

# How geospatial data is revolutionising banking

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Change is constant in today's world. In the financial services and banking sector this presents unique challenges, such as increasing competition, ongoing regulatory compliance requirements, and rising customer expectations. Financial service providers are not always aware of the powerful impact that location and geospatial services can make on their business and their bottom line.



Combining internal datasets with financial access point data and other geolocation information allows banks to use geospatial visualisation to make connections that might be missed when using old-style tables and charts. No matter their source or original format, the datasets can be overlaid on top of one another on a single map, using location as the key index variable to relate seemingly unrelated data. This enables users to gain real-time countrywide and regional analysis per bank department or interface.

Real-time location analytics can support organisational initiatives, giving the bank or financial institution the ability to know where its customers are, what they buy, how much they spend, and their demographic information. This data can be used to determine which financial products and services will best fit customers' needs in different areas. It also empowers sales and marketing to target selected products and services at specific segments of the customer base.

Let's look at four ways that financial service providers can apply geolocation data in decision making:

## **1. Know your customer/client onboarding**

The Know Your Customer (KYC) client onboarding process is a set of legal procedures businesses must conduct before working with a new customer.

Location services play an important role in enabling banks to meet the demands of regulatory compliance, which can significantly strain resources and is often dependent on the ability to correlate data from disparate sources. Companies are exposed to operational, legal, and reputational risks due to online scams and frauds, consequences of which can be devastating.

“Regulatory authorities developed Know Your Customer (KYC) to combat fraud, money laundering, organised crime, terrorism and tax evasion by ensuring that customers are the people they claim to be.”

Banks have to hold the latest and most accurate information about their customers in compliance with the Financial Intelligence Centre Act (FICA). Location services enable banks to provide financial services responsibly and securely, ensuring that they retain the correct customer information through street address verification. Banks are not only doing this for compliance purposes but also to minimise customers' exposure to fraud, identity theft and cybercrime.

Easily accessible geolocation API services and verified address lookups are also key to speeding up the customer onboarding process – the most crucial step of the customer journey. It sets the tone for their whole connection with your product and business, even if it occurs immediately at the outset of their journey.

## 2. Apply big data analytics

Geospatial analytics adds timing and location to traditional types of data, allowing for a more complete picture of events. Insights that might have been lost in a spreadsheet are exposed in easy-to-recognise visual patterns and images.

This improves location analytics and profiling by adding additional variables to data in real-time, including information from the census, the Companies and Intellectual Property Commission (CIPC), the South African Weather Service, the Deeds Office, Anti Money Laundering (AML) lists and more.



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This information is also being used to enhance services to customers, determine needs in specific regions, improve branch profiling, enhance Banking Association South Africa (BASA) reporting, and report on division activity per address. Customer catchment areas for the branches can be drawn, for example, and areas which are not served can be easily identified. Users can also see where customers are located on a map in relation to a bank branch.

## 3. Expand confidently into Africa

As South Africa's major banks continue to expand their business into other African countries, they have to ensure adherence to international standards and the principles and policies covering the global regulation of financial institutions. Since properties in many of these countries often don't have a house number or name and street signs are rarely visible, good quality geospatial data is essential.

“With location APIs, banks have accurate address data at the first point of capture – as well as validated, fixed and geocoded addresses, each with a unique identifier – giving them a single view of clients, even if they use multiple address

formats or completely different addresses. ”

#### 4. Eliminate risk and fraud, waste and abuse

Real-time location analytics improves address compliance, enabling standardisation across departments, ensuring address completeness (full street name, street number, unit number, city, province and postcode), verifying that the address exists, and monitoring address profiles per customer. If hundreds of customers are listed at one local address, for example, you can be sure that something's not right.

Through validated, fixed and geocoded addresses, each with a unique identifier, locations APIs provides financial institutions with the ability to make the right decisions for future site location. Using data such as demographics, income, buying trends, and locations of competitors, a location API can be used to generate insights that help users decide on the best location for a new branch or ATM, increasing the value they bring to their customers' lives.

#### Gaining more insight quickly

Geospatial data gives more specific information to financial services organisations than any other source. They can study market demand, monitor the location and movements of competitors, and track business risks with the application of spatial decision-making. This enables them to outperform their competitors, drive more business, push down costs, and understand customers' needs better so they can become exponentially more resilient and profitable.

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