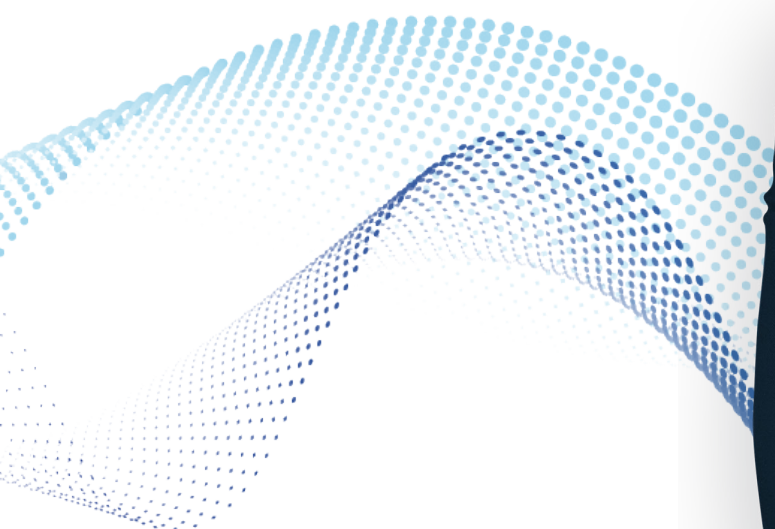RELTIO | aws

Evolve from product-centric to customer-centric: A data-driven transformation in financial services

Achieving customer-centricity in financial services

In the dynamic realm of financial services, the push to update technology for enhanced customer-centricity is critical as organizations seek to foster growth, bolster risk management, and improve engagement—with AI/ML technologies at the core. Yet data silos from inflexible legacy IT systems can stymie the quality and readiness of data. A solid data foundation and strategic data management are essential to harness AI/ML's full potential for financial services.

Experts from Amazon Web Services (AWS), Reltio, and Women Leaders in Data and AI tackled these issues in a recent webinar, where they explored AI's role in elevating customer experiences and the importance of data in adopting AI/ML technologies.

This discussion has been distilled into a roadmap of five crucial steps for financial institutions to overcome data hurdles and leverage AI/ML advancements. Contributors include Ruben Falk, Financial Services Analytics Specialist, Amazon Web Services (AWS); Asha Saxena, Founder and CEO, Women Leaders in Data and AI (WLDA); and Venki Subramanian, SVP, Product Management, Reltio.

This guide highlights a data-centric strategy as pivotal for customer-driven innovations in financial services and showcases five habits to cultivate for a successful data-driven transformation.

Customer-centricity is the new mandate

Rising competition, technological advancements, and increasingly discerning consumers are compelling financial services institutions (FSIs) to realize their future success hinges on providing personalized, seamless, and delightful customer experiences. Key to achieving this goal: greater customer centricity.

Getting there requires banks to reassess what they know about their customers and their current and future needs. It's about cultivating a more meaningful relationship beyond the transactional norm that banks traditionally maintain. It demands a faster transition from a product-siloed operating structure to a customer-focused, relationship-based mindset. Data lies at the heart of facilitating this type of transition.

Customers don't want to be treated as account numbers

While numeric identities are essential from an operational perspective, customers desire to be treated as unique individuals. Leading FSIs are leveraging technology in three ways to become more customer-centric:

1. Using data to understand their customers

As financial institutions shift their focus to the customer, they gather data from all touchpoints to create a comprehensive 360-degree view of their customers. They use this data to:

Understand the customer's buying behavior, interests, and engagement throughout their journey

Identify opportunities for new products, services, and personalized promotions

Develop segmentation strategies to boost loyalty and lifetime value

Empower employees to create better employee experiences

Ensuring a consistent experience across branches and the web requires a deep understanding of customers. This involves not only recognizing each individual but also understanding their household relationships.

Reltio's data unification and management cloud, powered by AWS, has enabled First Tech Federal Credit Union to become more insight-driven and move from being product-centric to member-centric. In doing so, they're successfully providing more rewarding, personalized experiences to increase member trust, loyalty, and engagement.

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> **"** Successful financial services organizations thrive by truly understanding their customers.
>
> — **ASHA SAXENA, Founder and CEO, Women Leaders in Data and AI** **"**

2. Personalizing products and experiences

With a better understanding of their customers, FSIs can customize products and services to meet individual needs. This approach builds trust, engagement, and loyalty.

NatWest actively monitors customer transactions, like withdrawals from non-NatWest ATMs that incur extra fees. It uses this information to suggest nearby NatWest ATMs personalized to the customer's location. This personalized support is intended to foster trust and loyalty, hoping customers will choose NatWest for future needs, such as mortgages or other products.

Personalization at Vanguard focuses on target-date retirement funds tailored to the requirements of investors of different ages. This financial product, a mutual fund, automatically adjusts its asset mix and allocation based on a customer's age and target retirement date.

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3. Using AI to scale personalization and engagement

AI has brought significant value to the FSIs by enabling personalization. Financial institutions can use AI/ML-based models to proactively identify customer needs and recommend the right product at the right time.

For example, organizations can recognize life stage changes by examining a comprehensive customer profile, including household relationships, and suggest a loan. Alternatively, AI can propose a personalized investment portfolio based on an individual's retirement goals and risk profile.

The application of AI in FSIs extends beyond predictive models to include generative AI (genAI) with its own set of use cases. In the past, bank call center agents had to manually search and read through the knowledge base articles to find solutions while assisting customers online. GenAI applications now summarize these articles, chat logs, and email conversations in real time, providing agents with the most likely solution during customer interactions.

> **"** Using AI/ML, financial institutions can proactively identify a customer's need and recommend the right product at the right time. It's like playing chess, with Kasparov whispering your next moves in your ear.
>
> — **RUBEN FALK, Financial Services Analytics Specialist, Amazon Web Services** **"**

Barriers to a data-driven, customer-centric transformation

Banks have an advantage in being customer-centric because they have a wealth of data, such as transaction histories and product usage. Still they encounter notable challenges in using this valuable resource.

Outdated technology, data silos within the organization, and subpar data quality can all impact the customer experience, making it difficult to gain a deeper understanding of their customers, personalize data and products, and use AI to expand personalization and engagement.

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Not having the right data set with the right quality

Financial services organizations rarely say they need more data to give them the insights they need into their customers. Instead they often are drowning in data. What they lack is the right data sets, like a full view of all the products the customer owns or good quality customer data, for example (Table 1). This limits the ability to understand their customers and derive intended business value. Poor data quality can also lead to inaccurate recommendations from AI/ML models and create a lack of trust in this promising technology.

Table 1: Common data quality problems in FSIs

Data quality problem type	Data quality problem example
Inaccurate data	State in customer's address is incorrect
Missing data	Customer's email address is missing from their profile
Duplicate records	Customer has banking, credit card, and mortgage accounts, creating duplicate records
Variable measuring units	International transactions store the monetary values in local currencies rather than a standard trading unit, such as the US dollar
Variable formats and patterns	Phone numbers of customers are stored in different patterns – some have international codes, while others don't
Incorrect domain	The currency codes used do not belong to the ISO domain

Weak alignment of AI and digital initiatives with business strategy

Financial institutions often dive into AI and other technologies without clearly identifying the specific business applications that would deliver practical value and align with the overall business strategy. Without this clarity, AI initiatives risk becoming mere science projects—interesting tools for data scientists to experiment with and build prototypes, but with little impact beyond the lab. To successfully exit their lab environment and deliver value in the real world, the AI initiatives must be aligned with business and IT strategy.

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A siloed organization

One of the key obstacles to successfully implementing technology to drive customer centricity and personalization at scale extends beyond technology—it includes organizational boundaries. It is important to address people and process issues alongside technological challenges. The critical factor is fostering a culture where data is seen as a strategic asset, involving breaking down silos and walls within the organization.

Successful companies often excel due to having the right data, streamlined processes, and leaders with a mindset to manage and leverage data cross-organizationally. In the same industry, companies without these capabilities are often the laggards in deriving value from such technology.

Five habits in a successful data-driven transformation

Consistently following the five practices listed below has helped organizations successfully implement data-driven transformation for customer centricity, including using AI technologies.

1 Align technology solutions with business objectives

The first step in deploying technology to drive specific initiatives is understanding how it will advance your strategic goals. This will help you choose the right initiative.

Are you aiming for revenue growth through AI solutions? Solutions prioritized for this objective include predicting customer needs for personalized marketing or proactively predicting customer churn to prevent losses. Or is your focus on streamlining operations through AI? Here, deploying solutions such as speeding up loan underwriting through predictive risk assessment becomes a priority.

> **The first step before you build an AI solution is understanding where you are today and where you want to go. Then, you can pick the right solution. And that comes from your business strategy.**
>
> **— ASHA SAXENA, Women Leaders in Data and AIs**

A top-down approach can help you choose and prioritize. First, define the value you want the technology to enable—this could include goals such as driving growth, optimizing business processes, or reducing risk/simplifying compliance.

Identifying the right value driver can help you prioritize the right solution while helping to align your technology investments with your business strategy. Once the right solution is identified, you can then determine the required capabilities.

Reltio's FSI customers have been able to prioritize ~~and drive~~ several data-driven initiatives to drive growth or reduce costs or simplify compliance with this approach. (Figure 1).
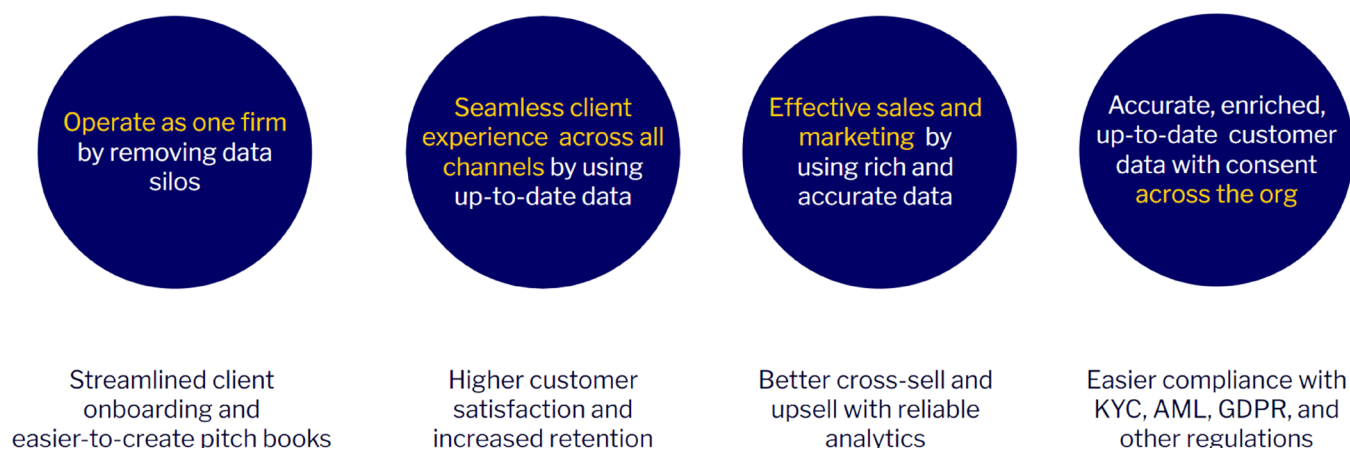
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Figure 1: Examples of high-impact initiatives implemented by Reltio customers through better alignment between business goals and technology

2 Eliminate organization silos

Once the right solution is chosen, it's important to address data and organizational silos. That begins with communicating your value driver and prioritized technology initiatives to all technology and business stakeholders.

Without this alignment, organizational silos may form, hindering execution. That's why it begins at the top—ensuring effective communication and a shared understanding throughout the process to keep everyone on the same page. Once aligned, you can break down data silos by assigning data producers the task of maintaining, sharing, and cataloging data for the other parts of the organization.

Ultimately, dismantling these silos boils down to your team knowing modern technologies, implementing efficient processes, and cultivating leaders with the right growth mindset to leverage data and always explore the art of what's possible.

The role of company culture

Successful companies cultivate a culture where data is a strategic asset. They ensure that data is used in every part of their decision-making process. And they intensely focus on breaking down organizational silos wherever it becomes a barrier to sharing data. This is where some companies excel, while others lag in the same industry.

3 Build a solid data foundation—data quality, governance, security, trust

We've seen that cohesive synergy between technology initiatives and strategic alignment—coupled with the elimination of organizational silos—catalyzes a successful data-driven transformation. A well-thought-out data foundation is another crucial element for success in initiatives to achieve customer-centricity.

This means ensuring your customer and other core data are unified and of high quality. This data should be interoperable to ensure it can easily be delivered where and when needed. In addition, it ensures that you have the right data you can trust.

Characteristics such as data access, data governance, data security, and compliance with data privacy need to be in place. A modern data unification and management system, which includes entity resolution, multidomain master data management capabilities, and 360-degree views of customers, are essential to creating a solid data foundation.
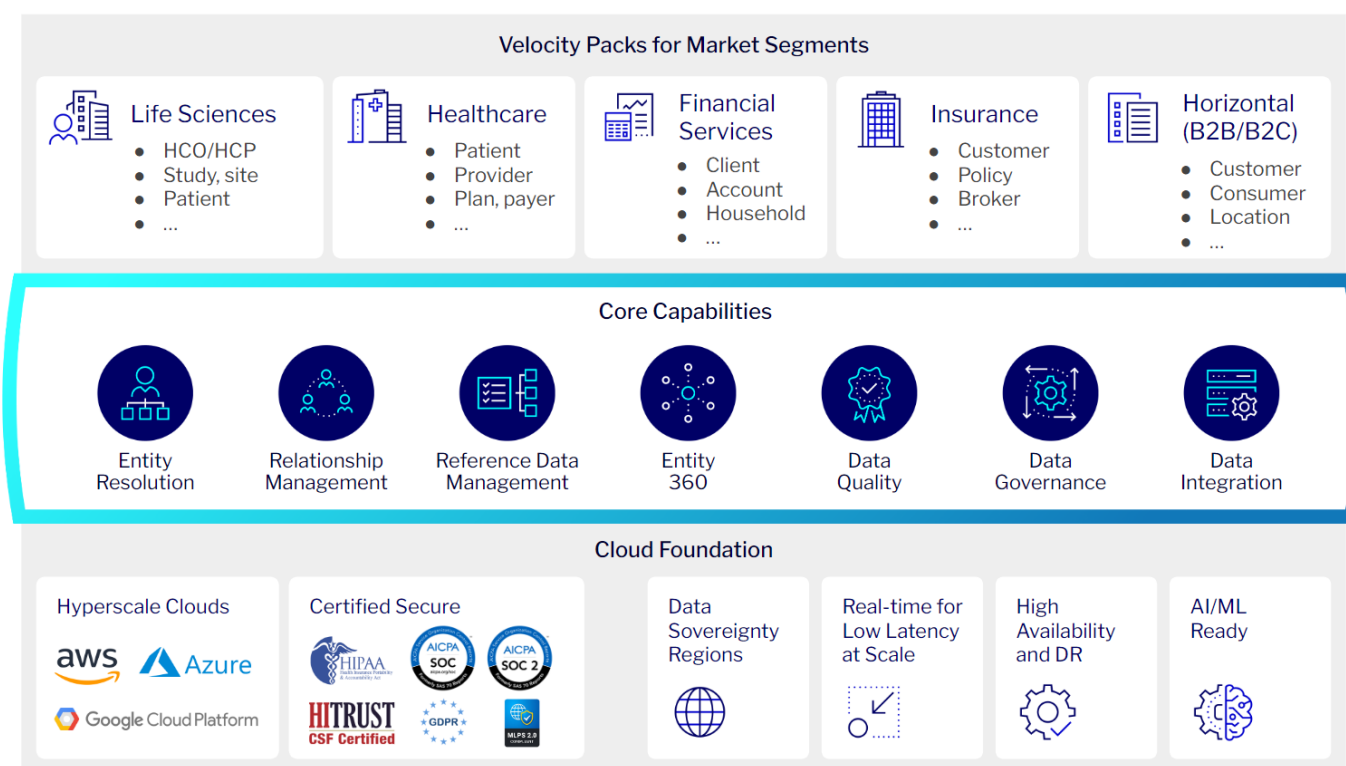
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Figure 2: Reltio Connected Data Platform

Reltio provides customers with the foundation for such a strategy. Its AI-powered data unification and management capabilities encompass entity resolution, multidomain master data management, and data products. The underlying Reltio Connected Data Platform unifies, standardizes, enriches, and mobilizes fragmented data from disparate data sources into secure, trusted, interoperable data available wherever and whenever needed.

The platform enables trusted, 360-degree views of customers, product, supplier, location, and other domains, with interactions and transactions—provided as easy-to-consume data products. It also includes the capability to automatically group customer profiles into households for better segmentation and for targeted, personalized marketing.

Reltio for Financial Services velocity pack includes prebuilt, industry-specific data models, configurations, and integrations to provide the structure, governance, and interoperable core data for data products (Figure 3). This enables users to supplement trusted data from Reltio with AWS services for data foundation, such as AWS Data Exchange and AWS Data Zone, to store, query, integrate, catalog, govern, and act on this data.

Once a solid data foundation is in place using the Reltio data unification and management cloud, you can start looking closely at your AI model implementation and deployment frameworks. AWS AI services are a good place to start. They easily integrate with your applications to address common use cases such as personalized recommendations and increasing customer engagement.

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4   **Deliver data as a product to internal customers and systems**

It's not enough to have trusted data as your foundation. You should also make that data available as a reusable product for its consumers—business users, knowledge engineers, and your target systems. A data product ensures that a single unified and cleansed dataset for a function (such as sales or marketing) can support all its consumers—you no longer need to create a different data set for each consumer/use case.

Key functional requirements for a data product include:

- Metadata is visible and searchable, so the details of its attributes are visible to all consumers
- Access control to ensure the right people can use data
- API access, so it is easily consumable

In the Reltio context, a data product combines trusted, governed entity-centric data on a similar topic, linked natively with relevant interactions data and enriched with derived attributes to create a 360-degree view of that entity.

> **Data products make your data valuable and ensure that every consumer understands elements such as who exactly updated that data, who is responsible for it, its quality, and its type.**
>
> **— RUBEN FALK, Financial Services Analytics Specialist, Amazon Web Services (AWS)**

By creating trusted data and managing it like a product, you can deliver the most robust data foundation for customer centricity. Companies are investing in reusable data products that treat data as a product. The same dataset can be consumed through different mechanisms for multiple use cases with such an approach.

5   **Move to the cloud**

To create customer-centric experiences, you must focus on capturing and integrating data about your customers and their behavior. AWS suggests bringing your data to the cloud for efficient consolidation and unification.

Two ways to build a cloud data infrastructure are lifting and shifting existing systems or building a cloud-native platform in parallel. Lifting and shifting is quicker, but you are delaying the hard job of rearchitecting for better cloud performance to a future date.

Imagine it's like packing up for a move without worrying about cleaning or getting rid of things until you have settled into your new house. It is always more work to sort and throw things out after the move. The second option involves replicating data to the cloud, using modern tools, and gradually rebuilding legacy systems. Reltio data unification and management solutions can be a key enabler for this process.

The time to act—right now

Even though technology will keep improving by leaps and bounds continuously, there's no need to wait for some distant future state. Start by determining where you want to go and where your customers are today. Then, use the current technology to become more customer-centric and improve their experiences. Doing so will help you keep pace with your agile competitors. Data unification and management solutions and AI technologies are already helping many financial services companies create fresh business models, products, and services.

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Summary for achieving customer-centricity

- Prioritize clear technology initiatives that align with your overall strategy.

- Ensure robust data management, covering governance, security, trust, and quality.

- Embrace data products and transition to the cloud.

- Foster a culture of literacy and a growth mindset to eliminate organizational silos.

- Leverage Reltio's data unification and management solution and AWS to build a solid data foundation on the cloud.

Note: Reltio is available on the AWS marketplace. Test drive Reltio on AWS,

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About AWS

Since 2006, Amazon Web Services has been the world's most comprehensive and broadly adopted cloud. AWS has been continually expanding its services to support virtually any workload, and it now has more than 240 fully featured services for compute, storage, databases, networking, analytics, machine learning and artificial intelligence (AI), Internet of Things (IoT), mobile, security, hybrid, virtual and augmented reality (VR and AR), media, and application development, deployment, and management from 102 Availability Zones within 32 geographic regions, with announced plans for 15 more Availability Zones and five more AWS Regions in Canada, Germany, Malaysia, New Zealand, and Thailand. Millions of customers—including the fastest-growing startups, largest enterprises, and leading government agencies—trust AWS to power their infrastructure, become more agile, and lower costs. To learn more about AWS, visit aws.amazon.com.

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ABOUT RELTIO

At Reltio, we believe data should fuel business success. Our AI-powered data unification and management platform—encompassing Reltio 360 Data Products, Multidomain Master Data Management (MDM), and Entity Resolution—transforms siloed data from disparate sources into unified, trusted, and interoperable data. The Reltio Connected Data Platform unifies and delivers interoperable data where and when it's needed, empowering data and analytics leaders with unparalleled business responsiveness. Leading enterprise brands—across multiple industries around the globe—rely on our award-winning data unification and cloud-native MDM capabilities to improve efficiency, manage risk, and drive growth.

To learn more, visit www.reltio.com

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