

Will Artificial Intelligence Take Over Your Banking Job?

Digitisation has changed banking forever. Cashless transactions, mobile and online communications, paperless submissions, and automated teller machines (ATMs) have changed the face of banking. Disruption is a norm and organisations, both large incumbents and financial technology start-ups, are creating new markets and controlling consumer experience like never before.

According to the Organisation for Economic Co-operation and Development's (OECD) projections, 25% of the workforce is in jobs where a high percentage of tasks could be automated. With artificial intelligence (AI) and robotics, much of the talk in banking centres has centered around if AI will displace employees' jobs and if current employee skills will still be relevant in the future.

There are three types of digitisation occurring in banks — automation of mundane tasks, historical analysis to improve those tasks, and, the most disruptive, predictive and cognitive analysis.

Banks have been keeping up with task automation and even have succeeded in improving certain tasks via historical analyses. However, have they replaced jobs? Based on our study of 105 banks in Asia over the last five years, we have seen an increase of 35% in the number of information technology (IT) jobs and a reduction of 14% in the number of operation jobs indicating the industry's continuous focus on process automation and optimisation. While we haven't witnessed jobs disappearing, we have witnessed jobs changing in nature. For example, 15 years ago retail bank tellers could do bookkeeping and cash transactions, but now that these are automated the teller needs to key in information, scan a code, or assist and educate customers with their online and mobile transactions.

In AI where there is predictive and cognitive capability, jobs do not need human intervention so this is where certain jobs will start to disappear. These jobs will be done by machines that understand the reasoning in how to react to certain scenarios. This means jobs such as credit analysts and relationship managers are potentially no longer needed in the industry. Credit analysts and credit underwriters support the home loan applications and perform know your customer (KYC) analyses, confirm if the applicant has any defaults, perform credit checks, research credit history, and conduct credit validations to make the decision to approve or reject applications. With AI, banks can now perform a credit check and analysis based on historical data and future trends, including the percentage chance of a person defaulting, in nano-seconds. Robo-advisers, cashless transactions, and online and mobile banking have already replaced back-end operational roles, relationship, and wealth managers, effectively reducing the need for branch service staff.

It is not all bad news. In a highly competitive market, banks are turning away from mass marketing towards individualized, relevant marketing targeted to customers' unique profiles and banking habits which requires a

talent pool with a unique set of skills. You can't create a predictive model unless you have the talent to create that predictive model. As banks use predictive analyses to compete and thrive, there are many data analysts and data scientists who have both the technical know-how and the industry knowledge. Banks will also require highly specialised regulatory and compliance functions due to the heightened regulatory environment with regulations that are more complex to interpret across different jurisdictions. Banks will need more people as banks increasingly will need to rely not just on systems but also individuals from within the industry who can look at it in a holistic manner. Because of these review requirements, the roles of autobots and automated systems becomes challenging. Because the repercussion of regulatory breach is so high, both in reputation and costs, the risk of failure may prevent the bank from completely automating these tasks.

Despite AI, jobs requiring creativity, strategy, adaptability, interpersonal skills, and leadership will continue to thrive in banking. Functions that need human interactions like sales, human resources, and marketing will still be relevant but can expect job reconfiguration. AI could help these functions to be more effective by giving them quicker access to relevant data. While leadership and strategic roles will remain in high demand in banking, these roles need an understanding of the digital world as well as market and demographic shifts so that they can make timely decisions to direct their workforce and business models appropriately. As banks continue to reduce costs and increase revenues, AI will play a bigger role in the functioning of the bank. The skills and roles in this environment that will survive and thrive are the ones that can't be digitised.

To discuss how these trends impact your firm's talent planning, please contact [Pathik Gupta](#).

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