zeta

AI and the Case for Next Gen Platforms

What is a
Next-Gen Platform?

Let's start with what **it's not**

- Cloud-based, microservices driven, API-first...most banking platforms use the right buzzwords
- But technology enablers alone do not make a Next-Gen Platform

Microservices
APIs JSON Elasticity Infrastructure
Docker Kubernetes
Web services
Authorization SaaS API Gateway
DevOps Orchestration PaaS Integration
Data encryption Cloud-native Virtualization Deployment
Authentication Cloud architecture Scalability
Cloud-Based
Microservices architecture

"When digital transformation is done right, it's like a caterpillar turning into a butterfly."

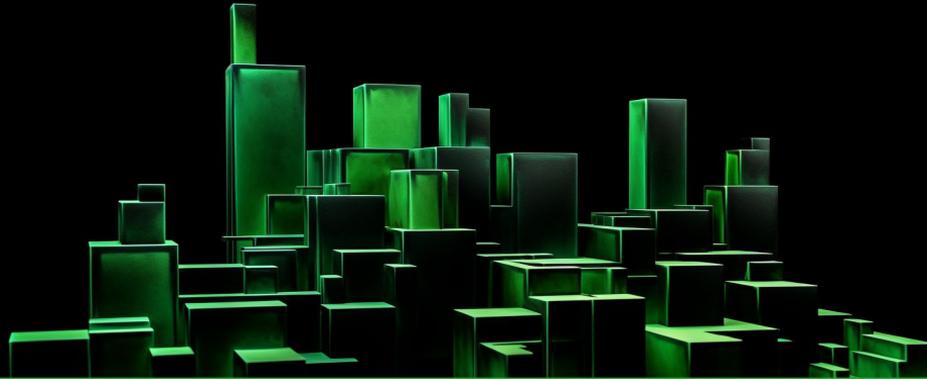"But when done wrong, all you have is a really fast caterpillar"

- George Westerman, MIT

True Next-Gen Platform

Leverages **Modern Technology**
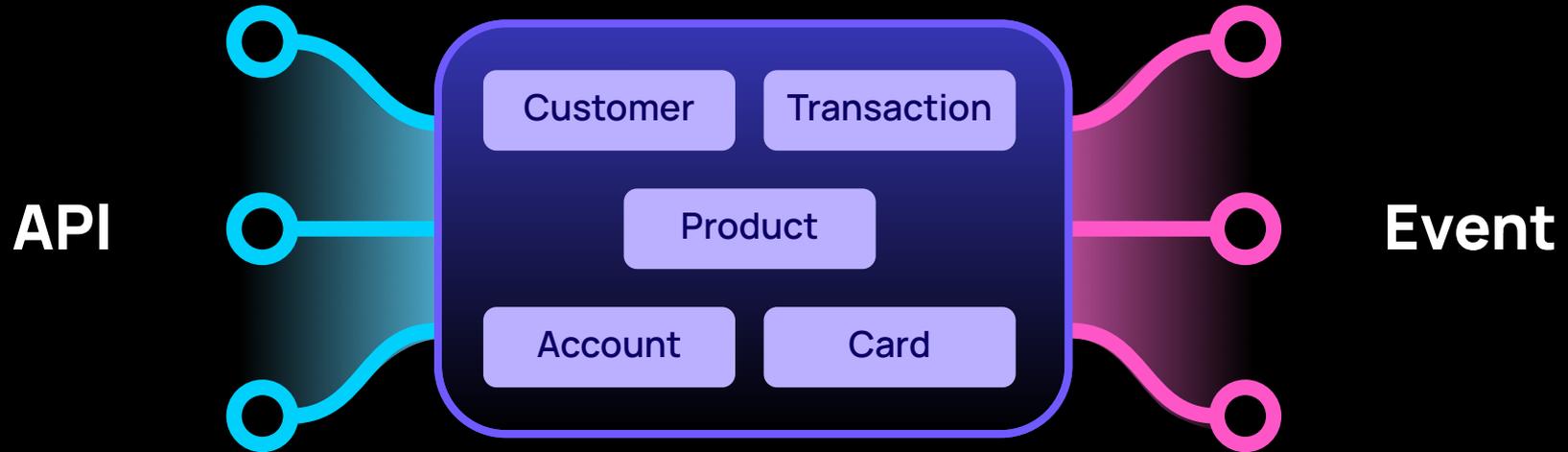
to Provide **Next-Gen Capabilities**

Create without Constraints

With Next-Gen Platforms, if you can imagine it, you can build it

An **API** for **EVERYTHING**

API

Event

Customer   Transaction

Product

Account   Card

EVERY object can be accessed through APIs and EVERY change can be tracked through events

2

Launch 10 times faster

No green screens. Use browser based interfaces to create products.

From Maker-Checker to Automated Assurance
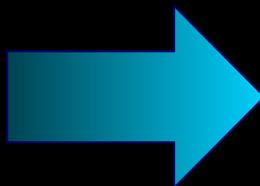

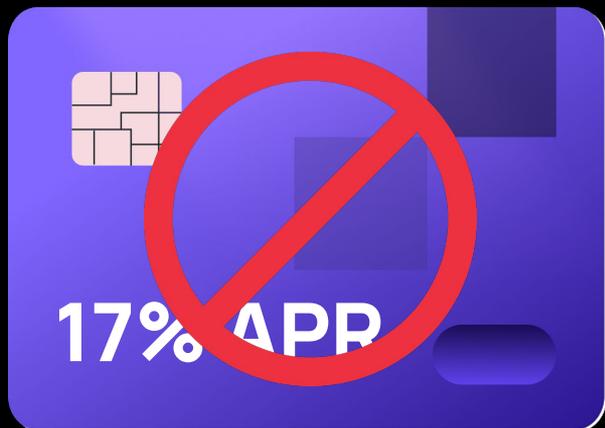ACCEPTED: 18
REJECTED: 2

3

Delight your Customers

The path to customer delight is Hyper-Personalized Experiences based on actual customer behavior.

From a Segment of None to a Segment of One

- If Merchant = Target
- Day = Tuesday
- Time > 5pm OR < 9pm
- 7% APR

From Clicks to Conversations

4

Optimize Return on Assets

Next-Gen Platforms will achieve the final frontier by helping banks optimize Return on Assets.

3 Phases of Decision-Making in Banks

Phase 1: Experience-Led Human Decisions

Phase 2: Data Assisted Human Decisions

Phase 3: AI Assisted Human Decisions

Final Frontier:
AI Driven Decisions

Banking is fundamentally conducive to this transformative leap because...
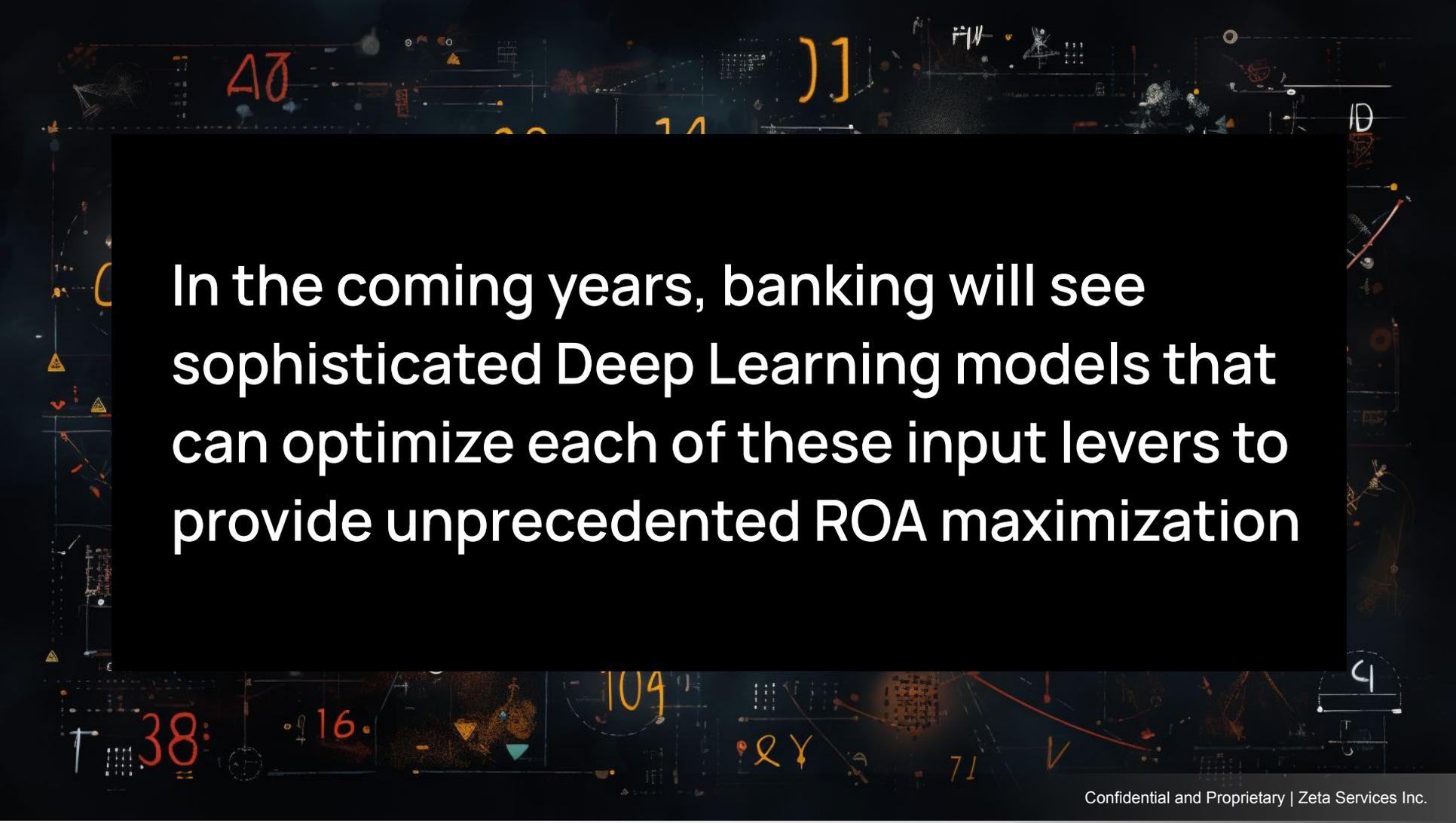
...each decision seeks to optimize this **mathematical equation**
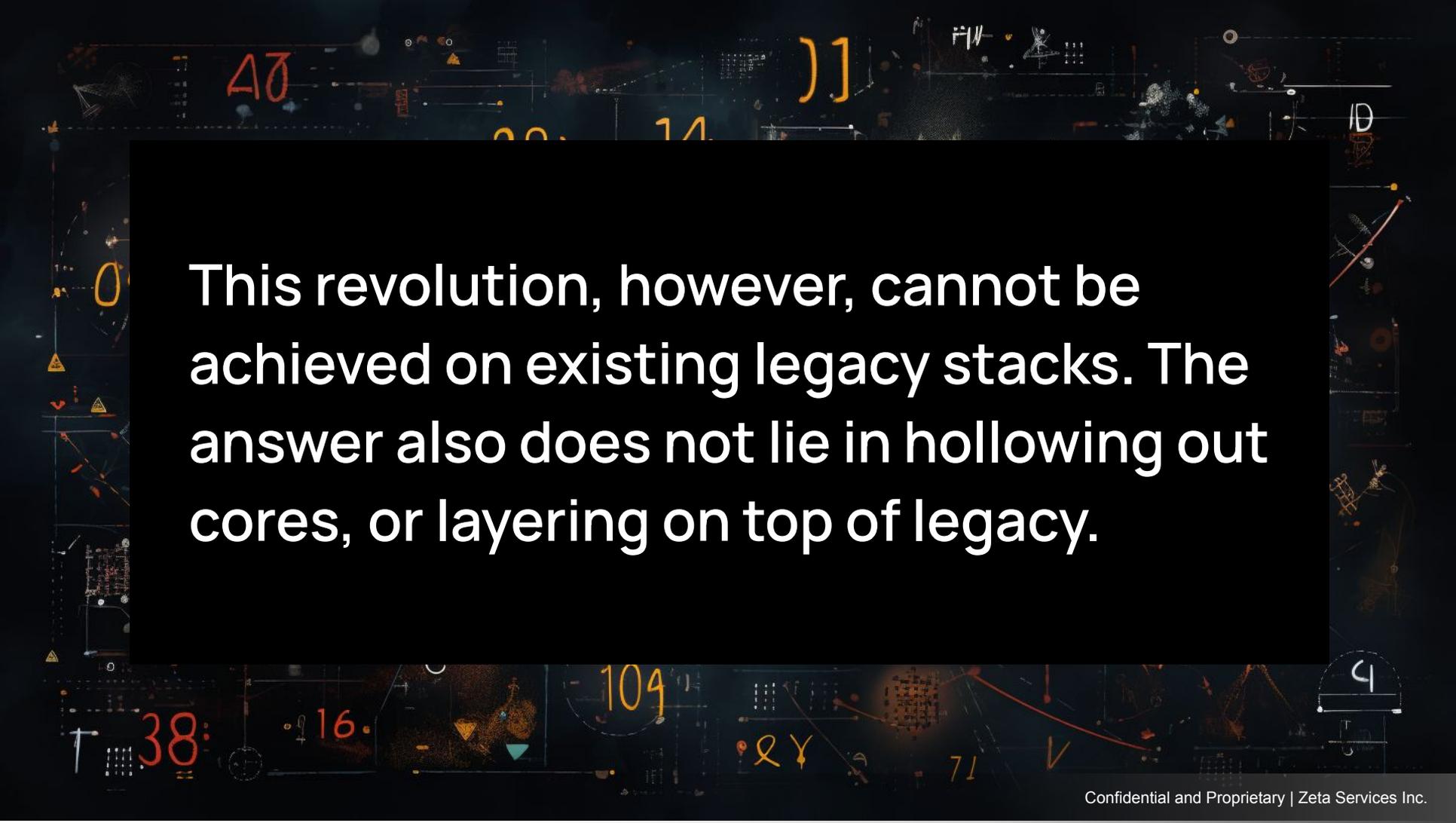
Interest
Fee
Interchange
Others

Cost of Funds
Fraud Loss
Credit Loss
Opex
Acquisition
Cost

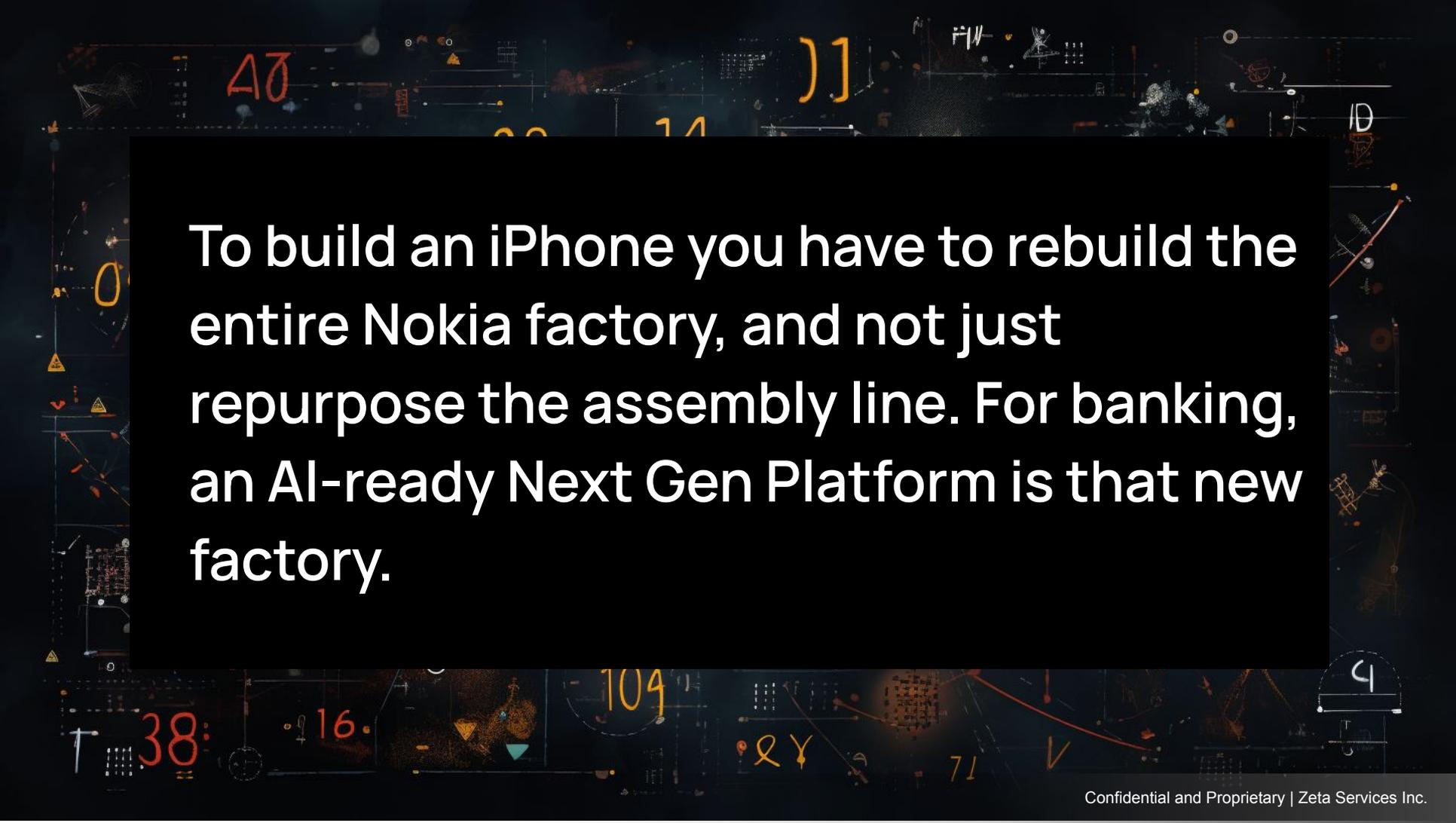$$\text{Return on Assets} = \frac{\text{Income} - \text{Expense}}{\text{Assets}}$$

In the coming years, banking will see sophisticated Deep Learning models that can optimize each of these input levers to provide unprecedented ROA maximization

This revolution, however, cannot be achieved on existing legacy stacks. The answer also does not lie in hollowing out cores, or layering on top of legacy.

To build an iPhone you have to rebuild the entire Nokia factory, and not just repurpose the assembly line. For banking, an AI-ready Next Gen Platform is that new factory.

A Next-Gen Platform delivers the three necessary elements to usher banks into the age of AI-led decision making
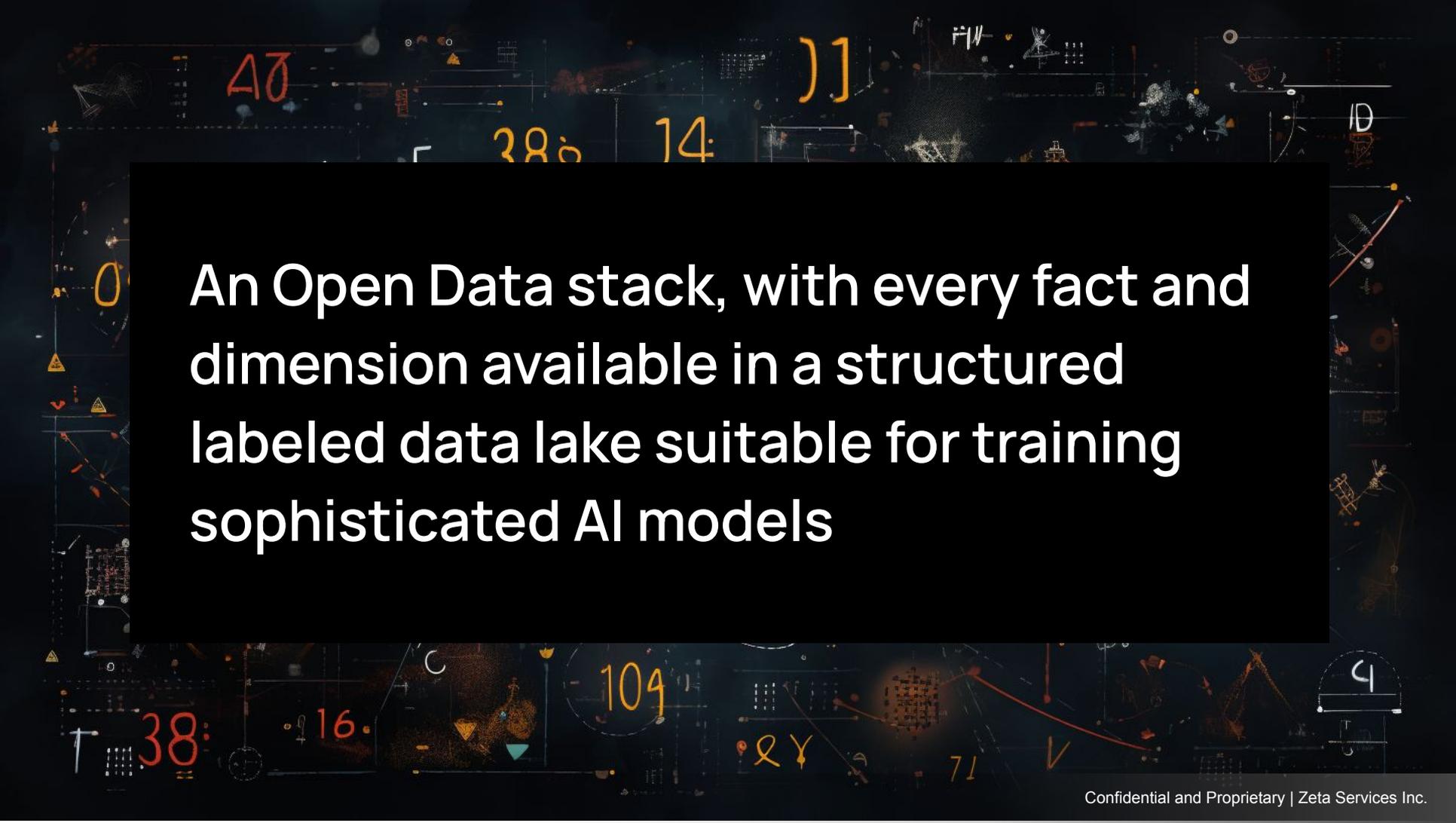
An Open Data stack, with every fact and dimension available in a structured labeled data lake suitable for training sophisticated AI models

Micro Adjustment APIs so the AI model can experiment and implement decisions on a per customer or per account basis

And Real Time Events so the model can get real-time feedback to learn and adapt continuously
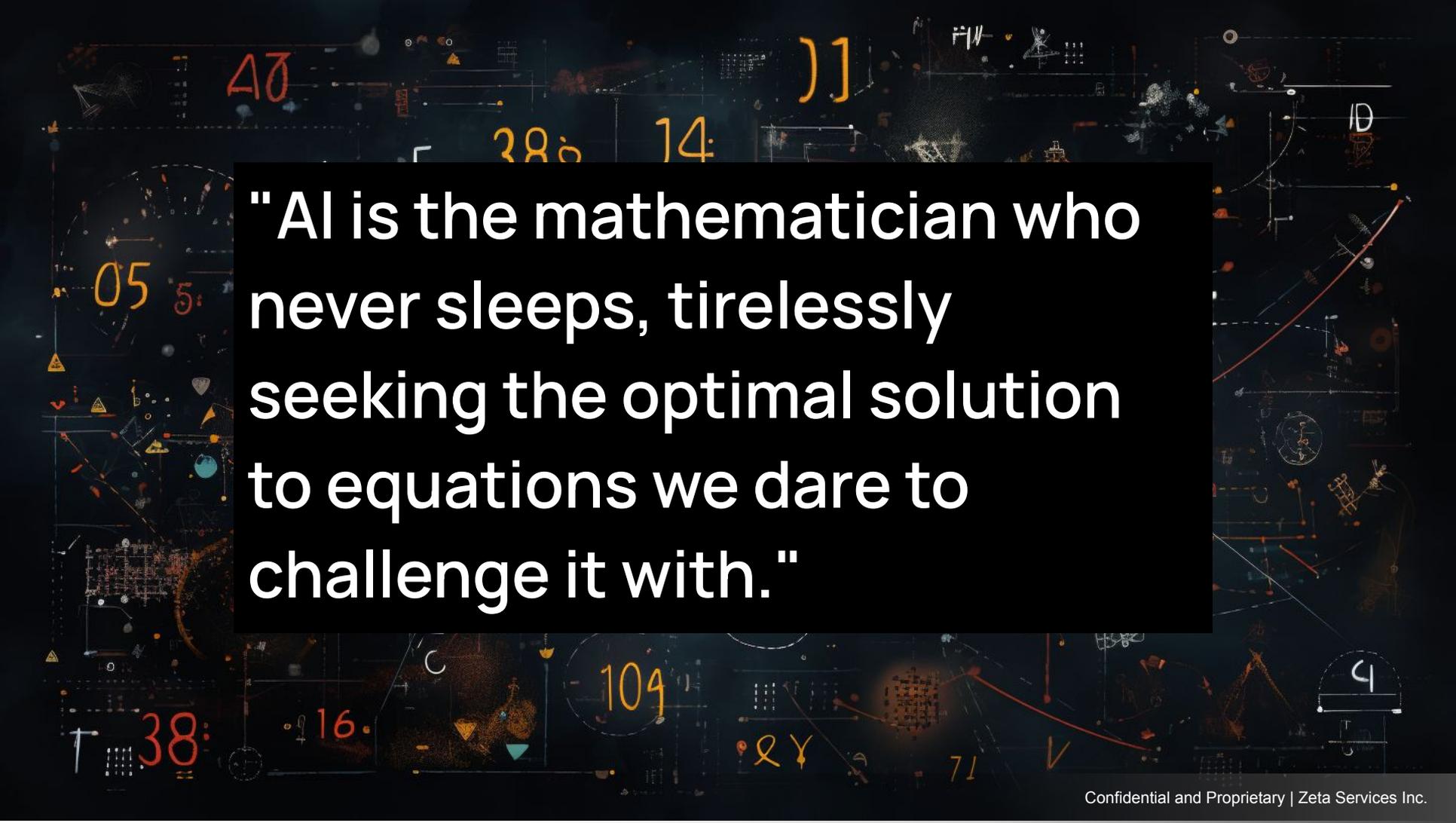
"AI is the mathematician who never sleeps, tirelessly seeking the optimal solution to equations we dare to challenge it with."

Blockbuster to Blockbusted

Stores	1	800	2800		6000			9000		800	300	1
	1985	1987	1992	1994	1999	2000	2002	2004	2005	2010	2013	2023

First store opened — 1985

Raised $18.5M and expanded — 1987

Hit the 1000 store milestone — 1992

Bought by Viacom for for $8.4 Bn — 1994

Went public — 1999

Passed on buying Netflix — 2000

Competitor Redbox launches — 2002

Makes ~$6 Bn in Revenue — 2004

Loses 75% market share — 2005

Files for bankruptcy, bought by Dish Network — 2010

Dish Network announces closure of remaining stores — 2013

Lone store remains in Bend, Oregon — 2023

"In a world that's changing rapidly, the only strategy that is guaranteed to fail is not taking risks"

Thank You