



TO STUDY THE ROLE OF AI AND GENERATIVE AI IN BFSI SECTOR

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Abstract

At the cutting edge of technological innovation, the banking, financial services, and insurance (BFSI) industry continuously searches for novel and creative approaches for ways to enhance client experiences, streamline processes, and effectively manage risks. In this context, the field of BFSI is being revolutionized by artificial intelligence (AI) and its fundamental subset, generative AI. This study intends to investigate both the purpose and impact of generative AI and AI in this BFSI industry. This study explores how AI and generative AI are progressing in the BFSI industry. Artificial intelligence has already completely changed several areas of banking and finance with its capacity to analyse enormous datasets, formulate conclusions, and automate tedious tasks.

Keywords- BFSI Industry, Artificial Intelligence, Generative Artificial Intelligence, Banking Sector, Financial Sector, and Insurance Sector.

INTRODUCTION

The synergy between AI (Artificial Intelligence) and generative AI in the BFSI (Banking, Financial Services, and Insurance) sector is transforming traditional practices and unlocking new opportunities for innovation. While AI encompasses a wide range of technologies aimed at mimicking human intelligence to perform tasks such as data analysis, prediction, and automation, generative AI specifically focuses on creating new content, whether it's images, text, or even entire software programs. Together, these AI technologies are revolutionizing various aspects of the BFSI sector, from customer engagement to risk management and fraud detection.

PURPOSE OF STUDY

- Understanding Impact: In this paper, I want to explore how AI technologies, including Generative AI technologies, are transforming various aspects of the BFSI Sector, such as customer service, risk management and strategies.
- Identifying Opportunities: In this study, I can help find opportunities for innovation and improvement within the BFSI Sector, by understanding how and where AI can be effectively applied.
- Risk Assessment: In this study, I evaluated the potential risks and challenges associated of AI with BFSI Sector.
- Future Trends: I want to anticipate future trends in AI adoption within the BFSI Sector, considering advancements in technology, market dynamics and evolving customer expectations.

LITERATURE REVIEW

- 1) According to a study of Saket Maheshwari in 2022 - AI has emerged as a force of transformation to provide efficient, tailored digital assistance, financial advice, and even a way to gauge your financial situation. The paper indicates that businesses and customers have embraced the use of AI in the industry, and it is using it as a tool to help with day-to-day tasks.

- 2) According to the paper of Omar H. Fares in 2022 – The researchers used systematic literature review approach to examine and describe the use of AI in Banking Sector. In this the researchers focused on 3 main areas: strategy, process and customer.
- 3) According to Monica Sharma & Laraibe Siddiqui 's study in 2020 – AI can improve the process of business in banking sector, and it has a huge positive impact on the industry overall.
- 4) According to the paper of Elizabeth Gildea in 2022 – author talked about how AI and DATA SCIENCE [AIDA] techniques help to resolve problems occurring in the financial sector.
- 5) According to research of Keng Siau in 2022 – AI powered FinTech is emerging as the new generation of mAI and is enabling new mainstreams in the financial field/industry.
- 6) According to the paper of Martin Eling in 2021 – Generative AI is becoming prominent in Insurance Sector. It is solving the main issue by providing 2 innovative and development possibilities.
- 7) According to a study of Alex Zarfis in 2022 – AI is emerging in 4 different business models in the sector of Insurance, and it can change the operations internally as well as externally.

RESEARCH METHODOLOGY

The study is regarding the impact and role of Artificial Intelligence in the BFSI Sector.

The objective is to comprehend and analyse how the role of AI has affected the three sector – Banking, Financial & Insurance Sector.

Primary Data

Primary Data is collected through a questionnaire given to the working professionals with the regards to BFSI Sector. There were 3 questionnaires made in respective of 3 different sectors. Each questionnaire consists of 10 Multiple Choice Questions which was delivered through an online link via email.

Secondary Data

Secondary Data consists of the existing reports, articles, and publications on the “Role and Impact of AI in BFSI Sector”.

Data Collection Method

Questionnaire

Sampling Unit

The questionnaire was aimed to be given to 100 working professionals in the BFSI Sector.

Need Of Study

This study is required for Studying the role of AI and generative AI in the BFSI sector is imperative for grasping the transformative potential of these technologies within one of the most critical sectors of the economy. Such research is essential for understanding how AI applications can enhance operational efficiency, improve risk management, and revolutionize customer experiences in banking, financial services, and insurance.

RESEARCH OBJECTIVES

- Evaluate the current landscape of AI and generative AI adoption within the BFSI sector.
- Assessing the specific applications of AI and generative AI technologies across various segments of BFSI Sector, such as Banking, Financial services, and Insurance
- Analyse the impact of AI on operational processes, including automation of routine tasks, and optimization of resource allocation.
- Investigate the role of generative AI in enhancing decision-making processes, particularly in risk assessment and investment strategies.
- Examine the effectiveness of AI driven algorithms in fraud detection and prevention within BFSI Institutions
- Identify challenges and barriers to the adoption of AI and generative AI in BFSI, including regulatory compliances and data privacy concerns.

DATA ANALYSIS**BANKING**

I want to say there is a positive impact of AI in shaping our future. The people have also said this through the questionnaire that different departments of AI have been opened resulting in a significant impact on banking service. People are ready to adapt to this innovative technology with full transparency, fairness, and honesty. They have also talked and talked about the valuable applications that they find of AI in the banking sector. Overall, to summarize all of this -- AI has extremely positively impacted the banking sector and the people as well.

FINANCIAL

I believe that AI has a beneficial influence on defining our future. Respondents have indicated, via the questionnaire, that the establishment of several AI departments has had a notable influence on the financial service sector. Individuals are prepared to embrace this groundbreaking technology with complete openness, impartiality, and integrity. Furthermore, they have extensively discussed the significant uses of AI in the financial industry. In conclusion, artificial intelligence has had a highly beneficial impact on both the financial sector and society.

INSURANCE

I believe that AI has a beneficial influence on defining our future. According to the study, respondents have reported that the establishment of various AI departments has had a notable effect on insurance services. Individuals are prepared to embrace this groundbreaking technology with complete openness, impartiality, and integrity. Furthermore, they have extensively discussed the significant applications of AI in the insurance industry. In conclusion, artificial intelligence (AI) has had a highly beneficial influence on both the insurance industry and its stakeholders.

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