

Whitepaper

# Driving Operational Excellence with Intelligent Process Automation

By Cheryl Chiodi, Director, Solution Marketing, Financial Services, ABBYY



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**Fractured processes, complex and ever-evolving regulations, and repetitive due diligence requests are driving longer onboarding times, creating higher costs to serve, decreasing customer satisfaction and putting financial institutions at risk for non-compliance.**

Financial institutions face a variety of challenges that continue to grow in complexity, creating inefficiencies and increasing costs. These challenges are not only regulatory in nature, but also market, operational, security, reputational and strategic. Unfortunately, many financial institutions' ability to address these issues while safeguarding the customer experience is hamstrung by legacy systems that don't communicate well, store data in multiple places, run processes across multiple business units and have poor controls.

All these challenges slow down customer interactions and create competitive vulnerabilities that fintechs, neobanks and challenger banks are eager to exploit with their cutting-edge technologies to grab market share. In response, more financial institutions with these legacy systems are looking for ways to introduce intelligent process automation to reduce risk and achieve operational excellence. Implementation is not simple and there is no shrink-wrapped solution. But ABBYY has observed in its work with clients that by clearly articulating the key objectives and design principles of a technology solution and then taking four specific actions, financial institutions can embed intelligent process automation and achieve significant benefits.

### **Complex challenges on multiple fronts**

Fractured processes, complex and ever-evolving regulations, and repetitive due diligence requests are driving longer onboarding times, creating higher costs to serve, decreasing customer satisfaction and putting financial institutions at risk for non-compliance. Many of these problems boil down to uncoordinated know-your-customer (KYC) processes. When onboarding systems are not unified, there is often duplicate data entry during the onboarding process. Overcoming this kind of process complexity is often dependent on staff for tribal knowledge and involves many manual steps.

Moreover, when these systems do not work correctly, fraud can occur and have major consequences. According to the LexisNexis 2020 True Cost of Fraud™ Study, each dollar of fraud results in \$3.25 of cost for financial services firms—and the monetary impact is just part of the problem. Fraud also damages a financial institution's image and erodes trust, which in turn drives down customer satisfaction and loyalty.

Financial institutions have the data they need to prevent fraud, but it is often stored across different systems of record. Merging these into a holistic view is the best way to protect the business. Financial institutions can then streamline processes and automate the document intake to ensure compliance with anti-money laundering (AML) legislation and customer due diligence (CDD) requirements, not only when onboarding new clients, but also during periodic updates.

### **Technology solutions come with their own challenges**

Intelligent process automation powered by artificial intelligence (AI) and machine learning (ML) technologies can deliver key capabilities that provide financial institutions with

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confidence in protecting themselves from both fraud and regulatory violations. But AI and ML are not without their own risks. Besides the obvious issue of how to incorporate these technologies into existing legacy systems, regulators are raising concerns about the unintended consequences of AI or how it might even amplify risks. These questions go directly to the issue of trust. All stakeholders in financial services must trust that these new tools are working as intended.

Back in March 2021, The Federal Reserve, Federal Deposit Insurance Corp., Consumer Financial Protection Bureau, Office of the Comptroller of the Currency and the National Credit Union Administration requested information on how companies use AI for fraud prevention, personalization of customer services, credit underwriting and other operational purposes. The agencies said that they are looking to better understand the appropriate risk management controls that firms should put in place when employing AI, as well as any challenges firms face in developing, adopting and managing AI.

The regulators said AI has the “potential to offer improved efficiency, enhanced performance and cost reduction for financial institutions, as well as benefits to consumers and businesses,” according to the request for information. But they also recognized potential risks associated with artificial intelligence, including a heightened risk of unlawful lending discrimination by perpetuating biases against certain customer groups. And in November, one regulator warned that the new AI algorithms can become “black boxes between brick walls” that even the financial institutions cannot see into.

### **Principles of a well-designed solution**

In order to avoid becoming overwhelmed by the complexity of the task at hand, a good first step for financial institutions is to articulate the key objectives that they want intelligent process automation to accomplish. For example, at ABBYY we offer an advanced Digital Intelligence platform that can automate and accelerate onboarding processes by using cognitive services to simplify access to data for seamless client identification and verification. With ABBYY’s solution, financial institutions can access data trapped in documents and make it actionable. Manual, inaccurate processes involving documents are transformed into controlled, automated flows, reducing time to revenue, improving customer experience and loyalty, and enabling compliance with AML and KYC regulations. In our experience, the key objectives of an intelligent process automation solution boil down to the following:

- Drive more cost-efficient compliance
- Reduce or eliminate friction
- Strengthen customer relationships
- Add agility and resiliency
- Mitigate loss from fraud, penalties and reputational damage
- Complement existing technology investments





To attain these objectives, a well-designed solution follows a few key principles.

**Improve Automation:** Automating document intake processes and reducing manual workarounds bring standardization and efficiencies to business processes. By eliminating manual intervention, financial institutions can control costs better with straight-through processing. They can also use process intelligence to identify areas of the business where efficiencies can be gained and robotic process automation (RPA) can be deployed to use digital workers to take on repetitive, often mundane tasks. Automation paves the way for continuous learning.

**Gain Insights:** Better transparency across processes and business units is vital. By visualizing data from multiple back-end systems to understand business relationships and how processes flow from end-to-end, a financial institution can identify potential areas of vulnerability—not only during onboarding, but also during ongoing due diligence and periodic updates. These insights also allow financial institutions to identify and quantify process bottlenecks, helping managers make more intelligent business decisions.

**Optimize Channels:** By making sure the right task and interactions are conducted in the correct or preferred channel, both customers and employees are happier and more productive. And by better coordinating these channels, financial institutions can help eliminate repetitive requests for duplicate information, which is a common pain point for both employees and customers. Through this optimization process, financial institutions often discover that some channels are underutilized and could reduce the friction in document-centric, manual processes.

**Continuous Improvement:** Implementing the right technology environment is a journey not a destination; the ability to continuously improve is the only way to stay on course. Financial institutions need to monitor processes in real time, and they need predictive forecasts to enhance decision making. That includes identifying issues and sending alerts before a potential problem becomes a real problem. It also means keeping up with changing market conditions and compliance regulations.

## Gain visibility into business processes with insights from structured, unstructured and semi-structured content.

### Four actions to embed a solution

Once a financial institutions has articulated its key objectives and principles for a technology solution, it faces the difficult task of putting the solution in place. While there is no shrink-wrapped solution for financial institutions, we at ABBYY have identified four actions that they can take to embed the right solution and transform the business with end-to-end digital intelligence.

**Action 1: Discovering and mapping.** Combine task-level details with intuitive point-and-click process analysis tools for a unified, end-to-end and top-to-bottom operational understanding. Ensure that digital transformation initiatives deliver predictable results and do not cause unintended consequences. The steps to discovering a financial institutions' processes include:

- ▶ **Record user interactions.** Non-intrusively collect session logs and capture all the variations of how tasks are performed over a period of time.
- ▶ **Extract data.** Extract event data from enterprise or departmental software systems.
- ▶ **Process and map events.** Load the data and visualize the process within days, not weeks.
- ▶ **Create "as-is" virtualization.** Convert data into timelines in order to observe the "who, what, when and where" of process execution, including relevant subprocesses.

**Action 2: Analyzing and optimizing.** Use sophisticated root-cause analytics and point-and-click pattern searches to quickly identify the biggest opportunities for improvement and begin optimizing.

- ▶ **Analyze "as-is" processes.** Analyze how and why processes behave as they do.
- ▶ **Find problems.** Use filtering capabilities to drill into identified issues, typically processes that are especially document-centric, and evaluate in-depth process performance and opportunities to reduce manual intervention.
- ▶ **Optimize the processes.** Quantify process performance and target high-value improvement.

**Action 3: Predicting, monitoring and alerting.** Monitor process execution, predict potential issues before they occur and alert staff when problems are detected so that issues can be addressed in real time.

- ▶ **Predict future outcomes.** Facilitate decision making of technology investments to ensure the greatest ROI.
- ▶ **Monitor performance.** Use an auditable digital log of end-to-end processes across software applications, departments or even companies. By measuring performance continuously, financial institutions can more easily sustain process excellence.
- ▶ **Receive alerts when deviations occur.** Use specific rules to customize alerts or set up automated remediation with digital workers.

**Action 4: Predicting and forecasting.** Improve the future of work with predictive and prescriptive analytics.

- ▶ **Predict events.** Observe past events to get insights into what will happen next and choose the next best steps within the process flow. This type of machine learning helps save time, money and labor.
- ▶ **Prescribe solutions.** Learn where to fix process flows. Diagnose the problems in real time and make changes to ensure positive outcomes.

Financial institutions face a variety of market, operational, security, reputational and strategic challenges while trying to achieve operational excellence. Intelligent process automation is emerging as one of the most compelling and elegant solutions to these problems. Using advanced task and process mining, and intelligent document processing, powered by AI, financial institutions can go beyond existing approaches. They can gain visibility into business processes with insights from structured, unstructured and semi-structured content. The continuous insights and learning enabled by intelligent process automation are critical to long-term competitiveness.

## About ABBYY

ABBYY technologies help the world's leading financial institutions make intelligent business decisions to realize their digital transformation goals. Our unique process and document focused platform delivers informed human workforce insights, intimate operational knowledge, process understanding, and cutting-edge AI skills for the digital workforce for more than 5,000 companies, including many of the Fortune 500 and 14 of the top 20 global banks. ABBYY is a global company with offices in 14 countries. For more information, visit [www.abbyy.com/finserv](http://www.abbyy.com/finserv) and follow us on LinkedIn, Twitter and Facebook.