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Data Rich, Insight Poor: Why Financial Institutions Still Struggle to Act on Their Customer Data



Financial institutions are not short on data.

Banks and credit unions know when consumers open accounts, move money, apply for loans, engage with digital channels, respond to campaigns, or shift their financial behavior. The signals are there.

The challenge is turning those signals into action.

That is where many institutions get stuck. They have the data, but not always the structure, speed, or coordination to use it well.

The Issue Is Not Data Collection

Most financial institutions already hold valuable first-party data. Transaction history, account behavior, direct deposits, loan activity, campaign response, and digital engagement all reveal something about what consumers may need next.

But more data does not automatically lead to better decisions.

Deloitte's 2024 banking data survey highlights that U.S. banking leaders are still focused on improving how data is managed, governed, and used across the organization. The issue is not whether data exists. It is whether the institution can organize it around clear goals and move from reporting to activation.

A dashboard may show what happened. It does not always tell a team what to do next.

Where the Execution Gap Begins

The gap often starts with silos.

Marketing may own campaign data. Product teams may own adoption metrics. Digital teams may track app behavior. Lending, deposits, and insurance programs may all operate from separate views of the same consumer.

When those views do not connect, insight gets watered down.

A balance change, new loan inquiry, or shift in deposit activity may signal a broader financial need. But if that signal is interpreted only inside one department, the institution may miss the larger opportunity.

As The Financial Brand noted in a recent piece on siloed data, disconnected systems can limit visibility, slow decisions, weaken personalization, and create friction across the customer journey.

What Other Industries Get Right

Consumers are used to companies that make data feel useful.

Retailers recommend products based on browsing and purchase history. Streaming platforms suggest what to watch next. Apps adjust experiences in real time based on behavior.

The difference is not only technology. It is coordination.

In those industries, data usually shapes the next action quickly. The consumer does not see the data work happening in the background. They simply experience something that feels relevant.

Financial institutions face a higher standard. Consumers expect responsibility, privacy, and transparency. But they also expect their bank or credit union to understand them. A 2024 Q2 consumer survey found that more than 65% of consumers are comfortable with financial institutions using their data to personalize banking experiences.

That is the opportunity: use data thoughtfully, not aggressively.

Moving From Data to Insight

Better insight starts with better questions.

Not just: Who clicked?

But: What does that engagement tell us about this consumer's financial priorities?

Not just: Who opened an account?

But: What might they need next?

Enriched data can help create a fuller picture. When first-party data is paired with additional data sources, institutions can better identify life-stage patterns, household dynamics, financial pressure points, and likely product relevance.

That matters because consumers respond to relevance.

According to J.D. Power's 2025 U.S. Retail Banking Satisfaction Study, consumers who are aware of financial health tools and supportive services report significantly higher satisfaction than those who are not. That suggests visibility, timing, and useful engagement can influence how consumers perceive their institution.

Why Activation Matters

Insight only matters if it leads somewhere.

Better data activation can support stronger audience selection, sharper messaging, smarter timing, and more connected consumer journeys. It can help institutions identify opportunities around lending, savings, protection, and financial wellness before the consumer has to search elsewhere.

Protection is a natural example.

A change in income, a new house or new baby, or a family transition may point to a need for added protection. When outreach is timed well, insurance becomes part of financial wellness rather than a disconnected product offer.

The Takeaway

Being data rich is not enough.

Financial institutions already know a great deal about their consumers. The opportunity is turning that knowledge into timely, relevant, trustworthy engagement.

The institutions that win will not simply be the ones with the most data. They will be the ones that can act on it in ways consumers recognize as valuable.

At Franklin Madison, we help financial institutions move from data ownership to data activation. By enriching consumer data, identifying meaningful opportunities, and turning insight into targeted marketing strategies, we help institutions strengthen engagement, support financial wellness, and deliver more relevant protection solutions.



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