



WHITE PAPER

# TAKING THE LEAD

**Business analytics and intelligence  
are critical for marketing success in  
today's disruptive environment**

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## EXECUTIVE SUMMARY

**It's all about you**—In today's information-rich environment, you can access Netflix and find incredibly specific recommendations for movies and TV shows you might like based on your viewing history. When you shop on Amazon, you can browse books, clothing or household items that are unique to your shopping behaviors. The vast majority of retailers will use big data to identify whether you might be a recent college graduate, a mom, a global traveler, etc. and then push promotions, products and services that are designed to achieve high conversion rates on products you might want.

Business intelligence (BI) and business analytics (BA) are tremendous resources for growing customer acquisition and retention in the retail industry. So why isn't the financial industry employing the same methods?

# Reality Check: Financial Institutions are Battling Disruption



BI and BA is no longer a luxury, but a necessity in a world where fintech startups are starting to steal wallet share away from banks and credit unions.”

The new reality is that having BI and BA is no longer a luxury, but a necessity in a world where fintech startups are starting to steal wallet share away from banks and credit unions. Millennials without deep-rooted loyalties to the traditional banking institution are flocking to the highly digitized and customized offerings of FinTech companies. Instead of walking into your branch, they can get a loan from LendingClub, open a savings account with Digit or send money abroad via Facebook. Banking, as we know it, is undergoing a huge paradigm shift.

According to PwC’s report “Retail Banking 2020: Evolution or Revolution?”—55% of bank executives view non-traditional players as a threat to traditional banks. Additionally, fewer than 20% of executives feel well-prepared for the future. The report states, “Powerful forces are transforming the retail banking industry. Growth remains elusive, costs are proving hard to contain and ROEs remain stubbornly low. Regulation is impacting business models and economics. Technology is rapidly evolving from an expensive challenge into a potent enabler of both customer experience and effective operations. Non-traditional players are challenging the established order, leading with customer-centric innovation.”

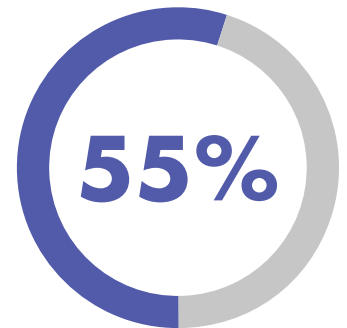
# Priority #1: Customer Centricity

Financial institutions are lagging behind with respect to Fintech disruptors. According to the Personetics “Power of Personalization” report, “it was found that banks and credit unions are not keeping pace with consumer expectations and are ill-prepared to provide the level of customization and contextuality provided by other organizations such as Amazon, Uber, Apple, etc.”

The idea of customer centricity is crucial—if financial institutions focus exclusively on the customer and his/her specific needs, they can tap into their unrivaled scale and reach to not only stave off the competition, but experience tremendous success. PwC predicts that by 2020, “Banks will organize themselves around customers instead of products or channels” and they will recognize the uniqueness of each consumer and tailor their offerings so that “customers view banks as ‘meeting their needs’ not ‘pushing products.’”

# <20%

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55% view non-traditional players as a threat.

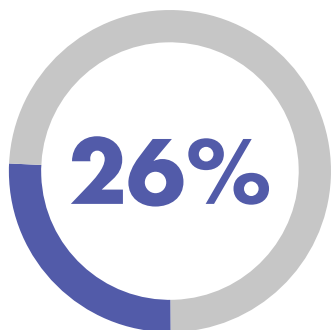
## Data in the Customer Equation

In the same way non-FI entrants have utilized technology to compete, so must FI marketers—and it's important that we stop viewing technology as merely the domain of IT departments, but as tools for marketing and overall strategic success.



In some regions up to 65% of customers interact with their banks via multiple channels”

**Amit Garg**  
Partner,  
McKinsey



CIOs that stated BA/BI was the most important technology to differentiate their FI in the market.

Knowing that focusing on customer needs is the key to the survival of banks and credit unions, what can FI marketers do to truly understand their customers in order to optimize sales and marketing opportunities?

In the same way non-FI entrants have utilized technology to compete, so must FI marketers—and it's important that we stop viewing technology as merely the domain of IT departments, but as tools for marketing and overall strategic success.

Analytics can help offer a much better consumer experience at a fraction of the current cost. In some regions up to 65% of customers interact with their banks via multiple channels. With a successful digital strategy, you can use analytics to take the data from the various touchpoints and use it to understand the consumer and build a proper journey view.

In a 2017 Gartner survey including 354 banking and investment services CIOs, BI/analytics was at the top of the list at 26% out of 10 options in answer to the question "Which technology areas do you think are more important to helping your organization differentiate and win (achieve your mission)?"

# Why BI and BA Matters—The Opportunity Cost

The reason why BI and BA matter for FI marketers is the sheer opportunity cost. Having a robust BI/BA culture, process and infrastructure directly translate into increased conversion and revenues.

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### Here's a snapshot:



**37% of customers** say that personalized customer service from tellers or other employees at a bank is an important factor in their banking decisions.

Source: Salesforce: Why Retail Banking Calls for Personalized Marketing, Jan 2018



Financial services organizations estimate that if they were able to successfully offer customers and employees a highly individualized experience, they would earn an additional **14%** in annual revenue. For a **\$1 billion** bank or credit union, that's **\$140 million** a year in additional revenue

Source: Financial Brand: Individualized Experiences: Your Multi-Million Dollar Opportunity, May 6, 2016



The global big data analytics in banking market was valued at USD 7.19 billion in 2017, and is expected to reach a value of USD 14.83 billion by 2023.

Source: Global Big Data Analytics in Banking Market - Segmented By Type of Deployment, Application, and Region - Growth, Trends, and Forecast (2018 - 2023)\* report, May 2018

Data-fueled advanced analytics empower marketers with the power of customer insight. As consumers' buying behaviors become increasingly complex and non-linear, FI marketers must be able to carefully understand their customers' motivations and preferences. As a recent Financial Brand article noted, "To capitalize on opportunities, banks must leverage the wealth of informational assets at their disposal. They must analyze structured and unstructured customer data, and deliver real-time insights that result in unique and compelling opportunities for customer engagement. Most importantly, they must provide advice and solutions across multiple channels."

The bottom line? BI/BA isn't just about getting more helpful information. It's about using data to drive marketing performance, and transforming marketing campaigns into high-performing, revenue-generating customer acquisition strategies.

# Three Key Steps to Leveraging BI and BA in Your Marketing Strategy



The biggest challenge is that although FIs need to establish an effective analytics platform, they might lack the internal expertise, budget/personnel resources, and organizational culture to support the effort.”

**Frank Koechlein**

Managing Director,  
Velocity Marketing Analytics

If you're ready, there are three primary areas you should consider when embarking on the journey towards putting BI and BA at the core of your marketing strategy.

- 1. Talent**—Ensure that you have the right people and teams in place to utilize any BI/BA platforms.
- 2. Transformation**—Instill a culture of BI/BA utilization.
- 3. Technology**—Choose and implement the right BI/BA technology solution.

“The biggest challenge is that although FIs need to establish an effective analytics platform, they might lack the internal expertise, budget/personnel resources, and organizational culture to support the effort,” comments Koechlein of Velocity Marketing Analytics, who helps FIs through the process. “The first common misconception is that many financial marketers believe a BA/BI solution can be adopted as a ‘plug and play’ to be successful. Nothing is further from the truth.”

While the journey might not occur overnight, there are a host of resources and firms available to help guide financial institutions and their marketers along the way.



## A. MOBILIZING TEAMS AND TALENT

**First, identify if you have the right teams and talent in place to leverage BI and BA effectively. Having a rocket ship won't matter if you don't have an expert pilot to drive it.**

First, identify if you have the right teams and talent in place to leverage BI and BA effectively. Having a rocket ship won't matter if you don't have an expert pilot to drive it.

- Ensure you have individuals in place with strong analytics expertise who can successfully use and make decisions using newly available BA/BI tools.
- Set up specialized training programs for both existing and new staff.

Capgemini Consulting notes, "As a first step towards building expertise in customer data analytics, banks will need to establish a well-defined recruitment process to attract analytics talent. Further, disparate analytics teams should be consolidated into an Analytics Centre of Excellence that promotes the sharing of best practices and supports skills development."

Marketing teams will no longer be solely reliant on good instincts and creative prowess. Now, data analytics may not just be a nice-to-have, but one of the predominant skills financial institutions seek out.

According to LinkedIn, business intelligence was one of the 25 hottest skills that could get you hired in 2016. A recent PWC report estimates that in 2020 there will be 2.7 million job postings for data science and analytics roles.

Given this, FI marketers must recruit and onboard talent well-versed in the language of data and business intelligence. These expert professionals will not only be able to properly use BI and BA solutions but understand how to action findings to transform the business.

## B. BUILDING A TRANSFORMATIVE CULTURE

**Bringing BI and BA into the heart of a marketing strategy is not simply about finding a tech solution—it's a complete cultural shift of an organization toward a customer-centric focus, and away from product-centric marketing.**



Ultimately, when we talk about data, we're talking about culture. It's a process to get there, but you're not just aiming at an individual project. You're building up a whole infrastructure that's analytical enterprise wide.”

**Zhongcai Zhang**

Chief Analytics Officer at  
New York Community Bank

Bringing BI and BA into the heart of a marketing strategy is not simply about finding a tech solution—it's a complete cultural shift of an organization toward a customer-centric focus, and away from product-centric marketing. This culture must be instilled from the top-down.

As Steve Simpson, SVP with Saggezza, noted in a recent BAI article, “Creating team alignment may be easier said than done, but it is critical.” He cited that one chief data officer, “believes setting a strategy for employee training and development will be the key component to include data and analytics as part of the bank’s core business processes. This cultural change will naturally remove department silos and allow buy-in from employees to see the big picture behind a big data initiative.”

In an MX webinar, Zhongcai Zhang, Chief Analytics Officer at New York Community Bank noted: “Ultimately, when we talk about data, we're talking about culture. It's a process to get there, but you're not just aiming at an individual project. You're building up a whole infrastructure that's analytical enterprise wide.”

Without a culture of analytics, strategies and execution will be fragmented and never reach peak ROI. But similarly, a data driven culture is tremendously empowering and motivating for marketing teams who can more directly see the financial impact of targeted campaigns and promotions.

FI marketers have an opportunity to demonstrate bottom-line value by connecting data and insight into marketing decisions. Ewan McIntyre, Research Director, Gartner Marketing Leaders, put it: “Yesterday's gut feeling can now be replaced with data-driven marketing cultures where decisions are made based on fact and insight.” But to shift a culture, firms must identify any potential barriers—such as data illiteracy or the lack of the right technologies or tools.

## C. THE POWER OF TECHNOLOGY

Choosing the right BI and BA platform for your financial institution's needs is critical to short-term and long-term success.



Your BA/BI platform should provide a single, comprehensive view into consumer demographics and behavior.”

Choosing the right BI and BA platform for your financial institution's needs is critical to short-term and long-term success. Not every solution is created equally and you'll need to evaluate what type of platform will best meet your team's needs.

Following is a list of questions you should review when evaluating a potential solution:

### **1. Is it comprehensive?**

Your BA/BI platform should provide a single, comprehensive view into consumer demographics and behavior. It should allow you to quickly understand customers' channel preferences and identify opportunities for organic growth while preventing attrition.

### **2. Is it easy-to-use?**

Because creating an analytics-driven culture is not easy, your BI/BA platform should be. Carefully review any platform to ensure that it is easily navigated and intuitive.

### **3. Is it secure and reliable?**

Ensure that the platform has state-of-the-art security and 100% reliability to ensure all customer data is safely housed.

# You Cannot Afford to Wait



We partner closely with our clients to help them architect a strategy, a timeline, and a clear process for ensuring that BA and BI are implemented successfully.”

**Nigel Prince**

Head, Enterprise Solutions,  
Product Management at Finastra

Bank marketers cannot afford to sit on the sidelines as disruption and digital demands are reshaping how financial institutions attract and retain customers. Now is the time to build a roadmap to bring BI/BA into your institution. Data can fuel marketing success in ways that will be transformative to banks bottom lines.

“At Finastra, we recognize that pursuing a BI/BA-driven marketing infrastructure can seem like a challenge or a luxury you might not want to tackle right now,” comments Nigel Prince, Head, Enterprise Solutions, Product Management at Finastra. “This is why we partner closely with our clients to help them architect a strategy, a timeline, and a clear process for ensuring that BA and BI are implemented successfully.”





## About Finastra

Finastra unlocks the potential of people and businesses in finance, creating a platform for open innovation. Formed in 2017 by the combination of Misys and D+H, we provide the broadest portfolio of financial services software in the world today—spanning retail banking, transaction banking, lending, and treasury and capital markets. Our solutions enable customers to deploy mission critical technology on premises or in the cloud. Our scale and geographical reach means that we can serve customers effectively, regardless of their size or geographic location—from global financial institutions, to community banks and credit unions.

Through our open, secure and reliable solutions, customers are empowered to accelerate growth, optimize cost, mitigate risk and continually evolve to meet the changing needs of their customers. 90 of the world's top 100 banks use Finastra technology.

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