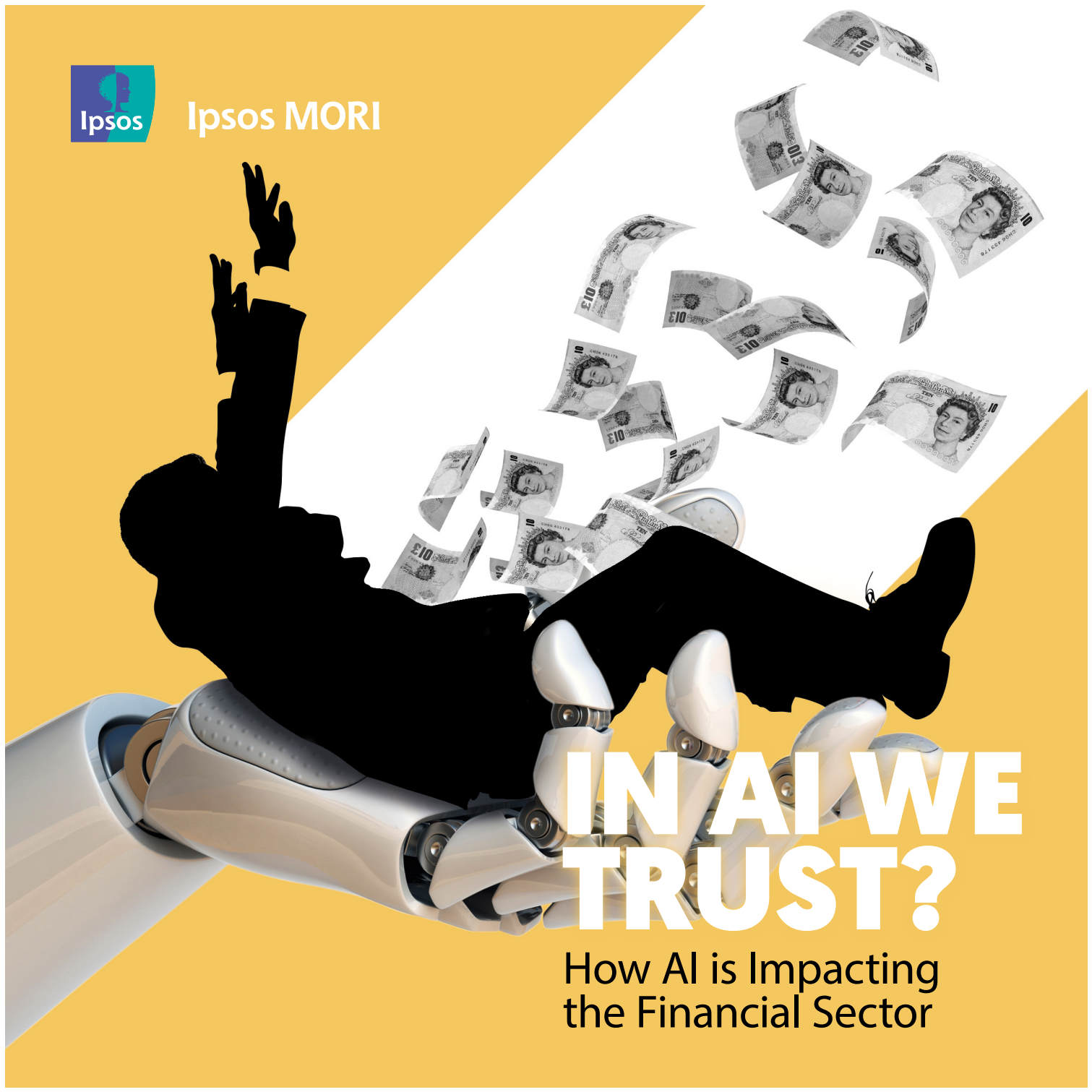




Ipsos MORI



IN AI WE TRUST?

How AI is Impacting the Financial Sector





As buzz words go AI, or Artificial Intelligence, is one of the biggest. AI is creeping into our lives in ways we didn't expect. Just look at Alexa or Google Home where AI is allowing us to check the weather, text a friend, or order a bottle of milk.

But, do we trust it to perform when it comes to bigger decisions, take the remit of finance for example, do you trust AI to give you mortgage advice or recommend an insurance provider? Do we trust AI to make sound financial decisions? For the financial brands using AI to enhance their customer experience, it's about finding the balance between gains and potential risks. Especially when good experience can build brand loyalty, but a bad customer experience could damage a user's trust in the brand altogether. But, before we throw ourselves in at the deep end, let's start from the beginning and talk about what 'trust' means and how it's woven into the fabric of brand decision.

WHAT DOES 'TRUST' IN A BRAND MEAN?

Trust can take years to build, but only seconds to destroy. Today, eighty per cent of people across the world believe that there is so much contradictory information it's hard to know who to trust in general. But, the question of trust is more complex than a yes or



no answer. Using behavioural science, we can identify three distinct levels of trust:

Basic Trust – The most fundamental form of trust is the ability to rely on others to do what they say they will do.

Active Trust – Whether the other party will treat you well. Do they have your wellbeing in mind in the way they conduct their affairs?

Interactive Trust – Essentially, we are asking the other party for something that may not be strictly part of the rules and regulations, but we are hoping they'll comply based on a shared level of humanity.

In its current form, we have developed at least a Basic Trust in AI, particularly given the rise of smart speakers. We trust Alexa to order pet food on Amazon, but would we trust her to give us tailored financial guidance on current spending trends based on our age, gender, or social economic status? AI struggles to tap into Active Trust. We trust it to follow commands, but we do not trust it to have our wellbeing in mind. In the financial sector, we also need to consider the relationship between 'advice' and 'guidance'. Consumers prefer to receive advice, as it is directional and tailored. However, it is also heavily regulated and can involve provider liability if things go wrong. Guidance doesn't have the same burden of regulation, with liability shifting away

from the service provider, but it tends to be more general and cannot provide specific suggestions. At present, banks and insurers are hesitant to use AI to provide either advice or guidance, mainly because any mistakes could lead to negative brand impact and potential legal action. However, if AI is used well, this technology could help banks build active trust and demonstrate an interest in the customer's wellbeing.

THE BOT-VOLUTION

At present chat bots are the most prevalent AI business tool. Ogilvy have reported that there are currently around 30,000 of them on Facebook messenger, a number that is due to increase². At present, Bots sell us products, allow us to try things on before we buy, and suggest what we should do for our holidays and in these simple tasks we trust them to help us out.

In the financial sector, Bots are mostly employed to help cut the costs of providing general information about the bank and support for queries, but the landscape is changing³. Companies like Digit are now employing AI-based solutions to analyse your spending patterns and put aside money on your behalf, but "not more than you can afford" says Ethan Bloch, founder of Digit⁴.

So, it looks like Bots may be a way to help inspire Active Trust. If it operates without mistakes, this form

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46%

of AI can help to build a consumer's trust in a brand's ability to provide personal and valuable help, in turn building brand loyalty. However, if the AI makes a mistake this can have very damaging ramifications for the brand. Research conducted by Ipsos MORI into the effects of negative customer experiences reveals that regardless of the nature of the interaction, a negative experience can damage the customer's view of a brand. Even for customers who began with a favourable view of a brand, almost half [46%] viewed the brand less favourably after an interaction was worse than expected⁵. Simply put, good AI provides better customer experience for the user, but AI that does not work as expected could cause them to abandon the brand for a competitor. This leads us to ponder, what happens when things go wrong?

ARTIFICIAL UN-INTELLIGENCE

Clearly we trust AI with simple tasks. Companies such as Digit are working to increase our ability to trust AI with more valuable and complex interactions. Unlike humans who have biases and agendas, AI can be programmed to have the customer's best interests at heart surely making it inherently more trustworthy, but Prof. Toby Walsh identifies a problem.

In his article for Wired, Prof. Walsh informs us that the issues we're facing in terms of Trust and AI aren't due to the fear of a robot uprising, but because we're currently building AI that isn't smart enough. 'Stupid' AI, is ruining our trust in AI at a fundamental level⁶. Think of those times you've spoken to Siri and asked it to play your favourite song and the result isn't the Foo Fighters, but simply, "sorry, I don't know what you mean."

When it comes to FinTech., mistakes have wider ramifications than inconveniencing your gym routine.



If your bot is designed to connect you to an agent and sends you to the wrong department, you're less likely to use that route next time. Similarly, if the AI is supposed to save what you can afford, but instead malfunctions and doubles this amount causing your rent payment to bounce, your customers aren't going to use it. The worst part is that poor customer experiences are potentially more damaging in competitive and rapidly changing sectors like finance. In such sectors there is a risk of a customer's experience being influenced by positive interactions with competitor brands. For insurance companies, 16% of customers cited a previous experience with a different company as a reason why an encounter failed to meet expectations⁷. A negative experience caused by stupid AI can be exaggerated by a previous positive experience with a competitor. Getting customer interactions right is particularly important at the point of purchasing a new financial product. If a customer is looking for a new account and their entry point to your bank is a poorly performing AI, it can be just as bad as having someone in a branch treat a potential customer badly, driving them into the arms of a competitor.

So, it comes down to a matter of implementation. The onus is on providers to ensure that their AI is as good as it can be before 'employing' it, in the same way they'd train their staff before putting them in contact with customers. However, AI is also still very much an

unknown quantity and more research is required to see where best it can be applied and to determine exactly how trust will be impacted if things do go wrong. Ipsos MORI is continually researching tech trends and can help you fully investigate the pros and cons of new technology. As brand experts, we can help you ensure that your customer experience helps build brand loyalty, and doesn't drive your customers to your competitors. Now, if you'll excuse me, I need to go check my bank account. "Ok Google..."

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