



BIG DATA IN THE BANKING SECTOR **Benefits, Risks and Challenges**

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Big Data in The Banking Sector

Benefits, Risks and Challenges



Over the past few decades, the banking sector has undergone drastic changes in their way of operating and providing efficient services. The existing banking infrastructure is being overburdened by an increasing population worldwide. This will, in turn, boost the number of clients and online transactions as well as generate enormous amounts of information when dealing with large client segments. Banks now use big data to deal with this scenario on a daily basis.



Originally, Big Data used to describe big datasets that cannot be managed, captured or analyzed using traditional databases. However, the definition has considerably expanded over the years. Big Data now refers to the set of technologies that perform all the aforementioned functions as well as a variety of collections that solve complex issues and make unlocking value from that data more economical. There are four key aspects to Big Data technology: Data Storage; Infrastructure; Data Processing and Management; and Data Analytics.¹

¹ Deutsche Bank, 2014. Big Data. How it can become a differentiator. Retrieved from: [https://cib.db.com/docs_new/GTB_Big_Data_Whitepaper_\(DB0324\)_v2.pdf](https://cib.db.com/docs_new/GTB_Big_Data_Whitepaper_(DB0324)_v2.pdf)

Big Data must be correctly leveraged by banks and other financial institutions in accordance with their compliance requirements and high security standards. Today, banks and financial institutions make the greatest use of the data they have so that they can improve their service levels for their clients. In this direction, they are taking measures to detect and prevent fraud. In the banking and financial industry, esteemed names have also created software to analyze appropriate records and extract vital information from them.²

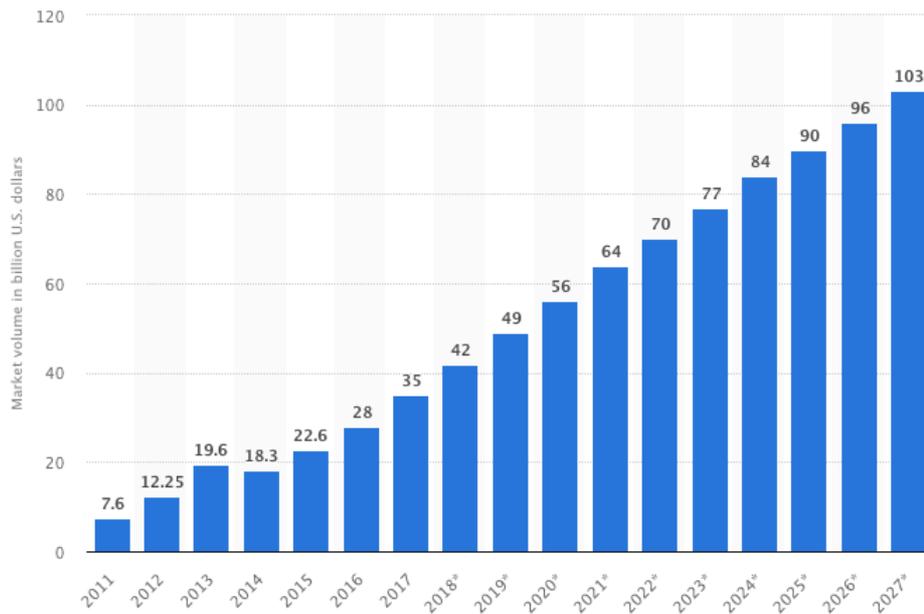
In the banking sector, the implementation of Big Data tools is increasing. Significant improvements are now being produced to the banking sector and financial services worldwide thanks to the presence of Big Data. Data has become very crucial with the evolution of digital technology, and the banking and financial industries are working hard to accommodate and adapt to this shift. There is immense competition in the industry, and new strategies and tactics have to be embraced to survive in the market competition, so that business grows and develops with success. With the help of big data, businesses are able to exceed their customers' expectations and enhance the quality of their services.

More precisely, in the banking industry, big data and analytics play a vital role. Companies are now developing efficient customer attraction and retention strategies. Customer volume is also increasing, and service quality is also improving. Banking and financial firms are now learning to balance their services with Big Data to boost revenues and profits. Financial institutions have now worked on their current information methods to automate repetitive tasks, such as assessing and monitoring banks and other financial services businesses. The benefits of big data to the financial services and banking sector are the efficient risk management that helps detect errors and frauds in real-time, the improvement of productivity and decision making, and the fraud detection, among others.

² Analytics week, 2019. What is Big Data and its significant role in banking and finance? Retrieved from: <https://analyticsweek.com/content/what-is-big-data-and-its-significant-role-in-banking-and-finance/>

**45% of market
research
experts**

USED BIG DATA
ANALYTICS AS A
RESEARCH METHOD AS
OF NOVEMBER 2018.



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In 2018, the worldwide Big Data and Business Analytics industry was estimated at USD 169 billion and is anticipated to expand to USD 274 billion in 2022.

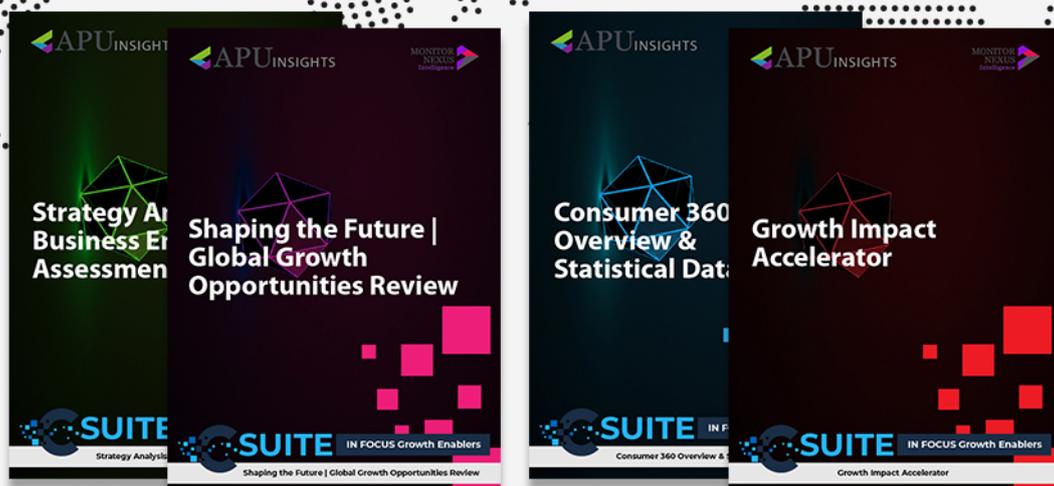
45 percent of market research experts used Big Data Analytics as a research method as of November 2018.³

The worldwide Big Data market is anticipated to expand to USD 103 billion by 2027, more than doubling its anticipated size in 2018. The software segment would become the Big Data market segment by 2027 with a share of 45 percent.

As per the above, Big Data provides many benefits for banks and other financial services businesses. Companies are better able to enhance banking procedures with Big Data tools and obtain additional insights into their client base. In the banking sector today, the term “Big Data” is no longer a trendy buzzword. Nowadays, it has become a requirement and an essential component of the globe of banking and financial services, thanks to its advantages.

Overall, the majority of banks believe that managing and analyzing big data is critical to their success. More precisely, the technical key to the successful use of Big Data and the digitization of business processes is the organization's ability to collect and process all the data required and to inject these data into its business processes in real-time- or, to put it more accurately, in the right time.

³ Statista, 2019. Big Data market size revenue forecast worldwide from 2011 to 2027 (in USD billion)





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