

Are AI and Chat Bots Services Effects the Psychology of Users in Banking Services and Financial Sector

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Abstract:

Artificial intelligence (AI) will enable financial institutions and banks to radically reimagine their processes, provide customer oriented products and services, and, above all, endure user experience disruption. Help of fintech corporations in the machine age period will challenge banks by augmenting or even restoring the working human with sophisticated algorithms. To compete, banks will have to grow Artificial Intelligence and incorporate this into their operations and strategy. This study looks into the subtleties of ecosystems of AI and how this is quickly becoming the most important disruptor in the banking and finance industries. As AIs become a reality, their ramifications and relevance in the banking and financial services industry's operational environment can be regarded through various lenses.

Key Words: -Artificial Intelligence, Banking and Financial Industry, Chat bots, Machine Learning,

1. Introduction:

"Necessity is the Mother of Invention," as the saying goes. People's mindsets are being influenced by the evolution of universal technology. People's mindset has loosened from cabled network to online networks, progressively allowing the globe to adopt the new era technology of Artificial Intelligence (AI). John McCarthy, in 1956, coined the phrase AI, and it will soon govern the globe. Because they deal with a lot of data, businesses today use it as a smart technology. The data pattern business has fueled the demand for AI. Because AI can comprehend data patterns faster than humans, it appears to be a valuable tool for organisations, as it improves consumer understanding and insight. In banking and financial services, artificial intelligence (AI) is a process monster (Ayushman Baruah, 2019). AI and Blockchain are only now being recognised by the banking industry. Traditional financial institutions are reaching out to fin-tech firms to offer new services to their customers (Ashish Anantharaman, 2019).

2. Objectives:

- a. To identify disruptive technology usage in the India's Banking and Financial Sector
- b. To analyze the role of disruptive technologies like AI in Banking and Financial Sector

3. Problem Statement

The banking and financial systems are considered as the backbone of the economy. It is imperative that a nation requires strong and speedy banking system and robust financial system. The introduction of new technologies like AI can play a critical role in enhancing the quality and speed of banking services. The availability of twenty-four hour banking and financial service facilities can make a lot of difference in the lives of millions. It can also pave the way for the strengthening the economy.

Another aspect is the habit forming. At present the work is done mostly using manpower. The AI will disrupt this work culture and replace with technology. There may be resistance to this change.

In this context, it is important to learn that how this disruptive technology will affect the banking and financial system.

4. Literature Review

The Indian finance industry has extensively adopted AI in last few years. According to the report by PwC Fin-Tech Trends, this is up from \$4.1 billion in 2015. While many commercial, industrial and other banks throughout the world have incorporated AI and related technologies to manage customer, employees and back office processes, India remains behind advanced countries in its adoption of AI and related technologies (BFSI, 2019). Various financial institutions have recently tied up with Fin-Tech companies to conduct Proofs of Concept (POCs) that have been incorporated into day-to-day operations. The Indian FinTech industry views artificial intelligence as a lucrative venture (Raghav Bharadwaj, 2019). In data analytics and customer service, the use of AI and ML enables more personalized and expedited services. This necessitates back-end processes that are streamlined and personalized client care with enhanced insights (Rajamohan & Dhanabalan, 2012). Approximately 36 percent of top banking and financial institutions have already done huge investments in this technology. Approximately 70% of industries intend to make future investments (Aashish Chandorkar & Kamal Misra, 2019).

This sector is predicted to increase at a CAGR of up to 22% during the following five years, reaching \$73 billion in 2020. Nearly half a billion individuals having access to the internet, the fintech industry has a huge opportunity. Financial services touch over 300 million consumers by facilitating credit access, whereas conventional players ignore these clients due to their poor credit history (Meha Agarwal, 2019). Aside from the facts and explanation, there are several arguments for incorporating AI in the banking and finance industry,

- a) Cut throat competition
- b) Increased need for service which are process-driven
- c) Implementation of customized banking services
- d) The heavy need for customized solutions
- e) Maintenance of the operational efficiencies
- f) Enhancing the productivity of employee
- g) Potential enhancement of profitability and accurate compliance
- h) Handling big corporate data
- i) Taking and executing good decision

5. Research Methodology

The present research employs an observational approach. Various secondary data sources were utilized to achieve the conclusions. Available literature related to this topic has been reviewed. The researchers used their experience to come to the finding and conclusions.

This research paper mostly explains the phenomena. Focus has been on including all the relevant aspects of AI in banking and financial system.

6. Findings and Discussion

AI will allow banks to completely rethink their business models, generate new products and services, and improve customer experience. Banks will face competition from fintech businesses that use innovative technologies to supplement or even replace human workers in this second machine era. To remain competitive, banks will need to adopt AI into their business strategies. AI enabled technologies investigated changes in the industries listed below (Dhanabalan et al. 2018).

6.1. Risk Assessment

Human selection is costly, hence AI & ML are displacing human. So, AI is built on ML and learns over time, ensuring the best computation accuracy. Using vast quantities of data, AI is able to develop process automation, intelligent analytics, and clear thinking. As a consequence, Chat-Bots powered by AI have demonstrated promise in customer service. Consequently, it appears to be a unique resource for enterprises that saves both time and money. (Maruti Techlabs, 2019) New technology can impact both business and non-commercial activity.

6.2. Fraud Detection and Management

Each firm wants to reduce the risks associated with it. This statement also applies to financial entities. Because banks and financial institutions deal with money, they must pay and collect interest promptly. According to Rajamohan and Dhanabalan (2013), this is one of the reasons why banks and other financial institutions take fraud very seriously and utilize technologies that are enabled by artificial intelligence to prevent financial pollution. AI is the most advanced security and fraud detection tool. For example, using a card from another nation just a few hours after using a card from another country elsewhere, or trying to withdraw the amount from the account which is under investigation. Another great feature of AI in fraud detection is that it can learn from experience. After raising a red flag for legitimate transactions, a human can fix it, and the AI can learn from that and make smart fraud decisions (Maruti Techlabs, 2019).

6.3. Financial Advisory Services

The PWC Report 2017 listed Robo-advisors as a future possibility. Because banks and financial institutions are under pressure to decrease individual investment commissions, technology will achieve things humans cannot. This treatment also uses bionic advice, a revolutionary approach. It combines mechanical and human knowledge to produce highly efficient alternatives to individual components (Ashish Anantharaman, 2019).

6.4. Trading

Investment firms rely on systems and data analytics more than ever. The investment firm's success rests on its ability to accurately foresee market trends. Systems are vital in this prediction since they processed data quickly. A system trained to predict future data repeatability. Meanwhile, the 2008 financial crisis left data anomalies. Anomalies would be explained in the data and a method developed to avoid them in future forecasts (Dhanabalan et al. 2018).

6.5. Managing Finance

Managing finances is difficult in today's materialistic culture. Incorporating AI and enabling technologies into fund management will solve this quandary. PFM is a novel word in AI-enabled financial management (Rajamohan & Dhanabalan, 2014). A San Francisco-based business created a wallet that uses AI-based algorithms to help customers spend money wisely. To make a spending graph, gather data from all websites (Maruti Labs, 2019). This is a felony Internet privacy infringement, but it is possible. As a result, reducing the time spent building a large database or writing on paper should be considered a PFM. A.I. and its accompanying technologies promise to revolutionize capital management (Ashish Anantharaman, 2019).

6.6. Accurate Decision-Making

Financial and insurance institutions, for example, would benefit from lower-cost management decisions made by systems rather than experts in the data-driven management era. The required results might be obtained

through the use of automated data analysis, which would be of assistance to business managers in the process of making appropriate judgments.

6.7. Automated customer service

The advent of AI-powered innovative technologies, e.g. chatbots, speech systems, and text conversations, has transformed the landscape of customer service, replacing inefficient and manual methods with more efficient and automated approaches. There has been an increase in the development and implementation of innovative and modern technologies in recent years which are designed to improve customer service and offer expert advice. These technologies have proved to be highly effective, providing assistance at the executive level at a significantly reduced cost. The main purpose of this research paper is suppose to investigate the effect of these technologies on customer service, and professional advice, emphasizing their potential benefits and implications for businesses. The ability of these innovative technologies to provide executive-level customer service is one of their primary advantages. Executive-level customer service has traditionally been associated with high costs, as it frequently requires the participation of seasoned professionals. Enterprises have benefited from the implementation of AI-enabled solutions, resulting in significant time and energy savings.

6.8. Management of Claims

AI-enabled solutions learn users' or customers' behaviour patterns to detect unexpected transactions or incidents. These technologies are vital in claims management. Particularly ML approaches help skip several phases in the claim settlement procedure (Park & Dhanabalan, 2019). Artificial intelligence-based solutions help data management. It can quickly process large amounts of data, allowing insurers to automate claim settlement. A computerized settlement procedure reduces overall processing time and reduces expenses connected with claims settlement, therefore improving customer experience.

6.9. Insurances Management

In the insurance industry, AI is heavily used in the underwriting process. It collects vast amounts of data through computerization of the underwriting process and distributes it to customers. A mechanized driving force would let clients finish their insurance responsibilities online. Insurance seeks to replace lost. It will take time. External health records are not submitted while AI powered underwriting tools do. Instead of paying for expensive medical treatments, it is advisable to learn about the sickness and avoid it. Thus, prior to risk acceptance, a person can administer the data used, reducing the chance of indemnity for both the insurer and insured.

6.10. About Automated Virtual Financial Assistants

Financial advisors who are using AI help people save money. This approach helps users decide whether to buy or sell stocks and bonds based on their investment affordability and portfolio. Both large financial institutions and Fin-tech startups use this technology called "robo-advisors,".

6.11. Analysis of Financial Services for Prediction

Prognostic analytics is a sort of analytics that is commonly utilized in the financial and banking services sector. This has an impact on company strategy, revenue growth, and resource utilization. Overall, it appears to improve industry operations, streamline domestic processes, and remove competitors. Using cutting-edge algorithms and technologies, predictive analytics collects, organizes, and analyzes data to provide consumers with customized and well-organized solutions. (Dhanabalan et al., 2018) Credit scores are calculated in this manner to avoid problematic loans. Because predictive analysis employs a lot of data, it can easily detect patterns and foresee insights. Such outcomes and insights would show future events, such as what consumers would buy, how much they would buy, and so on. Data mining is a sophisticated statics that concludes predictive analysis.

6.12. Wealth Management for Masses

The lower net worth market segment has access to computerized advice services, reducing commissions.

Smart wallets using AI track users' purchases. This material urges users to lower their existing spending habits and to change their personal spending habits in order to save money. The use of automation in the banking and finance business is expanding. As a result, businesses are increasingly using AI and machine learning technologies (Django Stars, 2019). Science fiction, Machine Learning, Artificial Intelligence and bots have the potential to extend required skills, improve customer experience and reduce cost. In order to diagnose, develop, and commercialize new concepts effectively and professionally requires the Fintech industry to collaborate with coders and developers.

7. CONCLUSION

Lending can be done on various parameters and is not suppose to be restricted to those with credit ratings or cards. This is now accessible to all and changing lifestyles. The country's Fintech companies are filling the void shaped by the traditional financial and banking sector by leveraging innovative technology and AI innovation. Traditional banks never considered the users who profited from these firms to be serviceable. Fintech propelled by AI helps increase the size of creditworthy people in India by exposing them to the market. Today, all finance companies use AI to construct their platforms. Customers will be able to obtain financial goods and loans even in remote corners of the country thanks to AI-powered financial services, bringing financial inclusion closer to reality. Based on the evidence presented thus far, it is evident that artificial intelligence (AI) is the future of banking and finance. Because AI-powered solutions help clients and enhance financial achievement quickly. So it will soon resuscitate the human being and provide greater services at lesser costs. Bots are an AI-driven innovation gaining prominence. Various industries consider this technology as a long-term cost-cutting investment. It saves businesses money by avoiding human errors. Artificial intelligence is intended to lead to less losses and improved trading with maximum client pleasure.

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