



The Impact of Robotic Process Automation in Banking

AUTOMATION SUCCESS ASSURED.

Any banking operation, from account creation to account updates takes its own time in a manual environment. This paper will share the typical use cases where Robotic Process Automation (RPA) can be applied and the value that RPA brings in terms of saving effort as well as cost. We will also see typical challenges in enabling this automation and ways to improve the same.

Introduction

This paper mainly concentrates on typical processes that can be automated in banking and how that will help benefit the business. Also, we will see the challenges faced while implementing automation and steps to be taken to ensure its success.

Automation use cases in banking

Banking involves lot of areas where manual work can be replaced with automation tools so that the manual efforts can be utilized effectively somewhere else. Effective banking results in greater growth factor to the country and can result in hassle free banking for end customers too. Typical results indicate savings of 30% to 70% in terms of effort and cost savings depending on the process to be automated.

Few sectors of ultimate importance are as given below.

- Customer Service
- Compliance
- Accounts Payable
- KYC
- Report Automation
- Account Opening, updates and closure
- Managing Deposits and Loans
- Fraud Detection
- Credit card processing
- HR services.

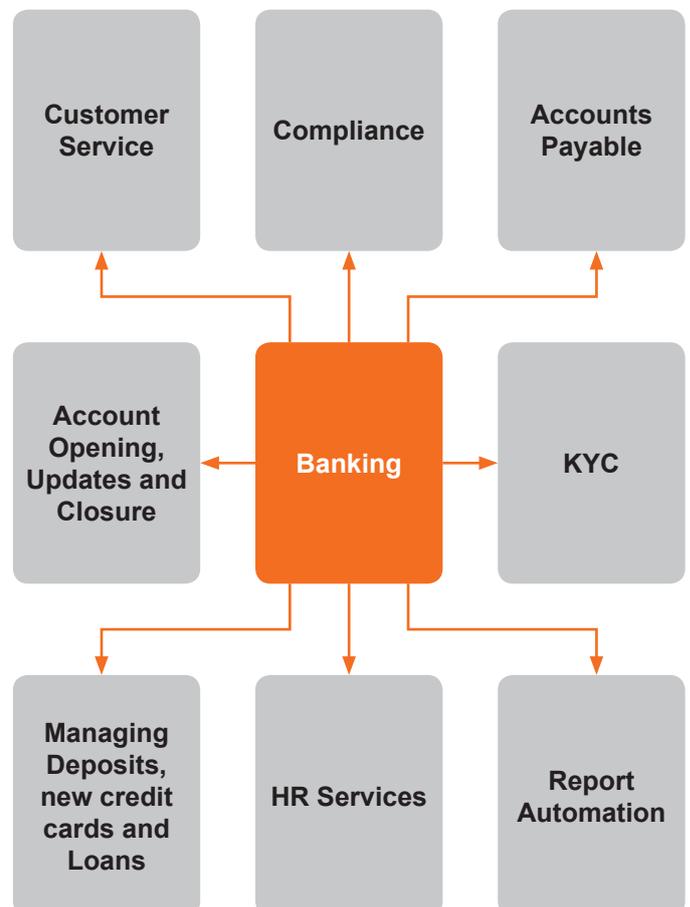


Fig 1. Banking Automation Use Cases

Customer Service: This is a very critical area of banking where a customer's decision to staying and leaving the bank resides. There is a lot of manual effort involved in the way tellers attend to customers over calls and provide support. This becomes more manual with the amount of customers increasing every day. With banking made accessible over internet and through mobile applications, introduction of chat bots reduces the effort drastically. This answers all common questions the customer has and ensures saving manual effort for other effective work. These services are available 24/7 making them more effective and hassle free.

Compliance: Banking being at the center of economy, their adherence to compliance regulations of the central authority is a mandate. This involves a lot of manual and documentation work, which can be automated to make it easier to manage.

Accounts Payable: This is one of the critical payment areas where the vendor information needs to be extracted, validated and then processed for payments. This involves a lot of manual effort and hence the need for RPA. This gives way to the next capability - OCR, which is used to read scanned documents, extract data and validate against the bank's database for accuracy. Post validation of which, it includes paying the accounts and sending notifications too.

KYC: This is a mandate for most of the banks and lot of money is spent on this. Also, this involves a lot of manual work, validating across multiple systems for authenticity. Post validation, the end customer is able to access the banking features. Since this is time consuming, RPA can be used to do the verification online and ensure the end customer starts using the bank facilities in hours instead of days.

Account Opening, Updates and Closure: Most of the requests in a day are related to this. Usually it involves lot of manual validation before any updates are made. With RPA, we can automate all this and reduce human effort. Each process related to Account opening or Update or closure involves its own steps and RPA can reduce time drastically.

Managing Deposits, new credit cards and Loans: It is an extremely critical area in a bank where the funds can be utilized for growth and end customers can be satisfied with the services provided. All these involve multiple levels of validation, which can be automated with RPA and reduce time effectively.

HR Services: This is one critical area in the bank where the banking employees are served. An employee is also a customer to the bank and the

services can be automated for them to enable faster closure.

Report Automation: Lots of manual entries happen in a bank for all the operations or services provided. These can be automated, and generated reports can be mailed to important bank officials for work done that day and what is due for next day. This saves a lot of manual effort.

Fraud Detection: With banking going online and through mobile applications, there is an increase in fraud transactions too. This can be tracked by RPA and action taken by sending mails to the bank and also to the end customer so that they are not affected by this. This can be used for blocking account and pausing transactions so that next course of action can be taken on this.

Why RPA in banking

There are many benefits of RPA in banking.

- No need of infrastructure changes or upgrade
- No coding expertise needed
- Faster implementation
- Easy to change
- Minimal IT intervention
- It boosts the morale of the company and its employees.
- No need of any breaks and will not break down.
- Effective employee utilization.

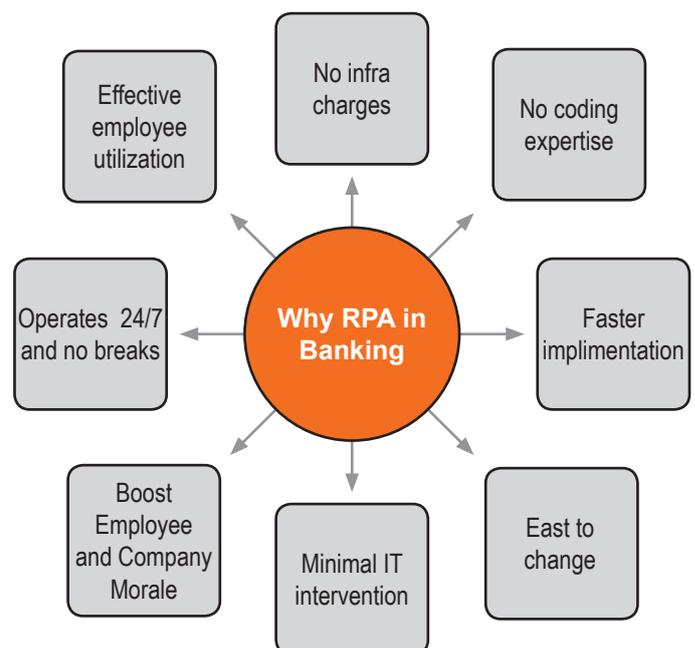


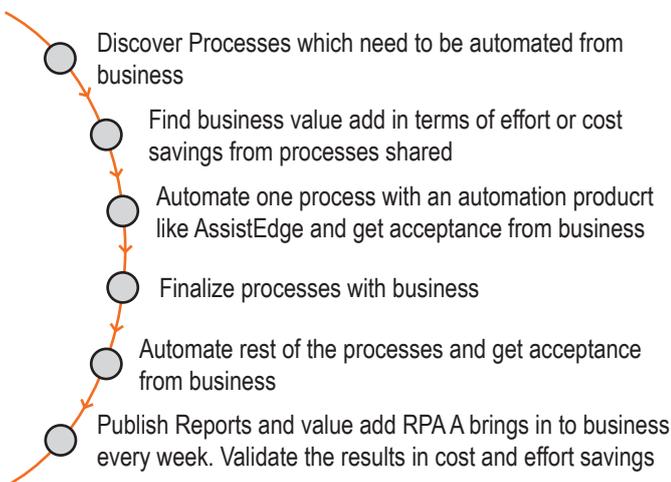
Fig 2. Reasons for going towards RPA

Benefits of RPA in banking

Following are the benefits with automation in banking.

- Cost saving
- Better Quality by reducing human errors
- Reduces time for effective work
- Scalable solutions that can fit in present environment
- No need of any IT transformation and runs on existing setup
- Faster implementation with no coding

Steps for Automation



Following steps are followed for any RPA implementation exercise in banking.

1. Discover processes that need to be automated with business.
2. Validate the process with respect to the frequency of the process execution, effort involved and what is expected from the business through RPA. We also need to derive the cost and effort savings for the same.
3. Have a session with business and finalize the processes based on point 2.
4. Automate one process via RPA and share the value add with business and get their acceptance.
5. Do similar activity for other processes too and get business acceptance.
6. Publish reports on a weekly basis to share value add of RPA for the use cases delivered. This will be used for audit purpose too.

Challenges faced in RPA

Typical challenges faced with RPA in banking are as follows.

1. Complexity of legacy applications and number of applications to automate.
2. Access to applications is compliance driven and requires time to get access.
3. Unavailability of multiple environments for Development, SIT, UAT and Production.
4. Lack of data in lower environment for performance testing of robots deployed.
5. Any technical clarifications on applications used takes time due to lack of support and business knowledge.
6. Frequently changing environments due to application update at business end.
7. No clarity for business post production in case of any issues faced in automation. Need to have clear support contract for a year at least till steady state.

Conclusion

RPA plays an extremely vital role in financial sector, especially in banking. With most banks moving towards online and mobile applications for account management, it is becoming even more challenging and competitive to hold their customers with them. The biggest differentiator is how they use man force effectively and ensure they get the best out of them. This brings in the thought of RPA, which lends great value to businesses in terms of cost and effort savings of mundane processes. Innovation and growth in the banking sector also leads to the country's economic growth.

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