



Work Like Tomorrow.™

Banking on a Digital Future with Intelligent Automation

A Guide to Digital Transformation for Wells Fargo

KOFAX

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Foreword

Powerful forces are reshaping the financial services industry. Consumers are accustomed to interacting with the likes of Apple and Amazon and demand similar frictionless experiences from their banks. FinTech competitors are vastly redefining and reshaping the sector. Emerging technologies pose both challenges and opportunities. When the dust settles, only one thing is certain: the bank of the future will be much different.

Many institutions have transitioned to customer-facing tools like mobile and online banking. But to work like tomorrow today, they'll need to digitally transform their operations end to end. Of course, this presents a massive challenge. Like other organizations, banks depend on numerous processes to get things done, many of which are paper-based and manual. This includes onboarding new customers, approving loan applications and adhering to compliance regulations. In fact, a global [Forbes Insights survey](#) found a quarter of business operations are still completely or mostly manual, while another 37% are a mix of manual and automated.

The good news is that banks can accelerate digital transformation by deploying intelligent automation solutions that use technologies like machine learning to transform data into actionable insights. They can choose automation platforms with embedded artificial intelligence (AI) that smartly recognizes people, content and context. The result? Banks work more effectively and better serve customers on their terms, while driving efficiencies that ripple throughout their operations.



Why Digital Transformation?

Harness Integrated Intelligent Automation to Work Smarter

Digital technologies—and how we use them in our personal lives, work and society—continue to change the face of businesses worldwide.

The digital economy and the physical world are converging. This presents an opportunity for financial services organizations to deliver a positive end-to-end digital customer experience, while also improving operational efficiency. By implementing automation to work tightly alongside people so that firms can operate better, faster and more efficiently, they also become more competitive.

It's about harnessing integrated technologies to work smarter. Investing in an intelligent automation platform that unites people, processes, and technology enhances operations, improves data quality and delivers the personalized experiences that today's banking customers expect.



73% of respondents in financial services have seen an improvement in customer satisfaction of between 5% and 25% due to process automation.”¹

Most importantly, intelligent automation can help banks not only navigate the ongoing digital disruption in the global marketplace, but also thrive. This disruption is driven by several shifting forces known as the four Cs: **Customers**, **Competitors**, **Costs** and **Compliance**. Let's take a closer look at each.

¹ Forbes Insights Report, 2019

Customers

Corporate, retail and small business banking customers now expect premium, seamless experiences across channels. This expectation results from those customers enjoying digital interactions with other consumer brands they encounter day-to-day on the Internet. Customers no longer just compare one bank's offerings with a rival; their experiences with companies like Apple or Amazon have reshaped their standards. What's more, customers across all generations and in every country use digital channels for banking more frequently than they use branches or ATMs.²

The migration to mobile banking. The Internet is now the most favored channel by customers in all regions, with close to one-third of customers banking via mobile access. Not surprisingly, research shows millennials and small business customers are more likely to select a bank with a good digital banking platform.³ And a study by Business Insider⁴ found that 61 percent of mobile banking users would switch their bank if it offered a poor mobile experience.

Analysts expect customers to migrate to these digital channels in increasingly greater numbers, making it crucial for banks to meet their increasing expectations.

² Deloitte Insights, Accelerating Digital Transformation in Banking, 2018

³ CapGemini, World Retail Banking Report

⁴ Business Insider, Retail Banking in 2019

A person is sitting on a grey stone bench. They are wearing a light blue long-sleeved shirt, maroon trousers, dark socks, and brown leather lace-up shoes. A silver laptop is open on their lap, and their hands are on the keyboard. A large, tan canvas bag with multiple straps and buckles is resting on the bench in the foreground. The background is slightly blurred, showing a textured wall.

“Only half of banking customers say they have a positive experience in any channel.”⁵

⁵ World Retail Banking Report: Modern Banking Models Require a Digital Ecosystem, 2019

Competitors

The bond between banks and customers is weak: Choice is at the fingertips of any customer with a smartphone or tablet, throwing open the door to digital competitors. Conventional, paper-based processes and disconnected systems are too slow to compete with these new, digital businesses. Banks feel the pressure to digitize from all sides.

FinTech competitors take advantage of customer preferences for digital experiences. They're free from the siloed legacy systems and manual operating models found in many banks. Digital platforms enable competitors to move with agility, while simultaneously offering lower prices and delivering intuitive and compelling customer experiences.

Retail and consumer technology companies have a deep understanding of the customer experience and how to optimize it. Their applications and offerings are often so useful and intuitive that customers see them as integral to their daily lives.

The Rise of FinTechs

In addition to competition from traditional sources, banks must contend with the emergence of financial startup organizations. These "FinTechs" often provide customers new and innovative options.

Global investment in FinTech companies more than doubled in 2018 compared to 2017, reaching \$110.8 billion.⁶

⁶ KPMG, The Pulse of Fintech, 2018

Costs

What are the primary drivers for banks looking to digitally transform? Reducing costs and simplifying processes top the list. This is no surprise given the high volume of paper and people needed to perform existing banking processes – and the cost of manual processes far surpasses digital ones.

Fraud is also a significant challenge for banks seeking to rein in costs. Overall, global fraud loss costs businesses \$1.5 trillion per year – almost as much as the entire GDP of Canada.⁷ In fact, every dollar lost to fraud costs businesses 2.5 times that, according to a report by Lexis-Nexis.⁸

Furthermore, banks lose revenue opportunities when employees spend more time handling instances of fraud and their repercussions than they do on strategic initiatives that can help grow the business.



“Banks that commit fully and wisely to AI and human-machine collaboration could boost their revenue by an average of 34 percent and increase employment levels by 14 percent.”⁹

⁷ Banking Exchange, Combat Hidden Costs of Fraud by Tackling Client Experience, 2019

⁸ LexisNexis, True Cost of Fraud Study, 2017

⁹ Accenture, Realizing the Full Value of Banking, 2018

Compliance

To say compliance poses another challenge for banks is an understatement. Banking regulations are complex and constantly changing. Legacy systems were not built to address regulations such as Know Your Customer (KYC), Anti-Money Laundering (AML), Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS), just to name a few.

To meet these rigorous regulations, banks have traditionally added staff to perform the work needed to ensure compliance. It's quite common for banks to require redundant verification of required data and documents in the processing of bank products and services.

The cost of non-compliance is growing. Financial crime – including fraud, money laundering and other corruption schemes – is frequently in the news. Economic crime has impacted almost half of financial services firms, according to a PwC survey. As a result, banks have added thousands of employees to ensure compliance and mitigate risk. This approach can be costly and drain resources for other areas of the business.



According to McKinsey, 10 to 40 percent of revenues will be at risk in five major retail banking businesses by 2025.¹¹

¹¹ McKinsey, Automating the Bank's Back Office



How Banks Measure up Digitally

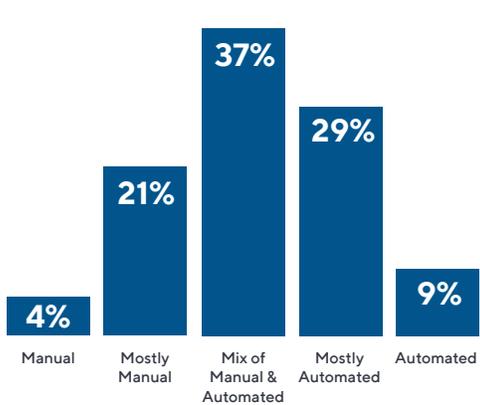
Given the challenges they face, where are banks making progress on their digital transformation goals? And where are they lagging?

According to the 2018 World Retail Banking Report by CapGemini, more than 70% of bank executives say higher consumer expectations are what’s primarily driving disruption in the industry. Customers expect banks to deliver fast, convenient and personalized service and higher value for their money. Those that don’t have a positive experience in digital channels are more likely to switch or consider FinTech companies. According to CapGemini, customer satisfaction is lower because banks have invested more in front-end augmentation than in the end-to-end customer journey.¹²

A significant share of enterprises still haven’t fully automated operations end-to-end. According to a global Forbes Insight survey, almost two-thirds of senior executives say their operations are either all manual or a mix of manual and automated.¹³

Our processes are a mix of manual and automated...

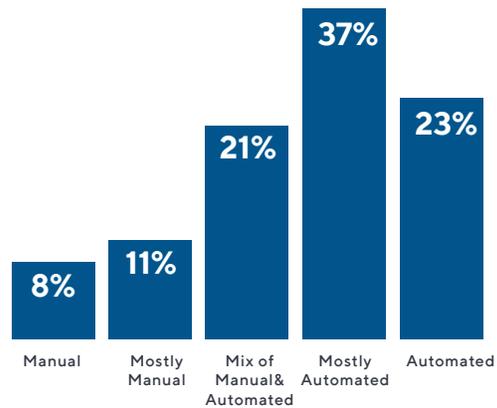
On average, where do the processes you are involved in fall on a scale from completely manual to 100% automated?



Average of 5.8 on a scale of 0 to 10

...and we want them to be less manual and more automated.

How automated would you like them to be?



Average of 6.6 on a scale of 0 to 10

¹² World Retail Banking Report, Improving the Customer Journey, 2018

¹³ Forbes Insights, Accelerating Business Value with Intelligent Automation, 2019

Missed Opportunities

For many banks, advanced digital capabilities for the front office far exceed those of the middle and back office. When banks focus solely on digitizing customer-facing digital channels, they miss out on opportunities to enhance the overall customer experience and improve their operating models.

Since manual and paper-based processes are still widespread in middle and back offices, they can have a direct impact on customers—and negate some of the positive benefits they're realizing in their digital front offices. Manual paper processing and data entry leads to errors and rework. Experts say humans are responsible for 88% of process mistakes, and human interaction accounts for two to five errors per 100 tasks.¹⁴





“Plagued” by under-investment, the middle and back offices are falling short of the high level of support found in the more advanced front offices, creating a disjointed customer experience and impeding the industry’s ability to attract, retain and delight customers.¹⁵

So although most financial institutions agree that digital transformation is important, most are not yet where they need to be to remain competitive. For example, 61% of banking executives want a customer-centric business model, but only 17% feel prepared.¹⁶ In addition, Celent reports that 73% of surveyed banks believe that digital innovation is imperative, but 12% say there is no consensus in their institution. Just 6% consider themselves to be “digital trailblazers,” while 46% identify as “fast followers”¹⁷ of digital technologies.

Less than 20% of banks rank themselves as “very good” or “excellent” in the following categories:¹⁷

- Integration
- Level of automation (straight-through processing, document digitization)
- Agility (able to support future use cases)
- Analytics

¹⁴Forbes Insights, Accelerating Business Value with Intelligent Automation, 2019

¹⁵ World Retail Banking Report, 2018

¹⁶ PwC, Retail Banking 2020-Evolution or Revolution?, 2018

¹⁷ Celent, Banks’ Emerging Views on Digital, Research Panel Series

Fortunately, there does seem to be a move toward greater reliance on digitized customer interactions and processes.

BDO's 2019 Middle Market Digital Transformation Survey found 62 percent of financial services organizations believe digital investments will increase their revenue by 10 percent or more over the next three years. The top two long-term goals of financial executives are improving customer experience (83 percent) and reducing operational efficiency (82 percent).¹⁸ When P&N Bank implemented robotic process automation (RPA) and process orchestration via the [Kofax Intelligent Automation platform](#), they boosted productivity by 20% while also improving service levels with their customers.¹⁹



“By 2021, we expect that 60% of tier-1 Asia/Pacific banks and insurance companies will deploy intelligent digital workforce solutions for increased automation, intelligent decision-making and improved operational efficiencies to achieve an exceptional business value and deliver a more real-time and contextual customer experience.”²⁰

- Sneha Kapoor, Research Manager, IDC Financial Insights

¹⁸ BDO Middle Market Digital Transformation Survey: Digital Transformation in Financial Services, 2019

¹⁹ Kofax, Intelligent Automation-Scaling, Expanding and Excelling, 2019

²⁰ IDC: RPA Game Changers Advance Financial Services Institutions Toward Intelligent Digital Workforce, 2019



Creating Organizational Readiness

An important consideration for digitization is the readiness of the entire enterprise. Achieving a full-scale transformation requires C-level support, organizational alignment, resources and a coordinated organization-wide strategy. Strive to achieve executive level buy-in as early as possible.

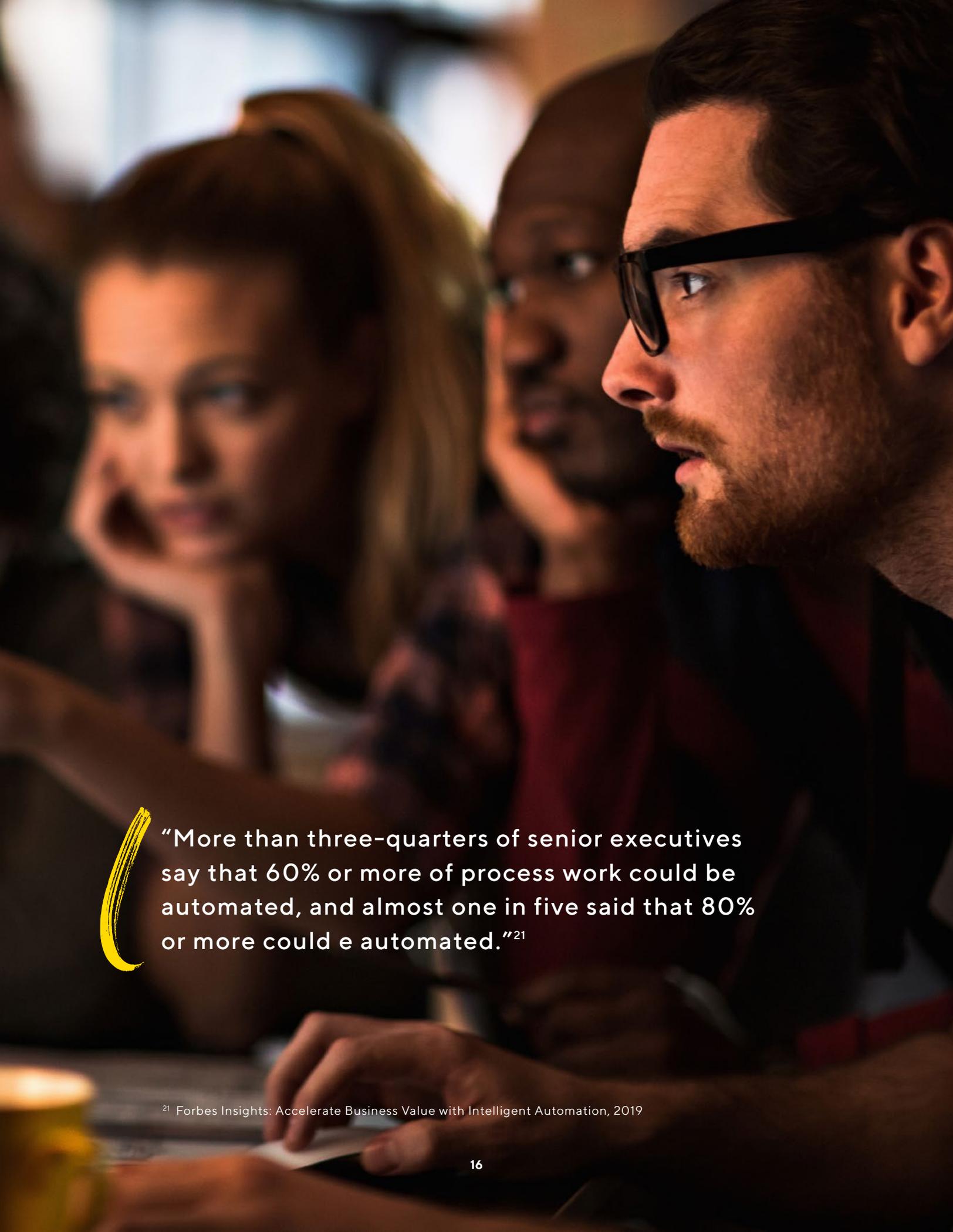
Organizations that succeed at digital transformation know it involves more than just IT. It makes sense to team up with, and gain input from, people across the organization—as well as corporate leadership. Transformational solutions require orchestration up and down the management chain and throughout the customer journey. Consider establishing transformation teams that assume end-to-end process ownership and adopt ways of integrating organizational entities, such as lines of business, IT and customer experience.

No amount of technology will help if people and organizational issues driven by digitization initiatives are ignored. Digitization impacts a bank's operating model, as well as roles and responsibilities throughout the bank. Success requires evaluation of the organizational model—from structure through skills and performance management.



“Companies still have a long way to go to both optimize their key processes and then automate them. Although many organizations have already optimized processes, there is still much room to automate the numerous manual steps in them. Intelligent Automation is uniquely positioned to help organizations to optimize and automate their processes.”²¹

²¹ Forbes Insights: Accelerate Business Value with Intelligent Automation, 2019

A group of business professionals in a meeting, looking at a laptop screen. The image is a close-up, slightly blurred background shot of three people: a woman on the left, a man in the middle, and a man with glasses and a beard on the right. They are all looking towards the left side of the frame, presumably at a laptop screen. The lighting is warm and focused on the subjects.

“More than three-quarters of senior executives say that 60% or more of process work could be automated, and almost one in five said that 80% or more could be automated.”²¹

²¹ Forbes Insights: Accelerate Business Value with Intelligent Automation, 2019

At a Glance

To achieve organizational readiness, banks must:

- Gain executive-level sponsorship
- Establish innovative, cross-functional teams focused on the customer journey first and internal processes second
- Broadly communicate the vision, goals and success criteria to ensure alignment



Developing a Transformation Plan

The next step after securing corporate leadership commitment is to align the organization up and down all levels of management, and obtain committed resources for personnel and funding. This approach makes development of a bank-wide plan more readily achievable.

Manage even the most complex plan by using consistent tools and standardized steps to:

#1 Map, prioritize and identify opportunities for digitization

#2 Assess digital maturity

#3 Guide the redesign of business processes

This section details each of these three standardized steps.

#1. Mapping and Prioritizing Opportunities

Digital transformation across multiple lines of business—from consumer deposits and mortgages to commercial lending and treasury services—is a significant undertaking. Most banks simply do not have the resources to address all of the transformation opportunities concurrently and face hard choices. They can fight to win customer relationships across existing lines of business or focus on areas where success is most likely.

Use a Heat Map to Target Digital Opportunities

A heat map helps banks chart a course to their digital destination by providing an enterprise-level view of collaboratively prioritized projects across the bank. It also prevents digital transformation from being perceived as disparate, one-off projects.

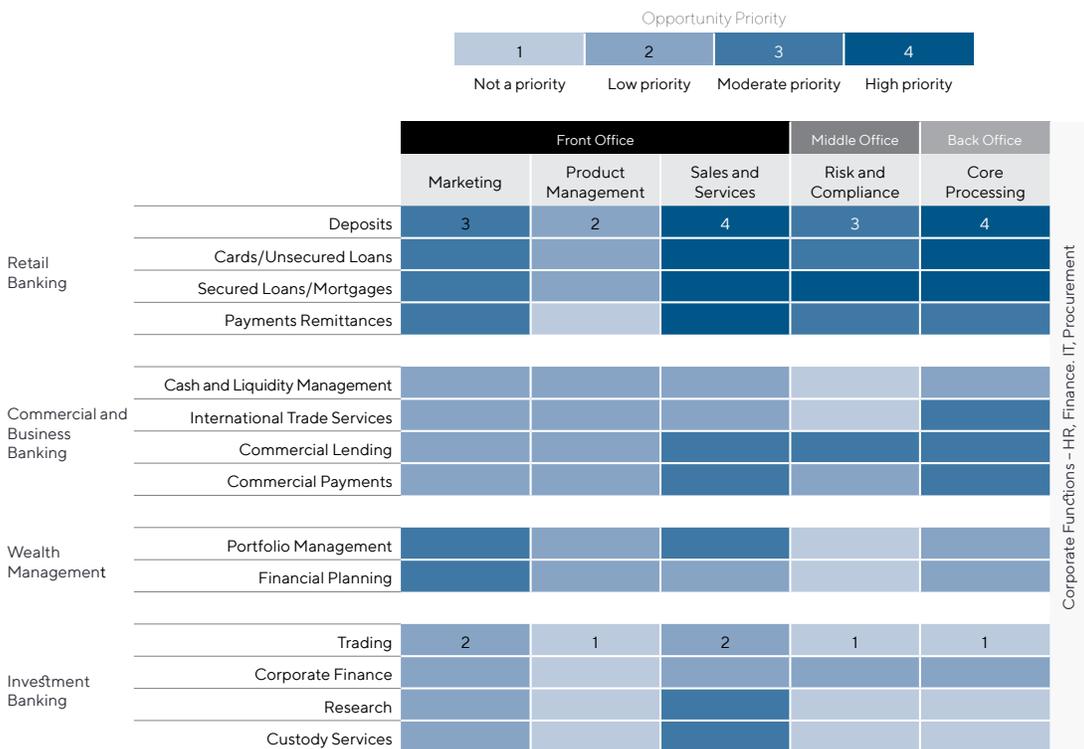


Figure 1. A sample heat map for finding digital transformation opportunities in banking

Figure 1 shows a sample heat map that ranks the priority of each digitization opportunity in an organization. Start by identifying the product lines, banking segments and other information for the specific business, and then assigning a numerical priority for each digitization opportunity:

- 4 - High priority
- 3 - Moderate priority
- 2 - Low priority
- 1 - Not a priority

Use the heat map to target automation opportunities throughout the organization in the following areas:

- In banking segments—such as retail, commercial and corporate
- Across product lines—such as demand deposits and lending
- Across business processes in front, middle and back office operations—such as marketing, sales, and risk & compliance

Heat Map Ranking Considerations

Each ranking should factor in an assessment of each opportunity’s alignment with business objectives, process digital maturity, potential ROI, and digital and organizational readiness (meaning, “Do we have the appropriate resources and capabilities to address this opportunity?”).

The identification and prioritization of opportunities depend on the degree to which products and services are, or could be, digitized by competitors, and how new technologies are changing the way customers engage for non-banking products and services.

Getting Started

When developing a heat map, start with customer-facing processes and lines of business which:

- Have the greatest impact on results
- Impact the largest customer base
- Help keep pace with or outrun competitors
- Contribute to low Net Promoter Scores (NPS)

Finding Opportunities

It's important to identify and prioritize based on the digital maturity of the customer experience across all channels, as well as front, middle and back office processes. (See the Assessing digital maturity section of this document for more information).

Discover high-impact, high-priority opportunities in the large back office processes with low levels of digital maturity—processes with large numbers of full-time employees performing manual tasks and requiring a high volume of paper. These processes often consist of:

- High incidence of manual data entry
- Low cognitive requirements; checking of documents for completeness and accuracy (for example, new account opening)
- Redundant manual data and document verification
- High percentage of exceptions requiring Not in Good Order (NIGO) resolution

Next, identify and prioritize opportunities, and enter those on the heat map to create a systematic, prioritized plan. An explicit view of the bank's entire value chain and assigned priority values enables leadership to select the best opportunities for digitally transforming business areas and operations with intelligent automation.

At a Glance

- Create a heat map of prioritized opportunities driven by immediate customer, competitive or regulatory demands
- Assess customer experience and middle and back office digital maturity
- Prioritize digitization for short-term, high-impact wins in strategic lines of business



“It’s remarkable that almost half of global financial services organizations are still in a very early or even immature stage of their digital transformation journey, as they fall either in the traditional business or early-stage digital clusters.”²²

²² Gartner, The 5 Digital Transformation Identities of Financial Services Organizations, 2019



“Some” projects must be put on the fast track and executed immediately.”²³

²³ The Fight for the Customer: Global Banking Annual Review –McKinsey & Company

#2. Assessing Digital Maturity

Processes for each line of business can vary widely with respect to the amount of investment in digital capabilities—and thereby digital maturity. A “digital maturity model” can help measure digital maturity and competitiveness consistently.

	Manual	Basic Digital	Advanced Digital	Full Digital
Customer Front Office Experience				
Application	Paper and static PDF	Fillable PDF, E-forms E-signature	Pre-filled PDF, E-forms E-signature	Frictionless
Customer Information	Paper	Paper	Minimal paper	Customer data integration
Channels	Branch - fax & email Basic - online banking	Online offering sales and banking transactions Mobile transactions	Online and mobile offering sales and banking transactions	Online and mobile offering sales and banking transactions
Bank-Customer Communications	Telephone and email	Digital alerts Digital marketing Self-service portal	Integrated omnichannel Real-time personalized engagement and offers On-demand video	Intelligent agents Configurable alerts
Middle & Back Office Processing				
Document Processing	Manual Operation and workflow	Digital workflow and approval	Process management Exception processing Robotic automation	Fully automated
Data retrieval and/or entry (Customer, KYC, OFAC, Credit, Property, etc.)	Manual	Partial partner ecosystem integration	Full partner ecosystem integration	Full partner ecosystem integration
Compliance verification and reporting	Manual document and data verification Manual reporting	Auto document verification and audit trail	Auto data verification and audit trail	Fully automated alerts and reporting
Analytics	Manual ad-hoc reporting	Descriptive consumer, process & fraud analytics	Predictive consumer process and fraud analytics	Prescriptive customer analytics

Figure 2. A sample line of business digital maturity model

Figure 2 shows a maturity model for assessing the four different stages of digital maturity (Manual, Basic Digital, Advanced Digital and Full Digital) of a bank’s processes. With a focus on the customer and operational processes, the model is well suited to identify opportunities to improve customer journeys such as:

- Onboarding into a consumer deposit account or business banking account
- Applying for a consumer or small business loan
- Account servicing - change of address, beneficiary, name, etc.

What Does Getting from Manual to Fully Digital Mean?

- Reducing paper usage
- Automating operations
- Enhancing security and reducing fraud risk
- Adding and connecting digital channels (mobile and online)
- Engaging the customer in self-service and proactive, personalized communications
- Integrating data between bank systems and external sources
- Automating regulatory compliance and audit trail
- Analyzing processes to determine what happened, what could happen and what should be done

Use a digital maturity model like the one shown in Figure 2 to reveal opportunities to further digitize the customer experience and advance from manual and paper-based to fully digital and paperless.

Tip: Consider using digital maturity assessments of the front office customer experience and middle and back office processing in the maturity model as factors when assigning priorities for intelligent automation opportunities.

By assessing digital maturity across the organization, it's easy to determine which areas need improvement, prioritize those areas to digitize first, and start developing an end-to-end digital transformation plan.



“The enterprise must approach process automation holistically rather than in silos in order to achieve the biggest impact.”²⁴

²⁴ Forbes Insights, Accelerate Business Value with Intelligent Automation, 2019

#3. Digitizing Operations From End to End

To avoid losing customers to FinTech competitors, banks must rethink their operations from end-to-end. According to Deloitte, “banks need to expand their focus beyond increasing and enhancing digital service offerings to transform themselves into truly effective digital organizations.” Meanwhile, Gartner points out that the top driver of digital transformers is the desire to unlock new areas of growth, revenue streams or markets. Only 12 percent of financial service organizations fall into this cluster.²⁵ Focusing solely on the front office customer experience will result in missed opportunities to enhance the customer journey, reduce costs, fend off competition and maintain compliance.

Banks should focus on the entire process: from customer engagement and onboarding in the branch, online or via mobile phone, all the way to back office processes such as loan approval, underwriting and loan closing. Start with the goal of meeting customer expectations with streamlined processes that keep bankers, customers and processing personnel informed and on the same page, while also meeting auditability and compliance requirements.

Get the Big Picture

Use digital transformation opportunities to review, simplify and redesign processes from end to end. Go beyond simply applying technology to automation using the same steps as a manual process.

Points to Consider During Review and Redesign of Processes:

- Study the customer journey and the potential impact process changes may have on customers
- Look for redundancy and manual verification—often in processes related to compliance
- Find opportunities for eliminating data entry, verification and manual document processing
- Integrate systems of engagement with systems of record and external data sources

²⁵ Gartner, The 5 Digital Transformation Identities of Financial Services Organizations, 2019

- Leverage opportunities to digitally engage customers by enabling self-service
- Use customer data to provide personalized offers and communication
- Design for straight-through processing (STP)
- Facilitate back office collaboration and decision-making
- Design customer dashboards, as well as for continuous improvement and compliance purposes

Improving Customer Loyalty

According to the 2018 World Retail Banking report, ease and convenience of service and trust with the brand are the two biggest factors influencing customer stickiness.²⁶

Results

Process transformation should result in customers—and bank employees—entering less data, and receiving process confirmations and alerts from an automated platform. Customers should experience near real-time, frictionless transactions that allow for self-service from any channel, whenever their interaction is wanted or needed to support a process or service an account.

For simpler processes like demand-deposit account opening, back office processors will only handle exceptions via a digital dashboard. Digital process visibility supports collaboration and decision-making among middle and back office personnel. This improves processing time and facilitates the removal of process roadblocks that can impact customer satisfaction.

Designing business insight into process improvements and compliance initiatives can deliver the competitive advantage of better-informed business decisions and stronger regulatory compliance. Digital process and data analytics allow banks to both proactively discover and address customer-related issues, and mitigate the risks of non-compliant operational processes.

²⁶ World Banking Report: Improving the Customer Journey, 2018

Digitized Processes Provide:

- The digital experience customers expect today
- Real-time bank customer engagement and reduced risk of fraud
- The opportunity for straight-through processing
- Advanced process management and back office collaboration
- Integration of business rules into processes to ensure compliance and provide an audit trail
- Process analysis and continuous process improvement



Embracing an Intelligent Automation Platform

The first challenge banks face when embarking on a digital transformation journey is how to evolve quickly, given defined resources and an extensive legacy infrastructure. One way to bridge internal skill and technology gaps is to find or acquire technology partners who can identify ways to automate quickly without having to perform wholesale system replacement.



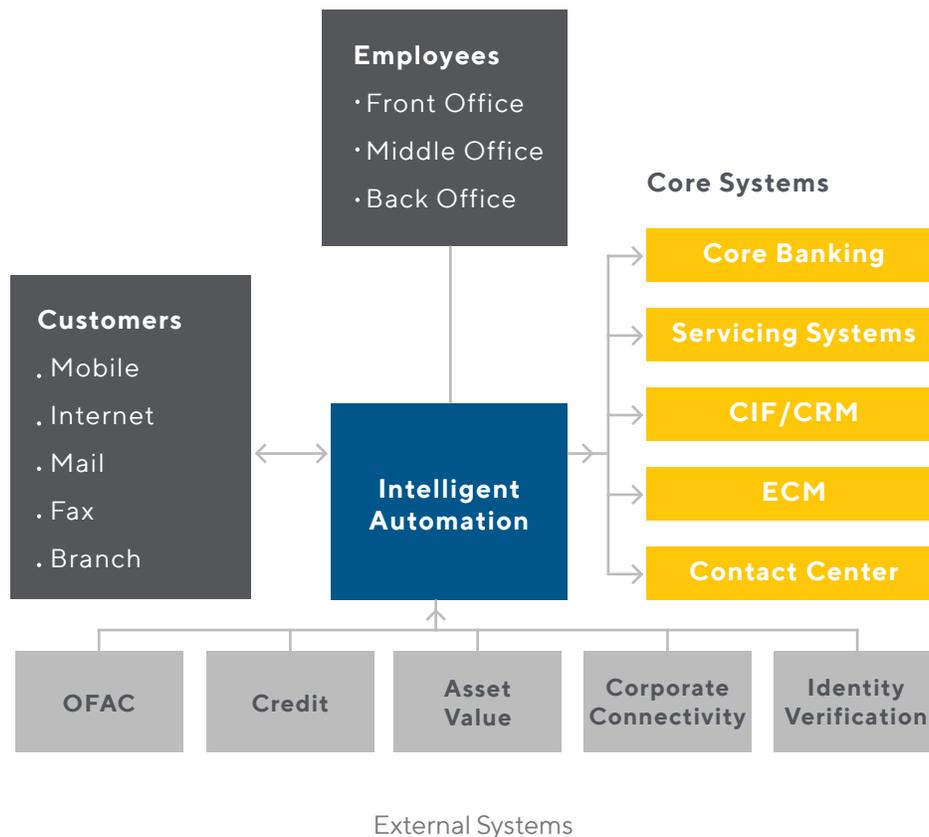
“Rapid-automation trials have proved that automating end-to-end processes, which used to take 12 to 18 months, is doable in 6 months, and with half the investment typically required.”²⁷

²⁷ McKinsey, Automating the Bank’s Back Office

Modernize Existing Software Platforms

The growth of unstructured information, regulations and new customer channels and systems of engagement has required organizations to resolve disconnects between information, processes and business applications.

Bankers, processors, underwriters and auditors all must process documents and data using disparate, disconnected systems. Manual processing and interventions can be eliminated by integrating the right mix of intelligent automation technologies with existing systems and taking advantage of the digital workforce to connect to internal and external information sources—such as identity validation and credit scoring systems.



Use flexible software platforms in lieu of rewriting or substituting legacy architecture, when possible. The collaboration and dynamic communication capabilities intelligent automation offers can provide customers with personalized, seamless and secure digital engagement.

Advantages of Intelligent Automation

Intelligent automation can be leveraged across multiple business units, either in a dedicated manner or as a shared service across multiple lines of business. For example, in a shared service environment, documents from multiple lines of business can be sent to an intelligent document capture engine to classify and index them, as well as to extract data. Extracted data can then be returned to the appropriate core banking system for each line of business.

When considering an intelligent automation solution, make sure to select a flexible, scalable architecture that can:

- Configure across lines of business, such as retail banking, commercial banking and wealth management
- Integrate with architecture that is already in place and usable to meet digital system requirements

Partner for Success

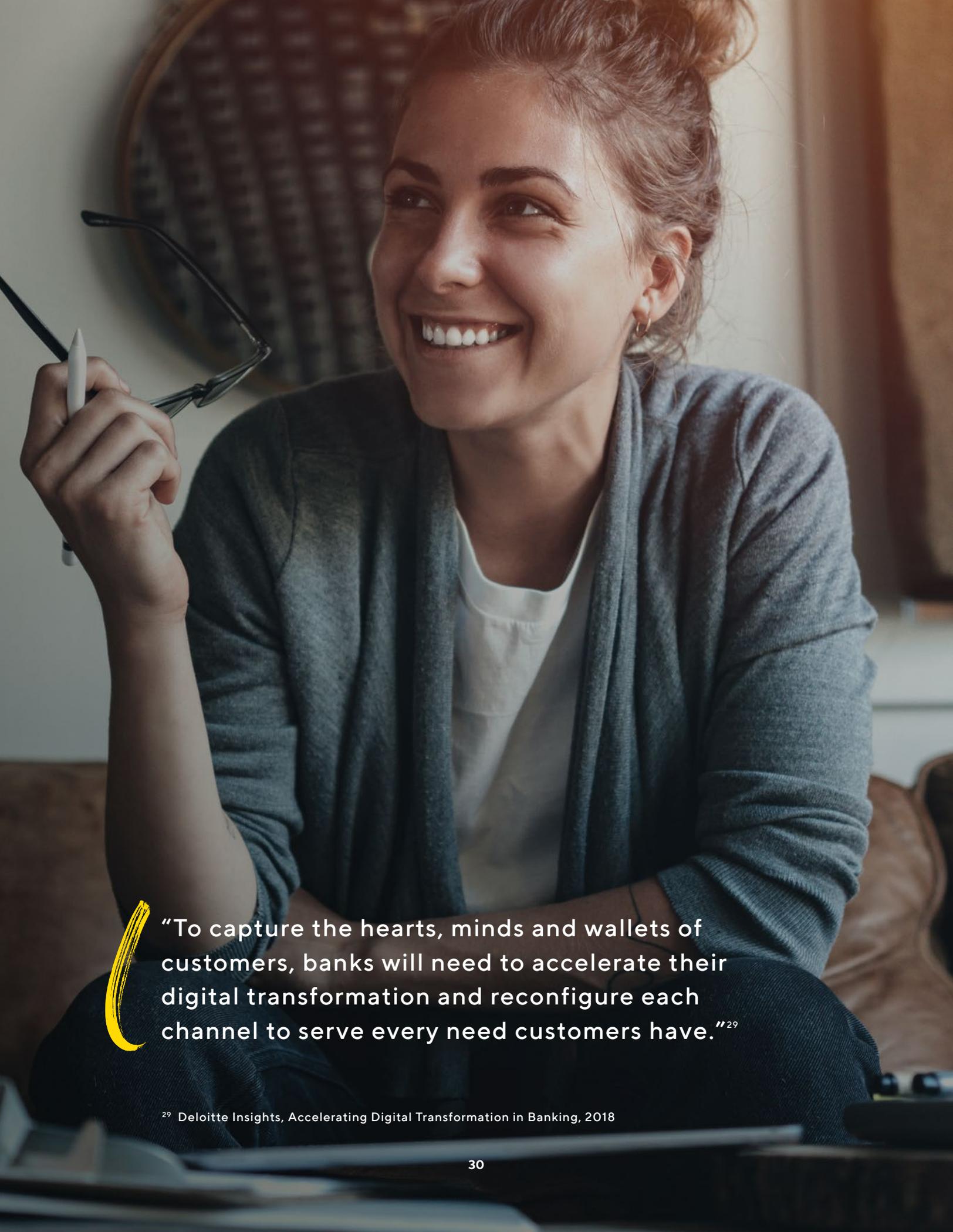
As banks address challenges with existing operating models, they must choose successful partners who help build and execute on a digitization roadmap.

True digital transformation requires initiatives to transform bank operating models and the customer experience, as well as to introduce new innovative products. In addition to hiring to address skill gaps, banks must acquire and/or work with experienced technology partners to compete and make intelligent automation a reality sooner rather than later.



“Banks increasingly realize that they need to embrace partnerships to compete effectively in digital.”²⁸

²⁸ Celent, Defining a Digital Financial Institution



“To capture the hearts, minds and wallets of customers, banks will need to accelerate their digital transformation and reconfigure each channel to serve every need customers have.”²⁹

²⁹ Deloitte Insights, Accelerating Digital Transformation in Banking, 2018

The choices are complex as banks decide whether to fund venture capital business units to invest in FinTech startups, partner or acquire FinTech startups, and/or purchase technology from software providers. In any case, banks need to refrain from creating new architectural silos and complexity that can reduce their ability to seamlessly service and satisfy customers across all products and services.

At a Glance

- Use industry-leading partners with expertise integrating into existing bank systems
- Look for partners with intelligent automation that can be leveraged across the enterprise
- Consider partners with a successful track record of collaboration and on-time project delivery



Benefits of Digitally Transforming Operations with Intelligent Automation

Digital transformation can result in higher customer satisfaction rates of 5% to 25%, productivity gains of 35% to 50%, and improvements in employee satisfaction from 5% to 25%.³⁰ Clearly, the case for digital transformation is compelling, and organizations continue to see demonstrable results in terms of economic value and impact on KPIs.

End-to-end digital transformation provides customizable, easy-to-configure digital experiences that help banks meet shifting customer expectations. An advanced, flexible intelligent automation platform enables more efficient end-to-end processing—reducing costs and freeing up resources across the bank.

³⁰ Forbes Insights, Accelerating Business Value with Intelligent Automation, 2019



How Digital Transformation Impacts Market Drivers

In the Why digital transformation? section of this paper, we identified the four main market drivers of digital transformation—customers, competitors, costs and compliance. Below are examples of how banks have harnessed the power of intelligent automation to digitally transform—and how this positively impacts these four drivers:

Customers

Digital transformation has proven to result in more products per customer and up to an 80% reduction in client onboarding time.³¹ ABN Amro, a transformative bank, now advises on and processes mortgages via webcams so customers don't have to physically provide documents in the branch.³² Credit Union Australia's AutoMate mobile app helps customers find a car, not just a loan.³³

One financial services provider was able to completely transform the traditional credit issuance process by leveraging an intelligent automation platform to manage and automate the process from end-to-end, including credit scoring and anti-fraud checks to account opening and instant credit card embossing. The result was the card-issuing process, which previously took days to complete, now only takes 15 minutes.

In another example, an insurance company deployed an intelligent automation platform and reduced time spent processing customer requests by 75%. The firm estimated it achieved a 25% reduction in the number of calls from customers checking on the status of requests, and customer satisfaction scores increased by 15%.

³¹ PwC, Transform Your Bank's Operations Model

³² Bain & Company, Customer Behavior and Loyalty in Retail Banking

³³ Forrester, The State of Mobile Banking

Competitors

Banks with digitally integrated channels and systems can compete better with other banks, including non-traditional ones. Intelligent automation provides the enhanced levels of engagement, customer experience and rapid response times banks need to gain a competitive edge. The good news is that an investment in digital is an investment in loyalty, as digital customers have proven to be less likely to switch to a competitor and more likely to use more products.

Did you know?

Early adopters of intelligent automation have experienced better workforce, compliance and operational outcomes.³⁴

95%

Improved
Productivity

93%

Improved
Compliance

91%

Reduced
Costs

Banks that choose intelligent automation to integrate their front and back offices can achieve end-to-end processing efficiencies that enable them to excel against competitors. Leading banks have already achieved straight-through processing of credit card openings, and are realizing the possibilities achievable through end-to-end digital transformation.³⁵

One example of a bank that's made exceptional progress in keeping up with digital competitors is mBank in Poland. Its users can access basic information without logging-in, obtain one-click loans with 30-second approval and disbursement, and make peer-to-peer money transfers using their smartphone's contact list.³⁶

Costs

When banks choose to deploy intelligent automation platforms, efficiency gains and cost reductions ensue. Less manual effort translates into fewer full-time employees (FTE). For example, top banks with digital platforms are now able to open approximately 15,000 credit cards per account-opening FTE, as opposed

³⁴ Javelin Strategy & Research, Convert Silent Attrition into Banking Engagement and Profits

³⁵ Boston Consulting Group, Creating Digital Banks With a Human Touch

³⁶ Bain & Company, Customer Behavior and Loyalty in Retail Banking

to the industry average of 8,000 credit cards per FTE.³⁷ One bank digitized its mortgage application and decision process and was able to cut its cost per mortgage by 70%.³⁸

Fraudulent transactions are another major contributor to increased costs and can escalate quickly. According to the 2017 LexisNexis® True Cost of Fraud report, fraud costs are nearly 2% (1.9%) of revenues. That means for every \$1 of fraud, businesses incur on average \$2.66 the actual loss itself.

Intelligent automation makes use of data capture to prefill forms for new customers or loan applicants. ID verification capabilities reduce fraud by ensuring an ID (driver license, etc.) is real and unaltered. Facial recognition technology can add further value to ensure the person in possession of the ID is the true owner. The result is a smooth and safe onboarding process for customers and significant cost-savings for the bank.

Compliance

Intelligent automation allows banks and processors to incorporate business rules and use data sources to ensure regulatory compliance. In all cases, digital processing provides the visibility and audit trail needed for reference in the event of an audit or suspicious activity.

When a regional U.S.-based bank incorporated business rules into the capture of new account opening documents, it eliminated a multi-day backlog driven by manual processing and compliance verification. Today, 50% of the bank's new account openings are processed straight through, while half of the personnel were redeployed to focus on higher-value, judgment-based work elsewhere in the bank.

A large global, high-volume transaction processor for hundreds of global banks was able to replace a manual compliance reporting process with an automated dashboard. Today, they are able to obtain real-time data from their compliance dashboard for as many as 10,000 transactions daily.

³⁷ Boston Consulting Group, Creating Digital Banks with a Human Touch

³⁸ McKinsey & Co., Accelerating the Digitization of Business Processes



LOOKING AHEAD

Banks that remain relevant and prosper will “win” with a focus on delivering a positive, end-to-end digital experience that serves customers where they are and on their terms. They will invest in intelligent automation to unite people, processes and technology to enhance operations and deliver the personalized experiences that customers seek. This means implementing automation—and a digital workforce— to work tightly alongside people so that the bank can operate better, faster and more efficiently. Early adopters that have found a healthy balance between people and automation are already seeing results, and this will continue.

Ready to take the next step and digitally transform your operations with intelligent automation? We can help you boost efficiency and reduce costs with a digital transformation strategy designed to suit your specific and unique business requirements.

Contact us today to discuss your unique requirements and set up an assessment.

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