

4 ways automation is revolutionising financial services

Machine learning and artificial intelligence (AI) offer advances that promise to make banking safer, more efficient and more personal for the customer.



Dr Jacques Ludik

“The entire industry is moving towards a more digital, instant and customer-centric way of doing business, with AI and automation at their core. There is no doubt AI will usher in new ways of banking,” says Dr Jacques Ludik, smart technology entrepreneur, founder of the Cortex Group and founder of the Machine Intelligence Institute of Africa.

A [study](#) by Autonomous Research estimates that artificial intelligence will save banks more than \$1trn in the United States alone. An Accenture [report](#) estimates that AI will add \$1.2trn in value to the financial industry by 2035. South Africa can expect to face similar savings with the adoption of AI solutions, explains Ludik.

1. Personalisation

Through machine learning, banking will become ever more personalised. By utilising customer data, machine learning can develop an offering of personalised products suitable to each client. While many banks are already using this feature to understand their customers better, the applications are endless – from tailored credit and savings products to personalised pricing.

“For many, these technologies, augmented via their mobile phone, provide a new window into the world of personalised access which in turn could rapidly transform society as a whole,” says Ludik. “Through machine learning, banking becomes personalised – tailored to suit each user. Almost as if your bank knows you, it gives you what you want when you want it, and they will never again bombard you with sales calls for services you’re not interested in.”

2. Improved customer service

With AI, banking hours may become a thing of the past. The future of banking customer service is likely to rely heavily on chatbots, which use AI to simulate conversation through a computer programme. This allows clients to safely communicate with their bank remotely.

The Bank of America has already developed a [chatbot named Erica](#), accessible 24/7 and which can perform day-to-

day transactions. Over time, chatbots allow banks to develop and store standard responses to frequently asked questions, saving on consultation time currently needed by human assistants.

“Banking is just one of the many industries affected by growing demands to improve customer experiences, achievable with digitisation, data analytics and AI,” says Ludik.

3. Beyond the Pin

Banks are starting to make use of biometric data, like fingerprints, to replace passwords and other forms of client verification.

By the end of 2020, around 1.9-billion bank customers worldwide will be using biometrics to withdraw cash from ATMs, prove their identity when contacting their bank via telephone and access digital bank services through connected devices, among other things, according to a https://www.goodeintelligence.com/wp-content/uploads/2018/06/Goode-Intelligence-White-Paper_Biometrics_enabling-the-modern-customer-centric-bank.pdf report from Goode Intelligence.

“This technology offers the potential to improve security when accessing banking accounts, as well as protecting personal information and limiting cybercrime,” Ludik explains.

4. Fighting fraud

AI allows us to sort enormous amounts of data and identify patterns. This becomes vital especially for sifting through millions of transactions and in identifying patterns that can help prevent fraud.

Cybercrime is costing the world almost \$600bn according to a [new report](#) by the Center for Strategic and International Studies and McAfee, and Price Waterhouse Cooper’s 2018 [Global Economic Crime and Fraud Survey](#) estimates that almost half of all global organisations have experienced financial crime in the past two years.

Many AI solutions are already allowing banks to identify fraudulent transactions in real time and this has the potential to drastically reduce costs.

“Digital banking start-ups are creating a more severe sense of urgency for the banking industry to transform, innovate and adopt the latest technologies. This puts pressure on traditional banking to improve, automate and enhance their services in order to remain relevant and competitive,” explains Ludik.

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