Geo Strategies

Retail Banking in Romania

One of our customers, a Romanian Bank, first came to us because they were faced with **challenging market conditions**: they needed support with their retail network – to decide on its optimal size and locations. Geo Strategies was chosen by the Bank for our extensive geographic, sociological and economic understanding of Romania.

When the Bank came to us they were using only high level indicators, such as economic development at county level, the number of staff per unit and similar. They had come to realise that this was causing them to lack a proper understanding of the actual market for their Bank, both in terms of volume and value. In essence they could not identify and measure the real potential of their retail activities with the data, tools and processes they were using up until that time.

During the more economically-stable pre-2009 years, this situation was not so visible and could not be properly challenged. However, since 2011, the existing processes had started to dramatically affect the bottom line. In equal measure, the validity of retail targets was affected by subjective perceptions at various levels in the organisation of what was the real market potential. Increasingly, the fundamental reason for the existence of certain branches in the network was becoming hard to justify.

They had tried dealing with the problem by setting up internal KPIs (related to branches, their capacity, the relationship to competitors in terms of products, etc.) but had struggled because they were omitting the very core of their business - **understanding their customers and the attractiveness of their branches.** They had come to realise that it was who their customers really were, how far or long did they travelled to their branch, what was the relationship between their socio-demographic characteristics (segment) and the various products and services they bought from the bank that really mattered. They also struggled because of **data quality issues**: in essence, their customer data was not adequate for in-depth retail-centric analysis.

Working with the Leader of the Network Management Team we helped them implement a fully operational and **integrated customer database**, geocoded and segmented into an information system, backed by an **analytical process flow** which allowed them to focus entirely on their existing customers and their relationships with the Bank. The next stage was to analyse competitor locations and their impact in any given area, cannibalisation between their own branch locations and, finally, the **socio-demographic potential** at a very granular level.

Using the latest demographics for Romania, together with cleansed and geocoded databases, all overlaid on detailed mapping, the team are now making the best of their own customer and branch data to manage and **simulate market potential at a granular level**. As a result, as an integrated organisation, they are now using location-specific information to drive their decision making and **communicate to the Board** in an informed and effective manner.

But that wasn't all – from day-one, they were also able to free-up significant management resource as a result of having the 'electronic territory' at their finger-tips. The new tools have equipped the team for **actionable analysis and fact-based, meaningful output**. The big bonus has been effective communication across the entire Bank 'estate'**.**

January 2013