

Headline	The power of trust in analytics		
MediaTitle	Business Mirror		
Date	22 Aug 2016	Color	Black/white
Section	Banking and Finance	Circulation	82,600
Page No	B4	Readership	82,600
Language	English	ArticleSize	337 cm <sup>2</sup>



# KPMG Perspectives

## The power of trust in analytics

### Conclusion

**T**HE second anchor is related to accepted use. Organizations and analytics experts will need to clearly understand if the intended analytical approach is appropriate to the context in which it is being used, as assessed by experts in the field. Crime statistics, for example, could be used as a proxy for economic vibrancy in a specific geographic area, but only if the right statistics are being leveraged and in the right context. Organizations will also need to ensure that the way they manipulate the data is appropriate and defensible. Knowing when and how to appropriately apply data and analytics (D&A) to various scenarios is key.

Once assurance is established in the first two anchors, executives and analytics experts will need to ensure that the analytics work and achieve their intended purpose—that the predictions and insights are accurate and reflect reality—the third anchor of trusted analytics. For example, the financial crisis of 2008 was exacerbated by predictive risk models, which were seen as technically correct and accepted by experts, but failed spectacularly in their intended purpose. Making decisions or targeting consumers based on inaccurate predictions will quickly erode, if not extinguish, consumer trust and shake the confidence of those executives who rely on these predictions to make informed decisions.

Finally, organizations will need to ensure that the way they are using the data and the ensuing predictions is ethical and managed with integrity. Major concerns are already being raised about lack of transparency and discriminatory data use (for example, if

crime data is used as a proxy for race). This is an area of great uncertainty and rapid change, with enormous potential reputational risk. Legislation and regulation are likely to come fast and furious.

### Implications for the analytical enterprise

ADDRESSING and assuring trust in analytics is not a one-time exercise or a compliance tick-box; it is a continuous and holistic endeavor that must span the entire enterprise. From the sourcing and preparation of data through to the outcomes and measurement of value, assuring trust in analytics requires a full lifecycle view of analytics—from data through to insights and ultimately to generating value.

It also impacts and influences multiple aspects of corporate management. New assurances of trust will need to be embedded into the way organizations approach talent management, compliance, sourcing and strategy development. And, as trust becomes integral, organizations and executives will need to regularly re-evaluate their approaches and controls; simply put, it is not clear what new and innovative uses will be assigned to D&A in the future, so it is not clear how the trust paradigm will change over time. But it will indeed change, therefore vigilance over the anchors of trust will be key.

### It's time for immediate debate

WE believe that trust in analytics must be addressed immediately if society, governments and consumers are to fully reap the benefits of analytics. This is a "Big Society" issue that carries massive business-level implications. It cannot wait for regulators to step in or for a major issue to force legislators to take control. Clearly, the eventual approach to

driving and engendering trust will vary by industry and by context. Those that manage personal health information or financial data will need to move faster, and be more rigorous and more transparent than, say, those in resource extraction. There will not be a one-size-fits-all solution or approach.

### Exploring the scope of challenges

DEBATE about the notion of trust in analytics is already under way, largely in the academic and policy arenas. But businesses and consumers will also need to play a role, particularly if trust concepts and controls are to be properly operationalized and embedded in practice.

The Trusted Analytics article series will examine some of the biggest challenges pertaining to this issue—not only to further the body of knowledge but to drive a thoughtful discussion on the implications of trusted data and analytics. Throughout the series, we will hear from KPMG professionals across our audit, tax and advisory practices who will share their experiences, insights and new ideas based on their experience in this area.

The article was taken from KPMG's publication, entitled "Can analytics build trusted customer relationships in banking?" by Christian Rast of KPMG in Germany.

© 2016 R.G. Manabat & Co., a Philippine partnership and a member-firm of the KPMG network of independent firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

For more information on KPMG in the Philippines, you may visit [www.kpmg.com.ph](http://www.kpmg.com.ph).