Customer lifetime value

For First choice credit card

Customer Lifetime Value Parameter

To assess the value of First Choice credit card customers, the primary areas of focus should be customer behavior and risk assessment. We aim to outline the specific criteria employed to evaluate these aspects in the following sections.

1 Behavior Parameter

- Type of credit card
- Credit usage
- Life span
- Total transaction
- No. of credit card
- By product (Fund, Insurance)
- Point redemption rate
- Last active date
- Mean time between usage
- Avg. ticket size last 3Y

2 Risk Parameter

- Credit limit
- Credit usage (Total Spending)
- Billed amount
- Received amounts
- Last payment date
- Interest amount
- NPL

New Customer Lifetime Value Model

After identifying the parameter, our next step is to create a model for calculating the customer's lifetime value. This involves summing the scores obtained from the newly defined criteria and then multiplying this total by the loyalty tier multiplier.

Total score = Usage behavioral score + Risk assessment score

New CLV = Total score x Loyalty tier multiplier

Scoring criteria

Criteria for usage behavior

Score	5	4	3	2	1
Type of credit card	Wisdom	Silver	Gold	Platinum	Standard
Credit limit (THB)	10 M	5 M	1 M	500 K	50 K
Credit usage per month	<10%	11-30%	31-50%	51-70%	71-100%
Life span	> 7 y	5-7 y	3 - 5 y	1 -3 y	< 1 y
Bill payment rate	Minimum	25%	50%	75%	Full
Bill payment date	On time	1-30 day	30-60 day	60-90 day	> 90 day
Payment gateway	Direct (Online)	Direct (Offline)	Counter service	Indirect (Online)	Indirect (Offline)
Meantime between usage	Daily	Weekly	Bi-weekly	Monthly	> 30 days
No. of credit card per user	5	4	3	2	1
Avg. ticket size last 3Y	> 50%	21 - 50%	11- 20 %	2 - 10 %	0 - 1%
Point redemption rate	<10%	11-30%	31-50%	51-70%	71-100%

Criteria for risk

Score	-1	-2	-3	-4	-5
Type of credit card	Wisdom	Silver	Gold	Platinum	Standard
Bill payment rate	90%	75%	50%	25%	Minimun
Last payment date	1 - 30 day	30 - 50 day	50 -70 day	70 - 90 day	> 90 day
Interest rate	10%	25%	50%	75%	100%

Loyalty Tier Multiplier

Tier	Score	Multiplier
Diamond	>50 Points	5
Gold	40 – 49 Points	4
Platinum	30 – 39 Points	3
Silver	20 – 29 Points	2
Bronze	0 – 20 Points	1

Example of calculation

Profile: K. Captain America

Parameter	Behavior/ Risk	Score
Behavior Criteria		
Type of credit card	Gold	3
Credit limit (THB)	500K	2
Credit usage per month	100K	4
Life span	3	3
Bill payment rate	Full	1
Bill payment date	30 – 60 days	3
Payment gateway	Direct (online)	5
Meantime between usage	Monthly	2
No. of credit card per user	2	2
Avg. ticket size last 3Y	50K	2
Point redemption rate	10%	4
Risk Criteria		
Bill payment rate	90%	-1
Last payment date	50 – 70 days	-3
Interest rate	10%	-1
Total Score		**25**

Total Score = 25 Points
Loyalty tier = Silver
Multiplier = 2

Customer Lifetime Value Score = 50 Points