

## Executive Summary

### Introduction

The project's objective is to provide support to the marketing department and help them to indicate clients that should be targeted with marketing offers for a consumer loan, credit card, or mutual fund. To achieve that, analytical and predictive work must be performed on available data about clients. The aim is to develop predictive models that would predict the likelihood of a product's sales and return that can be achieved out of an individual client. The combination of these two outputs results in expected returns for individual clients, which helps to choose a limited number of clients that are to be targeted while yielding the highest expected revenues, which would maximize marketing efficiency, as well as financial benefits for company results.

### Consumer loans

Consumer loans are the most important marketing offers to achieve maximized returns. Out of 100 offers to be provided to selected customers, 82 percent of them are offered for consumer loans as they bring the highest expected returns, which is a combination of predicted revenue and the probability that revenue would be recorded (so sales performed).

Factors that positively influence the probability of a successful CL's sale are mainly the number of live current accounts, the number of live credit cards, number of live savings accounts so in general, the more active loyal client in the term of number of products, the higher probability they would buy a CL. On the other hand, clients that already have some loans are much less likely to buy another one, as well as older client has a lower probability of sale, which means that the focus should be on younger clients that do not have any other loan yet.

### Credit Cards

Credit card offers are placed in second place among marketing offers for 100 clients with the highest expected revenue, however, with a share of only 13 percent they are in the real minority in comparison to consumer loan offers.

Factors that play important roles in predictions and increase the probability of successful sales are the number of live overdrafts when each increase in the number of OVD clients had set means an increase of odds in favor of sale by 47 percent. Followed by the number of cash debit transactions and credit overall transactions. On the other hand, there is a significant negative impact of Consumer Loans – clients that already have consumer loans are not interested in credit cards, as an increase in the count of consumer loans by one leads to a decrease of odds in favor of successful sales by 42 percent. That means that marketing offers for credit cards should be targeted to clients with active overdrafts, a higher number of transactions, and without other debts, such as customer loans.

### Mutual Funds

Mutual Funds are the least frequent product in marketing offers that should be offered to 100 selected clients to target and these offers represent only 5 percent of total offers. However, they are still part of the successful marketing mix and deserve attention as they may bring important revenues.

The most positive impact on the increase of odds in favor of MF's sale is presented by the number of credit transactions on the current account which may be a good indicator of more solvent clients that receive money from more resources. On the other hand, there is a negative impact if a client has

already opened more than one current account, which may indicate that they rather hold money on liquid accounts than invest them and so is not interested in MF. So, in general, the bank should target more solvent clients with spare resources that can be invested and clients that do not prefer holding cash in their liquid forms.

### In summary

#### The target for CLs:

- More active and loyal clients in the term of number of products (CA, SA, CC) but without any other loans
- Younger clients

#### The target for CCs:

- Clients with active overdrafts
- Clients with a higher number of cash debit transactions and overall credit transactions
- Clients without consumer loans

#### The target for MFs:

- Clients with a high number of a credit transactions in CA (probably more solvent clients with spare resources)
- Clients that do not have opened more current accounts and do not prefer holding money

### Clients to be targeted

In general, clients that are to be targeted by our selection differ by offers. Clients to be offered a CL have the lowest average age (36) compared to clients to be offered with MF (42) and CC (48). This aligns with our CL models that predict decreasing probabilities of sale for the increase in age. Also, CLs are to be offered to clients with higher tenure (140 months) than CCs (90 months), so CLs are not mostly going to be offered to new clients. Mutual funds are to be offered to clients with significantly higher Credit Volumes on current accounts than CLs and CCs, which is a logical indicator in line with our models – to offer MFs to more solvent clients with spare resources that can be invested.

### Expected Returns

The final expected revenue from clients that are to be targeted is 817 EUR and the highest share of the total ER has offers of CLs (82 percent). That means that CLs marketing offers make a crucial part of successful and profitable marketing campaigns.

<b>Total ER (EUR)</b>	<b>817</b>
Share of CL offers	82%
Share of CC offers	13%
Share of MF offers	5%

### Conclusion

Based on our predictions – that naturally also contain errors – it is expected that the marketing offers proposed to be selected 100 client yield to expected revenue of 817 EUR.