

# AI: The next frontier in digital finance.

Technology is developing at unprecedented rates, and with it customer expectations continue to rise. By using cloud-based technology, banks can create competitive, customer-centric solutions and provide innovative experiences.

AI is the key to unlocking this. It enables banks to provide their customers with a truly integrated experience. They can embed financial services into daily interactions, creating a predictive, seamless and personalized service.

Banks must evolve to take advantage of this new market opportunity.

**7-10%** of tasks in financial services could be automated by **2025**, while **43-48%** could be augmented with technology.

(Accenture, 2019)

There are 4 key drivers for change:



## 1. Evolving consumer demands

Users want fully integrated, real-time and personalized mobile-first customer experiences.



## 2. Increasing competition

The rise of new fintechs, digital banks and non-traditional players in financial services is "unbundling" the banking value chain (e.g. Apple, Alibaba).



## 3. Technology revolution

Commoditization and enhanced access of key tech elements (e.g. core banking, cloud) leading to lower entry barriers and leaner cost structures.



## 4. Changing regulation

Introduction of open banking and PSD2 mandates has cut out the middle man, leading to new regulations and frameworks for fintechs and digital banks.

Customer sentiment has changed.

The experience banks provide is paramount and key to growth.



US retail banking customers confirmed that banks with the highest degree of reported customer satisfaction grew deposits **84%** faster than banks with the lowest satisfaction ratings.

(McKinsey, 2020)

## How can AI drive transformation?

With advancement in AI, machine learning and analytics, banks can tap into diverse customer and transactional data sets right on their doorstep. The Bank of the Future can use this to redefine customer experiences by taking advantage of three key areas:



### Volume of data.

Banks have access to one of the largest volumes of customer data of any industry.



### Ability to personalise and enhance enterprise value.

For global banking, McKinsey estimates that AI technologies could potentially deliver up to **\$1 trillion** of additional value each year.



### Automation and efficiency.

In North America alone, automation is projected to result in cost savings and productivity gains that could deliver between **\$87 billion** and **\$140 billions** of cumulative value (Accenture, 2019).

## The foundations for building the "Bank of the Future."

### Customer-centric strategy

involves designing services from the ground up built around user needs (external facing).

### Value-based AI use cases

for core bank functions that are equipped to enable best-in-class customer journeys (internal facing).

### Flexible, composable technology architecture

allows true "plug and play" of different components to respond to changing customer needs, market dynamics or technology trends.



What are the practical uses of AI to enhance the customer experience?



### Monitors transactions

Picks suspicious or fraudulent transactions.

### Searches for patterns

Creates customer segments using AI.

### Uses customer segments

Creates personalised segment-of-one products.

Adapts to customer preferences and behaviours.

Banks used to be built to last - today they need to be built for change. They must evolve constantly, rapidly and without fear, if they wish to remain relevant to modern consumers and their lifestyles.

## Three steps to make the Bank of the Future a reality:



### 1. Understand

Identify your target customer, develop your understanding of their needs and map out individual customer journeys.



### 2. Prioritize

Using AI or analytics, identify use cases for enhancing the customer's journey and prioritize them according to value at stake and feasibility.



### 3. Invest

Invest in future-proof technology that has the flexibility and resilience to fulfil both your short and long-term needs.

**Get ready to win with Mambu.**