

## Commonwealth Bank of Australia at a Glance

- ▶ **Description:** Australia's leading provider of integrated financial services
- ▶ **2012 Revenue:** \$47.2 billion
- ▶ **Profits:** \$7.09 billion
- ▶ **Number of Employees:** 51,000
- ▶ **Markets:** Australia, New Zealand, China, Vietnam and Indonesia, with branches in New York, Tokyo and Hong Kong

[www.commbank.com.au](http://www.commbank.com.au)

Source: Commonwealth Bank of Australia

# More Personalized Banking Through Big Data and Analytics

With new data sources and tools, Commonwealth Bank of Australia is providing more personalized service to customers and building loyalty within the community.

BY TOM GROENFELDT

**C**ommonwealth Bank of Australia (CBA) knows a lot about its customers. That is partly because it has a huge footprint in the country—it processes nine million transactions per day, handles 40 percent of the card transactions in Australia and maintains 12 million account profiles. More important than company size or number of transactions is how CBA uses its wealth of customer data, along with

real-time analytics, to build loyalty and provide superior customer service.

Like CBA, “Most banks have incredibly rich data sets, especially those derived from payments and credit data,” notes Andy Lark, CBA’s outgoing chief marketing officer. Far fewer have learned how to combine this “big data” with other information resources and then put it to work to create better products and services.

What has put CBA out front in this area is a recent modernization of its IT systems, followed by strategic investments in social media, analytics and mobility. All of this has unified the bank’s data foundation and “put us in an enviable position,” Lark says. Thanks in part to big data and real-time analytics, CBA has reduced check fraud by 50 percent and Internet fraud by 80 percent. Equally important, he says, is how analytics now “gives our customer service the advantage of clarity of purpose.”

All banks strive to provide superior customer service. CBA made real progress once it realized customers want individualized attention. “I guess one of the largest surprises to us was the extent to which customers wanted the site personalized to them,” Lark says of the bank’s Web service, NetBank. “So the strategy became making the entire site relevant and meaningful for the customers.”

Visitors can see the difference. For example, say a prospect has been viewing properties online and then visits the CBA site. Not too long ago, “you might have gotten a banner with a standard offer for a travel money card—something far from interesting at that point in time,” Lark says. Today, knowing

### Key Features of CBA's New Web Site

- ▶ Magazine-style section provides content based on customers’ key life events
- ▶ Integrates data from social interactions, on-site behaviors and browsing history
- ▶ Support forum where customers seek support and advice about the bank’s products and services
- ▶ Uses principles of responsive Web design to look good on all devices, including PCs, smartphones and tablets

that prospect has been looking at properties, the site is able to display more relevant offers—home loan, insurance and other related product information. The site can even analyze a customer’s Web searches to provide a very specific offer on the spot, in real time.

The CBA site is a good example of how customers want to communicate with banks on their terms, when and where they are ready. According to Andrew Hagger, general manager—head transformation and analytics at CBA, “Analytics underpins the ability to offer the right products to clients.”<sup>1</sup>

### More Than a Smarter Web Site

But CBA’s focus on customer service extends well beyond the Web. The more accounts a customer has with the bank, the more helpful CBA can be with pricing and advice. If a household has its mortgage, checking, savings and credit cards with CBA, the bank’s analytical tools can suggest the most appropriate products and offer pricing to fit the customer’s needs, both in person and online. CBA

1. Wisniewski, Mary. “5 Takeaways from SAP’s Client Conference: Reporter’s Notebook.” *American Banker*, October 25, 2012. <http://goo.gl/noH0qj>

can even offer them a report on their spending through a visual and interactive hub site called Signals.<sup>2</sup>

To be customer centric, it is important to provide access to data across the enterprise to individual users at the point of decision-making, in addition to having clean data and an integrated analytics platform that enables collaboration across the various departments and processes. CBA's IT infrastructure demonstrates this well. "We have the strength of the relationship data and the customer-centric architecture, which I believe will set us apart from the competition on an enduring basis," says CBA CIO Michael Harte.<sup>3</sup> CBA has also been working on incorporating innovations such as in-memory computing to power up its strategy.

Harte says the bank has developed a strategy to collect transaction and other data, analyze it and use it to determine the right pricing and financial strategies for an individual or an entire household. As Lark puts it, "The more information you have, the more inclined you will be to make better informed financial decisions." The ability to forecast trends, model options and predict outcomes is another important aspect of gaining customer trust and loyalty.

Increasingly, more customer and prospect data is coming from sources outside the bank. An early and active user of social media, CBA has dedicated social media teams who monitor social sites 24 hours a day looking for prospects who might be dissatisfied with another bank and seeking a new financial services home. The teams also look for potential problems within CBA and respond to them quickly. "I was surprised at how much benefit we could get from social data," Lark says.

Skyrocketing use of smartphones and other mobile devices is also quickly filling the bank's data coffers. CBA saw its mobile users jump from 19 percent to 32 percent in less than a year. "Mobile is going to be even more significant in the future, as more and more happens on the smartphone," Lark predicts. "Being relevant isn't just going to be about the relevant offer; it also means being contextually relevant to where I am and what I am doing."

CBA uses a combination of ad serving, smart media buying and personalization engines on its mobile Web site

### CBA's Products and Services

► **Retail Banking:** Home loans, credit cards, personal loans, transaction accounts, and demand and term deposits

► **Commercial Banking:** Business loans, equipment and trade finance, and rural and agribusiness products

► **Corporate Financial Markets Services:** Securities underwriting, trading and distribution, corporate finance, equities, payments and transaction services, investment management and custody services

that, together with analytics, runs well and looks good on desktop, tablet and smartphone devices.

### Conclusion

As CBA demonstrates, the future is bright for banks that learn to use big data and analytics to gain a competitive edge. However, dealing with all that data is not always easy and progress can take time, says David Tanis, manager of information systems and frontline analytics at CBA. At the Gartner Business Intelligence & Information Management Summit 2013 in Sydney in February, Tanis said every analytics project is a learning experience, especially when it involves big data.<sup>4</sup>

"We're still trying to understand what the capabilities and skills are in terms of pulling as much out of the big data as we can," Tanis says. CBA deals with the wide variety of big data sources every day as it tries to derive business intelligence from that data.

According to Lark, many institutions are still in the early stages "of being able to fully utilize their data" to develop insights and better meet customer needs. "It's not just the new data sets, or the size of the data, that is driving this," he says. "It's also the awareness that in the future, you'll need to meet the customer before they start the search. That's where the winners will win." •

*Tom Groenfeldt is a freelance writer in based in Sturgeon Bay, Wis., who has written for many financial, business and technology publications.*

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2. Langlois, Christophe. "BIG DATA: Top Australian Banks Launch Social Media Spending Comparison Sites." *Visible Banking*, March 7, 2013. <http://goo.gl/0MEoxE>

3. "We're changing the game: CommBank." *The Sydney Morning Herald*, May 29, 2012. <http://goo.gl/zEq8w>

4. Lui, Spandas. "Half of analytics investments will be a waste: Commonwealth Bank." *ZDNet*, February 25, 2013. <http://goo.gl/h385jv>

## SAP Recipe for Success

- ▶ **SAP HANA** platform to handle your big data challenges and support true real-time banking
- ▶ **SAP BusinessObjects Business Intelligence and SAP Lumira** enable every individual in the organization to easily visualize big data and get unique insights anytime, anywhere
- ▶ **SAP Predictive Analysis** empowers business users to get predictive insights easily, model alternatives and take action based on advanced analytics
- ▶ **SAP Solutions for Social Media Engagement** for listening to and analyzing social commentary and providing rapid responses
- ▶ **SAP Services for Banking** to help you differentiate your bank and make more profitable business decisions

# Big Data Analytics Delivers Customer Centricity for Banks

The new survey, qualitative interviews and report from Bloomberg Businessweek Research Services clearly show that many banks struggle to achieve customer centricity as the primary way to attract and keep customers. Bankers confront inflexible legacy systems, lack of enterprise-wide analytics tools and a flood of transaction data, creating what is known as the big data problem. SAP's banking industry team provides insights about how to solve these problems.

## Which innovations solve the customer centricity challenges faced by most banks today and into the future?

A fast analytical platform that can handle large amounts of data quickly and effectively in real-time is the foundation solution. The in-memory computing platform called SAP HANA is built to store and analyze big data from multiple systems. It helps banks achieve a more comprehensive—and instant—view of their customers and business performance.

In addition, an analytics solution that provides information in real-time throughout the enterprise is crucial, as the survey notes. The solution from SAP consists of an integrated business intelligence platform, agile data visualization by SAP Lumira, and the ability to leverage sophisticated models and algorithms to predict customer behavior with SAP Predictive Analysis.

Another important innovation is omnichannel delivery models. They enable employees and users to seamlessly interact with bank systems through cloud, mobile, Web, text and other preferred channels.

## What can banks do in the short term to start their customer centricity journey and see immediate benefits?

First and foremost, a bank needs to assess its current status. Have you achieved real-time banking? Have you integrated the customer experience across all your channels, including

new ones like social? Are you able to deliver the right insight to your internal stakeholders to support decision-making and customer service?

Second, define your vision for the future. How will your customer needs change? How will your bank's offerings need to change? How will you deliver products and services to your future customers?

Third, consider taking a phased approach to your transformation. Your first initiative may be to integrate the modern digital channels into your multichannel strategy, including capabilities like social sentiment analysis. This is one area where a real-time data platform can really provide an immediate payback. Another approach is to select a line of business or region as a test bed. For that unit, implement an integrated real-time reporting and analytics solution and make it available to all. The SAP HANA platform enables bank staff to quickly discover how the sheer speed and flexibility of the platform can immediately start to unleash value for your business users.

For more information please visit this Web site: [www.sap.com/banking](http://www.sap.com/banking)

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