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# Transforming Customer Service Outcomes in Banking with AI Automation

How Banks Can Leverage AI to Improve Self-Service, NPS and Customer Experience at Scale



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“Trust is the most fundamental asset a bank can have. So when an innovation as revolutionary and uncharted as natural language AI emerges, banks need to be able to trust the results.”

MELISSA SOLIS, CEO AT INBENTA





# Executive Summary

When customers think about their banking relationship, what do they prioritize? Low fees, breadth of products, competitive rates, mobile banking features and quality customer service all rank at the top of the list.<sup>1</sup>

Delivering superior and consistent customer service is critical to attracting—and retaining—customers. Seventy-five percent of people say a positive customer experience influences what bank they choose.<sup>2</sup> Ultimately, banking is about building long-lasting relationships.

Establishing enduring customer relationships requires top-notch customer service. Traditionally, this was done at the branch level, where personal relationships were key to forging bonds with customers. However, as the importance of branch networks takes a backseat to digital and remote channels (such as mobile apps and call centers), financial institutions are faced with a new challenge: creating lasting relationships without in-person customer interactions. This is particularly important for banks competing for Millennial and Gen Z customers.

Legacy processes and systems have yet to catch up to this shift away from the branch. AI-powered tools represent a new opportunity for financial institutions to bridge the gap between experience and expectations in ways that are efficient, cost-effective and, when properly executed, surprise and delight customers.

This includes the introduction of chatbots, search modules, enhanced FAQs, instructional demos, and more tools that create significant value for customers and offer a new way for financial institutions to distinguish themselves in the digital era.

While many large banks have already deployed AI-enabled solutions and are in the process of launching additional features, many of these solutions don't live up to their initial promise. Meanwhile, smaller FIs are actively looking for partners who can help balance a positive, automated user experience with challenges related to integration and compliance. Regardless of where banks are with these projects, 75% of banking professionals agree: AI will change their job.<sup>3</sup>



Financial institutions are faced with a new challenge: creating lasting relationships without in-person customer interactions.



This white paper was developed to help banks navigate the rapidly shifting landscape of AI and provide guidance on best practices in using AI-powered tools to improve customer service at scale without sacrificing safety, security or compliance requirements.

<sup>1</sup> <https://www.fool.com/the-ascent/research/digital-banking-trends/>

<sup>2</sup> PwC, "Experience is everything: Here's how to get it right," URL Reference: <https://www.pwc.com/us/en/advisory-services/publications/consumer-intelligence-series/pwc-consumer-intelligence-series-customer-experience.pdf>

<sup>3</sup> <https://www.americanbanker.com/payments/list/7-ways-gen-ai-is-disrupting-financial-services-jobs>

# Banking's Customer Experience Gap

When compared to other sectors, the digital experience offered to customers by traditional financial institutions has fallen behind consumer expectations. Rapid innovation, on-demand purchasing and anytime/anywhere convenience have become the norm, shaping everything from mobility (Uber, Lyft), travel (Expedia, Airbnb), money transfer (Venmo, Zelle), food delivery (Seamless, DoorDash) and more. Banks are now under pressure to digitally transform their products and services to meet these heightened expectations, which consumers have come to see as table stakes.

The resulting 'experience gap'—the difference between what consumers expect versus what many financial institutions are providing—will only grow more pronounced in the absence of far-reaching digital transformation. One report from PwC notes a 20% difference between how much importance customers give to a bank's customer experience and how satisfied they actually are with their own bank's customer experience.<sup>4</sup> This expectation vs experience gap is wider in banking than in many other industries.

Consumer demand for improved customer experience delivered via digital channels is palpable—71% of consumers prefer to manage their bank account using either an app or website.<sup>5</sup> When it comes to younger consumers, particularly Gen Z, the preference for digital and mobile interactions is even more pronounced.<sup>6</sup>

For banks, these channels have proven critical to attracting and retaining customers.<sup>7</sup> To bridge the experience gap, these channels will also need to provide the level of customer service that today's consumers have come to expect.

How important are each of these factors in determining which bank you would open an account with?	2023
Security and fraud protection features	92%
Quality customer service	92%
Mobile and online access	91%
Low fees on checking and other accounts	90%
Easy ATM Access	90%
Good brand reputation	89%
Types of accounts offered	89%
Competitive interest rates	87%
Convenient brand location	87%
Availability of other financial products	85%
Diversity in bank leadership	79%
Sustainability and environmental friendliness	76%
Community involvement	73%
Locally owned	62%

SOURCE: MOTLEY FOOL<sup>8</sup>

<sup>4</sup> PwC, "Experience is everything: Here's how to get it right," URL Reference: <https://www.pwc.com/us/en/advisory-services/publications/consumer-intelligence-series/pwc-consumer-intelligence-series-customer-experience.pdf>

<sup>5</sup> Bankrate, "Digital banking trends in 2024" URL Reference: <https://www.bankrate.com/banking/digital-banking-trends-and-statistics/>

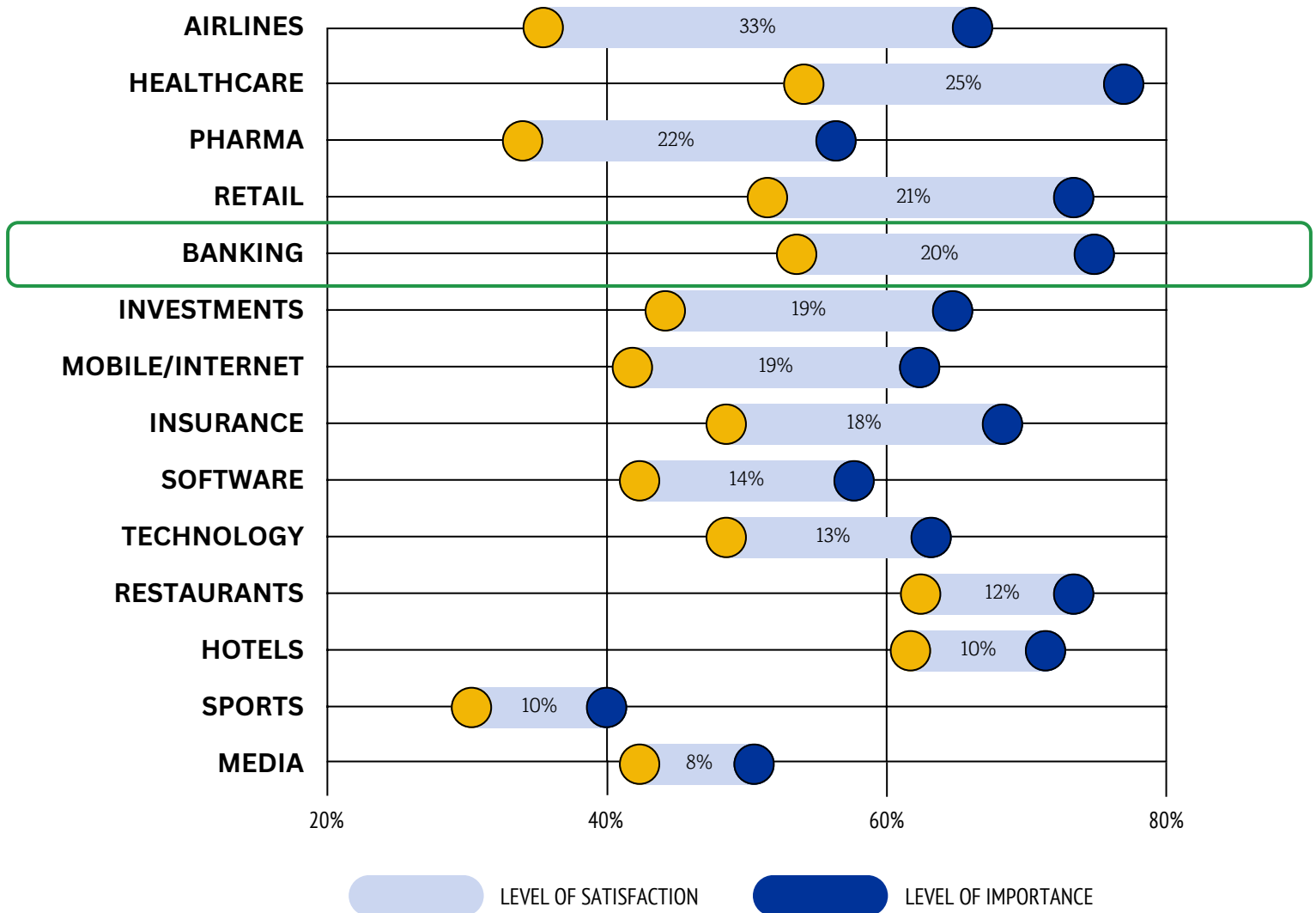
<sup>6</sup> World Economic Forum, "Speaking Gen Z: How banks can attract young customers" URL Reference: <https://www.weforum.org/agenda/2023/11/gen-z-banking-finance-money-trends/>

<sup>7</sup> PYMNTS, "Bank Earnings Continue to Demonstrate Digital Shift Also Includes Branches" URL Reference: <https://www.pymnts.com/earnings/2023/bank-earnings-continue-to-demonstrate-digital-shift-also-includes-branches/>

<sup>8</sup> Motley Fool, "Study: Banking Needs, Digital Banking Trends, and Consumer Priorities" URL Reference: <https://www.fool.com/the-ascent/research/digital-banking-trends/>

## Banking's Customer Experience Gap

# The Expectation and Experience Gap



Q: When it comes to making purchase decisions, how important is customer experience in each of the following industries? Generally speaking, how would you rate the customer experience in each of the following industries today?

Source: PwC Future of Customer Experience Survey 2017/18

SOURCE: PwC<sup>9</sup>

<sup>9</sup> PwC, "Experience is everything: Here's how to get it right," URL Reference: <https://www.pwc.com/us/en/advisory-services/publications/consumer-intelligence-series/pwc-consumer-intelligence-series-customer-experience.pdf>

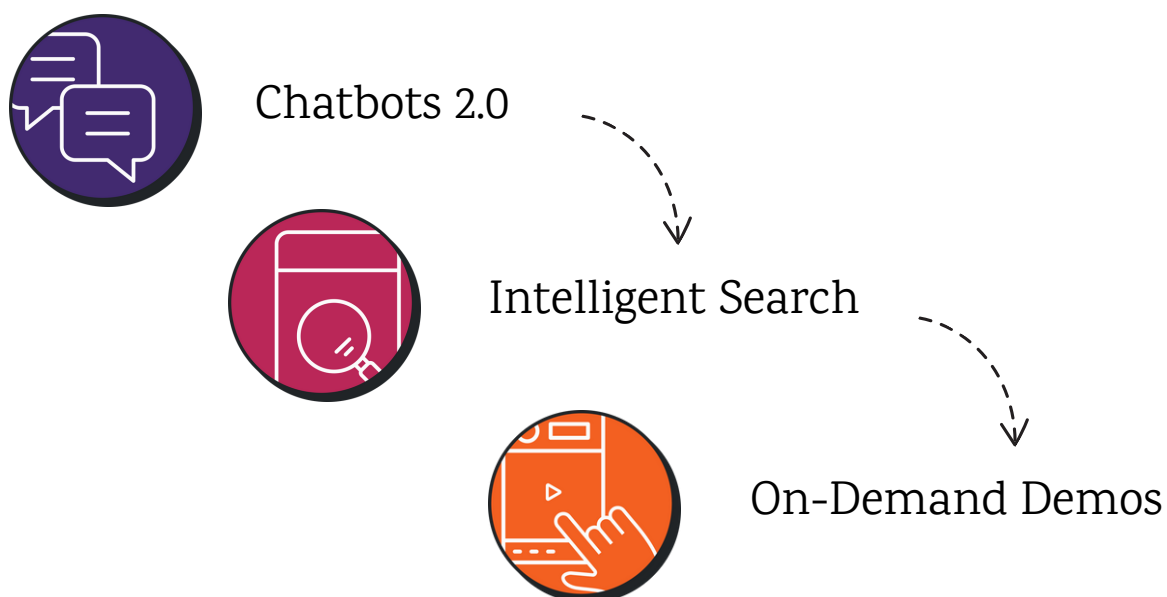
# Digital Transformation, Powered by AI

To close the customer experience gap, FIs should look to AI-powered solutions that will significantly improve customer self-service. As branch networks continue to shrink over time, many customers – particularly Millennials and Gen Z – increasingly rely on digital self-service channels for their day-to-day banking needs. While the last decade has been defined by banks differentiating themselves using smartphone apps and feature-rich websites, many of the services offered today by the majority of FIs are now nearly identical.

The majority of banking app features – remote check deposit, bill pay, wire transfers, P2P payments, transaction monitoring, and more – have all become standard services and are now no longer sufficient to create a differentiated, superior customer experience. AI-enabled features represent the next generation of technological innovation that will allow forward-thinking financial institutions to distinguish themselves and attract the next generation of customers.

Natural language AI-enabled chatbots, intelligent search and on-demand instructional content are all part of the next wave of banking innovation. Collectively, these tools give consumers the power to answer virtually every query they may have with their bank. Just as the introduction of the iPhone in 2007 heralded a new age of digital experience, 2024 will similarly be a watershed year, as AI tools will soon redefine the landscape of digital experience and customer service delivery.

Superior self-service will be defined by speed, accuracy and accessibility across channels, including chatbots, search tools and on-demand demos.



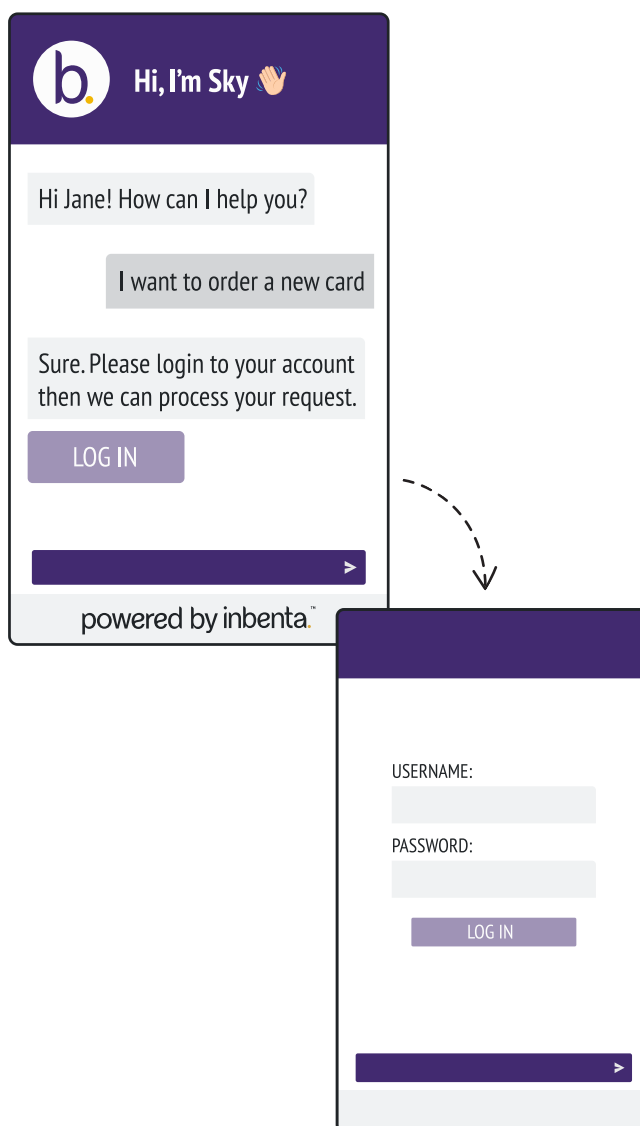
## Digital Transformation, Powered by AI

# Chatbot 2.0

From a customer perspective, chatbots provide a gateway to customer service that requires zero wait time. Many customers, including 9 out of 10 Gen Z consumers,<sup>10</sup> prefer this type of text-based conversation over picking up the phone.

However, not all chatbots are created equal. Legacy bots act more like a waiting room, providing little help until a live agent can join the chat. Other chatbots provide decision-tree-style responses, forcing customers to navigate a predetermined set of prompts – taking the ‘chat’ out of chatbot. In both instances, customers are often left frustrated with long wait times and inaccurate responses to their questions. More often than not, these instances are simply an intermediate step to a call center.

The underlying technology that powers a bank’s chatbot is critical to its efficacy. Natural language AI bots (whether using Conversational AI, Generative AI, or a hybrid of both) are more sophisticated and can understand the meaning and intent behind a user’s inquiry – not just a list of predetermined keywords and phrases. These natural language bots allow banks to engage customers in human-like, personalized conversations. This is possible through the AI’s ability to pull in and process vast amounts of unstructured data from the bank’s materials and the preloaded industry-specific language used to train the bot. The results are fast and accurate responses, lower support call volumes and associated costs, and, ultimately, happier customers.



<sup>10</sup> Fox News, "Gen Z opting for texting due to 'phobia' of phone calls, research reveals" URL Reference: <https://www.foxnews.com/media/gen-z-opting-texting-due-phobia-phone-calls-research-reveals>



## Digital Transformation, Powered by AI

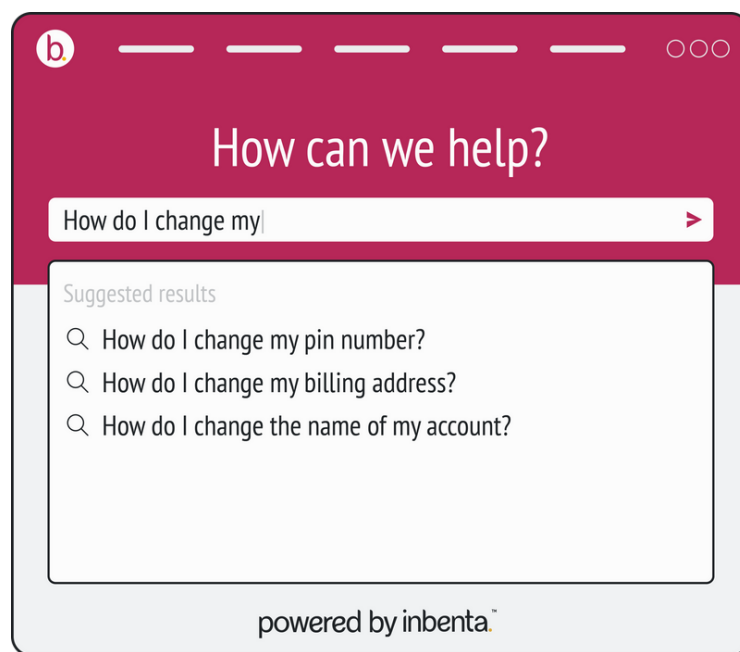
# Intelligent Search

Search is another area that can be radically improved with AI. While nearly all banks have a search function on their website or app, their results are often lackluster. A good search feature lets customers find what they're looking for, surface helpful content, and look up a bank's products and services with minimal effort.

Unfortunately, many search engines don't return accurate results. (Try searching for something a frustrated customer might ask your bank – e.g., “Why can't I make an instant payment?” or “How do I get a loan?” – and see for yourself. If the first or second result answers the question directly, great job. If not, you still have work to do.)

Important to any search functionality is the ability to understand the context of search queries, including the use of negatives, flexible words that can either be a noun or a verb, misspelled words, and other intricacies of language. In addition, a bank's search feature should be able to interpret long-tail search queries that read more like a complete-sentence question a customer might naturally ask.

Search bars that rely on keywords can't accurately respond to these kinds of queries, resulting in a broken search experience. This is where natural language AI becomes the preferred solution. Natural language AI can capture and understand the intent of queries and triangulate them with the library of content a bank has available. It means accurate search results, less reliance on agent support, and a better customer experience.





## Digital Transformation, Powered by AI

# On-Demand Demos

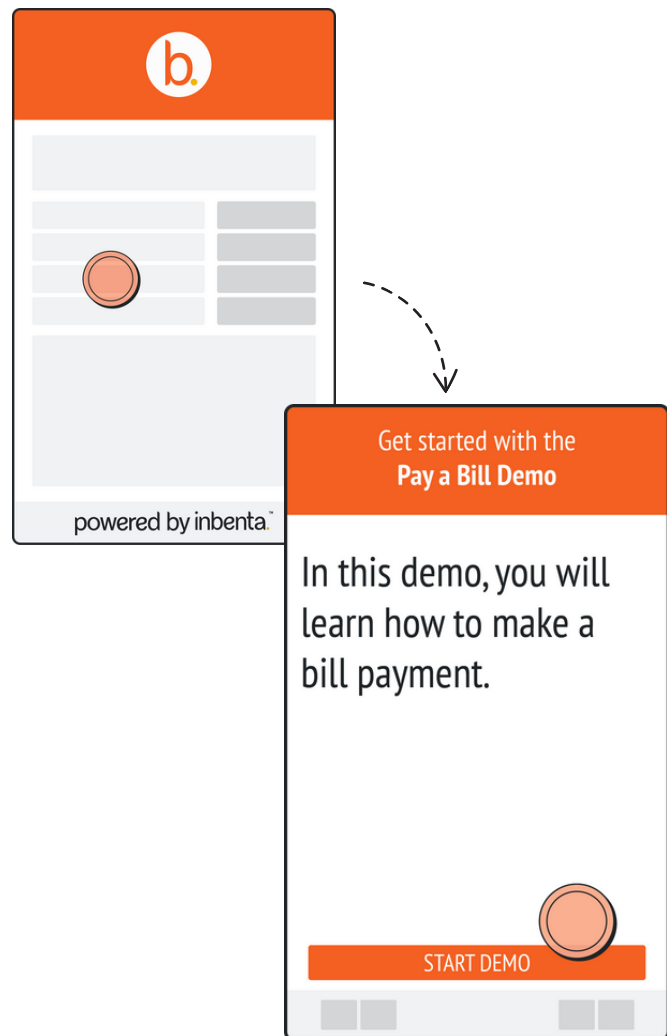
When customers have questions about new digital features, there are sometimes few readily accessible, easy-to-understand resources available to them. As a result, customers default to calling customer service. In some cases, customer service agents must go even further and transfer customers to a technical support specialist.

If customers can't easily find product know-how, what does this say about a bank's online resources? And if agents can't answer a simple technical question about how some digital feature works, what does this say about the level of customer service support?

To solve for this, innovative financial institutions are deploying online instructional demos. These demos provide a step-by-step guide to the most frequently asked product questions, ranging from how to open an account, set up an alert, to how to transfer money or make a mobile deposit.

Libraries of instructional demos provide a helpful resource and allow customers to resolve their product-related questions without having to speak with an agent. Plus, they're easier to follow because they show (versus having to tell) the customer how the process works.

Banks benefit from this customer experience enhancement as well, allowing them to redirect valuable contact center and in-branch time and resources away from answering simple questions to handling more complex customer inquiries.

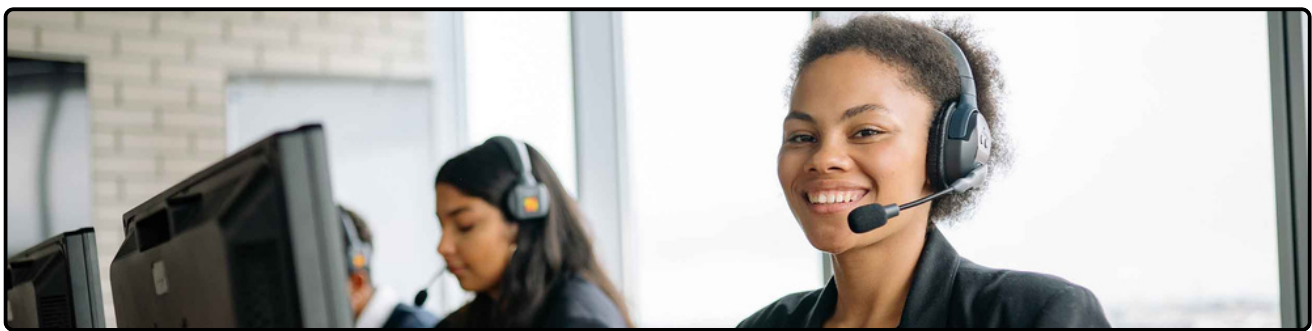


# Case Studies

## An International Bank Improves Agent Performance

### Overview

One the world's top 50 largest banks struggled to manage the volume and resolution of customer service inquiries to its retail bank. The bank turned to Inbenta to implement Inbenta's self-service and automation tools across the bank's 25,000 customer support agents.



### Challenge

The bank's contact center struggled with an overwhelming volume of customer calls, causing delays and poor customer service results. Despite deploying 300 customer support agents, the contact center continued to be overwhelmed as its customer service team had to handle 86% of calls and had an average wait time of 4.5 minutes. The overall result was an inconsistent customer service experience that needed improvement.

### Solution

To address this challenge, the bank aimed to shift customer service from a model of agent escalation to a DIY model, emphasizing customer support self-service. The bank achieved this by integrating Inbenta's AI-enabled self-service platform. The new set of tools – which included a chatbot, a knowledge management tool, and live chat and ticketing system – were provided to frontline customer service agents who were then empowered to solve issues without having to contact a customer service manager.

### Outcome

Implementing Inbenta's AI-enabled self-service platform produced transformational improvements for the bank and its customer service operation that exceeded KPIs. In just 12 months, customer service escalation calls to customer support managers fell from 71% of all interactions to 11% – an 84% improvement – as customer support agents were able to handle more issues independently. The bank also saw a 99% automated response rate, highlighting the effectiveness of Inbenta's platform, and a 50% improvement in employee efficiency.

## Case Studies

# A Regional Bank Gives Customers Step-by-Step Product Guides

### Overview

A regional bank wanted to reduce the number of inbound calls and branch visits when customers had a question about how to work their online or mobile banking account. The bank leveraged Inbenta's instructional demo tool to create a library of interactive product how-to tutorials.



### Challenge

As the regional bank rolled out new online and mobile banking features, it received a consistent flow of requests related to how its new products and services worked. The bank wanted to simultaneously reduce the number of calls and requests, which created longer wait times, and improve customer experience overall.

### Solution

The regional bank enlisted Inbenta to build a library of how-to demos covering the most commonly asked questions, including how to enroll in online banking, how to pay a bill, how to change account information, and more. It also used the demos for internal training sessions via its learning management system, creating more knowledgeable and competent frontline staff.

### Outcome

Inbenta's library of demos successfully helped the regional bank automate how it educated its customers on its products and services. The demos were also extremely helpful in training employees. In the past 12 months, over 8,000 demos have been viewed by customers.

# LLMs and Compliance

AI, particularly Generative AI, has come under scrutiny for its accuracy and data privacy concerns.

Regulators in the U.S. and abroad have expressed concerns related to Generative AI's potential harm to consumers, especially in regulated industries. For example, if a bank were to provide misleading information via a Large Language Model (LLM) chatbot, infractions might follow.

Banks looking to integrate LLMs, especially into a customer-facing setting, need to be aware of the risks and look for ways to ensure compliance.

These risks include:

- Hallucinations, where an LLM will respond with an inaccurate or nonsensical response;
- Data privacy issues that arise when dealing with any software that doesn't properly notify and ask users for their consent to use their data;
- Copyright infringement if it is found that the LLM is using copyrighted work illegally.

Without the proper checks in place, these risks could be difficult to navigate, since LLMs are a black box, making it impossible to understand how or where the LLM came up with a certain response.

To create a safer AI experience, banks need to have the flexibility to add a layer of review and compliance when using an LLM. Alternatively, banks can apply a vetted natural language AI like Conversational AI or adopt some type of hybrid model that uses both AI technologies when appropriate.

## What's the difference between Conversational AI & Generative AI?



### CONVERSATIONAL AI

Uses Natural Language Processing, machine learning and a robust lexicon to understand customer inquiries by deconstructing user inputs, comparing them against a database of words and their semantic relationships and connecting them with pre-programmed responses.



### GENERATIVE AI

Was developed to generate novel content in response to user prompts. In text-based exchanges, Large Language Models (LLMs) are deployed that leverage statistical models, machine learning and massive datasets to train the algorithms' content output.

## ABOUT INBENTA

# Inbenta is a complete customer experience platform powered by AI

Inbenta helps connect banks to their customers with smarter, better interactions online. Featuring a complete set of enterprise-ready AI products, Inbenta's solutions are designed to automate interactions, improve customer experience, and deliver a proven ROI. Importantly, Inbenta's natural language AI foundation is built with a focus on reliability, safety, and transparency, giving banks the ability to engage their customers with fluency, accuracy, and flexibility.

Banks in the U.S. and across the globe use Inbenta's AI-enabled customer experience platform across customer service use cases, markets, and languages.

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### Chatbot

Utilize a chatbot that can autonomously engage in complex customer conversations, answer questions and complete tasks.



### Search

Incorporate a user-friendly search functionality that makes it easy for customers to find the right content.



### Knowledge

Organize your company's content, making it fast and simple to find, with a knowledge management tool.



### Benti

Optimize customer engagement across multiple platforms with a centralized case management and ticketing system.

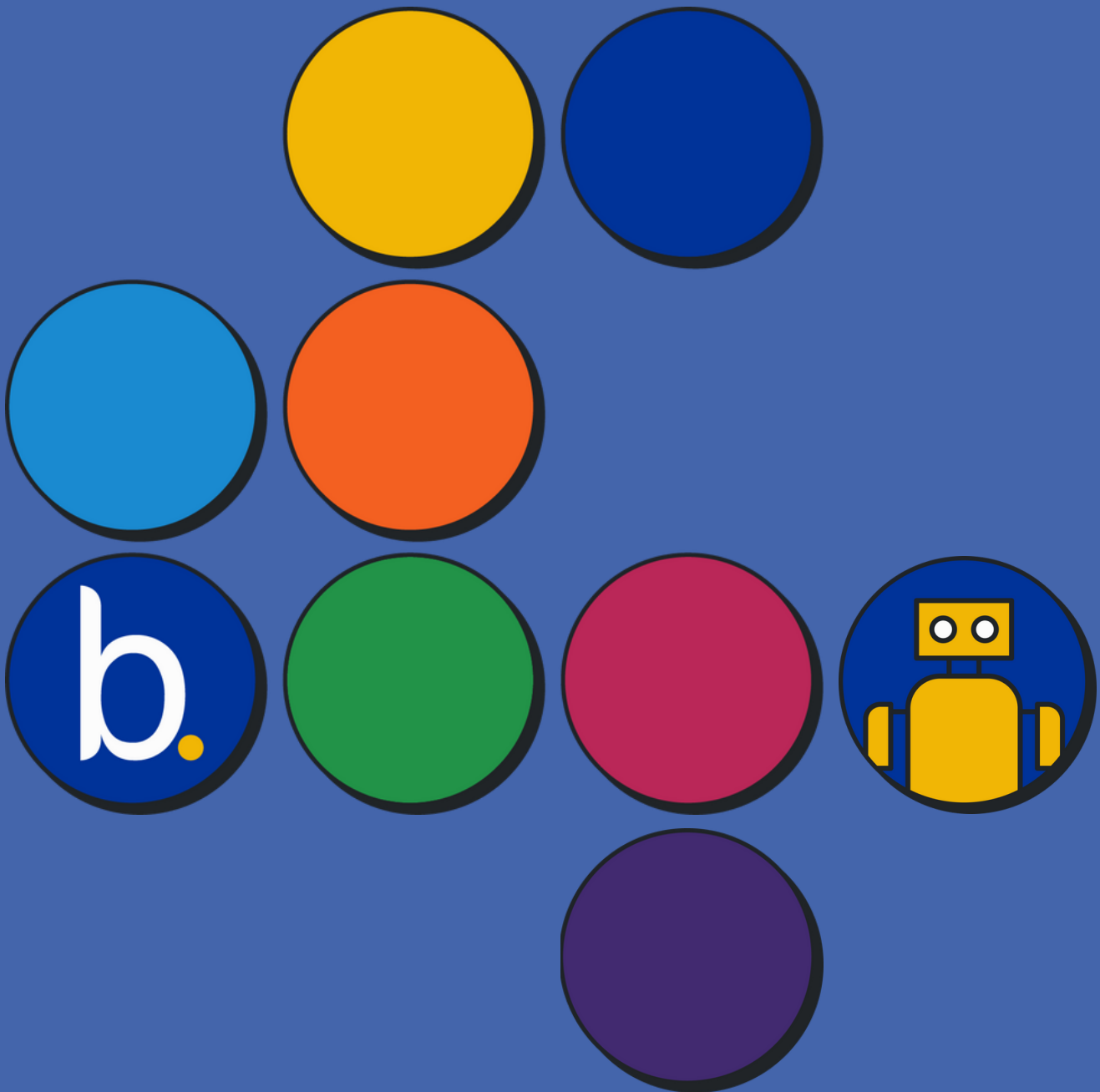


### Digital Instructor

Provide 24/7, instant self-serve customer support with interactive step-by-step product tutorials.

# Schedule A Demo

[www.inbenta.com/schedule-a-demo](http://www.inbenta.com/schedule-a-demo)



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