

FORECASTING YOUR FUTURE:

HOW FINANCIAL INSTITUTIONS Are Improving Operations

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3 Ways to Transform Your Business
Using Robotic Process Automation

Adapting to a New Marketplace

With more than 14,000 banks accounting for approximately 20% of global GDP, financial services is one of the largest and most vital industries in the world.

Financial services organizations, in particular, must find ways to keep pace as the forces of technological change exert greater pressures. The banking industry—a previously slow-moving sector in modernizing its systems—is gradually evolving to meet the digital demands of a rapidly changing marketplace filled with tech-savvy, mobilized and millennial consumers.

At the same time, the industry continues to face many difficult challenges as the costs and resources needed to comply with ever-increasing regulations continue to rise. Growth has been slow, with revenues and profits remaining relatively flat over the past several years.

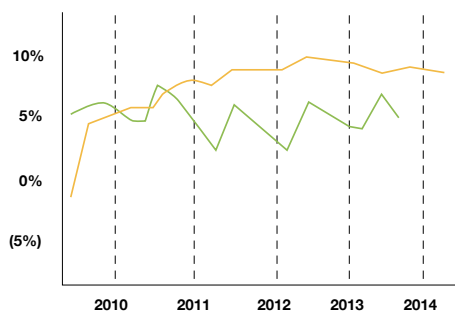


“According to a recent survey conducted by KPMG, the majority of CEOs believe the next three years will be more critical to the banking industry than the previous 50 years. 81% are concerned about keeping up with new technologies.”¹

Financial services organizations have been challenged since the 2008 crisis with achieving revenue and profitability targets in a low-growth economic environment.

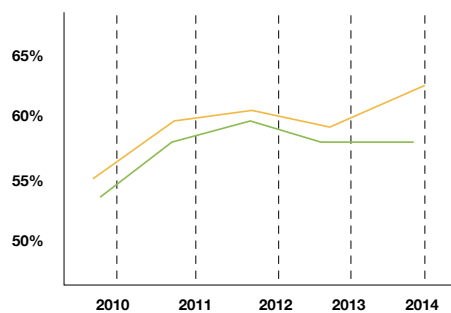
PROFIT RECOVERY IS STALLING

Average Return on Equity of European Union and United States Banks (Q4 2009 - Q4 2014)

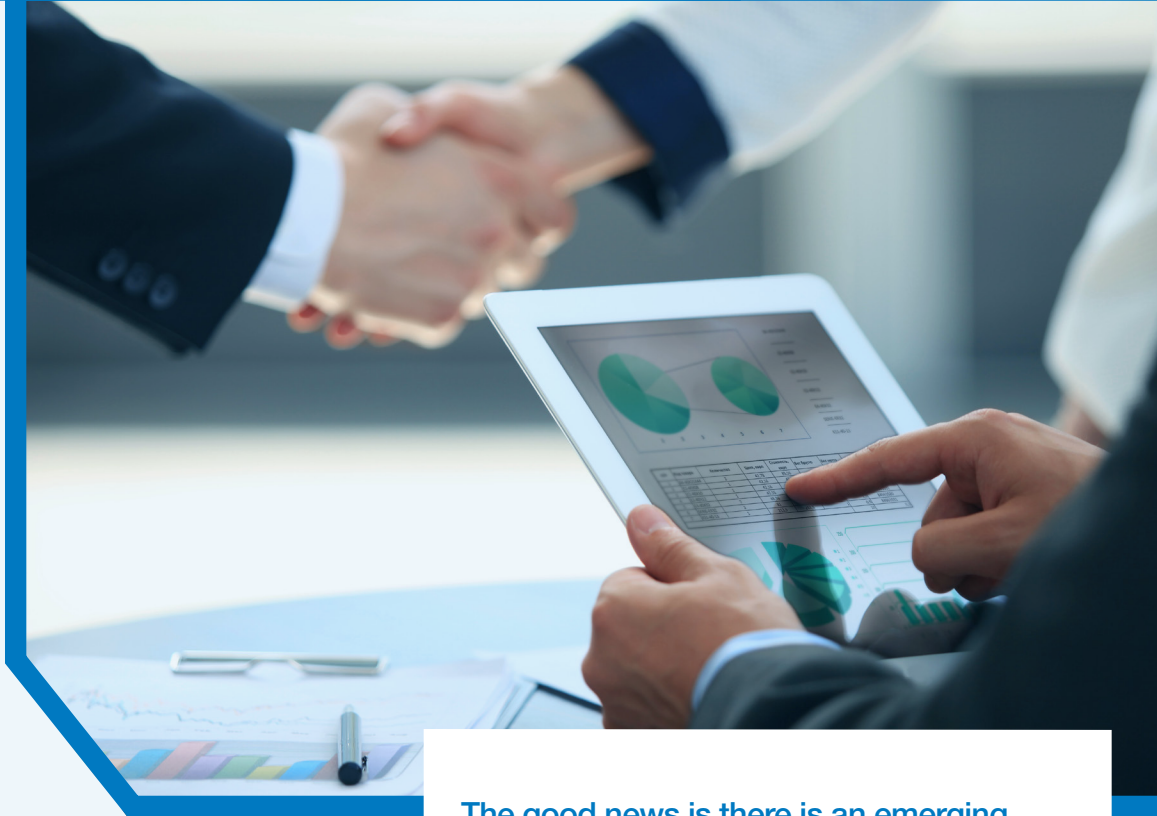


EXPENSE EFFICIENCY WORSEENING AGAIN

Average Efficiency Ratio of European and US FDIC-Insured Institutions (2010-2014)



While financial institutions are moving to digitally transform their operations, many are still plagued by manual processes and tasks.



The good news is there is an emerging, cost-effective and easy-to-deploy solution called robotic process automation (RPA) that can eliminate manual tasks to streamline workflows, improve compliance and reduce costs.

The Institute for Robotic Process Automation (IRPA) defines RPA as “the application of technology that allows employees in a company to configure computer software or a ‘robot’ to capture and interpret existing applications for processing a transaction, manipulating data, triggering responses and communicating with other digital systems.”⁴

Management consulting firm McKinsey & Company found that the high rate of manual processes on the back-end of banks can be time-consuming and error-prone: “Often, back offices have thousands of people processing customer requests. This high degree of manual processing is costly and slow, and it can lead to inconsistent results and a high error rate.”²

So why haven’t more banks automated manual tasks? Gartner stated: “Most organizations still have a lot of routine processes that use employees to manually manipulate structured and unstructured data. The reason these processes have escaped automation until now is a mélange of traditional practices, cost of integration of systems and lack of organizational discipline around multiple process variations.”³

Read on to discover the emergence of RPA and how it’s transforming key business process activities in the banking industry.

² [McKinsey](#)

³ [Gartner, Use Cases for Robotic Process Automation: Providing a Team of ‘Virtual Workers’, 26 October 2015](#)

⁴ [Institute for Robotic Process Automation](#)

The Rise of RPA in Banking

In an industry where 34% of organizations still rely on manual processes, the case for process automation in banking is compelling.⁵ According to experts, human interaction accounts for two to five errors per 100 tasks.⁶ These errors slow your operations, increase rework and put your bank at risk of non-compliance and hefty fines, not to mention frustrating your customers and placing your reputation at risk.

RPA uses intelligent software “robots” to automate repetitive, mundane tasks of collecting and inputting data between portals, websites, internal applications and bank systems. By leveraging RPA, banks can achieve productivity gains of 35-50% — compounded across thousands of transactions — enabling greater capacity and agility. RPA allows your organization to increase efficiencies, eliminate costly errors and free up your employees and knowledge workers for more valuable and rewarding work.

RPA is complementary to systems that your bank may already have in place—for example, to automatically capture documents, extract data or route loan files—to further improve processes. RPA can also eliminate any activities that are still being handled manually by your employees that involve external websites and portals, such as complying with Know Your Customer (KYC) regulations.



RPA DELIVERS BIG BENEFITS TO YOUR BANK

- Increases staff productivity, service levels and capacity by 35-50%
- Creates an immediate 25-50% cost savings by automating tasks at a fraction of the human equivalent
- Slashes processing times by up to 90% (30-50% for an average process)

⁵ [Kofax Software](#)

⁶ [Banking.com](#)

“Simply put, RPA is a game-changer in financial services.” – The Institute of Robotic Process Automation.

While modern banking systems can be integrated via APIs and web services, it may not always be feasible. According to Image and Data Manager (IDM): “RPA is quicker and more cost-effective to deploy than traditional IT solutions. RPA offers non-intrusive, relatively easy integration with legacy IT applications, and this opens up automation possibilities for process efficiencies that previously were considered cost-prohibitive due to the IT effort required.”⁷

When citing “examples of RPA being used for front-, middle- and back-office deployment included for banking and insurance,” Gartner stated, “Due to the major cost-reduction pressures in these industries, these organizations have been the highest adopters of RPA tools to date. Examples of uses include moving data for claims processing, predominantly from customer-facing websites; card management for issuing replacements for lost or stolen cards, and reversal of card charges; and mortgage processing, with the resubmission of failed payments.”⁸

When you think about it, core retail banking is all about repeatable actions and processes, so RPA is a natural fit in facilitating the connection between both environments, which allows the back office to “catch up” to front office processes.

“RPA facilitates the IT department by helping to stretch budgets and deliver technology-based services more reliably and efficiently. It appeals to the compliance and risk management functions because it dramatically reduces the potential for human error. It’s more than a concept; it’s real and has been successfully deployed by numerous leading, and often conservative, financial institutions.”⁹

– Institute for Robotic Process Automation

⁷ [Image and Data Manager](#)

⁸ [Gartner, Use Cases for Robotic Process Automation: Providing a Team of ‘Virtual Workers’](#), 26 October 2015

⁹ [Institute for Robotic Process Automation](#)

As RPA is increasingly deployed by modern banks, there are three key areas where you can leverage it today to dramatically increase productivity and efficiencies:

1

MORTGAGE LENDING

2

COMPLIANCE AND
RISK MANAGEMENT

3

CUSTOMER SERVICE
AND SUPPORT

MORTGAGE LENDING: The Process Transformation Opportunity

Since the recession of 2008, the housing market has improved as prices have slowly returned to pre-crisis levels.¹⁰ With the rise in demand comes heightened pressure on financial institutions to provide efficient and error-free mortgage lending services.

However, many banks struggle to meet this standard due to outdated manual processes and slow customer response times. Many lenders continue to enter loan data manually and often into multiple systems and vendor sites. While loan origination systems do a good job of pushing data to many vendors, lenders still spend a significant amount of time manually entering data, copying notes, separating and saving documents into repositories, and retyping information into borrower and loan officer communications.

All of this manual data entry significantly bogs down the mortgage closing and approval process, frustrating both bank employees and customers. It inevitably creates delays and errors as the complex process drags on, leading to dissatisfaction and disengagement.

According to a recent report by Capsilon: “Mortgage

On average, it takes approximately 45 days for a loan to be approved¹¹ — creating customer dissatisfaction, slowing speed to revenue and jeopardizing compliance.



A survey¹² of 1,000 people who've been through the home mortgage process said they'd prefer to:

- Spend a night in prison: 7%
- Get a root canal: 7%
- Spend 24 hours with the person they most dislike: 12%
- Gain 10 pounds: 23%

lenders are more concerned than ever about loan quality. A heightened focus on loan quality and compliance has led to ever-increasing loan production costs and has significantly lengthened loan turn times.”¹³ Compliance requirements alone have dramatically risen, with nearly 1,000 compliance changes implemented since 2008.

How can your bank address these challenges and deliver a superior lending experience?

¹⁰USA Today

¹¹The Mortgage Reports

¹²Equifax

¹³Capsilon

MORTGAGE LENDING:

Realizing the RPA Opportunity

RPA can enable you to meet loan quality, compliance and cost concerns head-on. By automating repetitive and time-consuming manual tasks, your loan operations team will be able to focus on the more important details of loan applications. Data will be more accurate, reporting metrics can be tracked, and operational costs and loan timelines will be reduced.

RPA's many benefits include the following:

SPEED TIME TO REVENUE

Software robots can be deployed to quickly and efficiently handle various mortgage lending tasks, such as monitoring emails, pulling in data and documents from various internal systems, and reconciling data between enterprise content management and loan origination systems. With automatic collection and cleansing of loan data, you can quickly approve loan applications and generate revenue faster.

ENHANCE THE CUSTOMER EXPERIENCE

By accelerating the collection of required data, loan approvals can be delivered more quickly to enhance customer engagement and satisfaction. For example, a leading European bank automated the extraction of loan application data from a third-party portal and connected the information into their internal system and processes. As a result, they were able to quickly and efficiently present offers back to their customers, reducing response time from 14 days to just minutes.



REDUCE OPERATIONAL COSTS

RPA enables banks to reduce manual tasks, particularly around gathering and verifying documentation and inputting information into various systems, all leading to lower costs and efficiency gains. One leading bank achieved 100% automation, eliminating manual errors and rework. Also, by adding automation to the mortgage origination process, manual tasks and costs can be reduced in the post-closing process.

DECREASE RISK AND IMPROVE COMPLIANCE

RPA allows banks to verify the integrity of a loan file, an action that would normally be performed by employees. Software robots can automatically package up digital loan files as part of the quality control and audit review process. This streamlines the audit process and ensures all of the right documentation is in order.

Due to the financial crisis and increasing regulations, as well as manual efforts to ensure mortgage investor and regulatory compliance, mortgage origination costs in the U.S. are three times higher than they were just a decade ago.¹⁴

SUCCESS STUDY:

Union Bank

Offers a broad array of financial services to individuals and businesses—from small firms to major corporations.

CHALLENGE

- Increased demand for lending services and delays in their operations, with loan documents taking up to 15 days to convert into electronic files
- Manual work and delays often result in lost sales, slower time to revenue and a negative impact on cash flow

RESULTS

Union Bank leveraged RPA to significantly improve loan processes, including:

- Reduced turnaround time for digitizing loan documents from 15 days to five days
- Migrated 800,000 documents in days, instead of months, to Enterprise Content Management (ECM) system
- Deployed a software robot to automatically gather all relevant loan documents, combine them into a PDF and send a notification that the file is ready for audit review
- Automated post-closing process to streamline auditing of loan files

“The faster our teams can gather loan documentation, the faster they can turn around the packages that we present to investors. This results in a more rapid time to revenue for our consumer lending business, improving cash flow and reducing cost per fund.” – **Reginald L. Brown Sr., Vice President, Electronic Imaging Manager, Consumer Lending Imaging and File Management, Union Bank¹⁵**



COMPLIANCE AND RISK MANAGEMENT: The Process Transformation Opportunity

Compliance requirements are ever-increasing, creating additional process headaches. Numerous consumer financial protection laws, including Know Your Customer (KYC) and Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) regulations, have significantly increased the due diligence required to verify a customer's identity before a new account can be opened or a loan can be approved. Much of the data needed to ensure compliance resides outside your business, making it difficult to aggregate and integrate into your internal processes.

The majority of financial institutions are overwhelmed with the growing number of rules and requirements that must be monitored, tracked and reported on a timely basis to meet federal and state regulations. A survey of more than 100 senior banking officials across Europe and the U.S. found that one in five banks have made a significant increase in spending around compliance requirements.¹⁷

Adding resources to perform manual tasks is not a cost-effective, long-term answer to complying with mounting regulations. Instead, consider investing in RPA for automation of repetitive, time-consuming compliance tasks that tie up your valuable employees.



As part of the ongoing pursuit of compliance, global retail bank IT spending is set to rise 20% over the next four years and is predicted to hit \$150 billion by 2018.¹⁶

COMPLIANCE COMES WITH A BIG COST

- In 2014, Citigroup had nearly 30,000 employees working on regulatory and compliance issues, up 33% since the end of 2011
- JPMorgan Chase expanded its risk control staff by 30%
- Deutsche Bank doubled its compliance spending and added at least 500 resources
- In 2013, HSBC added approximately 3,000 compliance staff

¹⁶Ovum

¹⁷Longitude Research

COMPLIANCE AND RISK MANAGEMENT: Realizing the RPA Opportunity

Keeping current with hundreds of global regulatory agencies and laws can be a complex, tedious and time-consuming set of activities. By implementing RPA, your bank can automatically aggregate and integrate compliance information into your business processes, streamlining and expediting the required work while reducing costs.

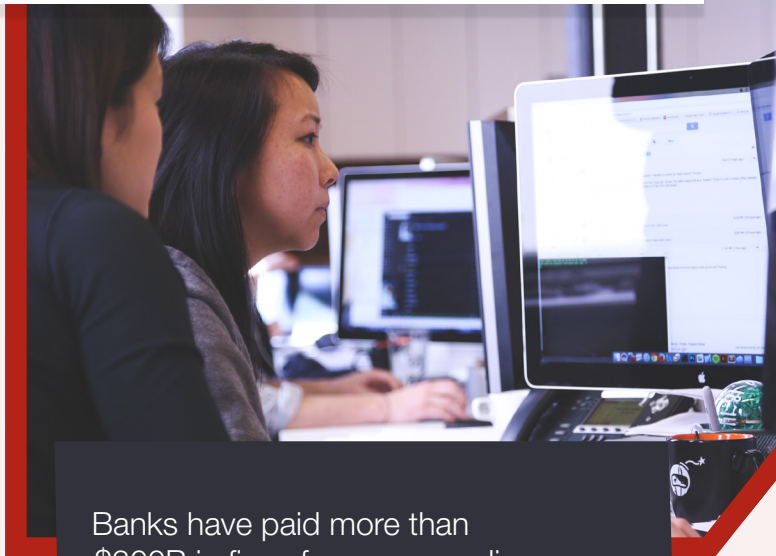
The benefits of RPA include the following:

ELIMINATE MANUAL REGULATORY MONITORING AND DATA COLLECTION

Banks can automatically extract regulatory information and updates from a multitude of websites and portals, and deliver it directly into the hands of your bank employees.

For example, resources at a British global bank were needed to manually aggregate rules from more than 300 websites daily and normalize the data into a model for input to their regulatory compliance system. A typical compliance officer was spending 15% of their time tracking developments.

Most of this manual work was easily automated with the deployment of software robots. The bank is now able to quickly and efficiently capture regulatory information from public websites, including new rules, rule changes and regulatory news. Robots work side-by-side with the bank's employees to monitor sites—from stock exchanges (NYSE, Euronext) to federal regulatory agencies—to augment their internal compliance function and ease their due-diligence burden.



Banks have paid more than \$300B in fines for non-compliance since 2010.¹⁸

EMPOWER COMPLIANCE AND RISK MANAGEMENT TEAMS

RPA eliminates information silos and gives your employees ready access to the information they need to get their work done. Software robots can deliver critical data to your staff via dashboards, databases, Excel spreadsheets and compliance reporting applications in any format required.

A leading global financial institution's Information Analysis Unit (IAU) manually gathered information for risk assessments of banking irregularities and criminal activities from more than 40 internal and external sources. Their existing process was cumbersome and time-consuming, taking analysts an average of two hours per case to repetitively search, collect and organize the needed material.

The company deployed software robots to automatically analyze potential exposure for reputational, operational and technological risks for more than 250 cases a month. This improved information retrieval time per case by up to 96%—and an average of 480 hours per month is now better spent on higher-value tasks.

¹⁸Capco

SEE IT IN ACTION:

Compliance and Risk Management with Manual Steps

BEFORE

120+
MINUTES



MANUAL
ANALYSIS TASKS



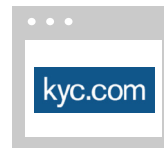
Know Your Customer (KYC)

- Assessments of risk
- Inquiries of irregularities
- Other research and analysis tasks

Search one system
after another by keyword

40

Internal and external
systems



Copy/paste search results into
one single document



Sort search results
in document



Analyze search results



RECOMMENDATION

COMPLIANCE AND RISK MANAGEMENT: **Realizing the RPA Opportunity**



AVOID COSTLY FINES AND REPUTATIONAL DAMAGE

With RPA, you can integrate the data required for regulatory reporting in a timely manner, eliminating delays and reducing the risk of fines for non-compliance. Hefty bank penalties usually make the news, potentially harming your firm's reputation in the industry.

Software robots can also be deployed to automatically and quickly check an individual's background against thousands of sites, including monitoring sanctions lists from sources such as the U.S. Treasury and Immigration and Customs Enforcement (ICE). Not only does this reduce the likelihood of fraud and the associated costs, it also helps your bank ensure compliance with Know Your Customer verification requirements.

PROVIDE AUDITORS WITH COMPLETE AND ACCURATE INFORMATION

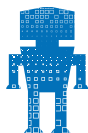
Intelligent software robots can be used to automatically access and integrate audit trail information for regulatory purposes and include any information that might potentially fall under an audit. This streamlines the process and ensures all documentation is in order.

SEE IT IN ACTION:

Compliance and Risk Management with Software Robots

AFTER

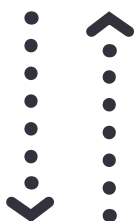
~2
MINUTES



AUTOMATED
ANALYSIS TASKS



Users simply enter a keyword and select all sources of interest



Know Your Customer (KYC)

- Assessments of risk
- Inquiries of irregularities
- Other research and analysis tasks

All search results obtained and presented in a structured and organized way

40
Internal and external
systems



- Standardized, integrated process
- Up to 96% reduction in information retrieval time
- Better, faster decision making

SUCCESS STUDY: **Fiserv**

Provider of technology solutions to the financial world, including banks, credit unions, securities processing organizations and insurance companies.

CHALLENGE

- Needed to meet regulatory compliance for high-volume transactions across 300 global banking partners
- Operated without an automated compliance dashboard for three years

RESULTS

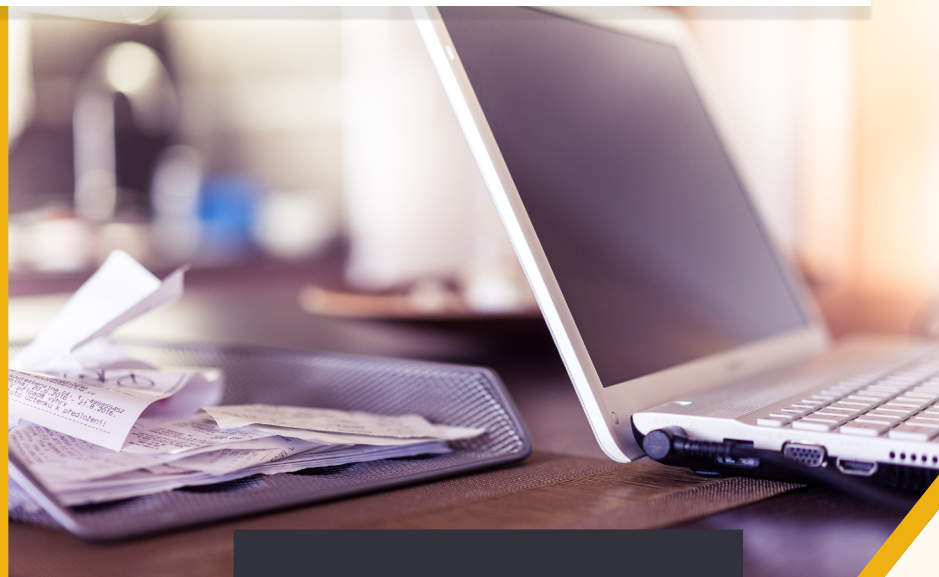
By deploying RPA, Fiserv's strong results included the following:

- Integrated all 300 global banking partners in only three months and met compliance requirements
- Reduced credit expense through to improved cash visibility
- Met stringent compliance requirements for \$1B in daily transactions



CUSTOMER SERVICE AND SUPPORT

The Process Transformation Opportunity



By 2020, customer experience will overtake price and product as the key brand differentiator.¹⁹

Financial institutions around the world are struggling with the roadblocks of information silos and disparate systems of customer data that prevent global service and support call centers from delivering exceptional customer service.

Customer service representatives (CSRs) often need to swivel between a dizzying array of applications, as well as access information from both internal and external data sources, to confidently address customer complaints and questions. Gathering and analyzing this data, while also striving to provide quick and timely customer service, can be difficult tasks for your employees.

A recent Bain report revealed that customers conduct more than 50% of their banking interactions through digital channels in 18 of 22 countries surveyed. Additionally, 43% of customers expect social channels to be integrated with other customer service channels.²⁰ This demand creates a customer service environment that's more complex than ever before, with multiple channels and countless sets of customer data.

Some banks are addressing this complexity, while

others are struggling to keep up. In the 2016 *J.D. Power U.S. Retail Banking Satisfaction Study*, Paul McAdam, Senior Director of Banking Services, stated: "Establishing customer service tools for competitive differentiation is key to a successful path forward. We clearly see that the customer satisfaction leaders in retail banking excel by hitting the sweet spot of providing a great digital experience backed by personal service."²¹

It's a competitive environment and financial institutions that leverage technology and process automation, such as RPA, to improve their customer service operations will thrive.

¹⁹Walker

²⁰Bain

²¹J.D. Power

CUSTOMER SERVICE AND SUPPORT

Realizing the RPA Opportunity

Leveraging software robots to improve the way you serve customers is an investment in the longevity and loyalty of your relationships and the future of your bank. In 2015, 79% of consumers considered their banking relationship to be purely transactional, up 8% since 2014.²²

Here's how you can reverse this trend with RPA:

ENGAGE CUSTOMERS IN REAL-TIME

RPA enables you to deliver real-time access to data in any application and eliminates the need for employees to manually log into multiple systems to track down information that is trapped in disparate enterprise silos. With a 360-degree view of the customer profile immediately accessible in just a few clicks, your customer service representatives (CSRs) can identify and take advantage of cross-sell and upsell opportunities when speaking to customers.

AUTOMATE CUSTOMER SERVICE ACTIVITIES

Software robots can be deployed to automatically run complex integrations across email, call center applications and core bank systems—without the need for coding. This enables your IT team to address the needs of the business to integrate systems and reduce costs, while also enabling the highest levels of customer service and support.

73% of activities in an average process do not add value.²³

“Exciting changes are happening: customer care will be everywhere and embedded in everyday products; interactions will be automated with virtual agents engaging in meaningful conversations with customers; companies will learn from every customer interaction, through every channel, and analytics will allow deeply personalized interactions that deliver great customer satisfaction.”²⁴

— Institute for Robotic Process Automation

INCREASE EFFICIENCY AND PRODUCTIVITY

RPA eliminates manual, time-consuming information searches by providing ready access to customer data in CRM, ERP and core banking systems. By eliminating data silos, your employees have timely access to the information they need to get their work done quickly and efficiently. With fewer mundane, manual tasks to deal with, staff productivity is improved and employees can deliver greater value to your organization.

EXCEED SERVICE-LEVEL AGREEMENTS (SLAS)

Integrated, easily retrieved customer data means you can minimize call center wait times to meet and exceed your SLA commitments. Your CSRs can pull up the information they need, when they need it, eliminating long hold times or service delays. They have more time to focus on the customer, understand their needs and improve relationships and satisfaction.

²²Accenture

²³Deloitte

²⁴Institute for Robotic Process Automation

By the Numbers: Summing up the Value of RPA

In Accenture's *2016 North America Consumer Digital Banking Survey*, which included more than 4,000 adults in the U.S. and Canada, 11% of consumers left their bank in the past year for a competitor.²⁵



With compliance requirements piling up and consumers increasingly moving to digital channels to interact with their bank, it's more important than ever that financial institutions take a holistic and strategic approach to their operations. Manual tasks and information silos that slow responsiveness won't cut it with today's consumers, who expect a fast and seamless customer experience.

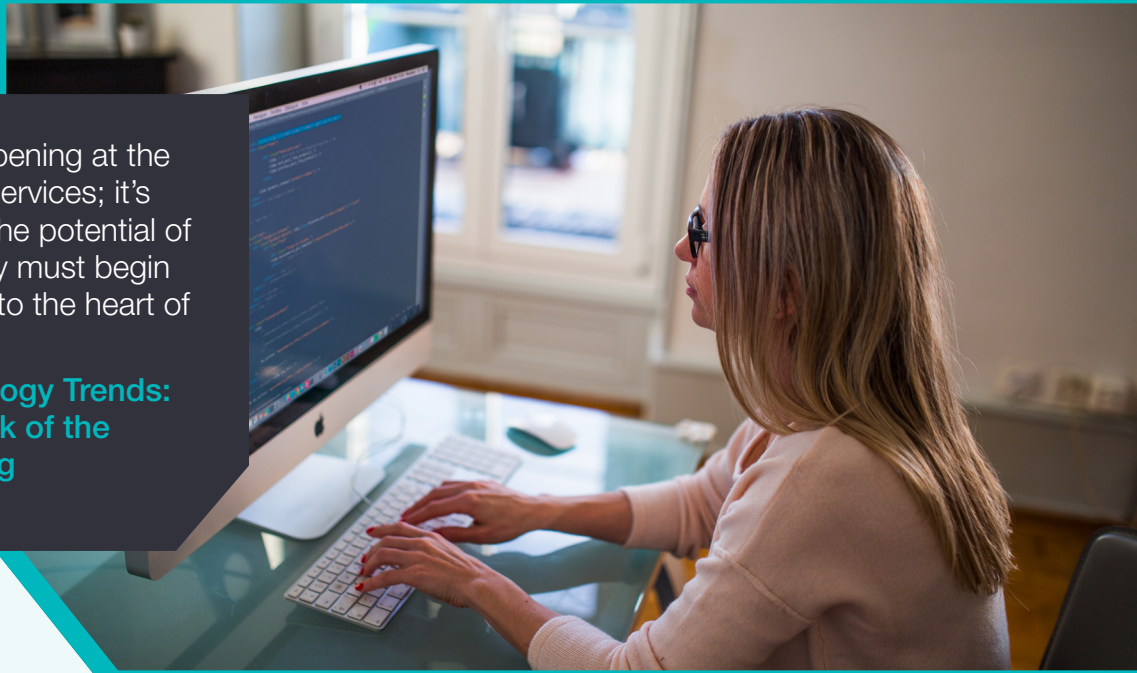
By automating manual tasks at a fraction of the human equivalent, RPA can deliver an immediate cost saving of 25-50% and free up your knowledge workers for more value-added tasks.²⁶ With no coding required, robots can be easily deployed within a business unit or used at various steps within a larger set of processes.

According to an Accenture survey of 240 leading banks, 75% of survey respondents believe that the new financial workforce will comprise employees, as well as intelligent machines, and collaboration between the two will be critical and training essential.²⁷

²⁵ Accenture

²⁶ Institute for Robotic Process Automation

²⁷ Accenture



“Disruption is not happening at the periphery of financial services; it’s pervasive. Unlocking the potential of tomorrow’s technology must begin today and go straight to the heart of business strategy.”²⁸

— **Emerging Technology Trends:
The Road to the Bank of the
Future, Ernst & Young**

An emerging technology that financial institutions are embracing, RPA is quickly proving its value by improving mortgage lending services, strengthening risk and compliance management, and enhancing customer service. ROI is typically delivered within 12 months—and sometimes as fast as within six months.

It’s clear that the banking industry is changing, and so is the technology that underpins it. Modern banks built for the future are counting on the speed, accuracy and efficiency afforded by RPA to create a competitive advantage that capitalizes on productivity gains, cost reduction and an improved customer experience.

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Find out how intelligent software robots can also help you acquire more precise data for investment research. Download our free infographic: [Banking on Precise Data for Investment Research](#).