

Fintech

What's the latest with AI?

Banks and Fintech-Friends or Foes?

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Artificial Intelligence

- ▶ In General Terms:
 - ▶ The theory and development of computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, and decision-making
- ▶ As It Applies to Business/Corporate Banking:
 - ▶ The idea is not to create an institution full of robo-bankers but rather one that effectively applies AI in a way that enables bankers to focus less on administrative tasks and more on adding value to the client. AI can improve customer engagement, reduce operational risk, enhance data analytics, and drive revenue growth

AI is all around us today - Examples



Self-driving cars

Google Waymo, Uber ATG, GM Cruise Automation



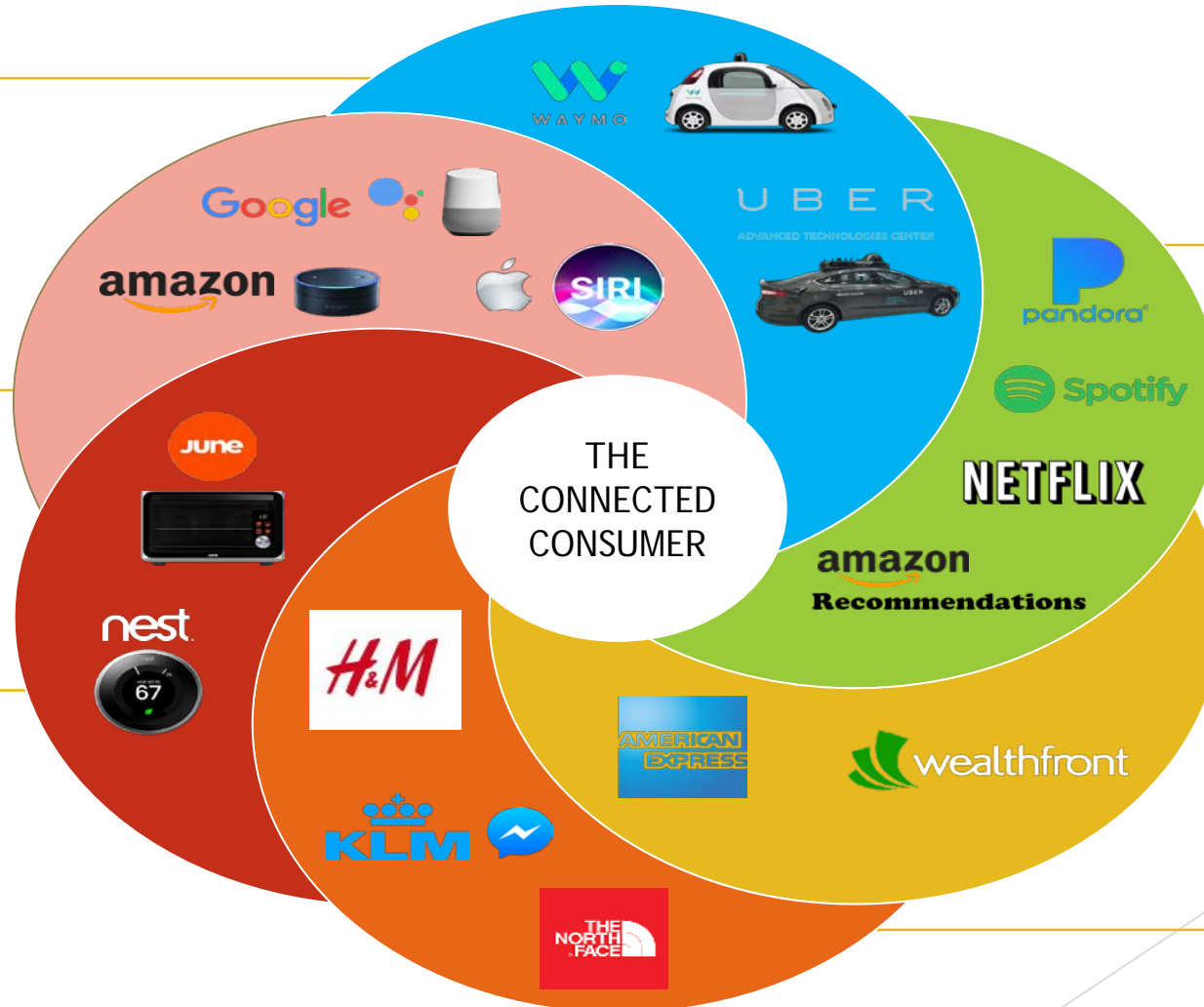
Virtual assistants

Apple Siri, Amazon Alexa, Google Assistant



Smart home devices

Nest Thermostat, June Intelligent Oven



Purchase predictions and recommendation

Amazon Recommendations, Netflix, Spotify, Pandora



Financial analysis

American Express Fraud Detection, Wealthfront Investments



Online customer support chatbots

KLM Messenger, North Face, H&M Kik

Celent's view of AI...

Artificial Intelligence

Technology that makes inferences and decisions that used to require human involvement

Foundational Technologies

Machine Learning

Natural Language

Processing

Generation

Banking Applications

Analytics

Chatbots

RPA

Report Generation

Risk Modeling

Biometrics

Fraud Detection

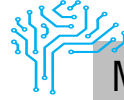
Underwriting

Data powers all AI; the more data that inference engines can ingest, the faster and better they can learn, and the better their answers.

AI is bringing a myriad of innovation to corporate banking...



Front - Customer Facing

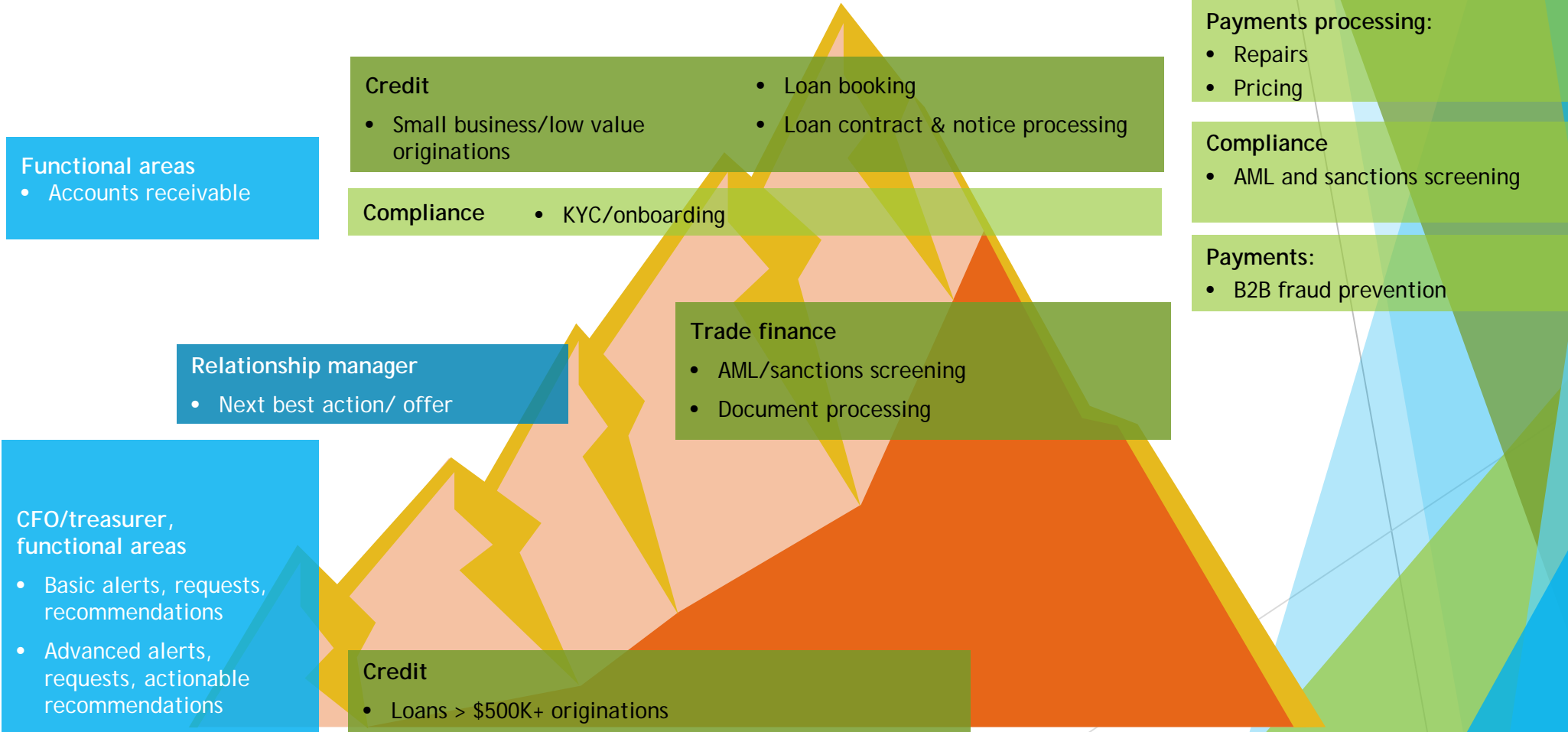


Middle



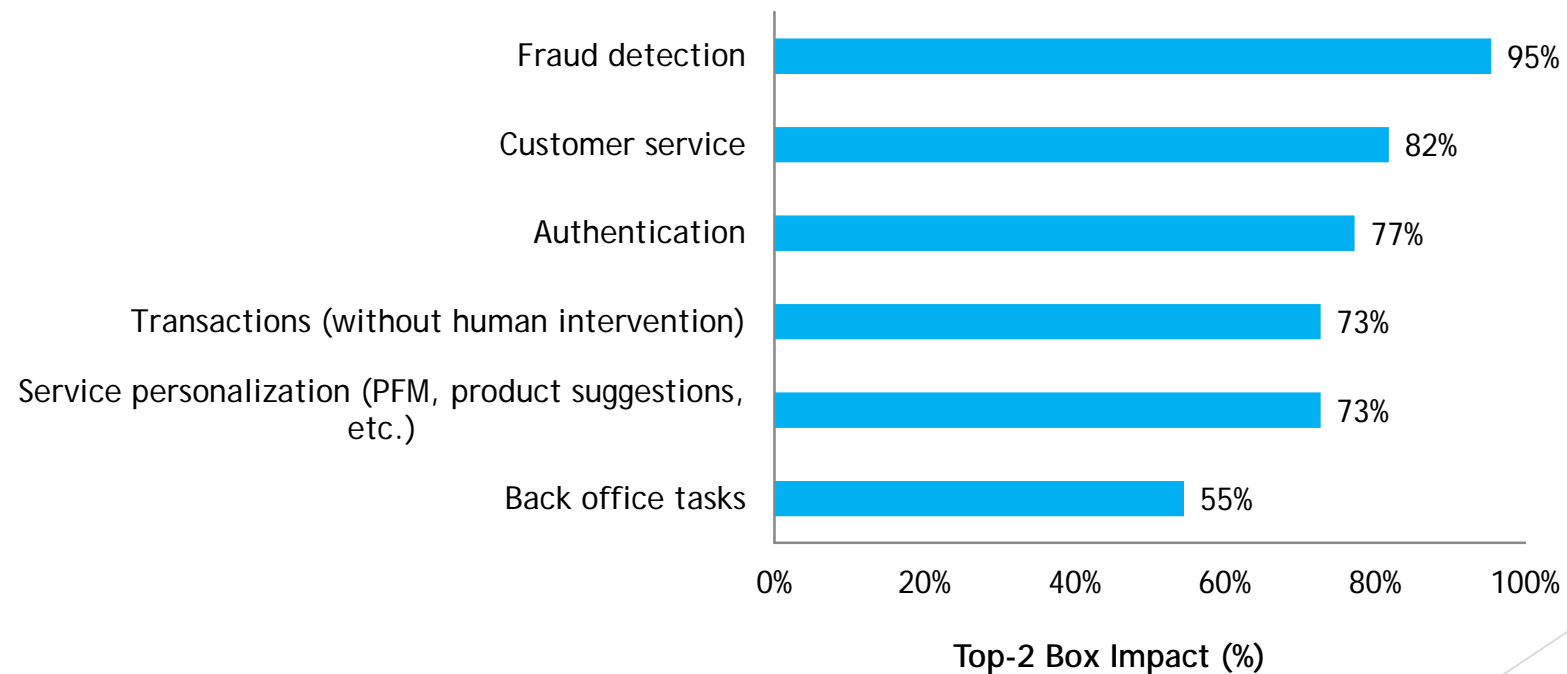
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Relative Maturity



Fraud detection is seen as one of the most useful applications in AI

On a scale from 1-5 with 1 being useless and 5 being very helpful, can artificial intelligence help with the following?



Source: Celent Digital Research Panel, May 2017

AI in Corporate Banking compliance today - practical use: High-Risk Client detection

▶ Verafin

- ▶ We complete our KYC, CDD, UBO, application/internal vetting processes
- ▶ It's possible that client may not declare (or admit) they are in a high risk category from an AML/BSA compliance perspective
- ▶ Ongoing client behavior is monitored and AI used to alert us to the fact that our client may fall into the following categories:
 - ▶ ATM Owner
 - ▶ MRB
 - ▶ MSB (broken down by money transmitter, check casher, other)



AI in Corporate Banking today - practical use: Wholesale Lockbox

- ▶ Reduction in Days Sales Outstanding
 - ▶ Automated & Accelerated invoice delivery. Software can automatically adjust invoices to the preferred format of the customer's A/P system with minimal integration efforts
 - ▶ Online, automated customer service
- ▶ Lockbox A/R Matching
 - ▶ Software can "learn" as remittance documents are analyzed over time and automatically match remittance to payment with increasing accuracy
 - ▶ Leads to fewer exceptions and improvements in same-day cash posting rates
- ▶ Lockbox Key Stroke Reduction (Keying Bank Fees)
 - ▶ Intelligent capture technology able to pull out remittance data necessary for posting without human intervention (keying)
 - ▶ Reduced account analysis fees

The Bank / Fintech Relationship

- ▶ How It Was: The Fintech Threat
 - ▶ New technology
 - ▶ Better mousetrap?
 - ▶ Less regulatory restrictions?
- ▶ What Happened Along The Way
 - ▶ Fintech acquired more market share
 - ▶ Clients preferred the Fintech options at times
- ▶ Let the partnerships begin!
 - ▶ Banks start to collaborate with Fintech
 - ▶ Banks foster growth, invest in, and acquire Fintech companies

Bank / Fintech Collaborations

- ▶ RBC and VersaPay
 - ▶ Accounts Receivable Automation, Integrated Receivables
- ▶ Key Bank and BillTrust
 - ▶ Strategic partnership and equity investment. Lockbox enhancements. Invoice delivery, invoice payment, and cash application
- ▶ Several Banks and Highradius
 - ▶ Strategic partnerships and equity investments. Accounts Receivable Automation, Integrated Receivables

SafeDeposit's Fintech Journey.....

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