

Major Bank

The Setup

- Our consulting firm has been retained by a major bank to help improve the profitability of their largest credit card offering. Their card (in the same class as a Visa or MasterCard) provides average returns in comparison to the industry, however, our client believes it can become more profitable. You need to analyze the situation and make recommendations.

Additional Information

Costs		Revenue	
Marketing, SG&A, Personnel	Can't Change	Annual fee of \$50	Can Change
Bad Credit theft etc.		Annual percentage rate is 14%	
Other costs		Merchant fee is 1.5%	