

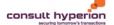
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The Payments Association's Guide to Artificial Intelligence

Use Case: Roboadvisory and Chatbots



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Read The Payment Association's Using AI Intelligently Guidebook <u>here</u>

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What is AI and what are the different types?

In its basic form, AI is giving a machine some rules to improve upon. Taking that one step further, adversarial learning is where two machines figure out the rules themselves.

Why is AI so suited to Chatbots and Roboadvisory?

The whole idea around a chatbot is that you give it some rules, some goals and some 'what if' scenarios to work with. It uses that as a base and then improves them by learning from experience.

With Robos, the idea is that the AI can translate and make sense of what the customer is saying. At present, this is more a case of looking at what similar types of people are doing and making a suggestion based on segmentation. But as capabilities grow and extend, the range of information, whether structured, non-structured or holistic, will be considered. This will provide an end result that works on asking questions to identify goals and risk profiles. It's basically translating what a customer needs - whether they are able to express those needs themselves, coherently or not. The Robo figures out what he or she should invest in to be comfortable in retirement or get returns of x amount.

| Where else can AI be deployed?

The concept of having personal AI Robos is interesting. So instead of using a bank's Robo for one thing, and insurance one for another, everyone would have their own Robo. It would be able to learn from a vast range of information and data to go off and be able to carry out tasks for us such as choosing which insurance is most suitable, deciphering the small print etc.

To do this the Robo would need access to the full range of personal data that would be matched to a product using an algorithmic base. The idea is that the product choice would be rational or done on best fit, rather than on brand or other perception-based information.

Using the same concept, you could get your own bot to sit in a queue to talk to someone at a call centre and do the initial login on your behalf, or, you could use your bot to set you a personal financial health agenda, taking into account everything that you let the bot access. Obviously, this requires a lot of data input into the bot and for this reason you would also need to have oversight and anti-bias measures in place.

This is all linked to the open banking agenda where companies are already inserting apps into bank's apps and aggregating data. The ability to personalise scope over a range of factors, determined by the customer and then make that intelligent is a big deal. The AI bot/ Robo would have an advocacy type role, translating things for the uninformed customer and generally making life much easier.