ORACLE
Financial Services

THE WATCHLIST

Trending Now: Re-Imagine the 360-Degree View of Your Customer

Financial institutions have long aspired to achieve the coveted 360-degree view of clients. For many years, that objective was limited to gaining a comprehensive and integrated view of the client’s relationship with the bank. Today, that objective extends far beyond the “walls” of the institution to encompass a complete understanding of the customer as an individual and not simply his or her current business relationship with the bank. We like to think of this as expanding the 360-degree view, and banks that can master this new objective—and act on this intelligence in a timely, intuitive, and respectful way—gain an tedge in optimizing customer relationships and profitability.

4 Opportunities for Action

1

Gain a better understanding of customer potential. Financial institutions, like many other types of businesses, are on a perpetual quest to capture as much of a customer’s business as possible. Many, however, take this journey without accurate insight into a customer’s or prospective customer’s short- and longer-term potential. Historically, banks have estimated this using metrics and demographics, such as job title and zip code, as well as data from internal sources, such as loan documents and credit checks. Today, we have more external sources than ever at our disposal to build an accurate picture of a customer’s actual potential. When banks have a clear picture of current or prospective potential, they have a solid foundation for determining current share as well as assessing future prospects and profitability targets. From there, they can develop an informed plan for cultivating the relationship—what they hope to achieve and what resources they should expend on it. The challenge that many firms continue to face is the ability to first identify what types of information will be most helpful in assessing customer potential, aggregating this diverse information effectively, analyzing it, and translating it into action through highly personalized communication and next-best offers.

2

Resolve to become better “listeners.” We’ve all heard the adage that we’re born with two ears and only one mouth for a reason. “Listening” (figuratively and literally) is essential to a complete understanding of the customer as an individual. “Listening” can take many forms—in-person interactions, customer surveys, and online or mobile transaction patterns, to name just a few. The key is the ability to recognize important messages (signals), capture them, and then act appropriately on the information gleaned. For example, a customer might mention to a representative at her local branch—or post via social media—that she has just become a grandmother for the first time. The ability to capture that information, integrate it into a bank’s total understanding of the customer, and deliver tailored offers based on that data, such as college savings plans, opens new opportunities to expand financial relationships and create greater customer intimacy. In another instance, consider the demographics of transactions that are posted to and from customers’ accounts. This might include the type of transaction, its originator, frequency, and amount. The ability to analyze this data can yield vital insight into how, why, and where consumers are using their funds. Looking externally, financial institutions are wise to monitor to their customers’ online reviews for insight. In such instances, customers are not incentivized to give feedback; therefore, they are providing comment of their free will and are likely to be candid and honest. The ability to mine these comments provides a trove of information about a customer's honest feedback and can illuminate direction for future improvements and initiatives.

3

Capture and make the most of micro-moments. The idea of micro-moments—those instances in which a consumer turns to a device or channel with a deep intent based on a need to know, need to go, or need to buy—has gained traction in recent years. Micro-moments can be important inflection points in the arc of a customer relationship. The ability to pinpoint those moments when a connected customer or potential customer wants instant gratification and deliver targeted content or a personalized offer on demand can fortify a potential or existing customer relationship. Financial institutions in a position to capitalize on these opportunities have a definitive edge on their competition.

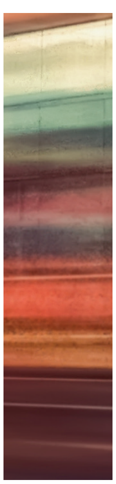
4

Timing is everything. The ability to analyze and respond instantly is critical in today's on-demand world. Consumers, especially millennials, expect immediacy and omniscience in their interactions with vendors—whether that means delivering up co-branded offers based on a customer's physical location or simply understanding a customer's history of withdrawing $100 every Friday evening from an ATM and serving up that option immediately so that they can more quickly get on their way. Financial institutions that can best deliver on these requirements stand to gain short- and longer-term benefits.

Prepare for Action

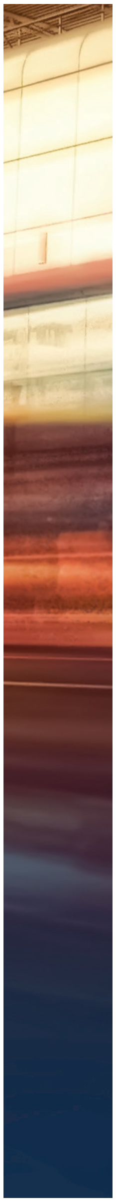
Disparate customer insight (CI) solutions continue to proliferate in today's financial institutions. There are many reasons for this current state, including serial acquisitions and individual line of business initiatives. It's time to come together for complete insight. This patchwork of point solutions is difficult and expensive to manage and maintain, cannot accommodate all the data formats in today's modern institutions, and does not enable vital enterprise-wide visibility and immediate insight required for an expanded 360-degree view of the customer.

Financial institutions are beginning to take a careful look at their legacy CI systems with an eye toward expanding and accelerating insight and action. Considerations should include:



Unified platform for enterprise-wide customer insight that securely aggregates customer-related data from across the organization and beyond to create a single source of truth.

A unified, open data model to facilitate integration of a wide range of structured and unstructured data from internal and third-party systems, including customer relationship management and enterprise performance management systems, core banking systems, social media channels, and more. A unified data model that supports all critical applications enables financial services organizations to improve data quality and quantity, thereby, boosting user confidence in the results. It also ensures that all parties across the enterprise are "speaking the same language" when assessing profitability and other customer dimensions. Creating the data model is one of the most critical parts of any successful enterprise analytics initiative as it forms the foundation for all insight. Firms can save considerable time and costs with a commercially available data model that is purpose built for the industry.



Flexibility to configure the solution and scalability as the amount and types of data sources continue to multiply rapidly and requirements expand.

Deep, native, and/or flexible integrations between enterprise resource planning; enterprise risk management; governance, risk, compliance; and enterprise performance management environments. Complete and reliable integration between these transactional and analytical applications enables firms to rapidly connect business intelligence with business processes and deliver the agility needed to bring new levels of intimacy to client relationships. Firms should seek solutions with pre-built integrations as well as a service-oriented architecture to accelerate time to value and simplify ongoing management.

Advanced, pre-built analytical models that support more meaningful communication and engagement that expands relationships and reduces attrition. For example, can a solution readily calculate an attrition model/score and cross-sell score as well as capture churn analysis and predict the customer's future earnings to arrive at net present value and customer lifetime value projections? Pre-built models save time and reduce costs, and firms can have confidence that they are industry proven.

Predictive analytics, incorporating machine learning, that enable enterprises to model and project future behavior. For example, enterprises are looking to use transactional and social media information to identify customers most likely to switch banks as well as those who may be preparing for important life events, such as a relocation or new job, marriage, or baby. This critical insight equips financial institutions to engage more meaningfully and individually with their customers—and capitalize more efficiently and cost-effectively on new opportunities. When looking to optimize customer relationships, an organization's analytical environment must be able to provide insight from multiple perspectives, including institutional performance, retail performance, channel experience, as well as transactional history.

Ease of use to deliver real-time insight to the fingertips of line-of-business users. Business intelligence ages rapidly in today's dynamic financial services sector. As such, business users need real-time information. To achieve this goal, firms must give them the power to access information as well as create and run reports on demand without the need for IT team intervention. In addition, the ability to quickly create robust personalized dashboards, which incorporate drill-down capabilities, further extends executive insight and should be an important part of any customer insight initiative.

For more information visit:

www.oracle.com/industries/financial-services/products/customer-insight/index.html

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