



**Discovery
Report**

March 2023

Enabling Financial Services Through Location Intelligence

Commissioned by

FOURSQUARE

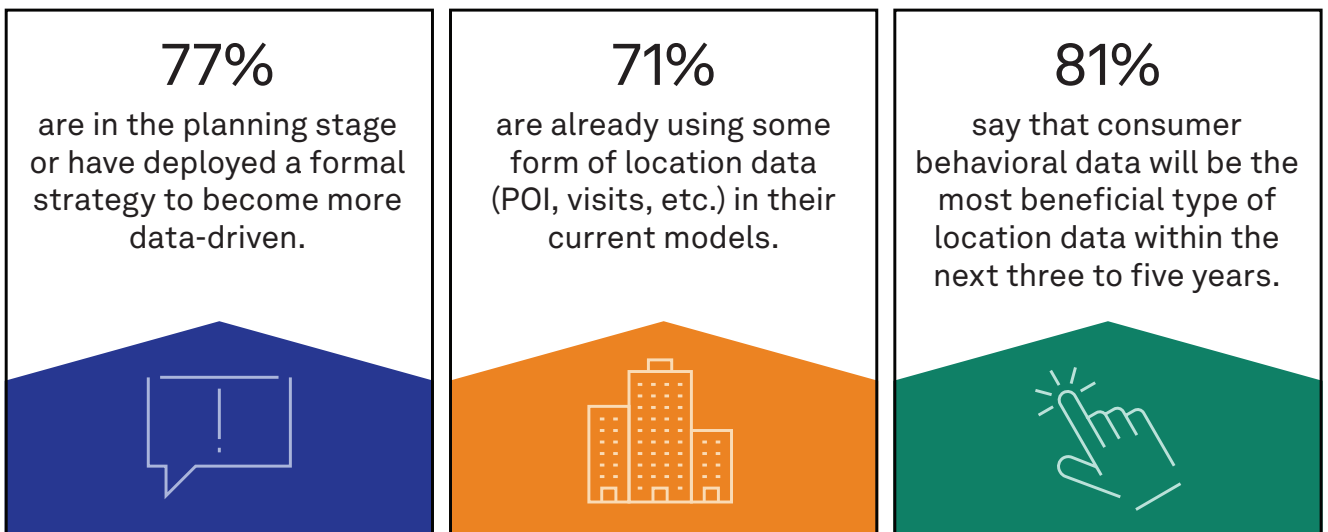
Introduction

The global economy is in a lukewarm recession after years of strong growth. Factors such as supply chain issues, mass layoffs and inflation have battered consumers and businesses alike as all seek stability amid a tenuous international landscape. Economic uncertainty comes with a broad set of challenges, putting financial investments at greater risk for losses. The unpredictability of today's markets is felt everywhere.

Technology has long been a viable solution for financial services firms looking to boost confidence in their predictive modeling and contingency tools. As digital becomes the norm across all types of businesses, finance is no exception, and competitive edges are built on the premise of high risk, high reward. Location intelligence, born from geospatial data, is an area where tech-forward financial firms made leaps and bounds amid otherwise chaotic economic times. Now, the financial services market as a whole has turned to location intelligence to gain a strategic edge, using it to augment existing datasets for improved performance.



Figure 1: Financial services firms are poised to broaden their datasets



Q. To what extent is your organization taking active steps to become more “data-driven” (i.e., to embed data-driven decision-making at the heart of the business)?

Q. Which of the following data sources does your organization currently use to power its decision-making/models today?

Q. Which of the following types of location-specific data would be most beneficial to meet your businesses' needs, now and in the future?

Base: All respondents (n=104).

Source: S&P Global Market Intelligence custom financial services study, February 2023.

Nearly three-quarters of financial services respondents indicate that their firms are already using some form of location data in their workflows, processes and models. Most commonly, point-of-interest and foot-traffic data have been deployed to detect trends for use in forecasting, planning or investment purposes. Increasing usage is likely, given the depths to which location data can go. More than 80% of respondents in our custom survey say consumer behavioral data will be the most beneficial type of location data over the next three to five years. When determining where to best place their money, financial services firms are looking to these datasets to detect areas of risk or opportunity that may otherwise have gone unnoticed.

Key findings

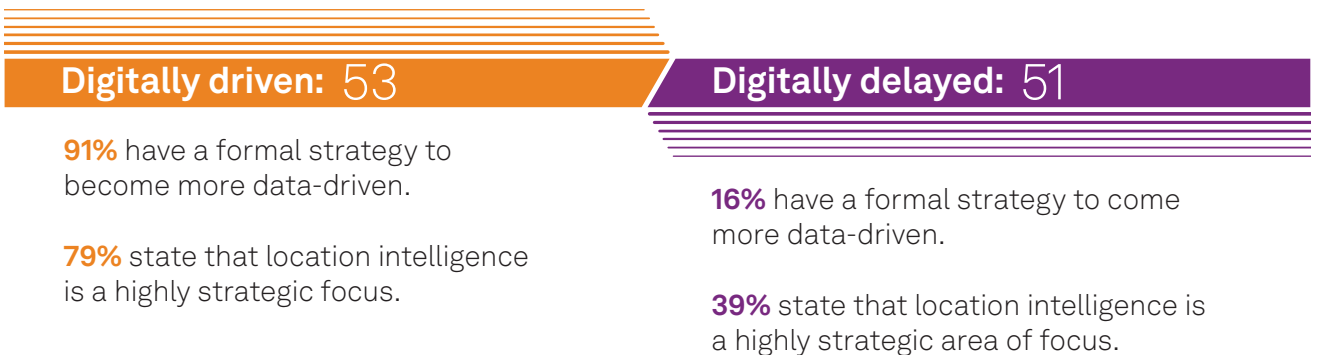
- **Three-fourths (76%) of organizations that integrate location intelligence into their workflows have seen increases in ROI and/or performance.** Location intelligence allows strategists to take a more refined approach to business decision-making.
- **Four in five (79%) digitally driven organizations state that location intelligence is a highly strategic focus for their company that drives significant competitive differentiation.**
Evaluating existing and potential investments at a deeper level means more accurate insights and earlier prediction of trends to make assessments with greater accuracy. Tech-forward firms are using location intelligence to supplement existing data and strengthen predictive capabilities as a means to better entice clients.
- **More than four-fifths (84%) of financial services executives expect to see an increase in spending on location technology in the next two years.** Nearly all decision-makers in this sector anticipate increasing investment in their location intelligence capabilities. The high percentage suggests that this technology has proven continuously successful, and broad adoption will be required for firms to remain competitive.
- **Nine out of 10 (91%) businesses that have deployed location tech agree that it has helped them, their clients or their partners achieve their business goals.** Overwhelmingly, our data shows that firms using location intelligence have seen noticeable results in areas such as ROI, profitability and growth, highlighting how location data can support businesses in their strategic advancements.

Financial services firms are relying more on location intelligence to stand out

Broader technological acceptance and adoption have propelled nearly every industry to new heights, financial services included. For the foreseeable future, there will be a marked split: some organizations will be more willing to take risks and adopt technology quickly to maintain competitive edge, while other organizations will have slower technological adoption and approach new industry standards with hesitancy. We identify the former category as digitally driven and the latter as digitally delayed. Digitally driven organizations depend more heavily on data to make decisions. For these companies, data is powering everything from strategic decision-making to enhancing the customer experience in real time. Digitally driven organizations often set the tone for what technologies will become more broadly adopted, and location intelligence is no exception.



Figure 2: Comparing digitally driven and digitally delayed financial services firms



Q. To what extent is your organization taking active steps to become more “data-driven” (i.e., to imbed data-driven decision-making at the heart of the business)?

Q. How would you consider your organization’s attitude toward location intelligence technology?

Base: All respondents (n=104).

Source: S&P Global Market Intelligence custom financial services study, February 2023.

A majority of financial services firms already use some form of location data to power their decision-making. However, there is a broad gap between digitally driven and digitally delayed organizations' priorities regarding location intelligence. Digitally delayed businesses, of which only 16% have a formal strategy to become data-driven, show considerably less interest in using geospatial data, trailing their digitally driven counterparts by about 40 percentage points. However, as performance gaps widen and location intelligence permeates the financial industry, technological laggards will likely begin to move with more urgency. Organizations that move faster with location intelligence will likely maintain a stronger competitive edge by being earlier to market with their insights.

“[Location intelligence] datasets, analysis tools and visualizations are needed for meaningful research that identifies opportunities.”

Investment strategist

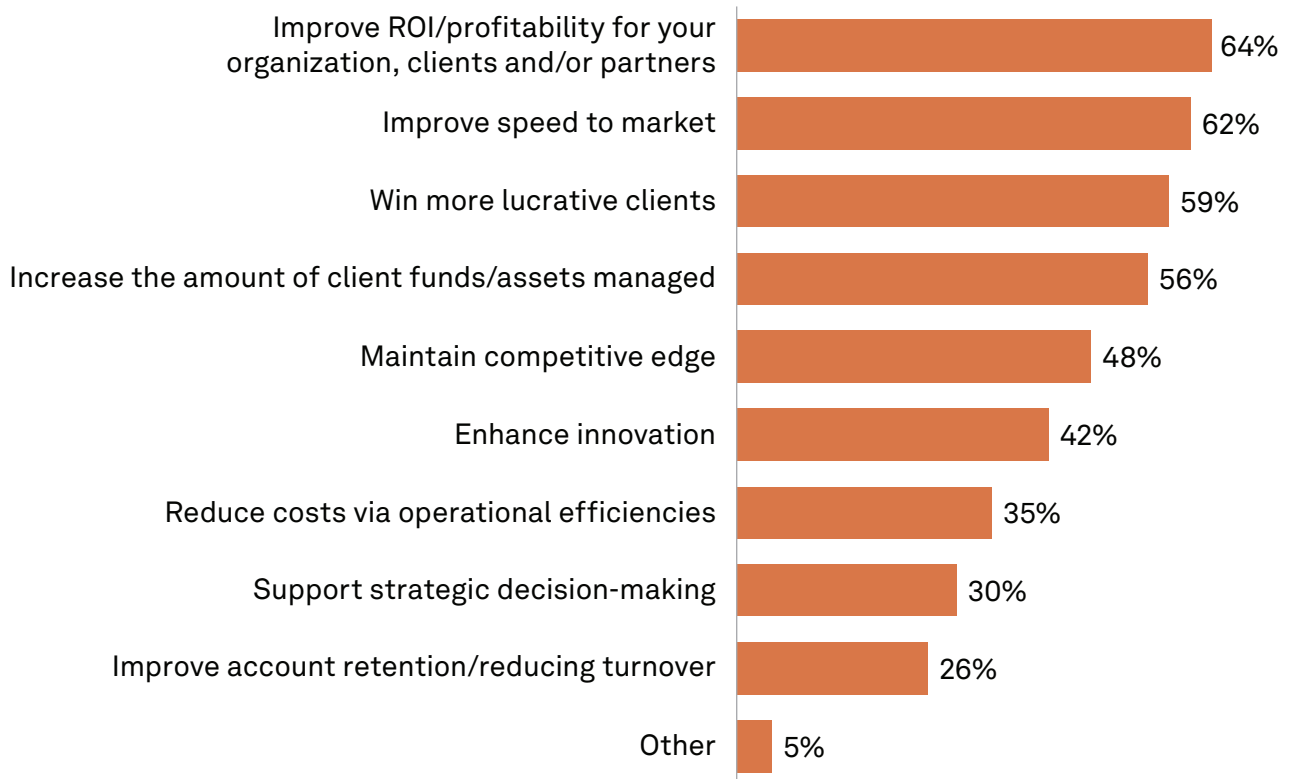
\$10 million – <\$50 million assets managed, investment banking

Use cases indicate additional opportunities for success

As competition in the financial services industry tightens, firms are scrambling to bring their resources into the modern era, particularly through richer datasets. Challenging economic times have placed added pressure on financial service markets to perform while remaining cognizant of costs and risk. Our research indicates that a majority of firms have already started using location data to differentiate their strategies, highlighting its use as a valuable growth lever in myriad areas. When they inform strategic decision-making with data, financial services companies appear to gain a competitive advantage, allowing for greater success, which in turn boosts credibility when it comes to growing and maintaining a client base.



Figure 3: Top business objectives for financial services firms integrating location technology

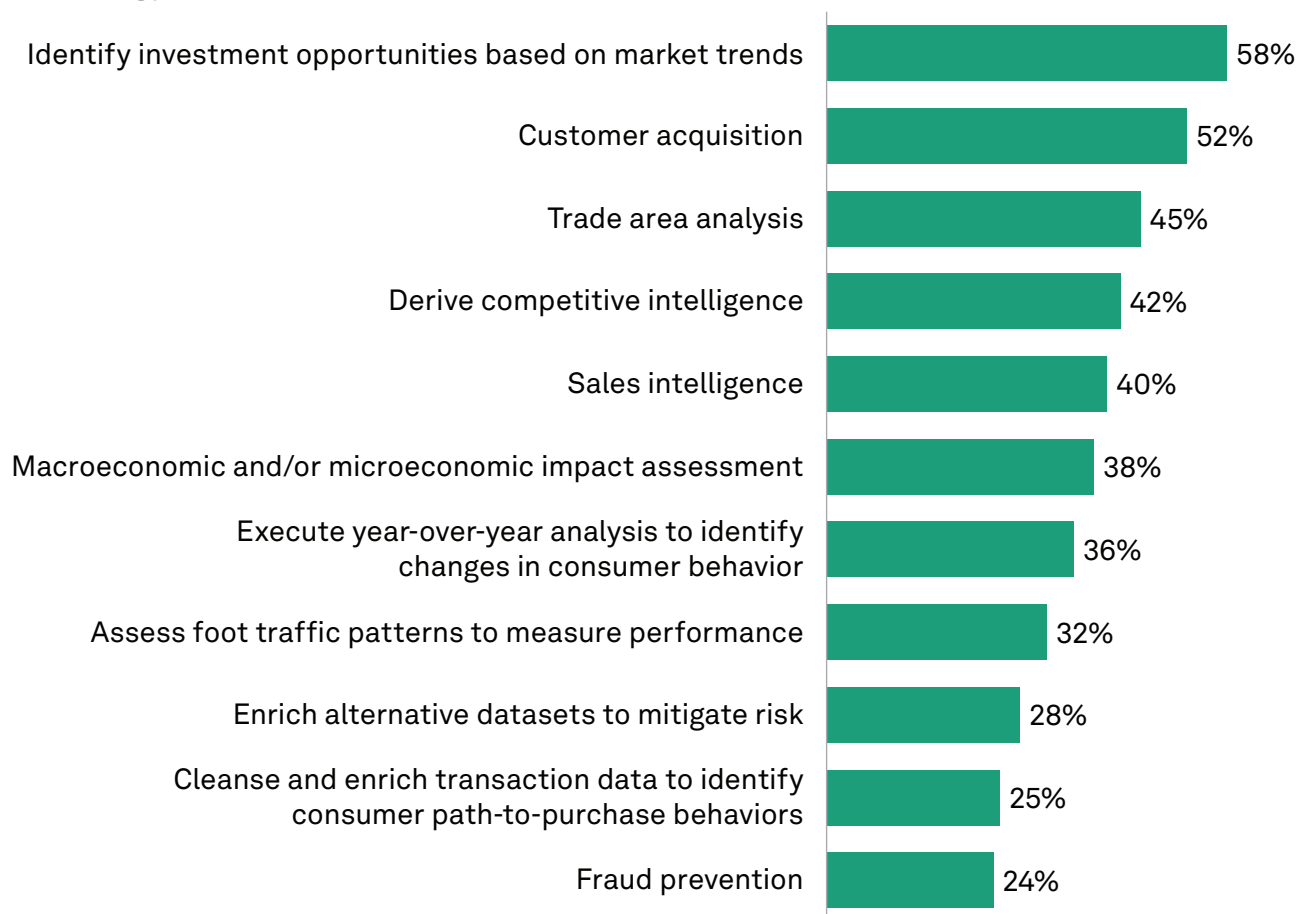


Q. In your opinion, which of the following are/would be the most important business objectives for using location technology at your organization?

Base: All respondents (n=104).

Source: S&P Global Market Intelligence custom financial services study, February 2023.

Figure 4: Top use cases for financial services firms integrating location technology



Q: Which of the following are the most meaningful potential use cases of location intelligence for your business and/or partners?
 Base: All respondents (n=104).
 Source: S&P Global Market Intelligence custom financial services study, February 2023.

The majority of respondents (58%) say that using location intelligence to identify investment opportunities based on market trends is the most meaningful potential use case. Consumer behavioral data is a critical type of location data supporting this use case because it can reflect the success of a business over time. By tracking metrics such as foot traffic, analysts can determine everything from seasonal trends to the impact of local weather events. This can also support loss prevention. For example, if an organization were to identify via geospatial information that one of its stores was beginning to experience dwindling sales due to the opening of a local competitor, it could signal a need for changes early to prevent long-standing losses, rather than missing the warning signs due to the lack of deeper context.

Another major benefit, though lower on the list of respondents' priorities, is the ability for location intelligence data to help improve the client experience. Geospatial data can help with client relations by powering personalized communications, aiding client acquisition through more advanced marketing. In addition, location intelligence enables improved security and fraud-prevention measures by verifying information and matching location cues to accounts.

Key barriers and challenges: people and data management

Current economic circumstances are bringing about challenges for nearly every industry, including financial services. In our custom survey, the labor market, along with resistance from IT and executives, is making it difficult for organizations to move forward with their data-driven objectives, even though the results prove it is worth the investment. With mass layoffs in the tech industry, skills shortages are preventing some firms from gathering enough resources to make the necessary digital shifts. Although our quarterly Voice of the Enterprise surveys have indicated that labor market issues are easing (at least slightly), the barrier of staffing an organization for emerging technologies such as location intelligence persists.

In-house obstacles residing with decision-makers are also common, according to our financial services respondents. Regardless of an organization's status as digitally delayed or digitally driven, being on the brink of recession means that certain risks, including investment of additional resources into org-side technologies, will be met with hesitancy as other industries are already working to reduce costs through layoffs and divestments. IT departments in particular can be a major source of resistance due to compatibility issues with existing tech systems or an unwillingness to further complicate the workings of the stack.

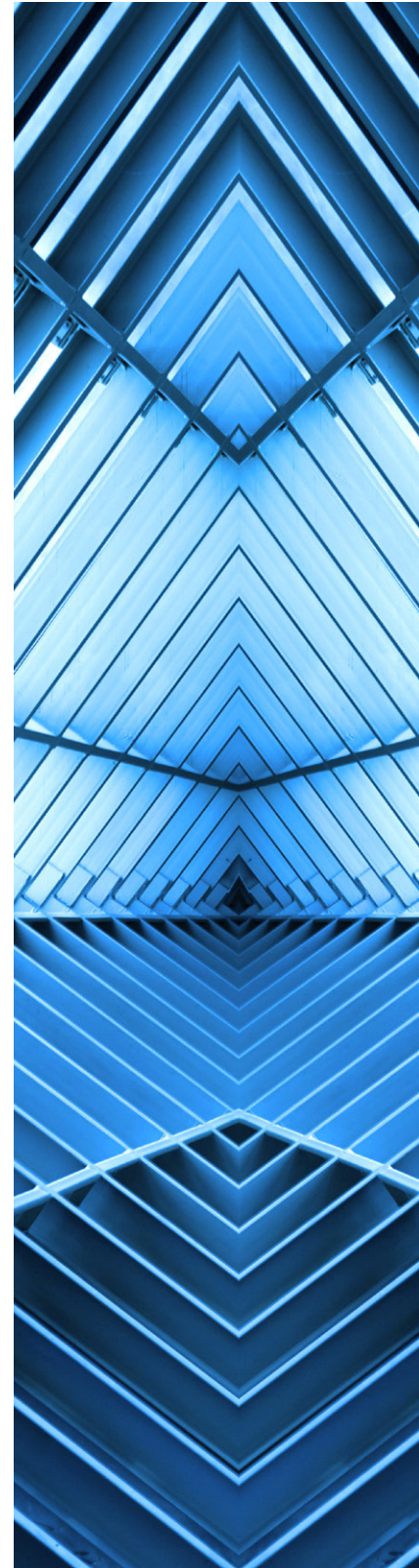
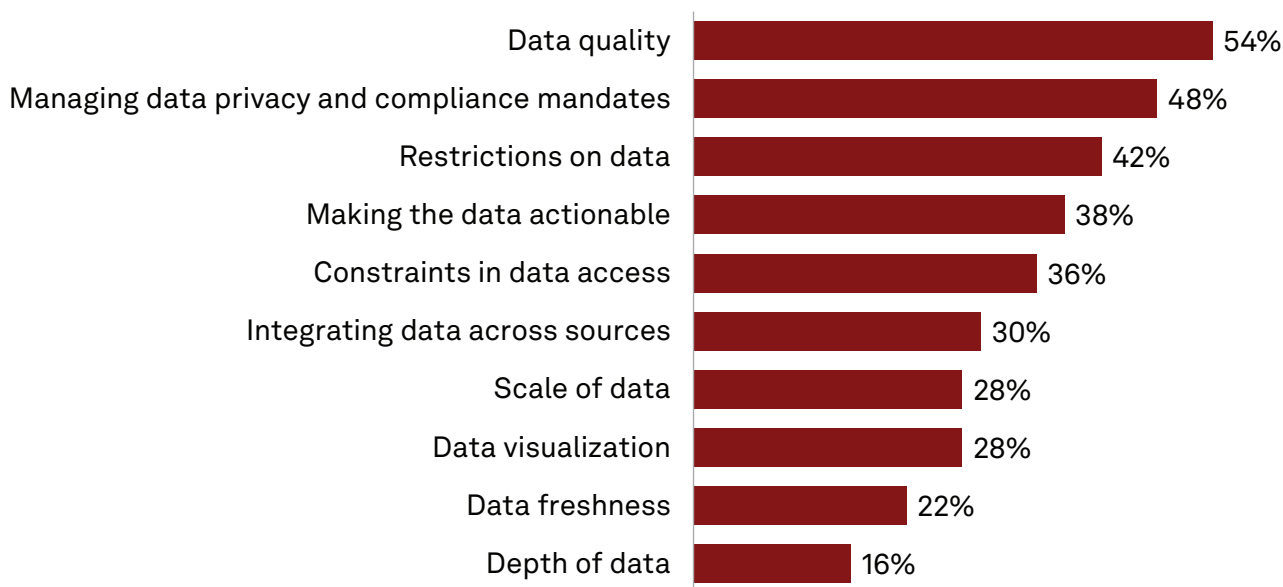


Figure 5: Organizations face data-specific challenges with the integration of location intelligence



Q. Which of the following can be considered the biggest data-specific challenges of using location technology at your organization?
 Base: All respondents (n=104).
 Source: S&P Global Market Intelligence custom financial services study, February 2023.

Although 81% of respondents believe that their organization is investing in new data and technologies to keep up with rising pressures in the market, 61% of financial services firms continue to rely on static and/or outdated data and tools to make business decisions. Furthermore, respondents identify data quality issues as the top data-related challenge for their organizations (54%), followed by issues managing data privacy (48%) and challenges with data restrictions due to regulations and compliance (42%). The compounding of continued issues with data is driving a significant need to embrace new technologies as a means to remain relevant.

Adding more data sources does not necessarily translate to success, however. About 38% of financial services respondent organizations say they are already struggling to capture meaningful insight from growing volumes of data; these organizations will not benefit from simply adding more information to their system. With quality a top concern, it would be a practical move for firms to carefully evaluate which pieces of data are most critical to their models, in order to potentially incorporate more valuable information, such as that which could be provided by location intelligence.

“[Location intelligence] gives us correct insights and accurate data.”

Data acquisition, sourcing, procurement (SVP, VP, head, director, manager)

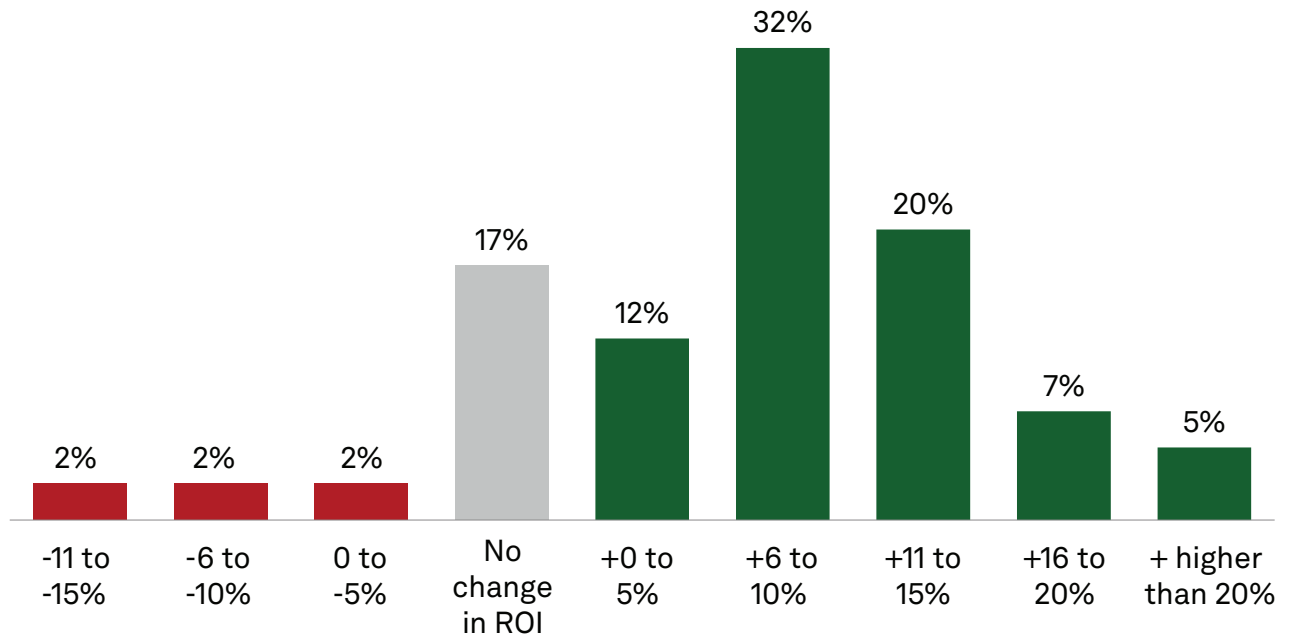
\$750 million – <\$1 billion assets managed,
 5,000+ employees, investment banking (wealth management)

Firms are already seeing new value added from location tech

Many financial services firms are seeing measurable returns on their location technology investments. Of those that have already begun using location data, 76% have seen observable increases in ROI and/or investment performance. Nearly a third of respondents (32%) say location intelligence has accounted for an ROI increase of 11% or higher, which beats the average 10% yearly estimated return as made standard by the S&P 500. Financial services respondents say the granularity allowed by better geospatial context allows investment decision-makers to answer questions they otherwise could not. One example is the aforementioned measurement of a retail business's customer engagement and conversion. When using geospatial data as part of a larger aggregate, trends, opportunities and overall performance — all of which can inform investment decisions — become far clearer. The retail industry in particular is no stranger to location data because it is one of the most valuable metrics to aid in business strategy. The financial services industry could employ similar information toward the same ends.



Figure 6: ROI is already observable in firms that have integrated location intelligence



Q. How has integrating location intelligence into your organization's models affected your ROI/performance?

Base: Respondents whose firms have integrated location intelligence (n=41).

Source: S&P Global Market Intelligence custom financial services study, February 2023.

To highlight new growth, financial services firms can leverage real-world larger returns, like those in Figure 6, to help propel their businesses forward. If the goal is to gain more accessible capital, showing stronger performance can win over new clients while keeping current ones happy. Existing clients may also invest additional funds with a firm due to more promising results. Alternative data such as location data is helping the finance industry make decisions with greater confidence based on actionable, real-time insights.

“[Location intelligence] provides greater context for decision-making and greater insights than traditional methods.”

Data & analytics (chief, head, SVP VP, director)

1,000-4,999 employees,
\$500 million – <\$750 million assets managed,
financial services; asset management (mutual funds)

Conclusions

The results of our custom survey suggest that location intelligence will remain impactful in the financial services industry, much as in adjacent industries such as commercial real estate and retail. Attesting to the value of location data, 91% of financial services respondents agree that their organization's investments in location intelligence have helped achieve business goals.

When used to augment existing datasets to inform firms' strategic moves, location intelligence can be applied to areas ranging from investment decisions to customer acquisition strategies. Location intelligence supports capabilities such as trade area analysis to determine profitability and geospatial matching for fraud prevention, ultimately protecting firms from damages due to loss and extended risk while enabling growth.

Though many businesses face barriers to becoming more data-driven, our data suggests that most firms see noticeable ROI from their use of location intelligence, indicating that implementation will help organizations stand out among industry competition. Already-heavy adoption by digitally driven organizations is the greatest indicator of trends. High usage of location intelligence usage among technologically savvy firms suggests that this capability will be critical to future success in financial services.

Methodology

S&P Global Market Intelligence conducted an online survey targeting business decision-makers and practitioners within the financial services sector with approximately 100 web-based respondents including industry strategists, decision-makers, executives, etc., in the United States. This survey data provided insight to understand the opportunity for location intelligence technology in the financial services market.

FOURSQUARE

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About this report

A Discovery report is a study based on primary research survey data that assesses the market dynamics of a key enterprise technology segment through the lens of the “on the ground” experience and opinions of real practitioners — what they are doing, and why they are doing it.

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