CampTek Software

RPA Use Cases for Financial Services

Release 2: Data Aggregation

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Data Aggregation

Many financial services companies rely on financial information providers such as S&P Capital IQ, Pitchbook, FactSet and others to provide accurate and up-to-date information. From this data, financial professionals create income statements, balance sheets, valuation models and other types of analyses. RPA can be used to aggregate data into prepopulated formats to save employees the hassle of collecting it.

Creating Models

Financial services companies create a variety of different financial analyses in spreadsheets with a variety of different formats. From financial statements, to valuation models and other types of analysis, data architecture is instrumental in the success of a 21st century financial services company.

First, consider financial statements: the income statement, the balance sheet, and the statement of cash flow. Using the power of RPA, financial services companies can deliver regularly updated and accurate financial statements into pre-determined formats. From these formats, Excel macros or robots can quickly begin analysis, a higher value-add task. Additionally, each individual financial services organization can determine the line items desired within each financial statement. The flexibility to collect data from a variety of sources.

Second, RPA can also be helpful in creating a variety of valuation models including comps analysis, a DCF and an LBO. Based on the information available from the financial information providers and inputs from the analyst, these valuation models can be easily populated using RPA. Additionally, bots can be built so an analyst can make judgement calls with ease. As all financial professionals know, much of valuation is an art, not a science. For example, consider a comps analysis. A bot can aggregate a variety of companies of

similar size, industry, and operation. A financial professional may understand why certain comparable companies are applicable or not and can alter the valuation model accordingly. This can ultimately save the financial services organization tremendous amounts of time and allows the employees to focus on higher value tasks.

Finally, with the breadth of financial services offered in the world today, financial services companies use data-driven analyses to make a plethora of decisions. Financial services companies can use RPA to scrape data from financial information providers to make insights using data. For example, an investment bank may want to collect information on corporations to best market a product or service. Additionally, a sales and trading division can analyze market data to optimize staffing based on market conditions.

Nuanced Data and Data Validation

Much of the data collected from financial information providers is nuanced. For example, the concept of adjusted EBITDA must be considered in a greater context. Add backs, mergers, significant purchases, one-time costs, and more can significantly alter a financial metric such as adjusted EBITDA. Publicly available financial statements rely heavily on footnotes. Many financial information providers make judgement calls on many of the footnotes in the financial documents when reporting data. RPA offers a solution to financial service providers who want to save time in data collection without compromising quality of understanding. RPA can help with understanding footnotes in two ways. First, RPA can collect appropriate footnotes and comment on Excel cells when data contains nuance. The comment within the Excel file allows a financial professional to make a judgement decision regarding the importance of a footnote. If the footnote appears trivial to the analyst, they can simply choose to ignore the comment. If the footnote appears significant, the analyst must do further investigation into the information available. Second, RPA can ensure the sanctity of financial information is through checking multiple sources. For example, in looking for a financial metric, RPA can scrape information from Yahoo finance, S&P Capital IQ and FactSet. When inconsistencies arise in the data, a bot flags differences as a possible source of inquiry for a financial analyst. All in all, RPA allows for an analyst to understand the context of financial data without performing repetitive tasks.

Data Visualization

Preliminary data exploration often requires data visualization. RPA can be a powerful tool in supporting financial professionals in exploring large data. As data becomes more easily available, it has also become increasingly important for analysts to put data into a larger context. RPA can scrape large amounts of data and visualize data for financial professionals. For example, those in asset management may be interested in visualizations of trade volumes and clearing prices from a previous day and how their work fits in the greater context of global financial markets. Those trading oil futures may like to have weather, or other data quickly visualized for them to determine how prices may change. Finally, as more complex data analytic schemes arise such as sentiment analysis, satellite imagery and more, financial professionals would value quick scraping and aggregation of such data to take actionable steps towards profitability.