

To Study the Importance of Artificial intelligence In Banking Sector

*Dr.Gadhe D.P.

AI in Banking Sector

Objective of the study

- 1) To study the areas where the artificial intelligence is being used by the banks.
- 2) To study about the application of Artificial intelligence in Banking Sector .
- 3) To study about the applications of AI in use in the leading commercial banks in India: State Bank of India, HDFC, ICICI and Axis.

Following are some of the areas of Artificial Intelligence can be used in banking sector

1) Personalized Financial Services

Personalized connect will reach new heights as automated financial advisors and planners provide expertise in making financial decisions. They analyze market temperament against the user's financial goals and personal portfolio, and offer recommendation regarding stocks and bonds.

2) Smart Wallets

Digital wallets are touted as the future of real-world payment technologies, with major players like Google, Apple, PayPal and others, jumping on the bandwagon and developing their own payment gateways. This decreases the dependence on physical cash, thereby expanding the reach of money to greater levels.

3) Underwriting The insurance sector is also coming up with a storm as they are moving towards congruent automation. By utilizing AI systems that automate the underwriting process, the organizations come armed with more granular information to empower their decisions.

4) Voice Assisted Banking

Physical presence is slowly fading away as technology empowers customers to use banking services with voice commands and touch screens. The natural language technology can process queries to answer questions, find information, and connect users with various banking services. This reduces human error, systemizing the efficiency.

5) Data-driven AI applications for lending decisions

Applications embedded in end-user devices, personal robots, and financial institution servers are capable of analyzing a huge volume of data, providing customized financial advice, calculations and forecasts. These applications can also develop financial plans and strategies through research, regarding various customized investment opportunities, loans, rates, fees, etc and track the progress.

6) Customer support

As speech processing and natural language processing technologies mature, we are drawing closer to the day, when computers could handle most customer service queries. This would mark an end to waiting in line and hence result in happier customers.

7) Digitalization instead of branch lines

Banking is a lengthy process, with past records of long queues and sluggish response marring the productivity. Even opening a bank account was viewed in negative terms as harried consumers would run pillar to post, while getting the necessary documentation complete. Digitization of documentation eases that pain and creates a comprehensive platform, where the consumers and providers connect.

8) Block chain hastening payments

The customer base that banks serve is going through a major shift in terms of buying behaviors and preferences, driven by the digital revolution, particularly social media and mobile. An increased demand for more choice and control in how they interact with a bank is on a rise. Sluggish payment processes will be a thing of the past as Blockchain is set to inculcate the advantage of real-time payment process, hastening up the procedure of payment, thereby increasing support and satisfaction.

AI applications within banking sector include the following

1. Fraud detection: AI has the ability to identify fraudulent activity in the real time behavior i.e. while it is happening, as well as identify what the next pattern of suspicious behavior will be by using location services.

Meeting regulatory requirements: Technology can be used to ensure that regulatory requirements are

2. met and that data is kept with monitoring done on a real-time basis. This can ensure that the regulations are followed in the spirit

3. Lowering costs and increasing revenue: AI can offer the 's biggest opportunity by automating the frontline, by engaging with customers in a more automated and intelligent way offers significant cost savings, with the risk being spread over millions of customer interactions.

4. Improving the customer experience: AI provides the opportunity for improved and faster decision making by deriving deep and actionable insights (e.g. customer behavior patterns). Some of these interactions will be with new voice or chatbot technology while other applications will be behind the scenes, supporting marketing communication.

5. Boost customer engagement: Artificial intelligence will assist in the creation of customized and advisory skills (e.g. personal financial management).

Some of the AI applications in use in the leading commercial banks in India

State Bank of India (SBI)

SBI the largest public-sector bank with 420 million customers has embarked on using AI by launching "Code For Bank " for focusing on technologies such as predictive analytics, fintech/ block chain, digital payments, IoT, AI, machine learning, BOTS and robotic process automation. SBI has also launched SIA, an AI-powered chat assistant that addresses customer enquiries instantly and helps them with everyday banking tasks just like a bank representative .

HDFC Bank

HDFC Bank has developed an AI-based Chatbot, "Eva", (which stands Electronic Virtual Assistant) Eva can assimilate knowledge from thousands of sources and provide simple answers in less than 0.4 seconds. By using Eva a customers can get information on its products and services instantaneously. Hence there is no necessity for customer to search, browse or call.

ICICI Bank

ICICI Bank, India's second-largest private sector bank has deployed a software robotics (robotic software) a kind of software generally focused on automating office work. The bank is the first in the country to deploy the technology, which emulates human actions to automate and perform repetitive, high-volume and time-consuming business tasks. With the help of this bank's employees can concentrated on customer oriented functions. ICICI Bank has also launched a AI-based chatbot, named iPal(chatbot) which has interacted with 3.1 million customers, has answered about 6 million queries, with a 90 percent accuracy rate .

Axis Bank

Axis Bank, India's third-largest private sector bank, launched an AI & NLP (Natural Language Processing) enabled app, Conversational Banking, to help consumers with financial and nonfinancial transactions, answer FAQs and get inform about various bank products. Currently available on Face book and the Axis Bank website, it will soon be extended to mobile banking channels as well..

Conclusion

A digital boom is certainly taking place across all segments of industry especially banking, especially after demonetization .The traditional banking has evolved and more and more banks are adopting new technologies like AI, Cloud, block chain to cut down their operating expenses and improve efficiency. Though it is still in its nascent stage ,banks are still at cusp of an artificial intelligence revolution. Improvement and development in the AI industry, will increase productivity at a reduced cost. Managers across industries will have to raise their ante on skill-set up gradation..

References

1. "Banking in the age of disruption," February 2017
2. <https://www.businesstoday.in/magazine/special/hdfc-bank-digital-transformationbest-indian-large-bank-2014/story/213957.html>
3. <https://www.goodworklabs.com/artificial-intelligence-in-banking-industry/>
4. <https://www2.deloitte.com/content/dam/Deloitte/in/Documents/financial-services/inf-s-deloitte-banking-colloquium-thoughtpaper-cii.pdf>

#####