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BAN – 502

Module 1 – Assignment 1

**Predictive Analytics in Finance**

Predictive Analytics has been an emerging topic for the past decade. It can help companies make insights that they would not be able to make using older data use methods (e.g. Descriptive Analytics). One sector that is deciding to use predictive analytics ever more is Finance.

Financial Institutions have been behind on the trend of Predictive Analytics for some time now. Most large institutions have been stuck in their old ways and have decided to see what the hype is about. Instead of hiring employees with only basic Excel skills, Institutions are looking for candidates that possess Python, R, SAS and Tableau knowledge, just to name a few. These software’s/applications are pathing a special path in the field of Predictive Analytics known as Machine Learning or AI.

Machine Learning is one of the fastest growing fields within Predictive Analytics. According to Dan Somers, CEO of *WarwickAnalytics*, “Some use cases where this type of technology is being adopted today are (i) automating contact centers by analyzing customer interactions (voice, CRM notes, chat, emails etc.) to assist agents, automate responses and improve chatbots and FAQs to prevent enquiries in the first place as well as (ii) gleaning what people are talking about from the **VoC** data and which issues cause positive or negative sentiment (e.g. driving customer loyalty or churn) to improve the customer journey and customer experience.”

There are many more use cases for Machine Learning in Finance such as Quantitative Market Analysis, NLP using Sentiment Analysis to track news trends, Using ML Algorithms to predict stock prices, and many more.

In summary, Finance being new to the field of Predictive Analytics, has both Pros and Cons. Pros being they can learn from other sectors mistakes while Cons being late to the game causes employees with actual ML/Predictive Analytics knowledge more expensive to hire. I am excited to see where the field develops in the next decade.

**Online source:** <https://www.financedigest.com/how-predictive-analytics-is-transforming-the-finance-industry.html>