Centralized & State of the Art BI
Finance Industry

Centralized BI and Financial Institutions

The use of Business Intelligence and smart data analytics has become a common practice. Financial organizations use Business Intelligence tools to create competitive advantages by driving profits and reducing risks. The financial world is in constant change and managers need alerts and notifications when data changes in their transaction systems. They need to be able to access data and keep track of any anomalies that may occur. All managers and users need to see the same version of the truth. Off course, each user will only see what he is allowed to see according to previously set data access credentials.

This means that financial institutions need a centralized system, where users and IT work together and collaborate. Both users and IT must co-operate to define the processes and data flows, the permissions and restrictions, and the goals that they each want to achieve. Business users should decide what solutions they want to use to solve their business pains. And IT should decide how such solutions will be implemented in order to successfully govern over the data.

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Centralized vs Federated

Before we dive into the specifics of the finance industry, let's go over the difference between the two main BI models: centralized and federated. This will help us to better understand why financial institutions need centralization to ensure the success of their BI projects.

1. While in centralized BI users work connected, in federated BI they work in silos – meaning the findings stay in the desktop of the analyst instead of sharing the knowledge in a centralized environment.

2. In centralized there is one version of the truth. In federated there are thousands of Excel spreadsheets that cannot be merged. There is no sharing of knowledge when users work disconnected.   The normal scenario in federated BI is that an analyst sends an Excel file to another analyst. IT then needs to keep many versions of the truth.   This is commonly known as Excel hell. It is basically a data disaster. In centralized BI there is only one version of the truth. There are no unnecessary copies of data.   People can share knowledge and drive analysis in the same, accurate context.

3. Centralized BI assures high usage because everything is in a unified solution. People can learn from one another. They can open discussions in the context of the data. All this without jeopardizing security. Users can work with confidence, knowing that there will not be any data breaches or leaks of information.

4. Centralized solutions are not closed apps like desktop solutions. They can be customizable to the enterprise's and users' needs. Customization is highly important to both IT and business users.

5. In a centralized platform, security and governability are IT's responsibility. Analysts can share and distribute reports easily and quickly without worrying about security breaches. They can distribute a dashboard to thousands of bank managers and every manager will only see the data that they have access to. The job of the analyst shifts from answering the same questions all the time to distributing new findings. This can be done in a centralized system where people can learn from one another. And IT can administer the data transfer in the organization.

6. Centralized BI is easy to deploy and scale as more users want to use it. When IT want to provide access to new users, they do not need to install desktops. They only need to give them a name and password and set the data access permissions. IT can forget about installation and maintenance, as there is only one unified web solution to take care of.
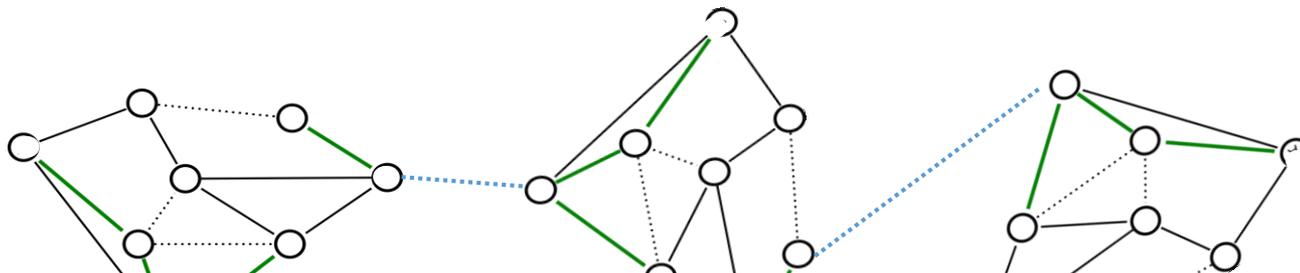
Financial Data Chaos

The correct implementation of a BI project is a big challenge for any company. Financial organizations face an even bigger challenge when implementing BI because of the nature of the data they handle. They generate, collect, and analyze sensitive data, like credit card records, bank accounts, transactions, and other financial information. This data is regulated by strict privacy rules, which calls for extra security and a special administration of the data. Not everyone can look at all the data. Financial institutions have tried different models of organizing their BI teams, but they have resulted in the creation of silos.
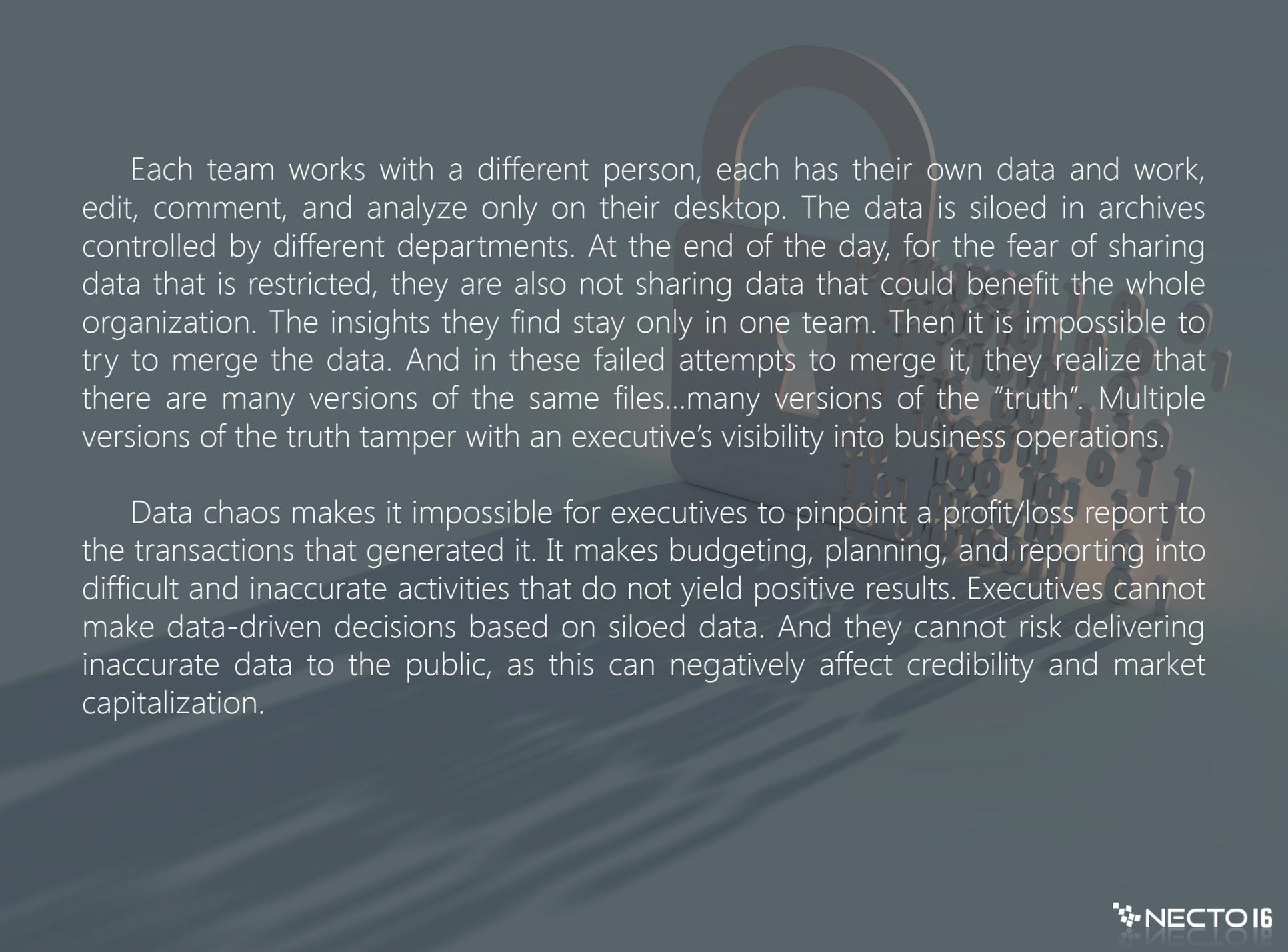
Each team works with a different person, each has their own data and work, edit, comment, and analyze only on their desktop. The data is siloed in archives controlled by different departments. At the end of the day, for the fear of sharing data that is restricted, they are also not sharing data that could benefit the whole organization. The insights they find stay only in one team. Then it is impossible to try to merge the data. And in these failed attempts to merge it, they realize that there are many versions of the same files…many versions of the "truth". Multiple versions of the truth tamper with an executive's visibility into business operations.

Data chaos makes it impossible for executives to pinpoint a profit/loss report to the transactions that generated it. It makes budgeting, planning, and reporting into difficult and inaccurate activities that do not yield positive results. Executives cannot make data-driven decisions based on siloed data. And they cannot risk delivering inaccurate data to the public, as this can negatively affect credibility and market capitalization.

Centralized = One Version of the Truth and Data Security

It seems like having one version of the truth and data accuracy plus data privacy is an impossible task. But it is not. Information needs to be updated for everyone in one same web solution, with IT overseeing who has permissions to access it and who does not. The best solution is for BI users to be able to analyze data in a centralized environment.

Meaning they can share insights and resources between departments, but IT will govern over the data (making sure to protect it and comply with legal regulations).

The different users can benefit from the data, but IT will decide who gets to see what and what is public and what is confidential. Using a model like this ensures data privacy and one version of the truth. IT will give users the support and resources they need.

Examples of Benefits of Using BI

The following is a list of basic benefits of using BI for financial organizations:

- By using Business Intelligence, organizations can track revenue streams to define which products and services are the most profitable. They can also gain insights from their customer data. Such insights can come from customer needs, sentiments, and behavior. Organizations can turn insights into actions and improve their products and services to meet their customers' needs and create a competitive advantage in the market.

- Using a centralized BI solution allows organizations to unify their data. This enables marketing departments to find insights that can identify new up-sell and cross-sell opportunities. They can also improve their marketing campaigns by creating more accurate offers. For example, by grouping households together, they can make a unified marketing offer to both husband and wife. Or they can offer also savings accounts for the children, even personalizing the offer to college aged children as "student savings accounts".

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- By using BI and analyzing data, organizations can create new processes to reduce churn. They can analyze customer behavior, preferences, and habits. Then they can tailor their product offers to meet customer needs and solve their pains, which improves customer retention and loyalty.

- By using BI to analyze their operations, organizations can maximize resources and reduce costs. They can also analyze the performance of their employees, especially customer-facing ones, in order to improve customer satisfaction, reduce wait-in-line times, etc.

- Finance institutions can use BI solutions to find actionable insights that can mitigate risk in many areas. One example is calculating the risk of customer loans. BI solutions can analyze data from multiple sources and find insights that can drive better decisions.

Organizations can track customer transaction history and data to quickly detect any anomaly. Using a state of the art BI tool like Necto allows organizations to set notifications for anomalies in the data they wish to follow closely. In this case, they can get an instant notification to their email when suspicious activity is detected. Using BI can help them reduce fraudulent activities. Institutions can also track the communications of internal employees to comply with new regulations. And another very important benefit from centralized Business Intelligence is that institutions can unlock data from silos to predict credit risk across the whole organization.
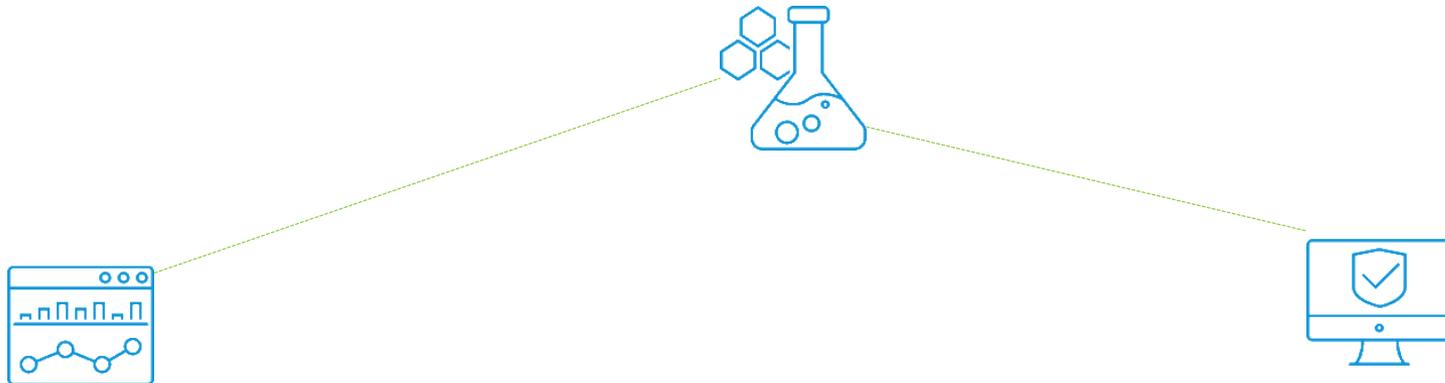
Why Necto?

A good BI solution must provide an easy deployment, beautiful dashboards, top of the line analytics, automatic insights and KPI alerts; all in a centrally managed system. Users need to connect multiple data sources, consolidate and mashup all the data. They need to scale and deploy in a secure manner, in a centrally administered environment that does not require scripting. Users need to be able to automatically receive KPI alerts and notifications all the time to be aware of what is happening in the business.

Necto offers all that, enhanced in a platform that allows you to collaborate, share, and discuss your findings. It uncovers the hidden insights in your data and presents them in beautiful dashboards with infographics that users can understand better. It is an on premise solution with a web deployment, that is centrally managed and secured.

Examples of Real Scenarios Using Necto as a Centralized BI Solution for Finance

- When a CEO calls a meeting of managers and their analysts, everyone agrees on revenue, cost numbers, and profit. They no longer argue about whose data is right. They use the meeting to identify issues of concern, create action plans, and reach collective data-driven decisions.

- CFOs can check the company's overall profit and loss position every day. With just a click, they can view the contributions of every region, and they can drill down to view more detailed data. They can set notifications and alerts for when anomalies occur in the data. And they can also add relevant people like business unit managers to these alerts, so they can also be aware of any performance anomaly and can suggest actions to fix the issue.

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-   Vice Presidents can assess the organization's progress toward strategic goals at all levels of the institution and can drill down to view the performance of any area on the maps using Geo-location capabilities.

-   IT governs over the data, setting up permissions and restrictions according to each user's role. This helps IT keep data security and accuracy while allowing users to enjoy governed self-service capabilities.

-   Data is updated in real-time, because the solution is web-based and centralized. So everyone can see an updated, single version of the truth. Vice Presidents then see managers' plans and forecasts and work together with them to create effective investment strategies, marketing strategies, etc.

-   The consolidation and standardization of financial transactions is automated. Reports are generated quickly, they are accurate and based on one version of the truth, and they comply with regulations.

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