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The Role of Artificial Intelligence in Enhancing Banking and Financial Services: A Customer-Centric Perspective

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ABSTRACT:

This study investigates the integration of Artificial Intelligence (AI) in banking and financial services, particularly focusing on its impact on customer experiences and satisfaction in the Chennai region. By analyzing digital payment data and customer feedback, the study aims to understand how AI technologies are reshaping traditional banking operations and service delivery. The research employs a combination of secondary data analysis and a customer questionnaire to explore the effectiveness of AI applications in meeting customer needs and expectations.

Keywords: Artificial Intelligence, Financial Services, Customer Satisfaction, Banking, AI Applications.

Introduction:

Artificial Intelligence (AI) represents a paradigm shift in the way banking and financial services are delivered and experienced. AI technologies encompass a range of advanced capabilities, including machine learning, natural language processing, and predictive analytics, which enable machines to perform tasks traditionally requiring human intervention. In the context of financial services, AI holds immense potential to streamline operations, enhance decision-making processes, and personalize customer interactions.

AI in Financial Services:

The integration of AI in banking and financial services is revolutionizing various aspects of the industry, including customer support, marketing, security, compliance, and back-end business process management (BPM). Customer support functions are being augmented by AI-driven chatbots, providing round-the-clock assistance and personalized recommendations to users. Moreover, AI-powered robo-advisors are transforming investment advisory services by offering tailored financial products and portfolio management solutions based on individual risk profiles and investment objectives. In addition, AI algorithms are increasingly deployed for fraud detection and prevention, compliance monitoring, and risk mitigation, thereby safeguarding financial institutions against security threats and regulatory violations. Furthermore, AI-driven automation is optimizing back-end processes, such as document processing, algorithmic trading, and human resource management, leading to operational efficiencies and cost savings.

Objective of the Study:

The primary objective of this study is to investigate the impact of AI on banking and financial services from a customer-centric perspective. Specifically, the research aims to:

1. Evaluate customer perceptions and attitudes towards AI technologies in the banking sector.
2. Identify the key areas and applications where AI is currently utilized by banks and financial institutions.
3. Assess the effectiveness of AI-driven initiatives in enhancing customer satisfaction and service quality.
4. Explore the potential challenges and limitations associated with the adoption of AI in banking and financial services.

Scope of the Study: This study focuses on examining the utilization of AI in specific private banks and financial institutions operating in the Chennai region. The research will involve collecting primary data through surveys and interviews with bank customers to gain insights into their experiences and expectations regarding AI-enabled services. Additionally, secondary data sources, including industry reports, academic journals, and online publications, will be analyzed to provide a comprehensive understanding of the current landscape of AI in banking and financial services.

Conclusion:

In conclusion, the findings of this study will shed light on the transformative role of AI in banking and financial services, highlighting its potential to enhance customer experiences and drive operational efficiencies. By leveraging AI technologies, banks and financial institutions can deliver personalized services, improve decision-making processes, and mitigate risks effectively. However, it is essential for organizations to address potential challenges, such as data privacy concerns and algorithmic biases, to ensure the responsible and ethical deployment of AI in the financial sector.

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