

# Big Data Analysis Using Financial Risk Management

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**Abstract:** Banking and finance institutes generate in addition to have transaction of huge sum of money every minutes over the arena. So via its distinctive feature of its very nature, this industry is facts in depth. The information found in this zone is complex facts and falls underneath the ambit of Big Data, which has already defined as “Set of data with massive, various and complex that is developing at growing fee”. This information holds greater potential for financial institution to have better knowledge of patron base, product performance and industry trend on this competitive market quarter. With the technological advancement in past decade, almost half of grown-up populations have begun the usage of digital banking. This exponentially developing numbers of drugs, mobiles and different electronic gadgets have made it easy for purchaser to perform one of a kind activity, communicates with exclusive businesses, studies products and services, shopping new object, comments and performing banking mission. These sports and statistics from it could be used to create a customer profile which bank can analysis to display trend and foresee consumer conduct and provide customize offerings. This paper talks a number of the prevailing utility of Big Data in banking as properly some future possibilities associated with huge data in banking region and some underlying challenges which ought to be tackled.

**Keywords:** Big data, Data, Finance sector, Risk management.

## 1. Introduction

With the upward push of the net, clever telephones and different apps, virtual facts have escalated. The exceptional potential of the use of this know-how, additionally known as Big Data, is recognized by using personal groups and governments alike, to generate real fee for consumers and increase productivity over the years. Big records may make over organizations and economies; however, information technological know-how is the actual game changer.

Big Data Analytics is the study of vast and sundry facts sets to uncover hidden patterns, patron demands and traits, unknown associations, consumer desires and different treasured know-how that helps to acquire most important advertising objectives. The remarkable upward push comes from both the wide variety of facts era devices and the range of sensors in every tool; approximately 11 billion devices.

Demonetization opened up a brand new generation that elevated rapid increase in India's e-Banking and e-Commerce. Following demonetization, India's government commenced encouraging digitization for a cashless society making manner

for elevated e-Banking and e-Commerce transactions. Actually, there are very few mobile price packages like; MobiKwik, PayTM, Freecharge, Google Pay, BHIM UPI, State Bank Buddy, ICICI Pockets, HDFC Chillr, Citi Master-Pass, Vodafone M-pesa, etc. The capacity of the enterprise can be genuinely envisioned via looking at PayTM's increase – an e-Commerce website began in 2010, presenting simplest cell recharging succeeded in attracting non-public funding from industrialist Ratan Tata by means of March 2015. The equal month, the business enterprise obtained a \$575 million investment from Alibaba Group of China. As of November 2016, PayTM became India's biggest cell price carrier platform with over a hundred and fifty million wallets & seventy-five million android based app downloads.

## 2. Literature Review

The financial zone is crucial for the economy and is hence a subject of difficulty to researchers in a huge variety of areas, inclusive of management science, advertising, finance and IT.

Berger (2003) observed evidence of a connection between technical advances and banking productivity. Constant writer together emphasizes that banks are using implemented arithmetic fashions which have supported their money understanding for diverse purposes, which includes credit evaluation and chance analysis.

In the look at, "Penetration inside the Fog: Learning and Training Analytics. EDUCAUSE Review, 46(five), 30–32" (2011), Siemens, G., & Long. P describes huge records as datasets whose length goes beyond the capability to acquire, store, manage and compare conventional database software resources.

The end in the studies paper "Digitalization and Big Data Mining in Banking" (2018) turned into that the appearance of cloud computing will dramatically improve the computational efficiency of maximum existing frameworks while the popularization of the Internet of Things enriches massive statistics tools and also can have a tremendous impact on embedded analytics.

## 3. What is Big Data?

Big Data is this type of wide and complex array of statistics units that using one-hand statistics control tools or traditional

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information processing software is impossible to deal with. Data had been traditionally processed in servers, because the volume of data turned into very low and there has been less time to technique the ones records as nicely. But now the data is a so quick inside the new technological surroundings and people are depending on facts loads of times. It is turning into not possible to store the information in any server at the rate at which the records grow. Traditionally, statistics warehousing is used to store large portions of facts and carry out complicated analytics. The information middle does, but, work on a small set of information that contributes to inaccuracy. When you change the pattern you might get the equal outcome. To get meaningful results it took an excessive turnaround time. Data center does not shop and method big volumes of facts in a very brief time. These contribute to Big Data and Big Data Analytics growing. The project of Big information consists of shooting, storing, searching, sharing, shifting, reading and visualization of these facts.

Following are type of Big Data

- Structured Data
- Unstructured Data
- Semi Structured Data

*Structured Data:*

Any statistics that may be stored, accessed, and processed in fixed format is taken into consideration 'based' information. Over time, computer technology skills have turn out to be greater lively in growing techniques for operating with and deriving value from these facts (in which the format is properly understood in advance). Nowadays, although, we're foreseeing problems while a scale of these facts grows exponentially, ordinary sizes are inside the rage of multiple zettabytes.

*Unstructured Data:*

Any information with a form or structure unknown is assessed as unstructured statistics. As nicely as the size being vast, un- established information poses more than one challenges in terms of its processing to derive value from it. A traditional example of unstructured data is a heterogeneous source of records which contains an aggregate of easy textual content documents, images, videos and many others. Nowadays, agencies have a wealth of data with them, but unluckily they do not know how to extract which means from it, because this information is in its uncooked shape or unstructured format.

*Semi Structured Data:*

Semi-based data may include information in each types. We can see semi-dependent facts as structured in form but it isn't always in particular described in relational DBMS with e.g. A desk description. Semi-established information is an example of data contained in an XML report

*Characteristics of Big Data:*

The characteristics of Big Data are,

- Volume
- Variety
- Velocity
- Veracity

*Volume:*

The name Big Data itself has to do with a scale it truly is huge. Sample size performs a very vital function in assessing value from the consequences. It also depends on the extent of records whether or no longer a specific data can honestly be considered as a Big Data. 'Size' is also one characteristic that needs to be taken under consideration while handling Big Data.

*Variety:*

Variety refers to both structured and unstructured, heterogeneous resources and the nature of facts. In the beyond few days, spreadsheets and databases were the most effective information resources that maximum programs taken into consideration. In analytics packages, data within the form of emails, pics, films, monitoring gadgets, PDFs, audio, and so forth. Also are being taken into consideration. The abundance of unstructured information raises some storage, processing and facts analysis troubles.

*Velocity:*

The phrase 'speed' refers to the fee at which statistics is produced. How speedy the facts are generated and processed to meet the demands, determines the statistics' real ability. Big Data Velocity discusses how quickly information flows from assets such as business techniques, software logs, networks, social media systems, sensors, mobile devices, and so forth. Information glide is massive and continuous.

*Veracity:*

This refers to the incoherence that the records can often show, thereby hindering the manner of being able to cope with and manage the information correctly

*Banking quarter in India:*

After independence the banking industry in India has additionally expanded noticeably. A collection of economic mismanagement and scandals within the 1960s and 70s had forced the government Innovative techniques to banking have additionally visible a boom inside the new millennium. Banks have also leveraged the technological revolution which popularized laptops and cell telephones and took the Internet towards the masses. Beginning with on line banking, mobile banking and far off banking, generation has helped banks limit dependency on bodily branches and reach out to broader purchaser base using virtual banking sources.

To nationalize most banks. After 1991, but, following the footsteps of liberalization, globalization, and privatization, the private financial institution become reinvigorated the big manner.

According to records supplied via Reserve Bank of India (RBI), there are currently 26 public-quarter banks, 20 personal-sector banks and forty-three foreign banks, permitted to conduct banking operations in India. Another two entities, IDFC (Infrastructure Development and Financing Corporation) and previously a micro-finance company, Bandhan, have were given banking licenses. There are 61 countrywide rural banks and over 90,000 cooperative banks, as properly. India's banking region has an internet worth of 81 trillion Rs. (\$1.31 trillion). According to research by means of KPMG and CII, India's banking enterprise is prepared to emerge as the 5th largest banking zone in the world with the aid of 2020 and the 0.33

largest by 2025.

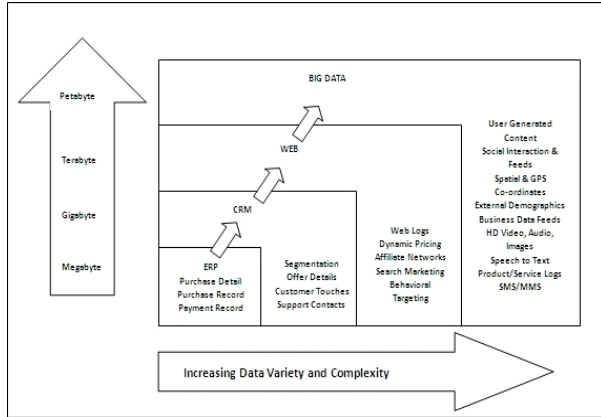


Fig. 1. Big data

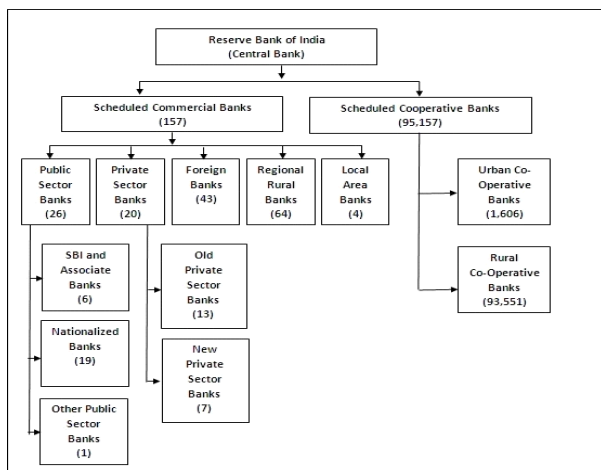


Fig. 2.

#### 4. Advent of Big Data

Big data can be formulated as  $BIG\ DATA = Transaction + Interaction + Observations$

Gartner defines large records as high quantity, velocity and variety data property which require fee-powerful, innovative types of records processing for superior perception and choice-making. Every day, 2.5 quintillion bytes of information are generated.

The volume of records is exponentially growing from terabytes to petabytes, exabytes and now zettabytes.

According to IBM, eighty percentage of brand new facts captured is unstructured from sensors used to accumulate weather information, posts to social media websites, virtual images and films, purchase transaction information, and GPS signals for cell phones, to name some. Big information is all those unstructured records. Big Data is a chain of massive and complex information sets which can be tough to address the usage of on-hand records management systems or traditional applications for facts processing.

Generation of Big Data:

- Social Media and Networks
- Scientific Instruments
- Mobile Device and Laptops

- Sensor Technology and Networks

The payoff from the use of massive-information analytics to investigate banking transactions is huge. The quantity of successful case research maintains to build, reinforcing wider research suggesting that after companies inject records and analytics deep into their banking operations, they could deliver efficient sales and higher earnings. The new method of statistics-driven income, extra in-intensity expertise on customer alternatives, stronger forecasts and shorter decision-making periods leads companies to comply with this version more speedy.

#### 5. Application of Big Data in Banking Sector

Application of Big Data in Banking area are as follows,

- Risk Management
- Fraud Detection
- Customer Contentment
- Optimization of Business Processes
- Examine client remarks
- Detect while a customer is set to go away
- Sentiment Analytics

*Risk Management:*

Establishing a comprehensive gadget of chance control is of utmost importance to banking companies or else they must be afflicted by huge losses in revenue. Organizations must preserve innovating new things to maintain alive within the competitive world and growth their earnings as plenty as they could. Big Data Analysis allows companies to discover threat in actual time and, glaringly, save the customer from feasible fraud.

*Fraud Detection:*

The fast-developing digital world provides us with a couple of advantages however also offers rise to numerous sorts of fraud. The personal facts at the moment are greater susceptible than ever to cyber- attacks and it is the finest obstacle a banking enterprise faces. Using Big Data Analysis and positive Machine Learning Algorithms, groups can now pick out fraud earlier than it can be positioned in. It is accomplished by way of detecting commonplace trends of person spending, looking forward to abnormal consumer behaviours, etc.

*Customer Contentment:*

Considering the high amount of risk concerned while dealing with the banking companies, one of the maximum difficult duties for them is to ensure a consumer delight. Customer retention is a existence-lengthy adventure for the banking companies, from making sure the safety of their transactions to supplying them with the maximum appropriate and beneficial offers. Even extra critical than ever is the facts they receive from their clients. Analyzing the statistics from their customers based totally on various factors permits them to target their clients even better. Optimization of Business Processes

Big data, whilst mixed with machine gaining knowledge of, can assist banks analyze internal processes and take steps to optimize them. This way they are able to reduce running costs substantially.

*Examine purchaser comments:*

Customer feeling can be accrued from diverse social media web sites inside the textual content type. Once those emotions may be recorded, they can be divided into fantastic and poor, and that they may be used to deliver services to purchasers with the aid of applying unique filters. Detect when a patron is ready to go away. As we recognize, acquiring new customer's expenses greater than keeping their old clients. If the financial institution looks after customer needs through knowing the issue; attention desires to be paid to finding an answer.

*Sentiment Analytics:*

For advertising purposes, banks have to continuously music what customers are pronouncing. Banks need to understand who're the primary purchasers and support those gaps to maximize performance and nice by way of acquiring feedback.

**6. Result and Findings**

The information turned into analyzed in one of the Multinational Bank all through the Internship. The Bank employees working in the IT departments had been asked questions.

1) *Do you use big data analytics for your banking operations?*

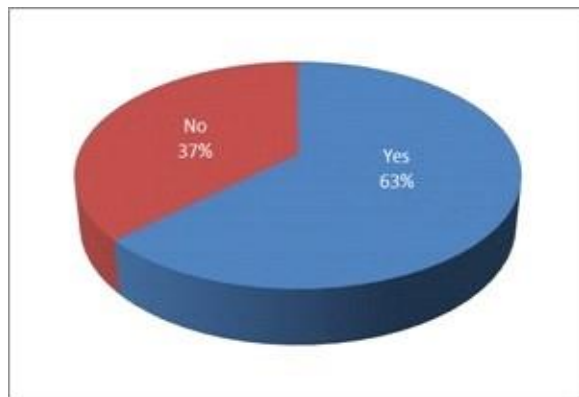


Fig. 3.

2) *What are the main purposes for which you use big data analytics?*

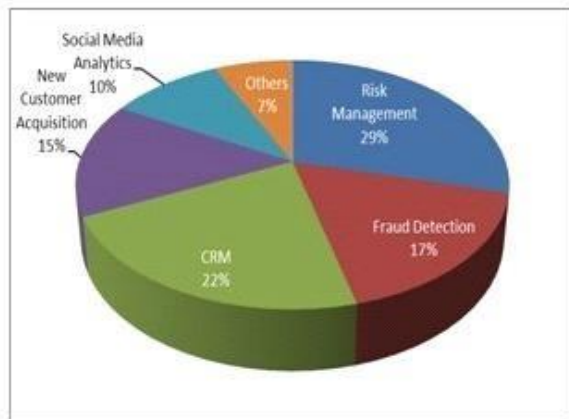


Fig. 4.

3) *How well trained are your personnel to leverage the power of big data analytics?*

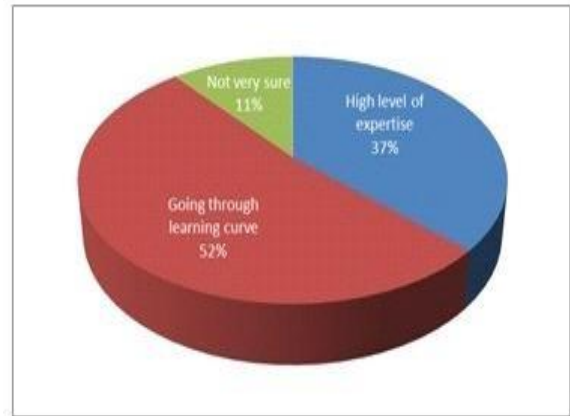


Fig. 5.

4) *What are the main challenges that you face in utilization of big data analytics?*



Fig. 6.

5) *What is the importance of big data analytics for formulating strategies in your banking operations?*

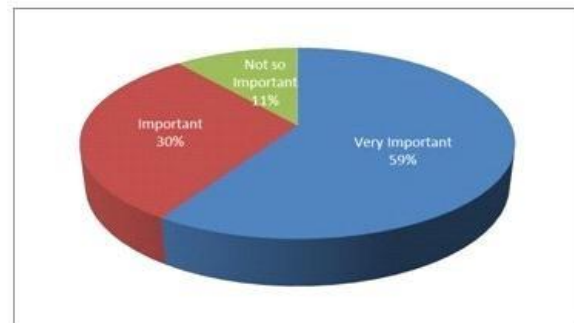


Fig. 7.

**7. Future of Big Data in Banking Sector**

As you could see, there's so much use of the way massive records in banking is used. But, slightly scratched the floor of all the ones tries. Big record's full potential also needs to be harnessed in banking.62 in line with cent of banks trust that huge information is critical to their success, in line with Global Transaction Banking's whitepaper. Yet, handiest 29 according

to cent of them document having sufficient enterprise cost from their results. If banks need to remain relevant and aggressive, they need to rethink their operations and adopt statistics-pushed techniques. Plus, huge facts will assist you develop and expand your enterprise inside the banking region.

### 8. Conclusion

The Age of Big Data is upon us. Organizations want to apprehend what Big Data is like and the way to use it. The advantages and blessings are too tremendous for groups to disregard.

The aggregate of numerous statistics sets, including enterprise statistics, public statistics and social information, could offer even extra facts.

There are greater ways that banks and distinctive monetary institutions have all started to seize purchaser connected knowledge for sentiment evaluation, starting from social media web sites to varied advertising research channels. The impact of Big Data on society could be huge, but it remains to be visible how society will impact Big Data.

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