

3 Ways Banks, Fintechs And Financial Services Can Harness AI For Success

Much has been made of the expected rise of robotics in the 21st century, but Amazon, Google, etc, have all pointed the way to a future in which AI applications consume and interpret data to better meet human needs. According to a report published by consulting group Opimas, the financial services sector globally was projected to have spent \$1.5 billion on artificial intelligence (AI) in 2018, rising to \$2.8 billion by 2021.

In financial services, the challenge is to follow that lead, delivering tailored outcomes that enrich the lives of customers. Here are some ways banks, fintechs and financial institutions can harness AI for success in their digitization journey.

Before you can talk AI or machine learning, one must discuss data. In our increasingly digitized knowledge economy, we are generating, capturing and analyzing data at volumes and speeds that are accelerating exponentially.

Data is value for the modern organization. AI is reserved for companies who will figure out how to use quality data to build a stronger business for the future. That said, in order to derive value from data to build a better organization, you've got to have the right systems, the right employees, the right processes and possibilities, and most importantly, the right attitude in place.

Before starting any kind of machine learning, or artificial intelligence development programme, it's the role of management to make sure the quality of their data is ready for it. Through access to high-quality data, AI programmes can ensure messages to and communications with customers hit the right target time after time.

The more an AI programme knows about a client's preferences and priorities, the better it can meet and even anticipate future needs. Already, AI-driven apps are proposing courses of action and making recommendations for users' consent via a click of a mouse or swipe of a screen. Before long, these interfaces will fall away, leaving just an AI-enabled conversation between the customer and the financial services provider.

Banks currently interact with customers across a variety of channels, from branch to phone to web to app. Inevitably, a lot of potentially useful data slips through the gaps that could otherwise help draw an increasingly detailed and accurate client profile.

The good news is that chatbots are already taking great strides in making the process of interaction more natural for the customer and more useful for the provider in terms of understanding and gaging future needs. As with the virtual assistants that are almost invisibly managing our homes, banks' AI interfaces could also change user experience as they reach maximum utility.

It may be a bigger challenge for banks to join tech giants at the "conductor" level, where virtual assistants orchestrate an array of services and capabilities, bringing them to the

user at the precise point of need. But even if they are not yet fully deployed in financial services, the tools, skills and capabilities that will help banks begin their own AI journey are already fast emerging and available.

One might say that banks are moving into the “curation” phase, with AI programmes making recommendations based on past experience, in the same way Spotify might recommend a song or Netflix a TV show. It may not be too long before a virtual wealth advisor tells a client that the stock they declined to buy a few weeks ago has dipped in price, potentially making it an even stronger opportunity than before.

Today, this interaction might be affected via an email, a text alert or a chatbot, but in the longer term it might be part of a personalized, one-on-one dialogue, albeit driven by AI. At Saxo, the use of AI and machine learning helps us at every stage of the customer journey from client acquisition, through to trading services and retention, speeding up the process of democratizing trading and investments for everyone.

AI has the potential to define the user experience in financial services such as wealth management just as much as in other customer-facing businesses. The app, just as much as the teller, will cease to be the interface or the voice of the bank.

As the knowledge economy matures, financial service providers should perhaps consider where they are on that journey and where they want to get to. For many, it may be a relatively small step to the curator level, starting with a focus on the desired client interaction, rather than the technology. Indeed, small steps often give the best chance of new initiatives gaining momentum over time.

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