PULSE | GoodData

Data and analytics could drive more than 60% of revenue for financial service firms

Within the financial services industry, data-driven products and services are helping organizations drive a significant amount of revenue. However, barriers including security, compliance, and privacy present a challenge for these organizations to bring such products and services to market — especially without the right analytics tools.

GoodData and Pulse surveyed 127 product team leaders in four types of financial services companies — startup fintech businesses, established fintech businesses, established financial services institutions that provide advanced digital technology for transactions (digital financial services institutions), and traditional financial services institutions — to understand the following:

- How data-driven technologies help drive revenue
- The top data use cases at their organizations
- How they're planning to use data in their go-to-market strategies

Data collected from Feb. 12 - Mar. 1, 2021
Respondents: 127 product team leaders in the financial services industry

84% of financial services companies currently monetize data or have interest in doing so

The importance of data products and services is growing in financial services, with 45% of product team leaders currently building data products and services for monetization, and an additional 13% having formal plans to do so.

To what extent is data being used to drive revenue at your organization?

Startup fintech businesses are more likely than other types of financial services companies to have an initiative to build data products and services for monetization.

Percentage of companies currently building data products and services

Although some product team leaders may not be building data products and services for monetization, 100% of respondents have at least one data-related initiative in the pipeline for 2021. Additionally, most companies are prioritizing the improvement of their core business through data and analytics.

Which of the following statements of data-related initiatives are applicable to your organization in the coming year?

Data and analytics drive business value and innovation by helping financial services companies maintain agility

> "With COVID-19, we have less revenue. That means any costly work must first be backed by data that provides quantitative impact."
>
> **— Director, Product Team**

> "Data is increasingly important because of the transition to online interaction as opposed to face-to-face ones."
>
> **— Director, Product Team**

In the next 12 months, 41% of financial services product team leaders say data will drive more than 60% of their revenue

Today, only 20% of financial services product team leaders say data products and services drive over 60% of their revenue. That figure will more than double in the next year, from 20% to 41%.

What percentage of your organization's revenue would you estimate is currently being driven by data products and services, and how much will be driven by them in the next 12 months?

Of those that already build data products and services for monetization, 56% of product team leaders expect data to drive over 60% of their revenue in the next 12 months.

In addition to driving revenue, 93% of product team leaders agree that monetizing data can increase their financial services organization's competitive advantage.

Do you agree that having a revenue-driven data strategy would strengthen your organization's competitive advantage?

Percentage of companies that agree a revenue-driven data strategy provides a competitive advantage

Financial services companies use data and analytics to address security issues and to acquire and keep customers

Financial services product team leaders report customer retention, fraud detection, and customer acquisition as their organization's top use cases for data and analytics. Risk management and compliance are also prioritized use cases.

Which of the following are your organization's data and analytics use cases?

> 83% of startup fintech businesses are looking to acquire new customers through data and analytics.
>
> Nearly three-quarters of established fintech businesses use data and analytics for fraud detection.
>
> 60% of traditional financial services institutions use data and analytics to solve for risk management.

Financial services product team leaders tackle fraud with data

> "Data has been used primarily for reducing expenses (e.g., claims fraud) and underwriting/risk assessment."
>
> **— C-Suite, Product Team**

> "Comparing trackable data such as IP and location to detect and combat fraud."
>
> **— Director, Product Team**

Security issues and legacy tech are challenges for organizations looking at data monetization

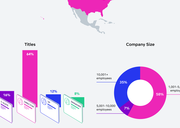
Dealing with security, compliance, and data privacy risks and related issues is the primary challenge for organizations when developing new data products.

What are your organization's top three challenges when it comes to developing new data products?

> Adapting legacy technology to meet new business demands is more often a challenge for financial services institutions (both traditional and digital) than it is for fintech businesses (both established and startup).

Respondent Breakdown

Region



Titles

Company Size