CASE STUDY | August 2021

CANADIAN MORTGAGE LENDER USES NOMIS SOLUTIONS

to Accelerate Profitable Revenue Growth and Meet Top Strategic Objectives

COMPANY RESULTS

- $600,000/billion in annual incremental net interest income
- 50% decrease in mortgage rate exception requests
- Reduction in operational overhead and costs
- Significant improvement to pricing exception workflows

AT-A-GLANCE

A competitive Canadian mortgage bank recently sought a holistic approach to better manage its mortgage portfolio with the goal of increasing net interest income (NII). By leveraging Nomis Solutions' advanced technology stack, the company was able to increase NII by $600,000 per billion, while realizing a variety of additional competitive gains via intelligent pricing, optimized renewal management, and discretion guidance for 6,000+ front-line employees.

CHALLENGE:

Growth and Competitive Differentiation

To strategically position themselves as a frontrunner in their competitive space, as well as a global leader in personalized banking, one of Canada's top mortgage banks was looking for an innovative way to differentiate its organization from its competitors.

The company was facing a significant challenge in margin compression, which was limiting growth and the ability to offer an exceptional customer experience. The bank's Canadian mortgage business presented a prime opportunity for competitive differentiation, especially in terms of interest rate negotiations.

The bank partnered with Nomis Solutions to reconfigure operations and overhaul the traditional model of mortgage pricing and deal presentment. The innovative approach leveraged a data science methodology to price segment for both originations and renewals in the back office. Further, the sophisticated technology would provide transparency across the organization, delivering valuable customer insights to more than 6,000 front-line employees, empowering them to offer personalized pricing and manage the negotiation process far more effectively.

SOLUTION:

Refined, Holistic Mortgage Operations

Upon implementation of Nomis Solutions' integrated pricing management tools, the bank was able to better support a holistic strategic approach and manage the entire mortgage portfolio, including offers, pricing, and deal management. This approach centered on intelligent software, actionable data, and robust analytics that focused specifically on the bank's unique strategic and financial objectives.

By implementing the Nomis technology platform, the bank has realized:

- An annual incremental net interest income of $600,000 per billion dollars on mortgage portfolio intake for both originations and renewals.
- A 50% decrease in mortgage rate exception requests, which significantly improves margins and reduces operational overhead and costs.

SOLUTION:

Streamlined Processes, Internal Transparency

The bank can now dynamically deploy optimized mortgage rates, as well as efficiently manage the customer negotiation and offer presentment process while simultaneously delivering granular insights into product performance and consumer responses.

This enables the bank to achieve the following operational results:

- Optimize rate grids for originations and renewals given portfolio objectives and business constraints, while still incorporating price sensitivity, customer behavior, competitor rates, and discretion trends.
- Investigate multiple what-if scenarios for the entire market, or segments of a market, to better understand how customer responses affect the performance of the entire portfolio.
- Drive an efficient pricing exception workflow to manage discretion, monitor and enforce front-line adherence to policies, and track accepted/rejected offers.

In addition, management now has complete visibility and control across the entire pricing process—from building rate sheets, to monitoring front-line activity, to analyzing customer response to various offers.

Because all pricing information is now stored and managed in a centralized, single system of record, the bank has also realized a reduction in its dependence on antiquated spreadsheets, back-of-the-envelope calculations, and instinct-based pricing decisions. Ultimately, all these factors contributed to the acceleration of profitable revenue growth to meet their top strategic objectives.

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