EDMWebinar

Accelerating new Business Models for Banks with Data & AI

A conversation with

Shekhar Jadhav
Director, Data Strategy & Advisory services, Kyndryl

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Director, Data & AI Services, Kyndryl

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EDMCouncil

Moderated by **Mike Meriton**
Co-Founder, EDM Council

- Joined EDM Council full-time 2015 to lead Industry Engagement

- EDM Council Co-Founder & First Chairman (2005-2007)

- EDM Council Finance Board Chair (2007-2015)

- Former CEO GoldenSource (2002-2015)

- Former Executive for D&B Software and Oracle

- FinTech Innovation Lab – Executive Mentor (2011 – Present)

- COO of EDM Council (2020-2023)

Today's panel

Moderator

Mike Meriton
Co-Founder
EDM Council

Shekhar Jadhav
Director, Data Strategy &
Advisory services,
Kyndryl

Vishnu Nanduri
Director, Data & AI
Services,
Kyndryl

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Poll 1

How many **non**-banking apps do you use to manage your money today?

Think wallets – ApplePay, PayPal, GooglePay, WeBank, Grabpay etc.
Think money Transfer – Wise, WorldRemit, Remitly, Nium
Think Trading – Robinhood, Grow,
Think Lending/Advance – Chime, Varo
Think Peer2peer payments – Revolut, Splitwize

And many many more….

Choose any one

A = **None**

B = **1 to 3 other non-banking apps**

C = **More than 5 non-banking apps**

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Enhancing banking for the digital age

Banks need to think like tech companies, simplifying and transforming the customer experience and creating value through data.

LEVERAGING DATA IS KEY

OPTIMIZING DIGITAL SALES

SCALING RELATIONSHIP BANKING

LEVERAGING DATA ECOSYSTEMS

OWNING CUSTOMER JOURNEYS

BUILDING LOYALTY PROGRAMS

NEO Banks are projected to grow at a CAGR of **54.8%** from 2023 to 2030

The rapid growth of NEO Banks is attributed to the fact that they offer streamlined, digital-first banking solutions that are disrupting traditional banking principles.

*Source: Neobanking Market Size, Industry Report, 2023 - 2030

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Data has become the new engine of global banking

It's time for **bold** data-led transformations to power new business models
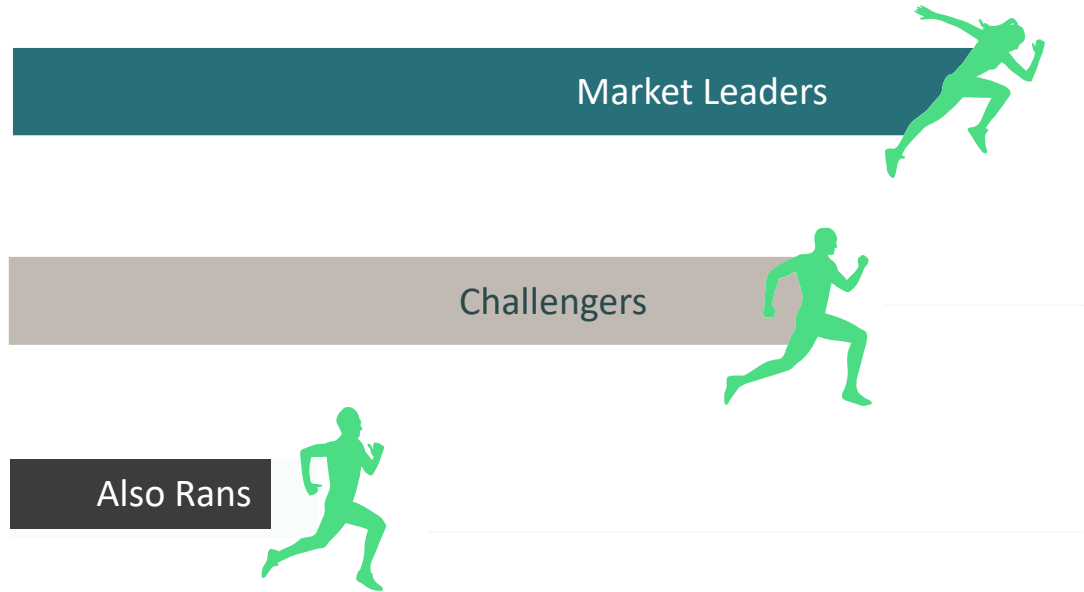
	Origination		UW*	Marketing / Distribution			Servicing	Collection
	eKYC	**AI-UW**	**Generative AI /Chatbots and CX**	**Onboarding**	**Digital products**	**RM Services Other Advisory Collections**	**Digital Payments Early warnings**

Market Leaders

Challengers

Also Rans

*Underwriting

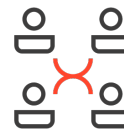kyndryl

Emerging business models demand data that is

Extracted once; reused continuously

Privacy preserving

Designed for consumption by the ecosystem

Ontologically, industry aligned

AI ready

Strategies to unlock the outcome

1. Higher financial inclusion via alternative ecosystem activated data

Ecosystem aware data model

– Foundational data model supporting variety of use cases beyond traditional banking use cases

– Integrating data from ecosystem partners – both, financial & non-financial

– Integrating data contract management, data product customization & self-service API design

– Aligning to industry ontological references

2. Driving real-time, personalized interventions for joint success

Driving in-transaction personalization

– Bi-directional APIs supporting complex transactions

– AI/ML credit workflows and business rules to drive throughput

– Gaining share of wallet and challenging new generation payment

– Creating rich customer data gene pool

3. Higher productivity and efficiency for enhanced customer-centricity

Generative AI to drive productivity

– CX teams prioritizing and hyper-personalizing customer interactions

– Effectively analyzing root-causes and classifying incident ticket for ITSM teams

– Providing better customer support on banking products through adoption by FAs

– Knowledge management and education for employees

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What are some additional wonderful things you'd like your bank to do for you?

Choose as many that you'd like your bank to do

1 = **Provide analytics and intelligence on spending categories – help with goals**

2 = **Request payment from friends with automatic reminders and triggers**

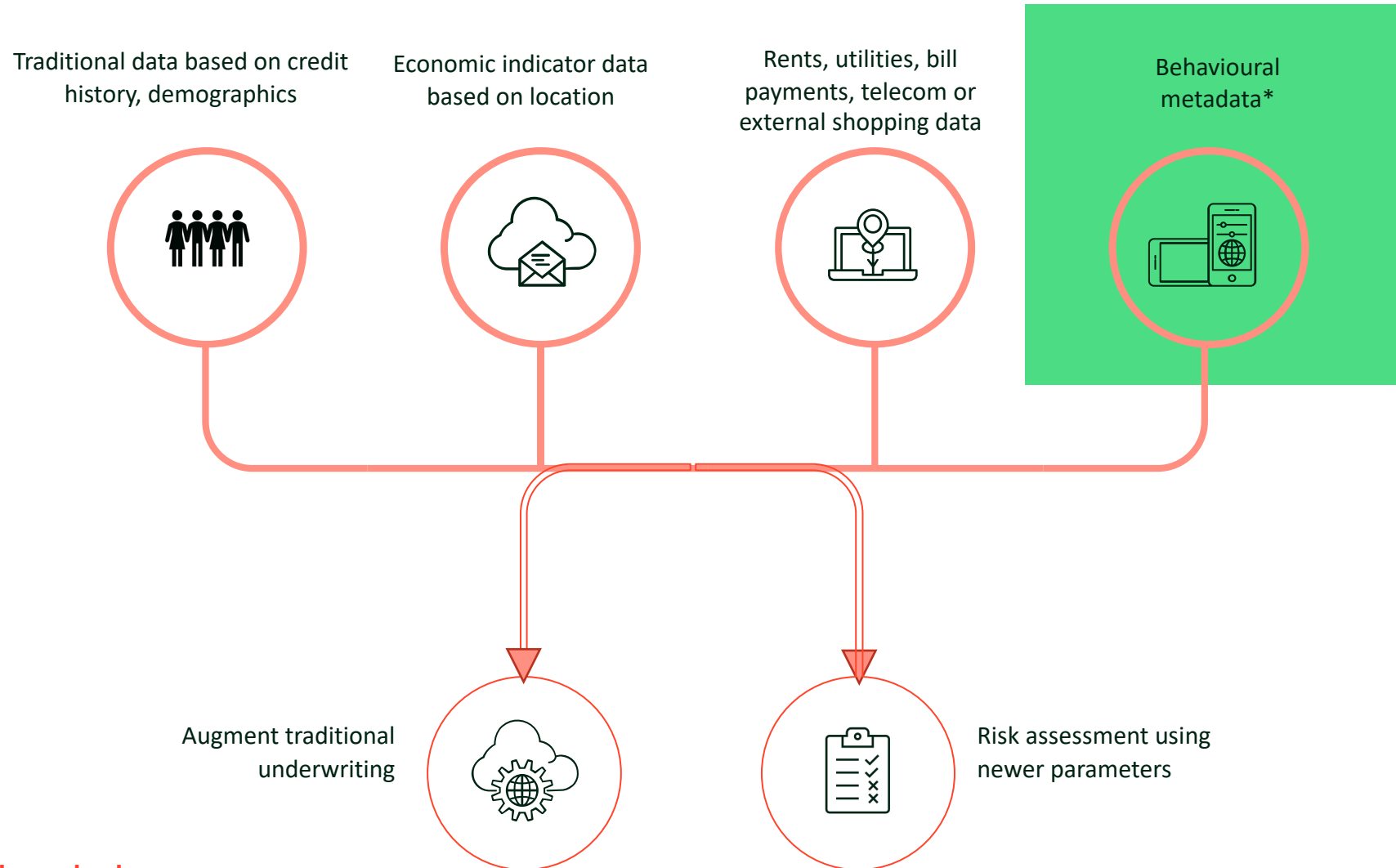**3** = **Put money into different budget categories or "pockets" before you spend it**

4 = **Tell you if you can afford a "new coat"**

5 = **Provide in transaction, personalized real-time offers**

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AI-driven and augmented underwriting

Bring augmented loan underwriting models with iterative risk scores based on device and web behavioral metadata as well as use automated credit score validations
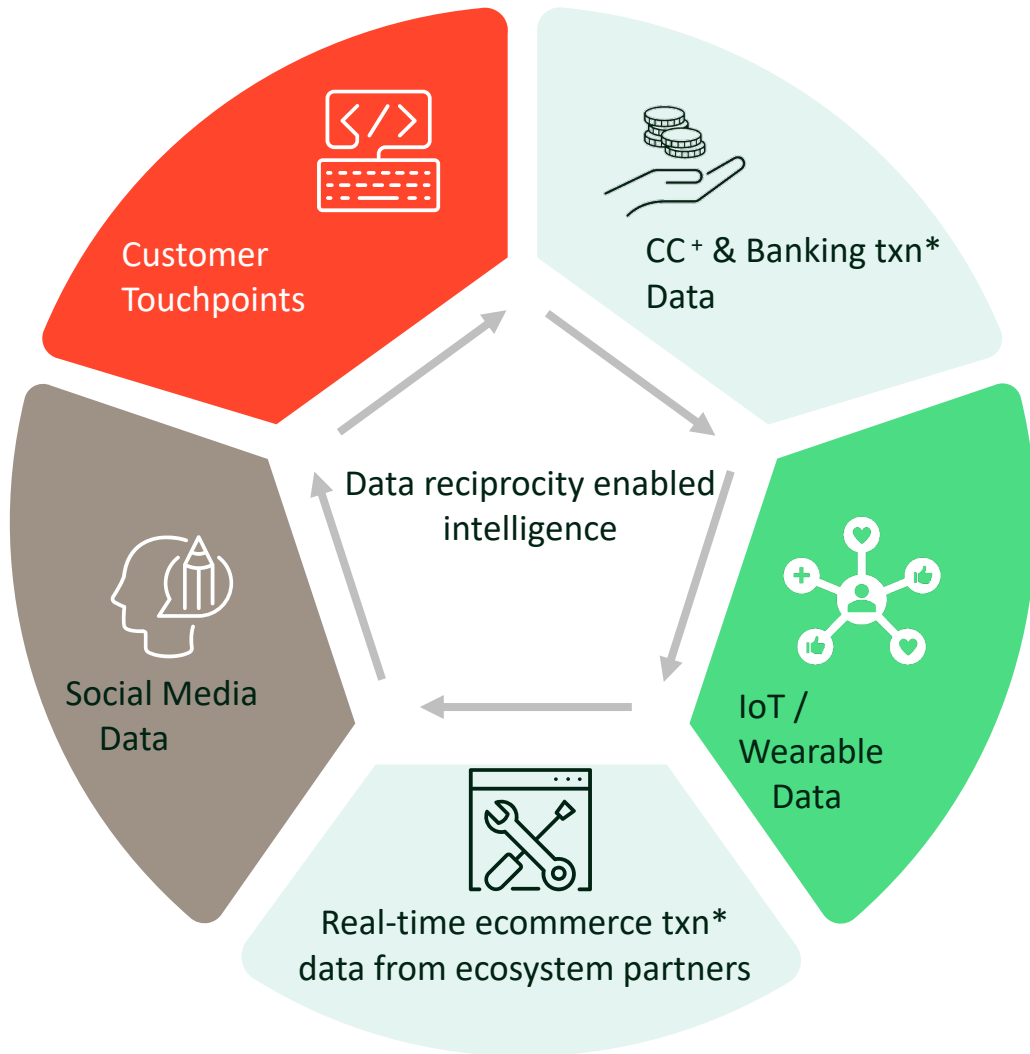
Traditional data based on credit history, demographics

Economic indicator data based on location

Rents, utilities, bill payments, telecom or external shopping data

Behavioural metadata*

Research has shown that lenders charge higher interest rates or even decline loans for those with "thin credit files"

Using non-traditional data sources for loan underwriting is becoming an important aspect in enhancing digital financial inclusion for underbanked and unbanked segments

Augment traditional underwriting

Risk assessment using newer parameters

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* Kyndryl's FinTech Partner

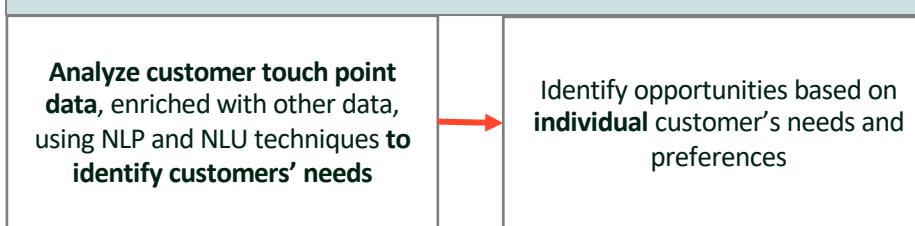# Customer hyper-personalization in ecosystems

Participants and orchestrators of an ecosystem must be able to use customer interactions, transactions, products, and external datasets to provide highly contextual and timely recommendations
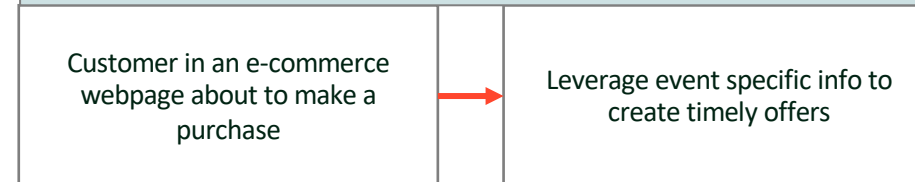

Customer Touchpoints

CC$^+$ & Banking txn* Data

Data reciprocity enabled intelligence

Social Media Data

IoT / Wearable Data

Real-time ecommerce txn* data from ecosystem partners

Advanced micro-segmentation – *Identify the customer micro segment? What to offer or sell to a customer in a certain micro-segment?*

| **Micro-segment the customers** based on internal data | → | Identify opportunities based on the history and preference of the **micro-segment** |
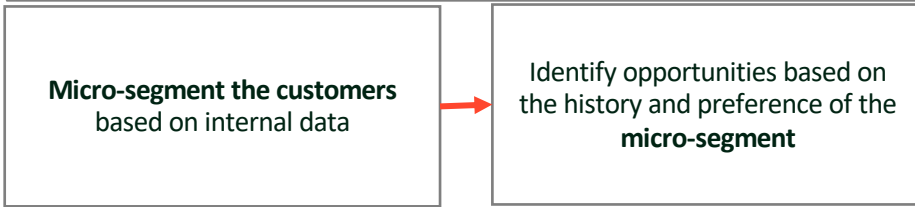
Personalized offer – *Identify the right customer and individual product needs, preferred timing, communication channel etc.?*

| **Analyze customer touch point data**, enriched with other data, using NLP and NLU techniques **to identify customers' needs** | → | Identify opportunities based on **individual** customer's needs and preferences |

Just-in-time messaging - Event driven– opportunistic targeting of specific customers

| Customer in an e-commerce webpage about to make a purchase | → | Leverage event specific info to create timely offers |

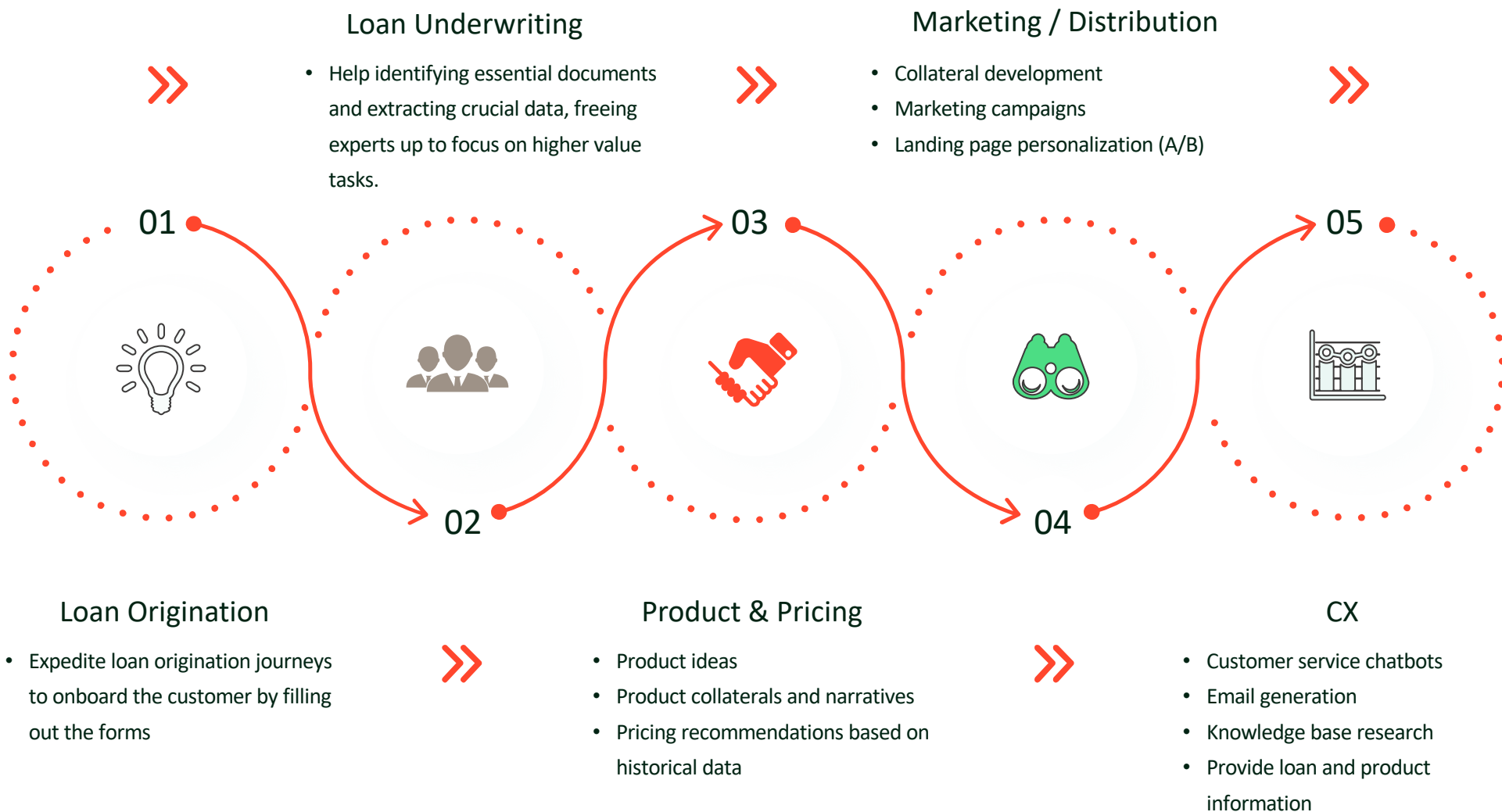### AI insights for targeted selling

- Recommending **which customer /s** to approach ?
- **What to offer or sell** to the customer?
- **When and how to approach**?

Highly personalized messaging / offers

- Discounted rate for a banking product based on real-time purchases being made on e-commerce page
- Nudges based on wearable data
- Anomaly detection / fraud indicators based on CC$^+$ transaction history

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$^+$CC= Credit Card | *txn = Transaction

Generative AI in the Banking Value Chain

Across the value chain for banking, Generative AI in combination with traditional AI/ ML models can play an important role. Based on our discussions with clients they are exploring, understanding, and piloting Generative AI capabilities in a secure manner with effective responsible AI guardrails

Loan Underwriting

- Help identifying essential documents and extracting crucial data, freeing experts up to focus on higher value tasks.

Marketing / Distribution

- Collateral development
- Marketing campaigns
- Landing page personalization (A/B)

01

03

05

02

04

Loan Origination

- Expedite loan origination journeys to onboard the customer by filling out the forms

Product & Pricing

- Product ideas
- Product collaterals and narratives
- Pricing recommendations based on historical data

CX

- Customer service chatbots
- Email generation
- Knowledge base research
- Provide loan and product information

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Poll 3

How comfortable are you to share your personal & financial data with banks to be packaged and shared with ecosystem partners using a privacy preserving secure method?

Rate your comfort level between 1 to 5

1 = **Not at all**

5 = **Completely comfortable**

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Cloud Data Management Capabilities (CDMC) – Industry Framework
Includes 14 Key Controls & Automations for Managing Data Risk
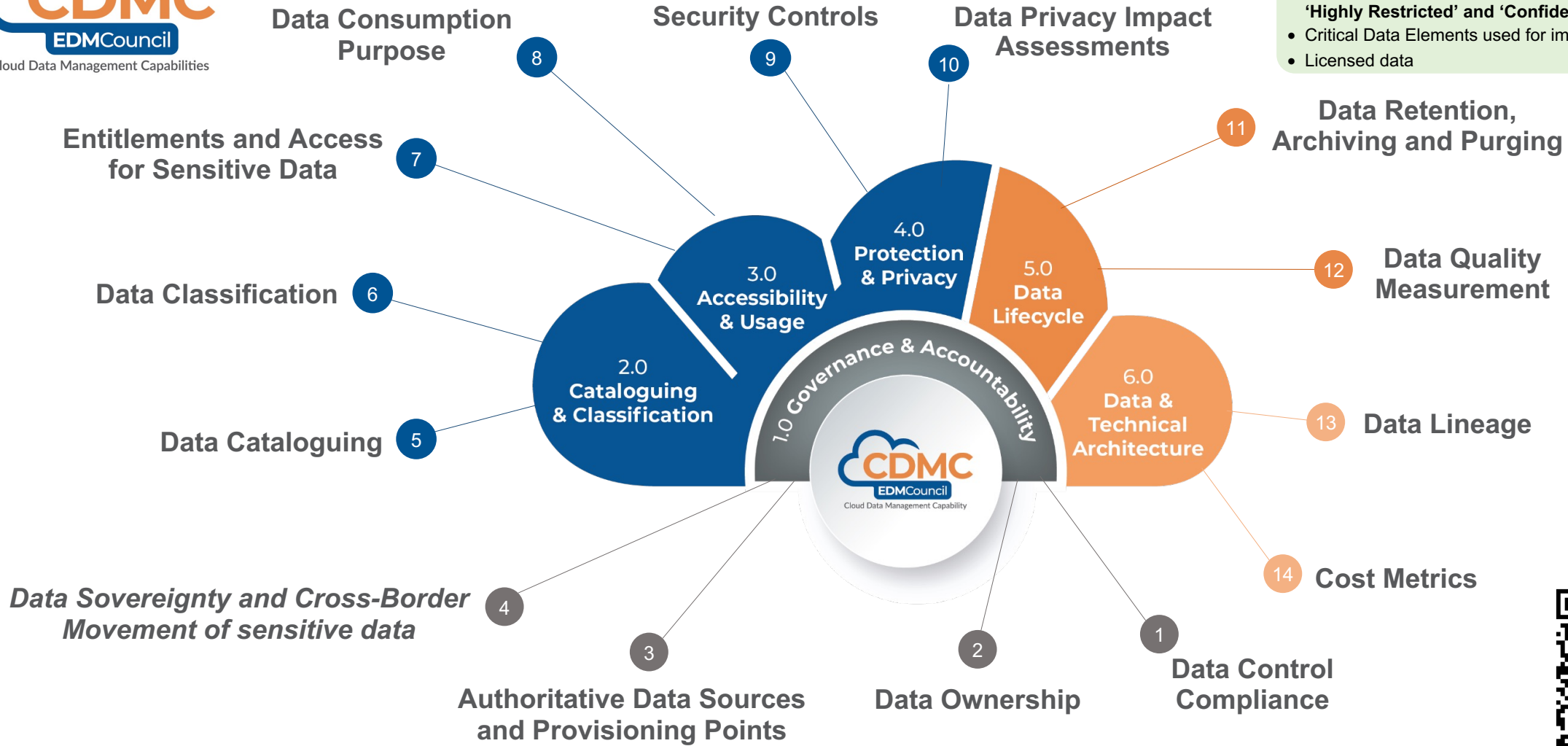
Sensitive _Data_ includes classifications such as:

- Personal Information **(PI)** / Sensitive Personal Data
- Personally Identifiable Information **(PII)**
- Personal Health Information **(PHI)**
- Company or Client Identifiable Information
- Material Non-Public Information **(MNPI)**
- Specific Information Sensitivity Classifications (such as **'Highly Restricted'** and **'Confidential'**)
- Critical Data Elements used for important business processes
- Licensed data

CDMC™
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Cloud Data Management Capabilities

Data Consumption Purpose — 8

Security Controls — 9

Data Privacy Impact Assessments — 10

Entitlements and Access for Sensitive Data — 7

Data Retention, Archiving and Purging — 11

Data Classification — 6

Data Quality Measurement — 12

4.0 Protection & Privacy

3.0 Accessibility & Usage

5.0 Data Lifecycle

2.0 Cataloguing & Classification

1.0 Governance & Accountability

6.0 Data & Technical Architecture

Data Cataloguing — 5

Data Lineage — 13

Data Sovereignty and Cross-Border Movement of sensitive data — 4

Cost Metrics — 14

Authoritative Data Sources and Provisioning Points — 3

Data Ownership — 2

Data Control Compliance — 1

CDMC
EDMCouncil
Cloud Data Management Capability

Free License – Download at:
EDMCouncil.org > Frameworks > CDMC

Start with the common data model for the ecosystem

United Arab Bank (UAB)

Transforming data into actionable insights

Established in 1975, UAB is one of the oldest banks in the United Arab Emirates (UAE). Headquartered in Sharjah, UAB operates through 6 branches, 17 ATMs, and 11 cash and cheque deposit machines (CCDM) across the UAE offering retail and corporate banking services.

Business Challenge

UAB has been continuously investing to offer better financial solutions and drive excellent customer experience. The bank is looking to harness the power of its data assets to enhance executive decision making. This would enable them to offer more personalized products & services

Transformation

Kyndryl will work closely with UAB to extract large volumes of raw data from various systems, transform them into a structured and actionable format, and help create a single unified view of truth within the organization. This will help the bank to provide **best-in-class experience** and **personalized offerings** to its customers as well as **improve lending decisions, improve retention decrease fraud** and **ensure compliance** with the regulatory reporting.

"

In the UAB Retail Banking business, we firmly believe in the importance of data-driven decisions and tailored customer experiences. Our collaboration with Kyndryl exhibits our commitment to putting data at the heart of all our decisions, driving a productive and sustainable value exchange with our customers. I'm confident that Kyndryl will play a pivotal role in UAB's journey in transforming its data assets and positioning them as key components of customer engagement models, enabling us to offer personalized financial solutions and experiences.

Emre Yalcin
Head of Retail Banking
United Arab Bank
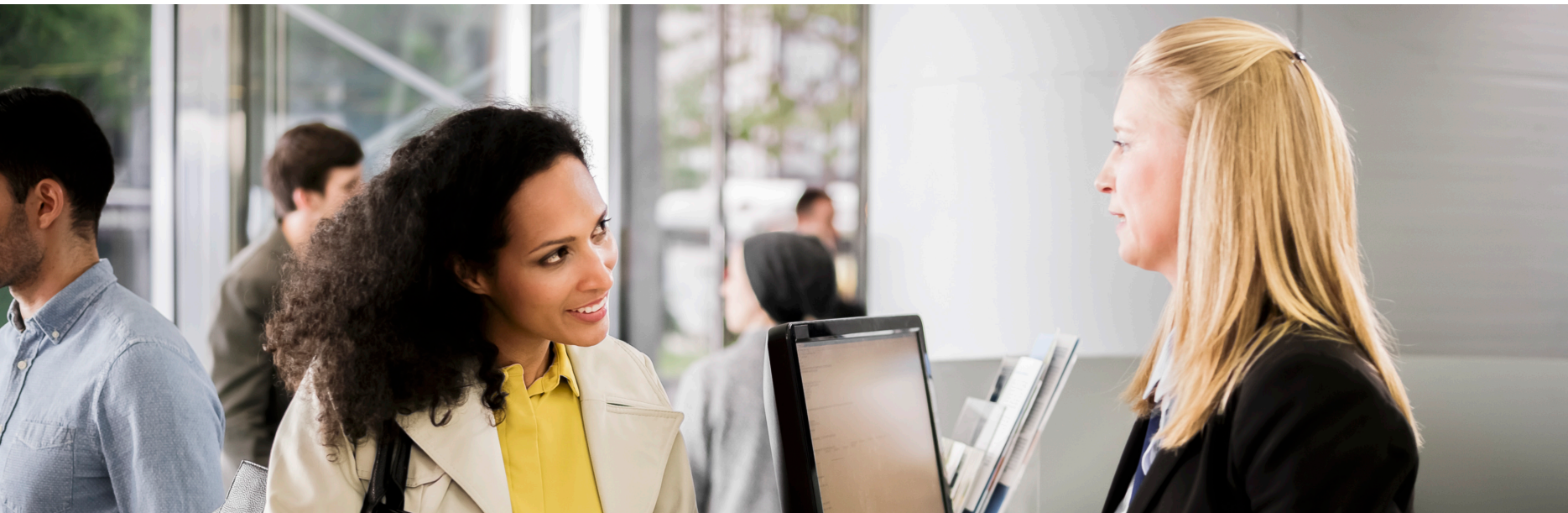
Questions?

Kyndryl at-a-glance

Recognized Industry Leader

Everest Group®

A Major Contender: 2022 Data & AI Services PEAK Matrix™ Assessment

iSG®

Leader: Managed Platform and Cloud Services 2023 ISG Provider Lens™ SAP Ecosystem Report (US)

Gartner

Kyndryl #1 worldwide by revenue in 2022 for Infrastructure Implementation and Managed Services Providers

1 Gartner - *Market Share Analysis: Infrastructure Implementation and Managed Services, Worldwide, 2022*; Published 29 June 2023 - ID G00793422.

Our Services

Cloud
Delivering seamless, integrated, multicloud management in a hybrid model

Core Enterprise & zCloud
Providing secure, unified and fault-tolerant mainframe services for our customers' core infrastructure

Digital Workplace
Enhances user experience and work location flexibility by providing a consumer experience to employees

Application, Data & AI
Providing full application platform hosting and expert assistance for application modernization

Network & Edge
Provides unified Network Services for cloud and data center connectivity

Security & Resiliency
Providing full application platform hosting and expert assistance for application modernization

Our Customers

We work in partnership with thousands of customers, dedicated to ensuring that each achieves its peak digital performance

Empowering thousands of global customers

Including

of the Fortune 100; more than half of the Fortune 500

60%
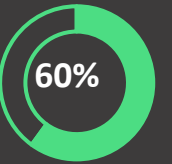
We manage vital environments in critical industries

5/10 of top airlines by total revenue passenger miles (RPM)

5/5 of the top automotive companies by revenue

11/20 of the top insurance companies by revenue

4/5 of the top consumer staples retailers by revenue

Kyndryl advances the vital systems that power progress

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What's Next?

Connect with our experts
for a consultation

Visit our **website**

View our **banking &
financial services solution brief**
for Data & AI

Reach out to:

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Vishnutej Nanduri *–*
Linkedin.com/in/vishnunanduri/

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