**Emerging Technologies – Separating Hype from Value**

**By Kevin Tweddle, ICBA**

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When speaking with bankers about emerging technologies, I hear a wide range of opinions and convictions towards them. Let’s discuss a few of these up-and-coming technologies to help separate the hype from something that could be of true value to community bankers.

1. **Blockchain**

Known as the platform for which cryptocurrency is based, blockchain is likely the single most hyped technology in history. While it shows promise, proponents have failed to develop live use cases that are readily available to banks. If you can get beyond its speed, scalability, privacy and complexity deficiencies, however, I believe there are opportunities for successful deployment. Potential application areas include identity authentication, smart contracts, lending workflow and title insurance. This is one technology where community banks shouldn’t lose sleep and can wait until relevant use cases are developed.

1. **AI and machine learning**

As opposed to blockchain, artificial intelligence (AI) and machine learning appear to be gaining momentum. As evidenced from the Google Trend graph (below) AI (noted in red) continues to remain top of mind while interest in blockchain (noted in blue) has diminished. Excellent areas to apply this technology include fraud prevention, customer service (chatbots), and improving the lending process.



1. **Data and analytics**

Bankers are sitting on a treasure trove of transactional data, that if interpreted properly, can lead to an advantageous customer-relationship strategy. Amazon and Facebook would salivate over such banking data and want to add it to their social media data to get a complete picture of the customer and provide more tailored offerings. The two primary roadblocks to success in this area are having the right people on board to interpret the right data infrastructure to access and analyze the data. Done correctly, this can create a significant competitive edge for your bank.

1. **Cloud infrastructure**

This is a natural fit for bankers, as movement to the cloud can significantly reduce operating costs, improve employee productivity and transparency, and facilitate collaboration across the bank. The biggest considerations remain potential cybersecurity and vendor-management challenges for this commonly outsourced banking service. If you can allay these two concerns, this is a “no-brainer” to begin implementing.

1. **Mobile first**

It’s important to move toward ensuring your banking products and services are available via mobile device before rolling them out to other channels. This has been a slower move for many community banks as they try to balance the high-tech, high-touch relationship experience.

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