

FORBES INSIGHTS

# HOW BANKS ANALYZE YOUR LIFESTYLE TO **MAKE FINANCE PERSONAL**

A big move or a baby on the way can dramatically impact financial needs. For banks, tracking milestones to provide relevant offers is key to building lasting relationships with customers.

**M**odern banks sit on treasure troves of data and can access even more from readily available public sources. Yet the question remains: What's the most valuable way to use it? At U.S. Bank, this resource fuels what's always been — and continues to be — a top priority: serving customers in their preferred way, to their maximum benefit.

"Our goal is to build meaningful, trusted relationships with our customers, because the deeper these relationships get, the more involved in their financial lives we can be," says Srini Nallasivan, chief analytics officer at U.S. Bank.



That points to a crucial truth: Data builds relationships, helping banks and other businesses understand who their customers are and what their lives require.

## **FROM TRANSACTION VENDOR TO TRUSTED PARTNER**

U.S. Bank has hit on a key area where data's emphasis belongs. As opposed to blind obsession with making the sale, banks can walk astride customers as they pass key milestones.

"We're mining the data we process from artificial intelligence and machine learning to see how we can improve interaction with the customers and use trigger alerts," Nallasivan says. "So if a person gets married, begins a new job or has a baby, how can we reach out to them to mark those occasions?"

That means looking at “millions and millions of customer interactions and the data points they create. But that’s important to build the long-term relationship.” U.S. bank looks at behavioral, demographic and attitudinal data culled from multiple consumer touch points. (In addition to what’s available via bank records, such as account activity and loan applications over time, many banks analyze data from public sources, like social media activity.) To turn that data from isolated points to pinpoint strategy, Nallasivan and his team leverage advanced analytics, artificial intelligence and machine learning to glean the insights that improve customer experiences.

In fact, U.S. Bank believes strongly that data patterns, properly extrapolated, can get ahead of customer wants and needs — helping the institution make everyone’s lives simpler. A customer preparing for the arrival of a new baby might be considering what these family changes mean for their financial needs. When a message from their bank arrives at the right time — to help set up a college account, let’s say — it can cut through the static of generic ads.

These types of insights also enable U.S. Bank to create relationships where they don’t yet exist. Consider, for example, the relatively common scenario in which the beneficiary of a deceased customer’s accounts picks up and moves the accounts to another bank.

**46%** of financial services organizations report that they

**DON'T LEVERAGE  
CUSTOMER DATA**

to improve product and service recommendations as much as they would like to.

Through analytics, “We found out that in many cases we don’t have a relationship with the beneficiary. So the

## POTENTIAL USE CASES **FOR** **PERSONALIZED** **BANKING**

Banks can pinpoint changes in their customers’ lifestyles, signaling when to reach out with relevant offers.

Consider these potential use cases:



### HAVING A BABY

**A bank might reach out to...**

- Help set up a college fund
- Recommend a credit card with purchase rewards
- Offer a meeting with a financial advisor



### MOVING

**A bank might reach out to...**

- Recommend local businesses where they can earn credit card points
- Send branch and personal banker information
- Extend an invitation to bank-sponsored events



### SENDING CHILD TO COLLEGE

**A bank might reach out to...**

- Share content on how to save money on college expenses
- Offer to set up student-friendly accounts with low fees
- Provide loan information



### GETTING MARRIED

**A bank might reach out to...**

- Help arrange a shared account
- Offer services to monitor spending habits
- Highlight customized product bundles geared to life as a married couple

question becomes, 'How do make sure we can forge that relationship?'" With that question front of mind beforehand, the bank can move into a space where it creates reassurances and dialogues to turn account attrition into earned retention: for example, reaching out to the beneficiary to highlight the deceased client's history with the bank and propose ways to continue that relationship. That's a huge step from just sitting back and hoping for the best.

Yet with all the customer data banks hold, it's clear most institutions aren't fully leveraging it. According to a recent survey conducted by the nonprofit Bank Administration Institute, two-thirds of financial services organizations "sometimes" or "infrequently" tap customer data to enhance customer experiences. **Forty-six percent** of those surveyed reported that they don't leverage customer data to improve product and service recommendations as much as they would like to. And **42%** disagreed when asked if the digital era has strengthened their ability to build and nurture customer relationships, while **33%** were unsure.

## HITTING THE CALL CENTER'S BULL'S-EYE

The roles bank call centers have played for generations — resolving issues, helping customers sign up for services — still hold value today. Other times, they're simply where customers blow off steam or run in circles.

But the age of data analytics makes it possible to break down every call, and the data it generates, to improve the customer experience for all. So instead of operators working in isolation on a call-by-call basis, each conversation can be analyzed via analytics to find patterns that solve problems and streamline the customer experience.

Nallasivan cites the example of a nonfunctioning webpage link — and how breaking down data around customer call content can identify that pervasive issue that might otherwise sit unaddressed.

"If you identify a set of customers who go to a section of a webpage and reach out to the call center because they can't find missing information — 10,000 customers reporting the same thing — the data will reveal everything you want to

know," Nallasivan says, including the need to escalate the issue and how to fix it. "Then we can address the issue so other people don't have to call." Thus identifying issues of the highest priority, often a guessing game, is evolving into a precise art and science thanks to data mining. Isolated complaints are united as data points to present a clearer picture.

Nallasivan elaborates on this scenario as it pertains to employee performance: "There's a lot of information we can glean just by doing text mining in so many areas — to understand whether it was a positive, negative or neutral conversation they had with the call center representative."

Data, he says, tells multiple stories: why customers called, what types of problems they report "and whether we can prevent them from calling in the first place."

## CHALLENGES AND OPPORTUNITIES

To be sure, banks have regulation and compliance concerns many other businesses don't. And to that end, U.S. Bank takes seriously the trust customers place in them. This again circles back to data, which universally sits in the crosshairs of hackers and cyberthieves.

"The handling of data with real care is crucial," Nallasivan notes. "Customers expect us to use the data for better experiences — but to also protect it. It's a fine line to know how to deliver the value for the customers versus keeping it safe. That is where laws like Europe's GDPR and the California Consumer Privacy Act of 2018 come into play." Here, U.S. Bank has taken a proactive approach. "We closely partner with the chief legal and chief privacy officers to determine the best practices we can bring into play," he says.

And yet today's customers want it all: frictionless experiences online and via mobile but with data protection measures that keep their sensitive financial information safe. "People want experiences just like they are used to getting in online shopping or with ridesharing," Nallasivan says. "This is perhaps one of the greatest challenges facing any data-driven enterprise," but an organized, pervasive data strategy helps tend to both of those needs.



As recently as five years ago, business-driving applications of artificial intelligence were more hype than reality. But advances in cloud computing and analytics capabilities are moving the ball forward.

These advancements arm financial professionals with the tools necessary to keep clients engaged and dramatically reduce customer churn. "We go on the belief that the customer who doesn't leave us, and is loyal, is the key for our success."

U.S. Bank is starting to apply data analytics to a host of other critical questions that impact its future, like: Where do branches belong? AI can crunch branch traffic numbers to find an answer, comparing foot traffic at various locations. How can people better manage their finances? "Our new mobile app gathers insights on real-time data to help people make better financial decisions," Nallasivan says. And when a bank helps with the everyday concerns, they're in consumers' lives, on their minds and in their pockets.

This we know: Data's ability to transform the company-customer relationship is on everyone's mind in the C-suite. As Nallasivan puts it, "There's not a single CEO who doesn't think about this. It is extremely powerful." ■

## “CLOUD COMPUTING, AI, MACHINE LEARNING AND WORKING WITH DATA

are the key to getting the insights we need on customer behavior — and that the human eye cannot catch quickly.”

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