Process Revolution: Paper-Free Processes in Finance and Banking

Introduction

AIIM research[1] shows that there is significant scope within most businesses to improve both staff productivity and customer response time by eliminating paper from the process. This can be especially true of financial institutions due to their historical reliance on paper forms, statements and the need for regulatory compliance. We have already seen how online banking and paper-free statement delivery have produced huge benefits, but when it comes to customer on-boarding, loan approvals and mortgage applications, we are still very much in a forms-driven, paper-driven world. Progress has been made with document scanning and image retrieval systems, but these are primarily deployed post-process to save physical storage space and create an electronic archive. Moving the capture process upfront, scanning-at-the-door with digital mailrooms, and routing electronic versions of forms and documents into the appropriate process workflows, can have a huge impact on productivity, and in particular, response time to customers.

There is always a temptation to implement point-solutions for forms capture, in front of a specific process, feeding an end-to-end workflow. However, financial institutions are required to collate a significant amount of information from multiple sources as part of a decision process, and even before this starts, basic identity verification involves a number of trailer documents such as drivers licenses and utility bills that need to be recorded in advance of the process. Building the process workflow around an ECM (Enterprise Content Management) system will facilitate the forms-based element of the workflow in much the same way as a dedicated capture solution, but also provides a controlled and compliant home for these additional documents allowing much wider access by all those who may be involved with any particular customer. By extension, the ECM system can also form the basis of operational management, providing collaborative project sites and searchable repositories for all types of day-to-day corporate content.

Productivity

Going paper-free derives the usual expected productivity benefits from a capture project: reduction of manual keying, visibility of overloads and bottlenecks, elimination of paper stacks, and improved processing quality. AIIM surveys[1] have repeatedly shown actual or projected productivity improvements of 30-40% for capture projects, and as we can see in Figure 1, the banking sector is ahead of the average at 39%. Capture investments generally show payback within 12-18 months.

Figure 1: How much more productive do you think the administrative staff in your organization would be (or are) if their processes were work-flowed, using scanned forms and documents, with automated data capture?[1] (N=51 Finance and Banking)

Average=39% more productive

57% a third or more productive
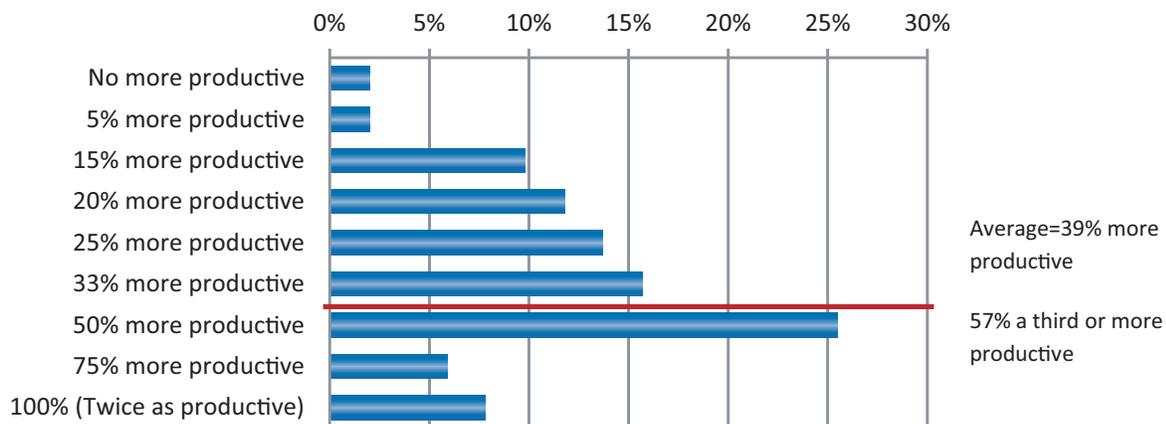
Compliance

Many organizations have realized significant benefits in their compliance activities from the use of digital mailrooms. The creation of an electronic audit trail, from the conversion of inbound documents received at a branch office, feeding into the headquarters workflow process, and through to its archive, enables an electronic "chain of custody" to be demonstrated. Compliance is especially important for financial institutions, both on a customer basis and for general operations. The information management requirements of the

Basel Accords, Know Your Customer (KYC) and Anti-Money Laundering (AML) regulations require financial organizations to collect, process and store vast quantities of information, and this can be well served by an ECM system. The use of an ECM system linked to email and other business systems facilitates the implementation of access control as well as better information retrieval, easier audit and faster discovery processes.

Customer Satisfaction

Another important result of moving to a paper-free process is increased customer satisfaction. Consumers are quickly adopting the latest mobile technology and they expect the organizations they interact with to do the same. Banking customers have long expected to have online access to their accounts and the functionality to manage their financial affairs, but today they are also increasingly expecting this same functionality to be provided on their mobile device. This can present multi-channel communication issues for the financial institution, with customers choosing to interact by paper, phone, email, and through social media channels. It is important, therefore, that inbound paper communications are managed at the same speed as electronic ones to ensure that customer service representatives will have complete and up-to-date information available to them when customers call with queries.

More Responsive

Speed of response to customers is a key performance indicator for most organizations. Keeping paper out of the process cuts down on mail and courier delays, reduces lost items and starts the process sooner. As we can see in Figure 2, quite dramatic gains of three or more times faster are anticipated.

Figure 2: By how much do you think driving paper out of the process using scanning and capture, including digital mailroom and mobile capture, improves or would improve the speed of response of your organization to customers, suppliers, citizens or staff?[2]
(N=37 Finance and Banking)
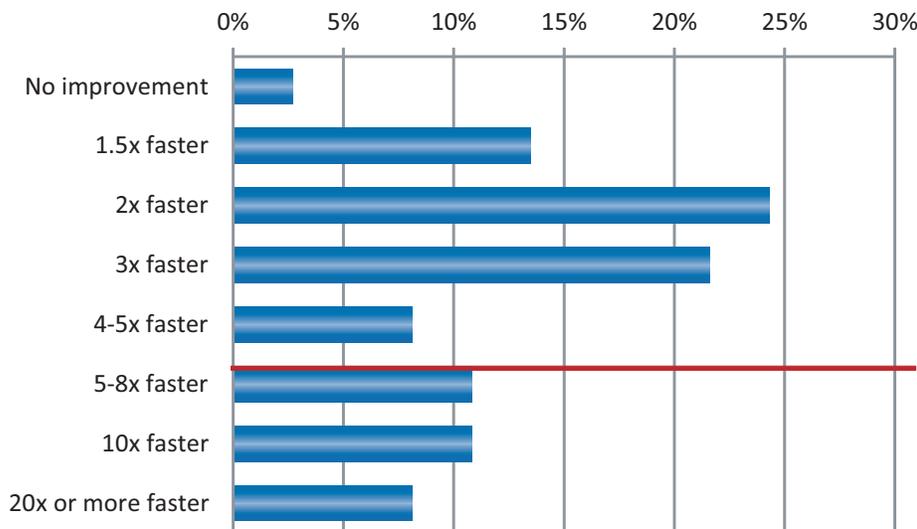
Smaller financial institutions can benefit from an ECM implementation as it can make them much more agile in their operations, compared with their larger counterparts. Handling inbound, outbound and administrative documents in a single paper-free system provides cohesiveness, and a much greater ability to coordinate response. Changes in legislation or customer requirements can be quickly acted on, with document, template or brand changes being quickly implemented across the enterprise.

Paper-Free End-To-End Processing

Imagine a scenario that is made entirely possible simply by using the technology and processes currently available. A customer with a tablet or smartphone wants to open a new savings account on their online banking tool, but to do so must provide proof of identity to comply with banking regulations. The customer opens up the banking app on their smartphone, selecting the option allowing them to submit documentation. This accesses the device's camera and enables them to take a photograph of their passport or other document. The app then allows the customer to categorize the document as an identification submission and sends it to the banking system immediately.

At this point basic verification can take place, alerting the customer that the document they are sending does not meet requirements (in a paper / mail based system, this step could take weeks if a customer has submitted an ineligible document). Later in the day the customer receives an email from the bank, confirming that the document has been received and their request to open a new account is now in process. That evening the customer calls the bank to discuss a payment and the customer service representative is able to thank the customer for sending in the required proof of identity, confirms that it has been processed and that the account opening information will be sent by email in the next few hours.

The financial institution has achieved a number of benefits from this transaction, compared to a traditional manual system. The process has been entirely electronic, with all information entering the process workflow automatically, allowing speedy review and authorization. Customer service representatives have up-to-date information to help them be proactive with the customer. Finally, the customer is highly satisfied, because they have been able to open their new account at a time that was convenient, the required information has been easy to supply, and the whole process has taken hours rather than days.

Conclusion

The paper-free revolution continues to gain momentum at financial institutions, including everything from internal process changes, such as electronic mail room, to the customer electing to receive paper-free correspondence. These opportunities to remove paper are benefitting these organizations by improving process efficiency, increasing quality and customer engagement, and enhancing regulatory compliance. Customers are also benefitting from the process improvement, with fewer errors being made and speedier transaction times.

References

1 AIIM Industry Watch, April 2012: Process Revolution – moving your business from paper to PCs to tablets. www.aiim.org/research

2 AIIM Industry Watch, July 2013: Paper Wars – capture the content and mobilize the process troops. www.aiim.org/research

About Fiserv

Fiserv, Inc. (NASDAQ: FISV) is a leading global provider of information management and electronic commerce systems for the financial services industry, providing integrated technology and services that create value and results for our clients. Fiserv drives innovations that transform experiences for more than 16,000 clients worldwide, including banks, credit unions and thrifts, billers, mortgage lenders and leasing companies, brokerage and investment firms and other business clients.

Fiserv delivers technology solutions in five areas of competence:

- Payments: Solutions to optimize all aspects of payments, creating efficiency and driving growth
- Processing Services: Solutions for managing account-based transactions reliably and securely
- Risk & Compliance: Solutions to prevent and mitigate risk
- Customer & Channel Management: Solutions to attract, retain and grow customer relationships
- Insights & Optimization: Solutions that transform data into actionable business insights

For more information, visit www.fiserv.com

About the White Paper

We are happy to extend free use of the materials in this report to end-user companies and to independent consultants, but not to suppliers of ECM systems, products and services, other than the paper's sponsor, Fiserv, and its subsidiaries and partners. Any use of this material must carry the attribution – "© AIIM 2013 www.aiim. org. Rather than redistribute a copy of this report to your colleagues, please direct them to www.aiim.org/research for a free download. Our ability to deliver industry thought-leadership depends on the financial support of our underwriting sponsor and we hope you will join us in thanking Fiserv for this support.

About AIIM

AIIM has been an advocate and supporter of information professionals for nearly 70 years. The association mission is to ensure that information professionals understand the current and future challenges of managing information assets in an era of social, mobile, cloud and big data. Founded in 1943, AIIM builds on a strong heritage of research and member service. Today, AIIM is a global, non-profit organization that provides independent research, education and certification programs to information professionals. AIIM represents the entire information management community, with programs and content for practitioners, technology suppliers, integrators and consultants.

About the author

Doug Miles is Director of the AIIM Market Intelligence Division. An early pioneer of document management systems, Doug has been involved in their evolution from technical solution to enterprise infrastructure platform. Doug has produced a series of AIIM survey reports and white papers on user issues and drivers for Capture, ECM, Records Management, SharePoint, Social Business, Big Data, Mobile and Cloud.