

## Data Literacy

October 2021

*Senior industry executives convened to discuss data literacy – how to define it, how to improve it, and how to use it to drive an organization’s performance. Data literacy is more essential than ever in our hyper digital world, where many of us continue to work remotely. Leadership, common standards, and a clear sense of purpose that ties improved literacy to customer needs are among the key factors that determine success. This note provides a brief summary of the key themes from the discussion, respecting that the conversation was conducted under the Chatham House rule and comments are unattributed.*

**Motivating the challenge.** The use of data within an organization can provide a better understanding of customers’ needs, improving customer experience and supporting customer lifetime value management decisions. Alternatively, if data is not collected, analyzed, and understood properly, it can also lead to unintended bias which can prevent customers from participating in financial services. Encouraging broad-based data literacy can help the organization capture the benefits while avoiding the pitfalls.

**Start by defining the challenge.** Data literacy should be integrated broadly across the business rather than left to IT professionals and occasional educational outreach from human resources. That will mean different things for different people and departments. Not everyone needs to code, for example, but you want everyone to have the skills to ask the right questions. These skills must be measured, mapped, developed and sustained in day-to-day activities, not in a classroom. Although there is a tendency to adopt the newest and latest technology, it is imperative to understand what an organization’s data literacy baseline is, know what the target objective is, and be able to explain how these new technologies will support an organization’s goals.

**Be clear about your intent and measure your progress.** Organizations should be clear from the outset about the purpose of data literacy efforts. Raising the skills of the whole workforce can help an organization become more adept at operating in today’s digital environment. It also can foster a culture of continuous learning that binds teams together, perhaps through using buddy systems that encourage employees to help their colleagues. Such initiatives can unleash radical collaboration across the organization that involves everyone from AI specialists to front-line staff responding to customer queries.

**Follow the leader.** Leadership is vital for signaling the importance of literacy efforts, ensuring they are adequately resourced, and keeping data-driven initiatives on track and client-centric. Leadership also should be inclusive. That means making sure senior executives have the knowledge to make decisions about data, including what technology to buy, and empowering staff throughout the organization to use data to serve customers better. Otherwise, you risk death by data where teams generate reams of information but lack the skills or authority to put it to use. Leaders can also use data to further sustain target metrics, rather than being satisfied at simply meeting them. Taking action, thinking of data’s impact and practicality surrounding the priorities of an organization, and knowing how to apply data are all important objectives for a data leader.

**Think of data as a language.** There is a core vocabulary people need to know to work effectively with data, just as if they were learning a foreign language. Employees need to be immersed in that data language like we immerse infants in words and song to help them learn. Fostering an open and curious environment is imperative to the mindset of an organization and ensuring that employees feel supported in expressing what they know or don’t know surrounding data use. Keeping practical application front of mind is key so that when discussions turn to analytical techniques or bias or data ethics, the business side and data specialists can understand each other.

**Keep in mind the opportunities and the risks.** Every data decision an organization makes has downstream implications. Data literacy can help organizations drive innovation and foster a sense of shared purpose with employees, who stand to gain skills that can advance their careers. But data also entails risks ranging from breaches to bias to information overload. Everyone who deals with data must have an appreciation of those risks and keep a laser focus on the practical solutions that data can provide to the business and its customers.