



**Rabobank**

# Position Paper Rabobank and big data

## Introduction

ING recently announced plans to launch a pilot in which third parties would present customised special offers to the bank's customers with the aid of customer data. This has unleashed a broadly-based public debate on the opportunities and threats of banks using customer data.

Rabobank sees this public debate as a good thing. The rapid pace of technological development is irreversible and this makes analysing customer data an increasingly essential part of our business operations. It does, after all, enable us to serve our customers in a continually better and more targeted way. So not using this data is not an option for Rabobank. This means the issue is primarily how and how fast this will occur. Rabobank assesses these factors using its customers' interests as the starting point. We also expressly take into account the limitations put forward by political leaders and stakeholders in the public debate.

## Defining big data

We define 'big data' as the technological possibility of harvesting, processing and correlating data (collections of information) in previously unknown volumes and levels of complexity. Banks accumulate vast amounts of data on their customers and employees in order to carry out their

services. Some data are generated by customers themselves, other data are added by us to this data set and/or stored in relation to our customers. These data include transaction data, agreements with customers and our customers' clickstreams. We record everything in systems.

Analysing large volumes of data enables us to:

1. Provide our customers with better service by offering them tailor-made products that match their profile (customer-centric).
2. Manage risks more effectively by gaining clear insights into customer behaviour and risk behaviour.
3. Strengthen the bank's knowledge profile by using data at an aggregated level, producing unique analyses of the economy.

Analysing customer data is consequently becoming a more and more essential part of the bank's operations, which is an irreversible development. It is simply not an option for Rabobank not to use these data from a commercial, legal and risk management perspective. So the main issue is how and how fast we will begin using this information. This will be determined by legal limitations on the one hand and obviously by the limitations set by political leaders and society on the other.

## **Our principles and views on big data**

Customers share a lot of information about themselves with countless businesses and organisations every day. Rabobank understands that the public expects banks to handle their personal data with extra care. After all, trust is the bank's main asset!

### **What principles does Rabobank follow when using customer data?**

1. The first principle is that the customer is leading. The wishes and preferences of our members and customers come first.
2. Rabobank is not planning to make customer data available to third parties for commercial purposes. We do not at this moment see any reason or need to exploit customer data commercially.
3. Rabobank guarantees the safety of data. Both the Code of Conduct for the Processing of Personal Data by Financial Institutions (Gedragscode Verwerking Persoonsgegevens Financiële Instellingen) and the Privacy Code of Conduct for Banks (Privacy Gedragscode Banken) (October 1995) as well as the applicable legislation, which must be continually updated to keep pace with technological developments, are leading in this respect.
4. We also believe there should be a reciprocal interest when using big data so customers know what we do and do not do with their data. This promotes transparency.

### **What do we currently do with customer data?**

We make a distinction between using data and using big data, in other words combining and analysing several data sources.

1. Rabobank uses big data first of all to provide our customers with optimum service. We also use it to:
  - a. Detect and prevent fraud. Combining location data with transaction data and card use lets us, for instance, detect skimming.
  - b. Provide even better and more tailored advisory services and product offering (e.g. reminders to top up balances before direct debits)
  - c. Anticipate customer behaviour/problems so we can respond on time (e.g. negative equity, problematic debts and bankruptcies)
  - d. Send relevant messages via Rabo Internet Banking

based on customers' clickstreams and profiles.

These examples apply to retail customers, wholesale customers and sectors. Aggregated and anonymised customer data are used for sector analyses on a generic basis, such as Rabobank's Koopstromenmonitor.

2. We also use data to comply with our contractual and legal obligations towards parties including the tax authorities and regulators. At the request of customers, we also send data to financial specialists such as accountants.
3. And we use data to simplify and further optimise our processes.

### **And what about the future?**

The progress of technological developments is irreversible and this makes analysing customer data an increasingly essential part of our operations. This enables us to continually improve and customise our service offering for our customers. Not using these data is consequently not an option for us, so the focus is on how and how fast we will go about using this data. This is determined by legal limitations on the one hand and on the other by taking into consideration the limitations set by ethics, political leaders and society.

We underscore the importance of having a public debate on this issue and are pleased to participate in this conversation. We envision opportunities, risks and dilemmas for which there are not yet clear answers. We are engaging in dialogue on this topic with our members and other stakeholders. We are convinced that transparency and an open dialogue are vital within this context.

### **Information**

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