

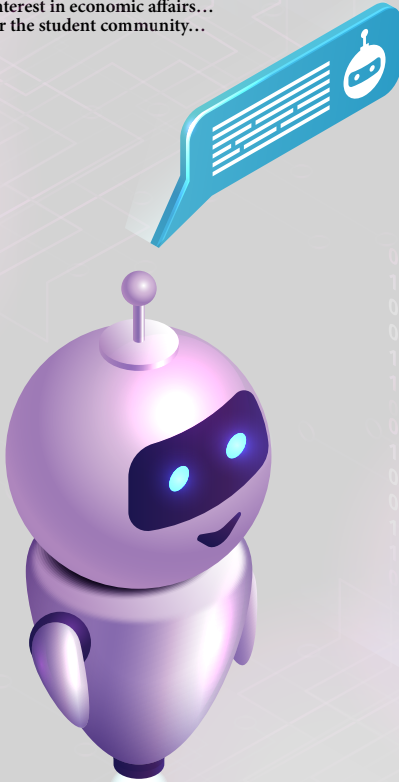
STUDENTS' ECONOMIC FORUM

A monthly publication from South Indian Bank

To kindle interest in economic affairs...
To empower the student community...

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Student's Corner

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CHATBOTS IN BANKING TECHNOLOGY

MAY 2022 | THEME 365



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The "SIB Students' Economic forum" is designed to kindle interest in the minds of younger generation. We highlight one theme in every monthly publication. Topic of discussion for this month is **"Chatbots in Banking Technology"**.

Introduction

Chatbot in simple terms is a computer program that is used to conduct an online conversation via text or speech with a person. This allows users to interact with digital devices as if we were communicating with a real person. Today, this software is seen to be used in all areas starting with simple applications which are meant to just answer to questions raised by users to complex situations where users need to be provided with customised solutions. The earliest forms of chatbots are ELIZA (developed in 1966) and PARRY (developed in 1972). Today, chatbots are used in various industries like banking, pharma industry etc.

Types of chatbots

- Task-oriented (declarative) chatbots are the most commonly used chatbots which are used mainly to answer to specific questions or requests raised by the users.
- Data-driven and predictive (conversational) chatbots are commonly known as digital assistants which are much more sophisticated. They make use of analytics and can initiate conversations and are more task oriented.

Chatbots in Banking

Banking is all about finance through relationships. Relationships can be between the bank and customer or the employees or with any person/entity of interest. Constant engagement with such stakeholders is vital in maintaining such relationships. Call centres and email communications is primarily used by banks and other organisations for doing so. With the emergence of Chatbots technology, a new era of communication has begun in the banking sector.

Banks primarily used to rely on call centres and other traditional methods to engage with the customers. For those who had simple concerns or queries this used to be a lengthy process. While this style of engagement had better results when it comes to personalised solutions, it has proven to be costly, time consuming and a lengthy process.

Today, Chatbots are used as a solutions provider in banking sector. Customers need not go in search of answers by searching in the whole webpage of a bank and by clicking on

various links provided in the web. With a solution driven approach, the assigned chatbot stands ready to answer to the queries raised by the customer. Customers can also click on various topics which are preset to make the search for answers faster. This 'Ask and Receive' style of communication enhances customer experience, helps save time, money and also keep things recorded in a systematic manner. Based on past user data, chatbots are also programmed to provide customised services and alerts and this also adds to the customer experience and engagement levels.

Chatbots are seen to be used within the bank to enhance the employee experience. Employees have many queries regarding their leaves, status of applications etc. Chatbots make it easy for them to access the necessary data and provide them with preset answers to the questions raised. This has helped most of the queries to be settled within a few minutes relieving the pressure on the Human Resource and appropriate departments to settle queries. appropriate departments to settle queries.

Application of Chatbots in Banking

Presently, banks are in the race to automate their services. Doing so has proven to be highly efficient and effective. As part of automation of services, banks are seen to implement chatbots taking into consideration the many uses it offers. Some of them are –

1. Money Transfer

Users can make use of chatbot services to make bill payments, to set payment reminders and to track their monetary transactions.

2. Answer to Basic questions

Chatbots are programmed to respond to basic and fundamental questions like 'what are the documents required to open a Savings Bank Account?'

3. Check Account balance and other details

Chatbots are used to tell the details of the account such as balance, reward points, nature of transactions etc.

4. Resolve issues

Some issues faced by customers are simple in nature and can be solved by receiving authorisation from the customer in the form of answering to security questions or entering a secret pin number. Chatbots are used to get such authorisations.

Advantages and Disadvantages of Chatbots in Banking Sector

Advantages

1. Available 24/7

Today, customers have become more demanding in terms of speed and delivery of service. Chatbots are programmed and uses machines for communication. This allows

the users to access chatbot services anywhere and anytime.

2. Helps to increase revenue

Chatbots are known to respond to customer queries quickly. They also make suitable recommendations in accordance to the questions asked. This is seen to have a better impact in sales and revenue generation.

3. Reduce costs

This technology can reduce costs incurred for employing manpower to engage with the customers whose sole responsibility is to answer to customer queries.

Disadvantages

1. May discourage the customers

There are certain chatbots which are not designed to take in complex questions. This may not deliver suitable results to the customers which in turn leads to customer disappointment.

2. No human connect

Some products and services are highly emotion driven and customers look forward for an emotional approach from the seller or the service provider. Chatbots are basically machine algorithms. They lack emotions and this can create a disconnect.

3. Expensive

Development of chatbots require high level of knowledge and skill. It also requires frequent market study to ensure that the responses and questions are in line to the changing trends in the market. Therefore, development and implantation of chatbots is expensive in terms of time and money and based on the complexity of the chatbot which is being developed.

Chatbots Everywhere!!!!

The ever increasing demand for smart phone and internet enabled devices has lead businesses to venture into new possibilities both in the areas of Data collection and Customer Experience. This program has made it possible to reach out and be accessible to many at the same time and also to give customised and personalised solutions. Some of the places and purposes where chatbots are prominently used are –

S. No	Industry	Examples of Implementation		Purpose
		Name of the company	Name of Chatbot / Platform	
1.	Restaurants	Domino's Pizza	Facebook Messenger bot	To reduce the time taken to place an order online
		McDonald's	TrayQuest	For enhancing customer experience

2.	Banking	South Indian Bank	SONA	To respond to queries raised by users and also to help the users to get information about various products and services
			Mithra	HR assistant to help answer queries raised by staff members and also to communicate to the staff members on a personal basis
3.	Airline	Indigo Airlines	Dottie	To check flight details, download boarding pass and to answer to travel related queries
4.	Travel	Ixigo	Ixibaba	To assist in booking of tickets and travel plans.
5.	Hotel	Hilton	Xiao Xi	To provide quick and convenient one stop source for travel advisory services
6.	Mobiles	Apple	Siri	To be a Smartphone assistant

The New Future

Chatbot is an emerging technology in all fields of business. It has proven itself to be a fast and personalised solutions provider. Customised services/solutions are proven to be a game changer in the world of business, topped up with speed and easy accessibility. Chatbots have the power to do all of the above. With customer delight being the prime agenda for all the businesses, we can expect more chatbots to be used in a variety of areas. However, in the days to come, companies should be ready to engage into more research and development (R & D) on a case to case basis to understand customer/stake-holder sentiments and develop better and sharper chatbots.

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Rate for conversion:

TT selling rate available at that point of time

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Timings window:

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