Case Study Bank Profit Improvement

Bank Profile:
- $500 million assets
- 21 Branch Offices
- 14,000 Checking Accounts
- 21 ATMs
- Operating under Supervision

Bank Objectives

The bank had to stay focused on problem areas and was unable to devote time or resources to new payment and technology based products and services, the profitability of existing products and services, or responding to changes in customer payment habits. The bank had the following objectives:
- Benchmark existing costs, products, and services against current market and competitor products
- Identify potential product and service improvements
- Increase revenue
- Lower Costs
- Identify process and/or organizational efficiencies

Methodology

Data gathering was performed on-site at the bank over a two day period.
The bank provided:
- Copies of vendor and supplier invoices, contracts and reports
- Bank created reports, "corporate" strategies, and payment card strategies

Data Analysis was performed by Paragon to identify all costs and revenue associated with the card and payments programs. Paragon prepared the following:
- Profit and Loss Statement that provided the financial institution with verifiable data on the profitability of the card and ATM programs, including separate, detailed information on card issuance, processing costs, ATM program, and total program expenses.

Benchmarking compared the card and payments program performance to industry cost and performance data to identify areas for improvement.

Profit Improvement - based on the benchmarking, Paragon was able to recommend actionable improvements in business processes, product pricing, supplier pricing, cost structure and revenue.

Results

Over the next 5 years the bank will realize $2.2 million in financial benefits through increased revenue and lower costs.

Project Costs

There was a nominal, refundable fee to cover costs. The bank required that Paragon fees be paid from the financial benefits that the bank would receive.