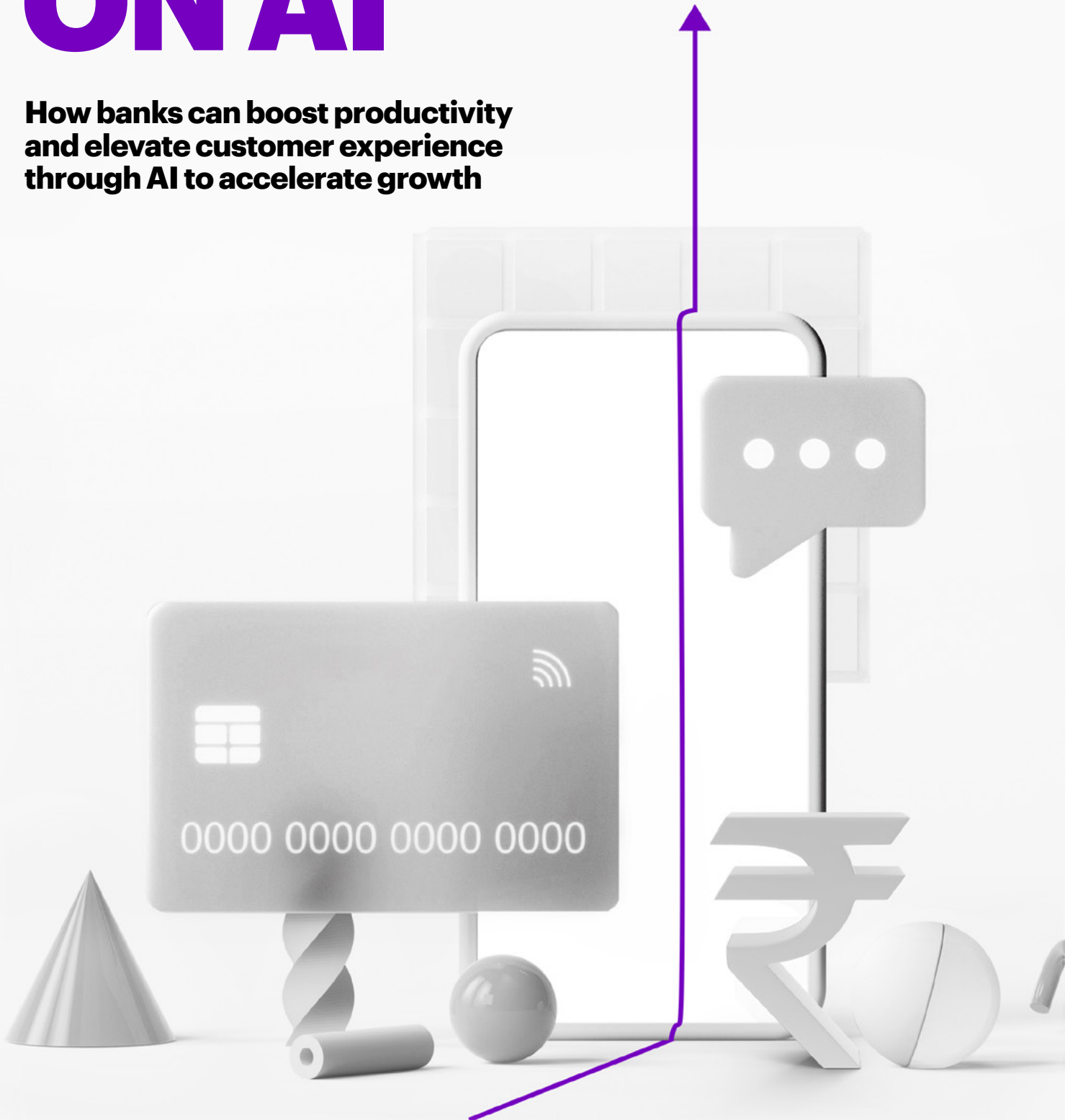




# BANKING ON AI

**How banks can boost productivity  
and elevate customer experience  
through AI to accelerate growth**



Humans have repeatedly invented newer machines to improve output. Think how bicycles and then automobiles magnified the distance and speed with which humans could travel, while radically changing the experience. These machines were based on the general purpose technologies of wheels and internal combustion engine.

**Artificial Intelligence (AI) is the latest general purpose technology that is being used to redefine the banking experience and business economics like the computer and Internet did before.** The possibilities are both endless and already limitedly proven.

For example, think about how AI is revolutionizing the way we interact with machines, it is changing the onus of understanding from humans to machines. Earlier, we had to know where to go, what to click to accomplish a particular task and now you can probably just ask Google or Siri or Alexa. This will transform the customer adoption and experience landscape (see figure 1). **Similarly, AI based bots can enable a thousand small conveniences for your customers like one-click repeat payments, or for your employees like build a draft credit appraisal memo. These bots are already being deployed for some common use cases across banks, like chat bots, and across industries, like robotic vacuum cleaners.**



Whether the recent pandemic has necessitated a bank to ride the tailwinds of digital acceleration or dramatically improve their productivity to survive, AI offers a compelling proposition. Like any technology leap, it pushes the Production

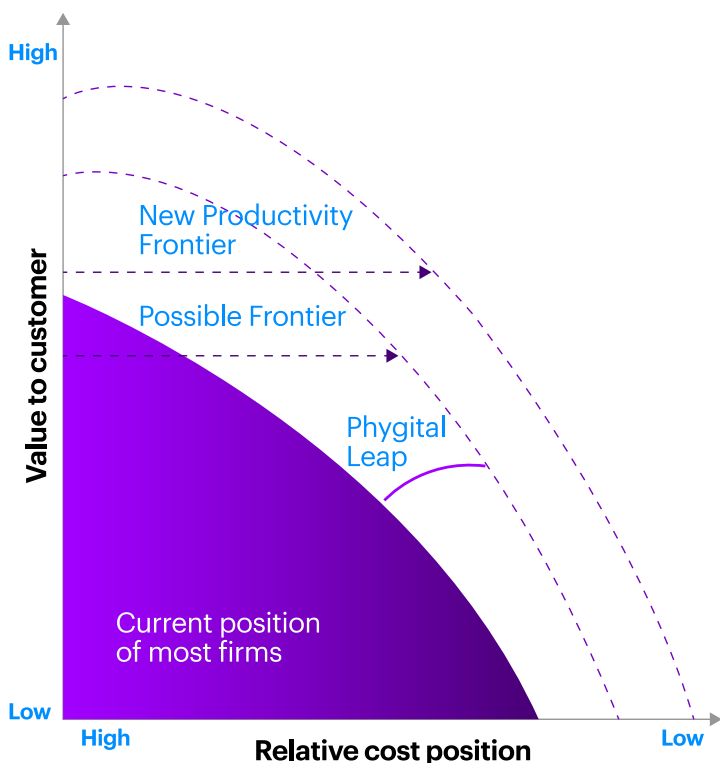
Possibility Frontier out (see figure 1), allowing banks to simultaneously improve experience and business economics, while also improving control and compliance. It helps banks accelerate growth, both by removing bottlenecks to scale and by driving a differentiated experience that can drive virality in demand. **Our client diagnostics have repeatedly shown that using AI-based solutions, banks can achieve a 2-5X increase in the volume of interactions or transactions with the same headcount.** Think about it—if banks could drive that 2-5X volume with their current branch or office and people infrastructure, wouldn't their Cost Income Ratio land sub 30 percent?



**From driving cars to writing news articles with no human intervention, AI is revolutionizing industries and pushing the Production Possibility Frontier further.**

**Figure 1: From driving cars to writing news articles with no human intervention, AI is revolutionizing industries and pushing the Production Possibility Frontier further.**

**WHILE MOST BANKS WERE OPERATING BELOW THE POSSIBLE PRODUCTIVITY FRONTIER, A NEWER FRONTIER HAS TAKEN SHAPE**



**CURRENT PROVEN FRONTIER**

Why are we still filling forms, entering data, reconciling transactions, consolidating GL...

**THE NEW FRONTIER**

AI can drive cars, design car chassis, write news articles...

**AFFLUENCE AND DIGITAL PUSH**

Are changing the customer indifference curves

# THREE BARRIERS TO AI

While the possibilities of AI in banking are endless, adoption is low. Our recent Accenture–AI: Built to Scale research that surveyed more than 1,500 CXOs, including 126 in India, discovered that while a whopping 84 percent of the executives believe AI is critical to their future ambitions, a vast majority of companies are stuck in Proof of Concept mode and less than 5 percent are leveraging AI in an industrialized manner. This “know-do” gap stems from three typical challenges.



## **AI is being applied by technology rather than business intent.**

Think about all the robotic process automation (RPA) and OCR programs you have heard of. The challenge in such an approach is that even when the individual application of technology may be successful, there is little improvement in turnaround time or customer experience for the overall process. Humans bring together multiple capabilities and senses to accomplish any task and so should AI. This technology-led approach doesn't prompt a reimagination of business process or journey and a lack of appreciation for the inherently exponential learning curve required leads to early despair.



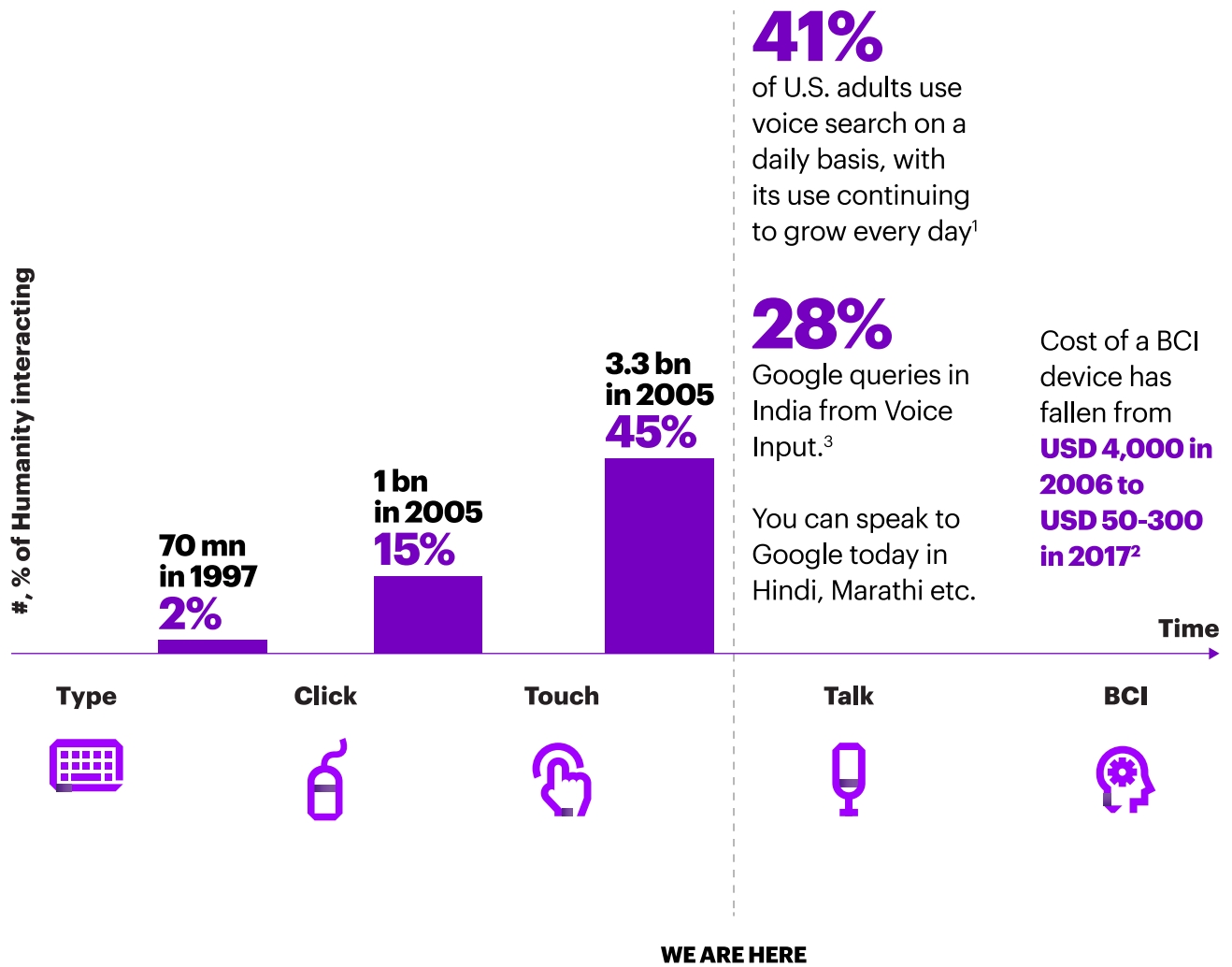
**The fragmented technology infrastructure for AI**, often made of a collection of fintechs, and a lack of a modern integrated data platform further exacerbates the problem. AI can't work without data and, all too often, banks' data is locked in either source systems or in highly aggregated forms in under capacitated warehouses. Further, the key enablers for AI—the knowledge and algorithms—are often locked in individual silos leading to rework and inefficiencies that slow down the scale-up.



## **The impact of AI on the operating model cannot be overstated.**

It is dramatically changing the nature of work and the pyramid of work. And business leaders who have to deliver these experiences of tomorrow with the teams of tomorrow must actively be engaged in creating their future. AI must be treated as a team sport that requires multi-disciplinary skills and unless organizations start by setting up these teams with a clear mandate and empowering them with base infrastructure, tools and know-how, AI will at best exist sporadically in the fringes, making little difference to the organization's results.

**Figure 2: As customer interactions move from touch to voice, taking a voice-first approach to AI will help banks gain competitive advantage.**



Sources: Accenture Analysis

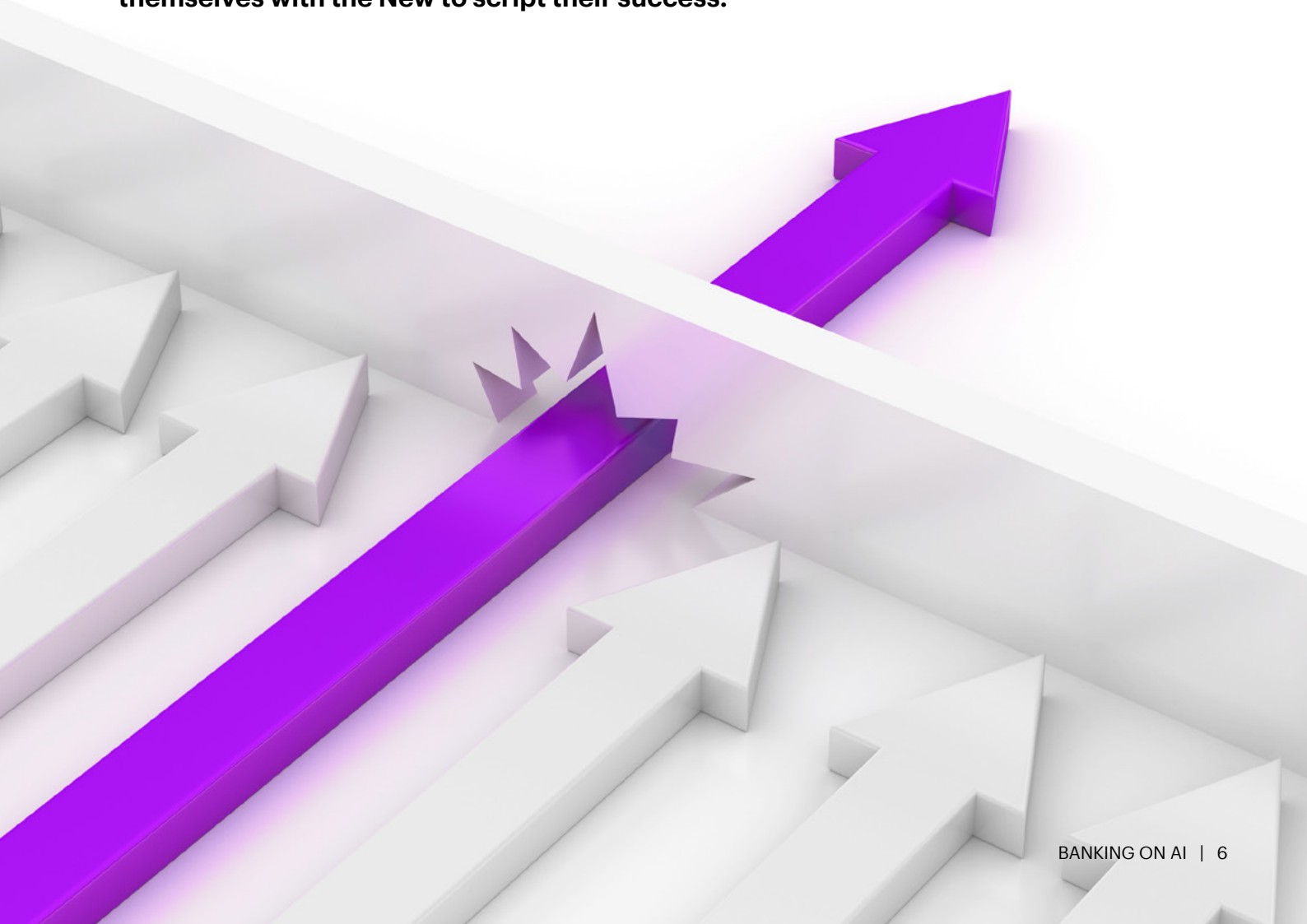
1. <https://www.forbes.com/sites/forbesagencycouncil/2017/01/03/2017-will-be-the-year-of-voice-search/#459ade7512c5>
2. Exponential organization
3. Presented in Google for India Summit 2017

# A NEW WORLD BECKONS THE BRAVE

AI, like the preceding wave of digital, is inevitable. And it's not a distant possibility—it is already all around us and easily available as a base capability. It is available as open source (TensorFlow, OpenAI GPT-3), as infrastructure or service from cloud hyperscalers (speech to text APIs) and even as finished products (fintech point solutions). There's no time to wait, banks must act now.

The recent digital acceleration makes it an imperative. Trends like Central Know Your Customer (CKYC) or video KYC are a double-edged sword. While they make it easier for banks to acquire customers, customers can also switch with ease, exacerbating winner-takes-all conditions.

**There's a phrase in Sanskrit that sums up the AI opportunity for banks—Veer Bhogya Vasundhra, meaning "To the brave belong the riches." Banks that boldly embrace the brave new world of AI are most likely to lead in the future and keep the customers. The choice is for them to make—either wait for their Kodak moment or power themselves with the New to script their success.**



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