



# Changing Priorities to Ensure Business Continuity for Financial Services

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# Executive Overview

Now only a few months into the COVID-19 pandemic, it has become abundantly clear that it is rewriting the rules for social interaction, business process, customer engagement, and technology.

**While other crises – Savings and Loan collapse of 1987, September 11, the Mortgage and Credit contraction of 2007-8 – have forced radical rethinking of business processes and technology, the current crisis has engendered a unique new dimension to doing business, one shaped entirely around the invisible threat of contagion and the urgency to contain it. Social distancing, contactless interaction, and a greater reliance on virtualization technology-enabled practices (teleconferencing, networking, smart apps, for example) are already reshaping virtually every business sector, but perhaps nowhere more pronounced than in Financial Services.**



In the Financial Services sector, where Digital Transformation has already established itself as the guiding modernization paradigm, the COVID crisis has forced even sharper focus and prioritization around getting smart on technology for ensuring business continuity. However, there is a growing and critically important distinction between 'technology' and 'digital'. A recently published executive report by the Bank Administration Institute (BAI) articulates where Digital Transformation departs from technology applications:

*From where we stand in the age of intelligence, nearly anything can be digitized or automated. But just because you can, doesn't mean you should. Paving the cow path, as my Midwestern colleagues might say, doesn't lead to greener pastures. Financial leaders need a way to cull through the digital possibilities and select initiatives that deliver the greatest value. Digital solutions make work easier, faster and more accurate—but that doesn't automatically make those solutions transformational or efficient. Digital transformation is not:*

- *An app or a piece of hardware or software*
- *A series of generational updates in information technology*
- *A digital replica of manual processes or paper document flows*

*Digital transformation simply does and achieves more. Transformational technologies create digital efficiency: They accelerate information, enable insights and empower decisions.*

*Source: BAI Banking Strategies Executive Report: 'Digital Transformation Takes on New Urgency,' April 2020, p. 4.*

Increasingly clear is the departure of 'digital' from 'technology' out of the necessity to question automation for its own sake: it's not simply about gaining efficiencies in existing, often broken processes through automation; it's about re-thinking and getting smart about content and process. What does the interaction of your people, processes and data look like? How effectively is the content driving the process and producing quality information for decision making? For bankers, this set of questions is framing all decisions about core business functions, operations, regulatory compliance, and crimes/fraud detection and abatement.

# Business Upheaval Forces Rethinking of Technology and Process

Financial Services is especially hard hit now by a tsunami of business exceptions, from new loans to refinancing, forbearance, and income replacement/business continuity loans, all on top of everyday business interactions.

But now these must be done with social distancing, which necessitates quick and sweeping re-examination and changing of processes, including the way they use technology. Nowhere is this problem more acute than when we realize the content (documents, unstructured messages, correspondence) that actually drives these business interactions.

With documents, it is not simply about automating data extraction anymore; now, it is all about understanding information (the context, intent, patterns of behavior) that can identify suspicious behavior essential for demonstrating KYC/AML (Know Your Customer/ Anti-Money Laundering) and LIBOR compliance, as well as assessing customer needs. Digital, in today's

environment, means adding intelligence to the intimate connections between process and content to understand behaviors in evidence within the content and processes. These behaviors can occur anywhere, from consumer, service, and operational, and can delay decisions, delivery of service, demonstrating compliance, and avoiding massive fines and losses from crime and fraud. This new approach to digitizing content-driven processes can be described as Content Intelligence. More than simply automating existing processes, Content Intelligence re-thinks content-enabled processes from the perspective of making contactless interaction and its necessary content work.

With exponentially increased COVID-induced demand in for new credit and loan applications, forbearance, and business disruption assistance comes greater threats – especially around fraud, terrorism, and money laundering. Now, Financial Services organizations have to manage this perfect storm of exponential increase of business activity, high volume of supporting documents, staff shortages, and remote workforces. A simple document, such as a proof of residence, employment, or funds contains both data that need to be extracted for systems of record and engagement and entity information necessary for making decisions and detecting suspicious behaviors and patterns of activity.



# Emerging Digital Approaches to Banking Content

While data drives automation, information drives intelligence. This is the difference that the Financial Services sector is recognizing between adopting technology and going digital. With advancements in artificial intelligence (AI) and machine learning (ML) has come the ability to go beyond data extraction to entity identification and understanding.

At the same time, these newer capabilities are becoming much more sophisticated, able to learn on the fly, be deployed quickly by new citizen developers, and integrate more intimately with business processes. This demonstrates Content Intelligence – smarter, digital entity-driven capabilities designed for the vast complex, unstructured documents at the core of Financial Services processes. As business conditions change rapidly and new types of documents enter core processes at high volumes, adopting Content Intelligence quickly, as opposed to more efficient OCR tools, becomes a matter of survival to maintain business continuity in the COVID-defined ‘now normal’.

## Opportunities to Apply Content Intelligence in Financial Services:

### Know Your Customer

Finance crimes such as terrorism, money laundering, and fraud most often occur through fooling the bank's processes or with suspicious, irregular information in required documents. These documents may appear innocuous but may contain fraudulent information that gets past ordinary data screening. Since KYC/AML breaches can be detected through spotting questionable interactions between customers and the bank, identifying and understanding how and where those interactions engage processes and use suspicious content is a critical first step to thwarting them.

### Unstructured Document Review & Analysis

Valuable facts can be hidden in a variety of sources, contracts for example, requiring employees to comb through and compare hundreds of reports, agreements, and other data manually, which is prone to error and comes at a high cost for the skilled employees needed for this work. Moreover, manual investigation is inherently inaccurate, inconsistent, and provides a greater risk of missing important details. The ability to analyze these and other data sources efficiently can help ensure that financial services companies make sound decisions about current and future customers. Contract review is becoming urgent as banks ready themselves for the LIBOR cutoff date next year, and they need to invest now in solutions for intelligent review of contracts for remediation.

### Mortgage Loan Processing

As operations in this area are so document-intensive, streamlining the loan application and approval process with automated document classification and extraction is key to improving the customer experience. Captured data from the loan file are transferred to a scoring system that provides information on a client's credit worthiness and makes recommendations whether to authorize the loan, ensuring the accuracy of the client's information for determining loan terms based upon a file that contains multiple complex documents of variable length needing to be processed in high volumes.

### Credit Application Processing

Banks and financial institutions can automatically capture data, classify documents, and extract information from credit card applications using the latest AI, ML, and NLP technologies. This data, along with accompanying documentation such as photos of passports or proof of income can be entered into the lender's database quickly and easily to speed application approvals. Automating this process reduces expensive time-consuming and labor-intensive manual data entry and verification, and increases productivity, freeing staff to focus on more important activities.



### Fraud Prevention / Risk Management

Digitization helps banks achieve significant cost savings and speed time to payment while preventing check, loan, and payment authorization fraud. By combining Process Intelligence with targeted optimization of the validation and proof of documents functions with AI-enabled entity extraction, automated and centralized processing of documents with verification against customer information, behavior patterns and KYC policies reduces slow, error-prone manual processing.

# Emerging Digital Approaches to Banking Content, Cont.

A second important dimension to Content Intelligence is now arising in the rush to digitize Financial Services business continuity – namely, connecting historically disparate process functions of front-line customer engagement with operational excellence and regulatory compliance. In most financial institutions, these functions don't talk to each other and often have competing interests and attention for budgets and technologies.

However, the new leaders in these sectors are waking up to the fact that customer interactions establish and reproduce the behavioral patterns that are vitally important to protecting against crimes and demonstrating compliance. Accordingly, going digital has become a matter of gaining a handle on customer interaction, crimes prevention, and compliance as an end-to-end process.



*The coronavirus pandemic has changed everything... This crisis will eventually pass and the move to the digital world will continue. In fact, it may even accelerate during the crisis as we use technology to work from home, collaborate with our peers and move more of our lives online. The companies that fall behind on the digital curve because they have cut back IT spending too deeply will be in trouble.*

Source: Forbes, 'How CIOs Should Reroute Digital Transformation In The COVID-19 Crisis,' by Vijay Gurbaxani, March 26th, 2020

An established fact of business history is that crises, such as the one we are currently facing, are culling events. Some businesses will come out as leaders, others will fall behind, many others will be gone. The difference? It is, put simply, clearly seeing the opportunities and quickly adapting business process and content to win and lead against the competition. In this climate of rapid global change, banks who cling to the conventional wisdom that customer service, operational excellence, and compliance are separate functions will be the real losers. Leaders will recast these vital disciplines from functions to capabilities, and they will embrace 'digital' in exactly the same way. BAI concurs with this assessment:

*Leaders think, work and make decisions differently. Most digital capabilities speed up processes, save time and lower costs, but digitally efficient organizations take the benefits one step further. They break free of "how it's always been." Instead of just digitizing analog processes, digitally efficient leaders use data to inform future strategies. Interconnected, real-time data provides insights that can help organizations find, evaluate and initiate new strategies with confidence.*

Source: BAI Banking Strategies Executive Report: 'Digital Transformation Takes on New Urgency,' April 2020, p. 4.

Maintaining business continuity through the current crisis while adapting faster than the competition comes from becoming intelligent fast about process, content, and people. Intelligence is the difference between extracting and using data to fuel automation and gaining transformative insights that change functions into capabilities, and technology into digital agility.

Processing customer and partner content, traditionally done as a back-end function relegated to scanning centers, BPOs, or late scan-to-archive operations are no longer adequate to today's digital enterprise. Leaders are bringing document processing directly into the process (customer service to compliance and crimes prevention) as a core capability. And, with this new approach to processing content is the growing awareness that process discovery, entity-driven AI/ML, proactive transformation, and objective monitoring also need to become core digital competencies, raising an organization's Digital IQ.



# Moving Beyond Automating to Digitizing

Increasing Digital Intelligence is much more than 'doing discovery,' 'automating processes,' and 'extracting document data' from content-driven processes; it is asking new questions and having the right tools to answer them:

**How does content drive the process, rather than how does the process consume data from documents?**

**How can processes be visualized as more than snapshots of a moment in time, so you can see the actual end-to-end flow of content and human interactions, many of them parallel and at cross purposes?**

Only by asking these questions can banks transform their customer interactions and content intake from the status quo of chaotic islands of data production that must be re-interpreted downstream for compliance or crimes detection and all of the costly duplication of effort and technologies we see as a growing problem in these organizations. A customer's employment status, relationship status, health, and residence information are living, changing factors in serving their needs, determining their qualification for credit, and meeting the organization's obligations to stakeholders and regulators. Yet, so

many of the technologies used to automate processes and the intake of the content that is accepted as proof of status and identity (from simple W-2s, letters of verification, billing statements to purchase contracts, business agreements, and supporting correspondence) take these as flat, static artifacts and not as living evidence of behavior and changing conditions. Once again, the new leaders in the industry will be dissatisfied with taking these behaviors as givens; rather, they will ask new questions about why they exist and how they work.



# Maintaining Business Continuity Means Embracing Change

These questions are at the center of how COVID-19 is forcing fast change in the Financial Services sector's main challenges: maintaining business continuity by balancing the market forces of increased demand for credit, cash, and flexibility with the modernization of technology and processes to adapt to this global business change.

**Meeting both sets of priorities while struggling to stay open for business in conditions requiring new kinds of social distancing (including contactless customer and document touches and replacing in-person with virtual contact) is now the reality for Financial Services.**

At stake in this balancing act is survival. The leaders will ask tough questions about their process, content, and people. They will not only look forward, but more importantly will seek the digital capabilities they need to accelerate their ability to adapt. These are the traits that are separating leaders from survivors and casualties in this crisis:

*Financial institutions are constantly looking for ways to get ahead and stay ahead of complex requirements, changing customer needs and volatile markets. Fortunately, digital efficiency can tackle these challenges head on—and amp up the return. In January, analyst firm IDC predicted that, over the next four or five years, enterprises that invest effectively in intelligence capabilities will experience a 100 percent increase in knowledge worker productivity. In the IDC Perspective report, Future of Intelligence Defined, the firm described a host of resulting benefits, from shorter reaction times and faster innovation to happier customers and sustainable market share leadership. What’s the most important takeaway? To be competitive, organizations need to pursue technologies that increase their decision-making power and deliver successful results.*

Source: BAI Banking Strategies Executive Report: ‘Digital Transformation Takes on New Urgency,’ April 2020, p. 4.



By all accounts, we eventually will come out of the current crisis, but what will the now normal look like? While it is hard to predict all possible outcomes, it is increasingly clear that becoming digital is already becoming a core requirement. Organizations that are willing to re-think their received wisdom of how their content-driven processes do/should work and adopt better tools to make change will be in the best positions to lead.

# ABBYY's Digital Intelligence Platform

Only ABBYY helps banks and financial institutions accelerate the path to digital banking by offering:

- A process-first approach that targets the best opportunities for automation
- A useful picture of your processes that spotlights where time is spent on bottlenecks, redundancies, or missed steps
- Deeply integrated OCR capabilities that integrate machine-printed text in 200 languages as well as hand-printed text, optical marks, and barcode values
- Versatile APIs that process multiple PDF types and convert scanned documents, TIFFs, JPEGs, or image-only PDFs into searchable files
- AI and machine learning for incredible recognition accuracy for multi-language documents, making them searchable, editable, and reflective of their originals
- Fast, flexible, and scalable processing, thanks to multi-core CPUs, cloud, and virtual machine support
- A modern, visually appealing platform with lower TCO and faster ROI



## ABBYY Timeline

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### **Discover the truth about your process flow and performance.**

Knowing how processes work and where they can be automated effectively with smarter technologies is what we call Process Intelligence. Unlike traditional business intelligence and process mining approaches, Process Intelligence offers an extremely effective way for an organization to locate inefficiencies, wasted time, bottlenecks, and any other issues that are plaguing the process, so automation can then be applied where it will have the greatest impact.

## ABBYY FlexiCapture

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### **Make document capture and processing easy.**

FlexiCapture has revolutionized the Financial Services industry's ability to automate and manage document processing as an end-to-end process, enabling business applications, operations, and risk assessments with flexibility, extensibility and ease of integration. From loan processing to customer onboarding, your systems will effortlessly capture and process documents from any source—web portals, cell phones, emails, scans, file transfers, and more.

## ABBYY Vantage

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### **Make your digital workforce smarter.**

Enhance RPA effectiveness in automating repetitive content-related tasks with Vantage. Your digital workforce (software bots) can consume capture skills as needed, individually or collectively, so there's no need for a big platform with complex processes for just one skill. In fact, Vantage resides on your RPA or BPM host—not a separate platform infrastructure.



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