PRIORITIES FOR IMPROVING BANK OPERATIONAL PROCESSING

OVERVIEW

INTRODUCTION

To meet increased demand for digital services, banks must reduce or eliminate obstacles that hinder operational efficiency. The scope of banking operations is broad—from the servicing of individual products, like mortgages, to operations that cut across the bank, like fraud. Banks know that back-end processing and user interfaces can help improve processes to address known inefficiencies.

As banks re-engineer these processes to create net new efficiencies, they seek opportunities to automate, removing delays and inconsistencies that can arise from human intervention. The key to speed for operational processing is highly integrated, streamlined processes, policies, and procedures—also known as back-end processes—for data capture, consistency, connectivity, and traceability.

DESIGN FOR OPERATIONAL EFFICIENCY

Data capture

Banks need to understand the capabilities and limitations of the existing data capture processes:

- Can the bank capture data electronically from all areas of operation?

- Do those areas include digital and human channels?

- Is the data capture part of a historic process or one that reflects current needs?

- Can the bank gather better data that can be acted on faster?

All data capture must be traceable from source to decision.

Consistency

Improving operations and services should be prioritized based on the impact they have on the customer journey:

- Lay out the customer journey steps across individual transactions and across the overall customer relationship, irrespective of historic processes.

- Build automated processes that proactively and consistently use data to interact with customers for higher levels of customer service.

- Embed analytical and predictive methods into automated processes to foster customer relation-ships that go beyond providing basic services to creating new, targeted levels of customer value and service.

Automation

Various levels of automation are being implemented across different functions, but most are not coordinated across the bank. Standardize operational policies and procedures by applying automated processing rules to become more efficient.

This standardizing and automating involves:

- Assessing processes that cross traditional product and service lines.

- Intelligently automating higher volume, lower risk transaction processing, with dependent actions executed automatically.

- Potentially allowing human intervention for additional decisions when automating lower volume, higher risk transactions.

- Using intelligent automation to source and triage data for action or risks in the middle of the spectrum.

Achieving top-level automation requires streamlined data capture across the bank to bridge the data-to-decision-making gap, which involves looking for inefficiencies on an ongoing basis.

THREE PILLARS FOR SUCCESSFUL OPERATIONAL EFFICIENCY

Reexamine manual touchpoints

Banks typically focus on growing the reach of their digital channels, but often do not simultaneously modernize the associated manual touchpoints in the back office. This prevents the bank from getting the full benefits of this digitization and limits the long-term capabilities of servicing digital channels.

Customer experience and improvement to banking processes are interdependent. It is important to think holistically and keep back-end processes aligned with the front-office experience. Otherwise, digital channels will simply be sending data across inefficient processes that are unable to keep pace and hamper the customer experience.

Inefficient data processing, policies, and procedures that continue to rely on human intervention can prevent channel growth and the ability to meet customer demand.

Prioritize processes

There are approximately 20 bank processes that make up about 90% of customer requests. Determine which processes are the costliest and the most time consuming, and ask if these are the same ones that provide the largest opportunity for improved customer experience and revenue.

Identify which human interactions with those processes are no longer relevant. For example, does a 10-year-old process with six manual signoffs reflect today's target operating model? Such transactions are good candidates for cost reduction and modernizing with automation.

Prioritize bank functions. Changes must be gradual, and certain functions, such as lending practices, while possessing potential for greater efficiency, may also pose significant risk to the bank.

Collaborate

Many banks have provided add-on services to existing products and channels to service customers, creating opportunities to streamline communication and connectivity.

There are often many disparate functions and disjoint processes that would benefit from being connected across the bank. Teams must work together to build a foundation of technology, one that addresses both standard connectivity and provides the flexibility to quickly adapt to change.

Complex data regulation across different geographies introduces additional requirements. Banks must intelligently separate data access and storage, for data protection regulation, while performing secure transactions.

WHY RED HAT?

As a leader in open source, Red Hat delivers open source solutions that democratize and simplify connectivity between systems across the bank. Red Hat helps banks optimize operational processing and decrease manual bottlenecks in back-end processing with automated and intelligence process automation software. Red Hat helps organizations reduce cost and complexity while harnessing the power of open source communities.

ABOUT RED HAT

Red Hat is the world's leading provider of enterprise open source software solutions, using a community-powered approach to deliver reliable and high-performing Linux, hybrid cloud, container, and Kubernetes technologies. Red Hat helps customers integrate new and existing IT applications, develop cloud-native applications, standardize on our industry-leading operating system, and automate, secure, and manage complex environments. Award-winning support, training, and consulting services make Red Hat a trusted adviser to the Fortune 500. As a strategic partner to cloud providers, system integrators, application vendors, customers, and open source communities, Red Hat can help organizations prepare for the digital future.

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