

McKinsey on Payments Special Edition on Advanced Analytics in Banking



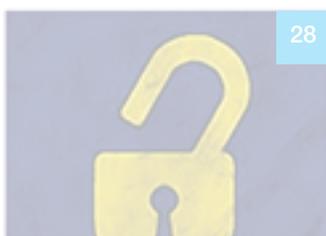
The analytics-enabled collections model



How machine learning can improve pricing performance



Combating payments fraud and enhancing customer experience



Using data to unlock the potential of an SME and mid-corporate franchise



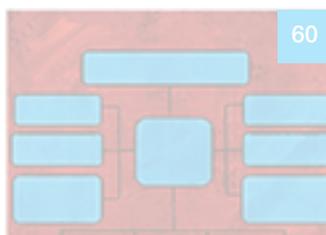
Hidden figures: The quiet discipline of managing people using data



Using analytics to increase satisfaction, efficiency, and revenue in customer service



Designing a data transformation that delivers value right from the start



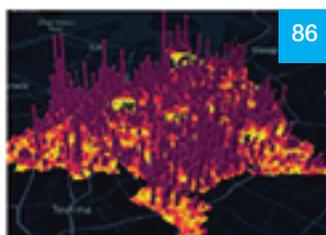
Building an effective analytics organization



"All in the mind": Harnessing psychology and analytics to counter bias and reduce risk



Mapping AI techniques to problem types



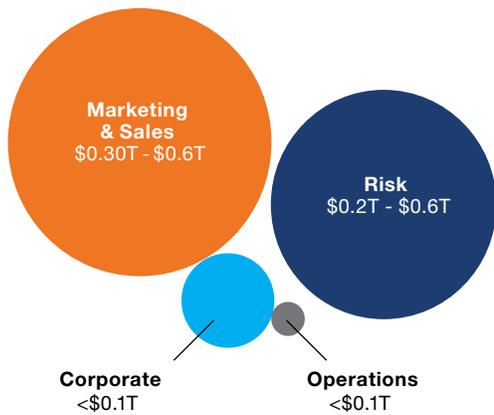
Data sheet: Advanced analytics

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The size of the prize in banking as data and analytical tools and use cases proliferate is significant, and leaders are pulling ahead.

Advanced analytics could be worth \$0.5-1 trillion to banks globally, representing 8-14% of revenue.

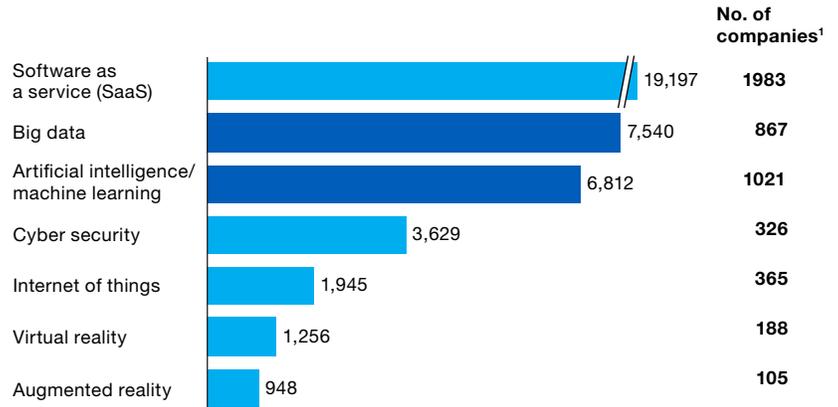
\$ annually



Source: McKinsey Global Institute

Big data and artificial intelligence/machine learning ventures receive most VC investment outside of SaaS.

\$ million, 2017



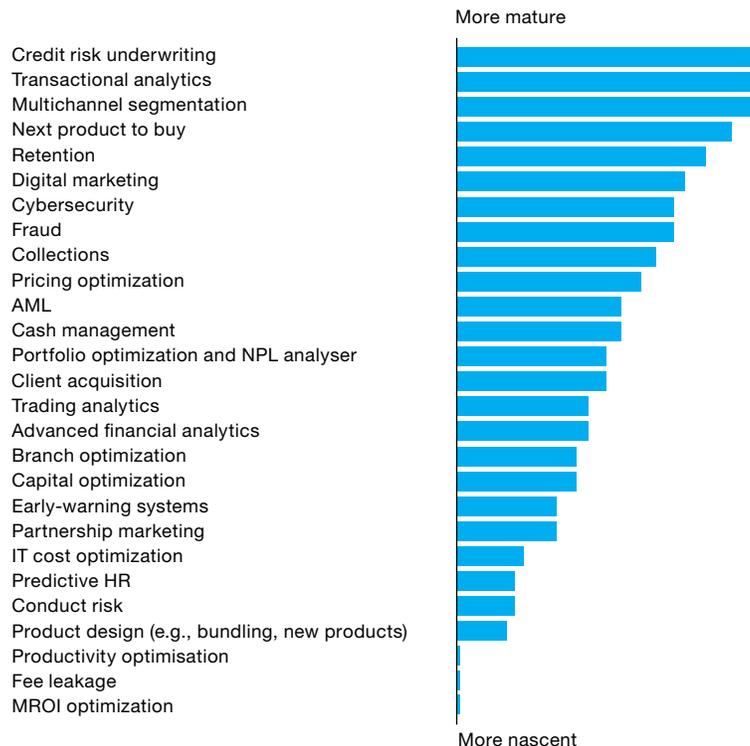
In total, ~3400 firms received \$28.5 billion funding in 2017

¹ Number of companies which have received funding in 2017. Some of the startups are classified in more than one vertical.

Source: PitchBook; SILA (Startup and Investment Landscape Analytics) leverages McKinsey databases covering more than 1.7 million companies, to significantly accelerate M&A target scans in a wide variety of industries and sub sectors globally.

Banks are increasingly deploying more sophisticated analytics use cases in early stages, but not yet at scale.

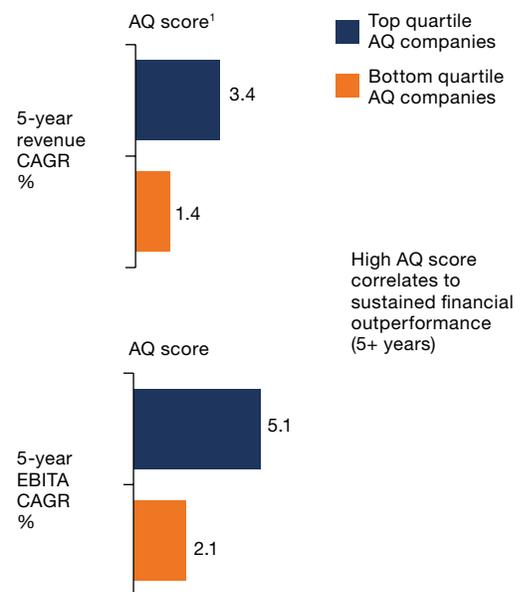
Percent of banking respondents deploying use case at scale



Source: McKinsey Analytics Quotient

Analytics leaders exhibit stronger financial performance than other companies

Analytics maturity correlation to financial metrics



¹ Analytics Quotient (AQ) is a McKinsey solution developed in 2017 to standardize the measure of analytics maturity across sectors. The AQ survey has been taken by over 120 companies, across industries worldwide. Analytics leaders are defined as the top quartile of companies as determined by overall AQ score.

Source: McKinsey Analytics Quotient

Geospatial analytics, now indispensable in the retail industry, will become one of the critical drivers in consumer banking.

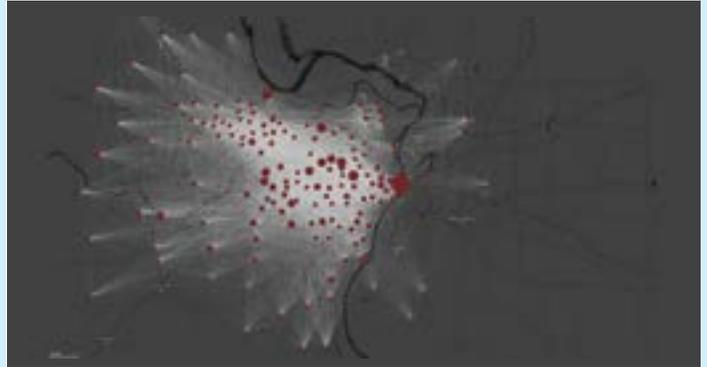
Tokyo residents with similar purchasing behaviors shop in a few specific areas of the city

Demographic and income data were inferred by analyzing where mobile devices are stationary at night



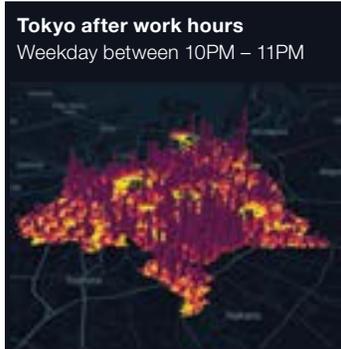
McKinsey Geospatial team analysis using Factual's point of interest and mobile device location data

Some of the smallest transportation corridors by traffic volume have most potential for high-end transportation services, given commuters socio-economic profile



McKinsey team analysis based on commuting flow and demographic data from the US Census

Foot traffic, dispersed across the city during work hours, becomes much more concentrated in one "special ward" (municipality) of Tokyo in the evening



McKinsey Geospatial team analysis using Skyhook's mobile location data and visualized with Kepler.gl

Luxury retailer identified store specific halo effects on web sales based on store and online transaction data, by considering the effects of proximity to target demographic, competitor stores and foot traffic



McKinsey's OMNI Solution blends online activity and in-store sales along with demographics and mobile device location data.

Banks improving intelligence of their omnichannel coverage models



Many banks have a sub-optimal branch footprint, as a result of legacy business decisions

Source: McKinsey Retail Branch Geospatial Optimizer Tool provides an advanced analytics solution to retail banks focused on transforming the branch network into a high-value, high-functioning operation, by utilizing digital and offline data.



There are substantial behavioral differences between customer segments, even within the same neighborhood, which drive their choices of branch visits and online channels