



## Data Analytics and Your Card Portfolio

*Key Trends and Tools for Superior  
Cardholder Engagement*

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Today, access to behavioral data is the key to more informed business decisions. But how can your financial institution (FI) achieve a more insightful view of your portfolio and cardholder needs rather than negative headlines (Facebook-Cambridge Analytica, etc.) or a hit to your reputation?

Is it even worth the risk?

## The Trends ... and The Need

In reality, key signs point toward there being an even greater risk for FIs that fail to adopt a more effective data analytics approach to the way they do business. Meanwhile, the potential value and benefits are high. According to a recent BCG study:

**FIs continue to collect vast amounts of data, but few are generating a return commensurate with their investment. The potential value of better data analytics – as a result of higher revenues, cost savings, improved customer service, and better decision making – could reach as high as \$30 billion. Players that embrace leading practices will be able to grab a significant slice of that pie, while those that lack the required capabilities will have little choice but to fight for the remains and be threatened by disruption.<sup>1</sup>**

At the same time, when done effectively, advanced analytics can be both powerful and consumer-centric. Jim Marous, co-publisher of The Financial Brand, notes “The most successful financial institutions are leveraging advanced analytics to grow customer relationships organically. Using internal and external data, customer needs are not just being met, they are being anticipated.”<sup>2</sup>

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## They Said It

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“Effective application of data analytics could deliver an earnings-per-share improvement of 5% from cost savings alone, with long-term revenue generation opportunities bringing the prospect of even higher returns. FIs that move swiftly have the potential to gain a substantial competitive advantage over their peers.”

- *Data Analytics for Financial Institutions: The Journey from Insight to Value* (bcg.com, May 10, 2017)

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## The Value

There are a number of valuable ways advanced analytics can be used to generate an increase in profits for today's banks and credit unions. Here are some of the top ones according to a 2017 article from McKinsey&Company:<sup>3</sup>

Sources:

<sup>1</sup> “Data Analytics for Financial Institutions: The Journey from Insight to Value,” BCG (May 10, 2017),

[bcg.com/en-us/publications/2017/technology-digital-transformation-data-analytics-financial-institutions.aspx](http://bcg.com/en-us/publications/2017/technology-digital-transformation-data-analytics-financial-institutions.aspx)

<sup>2</sup> “The Power of Advanced Analytics,” The Financial Brand (January 23, 2017),

[thefinancialbrand.com/63445/predictive-advanced-analytics-customer-engagement-banking](http://thefinancialbrand.com/63445/predictive-advanced-analytics-customer-engagement-banking)

<sup>3</sup> “Analytics in Banking: Time to Realize the Value,” McKinsey&Company (April 2017),

[mckinsey.com/industries/financial-services/our-insights/analytics-in-banking-time-to-realize-the-value](http://mckinsey.com/industries/financial-services/our-insights/analytics-in-banking-time-to-realize-the-value)

- **Boosting traditional P&L levers:**

- *Accelerating growth* - Deeper and more detailed profiles of customers or members, together with transactional and trading analytics, can improve the acquisition and retention of clients, as well as cross- and upselling.
- *Enhancing productivity* - Every banking process can become faster and more effective. Among other things, (FIs) can use advanced analytics to provide faster and more accurate responses to regulatory requests and give teams analytics-enhanced decision support.

- **Delivering the digital branch:**

- Offer a much better cardholder experience at a fraction of the current cost.

## The Technology

With technology tools now on the market, you can uncover the key indicators you'll need to immediately understand performance, profitability, and growth opportunities in your credit and debit card portfolios. For example, with the latest dashboards tools that visually depict performance and growth, you can easily compare statistics to peer group benchmark and other data, quickly pinpointing areas of focus.

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## Analytics in Action

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"A top consumer bank in Asia enjoyed a large market share but lagged behind its competitors in products per customer. It used advanced analytics to explore several sets of big data: customer demographics and key characteristics, products held, credit-card statements, transaction and point-of-sale data, online and mobile transfers and payments, and credit-bureau data. The bank discovered unsuspected similarities that allowed it to define 15,000 microsegments in its customer base. It then built a next-product-to-buy model that increased the likelihood to buy three times over."

*-Analytics in Banking: Time to Realize the Value (mckinsey.com, April 2017)*

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There has simply never been a better (or more business-critical) time to utilize data analytics to strengthen your competitive position, increase transactions and income, and maximize the strategic goals of your cardholder program. What if you could safely and effectively harness actionable insights that would drive cardholder engagement, satisfaction, and retention at your FI? Even better: What if you could find every service related to card processing, including cardholder data analytics, under one roof? The enhanced JHA Card Processing Solutions™ (CPS) from Jack Henry & Associates, Inc.® does exactly that and more.

The CPS platform provides a single authorization platform for all signature, PIN, and ATM activity, with full-service or in-house options. All major digital payment platforms are supported. Comprehensive data analytics tools, flexible loyalty programs, and cardholder portfolio consultation services are also available. The JHA Card Analytics™ suite – specifically available for institutions using CPS for credit and/or debit processing – is designed to support your information needs and includes a portal that organizes access to analytical tools, with everything from easy-to-read dashboards and prebuilt templates to customizable query builders.