

Brian

BACKGROUND

Good afternoon, Brian. Thank you for making the time for this interview. Your feedback is greatly appreciated, and I am just going to go through the formalities here, I am going to read through this, as part of this: the date is the 21st September 2020 and the time is 2.04 pm. So thank you for agreeing to this interview, and as I have mentioned before your feedback is very valuable and greatly appreciated that you can take the time to provide insights into this research.

Yes.

The title of the research is exploring data driven decision making and uncertainty and as you know for me this is mostly inspired by the global pandemic caused by SARS-COV2 which is the virus that causes the COVID-19 disease.

Yes.

As all of us have experienced in one way, shape, form or other, we have been disrupted, life and business as we know it has actually changed, and the purpose of this is to understand whether data driven decision making as a technique can be practically applied to offer value to organisations in times of uncertainty, as opposed to traditional techniques supported by research inertia and studies show that during uncertainty it is heuristics that are mostly favoured. So therefore the sub objectives of this study are to understand the level of knowledge, understanding and perception of, as well as the attitudes of South African executives towards data driven decision making and uncertainty, determine to what extent South African senior executives use big data or just data, to make decisions in times of uncertainty, identify the challenges that are encountered, and then provide guidance as to whether organisations should be placing reliance on data for decision making for improved performance and / or creation of competitive advantage during uncertainty.

As this is an interview, this research is exploratory in nature. I encourage you to speak freely and your information will be used but your identity will be kept confidential and you shall remain anonymous. You are also welcome to withdraw from this interview at any time without any prejudice. We will be transcribing this interview and for purposes of confidentiality and anonymity, we have given them an NDA for them to sign. My research supervisor is Dr Charlene Lew, and I will be giving you this template to sign as an acknowledgement of this interview and that I have read the above to you.

Okay, cool.

So to kick off our discussion I just need some basic information around your organisation and your role, so this is really your current roles and responsibility, the level in your organisation, your company industry sector, company age, the size of the company in terms of staff or turnover, whichever one you have knowledge of.

Okay. So my particular role is strategist in transactional banking. So essentially that is exploring how we can gain wallet share from our existing customers that we have. So these are corporates' turnover of a billion and above, and our focus is on transactional banking as I said before. So their day to day transactions, collections, receipts, payments, and really anything else, payroll processing – whatever it is that is on a day to day basis, even if it is sort of overdrafts and that sort of thing. So that is what I look after, I do work extensively with colleagues in the rest of Africa so what I will do here is that I look after normally the parent, so the company that is a South African entity that has ventured out into the rest of the continent, and then I will work very closely with colleagues in the various jurisdictions in terms of making sure that the experience that our customer gets here is the same as what they will get in country. So in terms of the chain of who we engage with it is in SA and then across the various jurisdictions that we operate.

Okay. I think as known to me already, I think just for the purposes of this research, what is the name of your organisation and company age if that is known?

Okay, so it is Rand Merchant Bank, I think company age I will probably give you that of the whole First Rand Group, so it is a subsidiary of the First Rand Group of institutions. I think that is over 150 years old, but in terms of maybe the number of people employed under the group, it is approximately about 40000 across Africa.

That's great, thank you very much! Let me just note that as well. So uncertainty according to literature, is a period that relates to constant change, how to predict scenarios, often ambiguous, conflicting, unavailable or unreliable information. In simple terms it is unknown unknowns. So my first question will be: how has COVID 19, I think as a start, because I believe COVID 19 has definitely contributed to the uncertainty in the world as we see it now, how has that contributed to your use of data in your decision making – if at all?

Ja, so definitely. I think it has enhanced the use of data so you will find that because this scenario that we find ourselves in is essentially unprecedented, what we thought we knew might not apply anymore. So for instance we will look at some of our customers and try and understand how they have been impacted by COVID; so how has a corporate entity been affected by COVID, and you know ultimately that is now looking at how have their customers been affected? So we will look at data to further understand how our customers' customers have been affected, which will essentially speak to how our customer has been affected, and that informs how we can potentially look to assist our customers.

Okay. So it sounds like it definitely has enhanced, and for us data driven decision making is basically the use of data to support the decision making process. If you could elaborate more on how and when you rely on data when making decisions right now in uncertainty? I think elaborate on the examples that you have actually given around that customer.

So look at a high level the instances I think potentially what would be more topical is in the examples whereby we have extended credit to a particular entity right, and you know so

you look for example at a gym, right? You have extended credit to a gym but now that gym has been affected in terms of their ability to generate income. So we would then need to sort of backtrack and understand what is the behaviour around individuals attending gyms, and this is now I guess on a macro scale. Even looking at developed markets who essentially are ahead of us in terms of this particular battle, understanding what the trends are, and then seeing how we can apply those, and essentially trying to forecast how that is going to impact our clients locally, in terms of are they going to be able to make the revenue as they would have, who is going to be more impacted than others, and I guess also looking at how we can pre-empt challenges for them and help them in advance so that they don't get into deep trouble.

Okay. So note quite a bit of trying to mirror what is already happening in countries that probably were first to be hit by COVID, or uncertainty, and trying to see what their responses have been and then seeing whether a similar model could be applied here. Is this data you generate internally or do you make use of experts?

A bit of both. So internally yes, because we have quite a strong market share you will find that data is available to us from a retail / consumer perspective. So that is the beauty of the model in that we have got the corporate investment banking arm on one side, but we also have the retail and consumer lending on the other side. So we understand both sides of the equation, so we do have some of the data internally but to your point, for looking at other markets that were at different stages in this, we would then have to look at getting external sources of data. So it is a combination of both internal and external, and I guess a lot of access to software that allows us to get insights as to what is happening around specific themes globally.

Okay. So I like how you mention the specific software and that there is retail and that sort of thing. At an organisational level how does the organisation actually make use of data? So from a software perspective are you saying would that mean that almost every person in the organisation in a specific decision making sort of role, has access to this software that can give them insights and that sort of thing? Could you elaborate on that please?

So no, not everyone in a decision making role would have access to the software. I think you know because particularly in our instance where you know part of our function is strategy and forward looking, we would have access to that, but I think generally you will find that what the individuals will do is sort of lean on myself and IS members from my team to get those insights in terms of the future and what is coming up in that software. So you will probably find there will be a couple of licenses but there will be distributed more on a who needs the software basis, because I don't think you will get too many people making use of that on a daily basis, especially considering that the pandemic is a once off event. So it is not like we have gone and issued licensed to people.

Okay, and then from an organisational perspective you have mentioned there is the retail side that you are on, the other side – I didn't quite get that?

Ja, so I am on the CIB side, the corporate investment banking side, so the retail side is the consumer element which is your commercial and retail customer base, which is more your FNB.

I would assume there is information sharing between the two sort of divisions or groups?

Yes, very much so.

And I think earlier on – and I am just trying to unpack my question around at an organisational level – you did confirm that you do make use of experts when probably looking at the other markets.

Definitely, we definitely make use of experts.

So you have two divisions, you have individuals who have been issued certain licenses, it is definitely not everyone within the organisation that has access to this software, but definitely decisions are being made on a day to day, minute by minute basis. What sort of challenges do you experience or what sort of obstacles do you experience when making data driven decision making in times of uncertainty?

Look so I think just from the top of my head, the biggest challenge would be that we are making decisions about the future based on instances of the past, and as you have mentioned in the title, **it is a very slow, dynamic environment**. So it is not as easy. So I think data does help but the fact is you are trying to make decisions about an unknown future based on historic events that essentially are not going to occur again. So I think the first step is the data yes, but you know, if I look at consumer behaviour patterns, this is unprecedented. So there is very little that historic data is going to tell me about the next two months you know? I think the only sort of saving grace are the few countries who are sort of ahead of us, but what we have seen specifically, looking at this pandemic, is that it is so different you know? So what is happening in Europe now, what is happening in America now is very different to what is happening in Africa and what is going to happen in months to come you know? So the data is good, it's available, but the **applicability I think needs to be taken with a pinch of salt to say**, 'But this is all historic, how accurate will it be to predict the future?'

Okay, any concerns around ... so I hear your point around applicability, I don't know if it is the same as the integrity of the data?

No, so I don't have issues with integrity of data because the situation we find ourselves in is a little bit different, **whereby we are mining the data inhouse, so as far as most of the data we use is looking at consumer behaviour and transactional data, and we have got that from our own sort of mainframe and host system**. So we are not really getting the data from somewhere else. Where we do get it from someone else it is more of reports in terms of the market, but a lot of it is generated internally and I think we are quite happy with the quality of the data.

Okay, as far as the mining of the data itself, would it be something that you specifically do or you have access to software that gives you access to data that is already cleaned

up? And by that I mean if you go into let's say a data base and you are looking for specific X which is applicable to you, are you getting that information that you need? Or are you actually needing to sift through volumes of so much data to actually extract what you need? And by that I mean I think what I am trying to just extract, is do you have big data analytic capabilities at an individual level, or is it done by a specific department that mines the data and then obviously feeds to whoever puts it into some sort of library that you can access, or maybe sends a real time sort of reports?

It's twofold. I do not have data analytics capabilities. So what we have is a centralised function that sort of looks after that, so they essentially pull that information, but also there are software that are plugged in to make it easily accessible, right? So I think the data, given that there is so much, it is more about knowing what you want and some of it is available depending on the granularity required. Some of it is available at the click of a button, just say 'I want this, this and this' and a report can be generated. But where it gets a little complex you have dedicated resources who pull that data, sanitise that data, make sure it is correct and then they share the outputs.

Okay. Great. And so what I hear is that software is there, it grants you access to data that has already been sanitised and cleaned for your specific use, but there is also software that is already plugged in to sort of assist you in your day to day as well.

Ja, so the first one is there are people that pull it, and then there is also software that is plugged in that can essentially bridge that gap; you tell it what you want and it sends a certain output.

Hm. And it is a separate department that does the actual mining itself.

Ja. It's separate.

Okay. And so based on the above, it doesn't seem you have that many challenges yourself, but what benefits have you gained from using data? Let's speak at your individual capacity as well as organisational level.

So look the data has been useful in allowing us to pre-empt what is coming down the road, right? So for instance in February/March we had a pretty accurate idea in terms of how many South Africans had been impacted, and also I guess a very accurate reflection of *which* South Africans were impacted. So you were able to sort of map out that demographic to say 'Listen, if you have a customer like this, this, this, most likely you are going to face some challenges collecting.' So having that in mind, I think it was something that we were then able to pre-empt and know which of our customers rely on certain bases. So we were able to predict who is going to be impacted, how much. And I guess slowly the data started to return, that the economy was somewhat getting back to shape, that transactions were starting to happen on a retail perspective you know – then it allows us to make more informed decisions. So even if it is looking at it from a credit perspective, we are able to land with a lot more comfort if we can tell that there is a level of recovery happening and your particular business is not going to be impacted as much. So definitely I think there was some real benefits to having that data available to us to inform certain decisions down the line.

That sounds more like data has probably helped you guys make more sound decisions, mitigate any risks that may happen with certain decisions or actions that you take. Because to some extent you probably have calculated some probability, despite the unknown unknowns, right?

Ja. I think that is definitely the biggest thing. So when you speak to risk mitigation, given the provisions that all the banks have had to put aside, I think that now that is essentially the name of the game you know, how do you make sure that you minimise your default rate and obviously that is going to be through lending to people who you know have the capacity to pay back without difficulty. So I think definitely the data has been a part of sort of streamlining which names you think are not going to have too much..

I assume from a level of detail you wouldn't be able to identify specific people, but mostly identify certain industries, hey?

No, so elaborate on your question maybe? Identifying people who..

At an individual level, to say 'Person X has potentially lost their source of income, be it an SME, be it an individual who was actually employed' – I don't know if you have that level of detail or you actually just generalise it on an industry wide sort of outlook, to say that it is aviation and anyone who is in aviation, be it SAA or Mango etc, or anyone who works for those specific corporates – just for example – they probably have been affected so you would probably tread with more caution and care there.

Yeah look, so we can do both. So remember with FNB being a subsidiary of First Rand they have access to that data. So they can definitely go to that granular level of saying who exactly. But we don't really need that, I think we just need an over-arching sort of customer profile that we need to understand, just to say this category, this segment, that sort of thing. So it is either / or. We don't need the data but I think if we had to, we could, just given that again, the data is sitting with us so it is something we can do, but obviously we can't share that with anyone.

Okay, great. So what can be done – and this again in your experience, possibly your thoughts as you think outside the box – what can be done to enhance the use of data driven decision making in times of uncertainty? Is it both at an individual level or at an organisational level? So ja. Shoot!

What can be done generally or for us?

For you guys specifically, I mean this is in your experience.

Look I think obviously you can never have enough investment in this area. So I think given that COVID has been a really good wake up call to organisations across the country, just in terms of the value of data. I think before this, data was a nice to have, but I think definitely what we are seeing now is there is a need to increase spend or visibility in this particular area, because there is a lot that can be sort of uncovered from the data. I think previously people knew the businesses so well, people knew their customers so well, or thought they knew their customers so well, but what we have seen from this particular instance is that

everything has sort of changed and there has been a reset. People are changing the way they do things. So we will definitely need to rely more on data as we go ahead because it is like we are starting from a blank slate, so I think I were to say anything it would probably be to say we need to increase spending on this and I guess make it a little bit more mainstream in terms of information for decision making, because definitely it is starting to look like one of the more reliable sources than whatever historic experience and knowledge we had.

Do you believe at an organisational level this culture of data driven decision making filters right through? Is it a practice that is also adequately communicated or not? Would any of these things be things that could definitely enhance or not?

I don't know how far down you know, it is expected to filter. To be honest I don't think it goes too far down; at decision making perspective, where you have got to make a call then data is definitely being used, but if we go all the way down the organisation, not so much. I don't think it is being used as much as it should be or you know, I think there is scope for it to be used more.

Communication throughout the organisation?

Yeah, so I think communication throughout is based on the outcome of the data. So the data might be analysed and mined at a certain level but thereafter a decision is made based on that data, and then that decision is the one that is communicated across the organisation.

Do you think there would be any value in terms of enhancing the use of data? So are you measured on the use of data for your decision making, as opposed to you are measured from a simple KPI perspective measured solely on 'you have made a decision' and I think for me it is almost like a chicken and egg perspective.

Ja.

I mean regardless... because I mean we are working in an uncertain environment, it is unknown unknowns, so you don't even know what could happen. Do you think there is any value in actually measuring people's performance on their use of data, as opposed to whether they made a decision or not? Because the two, as much as they compliment each other, they are somewhat different in terms of measuring sticks or yardsticks.

So if I start off with myself I think I would be measured more on the decision made. So if the data is nice, it is a nice story to tell, but at the end of the day it is about the decision, right? So I make a wrong call based on data it is still a wrong call, but if I make a good call, I just get the feeling it doesn't really matter how I made it. So you know we are not marked per se on the source of the information but I think if one is able to use all the resources available to them, then kudos to them; again it really depends on have you identified something from wherever, and has that resulted in a positive outcome? So not so much the data, but definitely just on the decision made.

Okay. Great. Wonderful insights, just going through all my questions here. We have spoken about when and how you make use of data, how the organisation does and you have mentioned the software, the departments, the plug ins as well on your day to day, and you have mentioned that as an organisation you guys don't really experience any challenges but you definitely have gained quite significant benefits from the use of data, more especially now in times of uncertainty and unprecedented times. And definitely from ways to enhance, there is definitely never enough. I fully agree with you. And increased investment would probably go a long way.

Ja, definitely. But I mean I think it is one of those areas where you always find there is always quite long waiting periods to get some stuff out. So I guess if there was significant investment there you would probably be getting outputs a lot quicker than you should be ja.

And it sounds to me like you definitely believe there is a lot of value from adopting data driven decision making beyond uncertainty, as a day to day really.

100%. I think there is definitely a lot of value in it. I think we are not anywhere close to where we should be as a country in terms of using data for decision making. But it is on the up, but definitely not yet where it should be.

Data is the new currency hey?

Exactly. Yes.

Exactly. Sir, thank you so much for your time, I have wrapped up all my questions, I appreciate the insights you have shared and I believe they will go a long way into contributing positively into what happens in the world of business going forward.

I hope so!

Thank you! So if at any point you need a copy of this recording or transcription, it can be made available to you at your request.

No, it's fine.

Thank you. Have a good day. Cheers.

Cool man, bye.

Bye.

Ends.