

A Look at the State of AI in Banking and Financial Services

With the increasing volume of data generated in the Banking and Financial Services industries, Artificial Intelligence (AI) has the potential to revolutionize the way financial institutions operate, from onboarding and delivering personalized consumer experiences to streamlining and automating workflows, and managing risk. In this eBook, we explore the transformative impact of AI on these industry sectors, including benefits, obstacles to adoption, and tips for getting started.



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Not so long ago, when trouble began to brew for Silicon Valley Bank (SVB), consumers worried that their uninsured deposits were at risk. Most consumers began to withdraw their deposits. In just two days, SVB was out \$142 billion in deposits. The money that was withdrawn needed to be moved to other banks. The rush of deposits and need to open new accounts created chaos for most of these banks since their onboarding processes were manual and painfully slow. It's been a wake-up call for the industry, not just to unify and simplify onboarding but to modernize the overall experience, as well.

The reality is banks are relatively slow when it comes to digital transformation. Statista data shows that 84% of businesses across industries have adopted artificial intelligence (AI) for at least one process, while only 35% of banks have done so. Forrester estimates that global corporations waste \$1 trillion annually due to poor data quality, and financial services have very similar trends. This means lots of manual work and messy workflows, wasting everyone's time and money. Think of all the hours lost just onboarding accounts, updating info, and getting started! It's no wonder employees get frustrated and consumers feel like they're stuck in the past.

Enter Artificial Intelligence (AI). With the increasing volume of data generated in the banking and financial services industries, AI has the potential to revolutionize the way financial institutions operate, from streamlining and automating workflows, to managing risk and delivering personalized consumer experiences. Let's explore the impact of AI on these industry sectors, including benefits, obstacles to adoption, and tips for getting started.



AI in Banking: A Rising Trend

Recently, Nvidia published results from its “State of AI in Financial Services: 2024 Trends” survey, which was taken by 500 global financial services professionals. The report reveals that an overwhelming 91% of financial services companies are at different stages of adopting AI or already using it in production. These firms are using AI to drive growth, innovation, improve operational efficiency and enhance consumer experiences. Portfolio optimization (including wallet share), fraud detection and risk management remain top AI use cases, while generative AI is quickly gaining popularity with organizations keen to uncover new efficiencies.

A recent Harvard Business Review study estimates that AI will add \$13 trillion to the global economy over the next decade. Nearly half of the global financial services professionals say AI is enhancing business operations and consumer experience, and 35% say AI is improving operational efficiency in their organizations, according to another study.

What's more, a recent McKinsey study found that, digital adoption is no longer a question but a reality: around 73% of the world's interactions with banks now take place through digital channels.



Consumer onboarding

AI can be extremely effective in expediting the path to revenue, and streamlining routine

workflows and manual tasks that today require extensive human resources to complete, such as onboarding new clients or adding new products to existing clients. Learn more on how AI powered unified onboarding solutions can help you streamline the onboarding process.

Consumer service

With AI-powered tools, banks and financial institutions can provide personalized support to consumers 24/7, without human intervention. AI-powered solutions can handle a range of tasks, including answering frequently asked questions, resolving simple issues, and providing product recommendations based on consumer preferences. Not only does this help financial institutions serve more consumers, it cuts costs significantly by reducing the need for live consumer service representatives who, in turn, can focus on building more meaningful consumer relationships.

Consumer engagement

AI-driven technologies offer banks and FIs the potential to provide highly personalized user experiences and enable consumers to access a wide range of information pertaining to budgeting, retirement savings, and more products and offers tailored to their specific banking requirements. These intelligent assistants yield optimal results when seamlessly integrated with other systems, enabling a comprehensive understanding of the consumer's journey.

Risk detection

AI can help banks identify and manage risks by analyzing large amounts of data in real-time and predicting potential risks before they occur. They can help to detect fraud and forecast market trends, enabling FIs to make data-informed

decisions. This is an important use case for AI, as cybercrime in the financial services sector is on the rise.

Generative AI

Made popular by the revolutionary OpenAI app, ChatGPT, generative AI technologies can generate content such as text, video, code and more, providing automated access to data. Generative AI can be used for various applications in financial services and banking, such as conversational finance, financial analytics and synthetic data generation.

Underwriting

Some FIs such as Dave, a short-term lending start-up, are using AI to improve and accelerate credit underwriting. AI models can be used to analyze all types of consumer transactions and develop an accurate score that reflects an individual's ability to pay back a loan. This level of accuracy cannot be achieved with traditional rules-based systems.

These are just some of the ways in which AI can benefit financial institutions. Now, let's delve deeper into the onboarding challenge many banks are facing now, and examine how AI can help.



Onboarding Made Easy

With SVB's downfall, many banks had to quickly onboard new consumers, which can be a complex and challenging process, requiring a large amount of repetitive data entry across different banking systems. Not only is it an arduous, slow-going process, it is susceptible to human error. Banks must comply with various regulatory requirements, such as know-your-consumer (KYC) and anti-money laundering (AML) regulations, which require collecting and verifying consumer information, including source of funds. Failure to comply with these regulations can result in significant fines and reputational damage. What's more, incomplete or inaccurate information makes it impossible to assess and avoid risk.

As banks have been relatively slow to adopt digital transformation, many still rely on outdated, legacy systems that can be difficult to integrate with new onboarding technologies, such as digital identity verification and biometric authentication. The need to balance regulatory compliance with providing a seamless and efficient onboarding process has many banks looking for alternative solutions, and AI is likely the answer. In fact, 39% of respondents to McKinsey's survey report using AI for business process automation and another 24% use it for service operations optimization.

What's Holding You Back?

While it is abundantly clear that using AI to automate tedious, data-intensive tasks can help banks and financial institutions lower costs, boost efficiency, reduce errors and improve consumer experience, there are still several hurdles to adoption.

According to McKinsey, banks face numerous challenges that prevent or slow down the adoption of AI – the most common of which is lack of a clear strategy.

Banks often rely on legacy systems and processes that are not designed to work with new technologies like AI. Data resides in silos, making it difficult to access and aggregate it across the organization. Integrating these systems can be a complex and time-consuming process that requires significant resources.

In addition to regulatory compliance, the use of AI in banks raises concerns about the explainability and transparency of decision-making processes. Banks need to be able to explain how AI algorithms arrive at their decisions and ensure that they are not biased or discriminatory.

One of the biggest hurdles is a lack of expertise. The development and implementation of AI technologies require a specialized skill set and, unfortunately, the demand for AI talent far exceeds the supply, making it difficult – and expensive – for banks to find and retain AI experts. Leading financial institutions are getting around this problem by relying on third-party expertise and no-code / ready-made solutions for common banking applications, such as onboarding, loan origination, claims processing, and account opening and maintenance.

Getting on the Fast Track to AI with No-code

Banks and financial institutions should start looking for ways to transform and automate their businesses using AI to remain competitive. A great place to start is by identifying specific use cases where AI can provide rapid value. It is also critical to develop a solid data strategy that ensures you have the necessary data to train and test AI algorithms. Banks can partner with technology innovators to access AI expertise and technologies faster, and also collaborate with other banks and industry organizations to share knowledge and best practices.

Starting with a small-scale pilot project is a great way to test AI technologies, and build the expertise and confidence you need, while determining what use cases will yield the greatest ROI. By starting small and building the right partnerships, you can begin to unlock the potential of AI to improve consumer experiences, streamline operations and drive business value.

The 'no-code' approach to adopting artificial intelligence (AI) in banks is gaining rapid popularity as a way to streamline and democratize the implementation of AI technologies. Rapid application development market is projected to grow at a Compound Annual Growth Rate (CAGR) of 42.6% between 2021 and 2026.

Traditional AI development often requires specialized coding skills, making it a complex and resource-intensive process. However, the no-code approach aims to overcome these barriers by providing tools and platforms that enable the bank's business / non-technical users to create and deploy AI applications without writing code. They can leverage intuitive graphical interfaces, drag-and-drop functionality, and pre-built AI components to create and customize applications that cater specifically to their needs.

Another benefit of the no-code approach is the accelerated speed of development. With traditional coding methods, AI projects can take a significant amount of time to complete. The no-code approach enables rapid prototyping and iteration, reducing the time required to develop and deploy AI applications.

What's more, the no-code approach enhances collaboration and knowledge sharing among different stakeholders within banks. It bridges the gap between technical and non-technical teams, allowing them to collaborate more effectively on AI initiatives. Business users can articulate their requirements and ideas directly within the no-code platforms, fostering better communication and alignment between various departments.



A Real-world Transformation Story with No-code AI



JIFFY.ai's AI-powered no-code enterprise platform and Unified Onboarding HyperApp, purpose-built for financial services, deliver delightful digital experiences for consumers, intelligent automation that drives operational efficiency, and effective risk and compliance management. Let's look at a real-world example of transformation with AI.

Alerus, a diversified financial services company headquartered in Grand Forks, North Dakota, created a personalized financial hub application to enable its consumers to track their finances in real-time through a self-service portal called "My Alerus." The app displays consumers' financial scores analyzed against the latest data across all Alerus accounts. Consumers can also access a personalized budget and track expenses across spend categories.

Alerus built the AI-powered application faster than traditional development methods leveraging JIFFY.ai's no-code platform. The platform managed the integrations with several different systems, including core banking and investment systems, efficiently through APIs. The app complies with all of the required laws and regulations. Leaning on JIFFY.ai's domain expertise and advanced technology capabilities enabled Alerus to deliver the app more quickly and cost-effectively to consumers than if they had hired the talent internally and built it themselves.

App Highlights



Enhanced consumer experience and engagement



Financial wellness score; Personalized budget



500,000+ users; 500+ simultaneous users



SOC-I, HIPAA, ISO 27001, GDPR compliant



JIFFY.ai's no-code AI-powered platform enables financial institutions and Fortune 500 organizations to create delightful experiences for consumers and employees while automating mid and back offices. Our ready-to-deploy Unified Onboarding HyperApp improves consumer experiences, drives revenue, and realizes the true value of digital transformation in a fast-tracked timeline. Learn more at <https://jiffy.ai/banks-and-credit-unions/>

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Schedule a demo to see it all in action!

Request Demo

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