

BANKING

iNFO

06

Digitisation – Creating a cost effective route to differentiation

In harnessing the power of digital technologies, Investment Banks can learn much from their Retail Banking and Financial Services cousins. For consumer-facing organisations the pressures for speed of response, compliance, margin protection and volume capability have proved transformational. Whilst the windfalls in Investment Banking could prove more modest, the net result could deliver transformational results. Overleaf, we have provided an overview of three areas where digitisation can add value.

This paper outlines some of the ways that expert intervention can fast track the benefits and savings available from increasing focus on digital information management across global banking organisations.

Digitisation – Creating a cost effective route to differentiation

Benefits

A summary of benefits typically associated with transformational outsourcing of a firms digitisation programme include:

Process efficiencies

- Speed of handling correspondence
- Speed of access to data
- Data is transformed into electronic content – multi-media viewing
- Increased visibility of information access
- Movement towards a 'Single Customer View'
- Automated compliance adherence

Cost efficiencies

- Reduction in capital investment required
- Lower headcount
- Fewer resources required to deal with customer demand
- Major savings on postage/couriers, materials and storage
- Reduction in the threat of compliance penalties

Risk reduction

- Faster resolution of customer queries for increased compliance
- Full process auditability
- Best Practice built in
- Overall solution flexibility
- Growth can be supported without increasing headcount

Background

Much of the technology that underpins the digital transformation of banking information processes has been around for a while. MFDs, scanners, workflow systems and Enterprise Content Management Systems (ECM) are all commonly found in most global corporations, but few organisations are using them to full effect.

That's because in today's fast evolving business environment, competitive advantage rarely comes from technology alone. Rather, it is the application of these technologies, their accessibility and the planning of smarter, leaner business processes that make the difference. An organisation must take a holistic view of business challenges – if solutions are to deliver big wins. Factors such as ease of use, reduction in input time, information visibility and a watertight audit trail for compliance are all benefits that can make their own substantial contribution to the bottom line.

Leveraging Digitisation for competitive advantage

In the area of digitisation, Investment Banks can learn much from their Retail Banking and Financial Services cousins. In a sector where a host of pressures – speed of customer response, compliance issues, tight margins and massive volume – have necessitated the early and wholesale adoption of digital processes, the industry has been transformed. Whilst the size of the windfalls in terms of savings, efficiency and customer satisfaction are more modest for Investment Banks, the net result could prove to be similarly dramatic. Below we have provided an overview of just three areas where digitisation can add value within the Investment Banking Sector.

Three areas where leveraging digitisation can positively impact competitive advantage are:

1) Inbound Correspondence

Transferring all inbound mail from paper to digital format delivers a host of organisational benefits. It enables faster action, as information can be moved rapidly across multiple sites and departments, facilitating seamless workflows that can extend all around the globe with substantial time and cost advantages.

But in reality, this can pose a complex challenge. Mail is often received at multiple addresses for a variety of actions and responses. One potential solution that has been effectively employed by a number of large Financial Services organisations is the creation of a single, countrywide postal address. This simple move can unlock a host of benefits: simplicity for the customer, massive organisation-wide reductions in spend on stationery variants, plus a huge reduction in the margin for error in directing and actioning customer requests which in turn speeds up processing and response times.


With a core solution in place, organisations can look at further innovation to expedite their ability to be customer-responsive. Smart formatting and the inclusion of key marks within composition for outbound documents can enable the optimisation of inbound processes once paperwork is returned. Such developments can vastly accelerate the speed at which application forms, product forms and other standardised correspondence can be distributed and actioned.

Leveraging industry standard technology such as Kofax or Captiva, combined with a heavily customised Service Oriented Architecture, (SOA) enables the joining together mailroom, archiving and imaging services in a single solution. Williams Lea has achieved 30% savings for Financial Services clients through the integration of their input capability in this way.

2) Scanning to Workflow

Using MFDs to enable users to walk up and scan their information into a workflow or archive has long been recognised as a route to improving process speed and efficiency. However, increasingly nimble applications are now available, meaning the use of a simple, personalised header sheet can make the filing and routing automatic, thus reducing inaccuracy and increasing the speed and ease of system use.

Once documents are captured, organisations need no longer wrestle with complex archiving via legacy systems. Injecting data into a 3rd party repository for outsourced indexing, movement and processing can reduce the burden of information management. Data is delivered back to the organisation in totally compatible and useable formats, a move that can break down traditional barriers between systems, divisions, continents, or even whole organisations – thus making next generation business possible.



Digitisation – Creating a cost effective route to differentiation

The basic technology employed in delivering strategic advantage from organisation-wide workflows can already be found in most offices, in the form of MFDs and their associated software. Substantial savings can be had by linking MFD usage to a holistic information strategy. Such a solution inevitably requires heavy customisation of software to support organisational working practices, plus increase data storage and IT capabilities, but the process and efficiency paybacks offer strategic benefit.

3) Archiving

Many banks still struggle with the burden of cost, logistics, management time and resources associated with the requirement for traditional document storage. Digitisation is a natural choice in reducing the space, transport and cost associated with hard copy archiving and retrieval.

Scanning on demand is a smart way of managing the migration of historical records from paper to digital storage, minimising inconvenience and waste. Moreover, innovative service provision by an information management partner means that documents can now be scanned at the point they are held, thus reducing the logistical challenge that has historically gone hand in hand with this task.

In a number of cases Williams Lea has proactively reduced client's on-site storage requirements by more than 50% and their archiving costs by 30%. In one client the tangible results we achieved included:

- The disposal of 89 tonnes of paper-based material in the first month
- 10% saving in paper expenditure
- Reduction in occupied floor space by 70%
- Faster work turnaround
- Improved management information through electronic ticketing and integration with EDM systems
- Heightened service levels
- Risk reduction through improved Chain of Custody and ownership, plus enhanced visibility across the entire organisation

Arriving at a successful solution

For Retail Banks that fully embrace digitisation as a core dimension of a successful business model, savings in the region of 25-30% can be expected. These are predominantly released from improvements in back office processing capability, combined with massive reduction in paper consumption and storage costs. For progressive Investment Banks, the adoption of proven best practice could liberate as much as 15-20% savings, depending upon existing processes and methodologies.

Auditability of processes is another big win, with concerns around legal admissibility having brought the issue of document scanning best practice into sharp focus for many businesses in the banking sector. Re-engineering processes in a way that establishes a clear chain of ownership and appropriate destruction policy for paper records can ensure that the threat of penalties associated with non-compliance are effectively minimised.

Moving correspondence quickly and effectively between global locations also creates opportunities. For example, digital information strategy can be used to underpin the work of high value creation services, such as the General Counsel's Office, where improved access to information can expedite activities such as e-Discovery and enable a longer term migration to outsourcing strategies.

Whether the business strategy involves on-shoring, near-shoring or off-shoring, digitisation enables choice, speed and ultimately, customer satisfaction. With active management, the threats associated with compliance are also reduced, thus arriving at a robust, single, strategic global solution.

Contact

If you would like to discuss any of the points raised in Banking iNFO.06, please contact your regional practice leader, Lyndsay Gill, Managing Director, on t: +44 (0)207 772 4350 e: lyndsay.gill@williamslea.com. Or for more information, visit our global website: www.williamslea.com