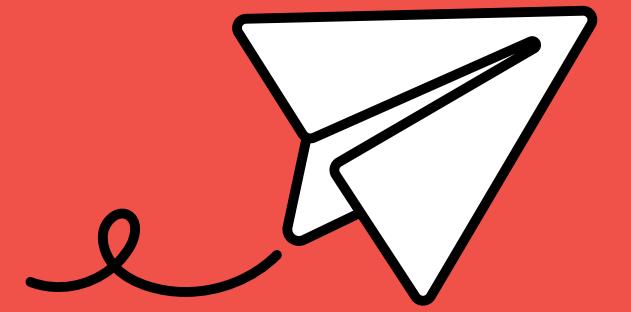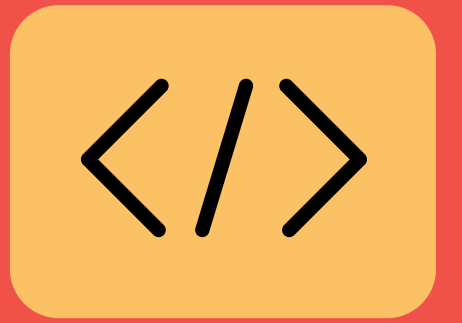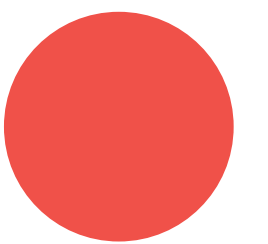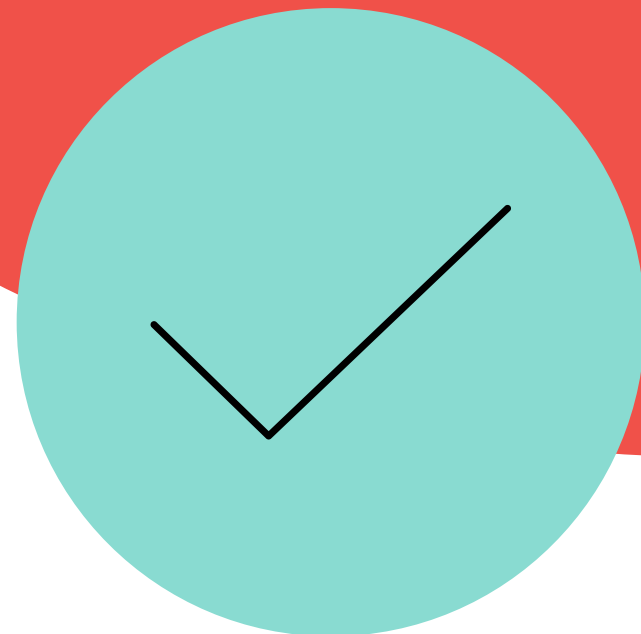# 5

TRENDS IN FINANCIAL SERVICES THAT WILL CHANGE HOW YOU THINK ABOUT DATA

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The financial services sector is accelerating its adoption of digital technology. Innovative new technologies are redefining the sector, shaping the services that financial organizations offer, the ways in which they interact with consumers, and the ways in which they apply new sources of data across departments.

Nevertheless, the evolution of financial services is set to continue. Let's examine the 5 top trends in financial services that will change how you think about your data:

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#1 MAKING THE BUSINESS AVAILABLE "AS-A-SERVICE" FOR FINANCIAL SERVICES

Turning back-office capabilities into marketable services is one of the newest and fastest growing areas for traditional financial services organisations.

While potentially competitive FinTech organsations continue to proliferate and disrupt, they have found that their agile customer engagement business models still need to rely on the transactional fundamentals perfected by traditional financial services providers.

So why not let them, and others, have access to those services? Open Banking standards, financial services "in-a-box," APIs, and other such initiatives, are embracing new ways to enable the value chain.

For most traditional service providers, it is not so easy to achieve this level of agility, especially when lines of business, and their silos of data, are not integrated. APIs, in particular, are key. The data mesh concept is encouraging new ways to cut the time and cost of data integration by enabling companies to use their data in-situ, and companies can make the data products within a data mesh seamlessly available through APIs.

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#2 RESHAPING THE ORGANISATION AS A TECHNOLOGY SERVICE PROVIDER

Is your organization a bank? Or is it a technology company that provides banking services? While lines blur, traditional financial service providers need to implement new types of products and services to enhance the experience of their customers and those of their business partners.

Identifying new opportunities to drive value for customers starts with the data. But with so much data available, it's impossible to create the agility to integrate and digest it all, even when it's in a data lake. So what's the answer? The answer is, don't integrate it in the first place, at least not physically. New techniques of data virtualization enable the faster creation of data sets without having to move any data, saving time and money. More importantly, it provides agility in the selection of new data sets, for more insightful analytics.

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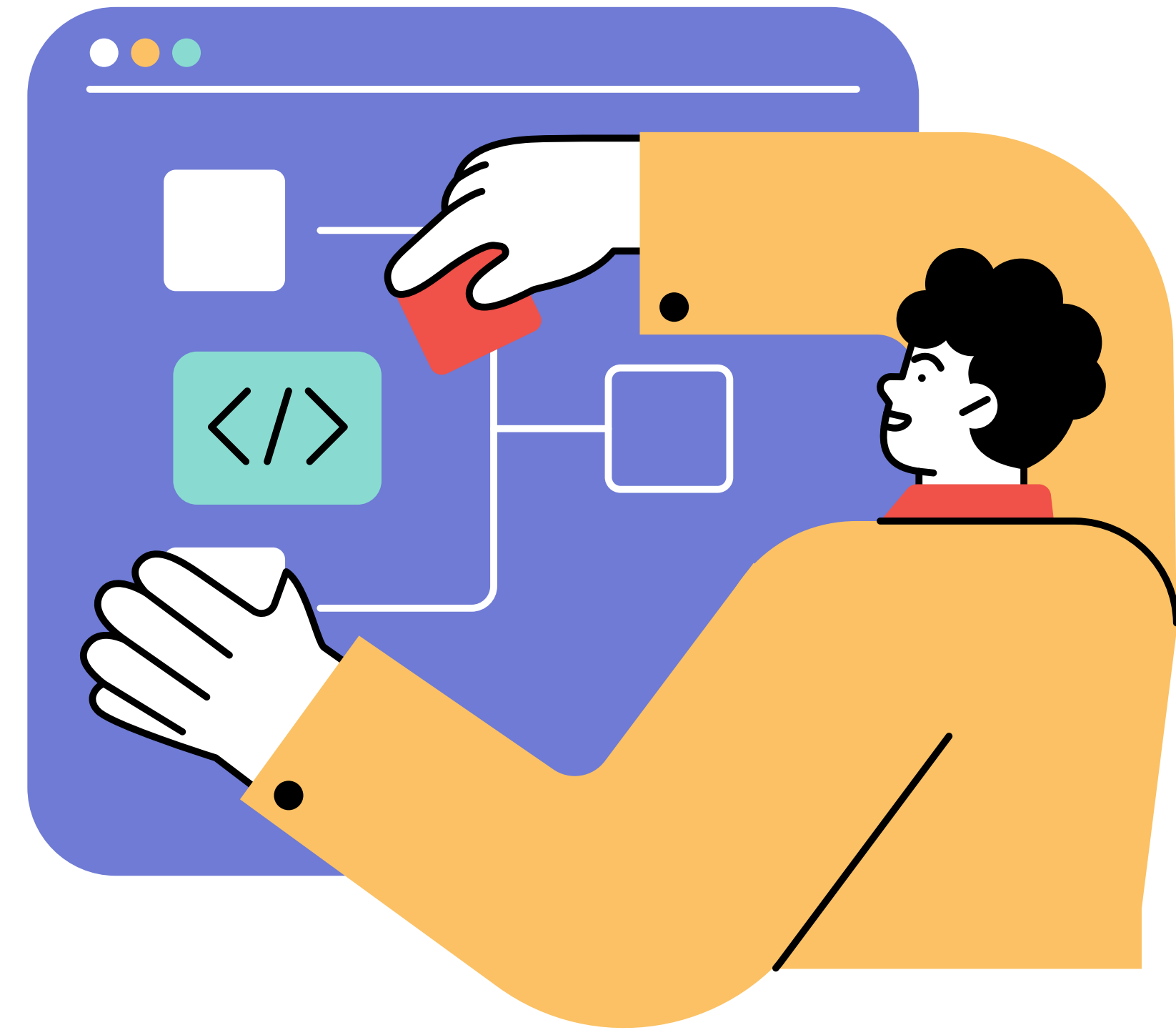
#3 PROMOTING "DATA-DRIVEN" AS PART OF THE INSTITUTIONAL CULTURE

Reliable, effective, decision-making processes require an underlying education in data management, often referred to as a data-driven culture. Initiatives for becoming data-driven culture help analysts to become more confident in finding, accessing, using, and interpreting larger volumes of data. Data democracy is the support of wider access to data and help with data, throughout the organization.

Data-driven cultures, however, are only as good as the individual organizations are able to provision reliable and pertinent data in a timely manner. The traditional approach of using centralized teams to replicate data from various sources introduces delay. First, replicating data into data warehouses with extract, transform, and load (ETL) processes is complex, as individual scripts need to be re-written and re-tested to accommodate any change, such as the addition or removal of a data source or target. Second, centralized teams cannot understand the data as well as the business units that work closely with the data every day. As a result, it often takes an unacceptably long time, from the business teams' perspective, to access new data sources or making changes to existing ones. A data mesh approach overcomes this by adopting a distributed approach to data ownership, in which data domain teams that work with specific data sets create reusable data products and make them available to other teams in the organization.

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#4 CREATING THE CUSTOMER'S DIGITAL TWIN

Insight into customers — their evolving expectations, their environment, their relationships, their preferences — brings the ability to automate services, gauge the appetite for new products and services, analyze risk, and predict churn.

Data for the digital twin, the virtual model of real-world phenomena, in this case your customer, is drawn from both actual customer interactions and from derived data. Generally, the more data gathered, the "closer" to the actual customer is your digital twin. However, collecting large quantities of data from disparate sources makes for slow progress using traditional ETL approaches. Data virtualization is helping to increase the speed-to-market of digital twin technology by overcoming the bottlenecks associated with traditional data integration methods.

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#5 MONETIZING DATA FOR FINANCIAL SERVICES

Good data has good commercial value, and the discipline of infonomics provides support to the mechanism of linking information to monetary value. Financial services companies have the opportunity to discover new revenue streams through the analysis of their data assets. Many banks already share data with business partners, albeit predominantly anonymized, aggregated, and synthesized into the form of trends. However, the ability to append new data sources, to easily find, for example, geographic, weather, pandemic, relational, device, and other types of topical information, makes the data more valuable from an economic perspective.

Digging deeper into more data sources requires both breadth and depth, which is not easy when there are potentially hundreds of data sources to choose from. This is where traditional approaches to data collection, such as ETL approaches, become ineffective. Data virtualization provides an alternative, more cost-effective solution.
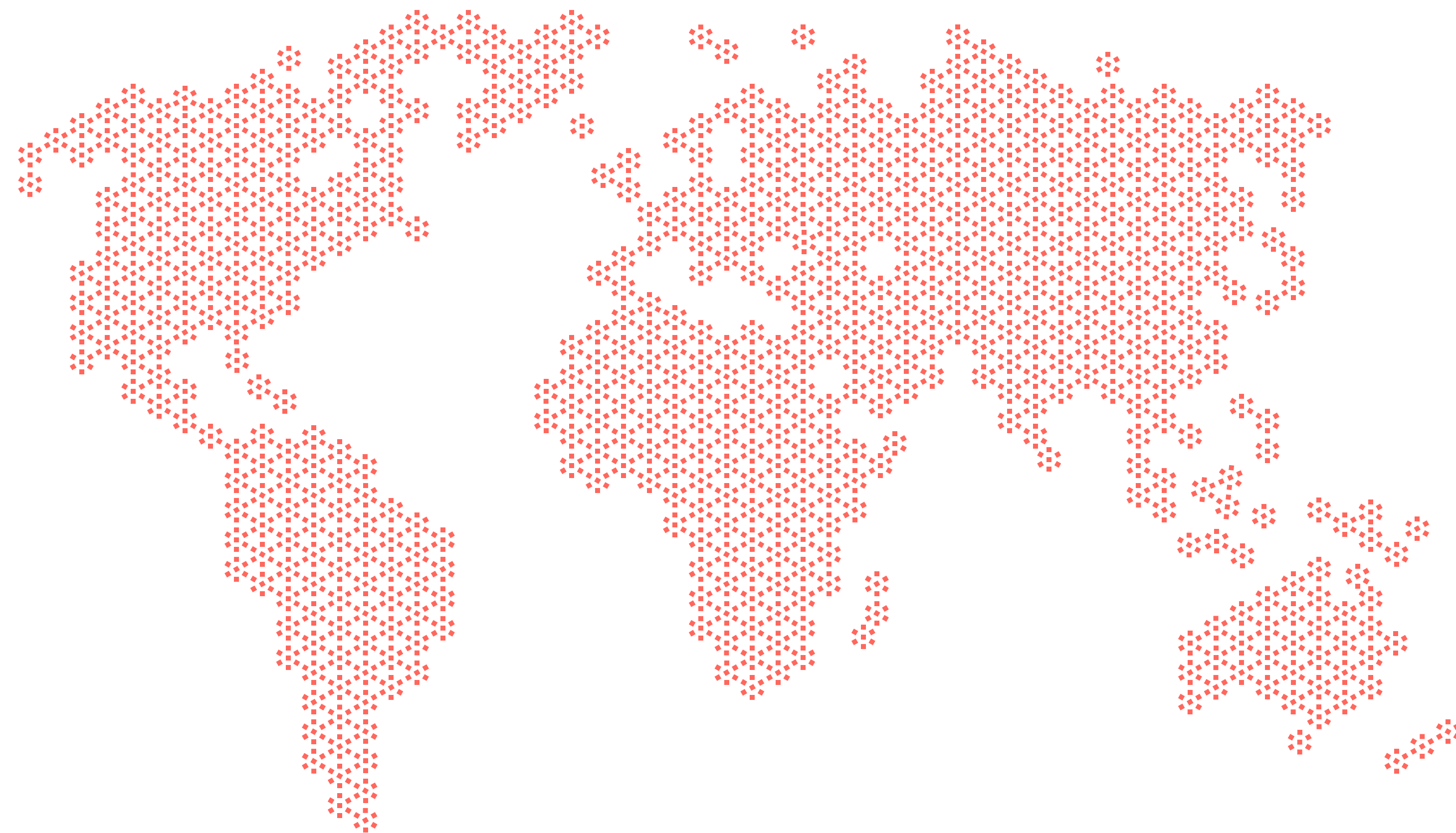
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THE EVOLUTION OF FINANCIAL SERVICES

In short, the evolution of financial services requires a flexible, adaptable, and future-proof approach to managing data, and traditional approaches, built around ETL processes and physical data warehouses alone, are no longer able to support what is required. Modern, logical approaches like data virtualization are the way forward, enabling financial services organizations to think differently about their data, so they can remain competitive as the industry continues to evolve.

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Denodo is a leader in data management. The award-winning Denodo Platform is the leading data integration, management, and delivery platform using a logical approach to enable self-service BI, data science, hybrid/multi-cloud data integration, and enterprise data services. Realizing more than 400% ROI and millions of dollars in benefits, Denodo's customers across large enterprises and mid-market companies in 30+ industries have received payback in less than 6 months.

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