

# Prioritizing Data That Is AI-Ready as a Strategic Asset in Financial Services

## Key Benefits

- Speed time to value with out-of-the-box financial services accelerators, including data adapters, MDM data models and predefined data quality rules.
- Accelerate client and vendor onboarding and combat fraud with a 360-degree view of trusted data.
- Simplify business user access to trusted insights by automating data curation.
- Facilitate compliance with industry regulations through automated, end-to-end data lineage and transparency.
- Expedite M&A by enabling faster integration of data, applications and business processes.
- Enable secure and anonymized data sharing with third parties.

## Accelerating Digital Transformation With the Intelligent Data Management Cloud™ (IDMC) for Financial Services

Financial services organizations are undergoing a tectonic shift in the way they do business and support their clientele. Advancements in mobile devices, robotics, cloud computing, machine learning (ML) and artificial intelligence (AI) – including generative AI (GenAI) – are changing business fundamentals across the industry, revolutionizing the way asset management firms, banks, capital markets and insurance companies operate.

For instance, McKinsey and Company posits that while banks have focused on productivity in their initial GenAI pilots due to the broader pressure on banking economics, the technology could greatly alter how some jobs are done and how customers interact with them. While GenAI has the potential to create significant value – from \$200 billion to \$340 billion annually in the banking sector alone, largely due to increases in productivity – deployment of the technology beyond pilot use cases is in its infancy.<sup>1</sup> Financial services companies continue to explore the most effective way to scale and bring AI-powered solutions to market to meet current challenges and take advantage of opportunities, including:

- **Improving the customer experience:** Financial services executives across lines of business, digital, marketing, customer service and customer experience teams are all focused on delivering personalized service to improve the customer experience.
- **Growing the business:** Firms need to develop innovative solutions, customized pricing and tailored product offerings to support cross-sell opportunities across existing business lines and from existing customers.

<sup>1</sup> "Capturing the full value of generative AI in banking," McKinsey & Company, December 5, 2023, <https://www.mckinsey.com/industries/financial-services/our-insights/capturing-the-full-value-of-generative-ai-in-banking>

- **Complying with regulations:** Regulators continue to enforce existing regulations while adding new ones, from climate impact reporting for ESG purposes, to risk management guidelines such as BCBS 239 and OFAC/AML/BSA, to data privacy regulations beyond GDPR that have become a universal norm across many countries.
- **Strengthening risk management:** Banking and insurance are all about managing and profiting from risk. However, ongoing mergers and acquisitions, geopolitical events, pandemics and climate change have made it difficult to identify, manage and thwart systemic risk exposure.
- **Increasing business agility:** Business cycles are faster than ever before as people operate 24/7 in today's always-connected world. Organizations are modernizing legacy systems, moving workloads to the cloud and automating business processes that limit their ability to respond to time-sensitive events.

## Making Data Fit for Business Use for AI

The ability to overcome challenges and embrace new opportunities rests in AI-powered processes. But 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 risk management and regulatory compliance.

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 is able to get answers about the data used for GenAI needs.

**Not having data that is AI-ready and fit for business use can result in severe business consequences, including:**



Higher voluntary customer attrition rates



Greater turnover in sales positions



Underperforming marketing campaigns



Higher compliance costs



Delayed client onboarding processes



Increased financial risk exposure from credit, market and operational risk



Inflated customer acquisition costs

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## Driving Better Business Outcomes With IDMC for Financial Services

**Managing, governing and protecting data is a complex task. It takes the right skill sets, governance policies, processes and technology to do it right. Missing any one of these elements puts you at risk of not having data that is AI-ready and fit for business use. Technology used to manage, govern and protect data does not define what data you need and why, or how, success is defined.**

With that said, the technology solutions required to handle the complexities of existing systems, interfaces, formats, structures and latencies do matter. Data integration, application integration, data quality, master data management, data governance and data cataloging solutions have been around for years. Larger organizations with deep technology resources that built custom solutions invested in earlier-generation tools. Unfortunately, these solutions are not optimized for the current variety, volume and velocity of data in today's modern, cloud-powered, and AI- and ML-supported financial services industry.

## About Informatica

Informatica (NYSE: INFA) brings data and AI to life by empowering businesses to realize the transformative power of their most critical assets. When properly unlocked, data becomes a living and trusted resource that is democratized across your organization, turning chaos into clarity. Through the Informatica Intelligent Data Management Cloud™, companies are breathing life into their data to drive bigger ideas, create improved processes and reduce costs. Powered by CLAIRE®, our AI engine, it's the only cloud dedicated to managing data of any type, pattern, complexity or workload across any location — all on a single platform.

**IDMC for Financial Services** delivers a comprehensive platform for data integration, application integration, data governance, metadata management, data quality and master data management powered by CLAIRE®, the industry's first AI-powered data management solution for all users and all data. It is the industry's most complete and modular enterprise data solution, built on a microservices architecture to help financial services organizations unleash the power and value of all data across local systems and hybrid and multi-cloud environments — ensuring data is trusted, protected, governed, accessible, timely, relevant and actionable.

IDMC for Financial Services includes several types of financial services accelerators that enable organizations to rapidly deliver data-driven transformational outcomes and expand their opportunities for success:

-  AI-powered automation of a single source of reference for business-critical domains such as customer, product, supplier and reference data
-  Prebuilt connectivity and adapters for financial services and insurance sources, including ACORD, DTC, FIX, FPML, NACHA, SEPA, SWIFT and Bloomberg
-  Out-of-the-box MDM data model extensions for industry models, including legal entities, insurance policyholders and financial/securities instruments
-  Prebuilt data quality accelerators for BCBS 239, CCAR, CUSIP, credit card data and more
-  Prebuilt support for data security standards such as PCI for data masking
-  Out-of-the-box support for managing financial services taxonomies and ontologies

## Next Steps

Learn more about Informatica solutions for financial services at [www.informatica.com/financial-service](https://www.informatica.com/financial-service)

## Where data & AI come to



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