FICO Decisions

FICO for Fintech: Advanced Analytic Services

Widen analytic advantage and accelerate innovation

More insight, more speed. Make analytics deliver operational benefits sooner.

Higher ROI. Empower analytic teams to make even greater contributions.

Organization-wide benefits. Extend tools across credit lifecycle decisioning.

Fintechs and challenger banks have put a dent in the financial services universe. By developing compelling new products, services and experiences, these companies have set a new standard and raised customers' expectations. While traditional banks work to meet these raised expectations, the challenge for new market entrants is turning their beachheads into sustainable, profitable businesses. FICO facilitates this transformation with our industry-leading analytics capabilities.

Inside competitor reaction cycles

Market disrupters have kicked off an arms race. Fintechs transformed the industry forever not only by innovating new business models and customer experiences, but by using math, in the form of data analytics, to drive all aspects of their operations. By working smarter, they've accomplished the proverbial "do more with less." As a result, consumer expectations for CX are rising, and industry norms for innovation speed and operating costs are dropping.

With banks awake to the threat, and platform vendors entering the fray, fintechs are now competing against companies with a lot more money and market share. To widen their math-driven advantage, they must continue to incorporate advanced analytics into their operations.

But increasing analytic sophistication can't be allowed to decrease the pace of innovation. On the contrary, by becoming even smarter about how they develop and deploy analytics, fintechs can boost speed to the point where they're consistently pushing ahead before the rest of the market has a chance to catch up — innovating within competitors' reaction cycles.

Next source of analytic advantage

Fintechs won't achieve this sustainable advantage simply by hiring more data scientists. It's not just that math wizards are being courted on all sides, but that at some point, relying on talent alone produces diminishing returns. In fact, going forward it's likely that analytic advantage will come less from talent and more from the technology that leverages it.

To increase ROI from investments in analytic talent, fintechs must equip data scientists with tools that enable them to experiment and learn more efficiently. In dynamic markets with so much change and so many new data types emerging, machine learning that speeds up identification of data variables with strongly predictive or unique competitive value are sources of advantage. Tools for going beyond predicting how consumers will behave, to how they will react to a range of possible actions fintechs could take, are the foundation for successful mathematical optimization of decision strategies. They'll also be a differentiator.

For maximum advantage, these tools and technologies should extend across the credit lifecycle, so that a predictive variable or score used in account booking, for example, can be reused for customer management and collections. Certainly one of the reasons fintechs have been so successful is that they've avoided the functional silos that slowed down traditional banks — and that's essential for leveraging analytics and analytic talent as well.

Above all, improvements in operationalizing analytics — eliminating delays between model development and deployment — could help fintechs stay ahead. These include decision engines for executing business logic, analytic models and optimized strategies as services to operational systems.

But deployment speed is also affected by the need to comply with regulations prohibiting discrimination and adverse selection, as well as to explain and defend how analytics are affecting decisions — particularly wherever machine learning such as self-calibrating and adaptive models is being used. Fintechs will benefit most by partnering with cutting-edge providers that also have experience operationalizing sophisticated analytics in the heavily regulated financial services industry.

The key to disruption at scale is a decisioning infrastructure that facilitates effective fraud management while ensuring that product designers and usability specialists can quickly bring their best ideas to life. To help fintechs and challenger banks achieve this level of performance and flexibility, FICO offers the Fintech Toolbox. This integrated set of advanced analytics and fraud management capabilities delivers the tools needed to reduce risk, improve agility and drive precise, profitable decisions at scale.

To learn more, visit FICO.com/fintech.

Machine learning lift

At the request of a lender's chief credit risk and innovation officer, FICO recently demonstrated the power of machine learning. Analyzing just 31 days of a lender's transactional data, we improved risk predictiveness by 45% for new customers who were transacting only via a mobile banking app.

Optimization obsession

- A European lender used optimization to increase new bookings by 29% and portfolio profitability by 26%.
- A Canadian e-lender optimized its credit limit strategies, achieving a $7 per account incremental profit lift in 12 months — then used the learnings to reoptimize and add $5 per account over that in just 4 months.
- Another Canadian lender, using optimization to target pre-approved offers, increased profits for unsecured personal lines of credit by 300%.

"Working with FICO, we've been able to grow our business, increase our profits and help our customers find the best possible credit options. It's been a win for everybody."

Peter Kapoun, Česká Spořitelna

FICO

FOR MORE INFORMATION
www.fico.com
www.fico.com/blogs

NORTH AMERICA
+1 888 342 6336
info@fico.com

LATIN AMERICA & CARIBBEAN
+55 11 5189 8267
LAC_info@fico.com

EUROPE, MIDDLE EAST & AFRICA
+44 (0) 207 940 8718
emeainfo@fico.com

ASIA PACIFIC
+65 6422 7700
infoasia@fico.com

4661EX_QE 02/19 PDF