch a new strategy of cross-selling of credit card wealth management products in 2008.

Linking CITIC Bank Credit Card Center strategy and the SAS platform has been very successful. “In addition to the scorecard that we’ve already launched in Beijing, we are planning to launch eight more,” Chen Jin says. “In addition, we are inviting public bidding for the behavior risk control scorecard, and we hope we can do more in this area.”

According to Chen Jin, the result of application risk control with the scorecard is slightly different with annual scoring, but the benefits resulting from the technical solution help the credit card business of China CITIC Bank significantly. “At present, the credit card approval efficiency is improved significantly, including not only the reduction in time to approval, but also our approval capability.” Previously in China’s credit card industry, credit card approval took about 20 days (from application form completion by the customer to receipt of the credit card). Chen Jin sets a goal of being in line with international standards. He believes that the use of the scorecard and the IT platform will shorten the approval time to 3-5 days.

*Adapted from The Asian Banker Journal.*



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SAS Institute Inc. World Headquarters +1 919 677 8000

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