

# **THE STATE OF BANKING ANALYTICS - SURVEY RESULTS**

October 2008



**FLOWTRACKER  
ANALYTICS INC.**

# Purpose & scope

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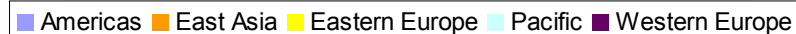
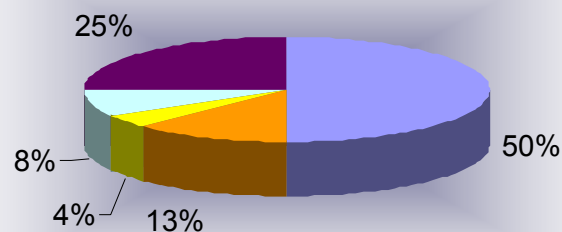
- Conducted in Sep-Oct 2008 this survey was designed to provide a summary view of the present state of selected aspects of customer analytics in personal banks.
  - 24 financial institutions participated in the survey.
  - The survey was conducted online. Results may not be representative of the industry as a whole, as the number of respondents was small relative to the population and respondents were self-selecting.

# Survey participation

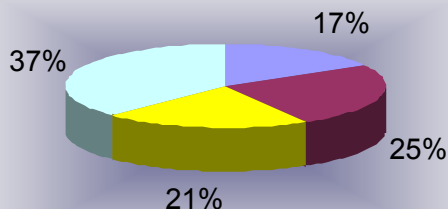
Half of the 24 participating banks were based in the Americas. The remainder were primarily from Western Europe and East Asia.

Representation in terms of asset size and market reach is roughly balanced across tiers and segments.

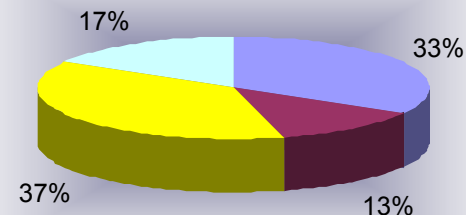
Participating Banks - Markets



Participating Banks - Assets

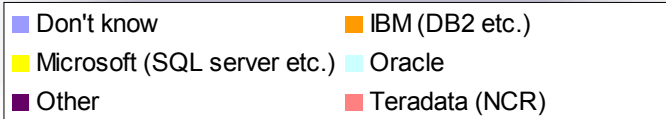
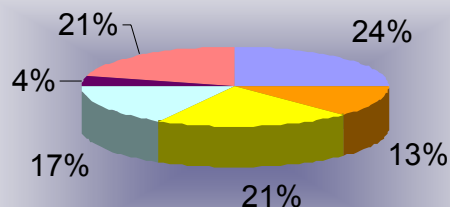


Participating Banks - Scope of Operations



# Database management system

DBMS Vendor



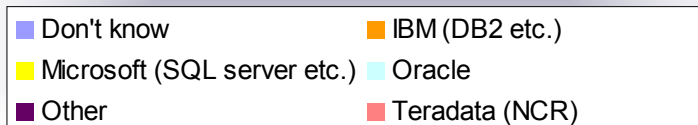
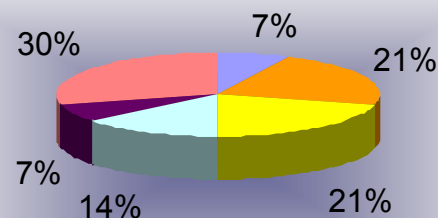
Microsoft SQL server, Teradata and Oracle database management systems are the most prevalent vendors in the market as a whole.

Significant “other” responses are largely from banks with departmental or regional data marts.

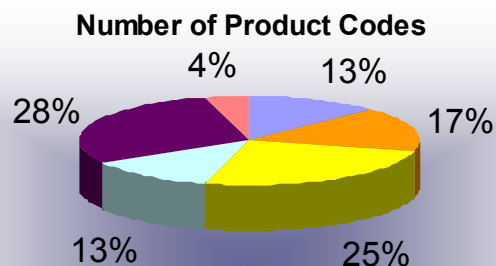
Looking at Enterprise data warehouses (ex-departmental and regional data marts) Teradata and IBM’s DB2 appear to be more prevalent.

The share of “other” is much smaller in the EDW market, suggesting greater respondent awareness of the technology base.

DBMS Vendors - Enterprise data warehouses



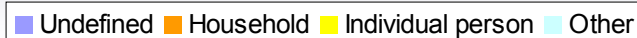
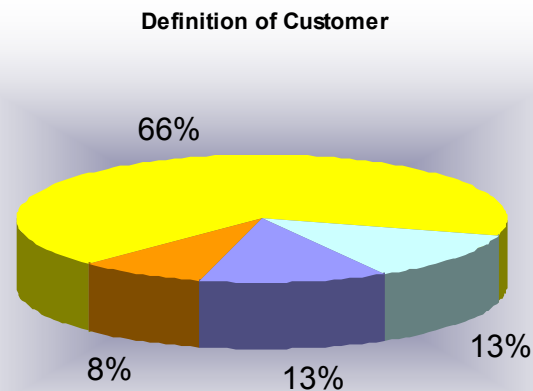
# Products and customers



Over half of banks surveyed limit product definitions to 100 types or less in their data store.

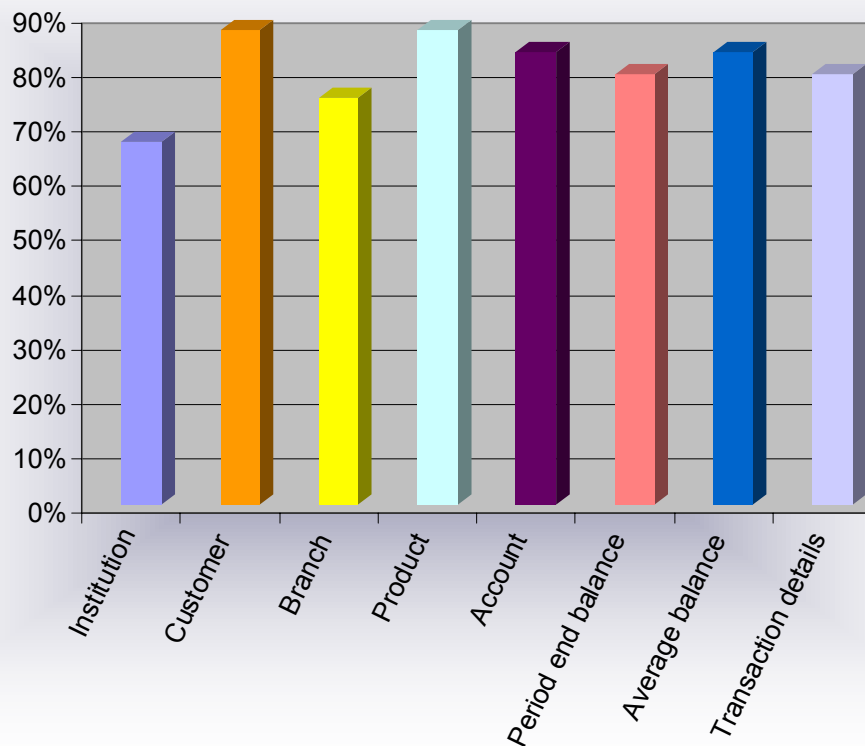
Nearly 1/3 distill product types to less than 50.

The overwhelming majority of participating banks define customer within their data as an individual person or entity.



# Presence of key data elements

Presence of Data Elements



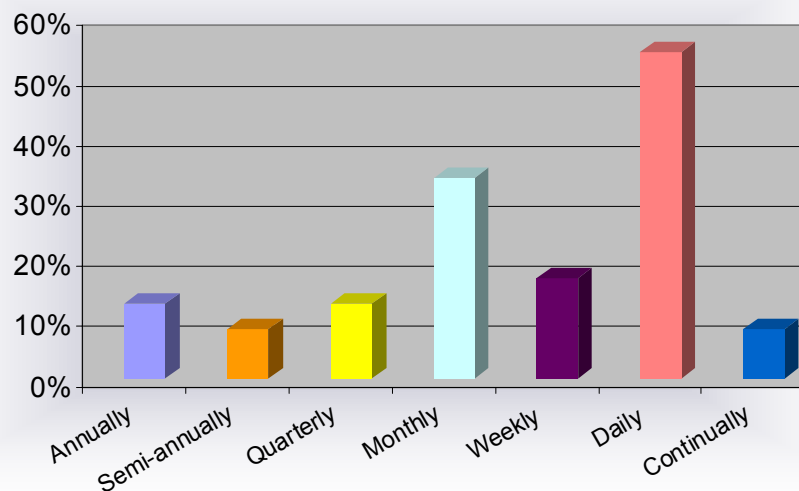
Virtually all participating banks include dimensions representing customer and product in their data stores.

Branch and institution identification to accounts appears to be less prevalent.

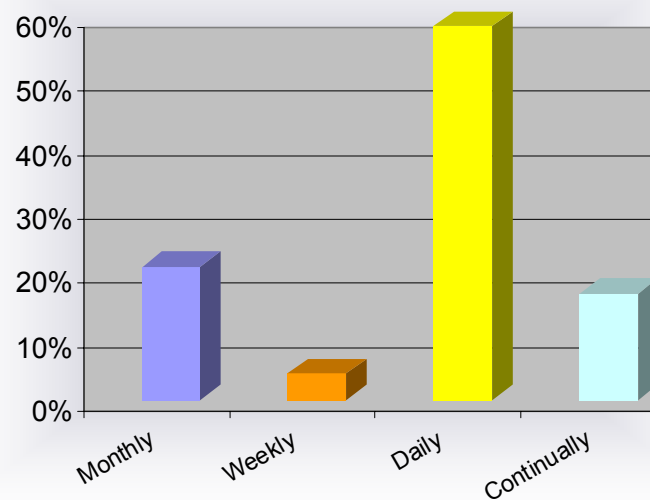
Average balances, transaction data and period end (spot) balance information is available at the account level in over 80% of participating banks.

# Refresh cycles

Balance Refresh Cycle



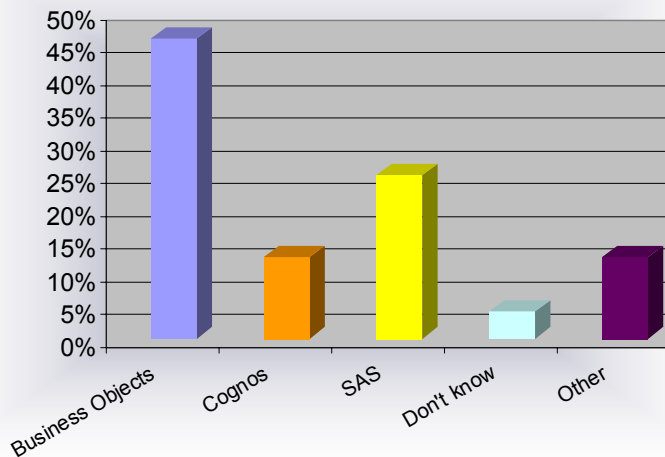
Transaction Refresh Cycle



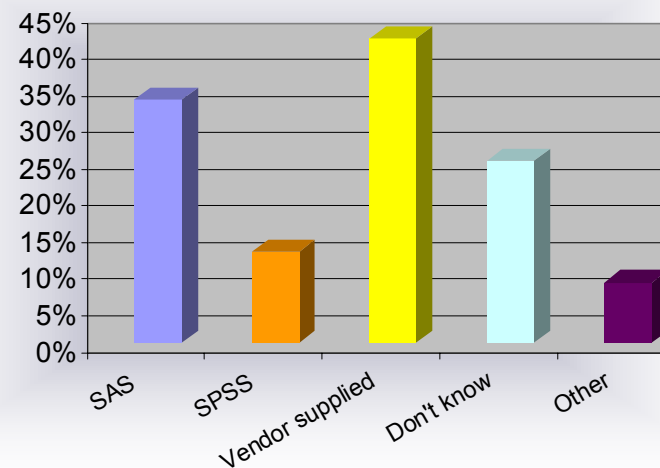
Over 60% of participating banks refresh both transactions and balances on a daily basis. Monthly refresh cycles are the next most prevalent, accounting for a further 35% of balance and 25% of transaction updates.

# Reporting & analytics tools

Reporting Tools



Data Mining Tools

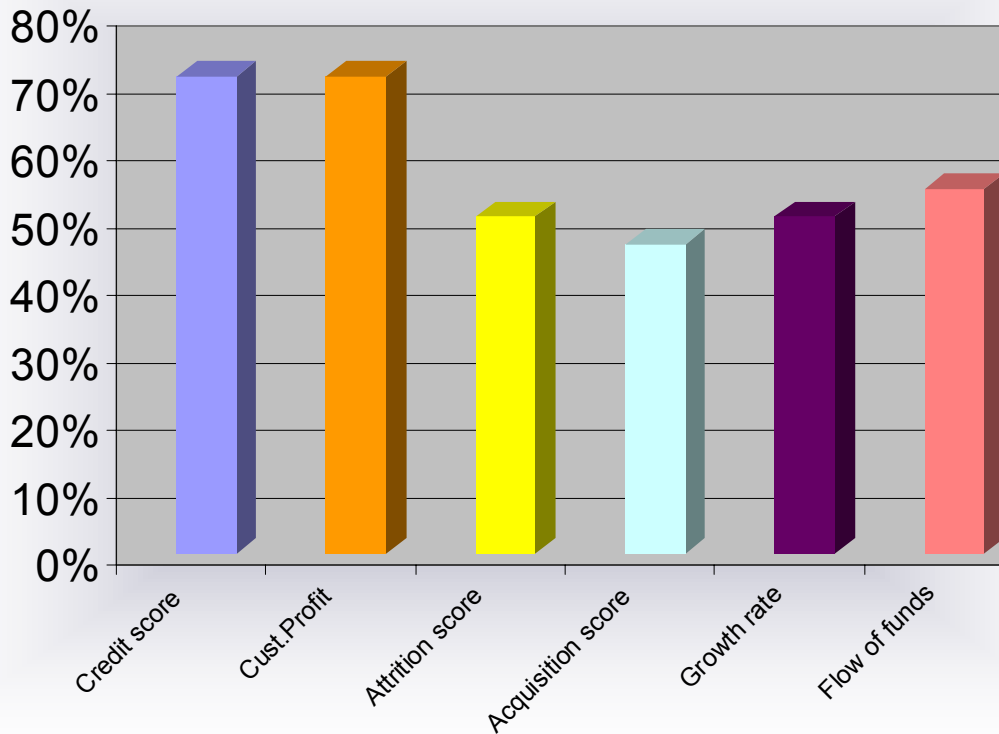


Business Objects dominates as the reporting tool most widely used.

Much greater diversity exists in the selection of data mining tools by participating banks.

# Customer knowledge

Customer Knowledge



3 in 4 of the banks surveyed are using profitability and credit scoring...

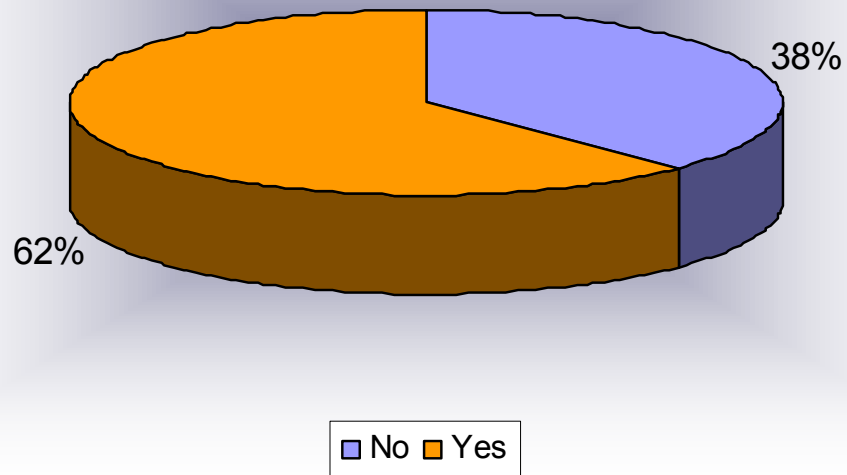
...but almost half are not using predictive modeling and customer velocity metrics to manage relationships.

# Marketing control groups

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## Use of Control Groups

Surprisingly nearly 40% of participating banks indicated that they do not use control groups to test marketing effectiveness.



# Conclusions

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- ❑ Most banks are data-ready to implement more sophisticated techniques to improve marketing effectiveness.
- ❑ About half of banks are not fully utilizing the databases they have built to gain customer insight.
- ❑ The next wave of insights will arise from wider adoption of predictive modeling, customer velocity and customer flow of funds analytics.

# Contact information

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- For further information please contact:

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# Acknowledgement and caveats

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- We acknowledge with gratitude the participation of bankers who completed the survey.
- The analyses in this presentation are based on responses to a voluntary web-based survey conducted in October 2008. The data may not be representative of the marketplace due to the self-selection implicit in the survey method.
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