

LITERATURE SURVEY ON THE SELECTED PROJECT AND INFORMATION GATHERING

ABSTRACT:

Artificial Intelligence (AI) is reckless growing as the go-to technology for companies across the world to personalize experience for individuals. The technology itself is getting enhanced and smarter day-by-day, allowing more and newer industries to adopt the AI for various applications. Banking sector is becoming one of the first adopters of AI. Beyond these basic applications, banks can implement the technology for bringing in more efficiency to their back-office and even reduce fraud and security risks. This paper focuses on the application of Artificial Intelligence in the banking sector.

Keywords: AI, Banking etc.

OBJECTIVE OF THE STUDY:

- ☐ To understand the concept of Artificial Intelligence
- ☐ To know the applications of Artificial Intelligence in Banking Sector

REVIEW OF LITERATURE:

1. **Dr.C.Vijai** in his article explained that “how Artificial intelligence is changing business processes and customer-facing services in the banking sector in India.
2. **Margaret A. Boden** concluded in her research paper that some creative ideas have already been generated by AI programs, though usually by merely exploratory (or combinational) procedures. Transformational AI-originality is only just beginning. The two major bottlenecks are:
(1) domain-expertise, which is required for mapping the conceptual space that is to be explored and/or transformed; and
(2) Valuation of the results, which is especially necessary-and especially difficult-for transformational programs.

METHODOLOGY:

The study is descriptive in nature and is based on secondary data. The data are collected from various reports, journals, news articles, various bank portals, and RBI portal and internet sources.

WHAT IS ARTIFICIAL INTELLIGENCE?

Artificial intelligence is an area of computer science focused on creating intelligent machines that function like humans. AI computers are designed to perform human functions including learning, decision making, planning, and speech recognition. In other words, artificial intelligence (AI) is the simulation of human intelligence processes by machines, especially computer systems. These processes include learning (the acquisition of information and rules for using the information), reasoning (using rules to reach approximate or definite conclusions) and self-correction.

In a bank, artificial intelligence is used to manage transactions, invest in shares as well as manage assets.

BANKING INDUSTRY:

Artificial intelligence (AI) is disrupting diverse industries, but banking is projected to benefit the most out of incorporating AI systems in the next couple of years. The banking industry has started to seriously

consider artificial intelligence-based solutions for resolving many traditional banking problems. An AI system can examine millions and billions of data points, and find patterns and trends that people may miss, and even predict future patterns. The need for AI powered solutions in Banking & Finance:

- a) Improve the ability to compete with the peers
- b) Increase the standing as an innovative company
- c) Identify opportunities in data that would be otherwise missed.
- d) Increase workforce productivity.

MAJOR APPLICATIONS OF AI IN BANKING AND FINANCE:

Chat bots

It can act as an answering machine and serve the customers continuously throughout a day. It can answer the simple questions of the users of customized banking app and redirect them to the bank's website if necessary. Direct and basic operations including opening or closing the account, transfer of funds, etc. can be done with the help of chat bots.

Personalized Customer Service:

Banks are using AI to increase client satisfaction, improve efficiency and maintain customer loyalty in many ways. With AI in finance, it's possible to create intelligent products that can learn from the customer's financial data and determine what's working for them and what's not, and help them track their financial activities better.

Handle Risk Management:

While extending loans is a complex and critical process, it requires both accuracy and confidentiality. AI can combine & analyse the data related to the latest transactions, market trends, and the most recent financial activities to identify the potential risks in giving the loan. Banks can also get an idea of the client's behaviour with AI-based risk assessment process. AI can minimize the probability of error in identifying even the slightest probability of fraud.

Cost Reduction:

AI in finance has automated processes and drastically reduced the cost of serving customers. While AI has, on one hand, reduced the cost of financial services, on the other, it has made financing extremely convenient to avail.

Predictive Analytics and wealth management for clients:

Many consumers want some help when it comes to personal finance advice. Consumers want to be warned and reminded of important information about their own financial data, not told about issues after the fact. AI engines can provide insights on how to best service their high-net-worth clients. By automating large parts of the wealth management process, they would be able to offer personalized, tax-optimized investments to clients, who have far less in investable assets than what would usually qualify for professional wealth management.

CONCLUSION:

Robust and rapid processing needs, advent of mobile technology, data availability, and proliferation of opensource software offer AI a huge scope in the banking sector. Though AI has been used in banking for decades, it remained unnoticed. In today's app-driven world, the banking sector eyes on leveraging with the help of mobile app development companies. In all these ways, AI in banking is continuing to transform the industry to provide a greater level of value to their customers, reduce risks, and increase opportunities as the financial engines of our modern economy.