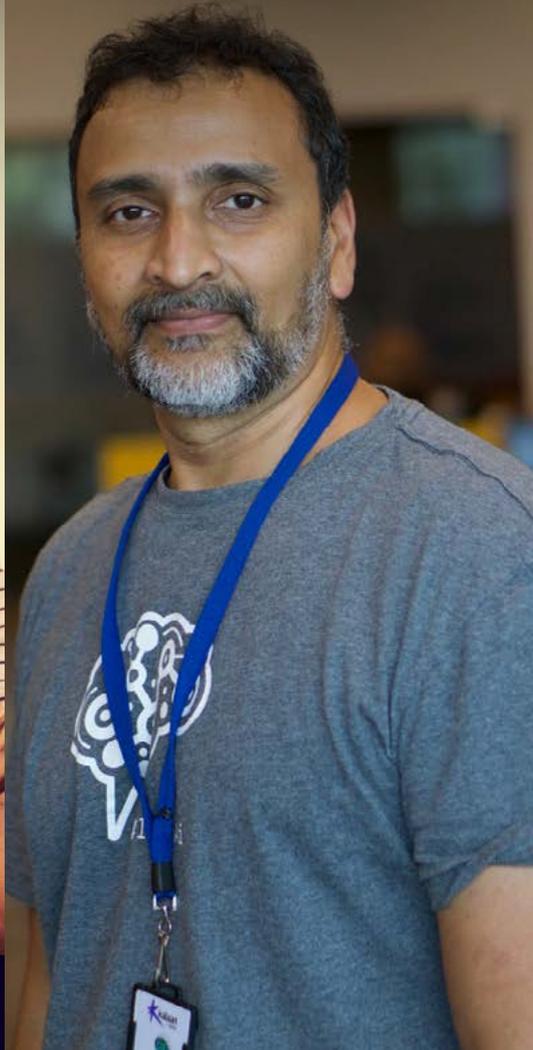


# Inside Talk II:

## In conversation with FinTechs



**Sachin Jaiswal,**  
Chief Executive Officer,  
Niki.ai



**Shankar Narayanan,**  
Co-Founder and  
Chief Operating Officer,  
Active.ai



**Sudha Annie Saigal,**  
Program Director,  
Finacle FinTech  
Connect Program

A report jointly presented by Startupbootcamp and PWC shows a marked interest in AI among UK FinTech startups. A few years ago, AI practitioners were focused on understanding the science, even though they were not sure how it would apply to day to day life. But now, an increasing number of startups are working closely with financial service providers to find solutions to practical problems faced by bank customers. **Sudha Annie Saigal**, Program Director, Finacle FinTech Connect Program, catches up with Sachin Jaiswal, Chief Executive Officer, Niki.ai and Shankar Narayanan, Co-Founder and Chief Operating Officer, Active.ai on their experience with artificial intelligence powered banking.

## Customer service, engagement and acquisition are some of the areas starting where banks are beginning to explore the power of AI

Active.ai is a Singapore based FinTech that offers an Enterprise AI platform for banks. With their Omni Connector AI platform, Active.ai is helping banks and other financial institutions to intuitively and intelligently engage with the customer on mobile, chat, or voice enabled IoT devices using AI.

Niki.ai is an emerging FinTech, headquartered in Bangalore, that offers chat-based commerce solutions. It was founded in May 2015 by 4 IIT Kharagpur graduates - Sachin Jaiswal, Keshav Prawasi, Shishir Modi and Nitin Babel. Niki offers a one stop solution - AI powered chatbot for commerce with 40+ merchant integrations.

**Sudha:** In your opinion, which are the top three technologies that will have a major impact on the banking business models in 2018?

**Sachin Jaiswal:** If we talk about personal banking, we have already come to apps and e-statements from queues and passbooks. We believe that 'Mobile Banking' has been an enabler for banks and consumers alike, to be more adapted to technology and count on it to create

the next best experience. Therefore, in India particularly, after demonetisation when we're rapidly moving towards a cashless society, making every consumer go mobile-first and tech-first is the way to go about transforming banking. This has become more doable recently due to the exponential increase in smartphone and internet penetration in the country.

Bots based on Artificial Intelligence and Machine Learning are another technology trend that are already seeing adoption, and we believe, these have the potential to bring about true digital transformation everyone is aiming for. Be it customer engagement, sales, risk assessment or claim management, AI-based technologies are helping banks do it all better than ever while saving time and money.

## AI will also make banks more efficient in processing and deducting patterns from big data, including text, imagery and speech from various sources

**Shankar Narayanan:** I think blockchain will definitely be one of the key technologies that have a significant impact on banking this year. In addition to areas like trade finance and remittances where there is a lot of traction already, I think blockchain will also make a difference in the know-your-customer process bringing in a lot of efficiency and transparency. Secondly, regulations or not, banks will focus on setting up open banking framework to play a larger role in the banking ecosystem. This will be important for banks to develop a new revenue stream and increase their reach through third parties. Thirdly, Artificial Intelligence cannot be ignored any more in banking. 2018 will see more of conversational banking services through chat and voice based interfaces across their digital channels.

**Sudha:** Artificial Intelligence is considered to be one of the key technology trends that will reshape banking in the coming years. Are banks taking this technology seriously or is there a wait and watch approach?

**Sachin Jaiswal:** Banking being one of the most competitive and tech-intensive sectors, has always been a frontrunner in leveraging technology to automate backend processes and create smoother customer-facing experience. With the advent of AI-based technologies, many banks have already started utilizing these for customer service, digital transactions and more.

The success of these AI-based solutions being implemented by banks, although gradually, is leading to an increased belief and adoption among others in the industry as well. More use cases, more solutions and more adoption will definitely create a trend soon where none of the banks will be willing to lose out on the immense benefits AI brings with itself.

**Shankar Narayanan:** The fact that we are living in a world where AI technologies are increasingly making things simple, and that people are increasingly interacting through conversations with smart virtual assistants, they have similar expectations from their banks. Banks cannot afford to have a wait and a watch approach.

The good news is that the initial group of progressive banks are putting lots of resources and funding behind AI. These banks realize that the future of scalable sustainable open banking will be driven by AI. With more banks looking to harness artificial intelligence to automate and enhance customer experience, the solution providers

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and the solutions are gaining substantial domain-specific knowledge base. With the combination of these bringing out more success stories, hopefully we will see far more mainstream adoption.

**Sudha:** Although the banking and financial services sector is showing interest in AI, our research found that it is clearly not very mature in its journey to adoption, coming in at the 8th position. This is surprising considering that financial services is a data intensive business. How do you think banks should build business case for investments in emerging technologies like AI?

**Nitin Babel, Niki.AI:** AI is still taking its baby steps and the data which banks have amassed as on today, only solve half the problem. AI needs time, extensive training & investment before it will reap results. Especially the Natural Language Process capabilities bring in engagement in a personalized way through customizations & local language support thereby opening up banking & financial services for the digitally unbanked. This can increase the overall efficiency of the banks by reducing physical footprint in branches, thereby bringing in operational & financial synergies.

**Shankar Narayanan:** AI is in a nascent stage when it comes to banking, but in coming years I think we will see substantial adoption. Challenges like systems integration and legacy technology have prevented banks from taking advantage of their data sources. But banks cannot delay their investments in AI any further as front runners will have a huge advantage. Hence banks will need to balance their investments in modernizing their technology landscape and new applications of AI. In 2018, FinTechs in the AI space will also look to collaborate with banks more effectively for customer data, an asset they chiefly lack.

**Sudha:** Clearly, the technologies under artificial intelligence are yet to mature. Which application areas or business use cases are banks prioritizing? Which are some of the areas where banks can see quick returns?

**Sachin Jaiswal:** Time and again, we have seen new use cases emerging for AI in banking. An insurance company can reduce costs and increase efficiency by deploying a chatbot instead of human agents. Same can be done in claim management and vehicle damage analysis using AI-based technologies. Similarly, a lender can automate credit risk analysis using machine learning algorithms to save time and reduce defaults.

Customer service, engagement and acquisition are some of the areas starting where banks are beginning to explore the power of AI. One success story is that of HDFC Bank's Facebook Messenger bot 'OnChat', created by Niki.ai. The bot has seen 160% m-o-m growth in number of transactions, proving the adoption and utility of the AI-powered tool. Over 26% of OnChat users are non-HDFC bank customers. That is, OnChat has helped the bank acquire more customers as well.

## 2018 will see more of conversational banking services through chat and voice based interfaces across their digital channels

**Shankar Narayanan:** Like any new technology, majority of the banks are looking to invest in areas where AI will give tangible benefits and fast. We see that banks are currently prioritizing customer engagement and call center enquiry based services in near term. Hence you see many banks offering chatbots for helping their customers access account information, pay bills, make transfers and access several other banking services. Creating smarter experiences and lowering operational cost for engagement is the objective here.

**Sudha:** Artificial intelligence holds the potential to redefine customer engagement on digital channels to drive new business and cross sell. What do you think should be the approach for banks here?

**Sachin Jaiswal:** Customer engagement using AI-based conversation bots can definitely prove to be a game-changer for banks. An engaged customer is a retained one, and customer retention is paramount for any business. Banks should look to automate most of the customer-facing conversations with the help of bots. Bots provide a personalised and consistent experience to the customers, and can play an important role in reaching out to customers right when they're most likely to interact with the business through data analysis, thus efficiently covering gaps there are when it comes to user education and communication.

**Shankar Narayanan:** Banks will need to be on the same channels on which customers are spending more today. Mostly, these are the digital channels today and AI can play a significant role to redefine customer experiences on these channels. Chatbots, for example, have the potential to provide non-intrusive but in-context banking experiences to customers, and meaningful insights based on their interactions to banks. AI will also make banks more efficient in processing and deducing patterns from big data, including text, imagery and speech from various sources. For me, banks that invest in AI stand to gain a huge competitive advantage in the near future.