

# Why banks need to tread with caution while dealing with data

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Technology is touching every industry today and it is coming in various forms such as Artificial Intelligence (AI), Blockchain, Big Data, Internet of Things (IoT). Among the various industries, the financial sector has been one of the fastest adopters of these technology revolutions. A recent report from Accenture titled Banking Technology Vision 2018, found that 83% of Indian bankers

believe that AI will work alongside humans in the next two years which is higher than the global average of 79%. Around 64% of bankers in India said Blockchain and smart contracts will be critical for their organisations over the next three years. The most critical element: 93% of bankers in India said they increasingly use data to drive critical and automated decision-making.

However, the advent of technology has also brought its own set of challenges, as the Accenture report found that many banks have not invested in the capabilities to verify the validity and accuracy of their data. Banks have always held a large volume of confidential data and are increasingly adding data from external, unstructured sources. However, while more than nine among 10 of the bankers surveyed said they are confident in the integrity of the sources of their data, the report found that half of the bankers aren't doing enough to validate and ensure data quality.

Though, this data is increasingly being used to drive critical and automated decision-making, more than three-quarters of those surveyed by Accenture believe that these automated systems create new risks such as fake data, external data manipulation and inherent bias. "Inaccurate, unverified data will make banks vulnerable to false business insights that drive bad decisions," said Alan McIntyre, senior managing director and head of Accenture's banking practice.

"Banks can address this vulnerability by verifying the history of data from its origin onward—understanding the context of the data and how it is being used—and by securing and maintaining the data. Given that four in five bankers that we surveyed said they are basing their most critical systems and strategies on data, it's critical that the data can be verified and validated."

The Accenture report said AI continues to be a top trend for 2018. Bankers are concerned about how decisions will be made by AI as the technology advances and whether those decisions will adhere to regulatory and ethical standards. "As AI becomes more visible within banks—as both a co-worker to employees and a customer-facing representative— there will be more scrutiny placed on how AI decisions are made," said Peter Sidebottom, managing director of strategy in Accenture's Financial Services practice.