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# Retail Banking: Bridging the Gap from AI to ROI

3 Ways to Leverage Intelligence for Building Customer Loyalty



Customer loyalty is harder than ever for banks to gain and preserve. The rise of disruptive digital competitors and the proliferation of new devices and channels have created an environment where many customers are now defecting from their primary banks. In fact, the “World Retail Banking Report 2016”<sup>1</sup> found that shockingly only 55% of customers say they are likely to stay with their bank for the next six months. Today, convenience is the new loyalty.

That level of churn is simply not sustainable. Some banks, however, are beginning to transform their customer loyalty challenges into opportunities using a technology that has already permeated many other aspects of customers’ lives: artificial intelligence (AI). AI will be critical for banks seeking to identify, onboard, serve, and retain customers more effectively in the future.

At a high level, AI is about understanding historical data and applying what is learned to current contexts to make predictions. AI has become mainstream due to the increasing number of high-quality data pools that now exist. Cloud computing, social media, and mobile devices are ubiquitous. Everyone (and everything) is connected: 3 billion internet users, 5 billion smartphone users, and 6 billion connected devices make up a network of information and interaction never before seen in history. Those billions of connected people and things generate enormous volumes of data about everything from financial transactions to online interactions.

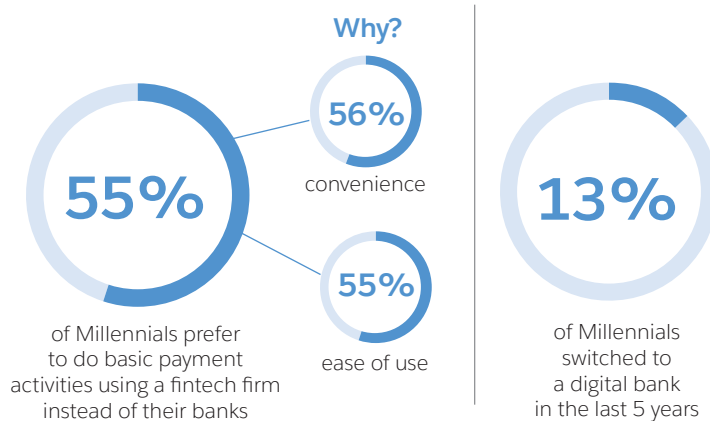
This means every bank — from the largest multinational firm to the smallest community bank — has the *potential* to leverage AI for analyzing vast amounts of data to help its employees answer questions and — the real game changer — predict needs among current and potential customers.

## The Intelligence Imperative: Take AI to the Bank

Given that customers’ expectations are increasingly influenced by what they experience elsewhere in their lives, it’s hard to overstate how important it is for banks to embrace AI. Indeed, consumers already use AI on a daily basis without even realizing it. Google harnesses AI to autocomplete search queries, predicting what someone is searching for with great accuracy. The Facebook news feed and Amazon product recommendations learn customer preferences and predict what people are likely to engage with or purchase.

As a result, the new standard for every customer interaction is that it should be smart, fast, and seamless. This is a standard that financial technology (fintech) companies and nonbanks are increasingly bringing to market to steal customers from traditional banks. For example, a recent [Salesforce survey](#) found that 55% of Millennials prefer to do basic payment activities using a fintech firm instead of using similar services provided by their banks. These consumers cited convenience (56%) and ease of use (55%) as the two key reasons for this preference. The survey also found that 13% of Millennials switched to a digital bank in the last five years.<sup>2</sup>

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<sup>1</sup> “World Retail Banking Report 2016,” Capgemini and Efma, [www.worldretailbankingreport.com/download](http://www.worldretailbankingreport.com/download)

<sup>2</sup> “2017 Connected Banking Customer Report,” [www.salesforce.com/assets/2017-connected-banking-customer-report/index.html](http://www.salesforce.com/assets/2017-connected-banking-customer-report/index.html)



There are three key ways that banks can apply AI to meet the expectations of their customers and position themselves to withstand the ongoing wave of fintech disruption:

1. Marketing can build predictive, 1-to-1 journeys for every customer, adding relevance and personalization at scale.
2. Relationship managers can discover opportunities, focus on the best leads, and automate tasks so they can spend more time with customers and close more business.
3. Customer service teams can deliver next-generation, proactive service using smart, self-service tools — thus heading off many basic, time-consuming inquiries.

In short, AI has implications for three critical lines of business that drive the entire customer experience. Exactly how AI will impact each of these functions — marketing, sales, and service — is worth a closer look.



### Scale Smartly with Predictive Marketing

Marketers at today's banks have a wealth of data at their disposal, but that doesn't always translate into intelligent customer and prospect interactions. Many marketers still lump audiences into broad cohorts, which often happens because it's too labor-intensive to engage people individually with the perfect message, content, or offer. But an AI-enabled marketer is empowered to reach the right audience, through the right channel, at the right time, with the most relevant content at scale.

By collecting behavior from digital channels such as the web, email, and mobile devices, plus offline behavior, and running data through machine learning models, AI can create a profile of preferences for each individual and ascertain how customers are likely to engage next. Every customer is then scored based on his or her likelihood to take a certain action — such as opening an email, enrolling in an account, applying for a loan, or unsubscribing from an email — and scores are continuously updated to be the most accurate indicators of future customer engagement.

Marketers can use the scores to segment, trigger messages, personalize communications, and adapt journeys. As a result, it's now possible for banks to scale personalization and relevance, even if they receive hundreds of thousands of visits to their site each day or send billions of emails every year. Rather

than manually selecting customer attributes to test and validate audience viability, marketers can simply segment according to scores that indicate which audience is right for each campaign.

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This functionality is made possible by AI's ability to tie together a customer or prospect's activity across devices, channels (such as email and web), and physical locations. For example, someone planning a vacation might open an email with airfare prices from Kayak on her work computer, then search Airbnb on her mobile phone during her evening commute, and once at home access TripAdvisor on her iPad for places to visit. A bank with an AI-driven marketing platform that unites data from those disparate devices and channels could recognize that this person has an affinity for traveling and is currently planning a trip. This bank could use such information to trigger marketing automation to serve up the perfect offer — a travel rewards credit card.

New data from customer actions — on any device, in any marketing channel — automatically refreshes AI engines to ensure target audiences and messaging line up. Before AI, the time and money required to create a 360-degree profile of customer activity across devices and channels was prohibitive for most banks.

One early AI success story comes from a large European bank that was spending millions of euros on digital advertising to raise its brand awareness, drive new customer acquisition, and cross-sell its current customers. The bank wanted to gain a better understanding of how its advertising was performing in different digital channels, including video and display.

This bank leveraged Krux, an AI-driven data management platform from Salesforce, to gather and analyze millions of data points about its digital campaigns, including data on which ads were displayed to specific consumers. As a result, the bank discovered a unique combination of video and display ads that drove customer engagement.

This insight enabled the bank to optimize its campaigns and raise the overall performance of its advertising programs by

doubling down on the offers and channels that were engaging customers most effectively. Although the bank is still early in its adoption of AI, one senior executive said AI has allowed the bank “to understand and leverage the behavior of the ‘unknown’ user and move those individuals down the awareness funnel.”

More broadly, AI can ensure that a bank’s communication never goes dark or falls out of touch with customers’ needs during their entire lifecycle. No matter how long an individual has been a customer, the bank should always be looking to deepen that relationship. AI’s ability to derive meaningful insights from a multitude of data sources helps banks put relevant information in front of their customers and make offers that are tailored to each customer’s life stage and needs.

**To recap, here are just a few specific ways that AI can help marketers:**

- Predict which emails are likely to result in an open or an unsubscribe, as well as which customers are likely to respond to particular offers
- Save time by using scores instead of manually selecting customer attributes to test and validate audience viability for campaigns
- Unify data from across numerous devices and channels to build a complete customer profile

## Empower Relationship Managers to Be Their Best

AI can also help relationship managers make better use of their time and deepen relationships with prospects who are likely to become a bank’s best customers. For example, it’s not unusual for a new advertising campaign to generate a deluge of leads that a relationship manager must sort through. AI can automatically score the quality of these leads by combining knowledge of prior interactions with what the bank knows about the customer. Leads are predictively scored in near-real time when someone clicks on an advertisement or downloads material from a website.

As a result, relationship managers can easily prioritize their best prospects, assign appropriate follow-up, and perform reporting based on AI-generated scores. Whereas legacy approaches to lead scoring relied on analysts manually correlating behaviors with conversions and assigning points for specific actions taken by leads, AI can automatically build a model that scores leads based on every possible combination of attributes and actions that could predict a conversion. This saves time and reduces the chance that human bias will be introduced to the system.

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Furthermore, AI can surface the factors that are driving conversions so relationship managers have context and confidence that the scores are valid. And AI-driven scores will stay up-to-date automatically even as predictors of conversion change due to regulatory, business strategy, or industry shifts.

AI also helps relationship managers maximize every selling moment by informing them when things are going well and providing early warning indicators when they might not be. For example, AI highlights when prospects are unresponsive, competitors are mentioned in email communications, or when deals are unlikely to close based on historical sales patterns. This means relationship managers can easily assess whether a potential sale is trending up or down. AI can also recommend the best next steps at each point of the sales process, helping relationship managers sell smarter and faster.

In addition, automatic data capture of key selling activities can free relationship managers from having to manually enter data and, in parallel, power AI-generated customer insights. This saves a tremendous amount of time, reduces the chance for human error, and improves the reliability of CRM data for sales purposes. In addition, data is immediately available for AI to analyze, which can provide quick insights into how frequently the entire organization engages with every lead and contact.



**To recap, here are just a few specific ways that AI can empower relationship managers:**

- Score leads so the hottest prospects are contacted first
- Provide insights about customer sentiment that can predict whether a deal is trending positively or negatively
- Suggest next steps to help guide relationships
- Learn from automatic data capture, thereby improving productivity and accuracy by reducing manual data entry

 **Satisfy Customers with Smarter Service**

Finally, AI can help banks provide better customer service by redirecting many basic questions to self-service channels, such as smart communities, that provide real-time answers to customer inquiries across channels and devices. This helps to answer customer questions more quickly and removes one of the greatest drains on an employee’s time: being a “human FAQ.”

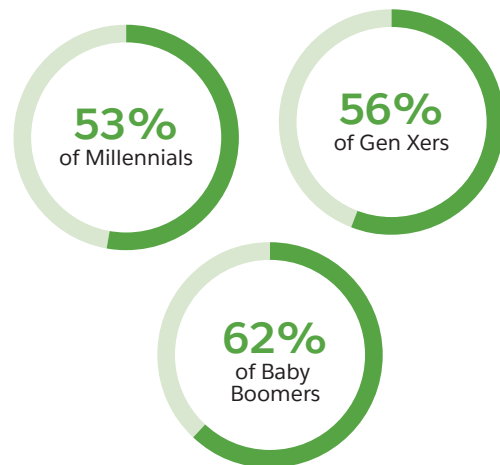
AI can identify complex combinations of attributes and actions that would normally be impossible to discern with the human eye, yet are highly predictive of which support issues a customer is likely to have. For example, a human could predict that customers who just started a new job might have trouble setting up direct deposit. But AI could go a level deeper and discover that customers who originally opened a checking account using their phone after clicking a digital ad rarely inquire about direct deposit when they start a new job. These digital-first customers might actually be more likely to need help using mobile deposit since they may receive an initial paper check from their employer before their direct deposit application is processed.

These customers could be automatically directed to a customer forum where others have already shared how to solve the problem. Or AI could surface the right content in a self-service portal or customer community based on what’s known about the customers — essentially anticipating the customer service questions.

With AI taking care of these basic service inquiries and anticipating potential problems, bank employees are empowered to perform more value-add, customer-facing activities. And AI is useful here, too. It can automatically recommend the right content to agents at the right time, including suggested solutions, relevant cases, and next best actions. An agent can introduce these to the customer appropriately, rather than bombarding her with answers or offers she doesn’t need. The continuous flow of customer data translates into a greater understanding of the customer and a superior experience that builds brand loyalty.

Smarter service also allows a bank to identify customer churn risks and reduce customer attrition by, for instance, prompting reps to reach out with personalized offers. There’s certainly a lot of room for improvement in this regard. A recent **Salesforce survey** found that just 53% of Millennials, 56% of Gen Xers, and 62% of Baby Boomers said that bank employees (in branch, online, phone) were able to quickly access their customer history and account summaries to provide more personalized service.<sup>3</sup>

**Proportion of customers saying that bank employees (in branch, online, phone) were able to quickly access their customer history and account summaries to provide more personalized service**



<sup>3</sup> “2017 Connected Banking Customer Report,” Salesforce, [www.salesforce.com/assets/2017-connected-banking-customer-report/index.html](http://www.salesforce.com/assets/2017-connected-banking-customer-report/index.html)





**To recap, here are just a few specific ways that AI can help service reps:**

- Answer customer inquiries more quickly and deflect basic questions through self-service communities and tailored support content
- Present relevant cases, recommended solutions, and next best actions to agents so they can provide better service
- Alert agents proactively when they need to reach out to prevent customer churn

**✔ Adopt AI the Smart Way**

Until now, AI has largely been out of reach for many community and regional banks. The high cost to implement AI solutions, combined with a shortage of data scientists and incomplete data, has made it challenging for all but the biggest banks to leverage. But that is changing as next-generation AI solutions hit the market.

Rather than building AI from the ground up, banks can now find partners that have embedded intelligence within existing applications such as marketing automation, CRM, and service desk software. These applications are often already in use and are as friendly to business users as they are to back-office staff.

For example, Salesforce Einstein is an intelligence layer that delivers insights, predicts outcomes, recommends next steps, and automates tasks within the company’s customer success platform. Einstein can serve predictions directly to applications spanning marketing, sales, service, and other functions, and because Einstein is built directly into the platform anyone at a bank can build AI-powered apps.

The bottom line is that AI represents the next major wave of innovation in banking, and it is finally accessible to banks of all sizes. Although banks have struggled to keep pace with the disruptive new players transforming the financial services industry in recent years, AI will allow them to make up the lost ground quickly and put themselves back at the center of consumers’ financial lives so that they can be the bank their customers love.



**Watch the [Salesforce for Banking demo](#) to learn more.**

