

# ISED – ARTIFICIAL INTELLIGENCE IN BANKS

THREAT OR OPPORTUNITY

DATA SCIENCE LABORATORY  
Luxembourg, 10 mai 2019



**BGL**  
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La banque d'un monde qui change

# Banking sector Threats

**Commit to deep transformation to improve ROE in the new world paradigm**

**New  
Regulations**

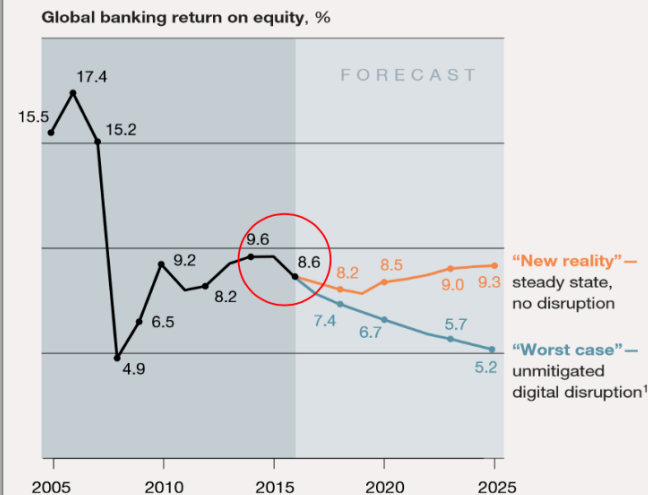
**Customer  
Revolution**

**New  
Competitors**

**New  
Technologies**

**Reflationary  
measures**

Two scenarios are possible for banking return on equity by 2025.



<sup>1</sup> Margin decline of 11.6%—average results across sectors and geographies, generally more severe in consumer-finance, payments, and asset-management and wealth-management sectors (up to 20%+ in Japan and the UK).

McKinsey&Company | Source: SNL; Global Banking Pools by McKinsey; Panorama by McKinsey

## New reality

Adapt to the new existing world :  
customer orientation, agility, open  
banking, partnership, ...  
Manage the transition quickly to  
follow financial market expectations

## Worst case

Traditional competitors decline in core  
revenue  
Profit increase for new actors  
« Same scenario in the end as : Music,  
Newspaper, Travel, ... »

# A Growing Pressure on Banking Industry



## New entrants / external actors

Leveraging on their data to know our customers much more than we do, thus setting new standards of CX and threatening to disintermediate us.

facebook.

阿里巴巴 Alibab.com



## Regulators

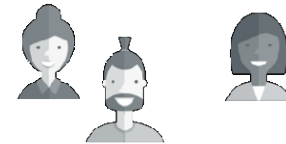
Asking for more and deeper control, on all of our activities

GDPR



## Customers & users

Very demanding for seamless, efficient and personalized experiences



## Competitors

Traditional banks and pure-players improving their efficiency, customer experience and creating products and services through artificial intelligence

Traditional banks & fintechs with banking licenses

BBVA



N26

Fintechs without banking licenses

Revolut

personetics\*

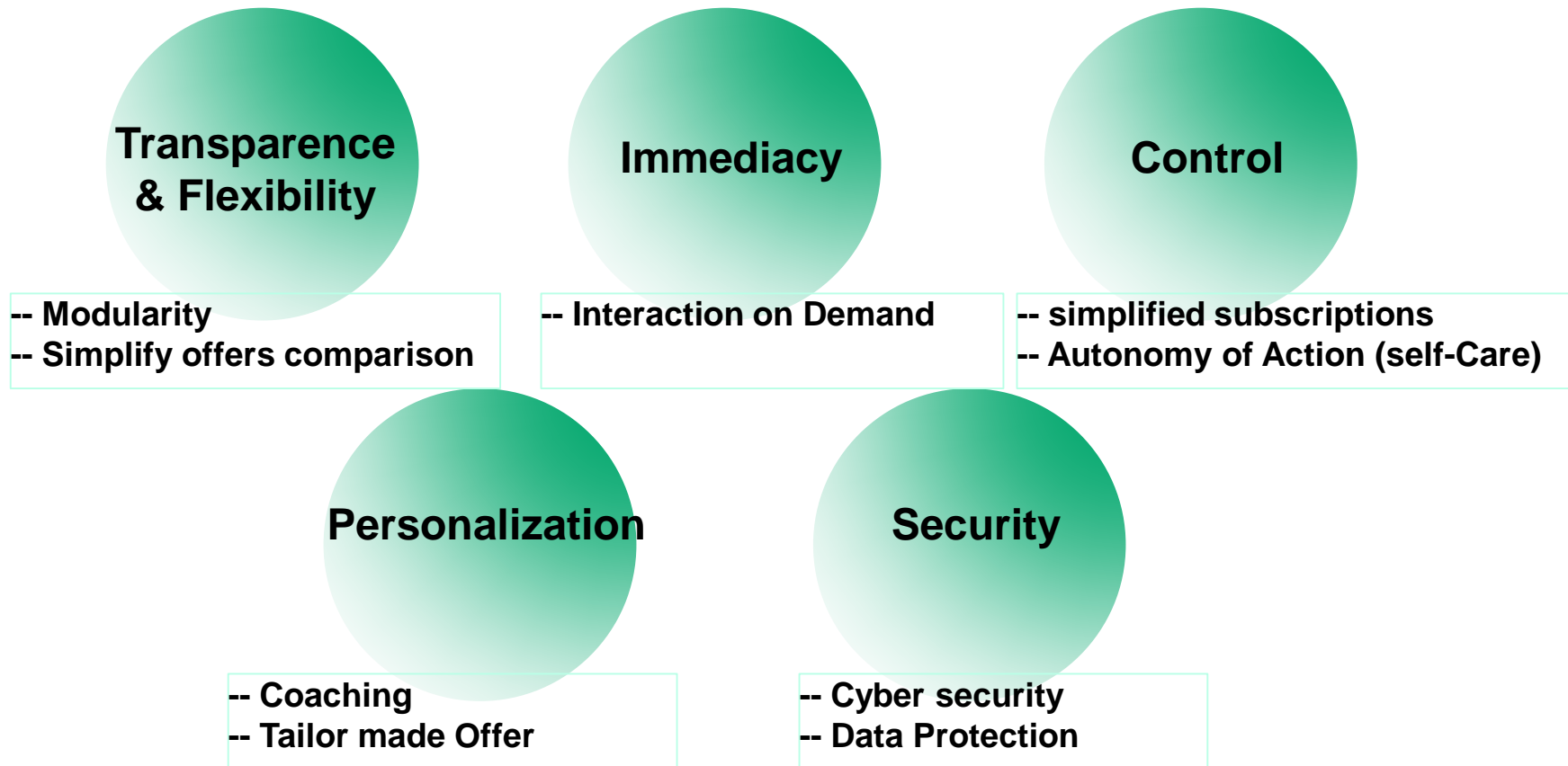


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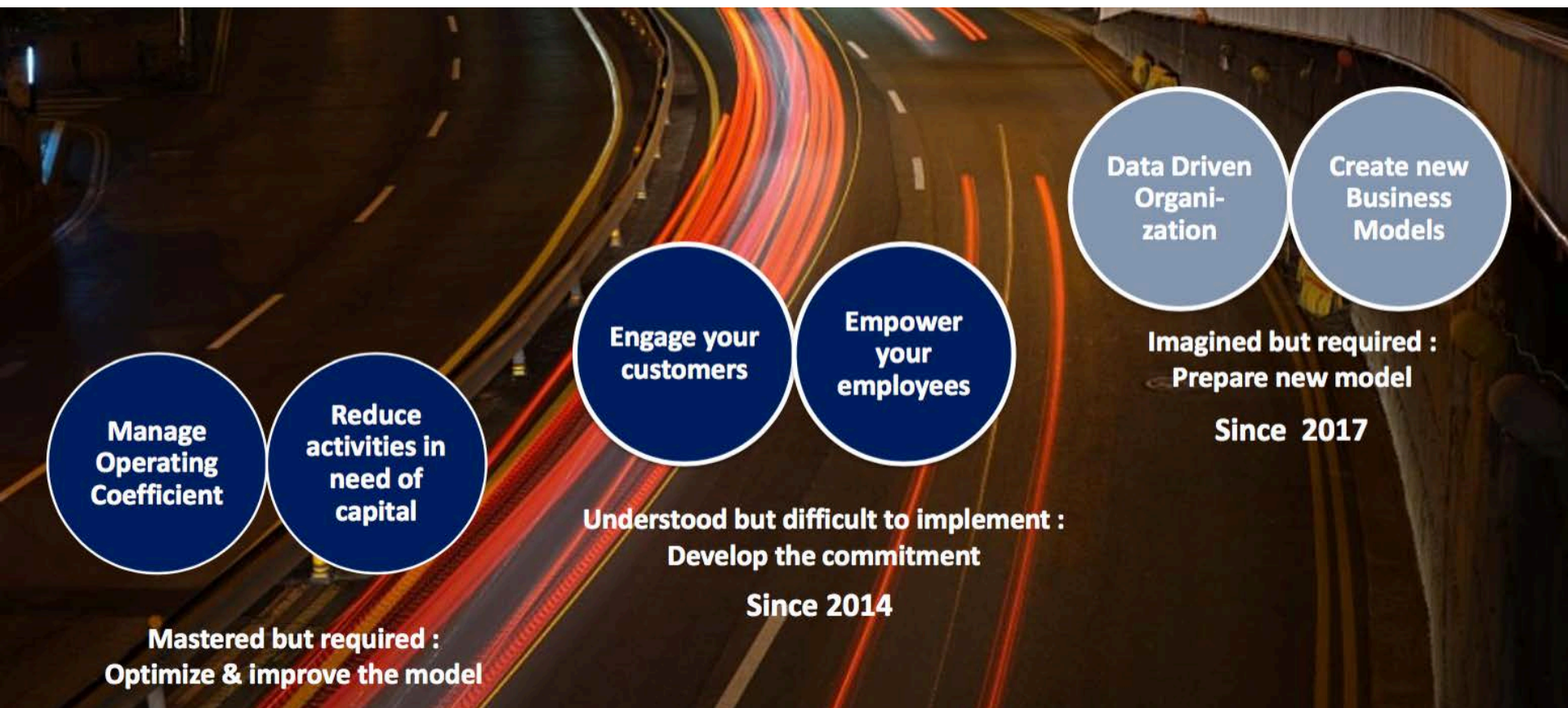
# Clients Expectations have changed

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# AI an opportunity to re\_imaging Financial Services



# AI Applications - Empower Employees

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Time : Sales  
vs Adm.



Human Rela.  
vs remote



Workstation  
not employee  
centric



- Automate and reduce the administrative tasks
  - Biometric recognition, Bot to search, Speech to text, Semantic analysis of e-mails, automatic production report, ...
- Manage a remote customer relationship
  - Use the good channel to match with the customers expectations, ...
- Propose a single view of all customers interactions
  - Next Best actions : sales – service, ...

Improved Employee Experiences = Improved Customer Experiences



# AI Applications – Optimize Operations

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Operating  
Ratio



Fraud



Regulation



- Reduce costs (IT – Purchasing – Real Estate)
  - Reduce the building charges with IoT, Bots (machine learning)
- Automate the worthless processes to increase customer and employee satisfaction
  - RPA, KYC, ...
- Become a data driven organization
  - Actuarial science and risk modeling, Legal risk, HR anti-churn,...
- Ensure security, safety and regulatory compliance
  - Fraud identification, payment system errors, money laundering prevention, compliance, ...





# AI Applications – Transform our Products

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New  
Technological  
assets



Platform  
economy



Outcomes  
for new  
competitors



- Create new products – offerings
  - IIoT and Data to adapt the products and models of usage context.
  - Master the deep learning (image & voice) to propose new products
- Create new models with PSD2 – GDPR compliant
  - Go beyond the financial relationship (position the bank in a more global relationship – account AI analysis / real time)
  - Become a platform (customer oriented & propose add-value with its own ecosystem)





# MERCI

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