



Banking on Context
Drive Growth
Through
AI-first Customer
Intelligence

A BANKER'S TRANSFORMATION GUIDEBOOK FROM NEWGEN

AI is Reshaping Banking

The banking industry has reached a decisive moment. Traditional methods of customer engagement and operational efficiency can no longer keep pace with rapidly evolving customer expectations. We stand at what industry experts call an “inflection point” for technology, where artificial intelligence (AI) and machine learning, particularly Generative AI (GenAI), are fundamentally reshaping how financial institutions operate.

For banking executives navigating this landscape, the central question becomes:

How can financial institutions harness GenAI to generate sustainable growth and competitive advantage while delivering exceptional customer experiences?

According to Deloitte’s State of Generative AI in the Enterprise report¹, “The economic impact of GenAI will likely benefit all banking segments and functions, with the greatest absolute gains of \$56 billion and \$54 billion in the corporate and retail banking sectors, respectively.” This represents one of the most significant value-creation opportunities across any industry.



Context Is Everything in the AI-first Banking Paradigm

Context has become the currency of customer relationships in today's hyper-connected world. Financial institutions that understand and act on each customer's unique context will thrive. Those that continue with generic approaches will struggle to remain relevant. AI is pushing the case even further, as the banking paradigm shifts dramatically:

From mass standardization to hyper-personalization

Traditional banking treated customers as members of broad segments, offering standardized products and experiences. Today's customers expect their financial institutions to understand their individual needs, preferences, and circumstances just as they experience in other aspects of their lives led by technology.

From product-centric to customer-centric

The focus has shifted from selling products to solving customer problems and supporting their financial journeys.

From transactional interactions to relationship banking

One-off transactions are giving way to ongoing, value-added relationships that evolve over time.

From reactive service to proactive guidance

Banks historically responded to customer requests. Now, they must anticipate needs and provide timely, relevant guidance before customers even reach out or vocalize their needs.



The impact of these shifts is already evident. The most innovative financial institutions and fintechs are seeing dramatic improvements in customer engagement, retention, and growth metrics. Those failing to adapt are experiencing erosion in key performance indicators and increasing vulnerability to competitive disruption.

Four Transformative Trends Reshaping Banking

Customer context is why GenAI is driving strong trends that are fundamentally shifting the banking paradigm. GenAI is not merely a buzzword. It represents a fundamental shift in how financial institutions understand customers, deliver experiences and drive growth.

As McKinsey's research on AI superagency² puts it, "AI has potential to become a democratizing force, making experiences that were previously expensive or exclusive available to much wider audiences."

1. Hyper-Personalization at Scale

Customers now expect their financial institution to contextualize all guidance, advice, and recommendations based on their specific situation. They know that banks possess extensive data about them (their location, spending patterns, income flows, and financial behaviors) and they expect this information to be used intelligently to deliver relevant experiences.

Leading banks now leverage GenAI to create truly individualized experiences that adapt to each customer's unique context. This hyper-personalization extends across all touchpoint, from digital interfaces to call centers to in-branch interaction, creating seamless, consistent experiences that build trust and loyalty.

The result is a virtuous cycle: hyper-personalization drives greater engagement, which produces more data, and enables even more refined personalization.

2. Enhanced Relationship Banking

As customers advance through different life stages and financial thresholds, their problems and needs evolve dramatically. Small business owners with five employees, for instance, face very different challenges than those with fifty employees. Young professionals buying their first home have different needs than empty nesters planning for retirement.

GenAI enables financial institutions to understand these evolving needs and provide contextually relevant guidance at each stage. By analyzing patterns across similar customer journeys, the technology can predict future needs and proactively offer appropriate solutions for cash flow management, lending options, investment strategies, and other financial decisions.

This capability transforms the banking relationship from transactional to truly advisory, increasing customer value while boosting retention rates and wallet share.



3. Conversational AI for Intelligent Service

The customer service paradigm is shifting from reactive problem-solving to proactive, context-aware engagement. GenAI transforms how banks handle customer interactions by:

- Understanding the full context of customer inquiries
- Recognizing emotional cues and sentiment
- Providing real-time guidance to service representatives, including, for instance, on how to adapt communication based on the customer's demonstrated financial literacy and maturity
- Offering personalized solutions based on the customer's specific situation

This capability turns potentially negative service interactions into opportunities to strengthen relationships and identify growth opportunities.



4. AI-Augmented Employee Capabilities

Knowledge workers and experts value their time. Financial institutions also recognize the importance of using their time judiciously in customer-centric activities. GenAI enables this by augmenting employee capabilities to deliver superior service and guidance. By providing frontline employees with real-time insights, recommendations, and support, GenAI enables them to:

- Access comprehensive customer information instantly
- Automatically classify and summarize documents, eliminating time-consuming manual reviews
- Understand underlying needs beyond surface-level requests
- Offer appropriate solutions with confidence
- Focus on building relationships rather than processing transactions

This augmentation improves both customer and employee satisfaction, creating a more engaging and productive work environment while delivering superior customer outcomes.



Why GenAI-led Transformation Remains Elusive?

Despite the compelling potential of GenAI, significant barriers have slowed its adoption in banking. According to McKinsey's research on the state of AI³, "Only 1 percent of C-suite leaders describe their GenAI rollouts as 'mature'", defined as GenAI fundamentally changing how work is done and driving substantial business outcomes.

This gap between aspiration and implementation underscores the significant challenges organizations face as they attempt to move from experimentation to enterprise-wide transformation. Understanding and addressing these challenges is crucial for institutions seeking to accelerate their AI transformation journey.

Unified View of Data: The Foundation for AI

Financial institutions possess vast quantities of customer data distributed across numerous systems (core banking platforms, CRM systems, digital channels, and more). Creating a unified view from these disparate sources presents significant technical and organizational challenges.

Without this unified foundation, AI models lack the comprehensive context needed to deliver truly personalized experiences. Many institutions struggle with data quality issues, inconsistent formats, and limited visibility across departmental boundaries.

Regulatory and Risk Management Complexities

According to McKinsey's State of AI report⁴, organizations are actively working to mitigate GenAI-related risks in several areas, with financial services institutions particularly focused on cybersecurity, intellectual property infringement, personal privacy, and regulatory compliance.



Financial institutions, in particular, operate in a highly regulated environment with strict requirements for data privacy, security, and fair treatment of customers. GenAI implementations must navigate these requirements while mitigating new risks specific to the technology, such as:

- Algorithmic bias and fairness concerns
- Explainability of AI decisions
- Data privacy and security vulnerabilities
- Compliance with evolving regulations

Organizational Readiness and Alignment

Successful GenAI implementation requires alignment across business functions that traditionally operate independently. It demands new skills, processes, and mindsets throughout the organization.

Many financial institutions struggle with:

- Securing executive sponsorship and alignment
- Developing AI literacy across the organization
- Creating effective governance structures
- Establishing clear ownership and accountability

These organizational barriers often prove more challenging than the technological hurdles, requiring deliberate change management and capability building.



Technological Integration Challenges

Many financial institutions operate with complex technology ecosystems built over decades, often including legacy systems that weren't designed for integration. This technical debt creates significant barriers to implementing and scaling GenAI solutions.

The challenge extends beyond initial implementation to enterprise-wide adoption. McKinsey's research⁵ reveals that while 78% of organizations now use AI in at least one business function, most are still struggling to achieve integration across multiple functions or realize meaningful bottom-line impact from their GenAI investments.



Customer-Focused Use Cases: The Path to Value

Amid these challenges, forward-thinking financial institutions are achieving success by focusing on specific customer problems rather than technology for its own sake. This customer-focused approach leads to faster implementation, higher adoption rates, and clearer return on investment.

The thing that drives success in GenAI-led transformational programs is a customer-focused use case. One of the last things you want to do is bring a cool technology tool to the table and look for a use case. You want to focus very specifically on what customer problem you're going to solve.⁶

**Deloitte and Newgen Software,
Accelerate Revenue Growth in Banking
with GenAI-powered Platform**



Successful GenAI implementations typically begin with targeted use cases in high-impact areas.

Customer Retention and Churn Prevention

By identifying at-risk relationships and enabling proactive intervention, GenAI helps financial institutions:

- Detect early warning signals of potential attrition
- Analyze root causes of customer dissatisfaction
- Implement personalized retention strategies
- Monitor intervention effectiveness

These capabilities can substantially reduce churn rates and extend customer lifetime value.

Call Center Optimization

By enhancing call center operations with GenAI, financial institutions can:

- Provide real-time guidance to representatives
- Analyze customer sentiment and tailor responses accordingly
- Identify and act on sales opportunities during service interactions
- Monitor representative performance and provide targeted coaching

These capabilities transform call centers from cost centers to growth drivers while simultaneously improving customer satisfaction.

Intelligent Cross-Selling and Upselling

GenAI enables financial institutions to move beyond product-pushing to needs-based recommendations through:

- Analysis of transaction patterns to identify relevant needs
- Optimal timing for offers based on life events and behaviors
- Hyper-personalized campaigns for micro-segments
- Continuous measurement and optimization

Leading institutions implementing these approaches have seen substantial growth in cross-sell opportunities (with industry observations indicating increases of up to 25%) and significantly improved campaign ROI.

Personalized Financial Guidance

GenAI transforms how financial institutions deliver advice and guidance, making personalized expertise accessible to all customers through:

- Customized recommendations based on individual financial situations
- Proactive alerts to relevant opportunities or risks
- Contextual education on financial topics
- Scenario modeling for major financial decisions

This democratization of financial guidance creates value for customers while strengthening relationships and identifying growth opportunities.

The Transformative Power of GenAI in Driving Growth

While customer use cases are central to the approach, GenAI enables a fundamental shift in how financial institutions approach overall customer understanding and engagement.

The technology moves banking intelligence from descriptive analytics (“what happened”) to diagnostic analytics (“why it happened”) and ultimately to predictive and prescriptive analytics (“what will happen” and “what should we do”).



This progression creates three transformative capabilities that accelerate revenue growth:

From Behavior to Intent Enhanced Prospecting

Traditional customer analytics focused on past behaviors. GenAI enables financial institutions to understand the underlying intent behind those behaviors, revealing:

- Why customers choose specific products or services
- What goals they're trying to achieve
- How their financial needs are likely to evolve
- Which offers they're most likely to respond to

This deeper understanding enhances prospecting effectiveness and increases product-per-customer ratios by tailoring product launches to specific micro-segments.



From Calls to Conversion Improved Outcomes

GenAI analyzes customer interactions across channels to identify factors that drive conversion, enabling financial institutions to:

- Understand what influences customers during sales conversations
- Identify which messaging resonates most effectively
- Recognize patterns that lead to successful outcomes
- Replicate successful approaches systematically

These insights dramatically improve conversion rates while making the sales process more efficient and customer-friendly.



From What to Why Testing Mental Models

Perhaps most powerfully, GenAI enables banking leaders to test their mental models and hypotheses about customer behavior through natural language queries. This capability allows them to:

- Ask questions about their customer base in their lingo
- Receive immediate, data-driven responses
- Test assumptions and identify overlooked opportunities
- Make more informed strategic decisions

This ability to conduct thought experiments with AI assistance is a game-changer for banking strategy and execution.



There's a caveat though: the matter of trust!

Trusted AI: The Underlying Requirement for Effectiveness



For AI to deliver sustained value in banking, it must be implemented on a foundation of trust and transparency. According to McKinsey's State of AI⁷, organizations across industries cite personal privacy and regulatory compliance among the top GenAI-related risks they're actively working to mitigate, with these concerns being particularly significant in highly regulated sectors like financial services.

A trusted AI approach addresses these concerns through four critical elements:

Trusted Decisions

AI systems must produce reliable, accurate outputs that banking professionals and customers can trust. This requires:

- Comprehensive validation and testing processes
- Ongoing monitoring for accuracy and relevance
- Human oversight of critical decisions
- Clear mechanisms for addressing errors or inconsistencies

Trusted Models

The underlying AI models must be developed and deployed responsibly, with attention to:

- Fairness and bias mitigation
- Explainability of model decisions
- Robustness against adversarial attacks
- Controlled integration of external data sources

Trusted Data Layers

The data foundation for AI must maintain high standards for:

- Data quality and completeness
- Privacy protection and secure handling
- Clear provenance and lineage
- Appropriate access controls and governance

Trusted Deployment

Implementation approaches should emphasize the following:

- Secure infrastructure and environments
- Role-based access appropriate to responsibilities
- Rigorous testing and validation
- Ongoing monitoring and improvement

By building on these four pillars of trust, financial institutions can accelerate AI adoption while mitigating risks and ensuring regulatory compliance.

NewgenONE LumYn: GenAI-enabled Growth Intelligence

These principles and capabilities come together in NewgenONE LumYn, a GenAI-enabled growth intelligence platform specifically designed for financial institutions. Built on a low-code data science foundation of NewgenONE, LumYn empowers banking professionals to maximize customer lifetime value, increase sales conversions, and make trusted data-driven decisions.

The Power of Conversational AI

LumYn's conversational interface enables business users to interact with customer data through natural language queries. Executives and leaders can pose questions like:

"How many customers are top prospects for premium credit cards?"

"What are the key characteristics of these customers?"

"I want to launch a credit card with dining benefits. Is it a good idea?"

The platform analyzes customer data to provide detailed, actionable insights on demographic information, financial behaviors, banking patterns, and marketing response history, all without requiring technical expertise from the user.



Behavioral Segmentation for Personalized Marketing

LumYn analyzes customer behavior across transactions, channel interactions, and campaign responses to create sophisticated micro-segments for personalized marketing. The platform can generate behavioral segments with defined audience sizes for targeted campaigns, complete with detailed criteria and specific targeting parameters.

This capability enables financial institutions to move beyond broad demographic segmentation to truly personalized engagement based on actual customer behaviors and preferences.

Predictive Analytics for Revenue Growth

LumYn incorporates over 30 pre-built machine learning models that predict customer propensities and identify growth opportunities, including:

- Likelihood to respond to specific offers
- Cross-sell and upsell potential
- Churn risk and retention strategies
- Product affinities and next-best-action recommendations

These models continuously learn and improve based on results, creating increasingly accurate predictions over time.

Call Conversion Analytics for Performance Optimization

LumYn transforms contact center operations by analyzing 100% of customer calls to identify:

- Whether the required details were effectively discussed
- Which agents are most effective at creating opportunities
- What factors influence successful conversions
- Where additional training or coaching may be needed

These insights enable financial institutions to systematically improve conversion rates while enhancing customer satisfaction.



Low-Code Implementation for Rapid Deployment and Innovation

The platform's natively low-code architecture accelerates implementation and enables business users to participate in the development and refinement of AI applications. This approach:

- Reduces dependence on specialized technical resources
- Accelerates time-to-value for AI initiatives
- Enables business-led innovation and experimentation
- Facilitates continuous improvement based on feedback

By combining these capabilities within a trusted AI framework, NewgenONE LumYn enables financial institutions to accelerate revenue growth while maintaining the highest standards for security, privacy, and compliance.

The Path Forward: From Vision to Value

Financial institutions seeking to accelerate growth through GenAI should consider several key principles for success:

1. Start with customer-focused use

cases: Identify specific customer problems where GenAI can deliver meaningful improvement, rather than implementing technology for its own sake.

2. Build on a trusted AI foundation:

Establish appropriate governance, security, and compliance frameworks to enable responsible innovation.

3. Focus on data readiness: Integrate data from across the organization to create a comprehensive view of each customer.

4. Invest in capability building: Develop the skills and knowledge needed to effectively leverage GenAI throughout the organization.

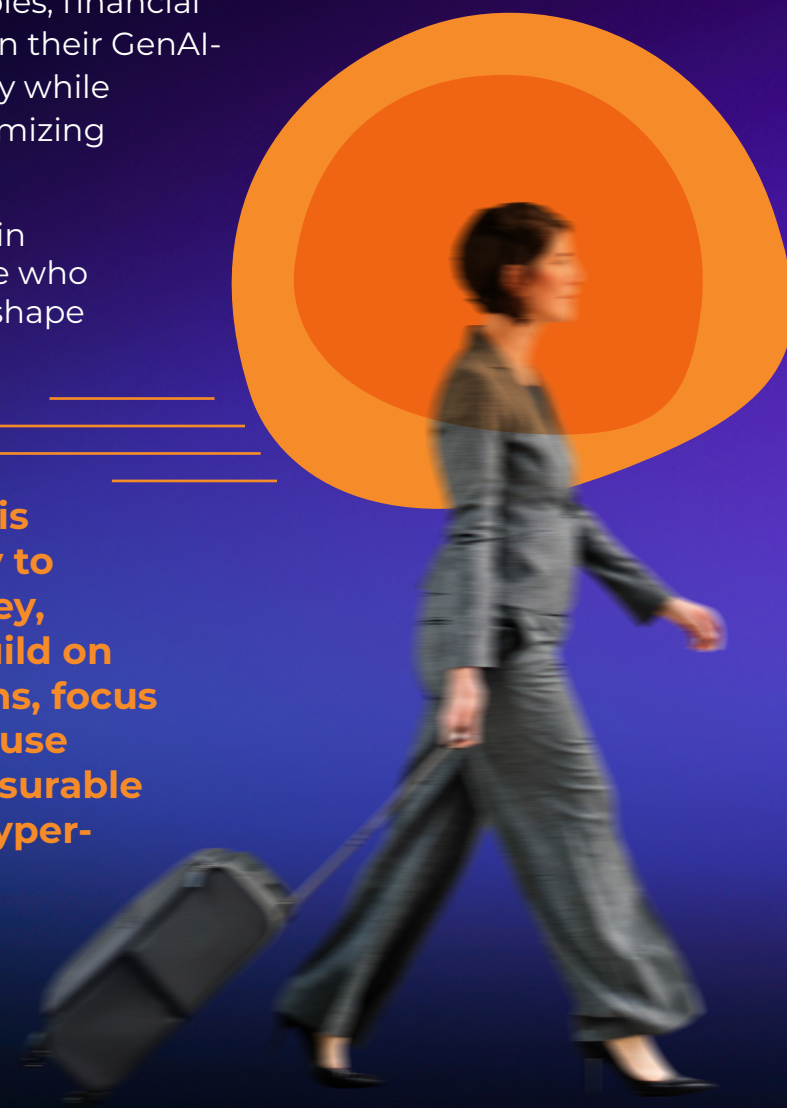
5. Embrace continuous learning:

Establish feedback mechanisms that enable ongoing improvement of models and applications based on real-world results.

By following these principles, financial institutions can embark on their GenAI-led transformation journey while mitigating risks and maximizing return on investment.

The era of AI-first growth in banking has begun. Those who move decisively now will shape the industry's future.

NewgenONE LumYn is designed specifically to accelerate this journey, enabling banks to build on trusted AI foundations, focus on customer-centric use cases, and drive measurable outcomes through hyper-personalization and intelligent guidance.



References

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Newgen is the leading provider of an AI-first unified digital transformation platform with native [process automation](#), [content services](#), [customer engagement](#), and [AI/ML](#) capabilities. Globally, successful enterprises rely on Newgen's industry-recognized low-code application platform to develop and deploy complex, content-driven, and customer-engaging business applications on the cloud. From onboarding to service requests, lending to underwriting, and for many more use cases across industries, Newgen unlocks simple with speed and agility.

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