



Market Commentary

If you don't know me by now...

The digital branch starts with a data and analytics strategy

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Every meaningful and personalized interaction in 2022 begins with data, and FIs need to embrace integrations in order to capture a wholistic, data-informed view of customer behavior. "

In the wake of the vast and seismic cultural shifts brought on by COVID-19, many industries had to quickly rethink their offline and online strategies. The physical world was either being replaced by or merged with the digital world and consumer experiences became connected in ways never seen before. Banking is no exception.

While the branch experience remains just as critical as before, with many account holders still citing it as a prerequisite for bank choice, expectations around its services and functions are changing. Digital branches are here and are fortifying their brick-and-mortar counterparts, creating new connections between the digital and physical worlds.

The success of digital experiences depends on your ability to identify the entirety of your account holders' needs through technology-enabled channel services. You need to be ready to identify who your account holders are, what they need from their institution, what products and services they require, and how they engage across various channels. This 360-degree view of an individual and their financial needs requires a data and analytics strategy that links disparate systems and offers real time, insight-backed actions.

About the author



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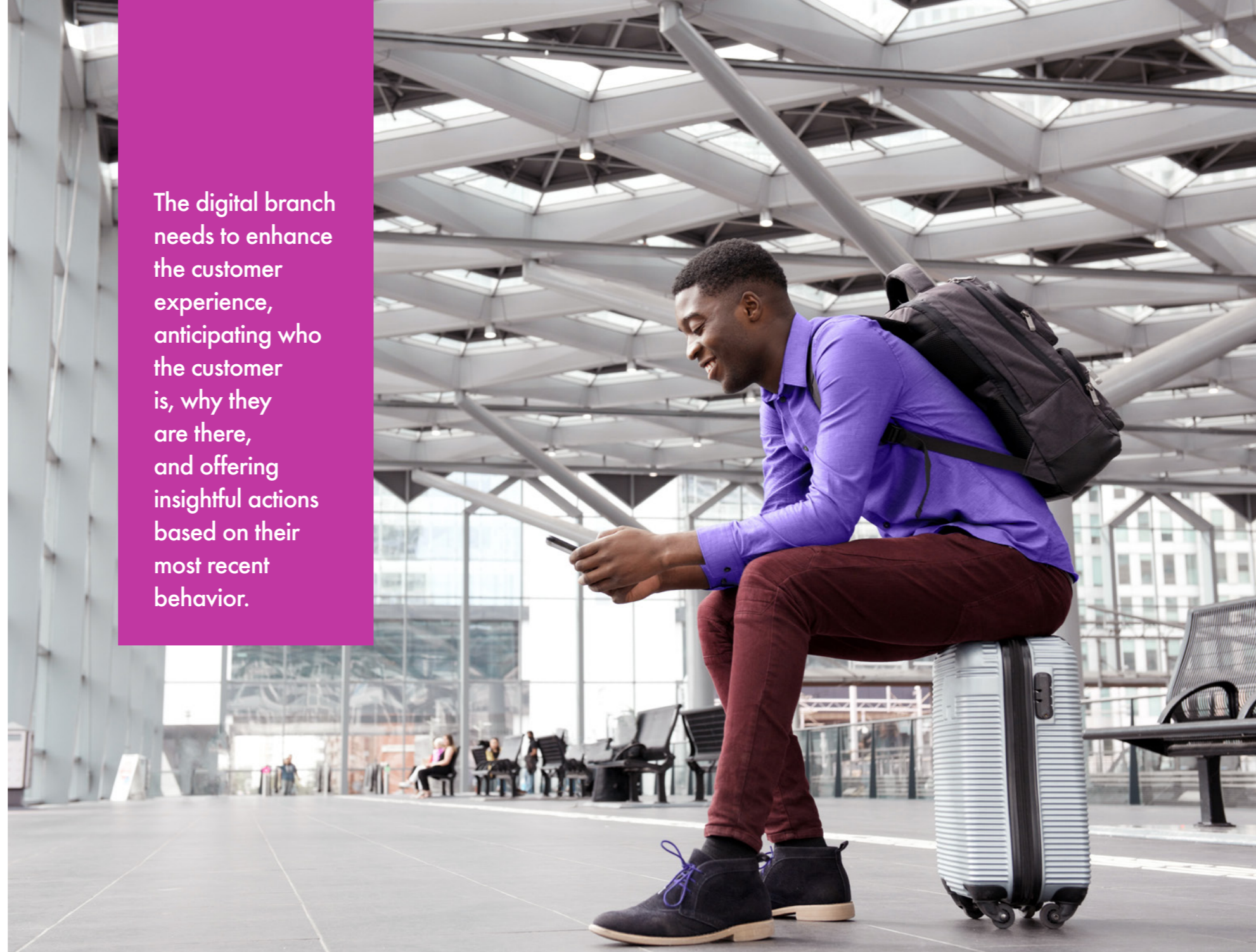
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Amber has more than 16 years of experience in marketing and product management and over 9 years of industry experience in data, analytics, and financial services. As Head of Data and Analytics at Finastra, she is focused on developing and launching new data products and scaling the Finastra business for data partnering and data commercialization. She loves working with the Finastra Innovation team to develop data-driven proof of concepts and turning those into production-ready solutions to drive business results for clients.

Every meaningful and personalized interaction in 2022 begins with data, and financial institutions need to embrace integrations in order to capture a holistic, data-informed view of account holder behavior. These integrations help gather data that compliments internal data. Processing all of this information thoroughly requires the usage of a platform to store the data and intelligent machine learning, tasked with creating insights about behavior and identifying must-have digital branch features.

Mining of data should lead to a SWOT (strengths, weaknesses, opportunities and threats) analysis of products and services offerings, but it is the adoption of open API finance technologies that will make it possible to innovate quickly and match account holder expectations. In this model, financial institution (FI) cores become nimble and agile hosts of transformative plug and play technologies that provide compelling customer experiences. Open APIs, combined with data and advanced analytics, are a key piece of innovation strategy for the digital FI.

The digital branch needs to enhance the customer experience, anticipating who the customer is, why they are there, and offering insightful actions based on their most recent behavior.





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Imagine a particular use case: let's dive deep into the data of account holder's digital behavior across channels such as accounts, transactions, transfers, and mobile user behavior, including remote deposits. Leveraging data, we can monitor trends over time and slice and dice key metrics to learn more about our account holders' behavior.

For example, checking account users take roughly 60 days before adopting the mobile app. The mobile app is great for remote deposits and if we can convert users to the mobile app sooner, we can help reduce unnecessary branch visits.

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Another example is monthly statements. There are two main delivery methods for monthly statements: paper and electronic. Paper statements cost the branch roughly \$4 per statement each month. Leveraging the power of machine learning, you have the opportunity to analyze account holder activity and compute the likelihood that account holders will make the switch to e-statements.

With this knowledge you can then construct a tailored marketing campaign based on an e-statement adoption propensity model, and save your institution significant costs.

The digital branch is the next great opportunity in banking. Its promise of connecting account holders seamlessly from channel to channel is both exciting and intimidating.

For some it may spell the end of the physical branch, which is not accurate as physical branches will continue to play a role in the overall customer experience. For others it may signify an insurmountable technology stack, which is also not accurate as modern technology makes this more possible than ever before.

With any great seismic shift in culture, the technological response must be equally as transformative – and it simply must be. Digital branches are here and they are here to stay.

About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top 100 banks. Our open architecture approach brings together a number of partners and innovators. 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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