The new rules of customer engagement

EMEA Research Report for Financial
Services and Telecoms Organisations

April 2015

www.decisioningvision.com

DV Decisioning Vision 2020

HOW DO YOU KNOW IF YOUR BUSINESS MODEL IS FIT FOR PURPOSE TODAY, LET ALONE IN FIVE YEARS' TIME?

Introduction

With instant access to information at their fingertips, such as price comparison sites, social media and customer reviews, customers arguably have more knowledge and power than ever before.

Alongside this trend, new data sources have allowed organisations to build a better understanding of their customers and competitive differentiation. As such, both customers and organisations stand to benefit. Customer centricity, founded on quality data and decisions, allows organisations to build more mutually rewarding relationships, whilst giving customers a greater degree of control.

Greater expectations

Nobody knows exactly what Financial Services and Telecoms will look like in 2020, but one thing is for sure, customers will continue to be king and optimising their experience will be the key focus for many organisations for years to come.

Customers will demand more and more from their providers. As a bare minimum, they will want appropriate, affordable products and services that meet their needs with absolute transparency, from an institution they trust or a provider they use. Furthermore, they want to make contact through the channel of their choice, wherever and whenever it suits them and they will want to be served quickly, with fast, convenient processes and immediate decisions.

New business models

How do you know if your organisation's business model is still fit for purpose today, let alone in five years' time – when customer expectations are predicted to rise to unprecedented levels? What's more, how do you know what the key challenges are going to be in 2020 so that you can be prepared?

The challenge of the 'data to decision disconnect'

Becoming more customer-centric can prove challenging. Organisations not only require insight to inform key decisions, but becoming customer-centric is also dependent on timely and consistent access to data to support decisions at each stage of the customer lifecycle. Yet in reality this is not always easy to achieve. Indeed, our research reveals a 'data to decision disconnect' throughout the lifecycle, whereby the lack of available data and the ineffectiveness of decision tools is undermining the resulting speed, quality and reliability of decisions.

Organisations recognise the critical role of data and analytics in becoming more customer-centric and see real-time decisioning as vital to delivering a better customer experience. But the challenge is embedding data and analytics throughout the organisation, and the customer lifecycle.

Experian,

the leading global information services company, providing data and analytical tools to our clients around the world, commissioned a study among Financial Services and Telecoms companies to better understand the role data, analytics and decisioning plays within organisations today and in five years' time. The findings show that both Financial Services and Telecoms organisations are focused on keeping their prospects close, but their customers closer. Telecoms and Finance businesses alike consider that, by 2020, customer experience will be the ultimate differentiator and both see customer centricity (and subsequently data and analytics) as critical to customer retention, acquisition and bottom line growth.

Research Methodology

255 key decision-makers (195 from Financial Services and 60 from Telecoms companies) responsible for managing consumer and / or Small to Medium-sized business credit risk portfolios within their organisation took part in a survey during October and November 2014. Respondents were from Russia/CIS, South Africa, Spain, Nordics, Turkey, Middle East, Italy and Germany.

Research Sample
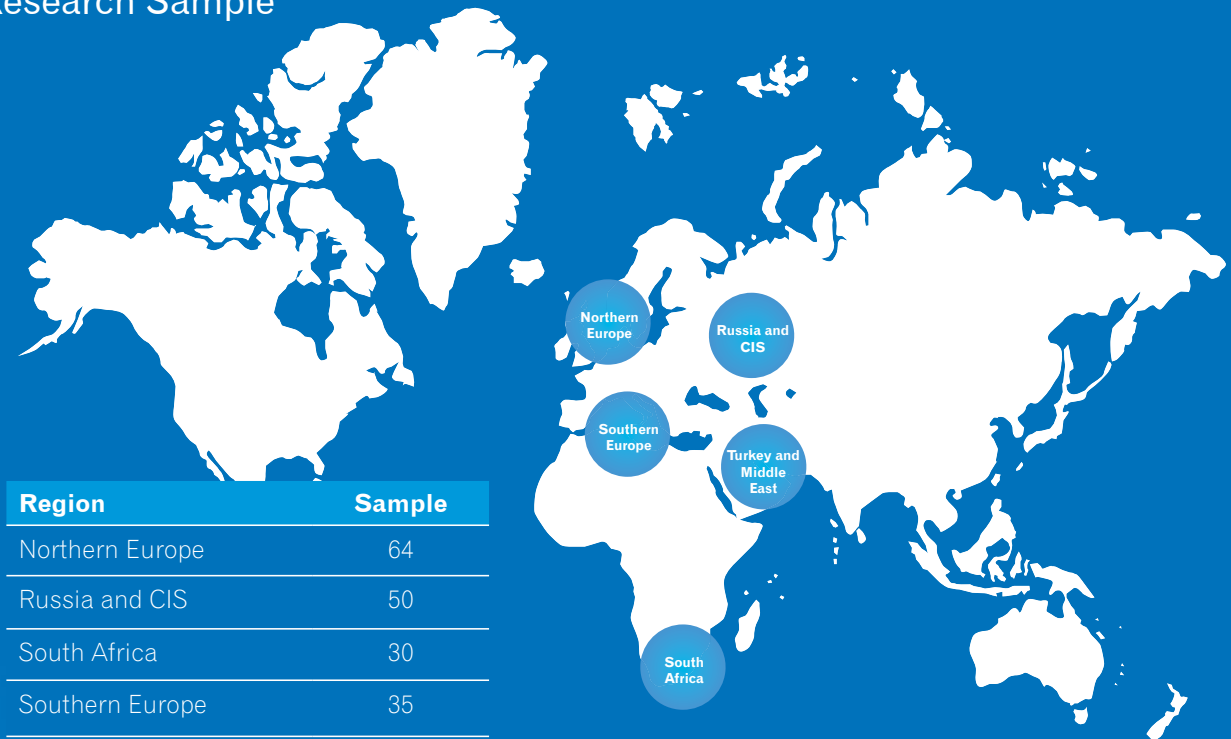
Region	Sample
Northern Europe	64
Russia and CIS	50
South Africa	30
Southern Europe	35
Turkey and Middle East	76

Our research found that, too often, key customer decisions are made in isolation of other departments and without visibility of the whole picture. For organisations to deliver a better customer experience, they must refine their current processes and evolve the use of data and analytics. This is the mission for many organisations over the next five years. With new sources of data becoming widely available, organisations are looking to increase their investment in data, analytical capabilities and tools to capitalise on the opportunity at every stage of the customer lifecycle.

Research highlights:

Customer experience is a significant differentiator

- **80%** say customer experience will be the ultimate differentiator in their sector in five years' time, and **79%** acknowledge that their business strategy has to change to meet the challenges of customer experience

- Organisations intend to use more internal (**77%**), negative (**56%**) and transactional data (**52%**) over the next five years

- **95%** see data as providing the means to successfully integrate the customer experience across the organisation

- **81%** think big data will transform their customer experience model

Emerging sector trends and challenges

Financial Services top business challenges:

78% growing profitability from existing customers

55% improving customer experience

53% complying with regulation

Telecoms top business challenges:

80% growing profitability from existing customers

52% improving customer experience

52% reducing costs

The customer lifecycle and 'the data to decision disconnect'

When acquiring customers, **78%** see processing higher volumes of applications to be a challenge both now and in five years' time

For growing and retaining customers, emerging focus areas for the next five years are enabling customers to self-serve (**42%**), eliminating data silos (**42%**) and offering customised products and services (**40%**)

To better manage customers in collections, the challenge now (**78%**) and in the next five years (**75%**) is time to collect with the collections customer experience (**77%**), costs to collect (**72%**) and how to reduce write-offs (**69%**) becoming more acute challenges up to the year 2020

When protecting the business from fraud, **78%** see online fraud as the key challenge now and in five years' time (**79%**) with account takeover (**71%**), friendly fraud (**62%**) and application fraud concerns (**51%**) on the rise up to 2020

In order to comply, the focus over the next five years is enhancing monitoring and reporting (**75%**), improving speed to implement new regulations (**64%**) and implementing compliance in decision tools (**60%**)

95%

believe data provides the means to successfully integrate customer experience across the organisation.

Customer life cycle — Acquire, Grow, Manage, Protect, Comply

Moving forward: customer decisioning in the year 2020

Data and advanced analytics will be at the heart of every organisation and customer decision. Leading organisations will:

- **Attain multiple and new sources of data:** People leave data footprints wherever they go. Organisations will capture internal data and obtain external sources of data and they will analyse this information to unlock insights into customer behaviour, lifestyle and future product needs.

- **Achieve a holistic customer view:** To transform the customer experience, organisations will have a complete view of each and every customer. This will need to include all information they hold on a customer such as income, outgoings, life stage, family status, existing debts and more. With greater customer insight, strong, trust-based relationships will be built – and current and future risks minimised.

- **Provide real-time, consistent and pre-qualified decisions:** Customers will expect a unified and consistent experience across all channels. This means that decisions will need to be made and pushed out to all channels in a reliable manner. Real-time and consistent decisioning will mitigate losses and manage risk, as well as positively match customer expectations. The customer will want around-the-clock availability, personalised treatment and zero errors.

- **Use multi-channel automation across all customer touch points:** Organisations will automate decisions across the customer lifecycle to drive better, faster and consistent customer experiences across all customer touch points, anywhere and at anytime.

- **Embrace advanced analytics across the entire organisation:** Every single business decision – whether about driving revenue, controlling costs, or mitigating risk – will be informed by data and advanced analytics. Advanced analytics will be used to improve customer segmentation, enabling companies to better understand customer profitability and lifetime value, whilst also opening up big data. Those organisations that incorporate analytics into their organisation will benefit from a customer-centric model that pays off in the long term.

By 2020, more than half of organisations will acquire good and profitable customers, monetise their data, drive sustainable growth through new business models, and increase market share through the use of data and advanced analytics.

Emerging sector trends and challenges

The beginning of 2015 has been met with signs of increased optimism amongst both Financial Services and Telecoms organisations. Although paved with uncertainty, the road to economic recovery is allowing organisations to 'release the handbrake' and focus more on growth.

In an industry beset with tightening legislation, complying with regulation (**53%**) forms a greater challenge in decisioning for the Financial Services sector compared to the Telecoms industry (**48%**) (see Figure 1). Recent high profile cases act as a reminder of the damaging implications of organisations not upholding data security. However, as much as compliance is about upholding data security, the critical issue of capital and liquidity adequacy require Financial Services businesses to allocate capital more effectively and improve credit risk estimations. Indeed, after reducing costs (**51%**), managing customer credit risk (**50%**) is a key business focus for Financial Services over the next five years.

For Telecoms businesses, as with the Financial Services industry, reducing costs (**52%**) acts as a significant challenge. The need to manage credit risk (**52%**) is marginally more acute in this sector. As much as the challenge is to find and acquire new customers (**47%**), the need is growing to protect against future liabilities. With this in mind, data, and its continuing proliferation, plays an

important role for Telecoms organisations, as it does for Financial Services organisations. Half (**50%**) believe big data will impact the need for advanced analytics over the next five years.

Ultimately these future challenges come down to one important thing in both sectors – delivering unparalleled customer service. By 2020, growing profitability from existing customers is the greatest business challenge impacting the need for data and advanced analytics. In order for this to be achieved, the customer must be placed at the heart of the business. Improving the customer experience is seen to be a key challenge amongst both Financial Services and Telecoms organisations (**55%** and **52%** respectively).

Key business challenges over the next five years

Finance

78% Growing profitability from existing customers

55% Improving customer experience

53% Complying with regulation

51% Reducing costs

50% Managing customer credit risk

Telecoms

80% Growing profitability from existing customers

52% Improving customer experience

52% Reducing costs

52% Managing customer credit risk

50% Harnessing big data

Figure 1

Key business challenges over next five years (by sector)

Experian Viewpoint

Organisations are struggling to meet ever-increasing customer demands and provide the best experience whilst growing profitably, managing increasing regulation, reducing costs and managing credit risk. These challenges are expected to grow even more over the next five years. Without relevant data and advanced analytics capabilities and tools in place, organisations are ill-equipped to remain competitive.

Recommendation

Organisations should introduce the use of data and advanced analytics at every stage of the customer lifecycle to grow profitably in 2020, whilst meeting the needs of the self-serve and less-loyal customer. The use of data and advanced analytics should be fully automated and easy to integrate into existing systems to seamlessly take the best action.

Big data to transform customer experience

Optimal customer experience is vital if organisations are to build a more profitable and meaningful relationship with their customers.

81%

think big data will transform their customer experience model.

Achieve a holistic view of customers

Critically, data helps break down the barriers between organisations and their customer base. With relevant data and the ability to extract insight, companies can build a more detailed holistic view of their customers, allowing them to deliver a more personalised, consistent and reliable experience. The vast majority (**95%**) see data as providing the means to successfully integrate the customer experience across the organisation. Internal data, such as CRM and marketing data (**76%**); negative data, such as poor credit history (**54%**) and socio-economic data, such as lifestyle and demographic data (**47%**) are the most popular sources of information used to inform customer decisions today (see Figure 2). A significant minority (**41%**) use unstructured data, such as social media, to help inform their decisions on customers, a source more widely used in Telecoms (**45%**) than Financial Services (**39%**).

With more data becoming available every second of every day, the use of data in informing decisions is set to rise over the next five years. By 2020, organisations intend to use more internal data (**77%**), negative data (**56%**) and transactional data (**52%**) to help make key decisions across the customer lifecycle (see Figure 3). Transactional data is likely to be used more within the Telecoms sector (**60%** compared with **49%**), with the use of fraud data more likely to increase within Financial Services over the next five years (**33%** compared with **25%**).

Transforming the customer experience model with big data

In order to maintain a consistent and effective customer experience throughout the customer journey, organisations must better manage, utilise and exploit the data at their disposal and gain access to relevant external sources. **81%** think big data will transform their customer experience model, rising to **88%** in Russia/CIS. However, such transformation will only be positive if organisations have the necessary decisioning tools and advanced analytics in place to capitalise on the growth in data. Without these tools, a 'data to decision disconnect' undermines the value of customer data, the quality of the decision and subsequently, the customer's overall experience.

76% Internal data (e.g. CRM / marketing data)

54% Negative data (e.g. extent to which potential customer has poor credit history)

47% Socio-economic data (lifestyle, life stage, demographics, employment data, social security, geo-analytics)

45% Transactional data (e.g. credit card transactions, phone usage)

42% Positive data (e.g. extent to which potential customer has good credit history)

41% Unstructured data (e.g. social media)

21% External data (e.g. public data or third party data)

17% Fraud data

Figure 2

Sources used to inform customer decisions

Change in data sources used to inform key decisions

■ More   ■ Same   ■ Less

77% **19%** **4%**
Internal data (e.g. CRM / marketing data)

56% **41%** **3%**
Negative data (e.g. extent to which potential customer has poor credit history)

52% **42%** **6%**
Transactional data (e.g. credit card transactions, phone usage)

47% **50%** **3%**
Unstructured data (e.g. social media)

38% **57%** **5%**
External data (e.g. public data or third party data)

38% **57%** **5%**
Socio-economic data (lifestyle, life stage, demographics, employment data, social security, geo-analytics)

32% **63%** **5%**
Positive data (e.g. extent to which potential customer has good credit history)
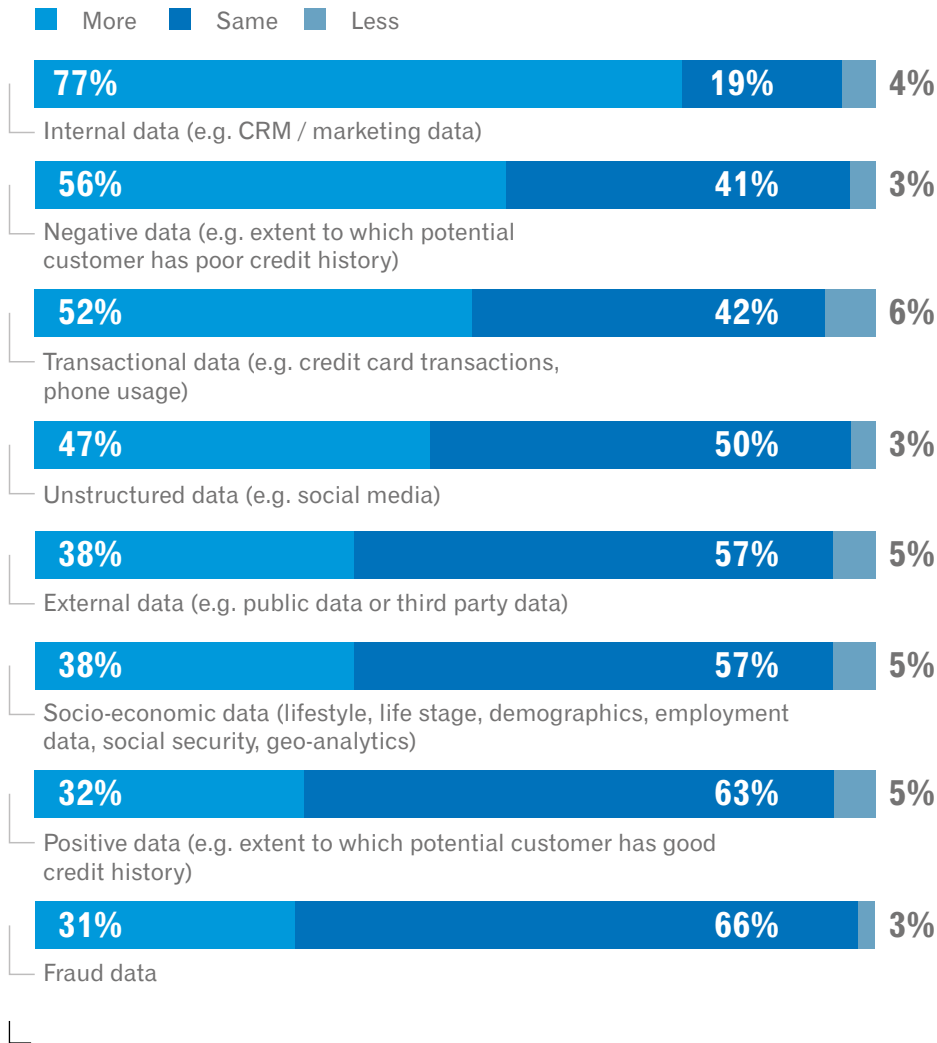
31% **66%** **3%**
Fraud data

Figure 3

Experian Viewpoint

As the competitive landscape in both industries evolves, differentiation will become even more difficult. In 2014, less than 40% of customers in EMEA reported positive customer experiences with their provider.* In the next five years, organisations will no longer be able to differentiate through product or price and customer loyalty will be even harder to retain.

Recommendation

In order for organisations to succeed in this new landscape they will need to consolidate their siloed data and introduce new data sources and advanced analytics to create a holistic view of each customer. And they will need to use that insight to delight customers with quick, convenient and transparent services. 87% of consumers feel they should be able to communicate and interact with organisations quickly and in real-time.**
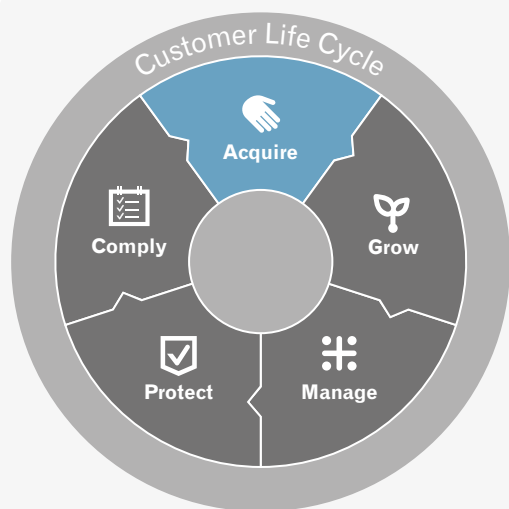
*Capgemini and Efma The World Retail Banking Report 2014
**Edelman Brandshare Research 2015

WITH MORE DATA BECOMING AVAILABLE EVERY DAY, THE USE OF DATA IN INFORMING DECISIONS IS SET TO RISE.

Solving the 'data to decision disconnect':
Acquire profitable customers

Create a consistent application experience

The application experience is a critical first step along the customer lifecycle. Should the application stage provide a poor experience, organisations risk leaving the customer with a negative first impression of the company. The immediate challenge for organisations, however, is dealing with the sheer volume of applications. **78%** see processing high numbers of applications to be a challenge now and in five years' time. Currently, this is more of a challenge for the Telecoms sector (**82%**) than Financial Services (**72%**).
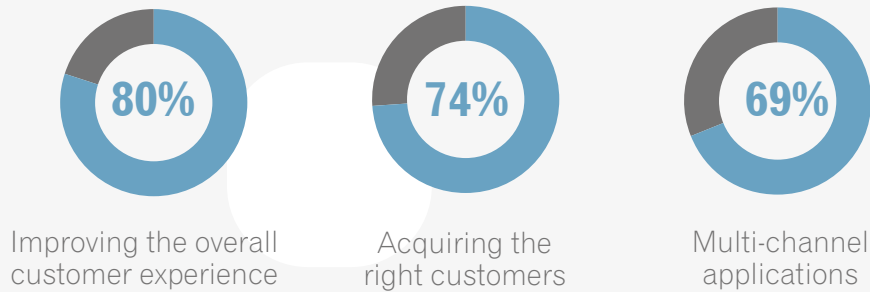
However, as organisations look towards the future, the focus shifts from solely process management to delivering a better and more consistent service. By 2020, **80%** see themselves challenged by improving the overall customer experience at the application stage (a notable rise from **32%** currently) and **74%** are concerned about acquiring the right customers. Further still, with smartphones and tablets now ubiquitous, **69%** believe multi-channel applications will become a key challenge in five years' time, a rise from **46%** currently.

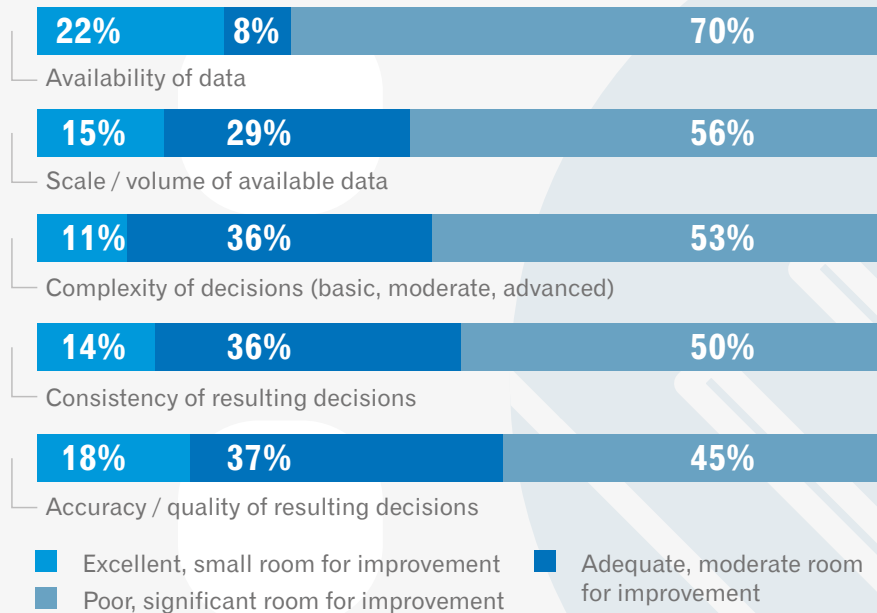### Data is critical in building a picture of a new customer

The 'data to decision disconnect' is most significant within customer acquisition compared with other stages in the customer lifecycle. Indeed, in the cases where the applicant is unknown to the organisation, building a detailed picture of them can be complex. Failure to provide a good application experience is likely to cause a 'domino effect' across the customer lifecycle. Should an acquired customer fail to meet their payment commitments, the company will have to invest significant time into collecting missed payments later along the cycle.

Both the quality of available data (**82%**) and usability of data (**65%**) are deemed of good enough quality to help inform key decisions, but availability (**30%**) and volume of data (**44%**) are far from optimal. As such, acquisition decisions are being somewhat undermined. **55%** rate the accuracy and quality of their decisions as either excellent or adequate. Just half (**50%**) are content with the consistency of their decisions, falling to **43%** amongst Telecoms companies.

Key challenges in the next five years

80%

Improving the overall customer experience

74%

Acquiring the right customers

69%

Multi-channel applications

Top 5 areas for data improvement within customer acquisition

22%	8%	70%

Availability of data

15%	29%	56%

Scale / volume of available data

11%	36%	53%

Complexity of decisions (basic, moderate, advanced)

14%	36%	50%

Consistency of resulting decisions

18%	37%	45%

Accuracy / quality of resulting decisions

■ Excellent, small room for improvement
■ Adequate, moderate room for improvement
■ Poor, significant room for improvement

Experian Viewpoint

Organisations will be challenged with making the right decisions about which customers to acquire and matching them to the right product, whilst contending with providing an excellent and consistent application experience across multiple channels. 51% of consumers get frustrated by lengthy application processes when applying for credit and 41% said it would stop them from completing an application.*

Recommendation

The first step is for organisations to ensure decisioning is automated and integrated with advanced analytics. This will help provide an excellent and consistent experience, quickly and conveniently through multiple channels. And by understanding lifetime value organisations will create the foundation for long and profitable relationships. 18% of Telecoms said their top challenge is providing a consistent customer experience across channels, yet during 2014 only 33% provided a personalised and consistent experience.**

*Experian Identity and Fraud Research 2015
**Telecoms IQ 2014

Solving the 'data to decision disconnect': Grow customer relationships

Customer Life Cycle

Acquire — Grow — Manage — Protect — Comply
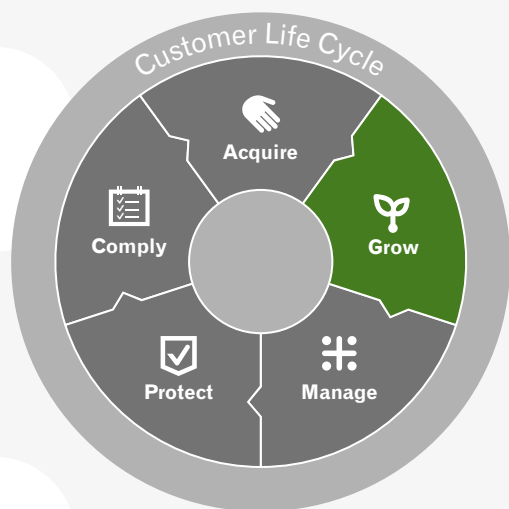
Knowing the DNA of your customer is vital

Growing share of wallet by providing an excellent experience to existing customers is essential for organisations to grow market share. But only by better understanding their customers' needs can organisations provide a better service. Currently, organisations are most likely to be able to understand individual customer product profitability and potential lifetime value (**81%**), generate a single view of their customer (**64%**) and identify up-sell and cross-sell opportunities (**62%**). For the Telecoms industry at least, enabling customers to self-serve (**60%** compared with **43%** within Financial Services) and offering personalised products and services (**55%** compared with **41%**) are more likely to be undertaken.
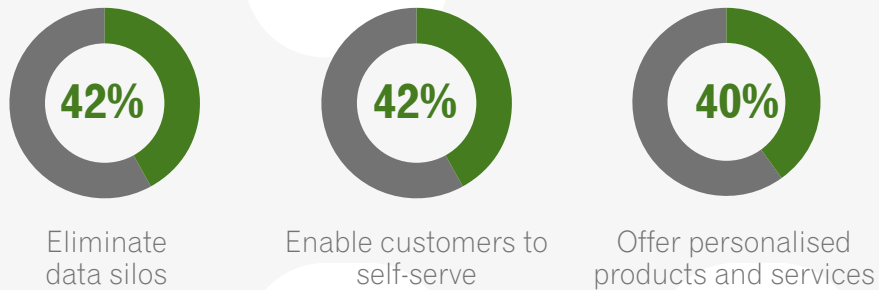
The biggest challenge for organisations over the coming years is to grow from their existing customer base and to do this they will need a complete and holistic view of each customer across product lines. By 2020, organisations intend to eliminate data silos (**42%**), where customer information is dispersed in different systems, departments or formats,

a figure rising to **47%** in South Africa. Other emerging focus areas over the next five years include enabling customers to self-serve (**42%**) and offering personalised products and services based on customer needs and preferences (**40%**). The need to empower customers through self-service is stronger in the Middle East and Turkey (**46%**).

Organisations require more available data to help better understand their customer

Whilst the quality of available data (**87%**) and availability of decision tools (**67%**) are considered strong enough to help support customer management, the quality of decisions in this area is held back, as with most stages in the customer lifecycle, by the availability of data (**38%**). Without the required accessibility of data, inevitably key decisions about the customer become difficult to make. Under half (**46%**) believe the data they have in place is either excellent or adequate enough to support complex decisions on customer management.

Key focus areas over the next five years

42% — Eliminate data silos

42% — Enable customers to self-serve

40% — Offer personalised products and services

Top 5 areas for data improvement within customer management

21%	17%	62%

Availability of data

12%	34%	54%

Complexity of decisions (basic, moderate, advanced)

17%	29%	54%

Scale / volume of available data

14%	42%	44%

Consistency of resulting decisions

18%	39%	43%

Speed of resulting decisions

- Excellent, small room for improvement
- Adequate, moderate room for improvement
- Poor, significant room for improvement
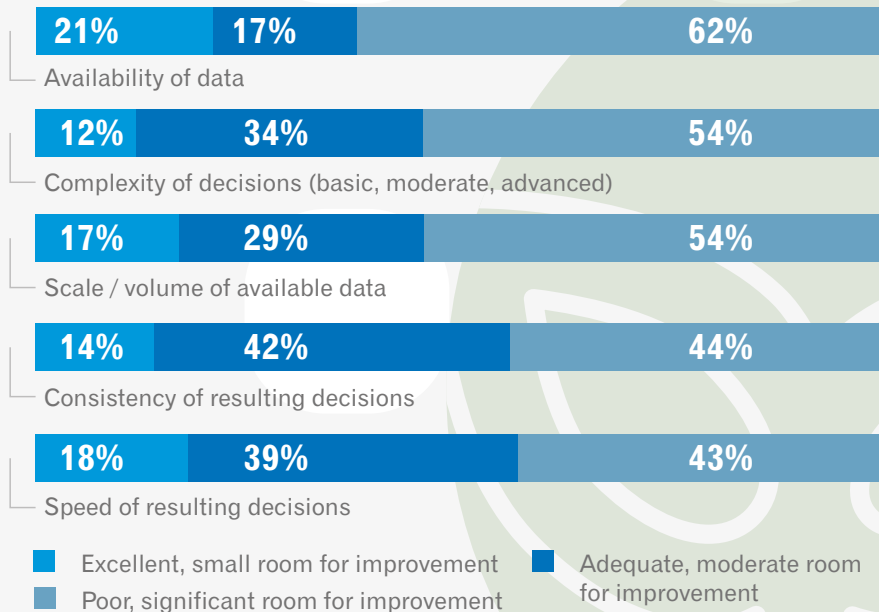
Experian Viewpoint

Organisations' biggest challenge will be satisfying the demands of the self-directed and less-loyal customer. Therefore enhancing customer relationships will be a top priority for executives. Customers with positive experiences are three times more likely to stay with their provider than those with negative experiences.*

Recommendation

To improve customer relationships organisations need to understand their customers better and the best way to achieve this is through data and improved decisioning (77% of banks believe the greatest value of big data is improved decision-making**). Organisations should bring all internal and external data from disparate silos and supplement with new data to create a 360 degree view of customers. Only with a complete view and advanced decisioning systems can organisations provide an excellent service to effectively cross-sell and up-sell relevant products.

*Capgemini and Efma The World Retail Banking Report 2014
**IDG Research Services 2012

Solving the 'data to decision disconnect':
Manage collections more effectively

Customer Life Cycle

Acquire
Grow
Comply
Protect
Manage
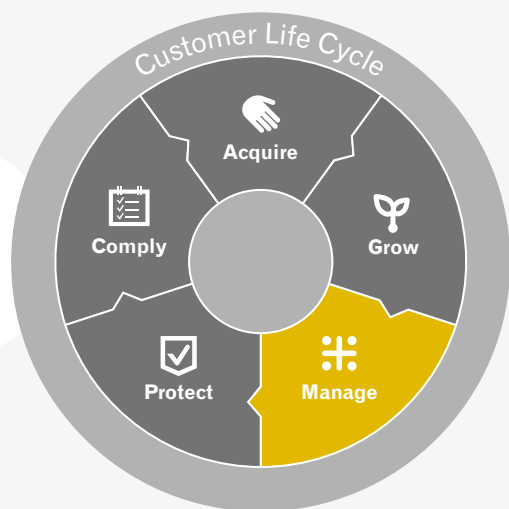
Minimising liability through a more tailored experience

Currently, the most common challenge in the collections process is the time spent recovering late payment (**78%**), a problem which is set to remain over the next five years (**75%**). The associated costs in collecting payments (**51%**), combined with outdated payment details (**51%**) provide a further challenge for firms, particularly in the Financial Services sector (**54%**) compared with the Telecoms sector (**38%**). The time spent recovering payments is a more prevalent challenge in Southern Europe (**89%**) compared with other regions.

However, whilst organisations are battling with the immediate cost of debt collection, steps are being taken to balance this against how customers are treated. **77%** (a rise from **34%** currently) intend to focus on the collections customer experience over the next five years. Here, individual collections strategies could be tailored to meet each customer profile. Although the challenges of collection costs (**72%**) and provision reduction (**69%**) still persist by 2020, such steps will help improve long term profitability in the years to come.

Scale, availability and quality of data are critical in helping support collections management

Such an approach requires the right scale, availability and quality of data to help inform decisions about an appropriate collection method. Despite the high level of data quality (**87%**) and usability (**73%**) in supporting decisions, the low availability of data (**31%**) means debt management will struggle to improve by 2020. Subsequently, both the complexity (**44%**) and consistency of decisions (**55%**) will be weakened over the next five years. Complexity of decisions is undermined the most in South Africa, with just **30%** rating this as excellent or adequate.

Organisations with the strongest customer relationships are likely to be prioritised for payment above others.

Key challenges in the next five years
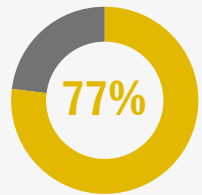
77%
Improving the collections experience for customers

75%
Time to collect
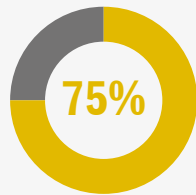
72%
Cost to collect

Top 5 areas for data improvement within debt management
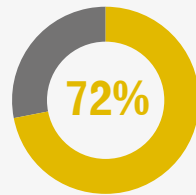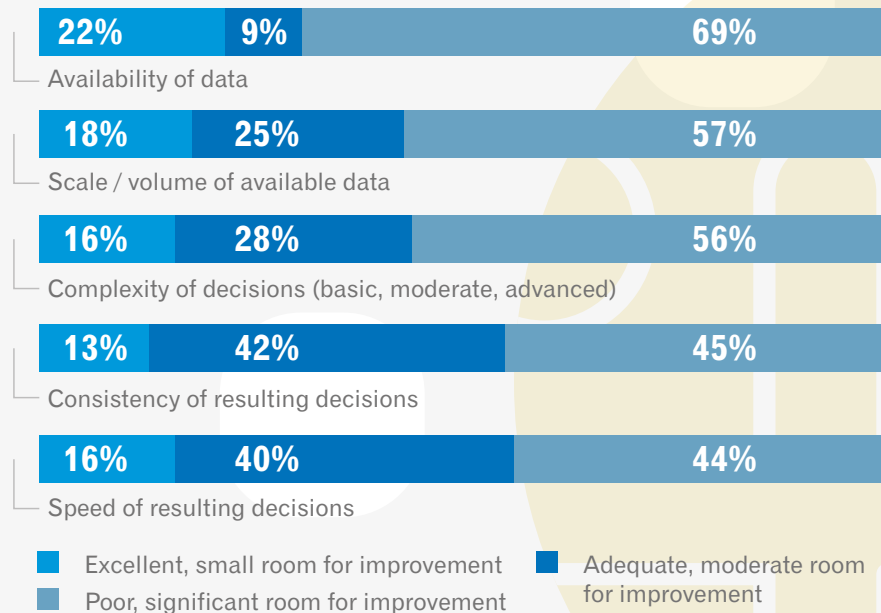
22%	9%	69%

Availability of data

18%	25%	57%

Scale / volume of available data

16%	28%	56%

Complexity of decisions (basic, moderate, advanced)

13%	42%	45%

Consistency of resulting decisions

16%	40%	44%

Speed of resulting decisions

■ Excellent, small room for improvement   ■ Adequate, moderate room for improvement
■ Poor, significant room for improvement

Experian Viewpoint

In the digital era, people want to manage how they repay their commitments seamlessly through the channel of their choice, at a time that suits them. Providing the best possible experience for customers – including those in financial difficulties, is essential to retain good customers and comply with Treating Customers Fairly regulations.

Recommendation

Access to relevant data will differentiate customers who won't pay from those who can't. And by adopting automated and multi-channel collections systems, organisations can manage contact frequency and payment preferences, and provide a superior collections experience. This will enable organisations to reduce time and cost to collect and comply with regulations. Over the next 12 months 45% of financial services firms plan to increase technology investment to improve their collections strategy.*

*Transcom 2015

Solving the 'data to decision disconnect': Protect against fraud risk
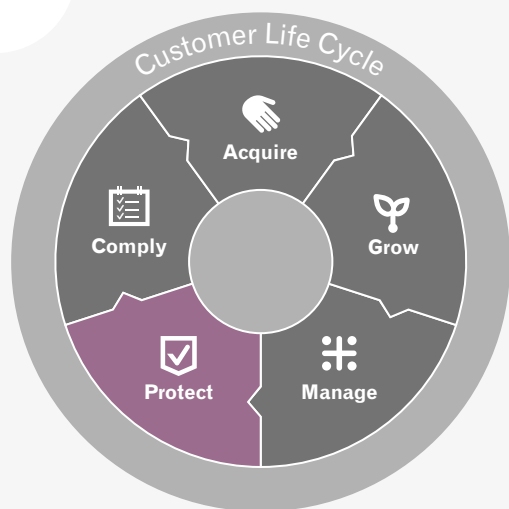
Fraud on the rise

As much as data is used as a tool to grow the organisation, it is also an instrument which can help to protect against and prevent fraud. Fraud comes in many shapes and sizes, but online fraud (**78%**), account takeover (**47%**) and application fraud (**36%**) are the most common types of fraud experienced in the last 12 months. Over the next five years, online fraud (**79%**), account takeover (**71%**) and 'friendly' (i.e. internal) fraud (**51%**) are set to be the biggest threats. Critically, with customers sharing more of their data across multiple channels, identify theft as a concern is expected to rise considerably from **24%** currently to **48%** by 2020.

Inevitably, with fraud on the rise, organisations are faced with several challenges. Fraud integration across internal systems is the top challenge both now (**75%**) and in five years' time (**78%**), with safeguarding the organisation whilst optimising customer experience (**71%**), identifying repeat offenders (**69%**) and earlier detection of fraud (**65%**) further challenges in 2020. For organisations in Financial Services, the speed of detecting and identifying fraud is a notable challenge over the

course of the next five years (**41%** compared with **25%** amongst Telecoms companies). However, the need to safeguard the organisation whilst optimising the customer experience is more pressing amongst Telecoms (**83%**) than Financial Services companies (**68%**).

Balancing data protection with user experience

If organisations are to successfully safeguard their business, data must help organisations perform the difficult balancing act of protecting against the threats which face them whilst upholding the customer experience. Indeed, **92%** think that tackling fraud can negatively impact customer experience if not managed appropriately. Whilst **87%** believe the quality of available data is either excellent or adequate in supporting fraud management, just **59%** believe it is usable. With the availability of decision tools less than optimal (**57%**), organisations in practice are not fully protecting themselves. As such, both the complexity (**45%**) and speed of decisions (**53%**) are likely to be less than optimal.

Key challenges in the next five years

78%
Fraud integration across internal systems
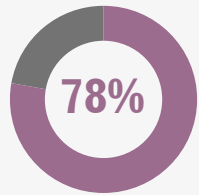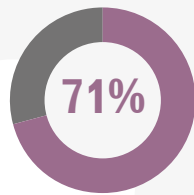
71%
Protecting the business, whilst optimising the customer experience
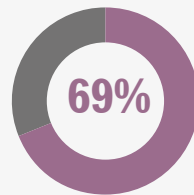
69%
Identifying repeat offenders

Top 5 areas for data improvement within fraud protection

21%	10%	69%

Availability of data

20%	24%	56%

Scale / volume of available data

13%	32%	55%

Complexity of decisions (basic, moderate, advanced)

16%	37%	47%

Consistency of resulting decisions

15%	38%	47%

Speed of resulting decisions

- Excellent, small room for improvement
- Poor, significant room for improvement
- Adequate, moderate room for improvement
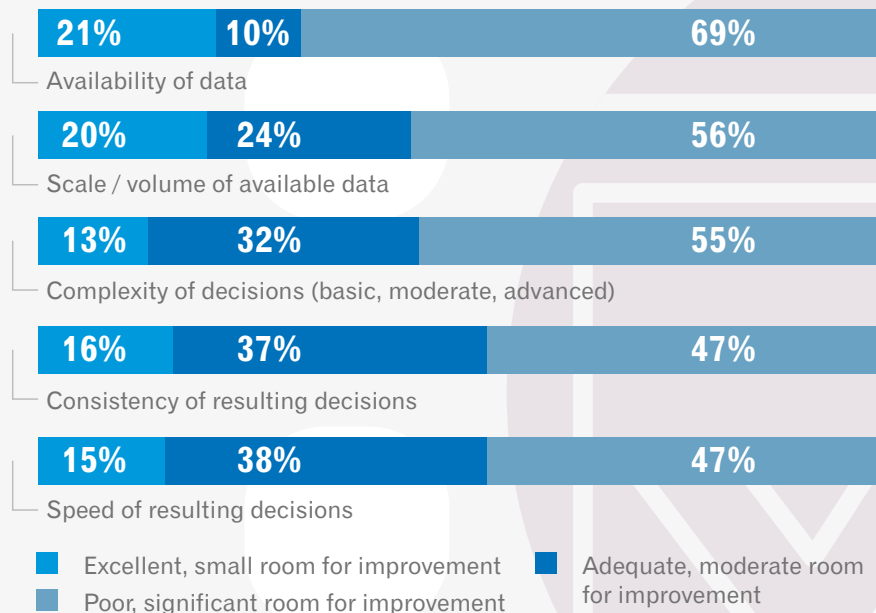
Experian Viewpoint

Losses to fraud around the world amount to £2.91 trillion a year.* Fraud is becoming more complex with the challenges of multi-channel customer engagement, increased regulations and cross-border activity. Organisations must find ways to protect their business without negatively impacting on the customer experience.

Recommendation

Through process automation and system integration, a comprehensive strategy to fight fraud can also be achieved at a much lower cost without sacrificing the customer experience. Combining authentication and device reputation and data sharing schemes can protect your business.

*BDO Financial Cost of Fraud Survey 2013

Solving the 'data to decision disconnect':
Comply with regulations

Customer Life Cycle

Acquire
Grow
Comply
Manage
Protect
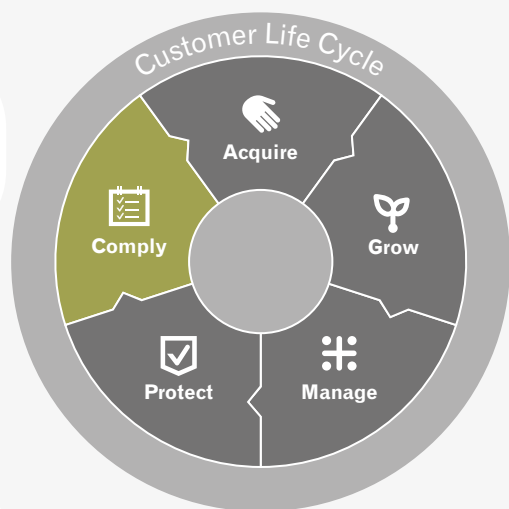
Enhancing compliance reporting

The need to uphold and protect data security is a key priority amongst Financial Services organisations. Enhancing compliance monitoring and reporting is seen as the top challenge both now (**71%**) and in five years' time (**75%**). By 2020, the focus will be improving the speed to implement new regulations (**64%**), enforcing compliance across the organisation (**63%**) and implementing compliance in decision tools (**60%**). The need to enforce compliance across the organisation is strongest in Southern Europe (**71%**) and Russia/CIS (**69%**). The aim is to achieve improved responsiveness to new regulations by 2020 in Financial Services organisations, with enhanced credit risk management, but ultimately delivering a better customer experience.

Unifying compliance across the organisation

If compliance is to be unified and monitored across the business, organisations need the confidence to ensure their customers' data is being protected at every stage of the decisioning process. Half (**57%**) are satisfied that the availability of compliance in their decision tools is good enough to support their organisation in five years' time. However, just **49%** believe the accuracy and quality of the results are adequate enough to help manage their compliance obligations by 2020. Although the quality of data is sufficient (**84%**), organisations face the challenge of drawing upon the scale and volume of data (**43%**) to help support compliance over this timeframe.

Key challenges in the next five years

75% — Enhancing compliance monitoring

64% — Improving speed to implement new regulations

63% — Enforcing compliance across the organisation
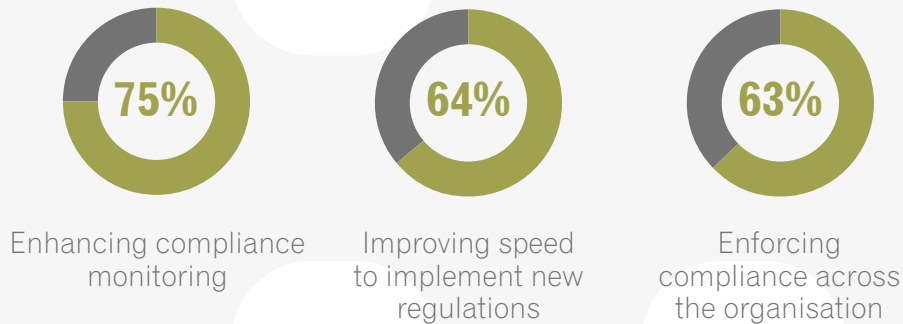
Top 5 areas for data improvement within compliance

	Excellent, small room for improvement	Adequate, moderate room for improvement	Poor, significant room for improvement
Scale / volume of available data	20%	23%	57%
Availability of data	30%	16%	54%
Accuracy / quality of resulting decisions	16%	33%	51%
Availability of compliance in decision tools	18%	39%	43%
Usability of data for compliance	24%	38%	38%

- Excellent, small room for improvement
- Adequate, moderate room for improvement
- Poor, significant room for improvement

Experian Viewpoint

Never before have regulations had as much impact on the way organisations do business. In a dynamic regulatory environment, the ability to adapt to and manage compliance is critical.

Recommendation

Access to data can help organisations to comply with regulations, which demand that customers must be treated fairly at all times. Based on a comprehensive view of customers, organisations can achieve a balance between excellent customer service and protecting their revenues. In addition, continual evaluation of product appropriateness and affordability is needed.

Moving forward: decisioning in 2020

Attain multiple and new sources of data

Embracing data more widely will be the key priority over the coming years. Indeed, **81%** see big data transforming their customer experience model, rising to **83%** amongst Financial Services companies.

By 2020, organisations intend to use more internal data (**77%**), negative data (**56%**) and transactional data (**52%**) to help make key decisions across the customer lifecycle.

87%

of consumers are calling for deeper brand relationships and engagement.*

*Edleman Brandshare Research 2015

Achieve a holistic view of customers

With relevant data and the ability to extract insight, companies can build a more detailed holistic view of their customers, allowing companies to deliver a more personalised, consistent and reliable experience. The vast majority (**95%**) see data as providing the means to successfully integrate the customer experience across the organisation.

Provide real-time, consistent and pre-qualified decisions

The 'data to decision disconnect' presents a significant challenge for organisations over the next five years. If organisations are to maximise their customer experience potential, they need to make fast, accurate and insightful decisions to help seize opportunities, but also minimise threats across the customer lifecycle. **83%** believe real-time decisions will improve the overall customer experience, a sentiment held more strongly amongst Telecoms organisations (**87%** compared with **82%**). However, customer decisioning is being undermined by the data at organisations' disposal, namely through the lack of timely accessible data and the availability of tools to help support such decisions.

Use multi-channel automation across all customer touch points

Before looking to evolve their data analytics capabilities, organisations need to recognise the long-term value that data holds for the organisation. By treating data as a commercial asset which will yield a return in the form of a stronger customer base, organisations will begin to dedicate the necessary resources to support it. The top priorities in evolving data analytics tools and capabilities up to 2020 are increasing investment in data analytics tools (**79%**), using new data sources (**68%**) and investing in decision automation (**68%**) (see Figure 4).

Embrace advanced analytics across the entire organisation

Although organisations are displaying a greater desire to adopt data analytics, more needs to be done to facilitate and integrate decisioning tools across the organisation. In order for data analytics to be more widely used in 2020, organisations believe they need process refinement across their whole customer lifecycle (**78%**), more collaboration between different customer-facing parts of the business (**67%**), more support from leadership (**49%**) and clear ownership of decision making strategy (**47%**). Greater customer-facing collaboration is a challenge particularly faced within the Telecoms sector (**78%** compared with **63%** in Financial Services), with organisations in Southern Europe (**74%**) more likely to experience the same challenge.

79%
89%
Increase investment in data analytics tools

68%
36%
Use new sources of data (internal, external, positive, negative and unstructured) to enhance your data analytics capabilities

68%
63%
Invest in decision automation

67%
50%
Invest in multi-channel (mobile, store / branch, online) decision automation

64%
39%
Use highly flexible data analytics tools to implement new customers or business insight or decisions

58%
19%
Allow real time decision-making in the data analytics tools

48%
21%
Use on demand, scalable decision-making tools accessed via the cloud / decision as a service

47%
12%
Evolve from decisions based on large customer segments to micro-segments to individual customers / personalised decisions

20%
13%
Enable global mobility of data to be easily shared across markets

18%
36%
Outsource your data analytics tools to a trusted partner or third party

01%
00%
Don't know

■ Ways to evolve data analytics　■ Three biggest priorities

76%
Increased focus on targeting and prospecting (acquired good and more profitable customers)

64%
Data monetisation

56%
Introduced new business models and identified new opportunites (drove sustainable growth for our business)

53%
Increased our market share

49%
Optimal balance achieved between risk and return

41%
Reduced voluntary churn / increased loyalty amongst customers (grown and strengthened our customer relationships)

39%
Managed customers more effectively and efficiently (optimised decision processes and efforts without compromising customer experience)

20%
Improved cross-selling and up-selling success

19%
Protected our business more effectively, efficiently and proactively

13%
Turned compliance and regulation into a competitive advantage

1%
Don't know

Figure 4

Ways to evolve data analytics
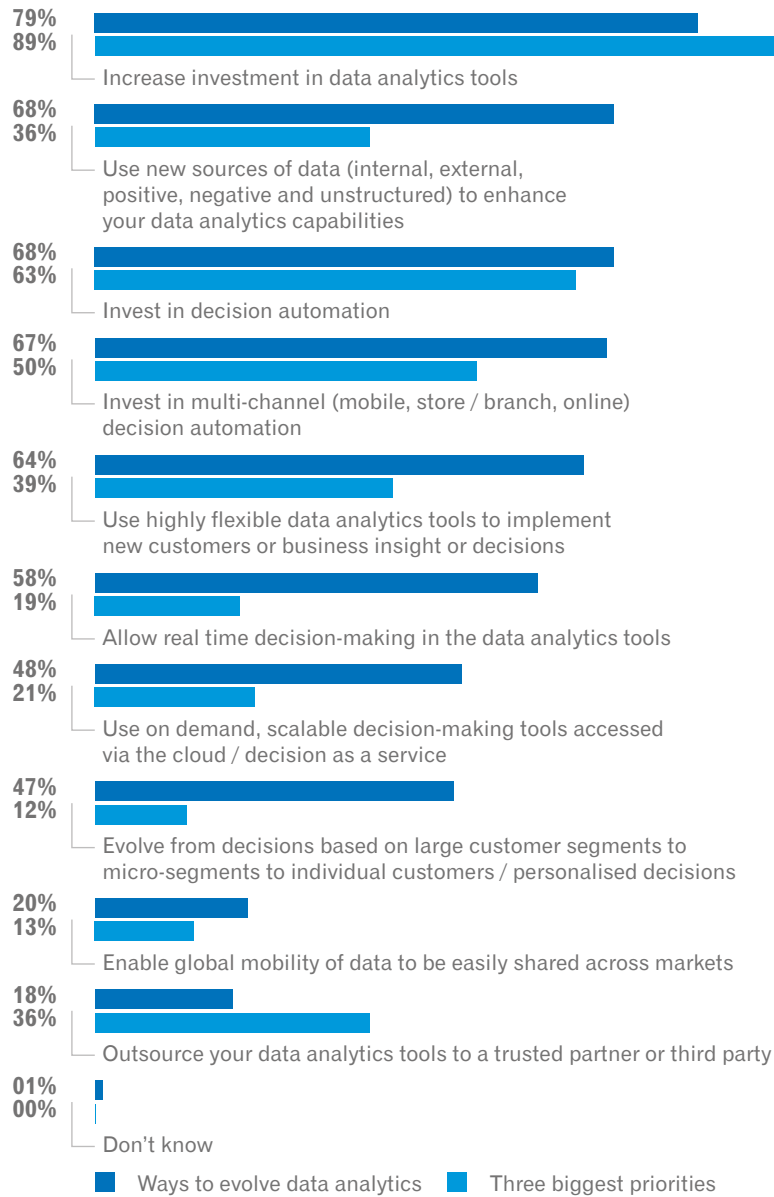in the next five years

Figure 5

Future achievements
through data analytics

Conclusion

Over the next five years, customers will become more informed and in control of the experience they receive. Greater access to information facilitated by the rise in technology, has allowed a more 'self-directed' customer to evolve. As such, they expect organisations to know their individual needs and personal preferences.

It is critical that organisations recognise this shift taking place. And with competition rising, data and analytics adoption lagging and customers expected to leave, there is very real danger that organisations will fail.

As customers actively question the future direction of the industry, an influx of new entrants are threatening the territory of Financial Services and Telecoms organisations.

In response, organisations recognise the need to invest in data and advanced analytics and have a clear vision of what they need to do in order to turn this into a reality. Failing to meet customers' expectations is dangerous in any industry; it could be lethal in an environment where the competitive landscape is becoming ever-more congested.

This report concludes that, while desire to achieve an excellent customer experience exists, considerable changes will be required in order to make this a reality. A truly customer-centric decisioning strategy will enable organisations to remain competitive. Only by truly committing to the new rules of customer engagement will organisations not only survive, but thrive in the future.

Decisioning Vision for 2020:

- Attain multiple and new sources of data
- Achieve a holistic view of customers
- Provide real-time, consistent and pre-qualified decisions
- Utilise multi-channel automation across customer touch points
- Use advanced analytics across the entire organisation

See how we can help you to turn this into a reality:

To explore best practice and insights and benchmark your business, visit our interactive tool at **www.decisioningvision.com**, or join the conversation on Twitter **#dv2020**

ORGANISATIONS MUST
ACT NOW IF THEY ARE TO
MEET CHALLENGES OF THE
NEW RULES OF CUSTOMER
ENGAGEMENT BY 2020.

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