

# CUSTOMER DATA, ANALYSIS AND SEGMENTATION

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Devid Jegerson - Amit Malhotra - Mamoun T. Alhomssey - Ahmad Dorra

**Better customer insights will drive sales**

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Experiences That Matter



## Discover The Trends Shaping GCC Banking For 2021 And Beyond



GCC banks are committing to digitization in a way never seen before to counter the effects of a subdued global economy.



That is the key finding of a study commissioned by Avaya and conducted by research firm Davies Hickman Partners.



The study, comprising in-depth interviews with 12 banking executives from across the GCC, identifies six major trends where GCC banking modernization is progressing at speed.

Download the complementary research report to discover the trends driving digital transformation in GCC banking, and Avaya's view on approaching them.



# CONTENTS



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## IN-DEPTH ANALYSIS

---

**4 Building the Bank for Tomorrow**  
Customer data optimization will enable banks to broaden their offerings to clients, from helping them improve their wealth management to providing ideas on how to invest their money.

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## SPECIAL REPORT

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**8 Creating Value from Customer Data**  
A bank's analytics strategy in an incredibly fast-moving world should enable business agility and not cripple it.

---

**12 Data, food for growth**  
Advanced data analytics enable businesses, including banks, to enhance decision-making, improve service delivery, and tailor the service to growing customer expectations.

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**16 Transforming the Banking World**  
Data is the key in understanding customers' needs and expectations.

---

**20 From Descriptive to Predictive and Prescriptive**  
While customer data analytics is a critical tool for banks, the way they utilize and manage it is key to ensuring that they are gaining meaningful insights on customer needs.

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# Building the Bank for Tomorrow

Customer feedback is credited for much of the revolution or evolution in the GCC region's banking sector as well as the industry's resilient growth over the last decade.



**T**he outbreak of Covid-19 was a black swan event that forced an unprecedented acceleration of digitisation across all sectors as governments implemented “stay at home” measures to curb the spread of the pandemic. In the GCC banking sector, the quest to tailor customer experience to each client and maintain a competitive edge in an overcrowded market had already paved way for digitalization well before the pandemic hit.

Digitalization in the Gulf financial services sector is a prime example of how banks are leveraging customer data, analytics and segmentation to improve their products and services as well as build a “bank of the future”. Artificial Intelligence (AI) can help banks unleash the power of big data while revealing insights into future investments, clients and competitors.

Customer feedback is credited for much of the revolution or evolution in the GCC region’s banking sector as well

as the industry’s resilient growth over the last decade. “Customer insights, say through call center demand analytics, should feed into banks plans to help them increase response times and better serve customers,” says EY.

Big data is key to bankers. It is the manual that helps them meet customers’ preferences and expectations. Similarly, it is from this data that financial institutions explore new avenues of growth or new business models. “Advanced data analytics enable businesses, including banks, to enhance decision-making, improve service delivery, and tailor the service to growing customer expectations,” said Devid Jegerson, the Head of Customer Experience and Platform Development at NBF.

Customer data is transforming the banking sector and financial institutions are responsible for managing the data they collect. “Banks have the opportunity to intelligently use their data and seamlessly integrate it with the customer journey,”

said Ahmad Dorra, Customer Engagement Solutions Sales Leader – Middle East, Africa & Turkey, Avaya.

### **Leveraging customer data**

Although GCC banks had made significant progress in their digital transformation journey, digital banking was never fully embraced likely due to customers’ reluctance until the beginning of last year. But the outbreak of the pandemic accelerated the pace of digital adoption across products and demographic segments.

“GCC banks can leverage analytics capabilities at scale to achieve a new level of customer understanding and targeting,” says Jegerson. The unprecedented adoption of digital banking services across the Gulf region also widened financial institutions’ data collection and storage tools and as such, banks have amassed troves of consumer data and mines more every day. ▶



### ► Customer is king

GCC banks are increasingly collecting significant amounts of data as improving customer experience has become key to maintain a competitive edge. To succeed or adapt to changing operating environment, banks and financial service providers across the Gulf region must understand the needs and expectations of their customer base.

"GCC banks are collecting more and more data as improving customer insight in a time of great change becomes a priority, and the analysis of customer feedback and its synchronization with CRM data delivers an effective CX

them to develop new services and products to meet customer expectations.

In a report, GCC Banking Trends - 2021 and Beyond, Avaya said that a bank's analytics should be fast, responsive, adaptable and flexible to enable the firm to address the problem at its root and should give real-time insights for a timely resolution.

Gaining insights into customers' preferences is at the top of every management's priority list as the preference for banking products has become more diverse. In 2017, Emirates NBD tapped into a new generation of customers by launching Liv., the UAE's first digital bank targeted at millennials.

communications with customers by providing them with accurate, real-time understanding of their needs."

Given how the financial services sector is generally ahead of the curve when it comes to possessing insights into their clients, the ability to spot and iron out any glitches is key to making self-service banking effortless and avoid reputational damage. "Your analytics strategy in an incredibly fast-moving world should enable your business agility and not cripple it," Avaya said in a report, GCC Banking Trends - 2021 and Beyond.

When the pandemic made landfall on the shores of the Arabian Gulf almost a year ago, all regional banks swung to digital-only models moving nearly all their interactions with customers online to build solutions that better suited clients' needs at that time.

Deloitte said that banks that have built their organizations with a product-oriented focus (if we build it, they will come) should consider shifting to a more customer-centric footing.

Banks are also leveraging customer data to bring immense value to the sector through effective credit management, fraud management, operational risks assessment as well as integrated risk management. According to EY, the bank of the future will integrate disruptive technologies with an ecosystem of partners to transform their business and achieve growth.

A data-driven approach to digitalization can help banks' security systems through the detection of fraud signals and analyze them in real-time using AI and ML to pinpoint illegitimate users and/or transactions before they compromise the entire banking system. In January, the UAE central bank imposed a combined \$12.5 million fine on 11 local banks for compliance failure – penalties that can be avoided.

Similarly, the heightened use of digital banking is also exposing customers to cybersecurity. Alhomssey said that there has been an increase in online fraud in the UAE which has exposed customers to phishing and falling prey to fake but 'genuine-looking' bank websites.

Apart from analyzing and breaking up

**“As customer propositions can no longer be static and one-size-fits-all—they should be intelligent and tailored and go beyond banking to address customer needs that may involve both banking and non-banking products and services.”**

- McKinsey & Company

template," said Dorra.

Customer insight plays a critical role in product development and customer communication in the banking sector. According to consulting firm McKinsey & Company, "Understanding what leads to a superior customer experience also enables banks to make thoughtful and efficient trade-offs."

Banks and financial institutions can optimize customer feedback by integrating big data into their CRM and break it down using analytic solutions to gain insight into their clients' current as well as future expectations. This also calls for GCC banks to implement robust customer segmentation policies that will enable

With the enhanced implementation of data segmentation, GCC banks will meet their customer expectations, increase efficiency, accelerate growth and cutback operational risk.

### Avenues of growth

While regulatory requirements limit the widespread sharing of customer data, GCC banks should cultivate the mythical 360-degree view of clients – one that accounts for their current value as well as their potential lifetime value to stay competitive in an overbanked market.

Mamoun Alhomssey, CIO at ADIB, said, "Clean data can help banks establish a personalized stream of targeted

- ▶ customers' data long after they're already using a bank's products, GCC financial institutions should look into developing real-time insights into individual prospects to generate interest to attract more clients or tap into new business models.

According to Deloitte, banks should have data and analytical experience as well as marketing and measurement capabilities to develop and implement an effective customer-acquisition strategy. In a bid to support one of the UAE's important sectors, Mashreq Bank and Emirates NBD launched digital-only banks for SMEs in September 2019.

### Next frontier

Customer segmentation involves the process of dividing clients into groups based on common characteristics - behavioral or demographic - allowing banks to market to each group effectively and appropriately.

As GCC governments grow their digital economies, the importance of data has never been greater. Several bankers globally are giving attention to the current state of affairs but in this global economic downturn, there is a lot that GCC financial services can do with their existing client bases. Banks should look at co-creating with customers frequently and often in a proposition lifecycle, said EY.

Deloitte stated that a leading customer retention strategy is to classify each type of customer (silent attrition, desired and dissatisfied) and create appropriate initiatives to change their behavior. Banks should implement customer retention strategies by understanding clients' needs and expectations.

McKinsey also said that banks should analyze data for two kinds of insight: first, identify where changes in experience will result in different customer behavior that creates more value and find "breakpoints"—places in the journey where changing a particular element of the experience will have a disproportionate effect on the overall outcome.

If managed well, data analytics and segmentation can improve models

**“ Banks that have built their organizations with a product-oriented focus (if we build it, they will come) should consider shifting to a more customer-centric footing.”**

- Deloitte

of consumer behavior, giving c-suite executives in banks insight into future opportunities and risks that lie ahead.

Similarly, leveraging customer data is not always about revenue generation but organizations can use data strategically to reduce costs through better planning and optimization of operations as well as reducing and managing risk.

Customers are increasingly becoming more accustomed to the service standards set by e-commerce companies and car-hailing platforms such as Amazon, Namshi and Careem, they also expect the same degree of consistency, convenience, and personalization from their GCC financial service providers. McKinsey stated that as customer propositions can no longer be static and one-size-fits-all—they should be intelligent and tailored, and go beyond banking to address customer needs that may involve both banking and non-banking products and services.

Amid an increasingly challenging operating environment intensified by the pandemic, GCC banks are compelled to leverage analytics and data-driven capabilities to tap into new avenues of growth, reduce costs and improve efficiencies, drive their digital footprint and bolster their risk and regulatory compliance priorities.

Avaya's Dorra said that a bank's analytics strategy in an incredibly fast-moving world should enable business agility and not cripple it.

### Tapping AI and ML

The increase in technological changes is leading to a surge in the amounts of data

being collected, processed, shared and used in digital form at a lower cost and on a larger scale. The European Banking Authority said that managing data is not new but the ability to store huge amounts of data in any format and analyze it at speed is.

AI and ML are driving an unprecedented shift in how financial institutions attract new customers and retain those already in the fold. In an era where customers can share their data, the ability to aggregate, manage and analyze data by banks will become increasingly important.

The use of cloud computing has also been an enabler of advanced analytics, as these computer system resources provide a space to both store and analyze large quantities of data in a scalable way, including through easy connectivity to mobile applications used by customers.

To remain competitive and drive value for their clients, GCC lenders will need to leverage AI while synchronizing data analytics with their CRMs to deliver a more personalized customer experience and develop innovative new propositions. "Analytics can help banks evolve new business models and provide more personalized offerings and even improve risk profiling of customers," said Amit Malhotra, General Manager, Personal Banking Group at Commercial Bank of Dubai.

Deloitte said that the rise of advanced data analytics and cognitive technologies has also led to an explosion in the use of complex algorithms. The optimization of customer data will enable banks to broaden their offerings to clients, from helping them improve their wealth management to providing ideas on how to invest their money. ■

**Ahmad Dorra**

Customer Engagement  
Solutions Sales Leader – Middle  
East, Africa & Turkey, Avaya

**“The pandemic has encouraged GCC banks to commit to digitization in a way never seen before and to deliver services differently to customers.”**



# Creating value from customer data

In an exclusive with *MEA Finance*, **Ahmad Dorra** Customer Engagement Solutions Sales Leader – Middle East, Africa & Turkey, Avaya, sheds light on how the COVID-19 pandemic has encouraged GCC banks to commit to digitization and how Avaya is helping them in this transition.

**T**ell us more about Avaya and the services that the company is providing to GCC banks to help them mitigate the impact of the pandemic on their operations?

Banks in the GCC have had to transform their processes and procedures very quickly, and over the past year, have shifted towards digitalizing the entire experience. Processes that required physical documentation had to be digitized, and branches had to be reimaged if they weren't closed. It was not easy, but the banks that got it right demonstrated that the digitally transformed customer experience was not only possible but also the best way forward.

Operating in a very stringent regulatory environment with regard to data privacy, access control, and security, banks also had to explore ways to connect employees

with customer data, and employees with customers digitally. Again, a model that was built on the in-person interaction and verification model went online very quickly.

We've been helping GCC banks with that transformation. But more importantly we've been making the point that successful digital customer journeys, retail or not, are built with the principles of what makes a customer experience successful. The fundamentals of frictionless operation, simplicity, and hyper-personalization should apply.

**Given the uncertainty surrounding the trajectory of the COVID-19 pandemic, how can banks leverage advanced customer data analytics to prepare for the next normal?**

GCC banks are collecting more and more data as improving customer insight in a

time of great change becomes a priority, and the analysis of customer feedback and its synchronization with CRM data delivers an effective CX template.

Your analytics strategy in an incredibly fast-moving world should enable your business agility and not cripple it. Regulators are either looking into or have initiated strategic plans to drive open banking in the GCC. We invite banks and regulators to be more creative with their use of data and pursue advanced analytics strategies.

Regardless, analytics should be fast, responsive, adaptable and flexible to enable you and your team to make fast decisions.

**How did the outbreak of the pandemic deepen the changes in customer preferences and what challenges do these shifts bring?**

Most executives we talk to say their ►

**“GCC banks are collecting more and more data as improving customer insight in a time of great change becomes a priority, and the analysis of customer feedback and its synchronization with CRM data delivers an effective CX template.”**

► banks are pursuing an app-centric banking relationship with both the SME and consumer segments, and that they have seen substantial increases in mobile banking interactions as a result of Covid-19; some suggest that five years of expected growth occurred in just one year.

This comes with challenges. Some banks have struggled to meet user demands amid this growth, finding that most mobile banking users need customer support for queries, complicated questions or just reassurance, which is not always at hand. Our advice is to:

**Simplify:** Think about the fundamentals of customer experience. Track the customer journey. Decide on the best channels for the best actions.

**Partner smart:** Work with partners who keep you ahead of the fast-moving smartphone market. Keep evolving your customer-facing apps while never letting the fundamentals slip.

**Stay ahead for the Everything Customer:** Continuously add new capabilities such as text chats in video calls, enriching customer journeys based on knowledge management databases, resolving complex issues based on customer preferences, proactively messaging customers

to improve experiences, and providing security in-app using predictive analytics.

**How can customer data analytics help financial services providers deliver frictionless experiences to maintain a competitive edge?**

Our advice to banks is to use a data analytics strategy in such a way that it enhances their business. In order to prepare for the next normal, we would recommend a strong insights strategy that includes:

- **Solving the problem at its root:** Make customer self-service effortless and embed virtual assistants to guide the customer journey, answer inquiries, and predict next-best actions.
- **Win-win situation:** your workforce engagement solutions should give you deep, real-time insights needed for a timely resolution.
- **Working with experts is the way to go:** Work with experts who are aware of how to use customer data and be compliant. They should also be experienced with GDPR and similar regulations and business-agility conversant, to provide solutions relevant in a fast-changing regulatory environment.

**What is your outlook on the financial services sector? And how can GCC banks use analytics to explore new avenues of growth or new business models?**

The pandemic has encouraged GCC banks to commit to digitization in a way never seen before and to deliver services differently to customers. At the same time consumers and employees are reassessing their own values.

As the global economy enters 2021 at a subdued growth rate, bankers are managing in a challenging and dynamic operating environment, with significant pressure to ramp up the quality of the digital services they offer.

However, this uncertain banking outlook provides an opportunity to reconfigure working practices, customer experiences, and use better customer insight to drive sales. Banks have the opportunity to intelligently use their data and seamlessly integrate it with the customer journey. Already, data rules enable the marketing of personalized products and proactive messaging to drive sales in the consumer segment. We expect more of this to come as regulations open and business sales are added to the mix. ■

**Devid Jegerson**

Head of Customer Experience  
and Platform Development  
at NBF

**“The spurt of big data has opened enormous opportunities for the banking sector to grow.”**

# Data, food for growth

**Devid Jegerson** Head of Customer Experience and Platform Development at NBF explains that today, digital products and services are enabling GCC banks to learn more and bring customer insights. In a time of significant change, analysing customer feedback and synchronising them with CRM data is an opportunity for organisations to better adapt products to customer expectations and experiences.

## **F**rom personal banking services to wealth management, how is data analytics reshaping the GCC banking sector?

Advanced data analytics enable businesses, including banks, to enhance decision-making, improve service delivery, and tailor the service to growing customer expectations. By understanding customer's needs, the banking sector can have a more accurate picture of its community of customers to serve them better. The adaptation of the business products via customer data analytics coming from the customer perspective will bring a real and meaningful impact on the banking sector's future.

At NBF, our strategy has been to respond to change with agility and thrive on it to enhance and strengthen our offering. Digital transformation has been sitting

at the very centre of its development journey. Over the years, we have been working tirelessly to ensure the user experience reflects enhanced efficiency, better security and resilience, and faster or instant servicing. Our new branches are increasingly becoming more digitised and our customers have responded well to emerging technology. Moreover, we have been integrating automation and robotics to eliminate paperwork from banking processes and on the corporate banking side, developed trade finance payment facilities and other digital platforms to continue enhancing our offering.

A great example of this is our latest innovation, NBF CONNECT, a platform that has been co-created alongside the SME community. We have long recognised the indispensable value that SMEs bring to the country's economic engine. With COVID-19

accelerating the digital world's transition, we wanted to step in and be the first to help digitize this vital sector. As such, we joined forces with SMEs to build a platform that meets their business needs and helps them navigate their growth-journeys.

## **What security and data privacy risks are emerging as a result of a pandemic-driven customer data gold rush within the GCC financial service sector?**

Proper data analysis will help us serve our customers better and ensure successful customer experiences. As one of our focuses is SME businesses, we have launched the NBF CONNECT platform to enable B2B transactions and other systems based on customer feedback. All this information is flowing through different channels, including customer feedback, and is ►

► analyzed in our CRM in terms of customers' needs and requirements.

As mentioned correctly, the data gold rush is assisting in better customer service, and the emerging risk continues to be about data leakage and Identity theft, especially by using social engineering (Phishing emails, WhatsApp messages, fake/lucrative advertisement using social network channels) to penetrate people and systems. We at NBF follow strict data protection mechanisms, as we ensure data observation is moral, ethical, legal and fair. In addition, we configure stringent access rules – need to know – and configure the data leakage systems to protect this information from potential incidents. Also, as part of our corporate social responsibility, we conduct various awareness sessions for our customers.

**What does clean data mean? And how are regional banks synchronizing consumer data and their customer relationship management to meet their clients' evolving demands amid the impact of COVID-19?**

Acceptance of Data as an economic asset is well-recognised. It can be listed as one of the key agendas for discussion by boards and management committees of organisations globally. Data and contextual

information generated from that have now become a basis for organisations to make more effective decisions, thereby benefiting from operational efficiencies and increased business value. However, it is also a fact that data which has not been managed effectively has resulted

**“Acceptance of Data as an economic asset is well-recognised.”**

in organisations losing time, money and effort.

Clean data is a set of data ready for analysis after removing or modifying incorrect, incomplete, irrelevant, duplicated or improperly formatted data. The information that are removed or modified are usually

unhelpful when it comes to analyzing data, as it hinders the overall process and results in producing inaccurate results.

Data cleaning is not merely about erasing information to make space for new data, but instead finding how to maximize a data set's accuracy without necessarily removing information. Having clean data, i.e., ensuring that the data is fit for purpose, depends on the data management practices followed by an organisation that, to name a few, includes metadata and master data management, stewardship framework, data quality rules, etc.

It begins with managing the quality of the data through well-defined data governance policies & standards that are embedded in the organisation and robust technology & system architecture ensuring that the various stages of the data life cycle (capturing, cleaning, classifying, storing, using and disposal) are managed in the best possible manner. Leadership commitment towards these objectives goes a long way in ensuring that the data's health and reliability are maintained at all times.

As a result of the COVID-19 pandemic, all industries are closely following how this will affect consumer and business behaviour and preferences in the short, medium and long-term. Many surveys are conducted to understand how COVID-19 pandemic reshaped

DATA & DIGITAL INITIATIVES	ACTION TAKEN BY BANKS
Digital transformation	Developing digital customer acquisition platform
Blockchain-based KYC	Platform designed to enable businesses new to the UAE to open accounts entirely digitally.
Leveraging customers demographic and transactional data	Displaying personalised banners, including products and services customers may need in a crisis or otherwise
Leveraging customers demographic data	Identifying the vulnerable ones (like self-employed, high-debt, old-age customers, etc.) and reaching out to them with customised products and helpful advice.
Service usage behaviour	By leveraging branch locator pages, ATM listings in Google and more, to drive users who are potential branch visitors to online channels.
Interest clusters & AI	Creating COVID-Sensitive Products & Services to the right beneficiaries. For example - Payment holidays, moratoriums for loans, relaxation in EMIs, less stringent KYC norms, waiving minimum balance charges.

- ▶ customers' behaviours. Below is the finding by The Banking Experience survey conducted by Mintel-Comperemedia in the USA.

### Key Findings:

1. 50% of consumers & 76% of businesses said the COVID-19 pandemic changed how they interact with their financial institution.
2. Of these respondents, 66% of consumers and 73% of businesses feel that these changes will be permanent.
3. Nearly half (42%) of consumers expect automated tools to support their financial wellness based on the insights that their bank has about them. Additionally, 52% of consumers are comfortable using a chatbot or virtual assistant to perform banking activities.
4. Nearly three-quarters (73%) of respondents said their bank should be recommending specific products/solutions based on the information they have about their business.
5. When business leaders were asked what solutions, they expect their bank to provide in the future, the three most popular choices from business leaders were:
  - a. Virtual assistants to help manage company finances (60%),
  - b. Secure mobile-optimized treasury management platforms (54%),
  - c. Secure online treasury management platforms (52%).

Here are some examples on how regional banks are synchronizing consumer data and their customer relationship management to meet their clients' evolving demands

### How do you envision consumer data mining in the next decade? And how can GCC banks leverage analytics to explore new avenues of growth or new business models?

Extracting meaningful information through the process of data mining is widely used to make critical business decisions. In the coming decade we can expect data mining to become as ubiquitous as some of the more prevalent technologies used today. Some of the key data mining trends for the future include:

- **Multimedia Data Mining:** It involves the extraction of data from different kinds of multimedia sources such as audio, text, hypertext, video, images, etc. and the data is converted into a numerical representation in various formats. This method can be used in clustering and classifications, performing similarity checks, and to identify associations.
- **Ubiquitous Data Mining:** This method involves mining data from mobile devices to get information about individuals. This method has a lot of opportunities to be enormous in various industries, especially in Banking.
- **Distributed Data Mining:** It involves mining a considerable amount of information stored in different company locations or at other organizations. Highly sophisticated algorithms are used to extract data from different locations and provide proper insights and reports based upon them.
- **Spatial and Geographic Data Mining:** Extracting information from environmental, astronomical, and geographical data also includes images taken from outer space.
- **Time Series and Sequence Data Mining:** This type of data mining is based on cyclical and seasonal trends and analyzing random events that occur outside the regular series of events.

The spurt of big data has opened enormous opportunities for the banking sector to grow. Looking at the tremendous impact of analytics and how it has completely transformed banking functions, it should be considered an essential part of every initiative. GCC banks can leverage analytics capabilities at scale to achieve a new level of customer understanding and targeting. Applying digitization at scale can

deliver an almost seamless integration of banking services into clients' daily routines.

Some key banking analytics to explore new avenues of growth

- **Better Personalization with Rich Data:** Clustering of customer base with advanced criteria, where human-centric, design thinking pillars and CRM tools help banks match customer needs to real-time solutions.
- **Digital-only Banking:** With the high cost of a physical branch network and an increasing number of customers switching to digital channels, digital-only banking entities are growing rapidly. More and more banking organizations are expected to move to digital-only banking in 2021 to protect their customer base and expand their market share, empowered through open banking APIs and cloud technologies.
- **AI-Driven Predictive Analytics:** The banking industry can consolidate both internal and external customer data that is rich and financially viable, not only to know their customers but also build their predictive profiles. With the enhanced use of data, banks will provide consumers with value driven services through next best actions, instead of blind selling products as they will be able to minimize customers churn, fraud and money laundering.
- **Payments Infrastructure:** Payments infrastructure will always remain the most active area of innovation in the banking industry. Driven by dynamic consumer expectations and technological changes, innovations in the payments industry will persist. The driving force behind the differentiation will be data and technology, changing the dynamics of payments. ■

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**Amit Malhotra**

General Manager, Personal  
Banking Group, CBD

**“Improving customer experience and delivering personalized offering based on the needs of customers has proven to deliver excellent results to organizations.”**

# Transforming the banking world

**Amit Malhotra** General Manager, Personal Banking Group, Commercial Bank of Dubai, tells us why Data analytics is a vital resource for improved management of information to grow better understanding of your customers. Use of data will continue to create increased opportunities for banks to profit from better levels of service

## **F**rom personal banking services to wealth management, how is data analytics reshaping the GCC banking sector?

For banks and financial service providers to succeed in today's complex business scenario, it is important and necessary to understand the needs and expectations of their customer base. Data is the key in understanding customers' needs and expectations. This data can be further enriched by leveraging data analytics solutions, which can help organisations to understand customer behaviour better and deliver personalised and relevant offerings to meet their needs.

In addition, customer analytics enables the real-time delivery of personalized product or service offerings at the right time, which vastly enhances the customer experience.

**Financial services providers need to understand the needs and expectations of their customer base. How are regional banks optimizing digitalization and customer feedback to maintain a competitive edge as well as transform their operations?**

Improving customer experience and

delivering personalized offering based on the needs of customers has proven to deliver excellent results to organizations. Results have shown that satisfied customers spend more, exhibit deeper loyalty to companies, and reduce costs for companies. In that dynamic of value creation and durable competitive advantage, delivering digital services and operations has emerged as a prime mover in reshaping customer experience in almost every sector.

As digital giants such as Amazon, Apple, and Uber continuously reinvent themselves by delivering simple, immediate, and individualized experiences, banks are also taking bold moves to build dynamic shared digital ecosystems around customer needs.

Digitalization and analytics are vital tools in accelerating the growth of an organization. Deeper and more detailed profiles of customers, together with transactional and trading analytics, can improve the acquisition and retention of clients, as well as cross- and upselling. Banks can also use advanced analytics to provide faster and more accurate responses to regulatory requests.

A good example of what CBD has executed is our suite of digital products including Digi Accounts, Digi Cards and Digi Loans, which enable customers to get new products (cards/loans) or top up on their existing products in real time, in under three minutes, leveraging data analytics.

**What security and data privacy risks are emerging as a result of a pandemic-driven customer data gold rush within the GCC financial service sector?**

Without a doubt, the COVID-19 global pandemic has been the main catalyst to digitalization not only internally, but by our customers who have increased their usage of digital channels. Social distancing and remote working have forced us over the last year to revisit some of our traditional manual processes and move towards automation and cloud adaption but at CBD we had already started the digital transformation journey well before the crisis and this helped us to adapt much more quickly than other organisations. While introducing new products and services, embedding security and privacy ►



## “Analytics can help banks evolve new business models and provide more personalized offerings and even improve risk profiling of customers.”

► controls has always been a priority for us. As security and data privacy risks continue to evolve, Financial Institutions need to be both proactive and preemptive in managing these risks with stringent information security controls. The increased adoption of automation and straight through processing has also helped reduce human errors and operational risk.

Further, although law enforcement has made some progress with combating fraudsters, the largest security and privacy risk is still borne by the general public who remain vulnerable and gullible to prize scams and phishing attacks despite the frequent awareness campaigns.

### **What does clean data mean? And how are regional banks synchronizing consumer data and their customer relationship management to meet their clients' evolving demands amid the impact of COVID-19?**

The Covid-19 pandemic has introduced many unique challenges that businesses have never faced before. Customer service teams are having to deal with multiple issues, ranging from customer engagement, satisfaction and support through this crisis. In this scenario, having clean customer data is even more imperative. Ensuring that your consumer data is updated, removing incorrect, corrupted, incorrectly formatted, duplicate, or incomplete data within your

CRM and integrating all data through a centralised Customer Data Platform will help all organisations provide better and more relevant communication and services to their customers.

Particularly in times of crisis, a customer's interaction with a company can trigger an immediate and lingering effect on his or her sense of trust and loyalty. With job uncertainties and pay-cuts becoming more common especially in the West, a primary indicator of customer experience will be how banks meet customers changing needs with empathy, care and concern. Now is also the time for customer experience leaders to position themselves at the forefront of the longer-term shifts in consumer behaviour that result from this crisis. Keeping a real-time pulse on changing customer preferences and rapidly innovating to redesign journeys that matter to a different context will be key.

### **How do you envision consumer data mining in the next decade? And how can GCC banks leverage analytics to explore new avenues of growth or new business models?**

It is difficult to make predictions especially about the future. But one fairly safe prediction is that data will continue transforming the world in the coming decade. The quantum and scale of data

available to organisations will only increase going forward. Banks already have enormous amounts of consumer data, through ATM deposits/withdrawals, point-of-sale purchases, online payments, loans... et cetera, but they have not been very good at utilizing these rich data sets.

Analytics can help banks evolve new business models and provide more personalized offerings and even improve risk profiling of customers. As data analytics technologies advance, banks should look at using customer behaviour to tailor product recommendations or offer insights on customer's money habits. Even interest rates and credit limits can be decided upon this data. For example, if a customer regularly makes payments on time, the bank can offer him better interest rates.

Banks may be able to provide more services to its customers beyond banking, and look at providing services across hospitality, retail, travel and ecommerce sectors amongst others. The bank can act as a data company at the center of a consumer ecosystem where the revenue streams include not just banking but also many other B2C and B2B businesses. Great analytics is not the only requirement here: banks must get many other things right to be relevant to and trusted by customers. And already several leading banks around the world are taking steps in this direction. ■

**Mamoun T.  
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ADIB CIO

**“Digital services and improved customer experiences do not operate in a vacuum, and banks must utilize the power of quality data to make intelligent decisions and fulfill customer needs.”**

# From Descriptive to Predictive and Prescriptive

Banks must have real-time data for faster insights and quicker responses to stay competitive. **Mamoun T. Alhomssey** CIO, Abu Dhabi Islamic Bank, explains that as technology advances, so has accessibility to customer data, providing illuminating insights and improved decision making

## **F**rom personal banking services to wealth management, how is data analytics reshaping the GCC banking sector?

With the uncertainty brought by Covid-19, understanding the evolving needs and expectations of customers is key for the success of any bank in today's world. To adapt and effectively respond to these changes, banks must explore new avenues of growth to upgrade their services and provide better customer journeys across different channels. Through utilizing customer data analytics and AI technologies, banks are able to deliver personalized experiences and appropriate solutions at the right time, meeting customer needs. The

insights gained from a human-led approach to customer data will help banks evolve and stay ahead of the competition.

## **Financial services providers need to understand the needs and expectations of their customer base. How are regional banks optimizing digitalization and customer feedback to maintain a competitive edge as well as transform their operations?**

The pandemic has resulted in a fundamental shift in customer behavior marked by an increased preference for digitization and remote banking experiences. Digitization of banking services is a necessary advancement to

help banks fuel new growth opportunities and adapt to evolving customer needs by offering safe, convenient, and efficient mobile and online banking experience. To maintain a competitive edge, banks need to reimagine the way they serve their customers by providing digital solutions that meet their needs, while still ensuring the delivery of a holistic and personalized banking experience.

## **What security and data privacy risks are emerging as a result of a pandemic-driven customer data gold rush within the GCC financial service sector?**

The shift to digitization and the adoption ►

**“Clean data can help banks establish a personalized stream of targeted communications with customers by providing them with accurate, real-time understanding of their needs.”**

► of various digital platforms has heightened the threat of cyberattacks and security risks, encouraging fraudsters to be opportunistic. Online fraud in the UAE has risen considerably in recent months, even as misinformation abounds about coronavirus-linked health and financial issues. Cybersecurity has become more essential than ever, especially to banking customers who are always the number one target for fraudsters.

Customers are facing the risks of phishing, falling prey to a fake but 'genuine-looking' bank website, and eventually offering credentials to a hacker. In addition, the heightened use of open public WIFI and home networks that lack security has allowed for opportunities for misuse by fraudsters. During this time, it is essential for banks to ensure tighter security measures and controls are in place.

**What does clean data mean? And how are regional banks synchronizing consumer data and their customer relationship management to meet their clients' evolving demands amid the impact of COVID-19?**

While customer data analytics is a critical

tool for banks to leverage on, the way banks utilize and manage this data is key to ensuring that they are gaining meaningful insights on customer needs. Digital services and improved customer experiences do not operate in a vacuum, and banks must utilize the power of quality data to make intelligent decisions and fulfill customer needs. Banks need to stay competitive by having real-time access to data for faster insights and quickly respond to changing market conditions and customer needs.

To support a community of Data Scientists and self-service business intelligence (BI) users; Data needs to be catalogued, Golden records need to be created; this needs Data Governance to be in place hence Clean Data.

Clean data is structured data entailing valuable information which is clear of data errors and inconsistencies to ensure an enhanced quality of data. Clean data can help banks establish a personalized stream of targeted communications with customers by providing them with accurate, real-time understanding of their needs. Clean data also equips banks with the ability to respond to market challenges and opportunities in a resilient manner.

**How do you envision consumer data mining in the next decade? And how can GCC banks leverage analytics to explore new avenues of growth or new business models?**

With the growing technological advancements, customer data has become more accessible, providing banks with authentic business insights and vastly improved decision-making capabilities. In the next decade, as the digitization trend continues to evolve, it is crucial for banks to utilize consumer analytics and lead a data-driven strategy to maintain a competitive edge. With analytics, ADIB is moving from “*Descriptive to Predictive and Prescriptive*” analytics to yield the best outcomes. It is becoming much more comfortable to predict emerging customer trends, allowing for potential avenues of growth for banks. In addition, implementing relevant Artificial Intelligence solutions that leverage the power of Machine Learning and Big Data is crucial to allow banks to engage in smart investment decisions and product offerings that will ensure their success. ■