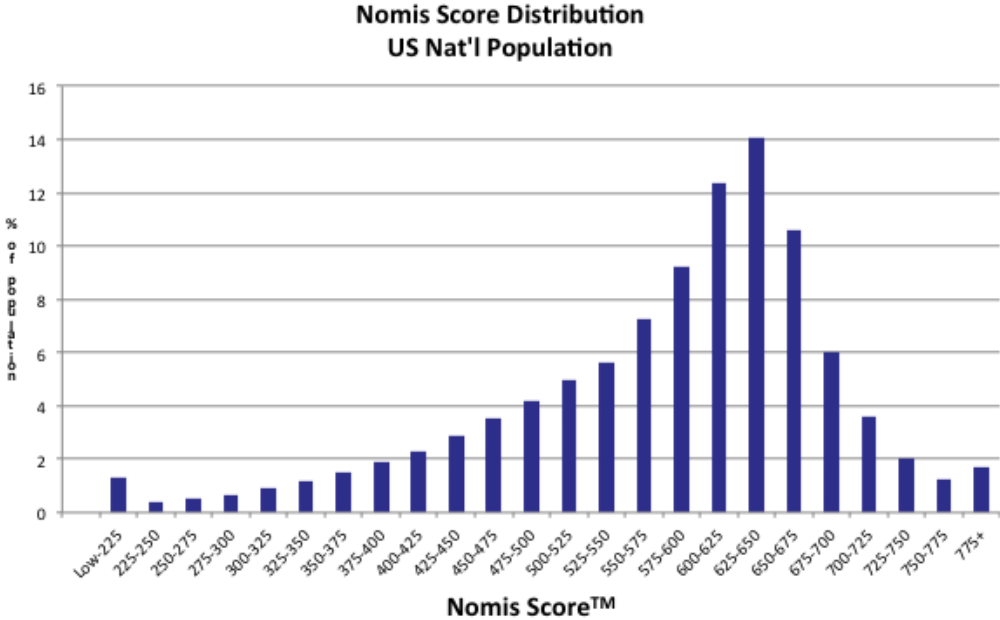


Checking Account Fee Price Sensitivity Diagnostic

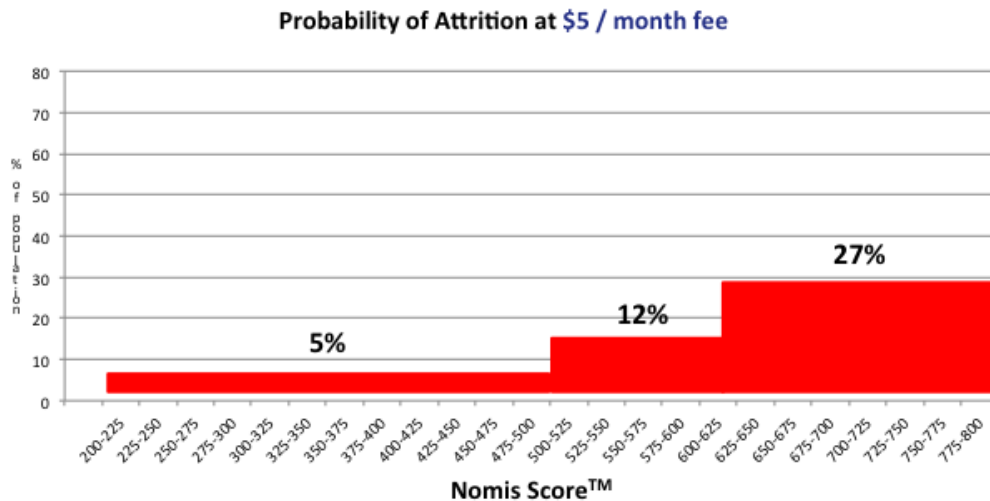
As banks consider changing fee structures on checking and interest-bearing deposit accounts, one of the critical questions to answer is which customers will leave and who will stay given increased fees? What will be the impact on overall balances and deposit fee income after the introduction of new service and account fees? How do I optimally target fee waivers or discounts based on the customer segment’s price sensitivity to fees?

In order to answer these questions, Nomis Solutions is offering to conduct a fee price sensitivity diagnostic of your member base, using a member-level, empirically derived price sensitivity score. With the Nomis Score, you will be able to assess the price sensitivity your members on a scale of 200 (price insensitive) to 800 (price shopper). In the US, the average Nomis Score is 580 with the following distribution:



Price sensitivity of US consumers varies widely and the Nomis Score will allow you to accurately estimate the attrition rate for each member as a result of fee increases. For example, a member with a Nomis Score of 350 has a 7% chance of leaving if you introduce a \$5 / month checking account fee. However, a member with the same balance and usage profile, but a Nomis Score of 700, has a 27% chance of leaving if you introduce the same monthly fee of \$5.

The Nomis Score, combined with your own data on current balances, gives you an accurate estimate of the impact of any fee or rate changes on future balance, member attrition, and retention. For example, using the Nomis Score, you can accurately predict the attrition rate for each Nomis Score band if you were to introduce a \$5 / month checking account fee:



Why use the Nomis Score to drive your re-pricing and product design strategies?

- **Un-biased:** the Nomis Score eliminates survey bias. Surveys are notorious for over-stating consumers' price sensitivity and early experiences by leading banks have shown that stated intention to change banks is not indicative of actual behavior following fee changes. The Nomis Score is based on actual retail banking transactions.
- **Empirical:** The Nomis Score has been developed and validated across millions of retail banking transactions. The patent-pending Score algorithm was developed as a result of several years of research and has been extensively tested in the market by leading banks with extra-ordinary success.
- **Granular:** Based on credit-bureau data and Nomis proprietary price elasticity models, the Nomis Score is unique to each consumer. This allows you to develop member-level exception rules or create any number of segmentations to fit your marketing and product development strategies.

- **Proven:** The Nomis Score is currently in production use with several large North American banks. In the first half of 2011, we have delivered more than 20MM scores to our customers and those customers have seen consistent and significant increases in revenue and customer retention compared to other pricing strategies.

How do I get started?

The engagement process for a Fee Price Sensitivity Diagnostic is simple:

1. **Scoring:** [Nomis](#) has created a secure and streamlined process to generate and append the Nomis Score to your population.
2. **Diagnostics:** Nomis Solutions' business consultants generate a set of Price Sensitivity Diagnostics, including
 - a. Benchmark of your member base relative to industry averages
 - b. Segmented price sensitivity across your key product categories
3. **Pricing Strategy Design:** Nomis Solutions business consultants develop
 - a. A key opportunity report outlining re-pricing or product design opportunities based on observed price sensitivities in your member base
 - b. A testing / implementation roadmap outlining recommendations on how to operationalize the insights into price sensitivity given systems, business, and regulatory constraints

Total elapsed time for a Fee Price Sensitivity Diagnostic is between 4 and 6 weeks.

What's the ROI?

The cost of a Fee Price Sensitivity Diagnostic is based on the volume of accounts / members scored. Please contact your Nomis Solutions representative for a detailed price proposal.

The return on your investment will be directly measurable based on incremental balances retained and incremental fee income generated compared to one-size fits all or product-driven re-pricing strategies.

About Nomis Solutions

Nomis Solutions enables best-in-class Pricing and Profitability Management for financial services companies. Through predictive insights about customer price-sensitivity and demand, the Pricing and Profitability Management Suite provides banking professionals the ability to unlock the profit and volume potential of their lending and deposits portfolios while satisfying risk, funding and regulatory constraints.

Since 2004, Nomis has completed over 30 implementations of pricing technology and process. Along the way, our customers have run over 100,000 pricing scenarios, **priced over \$400billion in consumer accounts, and generated over \$400MM in incremental profits** through the use of Nomis technology. Successful deployments include **deposits and savings, credit cards, personal loans, mortgages, home equity, auto finance, small business lending, and merchant acquiring**. We leverage this experience to bring similar results to your unique business environment and deliver the fastest time-to-benefit.

Nomis Solutions customers include 5 of the top 15 North American banks, leading finance companies, and market leaders in Canada, the UK, and EMEA.