



BROKERING SUCCESS THROUGH DATA: THE VALUE OF A **MICROSECOND** **MINDSET** IN FINANCIAL SERVICES



Introduction

The global pandemic has accelerated the digital transformation of financial services.

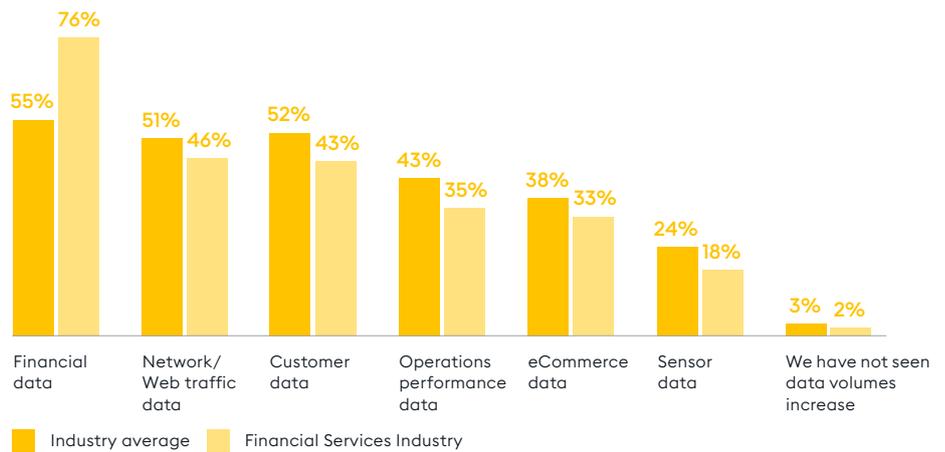
The shift to remote trading, increased market volatility, rising expectations of customer experience, greater exposure to fraud and customers who demand secure digital services – all have been significant contributors.



In these unpredictable times, better use of data is critical to managing operational performance and driving commercial success.

Cross-sector research commissioned by KX shows that while organizations in the financial services sector are ahead of most other industries when it comes to the use of real-time data in decision-making, there is still a question mark as to whether they are data driven enough.

Data volumes increased in the following areas due to remote working and greater automation of business processes.



The Data Demand Curve

Across all sectors, the pandemic has led to increased volumes of new data. This is no more apparent than in financial services with nearly 80% of firms reporting a significant-to-moderate increase in the volume of operational and financial data.

Yet the financial services sector has always been a model of a data-driven industry. The technology and processes developed to manage and regulate global markets have provided a blueprint for how organizations as diverse as F1 racing teams and telecommunications companies manage, analyze and act upon their data.

But we're in unprecedented times. The global health crisis and the increased pace of digital transformation are putting pressure on all parts of an organization. For example, compliance teams are buckling under the weight of increased alerts, while stock markets have been more volatile and the ability to trade remotely with confidence has been tested to the limit.



The volume and velocity of data is driving demand for new data strategies for faster business insights.

Continuous Actionable Intelligence

As you might expect, our research reveals that firms in the financial services sector are the most likely to define real-time as being a second or faster. And although the sector puts less emphasis on the value of real-time data for smarter decision making than other industries, the sector is by no means a laggard. Does this suggest perhaps that the current approach taken by most firms is more about managing data rather than exploiting its full value?

This said, our research indicates a potential shift in thinking may be underway with two-thirds of financial services firms currently planning to increase investment in data-analytics solutions. This puts them ahead of companies in the oil and gas, automotive, retail and healthcare sectors. Increased investments in real-time data are being driven by the desire for traditional banks to be more competitive and stave off competition from newer leaner challenger banks.

Consumers are also demanding enhanced digital experiences and of course on top of that the Financial Market is having to overcome increasing regulatory hurdles given rising fraud and financial crime in general.

This suggests a financial services sector that understands the need for agility and the ability to respond immediately to opportunities and challenges. A sector that is becoming more switched on to the value of implementing a model of continuous intelligence – where organisations are being constantly fed critical insights via the analysis of real-time and historical data for a deeper and clearer understanding of how their business is operating.

But challenges exist to adopting a more data-led approach. The research shows an almost even split between access to the right technology and having the right people with the right skills to analyze data effectively.

While the value of adopting a microsecond mindset appears to be well understood, putting it into practice isn't always as prioritized as perhaps it could be.

Barriers holding back smarter decision making

Need the technology to capture data



Need the technology to analyse data for insights



Lack the people or data skills



Conclusion

Our report shows that the financial services industry is still leading the way in terms of recognizing the value of real-time analytics. It's a sector cognizant of the need for microsecond decision making to reduce risk, improve competitive differentiation and streamline operational performance.

However, like most industries, it's a sector that isn't without its challenges when it comes to dealing with the increasing volume, velocities and varieties of data. Legacy attitudes towards simply managing the data deluge rather than looking to exploit the insights – and therefore opportunities – that exist within the data could still prevail.

The research strongly suggests that financial sector firms that have access to the right technologies to succeed in a world being driven by data, and that also focus on culture, skills and training, are most likely to succeed.

Discover how we are helping financial service organizations achieve true business intelligence.

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