



# Chapter 19

## Personalized Financial Services through NLP and AI-Driven Innovations in FinTech


**Rahul Kumar Ghosh**

 <https://orcid.org/0000-0002-1814-2133>  
*Brainware University, Kolkata, India*


**Meghdoot Ghosh**

 <https://orcid.org/0009-0009-6952-4009>  
*Post Graduate Institute of Hospital Administration, Peerless Hospital Campus, Kolkata, India*


**Debaleena Roy**

 <https://orcid.org/0000-0002-4268-3423>  
*Aston University, Birmingham, UK*


**Bijoy Gupta**

 <https://orcid.org/0000-0002-0349-5788>  
*Dr. B. C. Roy Engineering College, Durgapur, India*


**Sanjukta Chakraborty**

 <https://orcid.org/0009-0001-5477-2044>  
*Seacom Skills University, Birbhum, India*

**Abhijit Biswas**

 <https://orcid.org/0009-0009-4413-7619>  
*Globsyn Business School*

**Mahuya Basu**

 <https://orcid.org/0000-0002-1834-9628>  
*Globsyn Business School, Kolkata, India*

### ABSTRACT

*Individualized financial services are becoming more prevalent in the rapidly changing FinTech environment because to attract & retain clients alike. The effect of NLP & AI-driven solutions is profound in how financial institutions interact with their customers. This chapter examines how NLP & AI are changing personalized service delivery within the FinTech industry. It looks at real-world applications that highlight customer communications through NLP-driven chatbots, virtual assistants, & recommendation engines meant for providing tailored investment strategies, financial advice on an individual basis or assistance. Together, data privacy, algorithmic bias, or regulatory compliance remain among the toughest challenges faced by the systems hence this chapter provides insights into how financial institutions can utilize them morally without contravening any laws in place. On one hand, it examines opportunities associated with AI-based personalization in FinTech while exploring its inherent risks thus giving a clear picture of future customer engagement in financial services.*

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## 1. INTRODUCTION TO PERSONALIZATION IN FINANCIAL SERVICES

Natural language processing (NLP) and artificial intelligence (AI) have been hot topics under discussion in several industries and are extensively being piloted in diverse use cases to automate and augment processes in various sectors (Rashid & Kausik, 2024). FinTech involves significant volumes of textual and numerical data, and because of the unique nature of the domain, FinTech is an ideal incubator for NLP and AI (Sony & Naik, 2019). In this chapter, we will explore multiple use cases to understand how NLP and AI are augmenting and automating processes in various aspects of the FinTech domain by covering different uses, including language translation for documents, understanding and automation of chat messages, and multiple text analytics use cases in commercial banking and the finance space. An interesting application of NLP that is less known in the field of trade finance as well as how it may be used to assess country risk profiles is also provided.

Such AI systems, including chatbots and intelligent speakers, are gaining popularity in business decision-making processes and the provision of services by the financial sector (Luu, 2024). It should be highlighted that the search for the forthcoming great revolution, along with the search for ways of improved interaction with the consumer, makes it clear that the use of interactive virtual assistants to perform everyday bank activities such as payment of invoices, transferring money from one account to another, and moving money from one country to another is imminent (Jasińska, 2024). About the banking side of the interaction, research indicates that the use of applications for financial services accessed via devices lowers costs associated with responding to customer inquiries and conducting banking operations.

In recent years, the rapid development in technology has revolutionized the business operation and the way of dealing with customers in all business sectors. Among all business sectors, the financial industry is also not untouched by this advanced technology. The financial service industry faced significant swift progress in technology and changes in customer expectations. The most powerful technology- Natural Language Processing (NLP) has caused substantial transformations in the financial service industry, which has altered traditional procedures in the financial sector and fostered an innovative approach to offering tailored financial products and services and improving customer satisfaction, engagement and loyalty (Kolasani, 2023). A key outcome of natural language processing (NLP) assists machines to understand; process; analyze and interpret human language. The financial service industry adopts NLP to deliver more personalized, accessible and efficient financial services to clients by analyzing huge volumes of data such as consumer behaviour, market occurrence, income and spending patterns, and risk ability. By assessing this large volume of data, financial institutions now may offer bespoke investment portfolios, customized savings plans, and even lending choices tailored to a person's situation (Xiao et al. 2024). NLP understands the human language from virtual assistants, chatbots, and sentiment analysis, helping the financial industry to understand the needs of customers and deliver consumer-oriented financial solutions known as personalized financial services.

Artificial Intelligence and Natural Language Processing (NLP) have a disturbing impact on financial services by enabling financial institutions to offer profoundly bespoke exposure to their customers. AI expert systems evaluate and interpret massive volumes of data, from transactional history to social media and conversation patterns, revealing specific customer demands, preferences, and financial activities. NLP, a field of artificial intelligence, facilitate machines to comprehend and produce human language, enhancing the naturalness and sentiments of consumer interactions (Sahu, 2020). By use of chatbots, virtual financial advisers, and customized product suggestions, NLP provides real-time, conversational service that seems catered to every customer. Predictive insights made possible by artificial intelligence

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