

Artificial Intelligence in Banking

Growth in the FinTech market isn't slowing down. According to KPMG's "Pulse of Fintech" report, U.S. fintech investment reached \$5.8 billion in the fourth quarter of 2017, the third straight quarter that figure increased. FinTech's explosive expansion is posing a challenge to the banking industry. When it comes to the old adage "innovate or die" today's banks around the world are innovating through AI and machine learning technology. Below are a handful of AI use cases from the banking industry showcasing how today's banks are increasing revenue, reducing expenses, and managing risk through the power of AI.



1. INCREASE REVENUE

2. REDUCE EXPENSES

3. MANAGE RISK



Identify the Best Commercial Credit Customers

\$2 TRILLION

monthly commercial and industrial loans market in the US.



Optimize Debt Collections

14% **14**

of consumers with collections in 2015, a 5% increase in a decade.

consecutive quarters during which aggregate household debt balances have been increasing (2008 Q3 - 2017 Q4).



Improve Accuracy, Velocity of Fraud Detection

\$20 MILLION **72%**

The damage from global credit card and debit card fraud in 2015.

of losses incurred by card issuers.



Discover Banking Cross-Sell Opportunities

18 MONTH **48 MONTH**

The period of time a bank will likely lose a customer if the customer only has one product with the bank.

The average duration a customer will stay in a relationship with a bank if the customer has at least two products.



Improve Anti Money Laundering Compliance (AML)

95%

of system-generated alerts that are closed as "false positives" in the first phase of review, with 98% of alerts never culminating in a Suspicious Activity Report (SAR).



Improve Loan Default Predictions

\$12.5 BILLION

lost due to unpaid loans on credit cards in 2017 (Citigroup, JPMorgan Chase, Bank of America and Wells Fargo).



Optimize Rewards, Loyalty Program Utilization

75% **55%**

of card users participate in a credit or charge card rewards program.

of bankers are planning to increase spending on customer experience initiatives.



Streamline Model Risk Compliance

76% **25%**

of financial institutions considering poor quality of model submissions to be the largest validation barrier.

The average potential savings opportunity for streamlined model validation organizations.



LEARN MORE ABOUT AUTOMATED MACHINE LEARNING AND WHAT IT CAN DO FOR YOUR BANKING COMPANY

datarobot.com/contact-us
datarobot.com/banking