

## **American Banker**

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### **Price Tool for Canada's Royal**

[Royal Bank of Canada](#) is using software from [Nomis Solutions Inc.](#) of San Bruno, Calif., to set prices for consumer lending products. [Neil McLaughlin](#), [Royal Bank](#)'s vice president of personal lending, said last week that the Toronto company spent more than a year studying pricing strategies before adopting the Nomis Price Optimizer 3.3 software.

The application demonstrated its effectiveness in a two-month proof of concept project, when Royal Bank used it to help set interest rates for a line of credit product in one local market, Mr. McLaughlin said. (He would not name the market.) Royal Bank compared its sales there with the results in two other markets and found that the automated pricing software "gave us the ability to pull in and forecast price sensitivity at the client level."

Royal Bank previously used internally built models to gauge the prices customers would be willing to pay, but the Nomis software made it easier to analyze the hundreds of variables in its data model, he said.

"Mortgage and credit card prices are more transparent," Mr. McLaughlin said. "We have a fairly opaque nature. We don't see what our competitors are doing."

Royal Bank is using the software for its unsecured lines of credit and plans to start using it for auto financing by midyear and for installment loans by yearend, he said. Effective loan pricing is important to Royal Bank's "full relationship" banking model, Mr. McLaughlin said.

"The credit experience is very much a moment of truth. Getting that right is very important to us," he said. "Our credit appetite hasn't changed," in spite of the credit crunch. "In that context, we haven't made any material adjustments."