



POINT OF VIEW

# nCino IQ: A Banker's Guide to Getting the Most Value from AI



# Introduction

The financial services industry is undergoing significant transformation driven by accelerating advancements in artificial intelligence (AI), machine learning (ML) and, most recently, with the introduction of generative AI (GenAI) technologies.

Financial institutions (FIs) have begun leveraging AI technologies to detect and prevent fraud, manage risk and enhance credit decisions, automate processes and extract data from documents, enhance customer service, and provide enablement resources for employees. nCino has been at the forefront of this revolution, delivering robust AI capabilities integrated into its market-leading cloud banking platform since 2019.

nCino IQ (nIQ) combines AI, ML, and GenAI to upend dead-end data models that simply store information, replacing them with an innovative framework where data generates efficiencies and improves business performance.

This phased guide offers straightforward advice for FIs that want to transform their data into actionable intelligence.

**Phase 1:** Cloud computing optimizes data warehousing

**Phase 2:** AI and ML automate high-volume, low-complexity tasks

**Phase 3:** Real-time insights support better decision-making

## Optimization

The most valuable asset for businesses today is data. Yet, according to IDC research, over 90% of corporate data is unused or underutilized because it is too complex and inefficient to analyze.<sup>1</sup> While unstructured data has historically been undervalued, effective data management and analytics tools can increase revenue by 10% and reduce costs by 20-30%.<sup>2</sup> A large FI with \$50BN in revenue and \$30BN in operational costs might see a net positive impact of \$14BN from implementing data-driven business practices.

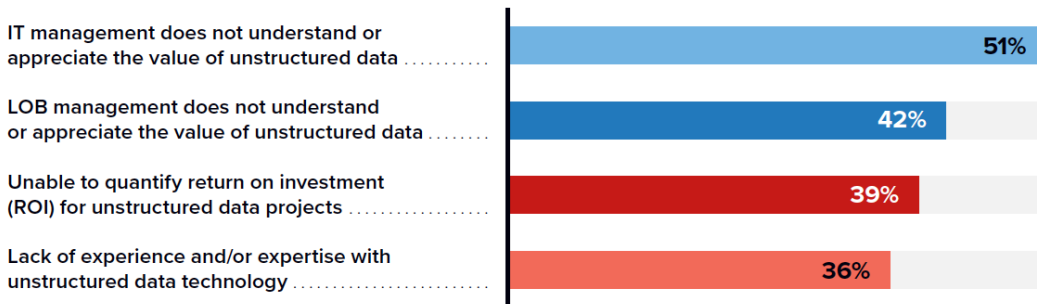
To fully harness the power of customer and operational data, FIs need a centralized platform that is integrated across front-, middle- and back-office operations. Fully transitioning

to a cloud-based infrastructure is oftentimes the first step that FIs should consider as they move to optimize data management. The cost efficiency, scalability, accessibility, and centralized data storage of cloud computing can help FIs with upfront cost management and the variable workloads associated with AI technology utilization. Centralized data storage also ensures that AI tools run on real-time data, which is critical for the performance of AI technologies and the reliability of outputs.

nCino's AI-powered Bank Operating System (BOS) runs on a cloud-based platform. This scalable and flexible foundation offers FIs a unified solution for data management and optimization, enabling FIs to more effectively automate tasks and unlock insights to drive better performance.

### Inhibitors to Fund Projects Leveraging Unstructured Data

What are the biggest roadblocks/inhibitors to justifying and obtaining funding for projects that utilize unstructured data? (Select all that apply)  
(% of respondents)



n = 414; Source: IDC, *Unleashing the Opportunity for Unstructured Data Survey*, May 2023

## nCino Trust: The Foundation of Data Privacy and Security

As FIs continue to develop and navigate the transition to cloud-based operations, the importance of finding trusted and reliable partners cannot be overstated. These partners should be technologically advanced, experienced in navigating the intricacies of large-scale data management, and committed to customer success. When it comes to leveraging data without sacrificing privacy or security, FIs deserve partners who have earned a reputation for reliability and trust, as well as continuous, cutting-edge innovation.

nCino is committed to achieving and maintaining the trust of our customers. Integral to this mission is providing a robust privacy and security program that carefully considers data protection across the entire Cloud Banking Platform. nCino has adopted many [best practices](#), notably:

- International Standards Organization (ISO) 27001
- Amazon Web Services Well-Architected Framework
- Cloud Security Alliance STAR (Security, Trust, Assurance, and Risk)
- Privacy Shield

## Automation

Without the proper tools, banking can be labor-intensive. The daily drudgery of data entry, organization, extraction, and analysis contributes to chronic bottlenecks across the front-, middle-, and back-office. Oftentimes, this can result in service delivery inefficiencies, low customer satisfaction, and a market disadvantage. The human error that is a natural result of manual data entry and analysis also compromises information integrity and increases risk. Adopting solutions that leverage AI to automate high-volume, low-complexity tasks saves time while improving the quality of data and decisions.

nCino's AI models automate the extraction, processing, and analysis of large volumes of data, transforming it into actionable insights that enhance business performance in two pivotal ways: process efficiency and knowledge efficiency.



### nIQ Automated Spreading and Underwriting Efficiency

nCino leverages optical character recognition (OCR) to extract data from financial statement and tax returns, allowing underwriters to spread financial statements up to 80% faster. The OCR functionality within Automated Spreading also includes statistical support to help identify mistakes. With improved accuracy and quick access to available data comes better and faster insights into the portfolio, reducing the need to consolidate and reconcile data from multiple sources. Automating financial spreading with AI technology is one example of the ways that nCino is equipping FIs with intuitive technology that accurately and efficiently automates tasks.



### Process Efficiency

AI solutions build upon the benefits of cloud computing, especially as FIs move towards business operating models that prioritize a more streamlined tech stack and system consolidation. With more data to run on, ML algorithms can more readily expedite and automate routine tasks, generating even greater returns including efficiency gains and operational cost reductions. In the area of risk management and compliance, AI can employ sophisticated predictive analytics to identify potential risks and ensure adherence to regulatory requirements. AI also enables the delivery of new and unique customer experiences, personalizing services and interactions based on individual customer preferences and behaviors, driving customer satisfaction and enabling new growth opportunities.



## Knowledge Efficiency

As businesses consume, create, and store exponentially more data, it's common for analysts to experience data fatigue. Increased access to new information can overwhelm even the most seasoned consumers, impairing their ability to act based on the data at their disposal. Just as developers have created tools to address data optimization and process efficiencies, GenAI is uniquely qualified to help data consumers overcome decision paralysis. In addition to summarization and predictive analytics capabilities, GenAI uses large language models (LLM) to translate data patterns, trends, relationships, and anomalies into contextually relevant content. This allows everyone engaged throughout the entire organization to leverage data-backed insights to make high-quality decisions faster.

nCino offers this functionality to FIs with Banking Advisor—a powerful virtual assistant designed specifically for banking employees. Banking Advisor ingests, standardizes, and repurposes unstructured data to provide users with timely answers to questions they have about customer performance, corporate policies and procedures, and market trends. In addition to the simplified delivery of data-backed insights, Banking Advisor also automates the creation of predictable texts, like new deal and credit memo

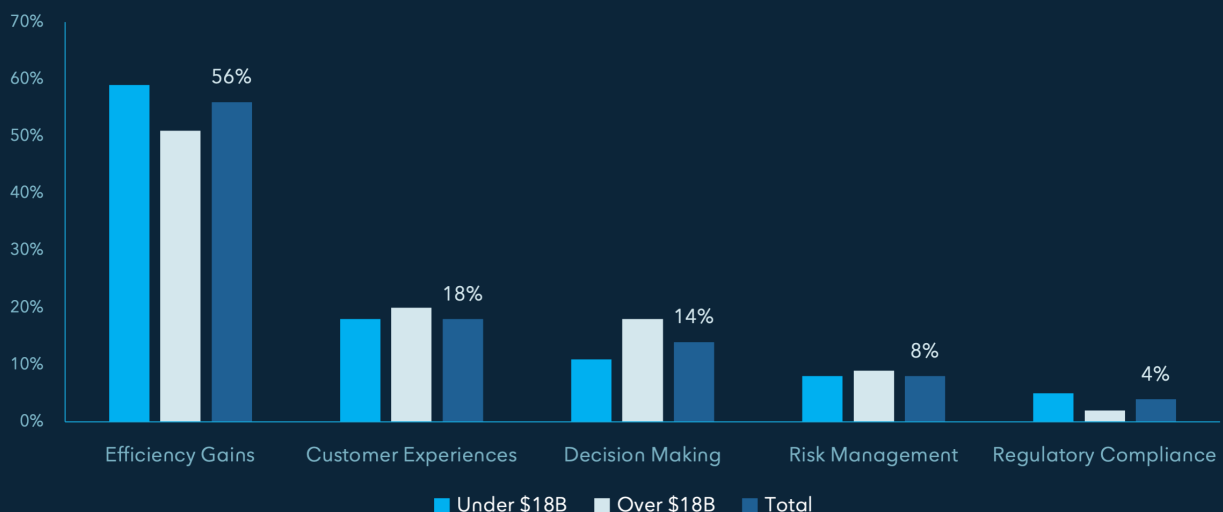


narratives, evolving a previously manual task and reducing human error. With advanced processing, instant replies to everyday queries, and drafting capabilities, GenAI helps FIs become more efficient in how they create, share, and leverage knowledge.

With nIQ, nCino continues to transform the way financial institutions interact with and leverage their data, shifting from a traditional model where you work for the data to an innovative framework where the data works for you.

## Where do you see the most potential for AI to improve your business process?

Most respondents believe AI has the potential to make their business more efficient.



# Application

nIQ powers the robust data infrastructure of the entire nCino platform. Data is transformed into an invaluable resource once it is within the nCino ecosystem, regardless of whether the data originates from nCino or flows into it from other systems or third-party services. By fueling our AI models with industry insights, for instance, FIs can gain a competitive market advantage through the application of analytics, benchmarking, and predictive insights generated with nCino’s AI models. nIQ continually adds value for both bankers and their customers by advancing the existing capabilities of a cloud-based platform and partner ecosystem with timely new features and analytics capabilities.

nCino collects usage statistics and benchmarking intelligence to provide customers with insights on application adoption, industry comparisons, and maximizing return on investment. With nIQ, FIs can identify growth opportunities, improve product performance and penetration, mitigate risk, reduce churn, and optimize pricing. Members of nCino’s Data Community can also combine their operational data with that of other FIs, allowing them to identify over- and under-performing segments, evaluate frontline sales performance, and effectively manage risk.

nCino’s holistic approach to analytical benchmarking offers FIs a nuanced understanding of their business performance, supporting agile and well-informed decision-making strategies—the keys to unlocking a competitive edge in a dynamic market landscape.

The advanced data-processing capabilities of AI technologies can automate routine tasks, reduce human errors, increase self-service, and help FIs make better-informed decisions about how to run their businesses. AI can significantly improve process and knowledge efficiencies, which ultimately enhance the financial performance of FIs.

The foundation of nCino’s AI strategy is the robust data on the platform and our vibrant community of customers. nCino’s cloud banking platform, fortified by current AI services and an expansive network of over 1,800 FI partners, enables institutions of all sizes to intelligently unlock value from their data in the moments that matter most.

nCino’s Data Community offers FIs secure, anonymized, and consolidated access to an ocean of data. For those willing to join the community, the pooled data becomes a driving force for the intelligence solutions that power the nCino platform.

nCino’s Benchmarking and Analytics is evolving to produce a wide variety of metrics; these metrics are classified in the following four categories.

### nCino Adoption

- The business value of adopting Gold Standards
- Usage metrics, e.g., feature adoption, active user trends and system performance

### Benchmarks with External Data

- Assess credit risk in the portfolio against a wider pool of loan performance data
- Evaluate credit risk factors, including industry sector concentration, across custom peer groups

### Business Performance

- Loan and Deposit Performance
- Internal pricing benchmarks vs. your existing portfolio
- Sensitivity models, pricing strategy

### Benchmarks with nCino Data

- Identify opportunities, risks and optimizations across product, services, client types and geographies
- Assess credit risk performance against peer groups for non-performance, charge-offs, concentrations, etc.

Increased customer satisfaction

Improved profitability

Improved risk management

## A Continued Quest for Greater Efficiency

It's no secret that AI will change the financial services industry. 77% of bankers believe that the ability to unlock the value of AI will be the difference between their success or failure.<sup>3</sup> FIs that hesitate to adopt AI capabilities risk being outpaced in the market by competitors who are more ready and willing to embrace these cutting-edge technologies.

Since its inception, nCino has been focused on the underlying data that not only empowers a superior banker and customer experience, but also provides real-time insights into business operations through sophisticated, advanced analytics. This focus on data access, structure, automation, insights, and intelligence has always been part of the DNA of nCino.

As we usher in a new era of AI, nCino's strategic vision is to infuse intelligence into every stage of the banking lifecycle, when and where it matters most. As the industry embraces AI and recognizes it as revolutionary technology, it only reaffirms our mission. Once again, nCino is set to transform the financial services industry through innovation, reputation, and speed.

### References

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2 McKinsey & Company, "The data and analytics edge in corporate and commercial banking," 9 March 2023. <https://www.mckinsey.com/industries/financial-services/our-insights/the-data-and-analytics-edge-in-corporate-and-commercial-banking>.

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