

CHANGING THE WORLD OF CREDIT CARD

# UltimateCloud Credit Card

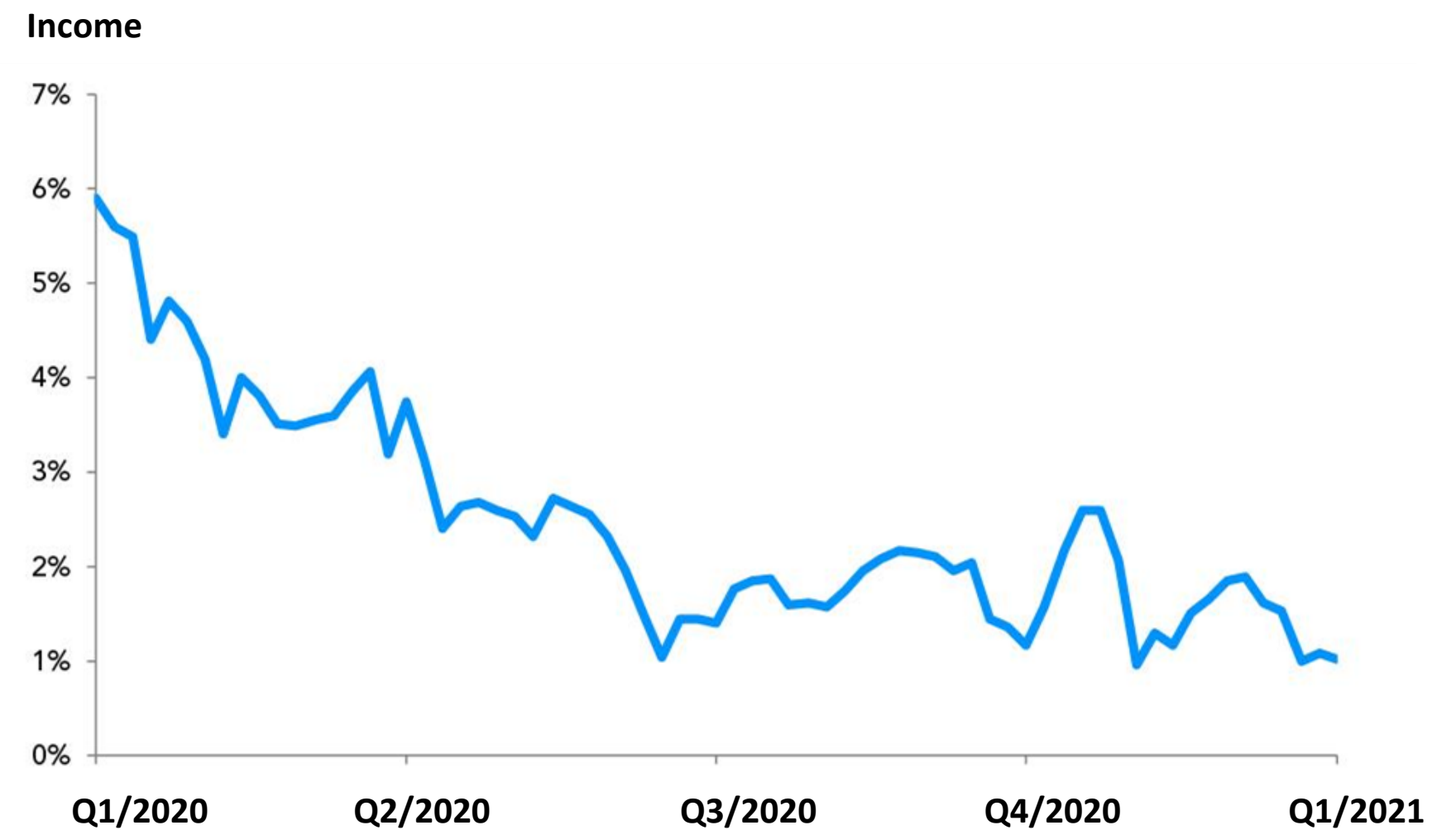


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AI FANTASTIC FOUR

# Decline in Income

Constant income decline in the past 5 Quarters.



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## Points to discuss:

- Tackle the Markets
- Food For Thoughts: Take Home
- AI FANTASTIC FOUR Workflow
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..... seek the most useful  
customer segmentation, to  
improve the marketing campaign.



# Take home

- Two marketing campaigns:
  - Large buyers (commissions)
  - Large cash-advance takers (interest rate)
- Buyers - stimulate their purchases
- Cash-advance takers - send more (e-)mail checks

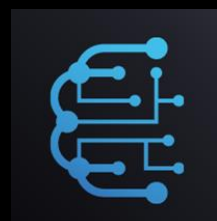


# AI Fantastic Four Workflow



Credit Limit  
Purchase Amount  
Payment Rate  
Payments

.....



.....



Machine Learning Models

Global Analyses

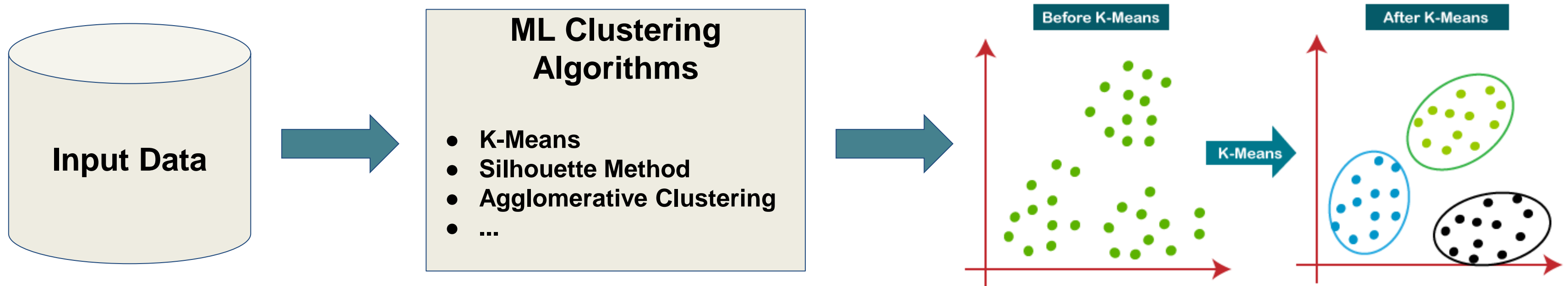


Detailed Analyses



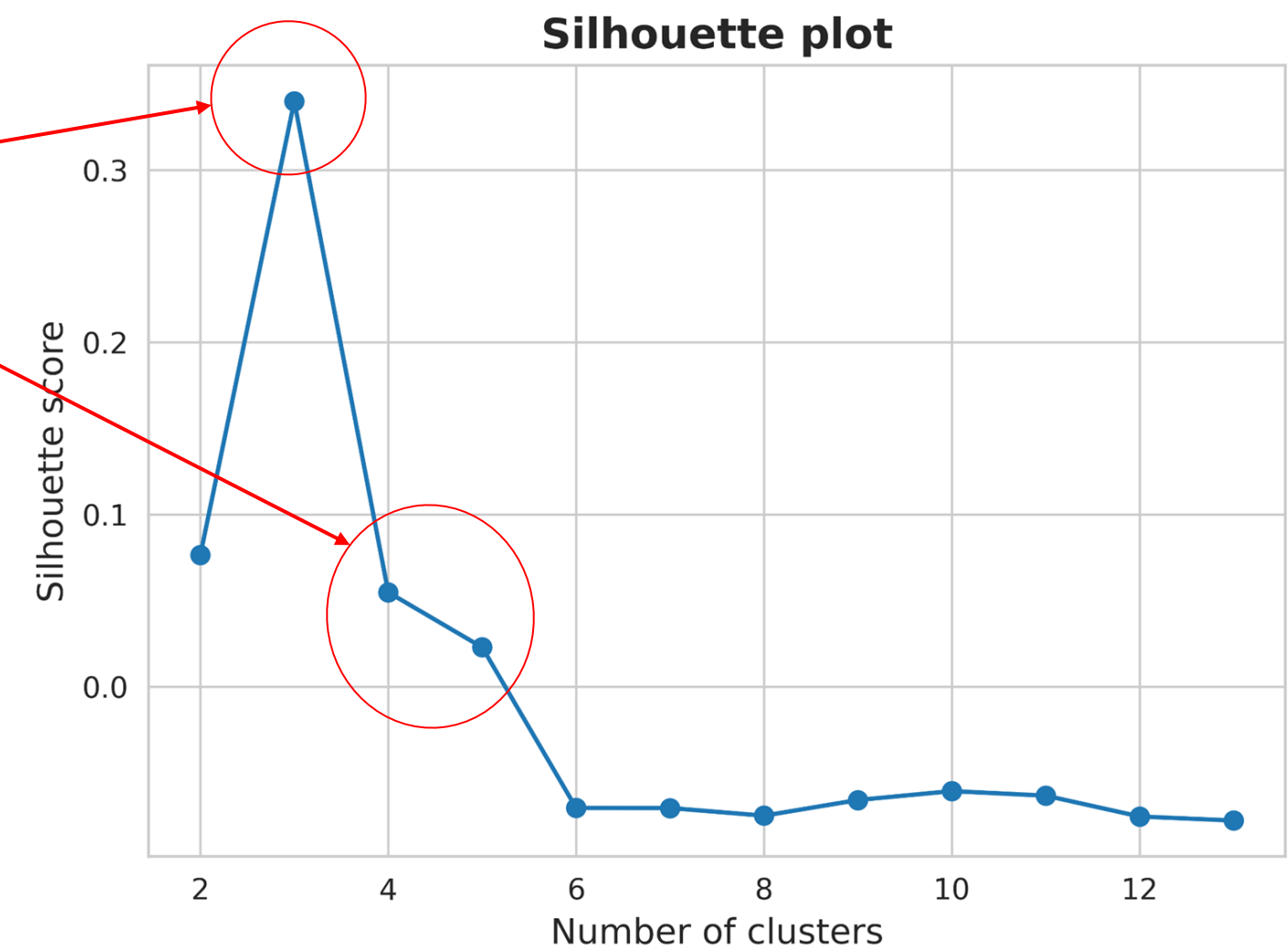
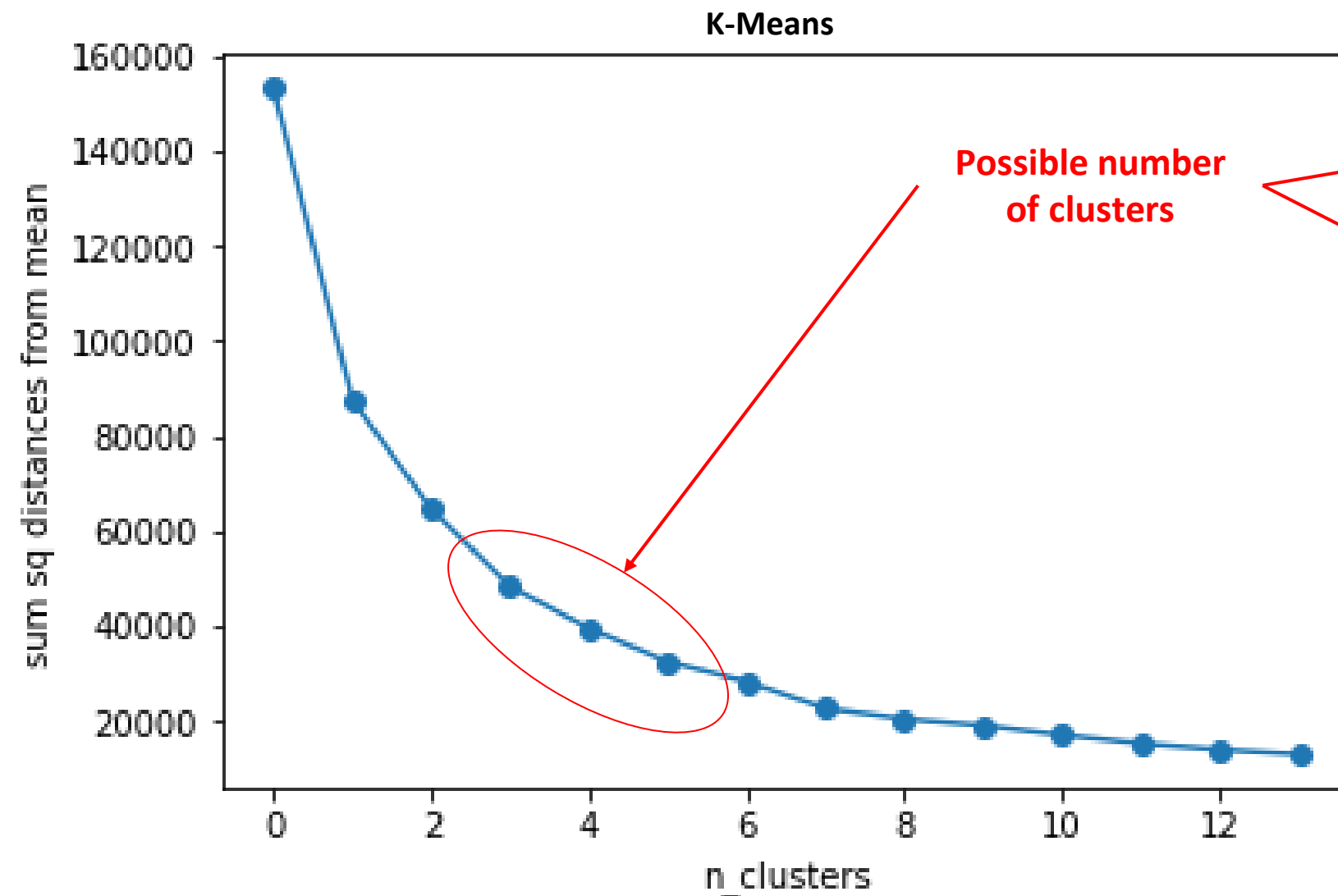
# Analysis

- **Customer Segmentation with Clustering Algorithms**



# Analysis

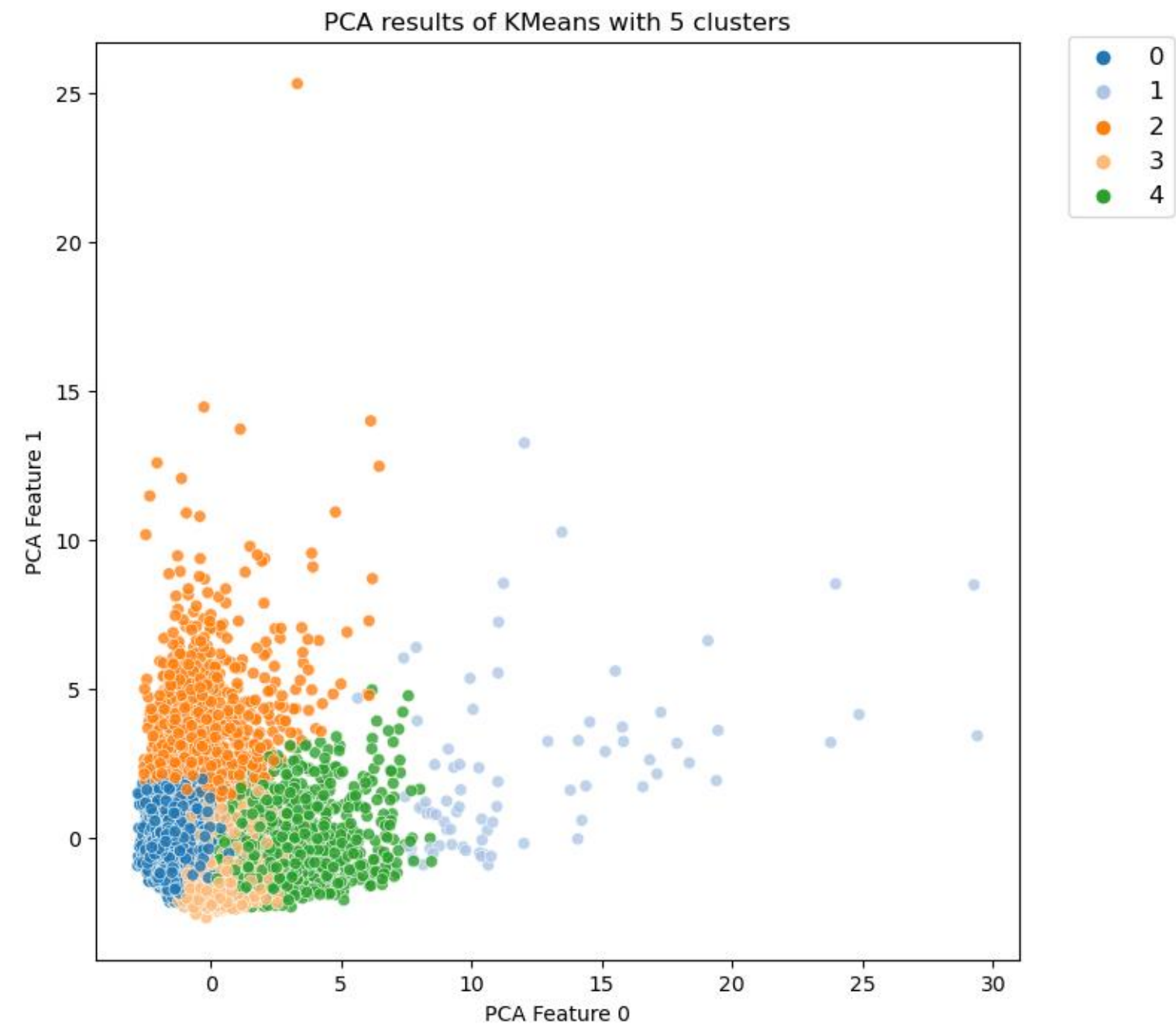
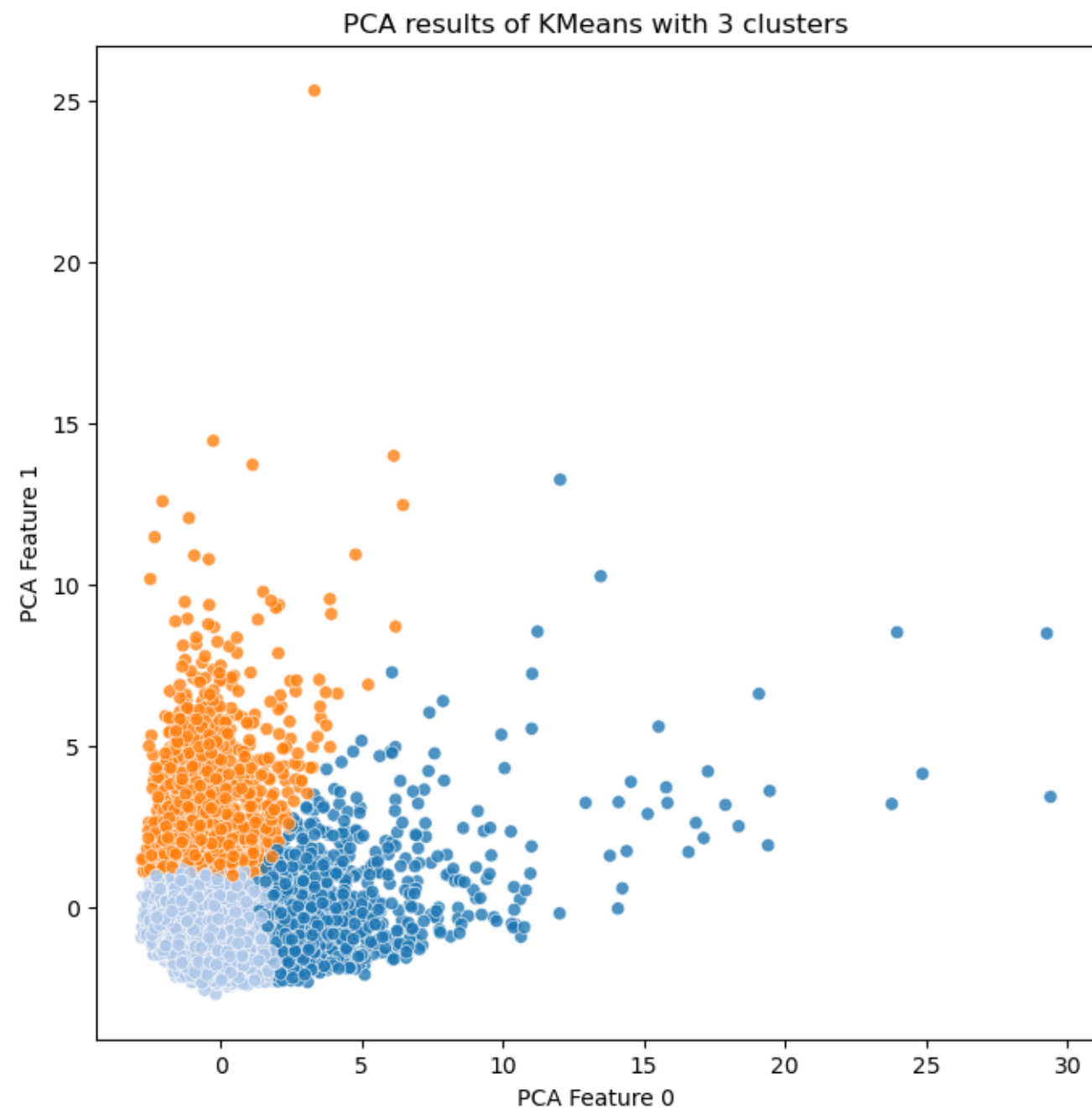
- **Customer Segmentation with Clustering Algorithms**





# Analysis

- **Customer Segmentation with Clustering Algorithms**



# Analysis

- **Customer Segmentation with Clustering Algorithms**

Remarks:

1. Number of possible clusters: 3 - 5

1. Baseline with 3 clusters

1. Deeper analysis into customer segmentation with 5 clusters



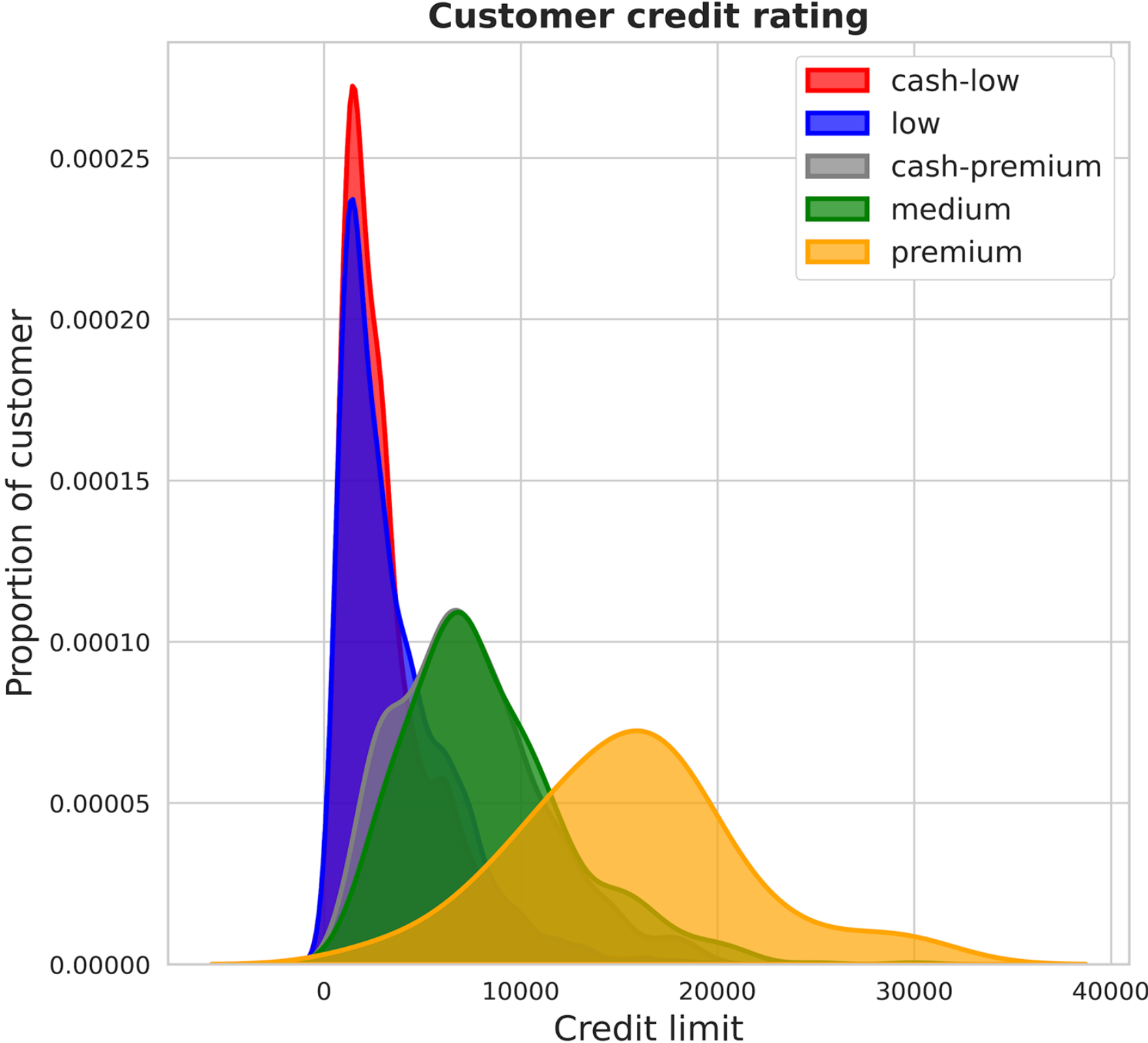
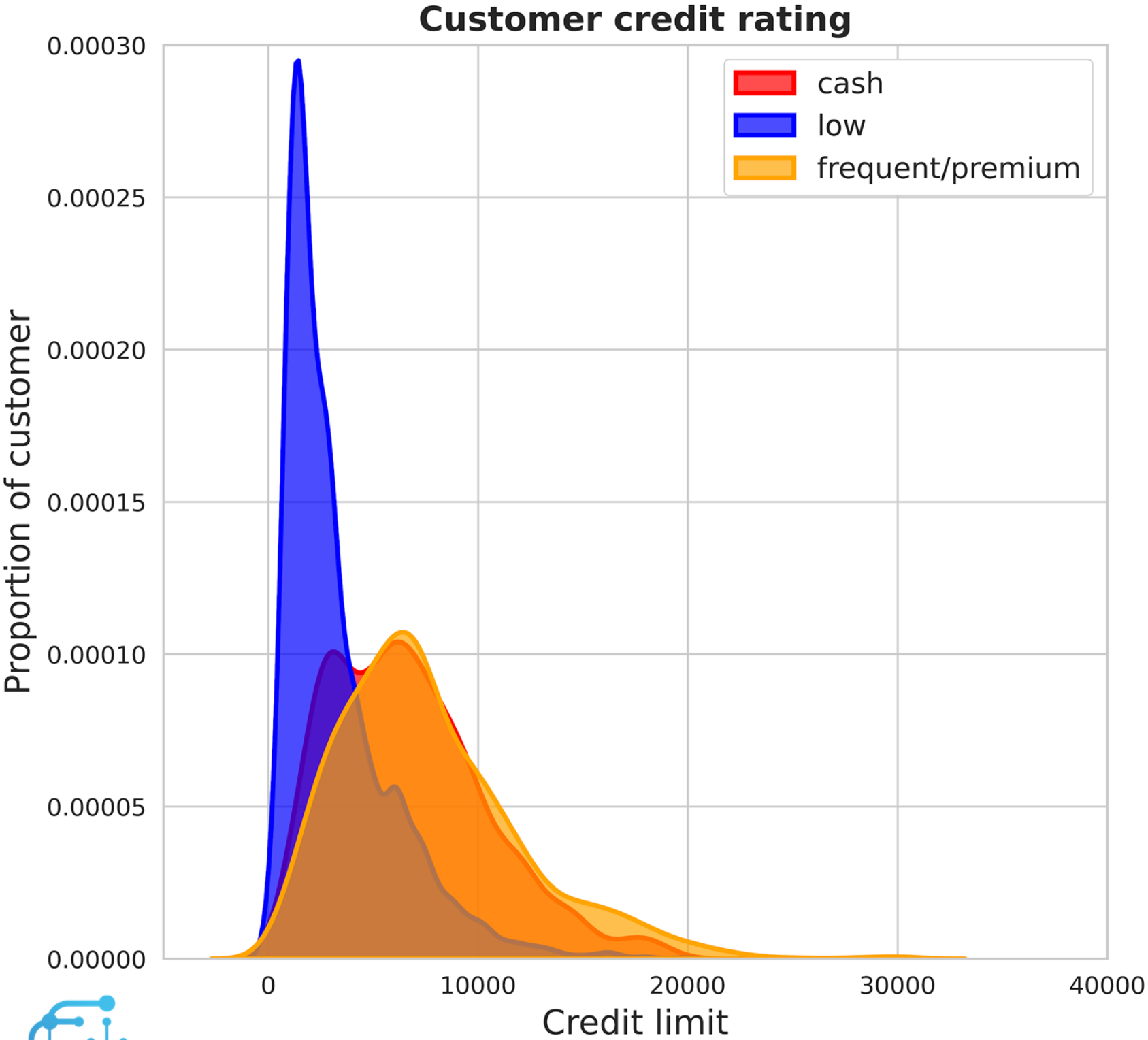
# Two revenue streams

1. Commissions on purchases

1. Interest on cash advances

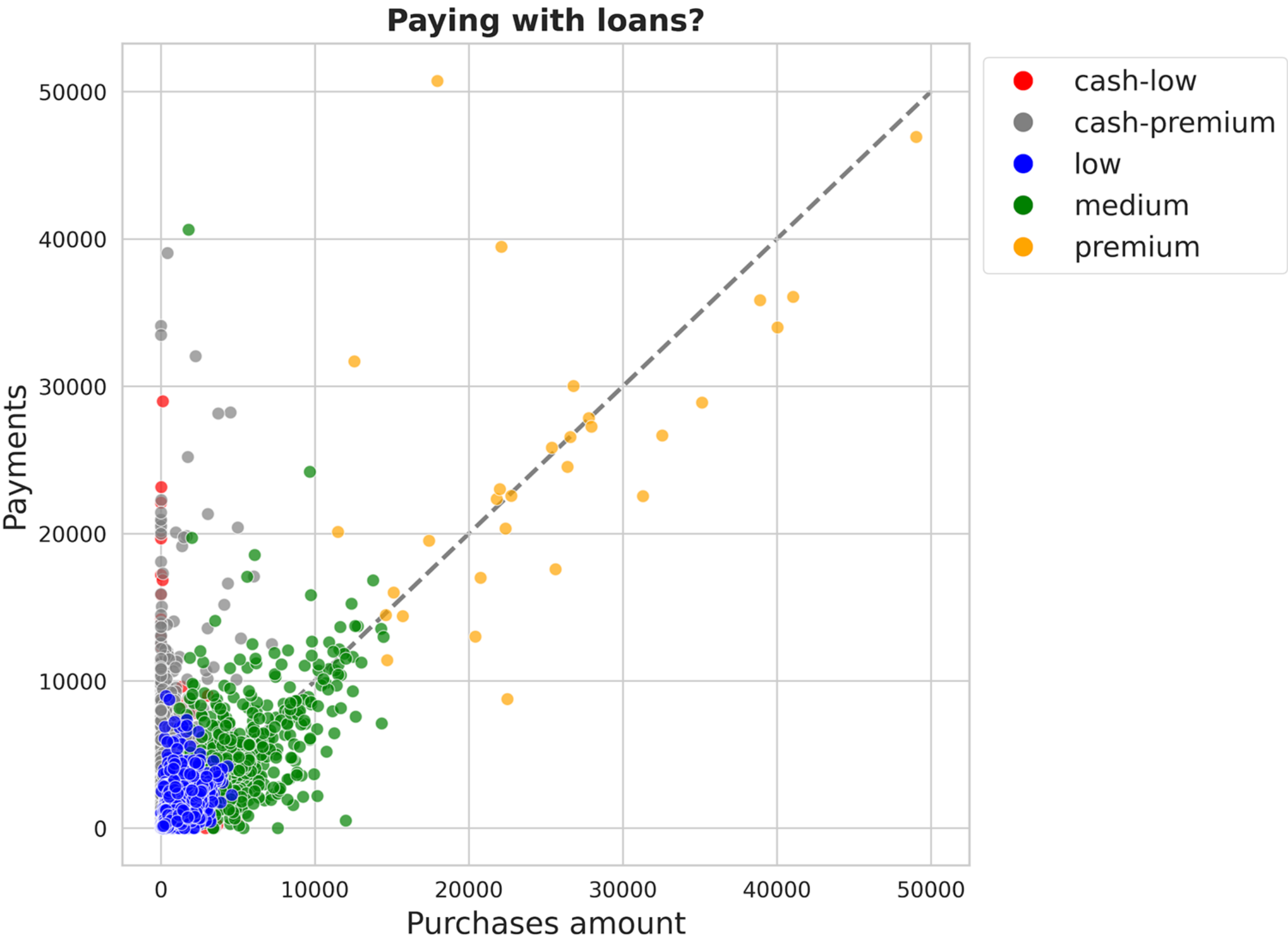


# Credit risk

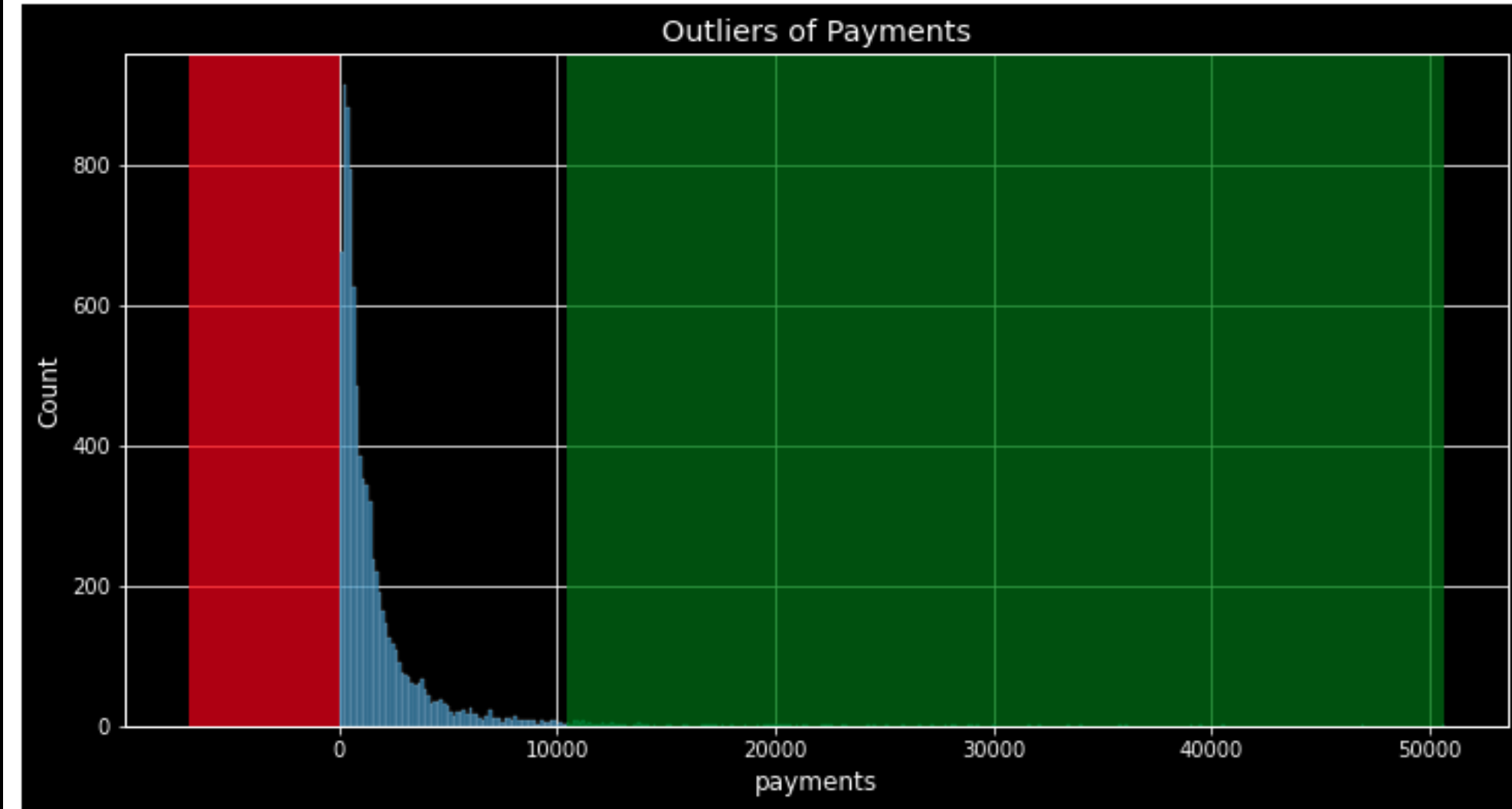


# Large buyers & loan-takers

Medium & premium	<ul style="list-style-type: none"><li>● largest buyers</li><li>● no cash advances</li></ul>
Cash-premium	<ul style="list-style-type: none"><li>● largest cash advances</li><li>● medium purchases</li></ul>
Cash-low	73% use only cash advances



# Outliers



## Who are the outliers according to 3 Sigma?

- All customers with a payment more than 10'400 CHF are outliers
- Number of Outliers is 148
- Ratio of Outliers is 1.8%
- Average Payment of Outliers is 17421 CHF



Outcome: Trace / Verify / Monitor each payment to avoid fraudulent payments

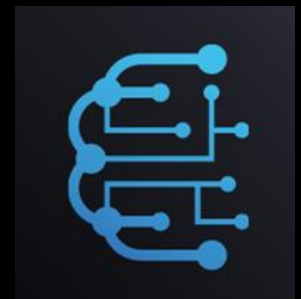
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# Groups

	CustomerNr	PaymentsSum	AveragePayment	BalanceAccount	PurchaseAVG	PaymentRate
group						
Cash Premium	2251	2109245.34	937.03	1474551.83	16.67	11.46
Cash-Low	1101	3870970.74	3515.87	5079132.05	7.39	11.37
Low	3690	3677302.07	996.56	3885112.00	2.97	11.46
Medium	1308	3613886.45	2762.91	2517918.49	43.68	11.89
Premium	78	1258750.35	16137.82	353438.84	135.63	11.96

## Considerations

- Medium
  - Similar Sum of Payments as other top two groups
  - High Average of Purchases
  - Sum of Payments is higher than the Balance Account -> Installments
  - Focus of installments contracts with duration of 12 months

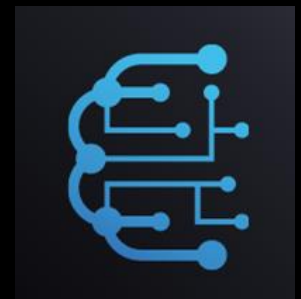


# Points to Ponder

	CustomerNr	PaymentsSum	AveragePayment	BalanceAccount	PurchaseAVG	PaymentRate
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## Recommendations

- Capture cost per payment
- Capture number of contacts per payment or per customer
- Cost of balance account
- Number of failed payments / installments
- Cost of paid or received commission per payment





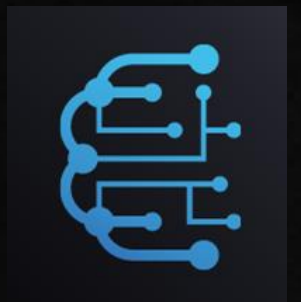
# Conclusions

- Focus on Medium/Premium group - stimulate their purchases
- Focus on Cash-advance takers - stimulate them to take more cash advance
- Focus on 12 months repayment installment contract group
- Trace/monitor payment > 10,400 CHF (could be fraudulent payment or a new Platinum group)
- Capture more data (cost of payment, number of contacts with customers)



ULTIMATE CLOUD CREDIT CARD

# Changing the World of Credit Card



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