With the governments, globally, announcing stimulus and relief packages, banks and financial institutes have to update Customer risk information based on broader set of customer profiles and their transactions in relation to servicing of the facilities. A typical risk score is based on customer demographic details, household income attributes, credit score, payments history, and third-party credit checks from Experian, Equifax or similar credit agencies.

With the Coronavirus (COVID-19) situation evolving all the time, the banks and financial institutes have to re-define the methods of risk profiling by adding a new set of forward-looking attributes which are very situation-oriented and/or scenarios-based. Some of the attributes can be:

- Which industry does the customer’s business belong to?
- What is the age of the owner who owns the business?
- Which geography the customer has their business located?
- Does the customer work in Industry with high exposure to part-time workers?
- Has the customer missed any payments before Coronavirus (COVID-19)?
- What additional assets does the customer own and has been pledged?
- Does the customer qualify under any government stimulus package?
- What is the income profile of the customer as per the last filed documents?
- Is the business owned by single owner, in partnership or as a corporation?
- Is the business in process or discrete industry?
Current State

- Post Coronavirus (COVID-19) lockdown, SME customers (though supported by FED under SBA) will -
  - Face very low turnout in their business due to social distancing measures
  - Liquidity crunch to manage the businesses
  - Forced regulation to avoid infections
  - Credit risk for larger Small and Medium businesses
  - Possible inability to expand and grow
- There are few banks which use customer segmentation for identifying right risk profiles of clusters of existing customers
- Coronavirus (COVID-19) parameters will have to be incorporated for identifying different clusters of customers that will be impacted by the slowdown
- Lack of actional insights specifically to the current situation of supporting SME businesses

How do we address this?

Banks and Financial Institutions have to work on creating long term relationship with the customers and have to manage the risk of the SME portfolio to ensure that they profit customers, while they manage to get to the new normal business situations. Banks and Financial Institutions will have to consider a different view of Customer Segmentation solution to update customer risk profile based on broader set of customer parameters and their transactions in relation to servicing of the facilities. Broadly, the solution will help with -

- Portfolio Risk of different segment of Customers
- Geographic Exposure considered for risk evaluation
- Product-wise Exposure with Risk Heatmap
- Owner profile based Analysis
- SBA Support Analysis by Industry/Geography/Other Dimensions
- Industry/Age of the SME Business

Why should you engage with us?

Our service offerings

Tech Mahindra comes with rich experience working with Global banks and financial institutions for their customer servicing requirements, operational excellence and Risk & Compliance needs brings forth its domain and technical capabilities to varied problem statements in the three areas mentioned above. The solutions covered are in the aspects of –

- Customer Churn and pro-active Retention to keep servicing profitable customers
- Cross Sell / Up Sell to optimize the cost involved in selling new products to customers
- Analyzing propensity of customers to buy next best product
- Identifying velocity of days to resolve trade reconciliation issues
- Clustering of trade reconciliation issues to identify

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We provide a solution which includes a framework for data engineering, model definition, and visualization for customer segmentation. This will include KPIs to enable actionable insights for SME businesses support. Few of the KPIs listed below will enable diagnostic analysis and with the ML customer segmentation solution, prediction around how do we segment the customers as per their industry profile, income profile and other parameters which are relevant for post Covid vulnerability aspect. Few of the KPI examples are listed below -

- % of business customers requested for payment deferrals
- Liquidity Impact due to cash in flow impact
- Number of account closures - Pre-COVID, Mid-COVID, Post-COVID projections
- Number of business account request for closure
- Avg. Credit line overdraw limit available by industry sector
- Number of times business has used overdraw limited before COVID

How we stand out?

**Differentiators**

Our Data Analytics and Data Science engagement with large Banking and Financial Institution customers and capability to solve business problems for them -

- Building Analytics dashboards for Risk Management, CIO Program Management, AML, NPS Metrics, Digital Enablement metrics for a **Large Canadian Bank**
- Engaged with the **Largest Bank in India** to create master data of customers for enabling their campaign management solution with Machine Learning models to cross sell/up sell and identify propensity to buy
- Predictive analysis and actionable insights for Trade Lifecycle Management with supervised and unsupervised models for a **British Bank** based out of Singapore
- Building customer insights for an **Australian Banking and Insurance** organization to enable cross sell, up sell and delinquency model

**About Tech Mahindra**

Tech Mahindra represents the connected world, offering innovative and customer-centric information technology experiences, enabling Enterprises, Associates and the Society to Rise™. We are a USD 4.2 billion company with 117,000+ professionals across 90 countries, helping over 837 global customers including Fortune 500 companies. Our convergent, digital, design experiences, innovation platforms and reusable assets connect across a number of technologies to deliver tangible business value and experiences to our stakeholders. Tech Mahindra is amongst the Fab 50 companies in Asia. (Forbes 2016 list).

We are part of the USD 17.8 billion Mahindra Group that employs more than 200,000 people in over 100 countries. The Group operates in the key industries that drive economic growth, enjoying a leadership position in tractors, utility vehicles, after-market, information technology and vacation ownership.

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