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BANKING AND INSURANCE

HUMAN AMPLIFICATION IN THE ENTERPRISE

THE DIGITAL TRANSFORMATION JOURNEY

A majority of enterprises in the Banking and Insurance sector (76%) are undergoing full-cycle digital transformation. 20% are transforming partially or in pockets and 4% are not currently transforming but will do so in the near future. The respondents who say their organizations are transforming indicate that the following AI-supported activities play a significant role in their digital transformation:

Machine learning	68%
Cognitive AI-led processes or tasks	55%
Automated predictive analytics	52%
Institutionalization of enterprise knowledge using AI	38%
Robotic automation	34%

According to the respondents, the top three digital transformation goals of their organizations are to become more agile and customer-centric (58%), build an innovation culture (57%) and build a mobile enterprise (51%).

"Beyond the front office, AI has plenty to offer to the middle and back offices as well. In credit risk management, banks are leveraging smarter algorithms produced by machine learning and prescriptive analytics to understand repayment patterns, identify tardy debtors and predict default. In the Aidyia Hedge Fund, AI makes all the trades without any human intervention or support. A robot, costing just $10,000-$15,000, can process five to 10 times the number of insurance claims that an agent can. At PayPal, an AI engine built on open-source can not only spot suspicious transactions, it can also tell a false positive from a real case of fraud. The biggest bank in the U.S., JPMorgan Chase & Co., is using a machine learning program called COIN (Contract Intelligence) to review commercial loan agreements in seconds, which a team of lawyers and loan officers would otherwise take 360,000 hours to do each year."

TRANSFORMATION PRIORITIES

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Almost half the respondents indicate that their organizations' first priority for automation initiatives is to automate processes. The main reasons for this are to increase productivity (60%), reduce costs (50%) and to refocus people's efforts on other non-repetitive tasks that benefit from human intervention (49%).

Of the various applications of AI that Banking and Insurance sector senior level employees want to adopt in the next 12 months, the respondents indicate:

60% want AI to provide human-like recommendations for automated customer support/advice

56% want AI to process complex structured and unstructured data and to automate insights-led decisions

21% want to use AI to create a decision-making system in which machine learning allows the system to learn from humans and improve itself

7% want to use AI to institutionalize enterprise knowledge

To become more innovative, 59% of the respondents indicate that they need more avenues for experimentation, 54% say they need opportunities to learn new skills, 53% say they need freedom from having to execute mundane tasks and 49% say they need exposure to new, breakthrough technologies.

37% of the respondents from Banking and Insurance enterprises say that employee lifelong learning programs are extremely important to their organizations. Of the reasons for why lifelong learning programs are important, 42% say it improves their productivity, 40% say it improves their ability to fit into new roles and jobs and 15% say it prevents skills loss when employees with highly specialized skills retire or switch jobs.
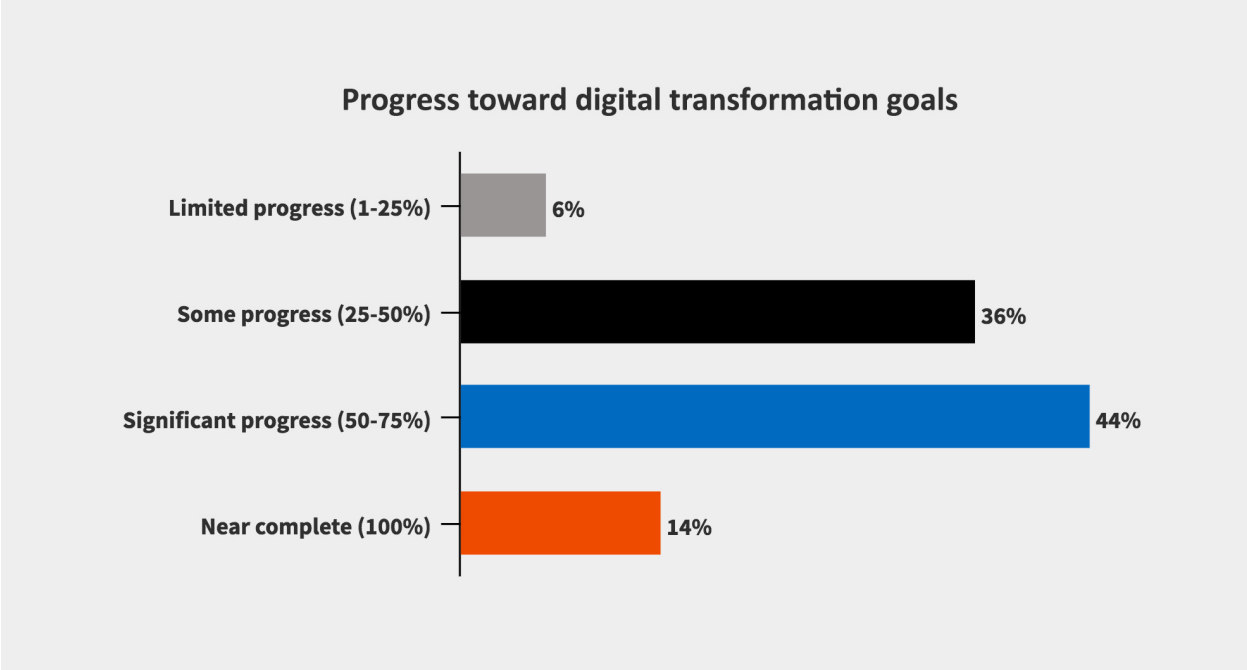
TRANSFORMATION CHALLENGES

Even though a majority of enterprises in the Banking and Insurance sector are undergoing digital transformation, few have fully accomplished their stated goals. The respondents indicate that only 14% of the enterprises have accomplished their digital transformation goals, 44% have made significant progress, 36% have made some progress and 6% have made limited progress.

The main reasons listed for why these digital transformation goals are difficult to achieve are lack of data-led insights on demand (56%) and lack of time (53%). When IT professionals were specifically asked about difficulties in achieving their enterprises' full-cycle digital transformation, they highlight IT misalignment (67%), time constraints (60%) and the entrenched resistance to change within the organization (56%).

When asked about the challenges of adopting more AI-supported activities as a component of their digital transformation initiative, 70% of the respondents indicate lack of financial resources, 68% state lack of in-house knowledge and skills around the technology and 52% say there's lack of clarity regarding the value proposition of AI.

Progress toward digital transformation goals

Category	Value
Limited progress (1-25%)	6%
Some progress (25-50%)	36%
Significant progress (50-75%)	44%
Near complete (100%)	14%

ABOUT INFOSYS

Infosys is a global leader in technology services and consulting. We enable clients in more than 50 countries to create and execute strategies for their digital transformation. From engineering to application development, knowledge management and business process management, we help our clients find the right problems to solve, and to solve these effectively. Our team of 200,000+ innovators, across the globe, is differentiated by the imagination, knowledge and experience, across industries and technologies, that we bring to every project we undertake.

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SCOPE OF RESEARCH/METHODOLOGY

Infosys commissioned LEWIS Research to undertake the research upon which this report is based. 1,070 IT and business decision-makers were interviewed between 27th March and 18th April 2017. All are from organizations of more than 1,000 employees, with $500 million or more annual revenue and from a range of sectors, in the United States. The majority of interviews were conducted using online interviewing with a small number of follow-up telephone in-depth interviews. All were undertaken using a rigorous multilevel screening process to ensure that only suitable candidates were given the opportunity to participate. Unless otherwise indicated, the results discussed are based on the total sample. The overall margin of error is +/- 2.91% at a 95% confidence interval.

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