



New IDC Report Reveals Five Critical Elements to Help Asia/Pacific* Banks and Insurance Companies Achieve Success in AI Implementations

SINGAPORE, December 4th, 2019 – IDC has published a new report titled *Many Things from the Shiny New Thing: 20 Early Adopters of Artificial Intelligence in Asia/Pacific Financial Services*, which discusses how Asia/Pacific* banks and insurance companies is embracing artificial intelligence (AI) and the many technologies that come under its ambit. IDC defines AI as a system that learns, reasons, and self-corrects: a system that hypothesize and formulate possible answers based on available evidence. The system can be trained through the ingestion of vast amounts of content and can automatically adapt and learn from its mistakes and failures.

In the region, several early adopters of AI have emerged from the region with a wide range of objectives: ability to offer superior customer and employee experience; augmentation of operations to the design; and launch of new products and services. Most of the AI initiatives by financial services institutions (FSIs) in Asia/Pacific* have been ad hoc pilot projects or a part of fragmented, siloed experiments by various product units, functions, and business – IT teams throughout the enterprise. The concept of "AI at scale" is still missing as there is only a small number of FSIs articulating AI – along with its class of technologies – to be part of their core strategy in supporting their long-term goals. To achieve more favorable results from their AI implementations, FSIs need to think and prepare themselves for five critical elements: strategy and sponsorship; process identification and optimization; people and change management; scalable infrastructure; and data and model life-cycle management. The advancement on each of these elements will determine how an institution perceives and utilizes AI for success.

"In terms of markets, we are seeing most of the traction and advancements in China (including Hong Kong and Taiwan), Australia, Singapore, India, Malaysia, and South Korea. We believe that the investigation into AI is deemed to have a high need for localization to ensure that algorithms used by institutions are sufficient and suitable for each Asia/Pacific* market. The localization of AI is crucial for AI use cases: chatbots and recommendation engines, to capture local nuances and slang; credit decisioning, behavioral scoring despite thin files in developing markets; and fraud analytics, to understand unique transaction patterns," says [Sneha Kapoor](#), Research Manager at IDC Financial Insights.

Kapoor adds, "By 2022, IDC Financial Insights expects more than 50% of Asia/Pacific* FSIs to invest in one or more AI technologies. Majority of projects will focus on three objectives: transform the customer experience, optimize operational efficiencies, and create new revenue

streams. We also believe that AI will be one of the key technologies to drive institutions through digital business transformation and accelerate innovation among institutions – given that it has already at least doubled the rate of innovation improvements in FSIs in the region.”

As part of this report, 20 AI initiatives of the early adopters is highlighted – majority of which have implemented some form of AI within the past two years. Some of these names include: Ant Financial, ANZ Bank, AXA, Axis Bank, China Construction Bank, CIMB, Commonwealth Bank of Australia, DBS Bank, E.SUN Commercial Bank, HDFC Bank, Hong Leong Bank, ICICI Lombard General Insurance, NTUC Income, OCBC Bank, Ping An Property and Casualty Insurance Company of China (Ping An Insurance), Prudential, and United Overseas Bank (UOB). These FSIs and their experiences in AI initiatives enabled IDC to make early assessments of the benefits, challenges, and early best practices to ensure that AI deployments deliver quickly on their promise.

This IDC Perspective is the third IDC Financial Insights report on automation and was written to inspire FSIs to start leveraging AI-enabled systems and intelligent digital workforce to achieve exceptional customer and business value. This report also highlights the best practices for FSIs on how to cut through the noise and break through the current misgivings (fear of loss of jobs, difficulty in implementations, concerns about data privacy) around AI. For more on intelligent automation and intelligent digital workforce, read *Robotic Process Automation Game Changers Advance Financial Services Institutions Toward Intelligent Digital Workforce* (IDC Financial Insights #AP44597519, February 2019).

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Artificial Intelligence will be one of the key topics to be discussed at the 2020 IDC Asian Financial Services Congress happening on 27 – 28 Feb 2020 at the Marina Bay Sands Singapore. IDC Financial Insights will unveil its latest research on financial services and insurance industry and provide engaging discussions around Robotic Process Automation, AI in Banking, Governance, Risk and Compliance; and many more. Culminating the event will be the awarding of the 20 Best Banks and 20 Challengers in Asia/Pacific. For more information on the upcoming 2020 Asian Financial Services Congress, visit <http://www.idc.com/AFSC2020>

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