Traditional to Convenience Banking: Artificial Intelligence a Catalyst

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Abstract

Then the computers and now the artificial intelligence is the present day replacement to the human brains. Artificial Intelligence in contrast to the natural intelligence is going to rule the world in the near future. AI and artificial beings are no more seen as fiction characters. In almost all circumstances they mimic the human minds and provide possible solutions in almost all the dimensions of the business. A majority of the decision makers either completely depend on AI or partially at least for taking a decision and this clearly shows that AI is something invariable which humans rely on and is order of the day. The present world is heading towards a digital transformation like AI to harness the best possible solution to drive the business growths. AI has become the new oxygen in the world. AI has turned out to be a key to success in the emerging world. It`s been used by the people and especially the incumbents to grow, sustain and help multiply the business opportunity. No business is exempt from adopting AI and so the banking sector. Though AI is in it`s nascency, the banks are heading towards a revolutionary change from traditional banking to convenience banking. Banking services in India are deemed to be traditional yet are enthusiastic enough to embrace the AI technology for their daily operations. To keep up with the competition and in order to stand as an innovative company AI has become crucial tool in the banking sector. In this research paper, I have tried to shed some light on AI of banking sector in India, its needs & importance. The data has been accumulated from various sources which include books, journals, websites. The paper explains the overall scenario of AI in banking sector, the challenges faced by the banks in adopting AI and growing opportunities to the banks in adopting it.

Keywords: Artificial Intelligence, AI, Invariable, Oxygen, Nascency, Banking, Emerging World.

Introduction

First the humans, then the wave of digitalization struck the banking sector. Digital technologies like e-banking, mobile banking etc partially restricted clients to enter the banks for availing various banking services. The technology enabled services is becoming more accessible and the banks are investing billions in the technology in order to provide personalized services to its customers. Now it`s on AI which the banks have started investing on. The banking world is no stranger to AI and automation. The banks believe that the future

of banking will be dominated by AI. AI is among the trend in banking industry which is trying to reshape the industry. In this view many banks are in the verge of converting their branches from digital to AI branches. Some banks are extensively deploying AI to improve efficiency and dwindle the operational costs. The banks have been using AIs for both back office and also to handle customers on the trade floor.

Changing Banking Scenario

The smartphones were just the beginning, Moving further in time, the world noticed the need for innovation which led to the emergence of AIs. Banks use AIs in different levels of it`s operations to render different services to it`s customers.

The banks are using various AIs ranging from chat-bots which provides solutions to the client`s queries to the automated robots on the trade floor. However, the Chat-bots are not just being used for communication purpose but they have proved their expertise in fraud detection, fetching analytics, data capture and are implemented by the banks as self-service customer-facing tools.

Other AIs like automated robots are being implemented by the banks to decrease the human errors, fetch accurate data and enhance predictability. The implementation of robots has led to cut down the costs. Once an algorithm is trained to perform a set of operations, it can be replicated in countless locations and perform the same high standard works.

Research Objective

This paper aims at examining knowing various phases of Indian banking sector.
• To study how AI has affected the banking sector in India.
• To study the challenges faced by the banks by adopting AI in banking operations.

Research Methodology

To complete this research, the data has been collected from journals of various authors, magazines, websites and other resources in the form of secondary data.

AI: An Aid to Banking Sector

Technology, being most preferred aspect for both customers and banks in the world today.

AI is gradually transforming the banking sectors in many parts of the India. The AI have evolved the way people bank in India. Are AIs advantageous to Banks? Or to the society? Or both? Lets see the how AI has brought an evolution in banking sector.

Efficient Services at the Speed of Light- Though artificial intelligence can effortlessly consume and process large amounts of data at an extreme level, Its immense speed brings efficiency to financial services and as it continues to learn and become even more efficient, it can identify more patterns than before, providing scope for customised offerings to its customers. This has brought smiles on the face of the customer and has led to Increased customer satisfaction.

Combat fraud and improve compliance- AI has the ability to detect fraud by flagging unusual transactions. Subsequently, this builds trust as it creates a secure environment for customers, something which could be of major importance for a number of customers. Punjab National Bank in one of it`s press meet when asked about massive fraud involving Nirav Modi and Mehul Choksi told it is going to rely on AIs for reconciling the accounts which further helps in improving the audit systems as it needs to clean up the process.

Productivity Gains - AI can take up routine, repetitive processes and make them both more efficient and effective. AIs are best known to automate the cognitive works and helps to cut down on monotonous works thus reducing the human error and in turn leading to increased productivity.

Cost Reduction - The banks had to employ huge amount of human resources to answer the boredom questions of the customers, now due to the implementation of chat-bots and other such AIs has eliminated the human resources in solving the boredom queries of the customers. Implementation of AIs are going to bring an end to outsourcing

Reduction of Error- Artificial intelligence helps banks in reducing the error and the chance of reaching accuracy with a greater degree of precision.

Services 24/7- Machines, unlike humans do not require frequent breaks and refreshments. They are programmed for long hours and can continuously perform without getting bored or distracted or even tired.

Challenges of Implementing AI in Banking Sector

The challenges being faced due to implementation of AI is beyond ones imagination. A paradigm shift in India Banking Sector presents unique opportunities as well as challenges.

Lack Of Technical Education- though AIs are highly intelligent machines, people who use the AIs lack the technical knowledge which enables to use them. This subsequently leads to the failure of installing AIs at branches.

Failure of technology- Most of the time the technology driven banking face the problem of bugs and other severe performance issues.. In the case of severe breakdowns, the procedure to recover lost codes and re-instating the system might require huge time. The success of any technology lies in instant fixing and technology up gradation.

High Costs- Creation of artificial intelligence requires huge costs to set up as they are very complex machines. Not just installing them, the repair and maintenance require huge costs. They have software programs which needs frequent up gradation to cater to the needs of the changing environment and the need for the machines to be smarter by the day. The frequent machine checks, upgradation and other such maintenance works are performed by professionals who charge high fees which further makes the AIs a costly affair.

No Replicate To Humans- Artificial Intelligence is believed to be a gift to humans and nature. The AI machines do not have any emotions and moral values. They are meant to perform what is programmed by the professionals who designed them and cannot make the judgment of right or wrong and even cannot take decisions if they encounter a situation unfamiliar to them. They either perform incorrectly or breakdown in such situations. The sudden breakdowns cause lot of inconveniencies to the customers and banks as well.

Unemployment- Unemployment is a socially undesirable phenomenon. People with nothing to do can make use of their destructive creative minds to create a havoc. Not just unemployment, the creativity power of the people is killed by the extensive use of the AIs and thus making them lazy.

Review of Literature
- Antony, observed that in western countries banks are engaged dependent on technology vendors to help the commercial banks. The vendors have to undergo a diligent process while serving the bank. The author has reviewed the process by which the front office system is integrated to the point of sale. The banks are more concerned with security and the complaints by the customers. The process of signing the bank vendor to provide technology takes longer period of time.
- B. Janki (2002) analyzed that how technology is affecting the employees' productivity. There is no doubt, in India particularly public sector banks will need to use technology to improve operating efficiency and customer services. The focus on technology will increase like never before to add value to customer services, develop new products, strengthen risk management

etc. the study concludes that technology is the only tool to achieve their goals.

- Arora(2003) highlighted the significance of bank transformation. Technology has a definitive role in facilitating transactions in the banking sector and the impact of technology implementation has resulted in the introduction of new products and services by various banks in India.

Findings and Conclusions

AI has changed the way of banking in India. To have a competitive edge over the private sector and foreign banks the Indian banks have no option but to effectively provide quick, better and efficient service to their customers in order to retain their customer base. Though the private and foreign sector banks have an edge at present, yet public sector banks have also made a significant progress in this regard.

To conclude, with a stiff competition in the financial industries today, it is of no surprise   that companies are looking and adopting new technologies in order to stay ahead of their competitors. Choosing AI in the fintech world will help in eliminating the human error boosting up the productivity.

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