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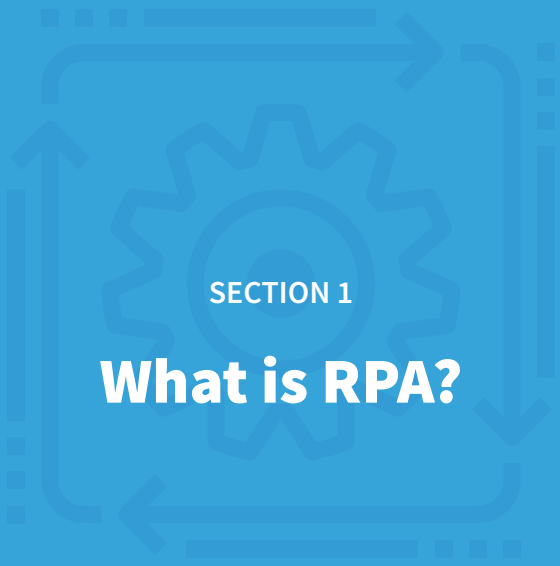
How Robotic Process Automation is Revolutionizing Financial Institution Efficiency



SECTION 1

What is RPA?

Robotic Process Automation (RPA) is a type of automation technology that enables humans to use robots to perform repetitive data processes, such as processing transactions, manipulating data, triggering responses, and integrating various disparate data-driven systems. Users can easily teach RPA systems how to perform a task in the application's user interface, and then the RPA system automates that same task as many times as necessary.

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 to save time and improve accuracy
- Increases data integrity
- 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
- Provides significant reduction in operational costs if applied across the entire financial enterprise

From highly complex, specialized projects to plain, repetitive, and mundane everyday tasks, RPA technology, such as Foxtrot by Enablesoft, mitigates risks and costs associated with manual processes and ultimately saving banks, credit unions, and other financial institutions, time and money. As operational demands and obligations within the financial services industry continue to increase, institutions can turn to robotic process automation to improve operational efficiency and cut unproductive costs.

SECTION 2

Increase Operational Efficiency in Finance

At the high-stakes intersection of finance and technology, institutions can leverage RPA to negate many of their considerable challenges that currently create operational inefficiencies. Financial institutions look to the core indicator of efficiency to gauge performance: the cost incurred for every dollar of revenue produced.

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 the financial institution. Add the growing list of government-mandated regulations to the mix and it results in an abundance of efficiency-killing tasks. With the considerable and constant demands of their customers and shareholders, coupled with the lack of system synchronicity, financial institutions can find themselves allocating capital just to complete the myriad of tasks, rather than investing in the organization's growth.

In addition to the decrease in efficiency, financial institutions may experience:

- Data inconsistencies between their various applications
- Added costs to perform data entry/maintenance work and to transfer data
- Errors and inconsistencies due to human error on the task

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.

Data Obligations vs. Opportunity: Automate to Elevate

Robotic Process Automation can have a drastic, positive impact 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.

For example, Union Bank & Trust, 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, amounting to $560,000 in annual savings. 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.

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 for financial institutions, yet operational and data demands don't slow down to allow an operations manager to figure out how to get the institution's many applications from different vendors to share information quickly and securely. By automating manual and mundane processes with RPA software, banks, credit unions, and financial institutions enjoy many operational advantages, with the resulting time and cost benefits extending throughout the entire institution.

By linking disparate systems, applications, and software so that they become self-acting and self-regulating, RPA reduces errors and 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 to increase efficiency and elevate a bank or credit union's financial performance.

SECTION 3

Boost 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

The business burden is not limited to just data entry personnel; however, 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, though. Using an employee to complete these tasks will undoubtedly result in some degree of human error, 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 a 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 entries.

External, regulatory requirements can pile additional data entry work onto a bank'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 account holder database to see if any new accounts were created under the listed names.

Financial Institution	Use Cases
CB&S Bank Saved 900 employee hours in the first year of using Foxtrot	• Merge 20,000+ customer accounts and 2,500 loans into the core banking system • Data breach recovery for 6,500 compromised accounts • Close overdrawn checking accounts • Load and fund lines of credit • Back-office account management
Johnson Bank Saved 95% in man-hours	• Merge data from acquisitions • Move data in and out of systems and databases • Upload data into core applications
Ashland Credit Union Ensured 100% data accuracy	• Automate payroll conversions • Change eligibility codes • Flagging accounts • Data cleansing and mining
Standard Bank & Trust Reduced annual debit card maintenance processes from 150+ manual hours to a 5 hour automatic task	• Debit card account maintenance • Fee assessment processes • Close dormant accounts • Add flex fields and household numbers to accounts • Bank responsibility code maintenance

SECTION 4

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 tool, including one individual who came away from the collaboration with 62 unique 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 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), People's 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 regulatory requirements. This bank & trust reduced costs with speedy execution first, and then again later by not having to waste resources on rectifying data errors.

Financial institutions also waste resources processing all the return mail they recieve. 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 records or amount of data in the 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 charges
- Build a bridge from remote deposit capture (RDC) to the core
- 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

SECTION 5

Streamline System Conversions & Core Migration Processes

When a bank, credit union, or financial institution acquires another branch or loan portfolio, it must get the new data migrated into their institution's core processing system. What if your core vendor can't complete the project within 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 account holders and 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 institution's core system, as if personnel were actually keying the customer data into the core platform. This "front door" approach is very fast and very accurate. That means no errors 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.

Since 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 financial institution can avoid relying on a costly de-conversion file from the source system vendor.
After a preconversion cleanup, 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 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.

Unlike a traditional core system-to-system conversion, your systems will 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.

SECTION 6

Adopt an Enterprise Approach for RPA Software

Primarily utilized as a web 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 their institution's entire operations.

Multiple users can utilize RPA software to automate core banking tasks simultaneously. This enables financial 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.

While RPA can do a variety of tasks within a bank, credit union, or other financial institution, it is most often acquired to solve one specific problem. Although the data automation tool that helps financial institutions do more with less usually starts with a single application or task, it is often utilized with more and more processes over time leading to even more ROI. As financial institution staff members think more strategically about how to use RPA across the entire enterprise, they are able to find many areas where a RPA solution can drive efficiency. 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 can have a big effect on an institution's culture too, as proactive personnel look for new ways to implement RPA and expand the institution's capabilities and profitability.

What starts with a one-time need often leads to an enterprise-wide efficiency tool, as managers realize a drastic productivity increase 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 within the organization and find more job satisfaction.

The robot can be a force multiplier for financial institutions with 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.