

UNLOCK THE VALUE OF YOUR DATA TO DRIVE MARKETING SUCCESS

A GUIDE FOR FINANCIAL MARKETERS



BANKALYTICS™
Actionable customer insights. Simplified.

THE CHALLENGE

Financial Institutions (FI) have massive amounts of data about their customers, yet they often struggle to make the data actionable and drive business improvement – and capture more profitable return on marketing investment. So how can you get started on the journey to unlocking the value in your organization's data when you're up against so many data challenges?

IDENTIFY KEY DATA CHALLENGES

The first step in any worthwhile endeavor is to be candid about your current state. Let's face it, nothing is exactly where we want it to be but that shouldn't dissuade you from pursuing a key strategy – it just means there will be more work to get there. In the case of an analytics strategy, too often FIs look for reasons not to move forward with an initiative. It is okay, just note that we have listed a few likely reasons that are typically used stall out your analytics strategy before you even begin. Do these sound familiar?

- **ALL OF OUR DATA SITS IN SILOS** – Typical FIs have many different data systems, including core banking, investments, credit cards, insurance, mortgage, online banking, etc. By keeping all the data in separate locations, it is much harder - or even impossible - to produce a complete view of the customer and find actionable insights in the data analysis.
- **IT IS TOO DIFFICULT TO GET ACCESS TO OUR DATA** – Even if the data needed for a particular analysis is only in one system, accessing it often requires a request of an IT programmer to create a one-time, static report. This request can take weeks - and if it turns out that the data requested was not quite what was needed, there may be a wait of several more weeks. Additionally, it may only be possible to get summary numbers, without being able to drill-down to the individual household or customer level.

- **WE DON'T HAVE STANDARDS FOR ENTERING DATA INTO OUR SYSTEMS** – This is the proverbial Dirty Data conundrum. All those disparate systems have different rules for what type of data is allowed in key fields like name, address, date of birth, or TIN. Consequently the quality of the data in those systems may be poor resulting in a complex challenge to bring everything into a consistent view. Which makes bringing everything together a challenge.

It is critical to understand where your institution stands regarding these challenges and remember that you can always explore how to address them or you can just continue to use them as crutch for reasons not to embark on your analytics strategy journey.

ESTABLISH THE PATH FOR YOUR JOURNEY

A successful analytics strategy is more about the journey than the destination and you should explore and incorporate many or all of the items outlined below into your “analytics strategy path”.

GET EXECUTIVE BUY-IN

WHAT TO DO: Make sure you have the support of at least one member of your leadership team.

WHY YOU SHOULD DO IT: Probably the single most important factor in a successful analytics journey is buy-in from the executive team. For an analytics program to be truly successful it will ultimately need resources both in dollars and employee time. Many executives today realize the value of data-driven decision making, and will be on-board with you helping your organization to mature its analytics program. For those that are more skeptical, the next item will help you prove the value.

PULL TOGETHER YOUR MARKETING STRATEGY AND EXECUTE

• TAKE ADVANTAGE OF LOW-HANGING FRUIT –

WHAT TO DO: Whether you have executive buy-in or not, it makes sense to start with low-hanging fruit. For FIs that have never had any data-driven marketing programs this can be as simple as identifying customers with loans, but no checking account. Give the list to your branch staff (through a CRM, if you have one) and let them sell. Be sure to measure the incremental accounts that are opened and the response rate to be able to show the value of the program.

WHY YOU SHOULD DO IT: Nothing generates more momentum than success. If you can demonstrate a positive ROI on a simple cross-sell exercise, then it will be much easier to marshal resources for the rest of your analytics journey.

• DEPLOY ANALYTICS INCREMENTALLY –

WHAT TO DO: Your analytics journey may start slowly, but that's okay. You need to ensure you are building both your ability to complete analysis, as well as the ability of the rest of the organization to execute on it at the same time. It will take time to build up both competencies, but the sooner the journey is started, the sooner the business benefits.

WHY YOU SHOULD DO IT: The key is to start the process...even though you may sense a lack of clarity around strategic direction. Most institutions find that by just identifying a small area of the Bank that demonstrated a greater level of understanding and profitable activities, you can prove out the value of these insights over time. You don't have to 'boil the ocean' with your data plans, in fact it is better to incrementally address them so you can adapt as you go.

- **USE TESTS AND LEARN TO VALIDATE YOUR STRATEGY –**

WHAT TO DO: Gut instinct does not cut it anymore. Once you find an actionable insight to operationalize, make sure you are measuring the results. See how it does, make a small change and try it again. You should constantly be A/B testing marketing materials to see how they can be improved.

WHY YOU SHOULD DO IT: You never can know for sure how a particular insight or strategy will play out in the real world. By using test and learn, you never have to bet too much on one idea, and you can constantly be improving your tactics across the board.

- **EXPLORE THE VALUE OF PREDICTIVE ANALYTICS –**

WHAT TO DO: Advanced statistical models can identify opportunities to acquire new customers, cross-sell existing customers, and retain customers who are thinking of leaving. The results can be applied to existing marketing programs or improve their effectiveness.

WHY YOU SHOULD DO IT: There are two reasons you should use predictive analytics. The first is to uncover complicated relationships between customer behavior and demographics that you can use to improve performance. The second is that they will actually make your life simpler. Once you get beyond simple cross-sell rules or segmentation, it can quickly get confusing to group your customers into the appropriate messaging. Predictive models can easily boil down many variables into a single score on how likely a customer is to take a particular action.

ENSURE YOUR FI ESTABLISHES DATA GOVERNANCE STANDARDS

WHAT TO DO: Create new business rules for when new data is entered about your customer to ensure that it meets data quality criteria. Ultimately you will want to bring data together into a data warehouse and you will want consistent rules for how data is brought together.

WHY YOU SHOULD DO IT: You are trying to create a single source of truth for reporting, and having consistent rules will help get you there.

CONTINUE THE JOURNEY

The analytics journey can get complicated very quickly, especially for smaller FIs. If you cannot hire a team of full-time analysts, then consider partnering with a vendor who can provide you with strategic analytics consulting and the human resources to drive your analytics strategy forward. Smaller FIs may simply lack the human and technical resources to get very far on their own analytics journey and it may make sense to have a partner do much of the data processing and analysis. Larger FIs may be able to justify a full-time analyst, but may still need a partner to help with strategic direction and to execute on larger projects.

Ultimately your FI should work to establish a plan for a data mart to bring together the disparate data systems into one place for a complete view of the customer that can drive improved reporting, analytics opportunities, and most importantly business results. Your organization may decide to hire employees with the right skill set to do this, or it may decide to partner with a vendor to handle this important task.

Even this large project can be completed incrementally. For example, an FI may bring its core banking and investment data together into the data mart. They will gain incremental value in better understanding their investment customers, and identifying potential prospects from their core banking customers. New sales and marketing programs may be created to activate the new insights. Once that is complete, then insurance data can be brought into the data mart and the virtuous cycle can be completed. With each iteration new lessons will be learned to improve future programs.

TAKE THAT FIRST STEP...

There are many data challenges facing FIs, but with the right analytics strategy, all that data can be turned into actionable insights that drive improved business outcomes. The most important thing is to get started and take that first step!

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BANKALYTICS is a new and unique knowledge solution from BKM Marketing and SIGMA Marketing that simplifies customer and prospect data analysis to drive more profitable marketing.

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