

The Transformative Impact of AI on Finance and Banking

Prologue :

Financial institutions work in a sector that relies heavily on knowledge and technology and is undergoing rapid change as a result of new developments, changing customer demands, regulatory requirements, etc. Additionally, there is a rapid change in the specific competencies needed by managers and employees of commercial banks.

In many industries, artificial intelligence (AI) has become a game-changing technology. The finance and banking sector is no exception. AI is transforming the way financial institutions run thanks to its capacity to process enormous amounts of data, spot patterns, and make wise decisions.

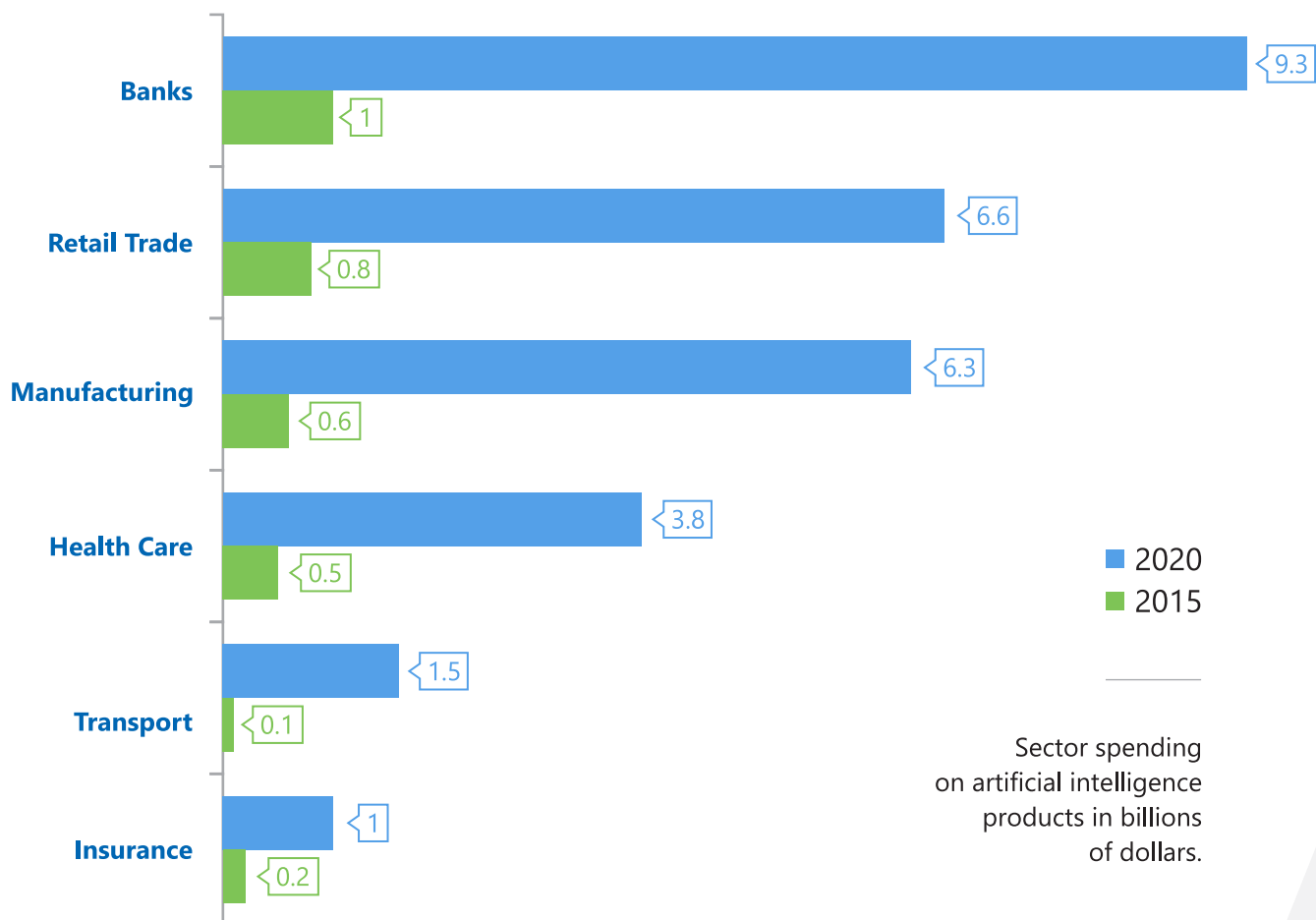
Effects of AI on Banking and Finance :

In the context of a global, diverse, and quickly expanding supply of digital innovations, the position of financial technology companies in the financial services sector and their relationships with traditional financial services providers (banks) are now described not only as competitive relationships but also as collaborative or partnership relationships.

It should be noted that some of the financial technology start-up solutions (technological solutions for AML risk analysis, customer remote identification tools) are intended to be integrated into banking processes or services. With some of the innovations, customers can now combine traditional banking with features that are generated by their business activities (like shopping or selling).

The banking sector is currently making significant investments in the development and acquisition of AI products.

Investment in the development and acquisition of AI products



The majority of financial institutions already use AI solutions in data processing, credit risk rating, account opening, client communication, payment processing, currency control, blockchains, handling requests from executive institutions, etc. despite the fact that these technologies are still in their infancy.

In order to more effectively and aggressively market their offers, HSBC Bank uses artificial intelligence to forecast how customers will use their credit card points. Typically, categories like travel, merchandise, gift cards, or money are available.

One of the biggest banks in Europe, Danske introduced AI as a bond trading tool to help them quickly obtain bond prices. Within six months, the AI tool reduced marketing expenses by 25% while assisting people in making quicker decisions.

A new AI-based stock algorithm platform from Deutsche Bank called APAC was created with a self-learning mechanism that allows systems to predict stock price more accurately, enhancing the quality of execution. The banking sector is currently making significant investments in the development and acquisition of AI products. For instance, bank spending on AI products already outpaced that of all other industries in 2015.

SBI uses AI algorithms to automate repetitive tasks like document processing, KYC verification, and customer onboarding so that staff can concentrate on more involved and value-added tasks. SBI uses artificial intelligence to identify potential fraud in real-time, preventing losses and safeguarding customer accounts.

Challenges Ahead :

While AI will undoubtedly have a transformative effect on finance and banking, there are a number of challenges to be aware of. When implementing AI systems in the financial sector, ethical considerations, data privacy concerns, and security issues are of utmost importance. Important issues to address include the risk of biased decision-making algorithms and the demand for explainable AI.

Prospective :

Artificial intelligence has a bright future in banking and finance. AI systems will become more advanced, capable of handling complex tasks, and able to make even more precise predictions as technology develops. Financial transactions will become even more efficient, secure, and transparent as a result of the integration of AI with other cutting-edge technologies like blockchain and the Internet of Things (IoT). To ensure responsible and ethical use of AI, financial institutions must, however, strike a balance between automation and human expertise.



Blucrest Capital Advisors Pvt. Ltd.

Corporate Office : Quest, Technopolis Knowledge Park,
5th Floor, Hanuman Nagar, Andheri East, Mumbai,
Maharashtra - 400 093.

+91 70306 37101 info@blucrestadv.com

blucrest-capital-advisors-pvt-ltd We Operate PAN India Level blucrestadv.com

About Us :

Blucrest as a financial advisory firm brings in unique perspective to advisory by focusing on innovative tailor-made solutions in for every individual corporate. The team consist of ex- Senior executive bankers, Rating Heads, Practising CS and legal experts who have collective experience of more than 60+ years.

Blucrest team has a deep experience in areas of Trade Finance Solutions, Off Balance Sheet Financing, Factoring, Reverse Factoring, Securitization, Debt Syndication, Project Finance, Credit Rating Advisory, Compliance & Legal, Trade Credit Insurance, Corporate CIBIL Resolution & many such related services.

Disclaimer :

BluCrest has taken utmost care to ensure the accuracy based on the information available in the public domain and research analysis. However neither Blucrest as well as its directors, officers or employees (collectively referred as "Blucrest party") guarantee the accuracy, completeness or adequacy of the report and no "Blucrest party" shall have any liability for any errors, omissions or interruptions therein, regardless of the cause of for the results from the use of any part of the report.