



Chatting About Chatbots For Community Banks

technology business customers artificial intelligence

Summary: Chatbots are becoming more sophisticated, and bank customers seem more willing to use them. Is now the time to start using chatbots at your bank?

Scientists say sleep talking (somniloquy) happens when a person talks while asleep, but is not aware of it. Anyone can experience sleep talking, but it is usually brought on by things such as stress, alcohol, fever, and daytime drowsiness.

People like to chat with one another whether they are awake or asleep. In banking, another sort of chatting through chatbots has become increasingly sophisticated.

Chatbots are starting to break down consumers' initial skepticism about interacting with banks using these tools. As a result, chatbots are now fairly prominent on bank websites, offering customers more seamless assistance with everything from website-related tasks to investment advice. The use of chatbots provides significant savings for the banks using them, so this trend is likely to continue.

An article in Fintech Innovation discusses study results from Juniper Research on the subject. It finds chatbots are expected to save the banking industry roughly \$209mm in operational costs in 2019. By 2023, chatbot-related savings are expected to climb to a hefty \$7.3B.

One of the biggest incentives for using chatbots is the fact that they are able to free up employee time for other tasks. The average customer interaction with a chatbot is estimated to eliminate four minutes of live customer service time, which adds up quickly by the end of the day.

Chatbots also have the added benefit of allowing banks the ability to provide round-the-clock customer service without the need to pay employees to be accessible during non-business hours. Chatbots have now become so effective that by 2023 they are expected to save banks the equivalent of 862mm work hours.

As their ability to process natural language continues to evolve, more banks are expected to embrace chatbots. In fact, Juniper Research predicts that chatbots will account for 79% of customer interactions by 2023 - a 3,150% increase in usage by that time.

For community banks, the benefits of implementing chatbots are many. First, given more limited staffing than the largest banks, chatbots provide a way of offering comprehensive customer service without the need to bring on additional staff.

Next, chatbots have the benefit of being able to provide nearly instant responses to multiple customer queries at the same time, unlike live interactions with customer service representatives.

Further, since chatbots are continuously learning from their interactions, they do not require employee oversight the same way that human customer service representatives do.

Finally, chatbots offer a way of better competing with the bigger banks, as more and more customers have become accustomed to such services throughout the industry.

Beyond providing fast customer service, community banks may also consider using chatbots as a way to collect more information from customers on their views of your bank's offerings. Since chatbots can collect data based on customer interactions, mining such data provides another way to fine-tune product offerings.

However, a word of caution is in order. For those banks considering chatbot implementation down the road, make sure you are aware of all the privacy and compliance requirements.

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