DATA ANALYTICS FOR A CLEARER VIEW OF FINANCIAL RISK

Banks have dealt with risk management probably from the day banking started. When it comes to money, whether it is lending or deposits, banks need watertight risk management systems. Unfortunately, foolproof risk management has been elusive. Management executives spend an enormous amount of time delving into details buried in piles of data. They also need to be able to convert these data points and insights into visually digestible formats to speed up decision making and avoid risks. The challenge continues to grow with the increasing amount of information and kinds of risks. This is where visualization techniques help banks.

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As per a study by Greyhound Research, a leading global analyst firm, risk management continues to be one of the critical priorities for banks, with 84% respondents in the study rating risk management as an essential requirement for their business. Importantly, apart from data analytics, executives also cited visualization as a critical ingredient for speedy time-to-action for identified risk areas.

A DATA VISUALIZATION DASHBOARD

A sizeable US-based bank, an Infosys client, had been investing heavily in risk management and required better visualization and interactive reports from the data in multiple stores. They also needed the ability to quickly integrate data from other sources and analyze the same in a consolidated manner. They also wanted to be able to generate reports on asset quality, or credit risks associated with assets, based on specific parameters.

Infosys partnered with the bank and following an iterative cycle with multiple proofs-of-concept (POCs), built an asset quality dashboard.

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ENABLING 'WHAT-IF' ANALYSES

Infosys implemented the dashboard in QlikView and enabled reporting on crucial asset quality metrics of the bank based on time, the line of business (LOB), geographical division, product, and collateral. The dashboard also provided details on the largest borrowers and could be used to look up details of existing customers and their relationships. It allowed users to drill down into the details of credit metrics, do 'what-if' analyses to compute risk and help in decision making on the company's credit policies. Managers at all levels could now monitor the performance of assets.

Infosys adopted best practices in design for performance (such as implementing calculations at the modeling level) and enhanced user experience (such as grid design). Infosys also added innovative features, such as credit card analytics to enable cross-sell to existing customers and acquisition of new customers.

A well-devised iterative execution, backed by Infosys' decades of experience in large analytics and reporting programs, enabled the bank to accomplish a risk reporting and visualization system that was effective and decision-oriented. The system delivered by Infosys not only sped up time-to-action but also drastically cut down the bank's operational costs in risk management data infrastructure by 30%.

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DATA ANALYTICS FOR A CLEARER VIEW OF FINANCIAL RISK: THE FIVE TAKEAWAYS

1 Identify risk management parameters and their relationships in detail. Assess the priority of these parameters to understand what would help executives make fast and accurate decisions.

2 Build a dashboard to report on asset quality based on identified essential metrics.

3 Include the ability for drill-down and 'what-if' analyses within the dashboard to enable fast, comprehensive, and accurate credit decisions.

4 Innovate to include related business levers, such as credit card analytics, for identification of cross-selling opportunities.

5 Follow an iterative execution methodology to deliver what executives need. Follow design best practices to enhance performance and user experience.

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BIG LEARNING:

Risk assessment is a complex domain and not possible at scale without a well-devised and carefully executed risk visualization strategy. Variety and complexity of underlying data and their relationships make it a formidable challenge, and speed is critical. In large-scale risk management programs where business users dominate both the spend and the consumption of data, enterprises must not overlook the importance of, and the need to invest in visualization techniques.

WE DID THIS FOR THEM. WE CAN DO IT FOR YOU.

Learn more about data analytics and visualization by reaching out to us at askus@infosys.com

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