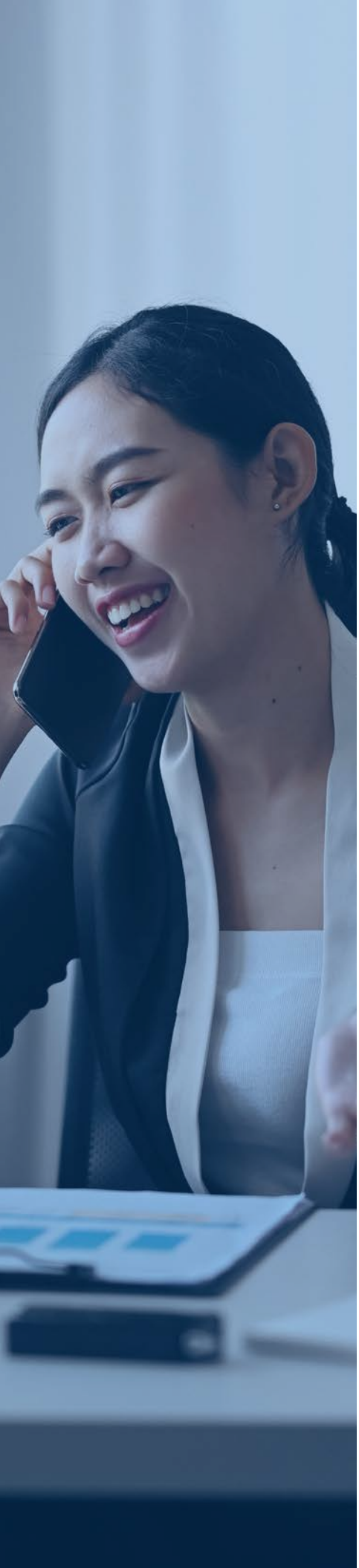
BE FUTURE-READY WITH AN INTEGRATED APPROACH TO ENTERPRISE CUSTOMER DECISIONING

INFORMATION SECURITY MEDIA GROUP



Organisations are dealing with an unprecedented rate of technology-driven disruptions that is reshaping how business is conducted, how financial services function and what customers expect.

So, how do you future-proof your business to strive amidst these expectations? Could the key, be a consolidated approach to Enterprise Customer Decisioning? Through the interconnectedness of marketing, risk, fraud and financial crime functions, Enterprise Customer Decisioning empowers banks by revolutionising how they engage with customers. By unlocking the ability to leverage the same data, advanced analytics, and technical architecture, banks will be able to drive faster and better decision making, foster collaboration, streamline operations and drive continuous improvements.

Enterprise Customer Decisioning is the key for innovative organisations to think bigger. By breaking down silos and leveraging the collective intelligence of diverse teams and harnessing the power of advanced analytics, AI and machine learning, decision-makers can identify emerging opportunities and potential risks, allowing them to remain adaptive and resilient in the face of uncertainty.

In this eBook we will discuss:

- Key trends driving change in the global banking sector.
- The importance of building integrated capabilities to offer seamless customer journeys.
- How unlocking the ability to leverage the same data, analytical and decisioning tools and technical architecture organisations will enable integrated decisions across the entire customer life cycle.

TRENDS DRIVING CHANGE IN THE GLOBAL BANKING SECTOR

FIELD: What are some of the key factors driving change in the global banking sector today?

THEODORA LAU: The list is very long. Let's start with consumer behaviours. Consumers are demanding more than just having data. The old days of, "How much money did I spend on coffee last month?" is no longer sufficient. Now, consumers want actionable data. They want advice to help them chart the next course: "What do I need to do to get from A to B? What are things that I can change?" We have noticed that change in demand in personal finance and selecting the tools that they want with regards to personal finance management. That's a big trend. And at the same time, they also want flexibility in how and where to pay.

As the whole economy is moving from open banking to open finance and open data, there's so much power in the data that we can use to drive decisions and behaviour. Rise in interest rates and uncertainties in different ecosystems, drive consumers to rely on different payment methods- we saw the rise of "buy now, pay later," and increased credit card debt, for example.

We cannot get by any conversation without talking about artificial intelligence, which has exploded in terms of interest coming from all segments of the market in different industries. Generative AI in particular has captured a lot of attention and venture funding. In 2023, AI startups raised over $42.5 billion the entire year, and 48% of that went to generative AI.

When we talk about something as exciting and sexy as AI, there's also a flip side – the dark side of the technology. Now, we have the ability to very quickly develop and spread deepfake videos, audio, text and images. That leads to a rise in fraud and financial exploitation, and it's going to get way worse. That intersects with the question around identity: "How do I prove who I say I am, when we think about KYC?

Technology and financial services are becoming more and more tightly woven. The question becomes: "How do we assess risk?" The way we think of risk and the way we need to manage risk has changed. We can't talk about banking trends without talking about, for example, ESG reporting and the need for different data and reporting requirements for compliance, as well as data security and privacy. How do we keep data safe? All of that is less interesting and sexy, but they are very important things that we need to be concerned about within financial services.

DIANA ROTHFUSS: As organisations are adopting AI, they need to break down silos. And this is the year that we're going to see a lot of organisations break those silos. It's the second wave of digitalisation, and organisations have technology debt that they don't know what to do with. At the beginning, they put some band-aids on systems to make sure that they could meet consumer demand, protect against fraudsters and understand who their customers were. During the pandemic, they had to adapt.

But now, coming out of the pandemic, again, people want things faster and smarter, and

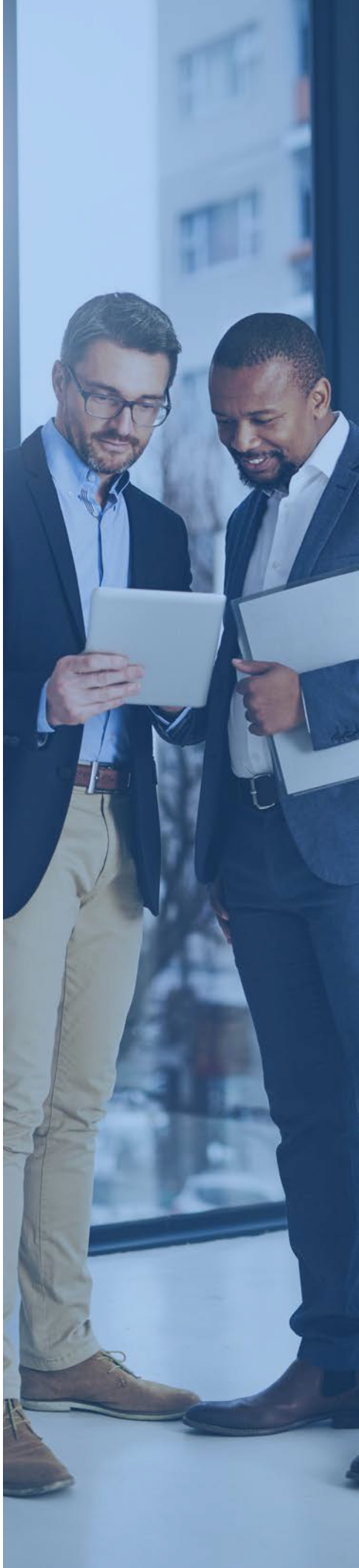
they want things to be trustworthy. Organisations now see that these band-aids have caused multiple systems to be in the background. That means your data's not talking to each other, which means your data's not smart. Your data is not performing the way it should, and that results in operational cost for organisations. It affects the consumer experience and a lot of the trends in a positive and negative way.

ENTERPRISE CUSTOMER DECISIONING

FIELD: What is Enterprise Customer Decisioning? Why is it so valuable to financial service organisations today?

ROTHFUSS: Enterprise Customer Decisioning is about what organisations are doing to bring their data together to make better decisions. Think about of the different silos that use data to acquire and onboard a customer who expects a seamless journey. Data acquired during that journey is used to make independent marketing, credit risk, fraud and know your customer decisions rather than just silos working together to improve outcomes. Fraudsters are getting smarter, and they want to break through systems. If your organisation has different silos, and you truly don't know who your customer is, you're not going to be able to make that breakthrough and stop that fraudster from coming in. The concept of Enterprise Customer Decisioning is making organisations stop and think more about what they can do behind the scenes from a technology consolidation standpoint to bring data together to make faster, better, stronger decisions.

LAU: As much as we recognise the things that data can do and how it can help us make the right decisions and reduce the cost of operations, we need to be cognisant of our historical data bias because algorithms do not exist in a vacuum. A human is creating them. The decisions that we make impact the human on the other end. To be able to leverage the full power of data in enterprise decisioning, we need to have a relentless focus on explainability. We need to make sure that humans comprehend the outputs that the AI models are providing.



"The concept of enterprise customer decisioning is making organisations stop and think more about what they can do behind the scenes from a technology standpoint to bring data together to make a faster, better, stronger decision."

– Diana Rothfuss

We also need to understand ethics, fairness and transparency. For example, when it comes to credit decisioning, the Consumer Financial Protection Bureau said, "If you are using AI to make your decisions, you need to be able to explain why you reject a certain loan." That speaks to the importance of understanding what we are doing and why we are doing certain things. The impact on people and operations needs to be in the equation. I'm not worried about a future where AI takes over the world, but I'm worried about human bias and what it can do.

IMPACT ON THE FUTURE

FIELD: How are these trends playing out? What opportunities is Enterprise Customer Decisioning bringing to organisations?

ROTHFUSS: Customers want things fast, and they want fair and accurate outcomes. They want to be able to trust their organisations. A different wave of people are coming through – the millennials and the new audiences. They really lean on trust, and they want to trust organisations to make the right decisions.

Breaking down technology debt and having a singular platform approach to doing business allows your data to continue to be smarter. It works faster and makes your decisions more accurate. It helps you protect your customers and understand who they are, not only from a business perspective of fraud and risk. It could be marketing determining the most appropriate time to reach out to provide them a targeted offer. It's truly connecting with the customer. And on the back end, it helps organisations break down technology debt so that they can invest it in things like AI, and continue to make their internal systems smarter, stronger and faster.

LAU: Efficiency and reducing costs is going to be a huge theme for the year and beyond.

HOW ENTERPRISE CUSTOMER DECISIONING ADDS VALUE

FIELD: How do organisations apply Enterprise Customer Decisioning to bring business value?

TERISA ROBERTS: Enterprise Customer Decisioning enables a broader view across the customer journey, across the traditional siloed or disconnected systems, that can result in superior outcomes for your customers, like wider access to credit, for example. It can also result in significant benefits in terms of economies of scale and potentially, a better handle on managing the interconnectedness between risks.

If we put that in context, financial services organisations make thousands, or in some cases, millions, or billions of strategic, operational, and transactional decisions. And they are fast-tracking the time to decision by embracing new technologies. At the same time, financial organisations are operating in a very dynamic environment. Globally, we observe high volatility and higher cost of funds and liquidity pressures, and new and different types of risks are emerging in the digital world. It is therefore imperative for Enterprise Customer Decisioning to happen at the right place and at the right time – but not at the expense of your security controls or the quality of your risk assessments.

TIM CHARLESWORTH: From a marketing perspective, it is all about the customer experience – delivering the experience to a customer in a seamless way so that the rules we're following and the decisions we're making are not obstacles in the path of a customer. We want to help them on their journey to where they need to be. No matter how much you invest in behind-the-scenes decisioning, if it's not used in the right way, if it's not presented to the customer in a painless way, it gets in the way rather than helping.

CARL EASTWOOD: Reviewing the process through the eyes of the customer can help you understand where you might be able to apply a holistic approach to decisioning. "How do you break down those silos? How do you map those decisions that need to be made in order for a customer to complete that journey?" By understanding how to bring some of those things together can improve your decision and reduce friction for the customer. Ultimately, they benefit both the customer and the financial service provider that is servicing that customer.

For example, if a customer visits a website and is considering a product such as a loan, there must be decisions from a marketing perspective as to what you might present to that customer and how you might entice them to choose that product from your website. If they then choose to apply, they need to go through various assessments. They need to verify their identity, and we need to assess their credit risk and affordability. They need to go through a fraud assessment and a financial crime set of assessments for customer due diligence and sanctions screening. SAS believes bringing those decisions together is a great strategy and a great way forward. Share the data, because there's a huge overlap in what all of those departments need to use in order to make those decisions.

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– Tim Charlesworth

Having a single decisioning process reduces SLAs and should ultimately lead to a better decision. It's interconnectedness in the customer journey, interconnectedness of technology and interconnectedness of data that we're utilising on top of that technology to make the best of that customer journey.

LAU: In Asia, over a decade ago, digital wallet super apps became popular, first in China with WeChat and Alipay. They collectively have over 1 billion users now. In Southeast Asia, there are Grab and GoJek, all of these are tech-driven solutions, and lately in Brazil we've seen the rise of Pix. These solutions bring the different segments of the customer journey together and help address the needs of the underbanked and the unbanked by leveraging data across the customer journey to expedite decisions and reduce friction. Traditional banks are playing catch up with these digital finance providers with regards to seamless customer journeys.

THE SHIFTING TECHNOLOGY LANDSCAPE

FIELD: How is the shifting landscape influencing the growth of this approach that we've just discussed?

CHARLESWORTH: There are a couple of dimensions to that. We've touched on the changing expectations of consumers out there. We are all consumers, and we all are expecting a continual improvement in how businesses are interacting with us. The other side is the tech side, the evolution of the technology. Doing integrated processing across silos used to be very difficult in terms of the technology you need to combine to do it. But the landscape is shifting, and technology is making it easier. The growth of low-code, no-code implementation technologies means this is within reach of even the smaller organisations. It is no longer the big entities who can only do this.

ROBERTS: Digital transformation is really a decisioning transformation because it radically changes the way banks are making their decisions. Today, the world is a lot more connected. There are also a lot more players. We see the fintechs, the neobanks, retailers acting as banks and banks providing add-on services. The lines are blurring. For a competitive advantage, it brings about the need for more agility in decision-making.

Consider the broad scope of data, thanks to the data deluge. Internal data, external data

and publicly available data have significant value creation potential for organisations in credit risk management. For example, open banking, e-commerce data and the geolocation data for ESG are all being incorporated into the decision-making of organisations. For a collaborative Enterprise Customer Decisioning platform, data consolidation and data sharing – where it makes sense – is a key driver.

Another key driver is total cost of ownership. Banks are always looking to improve their cost-to-income ratios. Cloud adoption is growing across the globe, and it is delivering on agility and scalability. It may not always deliver on cost savings, and a unified platform can help reduce the total cost of ownership.

EASTWOOD: Customers talk to us every day about their need for rationalisation. That is the big focus from an IT department perspective over the next 12 to 18 months. We can offer a lot from a single platform for Enterprise Customer Decisioning that utilises a consistent set of tools.

From an IT perspective, beyond rationalisation, there is still a need to be very agile and to make use as much as possible, in a cloud native world, of innovating using Continuous Integration and Continuous Delivery (CI/CD). How does IT facilitate and enable constant innovation to ensure that the business is getting the best out of the technology? It's difficult to do that when they're using a dozen-plus separate decisioning capabilities that sometimes service just one single decision in the customer journey. How do you optimise that when there are so many different technologies in play? Rationalisation comes not just from a cost perspective, but also from an innovation perspective.

Also, third-party data is huge in fraud and financial crimes. How do we use data to verify, identify and authenticate that the person is who they say they are – that they are the customer that we think we're dealing with? We can use biometric data, device data or verify their phone numbers or email addresses, but that's constantly changing. The need to use one service over the other is constantly pressured by the cost of doing that, as well as the benefits of doing it. Data orchestration in real-time as a customer is doing something online or transacting is

critical, and how we integrate with those services is critical as well. There are big benefits to managing that from a single platform.

Finally, on the business side of things, there's an ever-increasing requirement for the business to self-serve. It used to be the domain of very technical people like the data engineers or the data scientists to help the business serve, but that's not enough nowadays. We need to enable a larger number of people across the business to help make decisions across the organisation. Having a consistent set of tools on a single platform that marketing, fraud, financial crime, credit risk can use – rather than each department using different tools – provides significant benefits.

LAU: Suncoast Federal Credit Union, for example, has been partnering with an AI startup that extends small loans to borrowers. They use a machine learning methodology that analyses more data points than what we traditionally use for a typical credit model. The beauty of that is they can use the credit bureau data with cellphone bills, rents and utility payments to make a single decision that considers credit, fraud and financial crime risks at the same time and with the same data rather than independently.

USE CASES

FIELD: What are some of the compelling use cases that you have seen?

ROBERTS: Banks are looking into straight-through processing of financial transactions,

like loan approvals and insurance claims. Banks are facing fierce competition with loan approvals because fintechs are offering frictionless, digital banking services. A SAS survey that we conducted last year found that 50% of banks will revisit their loan onboarding processes in light of digitalisation. A recent McKinsey study found that 75% of banks will increase their use of data and analytics in the next few years.

We recently worked with a bank for their small business lending portfolio. They were able to reduce the time to decision from two to three weeks down to two to three days, which is very exciting. They were also able to grow their market share and revenue. But it takes more than technology to streamline business processes. You also need the right people and the right operating model.

Another compelling use case is early warning systems to intervene early and proactively when we observe signals of stress, say, in transactional data. This is where AI and anomaly detection can be very effective tools to screen for and find the proverbial needle in the haystack. Many regulatory authorities require banks to have in place effective risk management systems that include early warning mechanisms for credit risk management as well as fraud prevention.

EASTWOOD: There's a competitive advantage for banks to gain by improving their service to make it more frictionless than their competitors. Frictionless means it's a smoother process, but it also often means faster. We're seeing banks strive to fund loans within seconds rather than days. So, a customer can be standing on the forecourt of a car sales lot and literally paying for their car as they've applied for that loan and been approved for it. How do you gain more customers by improving your decision-making, and making that decision-making faster but also ensuring that you've correctly assessed them for all of the different checks that they need to undertake rather than taking undue risk?

Beyond that, there's also the payments process within the bank. There are many different things that you typically step through before a payment is made, although you might not realise it. Some of it you

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do realise because there's a friction there, which is: "How do I log into my online banking account? How do I go through the necessary authentication process during an e-commerce transaction in order to make a payment?" But in the background, there's also a fraud check, an AML transaction monitoring assessment and sanction screening taking place. How do we bring all of those processes together in order to democratise the data and gain benefit from the insight that each of those different steps might have had? Banks are telling us: "At the moment, we have a lot of blind spots, and we'd love to bring each of those things together to gain more clarity and accuracy in our decision making processes."

CHARLESWORTH: We need to emphasise the importance of time. As we are communicating with our consumers out there, there are a limited number of opportunities to actually present the right message. So, we need to be able to execute this kind of thinking really quickly. As somebody is getting off the train after their morning commute, that's an opportunity in time that we have to communicate. Either we make the right decision and send the right message at that moment in time, or we have lost the opportunity. It's gone. To be able to execute these decisions in the right moment but with the right backing behind that decision is an opportunity to improve the way we are delivering service to customers.

LAU: On my last visit to Alibaba, quite a few years ago now, they launched what they call the 3-1-0 concept for lending: three minutes to assess the credit, one second to dispense the loan and zero human interaction. This was in 2016 or 2017. It speaks to the power of data and the role that it plays. It speaks to that speed you were talking about in giving value for not just the enterprise but also for the consumers, in helping them create a more inclusive financial services system.

QUESTIONS TO ASK

FIELD: What are the practical questions that people should be asking within their own organisations about Enterprise Customer Decisioning?

CHARLESWORTH: Ask about the number of places within the organisation where a similar decision is being made. Look for how many places you are embedding decisions in the channel of communication. Are you embedding decisions in different places that ultimately are making the same decision? It's a reality of how many organisations have grown up, and there's an opportunity there to bring those into a central place for control.

ROBERTS: Ask how future-ready your enterprise decisioning architecture is. What are the current bottlenecks that you are experiencing? How easy is it to make changes to policy rules, for example? Another question to ask is: "How are your decisioning systems connected to enterprise governance and compliance?" Generative AI is a force multiplier in decisioning, but effective governance is becoming increasingly important with boards and senior management that have to handle the ever-widening range of emerging risks, like cybersecurity and the technological risks of AI.

EASTWOOD: Where are you on your cloud journey? Are your existing technology partners ready and able to transition with you on that? Generally, financial services has been slightly more cautious and specific around when/how it moves to cloud, but it's happening. And it's happening for a good reason. There are many benefits to cloud-native software, how agile and innovative you're able to be, and how quickly you are able to make changes.

If you have not been thinking about how the tools within your department will move to the

cloud and what the next version of it is, then you need to start thinking about that now. Customer decisioning requires mapping that out in terms of the customer side of things. Have you done that from an end-to-end perspective? Most departments probably have. But have you thought about the particular customer journey and worked outside of your department with the other key stakeholders that take part in making a decision on that customer journey, to understand how best to optimise that decision-making process?

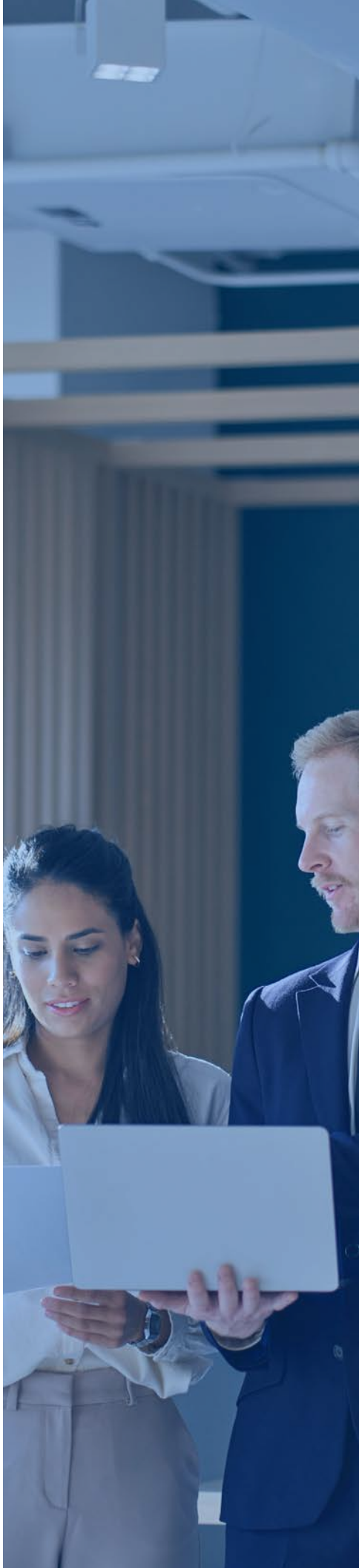
LAU: Take a step back and ask: "How do we do Enterprise Customer Decisioning? How would the organisation know that I am actually me and not three copies of me?" The question I always go back to is: "What is your data strategy? Do you actually know who I am? How do you bring all of this together so that you can actually get to the next step, which is to make a decision?"

ADVICE FROM THE PANEL

FIELD: What is your advice? How can we bridge the silos within our organisations and get the different departments speaking the same language?

CHARLESWORTH: There's no substitute for actually talking to each other. Organise different groups within the business to actually get together and discuss and talk about these issues. Introduce different parts of the business to each other. The benefits that come from actually getting people to talk to each other about these issues and to work together can be quite unexpected. Down the track, they quite often organise into agile methodology teams and cross-functional teams and take these things on in bite-sized chunks. Make use of approaches where you actually get people working together for a common goal.

ROBERTS: Risk speak is quite different from fraud speak or marketing speak. But with an Enterprise Customer Decisioning platform, there's now potential for cross-functional innovation across the business-as-usual activities. Some banks are evaluating and modernising their



"Generative AI is a force multiplier in decisioning, but effective governance is becoming increasingly important with boards and senior management that have to handle the ever-widening range of emerging risks, like cybersecurity and the technological risks of AI."

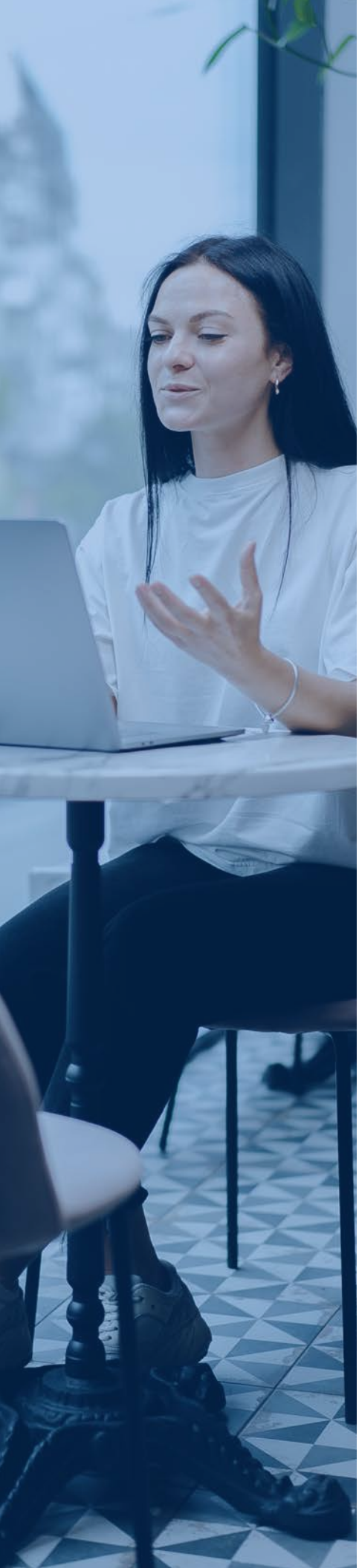
– Terisa Roberts

enterprise decisioning platform to do that end to end. Then they roll out different use cases on top of that platform as and when needed. Other banks are considering a more phased approach. The immediate need may be to modernise a legacy system that's end-of-life. Your decisioning platform needs to be flexible enough to support that, and it must be able to extend to subsequent modules in the future. Look at collaboration and reusability of a set of common objects across the enterprise.

EASTWOOD: I've worked at banks and telcos in credit risk and fraud teams. I've seen the benefit that you can achieve through collaboration in decision-making. When I worked on the fraud team for a bank, we had great insight into data that could be used from an application fraud perspective. But we lacked the technical expertise to build models, as well as the real-time system that we might deploy that model into. The credit risk team was able to facilitate that part for us. We gave them the intelligence, and they did the rest. It led to great results from a fraud reduction perspective.

Here at SAS for the last 18 months, we have worked extremely closely from a fraud and financial crime perspective with our risk and customer intelligence teams to understand where those synergies are. How can we bring a single platform with a consistent set of tools to bear, to provide lots of benefits to our customers? It's amazing how much you can learn from the approach that different teams take to solving problems that in many respects are very similar although they might have slightly different intentions in terms of what you're trying to solve. I could be trying to acquire a customer through a marketing offer or trying to assess someone's credit risk or fraud risk. But ultimately, the decision makes use of similar data. Talking across teams and setting up a formal approach to cross-collaboration can help kick-start things.

LAU: We need to talk to one another more often. I don't know if we do that enough. Also, learning from outside the organisation is really interesting. I'm a big fan of lifelong learning. Be curious and stay curious. When we look at how other organisations do things, we bring back fresh perspectives, and that's how we can learn and advance together.



ABOUT SAS ENTERPRISE CUSTOMER DECISIONING

Enterprise Customer Decisioning empowers banks to use data-driven insights to enhance customer experiences, manage risk effectively, and drive operational efficiency. By embracing this approach, banks can stay competitive, compliant and better positioned to meet the evolving needs of their customers in today's rapidly changing financial landscape.

With an Enterprise Customer Decisioning approach you can:

Make better, faster decisions. Discover faster outcomes with efficient, effective decision flows that achieve results automatically.

Enhance the customer experience. Pull data from multiple areas of your organisation to allow for faster application approval, approach them with the best offers and protect them from emerging risks.

Rationalise complex IT infrastructures. Streamline your IT infrastructure by allowing one platform to house and perform all decisioning and data gathering vs. having disparate systems and not knowing the data within your organisation.

Reduce operational costs. By streamlining your approach across the enterprise, you can reduce the cost of doing business by being able to focus on the right priorities within your organisation.

Gain agility to address new risks and competitive pressures. Stay ahead of the competition and emerging risks by using data from across the organisation to stop bad actors and keep customers.

Learn more visit SAS Enterprise Customer Decisioning

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ABOUT THE PANELISTS

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Lau is a public speaker and adviser. She's the co-author of "The Metaverse Economy" and "Beyond Good," and host of "One Vision," a podcast on fintech and innovation.

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Charlesworth has over 20 years of experience in the application of marketing, advertising and business intelligence solutions to companies across the Asia-Pacific region.

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Roberts advises banks and regulators around the world on best practice topics in risk modeling, decisioning and the responsible use of artificial intelligence and machine learning.

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Rothfuss is responsible for defining industry strategy and messaging for the global risk, fraud and compliance markets within financial services.

"We need to talk to one another more often. I don't know if we do that enough. When we look at how other organisations do things, we bring back fresh perspectives, and that's how we can learn and advance together."

– Theodora Lau

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