

The Science of Customer Insight

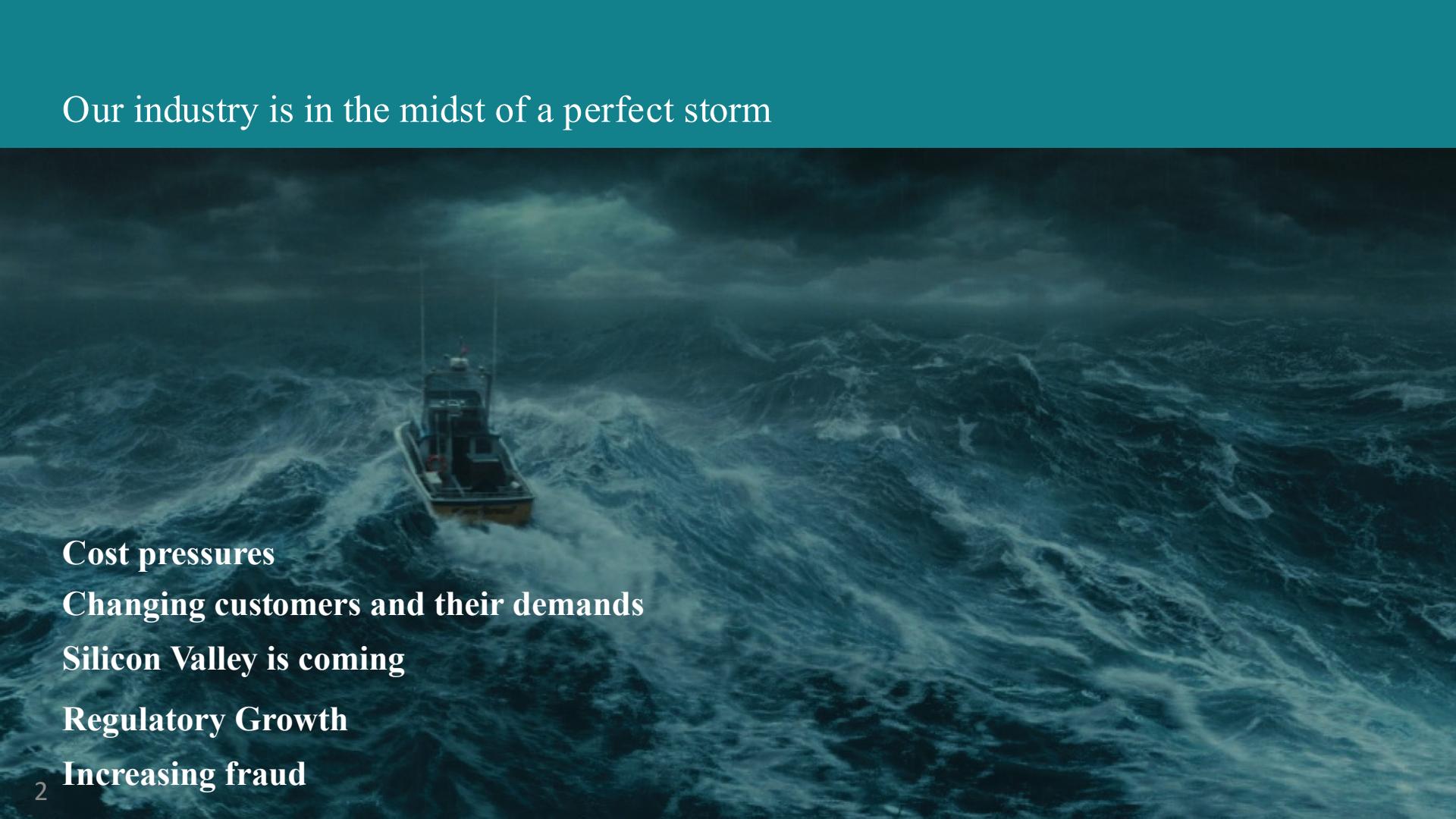


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Our industry is in the midst of a perfect storm

A photograph of a small, dark boat with a yellow stripe on its side, navigating through a dark, choppy sea under a heavy, overcast sky. The waves are white-capped, suggesting a strong storm. The boat is positioned in the lower-left quadrant of the frame, moving towards the left.

Cost pressures

Changing customers and their demands

Silicon Valley is coming

Regulatory Growth

Increasing fraud

Industry Imperatives: Outcomes Banks are Seeking



**Radical Cost Takeout and
Leverage**



**Ecosystem Relevance and
Growth**

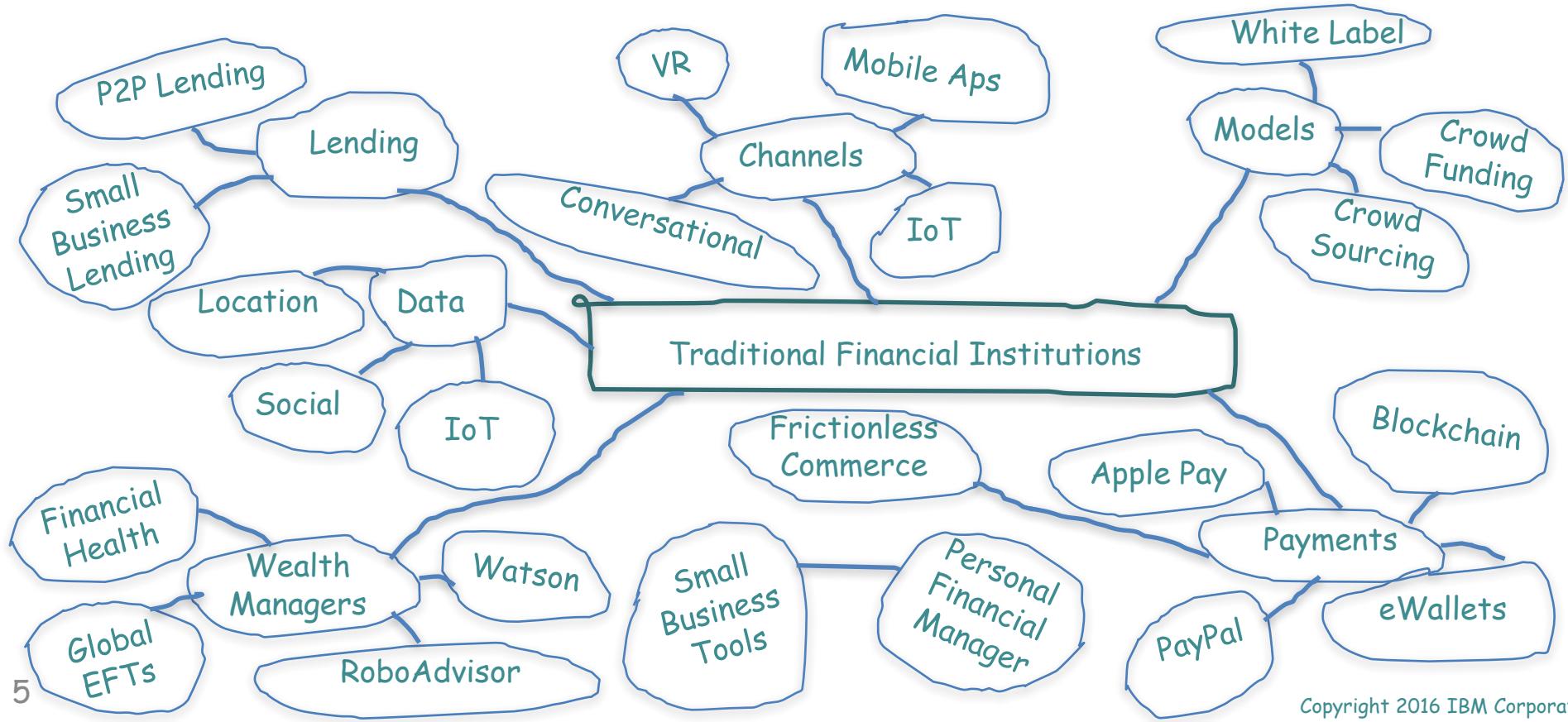


**Superior Customer
Experience**

Radical cost takeout



Ecosystem relevance



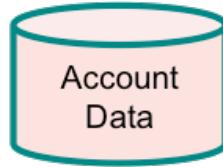
Superior Customer Experience



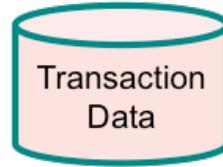
Data is not the problem – banks have it



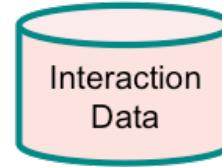
Customer demographics-
(age, gender, marital status, children, employment status, years at current employment, years at current address, branch, etc.)



Contract data-
(products, T&C, contract opening date, contract closing date – i.e. debit card, credit card, mortgage, savings account, current account, investment products, pension plan, payroll account, etc.)



Transactions-
Core banking transactions, Card transactions



Interactions-
(number of interactions, web activity, mobile phone activity, call center activity, branch activity, ATM activity)
Campaign response-
(campaign, date, concept, response)
Customer response to offers-
Cases with offer acceptance/rejection

Customer Insight is about understanding propensities



Behavior

- What they spend
- When they spend
- How they manage
- Where they go
- What their social profile says
- What channel they use

Life Events

Teenager



First Paycheck



In College

In a Relationship



Graduation



Buying a Car

Getting Married



Growing Family

Buying a House



Kids in College



Starting a Business

Career Change



Empty Nester

Relocation



Retirement

Inheritance



Parent Care

Financial Events

- Overdraft
- Pay Raise
- Awards
- Health Crisis
- Product Churn
- Attrition



The Makings of Customer Insight



Business Roles

Line of Business
Executive

Chief Marketing
Officer

Chief Data
Officer

Pre-Integrated Capabilities

Deliver Insights

Industry Specific KPIs & Alerts

UI Design & Pre-Built Dashboards



Perform
Analytics

Pre-Built Industry
Analytic Models

Descriptive to Predictive
to Cognitive



Prepare
Data

Industry Data Models & Connectors

Internal & External Data

Relevant Data Sources



Customer Insight Delivered to Banker's Dashboards and Customer's Mobile Devices



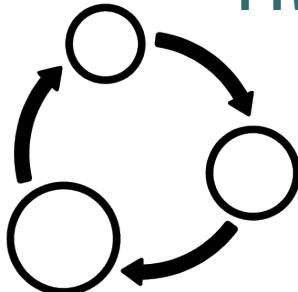
Example Results of Integrated Analytics Models



PREDICTING CASH FLOWS & OVERDRAFTS

94%

accuracy a week ahead,
87% accuracy 4 weeks ahead



PREDICTING CHURN

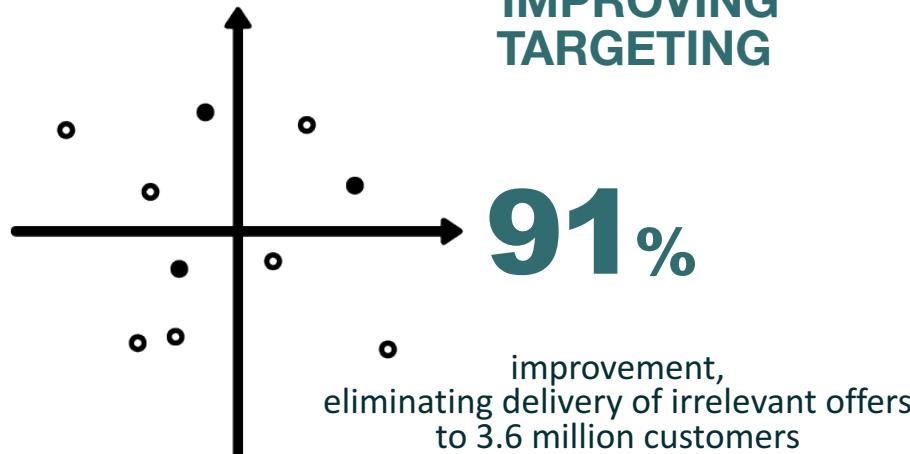
50%

improvement
over existing models

PREDICTING LIFE EVENTS

9

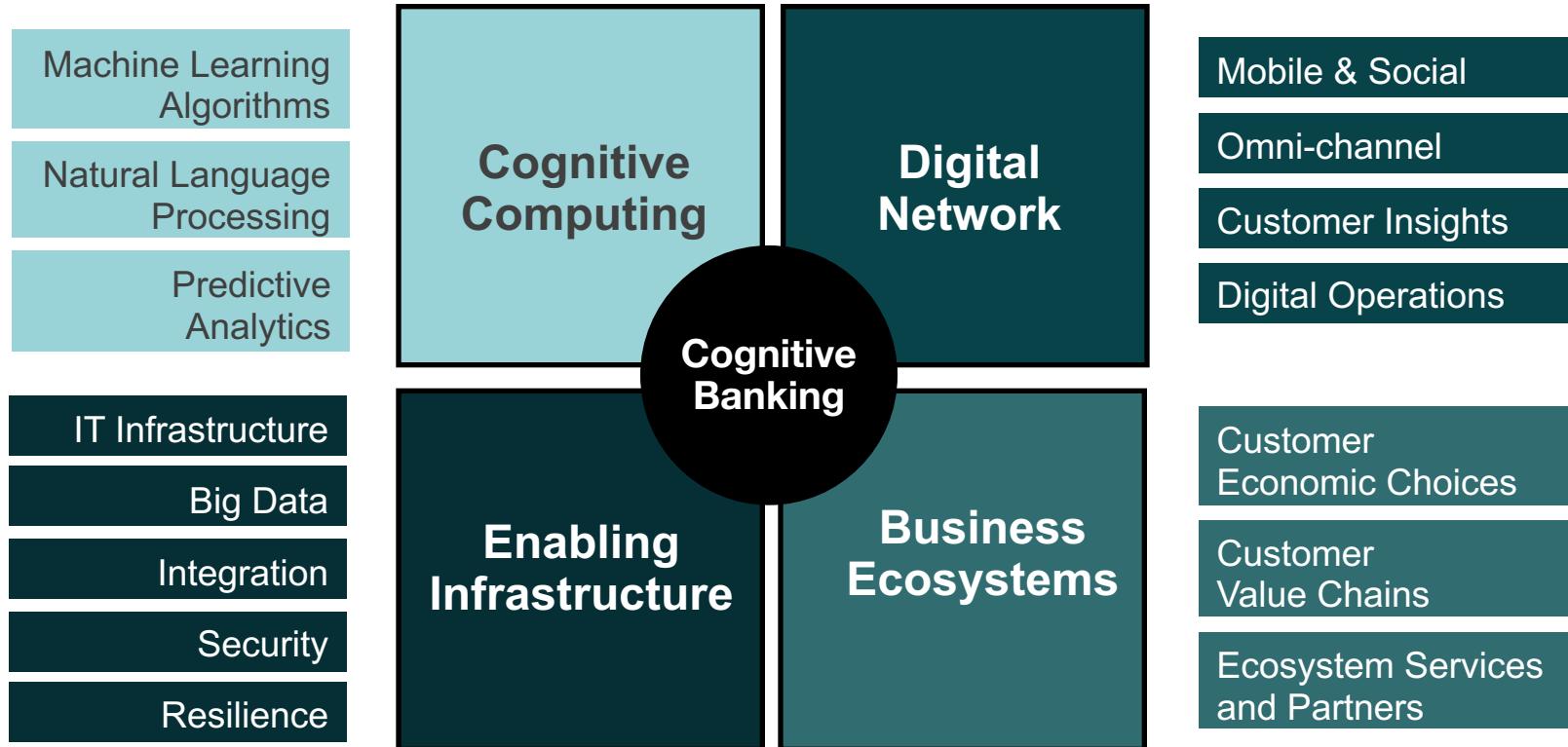
different life events predicted with
95+% accuracy



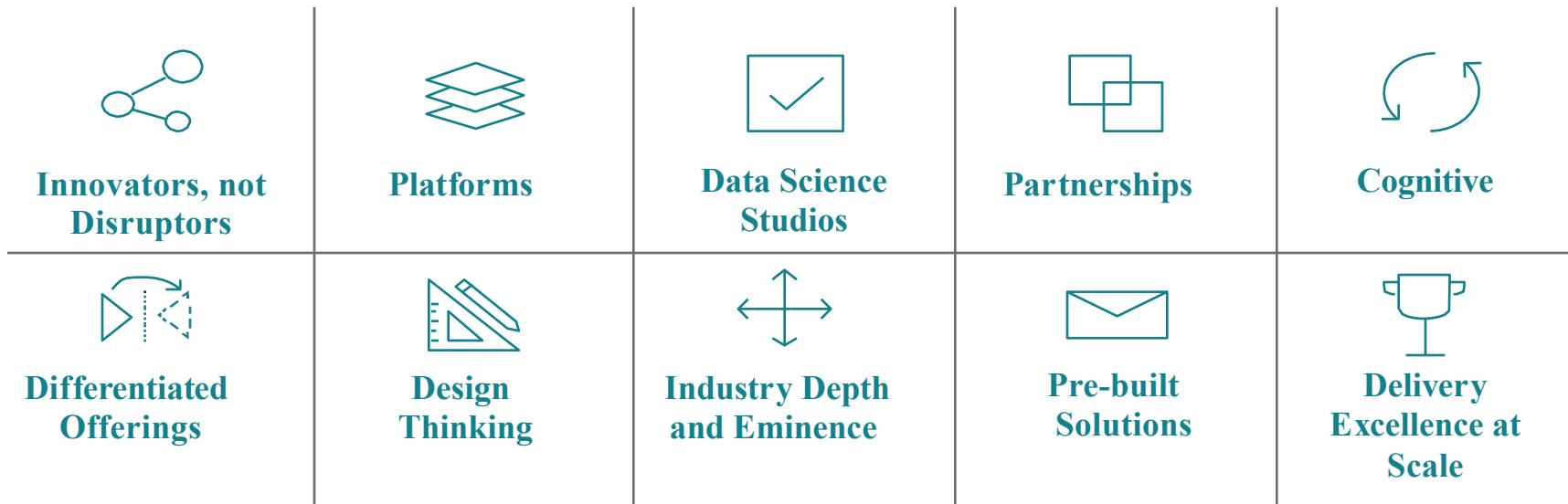
Customer Insight - The Business Case Closes

Use Case	Primary Model	Business Case
Millennial attrition	Behavior segmentation	Lifetime profitability
Mortgage churn	Product churn propensity	Mortgage servicing, loyalty
Cash flow alerts	Cash flow prediction	Loyalty, personal loan product
Auto purchase	Life Event prediction	Auto loan revenue
Wealth Transfer	Behavior segmentation	Investment, deposits
Pricing	Product propensity	Revenue growth
Targeted marketing	Upsell, product propensity and event prediction	Marketing efficiency, revenue growth, personalized service

The Elements of the Cognitive Bank



Transformation Accelerators



Thank you

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