

Smarter Decisions, Safer Data: The Future of BFSI Data Intelligence

Reduce fraud, empower innovation, and improve customer experiences in banking, financial services, and insurance with enterprise data intelligence.

Table of Contents

- 3 Simplifying Compliance and Reporting
 - 4 Bringing Automation to Regulatory Compliance Tracking
 - 5 Modernizing Risk Management and Reporting
 - 6 Case Study: Data Validation in Action
- 7 Improving Decision-Making Efficiency
 - 8 Enabling Data Discovery for Strategic Decision
 - 9 Accelerating Strategic Business Insights
 - 10 Validating Data Across the Enterprise
- 11 Delivering Customer Insights and Supporting Retention
 - 12 Engaging Customers with Personalized Services
 - 13 Meeting Anti-Money Laundering (AML) and Know Your Customer (KYC) Requirements
 - 14 Artificial Intelligence (AI) Adoption in BFSI
- 15 Managing Data Without Barriers
- 15 About Action



Simplifying Compliance and Reporting

The importance of compliance cannot be overstated in the banking, financial services, and insurance (BFSI) industry. Institutions face a vast array of regulatory requirements that govern every aspect of their operations—from risk management to data privacy and consumer protection. The challenge isn't just about adhering to these regulations but doing so in a way that supports proactive business growth and innovation.

Existing data strategies often create more obstacles than solutions when it comes to effective compliance. Legacy systems are not only siloed but lack the flexibility to adapt swiftly to meet new regulations. Additionally, the variety and volume of data that institutions manage can lead to inconsistencies and gaps in data quality and availability. As a result, BFSI organizations lack a comprehensive view of their data.

By adopting integrated, agile, and more automated data strategies, BFSI organizations can enhance their compliance posture and ensure that they are not only meeting current regulatory demands but are also well-suited for future changes.

By adopting integrated, agile, and more automated data strategies, BFSI organizations can enhance their own compliance posture and ensure that they are not just meeting current regulatory demands, but are also well-suited for future changes.





Since the enforcement of the General Data Protection Regulation (GDPR) in May 2018, fines have been issued for several types of violations. As of September 2024, the most significant share of penalties was due to companies' non-compliance with general data processing principles. This violation has led to over **€2.4 billion worth of fines**.

Bringing Automation to Regulatory Compliance Tracking

Effective compliance requires robust data management to handle the massive volumes of transaction data securely and accessibly, maintaining data integrity for audits and regulatory scrutiny.

The dynamic nature of regulatory standards demands that compliance systems be adaptable. Integration of advanced technologies, like AI, can enhance these systems, improving data analysis and security, and ensuring transparent and tamper-proof record keeping.

However, challenges such as high operational costs, data silos within institutions, and the rapid pace of regulatory changes pose significant hurdles. Despite this, maintaining rigorous compliance tracking is crucial for legal conformity, protecting consumer interests, and ensuring the stability of the organization's financial system.

Automated metadata management significantly enhances flexibility by streamlining the way data is cataloged, accessed, and monitored. This allows BFSI organizations to stay ahead of regulatory changes without the need for highly technical manual overhead. And because automated metadata management supports dynamic data environments, organizations can scale and integrate new technologies while maintaining strict governance and compliance protocols.

Modernizing Risk Management and Reporting

Risk management and reporting teams in the BFSI sector face significant obstacles rooted largely in data quality and governance issues. First, the challenge of data quality; inaccuracies, inconsistencies, or incompleteness of data can severely impair the ability of all teams to assess and report on risk accurately. This is compounded by the rapid pace of financial transactions and the diverse nature of data sources, making it difficult to maintain a high standard of data integrity across the board.

Data governance presents another layer of complexity for risk management and reporting. In many financial institutions, governance frameworks are either outdated or inadequately implemented, leading to insufficient oversight of how data is handled and used. Without stringent governance protocols, there is a higher risk of data breaches and non-compliance with regulations like GDPR or BCBS 239, which demand meticulous data handling practices.

The adoption of a data intelligence platform addresses these critical challenges by significantly enhancing data quality practices and instituting robust governance frameworks. By establishing clear data management policies and procedures that enforce compliance with regulatory standards, a data intelligence platform can ensure data is accessible only to authorized personnel and used in accordance with regulatory requirements.

The average cost of a data breach in the BFSI sector is \$6B, significantly higher than the global average of **\$4.88B (IBM, 2024)**



Case Study: Data Validation in Actian

Customer: Generali

Generali is among the top 10 largest insurance companies in the world. To comply with ever-demanding data regulations, Generali needed a flexible, adaptable, and agile solution that could help identify, document, and easily update its sensitive data.

Generali's data teams needed a tool that could:

- Assign data owners and other contacts on their assets for more clarity on who the data belongs to
- Provide enhanced documentation features on datasets and fields in order to fully understand the context of data assets
- Display full lineage of sensitive data, which provides details on where (and why) it may be used
- Connect to all data sources to easily collect, update, and use its datasets

The Actian Data Intelligence was able to use a connector to gather all of Generali's metadata. The catalog handles:

- **11,000+ datasets**
- **300,000+ fields**
- **Multiple updates a week**

Since deploying the Actian Data Intelligence, Generali has made the solution a one-stop-shop for all data needs and aims to encourage as many employees as possible to use the catalog.





78% of banks believe that enhancing data-driven decision-making capabilities is essential for staying competitive. (Deloitte, 2024)

Improving Decision-Making Efficiency

Decision-making efficiency is a necessity for survival and growth within the BFSI sector. Financial and insurance institutions are often inundated with vast volumes of data that need to be processed. This data typically has different owners, file types, storage mechanisms, and quality requirements. This leads to delays in gathering and synthesizing information, which can be costly and prevent BFSI organizations from capitalizing on opportunities.

When data is isolated within various departments, it leads to a lack of transparency and accessibility. Keeping data in isolation not only slows down the decision-making process, but increases the risk of errors and inconsistencies. This ultimately means decisions must be made on partial or outdated information.

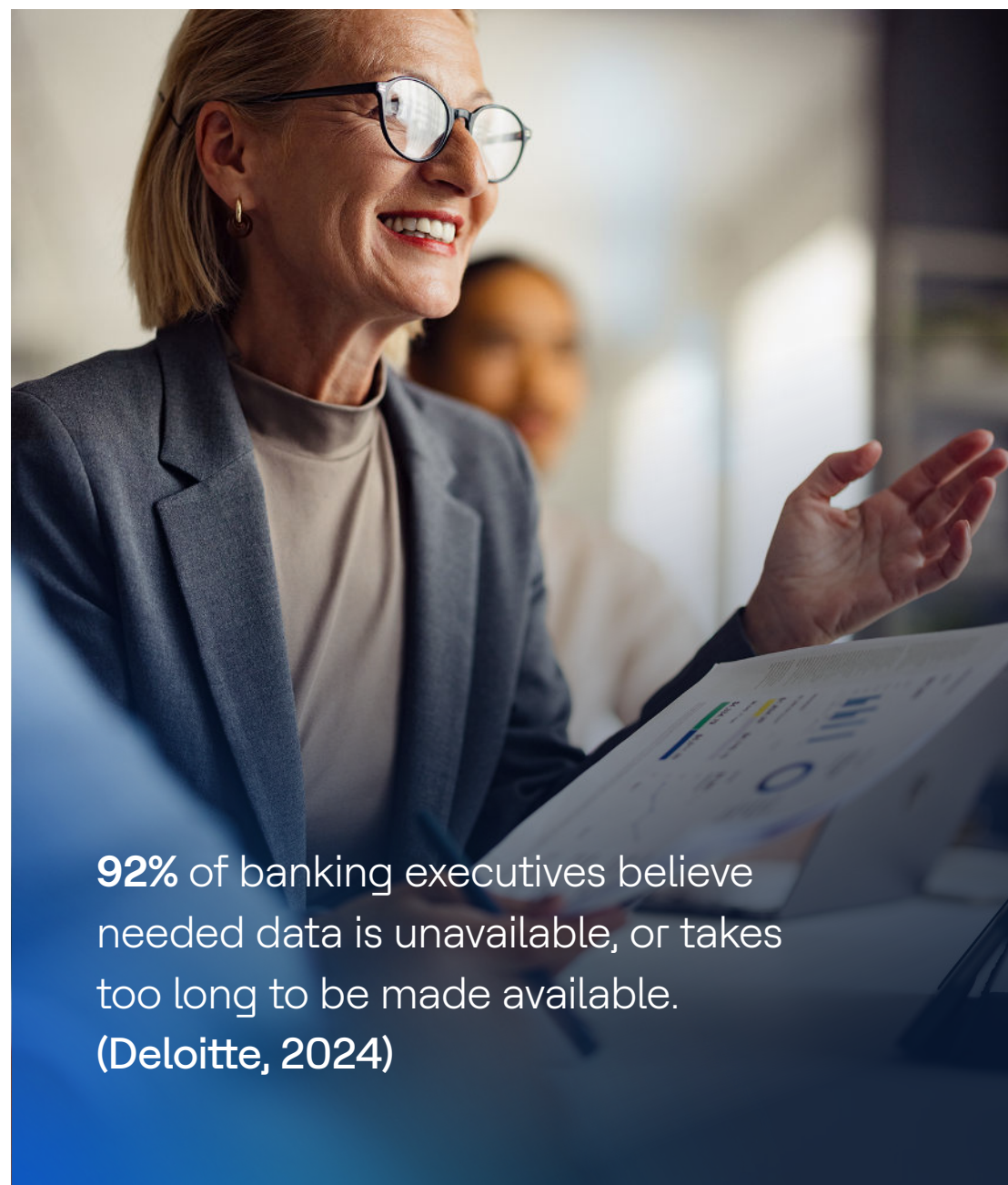
Addressing these challenges requires an approach centered on advanced metadata management. By emphasizing metadata management, institutions can achieve a holistic view of their data landscape. This approach facilitates the rapid discovery and retrieval of data across an organization, creating a unified source of truth to empower BFSI companies to make well-informed decisions with agility and confidence.

Enabling Data Discovery for Strategic Decision

Data spread across disparate systems complicates the process of data aggregation. The lack of integration, and the variation in data collection protocols, can lead to operational risk that can extend due to inaccuracies in the data. This can extend the time to market for new financial products and services, ultimately impacting the institution's competitive advantage and operational efficiency.

The quality of data itself is often a stumbling block. Data may be available, but it's frequently of poor quality—plagued by inconsistencies, duplicates, or outdated entries. These integrity issues can lead to credit risk and market risk, and, ultimately, potentially leading to suboptimal strategic outcomes. The challenge is compounded by a lack of technical skills required to interpret and utilize this data effectively—a gap that hinders the institution's ability to fully leverage its financial assets.

To navigate these challenges, a robust approach focused on enhancing metadata management and leveraging the capabilities of a data catalog is crucial. A sophisticated data intelligence platform with a data catalog can streamline the process of data discovery by creating an accurate and comprehensive inventory of metadata for various data sources, enabling strategic decision-makers to quickly locate and deploy relevant data sets for analysis. This ensures that the institution's data landscape is not only comprehensible but also optimized for agile and informed decision-making, aligning with broader business and compliance objectives.



92% of banking executives believe needed data is unavailable, or takes too long to be made available.
(Deloitte, 2024)

60% of senior executives at banks indicate that their current data infrastructure does not meet their analytical needs. (Deloitte, 2024)

Accelerating Strategic Business Insights

Achieving strategic business insights in BFSI is deeply intertwined with effectively navigating compliance risks. These insights are critical for aligning strategic decisions with market opportunities. The challenge lies in consolidating disparate data into actionable intelligence, which is essential for risk assessments and regulatory compliance.

Misalignments of critical financial data across different branches or product lines heighten the risk of non-compliance with regulatory reporting standards, such as those mandated by BCBS 239. Additionally, inadequate data integration can conceal potential risks within the institution's operations, hindering accurate risk assessments and the implementation of effective mitigation strategies.

A modern data catalog equipped with advanced metadata management tools can provide a detailed inventory of data assets, including comprehensive information about their origins, quality, usage, and transformations. This is vital for ensuring the integrity and accessibility of data, aiding due diligence processes and meeting various disclosure requirements. By basing strategic decisions on accurate and comprehensive data, institutions can enhance operational efficiency, minimize compliance risks, and secure a competitive edge in the tightly regulated financial industry.

Validating Data Across the Enterprise

The top challenges encountered by data consumers

92% Data that's needed is unavailable or takes too long to be made available

In any data-driven financial environment, accessing and utilizing data efficiently is crucial for making informed decisions. However, data consumers face significant challenges that hinder their ability to leverage this valuable asset effectively.

88% Data is available but from different sources, duplicated, and not integrated

These statistics highlight the pressing need for improved data management solutions that can address accessibility, integration, quality, and capability issues. Enhancing these aspects will empower data consumers to harness the full potential of their data assets, driving better outcomes and strategic advantages in financial services.

81% Data is available, but is of poor quality

53% Data is available, but users don't have the technical capabilities to make appropriate use of it



Delivering Customer Insights and Supporting Retention

Understanding customer needs is paramount to success in financial services and insurance. Customer insights allow institutions to tailor their offerings and communications effectively, enhancing the overall customer experience and increasing retention. Some reports say that banks and other financial institutions can generate over a 70% return on initiatives targeting existing customers (PwC, 2024).

However, harnessing these insights involves navigating complex data privacy regulations that govern how customer data can be used. To remain compliant while still gaining valuable insights, institutions must manage customer data meticulously, ensuring privacy and security are not compromised. This careful handling builds trust, an essential component in customer relationships that directly influences retention rates. Notably, with 84% of customers saying they would switch to another company just after one bad experience, maintaining high standards in data security and personalized service is crucial.



Banks and other financial institutions can generate over a **70%** return on initiatives targeting existing customers (PwC, 2024).



In the retail financial sector,
customer attrition rates average
25% (Shopify, 2024)

Engaging Customers with Personalized Services

In the retail financial sector, where customer attrition rates average 25% (Shopify, 2024), retaining customers is critical. Personalized customer engagement, powered by artificial intelligence (AI), is transforming how banks interact with their clients. AI enables banks to process large volumes of data quickly and accurately, allowing them to deliver tailored financial products and services that meet individual customer needs.

However, using AI for customer engagement presents challenges, particularly with the complex regulatory environment concerning data protection. Laws worldwide enforce strict rules on how customer data must be collected, processed, and stored, aiming to protect privacy and prevent breaches. These regulations can restrict the extent to which banks can employ and train their AI models to analyze customer data. Consequently, banks must ensure that their AI applications comply with these legal standards to avoid penalties and preserve customer trust.

Proper metadata management is crucial in this context because it enables BFSI organizations to tag private datasets that should not be used for AI model training, ensuring compliance with privacy regulations. This critical tagging safeguards sensitive information, allowing banks to leverage AI responsibly to enhance customer personalization and retention. This approach not only improves the effectiveness of AI initiatives, but builds trust by maintaining stringent data security standards.

Meeting Anti-Money Laundering (AML) and Know Your Customer (KYC) Requirements

Effective customer data management is crucial for banks to offer personalized services and operate efficiently. Yet, money laundering (AML) and know your customer (KYC) regulations require thorough identity checks and continuous monitoring of customer activities, a process that can be resource-heavy and complicated due to the diverse and vast amount of data involved.

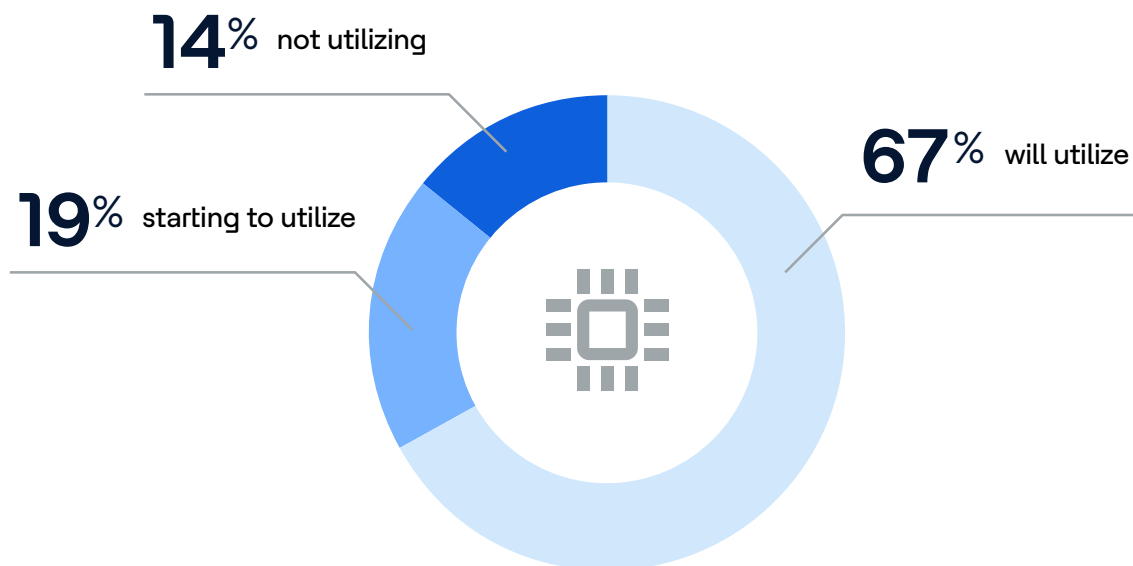
To implement AML and KYC effectively, banks need robust data management systems that ensure data security and accessibility for compliance. The quality of data is paramount, as inaccuracies can lead to false positives in fraud detection and customer dissatisfaction from delays and errors. Banks must invest in advanced data validation and cleansing technologies to keep data accurate and compliant.

Metadata management boosts data quality by providing detailed tracking and documentation of data origins, quality metrics, usage, and modifications, helping ensure data is properly classified and meets AML and KYC requirements. With a clear audit trail, banks can quickly spot and correct data discrepancies, enhancing the reliability of compliance processes and overall operational efficiency.

Metadata management boosts data quality by providing detailed tracking and documentation of data origins, quality metrics, usage, and modifications, helping ensure data is properly classified and meets AML and KYC requirements

Validation

Artificial Intelligence (AI) Adoption in BFSI



The BFSI sector is on the cusp of a technological shift, with AI poised to play a crucial role in managing data quality and compliance. As more institutions recognize the advantages of AI, the industry can anticipate a broader adoption, leading to more robust data management practices that not only meet but exceed regulatory and compliance standards.

Deloitte, 2024

Managing Data Without Barriers

The pressures of regulatory compliance, risk management, and the need for rapid decision-making are increasingly demanding for BFSI organizations. Institutions are required not only to navigate these complexities but also to leverage their data assets to drive innovation and maintain a competitive edge. The Actian Data Intelligence Platform emerges as a pivotal technology in this context, providing the tools necessary for BFSI organizations to manage their data with unprecedented efficiency and transparency.

The Actian Data Intelligence Platform simplifies the intricacies of data management by offering robust metadata management, data lineage visualization, and a powerful data cataloging system. These capabilities enable institutions to maintain a clear overview of their data's origins, quality, transformations, and uses, facilitating compliance with stringent regulatory requirements and supporting comprehensive risk management strategies. Furthermore, the platform empowers business users, reducing dependency on IT departments for data access and reporting, and fostering a proactive approach to data-driven decision-making.

As BFSI organizations strive to enhance customer engagement and retention, the platform provides essential support by enabling a deeper understanding of customer data. This understanding aids in personalizing customer interactions and predicting future needs, thereby improving customer satisfaction and loyalty. By integrating Actian's capabilities, institutions can effectively harness the potential of their data to not only meet the current regulatory and business demands but also anticipate and adapt to future challenges.

As industry leaders look ahead, the role of sophisticated metadata management solutions like the one from Actian will become increasingly central in shaping the BFSI sector. Institutions that adopt such technologies will distinguish themselves by their ability to seamlessly integrate compliance, risk management, and customer insight into their operational frameworks, thus driving forward not just in terms of compliance but as innovators on the forefront of the financial services industry.

To see how the Actian Data Intelligence Platform can enhance data management and compliance strategies, **try an interactive product tour today!** Discover practical, innovative solutions tailored to help organizations take their first step toward smarter data management.

About Actian

Actian empowers enterprises to confidently manage and govern data at scale. Organizations trust Actian data management and data intelligence solutions to streamline complex data environments and accelerate the delivery of AI-ready data. Designed to be flexible, Actian solutions integrate seamlessly and perform reliably across on-premises, cloud and hybrid environments. Learn more about Actian, the data division of HCLSoftware, at actian.com.

