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Digital Transformation in the Age of COVID-19: What Should Credit Unions Deliver?

The old era of neighborhood branch gathering places no longer looks tenable as a new era dawns of self- and curbside-service, constant online connectivity, and conversation in virtual spaces.

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Digital transformation is here with a vengeance, whether we like it or not. The global COVID-19 pandemic has people paying with mobile apps instead of cash, applying for and receiving assistance online, and coping with anxieties around housing, employment, debt, and even bankruptcy. The cascading consequences of the pandemic means that credit unions must urgently engage with business reinvention in order to continue their mission of service to their members' financial well-being. How can this mission be sustained even as online becomes the dominant way they deliver products, offer support, and work with members to solve problems?

The old era of neighborhood branch gathering places no longer looks tenable as a new era dawns of self- and curbside-service, constant online connectivity, and conversation in virtual spaces.

We have been researching the implications for credit unions of emerging technologies that use so-called artificial intelligence techniques to support “natural” conversations, though text, voice, and/or graphics, between people and artificial agents that more or less pose as people in enacting a service. Amazon’s Alexa and Apple’s Siri are well-known examples, through financial service-specific versions like Bank of America’s Erica have also launched.

As social scientists, we start from a broad set of questions about how people experience and expect these systems to behave, both positively and negatively. And for these “conversational agent” technologies, we start in particular with questions of intimacy and empathy.

Intimacy of AI

In 2018 the popular parenting website BabyCenter released [results of a survey](#) it conducted on new parents and their use of AI assistants like Alexa and Siri. The results were striking—seven in ten parents own a smart device; and a third of those said that having one made them a better parent. 22% percent said their virtual assistants are “like another part of the family,” and 42% of device owners say that they speak to their virtual assistants like an actual person. The “[intimacy of AI](#),” as *AdWeek* calls it, seems inevitable.

Voice and AI aside, intimacy is already central to smartphones themselves. These personal and personalized devices are our constant, daily, bodily companions. Add an always-available virtual assistant to chat with, and our relationship with our phones—especially in a time of social distancing—becomes even closer.

“Intimacy” from virtual assistants being rolled out by the big banks is threatening to credit unions precisely because credit unions have historically prided themselves on the quality of their customer service and their knowledge of their members. Take Bank of America’s [Erica](#). Via your smartphone, she can help you plan a spending path, manage your expenses, alert you to when bills or other recurrent payments are coming due, give your FICO score, and even provide rudimentary credit counseling.

If interactions with financial digital assistants are to replace person-to-person conversations with customer service agents, is the credit union system back in a familiar position of trying to play catch-up with the big banks and their big pockets? Not entirely—to employ new technologies that put *people* first, credit unions have advantageous positions as member cooperatives that place well-being over profits.

For example, [consider another dimension to the intimacy of smart devices](#): constant data collection, surveillance, and sale to third parties, often without the user’s knowledge or explicit consent. Companies want to imagine that as our intimate partners new AIs will evolve towards a lifelong, genuine, and beneficial connection, but they also tend toward insidious inescapability. Despite their female voices, Alexa and Siri could eventually come to be viewed like a bad ex-boyfriend who’s always creeping around; or at least a friend who we mostly enjoy the company of but can never really trust.

Add the contact tracing being rolled out to track and contain the coronavirus, often by our intimate mobile devices, and the feeling of a possible corporate-government surveillance dystopia narrated in a soothing voice is also hard to escape.

The origins of the English word “intimate” are instructive. The Latin *Intimāre* means “to put or bring into, drive or press into, to make known.” It even once meant “to declare war.” Intimacy today implies familial closeness. But we have to remember that intimate partner violence is so challenging to address because of that closeness, and the ability it confers on an abusive partner to do real harm.

Empathy Over Intimacy in Digital Transformation

Contrast intimacy to another word we've heard a lot in discussions of AI: empathy. Credit unions live by the philosophy of people helping people. Credit unions emerge not from intimate relationships so much as affinity relationships. We may not be family, but we all share something in common. To empathize is to project oneself into another's circumstances so as to be changed by that other person's state of mind or feeling or circumstances.

What are the ways credit unions can choose empathy over intimacy in order to meet the challenge of new "intimates" like Erica? More generally, as credit unions are thrust into the mandate of digital transformation, how can their natural empathic tendencies be maintained and leveraged as members are confronted with a range of technological mediations, from impersonal self-service, to interactions with pseudo-people, to a relatively few precious opportunities to feel a sense of presence with an actual, real person?

In the longer term, there are fundamental opportunities and challenges in developing Erica alternatives and data gathering that will be open and respectful to members. It will be about putting oneself in the other's shoes—and in others' data lives. Getting a sense of how people feel about the data their activities generate, whether through their financial institutions, IoT connected devices, their car, their fitness tracker, and yes, their AI virtual assistant, is going to be crucial for credit unions to maintain their empathetic stance.

Our ongoing research is in the early stages of uncovering these possibilities. For now, in the midst of the current crisis, we want to share some short-term opportunities:

- **Use technology to improve human-based service delivery.** Online analogs will always pale in comparison to real human-to-human connection. Find ways to use technology to protect, make use of, and enhance the customer-facing staff at your credit union. For example, provide staff with better back office tools for “seeing” and serving members. Another strategy is developing AI-informed ways to prioritize members who need to talk to staff so that limited time can be made as mutually satisfying as possible.
- **Put technology to work in facilitating curb-side service.** Do you have digital signature capability for completing loan applications, or do members still need to come to your branch to complete a transaction? Accelerate technological solutions to reduce even curb-side visits. Facilitate remote conversations ahead of required visits to minimize contact time but maximize relationship-building and opportunities to impress and even delight members. With online pre-work out of the way, the curbside visit itself can offer a personal, caring, not clinical, feel.
- **Use remote channels to facilitate member communication preferences.** One strength of remote channels is their ability to provide as much or as little engagement with members as they desire. Sometimes members *prefer* to not involve a human. The privacy and perceived anonymity of mobile banking can provide a welcome alternative for members from having to have uncomfortable conversations with customer service agents.
- **Find ways to bridge “digital divides.”** In addition to financial literacy help, provide technological literacy help. Meet members [where they already are](#), instead of asking them to move to less familiar or less accessible channels. Create compelling “low tech” solutions for users of pay-as-you-go phones or for members [living in conditions of low-quality broadband connectivity](#). Look for ways to better handle member communication (when appropriate) through email, text messaging, or direct messages on social media. When it comes to technology access, one size does not fit all.
- **Double down on demonstrating empathy for members and employees.** During these difficult times, people want to feel heard and cared for. Use a variety of ways to solicit and listen to concerns, and not just through satisfaction surveys. Consider ways to use videoconferencing to have more open-ended conversations. Use the insights you gain to show empathy and also to improve operations.

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