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Article

Conversational commerce in finance

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Conversational Commerce

Conversational Commerce in Finance

Patrik is founder and CEO of Selma Finance. Patrik is a private banker with 10+ years of experience in customer advisory, portfolio management and private wealth management in the Swiss banking industry. Patrik is a Chartered Financial Analyst (CFA) and holds an M.Sc. from Copenhagen Business School. In addition to Patrik's banking career, he advised multiple startups at Startup Bootcamp Copenhagen, one of the largest accelerator programs in Europe.

The interview is conducted by Prof. Dr. Christian Hildebrand, Full Professor of Marketing Analytics and Director of the Institute of Behavioral Science & Technology and the TechX Lab at the University of St. Gallen, and Fotis Efthymiou, M.Sc., Ph.D. Candidate and Research Associate at the Institute of Behavioral Science & Technology, University of St. Gallen



When I open your webpage, the first thing I see is a female-looking avatar with blond hair and round glasses that greets me by saying: "Hi, I'm Selma, your digital investment assistant. Let's find out how to best invest your money for the long term."

This is radically different from the standard robo advisors in the market. What's the logic behind your conversational approach to investing?

We did not want Selma to be like all the other 'robo advisors'. Or at least what is considered a robo advisor at the moment. We feel that the word is misused. Robo advisory in many cases is just another word for cheap discretionary automated asset management, and we as a company do not find that very interesting because it is what institutional investors have been doing for years now. At Selma we focus on the 'advisory' part. We focus on how we can build a relationship with our client, how we can help them structure their money over time, how we can be their trusted advisors, how we manage this relationship, how we exchange and how we communicate with the client. Our hypothesis is that a lot of people need help with their finances and a lot of people are not getting the help they need – and are thus not interested in finance. What they'd need is a service that gives them easy access and helps them structure their finances. Selma wants to be that trusted advisor.

We want a trusted advisor conversation with a client and that's why the initial step is a conversation with our clients, exactly as you would have with a good private banker.

The Corona crisis has led to increasing volatility in the markets and hence also in investors' portfolios.

Selma is trying to create a personalized experience but in the end it's still an avatar. What's the advantage of having Selma as the face of the company during such volatile times and not you as the CEO?

There are different things that you would expect from a person compared to a bot. And more importantly, there are also different expectations regarding the things a bot can say, which I can't say as a CEO. But people react differently when it is a personalized bot that looks like a person and sends them a message that a new transaction has been completed on their portfolio. Selma creates a personalized experience. But we also clearly differentiate between Selma, the algorithm, and the human team behind it. Because the human side is still critical across all operations and it's important to be there to help when the clients need specific help on things Selma is not (yet) designed to do, such as handling very complex financial situations, changing their home address or other things that are not directly tied to their investments.

Let's speak about trust for a moment. Do people trust Selma more than a human advisor – and if so, why is this?

Yes, I think that's true because people have understood that, when it comes to finance, algorithms work better than humans. There is a certain amount of data that algorithms can handle very well, and we all figure that they're simply better at that than we as humans with our limited brain and computational capacity. I think people appreciate

Patrik Schär

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of Selma Finance

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*"Hi, I'm Selma,
your digital investment
assistant."*

that Selma is not emotional in situations where people are becoming emotional, such as during the COVID-19 crisis and the high market volatility. However, it is important for us that clients know there is a team of people behind Selma Finance, with excellent customer service support whenever they wish to talk to a person.

What are the key design characteristics of Selma which in your opinion are crucial for successful usage? Was this intentionally designed from the beginning or gradually developed over time? How important was user feedback?

Let me answer the last question first. User feedback was and is very important in everything we do. Things are tested constantly with users, feedback and all communications are categorized and mapped. These insights go directly into product development. Usually, we would also have code development sessions together with clients. Due to Covid19, this has become a bit more difficult recently, but we were still running events where we co-designed parts of the interface on the fly with our clients. So, it is part of our DNA at Selma that we develop our services together with the people who use them.

Regarding the avatar, we made some minor adjustments over time. There are certain values that are important for us as a company, and they guide us in what we develop and how we communicate. These are transparency, openness, and friendliness, and we try to put them into practice both in the way Selma as a digital avatar communicates and in all of our internal and external communication. We tried to avoid classical financial images of elderly

men with ties drawing graphs. Selma should be regarded more like a friend or a family member - the clever family member you would ask when it comes to your financial questions.

Can you explain in more detail how you came up with and developed Selma's 'personality'? Also building on the last question: how important was user feedback versus what you strategically envisioned from the company perspective?

This is a tricky question. We wanted to have a service that is not dead serious, and we wanted for Selma to have her own personality. We have heard from people that it feels friendly and approachable, but others are saying

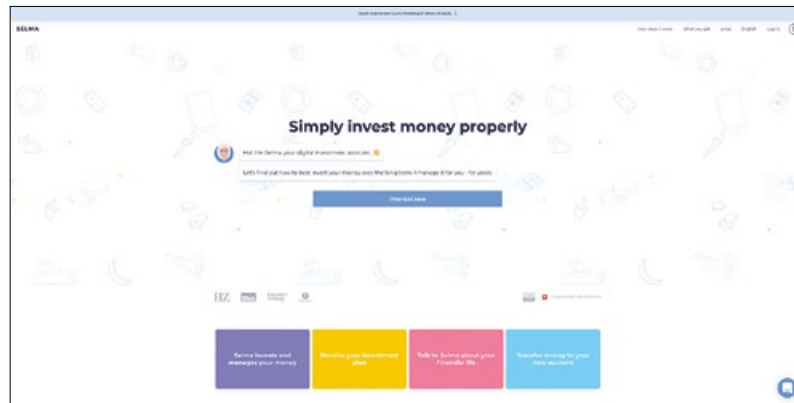
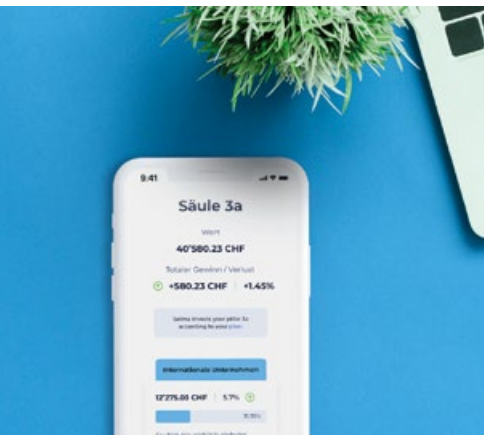
things like: "How can I invest my money according to the advice of something so colorful?"

Selma uses a lot of emojis and very engaging language that is completely different from the typical banking experience. Doesn't this violate people's expectations about a company that they entrust their money to?

Maybe to a certain extent, but it is also a strategic move because we didn't want to look like every other banking product. We aim to make the language very natural. When I check out WhatsApp I see how many emojis are in there – they are a very natural part of our language today. I have received emails

„It is part of our DNA at Selma that we develop our services together with the people who use them.“





Landing page of Selma Finance with onboarding of new customers.

and messages from clients that they have never received something like this from a bank, because when you communicate with a bank, it almost feels like you need to put on a tie before you write or speak to them.

How do you envision the future of more conversational investment services like Selma and their influence on the way we invest our money?

I feel that these products are going to become smarter and smarter over time. For example, there are still things that we discuss face to face with the client, because Selma is not able to accomplish them and has to stay in the background. What we are working on in product development is how we can build more of that sophisticated knowledge and more of that smartness directly into our product, so that Selma can handle more things automatically for our clients. But this is difficult for financial services because we are in a highly regulated environment.

You have won several awards over the past two years. How is the competition reacting and do you see some changes

in how traditional banks aim at becoming more personal or even conversational?

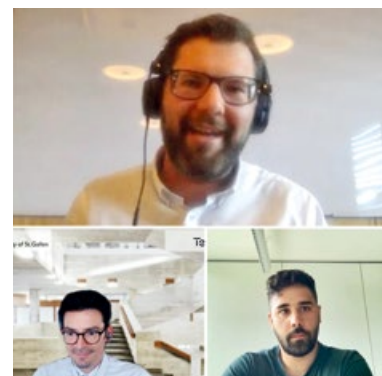
I would have expected more to happen! Some banks started building similar products and working with customers, but we haven't seen many initiatives yet. When the majority in our sector

Selma is open for everybody. In general, we would love to see more women in finance and I think this is very important for society. Years ago, it was the man taking care of the money, and the woman was not interested. It shouldn't be that way and we think of Selma as a way to disrupt those stereotypes. 🚩

„When you communicate with a bank, it almost feels like you need to put on a tie before you write or speak to them.“

still go to the same industry conferences, talking primarily to each other instead of seeking more exchange and conversations with their clients to get inspirations for new and innovative products, it might take longer to see that happen. But that's good for us at Selma.

Let's take a look at the future now. One theme that is heavily discussed in research and also in society is the idea of "gendered technology". Why is Selma a female and do you think that it might foster existing cultural biases?



The interview was held via Microsoft Teams with Patrik Schär (top), Christian Hildebrand (bottom left) and Fotis Efthymiou (bottom right).