JUL 05
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Why banks should keep human elements in automated features

Article

What we're thinking about: Hype around artificial intelligence (AI) and how it can automate many aspects of banking has dominated the news this year. In most cases, automation leads to efficiency and peace of mind. But it's not always beneficial for every financial consumer. Here are some key ways banks can make sure their customers still benefit from a human touch in an automatic world, per BAI.

What is the true purpose? In back-office settings, banks are tapping into AI and other technologies to reduce reliance on manual labor and to cut costs. In customer-facing environments, they're using it to power chatbots and other tools that quickly give consumers recommendations on products and services that best suit their needs.

- On the surface, the latter use case seems like the best of both worlds: There's less demand for human customer service representatives, and consumers get what they need.
- But there's a missing piece to this approach—it doesn't always give consumers the financial knowledge they crave. A powerful chatbot may be able to synthesize consumer data and suggest an appropriate solution, but it doesn't explain to the customer why it's the right solution.
- When automating a customer-facing experience, banks can increase customer engagement and satisfaction by incorporating educational comments along the way. That lets consumers know why they're doing what they're doing, and teaches them how to think about financial concepts in the future.

Don't automate automation: While some automated processes—like automatic bill pay—can save consumers from needing to remember to submit a payment, most consumers like to feel they have control over their financial decisions.

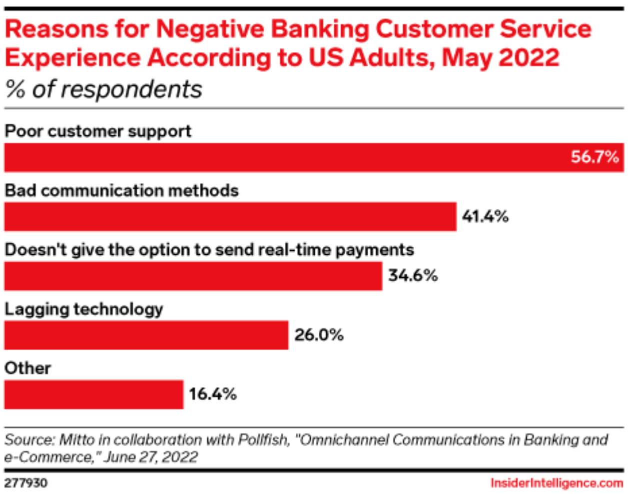
- When banks implement a new automated feature, they shouldn't assume all customers want to partake in it. For example, some customers may use different income sources to pay specific expenses. Automation likely won't aid that customer in making sure the right funds go toward the right expenses.
- During the rollout, banks should make it clear that enrollment is optional, not mandatory, and avoid automatically enrolling all of their customers into the new feature. Or if enrollment is automatic, banks must make it clear how to opt out—though automatic enrollment will likely anger customers and potentially cause them to leave.

No limit on communication: Client-facing automation is not a substitute for customer communication.

- Most of the time, when customers opt into automatic processes, they tend to "set it and forget it." But occasions will arise when a customer needs to freeze or skip an automated transaction.

- Once a customer opts into an automated feature, banks should still communicate each time the action is going to occur. This gives customers enough time to change or cancel the action, and reinforces their feeling of control.

The bottom line: Usually, technology is changing the way consumers interact with the world for the better. But the verdict is still out on whether AI can fully replace the value that human empathy brings to customer interactions, especially regarding sensitive and complex financial topics. Until there's an apples-to-apples comparison, banks should focus on putting a human touch on digital features.



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