

Retail banks say artificial intelligence is critical to digital transformation

However, integrating legacy technologies as well as security and privacy concerns are key challenges, reveals new study from GFT

LONDON, 25 October 2017 – [GFT](#), the global IT consultancy for the financial services industry, today announces the results of a global survey into retail bank's attitudes towards digital transformation. The results show that the UK is one of the most mature markets with a staggering 100% of retail banks saying they have a digital transformation strategy in place.

Looking at the UK results specifically, the vast majority of UK respondents (86%) acknowledge the importance of artificial intelligence (AI) with nearly a quarter (23%) saying it has strategic importance within their organisation. Virtual customer assistants such as chatbots top the AI wish list for retail banks in the UK (65%), followed by next best action and personalised customer interfaces (46%) and robot process automation (35%). Lower operational costs (77%), greater customer engagement (73%) and risk reduction are the most frequently cited benefits for these solutions.

With AI forming an important part of digital transformation projects, meeting customer expectations (43%), reducing operational costs (23%) and increasing revenues (20%) are the top drivers for digital transformation. The results show that the primary approach for digital transformation projects is Banking as a Platform (BaaP).

The BaaP approach uses open APIs so that banks can distribute their own as well as third party products, and customers can easily exchange information with multiple suppliers. The benefits of this model, according to respondents, includes greater customer engagement (77%), the ability to develop new applications (67%) and the enhancement of core banking revenues (63%).

The UK leads in BaaP adoption with half of respondents saying they have a clearly defined strategy with another quarter (27%) saying they have one in development. However, security issues (67%), the complexity of existing legacy systems (67%) and high costs (60%) remain challenges for BaaP adoption.

Understanding of BaaP is particularly strong in the UK, compared to other markets, with 94% of respondents understanding the changes to back-end systems needed in order for BaaP adoption to happen. These include data migration to cloud (80%), acquiring a new core banking platform (53%) and modernisation, including migrating Cobol applications to Java / microservices and cloud (27%).

Christian Ball, head of retail banking at GFT said "If we look at the UK retail banking market as a whole, the customer is very much at the centre of most digital transformation projects. Meeting their needs and expectations is paramount. Banks know that they are sitting on a wealth of information, especially unstructured customer data, which is not currently being used to its full capacity. AI solutions such as chatbots, process automation and personalised interfaces, powered by open APIs, are critical to the success of digital transformation projects."

Ball continues, "Challenges such as legacy systems, migration to the cloud and security and privacy concerns remain top concerns. It's encouraging to see so many UK banks embracing new ways of working and recognising the increasing importance of these new technologies but there is still much work to be done. As systems, skills and technologies develop, we're looking forward to seeing even more examples of successful digital transformation projects in the market."

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About GFT

GFT Technologies SE (GFT) is a business change and technology consultancy trusted by the world's leading financial services institutions to solve their most critical challenges. Specifically defining answers to the current constant of regulatory change – whilst innovating to meet the demands of the digital revolution. GFT brings together advisory, creative and technology capabilities with innovation culture and specialist knowledge of the finance sector, to transform the clients' businesses. Utilising the CODE_n innovation platform, GFT is able to provide international start-ups, technology pioneers and established companies access to a global network, which enables them to tap into the disruptive trends in financial services markets and harness them for their out of the box thinking. GFT expects to achieve a consolidated revenue of around 425 million euros in the 2017 financial year. Founded in 1987, the company is now represented in eleven countries with a global team of around 5,000 employees. The GFT share is listed on the Frankfurt Stock Exchange in the TecDAX (ISIN: DE0005800601).

Methodology

285 retail banking professionals with at least 500 employees globally were surveyed between May and September 2017. To view the full report visit www.gft.com/BankingSurvey2017.