



SHAPING THE AI-ENABLED CUSTOMER EXPERIENCE FOR FINANCIAL SERVICES

Boost revenue, reduce costs, and increase customer satisfaction
with the right solution at the right time



AI-ENABLED CUSTOMER EXPERIENCE CAN:

- Boost revenue from marketing by 10%
- Reduce the cost of operations by 13%
- Increase customer satisfaction by up to 20%
- Reduce effort in audience selection by 60%

Delivering the right customer experience is critical for financial services companies and they have long sought to use increasingly more sophisticated technology to gather, manage, and analyze data to improve service to customers. The industry is now opening another chapter in its use of technology with the growing use of artificial intelligence (AI), including machine learning (ML).

Today, AI is revolutionizing the industry's ability to understand data and put it to work to generate value. In banking and insurance, for example, the use of these technologies has the potential to reduce the cost of operations by 13% and boost revenue 10% or more, according to the Capgemini Research Institute.¹

From the customer's perspective, the growing use of these technologies does not always lead to an improved customer experience. In a recent study, about half of the financial services customers who were served through AI-enabled bots said the value they received from the interaction was non-existent or less than expected. As a result, two-thirds of financial services companies said that they

had abandoned some AI investments due to low potential impact.²

To a great extent, these problems stem from the way that companies have applied the technology. Typically, when implementing AI and ML, they have focused on internal efficiencies and cutting costs rather than transforming the customer experience. Thus, while AI and ML projects provide some benefits to the company, they often leave customers disappointed and frustrated.

In order to use data and AI to truly transform the customer experience, financial services companies need to shift their focus from internal operations to a "customer-first" approach. That means working backward from the customer perspective to design better customer experiences while using the technology to find new ways of understanding the customer's intent, personalizing interactions, and constantly innovating to keep pace with evolving customer expectations.

¹ [Capgemini Research Institute, "Smart Money," 2020](#)

² [Ibid](#)

USING TECHNOLOGY FOR CUSTOMER-FIRST INTERACTIONS

For businesses, finding new ways to use data to reach the right customers at the right place, right time, and in the right manner is crucial as the channels by which we can connect have multiplied.

Financial services companies can use AI fueled by data to create a customer-first engine that supports the development and delivery of powerful customer experiences. These technologies make it possible to work with large amounts of data quickly, understand who customers are and what they intend to do, uncover ways to serve them more effectively, and do it all on a near real-time basis. Unlike traditional approaches, AI enables companies to continually hone their understanding of customers and dynamically reshape customer experiences to provide them with real value—which in turn fosters long-term relationships that benefit both customer and company.

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APPLYING AI TO THE CUSTOMER EXPERIENCE

An effective, AI-powered customer-first engine needs to be built on a solid data foundation. Large amounts of relevant data are the lifeblood of AI, but too often, a fragmented landscape of data and technologies prevents financial services companies from getting the full range of marketing, sales, and personalization capabilities they need. This makes it difficult to unify data and build new capabilities, thereby limiting the real-time decision making and actions needed to serve customers effectively.

Having an integrated view of customer data, on the other hand, can have a significant impact on customer-related processes. For example, a large financial services organization found that its heterogeneous and siloed systems meant that it lacked a single view of the customer. Working with Capgemini, they implemented a central customer data platform to support marketing, sales, and customer service. As a result, the company was able to build better AI/ML recommendations that helped increase the conversion rate of marketing campaigns by 15% and reduce the effort involved in audience selection by 60%, while improving the customer experience through increased personalization.

That kind of centralized, integrated view of data—with a platform that can readily take in a range of data from a variety of sources—is a prerequisite for using AI to shape the customer experience. Drawing on this deep pool of data, the customer-first engine can use AI to dramatically enhance a financial services company's capabilities across the following key customer-experience related processes.

UNDERSTAND THE “WHO” AND “WHAT” OF CUSTOMERS

AI and analytics can improve the quality and speed of customer segmentation, as well as accelerate efforts to continually reassess these segments. The result is a real-time understanding of who customers are, their product and service preferences, and whether the relationship is growing, stable, or declining. AI can do the same for propensity scoring, giving the company a dynamic view of how customers are likely to respond to offers.

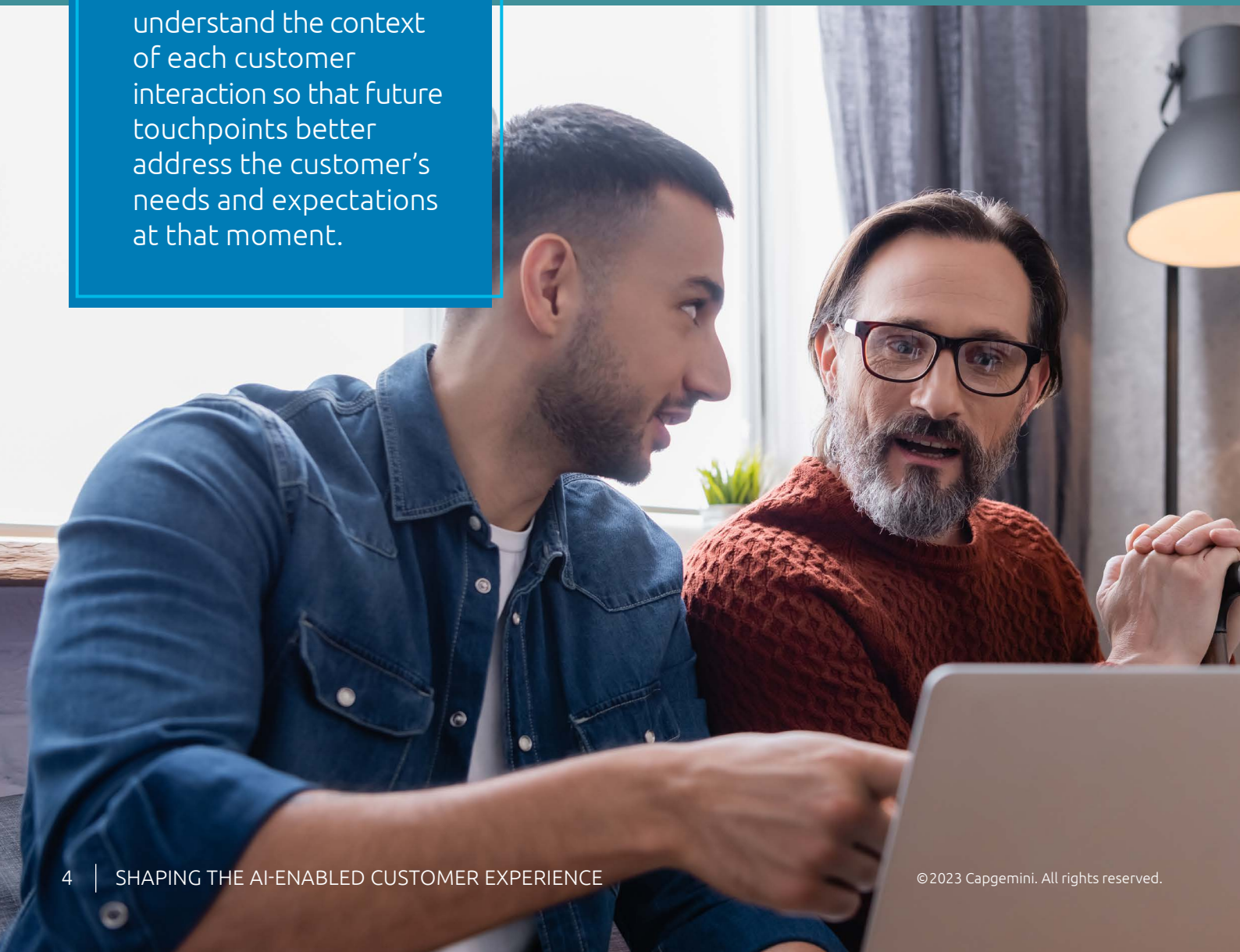
Together, AI-enabled segmentation and propensity scoring can provide a basis for focusing and optimizing the customer experience across online and offline channels.

LEVERAGE THE CONTEXT OF INTERACTIONS

To build on segmentation and propensity insights, financial services companies can develop a storehouse of contextual data that identifies what a customer wants and needs, what motivates them to buy, how they prefer to engage with the company, and how they use the company's products and services. AI can then be used to understand the context of each customer interaction so that future touchpoints better address the customer's needs and expectations at that moment. This approach can be highly effective. In an analysis of AI interactions, the Capgemini Research Institute found that customers were more satisfied (62% vs. 51%) and saw higher benefits (52% vs. 41%) when using context-aware compared to non-context-aware interactions.³

³ Capgemini Research Institute, “The Art of Customer-Centric Artificial Intelligence,” 2020

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DRIVE EXPERIENCE-BASED DESIGN

Financial services customer needs are a moving target given their always-evolving circumstances and preferences and their interest in innovative products and services. Experience-based design begins with the end user in mind, looking at factors such as key behaviors and barriers to customer action, and then creating a choice architecture that drives a positive emotional response helping customers make their desired choice. Here again, AI makes it possible to reshape that choice architecture quickly. For example, Capgemini worked with a travel insurance provider to create an online site that can customize and rapidly adjust the presentation of information, images, and choices for specific customers based on their behavior on the site.

This approach not only helps in targeting those interactions, but it also enables new approaches to tapping into customer interactions to drive continuous improvement. With AI, institutions can create large-scale design experiments that monitor customer behaviors to constantly test different variables in online interactions, learn from these interactions, and present new data-driven offerings and messaging across the customer lifecycle. As a result, the design of the customer experience can be based on data-driven, empirical results, rather than the subjective opinions of designers.

ENSURE RESPECTFUL PERSONALIZATION

AI-enabled personalization can be a powerful tool for shaping the customer experience, but it can go too far. A system can seem to know too much about the customer, for example revealing details about finances or preferences that the customer feels are private. This can create an experience that feels intrusive, inappropriate, and simply wrong. That result is not uncommon. In a 2020 survey, 54% of respondents said they were “either fed up, frustrated, or creeped out by companies that use their data to serve targeted, personalized ads.”⁴

There is a fine line between good and uncomfortable tailored experiences. Financial services companies need to ensure that they stay on the right side of that line—that is, they need to ensure respectful personalization. In addition to paying attention to how interactions come across to customers, financial services companies should also address customers’ underlying concerns with AI. That means being transparent about how AI is making decisions, what it can and cannot do, and allowing customers to opt out of using the AI system or even having their personal information deleted.

PROTECT THE CUSTOMER

Consumers and regulators are increasingly concerned with data privacy and security. Financial institutions can address those concerns by using analytics and AI to help improve customer identification and authentication, know-your-customer programs, risk assessment, credit decisions and fraud detection, and to strengthen cybersecurity measures. For example, AI can enhance biometric identification or improve the ability to quickly identify anomalous behavior, such as unusual transactions or suspicious activity from multiple countries.

At the same time, financial institutions need to ensure that the use of AI does not itself contribute to security risks. The data used to drive AI needs to be secured, and when included in reports, encrypted or anonymized to limit the exposure of protected and sensitive information.

By keeping security top of mind when working with AI, financial services companies can not only meet regulatory requirements, but also reassure customers that their accounts and data are safe—in essence, building trust and turning compliance into brand strength and competitive advantage.

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⁴ DataGrail, “DataGrail’s 2020 Consumer Privacy Expectations Report



THE IMPACT OF CUSTOMER-FIRST FOCUSED AI

With an AI-driven customer-first engine, financial services companies are likely to see benefits on many fronts. For example, it can enable them to:

- 1 Rationalize the customer experience tech stack by building a platform for the unification of customer and transaction data from a variety of sources.
- 2 Build a 360-degree view of the customer across their lifecycle to better identify needs.
- 3 Make relevant offers guided by respectful personalization to meet customer needs and align to a customer-first philosophy.
- 4 Evolve the customer experience—dynamically and continuously—to take customer centricity to new levels and keep pace with evolving customer needs.
- 5 Build a foundation for the future of customer-focused innovation by facilitating easy expansion of future AI/ML technologies and use cases.

Overall, implementing an effective AI-driven customer-first engine is essential to meet the rising expectations of today's financial services customer, gain deeper and more timely insights into their expectations, and deliver the right experience at the right time.

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