



Maneuvering Advanced AI Resources for HNI Customer Retention

AI-Powered CRM Strategies to Retain Valued Customers in Banks

The Challenge

Financial sectors including banks have a reserve of High Networth Individual (HNI) Customers. They are considered high value because of the high worth of investable assets with the bank. They allow the bank to generate considerable revenue with their transactions, investments, loans etc. These customers, the banks would want to hold on to by extending various services and privileges. Also these high value customers are those that the banks are most at risk of losing, since other banks would readily extend services and privileges to gain their trust.

Therefore it wouldn't be wrong to state that to build and to retain a potential customer's trust is vital for the profitability of any banking and financial institution at the same time the bank loses out on resources if it grants equivalent services and privileges to customers who are not likely to leave their banks.

Since the 1990s, application of CRM tools has invited technologies to take over. This has from time to time raised the question of rendering human workforce a surplus in this sector. Now resorting to complete automation of the processes will raise further inquest into the overall benefits of the process.

Redressal

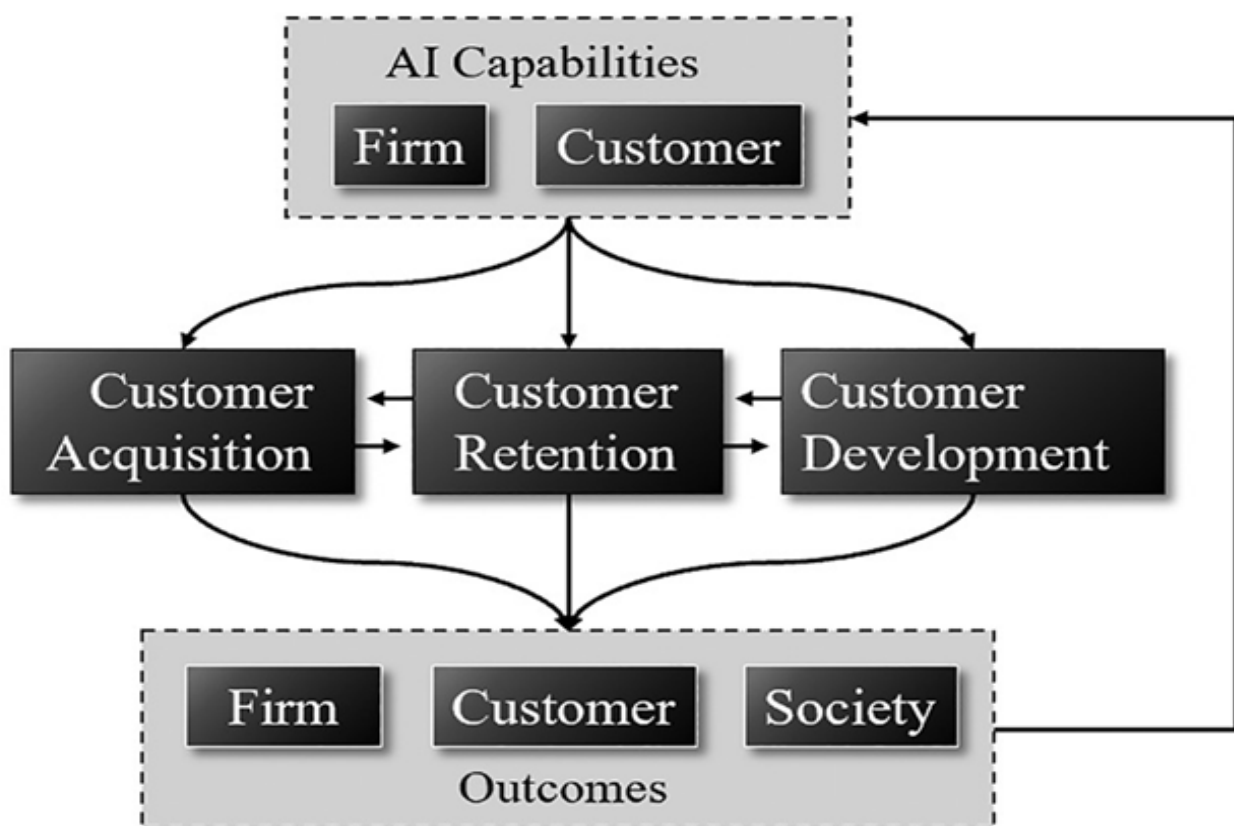
AI reserves the potential to single out the subset of these HNI Customers and those others who could rise up to the level. The bank may help boost the enterprise of such individuals to help them expand, bringing substantial profit to the bank itself. The study of the behavior of the customer-base to filter out this subset is enabled on an AI platform. This also helps distinguishing the customers, the bank maybe at a risk of losing.

Essentially, AI-CRM systems driven by machine learning and its successor technologies will enable managers to make improved predictions based on large quantities of collected data. This means a de facto better estimation of future individual transactions (which is to say, Customer Lifetime Value, or CLV) along with improved ability to create individual-level granular price and quality discrimination designed to increase firms' profits and reduce (or even eliminate) consumer surplus.

In terms of customer management, the overall sentiment seems positive. There remains an aspect of a rise in job losses in the increasingly automated service sector, to be

answered. However, the emergence of AI tools is perceived as beneficial to all facets of the customer relationship management process: making it easier for consumers to obtain more personalized goods and services while at the same time increasing firms' profitability.

AI systems' emergence is not expected to overthrow relationship marketing, but instead is expected to reinforce accuracy, discrimination, and scalability. This may have a substantial effect on the fundamental nature of customer-firm relationships in multiple domains and may increase customer equity. It may have implications not only for differentiation among customers but also among firms, some of which will face the challenge of competing for customers over time.



AI Capabilities

We have recently witnessed a surge in what software can perform, imbued as it is with sufficient capabilities to justify the term intelligence per definition. We are now nearly inured to computer vision; advanced, if imperfect, robot and automotive mobility; speech recognition; real-time language translation. As such, it is now time to ask how such capabilities will be applied to CRM.

When we refer to AI-CRM capabilities, we mean those AI capabilities useful for the interrelated CRM tasks of customer acquisition, customer retention, and customer development. Given that, we will discuss two AI-CRM capabilities:

- (i) Leveraging big customer data, and
- (ii) Communicating, understanding, and creating the way humans do.

We believe that the prevalence of machine learning techniques in CRM has already made the potential of AI-CRM abundantly clear. Machine learning has been used to enhance relationship-acquisition advertising campaigns to create superior recommendations to develop existing relationships and to detect churn sooner to enhance relationship retention. Also, using human-like chat bots for communication became a well-established method for dealing with service failure and hence churn avoidance. These precursor examples highlight the potential for AI-CRM to leverage vast amounts of data in predicting what ads customers will click on, what products customers will like, or which customers will churn.



Solution:

- **Improved Customer Service:**

Studies on the cases of bank switches reveal poor customer services as the chief cited cause of customer loss. Customers require high quality, 24×7 service, faster support, and quicker resolution. Chat bots can solve this by responding immediately and screening customer complaints. In the same way, agents enabled with information can respond faster and accurately.

- **Omni Channel Support:**

Banks should facilitate services on different mediums (offline & online) and channels (website, apps, social media, WhatsApp). Undoubtedly, customers will find it easy to conduct business with the bank.

- **Consistent Feedback Channel:**

CSAT scores reveal how customers feel about the bank they are associated with. One certain way to find this out is by getting their feedback. Instead of posting lengthy forms, automation tools in customer service processes, banks can do away with conditions.

- **Finally, Personalization:**

Customer retention relates to efforts to increase the duration of the customer–firm relationship. These two processes can be interrelated. In view of this personalization plays a key role.

The AI-CRM systems as we view today are flexible enough to adapt. This facility may be tapped to generate a more personalized dialogue between the system and the customer taking into account the purchasing history of the customer adapting the marketing mix element into the individual customer. This also involves computing an appropriate investment plan based on the transaction history and advising the customer on it.

While AI systems mostly perform mechanical and analytical tasks today, they will gradually move to perform communication tasks that entail the imitation of human intuition and empathy. This will, in turn, enable an interactive ability to predict individual customer needs and potentially satisfy them.

To conclude, banks can no longer afford to remain generic. They are now expected to deliver customer specific services to retain their customers for longer lengths of time and ensure they receive quality banking experience. However it is also important to selectively invest in high value customers to derive maximum profitability out of the association.