

## Real-time Insights - Artificial Intelligence for Financial Services

Financial institutions (Insurance, Banking, Capital Markets, Wealth and Asset Management) need to consider restructuring their business models to harness a new technology.

Financial services is experiencing significant disruption, whether from the financial crisis or new challengers, customers are looking for alternative, more streamlined services.

While the concerns of privacy and data protection have to be addressed AI will play a significant part in the evolution of future financial services.

### Observations

- Studies show that by 2025 machine intelligence will be a vital part of our daily lives
- 52% of these in Financial Services say they are currently making substantial investments in AI
- 72% of decision makers believe AI will be the business advantage of the future
- 75% of bankers believe AI will become the primary way lenders interact with their customers over the next three years
- AI can create 'new and unexpected' forms of interconnectedness by taping previously unrelated data sources

## Enhancing Service "Boosting Productivity"

### Why Artificial Intelligence

The objective of using Artificial intelligence (AI) is:

- Ensure macroprudential health
- Boost productivity and operational efficiencies
- Improve investment success
- Improve and increase compliance
- Enhance customer service and simplicity
- Improve transaction processing time
- Predict future trends and results
- Boost sales and customer intelligence

Achieved by

- Using RPA to automate repetitive tasks and complex 'intelligent' processes
- Using AI to target transaction processing time and customer intelligence in financial decisions
- Personalised services and virtual assistants
- Advanced insight and infrastructure management
- Identify red flag anomalies for human intervention
- Generalised risk management

# Improving maturity makes systems stronger

Focus is on customer service, back office, operations, financial advisors, fraud detection, risk management

Improved service, faster transactions, better trust

"Avoid black box decision making"

## The AI on Customer Experience


- Consumers and investors could enjoy lower fees and borrowing costs if AI and machine learning reduce the costs for various financial services.
- Consumers and investors could have wider access to financial services
- AI for robo-advice might facilitate people's use of various asset markets for their investments
- AI and machine learning, through advanced credit scoring for FinTech lending, might make wider sources of funds available
- More 'customised' and 'personalised' financial services through big data analytics
- Established and well-designed governance structures for financial service providers for consumer and investor protection
- Concerns over data protection, privacy and cyber crime must be addressed

## Where can AI be applied?

- Transaction Processing ~ Macro Financial Analysis
  - Unbundling traditional banking services
  - Branchless banking, automating customer facing functionalities
  - Biometric, voice and image recognition for KYC
  - Social sentiment analysis to track trends
  - Advanced insights and results prediction
  - Continual fee adjustment
  - Payments and settlement transactions
- Fraud Detection and Risk ~ Trust Management
  - Red flag: risk scoring for further scrutiny
  - Reduction of bias, moral hazard and adverse selection
- Regulatory Compliance
  - Oversight and macroprudential surveillance
  - Regularity processing, audit and stress testing
  - Identification of market vulnerabilities
- Network and interconnectedness
  - New industrial collaboration and economies of scope
- Wealth & Asset management
  - Robo-advisors, automating predictions and decisions of trading signals

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# AI will change the face of financial advice, the way we access services and the way institutions invest

## Outcomes

### What will possibly happen in the future?

- AI will become adopted as a mainstream addition for financial analysis, asset allocation and forecasting
- AI will become embedded into investment decisions
- AI will become adopted as a mainstream in underwriting, scoring and premium variation
- AI will become integral to self-service systems and customer facing service allocation
- AI will become integral to fraud detection, anomaly analysis, user access and identity verification
- Portfolio management

### Using Sentiment indicators

- Keeping up with changing customer behaviour
- Continuous improvement of customer experience
- Properly measure customer feedback
- Deliver personalised services



#### We uncomplicate AI

We help leaders identify their AI opportunities and we bring them to life.

- ~ Change governance
- ~ Current state analysis
- ~ Future state design
- ~ Transition planning



#### We assess and develop

We consider the business problem, and build awareness.

- ~ New services
- ~ Existing services
- ~ Automation
- ~ Predictive analytics



#### We deploy tactically

We develop proof(s) of concept, and systems that bring ideas to life.

- ~ Understand
- ~ Diverge - sketch - decide
- ~ Prototype
- ~ Validate



## How can FirstAlign help?

#### We create lasting value

Embed new working methods, and develop better analytics.

- ~ Operational transition
- ~ Center of Excellence
- ~ Long term viability
- ~ Knowledge & education

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