Chatbots can use AI to guide customers to the right human-based experience

Article

The trend: As artificial intelligence (AI) is integrated into digital banking, chatbots could become the bridge connecting the technology with human interaction.

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Chatbots on the rise: Digital banking has shifted interactions from in-person at branches to online, leading banks to re-envision their communication with customers. One widely adopted medium is chatbots.
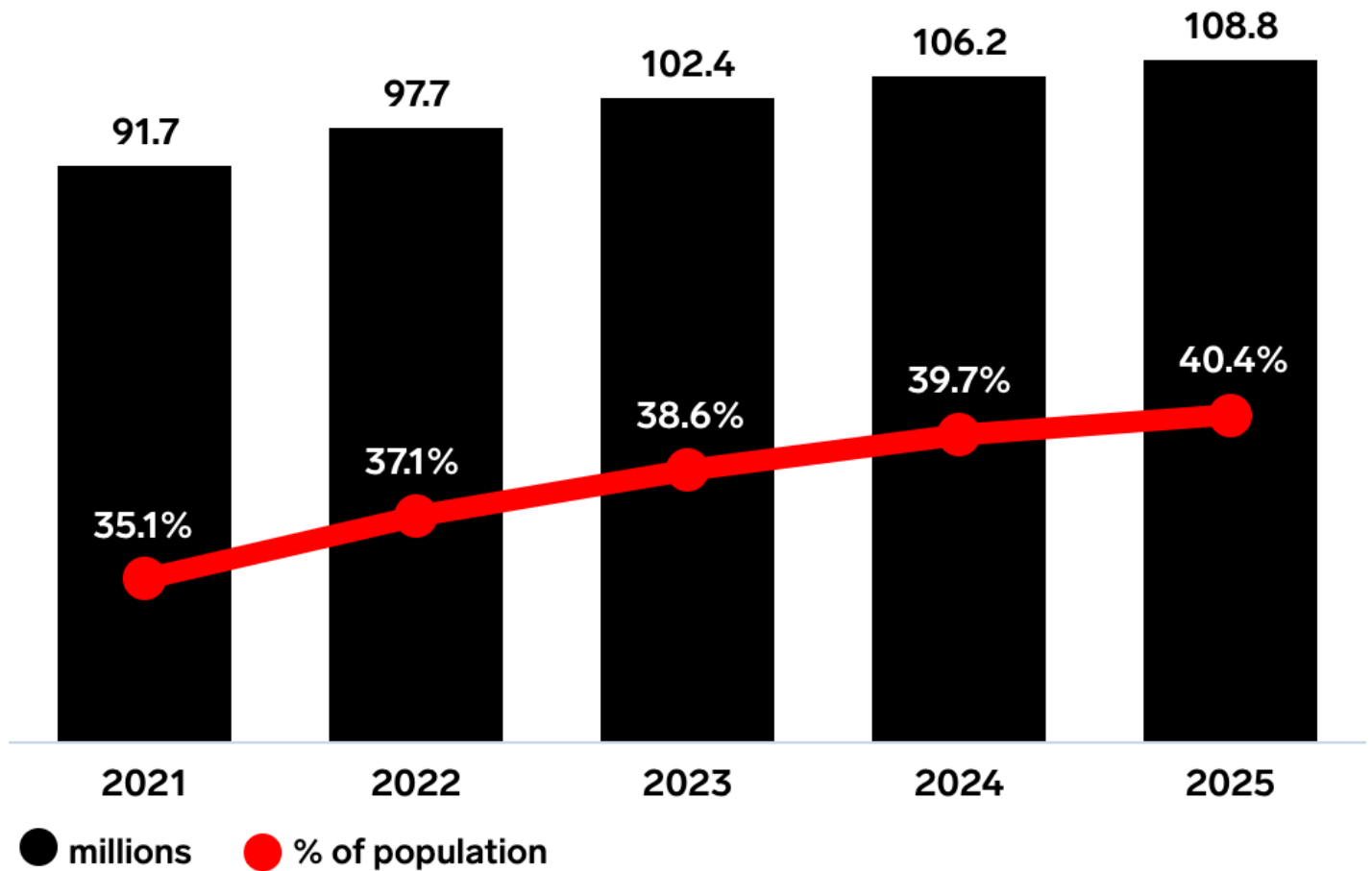
- As of early 2020, **13% of banks and credit unions had a chatbot**, and another **16% were planning to introduce one in 2021**, according to Cornerstone Advisors.

  Today chatbots perform simple tasks, like providing an account balance or instructions for mobile deposits. But some banks are leveraging natural language processing to determine a customer's intent when interacting with a bot. Increasing advancements in AI will ultimately create a seamless experience for banking customers who interact with both a chatbot and a human.

- By 2030, chatbots will be so ingrained into the banking process that customers won't be able to tell if they are interacting with the bot or a human, according to EY.

Bank Chatbot Users

US, 2021-2025

Year	millions	% of population
2021	91.7	35.1%
2022	97.7	37.1%
2023	102.4	38.6%
2024	106.2	39.7%
2025	108.8	40.4%

● millions　● % of population

Source: eMarketer, June 2021

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That frictionless experience will be valuable for banks striving to improve their customer service. The **Consumer Financial Protection Bureau** (CFPB) has highlighted some challenges that customers face when interacting with their banks, like needing to repeatedly explain problems, or bank employees being unaware of a customer's situation. Chatbots that pass along the information gained through AI to employees working in customer service could relieve many of these pain points.

Who do chatbots help? Chatbots are primarily thought of as virtual assistants for banking customers.

- They can do the initial work of collecting data from a customer interaction and then direct the customer to the proper channel.

- They take care of more tedious tasks, allowing employees to focus on value-added tasks.

  But chatbots also can be used internally to train the bank's employees, handle documentation, and automate administrative tasks.

- **HSBC's** internal compliance chatbot compiles policies and frequently asked questions and creates employee audit logs—demonstrating how employees can partner with chatbots.

  Chatbots and AI: Chatbots that leverage AI technology will become more powerful over time as they learn from continuous customer interactions, training the algorithms to identify patterns and trends. But while AI tool implementation is relatively simple, ensuring these tools' integrity is more difficult.

- Tools built on biased data will perpetuate biased results.

- As the tools evolve through use, their explainability becomes more difficult and less transparent, potentially complicating banks' attempts at explaining decisions on loan approvals or denials, for example.

- AI tools are built on pattern- and rule-driven algorithms, but lack human empathy and emotion. So while the tool may always provide the expected result according to those rules, the result may not always benefit the customer.
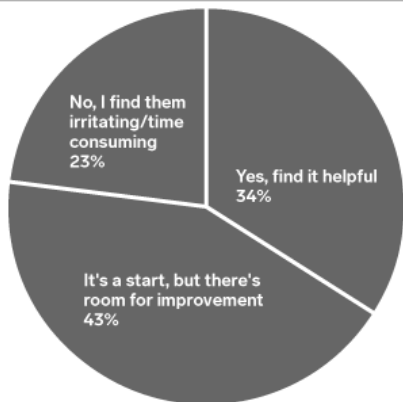
  Who's worth watching? Some banks have already developed strong chatbots that have started pairing AI technology with a human touch.

- **Bank of America's** Erica is an AI-driven virtual assistant whose interactions continue to grow. Erica saw a 19% increase in customer interactions from Q1 2021 to Q1 2022.

- **USAA** has a digital transformation underway that it calls "an asynchronous experience," scheduled for completion by the end of 2022. The bank currently offers Eva, a chatbot that handles simple banking tasks.

- **U.S. Bank's** virtual assistant, Smart Assistant, was also released as a Spanish language assistant earlier this year—one of the first of its kind in the US.

- Digital customer service provider **Glia** recently acquired **Finn AI**, an AI-powered virtual assistant platform. The partnership will give smaller banks and credit unions mainstream access to a top AI-driven chatbot tool.

Extent to Which US Adults Find AI Chatbots Helpful in Customer Service, Feb 2022
% of respondents

No, I find them irritating/time consuming
23%

Yes, find it helpful
34%

It's a start, but there's room for improvement
43%

Note: ages 18+
Source: CDP.com, "Getting Personal: Consumer Perspectives on AI in Marketing and Customer Service," May 12, 2022

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