SPSS

Chelsea Building Society uses SPSS to Improve Mortgage Retention

Situation

Chelsea Building Society is the UK's 6th largest with assets in excess of £7.9bn. It has 500,000 saving accounts and over 80,000 borrowers with a network of 35 branch offices across Southern and Central England. The most recent new branch was opened in Birmingham on 29 May 2004.

Chelsea Building Society has a strong national mortgage sales network to promote their wide-ranging portfolio of mortgage products across the whole of the UK. The Society employs 943 staff, including 643 based in the Cheltenham Head Office.

As a mutual building society, the Chelsea is owned by its members. Unlike a plc, it doesn't have to pay dividends to shareholders, so it can return more profit to its members by offering better value products, including higher rates for savers and lower mortgage rates for borrowers.

Critical Issue

Chelsea Building Society has been using SPSS for Analytics since 1988. In recent years the retention of mortgage customers has become an important issue for the Society, and it was recognised that further analytical solutions were needed. Following a presentation Chelsea decided to purchase Clementine (the predictive analytics software from SPSS) to improve the borrower retention process.

Clementine was installed in March, and with the help of consultancy from SPSS a comprehensive borrower retention model was soon developed for future use.

Results

The results have been very encouraging and the number of borrowers retained this year has increased by 147%. The borrower retention model means that Chelsea Building Society have been able to formulate appropriate contact strategies for those borrowers with a high propensity to redeem and also those with a high propensity to remain in other accounts. The ensuing cost savings easily outweigh the expenditure on Clementine.

The solution is viewed as a tremendous success internally and Chelsea is now looking at extending the use of predictive analytics to other areas such as retail savings. As a result of this success, Chelsea Building Society is now recruiting extra staff to help with the next phase of the project.

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