

EnableSoft White Paper

REVAMP & REVOLUTIONIZE YOUR FINANCIAL INSTITUTION'S OPERATIONS WITH ROBOTIC PROCESS AUTOMATION

Robotic Automation Process Technology Not Only Upgrades Data Entry, Account Maintenance, and System Conversion Processes, But Also Elevates Your Entire Enterprise's Performance

From highly complex special projects to the plain and mundane, Robotic Process Automation (RPA) technology, such as Foxtrot by EnableSoft, improves costly manual processes to save banks, credit unions and other financial institutions, both time and money. As operational demands and obligations within the financial services industry continue to increase, institutions look to an “automated employee” to help grow their business through greater operational efficiency.

Banks and credit unions face a multitude of business tasks and challenges, from the countless bank-to-consumer transactions to the many disparate software applications required to run a financial institution and the growing list of government-mandated regulations. With the considerable and constant demands of the industry and Big Data, coupled with the lack of systems synchronicity, financial institutions can struggle to stay on top of customer information and in tune with growth opportunities.

Many issues can arise:

- Inconsistency of customer data between the bank or credit union’s applications
- Costs to perform data entry/maintenance work and to transfer data
- Errors from manual effort, including the cost to correct

The result can be seen in an institution’s cost of operations or efficiency ratio, which shows significant cumulative cost to perform all of the critical data tasks. Executives and operational managers know that the financial institution should not be paying for inefficiency.

RPA acts as an automated employee that uses a mouse and keyboard to perform data entry and maintenance, file transfer, web scraping and system conversions in virtually any web, Windows or legacy application. Unlike a patch or one-off product fix (that creates work backlogs and interface issues), the easy-to-use RPA software tool can be scripted to address a wide range of manual tasks.

The benefits abound:

- Eliminates data-entry errors
- Saves time and improves accuracy
- Ensures data goes through the same rules for verification and consistency with the application’s business rules and logic
- Does not require an IT resource to operate
- Can provide significant reduction in operational costs if applied across the entire financial enterprise

Data Obligations vs. Opportunity: Automate to Elevate

At the high-stakes intersection of finance and technology, institutions can use RPA to meet their considerable operational challenges. Faster, bigger, better is a constant need in the demanding world of finance. Financial institution leaders and analysts look to the core indicator of efficiency to gauge performance: the cost incurred for every dollar of revenue produced.

Robotic Process Automation can have a drastic, positive change on this efficiency ratio. Taking back-office processes from the world of people and paper to the digital realm can shave off large parts of the cost structure that bank, credit union and financial institution CEOs have considered unapproachable until now.

According to McKinsey & Company, one large bank categorized its more than 900 end-to-end processes as fully automated, partially automated or manual. The institution determined that 85 percent of its operations, accounting for 80 percent of full-time employees, could be at least partially automated. Seldom is the word transformation an understatement: in the next decade, the efficiency ratio difference between those banks adopting automation and those that don't could be plus 30 percent compared to negative 20 percent.

In today's market of EMV cards, blockchain technology and increased fraud, financial institutions' need for data transfer software grows, requiring more time and manpower to execute. Time and money are of the essence, and banking business and its critical data demands don't slow down to allow for an operations manager to figure out how to get the financial institution's many applications from different vendors to share information quickly and securely. By automating manual and mundane processes with RPA software, the bank's, credit union's or financial institution's operations staff enjoys many advantages. The resulting time and cost benefits extend to the entire financial institution.

Linking disparate systems, applications and software so that they become self-acting and self-regulating, RPA reduces errors, expenses and drives greater value. From special projects to day-to-day data needs, RPA eliminates costly manual processes – across a wide range of operations activities including core migrations – to elevate a bank's or credit union's financial performance.

RPA Boosts Data Entry Efficiency

Results of a survey of approximately 500 U.S.-based companies revealed that office workers place data entry at the top of their list of the most mundane job responsibilities. The first quarter 2016 survey reveals that the following data-entry tasks are considered the most lowly of labor:

- Invoicing
- Customer and account maintenance
- Inventory / Ordering
- Quality assurance and regression testing
- Job Postings

This business burden is not limited to just data entry personnel; operations managers and their staff can be constantly besieged with manual data obligations, including input and management of customer, account and regulatory information.

Most financial institutions continue to handle these menial tasks and other routine data-entry processes manually. This can be very costly. In fact, **hiring and employing a single data entry worker could run up to \$57,725 per year** based on data gathered from the U.S. Bureau of Labor Statistics and the Center for American Progress.

Time and money are not the only costs, as human error is an unavoidable reality, which can get more expensive the longer it goes unchecked in an institution's data systems. Workers bogged down in routine tasks are more likely to make mistakes. Also, outsourcing these data management responsibilities means less capital for other important projects.

Required by the Dodd-Frank Act, one of the pervasive data-entry uses in banking is the updating of opt-in or opt-out codes for overdraft protection and the adjustment of overdraft protection limits. Personnel often have to collect that information on an Internet banking system that is not linked to their financial institution's core system or system of record. As a result, they oftentimes have to manually update that code, which eats up valuable time and resources.

After a system conversion, RPA software can adjust or change account types when data has been mismapped, saving the significant time it would take for company personnel to go into the system and manually correct hundreds or thousands of accounts.

External, regulatory requirements can pile additional data entry work onto a bank's, credit union's or financial institution's already considerable list of operational obligations. For example, the Patriot Act mandates regular downloading of the latest Office of Foreign Assets Control list of potential terrorists and other bad actors. It requires banks and credit unions to cross-reference files with their accountholder database to see if any new accounts were created under the listed names.

Turn High (Account) Maintenance into High Performance

At a recent RPA software conference, attendees came up with a grand total of 400 use cases for the RPA software tool, including **one individual who came away from the collaboration with 62 unique use cases to take back to his bank's operations department.** Not surprisingly, a great many of those uses have to do with account maintenance, a major, manifold and everyday responsibility for financial institutions.

RPA can improve how a bank, credit union or financial institution finds, enters, transfers, documents and maintains important account data across disparate applications. Faced with having to change the ratings codes in 120,000 customer records to meet the guidelines of the Bank Security Act (BSA), one bank & trust used RPA software to automate data entry for the code changes and to update all the records in less than six hours. Time is money, and there's less of each in today's world given the speed of business and increased requirements due to regulations. The bank & trust reduced costs with speedy execution first and then later with zero wasted resources having to rectify data errors.

Financial Institutions also waste money processing all the return mail they receive. One institution used RPA software to automate the maintenance and deletion of old accounts, **reducing their direct costs of postage and returned mail by \$250,000**, savings that flowed straight to the company's bottom line. It also pays to purge inactive customers from core systems, as many core vendor fees are based on the number of accounts in a financial institution's system. Eliminating two or three thousand inactive accounts could mean an **annual reduction of \$20,000 or \$30,000 in vendor fees.**

RPA software can also be used to:

- Issue and reissue credit and debit cards
- Implement interest rate and overdraft protection changes
- Onboard and fund loans, as well as change loan officer codes
- Close zero balance inactive accounts and charge-offs (see pays to purge above)
- Merge customer names and addresses
- Automatically notify customers via email or mail of changes in account status, fees or other activities

An RPA software customer has implemented an internet banking program where, despite the lack of system interface, online accounts are created for customers after their accounts open on the core platform.

RPA Streamlines System Conversions and Migration Processes

When a bank, credit union or financial institution acquires another branch or a loan portfolio, it must get the new data migrated over into their institution's core processing system. What if your core vendor's availability is three times longer than your conversion timetable? Or perhaps the vendor's fee (no matter how small the number of accounts in question) is three times what your operations budget can absorb?

During such a data migration project, financial institutions have multiple processes that must be completed, such as notifying accountholders, cleaning up data and reporting. A fast, easy and low cost solution seems a long way off if you're an operations manager in this situation. Regardless of whether you are migrating data from an acquired institution or branch or replacing your core banking application, RPA software has proven to be a much more efficient solution for such complex and time-sensitive projects.

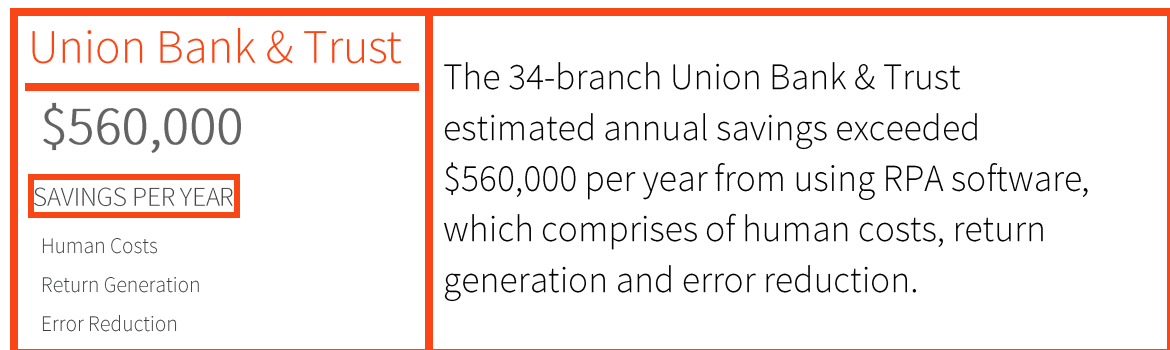
RPA software reduces user input errors by automating the manual file transfer process and also boosts data transfer quality over system-to-system data conversions. This is because the original source data must satisfy all of the input rules and validations for the bank's, credit union's or financial institution's core system as if either institution's personnel were actually keying the customer data into the core platform. This "front door" approach is very fast and very accurate. That means no snafus and delays in getting the system back online for the next day's business. RPA software also shortens your financial institution's conversion timeline so it can meet its target rollout dates.

Because all conversion activities are performed in the client's secure domain, the risk of data breaches is reduced. In addition, RPA software builds the necessary input files for the target system (using reusable scripts) so that the bank, credit union or financial institution can avoid relying on a costly de-conversion file from the source system vendor. After a preconversion cleanup ([see data-entry use cases](#)), data is retrieved from report writer applications and/or query tools. The RPA tool performs all customer and account onboarding activities in the presentation layer of the acquiring (target) bank's or credit union's application, adhering to existing edits. It also maintains customers and accounts in the target application to apply historic information (i.e., stops, holds, NSF/OD counters, accrued interest, loan payment billing, etc.) and funds accounts during go-live weekend.

Your financial institution will also benefit from lower travel expenses due to the reduced on-site time required to execute such projects. No more multiple weeks' stay in a hotel for the conversion team. Finally, unlike a traditional core system-to-system conversion, your systems remain accessible while the data transfer process is executed. With all systems remaining online, there is no down time for branches and no service interruptions in Saturday business operations.

Financial Institutions Must Adopt an Enterprise Approach for RPA Software

Primarily a screen-scraping tool 20 years ago, RPA has evolved with greater logic and applicability, addressing a robust range of financial data tasks. It is most valuable, however, when used on an enterprise level, not just for one specific data-entry or web scraping need. Like the 400 use cases developed by the conference attendees, financial institution's operations executives need to think more strategically and comprehensively about how RPA can be used across a bank's, credit union's or financial institution's entire operations.



The Lincoln, Nebraska-based financial institution, which has approximately \$3.5 billion in assets, started using RPA software on mass coding changes within its customer accounts, but has since added compliance, credit reporting, controller and other responsibilities for the RPA automated employee. A Union Bank & Trust data processing supervisor noted that thanks to RPA the deposit services division has not grown during the time the financial institution tripled in size.

Multiple users can utilize RPA software to automate core banking tasks simultaneously. This enables institutions to complete manual, repetitive tasks even faster, allowing employees to focus on more complex or customer-centric activities. Run-time only licenses enable financial institutions to deploy multiple robots simultaneously to more cost-effectively execute scripts to complete data entry, transfer and maintenance tasks.

The data automation tool that helps financial institutions do more with less usually starts with a single application and adds more over time. While RPA can do a variety of tasks within a bank, credit union or financial institution, it is most often acquired to solve one specific problem. Financial institution's operations personnel need to think more strategically about how to use RPA across the enterprise. RPA's return on investment (ROI) can range from six months for a two-hour per day data maintenance task to

virtually instantaneous for a system conversion given the considerable fees and time it can save an organization. The automation software tool can have a big effect on a bank's, credit union's or financial institution's culture, too, as proactive personnel — from data entry to operations managers to executives overseeing operational efficiency — look for new ways to implement the tool and thus expand the institution's capabilities and profitability.

What starts as a one-time need, patch approach ends with greater peace of mind as managers realize a revolution in organizational productivity and cost savings. RPA compresses time while expanding opportunity and satisfaction for the human beings inside the business and out.

Conclusion

RPA software, like Foxtrot, enables financial institutions to enhance and advance a multitude of business functions that are essential to their success. While implementing the RPA tool for a specific project is very helpful, applying the “automated employee” solution on the enterprise level, making it a part of their ecosystem, will take the organization to new operational heights.

Two professors at the London School of Economics have argued how robotic technologies can facilitate the rise, not the demise, of human productivity and innovation. In essence, if we take the robot out of the human — i.e., reduce their mundane responsibilities — workers can drive more value and find more satisfaction. After all, automation increases productivity, which means humans can deliver things faster, which reduces prices and increases wages, and, ultimately raises humans' standard of living.

The robot can be a force multiplier for financial institutions with its positive effects found on time sheets, in customer and employee opportunities and attitudes, and, of course, on an institution's bottom line. RPA creates an environment of operational efficiency, which lowers costs, saves time and enables employees to focus on customer-facing, value-added activities.

FOR MORE INFORMATION

WEB: ENABLESOFT.COM

PHONE: 800-660-3556

EMAIL: SALES@ENABLESOFT.COM