

AI: reshaping the world of banking

McKinsey estimates that AI technologies could deliver up to \$1tn of additional value each year for the global banking industry, combining a deep understanding of customer needs with the composable cloud architecture to roll out hyper-personalised services at scale.



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The recent *Bank of the Future* whitepaper from SaaS banking platform Mambu and Google Cloud, identifies ubiquitous banking as the next frontier in the digital financial revolution with AI delivering personal customer experiences.

Traditional banks no longer the go-to

The report shows that the pandemic has increased consumer demand for always on, personalised digital and mobile-first financial services.

Unlike 20 years ago, traditional banks are no longer the go-to for those looking to move or manage their money.

With better access to cloud services and increasing competition from a new wave of fintechs and non-traditional players, incumbent banks are under threat as consumers turn to neo banks and digital challengers in search of a better customer experience and utility-led services.

Banks need to change

The report shows the world that banks were originally created to serve no longer exists. Historically built to last, today banks need to be built to change.

“If traditional players want to reposition themselves as lifestyle partners, in tune with the modern banking needs of their customers, then they must evolve rapidly - and without fear,” explains Eugene Danilkis, CEO at Mambu.

“Key to this will be their embrace of AI technology which has broad ranging applications from fraud prevention and risk management to delivering personalised customer experiences and driving efficiencies through greater automation,” he adds.

He warns that banks must act fast if they want to avoid getting left behind.

“Only by leveraging the capabilities of AI and cloud technologies will they be able to reimagine the customer experience and tap into new revenue streams in a competitive market,” he says.

Data: the key to growth

The report points to changing regulation, such as the introduction of open banking and PSD2, as forces accelerating the disintermediation of traditional banking providers.

With dedicated regulation now emerging for fintechs and digital banks in some jurisdictions, it's a case of adapt or die for incumbent players. But banks have one asset on their side - data.

With around a billion credit card transactions every day, banks have access to one of the largest volumes of customer data of any industry. Using AI, banks can harness this information to unlock unparalleled insights and growth.

The report reveals three building blocks that will enable the future of banking:

1. Customer-centric strategy - products and services built around the customer for the customer, embedding AI technology to hyper-personalise the user experience.
2. Value-based AI use cases - applications anchored on business value (revenue growth, cost saving or risk reduction) and customer value (customer experience or time to market).
3. Composable technology architecture - flexible, cloud-based core banking software that enables true “plug and play” functionality to respond to changing customer needs, market dynamics or technology trends.

You can read the full Bank of the Future report [here](#)

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