PEGA

AI and empathy:

India keeps faith in humanity while looking to the future with AI

A study by Pega

Artificial intelligence was developed as an extension of human productivity, taking on tasks that a human could perform, but that AI is able to complete in a more efficient and repeatable way.

Today, AI is so much more than that; at 2015's World Economic Forum, AI was heralded as the beginning of the Fourth Industrial Revolution. AI has seemingly endless potential, and an array of benefits are already part of our daily lives – from product recommendations to translation services – designed to make our human lives easier. But there's still a long way to go.

Investment in AI has been historically lower in India than the U.S. and China. A lack of a government-backed AI framework has stalled efforts country-wide and VC firms have been hesitant to invest in a market where AI has yet to prove itself as profitable. But that is changing. According to a study by PWC, AI is predicted to contribute $15.7 trillion to the global economy by 2030 and Accenture's research predicts AI has the potential to add $957 billion to India's economy by 2035. India is a perfect market for AI to thrive, from its strong tech start-up ecosystem to its ability to leapfrog from one tech cycle to another, providing AI algorithms with the data they need to start making decisions.

Across several research reports and studies, India is consistently in the top 20 countries for AI. But what will it take to crack the top 10 or even the top 3? What could help ramp up the pace of AI investment and adoption in India? Perhaps it's dispelling the myths and misconceptions about what AI is and what it isn't; what it canand can't do.

Globally, AI is often still viewed as something out of science fiction; sentient computers refusing their programmer's commands or an omnipresent digital being able to access every corner of the Internet. This portrayal makes for a great story but has also contributed to a negative opinion of AI, resulting in an overall lack of trust in the technology. Perhaps part of the concern surrounding AI is that its decisioning is based on programming and algorithms, rather than emotions or empathy; you cannotreason with AI. To date, no computer has passed the Turing test, designed todetermine whether a computer is capable of thinking like a human being.

With AI becoming more integrated into our daily lives, how can a computer truly understand what a human being wants and needs?

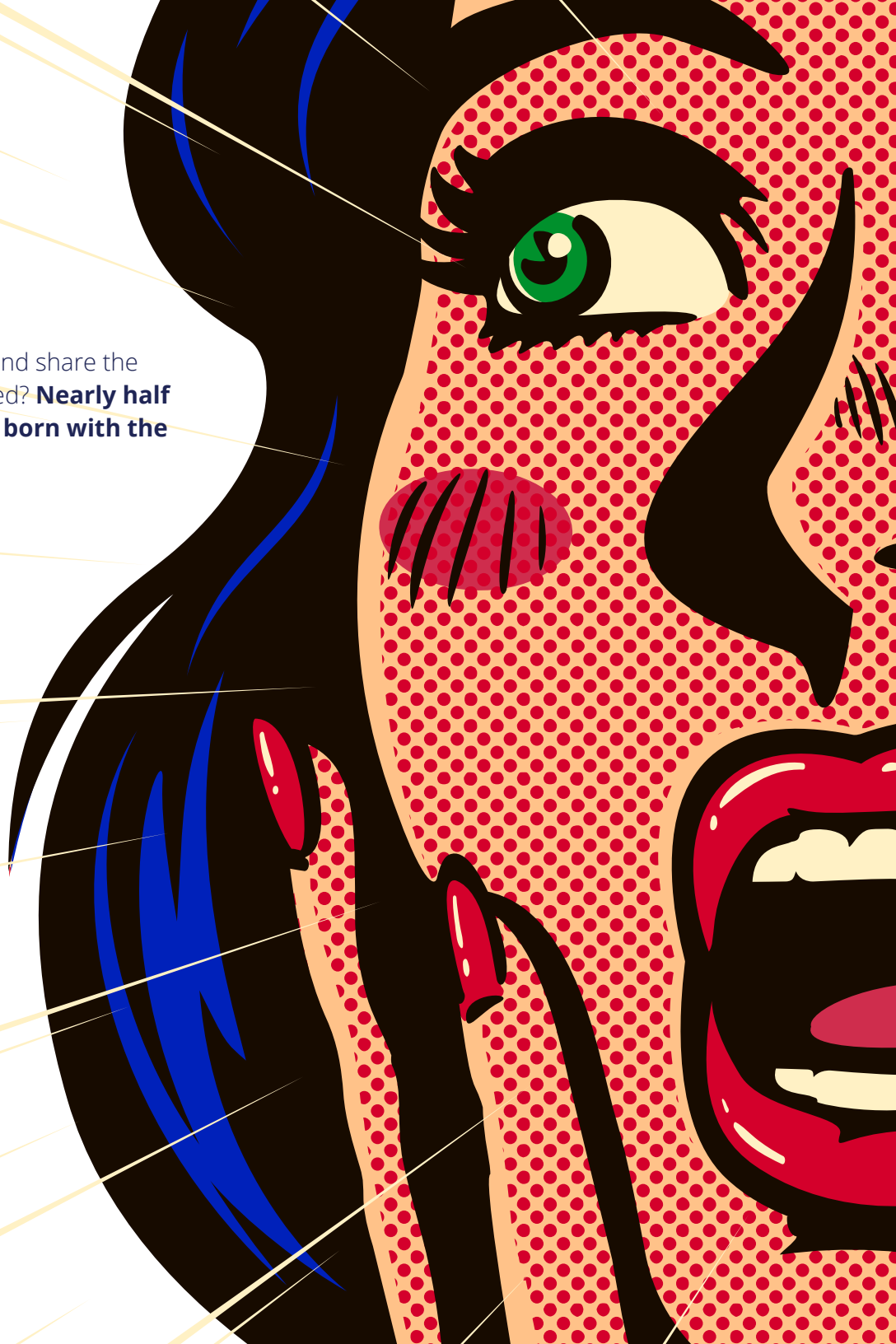
Pegasystems surveyed 6,000 consumers from Japan, North America, the United Kingdom, Australia, Germany, and France about their views on AI and empathy. Recently, 1,000 consumers from India were added to the study. The results showed that India is much more open to AI adoption than the rest of the world, but still places greater value on human interactions. At least, for now.

Where empathy and AI intersect

Empathy is a human trait, defined as the ability to understand and share the feelings of another. But are we born with empathy or is it learned? **Nearly half (49%) of the global audience surveyed believe people are born with the capacity for empathy but need to learn it.**

In India, only 26% believe that empathy is learned. Half of the respondents (48%) believe humans are born with empathy and 79% believe that empathy is a moral obligation – it's important to always be empathetic.

With India's 29 states, each with their own unique culture and practices, empathy becomes essential to interacting with people from other regions and navigating contrasting habits, beliefs or even different economic practices. **Eighty-seven percent of Indians surveyed believe humans are the gold standard for empathy, well above the global average of 65%.**

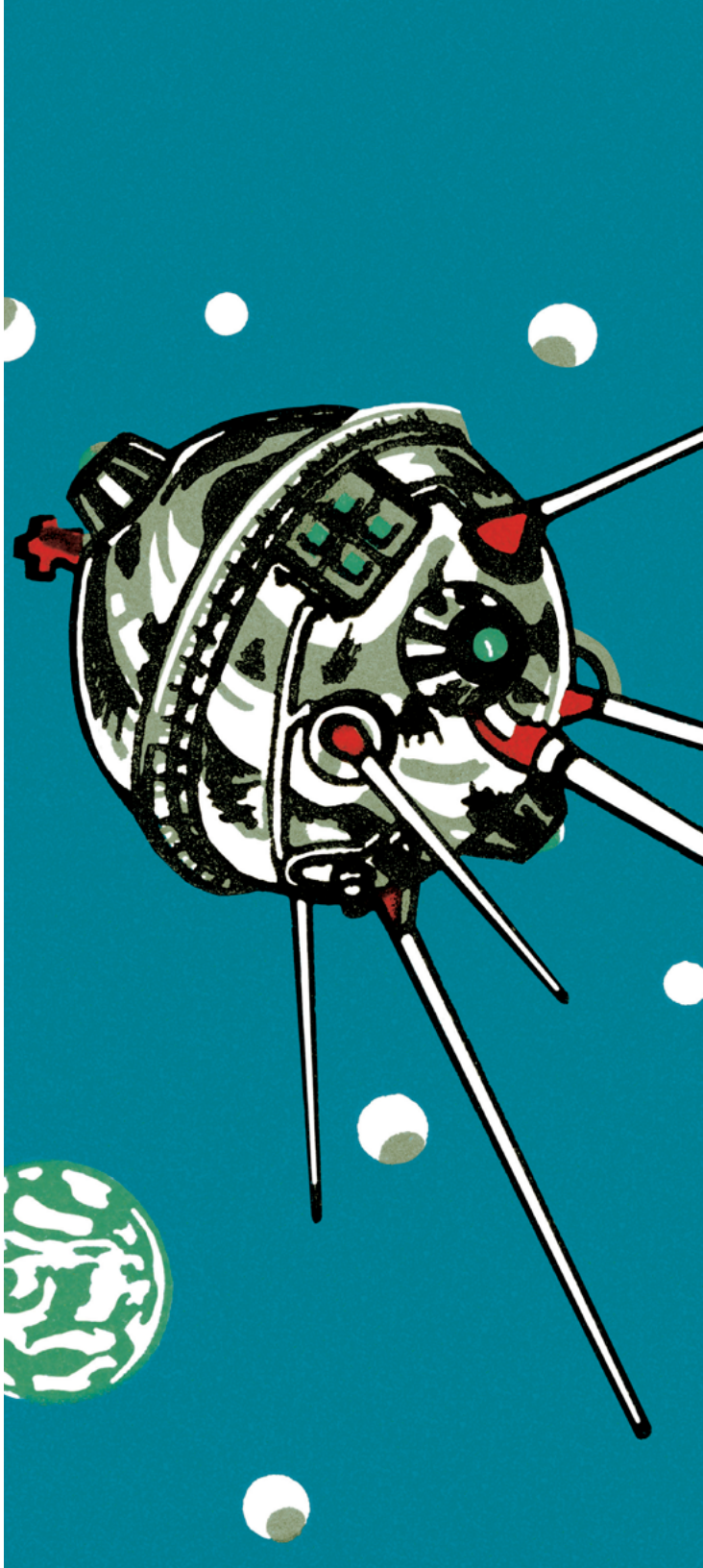


If humans are naturally empathetic and set the bar for empathy overall, does that translate into the companies they are a part of?

When asked if companies have customers' best interest at heart, only 29% of the global audience surveyed believe they do. But in India, 79% of respondents believe companies are looking out for their best interests.

This can be attributed to India's business culture, which is centered around personal relationships. For example, all the technology available to streamline their work cannot replace face-to-face meetings for sales reps working in India; there's no better way to establish a lasting bond with a prospect. Even relationship managers or customer success specialists have frequent telephone conversations to relate to Indian customers' natural propensity to be spoken to. **The importance of personal interactions with companies could also be why 85% of those surveyed in India believe companies have a moral obligation to do what's right (beyond what is legally required), well above the global average of 68%.**

AI can be used to provide better customer experiences, improve brand reputation, and increase customer loyalty; 84% of Indians surveyed seem to agree. This is in stark contrast to the global numbers, where only 40% believe AI has the potential to improve customer service. **Seventy-six percent of respondents in India believe that when an organization uses AI to make relevant, appropriate, and valuable offers to their customers, it's an example of AI demonstrating empathy. Globally, less than half feel that way.** Indians generally trust technology to improve their experiences with brands, or to drive better value in a cost-conscious developing market. With AI maturing, this has only improved outcomes.



Looking at how Indians consider an organization's AI-driven personalization efforts as a way of displaying empathy towards customers, it makes sense that just over half (58%) believe they've interacted with a machine that demonstrated empathy.

The pace of AI is increasing, led especially by mature sectors like ecommerce or financial services, which capture data from a host of sources and feed it into AI algorithms. The rise of personal banking assistants or customer champion roles, who operate in the wake of key AI recommendations made, only improve personalization scores in a populated market where enterprises struggle at personalizing services to a huge customer base.

AI, trust, and morality

In India, trust in AI seems to be directly tied to how companies use it and less about the technology itself. The possibilities of what AI can do in the future are endless. One of the most remarkable aspects of AI is its ability to evolve. It starts with a series of programmed instructions and then adapts itself as it learns from its experiences. However, how it adapts depends on the information it consumes, which can lead to concerns around bias.

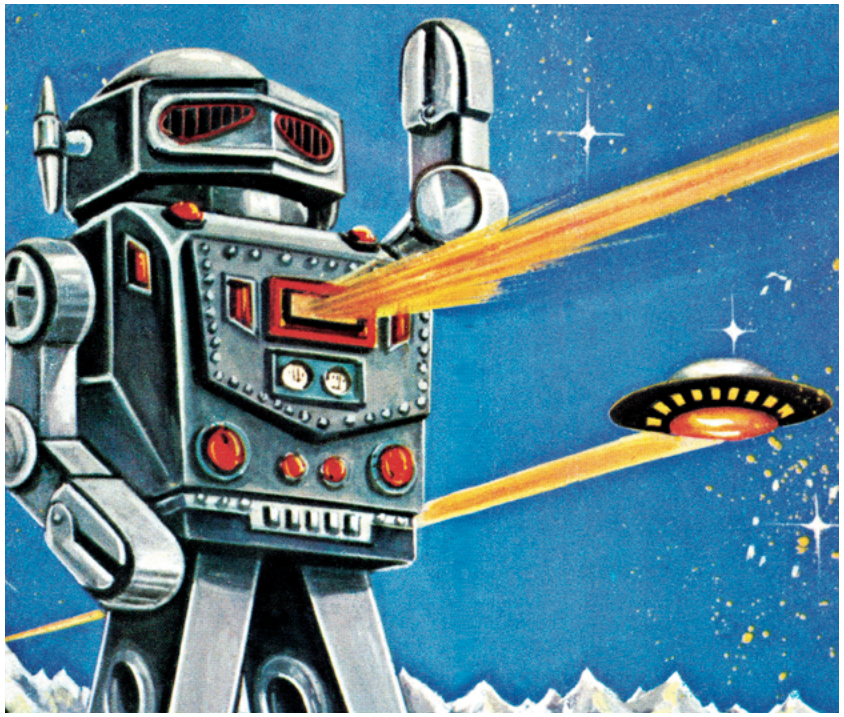
80% believe AI can demonstrate bias, compared to 53% globally, and 67% believe itwill always be biased.

The concern is not unwarranted, as bias has plagued AI since its inception. To eliminate it, AI needs guardrails. Businesses using AI should work to pinpoint bias and adjust and improve AI systems using additional testing, guidelines, and controls. Concerns surrounding bias could be a factor in why three-quarters of Indians surveyed would trust a human over AI when it comes to life-or-death decisions (74%) or an unbiased decision on whether to issue a bank loan (76%). At the same time, faith in AI's ability to make moral decisions is higher in India than any other country surveyed. **Seventy-five percent believe that machines can behave morally and thus, make "good" decisions based on empathetic considerations. Half believe that currently, machines can tell the difference between good and evil, where only 17% believe that globally.** Indian consumers generally trust new technology like AI if they see the potential to improve their productivity and make things simpler.

Indian consumers generally trust new technology like AI if they see the potential to improve their productivity and make things simpler. Since Indian respondents also believe strongly in AI's empathetic potential, it makes sense they'd put their faith in AI's ability to make "good" decisions. However, as much as Indians see AI's promise, it's still an emerging technology, with many enterprises still in the early stages of maturity, thus not quite ready to be trusted with something as critical as a life-or-death decision.

Comfort and concerns surrounding AI

One of the most common fears surrounding AI is that it will replace our human workforce, and this was true for global respondents as well; 35% said they were concerned about machines taking their jobs. **For India, job security (37%) along with AI never understanding their preferences as well as a human (37%) placed second to concerns around a possible robot uprising (38%).**



60% would be more inclined to tell the truth to AI than a person.

However, when asked who they were more inclined to tell the truth to, an AI chatbot or a human customer service agent, 60% of indians would be more inclined to tell the truth to AI than a person, compared to Japan at 42%, and well above the global average of 31%.

Telling the truth to a machine is potentially easier because there isn't a concern about saying the wrong thing or a misunderstanding. Given the huge variety of cultures, subcultures, and myriad of beliefs in the country, there is more chance for misunderstanding/human error if a customer service agent is from a different culture than the customer they are interacting with.

With multiple businesses using chatbots or automated response systems today, respondents seem to be satisfied with the heightened service being offered, eliminating any misinterpretations that result in longer wait times for service or lack of resolution.

Even with concerns around AI, 50% of respondents in India said they were very comfortable interacting with AI, well above the global average of 11%.

India naturally gravitates towards technology, which makes adapting to AI interactions easier than in other countries. But it's important to note that in India, presently most AI-led interactions are supported by human agents. However, the automated part of conversations flow well without any disruption until a human agent is involved, therefore scores on AI are relatively strong.

How to make empathetic AI a reality

The only way that AI can positively impact the customer experience and business outcomes is if humans and AI work together. The future of AI-based decisioning is a combination of AI insights with human-supplied ethical considerations as long as human insights remain the only viable source of an ethical framework.

Transparency is also key to helping customers better understand how AI works. Organizations must employ transparent AI where appropriate, which means their machines can explain exactly why a decision was made. For example, when someone applies for a credit card and is denied, the exact reasons are readily available.

Empathy means nothing without action.

At Pega, we use our real-time, omni-channel AI capabilities to provide global brands with the ability to control their own AI for impact and empathy. We understand that only humans can control how empathetic business systems are and provide the tools to make more empathetic considerations for customers. The only way for businesses to change the conversation and comfort level with AI is to take control of it, prove its value through responsible applications, and direct its power toward improving outcomes.

About Pegasystems

We are Pegasystems, the leader in software for customer engagement and operational excellence. Our adaptive, cloud-architected software – built on the unified Pega Platform™ – empowers people to rapidly deploy and easily change applications to meet strategic business needs. Over our 35-year history, we've delivered award-winning capabilities in CRM and digital process automation (DPA), powered by advanced artificial intelligence and robotic automation, to help the world's leading brands achieve breakthrough business results.

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