

Is your bank AI Ready?





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Twimbit is a research and advisory firm driven by a singular mission: to empower businesses that are making a difference. We specialise in providing invaluable industry intelligence to executives and teams, acting as a catalyst for innovation and growth.



How are banks seizing this trillion-dollar opportunity to drive growth?

The world of banking is undergoing a seismic transformation, driven by the rapid adoption of Artificial Intelligence (AI). From reshaping customer experiences to revolutionizing risk management and operational efficiency, AI is no longer a distant promise—it is the present and future of the financial services industry. For banks, the question is no longer *if* they will adopt AI, but rather *how prepared* they are to do so effectively.

It is estimated that AI could add **USD 1 trillion** in annual value to the global banking industry through enhanced customer service, tailored offerings, and optimized operations. This figure underscores the transformative power of AI and the urgency for banks to position themselves at the forefront of this revolution.

USD 310.79 bn

Estimated value of global AI in BFSI market by 2033, growing at a CAGR of ~31%

80%

Banks use Artificial Intelligence (AI) to enhance customer experience(CX)

40%

Customer interactions are being AI-enabled

USD 85 bn

Spending on Gen AI in banking sector by 2030

Source: [Business world](#), [Twimbit's APAC Banking Titans](#), [The Fintech times](#)

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The AI revolution in banking offers unprecedented opportunities. Banks can now harness AI to deliver hyper-personalized customer experiences, detect fraud with unparalleled accuracy, streamline back-office operations, and navigate regulatory complexities with agility. However, these benefits come with challenges: ethical considerations, data security, legacy systems, and the need for skilled talent capable of building and managing AI systems.

This report provides insights for financial institutions to assess their AI readiness. By understanding their current position and the steps needed to achieve AI readiness, banks can position themselves as leaders in an increasingly competitive and technology-driven marketplace.



AI is a top priority for banking CEOs

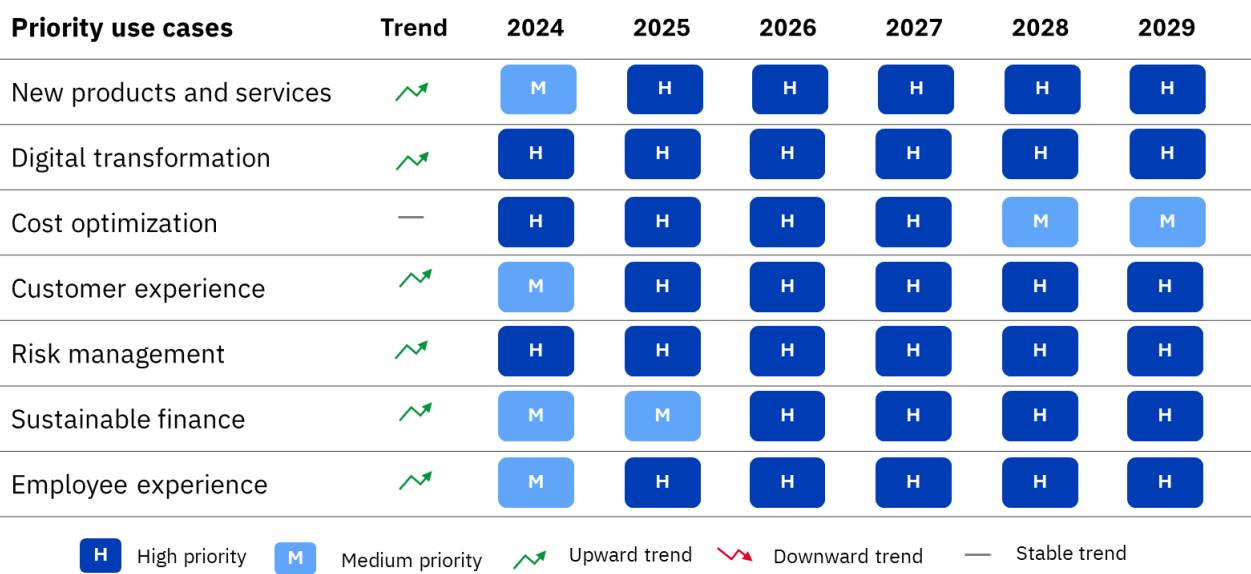


Exhibit: AI integration trends across use cases

In the coming years, Artificial Intelligence (AI) will be at the forefront of CEO agendas across industries, especially in banking. CEOs recognize that AI is no longer just a technological enhancement—it is a strategic imperative for driving growth and long-term success. With AI projected to add USD 15.7 trillion* to the global economy by 2030, forward-thinking CEOs are prioritizing its integration to capitalize on its transformative potential.

The AI CEO Agenda

- Invest in AI-first strategies and integrate them into core business plans.
- Upskill employees to create AI-ready teams.
- Leverage data for AI-driven decision-making.
- Build partnerships with AI leaders and innovators.
- Ensure ethical AI adoption to maintain trust and comply with regulations.

CEOs who embrace AI today will lead the transformation of banking tomorrow.

*Source: IBM

Innovation with AI

AI is transforming the financial services industry, offering banks unparalleled opportunities to streamline operations, enhance customer experiences, and mitigate risks.

Here are the key areas where AI is making a significant impact and reshaping the future of banking:

Customer experience

Customer service chatbots: AI-powered chatbots and virtual assistants provide 24/7 support, instantly addressing customer queries and offering personalized financial advice. These tools not only reduce operational costs but also enhance customer satisfaction by directing complaints and inquiries to the right teams.

Personalization at scale: AI enables financial institutions to deliver hyper-personalized products and services tailored to a customer's life stage, spending habits, and future goals. From robo-advisors providing tailored financial advice to real-time creation of personalized investment portfolios, AI is setting new standards for customer engagement.

Risk management

Fraud detection and prevention: Banks leverage AI to detect fraudulent activities by identifying dark patterns in transactions and flagging anomalies in real time. As cybersecurity remains a top priority, AI models are vital in protecting sensitive customer data and maintaining regulatory compliance.

Risk management and compliance: AI streamlines traditionally manual processes in risk management by assessing creditworthiness, predicting loan defaults, and monitoring market volatility. With natural language processing (NLP), banks can sift through regulatory documents and update compliance protocols automatically, saving time and reducing costly errors.

New products

Investment and trading: Algorithmic trading systems powered by AI are evolving to adapt in real-time, learning from market fluctuations and optimizing strategies for profit. AI is also making strides in ESG investing, helping firms analyze diverse datasets to assess environmental, social, and governance performance for more ethical and informed investment decisions.

- **Capital management:** Although in its early stages, AI holds great promise for capital management. By processing vast amounts of data, AI can help banks optimize capital allocation and better align with evolving market conditions and investor expectations.



Over **100 AI/ML algorithms** analyzing **15,000 customer data points** to deliver **7 types of personalised nudges**, offering tailored recommendations and celebrating milestones.

CommonwealthBank



The AI-powered CEE makes **35 million daily decisions** using **1,000 ML models** and **157 billion data points** to deliver tailored solutions like loan deferments and overdrafts.

BANK OF AMERICA



Erica, a virtual assistant, handles over **2 billion interactions**, offering real-time financial guidance, spending insights, and transaction management using predictive analytics and natural language processing.

 **KB Kookmin Bank**

A **kiosk-style AI Banker**, enables real-time interactions through speech and video synthesis, NLP, and speech recognition technologies.



Partnered with fintech Pand.ai to develop TT01, a **conversational AI engine** achieving 96% accuracy in processing mixed Thai-English language and emoticons.



Royal Bank of Canada

Introduced **NOMI Forecast** for personalised cashflow predictions, **Aiden AI** for smarter trading, and has a partnership with TIFIN AG to enhance client interactions in wealth management with AI insights.

By focusing on these key areas, banking leaders can harness the full potential of AI to drive growth, enhance operational efficiency, and deliver unparalleled value to customers. The future of banking is AI-powered—and the time to act is now.

3 dimensions for AI innovation



AI Ready



AI Native



AI Reimagined

As we move into the era of AI, adopting AI in banking can be structured into three key dimensions. This framework provides a guiding principle to optimize current operations, transform business models, and prepare for future innovations.

#1 AI Ready: Optimising today's operations

The first dimension, AI Ready, focuses on leveraging existing AI tools to improve current processes, enhance effectiveness, and reduce the cost of operations. At this stage, AI adoption is more about incremental improvements and efficiency gains. For example,

- In the front office, AI plays a key role in enhancing customer-facing operations. AI chatbots can handle customer inquiries 24/7, automating routine tasks and enabling human agents to focus on more complex or sensitive issues. Additionally, AI-driven recommendation systems can analyze customer data to provide personalized product offerings, improving engagement and satisfaction.
- In the middle office, AI can optimize decision-making by streamlining lending workflows, improving credit risk assessments, and assisting in fraud detection and compliance.
- In the back office, AI can automate data processing and operational tasks, including relationship manager-driven branch services such as account openings and loan processing. Machine learning models can be utilized to identify patterns and optimize processes, resulting in more accurate, timely, and cost-effective back-office operations.

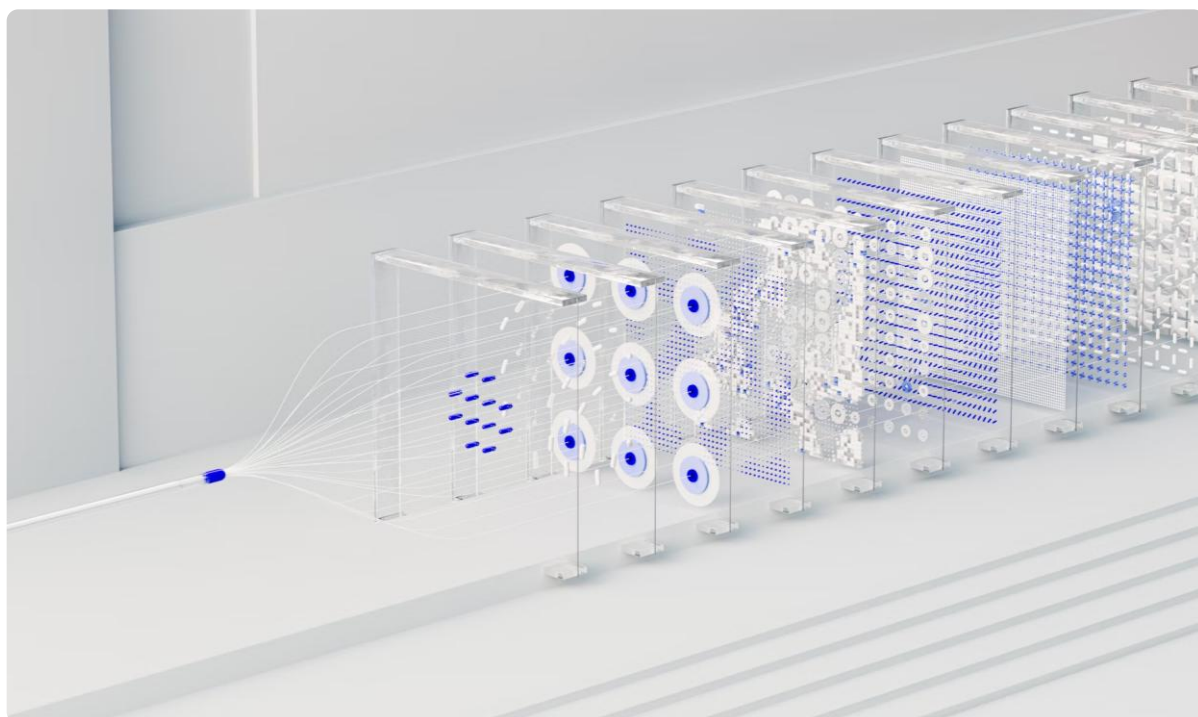
In this phase, the key objective is to enhance customer experience (CX) through AI-driven innovation, providing faster services, personalized offerings, and a more seamless digital experience.

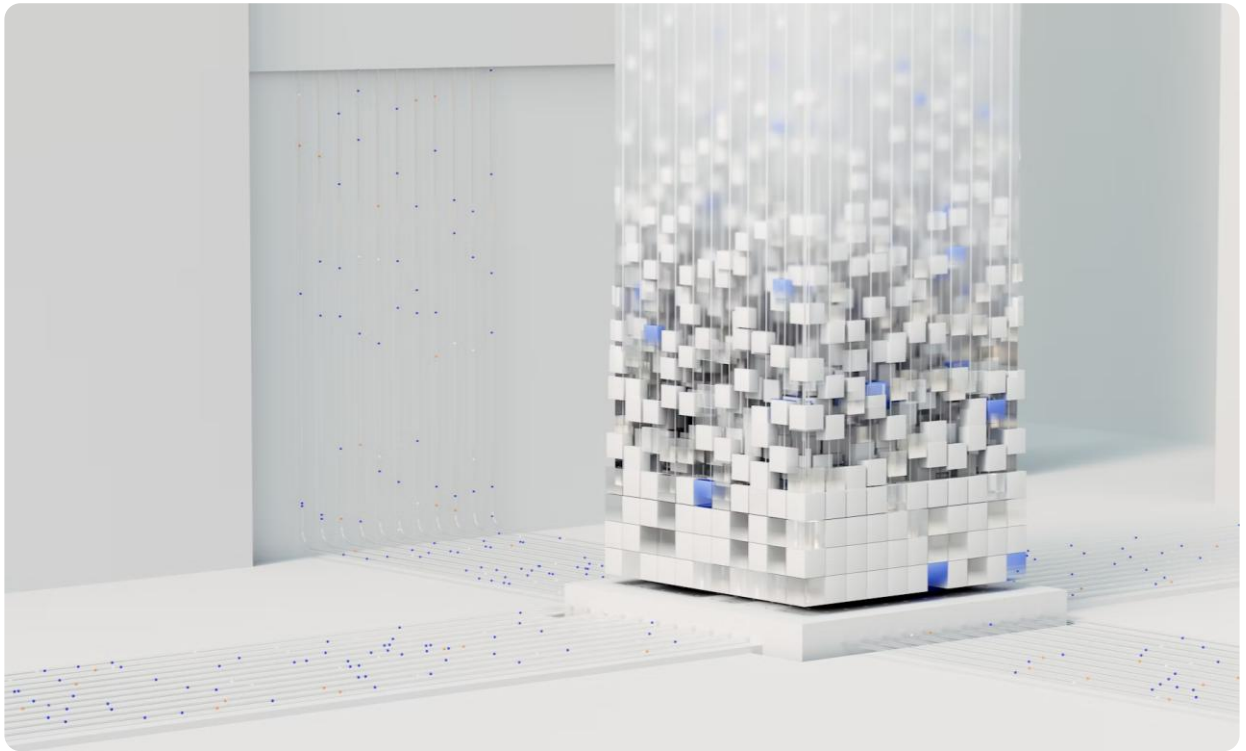
#2 AI Native: Building the AI-Powered organization

Being AI Native is about building a truly AI-powered business model—transforming how the bank operates at its core. This is where AI becomes embedded into every facet of the bank's operations, from decision-making to customer interactions.

Think of AI Native as a model where AI is not just a tool but the engine that drives operations, much like how digital-native companies such as Uber or Kakao have transformed their industries. These companies didn't just adopt technology; they redefined their entire business models around it. In the banking context, this could mean moving beyond traditional banking services and creating entirely new offerings powered by AI—automated wealth management, hyper-personalized financial products, or real-time credit assessments.

The AI Native stage also requires a shift in organizational mindset. It's about fostering a culture of innovation, where AI is not an afterthought but a driving force. At this level, banks must invest in building AI capabilities in-house, creating dedicated AI teams, and continuously evolving their AI solutions to stay competitive. This dimension also encompasses the infrastructure required to support AI integration, such as cloud-based systems, data management, and agile processes.





#3 AI Reimagined: Redefining the future of banking

The third and most ambitious dimension is **AI Reimagined**—where we envision a completely transformed banking ecosystem, enabled by cutting-edge AI capabilities that haven't yet fully materialized. This dimension is about looking beyond current limitations and reimagining the very nature of banking itself. It involves exploring new possibilities that are not just incremental improvements but revolutionary changes.

AI Reimagined could see the emergence of entirely new banking models, such as fully autonomous banks, where human intervention is minimal, and AI systems run every aspect of the bank's operations. It may involve leveraging AI and other advanced technologies like blockchain and quantum computing to create new financial products, optimize global transactions, or even reinvent the customer relationship entirely.

At this stage, the goal is to create a future-proof banking infrastructure that can support these AI-driven innovations. To reach this level, banks must invest heavily in long-term strategies, technology, and platforms that allow for continuous AI advancements. This includes ensuring data privacy, security, and ethics are embedded in AI systems, while also ensuring the infrastructure can scale with evolving AI capabilities.

A vision for an AI Bank of tomorrow

While many organizations are **AI Ready** today and aim to be **AI Native** in the future, the evolving landscape of an **AI Reimagined** world demands careful preparation. Banks must balance AI-driven innovation with the need to maintain customer trust by addressing transparency, data privacy, and security. The future of banking lies in leveraging AI to reimagine services while upholding values that ensure customer confidence and satisfaction. Here are three transformative ways AI will revolutionize banking and financial services in the coming years:

01

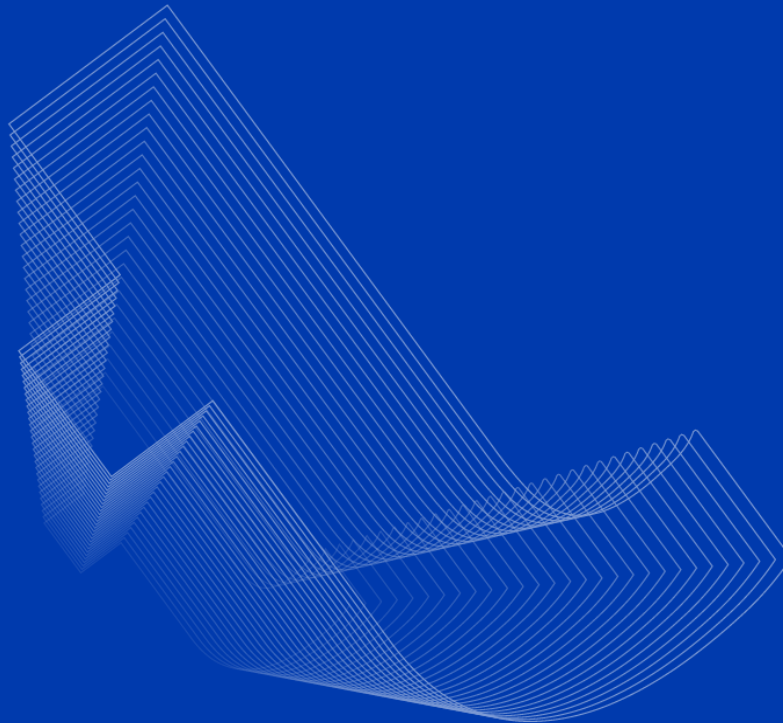
AI will **redefine embedded finance**, seamlessly integrating financial services into everyday platforms. By anticipating customer needs, AI will enable **instant access** to credit, insurance, and payments **within familiar environments**, creating a **highly personalised and intuitive financial experience**.

02

Cognitive bank branches will redefine in-person banking, integrating AI to deliver tailored and efficient services. **Facial recognition, conversational AI, and real-time analytics will personalize experiences**, while automation will free staff for complex tasks. **Intelligent kiosks and augmented reality will blend digital convenience with human connection**.

03

The fusion of **AI and blockchain will transform banking transactions**, delivering unmatched security, transparency, and efficiency. **AI's predictive power, paired with blockchain's tamper-proof ledger, will enable real-time fraud detection, smarter processing, and streamlined settlements**, driving intelligent and seamless financial systems.



Innovate to deliver
exceptional experiences
