



# A new manifesto for the **future** of banking

Five key principles to make  
banking **simple, safe and**  
**rewarding** for everyone





# Time for change

Over the past decade, the banking sector has embraced digital transformation and product and service delivery has increasingly shifted into the digital realm.

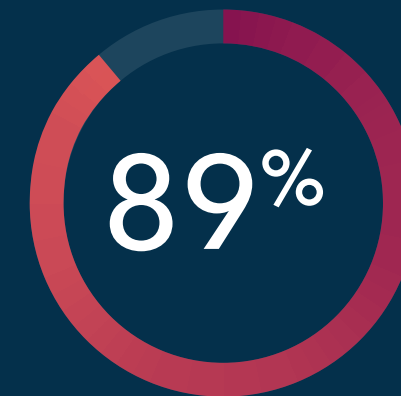
Online and mobile banking are now just the baseline: customers now expect their bank to provide seamless digital experiences and personalised journeys.

But the future of banking depends on more than just the front end of the customer experience. Apps are important, but customer-centricity needs to go deeper into the core of the bank's mindset and its approach to operations. In essence, banks must now look beyond selling financial products and services, to focus on solving real customer problems.

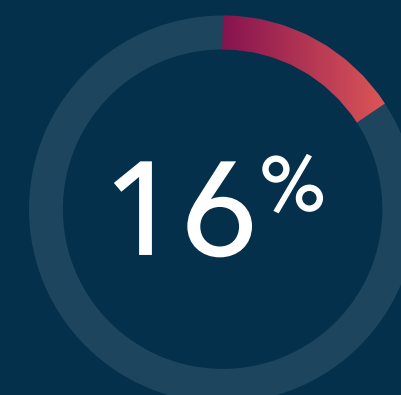
The COVID-19 pandemic has dramatically accelerated the digital agenda. In this manifesto, we set out five key pillars for the future of banking and how SAS can support banks in delivering truly customer-centric transformation.

## COVID has accelerated existing trends

According to SAS research:



89% of banks estimate that they have accelerated their digital adoption by five years



Online banking grew by 16% in just three months - the equivalent of four years' growth prior to the COVID-19 pandemic



Banks saw a 200% rise in new mobile banking registrations in April 2020

# The **five** pillars

For digital transformation to enable a truly customer-centric future for the banking sector, banks must embrace five key principles.



## Banking should be simple

Customers should have access to all banking services via any channel, and the customer journey should be seamless and consistent across all channels. Interactions between banks and their customers should be contextual, convenient and relevant, with decisions made in real time.



## Banking should be safe

In a world where fraud and financial crime are constantly evolving and becoming more sophisticated, banks must protect their customers and themselves from criminal activity. It's critical to find ever-smarter ways to detect incidents, identify suspicious patterns, investigate cases effectively and prevent losses before they happen.



## Banking should be rewarding

Relationships between banks and their customers should be rewarding for both parties. By gaining a deeper understanding of customer needs, banks should be able to deliver more meaningful, relevant and timely interactions, as well as fostering loyal, mutually beneficial partnerships with all their customers—from the most valuable to the most vulnerable.



## Banking should be prudent

Better management of risk, capital and liquidity is vital, not only to protect banks and customers from economic volatility and market disruption, but also to shift the cultural focus from short-term profits to longer-term sustainability, security and growth. With the right technology, banks and regulators can work together to build a more robust and resilient banking system.



## Banking should be fair

Transparency and equity in decision-making are essential components of a truly customer-focused culture. In the medium term, both customers and regulators will demand a more open culture, where banks can demonstrate that decisions are made fairly and without discrimination - especially as artificial intelligence starts to play a greater role in decisioning.



# The SAS commitment

At SAS, we are making it our mission to help banks build a technology foundation that will support all five pillars of this manifesto.

By acting as a central “brain” extending across front, middle and back-office functions, SAS injects rich, contextual insights into each and every interaction. This enables banks to integrate processes, anticipate customer needs, and deliver the right services at the right time, as well as expanding into the open banking ecosystem with innovative services.

At the same time, insights from this central brain help banks to optimise their internal processes and operations, enabling more efficient and profitable service delivery. Insight and decision support are provided within a comprehensive governance framework that ensures full end-to-end traceability and facilitates regulatory compliance.

## Data-driven insights in action

- » Nationwide and SAS have built a central analytics hub that enables the bank to detect fraudulent activity and improve customer service by reducing false positives and enabling smoother payment processing.
- » SAS has helped a large digital bank combine customer data and predictive modelling to identify early indicators of potential delinquency. This enables faster intervention, reducing the number of people who fall into debt.
- » Collections specialist DirectPay is using data visualisation to improve client relationships and better manage risk and repayment potential. Working with SAS, the company uses available data to create a complete customer view that supports personalised decision-making for debt management.



# Pillar 1: Simple banking

Simple banking is about removing complexity and friction from the customer experience, which will require banks to focus on three key areas:

## 1 Data

Banks must connect data across all channels, products and departments, as well as integrating external data sources to provide real-time contextual information at every stage of their customer-facing processes. Without end-to-end data connectivity, banks cannot track, measure, or analyse customer interactions, and the customer experience becomes disjointed and cumbersome.

## 2 Insights

Banks must inject customer insights into processes in real time to help them anticipate customer needs and map out satisfying customer journeys. Real-time insight enables more personalised services.

## 3 Action

Adopting new technologies is not enough: banks must also integrate these technologies across all customer touchpoints. Automating key processes holds the potential to accelerate client service and enable smarter decision-making. For instance, making the right insights available to call-centre or in-branch staff at the right time is crucial to delivering a consistent and reliable banking experience.

### What SAS delivers

SAS has helped many leading banks transform their operations by harnessing intelligent automation to improve the customer experience. Through automation, banks can design smarter customer journeys, underpinned by rich insights to make every touchpoint engaging and relevant.

SAS also helps banks create a frictionless customer experience by breaking down data silos and supporting smarter, faster decisions across key areas, including fraud prevention and risk management.

### CASE STUDY

## Nationwide enhances customer service with SAS

### Challenge:

Nationwide's award-winning service is a key factor in winning and retaining members: the building society has a 4.6 percent lead in the industry's customer satisfaction index. To improve its customer service even further, Nationwide set out to investigate when, why and how members get in touch, and identify better ways of resolving their queries.

### Solution:

Many members choose to contact Nationwide via secure emails sent through its online banking platform. By analysing the text of these emails, Nationwide could better understand the types of enquiries it receives via this channel and explore better ways to manage them—for example, using sentiment analysis to detect how members' moods change during the course of their email correspondence.

### Result:

Nationwide's analysis revealed that 50 percent of all email queries were avoidable, and that 25 percent could have been moved to a digital process. As a result, the building society launched an initiative to transform the way it responds to customer queries—reducing churn and increasing satisfaction.



# Pillar 2: Safe banking

As more people bank on digital channels, financial institutions are seeing a rise in fraud and financial crime—placing increased pressure on banks to improve fraud detection and prevention.

Banks that fail to protect their customers risk severe regulatory sanctions and reputational damage. Fortunately, banks can take many steps to step up their fight against fraud.

For instance, by enhancing fraud detection and investigation capabilities through investment in best-of-breed technologies, banks can implement continuous monitoring to identify suspicious activity quickly, efficiently and accurately. Enhancing detection systems can also help to reduce the likelihood of false positives and their negative impact on customers who are legitimately using a bank's services.

Banks that improve their understanding of customer behaviour in real time are better placed to spot anomalies and potential fraud. Equally, incorporating detection of stolen or synthetic identities into Know Your Customer (KYC) processes can go a long way to prevent financial crime such as money laundering.

Consumers expect their money to be safe and protected from fraudulent activity, yet they also want a convenient customer experience that isn't encumbered with complex authentication protocols. A swift, proactive and empathetic response to fraud incidents can make all the difference between a painful experience and one that brings the bank and customer closer together.

## What SAS delivers

SAS provides banks with industry-leading analytics solutions that can help them unlock new insights and make fact-based decisions—no matter how much data needs to be processed, or how complex the analysis.

Through a holistic set of capabilities including analytics, rules and network generation, SAS empowers banks to build more robust defences against criminal activity and protect their customers' money.

Committed to empowering financial institutions to step up their anti-money laundering, KYC and fraud detection processes through the injection of AI, SAS can shape smarter, more accurate and robust fraud and financial crime defences.

## CASE STUDY

### Axcess dramatically reduces fraud losses and boosts customer satisfaction

#### Challenge:

For more than 25 years, Axcess Financial and its affiliates have helped people from all walks of life obtain the money they need when they need it. Today it operates more than 800 retail stores and has a growing online presence.

While the majority of people who request loans do so legitimately, not all applicants have good intentions. As business grew, so too did the number of fraudulent applications—reaching up to thousands each month. To protect customers and reduce losses, Axcess Financial needed a better way to detect and adapt to new identity fraud trends in real time

#### Solution:

After evaluating solutions from several fraud technology vendors, Axcess Financial decided to work with SAS to build a cloud solution that would bring together multiple authentication data providers for rapid, centralised authentication of digital users.

#### Result:

Today, Axcess Financial has enabled legitimate customers to glide through its application process without friction. False positives have dropped off and 10 percent of loan customers don't need to authenticate at all. Crucially, the company has slashed third-party fraud by 80 percent, while laying the foundations for future API-driven innovation.

# Pillar 3: Rewarding Banking

Successful banks don't just react to customer needs, they proactively analyse customer behaviour to deepen their understanding and build strong, long-lasting relationships.

With access to a wealth of customer information, banks are better placed than ever to anticipate which services individual customers need and exactly when they might want them.

Building strong relationships requires more than just matching customers to products; it also requires banks to build a detailed understanding of each customer's preferred touchpoints and how they want their bank to respond. For instance, some customers actively welcome money monitorship and financial advice from their bank, whereas others simply prefer seamless self-service tools. Getting the balance right is key and can open the door to increased market share and share of wallet.

## What SAS delivers

SAS helps banks delight their customers through timely and meaningful interactions—taking personalised service to a new level. Banks that use SAS solutions to strengthen customer relationships are better able to recommend genuinely useful services.

## CASE STUDY

### ING Belgium makes customer-centricity a reality

#### Challenge:

ING Belgium averaged 50 marketing campaigns a year but saw limited return on investment. To boost the yield from its marketing spend, the bank set out to deliver more marketing campaigns with better results, while keeping costs in check.

#### Solution:

With support from SAS, ING Belgium succeeded in automating a significant proportion of its marketing campaign process. Now the marketing department at ING Belgium can process millions of contacts quickly and efficiently, helping to reveal new opportunities and improving segmentation targeting.

#### Result:

Intelligent, automated campaign management driven by SAS has empowered the company to increase the number of marketing campaigns it runs on a yearly basis by a factor of 20—without increasing costs or needing to hire new marketing professionals. As a result, ING Belgium has dramatically improved its ability to attract new customers and build deeper relationships with existing customers.

## CASE STUDY

### Seacoast builds rewarding relationships based on customer lifetime value

#### Challenge:

Improving the customer experience through advanced analytics is necessary for modern banks to stay competitive. Seacoast excels in this arena due to its proprietary customer analytics platform, which is powered by SAS and used to unearth customer insight for many purposes.

#### Solution:

After aggregating and contextualising its data for analytics, the bank worked with SAS to build a customer lifetime value (CLTV) model, which looks at every customer, measures their value and specifies why they're valuable. Calculating the CLTV is critical for estimating a customer's potential and how much the bank should invest in reaching and serving that customer to receive maximum ROI.

#### Result:

With the CLTV model in place, Seacoast added predictive models and applied machine learning to solve specific business problems such as personalisation at scale. With SAS, the bank has the ability to market to each customer individually based on their preferences and transactional history.



# Pillar 4: Prudent banking

Risk management sits at the centre of most core banking activities, from assessing the credit risk of customers who want to borrow, to balancing risk exposure, capital and liquidity.

Maintaining the right relationship between risk and reward is essential not only for a bank's bottom line, but also for its reputation and regulatory compliance.

Banks that fail to put robust risk controls in place will attract additional scrutiny from regulators and open themselves up to the risk of significant fines and losses. Yet, banks that are too risk-averse could miss out on valuable business from new customers.

In a digital world, making better risk decisions means tapping into accurate and timely analytics. Using AI and machine learning techniques enables banks to leverage the wealth of available data to optimise risk management.

## What SAS delivers

Banks have trusted SAS to power their risk and regulatory calculations for decades.

With SAS solutions, banks can consistently achieve minimum capital risk and liquidity requirements and keep their portfolios matched to their risk appetite. By leveraging advanced risk modelling techniques, SAS can help banks reap the rewards of greater automation, integrate risk and finance processes, and drive smarter strategic planning.

## CASE STUDY

### Smarter forecasting helps Wescom Credit Union save millions of dollars

#### Challenge:

Dedicated to supporting communities across Southern California, Wescom Credit Union looked to step up its lending operations. How could the bank provide more members with the opportunity to achieve their financial goals without increasing risk?

#### Solution:

Working with SAS, Wescom Credit Union was able to establish loan loss forecasts for each month with a rolling 60-month view. To strengthen long-term strategic planning, the credit union ran forecasts with a five-year forward look at loan performance, potential economic impacts and quality adjustments.

#### Result:

Since stepping up its risk management capabilities with SAS, Wescom Credit Union can determine with 50 percent greater accuracy whether a loan will perform. As a result, the bank has increased the number of automobile loans offered with pre-approvals by 65 percent while also maintaining a low delinquency rate of 0.24 percent on these loans. Impressed with the successes achieved in automobile lending, decision-makers at the credit union are exploring new ways to replicate this success in other areas of Wescom Credit Union's operations.







# Pillar 5: Fair banking

Customers don't just look at the affordability of any deal a bank is offering.

Many also consider a bank's commitment to corporate social responsibility and want to know what banks are doing to tackle the major challenges in the world, such as climate change and rising global inequalities.

Any action that could be perceived as unfair, unethical, or dubious could seriously harm a bank's opportunities for growth. Doing the right thing is no longer an added extra, but it needn't be hard. To gain and preserve public trust, banks should:

- » Provide high levels of transparency across all operations
- » Use customer and market data accurately and fairly
- » Ensure consistency in explaining decisions
- » Help customers if they get into financial difficulty
- » Operate without favour or bias to any particular group or individual
- » Take proactive steps to help tackle climate change

## What SAS delivers

SAS technology drives intelligent decisions, enabling banks to integrate real-time insights into their systems of action, websites, mobile applications and customer service systems. As well as simplifying banking processes, SAS supports the delivery of a more transparent customer journey.

Within the bank, SAS technology can provide the governance framework for better operational processes. Built on a solid foundation of trusted data and analytics, these tools can drive deeper engagement and enhance trust as banks work to become an even more important partner in their customers' lives.

## CASE STUDY

### A UK bank

One UK bank worked with SAS to better understand its customers' financial positions by analysing transaction data. Using SAS solutions, the bank was able to identify customers who were in financial difficulty more accurately, enabling it to offer targeted support even faster. Overall, the bank estimates that deploying the SAS solution has resulted in cost savings equivalent to 90 full-time employees. Union's operations.





To learn more about how SAS can help you make banking  
**simple, safe, rewarding, prudent** and **fair** - search SAS Banking.

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