A Canadian Bank Uses AI to Take Market Share

Description

Forget high-pressure sales tactics. Canadians want their banks to give them the tools necessary to become more financially savvy, while saving them money at the same time.

All six of the big Canadian banks talk a big game when it comes to providing real value-added services for their clientele, but rarely do they deliver, in my experience.

Someone who spends a significant amount of time educating himself and his *Boomer & Echo* readers about the ins and outs of financial matters is Robb Engen, a fee-only financial planner who's located in Alberta.

Robb is the Echo, and his mom Marie, also a fee-only financial planner, is the Boomer. Together, they've helped thousands of subscribers take control of their finances.

A recent blog post from Robb caught my attention, because what he was saying made a whole lot of sense.

Royal Bank looks to AI for customer satisfaction

According to Robb, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is the first Canadian bank using artificial intelligence (AI) to help customers do a better job managing their finances. The bank launched NOMI (appropriately pronounced as "know me") in August 2017, using behavioural finance as the backbone of this service. It's available to customers who've downloaded the RBC mobile app.

"NOMI Insights keeps an eye on your finances, helps you track spending, plan for upcoming expenses and gives you a heads-up when needed, such as an upcoming bill payment," Robb wrote January 11. "NOMI Find & Save uses predictive technology to identify money in your cash flow that can be automatically saved."

While I might sound like a commercial, the definition of a good business idea is one that makes and saves people money.

NOMI gets to know the customer's spending habits, financial activity, and anything else that helps it paint a picture of the person, so it can save the customer money, which is then put aside as savings.

The bank wins because it wants your investment business as well as your banking and mortgage business. By using AI's predictive technology, RBC looks useful to the customer, and that's half the battle when it comes to winning market share.

Don't get too excited

Down in the U.S. and other parts of the world, apps such as Digit (does what RBC app does) have existed for several years — Digit got its start in 2013 and came out of beta testing in Q1 2015 — so it's not quite like RBC has landed on the moon, but considering Canadian banks move at sloth-like speed when it comes to innovation, NOMI at the very least puts RBC near the front of the pack when it comes to practical innovation and adapting to change.

This leap into the future is probably a big reason why RBC was awarded, for the second consecutive year, as providing the "Highest in Customer Satisfaction Among Canadian Mobile Banking Apps" as part of J.D. Power's 2017 Canadian Mobile Banking App study.

Bottom line on RBC stock

I've never been a fan of RBC, the company or its stock, but thanks to Robb Engen's post, I'm at least willing to consider it in the future.

That said, I still believe **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) is the best Canadian bank stock to own, and NOMI's not going to change that.

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