AI Transforming Financial Services

The Reality of Scaling AI

Companies across different industries are using AI and ML to increase their revenue, improve their customer service experience, and innovate their business. According to a recent survey by Deloitte Insights, 70% of all financial service firms are using machine learning to conduct day-to-day business operations. But what does using AI in financial service firms really entail?

Experts at the World Economic Forum, Scotiabank and OMERS share their insights and experience on how to scale AI in financial services, introduce the risks and opportunities posed by AI, and point to the lessons learned from the adoption of AI within their fields.

There is no doubt that AI is the latest tech tool used to enhance business performance and deliver a great user/customer experience. However, to successfully scale AI, the process needs to unfold gradually and not all at once. Avoid suddenly transforming the whole company with AI, and Instead, start by identifying a crucial sector of the business, rethink it completely, and begin embedding the necessary changes within the process, journey, and the overall domain.

Taking OMERS as an example, AI initiatives are performed across a number of business units and functions, however, it is still kept at a limited use. They have made an effort to focus not on the quantity of use cases and diluting sales, but very much the quality of ones associated with a corporate priority, sponsored by a business leader, and with sight to measurable impact.

Enablers for Scaling AI

Just like with everything else, building a good foundation is critical for the success of the end product. For that reason, before starting to apply AI within your business, it is important to ensure that it is a responsible use of AI. This will protect your company from losing customers, your brand value, investors, and profit. Many investors are now looking at the ethics perspective of AI before investing. Luckily with the emerging regulations taking place around the world, this does not pose as difficulty as many already understand the basics of the models that have to be built to ensure good governance with AI.

After having done so, your company can now use AI to deliver very personalized experiences, leaving no one behind. In order to do that, however, you need to deliver end to end, not just in the traditional parameters of AI which is just modeling, a feature that doesn't reach the whole business.

Part of how Scotiabank has done that is by having their operation model create that flywheel between technology, analytics, and data. Once all three crucial elements are connected, much can be done.

Therefore, the first key thing to note is that it is crucial to really entrench AI within the business and embed solutions within the intricate aspects of the business, whether it's in natural language processing, pricing, segmentation, or even traditional BI. Secondly, you need to start thinking about technical enablements. One of Scotiabank's biggest investments of last year was implementing a global AI platform that gives all across all various markets a common modern platform to perform their work, and have the ability to be a little more sophisticated in what they do. Not only does this improve the environment employees work in, but it also creates room for collaboration and the sharing of ideas.

Lastly, to enable AI within your business everyone needs to be involved. Now more than ever, it is crucial to have every member of your business educated to understand AI. Once employees have a high level of understanding of the application and productive uses of AI, everyone will be incentivized to use it, lifting the business overall.

Involving everyone in the transformational journey will also lessen the danger of leaving people unaware of the technological changes happening in their work environment. These changes, if kept hidden from the rest of the business, can leave people not just uncertain about AI and the nature of AI, but also about their jobs in the future.

Risk Compliance and AI in Finance

AI is a very helpful tool to identify and mitigate risk on an ongoing basis. In the context of the financial sector, companies are now able to monitor their transactions and customer interactions on a much more comprehensive level. Senior at Scotiabank emphasizes how prior to the advent of AI, there was a dependency on sampling and policies enacted by humans. AI now enables banks to go through all calls to monitor if there is absolute compliance in terms of adhering to policies, delivering a great customer experience, and documenting them correctly. With this technique, banks are now able to access 100% of these experiences and identify any improvements that need to be made, mitigating and decreasing a plethora of risks.

When it comes to risks that are posed by AI, the main ones include fairness, bias, ethics, privacy, and security. Luckily, there are solutions to fix that. Firstly, as previously mentioned you need to build a good foundation with AI. At OMERS, they call it AI trusted by design. You need to bring together the right diverse team, train them correctly, thoroughly educate them about AI, and make sure that the people building the model are mindful. Secondly, you need to think about what roles you want to create in your organizations. For example, you might want to think about creating a Chief AI Ethics Officer role to help mitigate the risks of AI bias.

Balancing Compliance with Innovation: Reality or Wishful Thinking?

With the onset of regulations currently unfolding as AI technology advances, many are seeing that they pose a barrier to innovation. This can act as a point of discouragement for anyone wanting to innovate with AI. This is why it is essential to work with the AI and modeling team when enacting these policies and ensure that they are part of the solution and that they understand that the process is ultimately for the betterment of their team and their company as a whole.