

OPEN BANKING



BIG DATA! BIG INSIGHTS OR BIG PROBLEMS?

ARE YOU SURE YOU ARE READY FOR THIS?

Dimitri Anagnostopoulos

TRUE [^]NORTH PARTNERS
FINANCE | RISK | STRATEGY

I love buzzwords

BIG

Machine learning

Innovation

Algorithms

Real Time

Information technology

Virtual

Change management

Augmented

B2B

Blockchain

cryptocurrency

Gamification

Transformation

Internet of Things

Creativity

DATA

Micro-segmentation

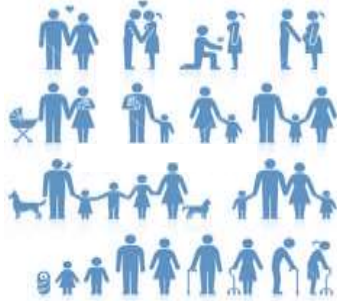
Think of quintillion bytes of data created every day across multiple dimensions

So, what can we do with Big Data?



Financial information is the foundation for categorising our clients

Life events



Everyday behaviour



Mood

- | | |
|-------------|------------|
| ◆ Stressed | ◆ Lovable |
| ◆ Nervous | ◆ Romantic |
| ◆ Unsettled | ◆ Happy |
| ◆ Active | ◆ Tired |
| ◆ Relaxed | ◆ Calm |

Could such data provide information for early warning indicators or affordability?

Social interaction can potentially identifying mood



emojitracker: real-time emoji use on twitter

191129491	891299705	625799887	581918938	409676259	427485444	414491991	308185892	398400395	399567072	308892105	281134039
200202843	280674748	243287773	216528344	176340779	183912249	185024824	107780469	147001235	145198258	140289805	137549876
137126500	108488268	13446132	132275492	130690777	122207328	121078964	117340843	118873905	116737243	115801470	115256228
113095027	112654133	104504580	103589757	101842071	101782241	97581934	96678960	94207798	84077337	81403048	80423041
88302819	87347531	78077482	78291578	77789063	77183284	76507170	75663060	73820964	70350180	68242400	67585023
64166827	581221288	63372773	62021971	61688856	61457348	59641884	58673786	58610389	58148799	55234714	52320861
32366647	32013254	31911899	31901298	31011379	26884607	26864783	26122882	25514779	24231117	24229206	24791388
43421897	43372880	42828884	42268831	41287744	40837414	38786117	38242076	37471088	37243796	36188337	36690064
38286798	38540300	33788880	33844488	32772484	32880224	32188473	31888143	31888382	30803384	30178704	28418810
29188798	27888407	27888111	26811889	26881708	26184077	26170814	25333818	25388223	24888484	23878208	23822448
23403784	23888974	22741648	22872428	22528901	22288228	21081870	21071123	20841448	20820791	20618901	20818208
18888794	18881457	18888088	19113888	18254927	18295664	18078890	18048147	18880304	18208878	18173748	17842073
17888380	17348554	17282483	16888187	16873878	16884858	16829338	16493944	16388423	16382810	15288488	16218888
15888020	15888823	15888088	15255031	14788302	14785061	14587080	14482104	14388038	13737054	13718702	13652011
13503881	13888325	13446232	13252881	13293807	13189598	13184385	13183470	13144778	13048188	12944828	12843351
12525884	12278423	12088078	11981308	11830258	11725200	11643485	11613183	11500778	11068828	11488783	11281152
11288880	11161351	11018828	10788882	10488781	10428874	10338873	10275480	10174783	10113884	9788425	9737888
8870388	8829184	884207	822089	808784	8021880	870788	870188	871183	863887	851882	848880
8480113	808184	803284	800783	808887	828883	818118	817811	818784	808888	807118	8048207
7848178	7718781	7888280	747888	748883	742188	748883	7347851	7381878	7301427	728828	7172778
7148812	7188285	7128818	7118883	703883	7018814	6811880	681282	681887	6704188	6704188	6581288
6978283	6974383	6573748	610588	6264148	6283778	6234087	6218811	6187888	6162008	6053821	6044888
6883888	6087883	5874808	5850733	5812833	5884728	5787447	5770481	5783902	5717758	5718888	5688888
5850748	5027428	5488927	5474488	5403838	5383386	5317843	5278888	5182847	5181474	5158883	5080708
4992882	4885841	4885927	4823528	4823386	4823328	4800480	4888181	4888181	4853281	4787882	4778474
4750884	4718888	4685841	4650000	4584884	4574612	4584413	4484188	4415504	4383888	4288338	4330713
4273348	4248300	4230188	4220038	4222784	4219988	4172388	4157814	4127304	4084881	4058823	4043480
4038888	4032528	4007088	3984882	3927914	3914882	3883883	3843583	3843188	3818802	3812888	3855518

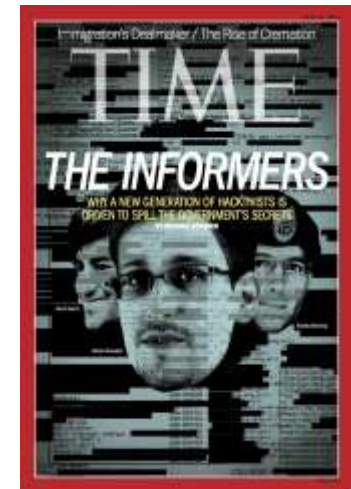


Photos attributes showed early signs of depression

70% accuracy

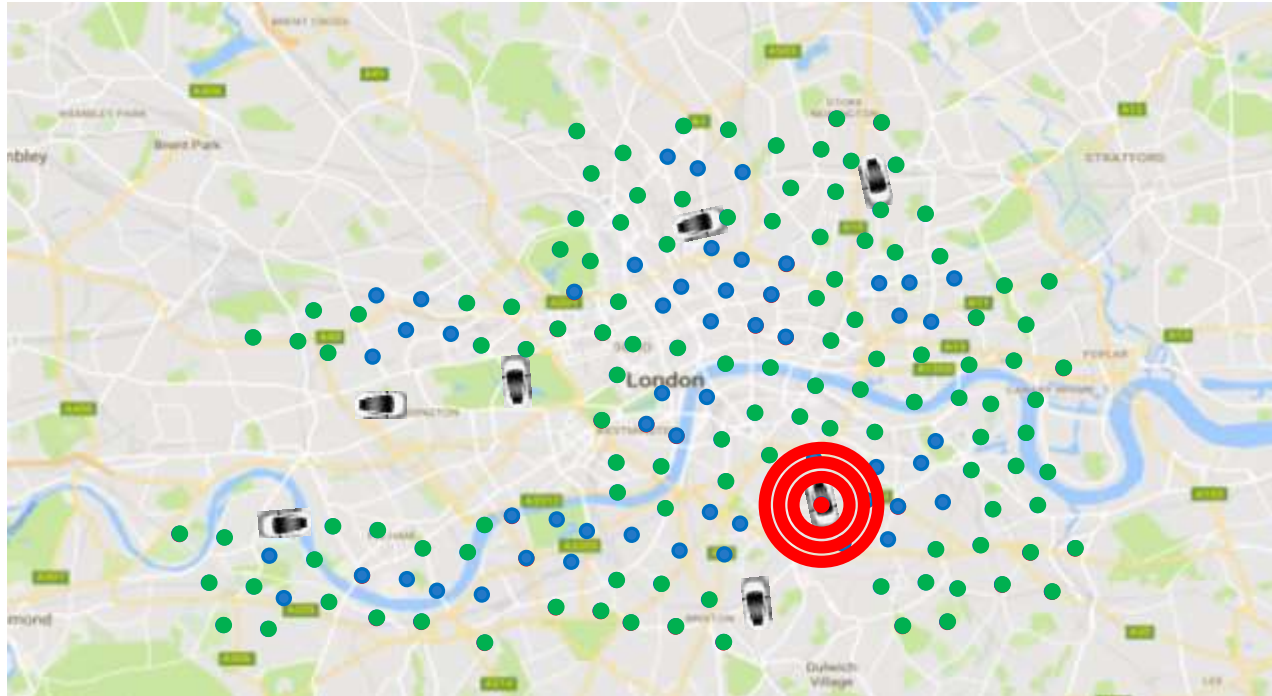
Could these be good insights affecting the riskiness of a life-policy or a credit line?

By the way, any of this sounds a bit scary?



Because there is more coming...

Paypal is the underlying payments platform for Uber



Scarier?

If Paypal can do this, surely insurers can do it too



Make sure not to forget what real client needs is about!

None of the above examples is 'news'

The question is not '*what*' can we do, but '*how*'

Think of 'Big Data' as a tool set

It can help you



or

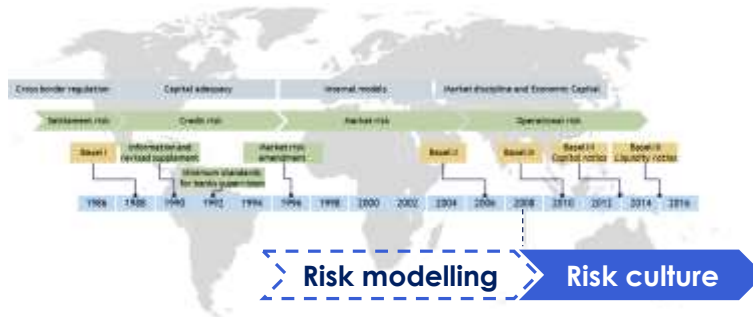
... break you



So what is the 'element' that may determine the outcome?

Get ready for another buzzword

Risk



Fintech

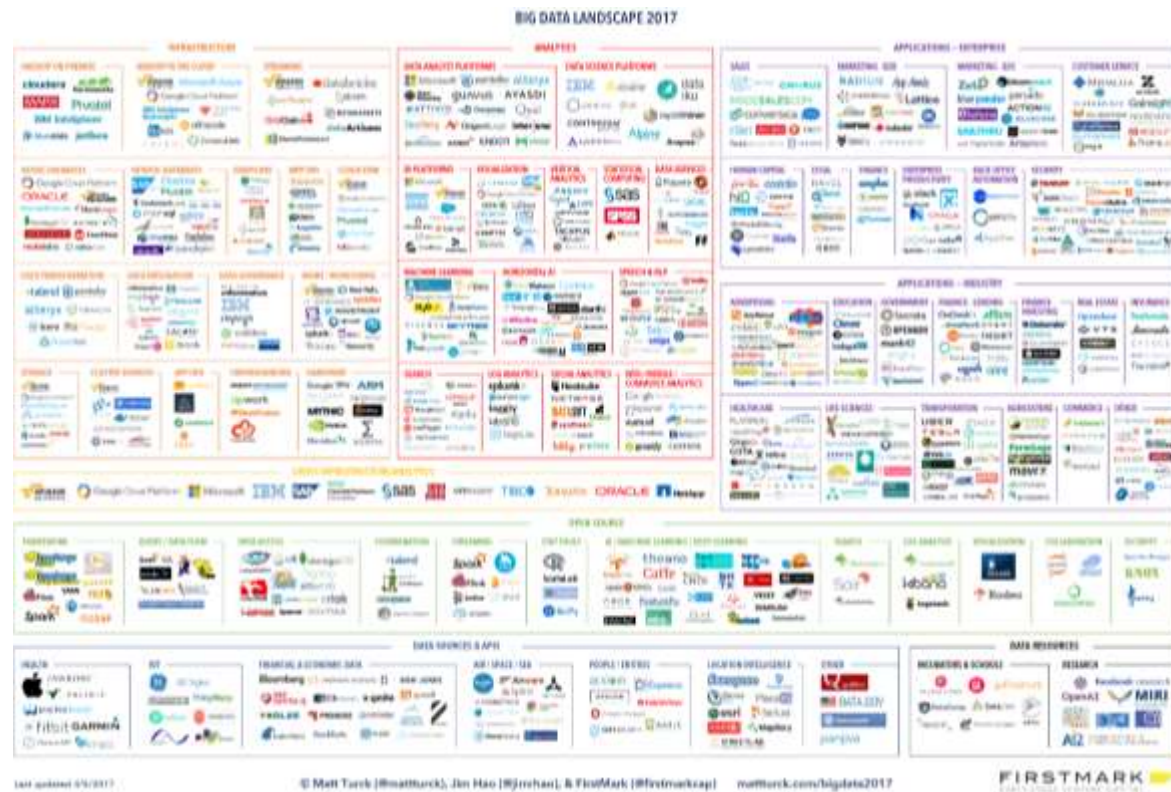


<https://banknxt.com/58293/fintech-culture-banking-innovation/>

Do you have a Big Data Culture?

Here is where Chris Skinner's FiBD starts beeping

... think of
Leda Glyptis,
and
organisational
'alignment'¹



¹ BankNXT: Leda Glyptis "What 'disruption' really means for banks" - <http://banknxt.com/56920/digital-disruption/>

Business alignment is equally important



The issue is not lack of data (big or not) - but management mentality and internal processes

People manage their careers not their jobs!

Big data cannot solve the cultural issues of your organisation

Big data can be a big risk - don't forget the usual suspects

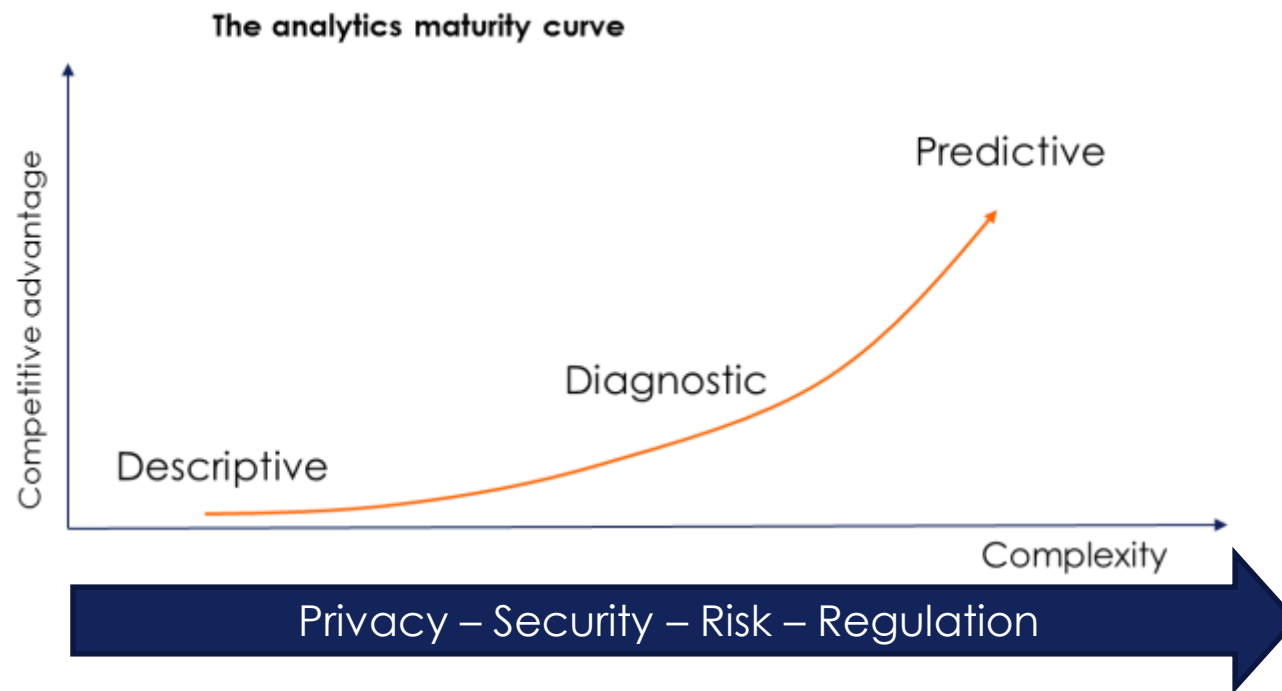
- Causation and data interpretation
- Sample bias and sample error
- Applicability
- All other known issues when we work with data

Don't forget or neglect what we already know

To harness the capabilities, we need to look across all processes of the organisation

AI&ML can only give you the answer to “life, the universe and everything”

42



You need to grow all dimensions in parallel

Where to from here...

Start with the question, not the data

What are we trying to achieve?

Outwards looking

For our clients

Inwards looking

For our organisation

‘Value’ for the organisation is not always ‘value’ for the client

Summary

Three key things to remember

1. Start with the question

What are we trying to achieve?

Outwards looking

For our clients

Inwards looking

For our organisation

2. Evaluate capabilities across dimensions



3. Beware of 'theory free'

- Causation and data interpretation
- Sample bias and sample error
- Applicability



Dimitri Anagnostopoulos

dimitri.anagnostopoulos@tnp.eu

www.tnp.eu

The information contained herein is proprietary, confidential and may be legally privileged. Please do not distribute this presentation without the prior written consent of True North Partners LLP or its authorised affiliates.

© 2018 True North Partners LLP.