

# Five Steps Toward Making Advanced Analytics More Effective

By Jason V. Bomers, Mohammad Nasar, and Christopher J. Sifter

Progress in advanced analytics is improving the ability of banks and other financial institutions to gather and interpret relevant and useful information. The flood of available data about bank customers and operations, however, creates challenges for enhancing bank branch performance. Banks require a clear and logical plan to locate the right data, interpret this data, and then use the resulting insights to improve operations, performance, and profitability.

Traditionally, banks have based their analyses on data frameworks that are complex and difficult to comprehend. Those traditional methods of analyzing and interpreting data result in a circumscribed set of insights that is typically focused on backward-looking data, such as the number of loans processed and new accounts opened. Decisions are made that impact revenue, profitability, or other key performance indicators based on the often-flawed assumption that past trends are indicative of future behavior. Analytics provides accurate insights into the current state of operations and thus is more likely to affect performance positively.

Advanced analytics solutions promise to deliver precisely this kind of game-changing impact. These solutions, which focus on employing data to promote material changes in business practices, don't simply uncover new types of insights. Advanced analytics also provides a visual framework that delivers information in simpler and more intuitive ways. For the first time, for example, nontechnical users, such as retail banking managers and personal bankers, can use advanced analytics to examine, analyze, and manipulate data in ways that were previously inaccessible to them.

Banks that adopt advanced analytics gain the ability to make decisions that lead directly to desirable business outcomes. From the branch perspective, for example, this could include identifying the types of customers most likely to use additional services; isolating specific segments where additional marketing dollars could be applied most effectively; and analyzing the results of cost-benefit analyses within specific departments or at particular branches.

The following five steps give banks a clear plan for increasing the effectiveness of their advanced analytics practices – from building a solid foundation for using advanced analytics to ensuring that decision-makers are prepared to implement and use these tools effectively.





### **Raise the bar by constructing sound data processes.**

- Effective employment of advanced analytics begins with sound data processes. This means creating consistent practices for data gathering and management that will verify data is being successfully captured, secured, cleansed, and qualified. On the branch level, this could involve holding branch managers financially accountable for junk data entry and educating front-line employees about the importance of thorough data gathering. Such practices establish a foundation for understandable, standardized, and available data that users can rely on.
- Facilitate faster access to data by cutting down on any time lag between when a question is asked at the retail banking level and an answer is provided. This is more likely to encourage users to adopt advanced analytics to make business decisions and to drive improvements.



### **Use technology to increase efficiency and effectiveness.**

- Employ robust analytic tools to gain insights. Tools that offer visualization and interactive capabilities provide end users with the ability to visualize important relationships that may ultimately lead to improved bank and branch performance. For example, a retail banking manager could use advanced analytics to create a tool that provides branch-level staff with a menu of alternative views or lists to develop a specific customer relationship sales approach.
- Expose relationships that weren't previously apparent. All too often, bank analyses are composed of older, generic observations and insights. What if, instead, a retail banking manager could use advanced analytics to visualize a relationship between a significant customer segment and a potential product extension? Maybe then a multibranch targeted marketing campaign could be created to conduct some A/B testing of that hypothesis.



### **Empower managers and staff to make data-driven decisions.**

- Provide retail banking managers and personal bankers with access to data and the training to understand, interrogate, and interpret it. Empower retail bankers to implement results obtained from their analysis, improving and speeding up front-line decision-making. One area where advanced analytics holds great potential is in strengthening the relationship between personal bankers and individual customers as a platform for personalized cross-selling. For example, by tracking card transaction data, personal bankers could cross-sell a travel rewards card with incentives and no international transaction fees to customers who just purchased overseas plane tickets.



### **Capitalize on individual culture.**

- Apply organizational awareness to analytics within the context of a bank's personality, individual client base, and history of success. By slicing, dicing, and analyzing data targeted to its unique culture, a bank can create the potential to connect more powerfully with its client base. For example, a community bank deeply invested in small, retail community businesses could pay special attention to analytics concerning these relationships and design specific products and services targeting this niche.
- Avoid one-size-fits-all and purely profitability-driven tactics tied to generic, backward-looking data. Specific and predictive data offers the potential for a bank to extract useful information from that data. Building rigorous analytic processes into the system of designing new branch-oriented products and services can help see to it that these initiatives work for its demographics, brand, and niche.



### **Learn about your competition and market position.**

- Use the data within a bigger picture. Implement benchmarking and peer analysis to gain insight about competitors to understand your bank's market position. When paired with this type of competitive analysis, advanced analytics really comes into its own. For example, how does a bank's branch mobile banking performance compare with that of competitors? Attaining the answer requires analyzing that institution's mobile banking reach by branch and integrating the resulting information with data about comparable institutions and their branches.

For banks that fall behind in the race to adopt advanced analytics, there's a potential opportunity cost. Institutions that forgo investing in advanced analytics are more likely to see their customers switch to the competitors that have used analytics to gain meaningful advantages in customer experience, profitability, operations, and, most important, their branches. Branches are where face-to-face interactions with customers occur, and those interactions have a profound influence on customer perceptions and customers' future relationships with the bank.



## Contact Information

Jason Bomers is a principal with Crowe in the Grand Rapids, Mich., office. He can be reached at +1 616 752 4279 or [jason.bomers@crowe.com](mailto:jason.bomers@crowe.com).

Mohammad Nasar is with Crowe in the Oak Brook, Ill., office. He can be reached at +1 630 574 1846 or [mohammad.nasar@crowe.com](mailto:mohammad.nasar@crowe.com).

Chris Sifter is with Crowe in the Chicago office. He can be reached at +1 312 857 7363 or [chris.sifter@crowe.com](mailto:chris.sifter@crowe.com).

The information in this document is not – and is not intended to be – audit, tax, accounting, advisory, risk, performance, consulting, business, financial, investment, legal, or other professional advice. Some firm services may not be available to attest clients. The information is general in nature, based on existing authorities, and is subject to change. The information is not a substitute for professional advice or services, and you should consult a qualified professional adviser before taking any action based on the information. Crowe is not responsible for any loss incurred by any person who relies on the information discussed in this document. Visit [www.crowe.com/disclosure](http://www.crowe.com/disclosure) for more information about Crowe LLP, its subsidiaries, and Crowe Global. © 2018 Crowe LLP.

FS-16005-000B