INSTITUTIONALIZING INSIGHTS

The Path to Build Hyper-personalized Customer Management at Scale in Financial Services Companies
Customers in the financial services industry are no different. They want these experiences too. Meeting their expectations is a massive challenge for banks, insurance companies and broking houses. Where once core product differentiation was adequate to attract customers, competitors catch up quickly with the help of digital technology. Similarly, distribution advantages built painstakingly over time are now diminishing as digital access gains momentum across customer segments. The battle for market share has therefore shifted to the here and the now—a daily, real-time competition to get loyal customers. The winners usually are those companies that can continuously identify the contextual needs of customers and address them meaningfully. To do so requires data.

Financial services companies have an enormous wealth of data. Transactional customer activities (especially with banks and broking firms) and increasing digital interactions create terabytes of data. With advanced analytics, machine learning and artificial intelligence, this data can be used to derive insight and create products and services relevant to the daily lives of customers. Data-based insights can therefore help companies to grow and improve profitability. Some financial services companies are doing this already:

Consider the case of our client, a European insurance company, that increased profit and loyalty per customer with its ability to create the right combination of content, pricing and products for each customer. By combining data mastery, powerful analytics and artificial intelligence, the insurer offers its customers a seamless and personalized experience, whether on the company’s website or through the call centre. With the help of analytics, every customer interaction has a greater chance of resulting in a win. Machine learning ensures the company has the feedback loops to continuously learn and act. The result: The company is set to realize annualized gains of 15% to its bottom line.

Or take the case of a bank that studies its high net worth customers’ transactional patterns and incentivizes them to buy from a set of retailers who are part of the bank’s merchant base. The same bank can also cost-effectively offer relevant financial advisory services or products to the vast numbers of its customers who are not high-net worth individuals. By analysing data from varied sources including social media, the bank knows when to tap the customer with meaningful offers—not at the point of purchase but much before that (at the anticipatory zero-moment of truth).
THE CHALLENGE: Scaling up the use of analytics at all levels

Most financial services companies understand the use cases for data-based customer insights and they have made significant analytics investments both in terms of skills and technologies. But less than a handful can boast of or even enumerate major gains at the enterprise level. The common pitfalls include underutilizing their analytics capabilities since they are unable to scale up or industrialize their analytics investments after they’ve completed pilot projects. Further, the lack of highly automated information feedback systems makes it difficult for banks to use data for contextual conversations at scale. The feedback gap also inhibits the enterprise in providing analytics-based support to decision makers at all levels.

This lack of access to insights at the right time adversely affects companies that aim to be agile and responsive to a rapidly changing business environment. As our experience with global clients shows, only data-driven enterprises can ward off competition from fintechs and established players such as Google, Amazon, Facebook, Alibaba and Apple.
The good news is that financial services companies are at the opportune moment in the evolution of digital technology and the business landscape to harness the potential of analytics. Advances in machine learning and artificial intelligence show technology is getting more powerful, human-centred, cheaper, and accessible as the cost of storage drops. In addition, we now have tools that have increased the speed of data processing by up to 100 times, allowing faster access to potentially game-changing insights.

The time is ripe, therefore, for financial services companies to seize the moment and take steps to make analytics the DNA of the enterprise.
THE PATH FORWARD: Creating a data-driven financial services company

Our work with analytics high performers reveals that there are four key development points on the journey to becoming a data-based, insight-driven company.

Measure what matters

Start with asking relevant questions or identifying the strategic priorities and then align on key metrics accordingly. The focus needs to be in terms of value delivered to the customer and the shareholder. This also means that organizations will need to shut down vanity programs which are intellectually interesting but fail on the delivered value test.

Harness the power of new tools

Encourage experimentation across the whole spectrum of tools such as self-learning/curating tools (machine learning), advanced technologies-based tools (artificial intelligence) and emerging technologies-based tools (non-mature tools). This will mean moving away from the legacy approach of delivering insights based on a people-heavy, service delivery model.

Embed analytics at every decision point

Data-driven or insight-powered financial services companies redesign their processes at the front-end and back-end as well and ensure that the decision points are adequately supported. The redesign must also drive the ease of consumption by the user (both internal and external) and UI/UX plays a crucial role in presenting these insights.

Develop an analytics culture

This is the most critical aspect of building an analytics backbone in any enterprise. The shift must be led by the CEO making a conscious and decisive move away from intuitive, ad-hoc decision making and conversations to making all interactions (both human and digital) based on data-driven insights.

This combination of CEO and board commitment to build a new way of working, together with redesigned processes which embed analytics, and a relentless focus on value delivered to customer (relevance) and shareholders (profitability) could put financial services companies on a stronger, more sustainable footing in today’s and tomorrow’s competitive landscape.
About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world’s largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With more than 401,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives.

Saumitra Sehgal
Managing Director and Lead, Financial Services Consulting, Accenture India
saumitra.sehgal@accenture.com

Saurabh Kumar Sahu
Managing Director and Lead – Applied Intelligence, Accenture India
saurabh.kumar.sahu@accenture.com