

When technology lends a helping hand

Big data holds the potential to completely transform financial services, particularly lending

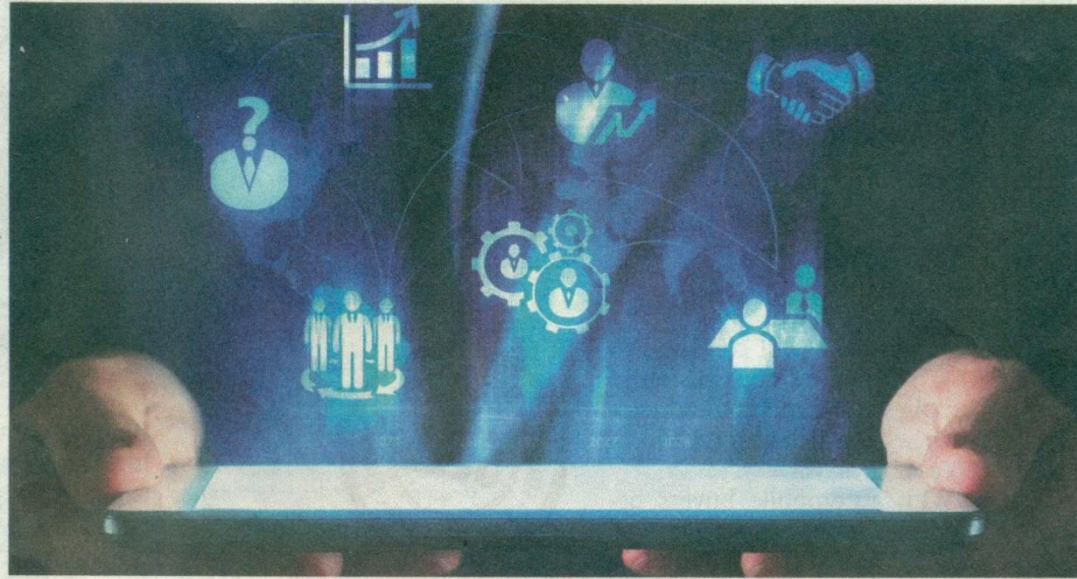
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Technology is making financial services, particularly lending, one of the most fascinating sectors to keep an eye on. While there are several innovations that are being worked on by multiple financial institutions and start-ups, here are three that are already here and will disrupt financial services.

Chatbots

Chatbots are digital assistants, which, through artificial intelligence and machine learning, are trained to solve customer problems and follow their instructions to the tee. Many financial institutions today are investing in building their own chatbots to take the consumer experience to the next level. From resolving product queries to recommending investment options to discussing customised offers, a chatbot offers a much more personalised experience today.

Since chatbots analyse your personal and transactional data and make recommendations on that basis, solutions offered by them are customised and reliable, free from human errors or biases. For example, imagine logging into your bank's portal, and a chatbot greets you and reminds you about the unutilised reward points on your credit card and suggests how to use them based on the products you have been searching on online shopping sites. Or imagine if you



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are allowed to apply for a loan within a few seconds by conversing with a lender's chatbot on Facebook!

Chatbots are especially popular among millennials who prefer doing everything online.

Available round the clock, whenever you need them, with zero waiting time, chatbots can make purchase of financial products extremely easy for consumers. Also, since hundreds of thousands of conversations by the chatbot are analysed daily, they get more intelligent everyday, bettering the quality of conversations and being able to answer more and more complex questions.

Big data analytics

Much like the way internet and smartphones have transformed our lives, big data holds the potential to com-

e-features

- Digital assistants address customer queries
- Technology matches consumer with the right online lender
- Convenience for consumers comes with data risks

pletely transform financial services.

Lending is largely about risk. Banks and other lending institutions access every applicant's ability to repay the loan. Till now, this was evaluated largely by accessing an applicant's credit report, which enumerates his creditworthiness based on the way he has repaid earlier loans. Unfortunately, this also leads to most loan applications getting rejected because of either a low or ineligible

credit score or no credit history. Big data is slowly changing all that.

Today, many new-age lenders have started using unorthodox data points to access an individual's creditworthiness. Now, consumers who would have otherwise been rejected by most lenders, can get access to credit through alternative lending.

Alternative lending analyses consumer data points, from how you use your mobile to details of your digital transactions, size of your utility bills to even your social-media profile. Big data models created by new-age lenders enable them to create more detailed and holistic profiles of consumers and allow them to make much more accurate underwriting decisions. For example, today, a 24-year-old first time earner,

who has never taken any kind of credit in the past, can get a loan within a few minutes, digitally.

Consumers can get these loans at the best prices through online lending aggregators or marketplaces that have the technology to match the right customer with the right lender.

Image recognition

Imagine not having to fill even your personal details digitally. A machine will do that for you. That's what 'image recognition' is all about. All that the consumer needs to do is upload his KYC documents — Aadhaar and PAN — and the system will read the documents and populate fields on its own. The customer only needs to verify and, with a click of a single button, he moves ahead. This can cut down process times to a few seconds.

While technologies are completely disrupting financial services and making things convenient for consumers, there may also be some risks associated with data security. First, ensure any technology you use is from a brand you trust. Second, read associated terms and conditions carefully before you give out your information digitally. Third, while using apps, be circumspect when giving consent to the app to access your details such as location and photos.

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