



# AI MICRO BRANCH

# TABLE OF CONTENT

<b>1. ABSTRACT</b>	<b>1</b>
<b>2. DESCRIPTION</b>	<b>2</b>
<b>3. CORE IDEA</b>	<b>3</b>
<b>4. RESEARCH &amp; ANALYSIS</b>	<b>5</b>
<b>5. THE BEST OF BOTH WORLDS</b>	<b>11</b>
<b>6. DAVEAI MICROBRANCH</b>	<b>13</b>

# ABSTRACT

The banking sector as we know is transforming leaps and bounds in order to sophisticate the experience to it's customers as well as ensure the availability of services in the remotest areas. The rising demand from the customers for a tailored approach and the increasing stress on the market to cater a larger customer base is not limited just to retail, but also in the banking sector.

Parallel to the rising demand from the customer base, the pandemic has further propelled the banking sector towards the adoption of contact less technologies making Digital or E-banking a survival necessity. Catering to these requirements not just requires the organizations to intensively dig into their existing blueprints, but modify their approach towards providing their services.

Adapting organizations surf this tide of change by optimizing their costs and increasing their overall returns while the redundant organizations perish below it. A significant solution to this already eyed upon by several banks is AI led Microbranching. The following whitepaper elaborates on the potential concept of Microbranching and thereby evaluate the potential of the same through a market survey conducted by DaveAI.

# DESCRIPTION

## What is a microbranch?

A microbranch can technically be anything an organization can imagine. From a front-line communication point to an entirely functional twin of the organization, a microbranch can space itself on any part of the spectrum. In terms of banking, a microbranch refers to an AI led branch requiring a much smaller footprint than the traditional physical branches. Microbranches merge both online and offline services offered by the bank into a kiosk paving the way towards digital banking. Unlike traditional branches, microbranches require no physical staff to operate.

AI powered Microbranches bring in the human touch by enabling empathetic AI to understand the requirements of the user. Assisted by AI, these kiosks can converse with the user making it an overall immersive experience. Enabling anytime banking, these microbranches require much less operational costs than a traditional branch thereby serving both organization as well as customer requirements.

They serve as an amalgamation of physical branches coupled with the power of digital technologies. With tech at its peaks and the advent of metaverse, users expect completely personalized experience with a human touch. While traditional branches are limited by the capacity of the employees, microbranches completely automate and accelerate the services provided to the customers.

# CORE IDEA of the paper

**01**

To elaborate the services offered by AI Microbranches

**02**

To understand the relevance of AI Microbranches in the present day banking structure

**03**

To address the limitations of AI Microbranching



# All the 5 yards in 5 feet!

Compared to a full structured physical branch, an AI Microbranch has the capability to perform a plethora of functions and offer services with a much smaller footprint and an optimized costs. Few of the key benefits kiosk banking or Microbranching offers over physical branching are-

**Smaller Space** - A typical Microbranch requires a much smaller footprint compared to a physical branch requiring enough space to accommodate all the physical resources, staff and customers. Minimizing the space required to few feet, Kiosk banking can provide all the services of a physical branch to the customers

**Reduced Operational and Deployment Costs** - Requiring less to no physical staff, microbranch can overall reduce the expenses of management by 50%. Adding on to the savings made during the deployment of a microbranch rather than a physical branch, the fortune saved can be used in more productive deployments and necessities.

**Reduced transactional costs**- Since most of the transactions in kiosk banking are digital, the transactional cost compared to physical transactions is significantly lower. Furthermore, since the cumbersome transactions like deposits, loans etc are handled by the kiosks, the staff can invest their time in more relevant and necessary tasks.

**Bank Anywhere**- While a physical branch requires a considerable amount of space with various other favorable factors including the staff location etc, a microbranch merely requires a cubic space with minimum to no staff required. This allows the banks to deploy microbranches in places where it is not possible to deploy physical branches. Coupled with the low operational costs, banks can aggressively deploy microbranches to serve localities.



# RESEARCH & ANALYSIS

In order to understand the customer sided perception of present day banking and their willingness to adapt to AI micro branching, a survey consisting of a widely mixed demographic has been conducted including organizational members as well as regular customers of banking services. Questions were framed with the prioritized goal of understanding the short comings faced by them availing conventional banking and how receptive are they of AI assisted solutions to overcome the same.

## Frequency

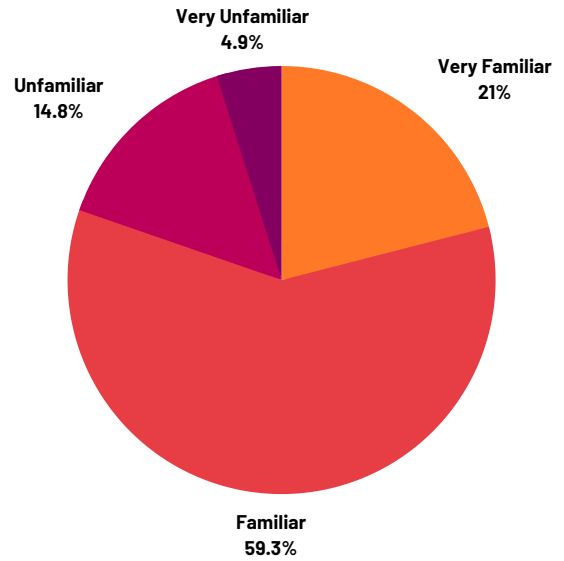
To understand the relevance of the sample and the relatability to the services in the bank, the respondents were asked how often would they see themselves availing various banking services. While 40% of them accessed these services frequently, 33% of them mentioned occasionally. A considerable sample size being the customers who avail banking services frequently and occasionally, the said respondents form a directed sample to understand the relevance of the technology.



## Familiarity with Traditional Banking

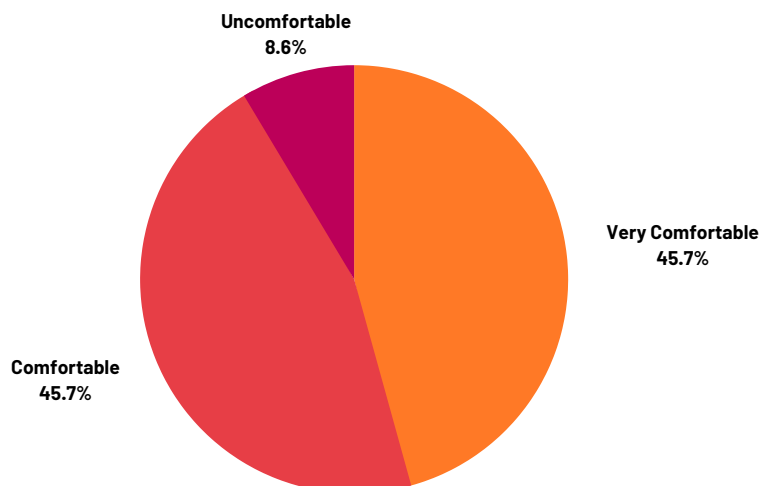
Dominated by tech-savvy customers with mostly sophisticated technologies, conventional banking procedures is usually a talk of the past for the newer generations. To verify the same hypothesis, respondents were asked about their familiarity with availing services in a traditional physical branch. While 60% of them still chose familiar, close to 30% of them chose unfamiliar or somewhat familiar.

The Majority of them being familiar with the traditional banking structure helped the respondents contemplate a thoughtful response regarding their experiences at the same.



## Familiarity with Internet Banking

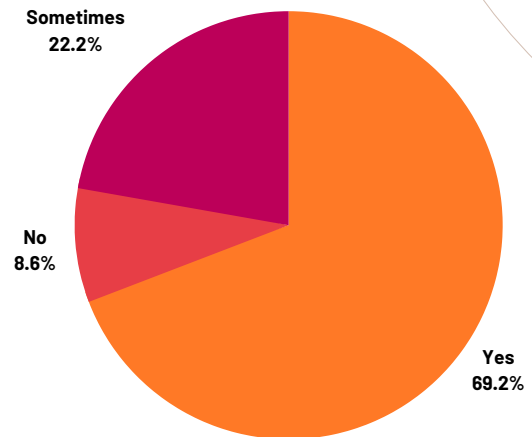
With market surveys suggesting around 98% of GenZ and Millennials prefer using internet banking for banking services, our survey intended to capture the comfort and familiarity they had with internet and digital banking in order to understand their acceptance level for AI microbranching. With more than 90% of respondents comfortable performing the majority of their transactions on internet banking instead of the physical branch, digital banking is no longer an out-of-the-blue scenario for this generation. Their familiarity with already existing net banking not only helps them adapt to a more sophisticated version - the microbranch, but also depicts their preference over visiting the physical branch.





## Limited Working hours

With most people being occupied with personal commitments, it's often cumbersome to visit a branch located far away in the middle of the day. Given the constrained working hours of the branch, many people often end up missing their visits to the bank. Around 69% of the respondents often feel themselves limited by the working hours of the bank and often fail to make it on time. Microbranching on the other hand, is a completely automated service center which can run way beyond the conventional working hours of the bank. This allows the customer a broader time spectrum to initiate their transactions and avail the services.



## Reciprocation

When asked about the closest branch to their residence, around 40% of the respondents chose more than 5 km. With banking being a necessity and world digitizing at a quick pace, travelling more than 5 km to visit the physical branch for a task sometimes petty is not only time-consuming, but also a completely avoidable task. Microbranches however are often located in closer distances from key areas making them available to maximum amount of customers eliminating the need to visit a branch so far off.

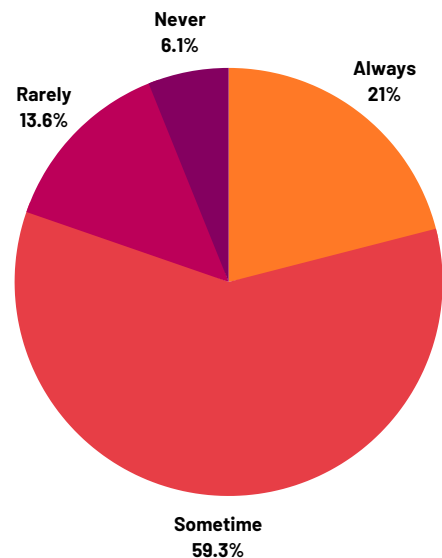
## Proximity

Banking being a customer heavy service is often characterized with incoming crowds and cumbersome tasks. The employees usually are on the verge of deadlines and might sometimes fail to reciprocate to the customer request in an efficient way. 60% of the respondents have often felt affected by improper reciprocation of the employee.

This would often result in dissatisfaction of the customer which in the long term would cause an adverse drift in the bank reputation and services.

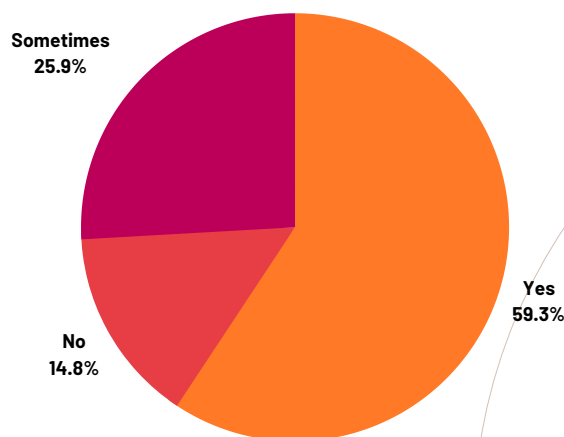
## Reciprocation

Banking being a customer heavy service is often characterized with incoming crowds and cumbersome tasks. The employees usually are on the verge of deadlines and might sometimes fail to reciprocate to the customer request in an efficient way. 60% of the respondents have often felt affected by the improper reciprocation of the employee. This would often result in dissatisfaction of the customer which in the long term would cause an adverse drift in the bank reputation and services.



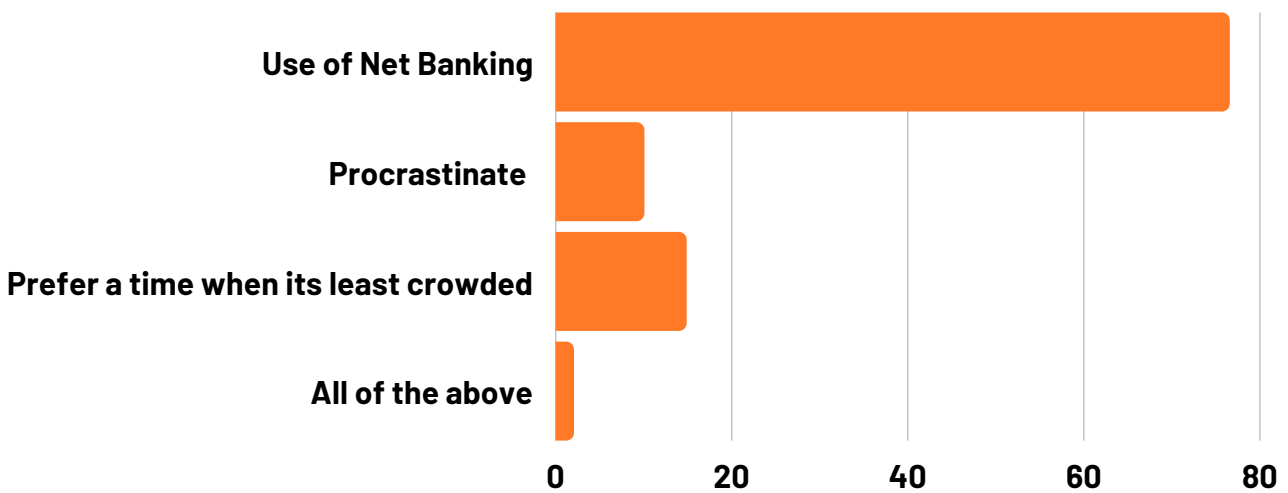
## Complex Service Structure

Being manually led, tasks and services at a traditional bank are often complex with voluminous steps and evaluations taking place. Although ensuring security to a certain extent, users are often disappointed with these complications. Our survey quantified around 60% of the responses considering the services at traditional bank both time taking as well as complicated.



## Alternatives

When asked about the alternative they would choose instead of visiting a busy branch, 77% of the employees mentioned they would use net banking, while 15% of the respondents mentioned they would entirely procrastinate the task. With maximum respondents preferring net banking, it's time for banks to invest more on facilitating online accessibility or automated services and deploy touch points that integrate the advantages of both net-banking and physical branches with higher functionality.



## AI for better seamless services

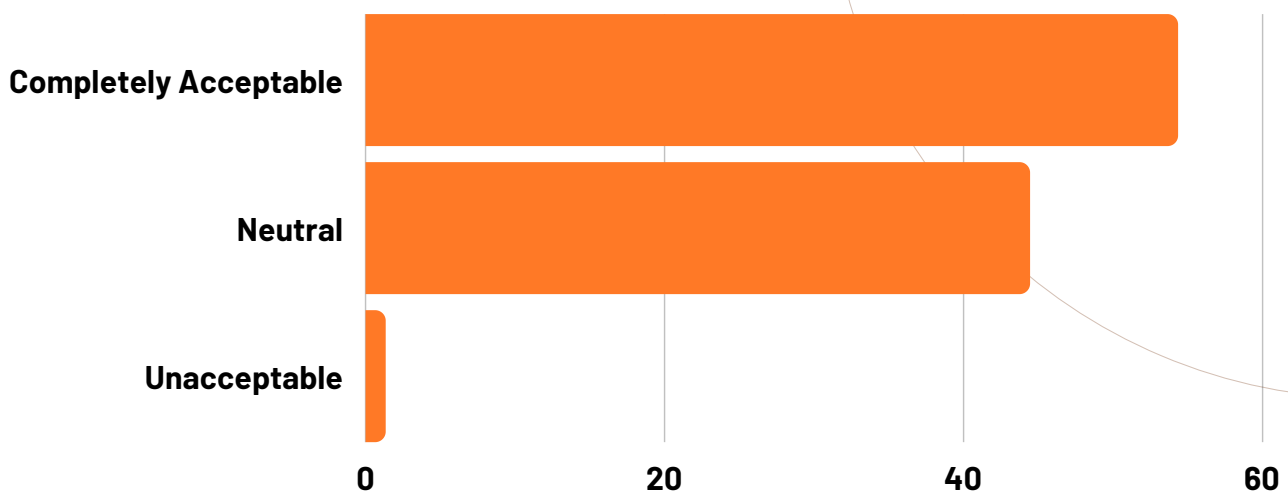
In order to understand the acceptance level of AI for a better experience the respondents were enquired about their willingness to, AI technology for seamless services. 58% of the respondents were positive about the integration of AI.

## Customer Perceptions

While majority of the customers opined that AI augments the services offered in a traditional branch, few of them further expressed concerns regarding the capability of AI to completely overtake the manual human intense services offered in a bank. They also mentioned familiarity with the technology being a problem to older generations who wish to avail AI assisted banking solutions.

## AI vs Traditional Branches

55% of the employees mentioned their complete inclination towards AI assisted banking in place of traditional branching owing to better services and sophisticated experience. The respondents belonging to generation forming a major segment of customers, banks need to tap into their willingness to adapt to AI for a better and seamless experience.



On elaboration, majority of the customers mentioned AI is time-saving and with powered automation, simplifies the process of interaction. Few further elucidated that interacting with AI can be much faster and streamlined rather than doing the same at a traditional branch.

## Customer Perceptions

While majority of the customers opined that AI augments the services offered in a traditional branch, few of them further expressed concerns regarding the capability of AI to completely overtake the manual human intense services offered in a bank. They also mentioned familiarity with the technology being a problem to older generations who wish to avail AI assisted banking solutions.

# Concerns Established

## Security Measures

Majority of the customers established concerns regarding the security issues in providing unlimited control to AI. Being an industry dominated with monetary transactions, few of the customers were adamant trusting AI owing to the possibility of Data poisoning, corruptions, database attacks etc.

## Privacy

With sensitive information regarding the users financial as well as personal background, privacy breached into these systems will have a rippling effect crumbling the entire personal freedom of the customers. Prone to hacks and mishaps, the majority of the respondents mentioned a concrete protection of privacy as a necessity in order to rely on AI for their financial services.

## The best of both worlds!

With the majority of the respondents showing a positive inclination towards integration of AI, banks and other financial organizations should gear up in order to tap into AI microbranching leveraging the power of augmentation over automation.

Handpicking the advantages of a physical branch and the simplification of digital banking, AI microbranches provide the best of both worlds.

- While considering the relevance of AI microbranches, one key proposition that can be arrived through the survey is although traditional branches are a key requirement for stable and rigid financial landscape, increasing number of respondents are expressing their concerns over limitations experienced in traditional banking like time constrains, exhausted service agents, distant location, miscommunication etc.

- Complex-service structure being one of the main reasons for people's redundancy towards physical branches, banks should ensure a properly streamlined and automated process to prevent the same.
- Respondents further mentioned unfamiliarity with the technology as a limiting factor to avail AI assisted solutions. Banks and financial institutions should ensure a demo or an assistance in order to help the users access the touchpoints.
- Personalizing the experience instead of following the same flow of conversation for every user would resonate better with customer expectations and enhance their banking experience.
- While the majority of respondents had agreed exploring AI for a better experience, they couldn't completely forego the threat to security and privacy of their information while giving autonomy to AI. Banks should ensure concrete security factors to protect the sensitive information of users in order to build a trust factor on AI. Following regulatory compliances and ensuring complete protection to sensitive information of the user is one way to ensure higher acceptance of AI.



# Why DaveAI Microbranch?

DaveAI one-ups the functioning of an ordinary kiosk by powering it up with AI and ML in order to make a futuristic microbranch a reality. Adding a human touch to kiosk banking, DaveAI's microbranch-

**01**

Uses facial detection to understand customers

**02**

Initiates customer interactions via a Virtual Avatar

**03**

Responds with Audio-Visual content in natural language

Empathetic AI powered technology helps DaveAI Kiosks to understand the customer preferences and choices. Leveraging this information, Dave platform automatically personalizes the conversation with the customer enabling a seamless and augmented experience.



# **ABOUT DAVEAI**

**DaveAI is a visual AI platform that bridges the gap between self-assisted online discovery & salesperson-assisted offline discovery.**

**We help brands drive sales with advanced product discovery experiences using an interactive Virtual Sales Avatar that mimics a human sales brain, understands customer requirements & provides hyper-personalized product recommendations.**

**(C) 2021 Sociograph Solutions  
Private Limited All Rights Reserved**