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## IoT- Use cases for Financial Services

The Internet of Things (IoT) is booming. There are staggering statistics about the number of connected devices making inroads in to everyday life. As per Gartner forecast, there will be 25 billion IoT devices in operation by 2020. The possibilities of IoT bring applications in transportation, energy, utilities, retail and manufacturing sectors. Financial services don't always come to mind. However, IoT can have a huge impact in Financial Services sector in the areas of

- Financial Product management
- Customer Experience
- Location experience
- Process and resources optimization

The underlying value of IoT device is

- Gathering data through sensors, mobiles and wearables
- Transfer of data to an analytics engine
- Use of analytics to gather analytical insights to provide actionable intelligence.
- Actionable intelligence will then drive innovations

Financial institutions, especially retail banks, have invested increasing amounts of resources into developing both their internal infrastructure and consumer-facing technology capabilities. IDC Financial Insights predicts that retail banks will spend over \$16 billion on digital information technology initiatives, and this spending will continue to increase.

Since the underlying value in IoT is the transfer of data, and the financial sector relies heavily on gathering and analyzing data, it's hard not to imagine IoT disrupting the financial services industry.

Here are some of the potential use cases for Financial Services industry

Branch Experience- When a customer walks in to a branch with a smart phone, the branch representative has all the demographic and account information displayed on her device. This will not only help give the most personal experience with the transaction, but also enable branch representative to have much more engaging conversations regarding potential financial needs

ATM experience- How can you transform the ATM experience by augmenting it with the smartphone or smartwatch and skipping the debit card experience?

Point of purchase experience- There is tremendous opportunity for credit cards companies to work with retailers to offer discount coupons while in shops. A consumer is likely to use the electronic discount coupon on his/ her smartphone at the time of check out rather than a cashier printing a paper coupon for the "next time" which will most likely be thrown away on the way out of the shop.

Warranty- The data is sent to the company through digital sensors on the product on how the product is performing to provide pro-active preventive support, thus reducing the warranty costs and financing.

Liquidity Management- There is tremendous opportunity for banks to insert themselves in supply chain finance. Companies can use IoT data from their warehouses to predict working capital requirements based on the inventory movement. Banks will be able to provide customized working capital solution for their customers.

Car insurance experience- some car insurers are starting to offer usage-based insurance to align driving behavior with premium rates for auto insurance. With the emergence of telematics (in-vehicle telecommunication devices), cars are now able to transmit drivers' behavior data back to the insurance companies so that they can assess drivers' risks and premiums accordingly. This not only benefits insurers but also low-risk drivers because their reduced premiums are better representations of their safe driving behavior.

Home owner insurance experience- With emerging smart home platforms, homeowners can voluntarily provide data about how they manage their households. Insurers can reward behavior like locking their doors when leaving their homes in order to lessen the risk of theft or turning off their stoves and ovens when not in use to minimize the risk of a fire.

Commercial business insurance experience- The sensors and IoT devices can help insurance companies understand the need for machine and plant maintenance and adjust the premiums accordingly.

Commercial Real Estate- With IoT technology, firms could potentially combine data from sensors used to manage building energy and security with activity sensors that monitor human interactions within the building and in the surrounding neighborhood. With this information, commercial real estate analysts could value and underwrite properties even more accurately.

Commodity Futures- Agricultural commodity futures value may change based on the rain fall, storms, frost levels in a specific area, where the data about weather is captured with an IoT device and sent to analytics engine to analyze the data about supply.

If you add the new disruptive technologies like block chain, machine learning, AI, the possibilities are limitless.