Commercial Banks Embracing Artificial Intelligence but Struggle to Use It for Competitive Impact, According to Genpact Research

Study shows 97% of commercial banks use AI, but most experimenting, with less than 20% extending its value across the enterprise
Enhancing customer experience critical to confront industry disruption

NEW YORK, Dec. 11, 2019 /PRNewswire/ -- Nearly all (97%) commercial banks are using artificial intelligence (AI), according to new research from Genpact (NYSE: G), a global professional services firm focused on delivering digital transformation; however, most financial institutions are not implementing the technology effectively for competitive advantage.

More than half of the survey respondents (51%) are using AI simply for point solutions and individual tasks, with 27% testing in pilots, and only 19% leveraging it across the bank holistically. With pressures mounting from fintechs and other non-bank disruptors, these AI trials raise concerns about how effectively commercial banks can use the technology to improve customer experience (CX) and better compete.

Genpact's study, *Commercial Banking: The Customer Experience Imperative* , surveyed 500 senior commercial banking executives on the industry's changing landscape. The research reveals that while many banks understand the growing importance of CX and AI, questions remain regarding their ability to use AI for greater value and mine data effectively to embrace digital transformation and enhance service.

The good news is most banks are optimistic about the future. Two-thirds of respondents say they expect to use AI across their organization in the next 12 to 18 months, compared with fewer than one in five today. Yet, some executives surveyed seem hesitant about whether AI will deliver on its promises to drive new personalized services to improve customer experience. Notably, 13% say their organizations have no plans to use AI in the next 12 to 18 months, up from 3% today, which may suggest a lack of confidence in current pilots and long-term execution.

"With digital technology opening new access to sales and payment data, non-traditional players have leapfrogged many established commercial banks in delivering quality customer experiences," said **Mark Sullivan, global business leader, Banking and Capital Markets, Genpact**. "Banks must do a better job at anticipating and quickly incorporating CX innovations. AI can be a major driver given its ability to interpret droves of data to develop highly-tailored solutions that businesses want."

Genpact's research also looked at fintechs' impact on the commercial banking industry. Opinions are split: nearly half of the executives surveyed perceive fintechs as potential partners (cited by 56%), with others saying they are a competitive threat (44%). Most financial institutions are responding to this with a combination of competitive and adaptive measures. Genpact's research shows many banks are ramping up their value propositions with enhanced customer experiences such as more responsive credit assessments.

Other commercial banks are unbundling their offerings and considering a "platform strategy" to provide customers with a channel for individual products in one place, including services provided by other companies. While "banking as a platform" may be effective to compete with fintechs, only 20% of respondents say they have a holistic strategy in place. And, just a little more than a third (35%) have mapped the customer journey across both treasury and lending product lines, which the study identifies as key growth areas.

"Our research shows that while leading commercial banks overwhelmingly see CX as a competitive advantage,

many others are in danger of missing opportunities to build deeper customer relationships," Sullivan said. "Few financial institutions are mining data effectively across products and other information sources to develop personalized services – which is exactly what fintechs and techfins deliver today."

Genpact's commercial banking research echoes similar findings in the company's recent *Banking in the Age of Instinct* report, which looks ahead to future trends in the industry. Commercial banks must connect the dots among data points and deliver more valuable insights to customers, a critical need for competitive growth.

To learn more, visit Genpact's website to access the complete report, *Commercial Banking: The Customer Experience Imperative* .

About the study

Genpact worked with Wakefield Research to conduct a global study between July 30 and August 28, 2019, via an email invitation and online survey. The study represents views of 500 C-suite and senior executives at commercial banks, with the majority working at companies with assets under management of $10 billion or more.

About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes primarily for Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. Combining our expertise in end-to-end operations and our AI-based platform, Genpact Cora, we focus on the details – all 90,000+ of us. From New York to New Delhi and more than 30 countries in between, we connect every dot, reimagine every process, and reinvent companies' ways of working. We know that reimagining each step from start to finish creates better business outcomes. Whatever it is, we'll be there with you – accelerating digital transformation to create bold, lasting results – because transformation happens here. Get to know us at Genpact.com and on LinkedIn, Twitter, YouTube, and Facebook.

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