



Reap the full value of advanced analytics in the banking industry!

Webinar

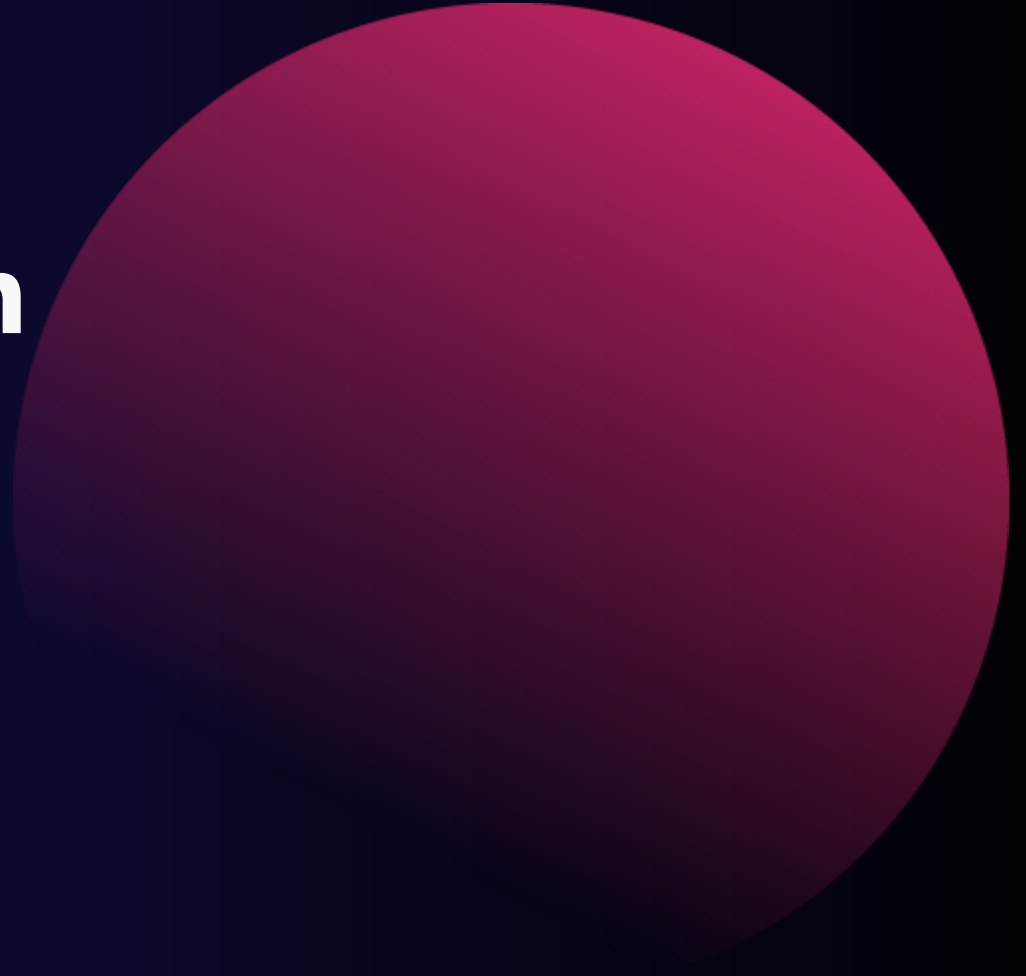
April 2021 •

Agenda

1. Introduction
2. Digitalization assessment: where to start from?
3. **Modern data platform as a backbone**
4. **Business reporting and analytics on new level**
5. **AI use cases to transform the way we do business**
6. Proposed architecture to tackle data challenges
7. About company
8. Conclusion

Digital transformation assessment

Where to start from?



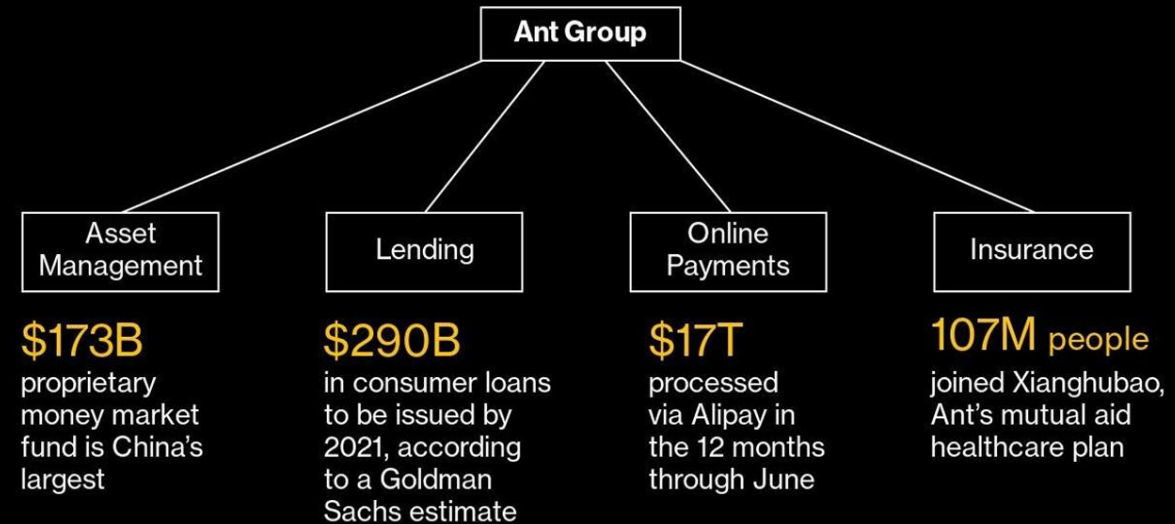


Ant: mobile app as central using point

- Currently most dominant player in digital banking world serving 1B customers over four different revenue streams and being present in all major activities in China
- 15% of Chinas credit market goes thru Ant while credit risk assessment it run below 3 minit including 3.000 variables.
- Classic credit modelling was changed for „referral fee” model where they do the assessment and forward the scoring to a bank and take a fee.
- Started as a micro-saving function for Alibaba clients and turned into 3rd biggest money fund in 2017 in the world offering 6.000 products (bonds etc.). Huge boost to Chinas capital market.
- Sales channel for insurance companies taking only „sales fee” for that service which s making insurance their 4th revenue stream.

Anatomy of a Chinese Financial Powerhouse

Jack Ma's giant has shifted toward tech and services



Sources: Ant Group, Goldman Sachs, data compiled by Bloomberg

Bloomberg

Digital transformation in bank

Offline

Marketing & Growth

Risk

Online

Other ops.

ATM locations

Optimize location based on payment and geo data

Next best offer

Segment website visitors and offer them customer offerings

Fraud detection

Real time fraudulent transactions detection

Customer portal

Easy cross-sell communication (investment, savings, credit...)

Churn/Prevention

Boost customer loyalty thru smart segmentation

Early repayment

Segmentation to prevent early repayment thru early warning system

Digital marketing

Targeted digital mkt campaigns for new-clients

Micro-credit

AI-only sub hour approval process

Call centre opt.

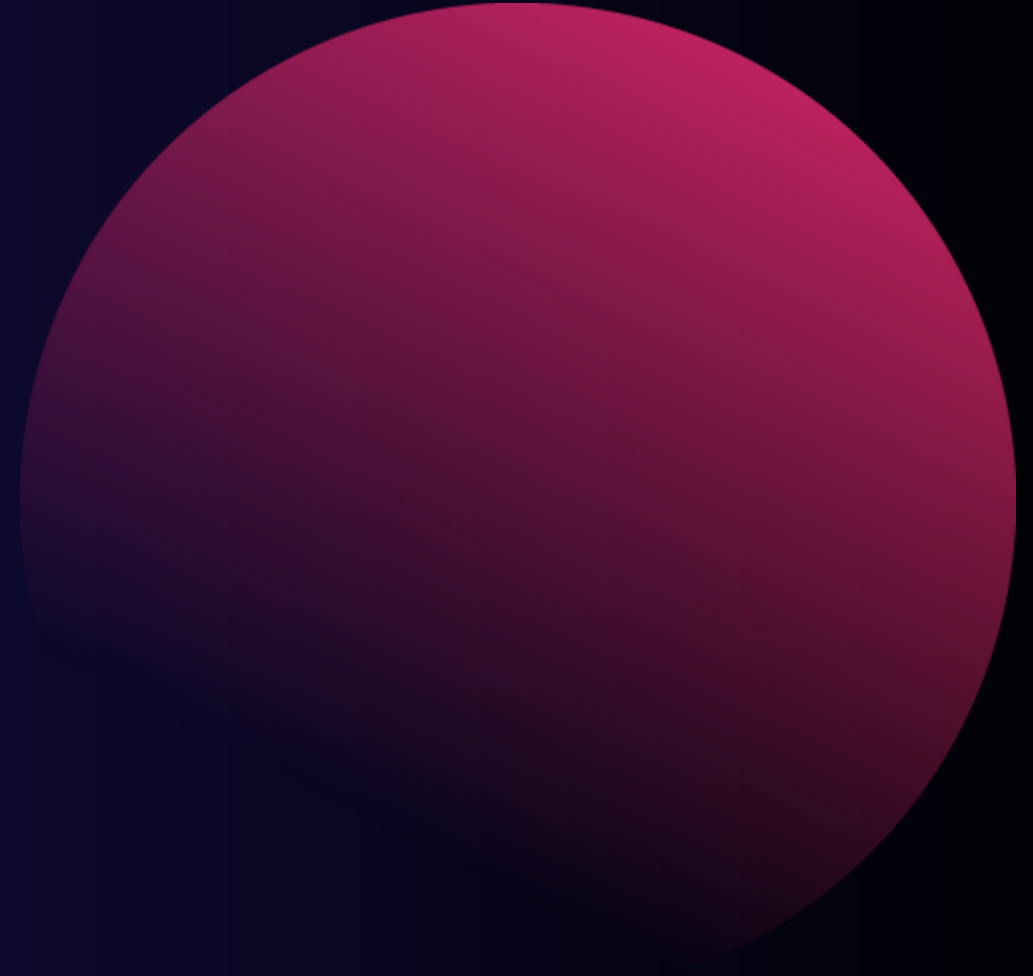
By capacity planning and average handling time

Debt collection

Improve call-center efficiency thru better customer modeling

I. Modern data platform

Integration and cloud DWH as a backbone



What does AI-first mean?

AI-first bank will offer propositions and experiences that are:

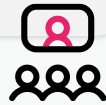
Intelligent

recommending actions, anticipating and automating key decisions or tasks



Personalized

relevant and timely, and based on a detailed understanding of customers' past behaviour and context



Omnichannel

seamlessly spanning the physical and online contexts across multiple devices, and delivering a consistent experience (beyond banking services)



Why do companies often fail in becoming AI-first?

- a weak **core technology and data backbone**
- an outmoded operating model and talent strategy.

Meaning that these systems often lack the capacity and flexibility required to support the **variable computing requirements, data-processing needs, and real-time analysis** that closed-loop AI applications require including proper API's



Dozens: create saving/investment habits

→ Fintech company analysing my habits, comparing me to similar, boosting my saving habits and educating on investment



Revolut: real-time fraud detection

→ Catching Amazon-like transaction with same amount as my Prime subscription in real-time and allowing me to block card and create new on under 2 minutes

Challenges from data infrastructure perspective



Zurich*: huge time savings

→ We had initially planned on 45 days of ETL coding. With DWH Automate we had it completed in two days.



Generali*: data backbone

→ The connection platform is in the heart of our application landscape. It ensures coherence of data in all channels and applications. It's the core of our IT landscape for the next 10 to 15 years.

Are you cloud ready?

1. Legacy on-prem systems find it hard to **scale enough**
2. Reducing maintenance overhead will allow other departments to **approach data in self-service manner**
3. Setting up environment in minutes will boost our **time to market** for new products



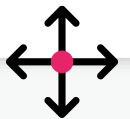
Data – problem and opportunity

1. **Data in silos** – enemy to holistic view of a customer / products
2. Improve **data quality** and replace batch with **real-time CDC**
3. **One version of truth** is just starting point for multi-department projects



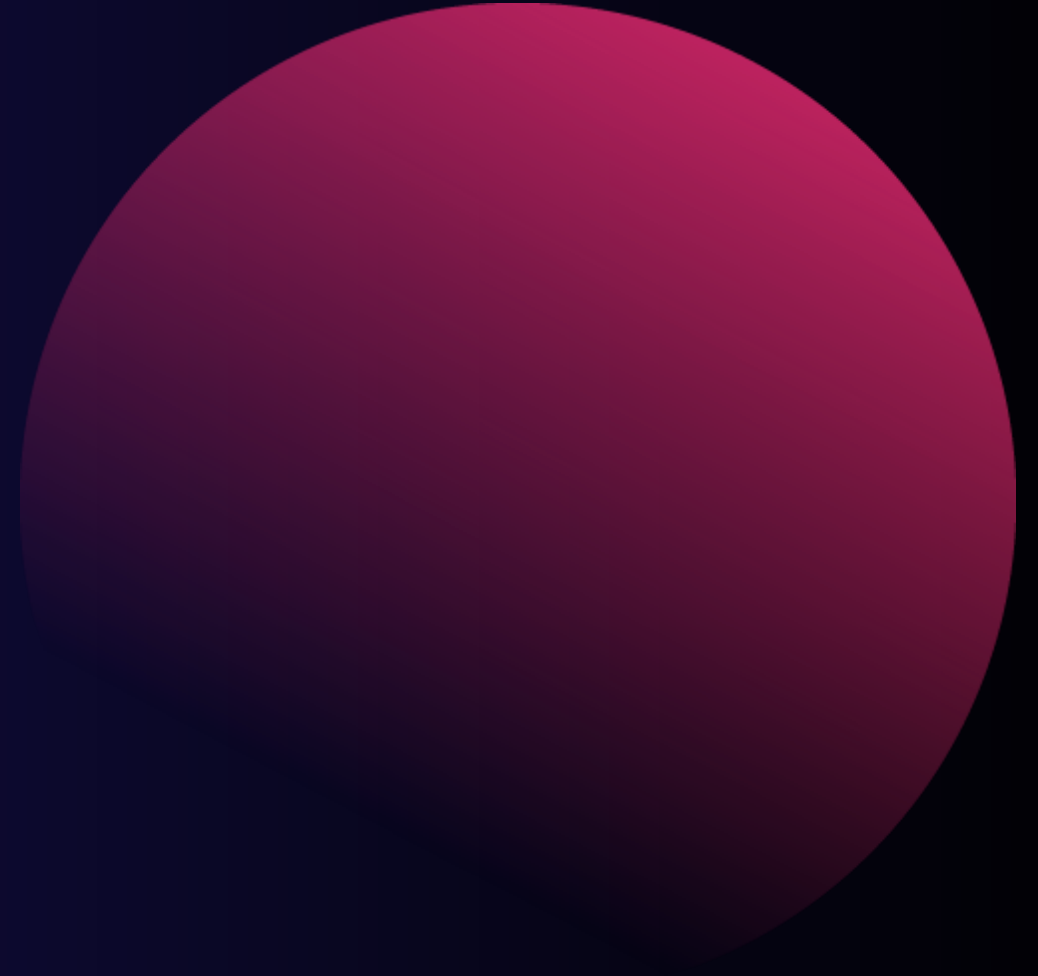
Omnichannel? Start with APIs!

1. Base for **external partnerships** and collaboration with their product / services
2. Starting point to deliver **world class user experience**
3. Improve **internal reusability of developed solutions** and department knowledge



II. Business reporting & analytics

Reactive is not enough anymore



Starting with data you already have

EU top 10 bank

→ Daily report preparation fully automatized, and total saving go up to 3FTE on manual repetitive processes elimination

Citigroup: decision making

→ Citigroup, Inc. improved their decision-making agility by 10% – 24% with self-service BI tool

How to recognize „low hanging fruit“?

- Slow and **manually intensive** reporting (often Excel based)
- No in-depth or trend analysis; many **KPIs are aggregated** in snapshot form
- **Many people** are part of report preparation
- **Sales department** coming last in a row (after regulatory & risk)
- **Multiple** versions of truth pop-up on internal meetings

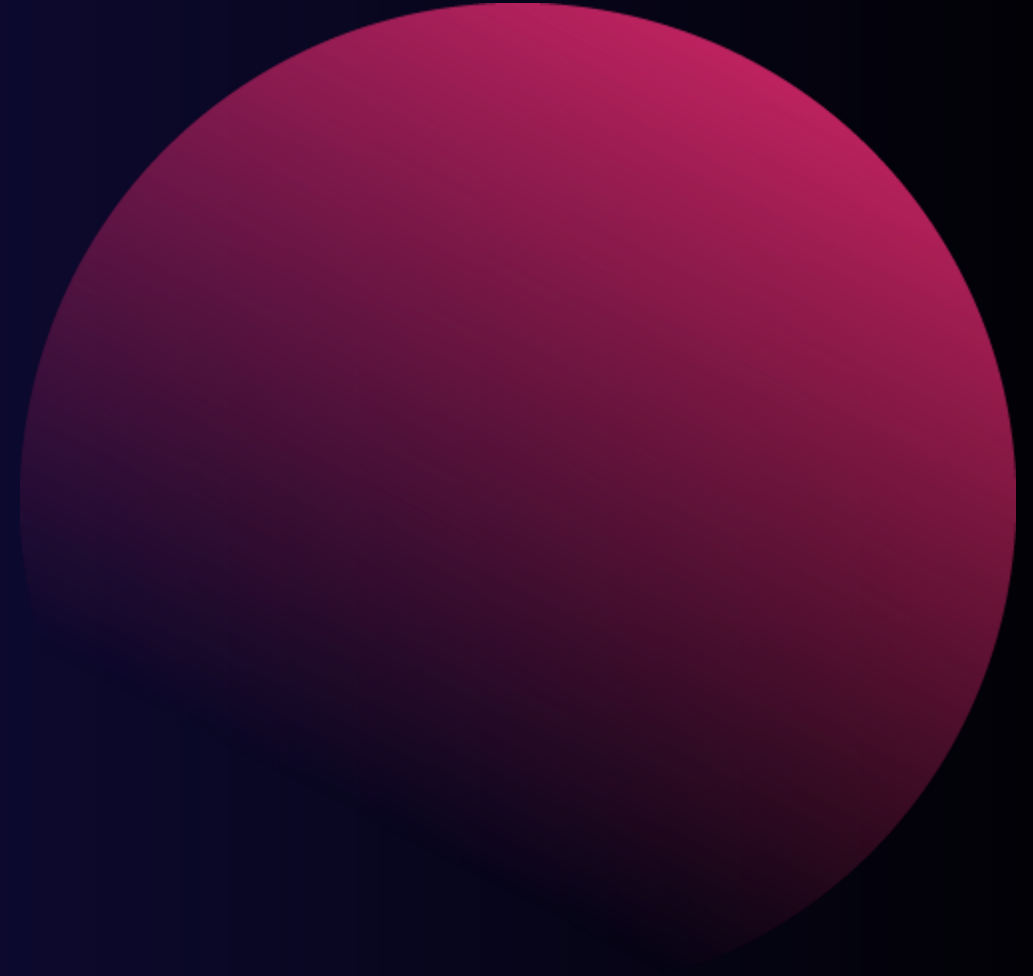
DEMO >

Business areas to be redesigned

- | | |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
|  Sales Performance |  Profitability Analysis |
|  Loan Portfolio Performance |  Credit Pipeline Forecasting |
|  Branch Performance |  New-Business Volume & Pricing |
|  Limits & Exposures |  Scenario Modelling |
|  Credit Risk & CVA |  Claims Supplier Analytics |
|  Regulatory Reporting |  Pricing Rating Factor Analysis |

III. AI use cases

That can transform our business

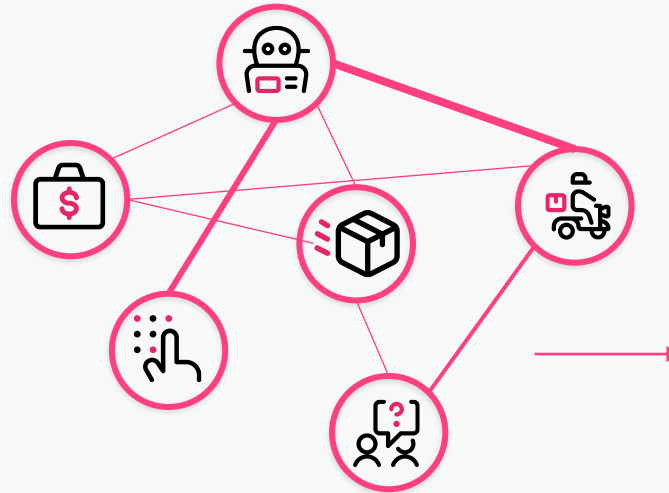


Typical use cases to start with

McKinsey's Global AI Survey report;
60% said they adopted:

- **robotic process automation** (36%) for structured operational tasks;
- **virtual assistants or conversational interfaces** (32%) for customer service divisions; and
- **machine learning techniques** (25%) to detect fraud and support underwriting and risk management.

- **machine learning techniques** for smart and adaptive customer segmentation and targeting



Revolut: budget analysis & forecasting

→ Just a heads up, with this trend you'll spend all your Restaurant budget by 20th this month.

Cropin: non-standard risk assessment

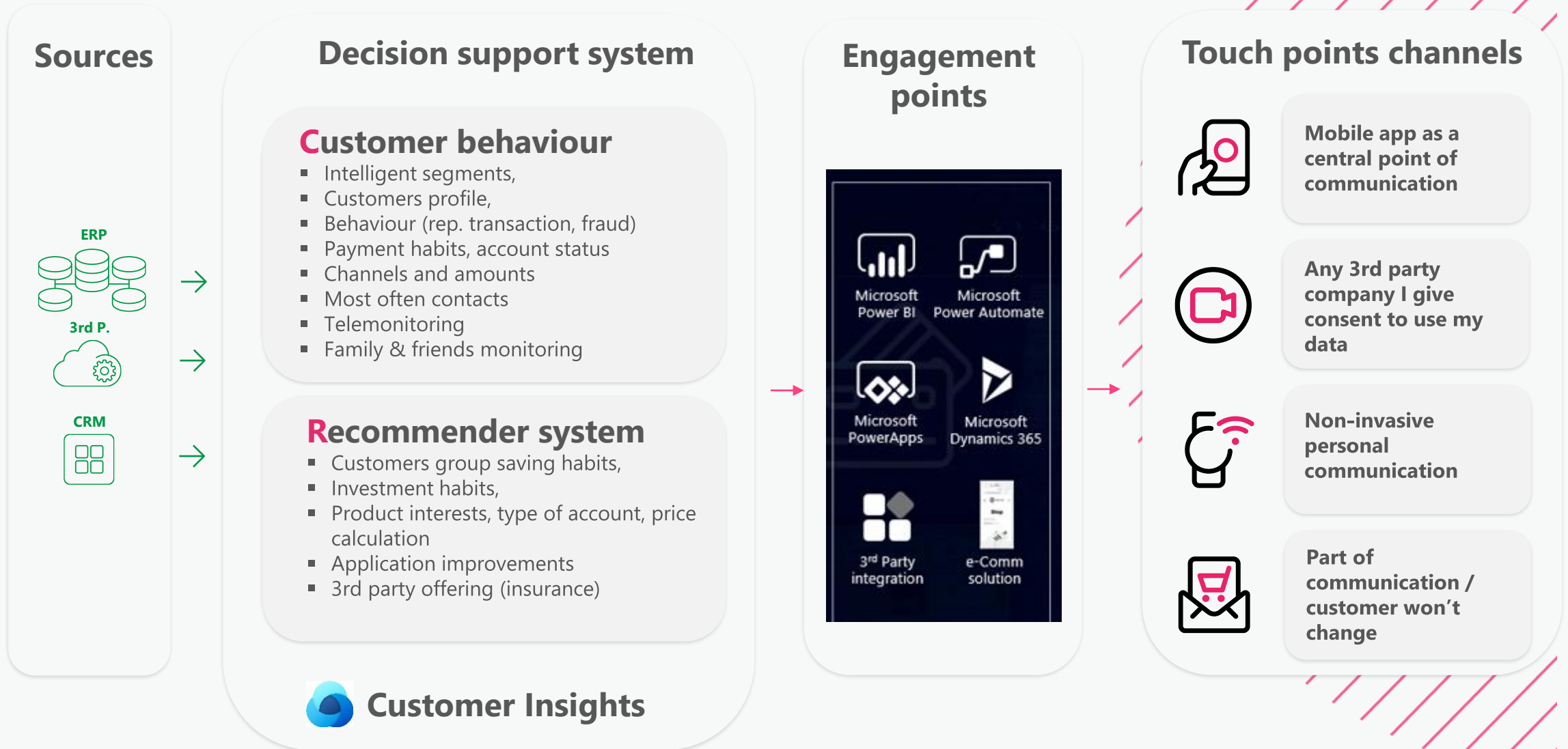
→ Agritech company analysing crop performance, weather and land usage to predict creditworthiness more accurately than traditional risk models

KEKS: intercompany payment app

→ Integrated parking payment and made it convenient and simple to use.

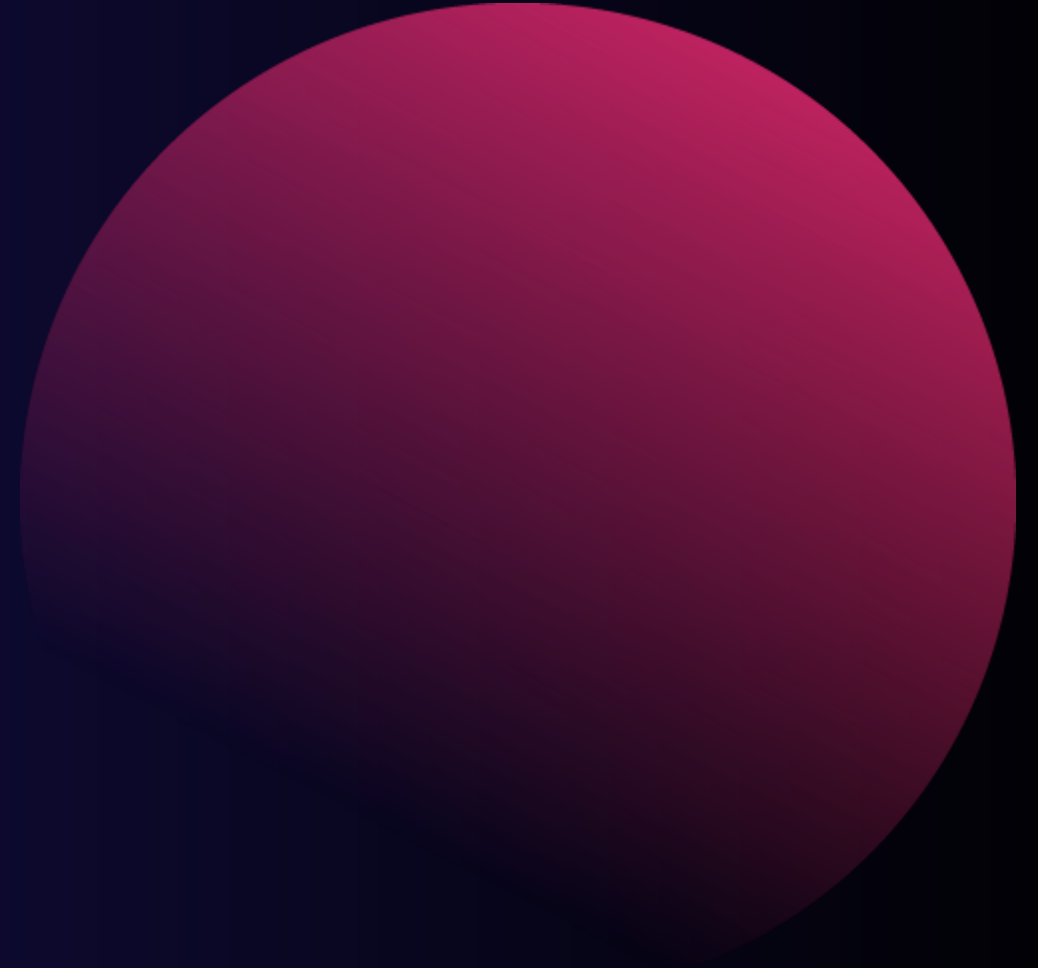
Remind me and suggest what to buy for a birthday to my friend based on his recent interest and provide bank with commisin fee from a retailer skipping transaction fee.

Smart segmentation in banking

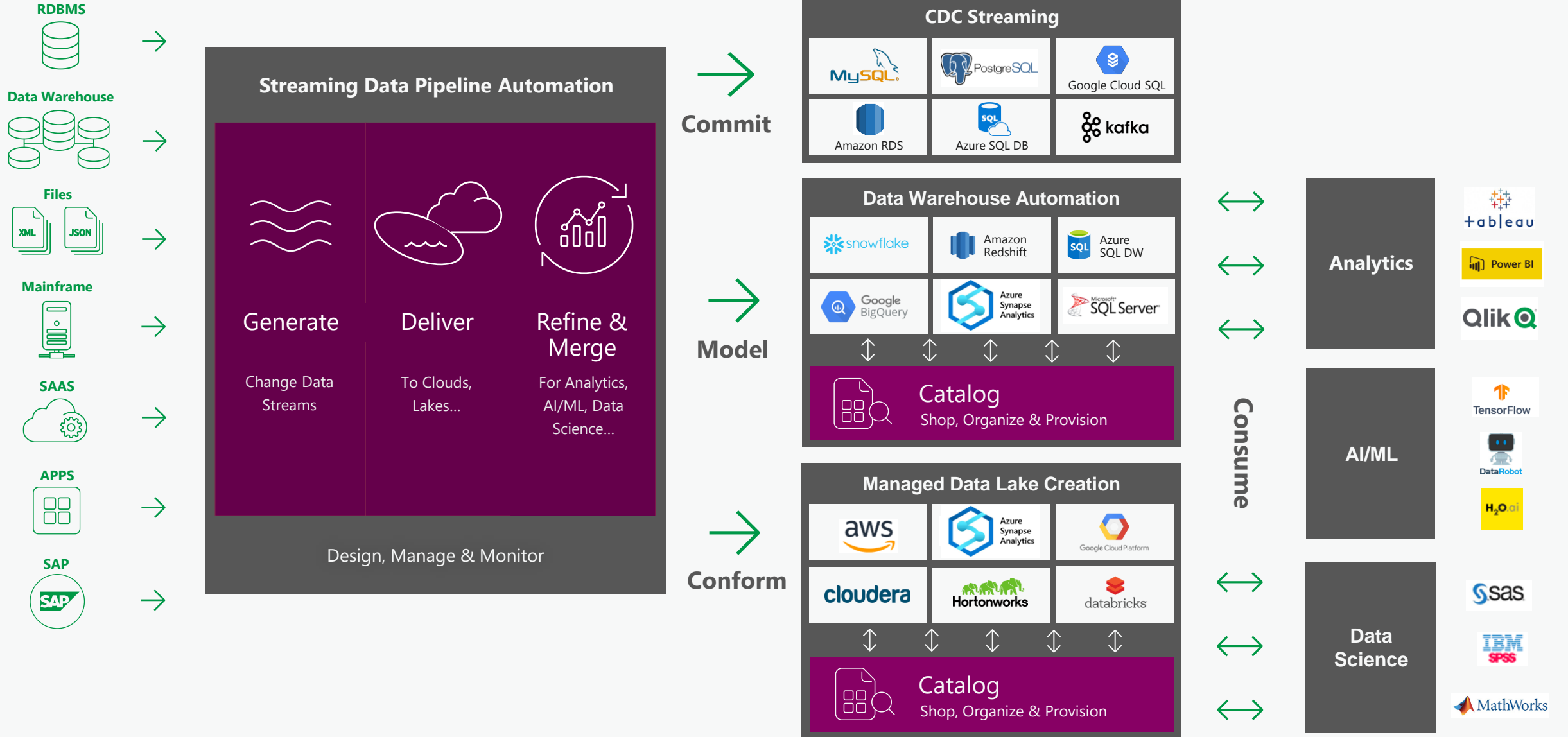


Technology support

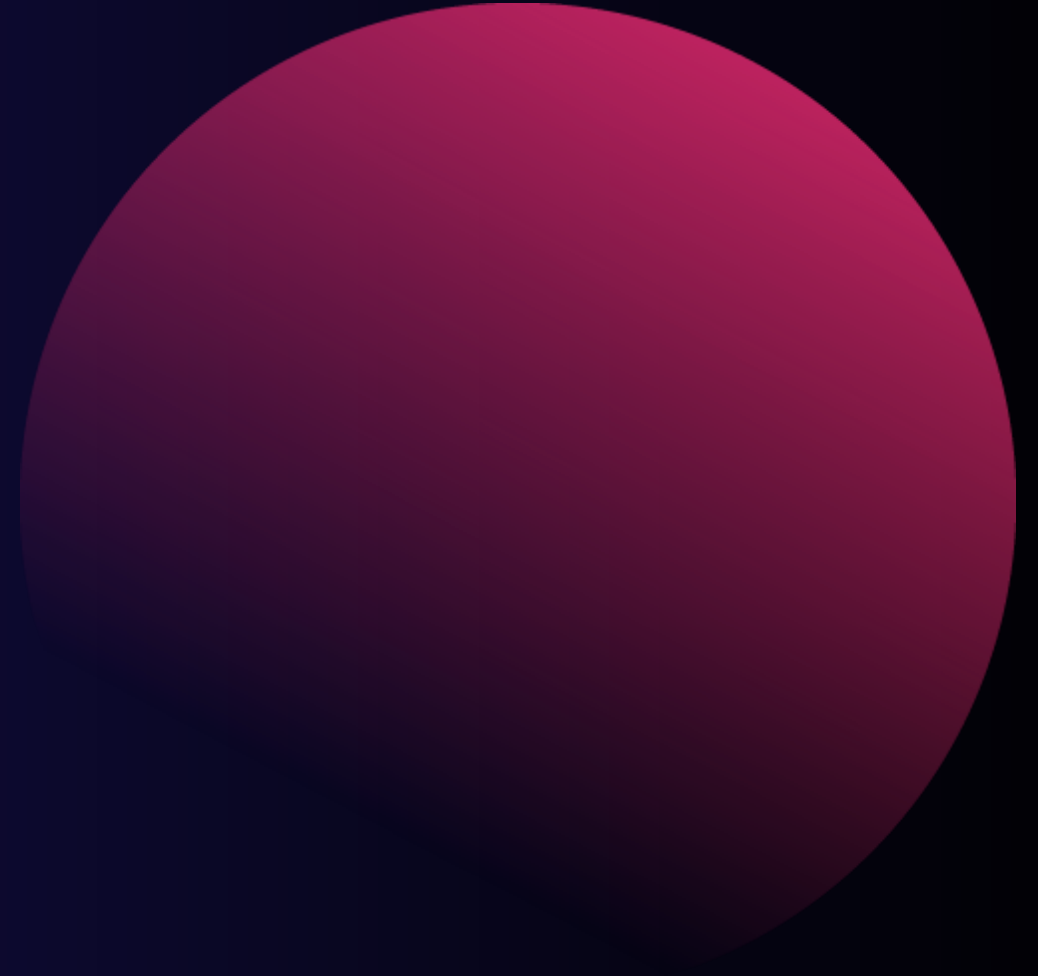
To tackle upcoming data challenges



Microsoft approach to modern data architecture



About company



About BE-terna

Headquarters: Innsbruck*, Leipzig*, Lucerne*, Hørsholm*, Halmstad*, Ljubljana*

Subsidiaries: Linz, Vienna, Munich, Überlingen*, Sindelfingen*, Nuremberg, Villingen, Essen, Auerbach, Chemnitz, Erfurt, Stockholm, Helsingborg, Maribor, Zagreb*, Osijek, Belgrade*



890

Employees



106

€ Million Turnover



1500

Happy Customers

Strategy

Assessment – create scenarios to approach digital transformation

Planning – find best-fitting technology and platform

Preparation – prepare other roles, project to be aligned with digitalisation

Execution

Pilot – implement selected areas together with customers' team

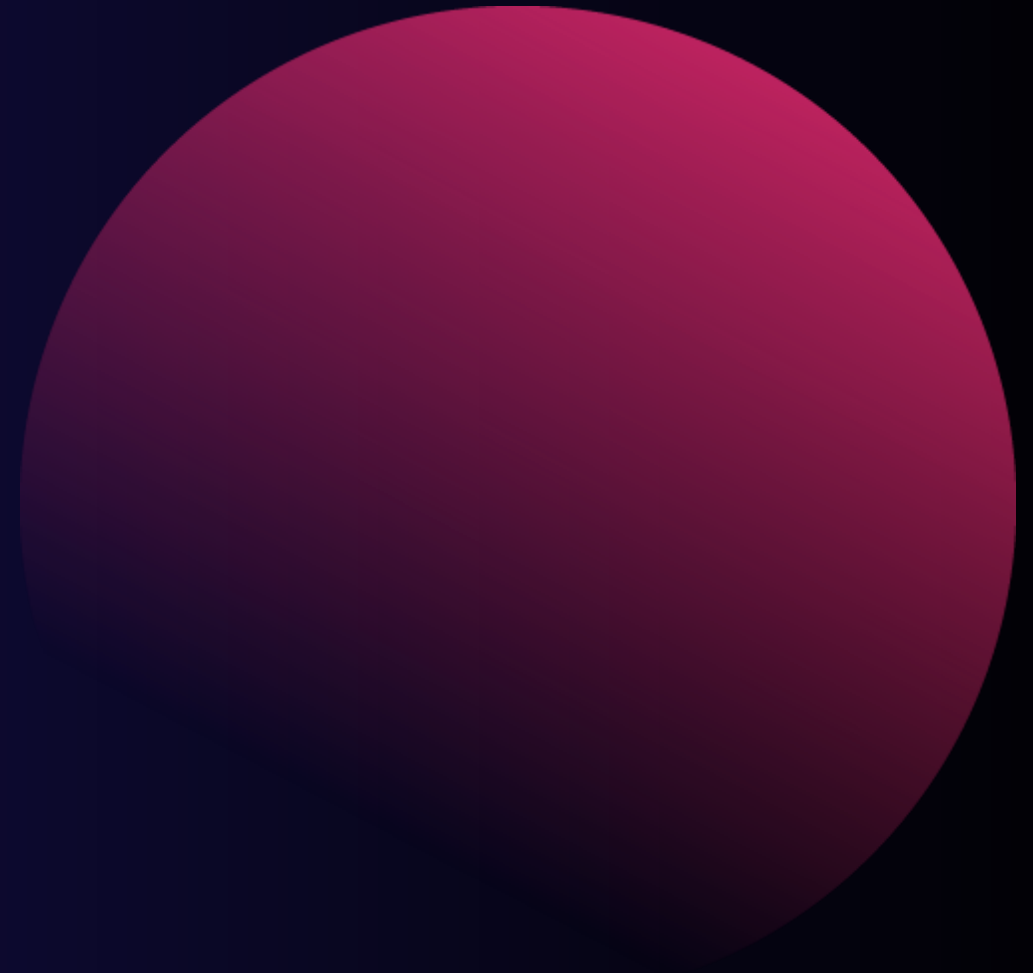
Transformation – industry specific know-how together with data literacy trainings

Operation – virtual and on-site workshops and implementation



Conclusion

Start small, but just start!



Conclusion

Create advantages on market

Strategic

Investments which are **critical** to sustain the future business strategy

High potential

Investments which **may** be important in achieving the future success

Avoid disadvantages

Key operational

Investments on which the organisation **currently depends** for success

Support

Investments which are valuable **but not critical** to success





Thank you

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