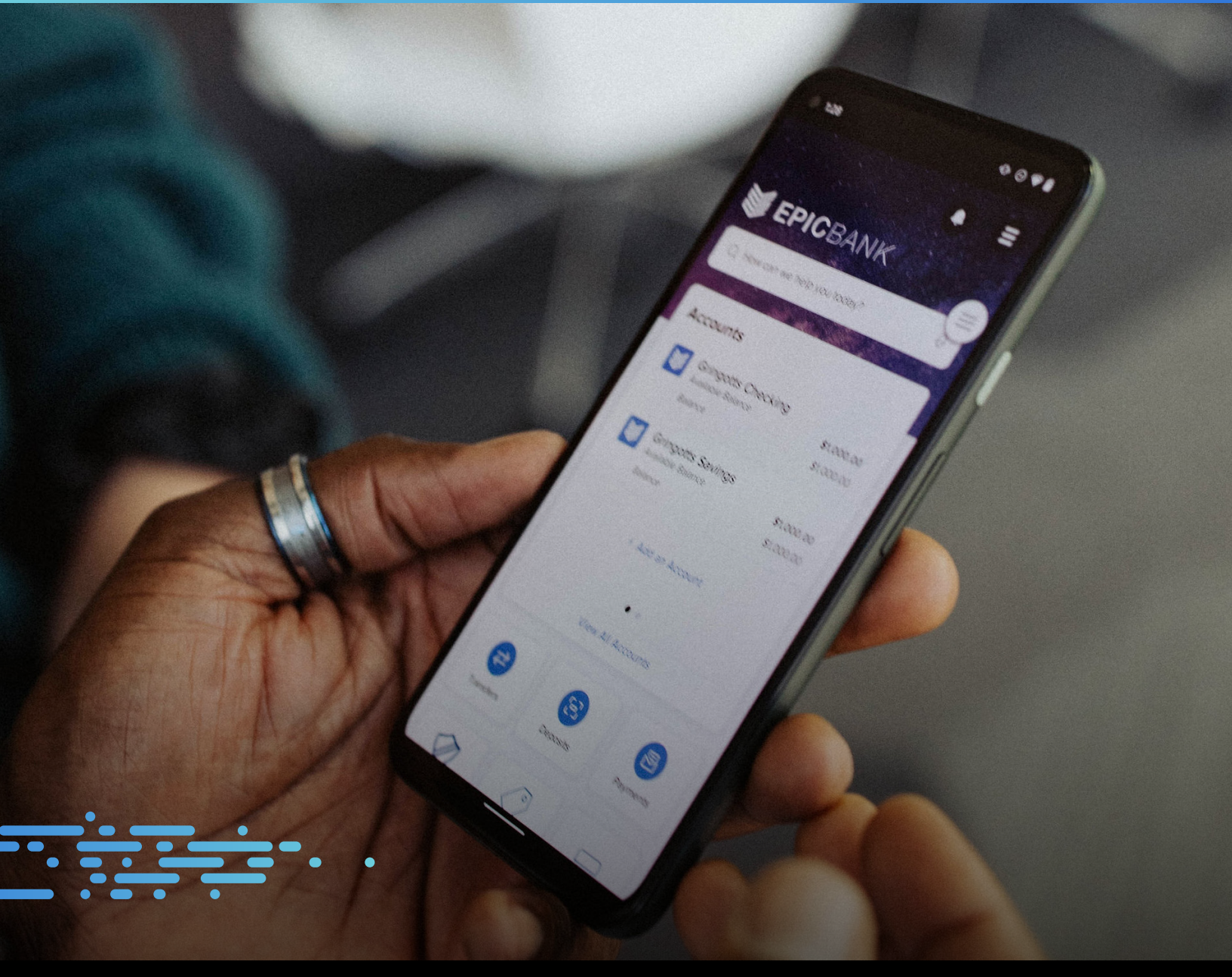Connectivity + Data + Experience = **Growth**

MX®

Harnessing the Power
of Financial Data

Data is everywhere. Consumer data and the unique qualities contained within, hold exponential value. Why? Because consumers' data attributes—everything from age, location, interests, financial position, and more—represent an ocean of opportunities for businesses.

The power of consumer data isn't something to take lightly. As with any power dynamic, the application, management, and governance of consumer data are critical. Technological advancements continue to outpace the established regulatory infrastructure. Resulting in a new global, wild-west frontier, where the explorers and pioneers of data application are defining the landscape by leading the way and taking advantage of being first in the market.

MX is leading the industry with secure data access, setting the bar for the industry and consumers, through agreements with the largest financial institutions and collaborations with key (financial tech) partners. An MX blog post applauding President Biden's executive order on promoting competition in the American economy and ensuring consumers can access and use their financial data said, "We believe it is imperative that all Americans—regardless of where they choose to bank, make payments, or borrow money—have access to modern connectivity that safeguards their data and their deposits. This means secure access to all of their financial data, and the ability to share it with providers of their choice, ensuring the best solutions for them and their families."

Making certain consumers are able to safeguard their financial data is critical for their financial wellbeing. Personal data is valuable, both to financial institutions and fraudsters. The massive amount of personal and financial data shared and used in all industries makes it a tempting and lucrative target for fraudsters. Adopting and following proper data protection procedures helps prevent predatory businesses and/or individuals from accessing consumer data for fraudulent purposes.

"We believe it is imperative that all Americans...have access to modern connectivity that safeguards their data and their deposits."

Blazing New
Data Application Trails

In addition to leading and encouraging the industry on secure data access and connectivity, MX is blazing new trails on the frontier of financial data application. Data applications are used frequently by consumers and businesses often without much thought given to the complexities that the user interface is built upon.

David King, the CEO of Exaptive, discussed the complexity of a data application on the Software Engineering Daily podcast stating,

"I think the best way to think about a data application is to just think about some of the software that we use today and we don't necessarily think of it as a data application. For example, everybody I know who buys plane tickets pretty much buys them through Orbitz or KAYAK. My mom will buy plane tickets through Orbitz.

When she does so, she doesn't feel like she's consuming some miracle of data visualization or data science, even though what's happening behind the scenes … is actually pretty sophisticated, right?"

King went on to say, "There's a whole bunch of data mining that it's doing from different sources … It is dealing with a lot of data, it's a pretty sophisticated application, but my mom doesn't think of it that way, because, ultimately, she can just click on a flight and book a ticket. When I talk about data application, that's what I'm talking about… moving from an environment where we're used to looking at data and reporting on it, to an environment where we're just doing our work with data as part of the backbone."

The MX Catalyst professional services team has recently developed a data application tool, MXIF Pro, that financial institutions can use to make sense of their customer's financial data. Just as a travel tool, such as Orbitz, has transformed the way the travel industry interacts with consumers, **MXIF Pro is transforming the way financial institutions engage with their customers.**

"The amount of data generated annually worldwide is expected to grow from *33 zettabytes in 2018 to 175ZB in 2025*."

Having Data **vs.**
Using Data

Having data is one thing. Using data effectively–to reach a specific goal, create a world-class customer experience, or grow a business–is challenging at best. In the online article, "How Will Financial Data Share the Future?" by Refinitv, the 'Fourth Industrial Revolution' is discussed. The current industrial revolution examines how data is increasingly powering the modern economy. The article states,"The amount of data generated annually worldwide is expected to grow from 33 zettabytes in 2018 to 175ZB in 2025." The article continued with, "It is now more important than ever for companies to harness the proliferation of data... That shift in both the quantity and type of data is reshaping the financial services industry."

The criticality of financial services in understanding and leveraging data can not be overstated. Sven Balnojan, Ph.D., product manager, development operations, and author of "Three Data Point Thursday" wrote, "In six years, a single company will face four-times the data it had available today. It will be able to get predictions on the data it has today eight times faster/cheaper. If the company analyses the data of today in six years, it will take them half the time it took them today."

In the financial industry, having access to and utilizing your customers' data is an extremely difficult challenge. Gaining the appropriate access to your first-party data can be an overwhelming hurdle in itself, given that many institutions have adapted poorly to the influx of information as dated technology is outpaced by innovation and more importantly, consumer expectations.

Due to the patchwork-architecture of many financial core technologies, key customer data may be spread out across multiple systems and business lines that were not designed to work together. This results in information silos and complicates how the data contained within each system or business line is accessed. Without access to the key data points across these all systems, it is difficult to create a holistic view of your customers.

Using Data to
Drive Strategy

After you are able to access customer data, the next step should be using the insights you derive from the data to drive and inform your customer experience strategy as well as business growth objectives. This however, is a new way of doing business for many organizations, so it is unfamiliar and can feel risky. Despite the trepidation, it is necessary to compete with the large number of competitors coming into the space who are doing this better and stealing market share.

It is critical for financial institutions to find alignment across the organization to answer the following questions about their use of customer data.

1. **What are the larger objectives of the organization and how can customer data support these goals?**
2. **What data do you need to access (i.e. current trends and data points on your customers' deposits) to reach a business goal (i.e. growing deposits)?**
3. **How can you attribute the success of effective data use to your goals?**

Answering these questions can help you begin to understand where data and insights can be best leveraged to drive strategy and determine your business objectives, instead of relying on past experience or gut feelings.

Getting to Know Your **Customers** Through Data

Financial institutions have relied heavily upon antiquated approaches to grow their business, focusing on cost reduction and revenue generation, rather than the customer experience. As technology continues to improve and the world becomes more digitally connected, customers' expectations of their financial service providers are rapidly changing.

Financial institutions must consider how they can improve their customers' experiences to remain competitive and relevant in this evolving marketplace. Every day new financial apps and fintechs are successfully gaining small pieces of your customers' wallets, without you even realizing. With the cost of retaining customers significantly lower than obtaining new ones, maintaining customer loyalty will only come when **you focus your strategy and execution on how to improve their experience.**

Improving the customer experience is not something that happens automatically when you provide a digital solution. **The power of financial data is the ultimate game changer**. When you understand how to access and analyze data to understand your customers, you create personalized content, products, and services that meet your customers' individual needs.

Personalized experiences improve customer satisfaction, build trust, and demonstrate a deeper understanding of their financial and life needs. When you use data to understand your customers and improve their experiences, their loyalty to your business increases. Ultimately influencing your wallet share with each customer and increasing your revenue generation.

Making Financial Data
Actionable

Having access to data, understanding how the data can be used to create actionable insights which drive business strategies and improve the customer experience through personalized offerings is a lot to unpack. The good news? You don't have to unpack it by yourself.

Regardless of where you are in your data transformation journey, the MX Catalyst professional services team is uniquely positioned to meet you where you are and help you fill the gaps, large or small between having data and using data to drive value. As we have discussed, consuming and utilizing the wealth of customer data isn't as simple as we would like it to be. To effectively analyze, segment, and use the data available requires clean data inputs, strategic aggregation, and sophisticated data analysis.

The MXIF Catalyst team brings a wealth of experience as well as curated Strategic and Analytics solutions to address each of these challenges. Our custom solutions combine MX enhanced transactional data with other key data sources, then analyze the information to calculate and derive unique, personalized, customer insights. These appended data insights are then delivered back in a number of formats that can be easily imported into existing systems—including CRM, marketing automation platforms, and more—empowering your institution to reach the right customers with the right message at the right time.

Contact Catalyst today to learn more about how our solutions can help you unlock and maximize the value of your data.

Sources

1. MX Applauds White House & CFPB Efforts To Improve Financial Data Access

2. Software Engineering Daily Podcast

3. How Will Financial Data Shape the Future?.

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mx.com