AI & Blockchain – The Future of Fintech

With the world transitioning to a digital economy, there is a strong movement towards using technology to make the payment processes faster and more transparent, leading to the growth of the Fintech sector.

The growth of Fintech

Fintech which means Financial Technology has been around for quite some time, for facilitating the easy and swift transfer of money. It was, however, the Demonetisation Act in India that led to a spurt in the number of start-ups and technology companies taking a renewed interest in Fintech and adopting technologies such as AI & Blockchain.

Blockchain Technology

The advent of bitcoin led to the recognition of blockchain as a transparent payment and documentation mechanism. With no third-party verification required and all transactions & documentation available in the public domain, blockchain has reduced the time required for transactions. Barclays recently executed an international deal for an Israeli agriculture firm on its blockchain platform, in just 4 hours as compared to the 10 days it used to take earlier.

AI in Fintech

Banks and financial institutions have been the first to realize the advantages of AI in helping them understand and forecast the demands of customers, while also making substantial cost savings. AI is used by these institutions for collecting and interpreting data, analyzing it, and learning from it to improve their decision-making. The Royal Bank of Scotland e.g. uses an AI interface Luvo to help address customer queries in a better and faster way. Luvo understands the customer's queries and searches through its vast repository of answers, to provide an acceptable solution to the customer within seconds.

How India is approaching AI & Blockchain technologies

India has been quick in adopting Blockchain technology in a big way. The government's think tank, Niti Aayog has issued a 59-page policy document on the impact of blockchain and the

sectors it can be used for. As per the CEO of Niti Aayog, Amitabh Kant *"Governance in India faces unique challenges given the scale, diversity, and complexity of processes involved for delivery of varied public services. Blockchain offers unique possibilities for addressing issues relating to improving governance."*

The priority areas in India to use Blockchain are for managing land records, the supply chain for pharmaceutical drugs and issuance of education certificates, to prevent fraud.

AI in India

As per the discussion paper prepared by Niti Aayog, AI can play a very important role in India, in the fields of Healthcare, Agriculture, Education, Smart Cities & Smart Mobility. However, there are many challenges in adopting AI, due to the lack of enabling data ecosystems, inadequate availability of manpower trained in AI, and the inability to transform research into functional market applications.