BEING RESILIENT

AUTOMATION IN THE TIMES OF PANDEMIC

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The COVID conundrum:

For the first time in decades, the economies of the world are fragmented with minimal exchange of goods and people. The heavy interdependencies of the flat world are tested to the last straw and have left many economies gasping for breath. While the impact is immediate in industries like hospitality, travel and entertainment, the financial services industry currently upbeat with activity, is certain to get the Corona fever in coming quarters. With the world's leading labs paving its way to the vaccine for humans, questions on the cure for economic downfall are yet unanswered. In such a scenario, what can shield the organizations from meltdown, and write the future ethos? The winning formula must target the resultant behavior, and adapt in the touchless, socially distant environment. Does the answer then, lies in some level of success shown by the early adopters of digital and AI technologies?

Digital diegesis: In such a 'Black Swan' event, winning organizations will be the ones which are nimble to shift gears towards digital, automated interfaces. The consumer behavior is ever changing towards digital services and payments. The supply chains are shifting grounds to the gadgets of the end consumers. Many leading research firms believe this change to be increasing further and have a lasting effect. Last two months have shown that digital-only banks, and big banks with efficient digital portals are shining for the customers in time of distress. This is also true for the players offering simplified and automated customer services for their processes. Machines then have scored a brownie point on human trust, by virtue of not being a contagion.

Even the branches that will exist post pandemic, will be the one transformed into a new tech avatar. A data driven & connected office, having a pre-cursor to customer's problem, and a solution placed well before customer's arrival.

Imagine a virtual branch for a bank, allowing any customer to visit various desks as in physical office. As in physical world, customer can ask questions, and a video prompted to answer the same. The video ends in options to be chosen by customer, like applying for mortgage. Once chosen, customer can submit scanned documents, and await further inputs from bank. Once evaluated, customer can sign-off virtually or decide to arrive at bank for further formalities and signatures.

The evolution of self-sustainable digital systems, however, rely heavily on data and automation. Artificial intelligence (AI) has been a buzz word time and again, over more than half a century. However, AI technologies like Natural Language processing (NLP), Machine learning (ML) and Deep learning symbiotically, have co-emerged with digital interfaces. It is the rise of digital systems and connected interfaces, which have given AI the fuel for a re-launch.

AI – Astute automation: Over the last few years, we have seen spurt of AI and robotics driven automation. Innovators in the FS industry also, have been keenly watching the growth of the intelligent programs to solve problems faster, better than humans. However, like any sequel of a block buster flick, the AI 2.0 has kept the spectators wanting for more.

To be fair though, the investment in automation was through wallet share only, and not through the core of the organizations. In most cases, the budget availability defines the longevity of these programs, thus making it discretionary. And as we step into a potential global crisis, boards across the world have been searching for AI/automation as keywords in programs, to cut the excess fat. Sure, staying afloat is most important job, and this will trim down the necessary operating expenses. But the recovery might uncover the inherent cost, as customer might move on to a 'cool' fintech, which just used this crisis as a hotbed for growth.

So, the question comes, can automation in 2020, be discretionary?

It is evident in last few months that customers are preferring to buy online, have money exchanged through digital channels and connect with support/front desk through digital interfaces. While big banks have already brought in regular automation on multiple fronts, the end to end automation is still a distant dream. In very simple terms, if we break down the life cycle of any banking relationship, we emerge with three major phases as below. These are shown with examples only in mortgage, credit cards and accounts as key businesses.

Relationship Life cycle	Key processes	Scope of automation to make it seamless, touchless and customer centric		
		Mortgage	Credit cards	Savings/ Checking/ Deposits/ Cheques
Customer onboarding	ID verification, document validation, Ratings, account opening, Withdrawal/depositing cash	High	Automated	High
Customer servicing	Major part of the relationship, where customer makes payments, transactions, multiple requests for change in details, update in payment methods, further extending relationship to new accounts	High	High	High
Closure	Closure, foreclosure, default management, liquidating mortgage	Low	Automated	Low

The table highlights areas which are potential targets for automation. Most of the transactions in the servicing part are singular connects with a representative to update address, get statements, overdrafts etc. The integration of the robotics, machine learning and natural language processing gives the bank an edge to convert these processes into automated requests served on the internet banking or mobile banking platforms. Taking the above operational areas, there are numerous use case which banks have been pursuing for some time now but will get a significant acceleration in the post-COVID world.

Immediate impact: In the previous quarter, the President's office in the US declared the CARES Act, which provides a massive package for organizations and people hit by the virus induced lockdown. However, the operational challenges associated with the distribution fell on the already short-staffed banks. One such activity has been the large volume of cheques as provided by treasury for the impacted business and individuals. Realizing the volumes, it was evident that this was the time to prove worth of the synthetic intelligence. An immediate solution has been automated validation of stimulus cheques through data extraction post the image recognition. This has helped millions of cheques to be processed in a short span of time.

Another important outcome of the economic turmoil has been the surge in number of loan applications. The cash at hand is dried up, and these loans can keep the business up as the markets re-open. It goes without saying that time to get cash in hand is paramount, and hence quicker processing is very important, both for banks and for the customers. Document processing and extraction of right information from heap of documents comes to rescue. The computer vision and document extraction engine help save hundreds of hours of manual document browsing and provides key fields to ensure loan processing is expedited.

Cognitive core: It's given that AI has a larger role to play in the post-COVID world, as both companies as well as the customers need a contact-less and self-guided interface. However, how organizations adopt to the man-made intelligence will differentiate winners from not-so winners. It is the organization's core, that needs to be re-wired. 21st Century is driven by data, and we can consider it to be the nerve signals, propagating the messages and calls for necessary actions. As we metamorphose the synthetic brain, we can complete the puzzle to create truly **Live Enterprises**, having their own core thought process, ingrained into the system, and communicating through data. Data and AI at the core, thus creating a truly breathing, nimble and active organization. These financial institutions will not just leverage technology to differentiate but be powered by technology and driven by customer experience. Automation then, will not be a feature, but a necessity and artificial intelligence will become very much real and drive a better human experience.

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