HOW AI CAN ALLEVIATE PAIN POINTS FOR MEMBERS

University Federal Credit Union

(Austin, TX)

Our Speaker from UFCU

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About UFCU

- Est. 1936
- Austin, TX – HQ
- Approx. $4.1B in Assets
- Over 378,000 Members
- 759 FTEs
- 25 Branches

The Challenge/Opportunity

Challenge

- Long wait times in branches

- Check deposits was #1 transaction despite other options - ATMs and mobile deposit.

Research

- *40% of checks deposited* at ATMs and mobile deposit were placed on hold

- Members preferred the branch because *our teams recognized payroll checks.*

- *Negative feedback* on social and Net Promoter Score surveys

Opportunity

- Solve so members have *immediate access to their funds* and reduce frustration and manual work

A Machine Learning Model Solution

First Iteration

- Leverage *data analytics* to develop a static, check hold model in 2022

    - Reduced calls to the contact center by *approximately 40%*

    - With more account growth, wanted to improve further

Second Iteration

- Leverage artificial intelligence, *specifically machine learning*

    - Explored different models to identify best way to *balance risk and member benefit*

What is Machine Learning?

A branch of artificial intelligence (AI) and computer science that focuses on using data and algorithms to enable AI to imitate the way that humans learn, gradually improving its accuracy.*

Main Types of Machine Learning:

- Supervised

- Unsupervised

- Semi-Supervised
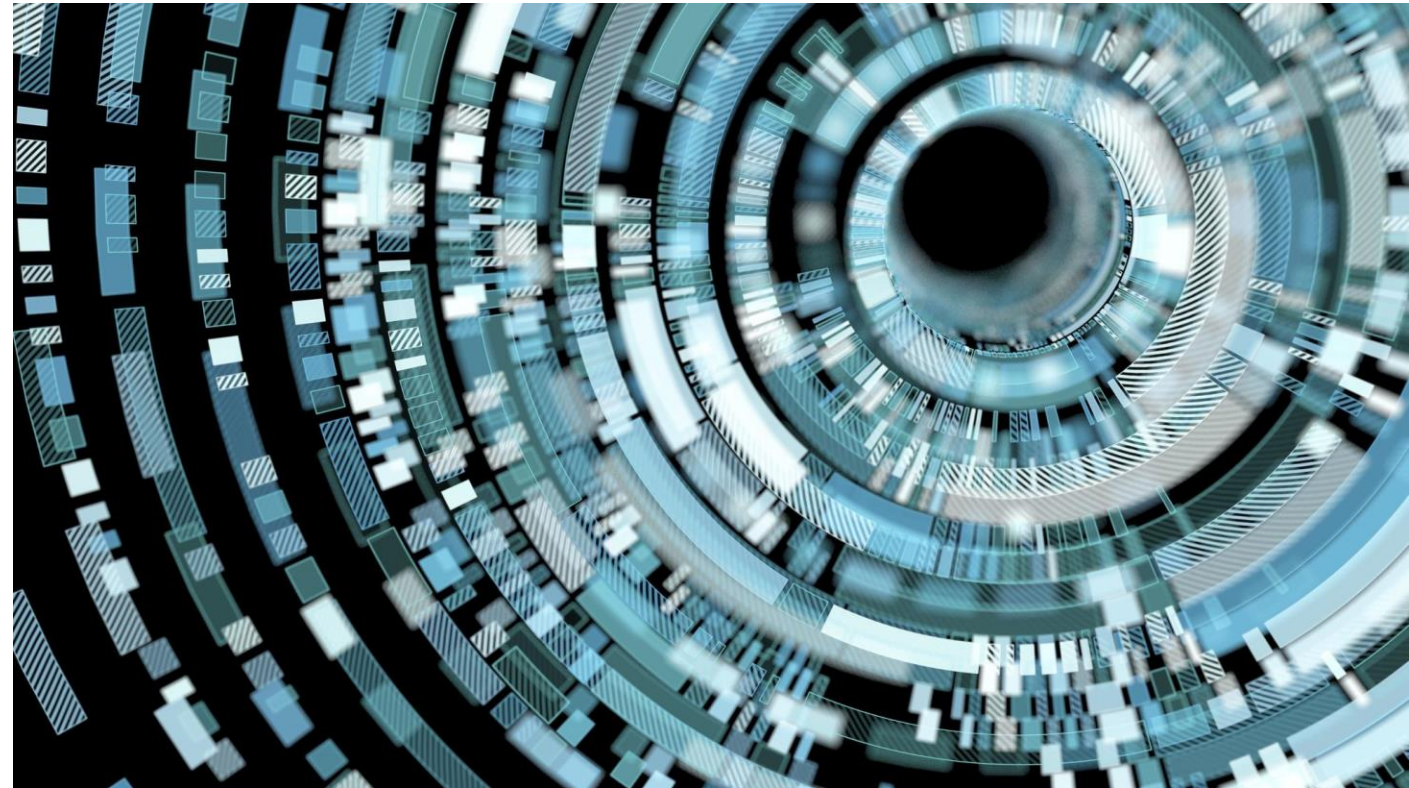
Identifying the Right Solution

Market Research

- Suncoast Credit Union ($17.1B, Tampa, FL) partnered with Cornerstone to build a *similar model for transaction limits*

  - Learnings from Suncoast helpful in internal development efforts

UFCU Data Science

- 2 full-time data scientists,

- Developed internally from analysts

Building In-House Expertise

Data Science

- Partner with local universities

- Internship programs

  - 1st data scientist learned about the credit union's internal systems and Member data sets as an intern.

  - Other models - Members who might default on loans.

IT Capabilities

  - Tech capabilities to operationalize model and test and implement enhancements

Results to Date

Model Results

- Less negative comments on "Check holds"

- Reduced calls to remove check holds
  - Calls declined by 50%
  - Reduction of 5,000 annual calls to 2,500.

- Charge-off risk has remained flat.

Other Improvements

- Standardization of processes
  - Warning flags
  - Close dates
  - Hold exceptions

- Differences in consumer versus business member deposit behavior
  - Enhancement to model

PLAN   PROJECT   MEASUREMENT   ANALYSIS   GROWTH   BENEFIT   COST   GOALS

Safeguarding Member Data, Avoiding Potential Pitfalls

Protecting PII

- Check hold model within IT firewalls

- Model separate from business logic

Risk Monitoring

- Data Scientist monitors results on a dashboard with *call volumes*, *check hold releases*, *and chargebacks*

- Fraud team reviews the dashboard weekly

- Internal steering committee, composed of executives, reviews results monthly

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Future Plans

Large Language models

- Use cases

  - Leverage AI to read Member comments and respond to members in emphatic manner

  - Categorize feedback based on member profiles to fine tune product and service offerings

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What are Large Language Models?

Large language models (LLMs) are a category of foundation models trained on immense amounts of data making them capable of understanding and generating natural language and other types of content to perform a wide range of tasks.*

*Source: IBM

Other Potential AI Uses Cases: Internal Reporting

Translating Business questions into answers quickly

- 200+ dashboards to *monitor business performance*

- Never a shortage of demand for *new dashboards.*

Current process

- Business questions - "how many accounts did we open this month versus same month last year?" requires *several steps and data knowledge*

Future Process

- Leverage AI to translate questions from natural language to technical speak and back again would enhance this process and save time for all involved.

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Other Potential AI Use Cases: Repetitive Tasks

Manual work

- Reducing data entry *enabling employees to focus on better serving Members.*

Connecting data points

- Call center team members use 5-7 systems to answer a question

- Integrating systems or leveraging AI,

  - less time spent hunting for answers and

  - *more time discussing how else we can benefit our Members.*

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Q&A Discussion Period

THANK YOU FOR WATCHING

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