The State of AI-Powered Automation in Regulated Industries

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The 2024 State of State of AI-Powered Automation in Regulated Industries

The impact and adoption of AI-powered automation across the customer journey in healthcare, insurance, and financial services.

In September 2023, Ushur commissioned a study of 200 U.S. executive and management decision-makers in the healthcare, insurance, and financial services industries. The goal was to better understand the current state of deployment, future plans, and attitudes about AI-based intelligent automation solutions for improving customer experiences in regulated industries.

In this report, we present the findings of that survey, which included, among other insights, enterprise success measures for AI projects in 2024 and current priorities for capital allocation and investment in automation. We also show how attitudes have dramatically shifted favorably toward including AI in customer experiences with more than 75% of respondents already having come around to the idea that AI can play a part in customer communications.

The criticality of better customer experiences

Improving customer-focused digital experiences has become a top business priority as a way for companies to attract and retain the best customers, including many they didn't have access to before. According to IDC, attaining future business resilience will hinge on delivering empathetic experiences (i.e., customer outcomes that are based on enterprises accurately recognizing customer intent, needs, and objectives – and meeting those needs). Doing so will require enterprises to move beyond transaction-level experiences and anchor business outcomes to relationship-based experiences.

In a separate previously conducted survey of nearly 1,100 executives by Harvard Business Review Analytic Services, improving CX was named a top-five business priority by more respondents (58%) than any other priority. Yet only 17% rated their organizations as CX leaders today.

The reason for this discrepancy is that improving CX isn't as easy as declaring it a strategic priority. It often requires significant organizational, technological, and operational change.

Customer-centric organizations have developed a broad and deep commitment to understanding and serving customers. According to McKinsey's 2022 State of Customer Care Survey, respondents say their top three priorities over the next 12 to 24 months will be retaining and developing the best people, driving a simplified customer experience (CX) while reducing call volumes and costs, and building their digital care and advanced analytics ecosystems.

According to McKinsey, in an AI-powered care ecosystem, approximately 65% of tasks and 50% to 70% of contacts are automated, creating a true omnichannel experience that provides a consistent and seamless experience across interactions. In this way, the potential of contact centers could be unlocked to become loyalty-building revenue generators through greater solutioning and sales excellence.

Enterprises are entering a new era where advancements in AI and automation can help ensure better experiences for business as well as consumer customers in their channels of choice, deliver on the promise of personalization, reduce operational costs and resource burdens, and drive additional revenue. Although AI models aren't new, excitement over the possibilities they offer has been heightened due to services like ChatGPT.

So what are the current attitudes amongst business leaders today who both answer to regulators and shareholders demanding they make technology advancements quickly?

The Ushur CX Survey Results:
priorities and challenges for healthcare, insurance, and financial services firms

When asked what results they hoped to achieve by enhancing their customer experience, decision-makers in regulated industries named increasing revenues (25%), improving customer satisfaction scores (21%), and reducing costs (15%) as the top outcomes.
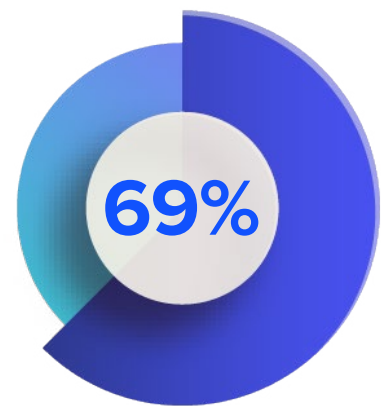
Leaders in healthcare, insurance, and financial services acknowledged that they faced challenges to reaching these CX objectives. Specifically, respondents "agreed" or "strongly agreed" that the following issues most interfered with their efforts:

76%

77%

69%
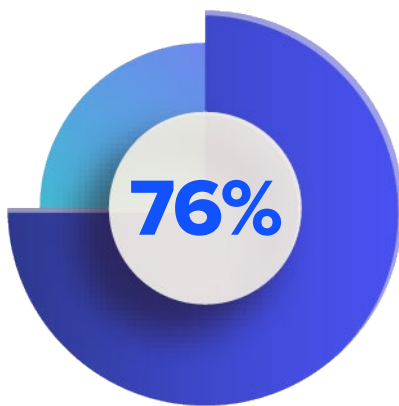
Identifying and remedying customer friction points
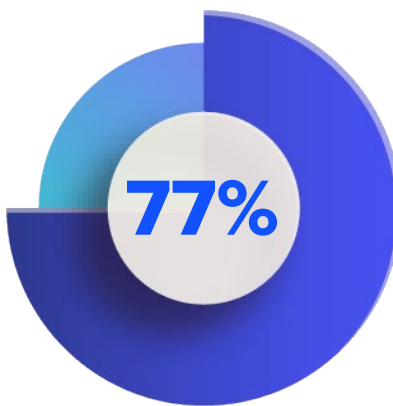
Increased operational costss

Taking action on customer insights derived from data

Most respondents (75%) said they were "comfortable" incorporating AI and automation into customer-facing strategies or communications. Only 3% said they weren't comfortable doing this, with 23% saying they were "neutral" on this point.

Current investments in automation technology

Here are the functional areas where participants in regulated industries are leveraging automation, according to the survey.

Customer service and support	**52%**
IT	**45%**
Finance	**41%**
Marketing	**39%**
HR	**36%**
Business operations	**33%**
Sales/distribution	**31%**
Legal and compliance	**24%**
Supply chain management	**19%**
R&D, engineering, & product management	**18%**
None of the above	**4%**

Customer-service tops CX use cases for automation – but that is changing

According to survey respondents, customer service is the top customer journey where they have applied automation technology, with 66% of them having automated part or all of that process. Customer onboarding follows in second place at 55%, while sales (both acquisition and retention) and employee experience nearly tie for third.

This latter focus, on employee experience, is particularly relevant for companies hoping to improve CX, as many studies have shown the two to be intimately related. However, the application of automation technology often focuses either on handling only front-end customer service inquiries or managing back-office processes and that ultimately complicates how employees service their customer base.

Which customer journeys are you currently applying automation to?

Customer service	**66%**
Customer onboarding	**55%**
Sales and retention	**45%**
Employee experience	**43.5%**
Health and wellness-related	**40%**
Claims	**32.5%**
None of the above	**6.5%**
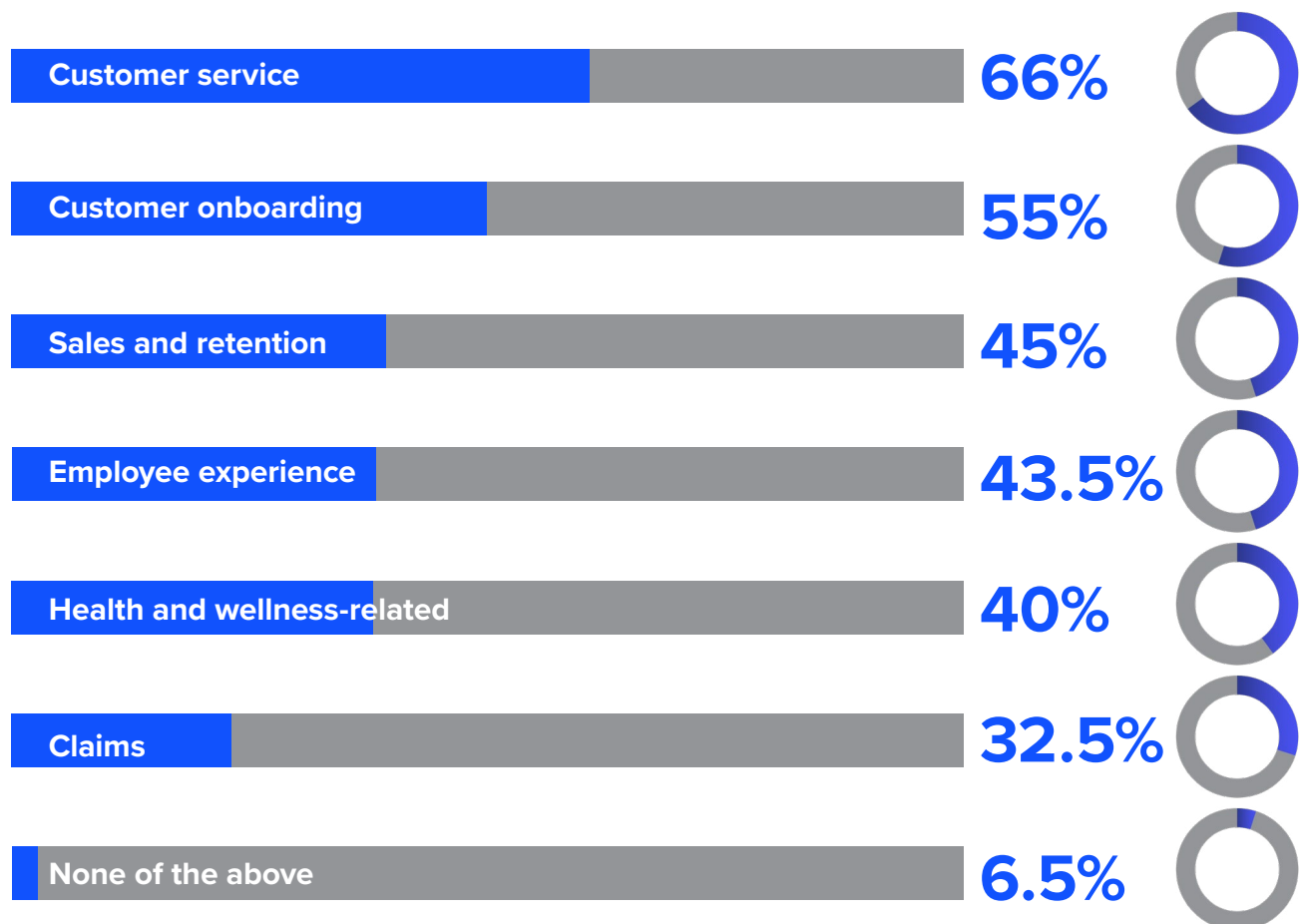
Satisfied with intelligent automation tools – but a full platform would be welcome
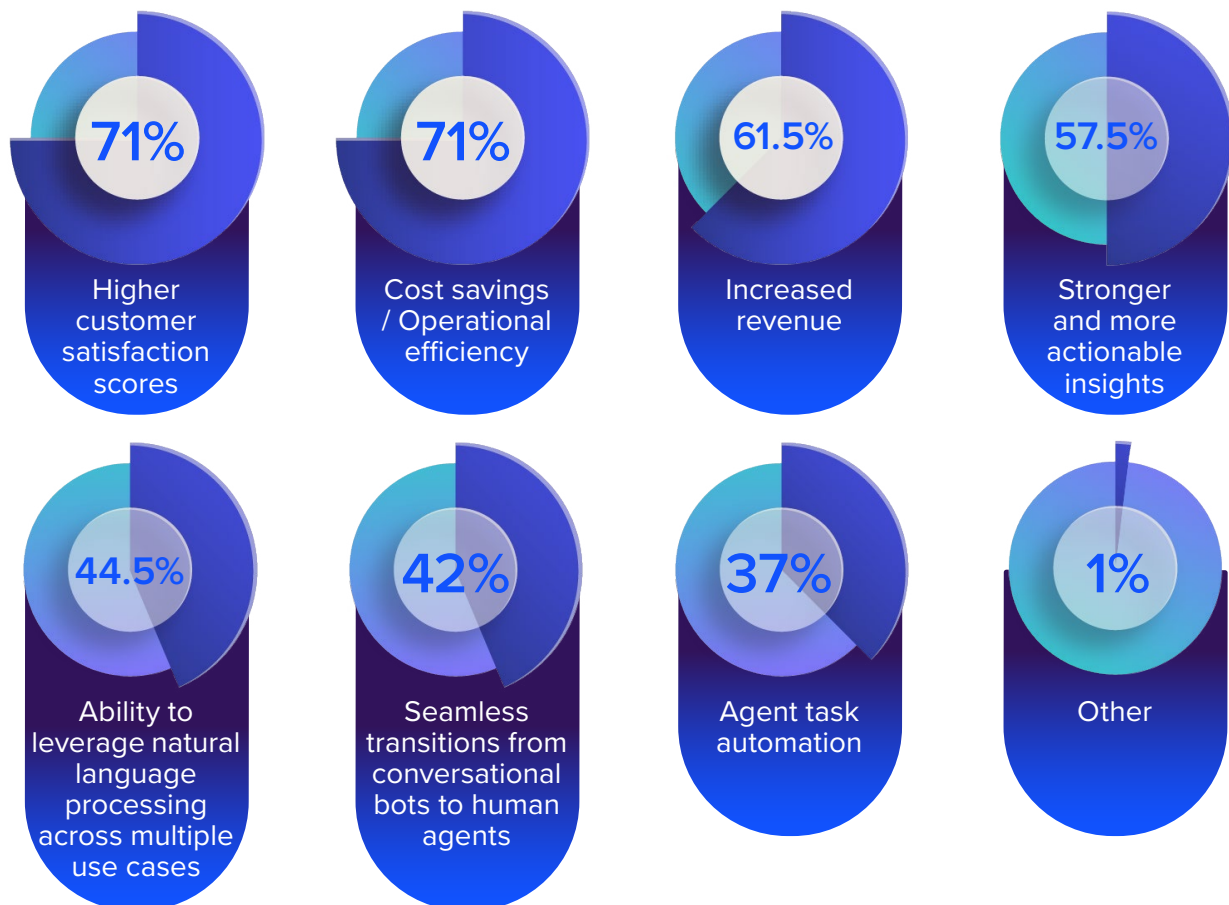
More than half of respondents (56.5%) said they were satisfied with their current conversational AI or intelligent automation capabilities, with only 7.5% saying they weren't satisfied. A large percentage (36%) maintained that they were "neutral" on this point.

Still, when asked if an intelligent automation platform could provide them with the right tools to improve customer engagements, a much higher percentage of healthcare, insurance, and financial services leaders (84%) said yes.

Further probing in this area found that almost as many respondents (82%) said they believed an intelligent automation platform with know-how particular to their industry – for example, a large language model (LLM) with vertical-specific customer training to power relevant communications -- would be valuable. Only 3% said it wouldn't be.

## Expected benefits from CX intelligent automation

Cost savings and better customer satisfaction were the top expected benefits of intelligent automation:

|			
71%	**71%**	**61.5%**	**57.5%**
Higher customer satisfaction scores	Cost savings / Operational efficiency	Increased revenue	Stronger and more actionable insights
44.5%	**42%**	**37%**	**1%**
Ability to leverage natural language processing across multiple use cases	Seamless transitions from conversational bots to human agents	Agent task automation	Other

Maturity of regulated industries' intelligent automation journeys is advancing

When asked where they were on implementing different kinds of CX intelligent automation solutions, most respondents acknowledged that although not fully mature yet, they intend to deploy a broad spectrum of functionality within the coming year.
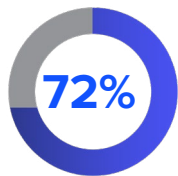
Among other findings:
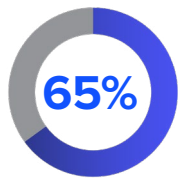
65% of respondents are either already deploying or planning to auto-route and respond to email inquiries (for example, email triage and email automation)
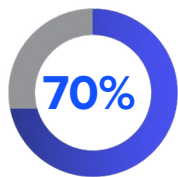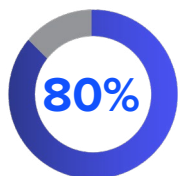
70% of respondents are using or planned to use natural language processing to gauge customer intent

72% are either currently or planning to extract data from documents and files for downstream processing
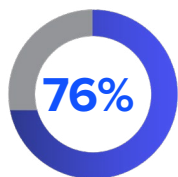
76% are doing this to enable interactive digital experiences with customers

80% are planning to automate manual tasks to boost operational efficiency

Enterprise CX intelligent automation platforms win over standalone or homegrown tools

Regulated industry leaders have choices on how they source their CX automation solutions. Although some develop their own in-house CX systems, the vast majority of respondents procure commercial tools and platforms.
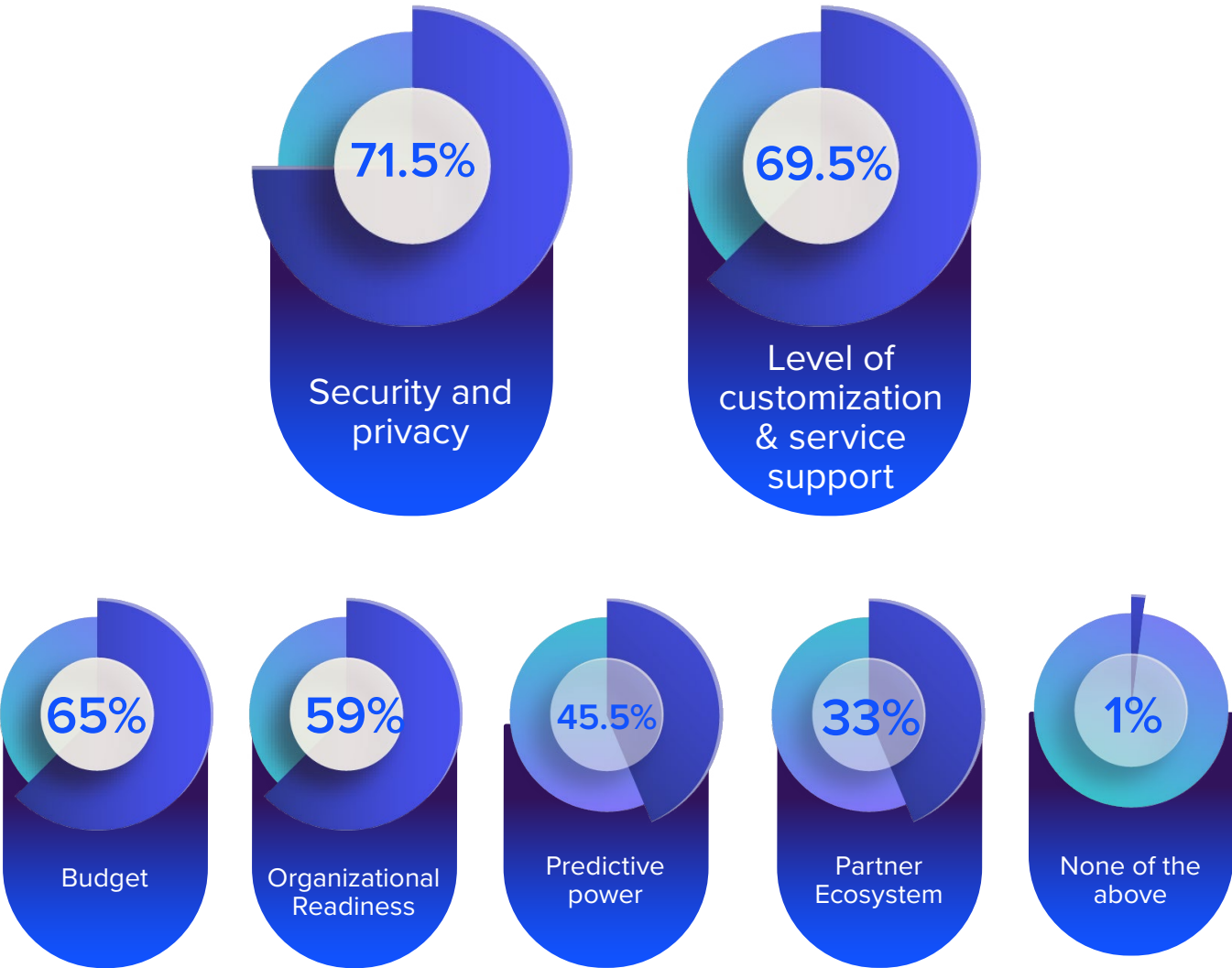
When asked whether they have invested in point solutions or enterprise-grade platforms, for most types of CX intelligent automation, respondents said they depended on broader platforms.

The one exception is when procuring solutions that use natural language to understand customer intent and automate issue resolution (for example, chatbots, virtual agents, or interactive voice prompts). In that case, slightly more (45%) respondents preferred point products than enterprise platforms (42%).

Interestingly, the most common CX solution that respondents reported preferring to build in-house was to support agents during live interactions of retrieving knowledge, guiding processes, or coaching (for example, agent assist, next-best-action, or single pane of glass). Almost one out of every five respondents (19%) built a homegrown system for this use case.

Choosing an AI solution

Businesses must consider many parameters when shopping for an AI solution. Respondents listed the top points influencing their decision-making as security and privacy (72%), and the level of customization and service support (70%). Budget is also a key consideration (65%).

71.5%
Security and privacy

69.5%
Level of customization & service support

65%
Budget

59%
Organizational Readiness

45.5%
Predictive power

33%
Partner Ecosystem

1%
None of the above

What did we learn from the survey?

AI-Powered CX is different for regulated industries

Overall, improving customer experiences in regulated industries like healthcare, insurance, and financial services presents unique challenges and opportunities compared to less-regulated consumer sectors. Enterprises using AI within their CX add an extra layer of complexity. Some of the top take aways are as follows:

Regulatory compliance: The most significant difference for these enterprises is the strict regulatory environment. Any change to customer interfaces, communication methods, communication copy and data handling needs to adhere to a complex web of regulations and compliance - and usually that involves review cycles with legal and compliance teams.

Data sensitivity: Regulated industries often deal with highly sensitive data. Whether it's personally identifiable information (PII), personal health information (PHI) or personal financial information (PFI), mishandling can have serious implications for customers and can lead to heavy penalties. Respondents listed the top consideration influencing their decision-making when choosing an AI solution as security and privacy (72%),

Trust and credibility: In regulated industries, the stakes are high for managing and maintaining the trust of customers. Mistakes can lead to significant financial or health consequences for those customers. As such, building and maintaining trust is paramount.

Integration challenges: Many regulated companies depend heavily on legacy systems. Attempting to modernize or integrate them with newer — mostly cloud-based — systems to improve customer experiences proves challenging without disrupting ongoing operations.

Stakeholder Involvement: Multiple stakeholders, including government bodies, insurers, intermediaries, and others, play a role in customer journeys. Aligning on a consistent experience across everyone can be a major hurdle.

AI Explainability: Regulated enterprises that rely on AI for decision-making depend on partners whose solutions can provide them with the ability to explain the decisions and outputs their AI platforms provide.

Snapshots of CX challenges for regulated industries and how they can be met with AI-powered Automation

Insurance

Insurance carriers face high volumes of B2B and B2C interactions throughout the year. Whether it's high volumes of Broker Quoting and RFP requests, onboarding data exchange, or direct-to-policyholder and claimant interactions across the year, insurance CX has been highly dependent on human-to-human interactions and manual processes to date. Any ability to automate requires technology that is both flexible and intelligent enough to improve customer communication and drive operational efficiency and cost reduction. AI-powered automation can be a game-changer for insurance businesses, driving better experiences for Brokers, Employer Groups, Policyholders, and Claimants alike.

Healthcare

By changing the ways they reach out, influence, and guide their members to make better health and wellness decisions, healthcare companies can improve member experiences while also nurturing healthier populations to become less expensive to the healthcare system. Automation enables better member experiences, ensures data integrity and timely data capture, and augments live interactions for cost savings and frees up live clinical and non-clinical resources to focus on more value-added activities.

Financial services

Automation is the first line of defense for firms that want to provide simple, intuitive, and personalized interactions for their customers. From loan servicing and product recommendations to hardship inquiries and account resolution, plus everything in between, it's imperative to put their customers first. Banks, lenders and other financial institutions can offer ease and speed by leveraging intelligent automation to create self-service and proactive experiences that increase customer satisfaction and lower operational costs.

What is intelligent automation?

Basic automation technologies like robotic process automation (RPA) use procedural software to automate rote and repetitive digital tasks employees handle in back office settings. Intelligent automation is a software category where AI models supercharge automation capabilities like those of RPA but enable more complex, adaptable, and context-aware processes to be automated. Intelligent automation expands the capabilities of more traditional RPA deployments, but still focuses on applying automation to simplify back-office processes - neither are purpose-built to improve customer experiences.

What is customer experience automation?

Customer Experience Automation™ (CXA) is the application of an AI-powered platform that is purpose-built to automate, scale, and remove the friction from the interactions between a company and its customers; from the beginning of a conversation through its resolution. CXA brings together knowledge work automation and conversation automation, to not only intelligently interact with customers, but also interface with backend systems to complete all necessary tasks.

This next generation of customer-centric technology marries two-way customer communications with natural language processing (NLP), process automation and artificial intelligence (AI) built upon domain-specific models. Among other capabilities:

- **Better decision-making:** Traditional RPA is rule-based. It follows predefined steps but struggles with handling unexpected scenarios. By comparison AI is optimized for decision-making in a flexible and automated way based on data patterns. These capabilities enable more dynamic and robust response support.

- **Human-like automated interactions:** Capabilities like NLP allow automated experiences to understand and generate human-like text, making them suitable for customer-facing email communication or live chats.

- **Adaptive learning:** Machine learning, a subset of AI, can allow CXA campaigns to learn from new data. Over time, these customer experiences can improve their performance and accuracy without human intervention.

- **Complex data handling:** Traditional RPA can process structured data only. Customer experience automation can handle unstructured data such as images, videos, and free text.

How Ushur can help

The world's leading brands rely on Ushur AI-powered engagement to drive meaningful communication and business results with customers through secure and compliant channels. With Ushur, businesses can transform their customer experience by automating business processes that eliminate friction and risk from customer engagements while keeping customer data private.

Ushur's Customer Experience Automation™ platform helps customers submit personal details over any channel, and receive proactive status updates on their brand engagements, integrated directly into backend systems. And, with fewer delays and less friction in each interaction, customers report a far greater level of engagement and satisfactory outcomes.

The pre-built experiences, easy-to-use studio, and industry-leading AI (trained by Ushur's AI Lab: the incubator for proprietary machine learning and artificial intelligence) serve as the underpinning for automation and let regulated enterprises move at the speed of innovation.
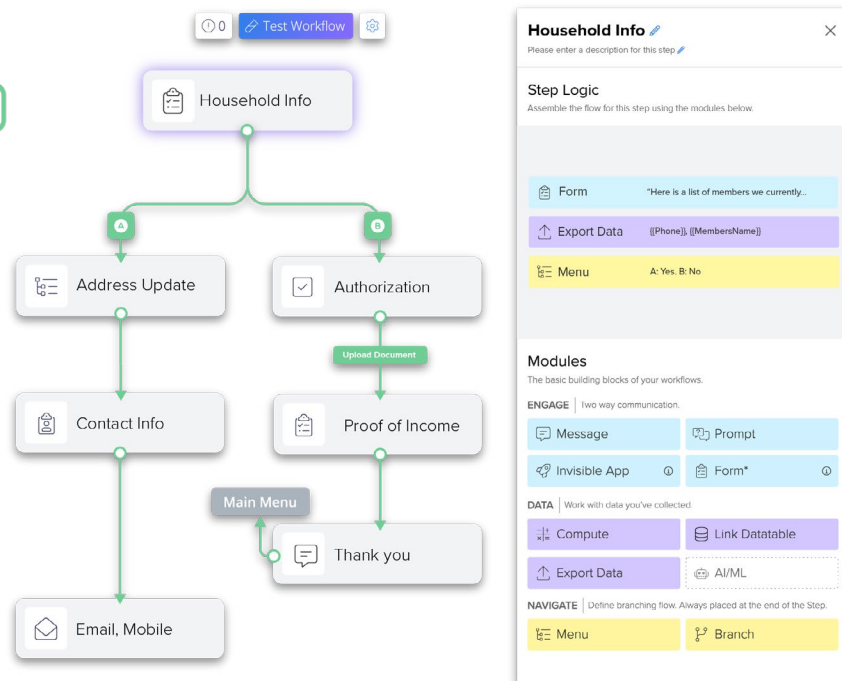
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