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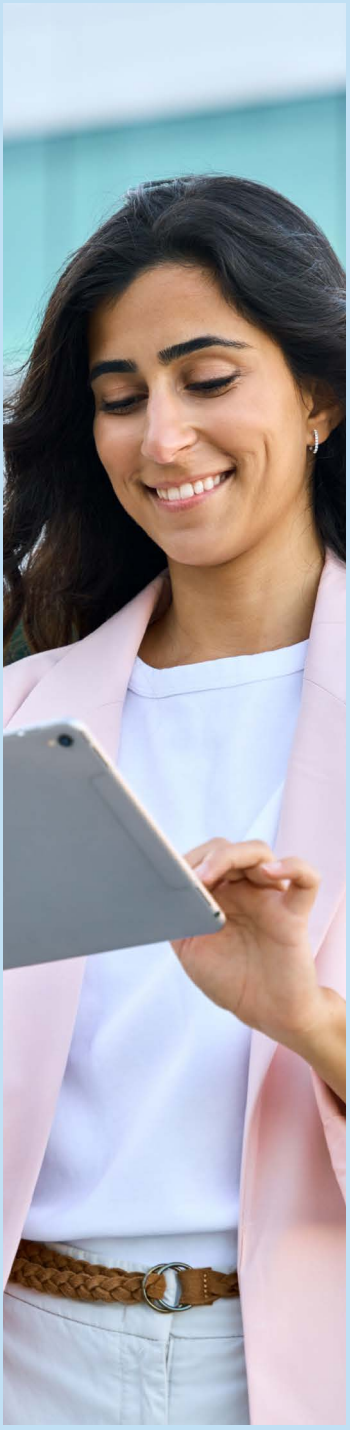

BIG DATA: HOW BANKS CAN LEVERAGE IT TO CREATE A BETTER CUSTOMER EXPERIENCE

Abstract

Big data analytics in the banking sector paves the way for innovation and growth. It provides banks with actionable insights about their customers that enable them to accurately anticipate customer needs. These insights help banks to provide their customers with banking solutions that are tailored to their needs. Big data analytics helps banks unlock new opportunities for innovation, differentiation, and customer engagement. It provides businesses with a competitive edge in a dynamic market.

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Data has grown 'Big'! And, it is growing bigger!

A report by Markets and Markets indicates that the big data market size which stood at $138.9 billion in 2020 is likely to reach a "mammoth"$ 229.4 billion by 2025 recording a CAGR of 10.6% in the forecast period.

Banking and finance have traditionally been data-driven sectors. However, ever since banking became digitised, banking professionals needed specific tools to monitor and interpret data. The advent of technologies like big data, AI, ML, etc., has redefined banking in more ways than one. They have helped the banking sector improve efficiency, increase profitability, and foster growth,

The banking sector has realised the significance of big data and has welcomed it with open arms! According to statistics, the use of big data in banking is estimated at $ 8.58 million in 2024. And, by 2029, it is expected to reach a staggering $ 24.28 million!

Big data in banking refers to the analysis of vast volumes of data for better decision-making. The banking sector generates vast volumes of data through banking transactions, customer interactions, customer reviews, and more. The increasing adoption of digital devices to make banking transactions has increased the data manifold. This wealth of data, if harnessed effectively, can provide a competitive edge to the business.

Big data analytics helps extract valuable insights that facilitate better decision-making in the banking sector. Big data not only helps optimise financial decisions but also helps create better customer experiences.

Today customers have a myriad of options available to them. This makes it extremely difficult for a bank to beat the competition and reach its customers. To have a competitive edge, banks need to understand the needs of their customers and address them promptly. Data reveals that 70% of the banks believe that being customer-centric is important for them.

Although the specific needs of each customer are different from others, certain expectations are common among today's customers.

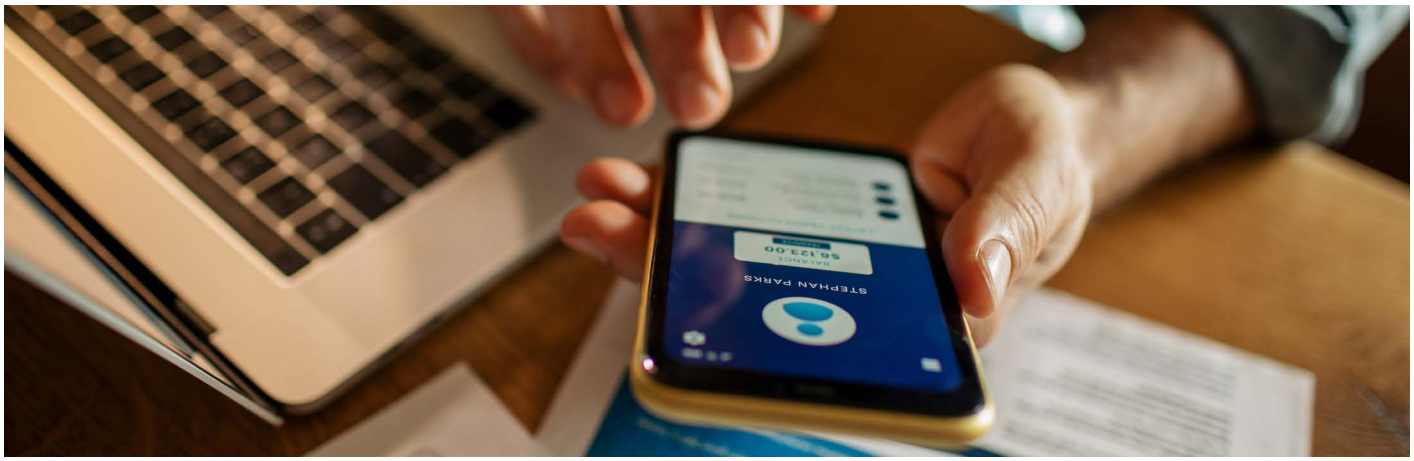
What do banking customers want?

- Banking customers are looking for convenient and realistic solutions.
- They expect faster and more streamlined processes.
- They want accurate and timely information.
- They expect their issues to be resolved quickly.
- They are looking for personalised solutions.

With customers demanding a hyper-personalised experience, banking professionals can no longer afford to adopt a one-size-fits-all approach. They need to recommend products and offer services that are tailored to the unique needs of their customers. To provide customised services to customers, banking professionals need an in-depth understanding of their customers.

This is where big data steps in!

Big data is the reservoir of all the required information that provides insights into customer data like demographics, investment patterns, behaviour, etc. All these data points facilitate data-based decision-making in developing customised services.



Let's dig deeper into how big data helps to enhance customer experience in the banking sector!

Big data analytics helps banks to understand their customers on a granular level. It conducts customer profiling based on their banking history, personal and transactional data, spending patterns, financial backgrounds, and other data points. These insights help banks to market specific products to customers based on demographic data. Banks can offer individualised plans and economical solutions to their customers. Personalised financial solutions enhance customer experience and help forecast and prevent customer churn.

Technologies like AI (Artificial Intelligence) and ML (Machine Learning) work with big data for effective customer segmentation. Banks can categorise their customers based on their net worth, credit card expenditure, etc. This helps banks to build targeted marketing campaigns that resonate with the unique needs of specific segments of customers.

Big data analytics screens customer profiles and feedback to identify customer queries, comments, pain points, etc. This helps banks address customer concerns promptly which leads to better customer experience.

Customers trust a bank that has robust cybersecurity systems. Big data analytics facilitates fraud detection and prevention. AI-powered bots identify anomalies in customer spending patterns and can identify spurious behaviour to prevent unauthorised access, etc. Big data analytics can enhance the overall security of banks by preventing other cyberattacks.

Big data provides a comprehensive view of the customer database and offers insights into the financial health of its customers. This data helps banks make more nuanced lending decisions.

AI-powered chatbots or virtual assistants have become popular in banking and finance. These chatbots resolve customer queries promptly. Big data analytics provides all the information required for custom programming chatbots. Intelligent chatbots offer a great customer experience.

ML algorithms can predict the future needs of banking customers. Banks can leverage this data to create innovative products for their customers.

Automation technologies like RPA (Robotic Process Automation), AI and others used with big data in banking take over routine banking processes. This relieves humans who can channel their time and efforts on activities that help to strengthen bonds with their customers. Human interaction helps build trust and reduces churn rate.

Automation speeds up processes, enabling banks to provide services to their customers with minimal delays. Faster operations boost customer experience.

Open banking APIs facilitate the integration of external data sources into the internal systems of banks. Banks can leverage real-time financial data from multiple sources to anticipate customer needs in real-time and offer proactive solutions and personalised recommendations and as a result enhance customer experience.

Big data analytics helps banks identify inefficiencies, bottlenecks, pinpoints, etc. Banks can take timely action and streamline operations which positively impacts outcomes. It helps optimise loan approval processes, refine risk management strategies, etc. It enables banks to remain agile and resilient to customer needs and thus results in better customer experience.

In Conclusion

Big data provides an opportunity for banks to tap into the wealth of customer data to extract actionable insights. It helps banks understand and predict customer needs and create products and services that delight their customers.

How can Infosys BPM help?

Infosys BPM offers customer service solutions that are customised to meet the unique needs of your business. Our approach focuses on operationalising digital capabilities that redefine end-to-end customer service with enhanced self-service, transparency, analytics, and streamlined technologies.

For more information, contact infosysbpm@infosys.com

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