



A Plan For Futuristic Banking

by [Steve Brown](#)

Technology is moving so fast that the latest estimates project in just 9Ys (by 2025) robots will perform close to 50% of jobs in the US. Meanwhile, research by McKinsey indicates 45% of all work activities could be automated today and 60% of jobs could have 30% or more of their activities automated.

To find out if your job or a loan you made may be at risk, consider a few reports we uncovered. The first is from The Economist and it finds the probability of jobs listed at risk of being automated and replaced by robots in the next 20Ys are as follows: bookkeepers (99%), accounting clerks (94%), auditing clerks (94%), retail salespeople (92%), technical writers (89%), real estate sales agents (86%), typists (81%), machinists (65%), commercial pilots (55%), economists (43%), health technologists (40%), actors (37%), firefighters (17%). Next, consider a second research report by Oxford University. It found jobs most at risk are: loan officers (98%), receptionists (96%), paralegals (94%), legal assistants (94%), retail salespeople (92%), taxi drivers and chauffeurs (89%), security guards (84%), cooks (81%), bartenders (77%), and personal financial advisors (58%).

As Artificial Intelligence (AI), digital ecosystems and blockchain innovation continue to grow and find applications in banking and financial institutions, traditional banking jobs like other jobs nationwide could be phased out. For bankers, the Oxford University study that ranked the top 20 jobs likely to be replaced by technology in the coming decades rated loan officers at #17 and bank tellers at #20 on the list of disappearing professions. This may seem difficult to believe, as these jobs are still critically integral in today's economy, but it does make one wonder.

There might be a silver lining to this dark cloud for bankers, however. As the Harvard Business Review notes in its article, "Automation Will Make Us Rethink What a 'Job' Really Is", the perceived role of today's jobs may change as customization and personalization become increasingly important. Using the benefits of automation to determine customer preferences and requirements in real time adds value to the customer as well as the bank. In the article, they use the example of a pilot and a flight attendant and how each of these jobs can be optimized for maximum ROIP (return on improved performance). If you can standardize functions that are legally and operationally needed, you will still need relational and creative functions to be carried out by humans.

As you are planning where to take the bank in the next 5Ys, the pace of technological change is huge and may even be a bit unsettling. However, you may be more prepared than you think. In an Accenture report, bankers conveyed that 55% of the jobs in their institution have a digital element already.

In other words, banks are actively converting practices to position themselves for this fast-moving age. After all, just think back a few years ago and you most likely didn't have online forms and features that are commonplace today.

As you set your path forward, actively consider process automation, review workflow patterns and even work space, as you determine your long-term business strategy. It will keep you competitive,

and should deliver cost savings and streamlined efficiency for your bank.

BANK NEWS

Competition

Bank of America has demonstrated a virtual assistant called "Erica" that will be incorporated into its mobile banking offering and uses artificial intelligence to engage with customers of the bank. Erica is voice activated, provides guidance, will alert customers when they need to transfer money to support spending patterns, use predictive analytics to anticipate customer financial needs, help users reach financial goals, bring up topics on her own and other things. Erica comes from the last 5 letters of the bank's name and it will be available to customers late next year.

Online Risk

Research by AARP finds 80% of Americans age 50+ say they want their financial institution to proactively protect them from financial exploitation and 41% said they would be willing to pay for such a service.

Demographics

Census Bureau research finds millennials as a group have reached 75.4mm people, making it the largest living generation (Boomers are at 74.9mm).

Not Yet

Fed Governor Powell said JPMorgan may need to adjust its timeline to exiting settlement activities of US government securities in order to avoid disrupting financial markets.

Fraud Cost

Research by Javelin finds about 7.5% of online merchant revenue is lost to fraud and in supporting fraud prevention activities.

Credit

Research by Bankrate finds 63% of millennials don't have a credit card vs. 35% for people over age 30.

Instant Payments

Fortune reports a group of large US banks is offering a new instant payment network called Zelle that will allow the banks to compete head to head with Venmo. Using the service, customers at any of the participating banks can send and receive money to/from each other vs. using cash or checks. Venmo is owned by PayPal.

Fewer Branches

Research by S&P Global Market Intelligence finds US banks and thrifts closed a net 732 branches in Q3 vs. 481 in Q2 and 337 in Q1. This leaves the industry total at 91,624 as of the end of Q3.

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