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Big Data Big Chance

Opportunities and Challenges in the
Payments and Cash Management Business

IL SALONE DEI PAGAMENTI | PAYVOLUTION

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Banks and payment players are natural owners of a broad and unique set of data

Retail clients

Owners

	Banks	Payment players	Telcos	Digital players	Retailers
Data					
Customer data					
Socio-demographic profile	Good knowledge	Good knowledge	Good knowledge	Natural ownership	No knowledge
Social network and relations	Marginal knowledge	Marginal knowledge	Good knowledge	Natural ownership	No knowledge
Behavioral data					
Online preferences	No knowledge	No knowledge	Good knowledge	Natural ownership	No knowledge
Purchasing preferences	Marginal knowledge	Good knowledge	No knowledge	Good knowledge	Natural ownership
Channel preferences	Marginal knowledge	Good knowledge	No knowledge	Good knowledge	Good knowledge
Location	Marginal knowledge	Good knowledge	Natural ownership	Natural ownership	No knowledge
Economics					
Value wealth	Natural ownership	Natural ownership	No knowledge	No knowledge	No knowledge
Risk level	Good knowledge	Natural ownership	Marginal knowledge	No knowledge	No knowledge

Corporate clients (merchants)

Owners

	Banks	Payment players	Telcos	Digital players	Retailers
Data					
Merchant profile					
Company performance	Good knowledge	Marginal knowledge	Marginal knowledge	Marginal knowledge	No knowledge
Customer base	No knowledge	Good knowledge	No knowledge	Good knowledge	No knowledge
Competitive position in a micro-market	Marginal knowledge	Marginal knowledge	No knowledge	No knowledge	No knowledge
Risk profile	Natural ownership	Good knowledge	Marginal knowledge	No knowledge	No knowledge
Merchant eco-system					
Industry dynamics	No knowledge	No knowledge	No knowledge	Marginal knowledge	No knowledge
Supply chain	Good knowledge	Marginal knowledge	No knowledge	No knowledge	No knowledge



Based on these data, we have observed several potential use cases in the payments and cash management business

■ Descriptive analytics
 ■ Predictive analytics
 ■ Artificial intelligence

Boosting existing revenue streams

Monetize data to generate new revenue streams

Marketing & Sales



Value-chain analytics

Advanced CRM system for merchants

Lead generation engine

Liquidity forecasting for corporates

Risk & Compliance



Credit EWS based on transactional analytics

FX analytics and exposure management for corporates

AML and money mule account identification

Credit-risk assessment based on transactional analytics

Operations



Data quality anomaly detection

Demand forecasting based on supply chain information

Natural language processing for middle offices

Automatic reconciliation of collections for merchants

The big data and analytics transformation journey is complex and typically made of four stages

1



Data **fragmented** and replicated across different siloes



Some functions experimenting with **traditional use cases** (e.g., churn prevention)



Lack of governance and processes

In many countries, most of domestic financial institutions

2

Data platform **under construction**

First use cases **industrialized** (typically in marketing); AA **PoCs** in other areas

Chief Data Officer (CDO) appointed; few data scientists recruited to build an **AA and AI Center of Excellence (CoE)**

Domestic leaders (in some countries) and regional/global players

3

Data platform **in place** and under population with **internal** data

Roadmap of AA use cases aligned to business priorities; first **experiments with AI**

Fully-blown AA and AI CoE with a dedicated team

Selected international best practices

4

Data platform **populated** and augmented with **external/open data**

“Data-first”: all business initiatives embed AA/AI as a priority; data is a critical asset

Strong community of AA and AI professionals across the company, led by the CDO; **data and analytics culture** is pervasive and bought in by the top management

Very few specialized players in North America

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