Building Better Bank Bots

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Banks have gotten the message that messaging apps have taken over. Usage of the top four social networks is now surpassed by the top four messaging apps – Facebook Messenger, WhatsApp, WeChat, and Viber. These messaging apps have opened up their platforms for brands to build artificial intelligence-powered bots to join the customers’ conversations.

Bank bots encourage deeper engagement than a standard banking app through the more accessible conversational interface. The bots can reduce the cost to service customers, but also provide new forms of value – personalized financial insights, lifestyle recommendations, and relevant upgrades – reaching a generation increasingly living on messaging apps.

This personalization can help customers be more mindful of their money in real time. Yet banks need to first help customers understand the benefit of bank bots.

Bots are still in their infancy, yet they will be ubiquitous in the next few years so it makes sense for banks to start developing this capability now.
What’s a bank bot?

A bank bot or “chatbot” is a smart messaging service built specifically for financial services. Bank bots exist within standalone apps (i.e. Digit) and within platforms like Messenger where users simply add a bot (i.e. MyKai) to their friends list to chat. There is a spectrum of complexity from simple interactions governed by predefined rules to artificial intelligence with an understanding of customer context. The simpler bots offer predefined prompts, and the more complex invite natural language conversation.

Why now?

Chatbots are not a new concept. Back in 2002 I chatted with the SmarterChild bot through AOL's instant messaging, and texted “BAL” to Bank of America to check my balance. Adoption was hindered by the consumer preference for apps.

The bank bot resurgence is being driven by these factors:

1. Consumers spend the most time on messaging apps, and brands will serve them wherever they are
2. Messaging platforms now allow brands to build apps
3. Advances in the accuracy of natural language understanding make bots more viable
4. Advances in deep neural networks, a category of artificial intelligence that analyzes and learns from vast amounts of data
5. Growing adoption of open-APIs that enable a secure flow of bank account and transactional data
The bank bot revolution

Yesterday’s SMS-based banking brought the convenience of receiving account balances by texting pre-defined codes from our mobile phone. Today, we can send Venmo payments and subsequently ask a bank bot “How much did I spend this weekend?” or “How much did I spend on Amazon this month?” and receive an accurate response. The bank bot of tomorrow will fully leverage our data and offer deep insights, have a developed personality, and be fully transactional and secure.

The following is my Fantasy Bank Bot Team, which combines the best components currently offered by both banks and fintech startups.

Building a better bank bot requires the combination of:

**Lifestyle:** American Express goes beyond transactions by reminding customers of their card benefits and making useful recommendations. For example, users could buy an airline ticket and receive a purchase confirmation alert. Or a reminder to use their complimentary airport lounge or get recommended to a nearby restaurant.

**Insights and Advice:** Customers should be able to get spending insights like Penny’s monthly and weekly spending comparison and dig deeper into their transactions by naturally asking questions like “How much did I spend on Amazon this year?” or “How are my portfolios performing?” or “When could I afford a $5,000 vacation?” and get the appropriate advice, such as “Do you use your music subscription? Canceling today will save you $120 this year!”

**Security:** Since the ideal bank bot works across multiple platforms, banks are dependent in part on the messaging apps. In order to trade stocks or send money, messaging apps need to create an authenticated environment. Facebook recently added end-to-end encryption to Messenger, which is a great start. Banks could increase security by adding additional layers like two-factor authentication, or redirect the customer to the bank website to login (i.e. Personetics).
Personality: Dyme offers several personalities (i.e. Aerobic Instructor, Terrible Parent, and Sad School Teacher) to encourage smart spending habits. Creating a unique bank bot personality could set you apart from competitors.

Customer Service: Customers should have immediate access to a customer service agent (i.e. TD). Account opening and any credit or loan underwriting can be seamlessly completed through automation and agents as needed. Customers will ask “How could I increase my credit card limit?” or “Help me open a savings account.” or “What are your mortgage rates?”

Transactional: Kasisto is the only bot I’ve seen that allows users to transact through Venmo. And AJ Bell has created the first bot to trade stocks on Messenger. The next level is rebalancing portfolios and issuing temporary, virtual cards.

Linguistic User Interface: Dyme offers customers a mix of natural language and pre-defined prompts. This combination makes interactions easier. Try it out here!

Rich Content: Building a native app, like Penny, offers some perks such as adding motion design to create interactive charts and gifs.

Personal Finance: Customers should be able to build budgets, track bills and set lifestyle objectives such as setting a new savings goal for that vacation you’ve been putting off every summer, or pay your Time Warner balance the tenth of every month. Digit does a great job today by analyzing a customer’s cash flow to save them money over time.

Multi-Platform: Personetics is building an engine that powers their chat bot experience across platforms like SMS, Facebook Messenger, and Apple iMessage.

Where do we go from here?

Bank bots are here to stay and will profoundly change how customers connect with their banks. We are still in the early stages and need to observe how consumers adopt and leverage the ability to message their banks, in order to adjust the design and feature set. The best experience will seamlessly bring consumers closer to their finances but also their banks.

If you’re just starting out—keep informed with the latest developments of bank bot startups, look into enablers like Personetics, and finally check the Chatbots Magazine guide for further insights on building chatbots.

How could SapientNitro help you build your better bank bot? Email us at info@sapient.com
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Mauricio focuses on enabling customer-centric experiences within financial services, at the intersection of advisory, product innovation and customer experience across wealth management, digital banking and asset management.

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