



# Banks and Credit Unions: Break Down Your Data Silos to Build Up Your Revenue!





It's no secret that Big Data is more than just a buzzword these days. According to Jim Marous, CEO and Editor of The Financial Brand, consumer data is the driving force behind almost every financial institution project and strategy today.<sup>1</sup> According to his publication's *2018 Digital Banking Report*, enhancing the consumer experience and using data to improve personalization and operations have been among the top three trends in banking for the past three years.

It's clear: It is imperative to use account holder data to enhance the account holder experience, improve efficiency and drive product development.

The problem, Marous says, is that many institutions either cannot access their data, or they use it primarily for reporting and not as a basis for developing digital or operational initiatives.<sup>1</sup>

According to industry experts and Velocity's own client feedback, a major impediment to financial institutions accessing their data is having too many data silos. Their data is restricted within separate departments or lines of business that do not communicate with each other. Another major issue is that many financial institutions simply do not know how to begin to put their data to work.

The easiest and most productive place to start is to get all of your account holder data in one easy-to-use platform that is accessible throughout your institution, from front line employees to marketing teams to management. Community institutions should aim to use the datasets they already have to drive actionable insights to improve profitability and manage risk.

### Why are Data Silos Such a Big Problem?

When your account holder data is spread across disparate systems in multiple lines of business, every aspect of your organization's performance is impeded from acquisition to onboarding to retention, meaning that your institution has likely missed critical service and marketing opportunities in your account holders' journeys. Banks and credit unions that are seeking to become more efficient, productive and agile need to centralize their data into a unified platform. Here are just a few disadvantages of maintain siloed data:

- **Redundancies:** Your bank or credit union could have different departments pulling the same data.

- **Inaccuracies:** Different departments could be pulling the same data, using different methodologies and acting on it, creating inconsistencies and poor decisions.
- **Missed Opportunities:** A lack of information shared between departments creates missed opportunities. If there is valuable information from the sales team that's not shared with marketing, it's a potential missed opportunity — if the marketing team could have leveraged that info to reach prospects or current account holders with a targeted communication.
- **Tunnel Vision:** Without centralized data across your financial institution, you'll be unable to obtain a comprehensive, 360-degree view of each account holder's financial situation and needs, again creating the potential for missed opportunities.
- **Inefficiencies:** With multiple departments completing the same tasks, using different methodologies, you'll be wasting valuable resources and drastically impeding company productivity.

### Consequences of Data Silos

- Cannot report across lines of business (LOBs)
- Lack of departmental coordination
- Lack 360 view of account holder's financial picture
- Outdated legacy systems
- Different search methods & tools across LOBs
- Different data entry systems across LOBs
- Different goals & priorities across LOBs
- LOBs competing against each other
- Siloed business units leads to confusion and errors
- Complex, manual & duplicative processes
- Banking solutions use different databases
- Indexes vary throughout each solution
- Time-consuming product implementations



### Benefits of Centralized Data

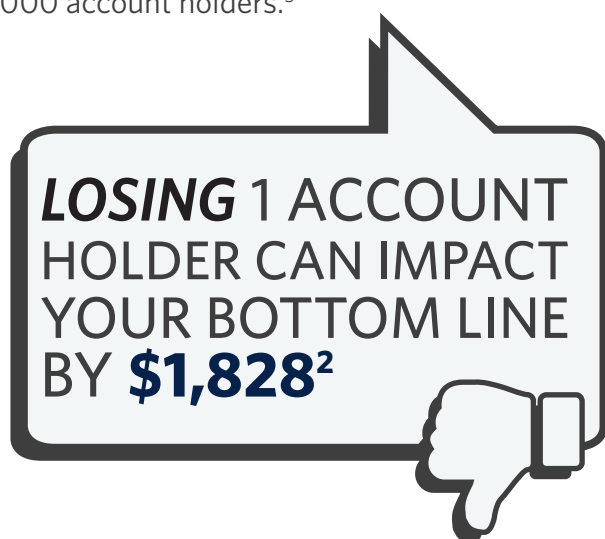
- Streamlined processes
- Operational efficiencies
- Reduced risk
- More personalized offers
- Better, targeted pricing
- Automated onboarding
- Better profitability analysis/forecasting
- Easier integration of third party products
- Better customer service
- More active account holders
- Better account retention
- Quicker, more efficient decision-making
- Improved cross-selling
- Improved communication

Community financial institutions today partner with a myriad of vendors to provide the many different services consumers have come to enjoy, including debit and credit card processors, online banking and bill pay vendors, social media platforms, etc. The result is a multitude of disparate systems that may appear to the consumer to work together reasonably well, but do not really communicate with each other “behind the scenes.”

In order for the data these systems produce to have any impact on the institution, it is imperative to drive it to one location, determine how to analyze it, and most importantly, develop a plan to act upon it.

#### **More Personalized Service = More Satisfied Account Holders**

Velocity’s client data tells us that losing one account holder can negatively impact an institution’s bottom line by \$1,828 per each lost account.<sup>2</sup> Improving consumer satisfaction by as little as 50 points can translate into a \$2.4 million increase in revenue per 50,000 account holders.<sup>3</sup>



With this data, for instance, your institution can automatically create personalized, targeted marketing and communications campaigns that are triggered when consumers demonstrate an increase or decrease in transactional activity. Reduced activity can indicate an account is in jeopardy of leaving the institution. Proactive communication can help reengage the consumer and retain the account.

For instance, if the various lines of business in your bank or credit union are “competing” against each other, rather than working in unison with the same set of data, then it’s possible that your account holders are receiving fragmented, ill-timed communications for mortgage or auto loans, retirement plans or other products, leading the consumer to feel that your financial institution clearly does not have a 360-degree view of her financial needs as an individual. Such a myopic approach to serving account holders is likely to send them searching for a new primary financial institution!

#### **Improved Cross-Selling Opportunities**

Now let’s look at a financial institution that has centralized all account holder data, and all LOBs strategically work off the same data. The data can be used to improve cross-selling objectives and track onboarding activities to facilitate the consumer’s journey. It can help create sales opportunities. For example, the data can identify consumers who currently utilize payday lenders or other non-FI lenders and generate omni-channel offers for your financial institution’s digital or other lending products. If your bank or credit union provides short-term, small-dollar loans at affordable interest rates, this option is infinitely superior to consumers taking out other types of high-priced loans. Imagine the valuable service you would be providing by proactively reaching out to these consumers, preventing them from getting trapped in long-term cycles of debt!

Also, centralizing your account holder data across your entire financial institution gives various LOBs the opportunity to flag follow-up communications on products or services in which consumers expressed interest—but did not open. Here are two examples:

**Example 1:** Consumer is asked about future lending needs and indicates they will be getting a new car in the fall. A tickler can be added in late summer to follow up with the consumer on loan specials and getting preapproved for loan.

**Example 2:** Consumer mentioned that daughter will be starting college in the fall. Add tickler to follow-up on best credit/debit cards for college students.



### Exponential Increase in Operational Efficiencies

Centralizing institutional data into one technology platform also creates vast operational efficiencies by automating once-manual processes, such as new account onboarding, loan origination and underwriting, even consumer complaint resolution. It can also help ease introduction of additional consumer services provided by third-party vendors by requiring them to integrate with only one data source instead of many.

Financial institutions must put their consumer data to work to ensure they offer highly personalized and meaningful consumer interactions and services that improve engagement and overall performance. With the assistance of a comprehensive data management platform, community institutions can overcome the hurdles of unlocking the value of their data.

### New Account Holder Onboarding & Communications

With regard to onboarding, for example, research has shown that a sophisticated, digital onboarding process will increase revenues, decrease costs and maximize consumer satisfaction. According to J.D. Power & Associates, account holders who are contacted by their financial institution within the first three days after opening an account are nearly twice as satisfied and more likely to remain with the institution than account holders who are contacted after three days.

While many financial institutions follow a formal onboarding process, the outbound communication could be infinitely more valuable if the bank or credit union representative were equipped with a complete picture of the account holder's transactions and additional relationships within the institution.

For instance, wouldn't it be helpful to know if the account holder has activated and/or swiped her debit card? Has she signed up for online bill pay or direct deposit? If the bank or credit union representative could see an overall onboarding score or view incomplete tasks, the representative could, for instance, enroll the consumer into online bill pay or direct deposit while on the phone. He could activate the account holder's debit card and review other products and services that may be valuable to that individual. The account holder would appreciate the personalized interaction and the institution would have strengthened the relationship.

### How to Get Started

Centralizing your data silos into a single unified platform is a daunting task for most community banks and credit unions, so our advice is to seek out a FinTech partner. The right partner can empower your entire institution with the data and automated processes that drive these meaningful relationships without being overwhelming.

At a minimum, the platform should:

- Centralize your data across lines of business (LOBs) and from different data sources
- Generate a 360-degree view of an account holder's financial picture, available to front line staff, marketing teams and management
- Create automated, personalized marketing and communications campaigns that:
  - Are triggered by account holder activity/inactivity
  - Fulfill specific objectives (cross-sell, improve retention, increase transactions, account acquisition and new account activity, etc.)

- Assist in identifying future sales opportunities
- Be core-agnostic
- Create in-depth reporting to facilitate quick and efficient decision-making
- Maintain best-in-class security protocols

Community banks and credit unions can break down their data silos by utilizing an “intelligent” data management technology platform that aggregates financial institution data generated by unlimited sources and makes it available enterprise-wide.

The platform analyzes data from the institution’s core processor, online banking and lending systems (to name just a few), as well as peer and demographic data, and develops automated revenue- and service-enhancing strategies that capitalize on the findings.

The result is better decisions, automated decisions, even instant decisions that generate greater sales opportunities and an overall improved consumer experience.

Are you ready to break down your data silos and build up your revenue? Contact [Velocity Solutions](#) for more information.

### **References:**

<sup>1</sup> Webcast: “Will You Be the Disruptor or Disrupted in 2019? Data is the Answer,” The Financial Brand, November 13, 2018.

<sup>2</sup> Velocity average client data

<sup>3</sup> J.D. Power and Associates, “2017 Account Opening and Onboarding Benchmarking Study,” cited in The Financial Brand.

