

Holistic Customer Data: The Key to Scaling and Sustaining Institutional Performance



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In today's rapidly evolving financial landscape, banks face increasing competition and heightened regulations against the backdrop of a challenging economic environment. One key to success in such a market is tapping into holistic data to better meet the needs of current and future customers.

Banks that optimize holistic customer data will have a significant advantage over their competitors since these organizations position themselves to provide customers with the exact products and solutions they want when needed. Banks that make the best use of holistic data have solutions that allow them to collect and analyze all information related to a customer's interactions with that financial institution – and in the larger marketplace as well.

“Holistic data gives the bank a better understanding of their overall exposure and the borrower's overall exposure,” says Mike Horrocks, Vice President of Product Management at Baker Hill. “What financial backing does the bank have from different types of collateral? What are the behavioral trends regarding how the customer runs their business? What's happening on [general ledger] GL data? These things are critical and can be achieved by creating a 360-degree holistic view of the banking relationship.”



Another benefit to optimizing holistic customer data is a better employee experience, an increasingly important factor in today's tight labor market. One study found that loan officers waste up to 40% of their time aggregating and re-keying data due to disaggregated legacy systems and manual processes.¹ That's not only a bad experience for the customer but also for the employee who is likely accustomed to using streamlined, automated digital systems in their personal life.

For banks, one major challenge to accessing holistic customer data is that they often have a piecemeal system in place, using different vendors for different parts of their process while still completing some tasks manually—all on top of core technology that can be decades old. Such systems are not only prone to errors, but they're also less efficient and likely to lead to slower processes and missed opportunities.

"It's like a puzzle," says Baker Hill's Senior Business Process Architect, Sabrina Robbins. "If you've got one piece missing, you're not getting the full picture of what's really going on."

Mitigating Risk

Siloed data is inherently inefficient and is a risk banks can mitigate by implementing a single closed-loop system. By updating a legacy loan origination system built on outdated standards or technology, banks will simply experience a material lift by ensuring that the same data entered in their LOS appears in the core.

Recognition of this may be why one in five banks said they planned to invest in upgrading their commercial and small business LOS this year.² Banks that select unified systems that embrace holistic customer data can more easily see trends around everything from loan pricing to how and when an individual customer uses their line of credit. Financial institutions that can tap into such real-time analysis and actionable insights will be better positioned to grow their businesses and succeed in the years ahead.

Optimizing existing data —and bringing in new data

Banks already have access to myriad customer data they're not using to its fullest. "The insight doesn't always come from the data, but from the trends within the data. Banks have an abundance of data, but they often miss the insights from trending that data" Horrocks says. Such data and their corresponding trends might include:

- **Balance data:** A customer's deposits – and how they change over time – could be a leading indicator looking at the health of that business. A sudden change in their balance may indicate a problem on the horizon for the company – or a sign that they're moving to another banking relationship.
- **Payment history:** This may be one of the most valuable data points a bank has on a customer, and a sign that a bank could streamline the process of applying for future credit lines or loans for that customer.
- **Line utilization:** Customers that consistently draw down their credit line may require greater scrutiny—either because their business is doing well and they may need more credit or because they're running into trouble and regularly spending more cash than they have on hand.
- **Relationships:** Here's where the bank can see information not only on the business, but on its principal owners and their spouses, for greater insights into loan decisioning.

A truly holistic view of a customer incorporates the above data points and additional information about that customer's personal and business relationships with the bank. It also pulls in data from third-party sources, ranging from their business or personal credit scores to Yelp reviews of their business.

The first step to optimizing holistic data is ensuring it's clean and error-free. That may require a new lending platform or data warehousing system that allows the bank to see—and correct—existing data issues and put policies in place to prevent future errors.

Once a bank can trust its data, it opens the door to moving business forward. The more a bank knows its customers, the more it can cross-sell them on products or solutions that will benefit its business—and boost the bank's bottom line in the process.

Further, holistic customer data can serve as a risk-management tool. Banks can use such data to identify potential risks and proactively mitigate them. For example, banks might use data to identify customers who might be at risk of defaulting on loans and offer them alternative payment plans or other solutions before the loan moves into delinquency. Banks can also use data to identify patterns of behavior that may indicate fraud and take action to prevent such practices or alert customers to them more quickly than they might otherwise.

The customer experience

The most compelling reason banks must optimize their data is to improve the customer experience, a requirement in today's competitive environment. This can enable banks to offer more customized products and solutions designed to meet the needs of individual customers, ultimately generating increased customer loyalty and improved revenue.

Having an automated solution for clients is no longer optional. The customers of commercial banks are consumers in their personal lives, used to fast, frictionless, and user-friendly services.



Banks can't be asking customers for the same information two or three times. They should have it already. And if the business has an issue, the banker should know that already and be able to quickly understand the complexities of the commercial relationship when that customer calls.

David Catalano

Senior Vice President of Business
Development at Baker Hill

Despite dated and clunky systems, seasoned relationship managers can still provide excellent customer service. But the same relationship manager may be able to deliver even better service—to more customers—using a modern, browser-accessible platform that does the same work more reliably and efficiently.

“If you have many systems, but they're not integrated or talking to each other, then your customer has to wait until that process is completed,” Catalano says. “And that extends processes. When a commercial bank uses a manual process, they enter the same information many times.”



Empowering Staff

A best-in-class, automated LOS doesn't replace good relationship managers; rather, it empowers them to their job better. In addition to entering factual data, the relationship manager can input other information about the customer, including notes on the story of their business and any extenuating circumstances that aren't readily apparent in the numbers alone. Once entered, that story remains easily accessible to anyone who accesses the file, allowing for a complete picture and understanding of that customer.

By digging into customer data and real-time behavioral monitoring, a bank can also deliver added value to customers by checking in proactively if they can see a customer is struggling with a loan or has earned a streamlined approval process.

"Banks are really good at being reactive," Horrocks says. "If you miss a payment, they will follow up with you. But if you're about to miss a payment, they don't care – because they are not aware."

Being proactive for customers and providing other personalized services—delivering exactly what the customer needs when they need it—make the bank a more appreciated partner. That's particularly important in the financial services industry where relationships and word-of-mouth are key to differentiating one institution from another.

"Lenders can start to apply different treatment strategies specific to an individual or group," Robbins says. "Everybody needs good service, but with the data, you can see who they are and take a different approach to give them the services that they need, and maybe even look to see whether the bank needs to offer new products."



Baker Hill's solutions

Baker Hill's single, configurable solution allows banks to take optimize and integrate data, making it all instantly accessible via a web-based portal for commercial, small business, and consumer loan origination. In addition to integrating data from the core and external systems, the bank can instantly see a customer's financial statements, cash flow, loan covenants, checklists, and other important information.



Our loan origination system is our primary platform, and it helps banks make sound credit decisions by identifying issues with clients, integrating with systems to look at their credit and other information to identify risks. It's creating sound decisions and compliance."

Sabrina Robbins
Baker Hill's Senior Business
Process Architect

Freed from redundant entry, the relationship manager can use this system for sales planning and service integration and easily access records of all client correspondence. Over time, deeper connections allow for introducing other business lines to customers, when appropriate, to grow wallet share. With built-in exception tracking and centralized reporting, our platform integrates risk management at every level and improves the overall credit quality of a portfolio.





These unique solutions make underwriting decisioning more efficient using workflow automation and business rules that integrate aggregated financial history for the people and the businesses involved in real-time. This framework allows for pipeline management reporting and leads to more satisfied customers, with the added benefit of enhanced regulatory compliance with document preparation.

The average Baker Hill client has decreased the application-to-closing time by 50% and reduced input errors by more than 40%. They've also seen status update calls drop by half and business credit memo creation time fall by 75%. Some institutions have seen a 10x growth in the number of loans a portfolio manager can have in their workload.

How Baker Hill has helped our clients:

- Once Marquette Bank implemented our commercial lending system, it improved its credit memo creation time by 25% and eliminated more than 70% of paper reports.
- After replacing multiple systems with our portfolio risk monitoring solution, Global Credit Union (formerly Alaska USA Federal Credit Union) grew loans by more than 22% by shifting resources internally to focus on new opportunities.
- Berkshire Bank was conducting once-a-year annual reviews until implementing our portfolio monitoring solution. Now the bank has live, up-to-date information that helps predict their risk well before it's too late and enables them to proactively manage changes in their borrowers' credit habits.

Don't just sit on your customer data – request a consultation with Baker Hill to unlock actionable insights and scale lending at your institution today.

Sources

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