

Primisyn Newsletter

Business Intelligence for Canadian Credit Unions

May 2009

The Data Warehouse Issue

In our May newsletter we focus on the data warehouse. What is a data warehouse and why should your credit union implement one? In this issue we attempt to answer those questions. For more information on how Primisyn's data warehouse technologies and services data can help your credit union please contact us at info@primisyn.com or view our website at www.primisyn.com.

Data Warehouse Defined

Ralph Kimball, a pioneer in data warehousing, defines a data warehouse as a "copy of transaction data specifically structured for query and analysis". Many credit unions refer to their banking system extract as a data warehouse but this is an incorrect statement. A true data warehouse has these characteristics:

- Allows for consolidation of multiple sources
- Is optimized for reporting and analysis
- Is scalable to add new sources and data elements
- Contains historical data in one data store
- Is built using a dimensional model architecture
- Is created for the enterprise, not individual departments

Your banking system extract, and other extracts, are key sources to your data warehouse but are not a data warehouse themselves.

Top 10 Reasons to Implement a Data Warehouse

One Version of the Truth - How often have you seen two reports which show different portrayals of the same information? Consolidating all data into a central data warehouse ensures everyone is working from the same information source, providing consistent reporting and analysis across the organization.

Full Member View - Most credit unions have up to 30 different sources of member data; banking, wealth, credit card, etc. Consolidating all sources into the data warehouse gives the ability to view the full member relationship, including a unified profitability calculation.

Source System Independence - When credit unions convert source systems, like banking systems, the impact on the business is immense. With a data warehouse, converting source systems has minimal effect on reporting, extracts, and analysis; allowing for better continuity through the conversion process.

Clean Data - In a recent data review, we found 25 different spellings of Vancouver in member address data. This is one small example of the extent of dirty data in source systems. A data warehouse allows you to centralize your data cleansing efforts and ensure maximum quality of your information.

Faster Information - Most credit unions have access to their source system data on a monthly basis in the form of an extract from the banking system provider. In today's environment, credit unions need faster and timelier access to information to make decisions on the fly - a data warehouse provides this access on a daily basis.

Streamline Processes - Data is heavily ingrained in credit union business processes and many of those processes use antiquated techniques for handling data. With a data warehouse, information can be tailored to tightly integrate with the processes; greatly reducing process time and increasing accuracy.

Historical Analysis - Most credit unions only have the ability to analyze or report on their data at a point in time (ie. at month end) which limits their ability to properly analyze historical information. A data warehouse allows robust historical analysis which can show trends, variances, and help predict future activity.

Security - Is your IT department aware of the location of all the data in the organization, including sensitive member data? A data warehouse will centralize the security and access to all of your data; reducing risk of unauthorized access to sensitive information.

Reduce IT Involvement - Typically, a report or information request required timely interaction with the IT department. A data warehouse can greatly reduce that time by facilitating self-serve information capability, freeing up IT resources for more important tasks.

Return On Investment - It is very difficult to calculate the ROI of projects such as CRM, ERP, and data warehousing. However, if better, faster, and more accurate decision making can increase a credit union's ROA by only 0.01% (1 basis point) then the annual return for a credit union with \$500MM in assets would be \$50,000. Studies have shown that a properly implemented data warehouse can show returns of between 0.10% and 0.20%.

Data Warehouse Links

Microsoft has invested heavily in building data warehousing and business intelligence capabilities into its newest database platform [Microsoft SQL Server 2008](#)

Ralph Kimball is widely recognized as the father of data warehousing. Read about all things data warehouse at www.kimballgroup.com

The B-Eye Network is a vast resource for articles, case studies, blogs, and other materials on business intelligence; <http://www.b-eye-network.com/index.php>

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