ARTIFICIAL INTELLIGENCE FOR
FINANCIAL SERVICE CHALLENGES AND OPPORTUNITIES

Prasen Panwar[*]

ABSTRACT

Before introducing of IT services all work was done by human being in each and all areas . Bank is also one of the institution were work was done by human being. Mostly time work not completed on time by person or they taken lot of time for any work with not surety and accuracy. Many time wrongly entry made by employee in other account or calculation of wrong interest has done by them The bank and the customer both had to bear the brunt. But after the introducing of Artificial intelligence (AI) service in 1950 the working process going fasted with surety and accuracy.

KEYWORDS*: Artificial Intelligence, IT,* Financial Risk Management, Financial Institutions,

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Introduction

Banks play a major role in the economy. They keep the savings of the public and finance the development of business and trade. Furthermore, numerous studies argue that the efficiency of financial intermediation affects economic growth while others indicate that bank insolvencies can result in systemic crises which have adverse consequences for the economy as a whole.

Artificial Intelligence is one of the key drivers transforming the banking industry. Almost every company in finance sector, from a retail bank to a global financial institution, integrates Artificial Intelligence (AI) to save time, boost revenue, identify risks and fraud, and add value to their customers.

Banks are investing in new technologies and processes, such as machine learning and artificial intelligence, digital identity systems, and block chain. Why are they doing this? The Capgemini report on Top 10 Trends in Retail Banking 2018 reveals the key drivers of aggressive digital transformation of financial service companies.

AI is helping the **financial** industry to update and optimize processes ranging from credit decisions to quantitative trading and **financial** risk management.

The rise of AI in the financial industry proves how quickly it's changing the business landscape even in traditionally conservative areas. Here are some examples of how AI is beneficial for financial services.

Literature Review

Research on artificial intelligence in the last two decades has greatly improved performance of both manufacturing and service systems. Currently, there is a dire need for an article that presents a holistic literature survey of worldwide, theoretical frameworks and practical experiences in the field of artificial intelligence

Methodology

The secondary data use for purpose of research.

- **AI and Credit Decisions**

The Credit Decision Platform supports banks and financial service providers reformation their loan origination processes and increases operational efficiency in the credit decision-making process.

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[*] Assistant Professor, Department of A.B.S.T., S.G.P.B. Government Girls College, Pali, Rajasthan, India.

Artificial Intelligence provides a faster, more accurate assessment of a potential borrower, at less cost, and accounts for a wider variety of factors, which leads to a better-informed, data-backed decision. Credit scoring provided by AI is based on more complex and sophisticated rules compared to those used in traditional credit scoring systems.

- ▪ **How AI Help in Credit Decision**

Whenever a person or business is given a loan, it is seen in how much time the loan can be repaid by them. First, the information about the total income and income tax of the person or business was taken while giving the loan, which was generally wrong. For high loan amount, these lists were false due to which the person or business was not correctly assessed, but due to AI, they were evaluated correctly by additional data. Gone which has brought many good results and a credit can be given by assessing the credit potential of the person and business properly and properly.

- • **AI and Risk Management**

Risk management is the process of identifying, assessing and controlling threats to an organization's capital and earnings. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters.

- ▪ **How AI Help in Risk Management**

Today, with changing scenario, there has also been a change in the conditions of appropriation, especially for financial providers, who are asked to invest their money in a market where there is minimum risk and maximum income or gain, while doing any type of appropriation, market conditions, firms The status, legal status, and risk etc. are analyzed. All the above analysis is not done by the human at time with full accuracy and with low cost. Due to which many times either the wrong place is appropriated or the time appropriation is not known, financial institutions have to bear the brunt in both the cases. But today with the help of the AI financial institutions are effectively analyzing the data in a variety of ways and doing financial planning effectively at the low cost of work.

- • **AI and Process Automation**

Forward-thinking industry leaders look to robotic process automation when they want to cut operational costs and boost productivity.

- ▪ **How AI Help in Process Automation**

Ever since the development of AI, the cost of various work of financial institutions has come down. Earlier, when work was done by employees, the cost was also high and the accuracy of work was also reduced. But today the work has become robotic, any customer no longer has to line up, he can go directly to the automatic machine and print his pass book. With the help of AI, many organizations analyze various data at one time and report according to their needs. Due to AI preparing, the cost of many organizations has come down by 30 to 40 percent.

A leading financial firm, JP Morgan Chase, has been successfully leveraging Robotic Process Automation (RPA) for a while now to perform regulations, and capture documents. RPA is one of 'five emerging technologies' JP Morgan Chase uses to enhance the cash management process. tasks such as extracting data, comply with Know Your Customer

These are some example of AI how they help to financial institution .

Future of AI

Predictions for the soon-to-come AI applications in financial services is a hot topic these days but one thing is for sure: AI is rapidly reshaping the business landscape of the financial industry.

There are high hopes for increased transactional and account security, especially as the adoption of block chains and crypto currency expands. In turn, this might drastically reduce or eliminate transaction fees due to the lack of an intermediary.

All kinds of digital assistants and apps will continue to perfect themselves thanks to cognitive computing. This will make managing personal finances exponentially easier, since the smart machines will be able to plan and execute short- and long-term tasks, from paying bills to preparing tax filings.

We can also expect to see better customer care that uses sophisticated self-help VR systems, as natural-language processing advances and learns more from the expanding data pool of past experience.

A new level of transparency will stem from more comprehensive and accurate know-your-client reporting and more thorough due-diligence checks, which now would be taking too many human work hours.

Challenges

Today the life so fast, the person is shrinking in the machines, the same machine is increasing its dominance due to which the serviceability of the human being is increasing. Today the number of machines in the industry is increasing and the number of employees is decreasing. Due to which unemployment is increasing, resource work is being done, it is necessary that a balance must be made between the machine and human beings, otherwise crime can increase due to unemployment in the society.

Result

The use of Artificial Intelligence has increased the efficiency of not only financial services but also of employees and employers, it has benefited the consumer, government and other agencies which are directly related to the financial institutions.

Conclusion

Artificial intelligence (AI) systems can be very powerful and are improving quickly. They provide outputs that can be extremely accurate, replacing and, in some cases, far superseding human efforts. Use of Artificial intelligence (AI) service in financial service make it better and faster .

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