

# White paper summary

Driving profitability in Financial  
Services using Business Rules  
Engines



## Business Rules Engines

Financial Service businesses run on rules. These rules are where the strategic and tactical objectives of a business meet and potentially conflict with the day to day need to make decisions on individual customers:

“What customers do I take on?” “How should I manage the relationship with my customers going forward?” “How do I ensure that business rules optimise customer satisfaction and financial return as well as achieving the objectives set by the business?”

Business rules can be coded into core IT systems, however, these rules and code can quickly become complex, and may not be capable of being easily understood or changed.

When you add to this the fact that business rules change more often than the applications which carry them, the business user can quickly become frustrated by the inability of core systems to allow them the speed to market of business rule changes necessary to keep ahead of the competition.

In fact, the business user -the Customer Management or Credit Risk executive - may actually be in the difficult position of simply not knowing how business rules operate within the areas of decision making under their control.

This can be a significant barrier to implementing the business rule

changes necessary to maintain or improve business performance.

The last 25 years have seen the gradual introduction of sophisticated Business Rules Engine (BRE) technologies into global Financial Services organisations.

Customer Management BREs have a long record of giving business value by delivering the capability to deploy complex business strategies, which leverage sophisticated decision analytics, into the business user's hands.

Organisations in aggressive growth phases or emerging markets will obtain significant competitive advantage from advances in BRE technology, as they can move straight into more sophisticated capabilities, capitalising on the development of more established markets and organisations.

### Want to read more?

This executive summary is taken from the Decision Analytics white paper [Driving profitability in Financial Services using Business Rules Engines](#).

Access a copy of this, and other Decision Analytics white papers, at: [www.experian-da.com](http://www.experian-da.com)

# Driving profitability in Financial Services using Business Rules Engines

At the same time as technologies have advanced, leading lenders have sought to deploy more sophisticated analytics and data streams (e.g. multiple product/account data aggregated at customer level) in their decision making policies and strategies.

They are increasingly taking a customer level view of performance across all the customer's relationships rather than an account or product level-only view. Lenders are increasingly seeking not only to reduce their dependency on internal IT resource for the management of decision strategies, but also to reduce or eliminate dependencies from third party software suppliers for day-to-day rule changes.

The business benefits achievable by the introduction of Business Rules Engines cover a wide range of business performance measures for both established lenders and start-up businesses:

- Delivering significant bottom-line benefits by influencing the key drivers of profit
- Offering flexible decisioning even when legacy host systems are inflexible
- Facilitating the implementation of consistent decisioning across markets for international businesses

Lenders generally decide to implement Business Rules Engines in order to address strategic challenges.

Strategic challenges originate from a need to address how the business needs to be structured, managed and co-ordinated in order for it to be fit for the challenges of today and the future.

While it can be broadly stated that Business Rules Engine developments come from a business's strategic requirements, it may also be the case that a specific failure or shortcoming in a business's ability to manage tactical change is a key driver in these developments.

Tactical challenges can arise from both the day-to-day nature of operational customer management, and from specific short- or long-term fixes required, as a result of pressures on portfolio performance.

© Experian 2008.

The word "EXPERIAN" and the graphical device are trade marks of Experian and/or its associated companies and may be registered in the EU, USA and other countries. The graphical device is a registered Community design in the EU.

All rights reserved.