



## 10 ways AI can strengthen the financial services industry

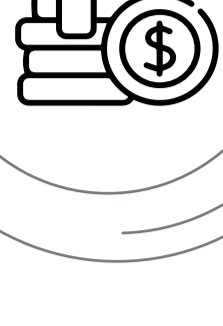
### 1 Improve the customer experience

AI is enhancing technology-enabled interactions with more personalised recommendations, sophisticated chatbots and secure online transactions, improving the quality of automated customer interactions and seamlessly integrating multiple interaction channels.<sup>1</sup>

AI-fuelled chatbots and other customer service applications can learn a customer's preferences and behaviours by connecting data across a number of systems to provide tailored offerings and enable personalisation at scale.

AI technologies such as RPA can send out automated reminders to customers, track effectiveness and recommend next steps to the collections team with minimal human input and oversight.<sup>2</sup>

**FACT** Financial institutions are already leveraging virtual assistants to help with customer inquiries. One chatbot handled over 560,000 conversations during Australian tax season in 2021. Over 90% of these conversations were resolved in the first interaction. [Read more.](#)



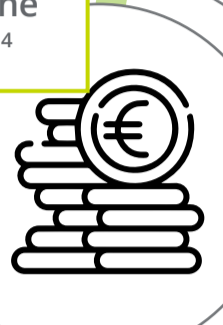
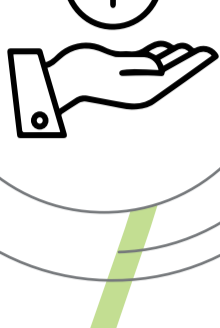
### 2 Automate processes and generate insights to deliver improved efficiencies

AI is enhancing the analytic capabilities and insights gained from organisational processes, enabling increased efficiency and mitigated risk.

AI technologies such as natural language processing and text mining can use data from other systems (i.e. a chatbot) to inform and automate underwriting platforms. This has potential to drastically reduce the time required to process applications.<sup>3</sup>

Natural language generation software can be used to collate customer data and generate a sales report. This report can then advise sales teams on the current opportunities and needs of the customer.<sup>4</sup>

**FACT** In a 2022 financial services industry trends survey, over 30% of respondents stated that AI increased annual revenues by more than 10%, while over a quarter stated that AI is reducing annual costs by more than 10%. [Read more.](#)



### 3 Stop financial crime before it happens

Banks can use machine learning models to identify suspicious patterns quickly and accurately. This allows banks to analyse irregular transactions and transfers that could indicate an account is being used to conceal and legitimise funds from criminal activities.<sup>5</sup>

AI can help reduce the number of false positives in criminal alerts, thereby reducing compliance costs. It can also detect suspicious transactions in real time and immediately alert authorities.

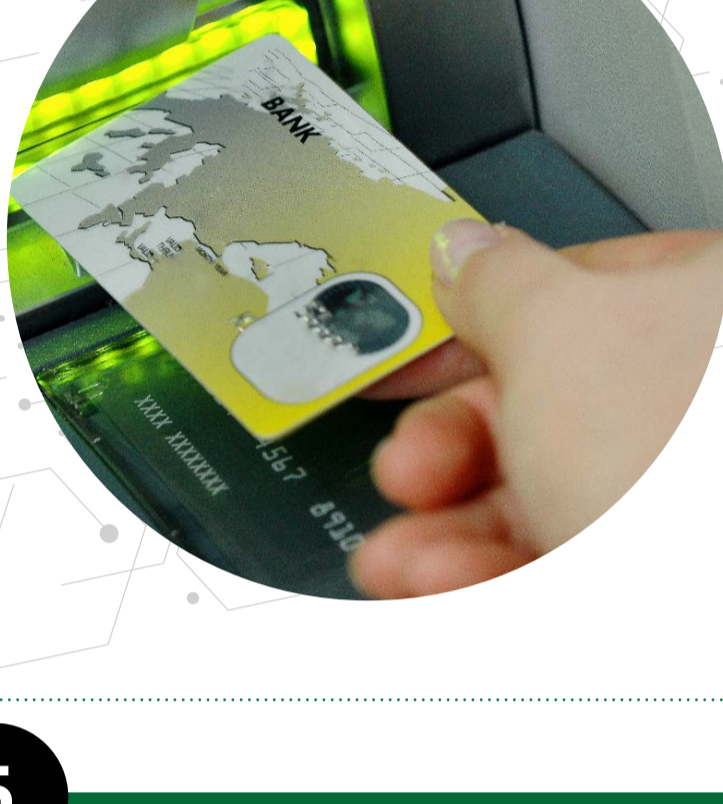
Machine learning models can predict potential fraud in future transactions by studying historical transaction patterns in traditional and non-traditional data. This allows banks to uncover problems that could be overlooked by their legacy fraud analytics engines.<sup>6</sup>



### 4 Maintain customer loyalty

Machine learning models can estimate customer life-time value (CLV) and predict customers' propensity to churn based on their profile and transaction data.

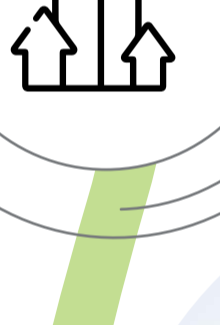
Predictive AI is being used to engage with customers more thoroughly and effectively throughout their entire lifecycle, from personalising marketing campaigns and promotions, to recommending individualised next best actions and plans.<sup>7</sup>



### 5 Simplify the claims process

Machine learning models can accurately assess risk with less information, creating an opportunity to simplify insurance applications and remove invasive tests and questions, making the entire process much more user-friendly.<sup>8</sup>

AI-powered services can fast-track complex insurance cases and create new digital services to increase customer satisfaction and simplify the claims process.<sup>9</sup>



### 6 Leverage the 'buying moments'

AI enables banks to offer the right product at the right time. This approach targets carefully selected acquisition pools, micro geographies, and customer segments based on life stage, banking wallet and short- and long-term value potential.<sup>10</sup>

Digital agents can use data analysis and regression models to analyse a customer's current financial situation, goals and investment interests and then provide tailored financial recommendations (such as tax-loss harvesting, goal planning, retirement planning and automatic asset investment).<sup>11</sup>

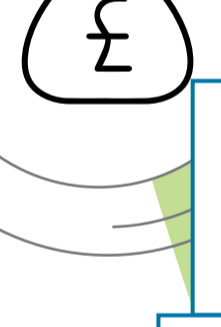


### 7 Trade smarter and faster

AI, coupled with cloud, can automate the rules-based matching/reconciliation process and reduce the time required whilst minimising the risk of human error.

AI can analyse complex trading patterns in real time and provide information to financial institutions that statistical models cannot, such as the top stocks for the day.

AI technology such as speech recognition and natural language processing can be used to save time by allowing traders to easily search through conversations, financial data and notes.<sup>12</sup>



### 8 Protect your customers and your brand

AI can protect customer data by enabling sophisticated forms of identity authentication based on biometrics such as face recognition, speech recognition, fingerprint recognition, and retina recognition.

AI allows the scaling of usage-based insurance (UBI) models which would allow customers to buy the exact insurance they need – and pay exactly the right price.

AI can track banking patterns and alert customers when there is unusual activity, including anything from the devices they use for online banking to the way they use their mouse on the website. This enables the customer to take further action in real time if they suspect accounts have been compromised.<sup>13</sup>

**FACT** AI technology is being used to identify possible phoenix activities. Phoenix activities cost Australia \$3B+ annually. [Read more.](#)

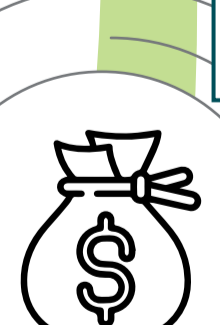


### 9 Make credit risk, less risky

Machine learning and other AI technologies can automatically assess a borrower's creditworthiness and can support the loan management process across its entire lifecycle, including automated documentation and compliance validation.<sup>14</sup>

AI can enable app-based online platforms for residential and commercial mortgage loans, using advanced algorithms to analyse a borrower's financial information and then recommend loan options from multiple lenders.

By analysing structured and unstructured data, AI can provide an analysis of customer data to prompt loan decisions and the creditworthiness of individuals who do not yet have a credit history.

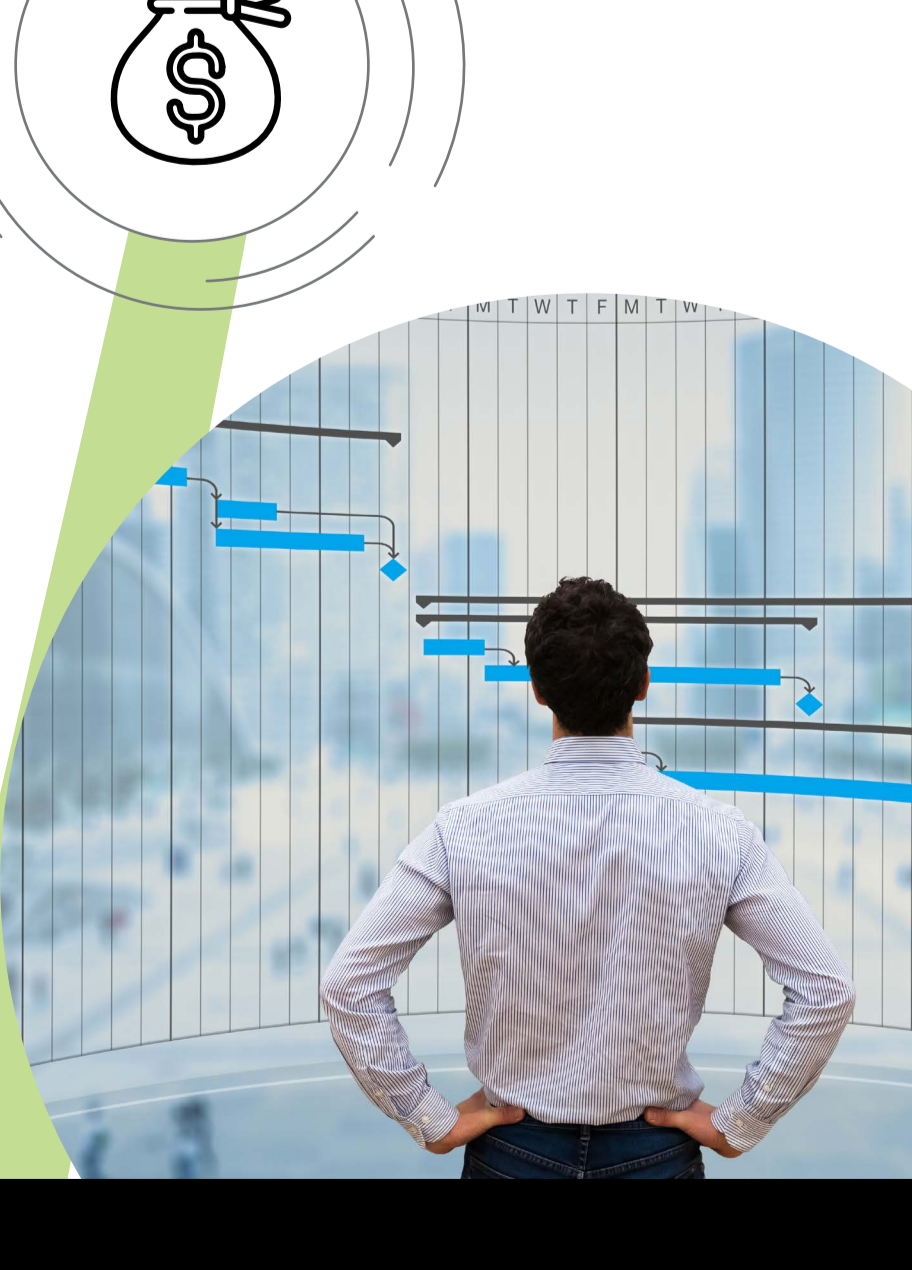


### 10 Make buying a home about more than just the location

Using computer vision and other advanced AI technologies, geographic images from drones can be analysed to inform sophisticated valuation models for properties and neighbourhoods.

AI-powered capabilities can enable real estate investors to assess opportunities much more accurately, boosting their return on investment.

AI algorithms can calculate an automated appraisal for a property using unique valuation models based on information about the property, tax assessments and previous and current transactions.<sup>15</sup>

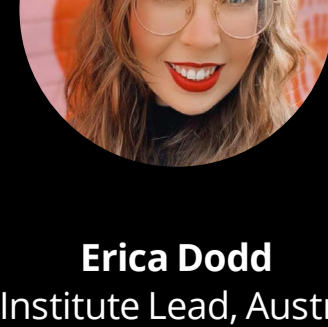


#### Get in touch



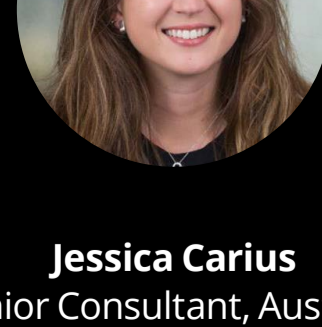
**Kellie Nuttall**  
Artificial Intelligence Lead, Australia  
Partner, Deloitte (Analytics and AI)

knuttall@deloitte.com.au  
+61 488 54 54 64



**Erica Dodd**  
AI Institute Lead, Australia  
Deloitte AI Institute

edodd@deloitte.com.au  
+61 3 9671 5842



**Jessica Carius**  
Senior Consultant, Australia  
Deloitte AI Institute

jcarius@deloitte.com.au  
+61 (3) 9671 7076

Scan the QR code to ignite your AI curiosity

