



## Is Augmented Reality Now A Necessity For Financial Institutions?

by [Steve Brown](#)  [technology](#) [augmented reality](#)

**Summary:** Augmented reality (AR) has been around for a while, but the market is expected to grow a hefty 31.5% between 2021 and 2026. With the drive towards all things digital, financial institutions are now looking more closely at AR as a way to continue engaging with customers and training employees. Here is the latest update on this growing technology.

The endoscope is a cutting-edge instrument in the medical industry's tool kit, enabling doctors the ability to get a detailed look at the internal organs or tissue of a patient's body and even allowing them to conduct minor surgeries without major incisions on an operating table. But, they are far from new. France's Antoine Jean Desormeaux created the first official endoscope in 1853, which he used to get a non-invasive look at patients' urinary tracts. Yet, scientists have even traced the existence of similar instruments all the way back to the ruins of Pompeii.

As these tools have become necessities for doctors to provide good care, some bankers are finding another cutting-edge tool to enhance service — augmented reality (AR). We have reported on AR in a previous [BID article](#), but with the latest innovations in metaverses, AR seems to be taken more seriously outside of the "techie world." Here is an update on this growing technology, along with how some bankers are using it to engage more with customers and effectively train employees.

### What is AR?

As a refresher, AR is essentially the combining of the real world with computer-generated additions, such as 3D representations of objects, which can be overlaid on a real background or included within an entirely virtual environment. Delivered through various types of hardware, ranging from virtual reality (VR) headsets to digital cameras and even apps on mobile phones, AR is starting to make its way into the mainstream in a variety of areas.

### The AR market

The [augmented reality market is expected to grow to \\$88.4B by 2026](#), a compound annual growth rate of 31.5%. Consumers are expected to [purchase more than 10MM VR headsets this year alone](#), with UBS predicting sales to reach 61MM by 2025.

The movement of AR is entering into the banking industry and many bankers are bullish about the adoption of this technology. A full 13% of bankers expect that a segment of consumers will use VR and AR for daily transactions by 2025 and another 44% believe it will occur by 2030, according to the findings of [research from the Digital Banking Report](#). That means almost half see VR and AR as having a role in customers' banking life.

### Banking on AR for enhanced customer service

As growing attention is given to the emergence of the metaverse and the myriad of businesses scrambling to make an early stake within it, a few banks are among the early entrants.

- **In the US**, J.P. Morgan Asset Management recently announced the launch of an immersive AR option for its customers to interact with financial advisors. It is accessible through a sharable link or by scanning a QR code. Through this service, J.P. Morgan's customers are able to interact with a holographic representation of the firm's chief global strategist, Dr. David Kelly, who provides quarterly updates and investing views with interactive representations of data and performance charts.
- **In France**, BNP Paribas is taking such enhanced customer service a step farther. The bank has been testing a virtual reality app that allows its customers to use AR to interact and converse in real-time with holographic representations of the bank's real estate specialists to discuss opportunities while viewing graphic representations of buildings and settings. The flexibility of doing this wherever your office is located makes it especially appealing to global investors.
- **In South Korea**, KB Kookmin Bank, one of the country's largest financial institutions, recently introduced its KB Metaverse VR Branch, which allows customers to conduct banking transactions at a virtual location created in the metaverse. By wearing a VR headset, the bank's customers can visit a virtual teller window, where they can interact with an employee-avatar to discuss their investment portfolios, view or analyze risk-return profiles, or just view their personal banking information. Two more South Korean banks appear to be following suit into the metaverse world.

### Three ways AR is changing customer service and employee training

1. Since different formats of communication resonate with different people, **AR broadens the number of communication methods** banks are able to provide. This enhances the effectiveness of customer interactions and ultimately increases customer satisfaction.
2. It also provides **another way for financial institutions to more effectively train employees**, which is a way that some banks have begun using this technology. Bank of America will be using VR technology to train its employees in 4,300 branches and KB Kookmin Bank will train its employees through the Metaverse VR Branch. This can provide training asynchronously, allowing for greater employee time management, while providing the necessary comprehensive training.
3. **AR also breaks down geographic barriers**, allowing organizations to provide more interactive communication between employees or with customers in different locations, or during situations like the need for social distancing during the pandemic.

We don't expect community financial institutions to jump into AR at this point in time. However, it is important to stay abreast of this technology since it is being tested by financial institutions. As more developments are made, we will keep you in the loop.

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## ECONOMY & RATES

Rates As Of: 01/14/2022 12:34PM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.12	0.06	0.06
6M	0.28	0.09	0.09
1Y	0.51	0.12	0.12

2Y	0.98	0.25	0.25
5Y	1.56	0.29	0.29
10Y	1.79	0.27	0.27
30Y	2.12	0.22	0.22
<b>FF Market</b>	<b>FF Disc</b>	<b>IOER (Interest on Excess Reserves)</b>	
0.08	0.25	0.15	
<b>SOFR</b>	<b>Prime</b>	<b>OBFR (Overnight Bank Funding Rate)</b>	
0.05	3.25	0.07	

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