

Accelerating Mergers and Acquisitions in Financial Services

Proof Point: HTLF Bank

HTLF Bank, a mid-sized regional bank with a portfolio of 11 brands, manages a complex landscape that demands robust data consistency for effective management and operational consistency. They struggled with unreliable and inaccurate data resulting from inconsistencies, errors and outdated information permeating legacy systems, and they faced data deduplication issues across divisions.

To prepare for acquisitions and organic growth, including the launch of AI-driven banking services, HTLF focused on data integration, master data management and revamping their householding systems, turning high-quality, accurate and consistent data into a strategic advantage.

Reduce the Cost and Risks of Integrating, Governing and Sharing

Industry consolidation continues to increase across financial services. According to industry experts, mergers and acquisitions (M&A) will accelerate across the globe as firms seek to expand market share, broaden geographical coverage, and access a more diverse product and customer base.

Pre-close due diligence around critical business information may require thousands of data sets from both parties considering the move — data subject to strict clean room legal guidelines. Unfortunately, when it comes to M&A-related data sharing, speed and compliance aren't always compatible. But advanced technologies such as artificial intelligence (AI) and generative AI (GenAI) are enabling firms to quickly and thoroughly analyze data about complex M&A transactions, provided the data is fit for business use for AI.

These technologies are also transforming the hard work of rationalizing, migrating, consolidating and integrating systems and data between companies after the deal is announced or completed. Corporate functions, including finance, legal and risk management groups, must have access to the right data to avoid disrupting day-to-day operations. Sales and marketing organizations need to quickly identify who their customers and prospects are to support cross-sell opportunities while avoiding problems that could affect their ability to service existing relationships. Every aspect of the business is impacted in some way.

Data Challenges and Business Impacts

Unfortunately, there are many hidden dangers to acknowledge and work to be done to accelerate and complete the data management and governance work in support of a merger or acquisition, as shown in the following chart.

Top Data Challenges for Mergers and Acquisitions in Financial Services

	Top Data Challenges	Business Impact
Data Accessibility	<ul style="list-style-type: none"> Data that has to be integrated and shared between systems of both companies is not compatible or accessible. Data comes in varying formats and structures. 	<ul style="list-style-type: none"> Delays in data migration and integration activities can have severe consequences for business operations, from financial reporting to sales and marketing.
Data Quality	<ul style="list-style-type: none"> Existing data quality issues and problems can multiply exponentially when merging data between systems and databases across multiple systems of both companies. 	<ul style="list-style-type: none"> Quality issues can impact the usefulness of core business applications, which can affect day-to-day business functions as well as risk management and regulatory compliance.
Data Validity	<ul style="list-style-type: none"> There is no authoritative source of critical business master and reference data, including for customers. 	<ul style="list-style-type: none"> Ongoing sales, marketing, risk management, fraud surveillance and other business activities that rely on a trusted and complete view of the customer are impacted. The ability to develop and execute cross-sell marketing campaigns post-M&A to prior customers of each organization can be negatively affected or nullified.
Data Availability	<ul style="list-style-type: none"> Test data used for development and QA activities post-M&A is not readily available and often unprotected or masked manually. 	<ul style="list-style-type: none"> Critical development projects are delayed. Development and testing costs increase. The risk of a data breach goes up if sensitive data is not fully protected.

Making Data Fit for Business Use for AI

The success of AI models is dependent on the availability of trusted and timely data. If data is missing, incomplete or inaccurate, the model's behavior will be adversely affected during training and deployment, which could lead to incorrect or biased predictions and reduce the value of the entire effort. Ensuring that data is fit for business use is the number one priority for financial institutions implementing new technology investments to strengthen M&A activity.

Data that is fit for business use has six characteristics. It is:

- **Accessible** – Data from legacy systems, cloud applications, mobile devices, IoT devices and other sources must be accessible to build and execute solutions powered by large language models (LLMs).
- **Clean and trustworthy** – Avoiding errors and GenAI hallucinations requires clean, trustworthy data devoid of corruption, missing or duplicate values, etc. Model development cannot move forward with data quality errors.

- **Valid and authoritative** – Trusted master data about customers, partners and services, along with security instrument information, must be provided.
- **Transparent** – There is end-to-end visibility into the lineage of data used for GenAI applications.
- **Governed and protected** – Data asset policies, standards, access authorizations and privacy controls are defined.
- **Understood and shared** – Every business user can get answers about the data used for GenAI needs.

Informatica Intelligent Data Management Cloud™ (IDMC) for Accelerating M&A in Financial Services

Informatica helps financial services companies that have been on the “sell” side of an M&A transaction – and those seeking to merge with or acquire a company – reduce the cost and risk of migrating, integrating, managing, governing, securing and sharing data between systems and applications post-M&A. We allow companies to create a single view of the customer from fragmented sources to support day-to-day business functions.

IDMC supports new and existing investments to accelerate post-M&A data requirements by enabling you to:

- **Accelerate application data migration activities:** Connect, transform, reformat, cleanse and standardize data across multiple applications by leveraging prebuilt data transformation and quality rules to accelerate data migration processes in support of larger-scale application rationalization and retirement needs.
- **Improve business trust in your data:** Accurately identify errors, build and execute data quality rules to fix those errors, monitor exceptions, and deliver data quality reports and scorecards to improve business confidence in your data across the systems that remain.
- **Gain transparency into data that exists across the combined enterprise:** Discover, inventory and organize data assets with an AI-powered data catalog. Get a unified view of enterprise metadata to add context to your data to support the business.
- **Gain a single view of the customer across companies:** Deliver a consistent view of customers, products, channels and partners across all front office, customer-facing applications. These include branch and online banking systems, core business applications (including CRM, SFA and customer service systems), mid-office applications (including loan origination platforms), and back-office systems (including payment processing and reconciliation systems).
- **Create secure test data to accelerate processes:** Generate on-time, high-quality results for continuous delivery of software while ensuring the development and testing process does not expose sensitive data to unauthorized access or use for post-M&A-related projects. Ensure development and QA teams have the right test data as accurately and quickly as possible, without violating internal policies or regional and industry regulations.

About Informatica

Informatica (NYSE: INFA), a leader in enterprise AI-powered cloud data management, brings data and AI to life by empowering businesses to realize the transformative power of their most critical assets. We have created a new category of software, the Informatica Intelligent Data Management Cloud™ (IDMC), powered by AI and an end-to-end data management platform that connects, manages and unifies data across virtually any multi-cloud, hybrid system, democratizing data and enabling enterprises to modernize their business strategies. Customers in approximately 100 countries and more than 80 of the Fortune 100 rely on Informatica to drive data-led digital transformation.

Informatica. Where data and AI come to life.™

Next Steps

For over 25 years, Informatica has helped financial services companies leverage data as a strategic business asset with trusted, governed, relevant and accessible data to improve the customer experience, increase wallet share, operationalize data governance for risk management and regulatory compliance, combat fraud and financial crimes, and accelerate time to value from past and future mergers and acquisitions.

Learn more at www.informatica.com/financialservices.

Where data & AI come to



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