

# Banking Institutions Are Behind in AI Maturity—Catch Up or Others Will Eat Your Lunch

“AI Maturity in Banking Lags All Other Industries”—this [headline](#) recently ran in The Financial Brand. The article, written by Jim Marous, notes that this last-place finish is true despite the importance for the banking industry to use data analytics powered by artificial intelligence for operational efficiency, risk reduction, revenue growth, and improved customer experience.

Marous doesn't mince words when explaining exactly why changing the status quo is so important for financial institutions, calling it 'imperative.' “More than supporting risk and fraud analysis, and increased productivity, a higher level of AI maturity at banks and credit unions will be a competitive differentiator, increasing business value across the organization,” Marous writes. To draw the logical conclusion, it's clear that financial companies that fail to pick up the pace, moving ahead to the next phase of AI deployment, are in danger of falling far behind.

## The 1 Percenters

Just how bad is the situation for the banking industry? [New research](#) from Accenture shows that, shockingly, only 1 percent of financial institutions are currently considered “AI Achievers,” meaning they have “differentiated AI strategies and the ability to operationalize for value.” The other 99 percent of banks are behind in their development, with a disappointing three-quarters treading water in the early experimental development stage.

These numbers are much worse than the progress being made by other industries across the board. Accenture found that when viewing organizations across diverse industries, 12 percent were AI achievers, and less than two-thirds (63 percent) were AI experimenters, with the rest in the innovation and building stages.

## Missing Talent

There's a key reason for this lag and, fortunately, it's one that's correctable: the finance industry lacks data expert talent—particularly in the mid-market. Big banks and fintechs generally have a team of in-house data experts, such as data scientists and data engineers. But the rest of the industry in secondary and tertiary markets, including mid-sized and community institutions, is woefully short on this type of specialized talent, which is both costly and difficult to find and retain.

Here's just one example recently reported by a credit union CIO during an industry conference, of a common mid-market problem arising from this dearth of data expertise: an engineer on the IT team builds a Google cloud warehouse for the credit union's data analytics. But when that person leaves

the company, the credit union can't find another Google engineer, and no one else in-house can use it.

Other challenges that mid-size financial institutions might encounter when attempting to build an internal data analytics team include an inability to hire and retain a critical mass of talent for executing long-term initiatives, improper organizational structure, absence of a digitization strategy, and lack of specific expertise to lead digitization initiatives. Plus, there's the financial end: for banks that aren't behemoths, it likely doesn't make financial sense to try to compete with large financial institutions in this arena. And, even if they do manage to budget enough for it, it's often a struggle to find and retain the tech talent needed.

## A Program, Not a Project

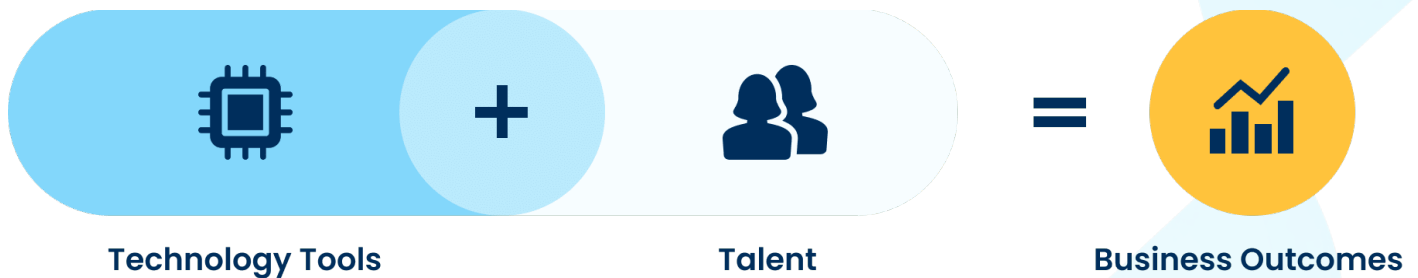
Another issue is that many mid-market firms approach data analytics in a piecemeal fashion, tackling each challenge project by project as it arises. But data analytics is more than a project—it's a long-term program and should be treated as one.

So, the solution for these financial institutions, if they want to achieve sustained long-term success and catch up in AI maturity, is to

partner with tech companies that specialize in providing managed analytics services. Banks commonly partner with companies that specialize in different types of technologies to gain access to technical expertise, rather than hiring each role in-house. Financial firms now need to apply that same strategy when it comes to data expertise, relying on partners for talent, as well as for tech, and coupling these two offerings in a side-by-side model.

This emerging new model can help banks and credit unions that are far from where they need to be in AI maturity become AI achievers, addressing business needs by offering managed analytics services as an alternative to assembling an internal operation to try to achieve this. It's much more efficient to leverage the skillsets of experts who already have these AI and data-expert capabilities, as a mid-market player can partner with a consolidated group of experts. By selecting the right partnership via this model, banks and credit unions can benefit from:

- **Engineers** with expertise in architecting and maintaining cloud-based API connectors, data pipelines, applications, and processes in a cloud data center that has already been optimized for data analytics—which requires processing millions of algorithmic calculations, equating terabytes of data daily, for the bank to mine its transactional data. This is not your regular banking data warehouse built by IT.
- **Data scientists** with expertise creating deep learning algorithms for AI and machine learning (ML) and complex data models, so that fresh business insights are delivered daily and the data is query-ready for business users on demand. This allows banking professionals to ask pressing questions and act upon insights to grow operating income and cut costs.
- **Business analysts** with expertise in the banking industry to drive results, where success of the data analytics is not measured by hitting implementation milestones—after all, anyone can sell and implement a tool. Instead, the partner works side-by-side with the banking institution to achieve ROI and grow operating income.



## Conclusion

With a partnership based on data expertise as well as a data platform with built-in data management and analytics, mid-market banks and credit unions gain access to human intelligence in AI, data engineering, machine learning, and business analytics. This integration of the right tools plus the data-expert talent will enable mid-market financial companies to “grow up” and accelerate their strategic approach to AI. Anything less will leave the unprepared banks floundering and at the back of the pack—a death knell to any organization in this cutthroat industry.

## About Aanalytics

Aanalytics is a leading data management and analytics company delivering Insights-as-a-Service for mid-sized businesses and enterprises. Selected for the prestigious Inc. 5000 list for two consecutive years as one of the nation’s fastest growing companies, Aanalytics offers managed IT services and managed analytics services, private cloud services, and a [private cloud-native data platform](#) for data management and analytics. The platform is built for universal data access, advanced analytics and AI—unifying distributed data silos into a single source of truth for highly accurate, actionable business information. Its [Daybreak™](#) industry intelligent data mart

combined with the power of the Aanalytics data platform provides industry-specific data models with built-in queries and AI for accurate mission-critical insights. To solve the talent gap that so many mid-sized businesses and enterprises located in secondary markets face, Aanalytics’ side-by-side digital transformation model provides the technical talent needed for data management and analytics success in addition to its innovative technologies and tools. To learn more contact us at +1 855-799-DATA or visit Aanalytics at <https://www.aanalytics.com> or on [Twitter](#) and [LinkedIn](#).