**How Banks can use Customer Data**

Banks can draw conclusions about the segmentation of their customers and the structure of their income and expenses, understand their transaction channels, collect feedback based on their reviews, assess possible risks, and prevent fraud.

Here are just a few examples of how banks use Big Data and what benefits it brings them.

**Analysis of clients’ incomes and expenditures**

Banks have access to a wealth of data on clients' incomes and expenditures. This is information about their salaries for a certain period and the income that passed through their accounts. A financial institution can analyse this information and draw a conclusion about whether the salary has increased or decreased, which sources of income have been more stable, what the expenditure was, which channels the client used to carry out certain transactions.

By comparing the data, banks make informed decisions about the possibility of credit extensions, assess the risks, and consider whether the client is interested in benefits or investments.

**Segmentation of the customer base**

After the initial analysis of the income-expenditure structure, the bank divides its customers into several segments according to certain indicators. This information helps to offer clients the right services in the future. And this means that the financial institution’s employees can better sell auxiliary products and attract customers with the help of individual offers. In addition, the bank can estimate the customers’ expected expenditures and incomes in the next month and draw up detailed plans to ensure the net profit and maximize income.

**Risk assessment and fraud prevention**

Knowing the usual patterns of people’s financial behaviour helps the bank to know when something goes wrong. For example, if a “cautious investor” tries to withdraw all the money from their account, this could mean that the card has been stolen and used by fraudsters. In this case, the bank will call the client to clarify the situation.

Analysing other types of transactions also significantly reduces the likelihood of fraud. For example, Data Science in banking can be used to assess risks when trading stocks or when checking the creditworthiness of a loan applicant. Big Data analysis also helps banks cope with processes that require compliance verification, auditing, and reporting. This simplifies operations and reduces overhead costs.

**Feedback management to increase customer loyalty.**

Today, people leave feedback on the work of a financial institution by phone or on the website and give their opinion on social networks. Specialists analyse these publicly available mentions with the help of Data Science. Thus, the bank can promptly and adequately respond to comments. This, in turn, increases customer loyalty to the brand.

Today, Big Data analysis opens new prospects for bank development. Financial institutions that apply this technology better understand customer needs and make accurate decisions. Hence, they can be more efficient and prompter in responding to market demands.

Some questions that can be answered are :

* What type of customer are you?
* Who are the best customers?
* Medium best or used only for certain category.
* Who are the worst customers?
* Customers who have stopped using the bank.

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