



Big Data = Big Business

by [Steve Brown](#)

IHS Markit crunched some data and found the average age of a vehicle in the US has climbed to 11.6Ys - a record high. Meanwhile, Experian crunched other data and found auto loans now average 5.5Ys in length. When it comes to crunching data, it is clear that handling big data is now big business.

This sort of analysis is being used for everything from marketing to regulatory compliance to reducing risk and organizational efficiency. Yet, oftentimes big data sits unused in old digital drawers. Many community banks collect this data, but many may not bother or even know how to integrate it. Leveraging existing data could allow community banks to attract and keep more customers, more easily provide compliance reporting and cut costs from streamlined work processes.

It has been reported that by 2020, the world's computers will most likely hold up to 35 zettabytes of data (one zettabyte = one billion terabytes). That is a lot of data! The challenge with all this data is not so much gathering it as analyzing.

To stay competitive, banks should explore ways to tap into data systems, while boosting analytics. The good news for community banks is that data systems are likely not as complex as those of the big banks.

To get started leveraging your data, define what information is needed, how often it is needed and how it is secured. Then start developing a data governance plan to provide all stakeholders in the bank with a guide for data management. Reaching out to the various levels within the bank will help determine the flow of data and how connections can be made for example between transactions and emails, or other unstructured data.

One area that leverages your data mining and provides you with even more data is online advertising. With online ad data, a community bank is in a good position to create profiles of potential customers who respond positively to an ad. Community banks can improve the marketing message and even personalize it. Financial digital ads are blossoming as a result. According to eMarketer, financial institution spending on the web almost doubled from 2011 to 2015 to a remarkable \$7.3B.

With a bit of work and thought, community banks can leverage big data as an effective tool to keep existing customers and attract new ones. It might also help improve regulatory compliance. In the past, different teams (such as BSA, AML and others), may have been focused on different missions so data was not leveraged. Today, advanced analytics can pull together data from different sources and management can act upon it.

As technology innovation and regulatory demands continue to increase, community bankers have an expanded need for big data and analytics. By looking at ways to harness the power of big data and leverage your existing systems, your teams will be better positioned to react and pro-act around such critically important issues as customer acquisition, retention, regulatory compliance and operational efficiency.

No matter where you are driving your bank car in 2017, capturing big data around the bank and then beginning to leverage it in the coming year will undoubtedly be beneficial.

BANK NEWS

Italian Banking

Italy is taking steps to clean up its banking system, which is good news for global investors given banks in that country have far and away the highest levels of non-performing loans in the EU. Italy's largest bank, UniCredit, said it will cut 14,000 jobs, raise \$13.8B in new capital, and take \$12.9B in charges to clean up bad loans and deal with other issues.

Mobile Recruiting

Research by the Society for HR Management finds: 66% of companies surveyed say they have taken steps to leverage mobile recruiting by targeting smartphone users for jobs.

Jobs Picture

Fed Chair Yellen said in a recent speech that job gains have averaged 180,000 per month this year through October - slower than last year but still above the pace necessary to absorb new entrants to the labor force.

Wealth Transfer

Research by Bank of America Merrill Lynch finds millennials (18 to 34Ys old) will inherit \$40T from Baby Boomers in the coming decades.

Rent vs. Buy

Research by S&P CoreLogic Case-Shiller finds home prices increased at a 5.5% pace vs. the prior year in Sep, while research by Axiometrics finds apartment rents increased at a 3.0% pace over the same period. The difference indicates renting is less expensive than buying as of that point.

Deal Flo

A survey of global CFOs by CNBC finds the pace of M&A activity vs. the historical average was rated as: above average (35%), average (35%), below average (23%) and don't know (2%).

Student Debt

TransUnion projects the average mortgage debt level will reach \$198,435 by the end of next year vs. \$194,875 by the end of this year.

Digital Training

Research by Deloitte finds only 38% of financial services executive respondents either agreed or strongly agreed that their company offers employees the resources or skill-development opportunities they would need to thrive in a digital environment.

Mobile Wallets

Research by Fiserv that looked at the habits of banking customers finds 16% of consumers say they have used a mobile wallet, but 36% of younger millennials (18Y to 24Ys old) say they have done so.

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