Why banks need Artificial Intelligence
Digital disruption is redefining industries and changing the way businesses function. Every industry is assessing options and adopting ways to create value in the technology-driven world. The banking sector is witnessing groundbreaking changes: foremost being the rise in customer-centricity. Tech-savvy customers, exposed to advanced technologies in their day-to-day lives, expect banks to deliver seamless experiences. To meet these expectations, banks have expanded their industry landscape to retail, IT and telecom to enable services like mobile banking, e-banking and real-time money transfers. While these advancements have enabled customers to avail most of the banking services at their fingertips anytime, anywhere, it has also come with a cost for the banking sector.

Coming together of banking and sectors like IT, telecom and retail has increased the transfer of critical information over virtual networks that are vulnerable to cyber-attacks and fraudulence. These incidents not only affect the profitability of banks, but also hamper banks’ trust and relationship with customers. The rise of online security threats in banking transactions has tightened government regulations. Though these regulations are useful to monitor online financial transactions, it has curbed banks’ capability to keep up with digital transformation. Banks are unable to invest in technology, as they have to maintain capital adequacy ratio as per international regulatory framework guidelines. Thus, banks fall prey to the competition posed by nimble Financial Technology (FinTech) players, which do not have to maintain capital adequacy ratio. According to World Retail Banking Report of 2016, about half of the customers around the world have reported an increased likelihood to switch their banks with these players.

Banking on Artificial Intelligence

Harnessing cognitive technology with Artificial Intelligence (AI) brings the advantage of digitization to banks and helps them meet the competition posed by FinTech players. In fact, about 32% of financial service providers are already using AI technologies like Predictive Analytics, Voice Recognition, among others, according to a joint research conducted by the National Business Research Institute and Narrative Science.

Artificial Intelligence is the future of banking as it brings the power of advanced data analytics to combat fraudulent transactions and improve compliance. AI algorithm accomplishes anti-money laundering activities in few seconds, which otherwise take hours and days. AI also enables banks to manage huge volumes of data at record speed to derive valuable insights from it. Features such as AI bots, digital payment advisers and biometric fraud detection mechanisms lead to higher quality of services to a wider customer base. All this translates to increased revenue, reduced costs and boost in profits.

End notes
1- https://www.worldretailbankingreport.com/
AI is strengthening competitiveness of banks through

Enhanced customer experience
Based on past interactions, AI develops a better understanding of customers and their behavior. This enables banks to customize financial products and services by adding personalized features and intuitive interactions to deliver meaningful customer engagement and build strong relationships with its customers.

Prediction of future outcomes and trend
With its power to predict future scenarios by analyzing past behaviors, AI helps banks predict future outcomes and trends. This helps banks to identify fraud, detect anti-money laundering pattern and make customer recommendations. Money launderers, through a series of actions, portray that the source of their illegal money is legal. With its power of Machine Learning and Cognition, AI identifies these hidden actions and helps save millions for banks. Similarly, AI is able to detect suspicious data patterns among humungous volumes of data to carry out fraud management. Further, with its key recommendation engines, AI studies past to predict future behavior of data points, which helps banks to successfully up-sell and cross-sell.

Cognitive process automation
This feature enables automation of a variety of information-intensive, costly and error-prone banking services like claims management. This secures ROI, reduces costs and ensures accurate and quick processing of services at each step. Cognitive process automation fundamentally automates a set of tasks that improvises upon their previous iterations through constant machine learning.

Realistic interactive interfaces
Chatbots identify the context and emotions in the text chat and respond to it in the most appropriate way. These cognitive machines enable banks to save not only time and improve efficiency, but also help banks to save millions of dollars as a result of cumulative cost savings.

Effective decision-making
Cognitive systems that think and respond like human experts, provide optimal solutions based on available data in real-time. These systems keep a repository of expert information in its database called knowledge database. Bankers use these cognitive systems to make strategic decisions.

Robotic automation of processes
AI reviews and transforms processes by applying Robotic Process Automation (RPA). This enables automation of about 80% of repetitive work processes, allowing knowledge workers to dedicate their time in value-add operations that require high level of human intervention.
**AI-driven future**

AI will not only empower banks by automating its knowledge workforce, it will also make the whole process of automation intelligent enough to do away with cyber risks and competition from FinTech players. AI, integral to the bank’s processes and operations, and keeps evolving and innovating with time without considerable manual intervention. AI will enable banks to leverage human and machine capabilities optimally to drive operational and cost efficiencies, and deliver personalized services. All of these benefits are no longer a futuristic vision to accomplish for banks. By adapting AI, leaders in the banking sector have already taken actions with due diligence to reap these benefits.

**About the author**

**Anjum Khurshid**  
Associate Vice President - Corporate Business Services Transition, Business Process Services, Wipro Limited

Anjum, a banking domain expert, has over 19 years’ experience in project management for leading banks. He supports companies set up offshore business centers across the globe. He has worked in Information Technology Enabled Services industry to transform the transmission and distribution - focusing on design and execution - of outsourcing projects.  
(With inputs from Ravi Kumar, Deputy Manager, Corporate Business Services - Finance and Accounting Office, Wipro Limited)
Wipro Limited (NYSE: WIT, BSE: 507685, NSE: WIPRO) is a leading global information technology, consulting and business process services company. We harness the power of cognitive computing, hyper-automation, robotics, cloud, analytics and emerging technologies to help our clients adapt to the digital world and make them successful. A company recognized globally for its comprehensive portfolio of services, strong commitment to sustainability and good corporate citizenship, we have a dedicated workforce of over 170,000, serving clients across six continents. Together, we discover ideas and connect the dots to build a better and a bold new future.

For more information, please write to us at info@wipro.com