



PREDICTIVE ANALYTICS FOR THE FINANCIAL SERVICES SECTOR UNDERPINNED BY EMOTIONAL FINANCE.

The last decade has witnessed an explosion in data, with 90% of all data generated in the last 2 years. The vast majority of this data is in an unstructured format such as text, voice, social media and video.

Companies in the Financial Services sector have been very good at using structured data for building trading models, but not as good at extracting value from their unstructured data, where a lot of predictive and analytical value lies. Previous attempts at making use of this unstructured data have included *Behavioural Finance* and *Sentiment Analytics*. However, both of these methods have been limited to descriptive and post-event analysis, not predictive and proactive analysis.

Emotional Finance is a new and developing field of research created by Professor Richard Taffler, which overcomes these limitations and gives a much deeper understanding of unconscious decision-making processes and their influence in choice of investments. Built out of 10 years' academic research and over 100 papers and studies, it has been shown to provide earlier, deeper and richer insights into market movements ahead of time.

Advanced Logic Analytics Ltd (ALA), together with Professor Richard Taffler and Dr Arman Eshraghi, the world authorities on Emotional Finance, have developed commercial applications that deliver accurate and predictive business intelligence to help investment professionals make informed and better decisions throughout the investment cycle.

Initial studies have shown predictive capabilities such as predicting short-term movements in the S&P 500, and identifying stocks with market mispricing of between 15-30%.

ALA brings this predictive and analytic capability to the Finance industry as a stand-alone solution or one that can be integrated into existing quantitative trading strategies and models, while at the same time providing an opportunity to consolidate the technology environment of customers, allowing analysis of unstructured data in several commercial applications.

Big data analytics is changing from technology that enabled analysis of structured data towards capabilities that enable in-depth analysis of the ever growing unstructured data. With this ability for new analytic capability there are untapped end user business opportunities in the fields of:

- Telephony data recording
- MIFID II
- Basel 3
- Detection & Prevention of Fraud
- Mobile Workforce productivity
- Office moves and Data relocation
- Data Security
- Ethical and Sustainable investment
- Customer 360's & CRM
- Risk & Governance
- Counterparty Risk
- Real time data feeds
- Social media
- Unstructured data use
- Marketing
- Sentiment, Behavioural, Emotional content analysis

Advances in big data platform technologies such as from Cisco, HP and Hadoop, give rise to new opportunities which utilize the research & algorithms with new technology in unstructured data analytics. We have built upon the emotional finance research with new technologies & algorithms to provide a new decision support system for Big Data Analytics using emotional finance.

We have selected Cisco, HP & Hadoop as our partners to build capability together with academics from Warwick and Edinburgh Universities (experts in the field of emotional finance). The result of which is that we have built a unique decision support system.

A high performing management team has set up ALA, with over 75 years of experience of developing businesses in financial services and the IT industry, with which we will build a fast growth successful company.

With all of this combined and ALA being Cisco's first Big Data Analytics partner in EMEA, we have a significant lead on other companies.

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Sources: Intel, IDC, Gartner, and Professor Richard Taffler.