Taking The Bite Out Of Chatbot Confusion

by Steve Brown Topics: digital banking, AI, technology

Summary: We continue yesterday's discussion on chatbots with some key considerations for community bankers.

We thought it was interesting to hear the successful Shark Tanker, Mark Cuban's top reason why people fail in business. In his own blunt way he said it was due to a "lack of brains and lack of effort." He pointed out that competition was extreme everywhere, so only those who do the hard work day in and day out, to know more about their industry than anyone else, will win.

As you ponder that this morning, we share some work we have done to help you better understand chatbots and the way banks are using these tools to improve the customer experience, reduce costs and enhance potential opportunities.

Yesterday, we covered the basics of chatbots; so, let's pick up where we left off.

Customer communication is important. Banks should be up front with customers about the fact that they are interacting with chatbots and give them an easy way to get a human response, if needed. This can help avoid issues and ensure smooth adoption. It also gives customers a better understanding of what to expect.

Do thorough testing. It goes without saying, but it is very important to be sure to deeply test your chatbots before rolling anything out to customers. Be sure to have reasonable expectations of the types of queries chatbots can handle and which are best left for humans.

Focus on the basics first. Certainly, there are several advantages for community banks that use chatbots to perform basic tasks that big banks are already using. These include such things as answering balance inquiries, giving bank account details or providing answers to simple loan inquiries. Taking these mundane tasks off the plate of customer facing teams can free them up to handle more complex matters that aren't well-suited for AI just yet. For community banks in particular, they can also help bridge the gap between how younger customers may want to interact (digitally) vs. older customers that prefer face-to-face.

Give customers options. Certainly, one advantage to remember is that, unlike human staff, chatbots work 24/7. Given that customers need help when they need it and not necessarily during bank hours, this provides an opportunity. Given how ubiquitous chatbots are and how simple they can be, community banks may be able to adopt technology more easily than perhaps first thought.

Evaluate disadvantages. To be clear, there are some notable disadvantages to using chatbots as well. Customers can easily be frustrated, for instance, if a chatbot misunderstands their question or spits out information the customer didn't ask for. Chatbots also have significant limitations based on accents and languages at this point too. Also, they still can't answer multiple questions at the same time.

Keep up with the Joneses. Despite potential drawbacks, these conversations around chatbots are necessary for community banks to have. The goal should not be to try to replace the human touch, of course, but rather to make the banking experience better for customers whenever possible. By being mindful of best practices and tracking what competitors are doing, your bank is better prepared no matter which way you go.

BANK NEWS

Chatbot Savings

Juniper research finds chatbots (virtual assistants) could save banks up to $11B per year and reduce customer service time spent on customer inquiries by 2.5B hours.

Policy Protocol

The Wall Street Journal reported that Navex Global surveyed business professionals and found 86% said their organization requires employees to verify they received and read a policy, while only 15% use metrics to test employee policy comprehension and over 33% didn't even bother measuring.

Spending Spree

JP Morgan predicts US corporations could bring as much as $400B in overseas cash back into the US soon as they adjust to tax law changes. So far in Q1 2018, $217B was repatriated vs. $50B in Q4 2017.

Compliance Concern

Wolters Kluwer and Banker magazine surveyed risk and compliance executives at financial institutions and found the following top concerns: keeping pace with regulatory change (56%); keeping compliant with regulations (54%); interpreting regulations (42%).

Recession Risk

Wall Street economists polled by the Wall Street Journal project an approximate consensus that the next downturn will arrive in 2020.

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