

BankDirector.

Breakout 6:
**Using Data to Drive
Earnings Boost**

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#AOBA24



Using Data to Drive Earnings Boost

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Your Presenters



Aaron Donaldson

Principal, Technology & Management Consulting

Co-leads the financial institutions consulting practice at RSM, focusing on technology and management consulting



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Director, Risk Consulting

Contributes to financial institutions thought leadership creation at RSM while supporting banking clients with various risk and regulatory consulting engagements

The world's most valuable ^{opportunity} ~~resource~~ is no longer oil, but data”



THE CURRENT LANDSCAPE

There is no “one-stop shop” when it comes to data management within the banking industry. Often information is hard to find or doesn’t give a full picture with all the details needed for banking institutions to execute on strategy.

Current Challenges

Financial institutions today face common obstacles that limit their ability to retrieve and use data to improve the customer experience and increase wallet share. These obstacles include:



Limited access

Insufficient access to the data you need to make better decisions.



A fragmented view

An incomplete view of your customer.



Inadequate resource management

Lack of resources/skills to organize and access data in your systems.



Siloed systems

Distribution of data across siloed systems from multiple vendors.

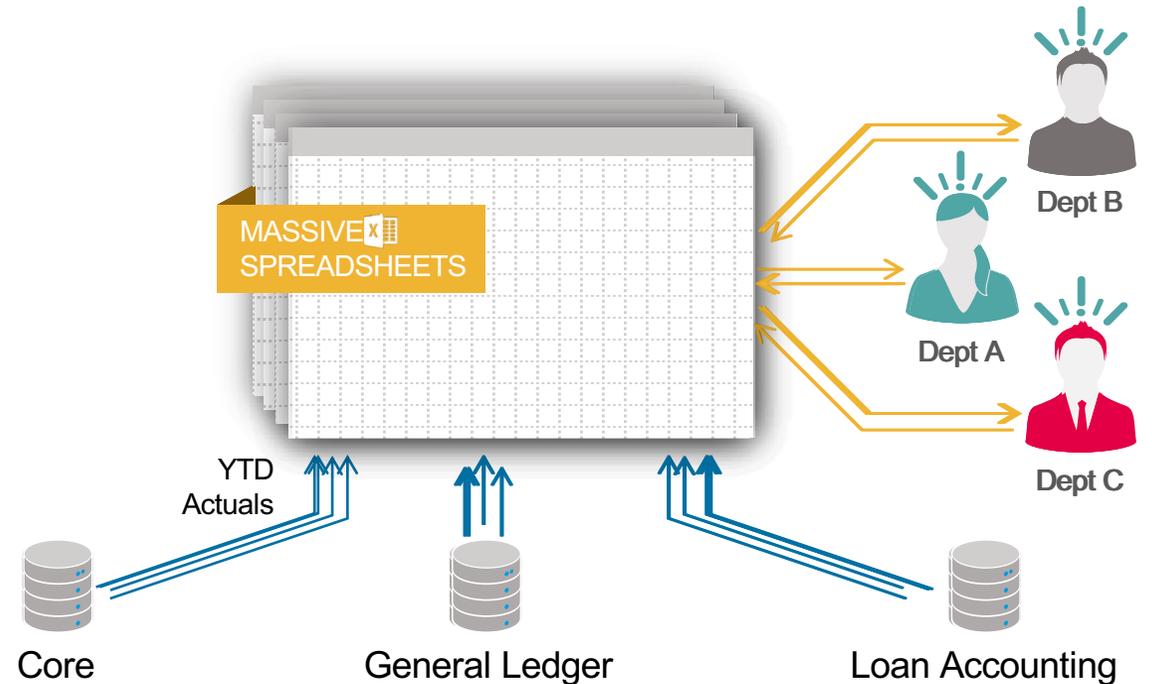


Lack of quality control

Inconsistent quality in core system data and a lack of relationship-level data.

What level of data analytics do we have today?

1. We rely on standard system reports and GL extracts for financial reporting
2. We have a data warehouse and can perform and conduct ad-hoc data mining on our core system data
3. We have a fully functioning data team that provides real time data across bank application silos through management dashboards and reporting
4. We are able to analyze customer, product and channel trends and model scenarios to test strategies
5. We have access to peer results to identify opportunities that could work in our markets



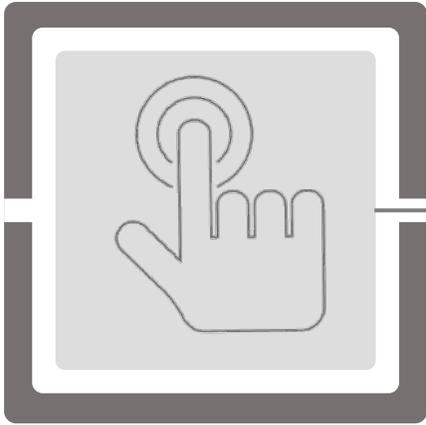
Enable focus on making data-driven decisions to improve institutional performance



- Institutions are utilizing tools to harness both internal and external data to drive real-time decision-making and improve performance
- Data analytics platforms have been developed for institutions and some are being designed to allow banks to deploy solutions with minimal internal IT.

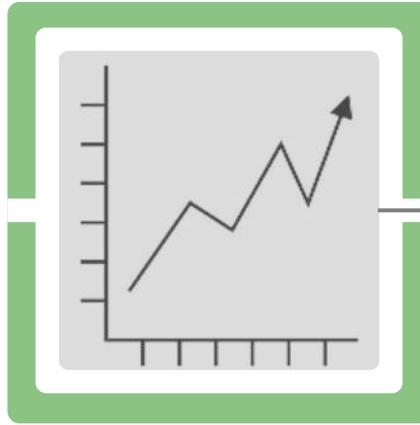
Maturing your analytics capabilities

Product Development and Personalization



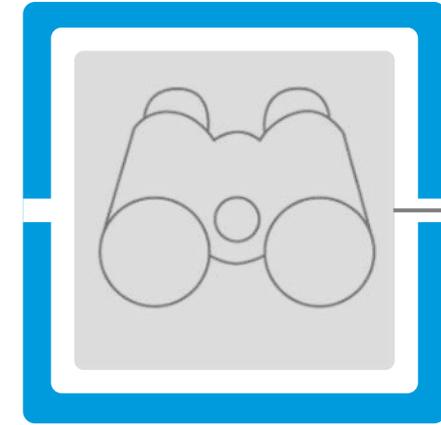
Banks are using advanced data analytics to help create new products and services, as well as improve existing products. For example, in retail, banks are using analytics focused on customer transaction data to personalize product offerings and tailor specific insights.

Product Tendency



Advanced data analytics applications can consolidate and analyze customer data from multiple sources to be used to segment customers and related channel distribution, which in turn can boost product performance, improve sales and manage production costs

Intelligent Forecasting



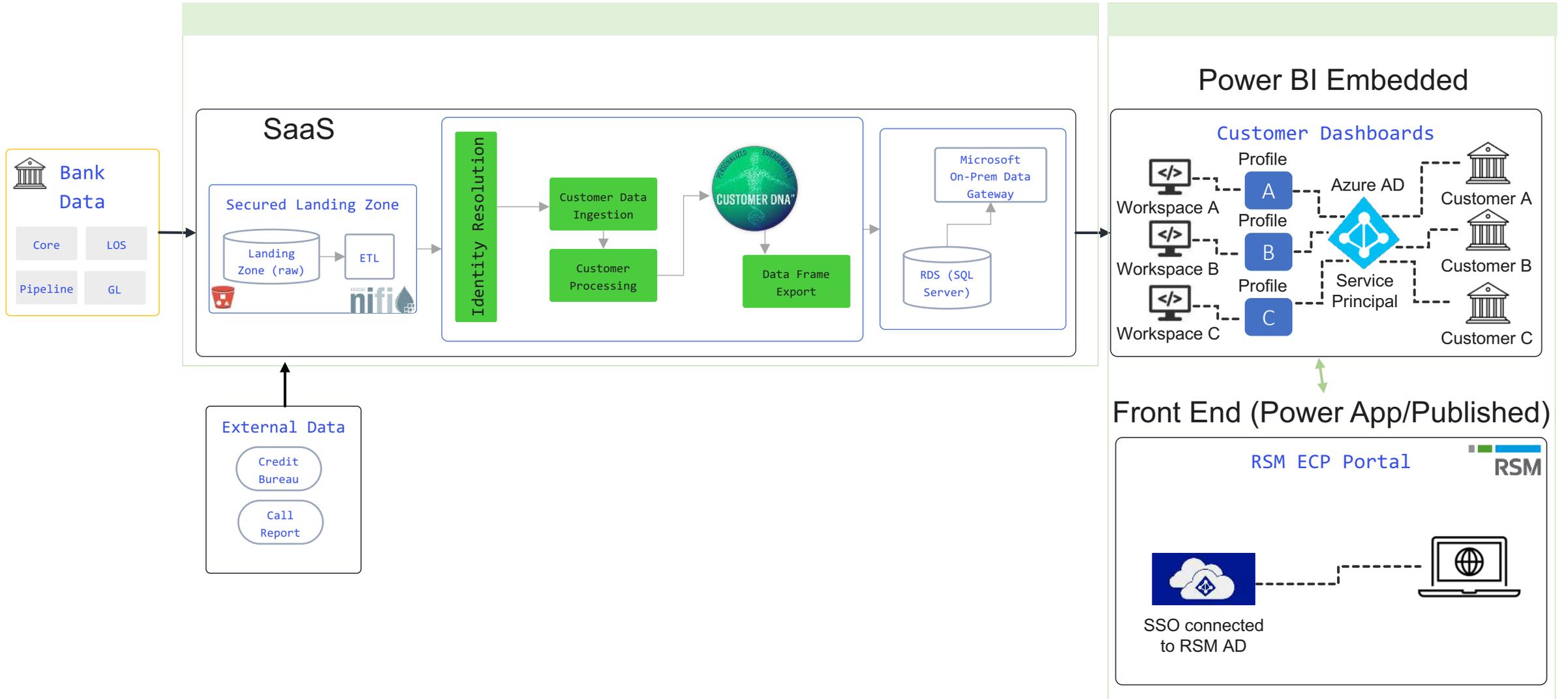
Banks are using advanced analytics to analyze their past opportunities, successes, misses, win rates and other criteria to create a recommended forecast and provide insights that help their retail teams take actions that improve sales strategies and increase wins.



How it came to be ...

The concept for the RSM FI Insights solution came from a commitment by our consulting leaders to support our community financial institutions. We recognized that the evolution of data science and capabilities could be merged with banking competencies to provide advanced data analytics capabilities that formerly only larger organizations have developed.

High-level platform conceptual design



Dashboard & analytic ideas

- [RSM FI Insights \(rsmus.com\)](https://rsmus.com)

APPENDIX

Enhancement Roadmap



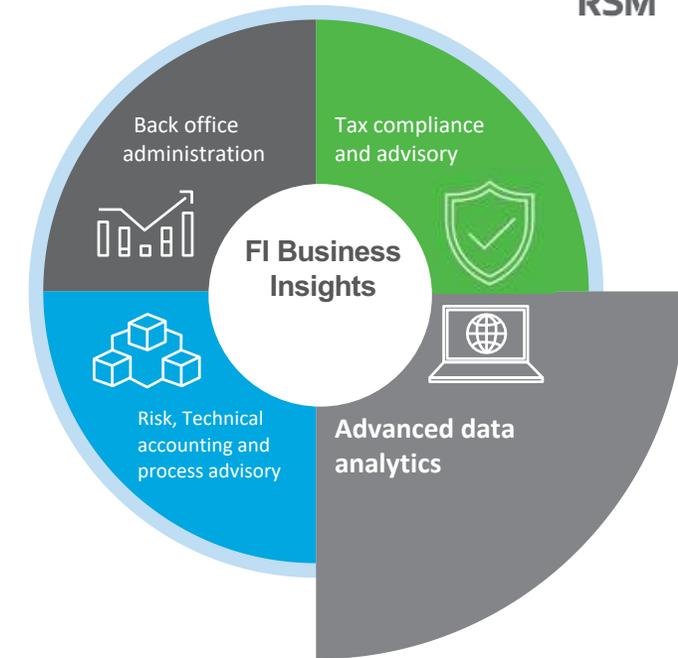
FI Business Insights

There is no “one-stop shop” when it comes to data management within the banking industry. Often information is hard to find or doesn’t give a full picture with all the details needed for banking institutions to execute on strategy.

Until now... FI Business Insights brings this Strategic View to your desktop!

Access and licensing all senior levels of the organization and can be leveraged by executive and branch level management, sales and marketing, operations and more.

- Fixed monthly cost, includes both licenses and advisory services.
- Comprehensive solution to integrating data across systems
- Comparative and outside data to help establish and assess performance gaps
- Clear and intuitive user experience providing 360-view of the customer
- Secure cloud-based solution
- Yearly review with flexibility and customization via advisory resources
- Fix costs for baseline offering helping you to plan your investment
- Efficient implementation without putting undo stress on internal resources



- Strategy Development
- Insights
- Consolidation
- Comparison Details
- Revenue Enhancement Opportunities

FI Insights Enhancement Roadmap – Q4

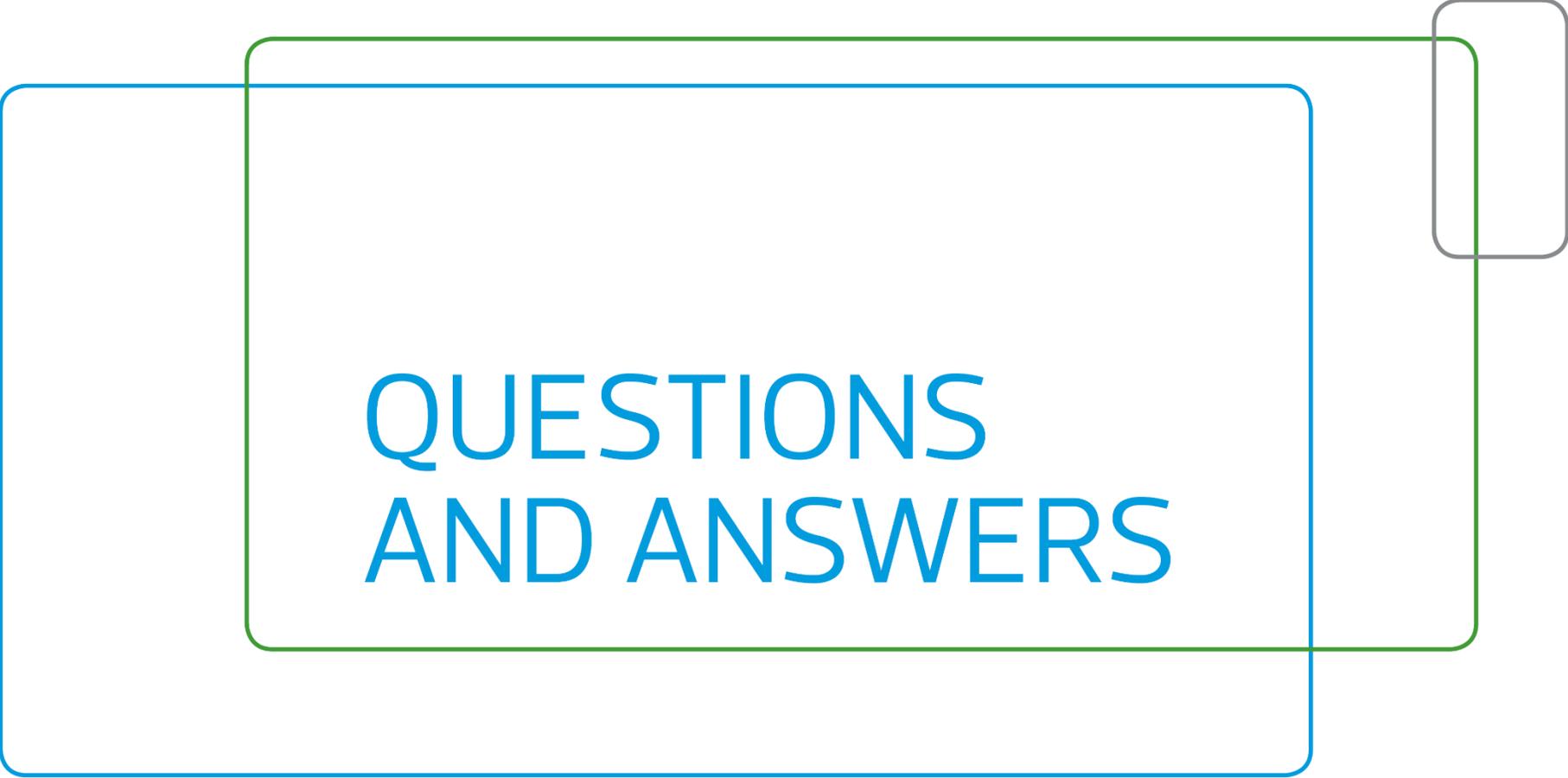
AREA	Description	Target Availability
Performance Metrics	Add additional ratios available from the Call Report / GL Data. Build visualizations, related metrics for alerts, and comparison to peer capability for the new metrics. Add ROE, Liquidity Ratio, Capital Ratio, Investment Securities as a % of Capital, Leverage Ratio, Net Income, NIE, Reserve Amount.	10/ 2023 Sprint 1
Call Report	Add customizable peer groups and filters to allow analysis relative to other like institutions	10/ 2023 Sprint 1
Deposit Impact / Predictive	Add metrics for self-funded borrowing and quick identification of uninsured deposit risk.	10/ 2023 Sprint 1
Opportunity Scoring / Predictive	Ingest Fed Funds Rate automatically and accumulate fee income on a rolling 12-month basis in the score calculation.	10/ 2023 Sprint 1
General Ledger	Map GL accounts into the Account DNA schema and build out filters by reporting type / product codes, etc. Include budget and budget variance visualization.	10/ 2023 Sprint 1
Alerts	Provide a mechanism to dynamically configure alerts and update thresholds / target triggers	10/ 2023 Sprint 1
Pipeline / Predictive	Add predictive LTD option and visualization. Allow detail drill down into the pipeline. Include time deposit maturity runoff in the pipeline view.	10/ 2023 Sprint 1
Inflow / Outflow	Add POV at the bank level excluding internal activity that remains in the bank based on transaction code.	10/ 2023 Sprint 1
Customer Risk Rating	Add Risk Rating to Customer DNA. Can be supplied if available from the client customer data or derived from account data using the highest risk rating.	10/ 2023 Sprint 1
Account Signers	Build out account signer designations in a cross reference to enable analysis based on ownership and related entities.	10/ 2023 Sprint 1
Credit Bureau	Add portfolio style visualizations to the credit bureau data – Type (Revolving or Term), Original Amount, Original Term, Balance, Remaining Term, Revolving Utilization	10/ 2023 Sprint 1
Investment Monitoring	Ingest FI Investment portfolio data into the IEP with additional metrics around valuation and liquidity impact.	Q4 – 2023 Sprint 2
Credit Cards	Map credit card subledger data into the loans schema to enable existing portfolio, risk and customer reporting	Q4 – 2023 Sprint 2

FI Insights Enhancement Roadmap - Alerts

AREA	Description	Target Availability
Credit	30-89 day delinquencies as a % of total loans	Q4 – 2023 Sprint 2
Credit	Non-current loans (90+ plus non-accrual)	Q4 – 2023 Sprint 2
Credit	Nonperforming assets (4-5) as % of total loans	Q4 – 2023 Sprint 2
Credit	Past due loans (30 days past due)	Q4 – 2023 Sprint 2
Credit	Secured 1-4 family residential loans as % of total loans	Q4 – 2023 Sprint 2
Credit	CRE concentration	Q4 – 2023 Sprint 2
Credit	Loan growth	Q4 – 2023 Sprint 2
Liquidity	Changes in quarterly earnings	Q4 – 2023 Sprint 2
Liquidity	Gross loans as % of total assets	Q4 – 2023 Sprint 2
Liquidity	Gross loans as % total deposits	Q4 – 2023 Sprint 2
Liquidity	Loan to deposit ratio	Q4 – 2023 Sprint 2
Liquidity	Loans as % deposits	Q4 – 2023 Sprint 2
Strategic	Efficiency ratio	Q4 – 2023 Sprint 2
Strategic	Return on assets	Q4 – 2023 Sprint 2
Strategic	Return on equity	Q4 – 2023 Sprint 2

FI Insights Enhancement Roadmap – Q1

AREA	Description	Target Availability
Pipeline / Predictive	Add seasonal / historical runoff estimates based on client input and derived from historical data.	Q1
Deposits / Predictive	Identify and report New Money vs. migration from other in-house accounts. Identify like segments and quantify risk / opportunity.	Q1
Wealth Management / Trust	Map Wealth Portfolio into the customer DNA (flag) and Account structure – Trust and Investment accounts.	Q1
Peer Analysis	Add additional peer analysis capability with decomposed call report data	Q1
Householding	Offer householding overlays to Customer DNA – Lending Relationships (Direct / Indirect), COI. Identify customer interactivity in the data to understand where relationships exist between entities.	Q1
Deposits / Predictive	Map the flow of money - is a big segment of my population moving large amounts of money out of the bank? More fully defining inflow / outflow of funds. Variance in inflow / outflow - Possible alert based on trend of variance over time.	Q1

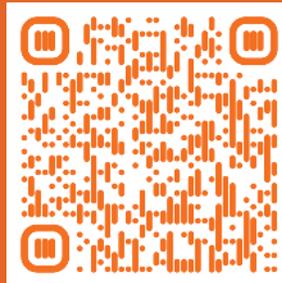


QUESTIONS AND ANSWERS

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