

# Can bots be bankers?

As soon as new technology appears, the banking industry wonders if it can be applied to the financial sector. The latest additions are chatbots, which are AI-enabled messaging services. However, can these be utilised successfully? And will customers consider them to be a helpful addition? **Patrick Brusnahan** writes

**T**he Digital Banking Club's latest debate, hosted at the majestic St Ermin's Hotel in London and partnered with Experian, focused in on chatbot technology and how it could aid banks and their customers.

Simon Cadbury, director of strategy and innovation at Intelligent Environments, opens the debate by describing the sheer popularity and convenience of the service.

"Chat and instant messaging is incredibly popular – about 2.5 billion of us have at least one messaging app installed on our smartphones and on average we're spending 20 minutes longer on messaging each day than we are on social networks," Cadbury says.

"Live chat also has the highest satisfaction levels for any customer service channel at nearly 75%."

"Instant messaging is also the perfect format for companies testing the waters with bots and artificial intelligence (AI) because conversations are relatively simple and quite structured."

He continues: "If you want to talk to your bank, imagine being able to go through straight away with all of your information already embedded in the experience.

"The invisible seamless experience is driven by bots and, through that you can place yourself wherever your customers are."

It sounds perfect: an online programme that allows customers to talk to the bank instantly with no awkward answering of questions or repeating of information. However, a lot of work goes into creating an effective chatbot and it certainly is not as easy as it seems.

"It's not as simple as sticking a bot on your homepage," says Terry Cordeiro, head of proposition development, digital and transformation at Lloyds Banking Group. "There isn't a one-stop shop."

He adds: "We find that messaging is a more convenient way to communicate, but

it's tricky to make a robot sound human."

Chris Withers, head of financial services at IBM, believes that the opportunities presented by chatbots are limited.

"Bots are not replacing humans, they are offering a different experience. We're a long way from bots being a banker, but they are ready for first-level support. It's very use-case-dependent," he explains.

Wayne Bartlett, chief industry expert for financial services at Microsoft UK, feels that it is crucial that bots behave like humans.

"We see bots not as replacing bankers but providing a higher level of interaction. People will be able to feel they are expressing themselves naturally," Bartlett says.

Dhiraj Mukherjee, head of banking innovation at Virgin Money, insists that banks must not get distracted by the wrong sides of the technology. He says: "The red herring is focusing on technology and not the human perspective. There's a lot of opportunity for collective intelligence."

Adds Cordeiro: "There is a huge chunk of the digital-savvy market not using digital

technology. There is a massive opportunity at a customer level, to support disadvantages customers for one, and tonnes of use cases."

He argues: "We constantly kick ourselves for being behind, but we're not that behind. There's a lot of forward thinking in the UK regarding AI.

"This isn't a thing that you build and then it's done. It's constantly evolving."

Cadbury argues that the UK is lagging behind certain countries, such as China, when it comes to this area. He gives Atom Bank as an example with a bot that has a 65% success rate. The bank want to reach further and hit 85%.

"This is a new emerging field," Bartlett purports. "The use cases will become apparent. In terms of use cases, everyone is looking outside at customer support. However, focusing on bots that actually make a colleague's life easier will open them up to bots."

Mukherjee claims that education through chatbots could make a real difference.

"How do we change business? Teach people about money," Mukherjee explains.



“Consumers feel safer asking silly questions to bots, where they feel no risk, rather than a human,” Withers posits. “We are playing catch-up in terms of customer-facing bots.”

Bartlett agrees: “There’s a lot of work in making bots understand common and natural language. It’s important we train them in that fashion.”

On the other hand, Cadbury claims that making chatbots too human might be a risky strategy. At the end of the day, people need to be aware that they are speaking to a bot.

He says: “You’ve got to be careful that the bot is not too natural or it becomes intimidating to the customer. Recently, 20% of all tweets related to the US election were bots. There is a dangerous side to this technology. While not only can you have a more casual conversation, but an audited one.”

As an example, Cadbury reminds the captive audience of the hacks to Ashley Madison, the website for potential adulterers.

“Research conducted after the hack revealed that most of the site’s female customers were actually bots. Ashley Madison’s 70,000 fake females were so successful at stringing along male customers that 80% of initial purchases were made by a man trying to communicate with one of its bots,” he adds.

Cordeiro describes: “For the last five years, people have said content is key. Now, I think it’s context. When you get into more complex conversation, we need to get it right. The technology isn’t there right now.”

Mukherjee adds: “From a compliance perspective, it should be much easier.”

“In the regulated world we live in, things need to be monitored,” Withers says.

Bartlett wants to make it clear that the experience should not be too rigid just to suit compliance. He says “If you structure the experience too much, you impair it. The behaviour, at a macro level, will learn from the past.”

While AI and chatbots are considered by many to be a new technology, the financial sector has been using it for years.

“Whether you like it or not, you’re already using AI,” Cordeiro states. “When your card is blocked, it’s not a human doing that. [banks are] riding on that fact that your behaviour has already changed, but there is a fear of the unknown.”

Mukherjee agrees: “AI is not a new thing. It’s in the middle of a renaissance.”

On the fear of the unknown claim, Withers says: “Do people want AI support? Yes. Do they want them to make decisions? No. It’s about getting things done quickly.”

In terms of how the bots sound, Cadbury states: “It’s important the end user knows who they’re talking to.”



On the other hand, Cordeiro argues: “You can’t get people writing copy for websites writing copy for robots.”

Withers adds: “It needs to speak in a certain way. It’s to replicate conversation.”

“For every question, someone in the bank knows the answer, so how do we answer through a chatbot?” asks Bartlett.

“It’s key to start small and start early. Some want a personal experience, some want a Q&A. You need to put it in front of people,” Cordeiro replies.

However, Mukherjee cautioned against too much caution. He says: “We’re dealing with very mature technology and, if we take baby steps, we won’t move quickly enough. We’re missing the boat unless we start now.”

Chatbots can sometimes take the brand of the company they are owned by, but more often, it is given a new name, for example, Apple with Siri.



Withers states: “You definitely need to brand your bot.”

“Branding the bot is a risk-management strategy,” Bartlett argues. “There are too many brands in some places. Having said that, Cortana runs my life now.”

Cadbury says that brands could have an effect on how consumers view them. He states: “I don’t have any faith in Siri, but a rebrand could change that entirely.

“In time, banks have to let go slightly of brand. A number of brands will go there and others will follow suit. Bank brands will become less prominent.

“Even if we communicate with our banks directly on messenger, or some other chat interface, we won’t be talking to our bank’s branch staff, call centres and sales reps, and the bank’s footprint will be no more than a logo presented on somebody else’s platform,” Cadbury adds.

“I don’t see chatbots at a mass scale in the next 12 months,” Cordeiro says.

“You can put emotion back in the conversation, but the ethics you have as a brand is key.”

Bartlett adds: “The banks are all talking about ethics, especially as I can see people wanting harder conversations with a bot.”

“I think we’ll relook at the definition of ethics,” Mukherjee claims.

“PSD2 and open banking is forcing us to clean up our data at our own pace, which is a good thing. Innovation should be standard delivery,” Cordeiro says.

Bartlett states: “Australian banks were more ready to adopt innovation due to missing the crisis.

“However, with regards to data, I don’t see a lot of people allowing their bank bots to give away their data like Google does.”

He concludes: “You can’t force a bot on anyone.” ■

## The panel



### Douglas Blakey

Douglas Blakey is group editor, consumer finance at Timetric, chief of judges for the annual Retail Banker International Awards, and lead market advisor for Timetric's retail banking research division.

Timetric produces and maintains more than 50 market-leading research reports and has undertaken bespoke consultancy projects for banks, vendors and their advisors.

Blakey practiced as a solicitor in Scotland before moving into business information and analysis. He maintains an editorial advisory board of leading bank executives, and is a regular guest banking analyst with the *BBC*, the *New Statesman* and other leading media outlets.



### Simon Cadbury, director of strategy and innovation, Intelligent Environments

Simon Cadbury is a product marketer and strategist with 18 years' experience working for a range of major international brands. Cadbury's role is to work with Intelligent Environments' investors to set and deliver the company's mid- and long-term strategy, as well as overall responsibility for the product development and management of Interact, the company's core product offering.

Cadbury joined in 2013 from Lloyds Banking Group where he was responsible for payment technology, and also sat on the Credit Card division's leadership team. Prior to this he worked on the launch of a number of firsts in new technology – the Blackberry (BT Cellnet), BT Openzone (BT Retail), 3G Live! (Vodafone Australia) and Sky HD (BSkyB).



### Dhiraj Mukherjee, head of banking innovation, Virgin Money

Dhiraj Mukherjee is head of banking innovation at Virgin Money. He joined the bank in 2014 to focus on enabling the community of innovators to create and launch brilliant new ideas.

Mukherjee has led open innovation initiatives at Virgin Money, built partnerships with fintech startups, supported a number of innovative events such as TEDx, and guided a range of projects across digital banking, big data and emerging technologies.

Previous to this Mukherjee was director of ?What If!, a strategic innovation consultancy. He is also a co-founder of Shazam.



### Terry Cordeiro, head of proposition development, digital and transformation, Lloyds Banking Group

Terry Cordeiro is head of proposition development, digital and transformation at Lloyds Banking Group.

He has over 15 years' experience in the telecoms and mobile industry working in both the public and private sector before joining RBS retail as head of solution design for mobile in 2011.

In this role, Cordeiro owned the strategic direction and delivery of the RBSG (including NatWest) UK retail mobile banking services. As head of solution design for mobile, he was the design authority for the business architecture and solutions design of RBSG's banking mobile app.



### Chris Withers, head of financial services, Europe, IBM Watson Group

Chris Withers leads the financial services practice for IBM Watson in Europe. He works with leading Financial Services firms to apply the power of machine learning and artificial intelligence of IBM's Watson.

Prior to this role, he led IBM's Smarter Commerce software business in the UK and Ireland focused on delivering digital solutions in the Retail. He worked with clients to innovate their customer experience through digital channels to improve customer life time value, online conversion rates and marketing ROI.

Withers joined IBM in 2004 and has held a number of sales leadership and sales management positions in the IBM enterprise software business and serves as a mentor for the IBM intrapreneurship programme.



### Wayne Bartlett, chief industry strategist for financial services, Microsoft UK

Wayne Bartlett is the chief strategist for financial services industry in the UK and is responsible for representing Microsoft's point of view across banking, capital markets and insurance.

Bartlett works closely with financial institutions to ensure that Microsoft is aligning its resources to assist customers transform to meet the needs and opportunities of the digital economy.

Bartlett previously held similar roles in New York and Melbourne for other large technology organisations including HP, Oracle and Sun Microsystems. He has an MBA from Monash University in Melbourne.

In 2007, Wayne returned to Monash University to sit on the Board of Advisers for MBA program within the Graduate School of Business.