



The Value of Mining Proprietary Data

profitability marketing customer retention data analytics data privacy

Summary: Data mining has become increasingly important for tailoring products and services to the needs and desires of customers. But not all data is created equal and CFIs should take steps to utilize customer information that others do not have access to.

The National Philatelic Collection contains almost 6MM items related to the postal industry, including [one of the largest and most valuable stamp collections](#) in the world. We can't think of any use that community financial institutions (CFIs) might have for stamp or coin collections, but there is one thing CFIs should be as passionate about rounding up as the world's most active hobbyist collectors: customer data. While third party providers have simplified customer data collection, CFIs need to remember that easy isn't always the best way to go. Staying ahead of the competition necessitates gathering customer data to help identify what solutions their customers are looking for, and which isn't readily available to other financial institutions.

The Proprietary Priority

One of the best ways for CFIs to differentiate themselves from competitors is to mine information about their customers that others don't have access to, and use it to tailor the services and products you market to your customers. While that is becoming increasingly difficult to do as the financial industry embraces open data, it isn't impossible.

A group of researchers [dug into some high-profile companies](#) operating in the financial and technology arenas to see how they utilize unique data to differentiate themselves. The following are a few of the key things they learned that CFIs should keep in mind when it comes to their own data collection efforts:

- **Be upfront with your customers about data collection.** Make it clear that your CFI is collecting data to provide them with more tailored services and the best possible customer service experience. If customers understand that you are collecting information to benefit them and not just for your own marketing efforts, you will get better buy-in and have access to more helpful data.
- **Make your privacy policy clear and accessible.** Outline the parameters for how information will be used, and let customers know what recourse you'll take in the event of a data breach. Then add a link to the policy on your website and in digital communications with customers, so it's easy to find.
- **Actively seek insights from front-line tellers and bankers.** While software programs that look for patterns within people's accounts are important, employees passing along customer observations is also important, particularly when they notice patterns in the services and products specific customer groups are seeking. This input can help attune your organization's offerings to customers' changing preferences. Plus, if employees feel their insights are valued, they will be more likely to actively seek useful customer insights. Zara, a popular clothing retailer, has long trained employees to report the types of products customers ask about or gravitate toward. There is no reason CFIs can't take a similar approach in their efforts to tailor financial products to customers.
- **Give customers an easy way to share their thoughts** about the products and services they like, even what they are unhappy with. Provide customers multiple avenues — from email to feedback forms within your app, website, or social media — and provide a timely response to their feedback beyond just an

automated acknowledgement. If customers feel that their input is valued, they are more likely to provide the kind of information that can't be purchased through third-party providers or gleaned through software programs.

- **Identify gaps in your current data collection practices.** Factor in the input from employees across the board regarding their thoughts and observations about your data collection. The importance of collecting quality data and how the data can be used to better your organization should be made clear to both employees and customers. It is equally important to make sure that there are people within your organization with the expertise to analyze the data you collect and help find ways to turn findings into actionable results.

The importance of data analytics continues to rise. More and more financial institutions rely on customer data to tailor everything from marketing efforts to product offerings to customers' changing preferences. Taking advantage of proprietary customer information that isn't available to your peers is a good way for CFIs to better differentiate themselves from the competition.

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ECONOMY & RATES

Rates As Of: 01/24/2023 07:53AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	4.73	0.31	0.31
6M	4.82	0.06	0.06
1Y	4.67	-0.04	-0.04
2Y	4.23	-0.20	-0.20
5Y	3.65	-0.36	-0.36
10Y	3.54	-0.34	-0.34
30Y	3.70	-0.27	-0.27
FF Market	FF Disc	IORR	
4.33	4.50	4.40	
SOFR	Prime	OBER	
4.30	7.50	4.32	

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