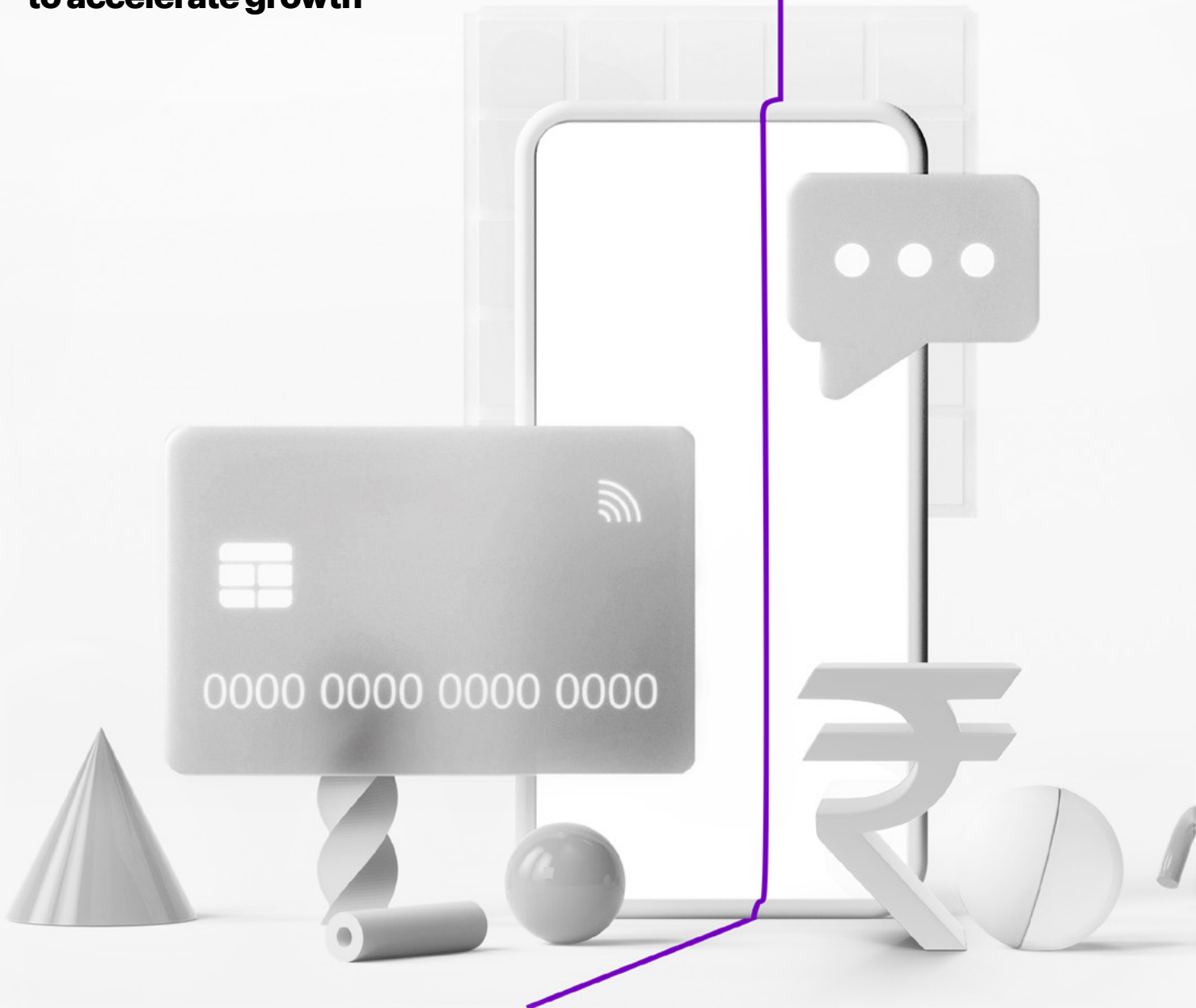


Where smart banking meets AI

**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. **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.**



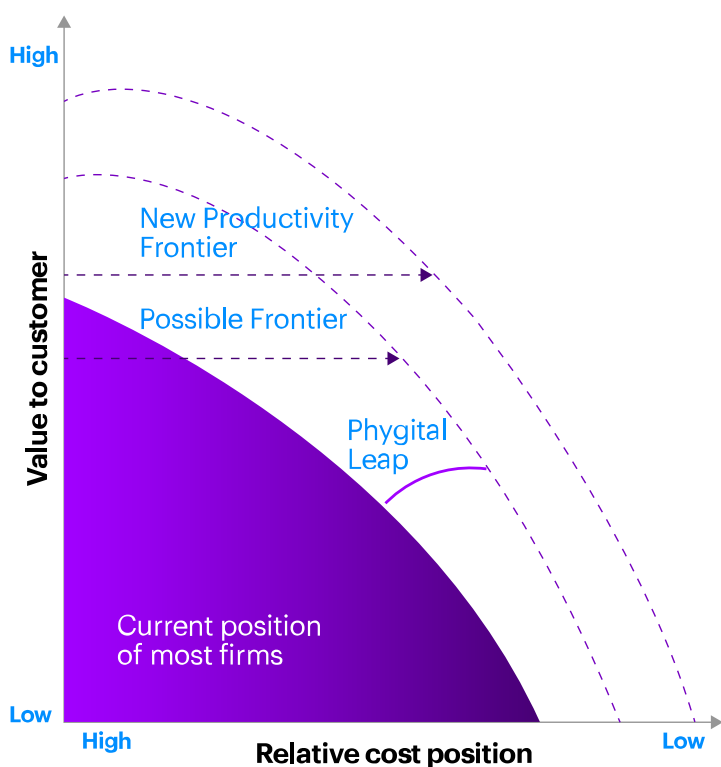
Whether the recent pandemic has necessitated a bank to ride the tailwinds of digital acceleration or dramatically improve their productivity to survive, AI offers a compelling proposition. Like any technology leap, it pushes the Production Possibility

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?



While most banks were operating below the possible productivity frontier, a newer frontier has taken shape.

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



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 optical character recognition (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.



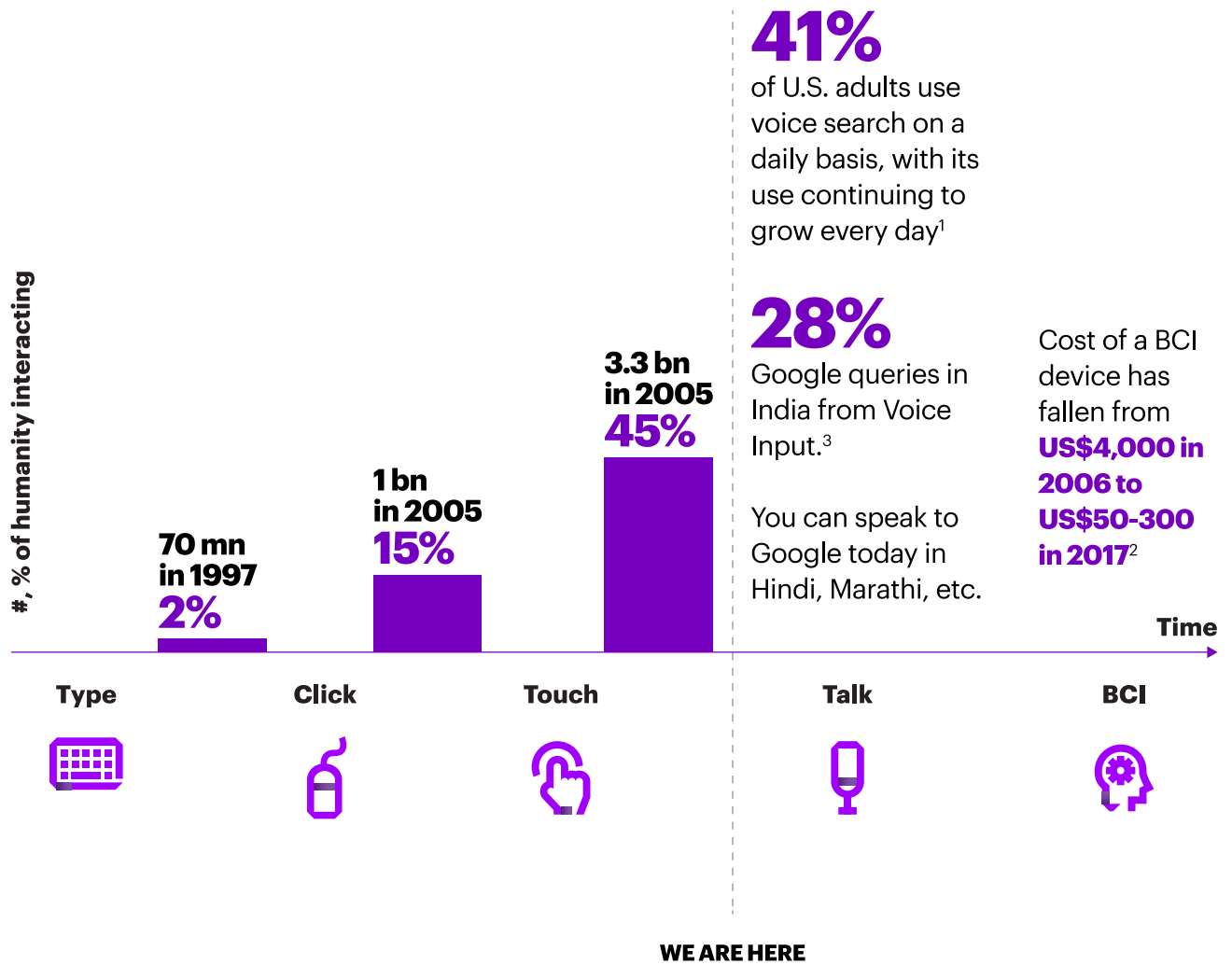
The fragmented technology infrastructure for AI, often made of a collection of fintechs, and a lack of a modern integrated data platform further exacerbates the problem. AI can't work without data and, all too often, banks' data is locked in either source systems or in highly aggregated forms in under capacitized 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.



Source:

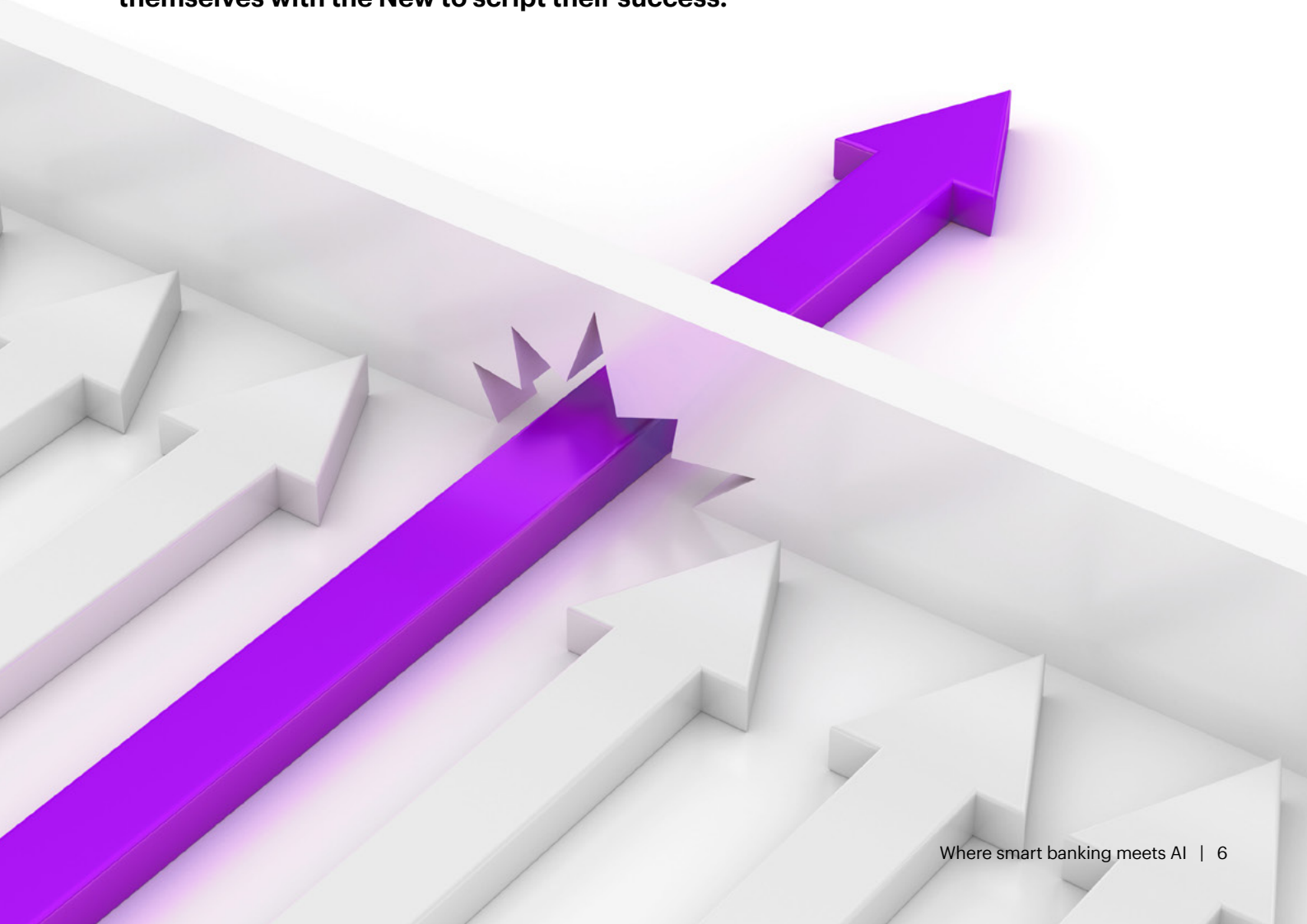
1. <https://www.forbes.com/sites/forbesagencycouncil/2017/01/03/2017-will-be-the-year-of-voice-search/#459ade7512c5>
2. Exponential organization
3. Presented in Google for India Summit 2017

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.



AUTHOR



PRANAV ARORA

Managing Director and Lead,
Applied Intelligence,
Accenture in India

ABOUT ACCENTURE

Accenture is a global professional services company with leading capabilities in digital, cloud and security. Combining unmatched experience and specialized skills across more than 40 industries, we offer Strategy and Consulting, Interactive, Technology and Operations services—all powered by the world's largest network of Advanced Technology and Intelligent Operations centers. Our 514,000 people deliver on the promise of technology and human ingenuity every day, serving clients in more than 120 countries. We embrace the power of change to create value and shared success for our clients, people, shareholders, partners and communities. **Visit us at www.accenture.com**

Disclaimer: This article has been published for information and illustrative purposes only and is not intended to serve as advice of any nature whatsoever. The information contained and the references made in this article is in good faith and neither Accenture nor any its directors, agents or employees give any warranty of accuracy (whether expressed or implied), nor accepts any liability as a result of reliance upon the content including (but not limited) information, advice, statement or opinion contained in this article. This article also contains certain information available in public domain, created and maintained by private and public organizations. Accenture does not control or guarantee the accuracy, relevance, timelines or completeness of such information. Accenture does not warrant or solicit any kind of act or omission based on this article. The article is the property of Accenture and its affiliates and Accenture be the holder of the copyright or any intellectual property over the article. No part of this article may be reproduced in any manner without the written permission of Accenture. Opinions expressed herein are subject to change without notice.