



# Harnessing the Power of Conversational AI to Transform Customer Experience in Banking

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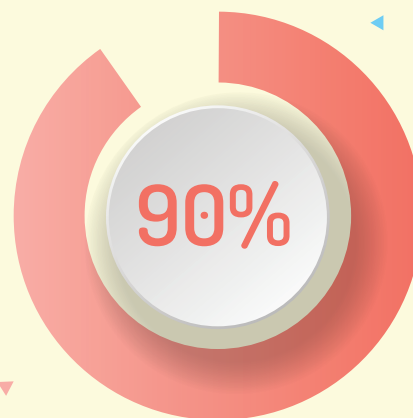


Chatbots have become a competitive necessity for the banking industry. Today, in the remote era, tech-savvy customers want every solution online. Using Conversational AI in banking has been a game changer. With AI-enabled agents, the speed of query resolution and customer support have been minimized to the least, i.e., 4 minutes per query. Furthermore, automation helps banks in improving their operations, leading to better efficiency.

If there's one thing that banking customers need the most, it's their trust in the bank. After all, we're talking about huge amounts of money that customers invest. On the other hand, it's very difficult for the banks to handle the daily queries of millions of customers who need answers 24x7. So, what's the workaround?

A Business Insider report shows that 80% of businesses use chatbots in some way or another. If banks and financial institutions want to optimize their customer support functions, then these NLP-driven chatbots would be the most effective way. In fact, these AI chatbots will be able to automate a staggering 90% of all incoming queries in banks by 2022!

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With advancements in technology, AI and ML have become a crucial part of almost every industry. Among all, customer support is one of the most common use cases of AI, specifically with chatbots for the banking and finance sectors.

According to Cornerstone research, the use of chatbots in banking has increased 3 folds in the year 2020. While at the beginning of the year, only 4% of banks had deployed chatbots in banking, by the end the numbers went straight up to 13%. This depicts that banks and financial institutions are relying on AI-driven agents to build a digital workforce that can improve efficiency, reduce OpEx, and resolve customer queries faster.

## Why do you need Conversational AI in banking?



## The impact of conversational AI on banks

### 1. Reduction of operational costs

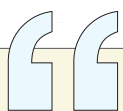
Conversational chatbots help banks and financial institutions reduce operational costs by a huge margin. Banks using conversational AI in their operations, witness a reduced need for extensive training of human customer care representatives for capabilities in handling more complex transactions.

For instance, Bajaj Finserv saved around \$16 Mn in one year after deploying Yellow.ai's NLP-driven chatbots.

### 2. Enhance customer loyalty and satisfaction

As per Juniper Research, approximately 50% of customers would likely switch their bank if they felt that the institution did not care about them as individuals. Conversational AI uses NLP models to learn and adapt customers' buying behavior. Thus, it helps in offering a personalized experience throughout the buyer's journey. This enhanced experience makes customers delighted and happy.

For instance, ZestMoney saw a drastic 45% increase in customer satisfaction after deploying Dynamic AI agents.



**Virtual assistants can and should go well beyond a ‘point in the right direction’ or FAQ to handle complete transactions — from changing an address to canceling a payment and updating a standing order to identifying a specific need and routing the customer to correct specialist**

**Can Kekevi,**  
**Managing Director,**  
**Financial Services, Accenture**



### 3. One-on-one interaction with the customer

Thanks to the scalability of conversational AI, banking institutions and firms can serve customers on a larger scale without increasing costs. What’s more, AI-enabled chatbots are available 24x7 to provide flexible and personalized service. They conduct human-like interactions tailored to the customer’s specific needs and behaviors.

With AI chatbots and voice bots, you can quickly provide information on specific products and financial services. Or, provide more detailed explanations about specific banking procedures. Additionally, text and voice communications can be easily personalized based on various factors including, location, time of day, and the digital device.

### 4. Support existing channels

If you want to offer an integrated customer experience to your customers, you should also support customers on your website and app. Some customers prefer to return to traditional channels when they need help.

Therefore, AI chatbots can be implemented on existing websites and apps to offer seamless customer support. With AI chatbots, you can also enable quick routing to live agents in case of complex queries. Using existing channels to serve customers round the clock is a better idea than forcing them to learn a new and sometimes intimidating technology.

Automated voice bots and IVR are also great ideas to enable a personalized and delightful customer experience. These are faster and always offer a great experience (because it’s always polite as it’s not affected by bad days or moods).

## 5. Reduce risks of data loss

Another significant benefit of conversational AI for banking is the reduced risk of data leaks. In recent years, there has been a constant rise in social engineering attacks. They were often driven by emotional human support: the criminal tells an emotional story and asks for access to the customer's account.

Conversational AI systems are much more secure and private as they never ask a customer to enter sensitive information like login credentials, addresses, and credit card numbers.

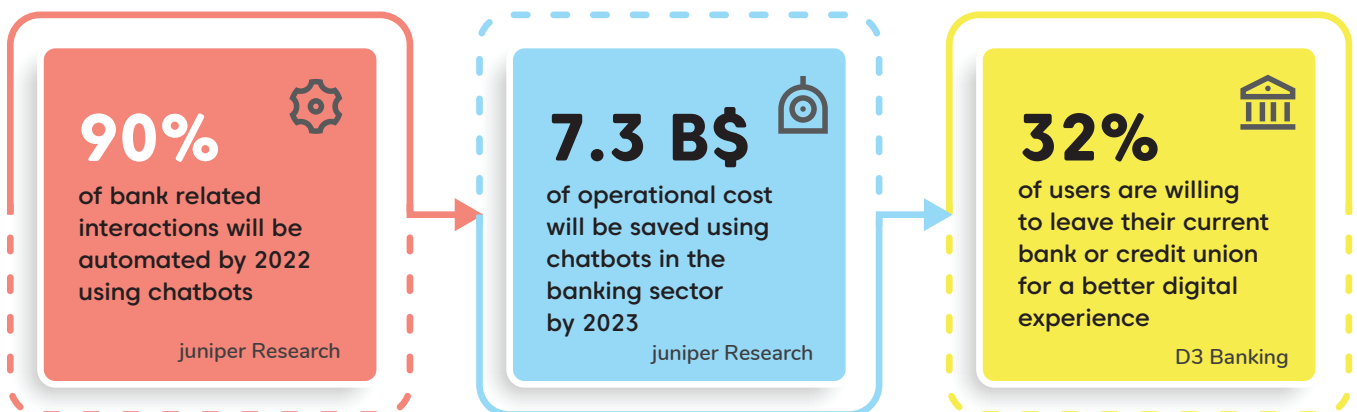
## 6. Benefits for institutes of all sizes

Customer support automation is not limited to financial institutions of specific sizes. Instead, banking firms of all sizes can extract tremendous advantages from automated chatbots. The development of mobile banking apps is significantly expensive for smaller banks.

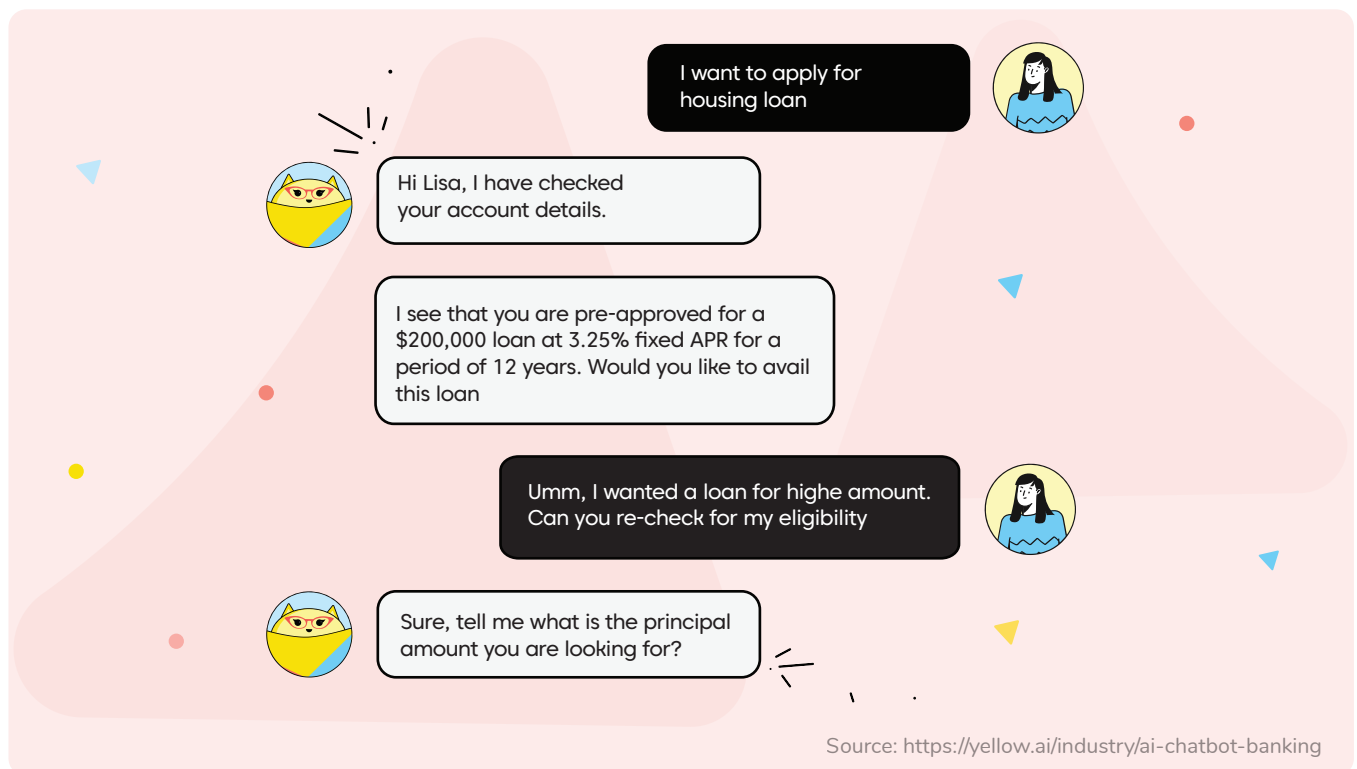
But, conversational AI doesn't require extensive IT infrastructure and investment, like servers and databases. Thus, even smaller financial institutions can deploy AI-enabled chatbots for a comparatively low cost.

## 7. Gather insights into customers' behavior

Conversational AI helps banks to gather crucial information about a customer's preferences and buying journey. Financial institutions can provide personalized banking recommendations and offers at the right time without any human intervention.



## The impact of conversational AI on customers



### 1. Zero waiting time

Zero waiting time is what makes customers happy! When they know their query can be answered quickly without having to wait for an agent, the experience becomes smooth. This is a crucial step because customers have to wait for 2.5 minutes (on average) before they get connected to a customer support rep. Customers want information quickly—just like googling their query.

### 2. Round the clock support

The thing is customers reach out to financial institutions regarding their queries because it's about their money. Assisting customers 24x7 helps them become more confident about their financial capital. Customer support can be automated using smart and adaptive AI agents. It will only get better and smarter as more data is fed into them.

### 3. Multilingual support

For customers, it's always much easier to find words in their native language. It's comfortable for them to express themselves in their own language. With NLP-driven agents, you can speak to your customers in the language they speak. What's more, AI chatbots can be trained in multiple languages to assist customers coming from different regions of the world.

## 4. Easy identification

With conversational AI, customers can interact with the banks through text or voice commands without having to remember complex usernames, pin codes, or passwords. Instead, they can use simpler and faster means for identification: biometrics on devices, smart IDs, or OTPs via SMS.

## 5. Smooth customer experience

A customer types her query and receives a detailed answer instantly—as simple as this. If the conversation is engaging and helpful, it improves customer loyalty. Also, when the queries are answered on-demand it boosts customer satisfaction with services offered by the bank.

## 6. Seamless support for all customers

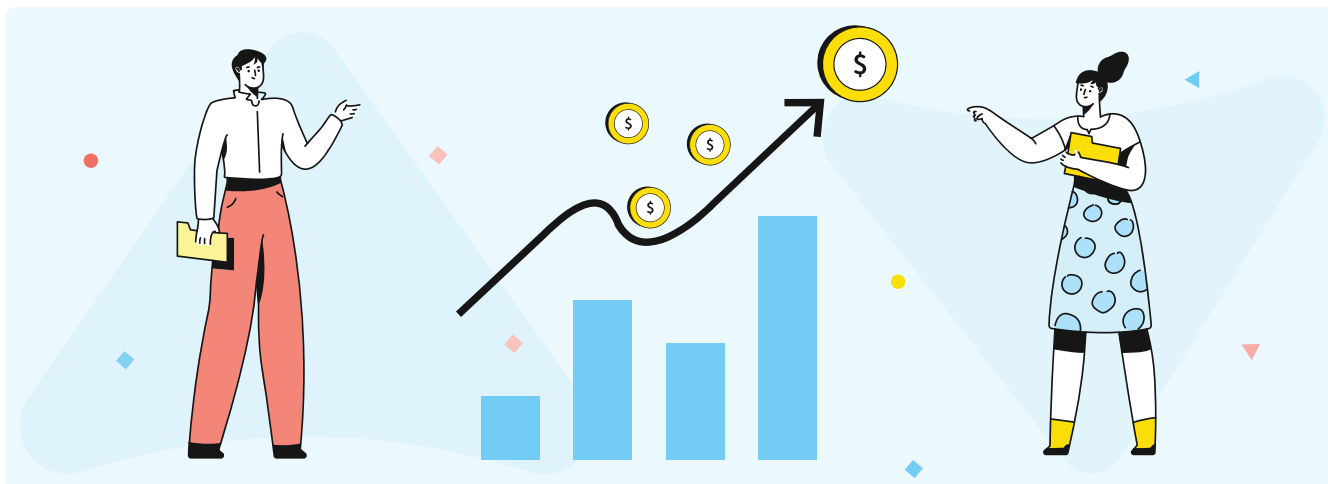
Speech recognition allows customers to speak their queries and get answers in seconds. The AI chatbots understand the intent and assist the customers in their queries. This is especially useful for people who are visually impaired or have hearing difficulties.



## What is conversational banking?

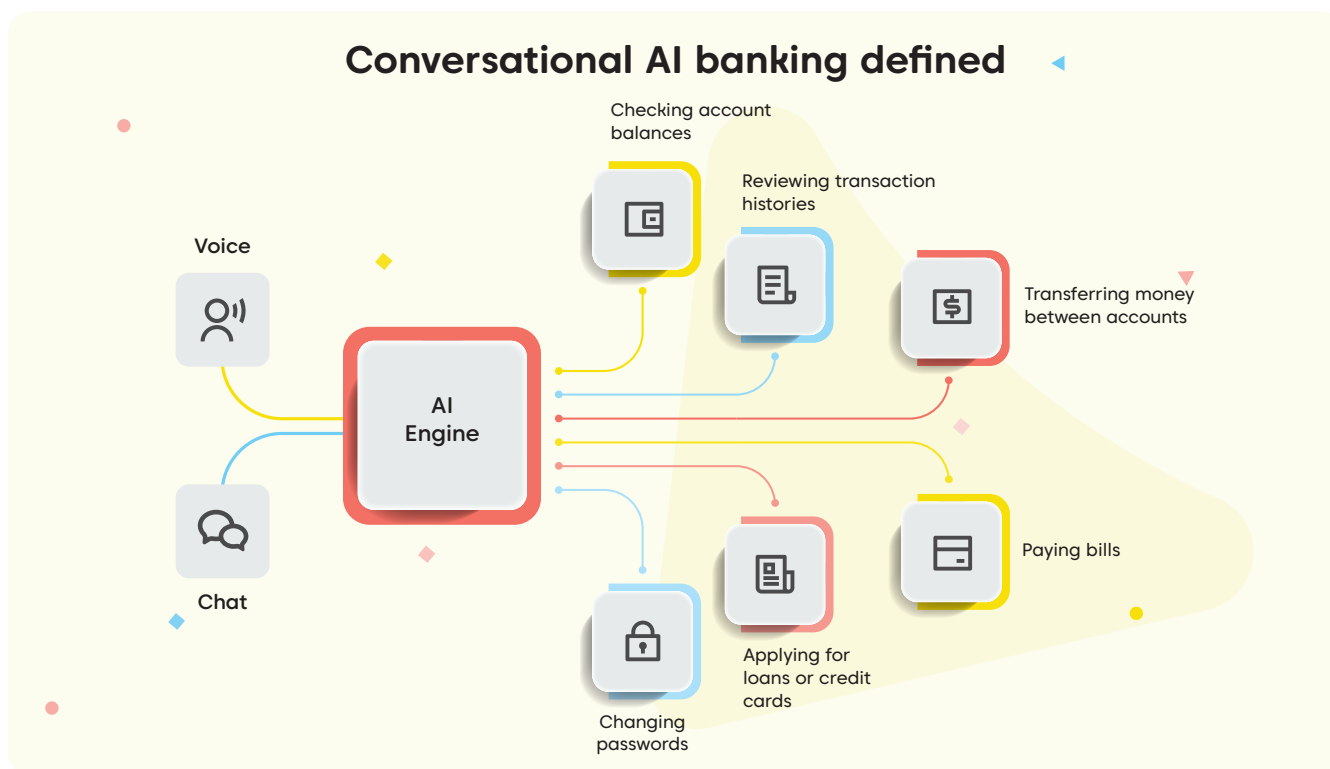
Conversational banking is a redefined digital banking technology that offers personalized and seamless experiences to customers via digital channels.

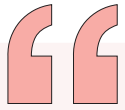
Conversational AI in banking can take many forms: text, voice, or visual communication. Meanwhile, the channels for communication can range from websites, and social media to banking apps and



AI is skyrocketing the market value of the BFSI companies globally. Accenture shows that AI solutions will add more than \$1 billion in value to the financial services industry by 2035.

The best part is banks and financial institutions can automate repetitive queries using AI. The conversational AI platform allows customers to talk and engage with banking systems for routine financial services. They can also initiate transactions through their devices like smartphones, tablets, PCs, smartwatches, and other digital technologies.





We believe that banking providers using bots can expect average time savings of just over 4 minutes per inquiry, equating to average cost savings in the range of \$0.50-\$0.70 per interaction. As Artificial Intelligence advances, reducing reliance on human representatives undoubtedly spells job losses.

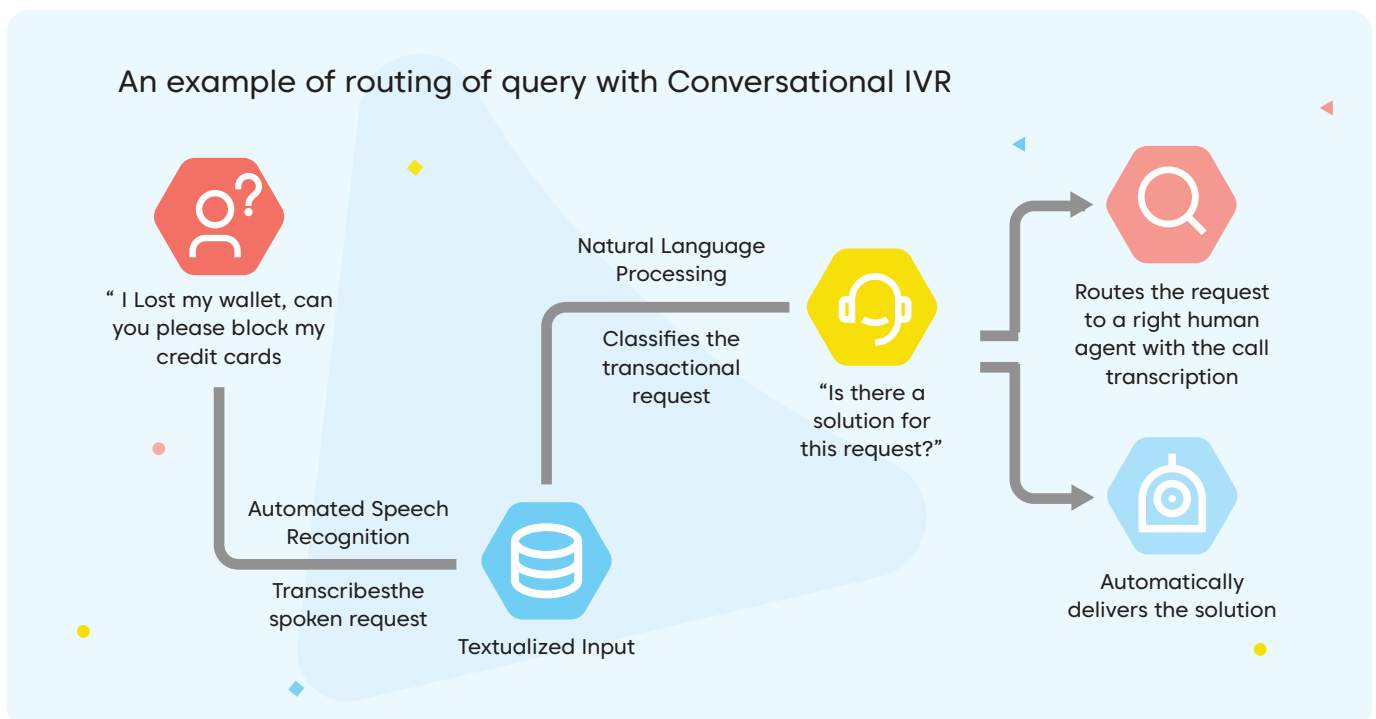
**-Lauren Foye, Research Author**



Modern customers are in a habit of using voice interactions over text-based support. With the increased recognition of Amazon’s Alexa and Google’s Home Assistant, voice bots or IVRs (Interactive Voice Responses) are gaining popularity in customer support, even in the banking sector.

Clearly, financial services and banks are not unaware of AI. Multiple conversational AI use cases in banking have helped smoothen processes for many banking institutions. Whether it’s helping a customer view their transactions or apply for a credit card, AI chatbots are able to tackle many use cases single-handedly.

## Query routing in Conversational AI



**Step 1:** Input generation: Here, a user provides inputs either through voice or text.

**Step 2:** Input analysis: If the input is text-based, natural language understanding (NLU) is applied to pull meaning out of the words provided. If the input is speech-based, ASR (automatic speech recognition) is first applied to parse sound into language tokens for further analysis.

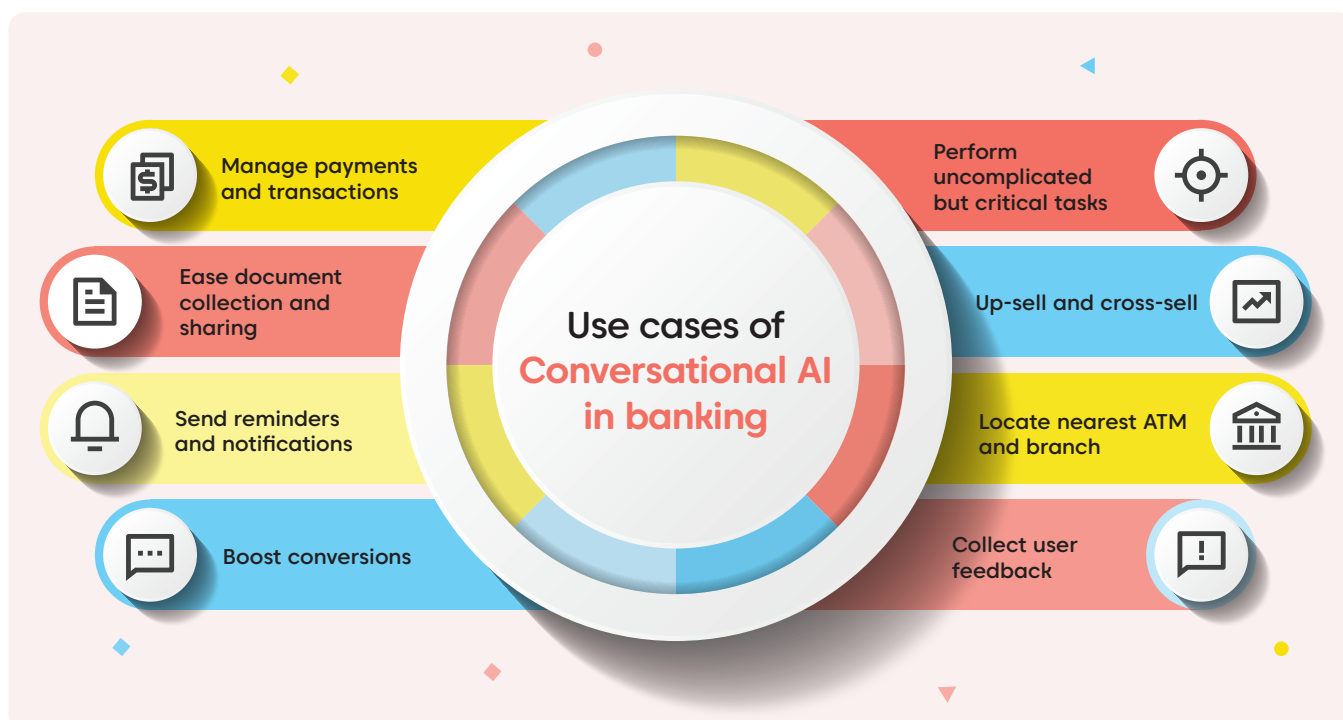
**Step 3:** Dialogue management: In this step, natural language generation is used to create a response to a user's query.

**Step 4:** Adaptive learning: Here user inputs are analyzed to refine replies over time to ensure their responses are correct and accurate.

# How is Conversational AI deployed in banking and financial services?

If there's one metric that banks can improve drastically, it is efficiency. This is possible by deploying a digital workforce—AI agents. Banks can use AI chatbots to automate repetitive tasks and reduce the workload on live agents so they can focus on complex queries.

In fact, a recent report by IDC suggests that **banking will be one of the two industries that will spend the most on AI solutions by 2024**. Many processes in banking are repetitive and routine operations and AI loves routine!



Here's how conversational AI can be used in banking and financial institutions:

## Manage payments and transactions

On a regular basis, people need to clear bills, shop online, pay businesses, and perform online transactions. Using a Dynamic AI agent can help make these operations more efficient. Clearing payments are often time-bound requiring switching between different payment platforms. But with omnichannel AI agents, customers can initiate payment from wherever they are.

## Up-sell and cross-sell

AI chatbots are built on NLP models which allows them to send personalized offers to customers at the right time. These chatbots assess previous customer data and identify opportunities to boost up-selling as well as cross-selling.

## **Perform uncomplicated but critical tasks**

Sometimes users need to reset passwords, check their balance, and block or unblock their cards urgently. An AI chatbot can make this process faster after user authentication. It helps in getting information related user's account – pending transactions, card bonus points, recurring payments, cost and transfer limitations, credit card limits, etc.

## **Ease document collection and sharing**

Imagine a customer returning from the bank office just because of minor inconsistencies in the form? Must be frustrating, right?

This is very common for most banks. Though, this can be easily solved using a conversational AI bot that enables users to submit documents online. It can collect and share filled forms quickly in the same chat interface.

## **Send reminders and notifications**

It's common for customers to forget due dates of payment or installment. But with conversational AI, users can easily set up reminders for bill payments. These chatbots can send notifications to customers on WhatsApp to avoid delays and lapses in installment payments.

## **Locate nearest ATM and branch**

Sometimes customers want to visit an ATM to withdraw money or the nearest branch to resolve complex queries. In this case, a banking chatbot can help in providing the exact location of the branch or ATM. It can also show the timings and distance to travel, making it convenient to visit the bank.

## **Boost conversions**

One of the crucial use cases of AI chatbots is in boosting conversions for financial institutions. An AI-enabled chatbot can understand user intent in natural language and offer specific product recommendations. For example, it can understand the data provided by a user looking for a new savings account and provide them with ideal account types.

## **Collect user feedback**

The key to improving customer experience is asking for customer feedback and working on it. AI chatbots make collecting feedback as easy as chatting. Users can give their feedback on services like customer support, ATM performance, ease of transacting, etc. This is a faster way to collect feedback because customers don't need to fill out long and boring forms.

## Different types of AI-driven chatbots in banking

Conversational AI has evolved from being a QnA-type conversation to an engaging and human-like interaction. Now, each conversation driven by AI chatbots is filled with value and rich information. Thanks to AI, the entire customer support workflow is automated end-to-end.



As NLP and machine learning technologies are becoming more innovative, we're now experiencing higher degrees of automation. All of this has enabled self-service models we've never experienced before. Combine this with the fact that these AI-driven bots never sleep, thus making customer support more convenient and personalized.

Here are the different types of bots used in conversational banking:

### FAQ bot

This is the most common type of chatbot used in the early stages of implementation to solve customer FAQs. A FAQ bot enables a smooth interaction between the bank and the customers regarding the most common hurdles. It's available 24x7 which eliminates the need of going through web pages just to find a simple answer. Deploying a FAQ bot is a great starting point for financial institutions as it doesn't need to access personal information.

## **Account bot**

Account bot makes it easy for customers to manage their account details via conversation. With this bot, customers can retrieve account information, such as account balance, payment due dates, most recent transactions, and other related details with the help of a chatbot. This AI-enabled bot can seamlessly handle user authentication, automate business tasks that match customer needs, and retrieve the requested information.

## **Payment bot**

Payment operations are mostly hectic and complex. Not to mention, customers tend to forget the due date. But a Payment bot can proactively notify customers about upcoming payment due dates and amounts. Also, it can confirm receipt of payments and offer payment-related information. This bot helps customers make payments faster and promotes better cash flow management.

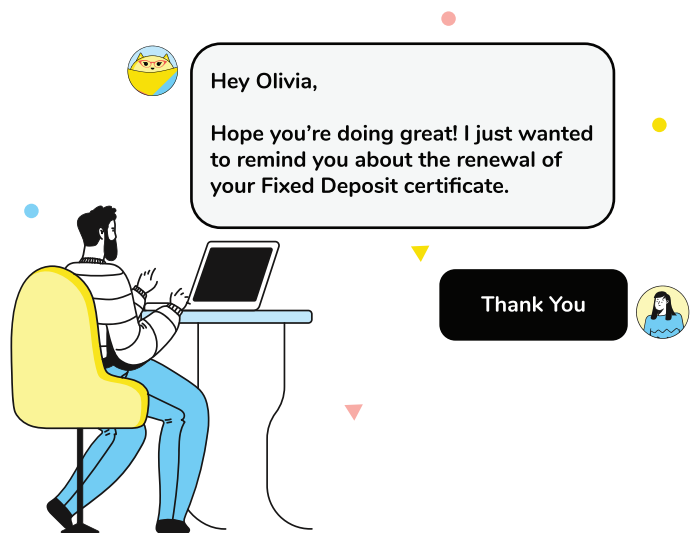
## **Onboarding bot**

Onboarding customers is a tricky part—the process needs to be fast but also offer relevant information. An onboarding bot is one of the most crucial bots banks can deploy to serve customers. With this bot, banks can enroll new customers as quickly and efficiently as possible, generating sales and a recurring revenue stream. Further, smooth onboarding leads to higher adoption and usage rates, which also reduces churn.

# How Conversational AI boosts customer experience and operational efficiency

## Automate end-to-end banking services and retain customers

Conversational AI helps banks and financial institutions deliver an integrated customer experience by bringing together the best of AI and human capabilities. Thus, make your banking operations seamless. Supercharge the entire customer journey with a digital assistant - from lead capture, and acquisitions to support and upsells. There's no limit to what Dynamic AI agents can do!



### Disburse loans

Let your customers view, apply or check loan eligibility, pay installments, calculate interest, etc.



### Deposit process

Automate sending e-statements, checking account balance, interest, etc.



### Easy transfer

Guide customers to add/update beneficiaries, check transfer limit, and more.



### Intelligent advice

Let AI intelligently suggest where to save and where to spend with expense analytics.



### Personalized banking

Offer personalized banking solutions to increase customer engagement and retention.



### Capture leads

Engage, qualify and convert leads through intelligent conversational ads.





### Drive sales

Make lead generation seamless through conversational ads and retargeted campaigns.



### Answer FAQ

65% of customers queries are repetitive. Let a chatbot take care of them so your agents can work on critical tasks.



### Detect fraud

Auto-detect fraudulent calls through intelligent IVR technology.



### Customer support

Offer 24/7 customer support in over 100 languages across 35+ text and voice channels.



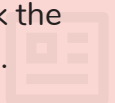
### Critical insights

See your business critical data come to life through visually represented graphs and charts.



### Collections

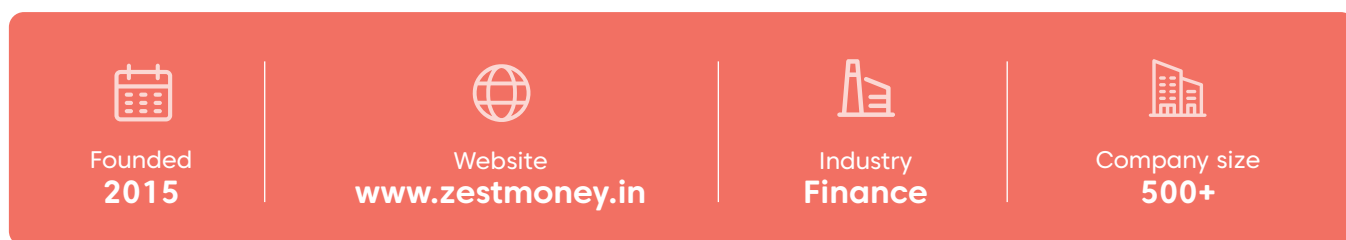
Notify customers on loan due dates and overdue to ensure timely payments and provide a frictionless way to pay back the installments.



# How ZestMoney scaled in revenue and CX with Yellow.ai

## About company

ZestMoney (ZM) is an NBFC (Non-banking financial institution) based out of Bangalore, India. The company gives out mini loans for consumers buying on e-commerce stores within minutes. The problems faced by ZestMoney were around customer support & engagement with ZestMoney customers.



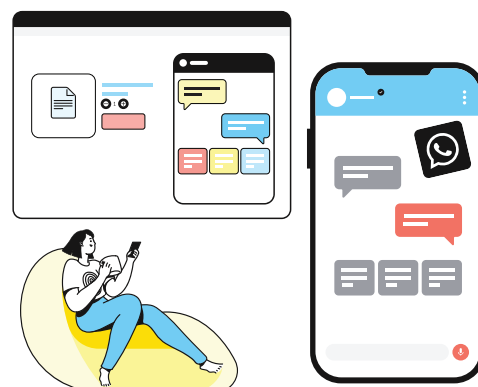
## The problem

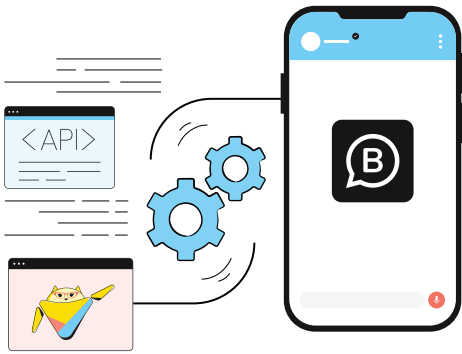
- ▶ The call volumes on the call centers were high which led to linearly scaling the call centers with the number of customers.
- ▶ The resolution time for each customer query was high.
- ▶ Re-engagement and reminders for paying back EMI through SMS had less open rates & conversions.
- ▶ There was no scalable channel for ZestMoney vendors to reach out for very specific queries when onboarding a new customer. The definition of the vendor for ZestMoney would be stores selling electronics (Reliance Digital, Croma, etc.).

## The solution

### 1. Omnichannel Experience

Yellow.ai designed an omnichannel experience on WhatsApp and a website for both–ZestMoney’s customers and vendors. On the customer side, we adopted the strategy to launch a live chat for the first three months on their website and app dashboards to help gather data around the types of queries that were coming repeatedly which gave the initial data for automation.



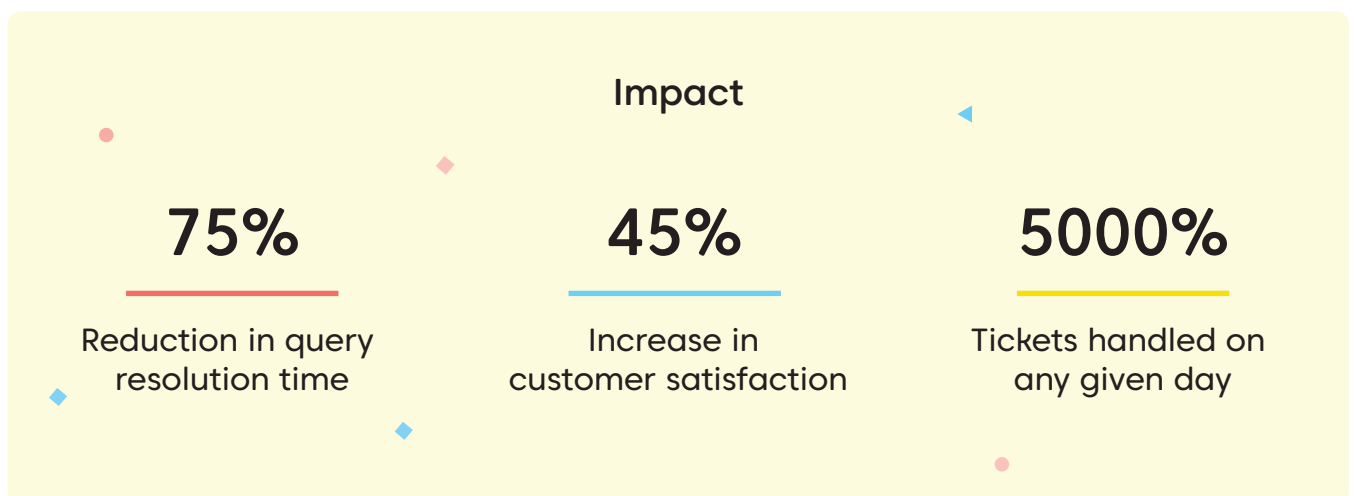
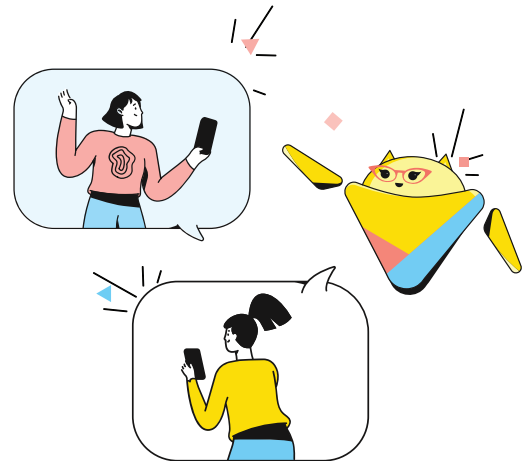


## 2. Vendor Management

We launched a verified WhatsApp channel using the WhatsApp for Business (WABA) API and on the backend connected to the live chat module of yellow.ai enabling users to reach out to Zest-Money easily.

## 3. Customer Support

Yellow.ai developed robust customer support using the conversational AI model. This automation enabled resolving repeated queries. Further, we also plugged the same as the first level query resolution on the live chat, the combined solution of chatbot + live chat (for fallback).



The key to reducing customer churn and improving customer experience lies in efficient automation. The future of banking is conversational AI that adapts to customers' behavior, resolves queries faster, and offers personalized at every touchpoint.

**Optimize your banking operations and offer a delightful customer experience with Yellow.ai's Dynamic AI agents.**

**Talk to us >>**

