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Fearless decision?

Accelerate your decision capabilities
to drive profitability and meaningful
differentiation in digital banking

Enjoy certainty. SAS® Intelligent Decisioning.

The future is now

Banking is in the midst of a digital revolution

Uncertainty, agile startups and larger market disruptors are shaking the foundations of the financial sector, and traditional banks need to run at full throttle to stay ahead. In addition to increased market volatility, banks also face new demands from regulators to provide open banking — which means giving both collaborators and competitors access to valuable data and services.

Financial services providers old and new are jostling for the same prize: the high lifetime value that results from loyal, satisfied customers. The most successful banks of the future will be those that can see their customers as individuals, appreciate their unique journeys and make decisions accordingly — across all associated business functions. However, while most banks have a clear vision of the end goal, many are held back by the same old barriers to innovation — inefficient manual processes, data and organizational silos, a lack of insight, and an inability to act fast when opportunities arise.

Let's explore how banks are harnessing AI-driven intelligent decisioning to overcome these limitations and create a deep understanding of customers that delivers mutual value, strengthens loyalty, and secures organizational agility and resilience.

Now is the time for banks to harness the untappedpotential of intelligent decisioning in order to win the race to future success.

What do customers want?

What do customers want?

Digital technology permeates every aspect of consumers' lives, and they've come to expect fast, reliable, convenient service as standard. Their relationships with their banks are no exception.

With expectations at an all-time high, how you serve your customers is just as important as what you're offering them. The key to competitive differentiation is to prioritize providing an outstanding customer experience — and if necessary, restructuring the rest of your operations to meet that goal.

Unfortunately, many traditional banks have not established meaningful relationships with their customers. In reality, customers have the same kind of transactional relationships with their banks as they do with their gas or electricity providers: Neither adds value to their lives aside from the fundamental services they deliver. If banks maintain the status quo, they risk becoming the utility companies of the financial services sector.
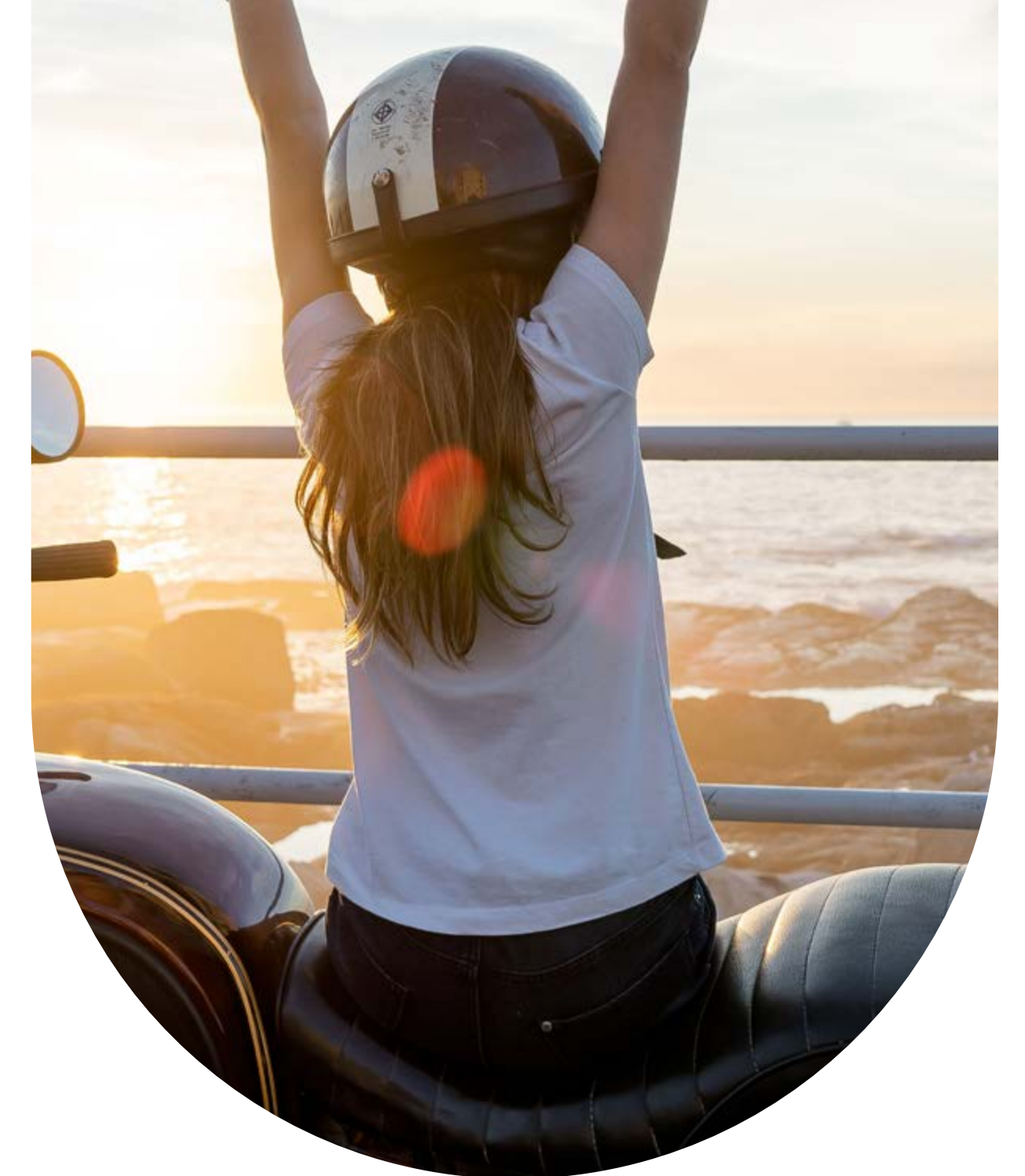
Millennials and Gen Z, skeptical of big banks and wielding hundreds of billions in spending power, predominantly bank online. More than half of these digital natives prefer digital interactions, with many shifting away from traditional banking.

To remain competitive, banks must elevate digital experiences via analysis of unstructured data, which supports personalization at scale. Effectively targeting younger demographics requires timely and relevant delivery of marketing, products and services.

Research by Forrester found that companies that focused on improving customer experience delivered compound annual revenue growth rates of 17%, compared to just 3% for companies behind the curve on customer experience. Equally, Forbes notes that very satisfied customers are 2.5 times more likely to open new accounts or buy new products than customers who are simply "satisfied."[1]

These stats make it very clear that only banks that really make a difference to their customers are sure to survive the banking revolution.

1 https://www.mckinsey.com/industries/financial-services/our-insights/
  rewriting-the-rules-in-retail-banking

Very satisfied Customers are **2.5x**

More likely to open new accounts

What do banks need?

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To thrive in ever-changing market conditions, it's clear that banks need to provide new levels of customer service while reducing risk and optimizing revenue. The tough questions ai-driven decisioning can help banks answer.

Marketing	Risk	Fraud	Customers	Product
How can we ensure that our customers receive the perfect mix of communications and offers at the right time, every time?	How can we implement optimized risk/reward decisioning to deliver the best possible outcome for customers and company alike?	How can we keep the bank and customers safe from transactional and complex fraud while delivering a smooth, fast customer experience?	Can I trust my bank to have all the information it needs to make decisions and treat me fairly and transparently along the way?	How can we get our new products to market quicker and fine-tune our upsell and retention strategies on the fly?

What do banks need?

Banks need to receive, integrate, store, process and analyze massive quantities of diverse customer data in real time so they can understand customers better than competitors do and provide the kinds of services they really need.

However, enabling this is easier said than done. Disparate systems, fragmented data sources and constrained production environments create unnecessary friction points along the customer journey. By the time many banks have gotten their data together, it can be days or weeks old – so any insights derived from it lack relevance and yield limited impact.

Therefore, successful banks are transforming for their customers, by using AI and machine learning to unlock the power of data, drive insights and join the way decisions are made across products, teams and departments. By embracing intelligent decisioning, banks can make the best decision, each and every time. This means an enriched customer experience, real-time next-best actions and increased lending to a more varied range of customers, resulting in reduced credit losses and optimum allocation of resources.

From opportunity to action

From opportunity to action

As banks begin to realize the value of AI and machine learning in unlocking data to drive decisioning, they must bring their operational structure in line with the vision of customer centricity. Intelligent decisioning is by far the most effective way of evolving into a truly data-driven organization.

Intelligent decisioning will become the brain of a successful organization– bringing together structured data from a bank's systems of record, such as customer transactions and product information, with unstructured data on customer behavior and interactions, whether they occur on the website or mobile app, by email, on social media or in branch.

The real-time application of powerful analytical models that spot patterns impacts every aspect of the bank, from risk analysis and fraud prevention to market segmentation and customer engagement.

One of the major benefits of intelligent decisioning is the integration of real-time insights into the system of action – for example, banks' web and mobile apps and their customer service systems. This reduces the delay between opportunity identification and action, enabling more responsive service that puts the customer experience at the heart of bank operations.

> *Banks don't have to improve decisions by much to make a handsome return. AI-informed operational decisions such as closing loans, processing payments, resolving customer disputes and complying with regulations bring banks the greatest return on their analytic investments. While improving real-time transactional decisions – such as pricing, loan decisions, customer treatments, risk reviews, etc. – will delight customers, grow revenues and keep banks relevant."*

Joan McGowan
Banking industry expert, SAS

Seacoast Bank case study

Case study: Seacoast Bank

Finding your best customers with machine learning.

Seacoast Bank uses customer information to deliver a better customer experience – and achieved triple-digit ROI for automated marketing campaigns.

As banking services move online, it's critical for banks to get a clear view of their most loyal customers to answer questions like: What's the lifetime value of a customer? What's driving that profitability? And, what's the best opportunity to increase that value?

With plenty of customer data at hand, Seacoast Bank turned to SAS to gain insights into customer wants and needs. The first step: wrangling the data from different sources to make it useful in a consistent, trusted manner.

With that done, Seacoast uses machine learning to better understand its customers and SAS® Visual Analytics on SAS® Viya® to make that insight readily available to employees.

"Because we're more aware of which customer groups drive value, we can fine-tune our customer treatment strategies, as well as our acquisition efforts, to generate very high returns," says Jeff Lee, Chief Digital Officer for Seacoast.

Once it had its customer lifetime value model in place, Seacoast added predictive models and applied machine learning to solve specific business problems, such as personalization at scale. With SAS, the bank has the capability to market to each customer individually based on preferences and transactional history.

"Without SAS, we really couldn't do what we're doing," Lee says. Since investing in SAS, risk-adjusted revenue per customer has grown by 30%, while ROI for automated marketing campaigns is in the high triple digits. This success has driven the bank to look at expanding its use of analytics to enhance the customer experience in other ways.

Bank services ripe for AI

Artificial intelligence is top of mind for Lee, who says the service-enhancing technology is increasingly needed to please consumers who expect things better, faster, cheaper and available 24/7.

"Think about a chat interaction, a phone interaction, a dot-com interaction – all those are ripe for AI," Lee says. "There are multiple use cases across our business that are perfectly aligned with AI. And now that our data is in order and we're maturing with regards to machine learning, AI will be an important part of how we operate our business going forward."

SeacoastBank

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Chief Digital Officer, Seacoast

What would making better decisions mean for you?

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As we've seen, banks are reinventing their traditional business models to adapt to the digital world. Fortunately, banks possess huge volumes of detailed financial data that they can analyze to find valuable insights about how to enhance existing services, develop new products and improve the financial wellbeing of their customers.

AI and machine learning technologies help banks transform – but analytics on its own is not enough. Banks need to harness the insights generated to automate decisions at scale.

This means basing analysis on all of the information the bank possesses, not just departmental data sets. And that includes both historical transaction records and live data streams that provide immediate context on customer behavior and actions. To truly impact the customer journey, analytics must take place in real time with automated actions that respond to immediate customer needs.

Intelligent decisioning encompasses these AI-driven capabilities, meaning it can help banks adapt rapidly to changing market conditions and provide personalized, fast and high-quality services that customers expect as standard. By doing so, they can transform into the successful digital banks of the future.

Transformational outcomes

Transformational outcomes

Intelligent decisioning will drive significant benefits across all departments within the bank. Here are some of the most compelling and value-generating benefits.

1 **Go from demand to delight**
Use customer data to track and monitor individual spending patterns and help customers improve their financial health by saving money, reducing debt, or paying bills on time.

2 **Improve targeting and relevancy**
Lend more efficiently and profitably to a wider range of customers by replacing crude targeting and reexamining previously poorly identified customers.

3 **Make fast, on-target payment fraud decisions**
Make real-time, informed decisions to reduce monetary, reputational and compliance risks of fraudulent payment transactions.

4 **Balance service and security**
Connect data across the customer journey to continuously secure your channels against malicious attackers — while maintaining a frictionless experience for your customers.

5 **Secure your digital ecosystem**
Comply with regulatory obligations through today's crises and tomorrow's unknowns.

6 **Substantially reduce credit loss**
Use machine learning and AI to make risk models more predictive.

7 **Maximize economic outcomes and minimize defaults**
Assess credit more accurately and reduce exposure to high-risk customers.

8 **Cut costs**
Use smart automation for timeconsuming, manual back-office decisioning tasks.

9 **Boost employee satisfaction**
Reassign staff to more creative, rewarding roles that add greater value to the business.

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For more information, please visit **sas.com/banking** and talk to our Banking experts today.

To contact your local SAS office, please visit: **sas.com/contact**