

Redefining The Banking and Financial Industry With Conversational AI

Table of Contents

| | |
|---|----|
| > Introduction | 02 |
| > Challenges in the Banking and Financial industry | 02 |
| > A shift from 'Conventional' Banking to 'Conversational' Banking | 03 |
| - How Conversational AI is revolutionizing banking | 05 |
| - BFSI reshaping customer services with chatbots | 06 |
| > Benefits of Chatbots to Financial Institutions | 09 |
| > Conversational Solutions for Banking and Financial services | 10 |
| - Customer Support | 11 |
| - Leadgen with Credit Score Check to Qualify Leads | 11 |
| - Voice Bots & IVR | 11 |
| - Video KYC | 11 |
| - Micro Journeys | 11 |
| > Conversational AI Use Cases in BFSI | 12 |
| > Conclusion | 17 |

The way banks and financial institutions deal with their customers underwent a seismic shift, with customers demanding remote service and physical branches giving way to automated systems and self-service kiosks.

Today's tech-savvy and mobile-straddling consumers want the ease of interacting with their banks just like they do with all other services, like restaurants and retail – online. They want to be able to access information and be offered personalized services without needing to wait on a call or visit a physical branch.

Artificial intelligence (AI) is changing the way banking customers receive information and advice about their financial products and services. Conversational AI automates conversations between customers and BFSI companies over messaging apps, webchat and voice channels using [chatbots](#) or voice-based assistants. Based on [NLP technology](#) it mimics the nuance of human conversation to give the customer the impression they are talking to a person. [McKinsey](#) estimates that AI technologies could potentially deliver up to \$1 trillion of additional value each year for global banking.

In this ebook, we will discuss how Conversational AI is revolutionizing the Banking, Financial Services and Insurance industry and reshaping customer services. We'll also walk you through the benefits, use cases to help you get started with Conversational BFSI.



Challenges In The Banking And Financial Industry

Given the changing customer expectations, banking and financial institutions face a significant challenge in meeting the demand since many legacy systems that the banks use may not support these challenges. Banks are trying to address this by designing and deploying new technology solutions to serve their customers more effectively and efficiently.

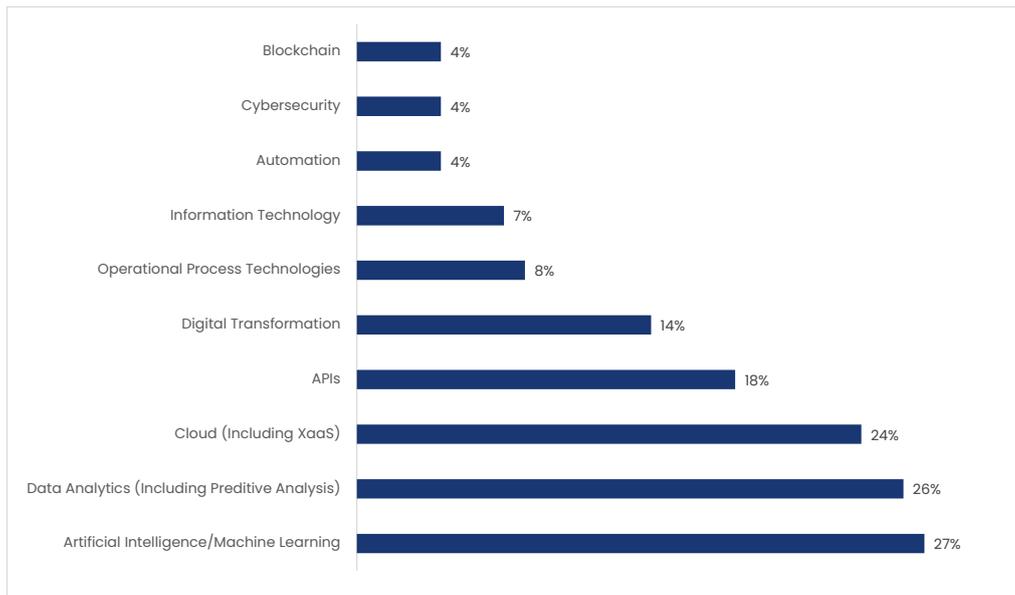
In the last few years, there has been much discussion about how customer engagement in banking can better serve and provide new product opportunities to customers, considering all the points of engagement offered by banking and financial institutions. The buzzword omnichannel has punctuated the discussion.

Omnichannel banking refers to a way of interacting with a customer where they can choose a time, a channel, and the device. The idea is to let customers determine both the physical and communication channels convenient for them, whether in-person, over the phone, or on a website or a mobile app.

While the banks must meet increasing demands from customers, they can do it at the cost of operational efficiencies. In a fast-changing business environment, BFSI companies also need to remain agile and handle customer interaction consistently.

With the influx of data, it becomes challenging for banks to ensure that they mitigate the risks and frauds. The data comes from multiple channels across different time points, ensuring consistency, and documentation accuracy create a considerable challenge.

As per a [Gartner report](#), data-driven technologies are still seen as game-changers, but banks are perplexed about moving forward. This [Gartner CIO survey](#) asked banking IT leadership to identify the technological capabilities they see as crucial to their organization's evolution. The survey indicated that AI/Machine Learning and data analytics were at the top of the list and roughly equal for financial services CIOs.



However, the [Gartner report](#) says, the banks often find that they cannot digest and analyze customer data and transactions well enough to support the user interface or customer journeys.

A Shift From 'Conventional' Banking To 'Conversational' Banking

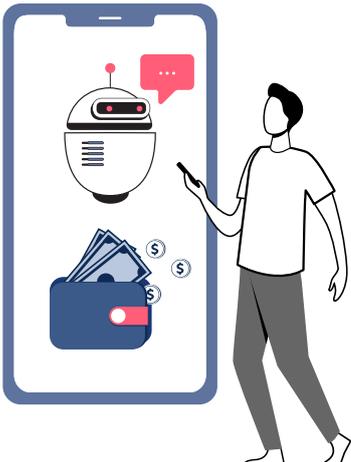
Over several decades, banks have continually adapted the latest technology innovations to redefine how customers interact with them. From the introduction of ATMs almost 60 years ago to the first wave of online banking in the early 1980s, technology-led innovation has made banking more convenient and more automated. The traditional main street banks where everyday transactions and financial advice were discussed and performed with familiar banking staff during banking hours have gradually been replaced by 24x7 internet banking and more recently mobile banking where interactions take place remotely via touchscreens, keyboards, clicks, and swipe on either the bank's mobile app or website.

Where once a customer was needed to complete a slip of paper with multiple fields of information and queue at a teller window to transfer money, this now happens in a couple of clicks at any time of the day or night with internet banking and mobile banking apps like Paypal, Google Pay, PhonePe or other UPI-based payment services.

For everyday transactions, mobile banking apps are the first port of call – whether it’s paying rent, retrieving account balances or sending and receiving money. But when it comes to applying for a mortgage or a loan, a little assistance is required. While there is a wealth of information available online, it’s not always tailored and sometimes challenging to navigate through.

With conversational banking, customers can interact with chatbots, voice assistants or humans via live chat, messaging or mobile apps to get personalised advice without needing to walk into a branch or pick up the phone.

Conversational banking is the process of automating conversations with the help of chatbots. In the banking sector, where customer interactions are high, chatbots and [conversational AI](#) play a significant role in automating conversations. [Conversational messaging](#) automates customer interactions in the banking and financial sectors to a larger extent. Let us check some areas in the BFSI sector where conversational messaging plays a role:

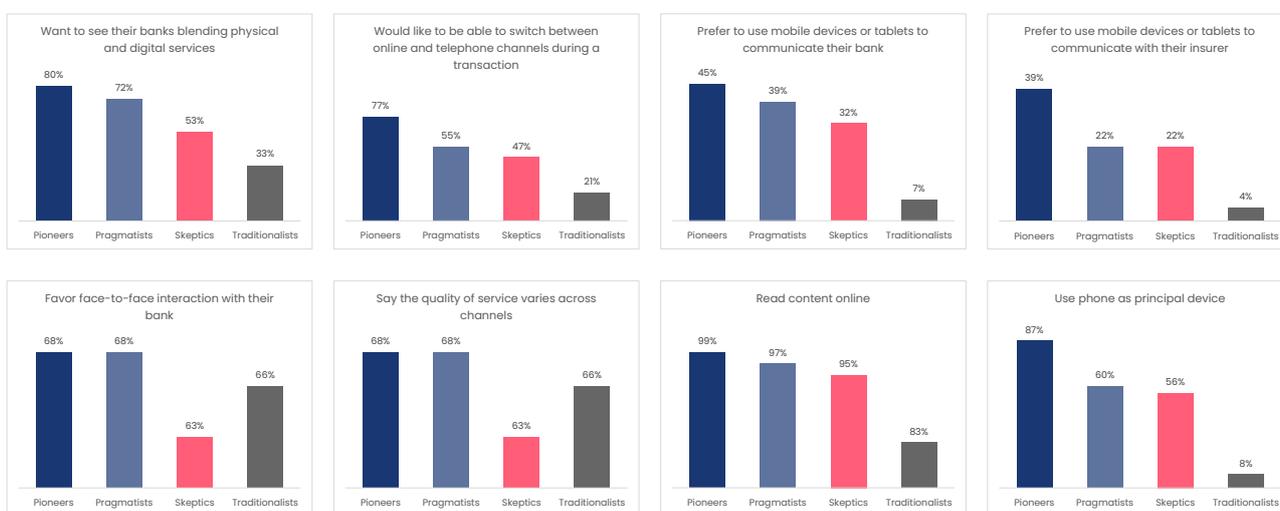
| Commerce | Marketing | Support |
|---|--|---|
| <p>Banking:</p> <ul style="list-style-type: none"> > Balance checking > Cheque book request > Fixed deposit > Recurring deposit > Block card > Credit card > Bill payment > Statement downloads <p>Insurance:</p> <ul style="list-style-type: none"> > Premium payments > Statement downloads > Nominee update <p>Financial Services:</p> <ul style="list-style-type: none"> > Buy-sell stocks > Mutual Funds > Gold > CFD <p>Bot-based transactions</p> <p>SMS-based KYC</p> <p>Messaging-based payments</p> <p>Lending</p> | <p>Offers and Deals (Personalized)</p> <p>Product Up-sell:</p> <ul style="list-style-type: none"> > Loans > Cards > Insurance > Overdrafts > Shares > MFs <p>Upgrade of existing sold instruments</p> <p>Lead generation to know what customers are looking for then reply by offering personalized experience</p> <p>QR Code for offline to online print marketing</p> <p>No App Download and save SMS bot icon at home screen</p> | <p>Feedback/ Complaints bots</p> <p>Call Centre Automation</p> <p>In-app Conversational SDK for your own mobile apps</p> <p>Single agent, multi-agent support</p>  |

How Conversational AI Is Revolutionizing Banking

As a broad concept, [Conversational AI](#) enables banks and financial institutions to promote direct conversations with their customers through text, chat, voice messaging, or tools that facilitate visual elements. This strategy helps banks automate their customers' support services and improve their response rate to queries and clarifications. According to [Accenture](#), more than 50% of people desire to switch to digital channels when it comes to their banking experience.

[Juniper Research](#) predicts that 90% of banks will use chatbots by 2022. This shows that reliance on digital technologies in the banking sector is set to grow in the future.

Interaction Preferences



Source: [Accenture Global Financial Services Consumer Study](#)

AI-powered conversational journeys are becoming a vital part of financial services. They have become an intelligent solution for the significant banking and financial industry. These automations have eliminated the long queues at their branches, saving time and energy, giving customers the liberty to get the work done from anywhere without compromising safety.

With emerging technologies in banking, AI is developed on deep learning to assist a massive number of customers at the same time without reducing the quality of services. From facilitating swift money transfer via net banking and mobile banking with the highest security to single scheduling tasks such as paying bills, buying bitcoins, chatbots can assist customers in carrying out the tasks with just a few clicks.

Banking chatbots are reducing the waiting time and other related paperwork. As a result, the customer gets faster and personalized services that save a great deal of time for both parties. The customers no longer have to visit the bank every time they need an account of their expenditure. Now chatbots can effectively provide the required account statements to the customers.

Furthermore, [Conversational AI](#) can comfortably handle large volumes of contacts in a very short time. For example, one-off events such as hail storms/floods can trigger waves of calls to an insurance company. Rather than overburdening the contact centre and increasing waiting time, those calls can be screened by an AI. In fact, as Conversational AI can be built to automate entire processes end-to-end it could even manage most of the claims process.

A well designed chatbot:



24/7

Available round-the-clock for conversation with customers



Instant

Provides instant response to any query without any delay or making the customer wait



Channel Agnostic

Provides the same experience irrespective of the channel: mobile, web, etc.



Sales Booster

Capable of remembering customer preferences and uses order history to suggest products, learns from customer responses to the products advertised, and cross-sells effectively



Real Language

Ability to seamlessly interpret languages commonly conversed in



Greater Efficiency

Improves efficiency and reduces TAT through quick information delivery; performs mundane tasks at high speed



Simple Interface

Restricts response format to easy-to-understand text, images and unified widgets for better interaction



Better Interactions

Provides specific user input at each point, learns from customer feedback and follow-up queries and improvises, thus enhancing the user experience

Source: [PWC](#)

Organizations such as Bank of America, Capital One, and American Express are already using AI systems to manage specific queries. [Bank of America's Erica](#) is a customer representative who is available 24X7 by voice or text through the bank's mobile apps. [Eno](#) is there to help Capital One's app users manage their user settings, and in this way, it learns about customer behaviour and feeds that information back to the app's developers.

BFSI Reshaping Customer Services With Chatbots

Banks already have mobile apps, and their usage is steadily increasing. But these apps have several limitations. Frequently, the apps can only be accessed on one or two channels. Mobile apps often provide limited functionality, making the user access the website or call customer support to complete certain processes. Add into the equation a complex menu system, hard to find information and a lack of personal financial advice.

[Chatbots](#) not only allow customers to manage requests faster and efficiently but also help in understanding customer behaviour. With each conversation with the customers, chatbots learn a little more about the customer, their likes, dislikes, plans for the future or changes in circumstances. All this information drives a personalized experience, such as suggesting products or services that best suit the customer.

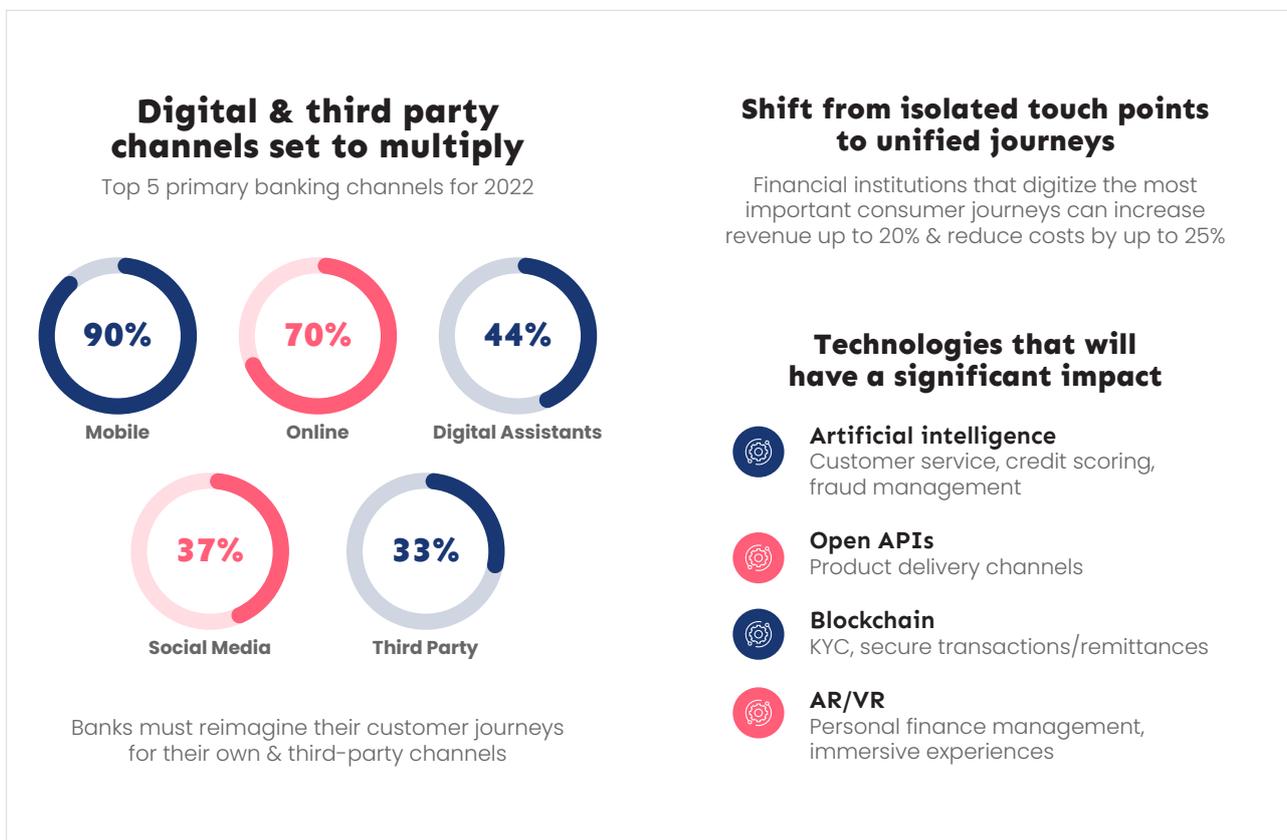
The chatbots are reshaping digital marketing for the banking and financial industry. A study by [Mobiioitte](#) states that 85% of the consumers prefer to get the chatbots' solutions instead of visiting sites and scrolling or posting questions on the search box. A [Business Insider report](#) suggests that 67% of customers are using chatbots for customer support. In the financial domain, customer service is considered the primary function to run the organization. Therefore, chatbots help companies cater to more customer service expectations and automate their profit while saving the cost of hiring more staff.

[Chatbots](#) understand customer queries and respond quicker, compared to human agents. The banking and financial institutions handle various complex databases on a day-to-day basis and store some confidential data of their customers, and it is impossible for humans to handle everything at once. [Chatbots](#) make it easier by running everything flawlessly instead of getting more staff trained to handle the workload. Furthermore, it enables the financial institutions to access the data on the system anytime without having to depend on their staff.

Improving the efficiency of customer service, minimizing human error and resolving customer queries quicker, has a major impact on operational costs. In fact, as per the [Juniper study](#), the use of chatbots will save banks up to \$7.3 billion worldwide by 2023. This represents a time saving of 862 million hours or almost half a million years of work.

Being able to provide responsive, fast and efficient customer service is vital. It ranks as a higher priority than price or product, with [86% of buyers](#) willing to pay more for a great customer experience. Much of what is required from banking requires in-depth questions-and-answers:

- > **Credit checks**
- > **Interest rate clarification**
- > **Opening checking accounts**
- > **Overdraft queries**
- > **Fraud checks and preventative measures**



Source: [Artificial Solutions](#)

Cost & time savings from chatbots for the banking & healthcare sectors



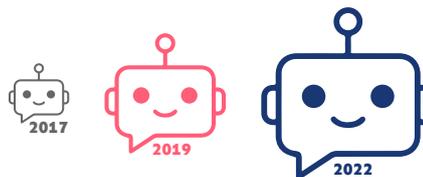
4 minutes +

Average time saving per chatbot enquiry when compared with traditional call centres



\$0.70

Average cost saved per chatbot interaction in 2022, for messaging based banking bots



\$8 billion in cost savings

Source: [Artificial Solutions](#)

Let's look at some of the examples of how conversational banking is improving customer experience:

> [HSBC \(Hong Kong\)](#). Amy, an AI-powered chatbot, handles basic questions related to customers' accounts or the bank's products. With the help of an in-built mechanism, the chatbot can learn from customer feedback to handle increasingly complex queries. Customers also benefit from real-time communication with the bank's WeChat Notification Service. When customers are abroad, they don't need to reply to costly text messages to receive notifications about transactions. Or, when they have changed phones, they don't have to worry about SMS notifications falling into the wrong hands.

> [POSB Bank](#). Digibot handles customers' queries on Facebook Messenger. Once two-factor authentication has been completed, customers can get approvals on loan applications, retrieve account transactions or get further information on card-related issues.

> [Volksbank Lahr](#). Live Chat answers customers' FAQs. For instance, customers can get their requests quickly approved in live chat if they need to increase their limits or get their card unblocked when they're abroad.

> [Ally Bank](#). Ally Assist, an AI-powered chatbot anticipates customers' needs and approaches them with relevant solutions. The system "learns" from individual interactions and transactional behaviour to determine the likelihood of needed information. For example, it can suggest data users might be interested in, such as the date and amount of a recent deposit, or a duplicate charge posted to a checking account.

> [HDFC Bank](#). EVA helps the customers with account information like IFSC codes, branch addresses, interest rates, etc.

> [Yes Bank](#). Yes Robot is equipped to answer consumer's banking related queries anytime, anywhere, without the hassle of waiting for on-call or searching online

Benefits of Chatbots to Financial Institutions

Many chatbots that are seen commonly on websites won't result in the level of impact we refer to here. Choosing an appropriate platform with results-oriented templates is crucial if you want to roll out conversational tools in your strategy. However, for those that do plan this out, the benefits are:



High-level customer engagement

A common issue facing banks is the restrictions on opening hours. Although some may have 24/7 emergency support lines, others still require wait times for agents to follow up on last night's queries. More than simply answering FAQs, chatbots allow for instant communication in a pre-arranged manner. These tailored responses can resolve the issue straight away or offer some form of initial guidance while passing the user's data across to a team member for the next available follow-up call.

Outside of instant responses, chatbots are also omnichannel and can be accessed on almost any device. [WhatsApp](#) and Facebook Messenger are popular choices. A strong brand presence across all potential mediums is essential, as up to [47% of consumers](#) trust social-media bots with their requests.



Brand humanization

A primary function of conversational tools relies on our natural inclination towards dialogue. Sensitive data can be difficult to acquire, made more cumbersome by using stagnant, static questionnaires or forms that are routinely abandoned before completion. However, this type of information is crucial for loans, debt advice, or mortgages. Take IVA Advisory Center's [debt consolidation chatbot](#) as an example. IVA has utilized no-code to create a bot that can offer stress-free debt advice in a welcoming manner, for a topic that can often be avoided.

It's important to understand your target audience and speak to them in a way that resonates. Brand loyalty is created from small interactions. The more approachable you can be while providing a valuable service will keep retention rates high.



Back-end efficiency

Large portions of financial services happen behind closed doors. Approval of loans, credit checks, and underwriting are all facets of digital banking which are routinely critiqued for being time-consuming for those on both sides of the counter. Chatbot Q&As, such as the [Kutxabank Mortgage Advisor](#), create a subset of data used as the initial qualification stages. Resources are saved by freeing up time for important tasks rather than ones that a bot can handle. Also, whichever agent is assigned to this outreach can approach it with a strong understanding of who they will be speaking to, their needs, and how they can best assist.

Not only are you able to optimize internal processes, but this data can also be used to develop your customer profiles further. Knowing how your target audience makes purchasing decisions, how they answer questions, or even their language helps you communicate better and refine your product offering.

Cost reduction



A chatbot can't replace a team of people, but it can work with them.

The majority of questions asked by visitors are repetitive. A simple FAQ response chatbot can pick these up. Other queries will be more complicated; however, implementing automation in conjunction with a low-cost no-code platform means you can invest in areas that yield a greater return. Scale your support at busier periods by only allocating team members to those that need it most. Build flows based on a wide variety of potential customer journeys, where you can hit as many effective conversation-closers as possible.

Upselling opportunities



Conversational Banking can help banks identify upselling possibilities. For example, when a customer buys a travel ticket, this is a good opportunity to reach out to ask if they also want travel insurance or currency services.



Conversational Solutions for Banking and Financial services

Chatbots for banking bring improvement in customer experience and expand their reach. Banks and financial institutions have been highly efficient at striking the ball and making chatbots a part of their daily functioning. [By the end of 2022](#), it is expected that banks will save billions by saving time explaining to customers' queries.

Let's look at some of the solutions that Conversational AI-powered chatbots can offer:



Customer Support

Chatbots streamline the customer support process and boost their operational efficiency. Additionally, chatbots in banking enhance customer experience by speeding up response times and allowing customers to obtain answers to their queries in the shortest period of time.

Existing and potential customers can put up their banking queries and problems even after working hours or during weekends. As a result, customers get a better experience and invest their trust in the bank. Round-the-clock availability of customer support reduces customer churn rate. Various banks have availed the advantage by deploying conversational chatbots for delivering instant customer service.



Lead Generation

The presence of chatbots in the BFSI industry has made the entire process of lead generation uncomplicated. The chatbots are fixed on the bank's messaging apps and interact with the users to determine whether or not they are interested in purchasing their bank's products. Once a potential customer has engaged in a conversation, the chatbot can promote services, refer to a sales representative, answer queries and so on, leading to an increased chance of successful conversions. Banks have witnessed a surge in the number of leads collected through chatbots than that were collected using traditional methods.



Voice Bots & IVR

The chatbot in BFSI is not just limited to "Text" but can also be deployed as Voice bots over platforms such as IVR, Voice Assistants, and In-Chat voice buttons. These voice bots can replicate the flow of text-based bots and handle multiple languages and accents. Technologies such as Natural Language Processing (NLP/NLU) and Machine Learning (ML) are deployed in these voice bots to make them sound more human.



Video KYC

In a bid to enhance the end-user experience, many Indian banks such as Kotak Mahindra Bank, ICICI Bank, YES Bank, SBI Card have deployed Video KYC solutions to make the onboarding process more convenient without the need for customers to leave their home premises. The Video KYC technology reduces the turnaround time from [30-20 days to 10 minutes and slashes onboarding costs by 90%](#). The Indian banks are further working to streamline the Video KYC with Video Bots, which will further eliminate human interventions.



Micro Journeys

Chatbot companies across industries are investing in building micro-journeys which are essentially modular conversational experiences to handle specific use cases. These micro journeys are plug-n-play modules that can be integrated into the conversational architecture. Popular micro journeys such as soft-loan approval, credit-score check, KYC, document upload, and interest rate calculator are already deployed within the chatbots of major Indian banks.

Conversational AI Use Cases in BFSI

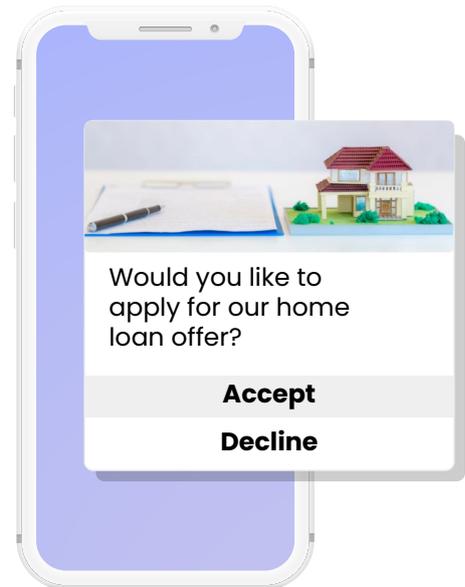
Conversational chatbots in BFSI can be used for customer support since the primary use of chatbots is to answer frequently asked queries and initial tasks. According to a [Business Insider report](#), 67% of customers are using chatbots for customer support. Let's look at some use cases of how conversational AI-powered chatbot solutions benefit BFSI in its three significant areas of functioning, i.e. marketing, commerce and support.

> Lead-gen to convert prospects to customers quickly

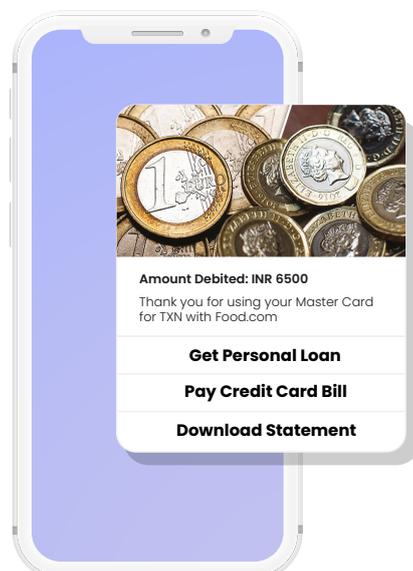
Chatbot enables banks to create a frictionless path for prospects to convert to customers for a variety of financial instruments, from loans to investments to insurance.



SCAN ME



SCAN ME



> Cross-sell and upsell opportunities

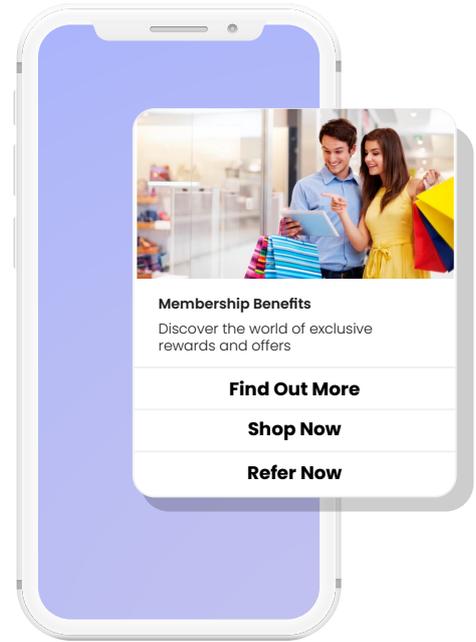
Chatbots can help convert a transaction alert on a credit card payment into an upsell opportunity for a personal loan.

> **Personalized offers**

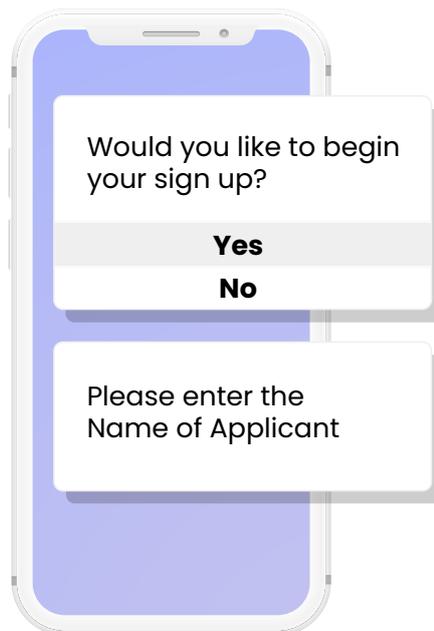
Chatbots empower banks to personalize wealth accounts for customers with exclusive memberships and wow them with benefits to signing up.



SCAN ME



SCAN ME



> **Automated KYC**

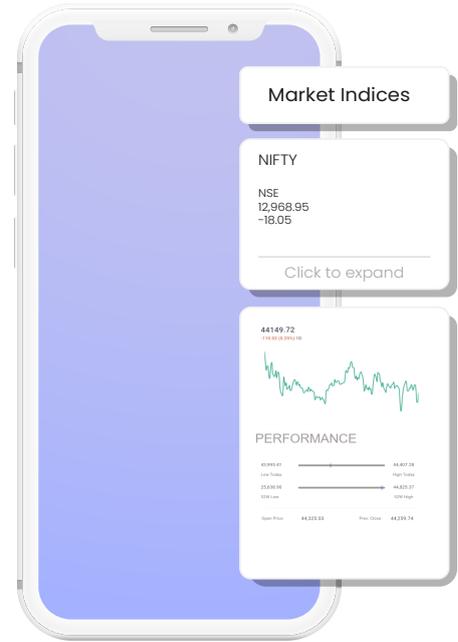
A simple chat-based journey can simplify processes like collecting customers' KYC details during the onboarding process.

> **Stock portfolio management**

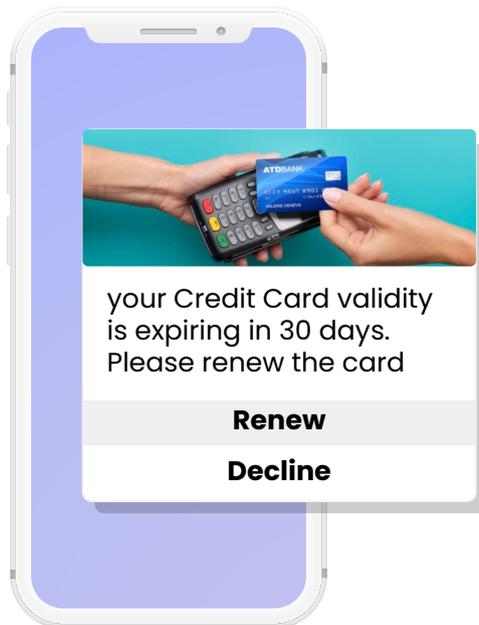
Chatbots enable customers to easily track their portfolio or add to their portfolio and buy/sell stocks.



SCAN ME



SCAN ME

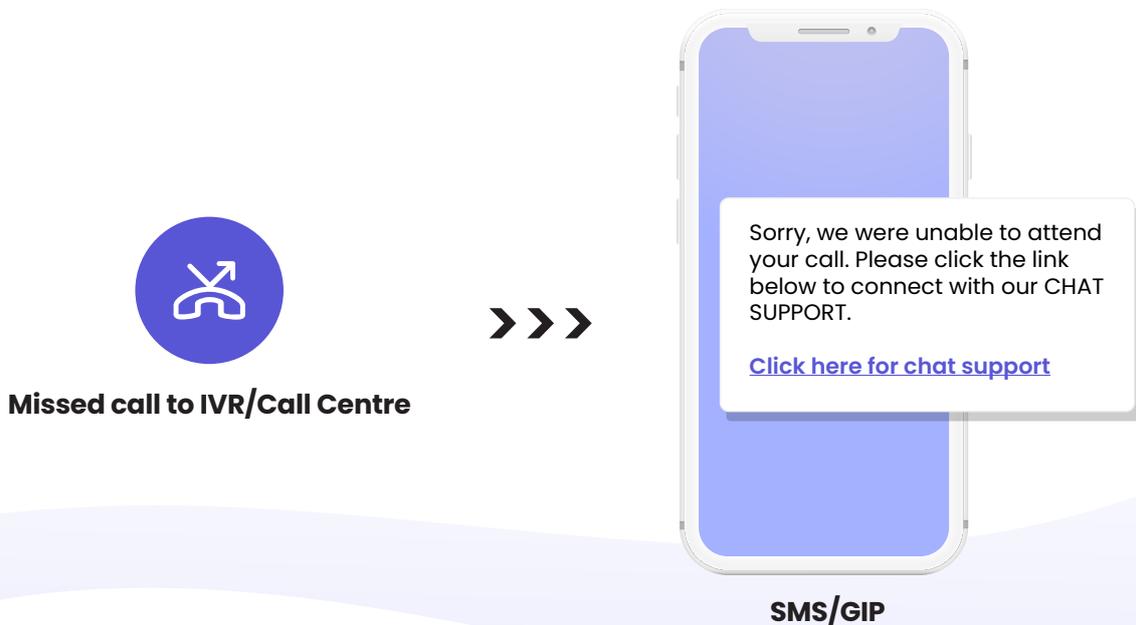


> **Credit card renewals**

Chatbots can nudge credit card customers to renew their cards, provide them with options that suit them and enable payments.

Call deflection to offload voice calls to messaging

When a phone call from a customer to IVR or Call Center cannot be served, an auto-triggered message can be sent to the calling number via [SMS](#) or [Gupshup IP messaging](#). The message contains a link to a chatbot that contains all the functions of IVR including balance enquiry, credit card enquiries and FAQs. This would greatly reduce cost, time to resolution.



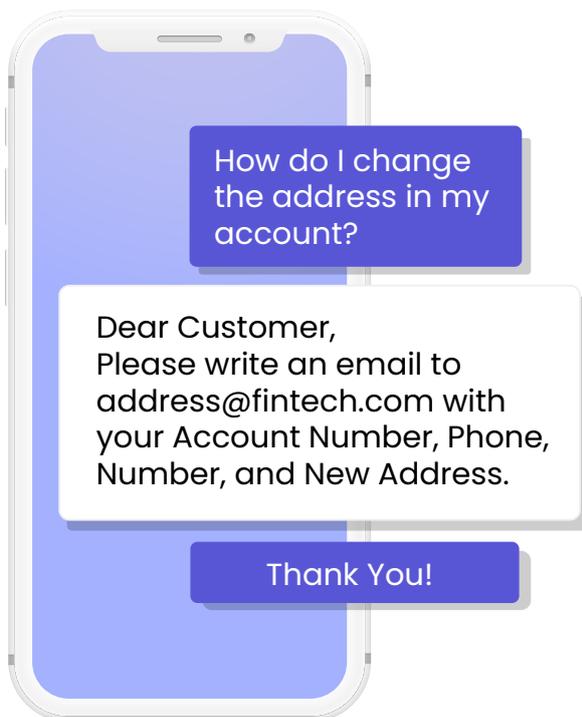
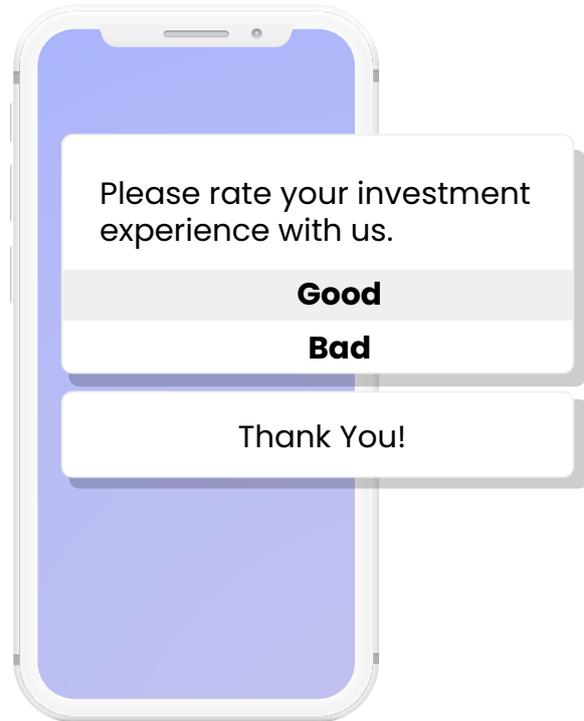
Branch banking

Offline to online: QR codes can be added to the branch to start conversations. The QR codes offer services like a token number, cheque book requests, FD opening, account opening, KYC etc. This enables banks to provide 24x7 service and instant resolution, which lower operational costs.



> **Customer feedback**

Chatbots can initiate surveys, capture net promoter scores, record customer feedback to reduce the load on live agents, who can focus on more critical support items.



> **Automate general queries**

Chatbots help reduce the overall load on your live agents with support bots. These bots help answer frequently asked generic questions and intelligently hand over in time to the agents in case of complex queries.

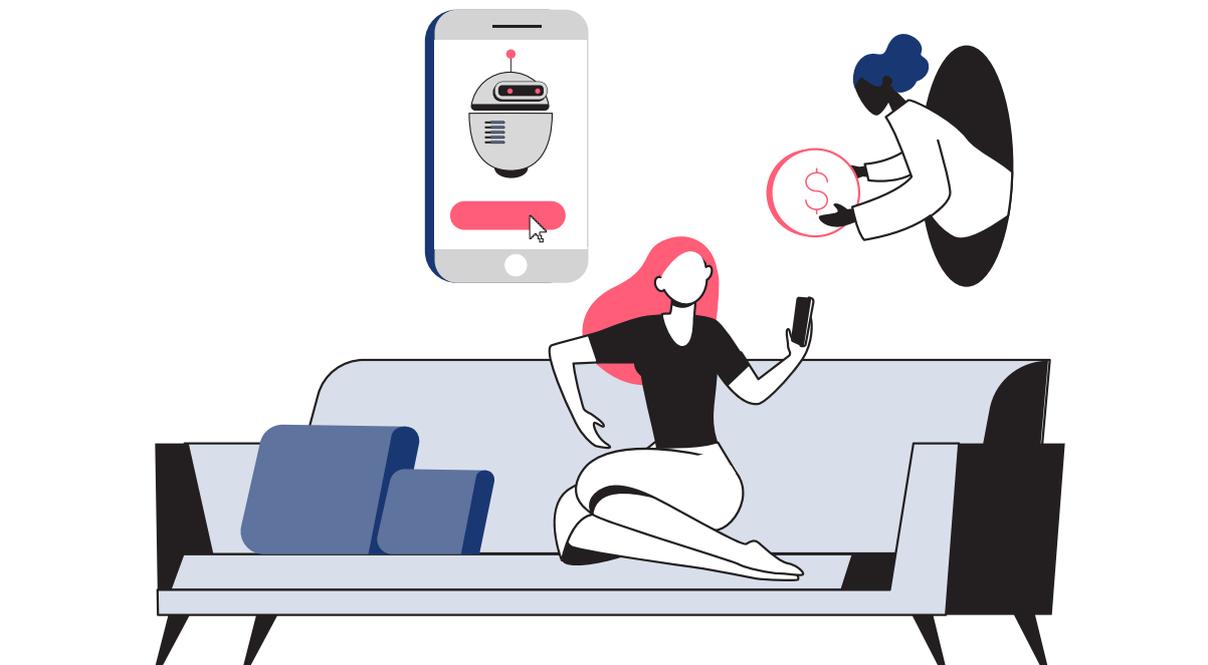
Conclusion

The rise of no-code conversational tools has meant that banks, insurance companies and other financial institutions can transform their customer's experience across the board. With low-cost, easy-to-use chatbot builders, consumers can access 24x7 support, personalized product offerings, and faster response rates. From a business perspective, resource reallocation means that employees can be assigned tasks that create real value while leveraging bots to handle that initial interaction. The chatbots can also help achieve higher profits through automation, at-scale personalisation, unique experiences, and shorter sales cycles. According to a report, BFSI companies achieve three times more customer conversations and 40% more sales productivity.

The Gupshup conversational system automates lots of business use cases of the BFSI industry. Gupshup provides BFSI companies with the ability to offer faster onboarding, support more secured transactions, manage and administrate day-to-day operations and provide seamless service support to customers.

Our messaging solutions include single API and advanced API. Interact and transact with your customers seamlessly across 30+ messaging channels using [Gupshup's single API](#) for messaging. Across verticals, thousands of large and small businesses in emerging markets use Gupshup to build conversational experiences across marketing, sales and support. With Gupshup, several businesses have made conversations an integral part of their customer engagement success.

[Reach out to us](#) to know how you can transform customer experience and engagement for banking services, remittance and payments, financial services, and insurance services. #LetsGupshup.



Sources

- › [Banking CIOs Must Align Data to Customer Needs Instead of Channels.](#)
- › [How Conversational AI is Revolutionising Banking as we know it](#)
- › [Banking Chatbots in 2020 – How is Conversational AI Impacting Customer Finance?](#)
- › [Covid-19 and The Rise of Conversational Banking | CBOT](#)
- › [How artificial intelligence is changing the face of banking in India](#)
- › [BFSI firms reshaping customer service with chatbots and robotics](#)
- › [Chatbots in Banking Sector: Benefits, Examples, and Future](#)
- › [How Artificial Intelligence Systems Are Changing India's Banking Industry?](#)
- › [BFSI Turning To AI, Moving From SMS To Omnichannel Chatbots](#)
- › [Chatbots are revolutionizing customer service across BFSI](#)
- › [Conversational Banking For Improved Customer Experience](#)
- › [Conversational Messaging Solutions for BFSI](#)
- › [Will Chatbots Change The Face Of Banking In 2020?](#)
- › [Conversational Banking – Benefits, Case Studies and How to Get Started](#)
- › [AI Chatbots in Finance: How to Reshape Customer Service](#)
- › [Chatbots in Financial Services: Benefits, Use Cases & Key Features | 2020](#)
- › [Chatbots Are Gaining Traction](#)
- › [Artificial intelligence in business](#)
- › [Bank of America launches AI chatbot Erica -- here's what it does](#)
- › [The Future of Chatbots in Banking](#)