data strategy and AI in financial services:

Building for the Future with Jack Henry™

jack henry™

contents

compete on a level playing field

The financial services industry is undergoing significant changes, with AI at the forefront.

According to BankDirector's 2024 Technology Survey, 66% of banks have discussed allocating resources to AI, but only 5% have taken concrete steps to implement use cases.[1] This gap between planning and action presents an opportunity for community and regional banks and credit unions: space to differentiate themselves.

While larger banks may have bigger budgets, community bankers and people who work at credit unions can leverage AI in a way that focuses on your unique strength: building deep, personal relationships with accountholders. **By planning now to strategically adopt AI in ways that make sense for your organization, you can offer a blend of technology and human connection that larger banks may struggle to replicate.**

To help you stay competitive and avoid falling behind, this eBook explores why banks and credit unions of every size need a defined approach to data, and how AI can be used to help you grow relationships, fight fraud, and make better business decisions.

plan

strategize

connect

jh

the data gap

You don't know what you don't know.

This saying takes on a whole new meaning when it comes to data because **you can't act on what you don't know.**

Bank Director points out that "38% [of people] believe their bank has access to at least half of their customers' financial data, while 39% estimate it's somewhere in the range of a quarter to half. Lee Wetherington, Senior Director of Corporate Strategy at Jack Henry, believes that around 25% is a reasonable estimate for most banks."[2]

Many community banks and credit unions may be missing out on critical insights and the ability to fully leverage AI technologies simply because they lack the right tools to aggregate and fully utilize the data they do have.

When managed properly, **data can reveal valuable opportunities to enhance accountholder relationships, prevent fraud, and make more informed business decisions.**

But without the data to power AI, much of that potential remains unrealized.

As mentioned in Jack Henry's 2024 Strategy Benchmark, while you don't need "big data" to leverage the power of AI, you do need the full complement of your accountholders' financial data, which, again, most banks and credit unions don't have.[3]

In today's dynamic financial services environment, AI offers a clear path to staying ahead and meeting the growing demands of accountholders.

A structured approach to data and AI in financial services is key to competing effectively and offering modern, human-centric solutions that resonate with today's needs.

access

leverage

compete

harnessing AI for competitive advantage

AI-augmented technologies level the playing field, making sure financial institutions can compete more effectively by moving beyond legacy systems and unlocking the full potential of your data, driving key outcomes like:

- **Data-Driven Decision Making:** AI tools allow you to analyze vast amounts of data quickly, leading to smarter, more informed decisions.

- **Predictive Analytics:** AI's predictive capabilities help you foresee trends and risks, enabling you to address fraud and other challenges proactively.

AI-augmented technologies level the playing field, making sure financial institutions can compete more effectively.

- **Personalization:** AI enhances your ability to understand accountholders on a deeper level, allowing for more relevant, personalized interactions.

- **Operational Efficiency:** By automating routine tasks, AI frees up your employees to focus on high-value activities that grow your institution.

- **Risk Management and Fraud Detection:** AI-driven systems monitor behaviors across channels to detect and stop fraud in real time.

- **Compliance and Regulatory Reporting:** AI tools simplify reporting, ensuring your institution meets regulatory standards while minimizing compliance costs.

At Jack Henry, we are taking a responsibly bold and balanced approach to AI, using our size and scale to help community banks and credit unions access top AI tools through strategic alliances and integrations that may otherwise be out of reach. Our goal is to help you innovate while staying true to your core mission of delivering relationship-driven banking.

taking advantage of opportunities with Jack Henry

With the AI-powered tools Jack Henry is building today, your financial institution can offer modern, data-driven services that accountholders expect, while strengthening your core advantage: building deep, personal relationships.

We're pioneering a modern, AI-enabled open banking platform that enhances data access and usability, providing a structured approach to adopting AI – so that financial institutions can tap into new opportunities, whether it's accessing critical insights or improving operational efficiency.

Data Access and Open Banking

You can't act on what you don't know … and AI can't run without data.

Because access to data powers analysis, machine learning and AI, we're building components of The Jack Henry Platform™ to close data gaps by integrating fragmented financial data. This realization of our technology modernization strategy is multi-faceted, and can be seen in several ways:

- **With Jack Henry Data Broker**, we're helping banks and credit unions standardize data storage and access, bringing together data sets from diverse sources. This flexible, cloud-based environment makes getting actionable insights from your data sets more accessible, ensuring your teams can work with accurate, up-to-date insights.

- **Through Jack Henry Insights™**, we're building intuitive dashboards and – for future use – AI Assist prompts that will allow even your non-technical teams to gain advanced insights, helping you to harness the full potential of your data.

- **Through our strategic alliance with Finicity (a Mastercard® company)**, we power API-enabled financial data aggregation inside the Banno Digital Platform™ so you can reclaim a holistic view of your accountholders' financial lives, driving personalized service and more informed business decisions.

- **We've replaced traditional screen scraping methods** with secure, consumer-permissioned data sharing for all Banno Digital Platform end-users, creating visibility into external financial relationships, a crucial component for relationship banking.

Fraud Prevention with Real-Time Data and Analysis

In today's threat landscape, fraud prevention requires real-time data and AI-driven analysis.

We're committed to helping you mitigate risk with tools like Jack Henry Financial Crimes Defender™ and Payrailz® Fraud Monitor for banks and credit unions using the Payrailz Payments Platform. AI agents monitor transactions across all channels, identifying and intercepting fraud in milliseconds, ensuring that threats are neutralized before they impact your operations.

To combat the growing threat of AI-augmented fraud from bad actors, it's crucial to have a 360-degree view of all transactions and behaviors across multiple channels.

In today's threat landscape, fraud prevention requires real-time data and AI-driven analysis.

Jack Henry's systems are designed to ensure the right data is continuously communicated in real time through streaming APIs, allowing your organization to respond to emerging threats instantly and proactively. This comprehensive, AI-powered defense protects both your financial institution and your accountholders from sophisticated fraud schemes.

Enhancing Relationship Banking with AI

Jack Henry's AI solutions will also free your teams to focus on what matters most: building stronger relationships with accountholders.

We're looking forward to AI Assist empowering your teams to respond to accountholder inquiries in Banno Conversations™ faster and more accurately, all while maintaining your brand's voice. **This AI-driven efficiency can help you scale your operations without sacrificing the personal touch that sets community banks and credit unions apart.**

Your teams will have the tools to deliver a more personalized, high-quality experience at scale.

now is the time to embrace AI

By working with pioneering technology providers like Jack Henry, **your financial institution can compete on a level playing field.**

You can harness the power of AI without needing massive infrastructure investments or needing to broker agreements with individual AI providers, while developing a defined data strategy.

With AI-powered technology, you can lead the way in delivering personalized, relationship-driven banking while making smarter, data-driven decisions that enhance operational efficiency, fraud prevention, and accountholder experiences.

With AI-powered technology, you can lead the way in delivering personalized, relationship-driven banking.

expand your knowledge

Insights & Resources

AI and Data Strategy for Banks and Credit Unions

Get in touch

Talk to someone about Jack Henry's data and AI-enabled solutions

For more information about Jack Henry, visit jackhenry.com.

Sources

1. *2024 Technology Survey*, Bank Director, accessed October 11, 2024.
2. *2024 Technology Survey*
3. *2024 Strategy Benchmark: AI Brings Data Front and Center*, Jack Henry, accessed October 17, 2024.

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