



# Banking 2030: The Where and How of Data and AI for Banking

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# Where to Start on Your Intelligent Automation Transformation

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As we enter a new decade marred with economic turmoil and global pandemics, banks need to build on their core foundation which includes technology infrastructure, data management, talent, and risk management. Banks continue to face pervasive challenges such as lack of legacy system modernisation, which is a huge impediment to transformation.

Another challenge is the poor state of data, which prevents banks from realising the full potential of investments in new technologies. High-quality, easily accessible data, the necessary fuel for any technology solution, is still not widespread. Many banks are still struggling with how best to tackle these challenges. The banking industry needs to go back to basics: fix the data problem before undertaking radical technology transformation and slowly chip away at technical debt via core modernisation.



## Banking Industry Challenges

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HFS reports on current industry challenges which include:

- Continuous struggle with profit and revenue growth
- High investment in digital transformation, but impactful results are slow coming
- FinTechs remain disruptive are now partnering with banks (M&A)
- Continued investment in core modernisation for legacy systems
- Seamless digital interactions are the expected standard by customers
- Increased regulatory laws and greater enforcement of existing laws

## Why Intelligent Automation is Needed Now

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The World Banking Report explains how data adoption can provide a differentiated customer experience. Based on their survey, banking execs strategically use data to:

- Create smoother customer journeys (87.5%)
- Develop relationship-based customer pricing (75%)
- Build personalised customer-loyalty rewards (58.3%)

As technologies exponentially grow and evolve, they impact banking and financial institutions. This is an opportunity for banks to create a positive end-to-end digital transformation experience while improving back-office processes. It's about leveraging existing technologies, like RPA to work smarter. Intelligent automation platforms comprised of people, processes, and technology improve operations and data quality and transform the customer experience.

# How to Use More of Your Data for Automation

Cognitive Machine Reading (CMR+) moves beyond traditional Optical Character Recognition (OCR) which only captures structured data and requires manual quality checking. CMR+ does more than reduce costs for the financial services industry. It provides a powerful and flexible way to service the needs of internal and external customers. It's independent of zones, templates, formats, modes and languages. CMR+ ingests, curates and classifies all data, including unstructured, such as handwritten text, signatures, checkboxes and images and makes it available across the enterprise.

## Plays Nicely with Others

- Easily integrates with internal systems of record
- Verifies data from external sources for new account openings and KYC, AML and CDD

## Transparency Throughout the Process

- Operational data is available across all stages of the banking customer lifecycle
- Advanced operational business analytics provide process insights
- Operational diagnostics troubleshoots errors or exception handling

## Handles Multiple Data Formats with a Single Platform

- Structured data that adheres to a preset model such as ACORD forms
- Semi-structured data that does not remain fixed to a strong preset model for documents.
- Unstructured data that's complex to analyse, summarise, and cannot be processed with business rules. Examples include cheques, letters of credit and security documents

## Increases Accuracy

- Includes Machine Learning technology that adapts and learns your workflows and progressively boosts accuracy to **95%**
- Requires smaller data sets to learn and optimise all your onboarding and funds transfer processing including handwritten forms

## Faster Time to Insights

- Synthesise vast amounts of customer data using Natural Language Modelling (NLM) to generate powerful insights
- Natural Language Processing (NLP) capabilities such as sentiment analysis, equip bankers with the necessary insights at the right time

# Banking Automation Use Cases



## Mortgage Loan Processing

Automate the review and approval of mortgage loan applications. Capture signed documents, extract key components and verify signatures.



## Credit Card Application Processing

Automatically capture data, classify documents, extract information from credit card applications and generate confirmation letters.



## Trade Finance

Trade confirmation processes are automated, enabling straight-through processing for faster trades. Speed up the trade verification process by eliminating the need for manual data extraction and distribution of transactions across the enterprise.



## Fraud Prevention

Improve fraud prevention by optimising the validation and proof of financial documents including signature verification.



## Know Your Customer (KYC)

Manage compliance with regulations such as KYC, AML and CDD. CMR+ will capture, verify data points, provide a comprehensive assessment and deliver the precise data needed to comply from any internal or external source.



## Treasury Risk Management

Through automation, optimise treasury risk management by analysing cash flow, deliver accurate cash positions, make precise cash forecasts, while discerning variances and the reasons for justification.



## Account Opening

Customers can request and receive approvals for new checking, savings and other types of accounts, 24/7. Automate account closing process seamlessly with data validation for future verification.



## Investment Management

CMR+ reads and analyses bank loan statements, matches trade orders and verifies transaction details, retrieves and compares records from multiple systems and aggregates data regularly.

# How to Find Intelligent Automation Opportunities

This heat map to discover automation opportunities. Prioritise for short-term yet high-impact wins within lines of business.



Figure 1: Sample heat map ranking priority of each digitisation opportunity. Start by identifying segments, product lines for the specific business. Next, assign a numerical priority for each.

Download your copy of this heatmap file to calculate your automation opportunities.

# How You Get it Done

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## 1. Develop a Strategy

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Desired business outcomes should be aligned with key strategic objectives such as improved customer experience and smoother claims processing, among others. Insurers will also need to evaluate the business case for investing in technology to enable target benefits.

## 2. Align Stakeholders

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Once desired business outcomes are established, attention should shift to aligning the right stakeholders. A strong sponsorship structure will be key to drive the programme forward.

## 3. Identify Possible Use Case(s)

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Uncover opportunities that are relevant and viable for pilot opportunities. Common application areas include forms processing, underwriting and claims processing. For certain business processes that can't easily scale, AI and Machine-Learning technology need to be incorporated. Application areas may include fraud detection and sentiment analysis in customer interactions.

## 4. Evaluate Technology

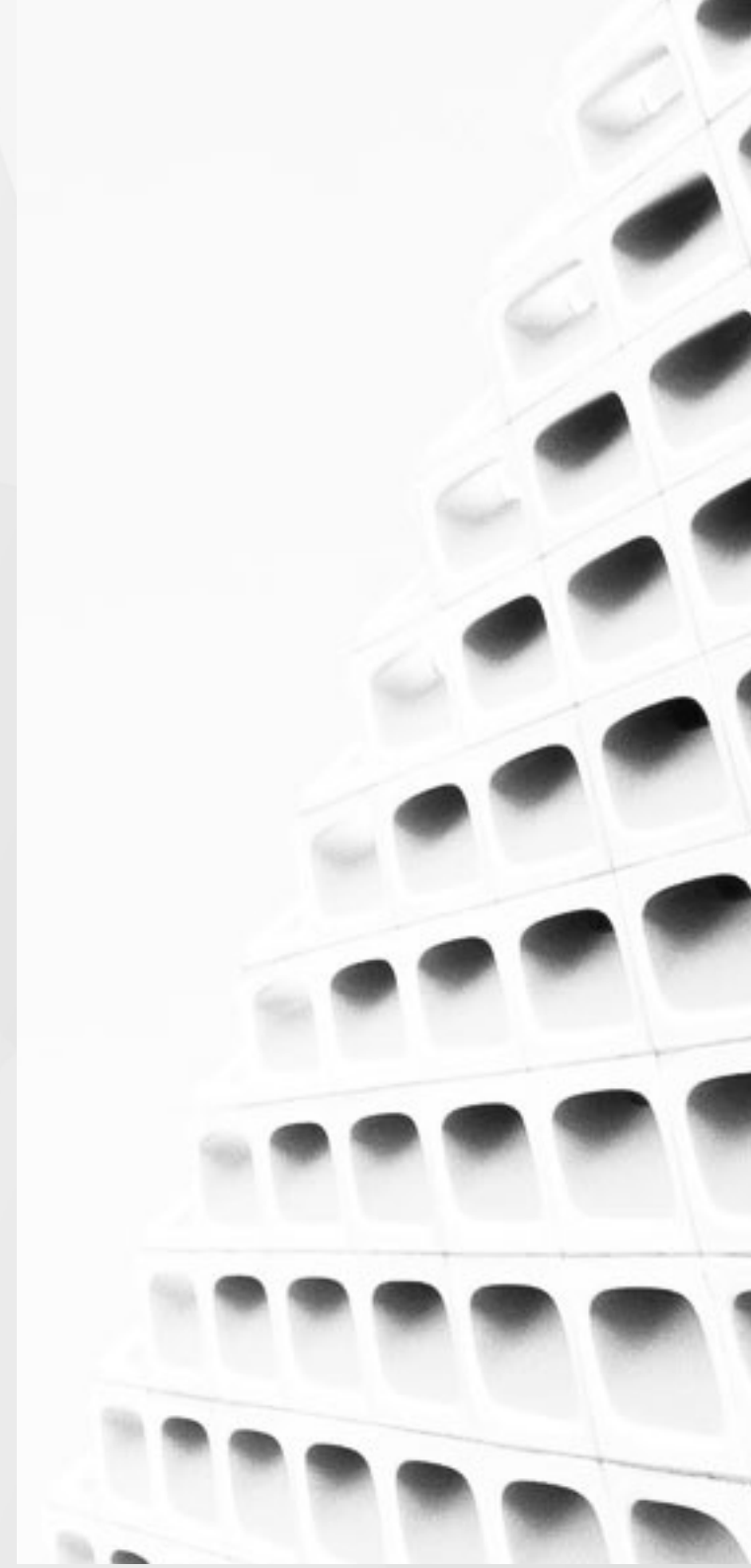
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This step requires leaders to assess technological capability and identify tools and partnerships needed to enable desired business outcomes.

## 5. Run a Series of Pilots

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A mapped assessment of business needs coupled with targeted pilot programmes allow you to test the waters in smaller projects, subsequently capitalise on lessons learned and then initiate on an enterprise-wide implementation effort.



# Which Automation Path is Right for You?





