**Value Delivered by
Daybreak for Financial Services:**

Study Reveals that Aunalytics Banking and Credit Union Clients Achieve Nearly 400% ROI Opportunity in One Year

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aunalytics

The Aunalytics Daybreak™ for Financial Services data analytics solution provides customer intelligence to financial institutions. It delivers insights-as-a-service, including AI-powered predictive analytics models that can be applied to transactional data for fresh insights delivered daily.

Aunalytics integrates and cleanses data from multiple sources across the institution, creates data models, delivers data sets, and uses its AI-based predictive model "Smart Features™" that provide clients with actionable insights to increase operating income. Client success is measured by achieving business outcomes that grow revenue—not merely on hitting implementation milestones.

Early study results reveal that using Daybreak, Aunalytics' clients achieved nearly 400% ROI in one year to grow new business from existing customers. With Daybreak, financial institutions were able to mine thousands of transactions to identify business currently held by competitors, providing opportunity to win this business to grow customer value and prevent deposits from leaving the bank. With Daybreak, financial institutions were able to target market products to customers most likely to need that product. The targeting lists produced by Daybreak out performed target lists typically used by the financial institution by 7-8X. Daybreak provided opportunity to grow operating income by an average of over $850,000 and achieve nearly 400% ROI in the first year.

Opportunity with Daybreak for Financial Institutions

400% ROI
in one year

7-8x
more effective
marketing campaigns

$850,000+
average operating
income growth

Market Positioning for Midsize Financial Institutions

In today's digital world, the personalized white-glove service that traditionally has given midsize community banks and credit unions the "right to win" over banking giants is severely disadvantaged. If a financial institution's customers are primarily using remote online banking, the opportunities to provide personalized service with a hometown flair are few and far between. Yet, if a community credit union has access to data analytics tools to gain valuable insights that can be acted upon, the credit union can deepen relationships with its members in a more personalized manner than a big bank would ever do. Using data analytics to gain customer intelligence, midsize banks can still offer white-glove service to provide a far superior customer experience compared with that offered by FinTechs and big banks.

Aunalytics Solution

Aunalytics provides a data platform that mines transactional data for daily AI-powered insights to better understand and respond to financial customer needs. The key to achieving value is that this solution is specifically designed for midsize financial institutions. Traditionally, most data analytics solutions have been developed for technical users and only the big banks have floors of data engineers and data scientists to use them. The mid-market has been left out.

Aunalytics believes that midsize credit unions and banks need both the right technologies and tools for data analytics, as well as data experts who do not need to be brought in-house as employees. Such data experts are in high demand and highly paid. Even technology companies have difficulty filling these positions. It is rare for a midsize financial institution to have this expertise in-house—and for most banks and credit unions, it does not make sense to build the

**Technology Tools** + **Talent** = **Business Outcomes**
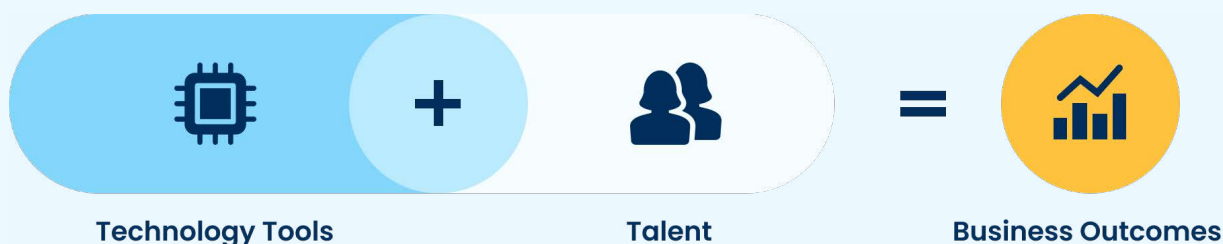
entire department of data experts required to achieve value out of analytics. Data experts know how to solve challenges with data integration, data cleansing, building data models and AI algorithms, and how to create deep learning models for predictive analytics. Furthermore, they build and maintain pipelines to get the data to the analytics platform and that allow the analytics results and data to be shared across the institution with dashboards and user interfaces that reveal insights, track performance, and demonstrate investment value.

Based on its mission to serve the mid-market, Aunalytics delivers its data analytics solution to midsize banks and credit unions as a service. This approach provides data expertise in tandem with the technology and tools to

mine the bank's transactional data for fresh, actionable insights on a daily basis. Aunalytics data experts work alongside the bank or credit union's team to achieve true business value— measured by growing operating income for the financial institution.

As part of the Daybreak subscription, new machine learning-powered predictive analytics models, called "Smart Features," are offered to clients regularly. To discover the value that Smart Features deliver, Aunalytics conducted a study measuring the results generated by just two of the many features available to banks and credit union clients. Value is measured by the data analytics insights that yield opportunities to grow operating income.

Smart Feature Development
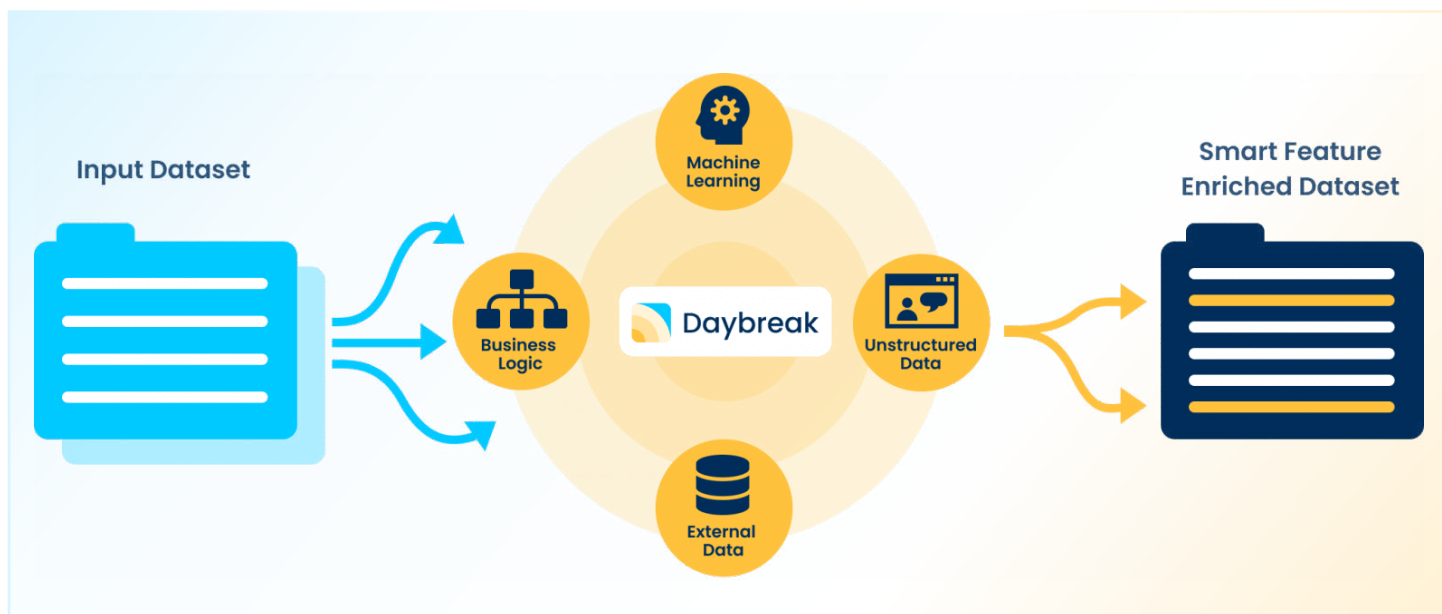
AI-powered Smart Features mine your data to add knowledge beyond basic statistics and aggregations.

Smart Features

Two innovative Smart Features included in the Daybreak offering include competitor payments insights and product propensity insights.

The **competitor payments predictive data model** reveals money that is leaving a bank customer's or credit union member's account, and going to a competitive financial institution. The model identifies outside investment accounts, mortgages, auto loans, checking accounts, and other banking products. Transferred funds are analyzed by competitor, product type, customer, payment amount, and duration.

Based on this data, the Smart Feature provides information that enables a bank or credit union to target one or more customers or members with offers that are more attractive than its competitor's product terms. These insights are gleaned from mining the institution's transactional data across all of its customers daily. The bank may create targeted marketing campaigns by competitor product type and send the offer to a list of customers identified by the analysis to win this business. Daybreak includes a Competitor Payments dashboard allowing business users to slice and dice the data, create campaigns, monitor progress, and evaluate campaign effectiveness in preventing money from leaving the institution.

The **product propensity predictive data model** shows a customer's propensity for needing each of a bank's products, ranked as a 0-100% likelihood each day. The propensity model is informed by the transactional data and customer/member profile in the data model. Data is aggregated from systems across the organization to achieve a 360° customer/member view for an accurate, holistic picture of the individual's needs.

This information allows a bank or credit union to more precisely target customers or members with marketing campaigns based upon the propensity data, instead of carpet bombing campaigns to all customers. The objective is to make marketing and sales operations more efficient and achieve higher take rates for new accounts by allocating resources toward pursuing those customers or members who are most likely to say yes to product offers.

Ultimately, the goal of both Smart Features is to increase deposits and grow operating income.

Aunalytics conducted a study to reveal how much ROI opportunity its bank and credit union clients are able to achieve with these two predictive models. Early findings indicate that they are realizing nearly **400% ROI opportunity in one year.**

Value Achieved from Competitor Payments Smart Feature

For each bank or credit union, Aunalytics first aggregated data from the institution's multiple data sources using Daybreak's built-in data integration and cleansing. Next, Aunalytics mined the transactional data by applying the Competitor Payments Smart Feature data models to the data. The analytics revealed the volume of payments leaving individual customer accounts, as well as collectively across the bank, and going to other financial institutions. Collected data included the dollar amount of each payment, number of payments, the product type for each payment, and the identity of the competitor to which the payment was being sent.

From the results, Aunalytics focused on two product types for the study: credit cards and investment products. Based on the data mining, the bank could predict terms associated with competitor accounts, enabling it to make competitive product offers to win the business. To be conservative, the ROI opportunity calculated for the bank to win new business was 5%, though several client financial institutions believed that they would achieve a higher win rate. New operating income was calculated using a credit card interchange percent of 0.150% and investment deposit return of 1.5%.

	Total Payments	5%	ROI
Credit Card	$1,500,000,000	$75,000,000	**$112,500**
Investment	$500,000,000	$25,000,000	**$375,000**

For an institution that has $1,500,000,000 annually withdrawn from its customer accounts to pay credit cards offered by other financial institutions, recapturing 5% of this business prevents $75,000,000 from leaving the bank. Based on the 0.150% credit card interchange rate, this yields $112,500 in annual operating income for the financial institution.

Similarly, for a financial institution that has $500,000,000 annually withdrawn from customer accounts going to an investment product offered by a competitor financial institution, recapturing 5% of this business prevents $25,000,000 from leaving the bank. Based on the 1.5% investment deposit return rate, this yields $375,000 in annual operating income for the bank.

Overall, Competitor Payments identified a **$487,500 ROI opportunity** for the client. By acting on the list of customers or members identified by Daybreak as having competitor credit card and investment product accounts, a client using targeted marketing and sales campaigns winning 5% of the competitors' business prevents $100,000,000 in deposits from leaving the bank and realizes $487,500 ROI.

Value Achieved from Product Propensity Smart Feature

Data was first aggregated across multiple sources at each bank or credit union client, then transactional banking data was mined by analyzing it with Daybreak's Product Propensity Smart Feature data models. The product propensity models include analysis of factors such as products the customer currently has with the bank, credit information, income trends, purchasing patterns by type of retailer, and more, which were built into deep learning models created by Aunalytics' data scientists. The analytics revealed for each individual customer a weighted score assessing the likelihood that the customer would need each of the institution's products at this particular moment in time.

The predictive analytics propensity values ranged from 0-100%. The insights allow the financial institution's marketing and sales team to make targeted offers to customers more likely to say yes to the product, based on the customer's behavior. In this manner, rather than carpet bombing all customers with a product offer, marketing and sales operations become more effective and efficient. More personalized customer or member outreach creates a better experience with the institution. After all, making a product offer to a customer or member for a product that they just bought inadvertently worsens the customer's experience with the bank or credit union and depersonalizes services. Untargeted marketing and sales work against a midsize financial institution's reputation for personalized, white-glove service.

From the results, Aunalytics focused on three product types for the study: checking accounts, savings accounts, and mortgages. The study compared the institution's success in gaining new accounts using its traditional marketing techniques vs. using a targeted list of customers created by Aunalytics Product Propensity scoring.

Checking Accounts

For checking accounts, 5,000 customers were targeted for new accounts. The institution generated a list of customers to target, using its normal marketing strategies. Aunalytics generated a list based on Daybreak's product propensity scoring, producing a list of 5,000 customers with high scores, making them more likely to accept a new checking account offer. An average checking account balance of $3,500 was used for value calculations.

The list generated by Aunalytics performed significantly better than the list created by the financial institution using its traditional method. Aunalytics achieved a 0.75% take rate for new accounts, while the client's list only achieved a 0.11% take rate. The Product Propensity analytics resulted in 38 new accounts, while the institution's normal process resulted in only 6 new accounts. The value of total new deposits, based on the $3,500 account balance average, revealed that the Daybreak analytics yielded $133,000 in new deposits, while the institution's regular marketing strategies only resulted in $21,000 in new deposits.

Income was calculated based on the bank earning 2.5% on deposits, and conducting one campaign each quarter.

	# of Customers	Take Rate	New Accounts	Total Deposits
Client Generated List	5,000	0.11%	6	$21,000
Aunalytics List	5,000	0.75%	38	**$133,000**

The client-generated list resulted in $525 of monthly income, which was significantly less than the Aunalytics-generated list that achieved $3,325 monthly income. Running four campaigns a year, the client's list totaled $15,750 of annual income, while the **Aunalytics list delivered $99,750 of annual income** to the financial institution.

	Interest Income Per Month	Q1 New Accounts	Q2 New Accounts	Q3 New Accounts	Q4 New Accounts	Annual Total
Client Generated List	$525	$6,300	$4,725	$3,150	$1,575	$15,750
Aunalytics List	$3,325	$39,900	$29,925	$19,950	$9,975	**$99,750**

Savings Accounts

For savings accounts, 1,500 customers were targeted for new accounts. The institution generated a list of customers to target based on its normal marketing strategies. Aunalytics generated a list based upon Daybreak's product propensity scoring and created a list of 1,500 customers with high propensity scores for needing a savings account. For value calculations, an average savings account balance of $10,000 was used.

The Aunalytics list performed significantly better than the client's list. Aunalytics achieved a 1.33% take rate for new accounts, while the client's list only achieved a 0.16% take rate. The Product Propensity analytics resulted in 20 new accounts, while the client's normal process resulted in only 3 new accounts. The value of the total new deposits, based on the $10,000 account balance average, revealed that the Daybreak analytics yielded $200,000 in total new deposits, but the client's regular marketing strategies only resulted in $30,000 in new deposits.

Income was calculated based on the bank earning 2.5% on deposits, and conducting two campaigns during the year.

	# of Customers	Take Rate	New Accounts	Total Deposits
Client Generated List	1,500	0.16%	3	$30,000
Aunalytics List	1,500	1.33%	20	**$200,000**

The client-generated list resulted in $750 of monthly interest income, which was significantly surpassed by the Aunalytics list that achieved $5,000 of monthly interest income. Running two campaigns for the year, the client's list generated $13,500, while the **Aunalytics list resulted in $90,000 of annual income** to the financial institution.

	Interest Income Per Month	Q2 New Accounts	Q4 New Accounts	Annual Total
Client Generated List	$750	$9,000	$4,500	$13,500
Aunalytics List	$5,000	$60,000	$30,000	**$90,000**

Mortgage Accounts

For mortgage accounts, 5,000 customers were targeted for new accounts. The financial institution generated a list of customers based on its normal marketing strategies. Aunalytics generated a list using Daybreak's product propensity scoring and created a list of 5,000 customers who had high propensity scores for needing a new mortgage. For value calculations, an average mortgage fee for opening a new account of $3,500 was used.

The Aunalytics-generated list performed significantly better than the client's list. Aunalytics achieved a 0.50% take rate for new accounts, while the client-generated list only achieved a 0.04% take rate. The Product

Propensity analytics resulted in 25 new accounts, while the client's normal process resulted in only two new accounts. The value of this new business was calculated by mortgage fees alone, recognizing that some midsize financial institutions sell their mortgages to other financial institutions. The gain achieved in mortgage interest is not included in these calculations and may be added income to the financial institution and ROI for using Daybreak.

Income was calculated based on the client earning $3,500 in mortgage fees for each new account, and conducting two campaigns during the year.

	# of Customers	Take Rate	New Accounts
Client Generated List	5,000	0.04%	2
Aunalytics List	5,000	0.50%	**25**

The client-generated list resulted in $7,000 of fee income per campaign, which was much less than the Aunalytics' list that achieved $87,500 per campaign. Based on the institution running two campaigns for the year, the client's list totaled $14,000 in annual income, while the **Aunalytics list resulted in $175,000 income**. (Mortgage interest is a potential added gain not included.)

	Fee Income	One Year Return
Client Generated List	$7,000	$14,000
Aunalytics List	$87,500	**$175,000**

Overall Daybreak Performance

Overall, between the Product Propensity and Competitor Payments Smart Features, bank and credit union clients achieved $852,250 in ROI opportunity:

Product Propensity	
Checking	$99,750
Savings	$90,000
Mortgage	$175,000
Total	**$364,750**

Competitor Payments	
Credit Card	$112,500
Investments	$375,000
Total	**$487,500**

Grand Total	**$852,250**

An **annual subscription to Daybreak typically costs between $12,000–$15,000 per month**. Clients in the study averaged a $14,500 monthly subscription fee, totaling $174,000 annually. Comparing this cost to the ROI grand total above, the ROI opportunity achieved by Aunalytics clients is **390% in one year**.

Conservatively calculated, Daybreak outperforms the bank or credit union in growing operating income based on two Smart Features used to boost performance of five targeted products. Daybreak includes additional Smart Features and KPI dashboards, the value of which was not included in this early study. It is likely that clients could outperform the study results using other Smart Features and KPI insights not included in this study, and using the Product Propensity and Competitor Payments models to target further products not measured in the study.

About Aunalytics

Aunalytics is a data platform company delivering answers for your business. Aunalytics provides Insights-as-a-Service to answer enterprise and midsize companies' most important IT and business questions. The Aunalytics® cloud-native data platform is built for universal data access, advanced analytics and AI while unifying disparate data silos into a single golden record of accurate, actionable business information. Its Daybreak™ industry intelligent data mart combined with the power of the Aunalytics data platform provides industry-specific data models with built-in queries and AI to ensure access to timely, accurate data and answers to critical business and IT questions. Through its side-by-side digital transformation model, Aunalytics provides on-demand scalable access to technology, data science, and AI experts to seamlessly transform customers' businesses. To learn more contact us at +1 855-799-DATA or visit Aunalytics at https://www.aunalytics.com or on Twitter and LinkedIn.

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