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A Tale of Two Banks: Gold Rush to Digital Revolution

By Randy Bean | Contributor | July 7, 2014

Bank of America Corp. and Wells Fargo & Co., two banking giants with roots on the West Coast, both recognize data and analytics as core to their expansion and growth and central to their plans and vision.

Bank of America traces its roots to 1904, when Amadeo Giannini created the Bank of Italy in San Francisco to cater to immigrants. Wells Fargo was founded a half century earlier, also in San Francisco, when the demands of a budding gold rush port called for express and banking services between the New York financial markets and the new state of California.

During the banking consolidations of the past two decades, each bank was a leader in the use of sophisticated data warehousing and database marketing capabilities to facilitate rapid acquisitions and consolidation -- Wells Fargo with Norwest and Wachovia; Bank of America with NationsBank -- as they established national banking services.

Having long been sophisticated practitioners of data warehousing and advanced consumer analytics techniques, I was interested in understanding how each firm viewed the evolution of data and analytics, and the arrival of Big Data, in shaping their future strategies.

Cathy Bessant is the global technology and operations executive for Bank of America, and sits on the bank's executive management committee. "Data is one of our most valued assets at Bank of America," she said. For Bank of America, the goal is to develop "great data," which is "timely, accurate, and complete" and "accessible to all who need to use it."

A. Charles Thomas is Wells Fargo's recently appointed executive vice president of enterprise data and analytics and the firm's chief data officer. Mr. Thomas notes, "Transformational change will come not just from collecting data, but from putting it to use in ways that create real value."

Bank of America's Ms. Bessant echoes this sentiment, "I draw a bright line between what is interesting and what is impactful." She cautions against "an overly theoretical focus." To illustrate her point, Ms. Bessant cites the recent success of Bank of America's new ATM program which can perform 80% of teller transactions and provide the ability for customers to speak to a bank employee live via video chat.

“We analyzed data to determine how our customers want to use ATMs and whether proposed features would decrease or increase customer satisfaction,” she said.

Wells Fargo’s Mr. Thomas points to several initiatives that his firm is undertaking: “The first opportunity is – believe it or not – small data.” Mr. Thomas cites the example of credit risk where “we use analytics to monitor our concentration risk to ensure that no single exposure will have adverse effects on our business or our customers’ business.”

Mr. Thomas notes that “while there is a lot of conversation about ‘Big Data,’ we need to have the discipline to not drop the ball on the 80% of our analytics that don’t need petabytes of data.” Ms. Bessant agrees, saying “I’d vote we all stop using the term ‘Big Data.’ It makes a black box out of something that may not be easy to execute, but is conceptually simple”.

Mr. Thomas anticipates a bright and evolving future for data and analytics in banking, citing the example of the Analytics Leadership Council that Wells Fargo has established to “uncover the next innovative product or service. We’re now able to answer questions we didn’t even think to ask 10 years ago” and then combine transaction data with new data types like voice, email and online. Mr. Thomas looks ahead to a time when “in the next few years, you’ll see us evolve in ways that customers are accustomed to seeing from retailers like Netflix and Amazon”.

Ms. Bessant sees a future where data and analytics “enable us to improve the experience for our customers and align our products and services to their preferences and behaviors.”

Bank of America and Wells Fargo: two American banking institutions that have evolved far from their roots and for whom data and analytics will be core to the future. “What the assembly line was to the industrial revolution, data will be to the digital revolution,” Mr. Thomas said. Well, it’s a long way from the Gold Rush.

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