



Taking the lead

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



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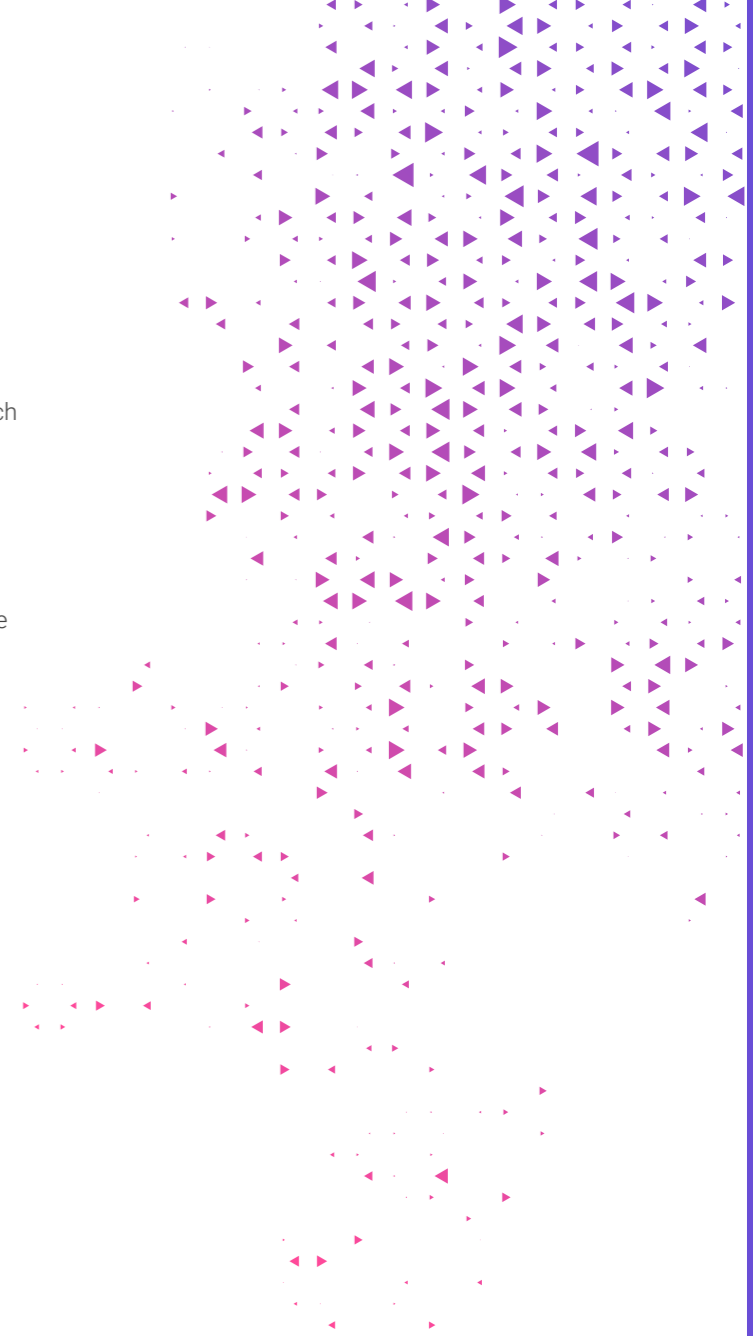
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Executive summary

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 account holder acquisition and retention in the retail industry. So why isn't the financial industry employing the same methods?



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Reality check

Community banks and credit unions are battling disruption

The new reality is that having BI and BA is no longer a luxury, but a necessity in a world where fintech startups are stealing 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 the Financial Brand, 77% of banks believe the threat from non-traditional banks to be high or very high, yet the proportion of banks with an innovation strategy has remained stagnant for the past decade and the percentage of banks spending on innovation has been dropping since 2015.¹

But the emergence of fintechs like Amazon and Apple Pay bring opportunities for community banks and credit unions along with risk. "Fintechs are not nipping at their heels in the sense that they're not really taking business from the banks," said Stephen Greer, senior analyst with the banking team at Celent. "What they have done for the industry is show what is possible and push banks to think about their own user experiences, what they can do and what kind of functionality is out there."²

Non-traditional players are challenging the established order, by using data to fuel account holder centric innovation. The use of data is within the reach of community banks and credit unions – most have vast amounts of data, collected over years of operations. This data is how community banks and credit unions can innovate and compete in a fast-moving world. But to make that happen, these financial institutions need to acquire or optimize their ability to gain actionable insights from their massive data stores.

1. <https://thefinancialbrand.com/62084/banking-innovation-fintech-disruption/>

2. <https://www.bankrate.com/banking/jpm-big-banks-spend-billions-on-tech-but-theyre-still-laggards/>

Account holder centricity

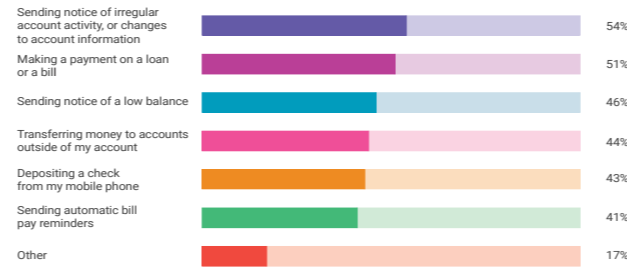
Priority #1: digitization for personalization

Community banks and credit unions are still trying to catch up with the level of customization already provided by fintech disruptors like Apple. Despite their access to data, 94% of financial institutions can't deliver on "the personalization promise."³

According to research firm BCG, the economic benefits are increasing for traditional retail banks that have implemented the most effective digital strategies. Between their more developed digital strategies and (in many cases) regional advantages, the top-performing banks now have cost-income ratios that are 19% better than those of median banks. And that differential has been growing for the past four years.

The idea of account holder centricity is crucial—if financial institutions focus exclusively on the account holder 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.'"

Which of the following functions do you want your banking app to have?



Source: [The Financial Brand](#). Jim Marous

90%

of consumers say a personalized experience is "very important."

80%

of bankers say providing real-time customized financial guidance is extremely important

6%

of banks are able to provide personal financial guidance via web and mobile apps.⁴

3. <https://thefinancialbrand.com/74986/banking-personalization-targeting-trends/>

4. <https://www.pwc.com/gx/en/banking-capital-markets/banking-2020/assets/pwc-retail-banking-2020-evolution-or-revolution.pdf>

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Data in the equation

Building the customer or member journey

In the same way non-traditional entrants have utilized technology to compete, so must bank and credit union marketers.

// **80% of all (account holder) touchpoints take place on digital, but digital channels only represent 25% of sales.**⁵

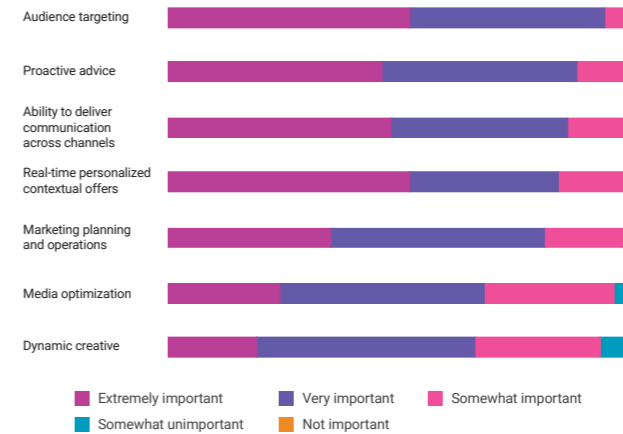
Bank and credit union marketers know that focusing on client needs is the key to the survival of banks and credit unions. So what can they do to truly understand their customers in order to optimize sales and marketing opportunities?

In the same way non-traditional entrants have utilized technology to compete, so must bank and credit union 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. A successful digital strategy utilizes analytics to take the data from those various touchpoints and use it to understand the consumer and build a proper journey view.

In a 2019 McKinsey survey, BI/analytics was among the top five investment priorities.⁶ But dollars alone won't help these financial institutions turn data into revenue-producing insights. Community banks and credit unions must employ new data skills to deploy new services based on what they've learned from the data. This is what fintech disrupters are doing, and it's the model financial institutions should emulate.

Importance of using advanced analytics in marketing over the next three years



Source: [Digital Banking Report Research](#)

5. <https://www.mckinsey.com/industries/financial-services/our-insights/the-balancing-act-omnichannel-excellence-in-retail-banking>

6. <https://www.mckinsey.com/industries/financial-services/our-insights/analytics-in-banking-time-to-realize-the-value>

The opportunity cost

Why business intelligence and business analytics matter

The reason why BI and BA matter for marketers is the sheer opportunity cost. A robust data culture, process and infrastructure translates directly into increased conversion and revenues.

Here's a snapshot:



37% of account holders say that personalized service from tellers or other employees at a financial institution is an important factor in their banking decisions.



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.⁷



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 2023.⁸

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

Data-fueled advanced analytics empower marketers with account holder insight. As consumers' buying behaviors become increasingly complex and non-linear, 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 or member data, and deliver real-time insights that result in unique and compelling opportunities for account holder engagement. Most importantly, they must provide advice and solutions across multiple channels."⁹

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

7. <https://thefinancialbrand.com/76136/personalization-digital-banking/>

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

9. <https://thefinancialbrand.com/64166/banking-big-data-advanced-analytics-ai/?internal-link>

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The biggest challenge is
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Frank Koechlein

President, Empower Your Analytics

Talent, transformation and technology

Three key steps to leveraging BI and BA in your marketing strategy

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, president of Empower Your Analytics, which helps financial institutions 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 with 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.

When seeking to add business intelligence skills to a team, understand what you need. Business intelligence analysts typically focus on extracting insights from past data. Data scientists focus on using data to make predictions. Both functions bring value. Filing these jobs takes time, since the right candidate will have a unique set of skills on top of the fundamental data expertise.

Given this, marketers must recruit and onboard talent well-versed in the language of data and business intelligence as well as the unique needs of financial institutions. These expert professionals will not only be able to properly use BI and BA solutions but understand how to activate 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 an account holder-centric focus, and away from product-centric marketing.

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 an account holder-centric focus, and away from product-centric marketing. This culture must be instilled from the top-down.

According to Steve Simpson, Principal with Coastline Analytics, "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.

Community bank and credit union marketers have an opportunity to demonstrate bottom-line value by connecting data and insight into marketing decisions. Ewan McIntyre, VP Analyst, Gartner for Marketers, 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.

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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

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.

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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 account holder data is safely housed.





Initiating and growing

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.*

John Weinkowitz

Vice President & General Manager,
North American Community Markets,
Retail Banking Solutions, Finastra

Bank and credit union 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 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 John Weinkowitz, Vice President & General Manager, North American Community Markets, Retail Banking Solutions 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.”

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Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at finastra.com

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