

Opinion piece: Enhanced data analytics requires an advanced data storage platform for accurate financial risk profiling

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According to Statistics South Africa, the economy shrank by -3.2% in the first quarter of 2019. This ongoing economic downturn has had an impact on many industries, forcing them to relook at the way they do business. In the financial services sector in particular, it has become important to minimise the cost of operations. One of the ways Financial Service Providers (FSPs) are looking to achieve this is through reducing risk. More accurate customer profiling is key to optimising both cost and risk, which in turn requires access to more data for analysis. FSPs need to adopt intelligent storage platforms to facilitate the enhanced data analytics they require in a cost-effective manner to help them survive in this uncertain time.

A limited view

In the past, risk profiling was conducted on just a small subset of customer information while the rest of the data was stored in an archive. However, in today's world conducting business intelligence on only part of the data is no longer enough. Predictably, partial analysis yields only partial insight, which results in inaccuracies. In the financial services industry imprecise insight equals increased customer risk, which in turn means increased cost of doing business.

Due to the economic climate, protecting financial organisations from loss has become critical, and FSPs need to address this challenge as a matter of urgency. Customer profiling now needs to be performed on all available information, including historical data, which has typically been inaccessibly located in archive storage.

Breaking down the walls

Traditional data storage has followed a very siloed approach due to cost constraints, as archive data is far more cost effective to maintain. However, it is impossible to perform due diligence and Know Your Customer (KYC), which are critical components of risk assessment, if you cannot access the data. Analytics requires high performance storage, but it is also not financially feasible to store all data in Tier 1 storage.

The requirement for higher capacity and higher performance storage for analytics weighed against the costs is often problematic. As data volumes continue to increase, this challenge grows. Storage solutions need to provide the performance and scale needed for analytics but also need to be reasonably priced and cost effective. There must be a balance, delivering the capabilities required for informed decision making and risk profiling while controlling costs.

The intelligent answer

Bringing all data together with scale, capacity and performance is the only way to enable the type of comprehensive data analysis required for effective risk profiling. The ability to cater for additional workloads and capacity at an affordable price is critical. The answer to FSP storage requirements is an intelligent platform that can consolidate capacity and performance to save costs, breaking down siloes and increasing efficiency for faster time to results. With all data available all the time, agility can be realised and exposure to risk can be minimised through more effective customer insight and profiling.

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