

# Pricing redesign at a Private bank

## Engagement situation

- **Leading Private Bank in Western-Europe**, with **13 bn Local currency** and **>100 Mn Local currency** in total revenues
- Part of global Private Bank, which recently launched a **comprehensive commercial transformation effort**
  - Value proposition and unique selling proposition
  - Client segmentation
  - Product and service offering per segment

## What McKinsey did

- **Benchmarked RoA** (return on assets) vs. market average to show potential for repricing on certain client segments
- Provided **transparency on current rebates practices**, overall and by client wealth band
- Ran series of workshop with 10 private bankers to **define new standard pricing** (including new “all-in” pricing schemes) for main investment products, based on a comprehensive benchmark of Monaco private banks’ pricelists (10+ banks in scope)
  - Transaction (brokerage) fees
  - Custody fees
  - Administrative fees
  - Discretionary management fees
  - Advisory fees
- Define **new rebates policy** and updated **processes and governance to grant rebates**

## Impact

- Estimated **annual revenue impact of +3.5 Mn local currency, or +15%** of revenue in scope
- Defined 12-month **roll-out plan** with 3 phases, combining **repricing** and complete **offer overhaul**:
  - 3-month preparation phase, including private bankers’ training
  - 3-month repricing effort for clients in lowest wealth-band, representing ~33% of expected impact
  - 6-months renegotiation and repricing period for all other clients
- Prepared **communication and training material** to drive change
- Created a **simulation tool to support roll-out**, allowing private bankers to simulate new fees and rebates for all clients (old and new) as well as evolutions in their asset allocation across mandates