

Transactional Data Insight Creation

Analysis of existing customers' financial transactions can uncover previously hidden insights into their behaviours and have a transformational effect on providers of credit.

Applying these fresh insights within customer decisioning strategies can help transform both the relationships that financial organisations have with their customers, and the operational processes that support these relationships.

The growth of open banking adds a further dimension to the value that can be created as it introduces the potential to access, subject to the customer's consent, transactional data that new customers hold with other 3rd party banks.

As a result, competitive advantage amongst providers of credit is increasingly being found in their ability to build accelerated processes for converting transactional data into accurate and meaningful insight.

Opportunities across the customer lifecycle

Transactional financial data by nature details all aspects of a customer's income and expenditure and therefore enables a deep understanding of their preferences and behaviours to be obtained.

Uncovering insights from transactional data and then combining these with other insights generated from traditional in house or third party data, will create numerous opportunities across the end customer lifecycle. These opportunities are based on improved risk management, enhanced customer relationships and increased efficiency across a variety of supporting operational processes.

Opportunities arising from Transactional Data

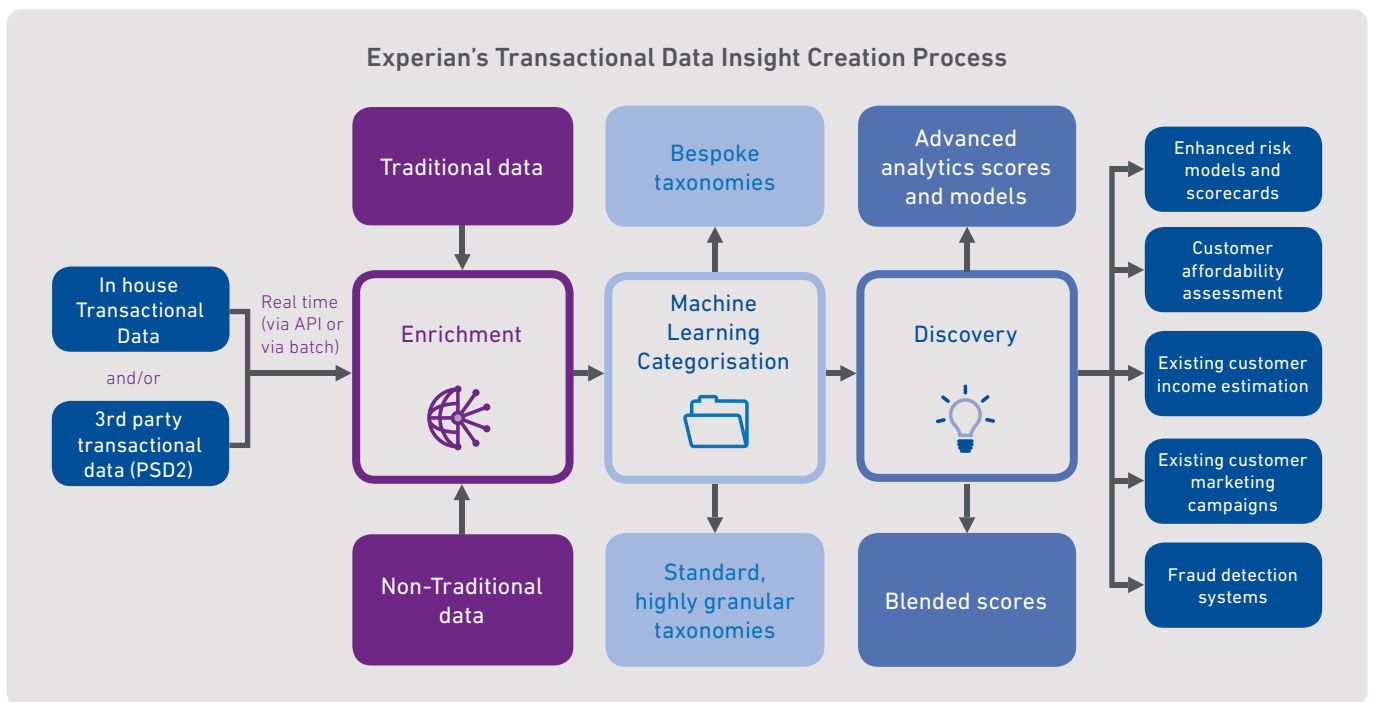
	Increased decisioning accuracy		Enhanced reputation for fair treatment
	Faster time to market and accelerated		Reduced operational costs
	More accurate targeting of additional credit		Reduced IT complexity and cost to serve
	Increased customer eligibility		Improved segmentation and risk analysis
	Faster customer onboarding		Earlier collections diagnostics

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How we can help

Unlocking previously hidden insights from transactional data is a specialist activity that requires data science expertise and cutting-edge machine learning powered technology. The overall approach can be applied equally to both existing in house customer data held by banks, finance providers or credit card businesses, as well as to customer consented data held with 3rd parties.

Our combined capabilities and expertise encompass speed, innovation and scale. They are based on data enrichment, data categorisation and insight discovery and can be used to support multiple use cases.



Data transfer

Transactional data relating to either existing customers or new customers can be passed to us either via API or batch. We will then match and enrich it using a combination of either additional traditional data such as bureau data or 3rd party data or new non-traditional data such as open data, web data and existing customer behavioural data.

We then apply machine learning to categorise this data and identify distinctive sets of variables and patterns.

Machine learning powered categorisation

Our categorization engine ("Trusso") uses machine learning within the categorisation process which enables it to process very large volumes of data in seconds. Machine learning also helps ensure maximum accuracy in the recognition of individual transactions through the use of self-learning techniques. This means that previously unseen data can still be categorised thereby helping ensure the most accurate and deepest insights are created.

This level of accuracy helps reduce false positives and false negatives compared with traditional rules-based categorisation techniques. It also helps reduce overall costs by avoiding the need to rewrite rules to reflect previously unseen data or changing data types.

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Tailored or structured taxonomies

The categorisation process can either use taxonomies that are in standardised formats or individually tailored to reflect your specific requirements.

For example, our customer affordability assessments use highly granular taxonomies that are based on 17 branches of income and expenses. Each of these branches are then broken down to give an overall total of 94 categories of transactions as shown below.

Transactional data categorisation – Affordability taxonomy (Income)

Income branches (6)

Main income sources	Salary, bonus, refunds, benefits, pension, income protection
Bank transfer receipts	Regular/irregular self transfer, gifts, regular/irregular by others
Expense Related Receipts	Refund, returned payment, insurance payout, loan receipt
Cash Deposit	Cheque, counter credit, ATM deposit
Rewards	Dividend, interest, cashback, other rewards
Gambling	Online gambling, others

Transactional data categorisation – Affordability taxonomy (Income)

Expenditure branches (11)

Finance/banking related expenses	Credit card payment, cash withdrawal, debt payment, bank fee
Financial/legal service expenses	Accountancy service, legal service, investments and savings
Insurance expense	Home and contents insurance, car insurance, health insurance
Healthcare/personal care expense	Surgery, pharmacy, dentist/eye care, hair care/spa/cosmetics
Lifestyle expenses	Eating out, drinking establishment, coffee shop, sport/fitness activity
Subscription expenses	Memberships, periodical publications, digital subscriptions
Retail expenses	Newsagents, supermarkets, book store, off-licence, DIY store
Transport/travel expenses	Public transport, air travel, vehicle purchase, rental, fuel, hotel
Home expenses	Mortgage payment, rent, energy, water, home-related tax, furnishings
Communication expenses	Land phone, internet service, mobile service, postal/delivery service
Family expenses	Child education, childcare, baby supplies, children's activities/toys

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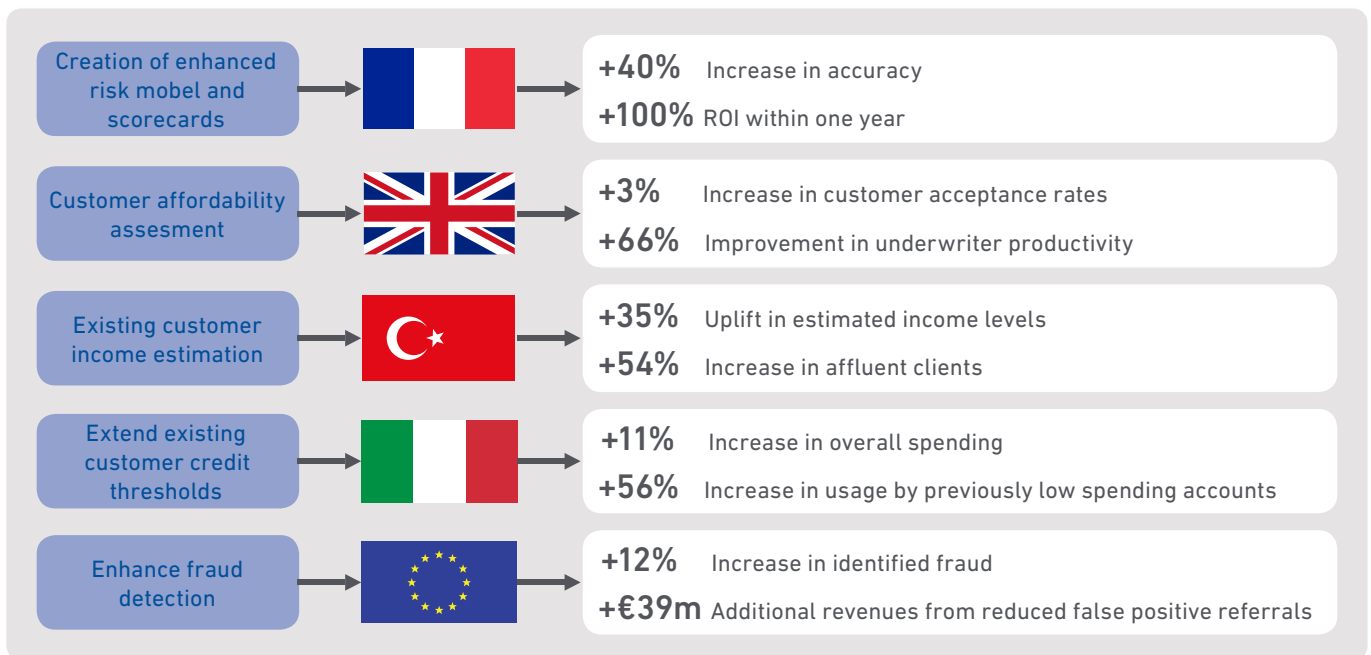
Stand alone and blended scores

The relationship using different categories of data is then analysed again using machine learning techniques to create a set of transactional data scores. These scores may then be used within decisioning processes either on a stand-alone basis or they can be blended with other scores (created either by you or by Experian) to get the maximum uplift in accuracy.

Creating positive value outcomes across multiple use cases

These capabilities can support multiple use cases across the end customer lifecycle.

Examples of the value that we have helped realise for our clients across Europe, the Middle East and Africa, are illustrated below.



To find out more, get in touch

If you would like to find out more about how our Transactional Data Insight Creation Services can help you transform your customer relationships and supporting operational processes, contact your local Experian office.

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