

The role of robotics in the bank of the future

Document management in the digital age can be a source of great efficiency gains for financial institutions but achieving it requires a willingness to invest in futuristic technology. With the right service provider, robotics and artificial intelligence can become a seamless part of the workflow, so *Future Banking* speaks to **Swiss Post Solutions** CEO Jörg Vollmer (far right) and Michael Neuberg (near right), director global solution design banking, about where those technologies fit in today's banks.



The digital transformation of banking services and systems can lead to tremendous complexities. Banks still labour with legacy systems that must support increasingly dynamic front-end systems across the full range of channels. Document management solutions for the digital age must achieve high speed and efficiency, while keeping all services compliant with evolving regulations.

The challenge is one that services providers such as Swiss Post Solutions (SPS) have worked hard to help banks address. A division of Swiss Post, SPS offers a comprehensive range of business process management services for paper-based business processes and innovative services in document management. CEO Jörg Vollmer understands the difficult environment in which banks are operating.

"Some bank customers use traditional channels but more are moving to ebanking and mobile applications. Back-office systems are not prepared for that complexity. Even if you have a digital front end, the back-office work is still legacy or relies on manual data entry. Increasing compliance requirements adds yet more complexity and has a tremendous impact on the workload," he remarks.

"For customer onboarding alone, there might be 100 people in a retail bank back office. That process should be electronic and streamlined. Robotic process automation (RPA) can help with those structured and stand-alone processes like checks on new customers. It can be done by software deployed through the user interface, so it does not involve revamping core systems," he adds.

How to maximise onboarding through automation

Vollmer has experience of robotic process automation (RPA) in action and he notes that with products already on the market there are great efficiency gains to be had in the area of customer onboarding. He notes that a single robot working 24/7, 365 days a year can replace up to eight full-time employees. Not only is speed improved but also quality, as Michael Neuberg, director global solution design banking at SPS explains.

"We have firm evidence that RPA can lower the cost of serving customers, increase operational efficiency and improve quality by eliminating human errors, as SPS has several customers where RPA pilots are already running," he says. "Ideally, you should focus on processes with high volumes or high average handling times to get very good business cases. Within our projects, we could see that up to 75% of manual process steps could be replaced by intelligent automation or RPA. This free capacity can be used for more complex processing activities."

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"Another advantage of RPA is its rapid scalability and process stability on a stable cost base. The challenge we often face is getting detailed information on the full business process, including exceptions. Often, not all process steps are firmly documented and are only known to some specialists. An outside-in view often helps in asking the right questions and obtaining all relevant information," he adds.

RPA works extremely well with structured information. Today, however, there are many forms of customer interaction that provide only unstructured data. This is where artificial intelligence (AI) comes into its own.

AI, RPA and outsourcing work in harmony

Effective and efficient document management processes requires a range of tools. Optical character recognition (OCR) systems, RPA and AI can combine to form a powerful platform, but the organisation of the process is just as important as the technologies.

"For a bank in Switzerland, we are looking at the challenges of transaction processing, which is all done on paper, using different technologies. There are processes for data entry and checks, which are replicated across many different products, then the documents are scanned for archiving. We put the scanning early in the process and we do it overnight, so that the documents are delivered at the same time in the morning, but the difference is that there is a copy already in the workflow," says Vollmer.

"The information in the document is what matters. We can use OCR to capture information from structured documents, but the next step is working with unstructured documents like emails. That is the big challenge. You can't use OCR for that, so AI will do that job. Once that data is captured, you can use robotics for some elements of processing like updating information on the banking system. There will always be some manual work, of course, but 85% can be done automatically and the rest can go to offshore locations like our centre in Vietnam, which has 1,500 people and is very efficient," he adds.

Neuberg agrees, noting that process reengineering is crucial. "Banks shouldn't look at RPA as a stand-alone solution but as a tool embedded in the whole process chain together with an intelligent combination of other tools like AI, process reengineering or offshoring to maximise the process optimisation and efficiency. Often, processes are built around existing system capabilities, organisational departments or specialised providers. Just automating existing process parts won't unleash the whole efficiency potential. Companies should always consider the whole process among existing interfaces and providers, and try to streamline it before automating it with RPA."

Core systems and cutting-edge technology

Document management is the sweet spot of SPS, and the company has a keen eye on the diverse and increasing range of technologies in this space. Its insight helps it to formulate the best method for implementing cutting-edge technology for specific clients in the banking space. Not only can it help banks use the technology to address their initial document management needs, but it can also help them to ensure that the benefits of these systems permeate all processes where they can deliver efficiency gains.

"Traditional retail banks are all facing the same challenge: their legacy systems have been overrun by rapid IT advances and digitalisation like smartphone apps, internet banking or other data interfaces. Integrating all the new upcoming requirements to the legacy systems often takes up expensive and scarce IT resources. This challenge hits more or less all core processes of a bank. Driven by the new requirements of customers and regulators, the products and processes are constantly changing. Just think about the number of tax changes in different countries or new products that are launched each year," notes Neuberg.

"The related IT changes or manual workarounds costs the financial industry a huge amount of money each year and often without additional revenue. These costs can be reduced by implementing the required business logic and rules outside the old legacy systems using state-of-the-art technology like RPA and AI embedded in the existing IT landscape. Also, the fast evolution of the IT landscape, the increasing number of transactions and the digitisation game mean that a bank has more new entry points for potential fraud. RPA can help here. It can be used for automated controls based on transaction data received from the legacy system," he adds.

Work together for success

Vollmer and Neuberg firmly believe that what banks need to ensure they get the best out of new technologies is not a vendor but a partner. The pace of change will only accelerate and banks need a service provider that can deliver not only the full range of technologies but also the ability to offshore manual processes.

"Competition is hard, especially in the low-interest and low-margin environment we have at the moment. Banks have to deliver an improved customer experience and identify ways to reduce costs. This requires better integration of front and back office, and an improvement in end-to-end processes," says Vollmer.

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"With competencies across the whole process chain – input, processing and output – our strength is in shaping the best BPO solution as a strategic partner together with the customer and advising on which solution is best fitted to respond to any particular challenge. Instead of suggesting that one tool fits all, SPS is in the ideal position to analyse and recommend how to get the best outcome whether by applying technology like AI or RPA, or by rightshoring a part of the process chain, and possibly a combination of all of those things," he adds.

If a bank is loath to invest in the complete reworking of its core systems, but still wants to use the latest technology to meet the challenges of a dynamic and increasingly competitive landscape, then help is at hand. ■

Further information
Swiss Post Solutions
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