

WHITEPAPER

Enabling Information-Driven Financial Services

Actionable Information Presented in Context to Surface Insights,
Reduce Risk, Inform Decisions, and Elevate Productivity



SINEQUA
Become Information-Driven

Executive Summary

Now more than ever, leading financial institutions - including investment and retail banks - depend on technology to mine valuable data from a multitude of complex and diverse sources to enrich and connect it across topical lines so key stakeholders can obtain contextualized and relevant information. These organizations also rely on technology to comply with increasingly stringent financial regulations and to provide clients with visibility into key insights - like portfolio performance, share price evolution, and risk profiles - that are becoming increasingly necessary to bolster revenue streams.

Leveraging an information-driven approach to addressing these challenges means automatically synthesizing content and data in all formats and languages into information that is relevant, secure and easily accessible. This quickly and consistently enhances visibility across all business units - from customer-facing personnel to back office functions - by providing insights derived from content and data across all internal and external sources, including customer contracts, transaction history, digital communications, CRM data, policies, processes and more. Employees no longer need to know where data is stored, in which format or how to access it.

“IDC estimates that up to 88% of the content that organizations possess is unstructured. Many FSOs do not have methods by which they can efficiently access and analyze unstructured data.”

SOURCE: IDC CORPORATION

Financial service organizations that fail to analyze all relevant data and content to deliver actionable information to their key stakeholders do so at their own risk. According to McKinsey¹, employees spend close to 2 hours per day just looking for information to do their jobs effectively. For an organization with 10,000 employees, this equates to around \$250M per year in total productivity losses. Or, consider the General Data Protection Regulation (GDPR), which became legally binding in the Spring of 2018. Organizations found to be non-compliant with this regulation face steep penalties, up to 4% of annual revenue or €20M, whichever is greater - enough to put smaller companies out of business in some cases.

Information-Driven Financial Service

By having secure and convenient access to all relevant information in context, financial service professionals are able to serve more clients, more quickly and at consistently higher levels of quality, which translates to better measurable performance for the organization and a reputation for excellence over time. Let's take a deeper look at the different areas of financial services impacted.

While many FSOs use some level of cognitive tools to manage and analyze data, the approach has been fragmented. Financial organizations are beginning to see the value in adopting a platform approach to cognitive search and analytics. The benefits of these platforms can be multiplied globally across the organization rather than benefit a single business line or function.

IDC CORPORATION

Inform Asset Management Consistently

For research analysts being information-driven means a major reduction in unproductive time spent digging through data sources. With the ability to quickly search and extract critical market moving events across both internal & external financial content sources - i.e. fundraising, credits, litigations, roadmaps, divestitures, etc. - these researchers can consistently make better decisions at scale.

¹ <https://www.mckinsey.com/industries/high-tech/our-insights/the-social-economy>

For portfolio managers, becoming information-driven enables faster, more informed investment and trading decisions based on real-time market data - for example, unified views across assets with a timeline displaying important events. The information and insights surfaced incorporate content coming from subscription services as well as internal business applications and legacy systems.

For institutional and retail sales personnel, becoming information-driven means being consistently better prepared to consult and sell the firm's financial products according to the firm's strategy with the right information coming from market intelligence, regulatory compliance, fund performance, fund strategy, competitive intelligence, etc. By aggregating content and data from every source and repository within the enterprise, an information-driven approach provides a comprehensive and complete view of every customer interaction within the organization from a single access point, even if the information is stored in separate systems and databases.

For example, optimizing CRM content enables users to view not only content stored within CRM but all content regardless of whether it is stored directly in CRM or not. As a result, sales personnel gain better visibility and a better understanding of the customer's overall needs in order to customize offers and services to meet customer demands.

Visibility into information at both the contact and company level also allows the sales team to develop better relationships with their customers. It stands to reason that completely satisfied customers generate more revenue than somewhat satisfied customers. As such, building strong relationships throughout the entire sales cycle is important. Sales managers must be as knowledgeable about their customers' business as they are their own. They need to know the business drivers of senior leadership, the latest public financial information, changes in key management, buying behaviors relevant to other products, and more.

Becoming information-driven enables stakeholders across asset management to maximize opportunities, make informed strategic decisions and respond faster to client needs.

Monitor Investment Banking and Private Equity Proactively

Information-driven deal origination means aggregating and continuously monitoring a variety of data sources in a single, easy to use platform that uses natural language processing (NLP) and machine learning models to power an insight engine, which presents investment opportunities, based on company features, metrics and signals, and continuously learns from user interactions. By incorporating these models into a deal origination dashboard, the research process is transformed from a pull based model to a push based solution by proactively presenting the most relevant information in real-time.

Optimize Risk Management

With national and international regulations becoming increasingly complex and punitive (in cases of infringement), and with continuous global news streams, an approach based solely on quantitative risk management models is not enough. As a model is restrictive by design, the importance of qualitative analysis has grown dramatically in financial organizations that now employ large teams to do it. Sinequa equips these teams with a powerful platform that enables them to leverage information on economical, political, geographical and competitive risks associated with a market, a company or a topic.

Information-driven applications leverage data mining, natural language processing (NLP), and machine learning to process massive data sets and help find indicators of known and unknown risks. This approach brings significant automation to managing risk and is particularly helpful when handling and evaluating unstructured data, the kind of information that does not fit neatly into structured rows and columns.

Cognitive technologies, such as NLP, use advanced algorithms to analyze text in order to derive insights and sentiment from unstructured data. Organizations that leverage these technologies to anticipate and proactively manage risk can gain competitive advantage and use these capabilities to optimize business performance.

Because of machine learning, information-driven solutions can surface emerging patterns that humans could never detect, providing for ever more accurate and stronger risk management. For example, by continually monitoring so-called “risk behaviors” of an organization - e.g. continued acquisitions, expansion, reduction in stock price, forecasts, board changes, etc. - an information-driven solution can proactively detect outliers and alert stakeholders before it's too late to take action.

Accelerate Regulatory Compliance

Information-driven solutions are powered by content and data, which are being produced at an accelerating rate. For regulatory compliance, the challenge becomes apparent when it's time to locate sensitive data in vast troves of documents and records containing both unstructured and structured data. With regulations enforcing strict data processing practices on organizations that handle personal data, the demand for innovative monitoring and auditing tools, as well as rigorous security assessments, has never been higher.

Classification is Key

Classification is a critical component to accelerate regulatory compliance because it keeps the focus on the data that matters most. Classification algorithms come in handy when the desired output is a distinct label. Not only does it aid in meeting regulatory requirements and overall governance, but it also significantly simplifies the process for internal stakeholders to find relevant information. Computing power has become available to train bigger and more complex models more quickly.

Leveraging the power of machine learning (ML) to classify content makes it easy to identify similar data sets and group them together for faster retrieval. When coupled with natural language processing (NLP), the meaning of content and data can be accurately interpreted. This can be taken a step further by developing algorithms that match specific regulatory requirements, thus simplifying the process entirely.

A robust, well trained, AI-powered classification engine can locate personally identifiable information (PII) across an organization's entire data landscape and trigger actions that help enterprises dispose of or retain data. Here are two example use case:

Example #1: Train a machine learning model to automatically classify documents/ email with the right confidentiality level in order to reduce data loss risk exposure and prevent critical information leaks.

Example #2: Accelerate compliance for critical aspects of privacy regulations like the GDPR. Regulated data typically comprises structured data with a consistent pattern. Training a machine learning algorithm with patterns for recognition of medical records, social security, and credit card numbers, and other forms of PII together with policies for HIPAA, GDPR and other regulations from around the globe accelerates compliance readiness.

Becoming information-driven can only enhance the compliance process if it aligns with individual and organizational goals. If properly implemented and adopted, the following compliance benefits will emerge:

- 1. Significant cost reductions** - compliance is costly. Becoming information-driven will drive large cost reductions as a result of more accurate and automated analysis of related content and data.

2. **Coherent regulatory compliance** - the coherence comes as a direct result of real-time risk detection abilities as well as the digitization and automation of manual compliance and reporting processes.
3. **Reduced risk of fraud** - with an exhaustive focus on monitoring all communication channels, including speech, which has been especially vulnerable to fraudulent activity, instances of fraud are easily identified and minimized.
4. **Information deduplication** - clusters of similar or duplicate content are easily identified, thus cutting through the noise and reducing the amount of content that requires processing.
5. **Unlocking the value of information** - compliance professionals can rely on automation to help them make sense of the large amount of data they encounter on a daily basis, including updates and regulatory changes.

Regulations such as Dodd Frank, MiFID II, the GDPR, and the proposed California Consumer Privacy Act challenge organizations' existing data governance cultures and processes. Employing an information-driven approach to data management that is fueled by data mining, natural language processing and machine learning not only leads to more feasible compliance but valuable insights that foster strategic decision-making.

Streamline Retail Banking

In retail banking, being information-driven means leveraging all data and content available to better serve customers. Often this translates to customer-facing personnel having a 360° view of the customer being served, which not only taps into CRM and accounting data but electronic documents such as contracts, email exchanges and even financial transactions of the customer via branch offices, online services or banking call centers. Every customer interaction produces data and it is easy to see how it can quickly accumulate into "big data" volumes that require the power of automation to achieve an instant and insightful customer view

Crédit Agricole, one of the biggest banks in the world, subscribes to the information-driven approach by providing a 360° view of customers to its representatives as well as to the customers themselves. The bank's more than 60,000 internal users know the exact situation of the customer in front of them, to find the most relevant offerings for the customer and the corresponding procedures. The customers connecting to the bank's online service find themselves in a similar "workplace" that allows them to know the current status of all their business with the bank (accounts, contracts, records of transactions, share portfolio and share prices, banking charges, additional services, etc.).

Creating a 360° view of a customer requires information from internal sources but also from external sources like stock exchange data, corporate websites, financial and trading news feeds, etc. In this way, customer service representatives can give customers' requests their full attention as the time and effort needed to access relevant content locked away in various enterprise applications containing customer data is dramatically reduced, subsequently reducing average handling time and increasing first-time resolution rates. Training time for new representatives is also significantly reduced.

Conclusion

These are some examples of the use cases and corresponding benefits that come from becoming information-driven with Sinequa. Our expertise and innovation have been forged by years of experience with some of the world's largest projects within Global Fortune 2000 companies. Over the years, Sinequa's approach to information-driven businesses has helped many leading financial and insurance institutions achieve their goals, including customers like Crédit Agricole, DZ Bank, Franklin

Templeton, Groupama, LCL, Navy Federal Credit Union, Société Générale and US Bank.

About Sinequa

Sinequa is an independent software vendor providing a cognitive search and analytics platform for Global 2000 companies and government agencies that connects people with the information, expertise and insights necessary for organizations to become information-driven. For Sinequa customers, this means actionable information presented in context to surface insights, inform decisions, and elevate productivity. The platform has been forged by experience in projects for large organizations in complex environments with large and diverse sets of data and content. Sinequa's unified platform is fully integrated and configurable to support current and future needs around becoming information-driven.

Sinequa develops its expertise and its business around the world with a broad network of technology and business partners. For more information, visit <https://www.sinequa.com/>.



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