LEADERS IN THE FINANCIAL SERVICES INDUSTRY see the future clearly: Data is an invaluable resource. It will enable them to become information-led organizations that place customers at the center of their business. Investments show their commitment to this strategy.

Although the vision of the future is clear, realizing it is often a challenge. Banks have made great strides, and they have also begun to realize positive long-term returns. But many financial services organizations in Africa and around the world are working to overcome organizational, technical, regulatory and skills challenges.

After reviewing the case study and reflecting on my experience working with African financial services firms, here are five important insights when pursuing an advanced analytics strategy.

1. **Manage data as a competitive asset.** Financial services companies should truly manage data as the fourth production factor, after land, labor and capital.

   It’s no wonder that financial institutions are making major investments in big data and advanced analytics systems, processes and people. Estimates show that the volume of this mainly unstructured data will continue to grow at a very rapid pace for the rest of the decade. Leveraging analytics in our increasingly digital world means combining deep skills and experience in business process management, statistical and analytical modelling, and state-of-the-art technology capabilities.

   I call this the concept of whole brain analytics. It isn’t only the statistics, algorithms and mathematical significance that are important. You need to combine them with experience, intuition and innovation.

   Leaders need to clearly recognize the opportunities and challenges of these changes. Banks can make significant gains, for example, through using multiple data sources to assess individual customer profitability.
2. Use analytics to find ways to monetize data. Bank executives across the continent are looking to use the latest technologies and advanced analytics to innovate and create new revenue streams.

Today, data is also used to develop new financial services geared toward banks’ existing and new clients. Consider the potential of combining the multiple data sources to which any bank has access, such as credit- and debit-card information with geolocation data, as well as demographic and other transaction data.

Banks are looking to mine this data and help their retail clients, for example, evaluate locations for new outlets based on consumer spending predictions in the different geographies.

3. A commitment to transparency and data privacy protections. Monetizing data is essential. But in conjunction with that business imperative comes a vital social responsibility: ensuring that the people whose data a company uses for commercial purposes are aware of and endorse its use.

It is easy to get lost in the entrepreneurial opportunities technology innovations like advanced analytics present. But data privacy needs to be top-of-mind when designing these systems. In addition to complying with legal and regulatory requirements, complete transparency about a company’s management of customer data must be a priority. A misstep can cause great reputational damage.

4. Incorporate regulatory compliance into the design of analytics systems. Many financial services firms use data and analytics to further enhance the customer experience. Firms practicing strong data management make compliance with industry regulations and legal requirements part of the system development process.

Rather than being restrictive in their customer engagement, innovative financial services organizations partner with their clients to design new customer experience and on-boarding processes. Advanced analytics and technology innovations make it possible to fully integrate regulatory compliance and integrated risk management processes into these core client interactions. As such, we’re moving away from compliance as a separate, often time-consuming function and making it part of the organization’s primary service delivery activities.

Leading financial services organizations on the continents are now “baking in” any regulatory compliance requirements to a customer-facing system.

5. Attract and retain analytics talent for every business function. To become an information-led organization, financial services firms must put talented people front and center.

Years ago, technologists needed to learn about business strategy so they could deploy technology to enable it. Now, to stay relevant in a highly competitive industry, as well as spur innovation, growth and new business models, executives need technology-savvy people who can build analytical models and understand how IT meshes with business functions.

This is about more than developing new systems. Banks also need to be able to integrate new applications into their legacy IT environments to make use of those investments. It signals a big challenge: attracting new, often younger, talented technology professionals who can both design and implement systems throughout the enterprise, in all functions. It means looking beyond the banking industry for analytics experts. It could mean considering flexible work arrangements rather than full-time employees. And the bank’s leaders need to create conditions that encourage talented people to stay.

Although banking is early in its analytics journey, there is cause for optimism: Leaders recognize their strengths, their successes so far and the work still to come. In the financial services industry in Africa, I can tell you they are not alone.

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