Structure of the presentation

Customer Data

Customer Data Management (CDM)

Definition → Relevance → Nature of Data → Collecting Data

Customer Relationship Management (CRM)

Customer Relationship → CRM Types

Know Your Customer (KYC)

Trustful Onboarding → Transaction Integrity

Client Identifying Data (CID)

Data Classification → Data Protection → Best Practices
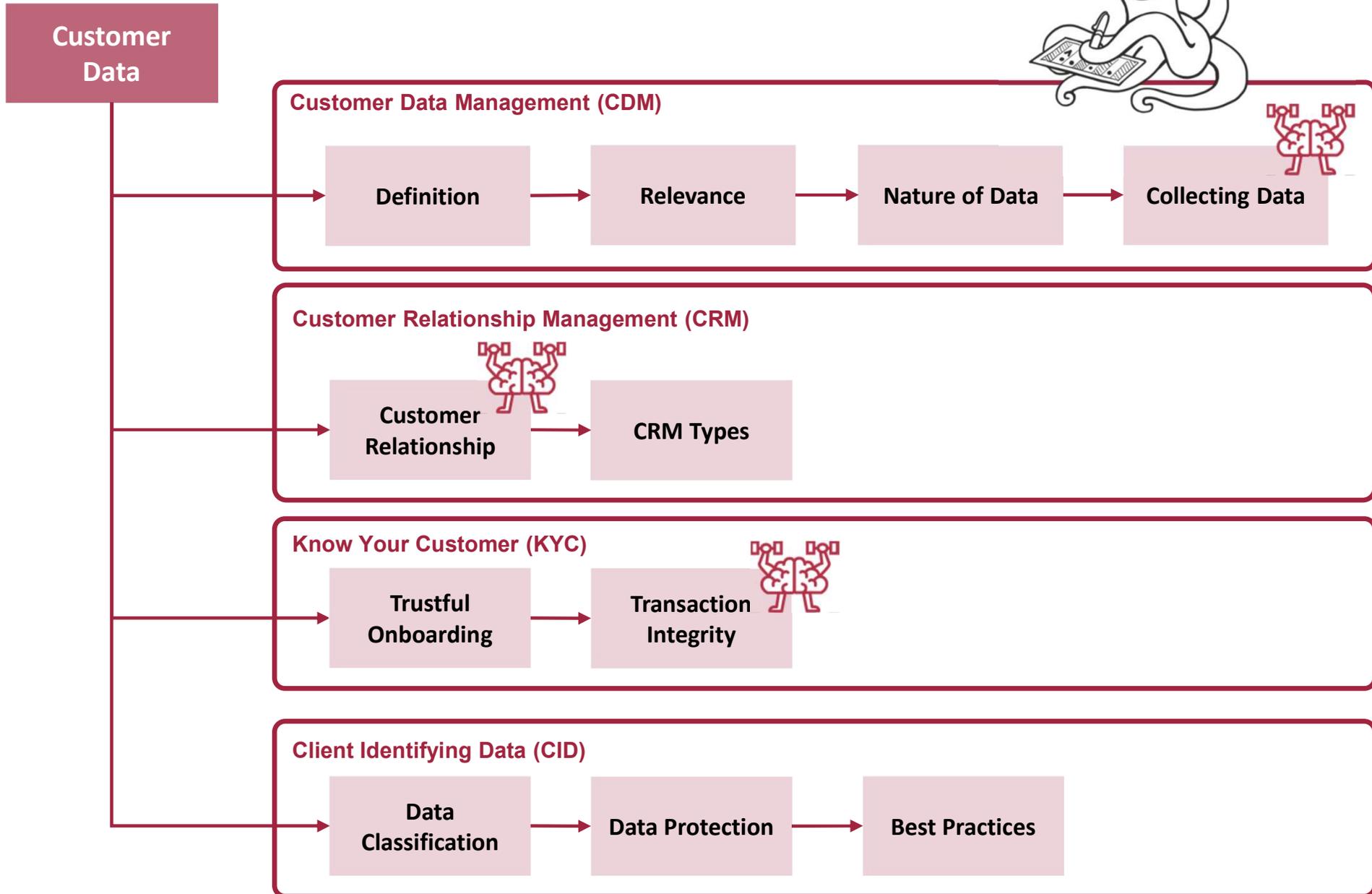
CDM is the process of collecting, using, storing, and analyzing customer data
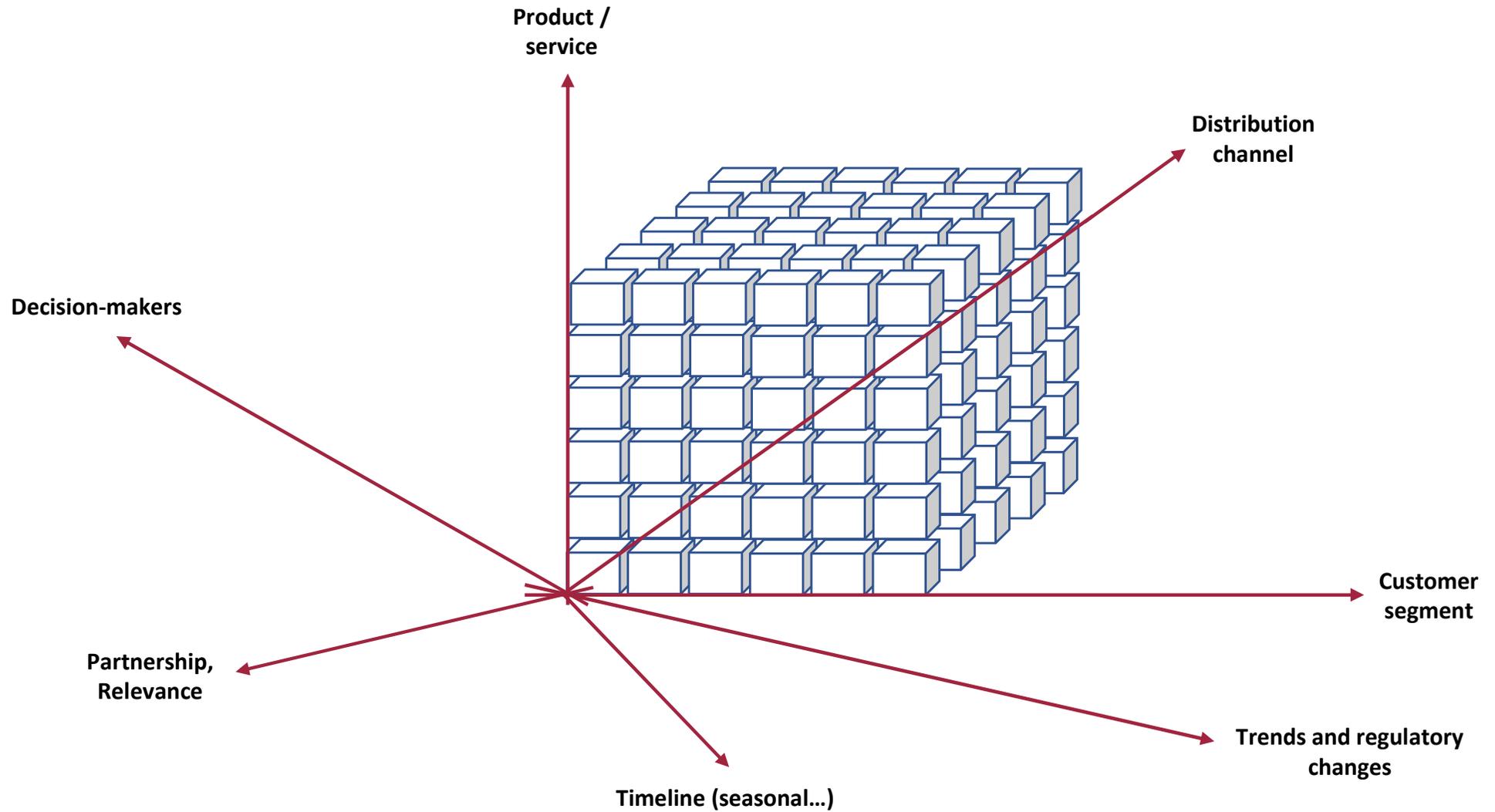
Personal data (who?)

This includes identity-related information like your name, gender, Social Security number, and device-related information like IP address, web browser cookies, and device IDs. Personal data is usually collected to classify users into different demographics based on relevant parameters. This helps advertisers analyze what sections of the audience interact with their ads and what they can do to cater to their target audience.

Usage data (how?)

Your interactions with a business's website, text messages, emails, paid ads, and other online activities are recorded to build an accurate consumer profile. This consumer profile is used to determine and predict what kind of content (including ads) you are more likely to interact with and for how long.

Behavioral data (when?)

Purchase histories, repeated actions, time spent, movement and navigation on the platform, and other types of qualitative data are covered under behavioral data. This helps platforms determine your "favorite" purchases or interactions so they can suggest other similar content/products.

Attitudinal data (how much?)

Companies measure brand and customer experiences using data on consumer satisfaction, product desirability, and purchase decisions. Marketing agencies use this data for direct consumer research and creative analysis.

Examples of Customer Data

Data Type	Private Persons (Individual)	Juridic Persons (Business)
Personal	• Name, address, phone number, email address • Date of birth, gender, nationality • Payment information (e.g., credit card details)	• Company name, address, phone number • Tax ID, registration number • Contact person details (e.g., name, email)
Usage	• Frequency of product/service usage • Features or services used • Time spent on platforms/apps	• Number of licenses or subscriptions purchased • Frequency of service usage • Volume of transactions
Behavioural	• Purchase history (e.g., products bought, frequency) • Website/app interactions (e.g., clicks, page views) • Cart abandonment rate	• Purchase patterns (e.g., bulk orders, seasonal trends) • Interaction with sales teams • Response to marketing campaigns
Attitudinal	• Customer satisfaction scores (e.g., NPS, CSAT) • Feedback and reviews • Preferences and interests (e.g., favorite brands)	• Customer satisfaction with services/products • Feedback on contracts or partnerships • Strategic goals and priorities

Different possible sources

Loyalty Cards
Identify individual customers' preferences, learn more about the types of promotions customers respond to the most, and even determine their favorite shopping days

Phone or email conversations
Opportunity to ask questions that can help to learn more about the customers

Forms
This could include surveys, contact forms, or registration forms

Website
Analytics and tracking tools to gain insights into how customers are using the website and what they're interested in

Cookies
Track visitors, describe single visits and multiple page views, personalize landing webpages, and enable customers to stay logged in. With cookies, users don't have to reset their passwords every day, making tracking them easier

Social media
Provide information when they post or comment on your company's social media accounts

In-Store Wi-Fi Activity
Collect data from the customer's e-mail address or their social media accounts, track activities whenever a buyer visits a brand's localized shop and evaluate customers' most common purchasing practices and adjust their product/service offering based on the findings.

Facial-Recognition Cameras
Sophisticated data collection technique to target offers based on buying habits

Method	☹	😐	☺
Per letter			
Per Mail			
Per Notification on Smart Phone			
Per Twitter			
Per Facebook			
Per Phone Call			
Chatbot			
In another way (which one?)			

Further Ways of Collecting Customer Data

Aspect	First-Party Data	Second-Party Data	Third-Party Data
Source	Collected directly from customers	Shared directly by a trusted partner (their first-party data)	Purchased or acquired from external data aggregators
Ownership	the data are owned	Partner owns the data but shares it with you	Owned by the data provider
Quality	High (directly from your audience)	High (from a trusted source)	Variable (may be less accurate or outdated)
Relevance	Highly relevant to your business	Relevant if the partner's audience aligns with your target market	Less relevant unless carefully segmented
Cost	Free (collected through your own efforts)	May involve costs or partnerships	Expensive to acquire
Privacy Compliance	Easier to ensure compliance (if collected transparently)	Depends on the partner's compliance practices	Higher risk of non-compliance with privacy laws
Use Cases	Personalization, customer insights, retention strategies	Co-marketing, expanding reach, targeted campaigns	Market research, broad audience targeting, trend analysis

Customer interaction map

Awareness
- Marketing campaigns (social media, ads, content marketing, etc.)
- Brand storytelling and positioning
- Public relations and events

Pre-sales
- Product information (e.g., FAQs, demos, comparisons).
- Answering customer inquiries (via chatbots, emails, or sales reps).
- Offering free trials, samples, or consultations

Sales
- smooth purchasing process (e.g., easy checkout, payment options).
- Personalizing the experience (e.g., recommendations, discounts).
- Ensuring clear communication about pricing, terms, and delivery

After-Sales
- customer support (e.g., troubleshooting, returns, or exchanges).
- Follow-up communication (e.g., thank-you emails, satisfaction surveys).
- Offering onboarding or training for product usage

Loyalty (Retention & Engagement)
- Loyalty programs (e.g., rewards, discounts for repeat purchases).
- Personalized communication (e.g., birthday offers, tailored recommendations).
- Engaging customers through community-building

Digital Interaction	Awareness	Pre-Sales	Sales	After-Sales	Loyalty
Social Media Posts & Ads	✓				✓
Content Marketing	✓	✓			✓
Search Engine	✓	✓			
Influencer	✓	✓			
Chatbot		✓	✓	✓	
Webinar		✓			
Testimonials		✓	✓		✓
Calculators		✓			
E-commerce			✓		
Mobile App			✓	✓	✓
Digital payment			✓		

Digital Interaction	Awareness	Pre-Sales	Sales	After-Sales	Loyalty
Subscription			✓	✓	✓
Email			✓	✓	✓
SMS notification			✓	✓	✓
Self-service Portal				✓	
Screen sharing				✓	
Survey				✓	✓
Automated follow-up				✓	✓
Rewards					✓
Personalized Offer				✓	✓
Community forum	✓			✓	✓
Social engagement	✓			✓	✓

Unstructured Customer Data

Enrich data with text, images, videos, social media posts, emails, chat logs, audio recordings, and more

Unstructured Data Type	Awareness	Pre-Sales	Sales	After-Sales	Loyalty
Social Media Posts & Ads	Analyse brand sentiment, trends, and customer interests	Identify customer questions, concerns, and preferences	Monitor real-time feedback during promotions or sales	Resolve complaints and gather feedback on customer experiences	Track brand advocacy and loyalty through mentions and shares
Customer Reviews	Identify common themes in reviews to improve brand perception	Understand customer pain points and expectations	Analyse reviews of competitors to refine sales strategies	Address negative reviews and improve product/service quality	Highlight positive reviews to reward loyal customers
Emails	Monitor outreach campaigns and responses	Analyse customer inquiries and preferences	Track purchase confirmations and transactional emails	Handle post-purchase support and feedback	Send personalized thank-you emails, or loyalty offers
Chat Logs (Live Chat/Chatbots)	Identify common questions and concerns during awareness campaigns	Provide real-time assistance and gather insights into customer needs	Assist with purchase decisions and payment issues	Resolve post-purchase issues and collect feedback	Engage loyal customers with personalized offers or support
Audio Recordings (Calls)	Analyze call center data to understand customer awareness campaigns' impact	Identify customer needs and objections during pre-sales calls	Track sales calls to improve conversion rates	Resolve post-purchase issues and gather feedback	Reward loyal customers through personalized callbacks or offers
Video Content	Analyze customer reactions to promotional videos or ads	Use video testimonials or demos to influence purchase decisions	Provide video tutorials or product walkthroughs during sales	Offer video-based troubleshooting or support	Share exclusive video content for loyal customers
Images (e.g., Social Media)	Monitor user-generated content related to the brand	Analyze images shared by customers to understand preferences	Use UGC to showcase products in action during sales	Address issues raised through images (e.g., damaged products)	Encourage loyal customers to share images and tag the brand
Forums and Community Posts	Monitor discussions about the brand or industry trends	Identify common questions or concerns in niche communities	Address sales-related queries in forums	Provide support and gather feedback from community discussions	Engage with loyal customers in brand-specific communities

Data Scraping

Process of automatically collecting data from websites, databases, or other digital sources, using software tools or scripts to extract structured or unstructured data from web pages, APIs, or other online platforms to store then the extracted data in a structured format (e.g., spreadsheets, databases) for analysis or further use

Web Scraping
Extracting content from websites (e.g., product prices, reviews)

Social Media Scraping
Collecting public posts, comments, trends

Email Scraping
Extracting email addresses (⚠️ often restricted for privacy reasons)

Image Scraping
Downloading and categorizing images from websites

APIs vs. Scraping
Many sites provide APIs for structured data access, reducing the need for scraping

Use Case	Recommended Tool
Scraping product prices	Scrapy, BeautifulSoup
Extracting social media data	API (Twitter, Facebook, LinkedIn)
Gathering competitor blog content	Octoparse, ParseHub
Automating website interactions	Selenium
Quick one-time data collection	Web Scraper (Chrome), DataMiner

5 Indicators for Customer Data Management

Data Accuracy	Data Completeness	Data Security	Customer Lifetime Value	Net Promoter Score
Ensures reliable communication and decision-making	*Enables personalized experiences and effective marketing*	*Protects customer trust and avoids legal/financial risks*	*Helps prioritize high-value customers and optimize resource allocation*	*Measures customer loyalty and identifies areas for improvement*
• Incorrect customer information leads to failed communications (e.g., undelivered emails) • Poor decision-making due to unreliable data • Damaged customer trust	• Inability to personalize customer experiences due to missing information • Reduced effectiveness of marketing campaigns • Inefficient customer support	• Data breaches result in loss of customer trust and legal penalties • Unauthorized access to sensitive information • Financial losses due to fraud	• Inability to identify high-value customers for retention strategies • Wasted resources on low-value customers • Missed revenue opportunities	• Poor customer experiences go unnoticed, leading to churn • Lack of actionable insights to improve customer satisfaction • Negative word-of-mouth impacts brand reputation
EXAMPLE **E-commerce**: Sending orders to wrong addresses due to inaccurate shipping details **Banking**: Incorrect account details causing transaction errors	**Retail**: Missing customer preferences lead to generic marketing, reducing engagement **Telecom**: Incomplete customer profiles hinder targeted upsell opportunities	**Healthcare**: Patient data breaches violating HIPAA regulations **Finance**: Credit card information leaks leading to fraud and regulatory fines	**Subscription Services**: Failing to retain high-value subscribers due to lack of insights **Hospitality**: Not offering loyalty rewards to frequent guests, leading to churn	**Automotive**: Low NPS due to poor after-sales service, leading to lost customers **Tech**: Negative reviews from unhappy customers reducing new customer acquisition

Churn = "Change and turn"

$$\frac{\underset{\text{customers who left}}{120}}{\underset{\substack{\text{customers at the} \\ \text{beginning of the} \\ \text{period (month)}}}{40\,000} + \underset{\substack{\text{new customers} \\ \text{aquired during that} \\ \text{period (month)}}}{1\,250}} \times 100 = 0{,}29\,\%$$

to get %

CAC

$$\text{Customer Acquisition Cost (CAC)} = \frac{\Sigma \text{ Sales and Marketing Expenses}}{\text{Number of New Customers Acquired}}$$

Relevance of CDM

Win-win situation

- Improved customer experiences

- Better understanding of their customers' needs and preference

- Stronger customer relationships

- Increased customer retention

- Boosting sales

- Identification of new market opportunities

- Optimized marketing campaigns

- Improved customer services

- Personalized Experiences

- Faster and More Efficient Service

- Relevant and more targeted Communication

- Improved Product and Service Offerings

- Data Privacy and Control

- Consistent Experiences Across Channels

List the relevant customer data for the following businesses

1. A Web Shop
2. An international Pharma company
3. A University

4. A Travel Agency
5. Financial Services
6. A Manufacturing SME

EXERCICE

University

Travel Agency

Pharma

Finance

Web Shop

Manufacturing
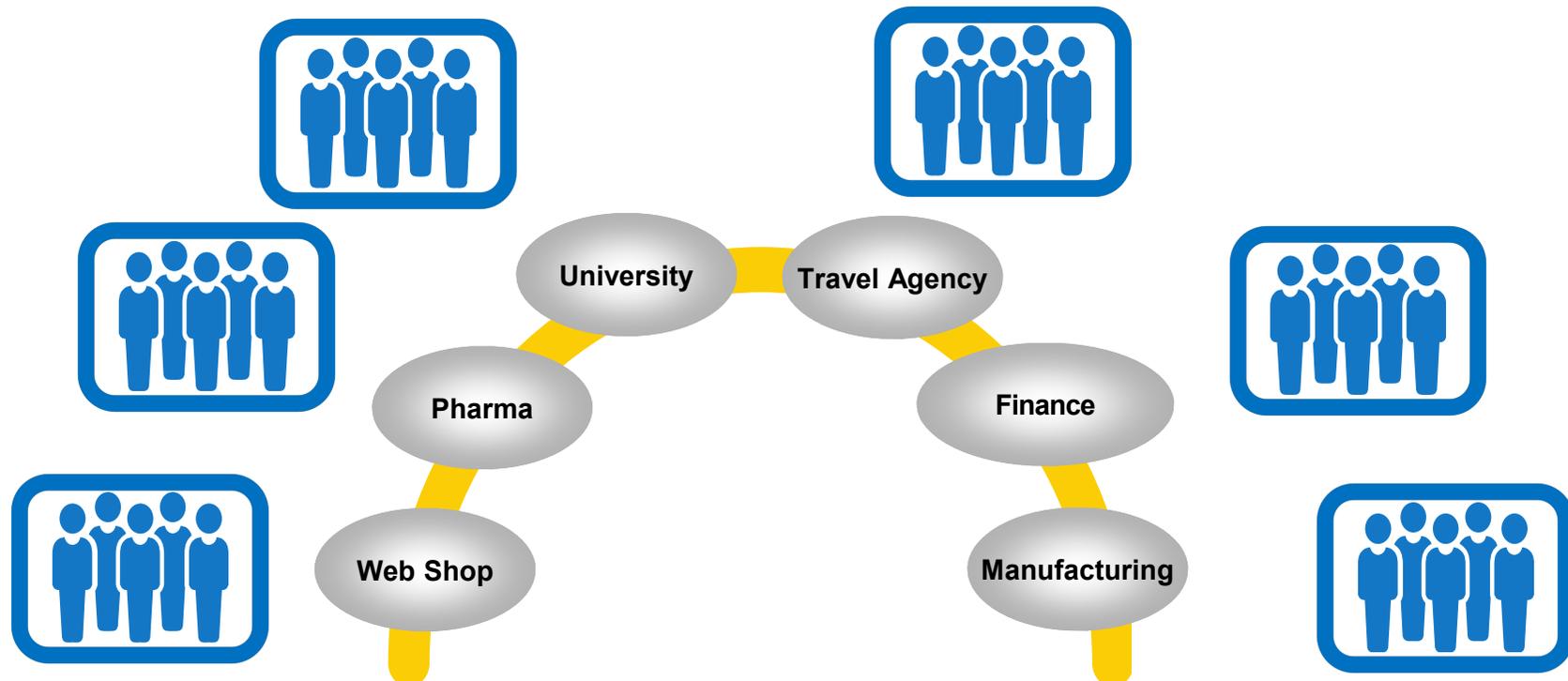
Customer relationship refers to the connections and interactions between a business and its customers

It involves how a company builds, maintains, and improves its relationship with customers over time, focusing on customer satisfaction, trust, loyalty, and meeting their needs. It often includes personalized communication, addressing customer concerns, and creating a positive experience.

Quality of the Relationship

1. Understand the customer's need

- Gather insights about customers' needs, preferences, and pain points through data analysis, surveys, and feedback
- Tailor your interactions and offerings to meet individual customer needs, making them feel valued and understood
- Proactively address potential issues or opportunities before they arise, showing customers that you care about their success

2. Communicate effectively

- Pay attention to customer feedback, concerns, and suggestions, and respond thoughtfully
- Be honest and clear in your communication, especially when addressing problems or delays
- Maintain regular and meaningful communication across all touchpoints (email, social media, phone, etc.) to build trust and reliability

3. Deliver value

- Go above and beyond to deliver exceptional products, services, and experiences
- Address issues quickly and effectively, turning negative experiences into positive one
- Regularly refine your offerings and processes based on customer feedback to ensure you're always meeting or exceeding their expectations

Build Trust!!!

Trust = **benevolence** (belief that one party acts in the interests of the other) + **honesty** (belief that the other party's word is reliable or credible) + **competence** (belief that the other party has the necessary expertise to perform as required)
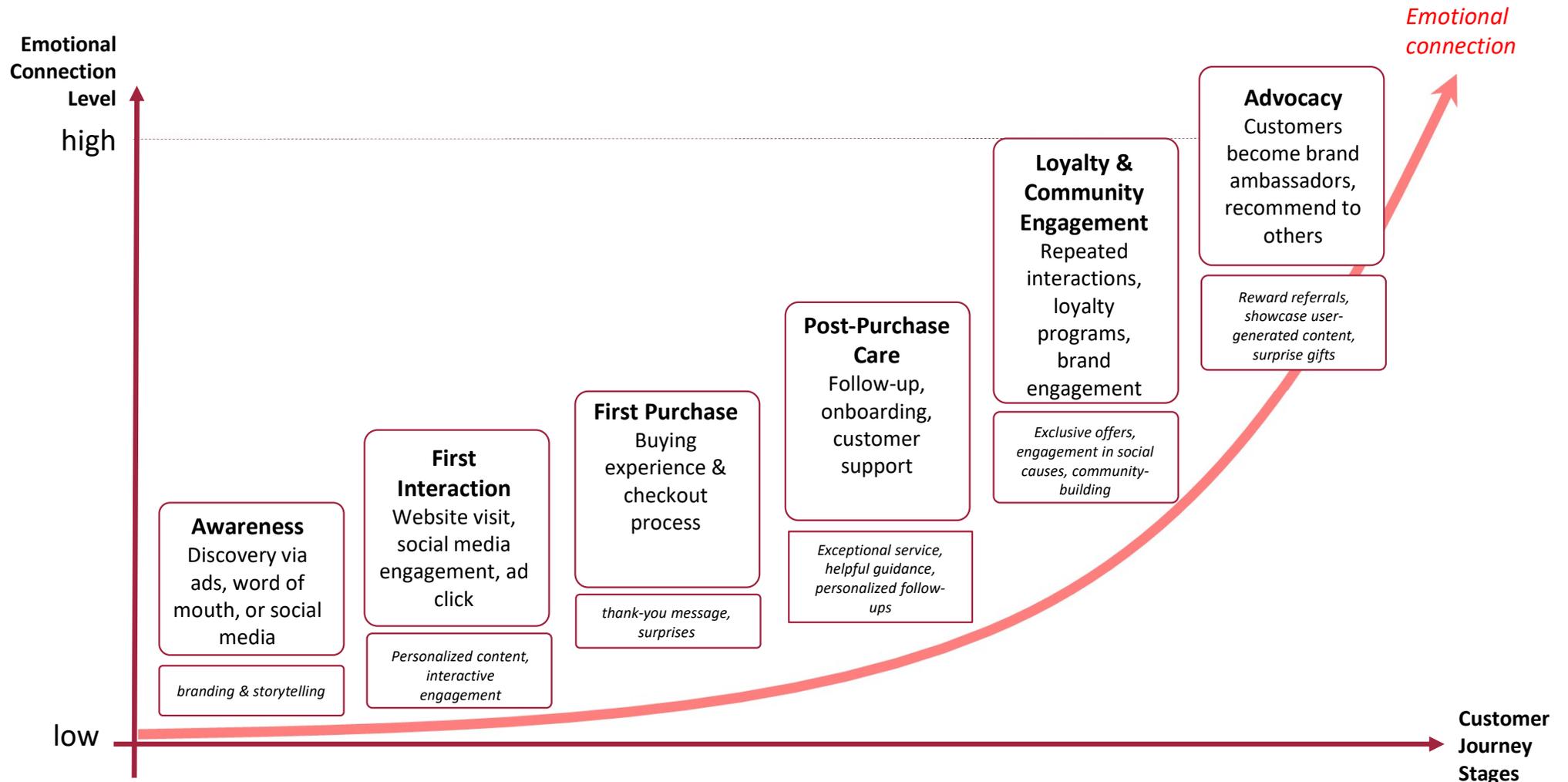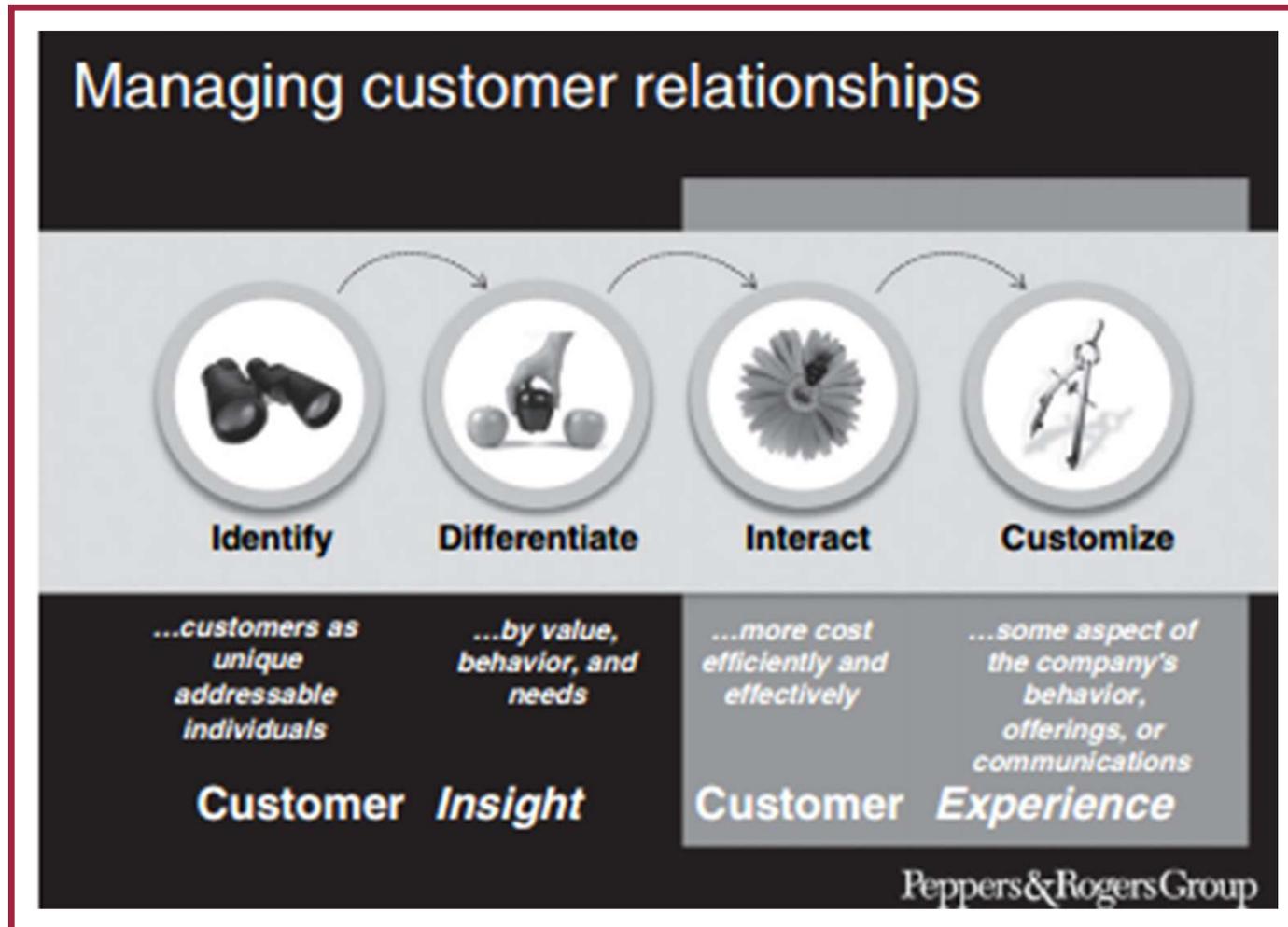
What is your experience?

Build Emotional Connections

Emotional Connection Level

Emotional connection

high

Advocacy
Customers become brand ambassadors, recommend to others

Reward referrals, showcase user-generated content, surprise gifts

Loyalty & Community Engagement
Repeated interactions, loyalty programs, brand engagement

Exclusive offers, engagement in social causes, community-building

Post-Purchase Care
Follow-up, onboarding, customer support

Exceptional service, helpful guidance, personalized follow-ups

First Purchase
Buying experience & checkout process

thank-you message, surprises

First Interaction
Website visit, social media engagement, ad click

Personalized content, interactive engagement

Awareness
Discovery via ads, word of mouth, or social media

branding & storytelling

low

Customer Journey Stages

Identify, Differentiate, Interact, and Customize

Managing customer relationships

Identify	Differentiate	Interact	Customize
...customers as unique addressable individuals	...by value, behavior, and needs	...more cost efficiently and effectively	...some aspect of the company's behavior, offerings, or communications

Customer *Insight* **Customer** *Experience*

Peppers&RogersGroup

Can Digital Support Emotional Connections?

Transactional

efficiency, convenience, and value exchange

- Personalization
- Real-Time Engagement
- Proactive Communication
- AI-Powered Chatbots
- Consistency Across Channels

Relational

trust, loyalty, and long-term engagement

- Gamification and Rewards
- Augmented Reality
- Predefined Lists or Favourites
- Feedback and Co-Creation
- Sentiment Analysis

Emotional

Deep connections by making customers feel valued and understood

- Community Building
- Feedback and Co-Creation
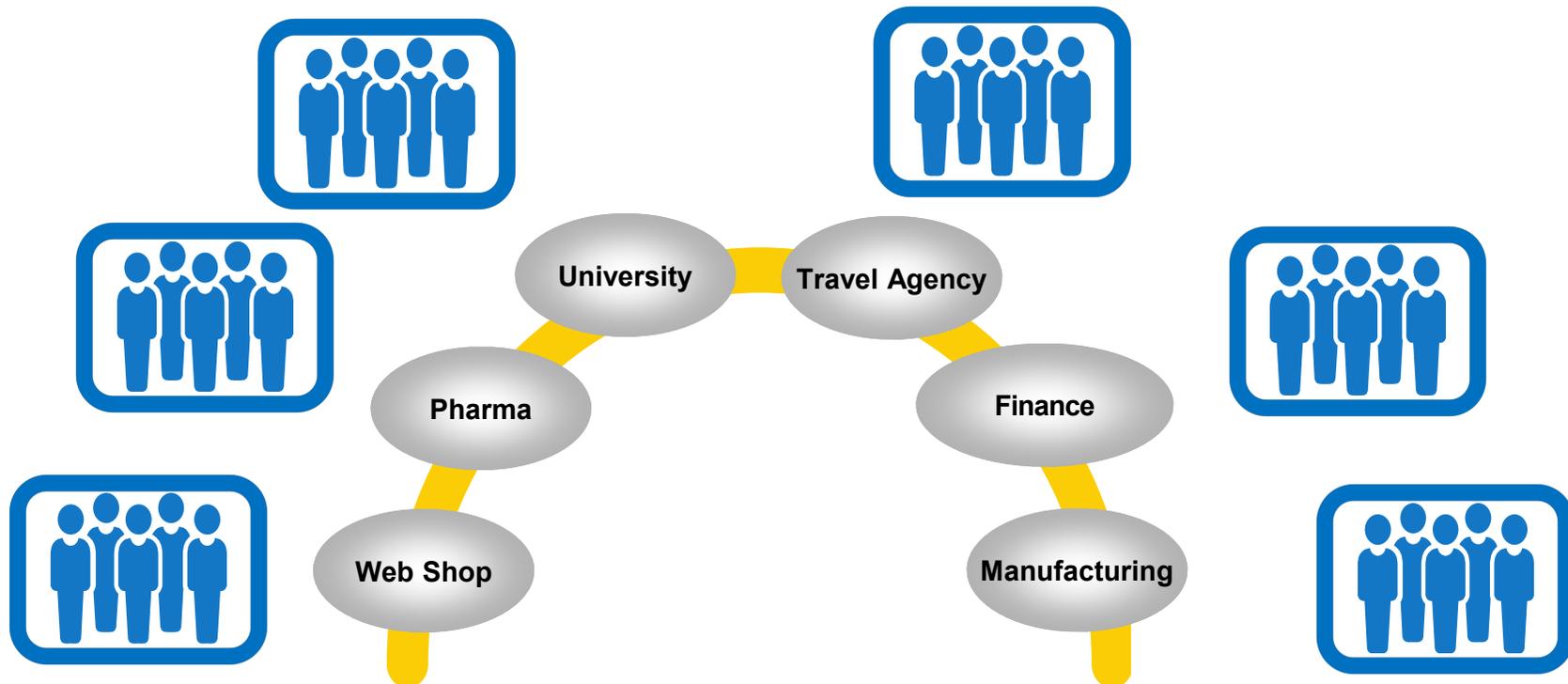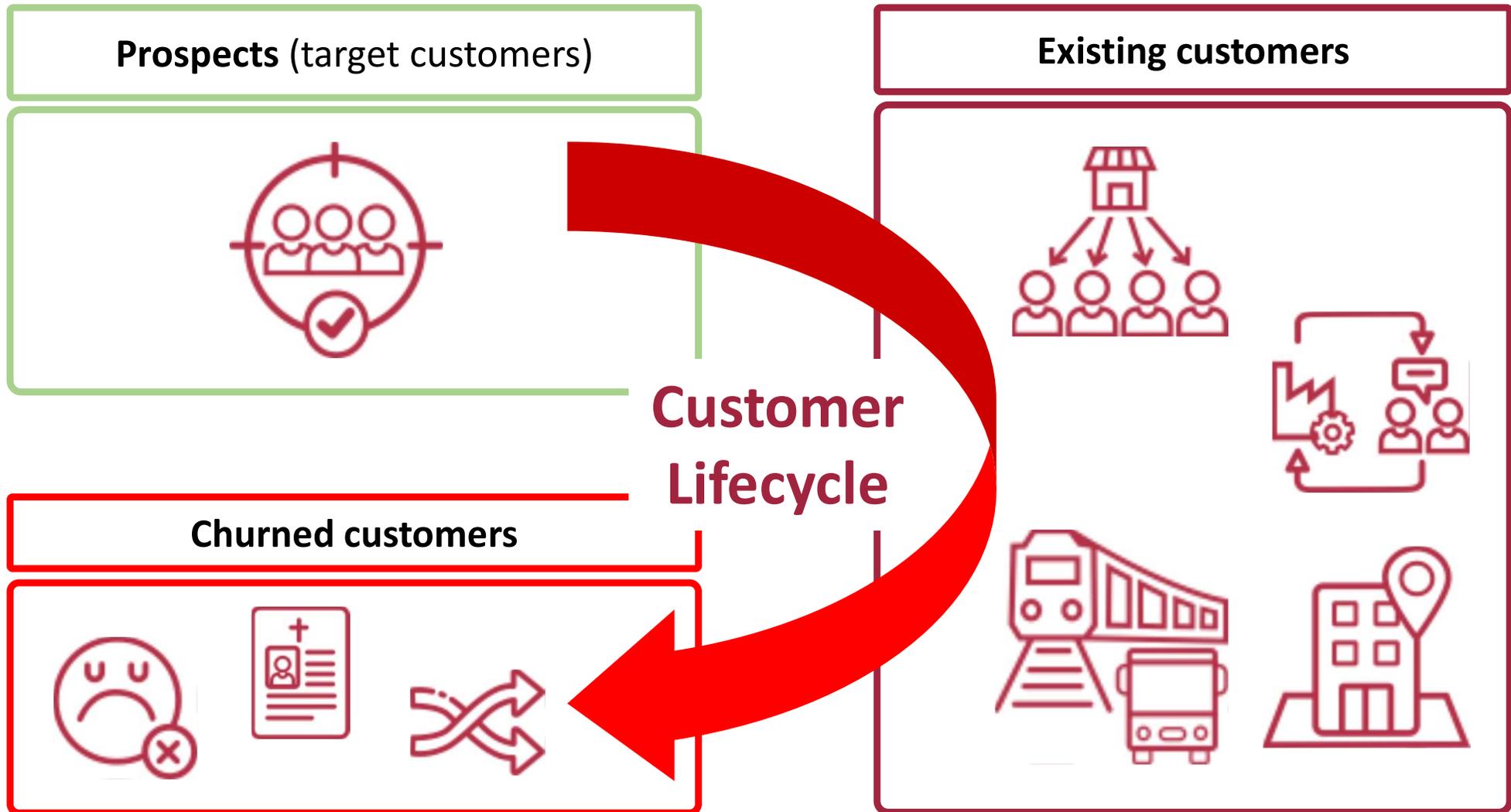- Exclusive Memberships
- Social Listening & Engagement

Find out digital ideas to increase emotional connections with customers

1. A Web Shop
2. An international Pharma company
3. A University

4. A Travel Agency
5. Financial Services
6. A Manufacturing SME

EXERCICE

University   Travel Agency

Pharma   Finance

Web Shop   Manufacturing

Prospects (target customers)

Existing customers

Customer Lifecycle

Churned customers

Which Processes to Manage the Relationship?

Customer Category	High-Level Processes	Objectives
Prospects	Lead nurturing	Build trust and move prospects through the sales funnel
	Conversion	Turn prospects into paying customers
Existing Customers	Onboarding	Ensure customers understand and use the product effectively
	Engagement	Maintain regular communication and foster loyalty
	Upselling/Cross-selling	Increase customer lifetime value (CLV)
	Support & Issue Resolution	Resolve problems quickly to maintain satisfaction
	Feedback Collection	Gather insights to improve products/services
Churned Customers	Exit Surveys & Feedback	Understand reasons for churn and identify areas for improvement
	Win-back Campaigns	Re-engage lost customers and encourage them to return
	Churn Analysis	Identify trends and prevent future churn

What can be automated to manage relationships?

- Automatically capture leads from forms, emails, or social media
- Automatically score leads based on behavior, demographics, or engagement
- Send automated drip email campaigns based on lead behavior or stage in the funnel
- Assign follow-up tasks to sales reps based on lead priority
- Track lead interactions (emails, calls, website visits) in one place
- Send automated welcome emails and onboarding sequences
- Automatically create support tickets from customer emails or chats
- Trigger personalized offers based on customer behavior or purchase history
- Automatically send surveys after support interactions or purchases
- Send automated reminders for subscription renewals or contract expirations
- Automatically send surveys to customers who cancel or churn
- Send personalized re-engagement emails with special offers
- Automatically analyze churn patterns and generate reports
- Track responses to win-back campaigns and update customer status

Put a SW solution in place called CRM System

What means CRM?

Customer Relationship Management
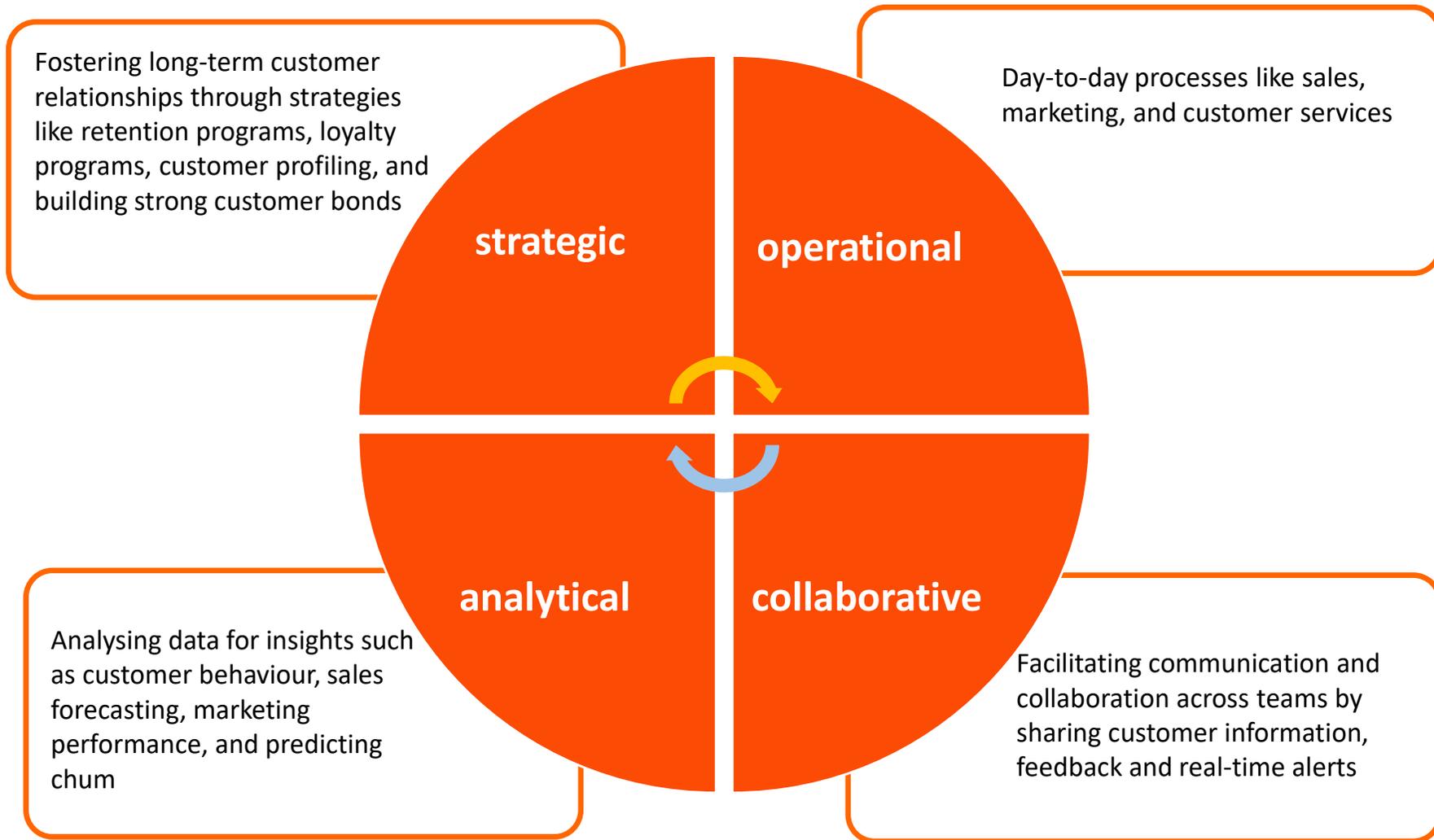
Definition

Solution used to manage customer interactions

Benefits

- Improves customer service and satisfaction

- Enhances marketing and sales efforts

- Increases efficiency and productivity

Challenges

- Data integration and security

- Cost of implementation and maintenance

- User adoption and training

Four Different Types of CRM

Fostering long-term customer relationships through strategies like retention programs, loyalty programs, customer profiling, and building strong customer bonds

Day-to-day processes like sales, marketing, and customer services

strategic

operational

analytical

collaborative

Analysing data for insights such as customer behaviour, sales forecasting, marketing performance, and predicting chum

Facilitating communication and collaboration across teams by sharing customer information, feedback and real-time alerts

Automation of customer-facing processes such as selling, marketing and customer services

Marketing

- Lead Management
- Campaign Management
- Content Management

Sales

- Lead Management
- Key Account Management
- Opportunity Management
- Cross-selling, Up-selling

Customer Support

- Feedback collection
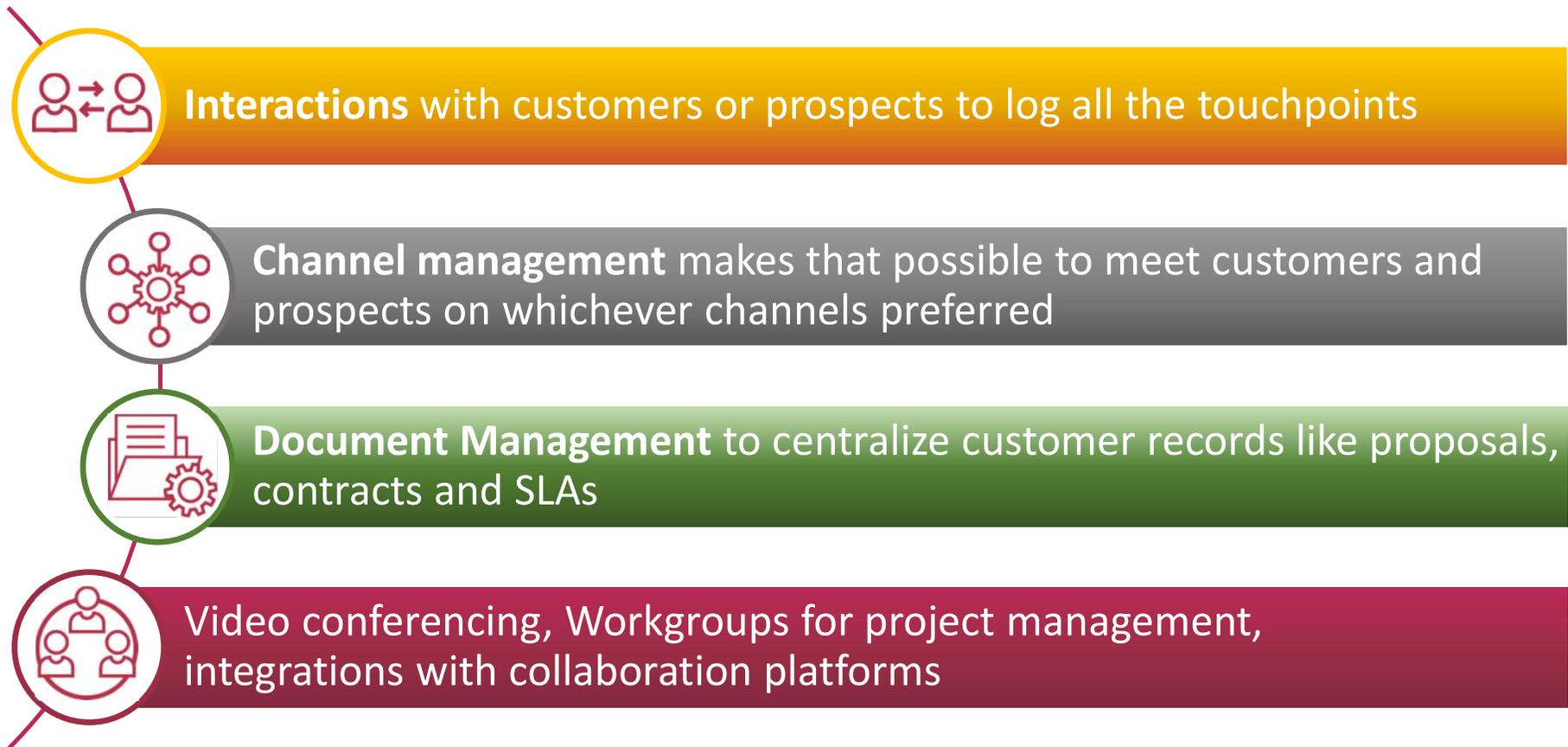- Complaint Management
- Issue Management

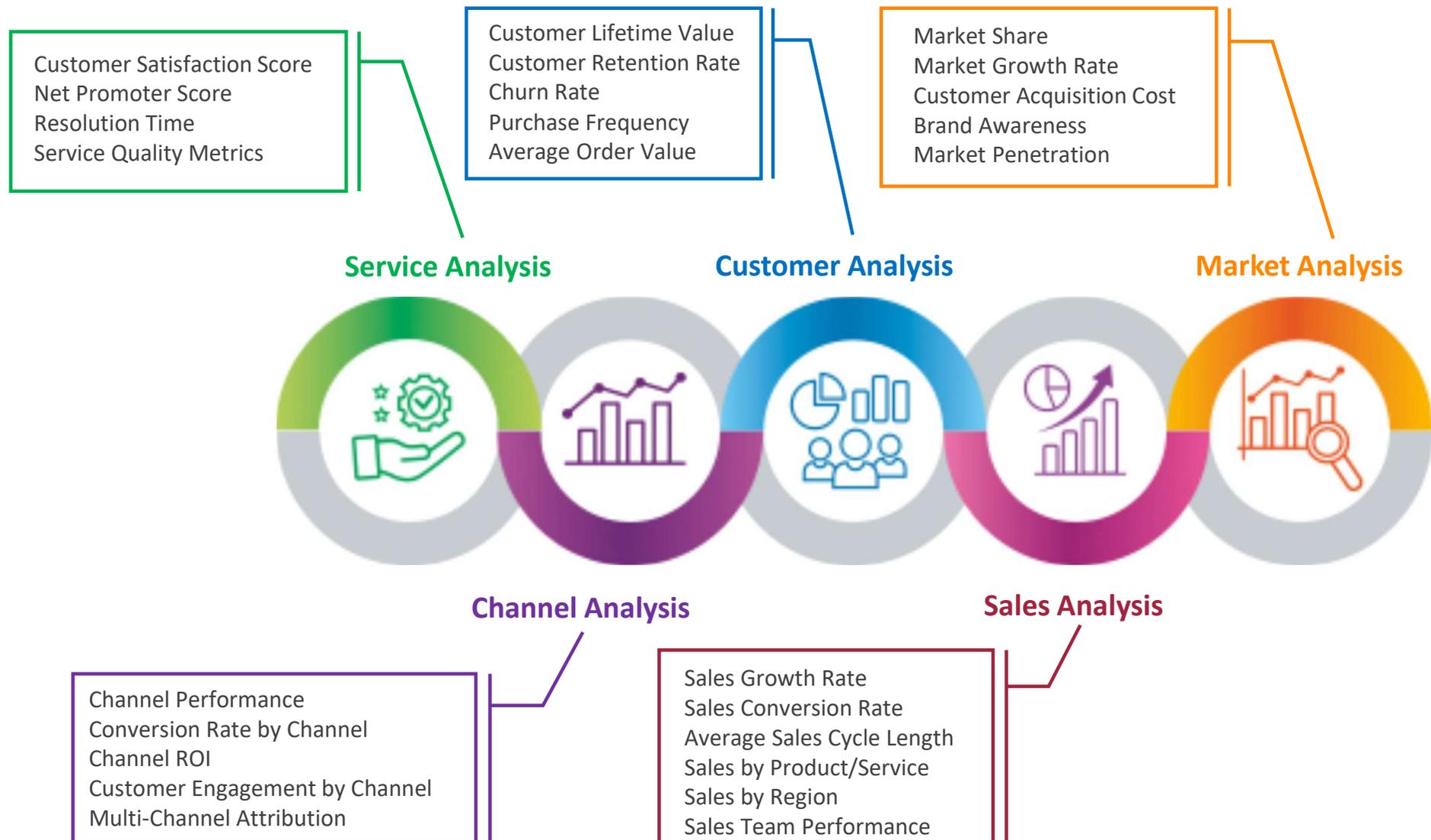| Use Case	Functionality	Customizing/Programming
Lead Management	Capture and scoring	Custom scoring rules
Sales pipeline	Deal tracking and revenue forecasting	Dashboards
Email Marketing automation	Send Email automatically	Dynamic templates, drip campaign triggers, email tool integration
Customer support automation	Ticket creation and self-service portal	Escalation workflows, chatbot development
Cross-sell Opportunities	Personalized offers and automated alerts	Opportunity identification algorithms
Customer Health Scoring	Churn prediction and proactive outreach	Analytics integration and health scoring model
Customer Onboarding	Progress tracking, task management and welcome emails	Onboarding workflow
Loyalty Program Management	Points tracking and reward redemption	Point system development
Social Media Integration	Social listening and engagement tools	Social media workflows and tool integration
Complaint Management	Tracking and resolution Feedback collection	Escalation workflow and feedback survey
Campaign Management	Planning, Execution, Tracking and ROI analysis	Campaign workflow and analytics dashboard

Collaborative CRM

Making communication and collaboration more efficient across organizational boundaries

Interactions with customers or prospects to log all the touchpoints

Channel management makes that possible to meet customers and prospects on whichever channels preferred

Document Management to centralize customer records like proposals, contracts and SLAs

Video conferencing, Workgroups for project management, integrations with collaboration platforms

Intelligent mining of customer-related data for strategic or tactical purposes

Service Analysis

Customer Satisfaction Score
Net Promoter Score
Resolution Time
Service Quality Metrics

Customer Analysis

Customer Lifetime Value
Customer Retention Rate
Churn Rate
Purchase Frequency
Average Order Value

Market Analysis

Market Share
Market Growth Rate
Customer Acquisition Cost
Brand Awareness
Market Penetration

Channel Analysis

Channel Performance
Conversion Rate by Channel
Channel ROI
Customer Engagement by Channel
Multi-Channel Attribution

Sales Analysis

Sales Growth Rate
Sales Conversion Rate
Average Sales Cycle Length
Sales by Product/Service
Sales by Region
Sales Team Performance

Development of a customer-centric organisation

Pyramid levels (top to bottom):

Customer-Centric Strategy
- Customer Loyalty
- Revenue Growth
- Competitive Advantages
- Personalization
- Relationship Building

Data & Analytics
- Customer Segmentation
- Customer Analysis
- Predictive Insights

Technology & Integration
- Omnichannel
- System Integration

Cross-Functional Collaboration
- Marketing
- Sales
- IT

Organizational Culture & Leadership
- Customer-focused culture

Interdependencies of CRM Components

Strategic CRM

- Market development
- Products
- Segmentation, target groups
- Pricing policy

Analytical CRM

- Pattern recognition
- Behaviour analysis
- Retention, Acquisition
- Market trends

- Predictive analytics
- Opportunity Management
- Campaign Management
- Selling trends

- Channel Management
- Relationships
- Interaction tracking

- Sales
- Marketing Campaign Performance

- History
- 365 grad view
- Document sharing
- Calendar
- Contact Management

- Feedbacks
- Complaints

Marketing

Sales

Support

Touch points

Collaborative CRM

Operational CRM

Many CRM solutions are available

Gartner

Magic Quadrant for the CRM Customer Engagement Center 2023

Small Business CRM

CRM	Price	Use Case	Free plan
HubSpot CRM	$20/month	All-in-one marketing, sales, service	Yes
Zoho CRM	$14/user/month	Customization and scalability	Yes
Salesforce Essentials	$25/user/month	Robust sales and support tools	No
Pipedrive	$14.90/user/month	Sales-focused teams	No
Freshsales	$15/user/month	AI-driven insights	Yes
Nimble	$29/user/month	Social media integration	No

User Acceptance

Clear Objectives and Strategy

Data Quality and Integration
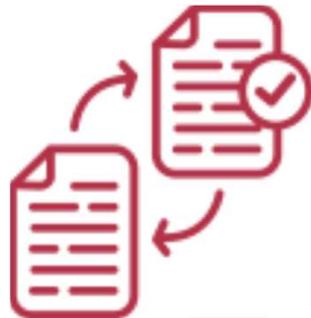
Good Partners

What is Anti-Money Laundering (AML)?

finma

– ⤢ Art. 3 Verification of the identity of the customer

[1] When establishing a business relationship, the financial intermediary must verify the identity of the customer on the basis of a document of evidentiary value. Where the customer is a legal entity, the financial intermediary must acknowledge the provisions regulating the power to bind the legal entity, and verify the identity of the persons who enter into the business relationship on behalf of the legal entity.[32]

[2] In the case of cash transactions with a customer whose identity has not yet been identified, the duty to verify identity applies only if one transaction, or two or more transactions that appear to be connected, involve a considerable financial value.

– ⤢ Art. 8a

[1] Dealers under Article 2 paragraph 1 letter b must fulfil the following duties if they accept more than 100,000 francs in cash in the course of a commercial transaction:

- a. verification of the identity of the customer (Art. 3 para. 1);
- b. establishing the identity of the beneficial owner (Art. 4 para. 1 and 2 let. a and b);
- c. duty to keep records (Art. 7).

[2] They must clarify the economic background and purpose of a transaction if:

- a. it appears unusual, unless its legality is clear;
- b.[46] there are indications that assets are the proceeds of a felony or an aggravated tax misdemeanour under Article 305[bis] number 1[bis] SCC[47] or are subject to the power of disposal of a criminal or terrorist organisation (Art. 260[ter] SCC) or serve the financing of terrorism (Art. 260[quinquies] para. 1 SCC).

Area	Description
Know your Customer (KYC)	Systematic recording of business relations that have a higher risk of reputation. Banks can assign their business relations (business partners) to specific risk categories defined. Countries, business activities and client segments are taken into account to assign risk categories, allowing banks to examine their business partners using a standard scoring model.
Know your Transactions (KYT)	Automatic monitoring of transactions. Banks can constantly monitor in and out flows of cash and other AML-relevant asset values from various types of transactions. The monitoring is based on a set of rules.
Know your Processes	Banks must manage potential AML issues, possibly supported by automated workflows. An event that violates an AML rule will then generate an AML issue.
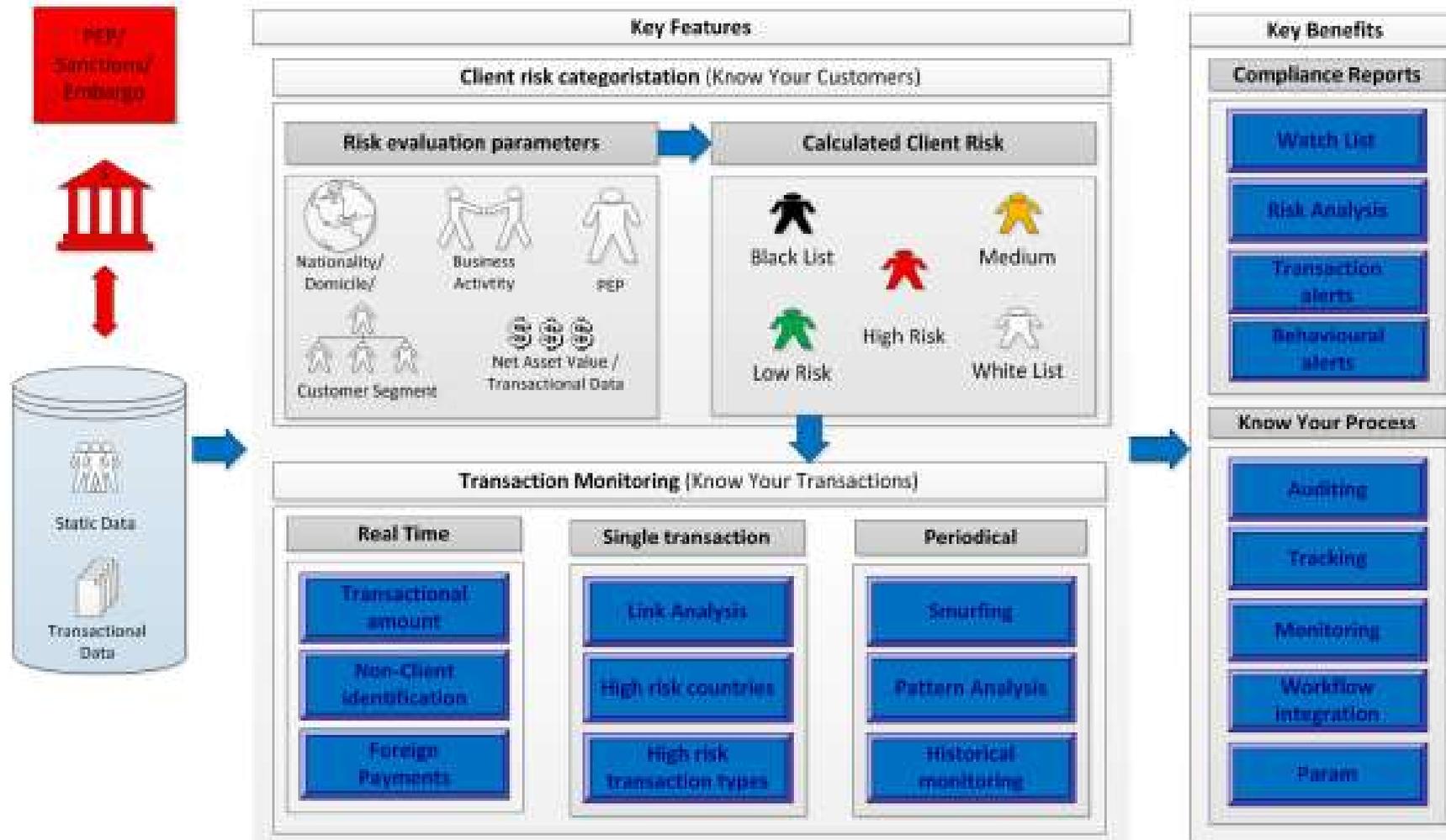
PEP: Politically Exposed Person

Possible KYC Rules

1. Nationality of the person
2. Domicile of the person
3. Nationality of beneficial owners
4. Domicile of beneficial owners
5. Nationality of control owners (= persons or entities responsible for compliance)
6. Domicile of control owners
7. Nationality of authority
8. Domicile of authority
9. Country of business activity
10. Business activity
11. Stable or new established business relation (for instance less than 6 months)
12. Client segment
13. Legal form
14. Corporate structure (domiciliary company)
15. Politically exposed person (PEP)

=> **The scores of all risk factors are then summed up to give a total score that determines the risk category of your person**

Possible KYT Rules

1. High amount for an incoming transaction
2. High amount for an outgoing transaction
3. High transaction amount from a risk country
4. High transaction amount to a risk country
5. High amount of a physical incoming transaction
6. High amount of a physical outgoing transaction
7. Link analysis: the remitter or receiver of a transaction corresponds to a user of the banking system
8. High amount for an incoming or outgoing cheque transaction
9. High amount incoming / outgoing money transfer transaction

=> Thresholds must be defined for each rule and for each customer segment defined

Further possible KYT Rules

Multiple transaction rules
1. Inflow > X: sum, average and standard deviation
2. Cash inflow > X: sum
3. Outflow > X: sum, average and standard deviation
4. Cash outflow > X: sum
5. Turnover > X: sum and average
6. Inflow (sum) / NAV (average) > X1 and inflow (sum) > X2
7. Outflow (sum) / NAV (average) > X1 and outflow (sum) > X2
8. Turnover (sum) / NAV (average) > X1 and turnover (sum) > X2
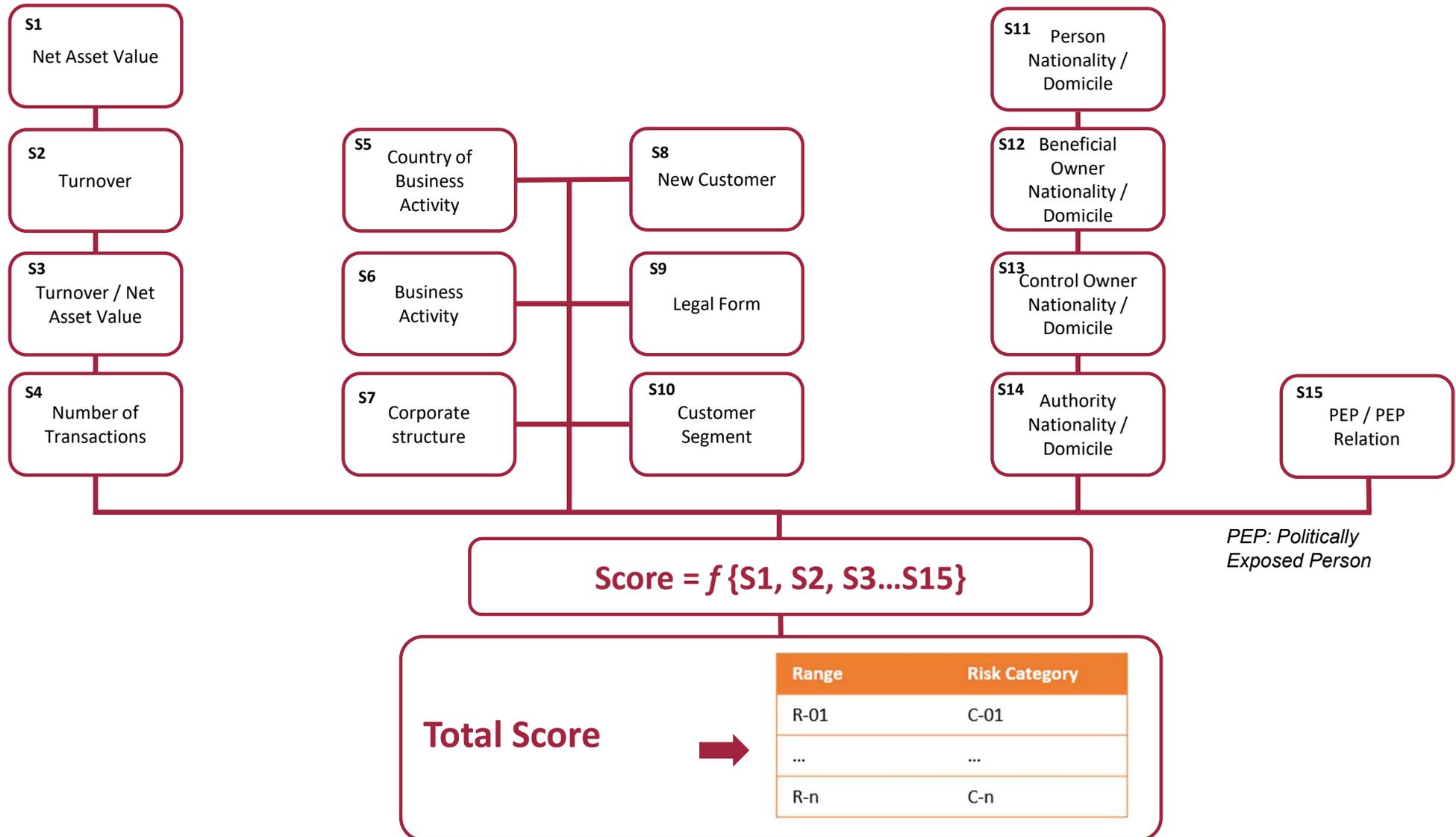9. X1 < inflow (sum) / outflow (sum) < X2 and outflow (sum) > X3

Historical comparison rules
1. Inflow comparison
2. Outflow comparison
3. Number of transactions comparison

Inflow: Total inflow of this person during the sample period (cash, cheque, securities, money transfer)
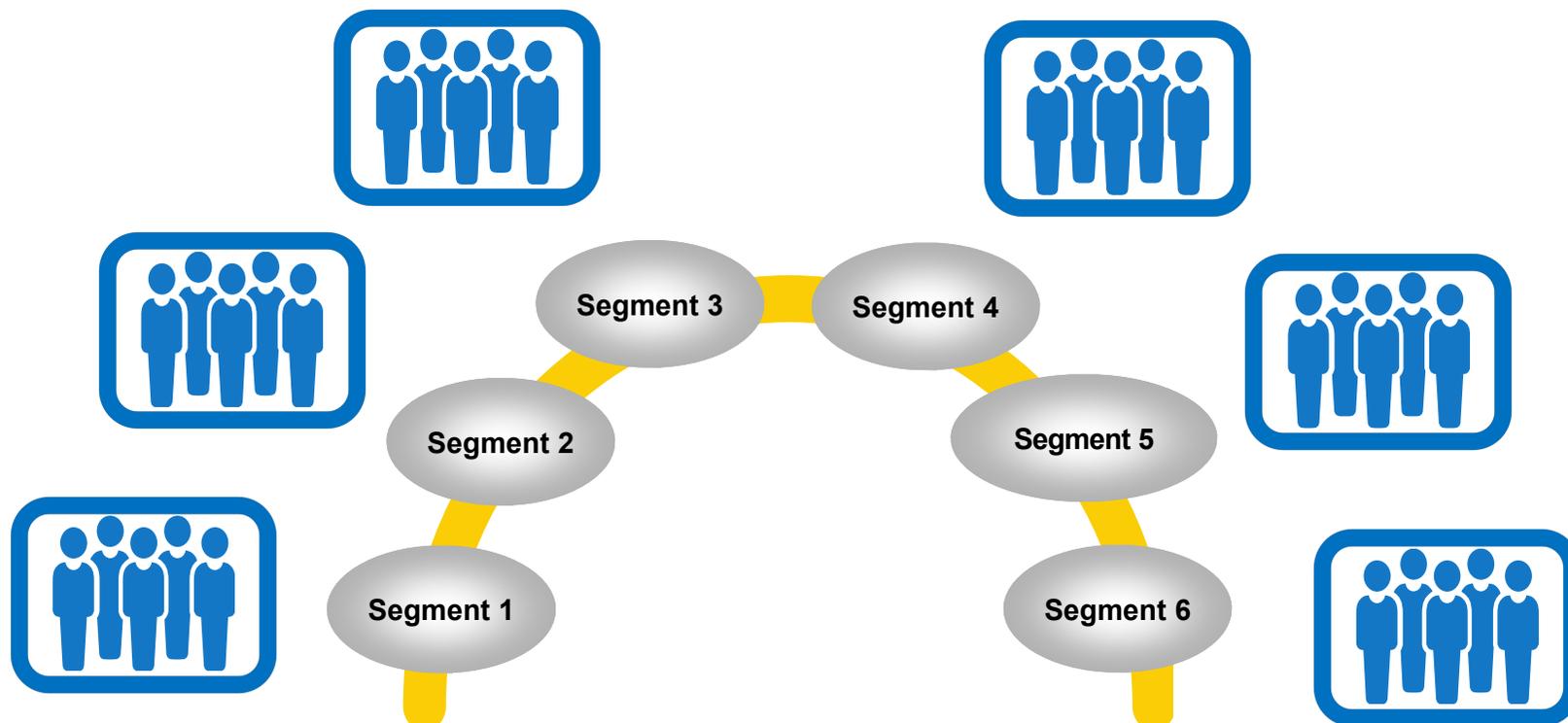*Outflow*: Total outflow of this person during the sample period (cash, cheque, securities, money transfer)
NAV: average net asset value of the client within the sample period

S1 Net Asset Value

S2 Turnover

S3 Turnover / Net Asset Value

S4 Number of Transactions

S5 Country of Business Activity

S6 Business Activity

S7 Corporate structure

S8 New Customer

S9 Legal Form

S10 Customer Segment

S11 Person Nationality / Domicile

S12 Beneficial Owner Nationality / Domicile

S13 Control Owner Nationality / Domicile

S14 Authority Nationality / Domicile

S15 PEP / PEP Relation

PEP: Politically Exposed Person

$$\text{Score} = f\{S1, S2, S3...S15\}$$

Total Score

Range	Risk Category
R-01	C-01
...	...
R-n	C-n

Exercise: Define AML Rules

Define KYC & KYT Rules for the following customer segments

- Segment 1: Private Swiss Person living in CH
- Segment 2: Private European Person living in CH
- Segment 3: Private Swiss Person living in Germany

- Segment 4: Swiss Company selling in CH
- Segment 5: Swiss Company selling in CH, Europe and USA
- Segment 6: International Company

Risk Mapping for Business Relationships

Example of KYC Rules

Category	Criteria	Rules	Risk Scoring
Client risk	Politically Exposed Person (PEP)	PEP or Linked to someone who is a PEP	100
Client risk	Inquiry by a judge	yes / no	100 / 0
Client risk	Blacklisted	yes / no	100 / 0
Business / activity risk	At risk profession	calculated	Associates: 20 Free lance: 20 Employee: 10
Business / activity risk	Sensitive business sector for legal entity	calculated	40
Business / activity risk	Complex structure	calculated	100
Products and services risk	Safe rental	Safe rental/safety deposit boxes	20
Products and services risk	Asset under management (AUM)	AUM< 500k AUM 500K to 1M AUM 1M to 5M AUM>5M	0 10 20 40
Products and services risk	Annual transaction volume	Between 0 to 75 transactions Between 75 à 200 transactions Between 200 to 500 transactions Above 500 transactions	0 10 20 40
Products and services risk	Cash deposit at opening	>= 20K	30
Distribution channels risk	Uncertified partner and other financial institution	Upon declaration	100
Tax risk	Tax Common Reporting Standard (CRS)	yes / no	0 / 50
Geographical risk	Country of residence Green Country of residence Orange Country of residence Red Residence in a major sanctionned country	calculated	0 30 100 100

Business relationship with increased risks: scoring = 100

Example of KYT Rules

Segment	Rule 1	Rule 2	Rule 3	Rule 4	Rule 5	Rule 6	Rule 7
Individual	25.000	100.000	> 20	95%	50%	75.000	100.000
Company	150.000	150.000	> 30	95%	60%	1.000.000	100.000
Insurance / Finance Services	100.000	300.000	> 40	90%	70%	275.000	100.000
Corporate Company with high commercial activities	200.000	175.000	> 30	95%	100%	1.000.000	100.000

Rule 1: Thresholds for Securities and/or Precious Metals single transaction in CHF on a daily basis

Rule 2: Thresholds for Cash and Cheques single transaction in CHF on a daily basis

Rule 3: Number of physical transactions on a monthly basis

Rule 4: The ratio (in %) between Inputs and Outputs must be at least xx% over 30 days

Rule 5: Percentage of average assets over the period, which must be achieved by the larger of the two amounts by comparing inflows and outflows

Rule 6: The greater of the two amounts must be greater than or equal to this threshold in CHF
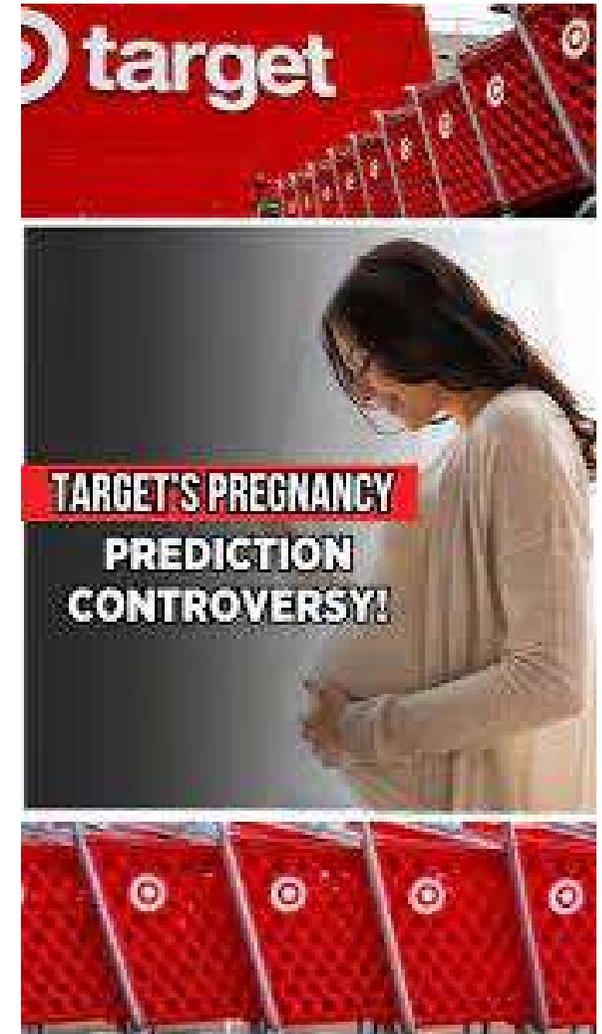
Rule 7: Threshold in CHF for unusual physical inflows

How Target Figured Out A Teen Girl Was Pregnant Before Her Father Did

Kashmir Hill
Former Staff
Welcome to The Not-So Private Parts where technology & privacy collide
Feb 16, 2012, 11:02am EST

TARGET'S PREGNANCY PREDICTION CONTROVERSY!

Microsoft Word Document

Source: How Target Figured Out A Teen Girl Was Pregnant Before Her Father Did (forbes.com)

CID Data requires increased protection

Direct CID	Indirect CID	Potential indirect CID
Personal identification • Name • Signature	**Personal IDs / numbers in public registers** • Passport number • ID Card number • Social security number • Car registration plate • Land register • Trade register	**Birth and family data** • Date and place of birth • Nationality at birth • Age, gender • Date of marriage / divorce
Company identification • Name • stock exchange symbol	**Customer Identification** • IBAN / BIC • Documents with potentially identifiable content	**Personal information** • Languages • Salutation • Marital status • Hobbies • Fortune
Physical and electronic address data • Private addresses • Business addresses • Email addresses • Phone numbers • Social Network Ids	**Key professional data** • Company • Functional position	**Professional profile** • Profession and function • Professional qualifications • Management function

Only 27 questions to know a person

1) What is your name?

2) How old are you?

3) When is your birthday?

4) What is your favorite color?

5) What is your lucky number?

6) Do you have any pets?

7) Where are you from?

8) How tall are you?

9) Do you want children?

10) Do you want a church wedding?

11) Are you religious?

12) Have you ever been to the hospital?

13) Have you ever been famous?

14) Would you like to be a big celebrity?

15) What shoe size are you?

16) How many pairs of shoes do you own?

17) What was your last dream about?

18) What talents do you have?

19) Are you psychic in any way?

20) Favorite song?

21) Favorite movie?

22) Who would be your ideal partner?

23) Have you ever got in trouble with the law?

24) Have you ever met celebrities?

25) Baths or showers

26) What color socks are you wearing?

27) What type of music do you like?

Please give your *name* and *surname*

⟹ **Which Data and Information about your neighbor are available?**

⟹ **Which advertising Categories would you suggest?**

Have a look at: https://myadcenter.google.com/controls

👤 Geschlecht	🎂 Alter	🌐 Sprache
Männlich	55 bis 64 Jahre	2 Sprachen

Possible "best-practices"

1. **Data Protection**: Companies must ensure that customer data is kept secure in accordance with applicable laws and regulations, such as the General Data Protection Regulation (GDPR). All customer data must be protected from unauthorized access, use, and disclosure.
2. **User Consent**: Companies must obtain customer consent before collecting or using any personal data. Customers must be made aware of what data is being collected and how it will be used.
3. **Transparency**: Companies must be transparent about how customer data is collected, stored, and used. Customers must have access to their data and the ability to modify or delete it.
4. **Data Accuracy**: Companies must strive to keep customer data accurate and up-to-date. They should provide customers with the ability to correct any inaccuracies in the data.
5. **Data Retention**: Companies must ensure that customer data is not retained for longer than necessary. They should have a clear policy for how long data is kept and how it is destroyed when no longer needed.
6. **Data Minimization**: Companies must collect and use only the data necessary for the purpose for which it was collected. They should not collect more data than is necessary.
7. **Privacy by Design**: Companies must take a proactive approach to privacy, incorporating privacy considerations into their designs and processes from the beginning.
8. **Security**: Companies must take technical and organizational measures to protect customer data from unauthorized access, use, and disclosure. This should include encryption, secure storage, and access controls.

Getting useful insights into customer preferences and needs
Data can be gathered from a variety of sources, including web browsing behaviour, search history, email clicks, and social media interactions. **Intent data** provides valuable insights into customer needs, preferences, and behaviours, which can be used to inform marketers' strategies and target content more effectively
Examples of intent data: Search engine query data - Website clicks - Social media activity - Email open and click-through rates - Purchase history - App usage data - Location data - Device usage data

Sellers

Buyers

When purchasing, customers typically display certain behaviours
These behaviours include researching the product or service, considering different options, comparing prices, reading customer reviews, and asking questions. Customers also tend to be more likely to purchase from brands they already know and trust. Additionally, customers may take advantage of promotional offers, discounts, loyalty programs, and other incentives.
Examples of behaviours: comparing prices - using a shopping list - brand sentiment – Fashion and trends – product rating
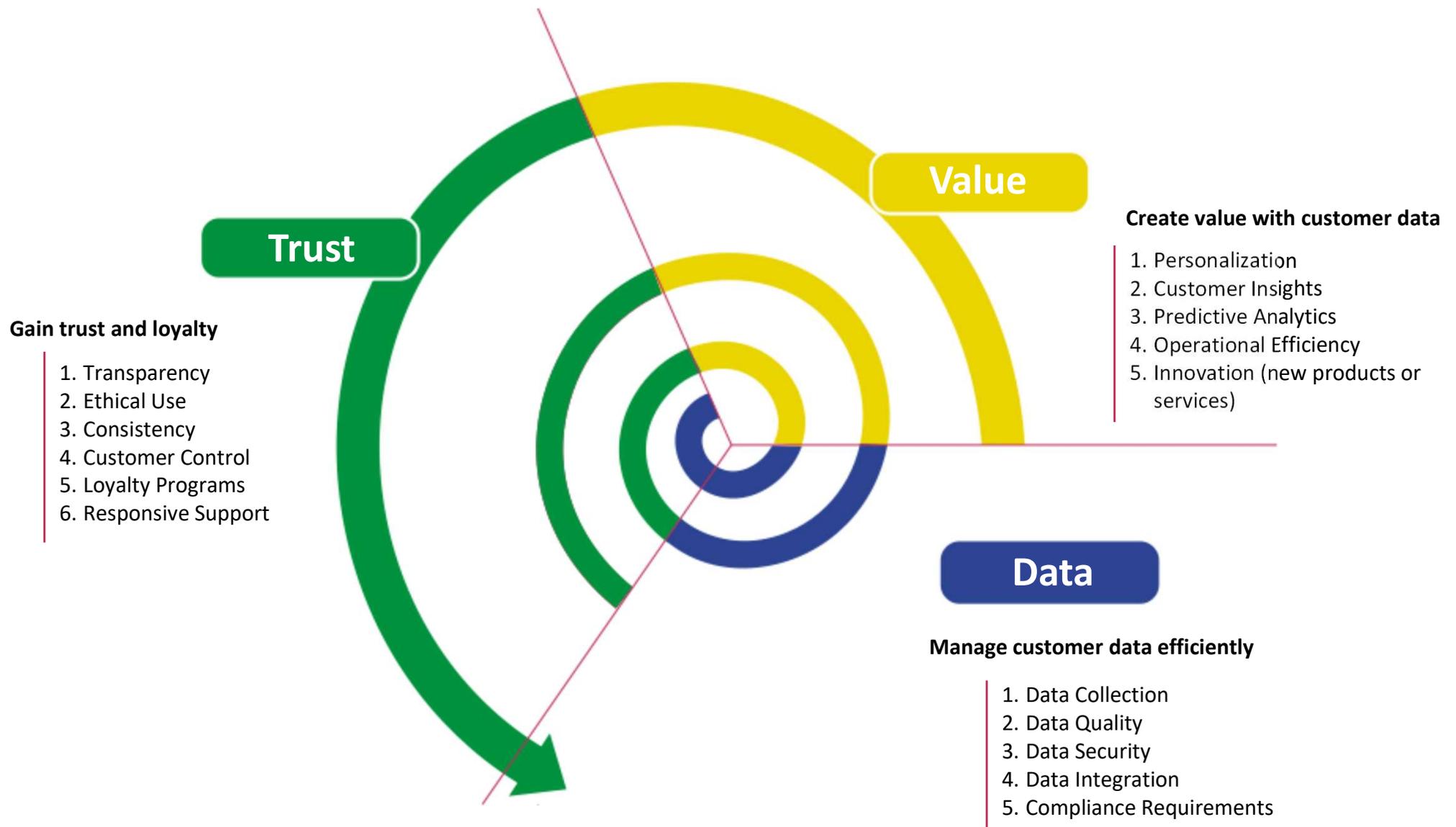
.. **personalizing experiences** by tailoring products and services to individual needs and preferences

… **automating processes** and reduce manual effort, improving efficiency and <u>reducing costs</u>

… **advertising** and reaching the right people with the right message and increasing conversions

… **creating predictive models** that can anticipate customer needs and proactively provide solutions

…**improving the Customer Service** and responding quickly to customer feedback and providing personalized support.

Value

Trust

Data

Gain trust and loyalty

1. Transparency
2. Ethical Use
3. Consistency
4. Customer Control
5. Loyalty Programs
6. Responsive Support

Create value with customer data

1. Personalization
2. Customer Insights
3. Predictive Analytics
4. Operational Efficiency
5. Innovation (new products or services)

Manage customer data efficiently

1. Data Collection
2. Data Quality
3. Data Security
4. Data Integration
5. Compliance Requirements

Take away and must know!

- Importance and relevance of customer data

- Different types of customer data

- Significance of CRM solutions

- 4 different types of CRM

- The importance of data for companies to know the customers (KYC)

- The definition of Client Identifying Data and the importance to

  protect them

Literature
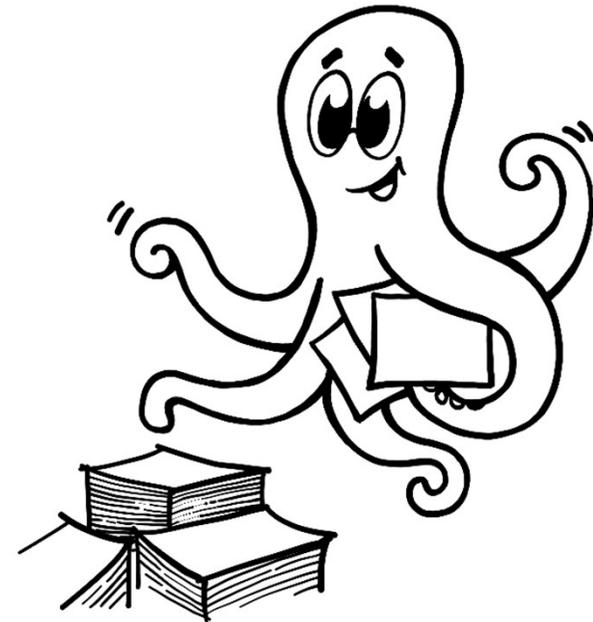
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KNOWLEDGE