



AI IN FINTECH

Humanizing Digital Banking

Abstract

In the modern world, there has been significant development in the use of Financial Technology (FinTech) in financial institutions across the globe. Banks have been heavily investing into FinTech in order to cope up with changing market trends. However, the evolution of Artificial Intelligence (AI) over the past decade has considerably impacted the financial sector, especially banks, through the evolution of AI-enabled Chatbots and other applications. This research revolves around FinTech, with specific focus on Artificial Intelligence (AI) in the financial sector. It drew inspiration from Digital Banking Report's edition, "Humanizing the Digital Banking Experience". The report called for financial institutions to "look beyond technology as a way to save money or increase convenience, better understanding what each consumer wants". The underlying study tried to apply the topic in question within the Pakistani context. For this purpose, data was collected through questionnaires and interviews, and quantitative techniques were used to analyze the results statistically. By studying best practices across the world with regards to AI and assessing the local context, it analyzed their feasibility of being introduced in Pakistan on a widescale basis.

Key findings

The study findings revealed that in Pakistan, the FinTech industry is not operating up to its maximum potential. However, the growth of online payments using credit and debit cards has significantly increased, as users move towards "cash-free" modes. Although, it was found that the majority of the people are still using traditional word of mouth, there exists a real potential target market for AI-enabled Chatbots that prefers to research on their own before making any major spending decisions. Similarly, it was found that there is a positive response to Mobile Payment apps succeeding in Pakistan. Furthermore, the study highlighted certain challenges associated with the adoption of AI-enabled Chatbots in the Pakistani context including financial exclusion, lack of development in the IT sector, lack of awareness among consumers, hesitance by banks and linguistic barriers.

Implications

In order to survive and compete in the competitive global environment, the financial sector of Pakistan needs to invest in AI-based technology, especially Chatbots, to increase the usage and customer-base of banks. Similarly, increase in financial education and technology among users can also help increase awareness. Furthermore, the banking sector in Pakistan need to learn from disrupters and innovators like BaseH Technologies, which offers AI-enabled services to its diverse range of customers. The government also needs to create an enabling environment for banks to invest in technology, through reduction in taxes and stringent laws applicable to banks. As a result, there is a greater chance of AI succeeding in the local banking environment.

Citation

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SDGs



Keywords

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