



# Four traits of a data-driven financial services organization

# Introduction

The challenges financial services providers face today aren't all that different than they were five to ten years ago. For banks, asset managers, capital market firms, payment processors, and insurers, the top priority remains the same—finding the right strategies to drive growth, manage risk, gain operational efficiencies, and stay on top of regulatory compliance.

Today's modern financial companies see themselves as insights-driven technology providers of financial services. Technology delivers new opportunities for companies to reinvent themselves and the industry is lining up resources to harness this potential. A key differentiator today is undoubtedly data, with financial organizations leveraging massive volumes of data to transform processes and stack rank themselves above the competition. Analytics make it possible to immediately see results from investments, new operating models, and new ways to service and engage with customers.

This year's [McKinsey report on Analytics and Banking](#) states that “the availability of information is booming [and] the amount of meaningful data—true signal, not noise—has grown exponentially. By 2020, about 1.7 megabytes a second of new information will be created for every human being on the planet. Businesses have opened their minds, freely adapting new analytical techniques.”

Additionally, the [Banking Tech's Report on Deriving Value from Big Data](#) estimates “that by year 2020, we will have 6.1 billion smartphones globally, our accumulated digital universe will increase from 4.4 trillion gigabytes to 44 trillion gigabytes. At least a third of all this data will pass through the cloud. Organizations that invest in and leverage big data are anticipated to increase their operation margins by 60%.”

After all, financial institutions are now competing with some companies that grew up in the digital age. Financial organizations can't afford to hesitate.

Here are four ways financial services organizations are infusing new data, analytics technologies, and methodologies into their businesses to drive business value:

1. Fuel customer growth with omni-channel analytics
2. Drive operational efficiency in the age of artificial intelligence
3. Manage risk tolerance faster with interactive visualization
4. Monitor regulatory compliance with data aggregation

## Fuel customer growth with omni-channel analytics

Customer growth is critical for the success of the modern financial institution. As mobile and digital experiences become standard, financial organizations often struggle to keep pace with understanding just who their customers are and how they prefer to engage with their products and services.

Financial institutions are focused on finding new customer insights—including new channels for engagement and common pain points—to identify the next appropriate and personalized interaction.

For example, leading life, investment, and pension company, [Irish Life](#), surveys customers after telephone calls with its customer service area. With visual analytics, the customer service teams can track customer satisfaction over time to create an optimal experience. Senior IT Manager, Paul Egan explained, “We’ve certainly seen a seismic shift in appreciating the importance of a good foundation and the value of having better information flowing more freely across the business.”

Modern financial organizations are finding actionable insights to make faster decisions about these objectives with a single customer view—all by way of visual, real-time analytics. Additionally, analytics platforms that can consume and blend a variety of different data sources, with no volume limitations, offer financial services teams holistic views that help them do on-the-fly analysis like identifying new sales opportunities at any given moment, independent of channel.

[Wells Fargo](#) did just that. They wrangled disparate data and turned it into sound customer insights that drove business strategy. With over 70 million customers, the customer insights team used visual analytics to make sense of their data to drive positive results around their customer banking portal.

For financial services organizations, visual analytics will uncover previously undiscovered sub-segments of customers to help them target specific retention strategies, or even pinpoint the best cross or up-sell offer—all at the speed of business. Jack Jia, Partner at [EY Hong Kong](#), explains that they provide analytics-based solutions to clients “in predicting sales, cross-sales, and up-sell customers.”

Financial services organizations use real-time data visualization to ask and answer questions like, “where should we introduce new mobile experiences to better meet our customer expectations?” Or, “can we make quick changes to existing digital experiences to better optimize customer engagement?”

Seeing and quickly acting upon consistent answers from data, across all channels, is the game changer for modern financial services organizations looking to gain and retain loyal customers. Furthermore, real-time data visualization will allow financial services personnel to quickly see key information, empowering them to make faster decisions based on customer needs, without a deep expertise of analytics.

With so much complexity from customers interacting via multiple channels, a seamless omni-channel data visualization can expose the full customer journey and allow for more responsive interaction.

According to [IDC FutureScape](#), “In an effort to boost live chat customer interactions, 20% of banks will begin proof-of-concept projects to integrate conversational interfaces in their omni-channel strategy in 2017.” This industry-wide investment supports the prioritization of the customer journey. And in this day and age, real-time analytics are essential to understanding and optimizing the customer experience.

## Drive operational efficiency in the age of artificial intelligence

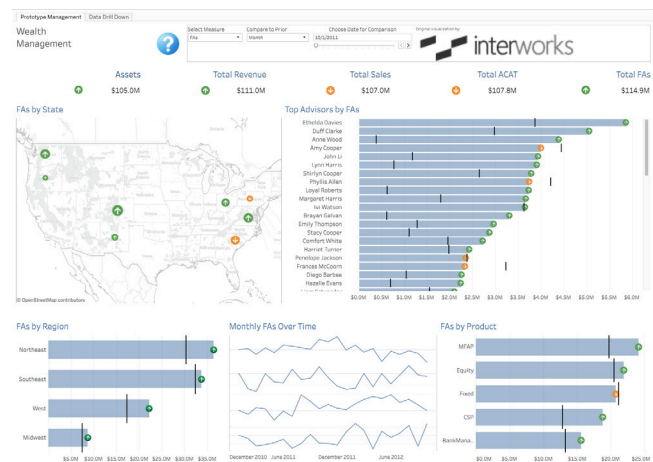
When rethinking the operational delivery model—especially in financial services—cost and efficiency are key. Data and analytics help identify operational efficiency opportunities, highlighting where processes can be streamlined. And with the emergence of artificial intelligence (AI) and machine learning, robotic process automation is changing how financial services is transacted.

IDC FutureScape says that “By 2018, virtually every wealth management and capital markets firm will have built or licensed a robo-advisor platform or leverage artificial intelligence to manage funds.”

[McKinsey](#) “sees a second wave of automation and AI emerging in the next few years, in which machines will do up to 10 to 25% of work across bank functions, increasing capacity and freeing employees to focus on higher-value tasks and projects.”

To make the most of both legacy system investments and emerging technologies, financial services institutions must have a solid analytics infrastructure that can handle automation at scale. With this foundation, teams can use visual analytics to ask additional questions, exploring the data instead of merely crunching the numbers. As a result, institutions realize the full return on investment in a variety of ways. For example, highlighting patterns within distribution networks, finding insights within sales area planning, determining variances within pricing, trading, and underwriting, spotting outliers within claims or onboarding, and more.

Visualization provides real-time asset performance analysis with **workbooks built for exploration and customization**. To improve operational effectiveness, look for patterns in the distribution of assets under management, revenue, sales, and more.



Doug Grindel, Business Intelligence Innovation Manger at PNC Financial Services Group, shared how the organization uses visual analytics to understand the dealership lending sales process. “We integrate our data so that we visualize the complete sales process from finding the customer, moving them through the pipeline and then booking the business.” But improving processes isn’t limited to lending. Analytics also provide PNC with competitive advantage because the branches are able to deliver products and services faster. Grindel goes on to say that “we can connect handoffs throughout operations to identify and resolve any situation before it impacts a customer.”

## Manage risk tolerance faster with interactive visualization

There is risk that emerges as financial services companies do what they are in business to do—process financial transactions. Risk analytics help organizations run scenarios to gauge the impact of the possibilities. Some questions that may arise are: “What is the impact if I can tighten my underwriting guidelines? What happens if I take on a new loan or policy in a certain geographical region? Do I know the range of potential impact on my loss reserves?”

Utilizing visual analytics helps organizations run these risk tolerance scenarios. As a result, they can implement consistent risk monitoring to improve understanding of what exactly is happening and when. Interactive dashboards help financial services organizations make decisions around loan default risk, trade legitimacy, and underwriting, allowing them to drill down and explore what's happening within the underlying details of potential fraud situations.

It's no secret that in today's marketplace, professional crime networks prey on lapses in tight risk monitoring. These crimes networks look for vulnerabilities where financial transactions occur for financial gain. Companies use technology—specifically analytics platforms—to monitor, prevent, and protect against fraud. Because the financial impact is staggering, this risk is often prioritized for investment in critical areas like claims, trading, and payment processing. Interactive dashboards allow firms to visualize and drill down into all of the necessary data for risk monitoring, including external data sources like government statistics, loyalty card data, and even data around utility consumption.

Geospatial data enhances insights further, allowing teams to easily click on detailed maps to understand risk by state, county, or even neighborhood. Allstate's special investigation unit within its claims department uses geographic analysis to compare claims data by state. Marta Magnuszewska, Senior Analytics Leader of Claims at [Allstate](#) compares this type of analysis to “peeling down the onion,” allowing analysts to see the overall picture, but also drill down and see what is driving those out-of-pattern trends so that investigators can take action.

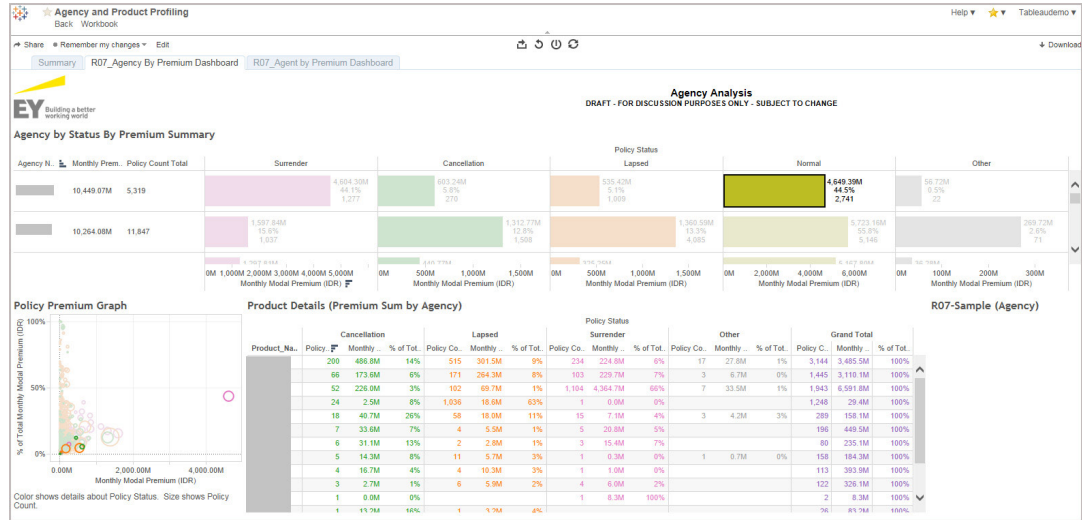
Financial Institutions want tighter risk controls with a high degree of confidence without requiring more resources or slowing down operations. An advanced analytics platform foundationally expands an institution's capabilities to reduce risk and ultimately save on resources.

## Monitor regulatory compliance with data aggregation

The ever-evolving global regulatory environment is adding complexity to financial institutions. Systemic risk and capital adequacy are closely monitored around the world and new regulations require more resources at both large and small companies to ensure compliance.

[BNY Mellon](#) has saved millions in financial regulatory auditing. Visual analytics has increased accuracy and confidence in financial regulatory compliance and enabled a 100% audit while improving the group's effectiveness.

This EY Agency Dashboard enabled analysis that identified potential fraudulent insurance agents for its clients.



In this hyper-regulated environment, technology investments revolve around tracking compliance and determining the right controls. But once you have this information, how do you take corrective action? To confidently self-review and maintain oversight, companies are creating dashboards that showcase a comprehensive view of compliance—creating a 360-degree view, from customer interactions to transactional processing and financial data.

With compliance teams having a larger footprint across a company, data aggregation can help expand regulatory compliance with fewer resources. By aggregating data across lines of business or across different geographies, teams can run scenarios to understand the impact of regulatory compliance costs and identify responses.

As Deloitte addresses in [Dealing with divergence](#), “advanced data analytics and a more sophisticated use of cognitive and big data applications...can allow for a clearer view on which business lines are sufficiently resilient to regulatory change” creating a “sustainable overall business model.”

Today, the possibility of digitized compliance is enabled by a robust analytics platform built to ingest data across the organization to create custom views that satisfy the requirements of diverse regulatory bodies. This creates a scalable, more efficient approach to day-to-day business processes.

## Conclusion

With all of these priorities, companies must manage the investments that will advance each of these agendas across multiple lines of business and perhaps, in multiple countries.

Where will the technology and data innovation take the industry next? New data sources will be uncovered, enriching the profile of today's business environment. More data creates a more robust view; one where there is more clarity on the current state and what to do next. Financial institutions must be agile enough to consume new data and immediately ingest it into advanced analysis. What is your state of readiness?

Don't wait for perfect data to get started with visual analytics. You don't start a puzzle knowing where all of the pieces go. Use data and the power of visual analytics to paint a more vibrant picture of your business and the puzzle will become much easier to solve.

## About Tableau

Tableau helps people see and understand their data, no matter how big it is, or what database it's stored in. Quickly connect, blend, and visualize your data with a seamless experience from the PC to the iPad. Create and publish dashboards with automatic data updates, and share real-time insights with colleagues, teams, executive leaders, or partners—no programming skills required. [Try it for free](#) today!

## Related resources

[Using Analytics to Prevent Fraud, Evaluate Risk, and Analyze Performance](#)

[Innovating Financial Services in the Big Data Era: Frost & Sullivan Report](#)

[Transforming Customer Engagement into a Data-driven Experience at Discover](#)

[Transforming AXIS Capital into a Data Insight-driven Insurer](#)

## Additional resources

[Banking, Capital Markets, and Asset Management Analytics with Tableau](#)

[Insurance Analytics with Tableau](#)