

Banking on Conversational AI

Five ways AI can drive growth.

Contents

- 3 Customers expect conversations
- 4 Five ways AI can drive growth
- 7 Best practices for implementing an AI strategy
- 8 Get started today

An estimated 110 million Americans are already using voice-enabled virtual assistants to accomplish basic day-to-day tasks, and that number is growing every year.¹ As these tools become ingrained into peoples' daily lives, voice interfaces powered by conversational AI will become the preferred way for many customers to interact with businesses, including financial institutions (FIs).

Customers expect conversations

To engage these customers, FIs will have to evolve beyond traditional IVR systems. They'll need to provide a consistent, seamless, and personalized conversational experience for each customer across every channel—in digital channels such as messaging and chat as well as in voice channels.

Making that move will be vital to getting and staying ahead in the market. FIs face the twin challenges of increased digital expectations from customers and growing competition from digital-only players and innovative financial technology companies (fintechs).

Add a pandemic to the mix

The COVID-19 pandemic has added fuel to this fire by accelerating consumer adoption of digital solutions. Faced with branch closures and restrictions, consumers have already established new digital habits that will stick around long after the virus has been brought under control. More than half of financial services consumers say that they have used digital banking apps more since the start of the pandemic; nearly 9 in 10 plan to maintain their increased usage after the pandemic ends.²

To stay relevant and competitive as consumer habits and expectations shift, multinational FIs are investing billions of dollars in their own conversational AI infrastructures. For smaller institutions, cutting-edge AI tools from customer engagement technology vendors allow local and regional FIs to compete head-to-head with multinational firms.

Conversational AI is already here and can be readily deployed across existing IVR platforms by leveraging existing consumer data. These solutions take customer service to the next level while freeing agents from performing routine tasks, boosting agent productivity and cutting contact center costs. Conversational AI complements human customer service agents by quickly analyzing data, spotting trends, and anticipating what customers will want in the future, keeping your institution ahead of the curve and the competition.

Five ways AI can drive growth

1: Personal financial management

Online banks and personal finance apps have attracted millions of users (and billions of dollars) by using AI to help people manage their money.

According to Business Insider, “Consumers are hungry for financial independence, and providing the ability to manage one’s financial health is the driving force behind adoption of AI in personal finance. Whether offering 24/7 financial guidance via chatbots powered by natural language processing or personalizing insights for wealth management solutions, AI is a necessity for any financial institution looking to be a top player in the industry.”³

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— Alicia Phaneuf, Business Insider

2: Personalized offers

Retailers are using AI to track customer spending and predict what kind of offers they might accept. Beyond shopping, though, consumers increasingly expect companies to leverage all the data they have about them to proactively help them make better decisions. FIs can use their unique customer insight for cross-selling and upselling products and services.

Consider the oceans of data that financial institutions generate from millions of customer interactions across multiple devices. AI can integrate and analyze all of that data to create a 360-degree view of every customer, allowing the bank to anticipate each customer’s needs and create a personalized offer based on individual behaviors.

Standard Chartered Bank, for example, has developed tailored product recommendations for its customers using machine learning algorithms and natural language processing to analyze text generated during transactions.

3: Customer service

Customers expect convenience. Whether they’re logging in with their laptops in the morning, their mobile devices in the afternoon or through Alexa in the evening—they expect their FIs to respond consistently across all platforms. In fact, FIs are leading the adoption of voice applications on third-party platforms, such as Alexa, Cortana, and Google Home.

Global organizations, like Capital One in the US and WestPac and National Bank in Australia, let customers check their account balance, track spending, and pay their bills with a single voice command in Alexa.

The right AI platform can also help break through institutional silos, providing seamless customer support across all channels 24/7. For example, Swedbank’s intelligent virtual assistant (VA) from Nuance, “Nina,” answers customer questions on an online chat platform. Nina can also pass on more complex calls to members of staff.

78%

first-contact resolution (FCR) rate achieved through Swedbank’s VA within the first three months of operation, with minimal tuning out of the box

Insurance underwriter USAA’s in-app digital agent uses a conversational interface to answer questions and guide customers to relevant content or features. USAA’s automated assistant can help customers find the app’s P2P feature or quickly view all of their recent check transactions.



Today's advanced conversational AI platforms enable FIs to offer personalized, proactive assistance through the VA, using historic and real-time customer data to recognize individuals and predict their likely needs. For example, if Jenny always pays her credit card bill on the same day each month, when she calls the IVR or logs into mobile or desktop banking on that day, the VA can simply say, "Hi Jenny, would you like to pay your credit card bill today?"

In an average month, the VA handles over 30,000 conversations helping Swedbank resolve 2 million out of its 3.6 million annual calls in a completely automated way. Martin Kedback, Swedbank's Head of Channel Management, says the virtual assistant has been so well received by customers that they are planning to enable it across all their digital channels.

Swedbank and virtual assistance

Swedbank, one of Europe's largest financial institutions and a leading customer experience innovator, deployed an automated virtual assistant (VA) on its website that answers customers' questions while simulating a human conversation.

8
OUT OF
10

questions are successfully
answered by the Swedbank VA

4: Investment advice

Discount brokers and online asset managers have been using AI for years to manage investment portfolios at a fraction of the cost of human portfolio managers. In fact, robo advisors are expected to have \$2.5 trillion assets under management by 2023.⁴ And a study by Forbes Insights found that an overwhelming percentage (82

percent) of high-net-worth investors were interested using AI to manage their wealth, and two-thirds of the respondents (67 percent) want their wealth managers to incorporate AI options immediately.⁵

In response to this growing demand, J.P. Morgan launched its own AI-driven robo advisory platform. Accessible online or through an app, the platform offers free or discounted trades and a portfolio-building tool that designs customized, diversified portfolios based on users' risk tolerances and objectives.

Forbes Insights study results:

82% of high-net-worth investors were interested in the use of AI in managing their wealth

67% of respondents want their wealth managers to incorporate AI options immediately



5: Authentication and fraud detection

Gone are the days when most financial interactions were conducted in person. The COVID-19 pandemic has accelerated a longstanding trend away from physical banking to the point where McKinsey estimates the percentage of basic banking needs handled in-branch could become as low as 5 percent.⁶ As consumers move or are forced to digital channels, their growing demand for digital access to financial services poses a significant security risk for FIs.

To mitigate those risks and improve compliance, leading FIs are turning to AI. The latest voice biometrics algorithms can authenticate customers in seconds during the course of their normal conversation with an agent, while they navigate an IVR, or from the sound of them repeating a simple vocal passphrase.

For example, Barclays implemented voice biometrics from Nuance to authenticate callers without disrupting the flow of the call. During the opening seconds of any call with an agent, Nuance voice biometrics checks a client's voice against a voiceprint they previously enrolled with Barclays.

Once verified, the Barclays CRM system loads the client's account management information instantaneously. Barclays reported a 90 percent reduction in complaints about its security service since implementing voice biometrics.

Another major financial institution worked with Nuance to implement passive voice biometrics authentication in its IVR, verifying callers faster and more securely than with PINs, passwords, and passphrases. Now, the institution knows exactly who's calling, and what they're calling about, even before they're put through to an agent. With more than 6.5 million customers enrolled and a 77 percent authentication success rate in the IVR, customers are getting faster service and average call handle time is down to only 22 seconds.

Many FIs are also deploying behavioral biometrics in their web and mobile apps to protect their customers by detecting suspicious activity. Behavioral biometrics does this by analyzing how a person interacts with their device, including how fast they type, how long they press on keys, the pauses they take, how they use a mouse, their swiping motions, and other factors.

But the biggest benefits come from combining technologies. By leveraging both voice and behavioral biometrics with other fraud detectors, FIs can seamlessly authenticate their customers as they move between channels, while making life harder for fraudsters and stopping next-gen fraud tactics such as synthetic speech and playback attacks.

NatWest Group and biometrics

NatWest Group uses Nuance voice biometrics technology to quickly detect fraud attempts coming into its call center and disrupt organized crime activities across all its customer engagement channels.

The Nuance solution enables the bank to take a holistic approach to fraud detection and prevention. By combining Nuance voice biometrics data with information from other criminal activity detection tools, NatWest has discovered that fraudsters on the voice channel also perpetrate a lot of fraud on digital channels. Armed with that knowledge, the bank has been able to identify and disrupt organized crime activities to protect its customers and assist law enforcement.

"Although this initiative isn't just aimed at reducing losses, we expected to save a reasonable amount of money, and we've already saved one and a half times that," says Jason Costain, Head of Fraud Strategy and Relationship Management for NatWest Group.

"The ROI from the tool is probably well over 300%, so as payback from a technology deployment, it's been very impressive."

— Jason Costain, Head of Fraud Strategy and Relationship Management for NatWest Group

Best practices for implementing an AI strategy

Design once, define per channel, deploy across

— **Consistent yet channel-appropriate experience** –

You can't simply deploy identical experiences on every channel, because they all have different capabilities. So, your system must provide a consistent yet channel-appropriate experience across all modes of customer interaction, including the website, mobile apps, and telephone.

— **Write application and deploy across channels**

– Choose a platform that enables you to write a conversational AI application once for the VA or IVR and then quickly tweak the experience for other channels, instead of having to rework the entire design for each one.

Maintain context across the customer journey

— **Holistic view** – To meet customer expectations around convenience and consistency, maintain a holistic view of their information, needs, and preferences based on previous interactions.

— **Comprehensive and flexible security platform** – Use flexible authentication factors such as voice biometrics to enable customers to authenticate once and seamlessly transition between channels without having to reauthenticate. And look for a unified biometric security platform that combine voice, behavioral, and conversational modalities with environment detection and anti-spoofing to reduce your own costs and provide an integrated, omni-channel solution.

Optimize the customer journey with reporting and analysis

— **Don't just maintain, improve!** – Use predictive analytics and machine learning to measure omni-channel performance and meet business goals.

— **Meet customers' ever-changing needs and expectations** – Evolve your AI-based customer engagement program to meet customers' ever-changing expectations and proactively address their issues to save them time and improve their experience.



Get started today

In a world where customer experience is the biggest source of competitive advantage, conversational AI is quickly becoming a business imperative for FIs by helping them deliver superior experiences that increase satisfaction and loyalty, reduce costs, and drive growth.

Nuance helps major banks and financial institutions around the world use the power of conversational AI to their advantage. Together, we revolutionize their customer experiences by enabling their customers to engage whenever, wherever, and however they want: Through any channel, on any device, at any time.

LEARN MORE

If you're eager to offer your customers experiences that make it easier and more satisfying to do business with your institution (while reducing your cost to serve) get in touch with one of our conversational AI experts at CXexperts@nuance.com.

- 1 <https://www.statista.com/statistics/1029573/us-voice-assistant-users/>
- 2 <https://www.bai.org/research/bai-banking-outlook/>
- 3 <https://www.businessinsider.com/ai-in-finance>
- 4 <https://learnbonds.com/news/robo-advisors-to-become-1-4trn-worth-industry-this-year/>

- 5 "AI and the Modern Wealth Manager: How Artificial Intelligence is Creating a Personalized Investing Experience," Forbes Insights, 2018.
- 6 "Reshaping retail banking for the next normal", McKinsey, 2020



About Nuance Communications, Inc.

[Nuance Communications](#) (Nuance) is a technology pioneer with market leadership in conversational AI and ambient intelligence. A full-service partner trusted by 90 percent of U.S. hospitals and 85 percent of the Fortune 100 companies worldwide, Nuance creates intuitive solutions that amplify people's ability to help others.