ROBOTIC PROCESS AUTOMATION

AN AUTOMATION GUIDE FOR BANKS AND FINANCIAL INSTITUTIONS

- **RPA in BFSI:** Trends and Challenges
- **BFSI Executives:** Key Considerations to RPA Implementation
- **ProcessRobot:** BFSI Advantage

softomotive

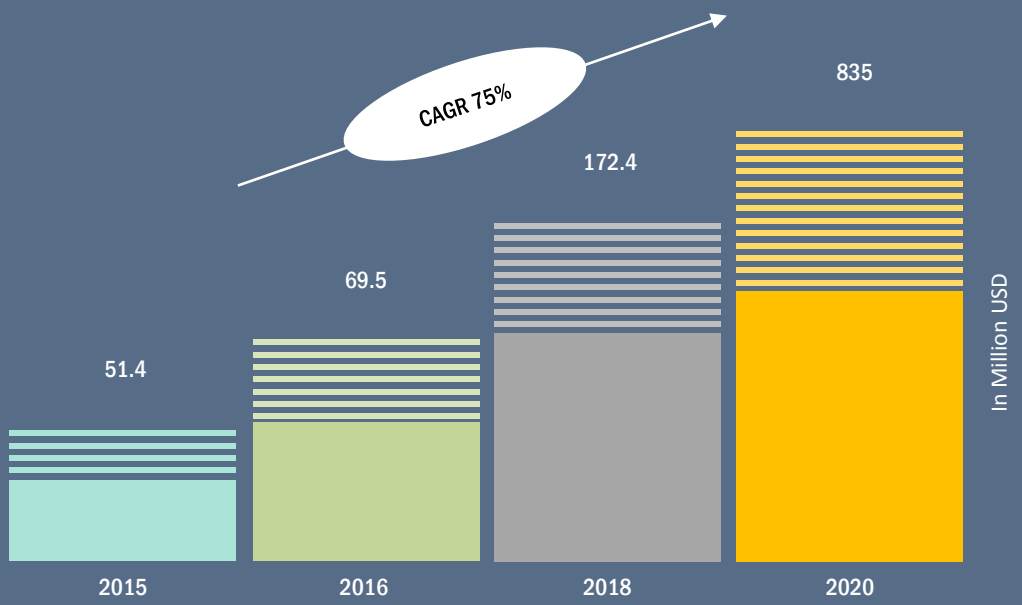
MARKETSANDMARKETS

softomotive

INTRODUCTION

Robotic Process Automation (RPA) is about intelligent enterprise automation. It's about centrally automating business processes, centrally managing them, tracking them and having them executed by robots in all the departments of an organisation. This way, RPA technology empowers enterprises to enhance efficiency, productivity, performance and customer satisfaction. Although Banking, Financial Services and Insurance industries have digitalised many of their processes and customer offerings, they still rely on a big amount of back-office, transactional, and rules-based operations, that are being manually executed. On top of that, the use of disparate technology platforms, that are rigid and lack ways of integration, make the operations increasingly expensive and inefficient. By adopting RPA, financial institutions can overcome many of these barriers and achieve operational efficiency, flexibility and enhanced performance at an enterprise level.

ROBOTIC AUTOMATION MARKET FORECAST: BFSI (2015–2020)



Source: MarketsandMarkets Analysis, December 2016*

The global Banking, Financial Services, and Insurance (BFSI) robotic automation market is expected to grow at a CAGR of 75% and is expected to reach USD 835 million by 2020. This rapid adoption rate indicates, that BFSI companies will focus on investing for training and ownership of the automation technologies, as compared to investing on professional services to automate processes, over the forecasted period.

*Research conducted with primary interviews, surveys, and secondary research techniques through materials including press releases, corporate presentation, articles, and discussion forums.

softomotive

RPA ADOPTION IN BFSI

The BFSI industry is adopting RPA solutions in order to increase revenue share and handle the mounting pressure from regulatory bodies for RPA implementation. Regulatory compliance needs, are forcing banks and financial institutions to become highly automated without compromising the quality of products and services. Technology investments are driven by the organizations' need to grow organically and compete with their peers. Investment in RPA solutions is one of the moves by the firms in this industry to equip themselves with a technology platform that assures them with transparency and agility in deciding and implementing strategic moves. RPA solutions have matured from being a luxury, nice-to-have technology to a mandatory technology to be adopted by all financial institutions relevant to their customers in the next three to five years.

IMPACT ON THE FINANCIAL INDUSTRY

HIGH GROWTH

RPA in the BFSI sector is expected to witness strong growth with a CAGR of 75% during 2015-2020. Financial institutions are increasing their spending on robotic automation, in order to balance between regulatory pressures, risk and fraud, aggressive competition and the need for innovation.

MINIMIZE COST

Banking institutions are finding newer methods to lower costs and improve profitability. RPA applications aim to automate repetitive operations in reconciliation, HR compliance, accounts receivable, accounts payable, ledger entry, expense reporting, invoice processing, ERP automation, order to cash, procure to pay etc. RPA, in combination with AI, is aiming to reduce costs by applying logic and rules to accurately and quickly gain insights into customer desires.

REDUCING OPERATIONAL AND TECHNOLOGY RISK

Optimizing operations and deploying advanced technologies is key to the success and growth of any banking institution. Robotic Process Automation "talks" with existing infrastructure ensuring enterprise-level collaboration. In parallel, RPA empowers independence of processes, thorough assessments and controlling needs.

IMPACT ON BOTTOM LINE

Business processes are at the heart of all organisations. RPA enhances process execution allowing for error reduction, 100% accuracy and 24/7 execution. That has a huge impact on the bottom line of intuitions that are enhancing their quality of services, empowering their transformation agility while also, reducing their operational costs.

softomotive

WHY ARE BANKS SEEKING TO RE-ARCHITECT THEIR BUSINESS ENVIRONMENT?

Banks are facing the challenges of high investment to build processes operating with zero fault-tolerance while aligning IT resources to manage innovation requests from their clients. To add to these challenges, inefficient and complex back office procedures, and intense competition in an increasingly saturated market, have made it difficult to retain customers and manage business systematically.

Customer retention efforts and the need to establish competitive differentiation are driving the demand for scalable processes and technologies that can seamlessly integrate with existing infrastructure to help service providers enhance the experience of internal as well as external customers while keeping the costs as low as possible.

FINANCIAL

- Boost productivity
- Improve profitability
- Increase cost savings
- Decrease capital expenses

CUSTOMER

- Deliver optimized user experience
- Increase account transparency
- Increase customer base

COMPETITIVE

- Increase competitive advantage
- Enhance business agility
- Achieve strategic adaptability

OPERATIONS

- Empower and enable compliance and auditing
- Rapid implementation of new processes
- Maximize security levels
- Scalable/flexible operations

Financial institutions are trying to address these needs by

- Investing in advanced, scalable, and multi-faceted enterprise application software
- Deploying Business Process Management Suite (BPMS) to optimize sophisticated business operations/processes
- Leveraging shared services and/or outsourcing business processes to reduce cost while increasing productivity and revenue
- Building transformational IT platforms to enhance customer experience and achieve benefits beyond just cost savings

Although these tactics help banks realize cost savings, the impact potential may be skewed because of:

- Deployment time
- Return on Investment (ROI)
- Execution/running costs
- Dependency on human intuitions
- Performance speed and predictability
- Integration with legacy systems
- Scalability and security

softomotive

IMPLEMENTING RPA – AN INSIDER'S VIEW

Banks are revisiting these issues today, by adopting powerful automation platforms, in order to drive business growth, remain competitive, and find innovative ways to deliver enhanced customer experiences. The following are some key points for executives to consider when starting to implement Robotic Process Automation:

Examine current business models for automation feasibility:

The financial sector is majorly dependent on high volume back-office tasks, in addition to documentation work, for which legacy systems have been deployed to manage the work effectively. For a customer, interaction with the banking system ranges from initial application, account management & loan documents, deposits & withdrawals, and similar day-to-day transactions that inevitably generate documentation. Considering both back and front-office operations, it becomes essential to analyse the existing business infrastructure prior to RPA deployment so that routine activities are not affected.

Actions to take:

- Analyse the extent to which RPA can be implemented in the legacy processes
- Analyse back office functions that can help connect the legacy systems
- Provide training to internal resources on RPA modules and accreditation programs for seamless transition/handover of customisation, monitoring, and maintenance of RPA modules

Identify the processes best suited for RPA in the banking sector:

It is essential to identify business areas or operations across a bank's front, middle, and back office that can reap substantial benefits by developing the best use cases for its own strategy. These use cases must identify how a business can apply automation to gain expected results through cost savings (resource cost), response time, turnaround time, and error rate reduction.

Actions to take:

- Define use cases which include requirements for banking customer lifecycle, regulatory compliance, and fraud prediction and for other BFSI use cases such as finance & accounting, sourcing & procurement, and financial & cyber risk management among others
- Identify how productivity, efficiency, and cost reduction can be improved in each of the selected use cases

Ensure appropriate selection of a solution to meet desired results:

Banks should assess all functions which they aim to automate or transform to enhance their business. Industry research has proved that RPA could drive up to 50% cost savings by automating data-intensive, repetitive tasks and by improving the accuracy and efficiency of process execution.

Actions to take:

Identify whether the bank can

- Scale up or down automation workforce on real-time basis at a minimal cost
- Enable rapid deployment, control management, security, training support, and analytics to deliver 24/7 support to internal RPA teams while ensuring business continuity and customer satisfaction

softomotive

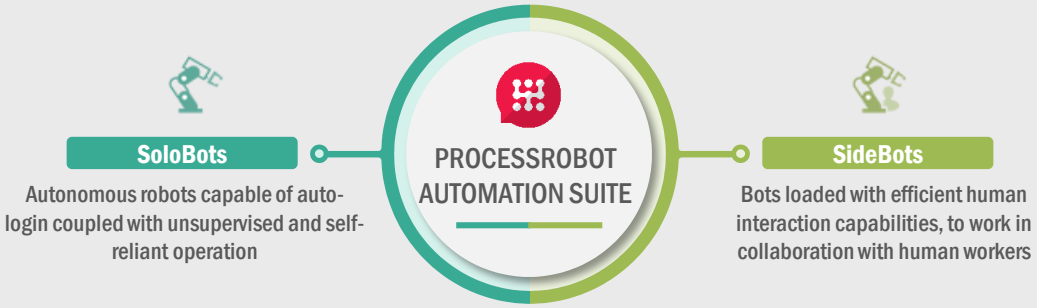
BENEFITS OF RPA

SEAMLESS INTEGRATION	RPA has come as a boon to the Banking and Financial Services industry, with its capability to connect the discrete legacy systems adopted by various institutions, as well as various entities of a single organization. Moreover, RPA's capability in making these systems communicate without any changes or API integrations, has quickly and effortlessly removed major hurdles that were slowing down M&A decisions in Banking industry.
TRANSPARENCY	Transparency is one of the key concerns in the Banking industry with known and unknown manual errors hampering both management decisions and operational performance. RPA is enabling measures to improve operational transparency for both management as well as customers. Coupled with big data and analytics solutions, RPA bots are empowering both management and customers to have transparency on updated statistics and performance curves at finger tips.
TAPPING INTO NEW OPPORTUNITIES	RPA is transforming complex and tedious banking and financial services, into flexible and agile institutions, opening up avenues for new business opportunities. New customer acquisition is known as an extremely costly process across industries, and the banking and financial industry is no exception. RPA solutions enable banks to design innovative and tailored solutions for their customers, thereby opening up new and profitable revenue channels.
FRAUD PREVENTION	Bind with 100% accuracy and followed by detailed auditing and business intelligence analytics, RPA empowers complete independence of authorisation parties, and real time process-monitoring, becoming the banks' ally in controlling operational risk in the form of inaccuracies or fraud.
REVENUE INCREASE	The key to profit increase is embracing innovation and disruptive technologies such as automation. By doing that, the BFSI sector is enabling data analysis, trend identification, and KPI monitoring, shifting focus to continuous process improvement.
REGULATORY COMPLIANCE	Financial compliance grows more dependent on automated processes and analytics. Robotic Automation technologies support and enable all compliance regulation processes, with detailed and error free auditing at the deepest level of automation. Institutions lower the cost of regulatory compliance, by deploying policy-based automation, standardising processes, and eliminating the need for manual data entry and verification.
TRANSFORMATION	The BFSI institutions are traditionally heavy entities trying to adopt innovation and remain competitive. With RPA, this has moved from theory to practice. Today, banks are able to leverage automation technologies so that they can focus on value adding activities and thus provide offerings that leave up to customer expectations in a cost-efficient way. This is an opportunity that banks have been long expecting, and cannot afford to miss.

softomotive

BFSI ADVANTAGE - PROCESSROBOT AUTOMATION PLATFORM

The RPA arena is filled with solution providers focusing primarily on automating redundant manual tasks and replacing human labour with bots. Softomotive, through its ProcessRobot Automation Suite, provides intelligent enterprise automation equipped with a list of features specially designed for the BFSI sector.



ProcessRobot's unique proposition is helping Banks and Financial institutions to innovate from the inside. The key to real transformation is becoming more "light" and flexible, overcoming the rigid infrastructure. The recommended automation approach for BFSI, is creating a ProcessRobot Centre of Excellence (CoE), where processes are centrally analysed, designed, managed and tracked in a way that actionable insights can be generated to optimise the unified institutions' automation.

Impregnable Maker Checker Controls and Segregation of Duties

- One of the ProcessRobot central principles is controlled authorisation. With the built-in Maker Checker functionality (4-Eyes), financial organisations are empowered to operate with the dual approval concept which dictates that, a transaction is only considered completed, if it has been checked by at least 2 individuals.

Risk Exposure Monitoring and Consolidation

- ProcessRobot Insights Dashboard is a holistic set of analytics and KPIs that can be leveraged at every stage of the process in order to assess the risk associated. Real-time process monitoring along with institutions' model of risk assessment, are key enablers of risk monitoring at a group-level.

Defined Rights and Controlled Access

- It is very important for the BFSI IT systems, to be able to live up to the actual role assignment expectations. The definition of roles with ProcessRobot granular permission system, can be performed at the deepest level of detail required, with great flexibility. In effect, each officer is assigned with the exact necessary rights and authority needed. No more, no less.

Business Agility – Focus on Operational Flexibility

- The constant need of control results in Banks posing limits to transactions. The threshold can vary depending on the risk perception but no matter what that is, there needs to be a second or third officer or team, to re-authorise, performing the same operation cycle. ProcessRobot is eliminating the need for transaction limits with reliable risk management and fall back controls. Any kind of "discrepancy" is instantly monitored and smartly handled as exception. If needed, users of interest are alerted and the processes can freeze if the risk of the respective incoherence or mismatch is considered high. The system is thus, simplified and full control is posed over one process which can easily be updated, adapted and more flexible.

About MarketsandMarkets:

MarketsandMarkets is a global market research and consulting company. It is World's No. 1 in terms of premium market research studies published annually. Serving as a business intelligence partner to Fortune 500 companies across the world, it provides multi-client reports, company profiles, databases, and custom research services.

MarketsandMarkets covers seventeen industry verticals, including advanced materials, aerospace and defense, agriculture, automotive and transportation, biotechnology, building and construction, chemicals, energy and power, food and beverages, industrial automation, medical devices, mining, minerals and metals, packaging, pharmaceuticals, semiconductor and electronics, and telecommunications and IT.

About Softomotive:

Softomotive offers sharp business solutions, premium support and professional services that organisations need to get the most out of their enterprise automation. Trusted by more than 6,000 companies worldwide, Softomotive is one of the leading Robotic Process Automation providers. The company has been operating for more than 10 years in the software automation market, and offers the most reliable and scalable automation solutions, bridging the gap between best-of-breed technology and continuous innovation to deliver true business transformation.

Athens +30 210 725 6320 | London +44 0 203 515 0064 | New York +1 (516) 253-6922
www.softomotive.com