

# Banking on the Future

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How AI can revolutionize customer relationships in retail banking





Hi! How may I help you?

I need to transfer funds between my accounts.

I can help you with that. Which account will the funds be coming from?

**Checking** .....6393

**Savings** .....0298

Talk to customer service...



### Funds Transfer

FROM

Savings  
.....0298

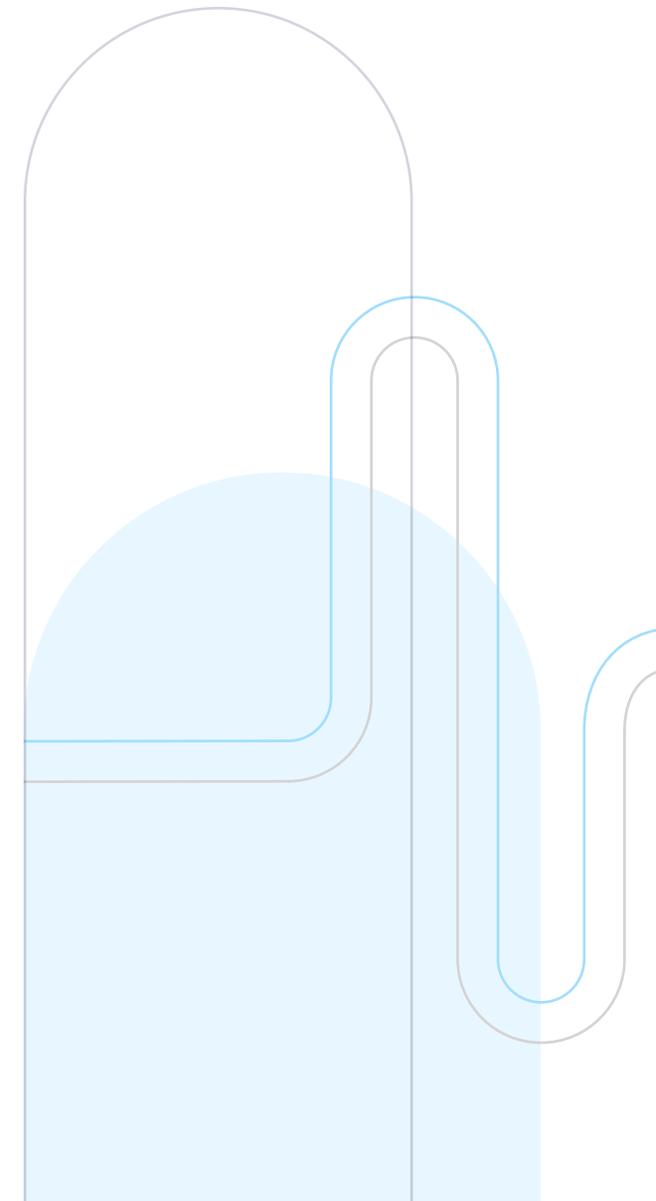


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# The Digital Landscape

The traditional banker-client relationship has been completely disrupted by the advent of digital banking. The stereotype of the somber bank manager in a suit and tie solemnly stamping the client's pile of forms to approve or disapprove a transaction has been replaced with a few clicks on the bank's website. Visits to bank branches have been replaced by apps, and a personal relationship with one's banker is often supplanted by connecting to the bank's customer service center.

But the digital revolution is about far more than upgrading a website or creating an app. It's about gathering unimaginable amounts of data and the ability to provide real-time analysis, something which is only possible through the implementation of artificial intelligence, or AI.

AI is transforming a number of aspects of the banking industry: investment decision-making, fraud detection and trend analysis are just some of the areas being revolutionized. But AI is not only taking over the back office; it is also a powerful tool to bring the **"front end"** of banking – i.e. customer relationships – to the next level.

A recent **report** from Oliver Wyman, the management consulting group, calls AI a **"game-changer"** for the banking industry. They go on to state, **"Pressure is mounting on banks to adopt a digital mindset. They need to adapt to evolving customer expectations, reduce costs, prevent losses of business to nimbler start-up competitors, and find novel ways to grow revenues."**

Deloitte, in their recent **publication** *Shapeshifters: the changing role of the CIO in financial services*, concurs: “**Technology-driven innovations have raised customer expectations and transformed the competitive landscape for financial services**”.

Indeed, exceeding customer expectations and keeping up with technology are seen as two of the top ten challenges in the financial services industry today, according to a recent **Linchpin** article.

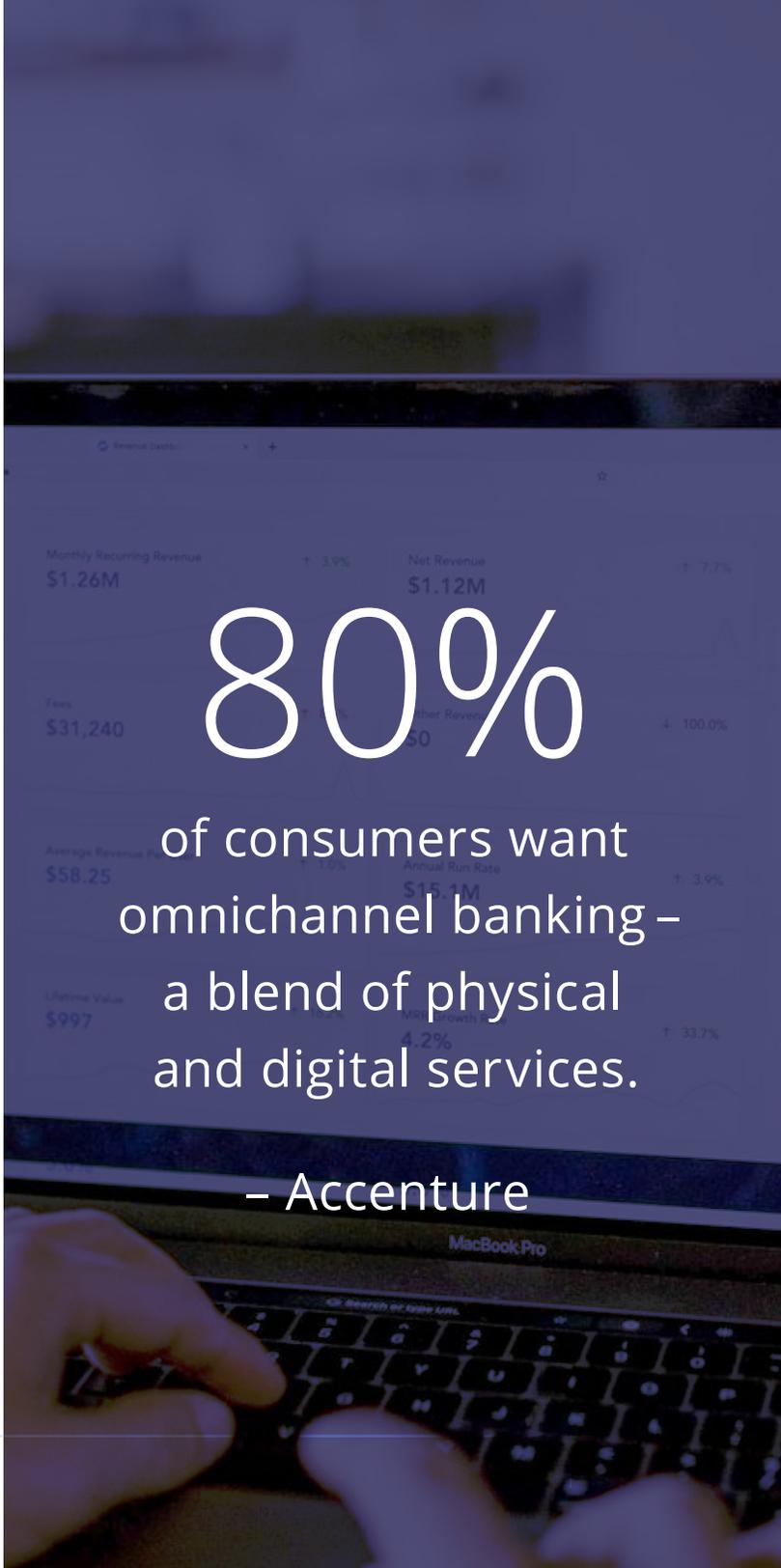
**Financial services companies today aren't just competing against other financial services companies; they are competing against the expectations established by the best digital companies in every industry, including Amazon and Facebook.**

– Deloitte

# What Customers Want

Many banks have struggled with the impact of new technologies and what they mean for banking relationships long-term. The traditional model of in-branch interactions coupled with customer service call centers is difficult to scale in order to meet the needs of increasing numbers of clients and widening product lines.

Despite the rapid change in customers' needs, desires and ways of interacting with their banks, however, the fundamentals remain the same. It is important to not let the technology overwhelm or supplant the relationships. Customers still expect their banks to have excellent customer service, and continue to expect that service to be provided by knowledgeable, trusted employees.

A laptop screen displaying a dashboard with various financial metrics. The metrics include: Monthly Recurring Revenue (\$1.26M, +3.9%), Net Revenue (\$1.12M, +2.7%), Fees (\$31,240, +100.0%), Average Revenue Per User (\$58.25, +1.0%), Annual Run Rate (\$15.1M, +3.9%), Lifetime Value (\$997, +4.2%), and MRR Growth Rate (+33.7%). A large white '80%' is overlaid on the screen, with the text 'of consumers want omnichannel banking – a blend of physical and digital services.' below it.

80%

of consumers want omnichannel banking – a blend of physical and digital services.

– Accenture

# Best of the Best in Customer Service

The Forrester **Customer Experience Index** says that customer service is the number one factor in creating a good customer experience, regardless of industry or market.

What constitutes good customer service? In today's fast-paced, 24/7 environment, customers expect an immediate response, they expect customized solutions tailored to their needs, they expect their banker to be empathetic and to have access to a broad range of information, and they expect to be able to get assistance through a variety of means that includes everything from in-branch transactions to phone calls to websites to social media.

**Areas of investment in banking include consolidating services and providing a more efficient and user-friendly customer-facing digital experience across internet and mobile platforms as well as in physical locations.**

- Protiviti

A recent **study** by Accenture shows that 47,000 customers across 28 countries want comprehensive propositions from their banks that address core needs; a fully personalized offering; better advice and more attractive deals in exchange for their personal information; and better integration across physical and digital channels.

The report concluded that, **“The ability to deliver a consistent level of service across all channels is an increasingly important competitive differentiator for financial providers.”**

AI is clearly leading a revolution in customer service, and Forbes estimates that the market for AI technology will grow from \$800 million in 2019 to \$2.8 billion by 2024<sup>1</sup>. A significant proportion of this investment is in conversational AI – technologies which use voice recognition, machine learning, and natural language processing to imitate human interactions.



**“Increasingly, our work as a bank is about doing something for our customers that helps position them for that world that’s changing around us. That’s the thrust of what we’ve been about in terms of the innovation agenda over the course of the past five years – and it will continue to be our objective.”**

**– Director of Innovation,  
NatWest Bank**

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<sup>1</sup> <https://www.forbes.com/sites/insights-ibmai/2020/06/25/how-ai-is-revamping-the-call-center>

# Face-to-Face Innovation

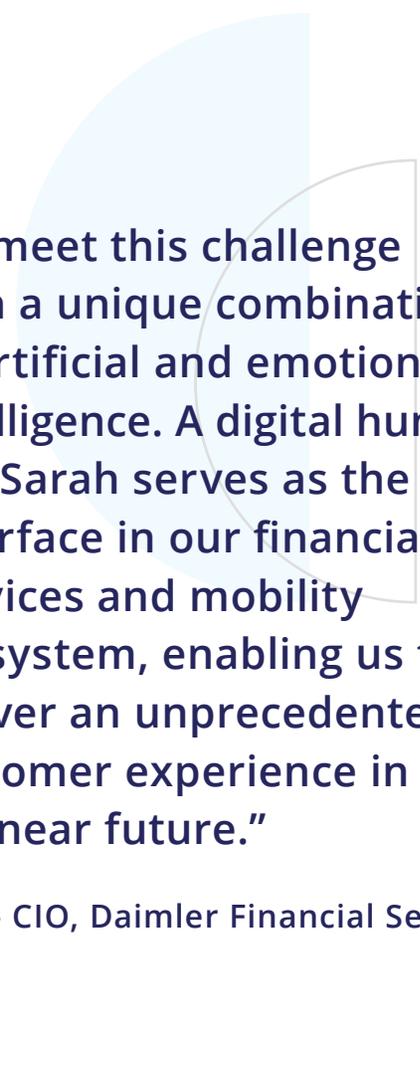
But there is another important trend in customer service which is not being addressed by most available AI offerings: the increasing use of visual communications. According to **TheFinancialBrand.com**, the next big breakthrough in mobile banking will be two-way interactive video, and customers will expect video assistance in four key areas: self-service assistance; visual troubleshooting; consultative selling; and access to financial experts. Of the banks and credit unions included in their survey, 81% have or will deploy video banking.

**72% of financial institutions that offer video banking services are perceived as innovative.**

- The FinancialBrand.com

How can banks ensure excellent customer service, increase engagement with customers, and respond to the challenges facing the banking industry today?

Soul Machines offers a cutting-edge solution that allows companies to deploy conversational AI through astonishing Digital People™, human-like and capable of autonomous animation to engage and serve customers across a wide range of services.



**“We meet this challenge with a unique combination of artificial and emotional intelligence. A digital human like Sarah serves as the interface in our financial services and mobility ecosystem, enabling us to deliver an unprecedented customer experience in the near future.”**

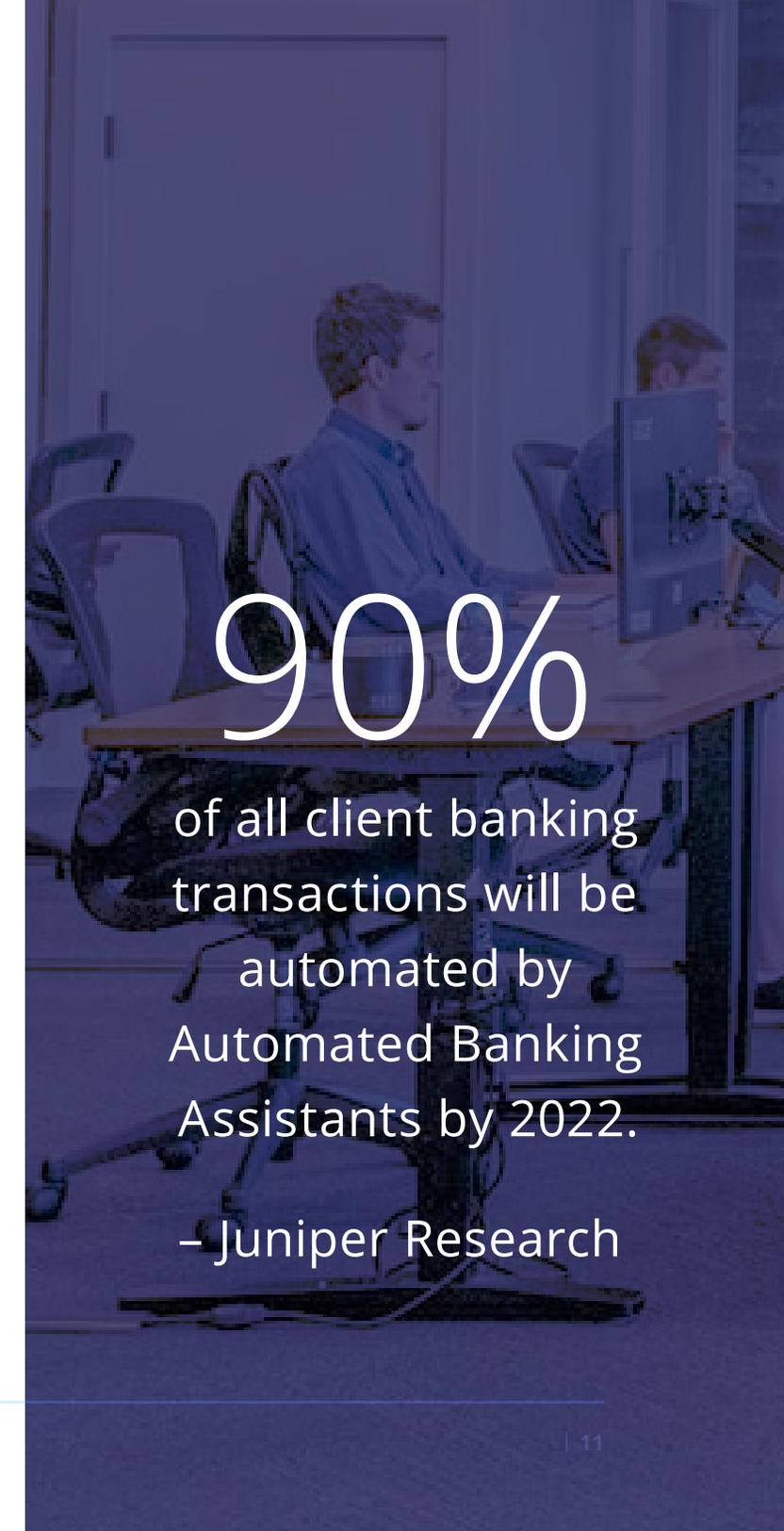
- CIO, Daimler Financial Services

# One Step Further

Since 2016, Soul Machines has been humanizing AI through the creation of Digital People to provide customers with visual interaction that combines AI and emotional intelligence and allows banks to establish an emotional connection with their customers.

Digital People have the capacity to process complex information, take inputs, and respond accordingly. Soul Machines' patented Human OS Platform with Autonomous Animation is able to contextualize interactions, interpreting such difficult elements as tone of voice, cadence and even facial expressions.

Soul Machines' researchers have successfully created a Digital Brain that replicates the way humans handle everyday interactions, combining models of physiology, cognition and emotion. Its proprietary



# 90%

of all client banking transactions will be automated by Automated Banking Assistants by 2022.

– Juniper Research

technology allows its Digital People to be fully autonomous and authentic in their responses.

Unique in the conversational AI industry, Soul Machines' Digital People can see, understand, and relate to customers autonomously in real time and in as many as 12 languages.

By transforming impersonal online interactions into engaging and meaningful connections at scale, this human-machine collaboration enables banks to connect with customers in a powerful new way that enhances customer satisfaction.



77%

of financial institutions expect that AI will be essential to their business.

– Business Insider

# Friendly Functionality

Conversational AI is allowing companies to shift many repetitive service queries – such as reporting lost or stolen credit cards – to automated functions, freeing up agents to handle more complex interactions.

The use of Digital People for routine operations offers the possibility of significant cost savings, as self-service interaction can be up to 80 times less expensive than an interaction with a human agent.<sup>2</sup>

It's a scalable and cost-effective way to animate for customer experience where face-to-face interactions need to be personalized, dynamic and unique in the same way each and every human interaction is.

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<sup>2</sup> Source:  
2019 Gartner Customer Service Behavior and Expectations Survey



**Traditional financial institutions will be able to save up to 22 percent on their costs through the use of AI.**

– Artificial Intelligence Applications in Financial Services, Oliver Wyman

A woman with long dark hair, wearing a white button-down shirt, is smiling and looking down at a blue credit card held in her right hand and a blue smartphone held in her left hand. The background is a blurred office or retail environment.

83%

of Finance executives' top  
business goal is improving  
customer experience.

– BDO

Digital People can also be designed to handle such routine tasks as:

- Onboarding new customers
- Checking balances or paying bills
- Credit check and application assistance
- Evangelize additional retail banking services



**“We recognize that the customers of today are not the same as the customers of tomorrow. And so, it became our obsession and challenge to create a bank that mirrors their fast, connected and always on the go lifestyles. We merged cutting edge technology and human understanding to create a bank that is aligned with modern life.”**

- Deputy Group CEO, Bank ABC



Sam, a Digital Call Center Agent for a Fortune 500 Financial Services company, manages inquiries relating to lost, stolen and compromised cards, blocking or reissuing credit cards, and providing next steps to resolve financial inquiries 24/7. Our Fortune 500 customer has seen an increase in Sam's resolution and NPS scores by 145% and 122% respectively.



Fatema is helping Bank ABC grow their digital-only bank, ILA, by connecting with clients and potential customers on her social media accounts where she has thousands of followers. She then helps customers to sign up and engage with the bank online. Thanks to Fatema, Bank ABC won the Gartner Eye on Innovation Award.



Wendy is a job coach for Westpac Bank that assists young adults on topics like applying for their first job and their finances. As an internal L&D resource, Wendy teaches employees on responsible lending best practices. 81% of users indicated that Wendy was able to answer their questions. Wendy landed Westpac on AFR's Most Innovative Companies List for 2020.

# Integrated Services

Customers are increasingly looking to their banks to provide more than just savings accounts and car loans – they are looking for support, advice and assistance across their financial lives.

Conversational AI can provide banks the tools with which to assist their customers with their financial literacy, which will help to strengthen clients' trust in their financial institutions and encourage lifelong brand loyalty.

With Digital People, banks can – for a relatively minor investment – offer customers such additional services as financial hardship coaching; support in bankruptcy and high-risk financial circumstances; financial literacy education; and proactive financial support based on spending behaviors.



# Reserving Judgment

In an industry which has traditionally relied heavily on person-to-person relationships, the use of Digital People to replace bankers for routine transactions may not be intuitive. However, studies have shown that:

- Artificial humans can **improve customers' willingness** to disclose more sensitive information
- Artificial humans can **increase feelings of comfort** during negative self-admissions
- Artificial humans **reduce fear of human judgment** and increase perceptions of information anonymity, privacy, and protection
- Artificial humans are able to **build a humanlike sense of rapport** necessary for sensitive disclosure to be comfortable



**“We’re really excited about this technology. Digital People create another way for us to serve our customers beyond our usual banking services. Digital People can be used to help answer questions 24/7, while cutting queuing times for simple questions. This technology has real potential for the future. We’re now looking at expanding our use case from serving our customers to training our staff.”**

– Director of Innovation, NatWest

# The People Equation

We've seen how Digital People can assist with one core pillar of banking: customer service. But how can conversational AI assist with knowledgeable and trusted staff – the other core pillar of banking.

Digital People, by handling many routine or repetitive tasks, free human agents to take on the more complex cases and situations. These employees are then able to spend more time with each customer, further developing the banking relationship, which will bring greater benefits long-term.

Banking (like a number of other industries) suffers from a chronic shortage of talented, trained staff. Protoviti noted this as a risk, saying, “...**ability to attract and retain top talent in a tightening talent market may limit our ability to achieve operational targets**”. Finding ways to improve staff satisfaction

will have a knock-on effect on a bank's ability to provide excellent customer service.

A **Salesforce** survey notes early impacts of the implementation of AI solutions to elevating the role of human agents, with service organizations citing “**improved prioritization of agents' work**” as the no. 1 benefit of AI.

Banks can further help increase employee satisfaction and improve skills by using Digital People to provide personalized learning and development opportunities. This can include onboarding new staff, teaching employees about best practices, and working with employees on use cases for various financial transactions.

# Your Best Foot (and Face) Forward

Each one of Soul Machines' Digital People is unique. Soul Machines works intensively with customers to develop the look and language that will embody the company's brand, voice and ideals, including the following features:

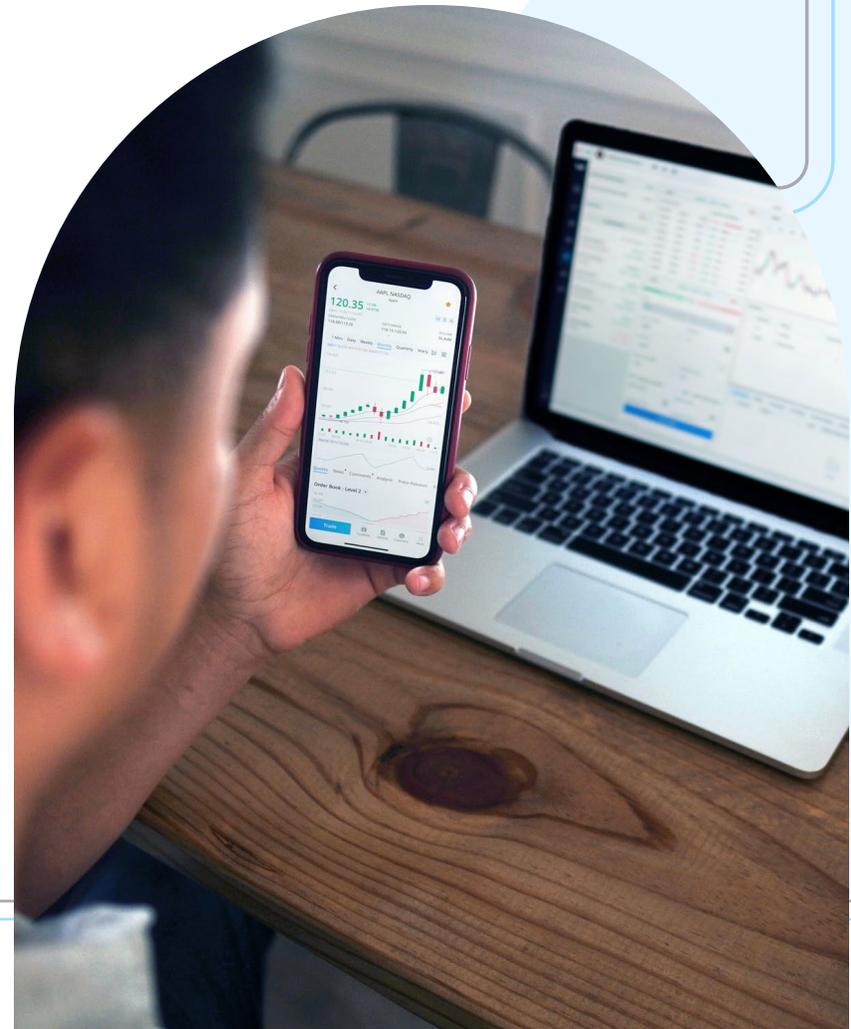
- Privacy
- Security
- Ethical AI
- Multimodal experience
- Hold internal emotional state
- Express digital person's emotions
- Observe users' expressions of emotions
- Empathetically react to users' emotions
- Manifest personality



# Conclusion

By the next decade, AI will power 95% of all customer interactions, and these interactions will be increasingly visual.

Digital People can help establish and grow relationships between consumers and their banks. They can be used to communicate product evangelism; expand into new markets with more languages; learn customer habits so as to offer product and behavioral recommendations; establish an emotional connection with customers; and connect with customers through multimodal communication channels.



# About Soul Machines™

Soul Machines is a global pioneer in humanizing AI, dedicated to delivering the full capabilities and goodness of human and machine collaboration in a responsive, relatable and unprecedented way. Composed of some of the world's best AI researchers, neuroscientists, psychologists and innovative thinkers the company's unparalleled autonomous animation – featuring its patented Digital Brain – brings technology to life by creating dynamically interactive and emotionally responsive Digital People with personality and character that allow machines to talk to us face-to-face. Soul Machines has deployed the world's first Digital People with some of the biggest corporate brands in the world in Financial Services, Technology, Automotive, Healthcare, Entertainment, and Education industries. Soul Machines currently has over 200 employees with offices in San Francisco, Los Angeles, New York City, London, Tokyo, Melbourne and Auckland. For more about Soul Machines, visit [soulmachines.com](https://soulmachines.com)

Interested in how we can help you revolutionize your customer relationships? Request a Demo ▶

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