



Increasing bank competitiveness with Generative AI

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Abstract

For years, banks have benefited from weaving technology into their operations, which provided growth in revenue and customer reach. However, technology also brought competitive pressure from fintech and early-adopting traditional banks. With the rapid development of Generative AI, new opportunities arise for banks aiming to modernize. How can they capitalize on this?

External forces in bank competition

Technological developments and adoption have pressured traditional banks to modernize their customer engagement strategies and operations while maintaining service quality and minimizing cost. PAC labelled this as "forced evolution" as traditional banks were left without choice but keep up with the increasing level of competition in an already competitive space.



The rise of fintech

Fintech investments in ASEAN have increased to more than 400% from 2018 to 2022, according to PwC, Singapore FinTech Association, and UOB. This is due to ASEAN's rising smartphone penetration, increased e-commerce spending, and a large unbanked population.



Evolved customer expectations

As customer preference shifts from in-person banking to mobile or website banking, so does customer expectation. Customers are demanding more digital services from their banks. In the United States, BearingPoint suggested that 25% of customers changed their banks for a better digital banking experience.



Bloated cost-to-serve ratio

Traditional banks have a higher cost-to-serve ratio compared to their fintech counterparts. The former operates and maintains physical branches and ATMs, while the latter operates entirely online.

Operational challenges

To increase competitiveness and maintain service relevance, banks need to address these four operational pain points:



**Outdated
Tech Systems**



**High
Operating Costs**



**Service
Inefficiencies**



**Customer
Leakage**

- 1 Outdated legacy tech systems.** According to IDC Financial Insights, 40% of banks cited legacy technology as a pain point in their digital transformation efforts. Institutions could miss out on revenue by as much as 42% annually if they fail to future-proof their systems.
- 2 Service inefficiencies.** Banks need to ensure modernization of their front- and back-end operational capabilities, which include revamping customer journeys, expanding value-added services through proactive communications, and an incremental approach to tech adoption.
- 3 High operating cost.** In order to compete, 74% of banks prioritize lowering their operating cost, according to PwC. One way to do this is by implementing a more efficient and effective way to grow the customer base, collect debts and loans, and proactive and reactive messaging.
- 4 Customer leakage.** To keep customers away from competition, banks need to address their customers' increasing demand for a seamless, personalized, and convenient experience while managing costs. PwC reported that 68% of early-adopting banks prioritize improving their customer banking experience to remain competitive.

At a glance

One way for banks to compete is to increase their digital proficiency. PwC reports that Southeast Asian banks that are already digitizing have three main drivers.

68%

To improve
customer
experience

56%

To increase
operational efficiency

41%

To reach
more
customers



Why Generative AI matters

Unlike previous AI, Generative AI can create content based on information it learns from similar data formats. Some examples that Generative AI can create are texts, audio files, videos, images, and even codes.

In banking, Generative AI could potentially enhance and speed up operations, resulting in revenue growth. McKinsey suggests that Generative AI can increase the overall banking industry revenue by \$340 billion (5% of the overall banking revenue) and increase the operating profits by as much as 15%.



Potential revenue uplift of
Generative AI in banking



Increase in
operating profits

The research firm points out several characteristics of banking operations for the integration of Generative AI applications:

- 1 Sustained digitization efforts along with legacy IT systems.** Banks have been investing in technology for decades, thus accumulating a significant amount of technical debt.
- 2 Large customer-facing workforces.** Banks rely on customer-facing professionals such as call center agents and wealth management financial advisors.
- 3 White-collar industry.** Generative AI's impact could span the organization, assisting employees in better documentation and faster decision making.

Generative AI applications

In banking operations, Generative AI can enhance customer and employee experience by effectively generating content that can be applied to various bank operation scenarios.

Applications	Examples
Inbound Voicebot	Guides customers on the next steps during card application
Outbound Voicebot	Conducts late credit servicing such as debt collection and loan collection
Post-Call Messaging	Provides detailed information or explanation about products or services after phone
Call Transcription	Automatically documents the phone interaction between the call agent and the customer
Call Analysis	Generates customer insights for enhancement of product or service offering

Generative AI solutions

Customer Growth

Growing your customer base means having efficient and cost-effective customer acquisition and retention strategies. Generative AI can boost your customer growth through:



Lead Filtering

Identifies high potential leads that acquisition agents should prioritize



Activation

Guides customers who have not yet completed the application process



Cross-Selling

Promotes newly-launched products to existing customers

Accelerating Customer Growth with WIZ.AI

Traditional Solutions

Longer agent wait time means less time to reach customers

High rate of unanswered calls yields lower result

Manual operations are expensive and not scalable



Customer Coverage



Efficiency



Cost Reduction



With WIZ.AI Solutions

70%

Increase in customer reach rate

63%

Increase in efficiency

72%

Lower cost

Debt Collection

An effective debt collection strategy is important in managing operational cost, as the longer the debt is unpaid, the more expensive the operation is. Generative AI can improve debt collection end-to-end:



Predue

Creates and facilitates personalized reminders



Due

Notifies the customers to make repayments on the due date and captures data for customer profiling



Overdue

Automatically classifies the customers' repayment abilities and implements personalized collection strategies accordingly

Improving debt collection

Traditional Solutions

Payment rate is affected by a lower rate in connected calls

Limited call coverage due to understaffing

Manual operations are expensive and scalable



Payment Rate



Efficiency



Cost Reduction



With WIZ.AI Solutions

6%

Improvement in the total payment rate

230%

Increase in productivity from human-AI collaboration

56%

Cost savings

Customer Support and Satisfaction

Scaling up customer support by deploying more human agents is expensive and inflexible. Generative AI in customer service provides scalability at a lower cost.



Customer Service

Provides a 24/7 self-service where customers can get information such as branch location or loan/credit card inquiries



Scheduled Survey

Administers Net Promoter Score (NPS) survey to analyze customer satisfaction



Transactional Survey

Automatically triggers a survey after a customer purchases a product or service, capturing the customer at the right time

Enhancing customer support

Traditional Solutions

All cases are manually handled by human agents



Workforce

Every concurrent case requires waiting



Holding Time

Manual operations are expensive and scalable



Cost Reduction



With WIZ.AI Solutions

64%

Decrease in manual tasks, enabling agents to do more important work

65%

Decrease in average holding time

33%

Cost savings

Operational Management

Generative AI can perform up to 100% call coverage, ensuring all customers are attended and all calls are covered for analysis.



Quality Control

Performs dialog analysis to evaluate the effectiveness of customer service representatives



Agent Efficiency Optimization

Predictive dialer connects only the answered calls to available agents



One-Time Passcode

Sends out a unique and temporary code through call before proceeding to an online transaction

Increasing productivity in operations

Traditional Solutions

Not all calls can be inspected for risks

Spot checks can only cover <10%

Waiting takes up a lot of agents' working time



Compliance



Coverage



Efficiency



With WIZ.AI Solutions

46x

More times operational risk cases are identified

100%

Coverage and 90% of invalid cases are automatically filtered

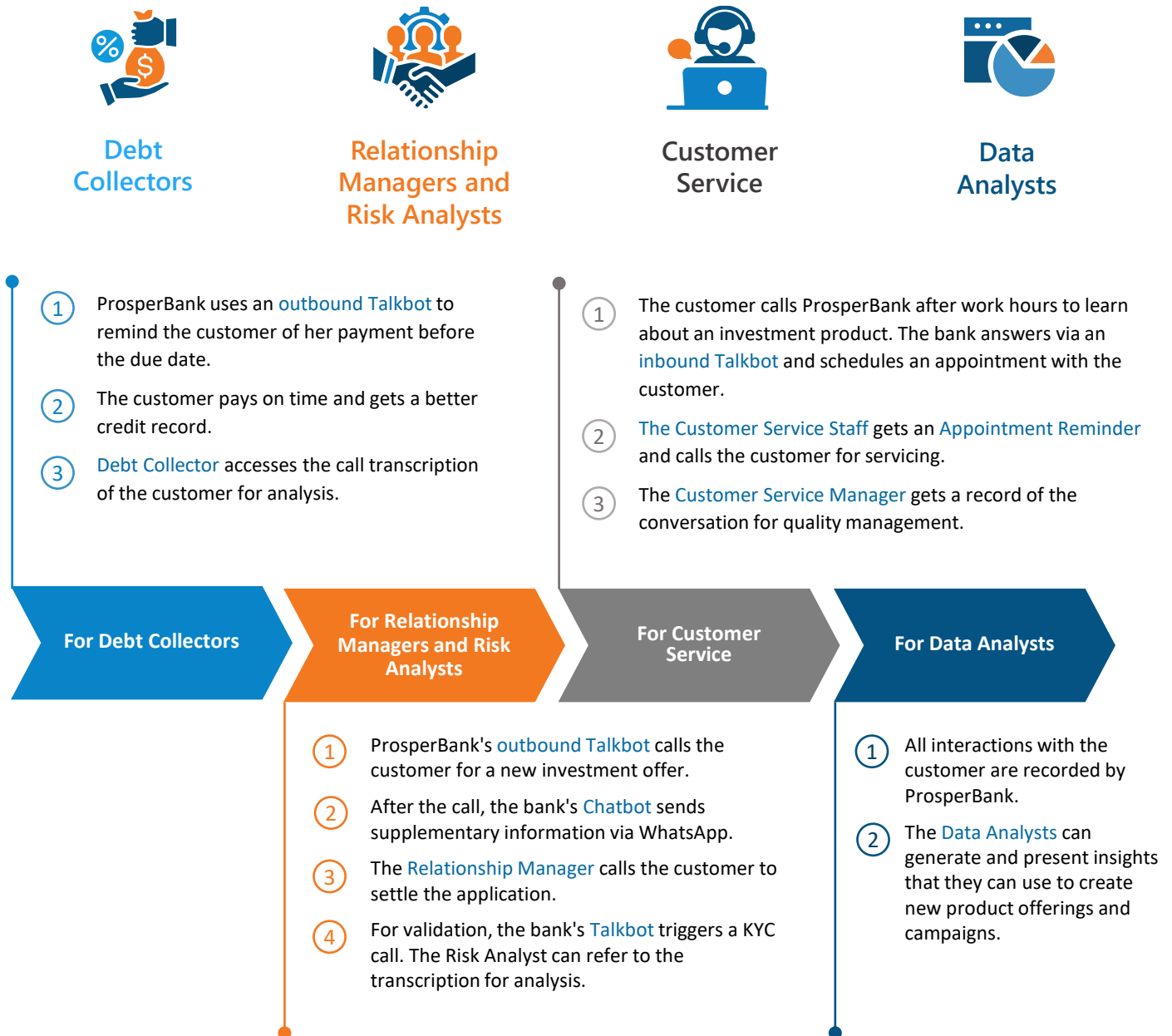
33%

Improvement in agents' effective working rate



End-to-end customer engagement reimagined

Here's an imagined scenario for ProsperBank's human-bot collaboration in delivering an end-to-end service to their customers.



- Automating predue reminder calls frees up time for human agents to focus on more complex issues in debt collection, enabling a more consistent and higher level of customer service quality that leads to customer satisfaction.
- Talkbots and chatbots can help qualify leads for Relationship Managers to pursue. The Risk Analysts' work is made more efficient as Talkbots already pre-filtered the customers at the start of the KYC process. As the customer goes further in the funnel, their repeat satisfaction leads to building trust.
- Using automation tools in customer service can ease operational burden and costs. Employees can have more time to nurture customer retention.
- Generating analysis enables organizations to make decision-making more agile and efficient.



Customer Story 1

Smart Debt Recovery with WIZ

One way banks can decrease their financial risk and operational costs is to update their debt recovery strategy. This includes guiding their customers by creating a clear plan for payment reminders at every stage.

WIZ worked with a Southeast Asian lending company with over 50 million customers across four countries to transform their debt collection process by introducing outbound Talkbot solutions.

Key Challenges



High operating cost. The longer loans are unpaid by their customers, the higher their operating cost becomes.



High call volume. The number of calls made weekly becomes overwhelming, affecting the team to delays and reduced productivity.



Demotivated collectors. Due to the nature of the work, debt collection professionals have a high turnover rate and are often described as unmotivated.



Data management. Inadequate data management can slow down the process and make the data not actionable.

Solution and result

Coverage

Indonesia
Philippines
Malaysia

Deployment

SaaS
On- Premise
Hybrid

Use Case

Predue
Due
Overdue

Calls were automated in progression. At the beginning of the project, the client deployed via SaaS and subsequently transitioned to a hybrid, utilizing both WIZ environment and on-premise deployments.

56%

Cost Savings



300%

Increase in
Calls Made



2.3x

Increase in
Agent Productivity





Customer Story 2

Intelligent Outbound with WIZ

Maximizing operational resources means ensuring high levels of human agents' productivity and cost savings while maintaining the effectiveness of the operations.

WIZ offers an AI-powered outbound solution to an Indonesian company to increase its employee productivity.

Key Challenges



Long wait time. The wait time per agent exceeds 1 minute on average, wasting a lot of human agents' time.



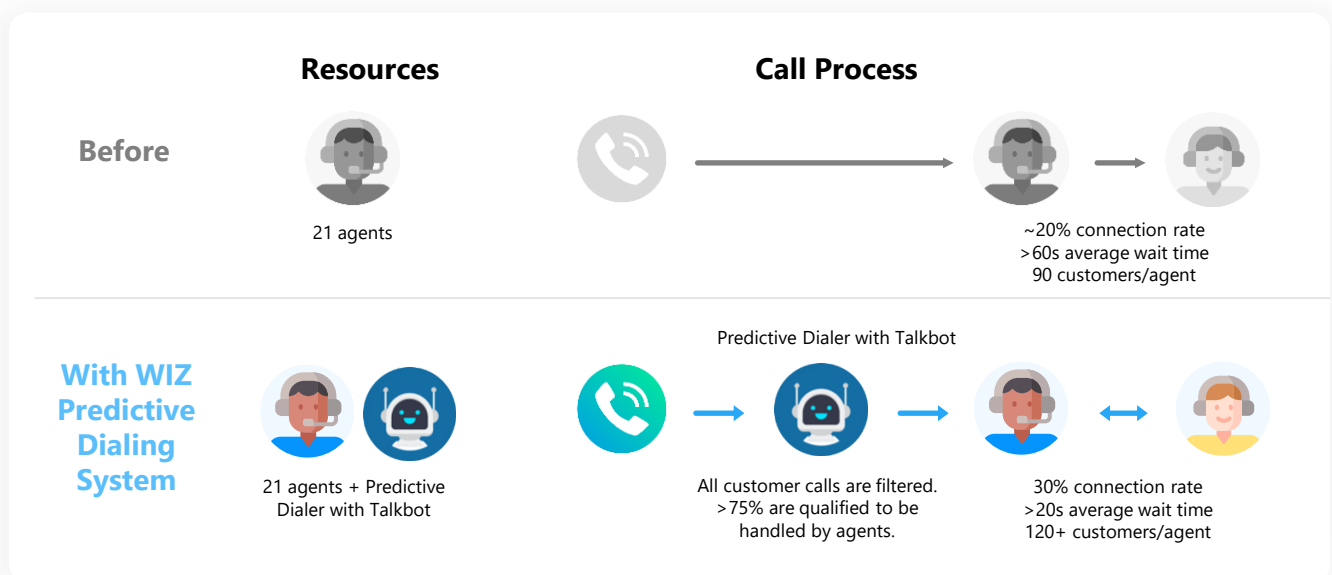
High abandonment rate. The client staffs 21 agents, and the number of calls they have to make can oftentimes be overwhelming, resulting in not covering the entire customer base.



High operating cost. Operational inefficiencies resulted in time wastage and unmotivated human agents.

Solution and Result

Before, customer service agents had to contact their customers manually, resulting in longer wait time and fewer customers reached. With WIZ's AI-powered outbound solution, the calls were automatically filtered before being transferred to the agents, reducing the wait time and increasing the customer reach.



7pp

Increase in Connection Rate



65%

Agent Time Savings



35%

Increase in Customers Reached



Tips for bank leaders and managers

Generative AI is a game changer for banks, and innovation in this space is increasing and more agile. Inspired by McKinsey's report, here are tips for bank managers and leaders in order to compete on technology:



Learn the landscape

Generative AI is available to every organization, so it becomes a matter of aspiration and being open to transformation. The pace of technological development is going to continue to accelerate, so it is important to be ahead of the competition in terms of modernizing traditional methods.



Capture the opportunity of AI

Deploy process automation across customer service operations, front to back. This ensures a higher quality of service delivery.



Scale the delivery of your services

Operate like a tech company and prioritize engineering excellence by partnering up with tech experts.



Future-proof your tech foundation

Go with a cloud-based solution that will complement continuous innovation and next-generation capabilities.



About WIZ.AI

WIZ.AI is a leading conversational voice AI technology innovator for omnichannel B2C engagement, driving increased productivity, profitability and user satisfaction.

With WIZ.AI Talkbots, companies around the world can deliver hyper-personalized, omnichannel customer engagement at scale, with quantifiable ROI for the business.

Driven by a team of industry veterans with extensive leadership experience across AI, cybersecurity and technology, WIZ.AI now serves over 200 clients, many of which are top brands and Fortune 500 companies from various industries, including Healthcare, Insurance, Banking, Telecommunications, E-commerce, and the Government.



For more information, visit <https://www.wiz.ai/> or book a demo via <https://www.wiz.ai/schedule-a-demo/>