



RIGHT TIME. RIGHT PLACE. RIGHT SOLUTION.

BUSINESS INTELLIGENCE

WHAT HAS YOUR DATA DONE FOR YOU LATELY?

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TECHNOLOGY

What has your data done for you lately?

It's 9 am. Even if you don't fancy yourself as a techie, what have you done so far today? If your morning routine includes text/email/social media from your smartphone, watching the morning show live through your streaming app of choice, paying for coffee with something other than cash, and driving to the office without stopping at the toll thanks to your EZ Pass, consider the amount of trackable, archived data you generated before you even walked into your office building:

- Digital communications
- Digital television
- Digital retail payment
- Digital toll

If you are a techie, you also may have interacted with your digital assistant, had your thermostat automatically warm to your preset wake-up temperature via a digital thermostat, had your refrigerator let you know that you're out of milk while adding it to your digital to-do list, or even tracked how thoroughly you brushed your teeth via a smartphone app tethered to your smart toothbrush!

This is a financial services industry white paper. What does all of this have to do with business intelligence?

Everything.

The common theme is *digital*, or at the most granular level, *data*. Each byte of digital data that is generated is valuable in providing insight into consumer habits, preferences, interests, trends, and so on. But frictionless, aggregated data from disparate sources that then can be analyzed, leveraged, and acted upon is not only insightful, but profitable. When these concepts are applied to credit union services, never-before-seen data mobility can enable your institution to get more personal than ever with your members through your communications, identify trends as they are emerging in your demographic, and be more agile in your critical decision-making.

Just when we think the world can't change anymore, it does. But Aristotle was on to something in saying "The whole is greater than the sum of its parts." We are in a time of digital transformation in the credit union industry, and the time to get on board for business intelligence is now. Everything is connected, or at least it will be.



WHAT IS BUSINESS INTELLIGENCE?

At the most basic level, 'business intelligence' can be defined as the tools, processes, and technology used to analyze data in order to make educated, informed business decisions. But, as we all know living in The Digital Age, when it comes to the maintenance and analysis of data, the complexity of these tasks is anything but basic.

Often heard with the term 'business intelligence' is the term 'data warehouse,' which refers to the data repository within the business intelligence tool. Within any business intelligence tool, the data needs to live somewhere. Complex architectures can be created within a data warehouse to populate the desired data stores from which reports can be extracted and data analyzed.

In the credit union space, business intelligence reporting tools can analyze and provide visualization of your data. This may include your valuable member data, but it also should aggregate disparate data, such as credit union data, stats published by the National Credit Union Association, insights from resources such as Callahan & Associates, current news sources, or other data streams that are deemed of value to your institution.

"There are so many tools available for credit unions to be purchased to begin their business intelligence journey," explained Benjamin Jordan, Senior Vice President of Product Development for Synergent. "But there are many challenges in setting up the systems, loading the data, and beginning to translate smart business questions into technical requests that will help create true business intelligence. Smart business intelligence tools pull in Episys core data and provide visualizations that make strategy creation and decision-making easier."

Not only is the aggregation of data points important, how the data is disseminated also is significant. Both within the credit union space and beyond, the world is increasingly becoming mobile-first. Frictionless business intelligence tools provide the ability to access data across devices, without interruption. From the teller stand to a tablet to a smartphone, analytics and reporting should be easily accessible.

DATA CHALLENGES

"The fundamental challenge hindering the effective use of data boils down to the outdated, siloed approach for collecting and analyzing data," wrote Naseer Hasim, CEO of payments processor QRails, for CUNA News. "Oftentimes, the data captured and analyzed by credit unions is stored in disparate repositories and spreadsheets, which makes it incredibly difficult and ineffective to find relevant information and turn it into actionable insight."

As a solution, business intelligence tools bring disparate data, deep analytics, reporting, and aggregation to credit

union decision-makers through an easy-to-use interface that preferably can adapt across devices and channels. Being able to see elements such as core data, payment transactions, and marketing information in one place, with the ability to quickly pull turnkey reporting, allows staff to make smarter, more informed decisions.

“We’re increasingly living in a data-driven age that has an emphasis on transparency, yet information continues to be siloed because credit union experts often lack the tools to visualize and share information,” reflected Jordan. “This is the time to make a strategic investment of time, energy, and talent into business intelligence to evolve strategic decision-making. Effective business intelligence tools will quickly become common business practice, as they allow staff across the credit union to easily access information that results in providing the best member service over the long-term. In the short-term, it can reduce the time it takes to pull reports together, and provides a more intuitive view of your credit union’s data.”

In a recent webinar by The Financial Brand, Glen Sewell of Datawatch Angoss identified the following five barriers that financial institutions face in making better use of data:

1. HYPE AND MISINFORMATION

In this new world, there are many choices and sources of information available, which can lead to confusion and feeling overwhelmed. Analytic processes need to be easy to use in every department of a credit union.

2. INSUFFICIENT DATA GOVERNANCE

“We have this Wild West approach to data right now, with different individuals taking their own approaches to extracting value,” Sewell stated. The need exists to improve in this area across the board.

3. LAGGING EFFICIENCY

Preparing data still takes over 80% of a data analyst’s time.

4. NEED FOR INCREASED FOCUS ON DATA PROTECTION

Regulations such as the GDPR (General Data Protection Regulation) have highlighted the need to protect the data that institutions possess. Treating it as an asset is essential.

5. COPING WITH DATA EXPLOSION

Financial institutions are experiencing a dramatic increase in the volume and types of data they are working with, but are failing to absorb it at the same rate.



IN-HOUSE VS. PAAS BUSINESS INTELLIGENCE SOLUTIONS

Another challenge that credit unions struggle with is the maintenance of business intelligence tools in-house, which can be cumbersome. To keep a business intelligence tool in-house requires hardware, software, and skills. Specifically, credit unions must own a server; own a database management system like Microsoft's SQL or Oracle; apply releases, encryption, and patches; and administer all aspects of the back-up, disaster recovery, training, and staffing. This can be overwhelming to take on and, on top of it all, maintaining in-house means the data has left your core and is now available in two places, requiring future management to ensure everything is in sync.

Business intelligence offered via the Platform-as-a-Service (PaaS) model eliminates many of the woes encountered with in-house systems. An intuitive, web-hosted platform streamlines the management of the data and is versatile in providing credit unions the option to mine their own data themselves or to consult the PaaS administrator for their expertise. It eliminates the need for complex hardware, data syncs, an onsite administrator, and ongoing maintenance.

"The market for big data services in the cloud is booming; we forecast 39.5% annual growth through 2021," reported Brian Hopkins in a recent report for Forrester Research Inc. The report states that 97% of enterprise architects surveyed said that their firms had at least some activity occurring that involved emerging data analytics (insight) platforms.

THE DIGITAL AGE OF ENLIGHTENMENT

Business intelligence offers an edge by providing insights that are fueled by data. For credit unions, this boils down to two very specific focal areas: members and the industry.

UNDERSTANDING YOUR MEMBERS

"While staff still greets many members by name when they walk into the lobby, a growing contingent interacts with credit unions primarily on their handheld devices and rarely visits a branch," wrote Lucy Harr for CUNA News. "Members joining a credit union via an indirect loan might have little other contact, virtually abandoning their minimum balance accounts or withdrawing their memberships once they pay off their loans."

It is imperative to learn everything you can about your members in order to provide them with the best service. This is a hallmark of the credit union industry and is a point driven home frequently in trade publications. Every single one of your members is leaving a digital footprint. The extent may vary from member to member depending on the products and services being used, but there is a lot of data being generated that can yield actionable insights by your credit

union. Who is using P2P payments currently? Are your members making payments via social media apps? Where are ACH payments going? Who may be due for a new auto loan? Who are your potential first-time homebuyers? Investigating interests and transactions can help personify your members. These personas can then inform your credit union in strategizing product offerings, promotions, and targeted marketing campaigns. It also can aid in developing high-value members who are loyal to your institution for years to come.

UNDERSTANDING YOUR INDUSTRY

Within the credit union industry, it is routine to look for comparative data in order to guide initiatives and provide factual evidence of what is happening in the current market. Callahan & Associates, for example, is a widely-used resource for credit unions in areas including analytics, news, planning, and directory services. Using a business intelligence tool that integrates a product like Callahan enhances the extremely valuable information that they provide by enabling visualizations within the aggregate reporting.

UNDERSTANDING YOUR COLLECTIVE DATA

“Sifting through partial data to pinpoint trends and performance metrics is time-consuming and unproductive,” wrote Nasim. “To turn data into useful information, all data must be leveraged across the organization to compile the best and most accurate information about each individual, account, household, product, market, officer, segment, and channel.”

Becoming an expert about your members by analyzing member data is of significant value. Becoming an industry expert by analyzing market data is also of significant value. Being able to automate and analyze both types of data from numerous sources is invaluable and actionable. Being able to easily analyze and use data can allow credit unions to:

- Understand which products and services are needed by your members
- Convert data into information that can be leveraged across the credit union
- Incorporate information gleaned from data across divisions, product offerings, and platforms
- Identify cross-sell opportunities and propose related offers and solutions
- Create reports and visuals (graphs, dashboards, etc.) to illustrate data-driven concepts

IMPLEMENTING BUSINESS INTELLIGENCE AT YOUR CREDIT UNION

During his webinar for The Financial Brand, Glen Sewall shared that credit unions today are looking for three things in their data strategy:

1. Fast access to data
2. The ability to make better business decisions
3. Putting data at the center of everything they do



It isn't enough to simply implement a business intelligence tool. It has to holistically become part of standard business practice. The algorithms and analytics cannot be viewed simply as the end goal – the focus needs to be on the ability to actively use the data to better understand members and improve their experience. The focus of credit unions continues to be on the member.

When strategizing your business intelligence plan, consider the following questions:

- What member and market insights do I want to gain by implementing a business intelligence platform?
- Does my credit union want to host this in-house or outsource?
- What hardware, software, and staffing will my credit union need to have in place?
- Does my credit union have adequate security measures in place to protect our data?
- What data sources do I want to aggregate?
- What types of transactions should I analyze?

CONCLUSION

Gone are the days of fearing that using data for business purposes is “creepy” or “big brother.” Today, the world is connected, and people are accustomed to having digital interactions that yield personalized advertising, offers, and service. Leveraging data through business intelligence tools is a means of providing even better member service, engaging on a more personal level with members, and benefitting from being able to provide the right offer, to the right member, at the right time.

WHITE PAPER RESOURCES

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Benjamin Jordan, Senior Vice President – Product Development, Synergent.

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