



WHITE PAPER

Why Improve Business Processes at Your Bank

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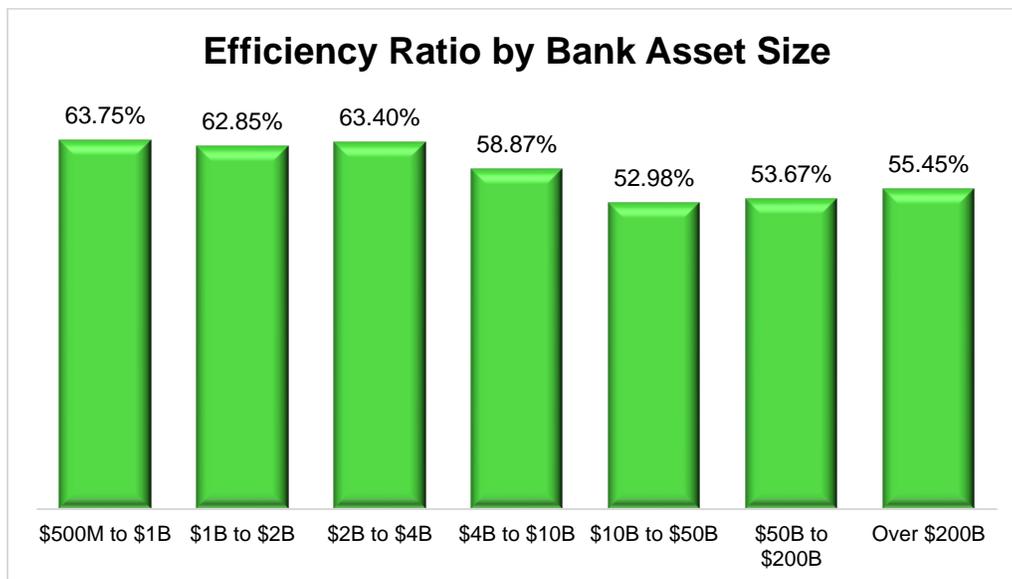
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Superior customer experience is built on the ability to exceed the outcome expectations of your customer in terms of consistency, deliverables and timing. This is achieved through defined, repeatable business processes that provide the foundation for how work gets done within a financial institution. In today’s economy, one defined by ever-ascending expectations, an ongoing examination and modification of processes is paramount to an institution’s survival and success.

As technology-dependent organizations, banks must continually increase efficiency or lag further and further behind their peers. Tasks, technology and tools supporting a process can be redefined, or an entirely new process based on automation can be implemented.

Business Process Improvement (BPI) actions, undertaken by subject experts, deliver the insight required to execute more efficiently, create value for customers or enhance revenue for the institution. Or provide all three.

Senior executives decide to analyze, design and implement new processes to realize these desirable performance outcomes. With pressure mounting to increase efficiency, recent data from the Federal Deposit Insurance Corporation (FDIC) that shows overall industry efficiency ratios, segmented by asset size, indicate the gaps in efficiency performance based on scale:



Banks across the performance spectrum should undertake BPI to increase their productivity.

- “Underperformers” can raise their performance and enhance survivability or become attractive acquisition candidates.
- “Performers” can strive to attain “best-in-class” while catching up to industry leaders.
- “Industry leaders” can retain their edge, preserving their front-runner position.

All bankers expect specific benefits from BPI – from reducing expenses to mitigating risks. Newly improved or totally new processes can create value within financial institutions in crucial areas.

Reduce expenses

BPI uncovers opportunities to eliminate non-value manual tasks while digitizing and removing paper from manual processes. BPI efforts also identify processes for new techniques, such as Robotics Process Automation (RPA), to smooth the introduction of artificial intelligence into an institution.

RPA is beginning to save labor and operational costs in major banks such as Axis Bank and Deutsche Bank – which have been in the news for [incorporating RPA](#) in their processes.

According to [unlockinsights.com](#), with the voluminous data dealt with every day, several banks across the world are advocating the use of RPA to minimize errors and human efforts. The turnaround time in processing a request has declined from days to hours – and in some cases, even minutes – and the processing cost has seen a 30-70 percent decline.

Another area that continues to be ripe for expense reduction with BPI is paperless banking. Significant incremental value is realized by reconsidering the basis for applying imaging technologies with supporting workflow management. The result of a complete reengineering of the business processes begins with capturing images at the point of first receipt and, to the fullest extent possible, eliminating further handling of paper in the bank.

Improve customer loyalty

Every organization pursuing an edge over their competition must embrace the strategy of continuous improvement of customer experience.

Prospering businesses seek out feedback from customers – and listen to what they have to say. For example, if customers complain about the poorly laid-out branches, use a collaborative BPI session to solve for it. Once an improvement is complete, tell customers about it.

One example of such a collaborative approach is the [HelixPLAN®](#) methodology used by FIS' BPI Consultants – an excellent tool for acting on the voice of the customer:

HelixPLAN® Approach: Rigorous Facilitation + Subject Matter Input	Value
Elicits input to identify and build solutions for issues and opportunities	Develops team consensus on solutions and priorities quickly, cooperatively, and decisively
Incorporates facts as the key to analysis and decision-making	
Applies a unique visual medium to accelerate a common understanding of relationships between ideas	Keeps group on task, one task at a time, while working toward overall objectives
Differentiates between assessing importance (e.g., priority) and performance (e.g., how effective)	



Knowledge transfer + team ownership = faster + more effective implementation of changes

Strengthen partnership



Collaborative BPI helps remove barriers between departments and groups, creating smoother work transitions (hand-offs). BPI can also cement partnerships with external vendors and fintechs upon whom bankers are increasingly dependent.

Top-tier performers constantly work toward business alignment – a key stepping stone for innovation transfer – by breaking down barriers between departments. They also establish innovation centers to create pipelines for innovation transfer.

For example, they might consider how improvements in machine learning-driven sales and customer relationship technology could be used to predict and preempt employee turnover.

Tactics for growing bonds that cross over lines of business with BPI include:

- Ensuring cross-functional teams participate in collaborative facilitated sessions (see HelixPLAN methodology)
- Having leaders walk the walk by inviting peers from other business units to participate regularly in staff meetings
- Distributing regular internal communications as widely as possible within an organization
- Creating centers of excellence for sharing and knowledge transfer
- Rewarding collaborative efforts that produce tangible results

Greater employee engagement



Process improvement initiatives help change culture and, in a sense, are foundational to transformative initiatives. The collaborative nature of BPI ensures all staff have a voice and that they own and drive the adoption of the changes they help develop.

These facts make substantive changes sustainable within an institution. Plus, this type of employee engagement drives ongoing BPI and results from the collaborative nature of BPI done the right way.

Enhance revenue

Improved business processes, generating higher quality work, lead to increased customer loyalty and trust – producing expanded deposit and lending relationships. Further, the BPI of sales processes helps align client-facing resources with the optimal market opportunities.

Implementing best practices, along with simultaneously reengineering business processes, can improve sales and service performance.

Process improvements can significantly improve customer-facing activities, including:

- Sales referrals
- Sales and incentive management
- Account opening and loan origination
- Exception handling
- Customer and account servicing

Not only are efficiencies gained, but revenue can grow through new opportunities identified and implemented during a process improvement initiative.

Reduce/realign assets

BPI achieves better use of people, facilities and applications – ensuring a bank applies its available resources to best attain its targeted results. A reallocation of assets can create an increase in productivity, such as moving sales to cover markets with greater potential than those they currently serve.

BPI also results in some less direct benefits through asset realignment. Bank personnel, understanding that their work is critical to the institution as they are moved to more optimal roles, generally feel better about their work. And employees who are pleased with their roles and responsibilities provide a direct and positive impact to the customer’s experience with your institution.

Mitigate enterprise risk

Key risks are identified as part of a BPI effort. Control points are recognized, escalation procedures are developed and accountability is identified for the new processes that emerge. BPI helps determine the appropriate entitlement and level of system access for relevant staff within a bank. New processes created should address the operational objectives, compliance guidelines and risk tolerances within the financial institution. Key activities for effective risk management that encompasses BPI include:



The following case studies highlight successful BPI efforts at banks, including the results they achieved.

Peoples Bank

This \$700 million bank in Indiana had the following needs and subsequent results from its BPI engagement.

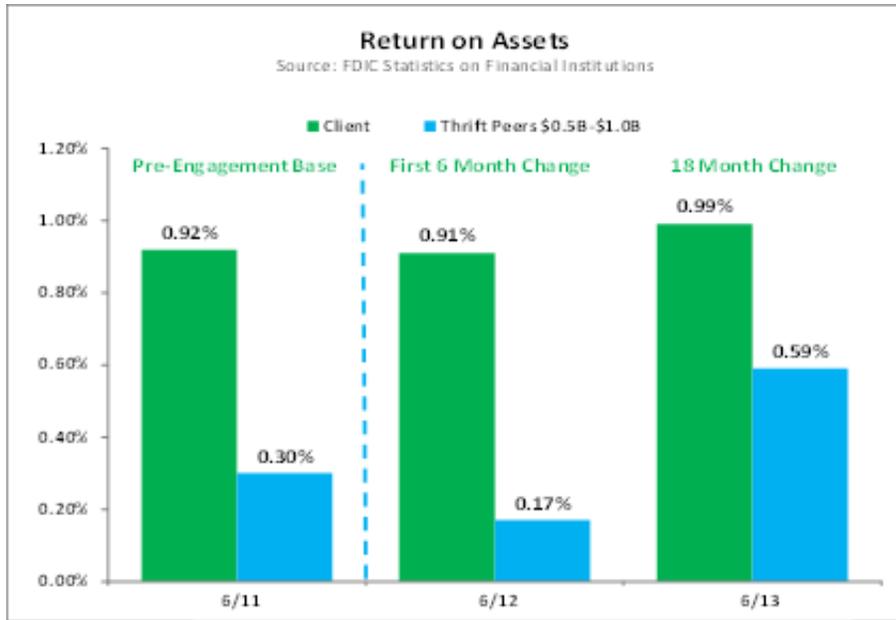
Business needs:

- Reallocate resources to better serve its customers
- Realize revenue potential in all market areas
- Improve customer experience
- Position for future growth
- Remain independent

Results:

- Matched bank resources to the real market opportunities
- Streamlined lending activities from prospecting to post-closing
- Improved bank performance against peers

Those actions helped improve the bank’s return on assets against its peers:



Chemical Bank

At the time of the BPI engagement, Chemical Bank was a \$15 billion bank headquartered in Midland, Michigan.

Business needs:

- Improve branch sales effectiveness
- Standardize practices across four banking regions and 129 offices
- Become more efficient in branches and support units
- Improve bottom line

Results:

- \$4 million annual revenue lift, net of incentives
- \$3 million in annual savings
- Streamline to make more efficient branch sales and operations
- Best practice implementation to improve efficiencies and standardize practices
- Improve financials, including raising revenues
- Improved bottom line through increased sales, streamlining and more efficient operations

Franklin Synergy Bank

Headquartered in Tennessee, Franklin Synergy Bank has over \$2.4 billion in assets. The following are the results from its BPI initiative.

Business needs:

- Support rapid growth trajectory
- Establish a single standard for the bank's lending processes and procedures
- Align personnel with new processes and procedures

Results:

- Identified a range of financial benefits from \$204,000 to \$358,000 annually
- Eliminated manual and unnecessary tasks
- Improved customer service by reducing turnaround time from origination through servicing

Summary

BPI serves as a valuable tool, available for banks to seize an advantage in their unrelenting pursuit of ever-increasing efficiency. Look for the next paper in this series on *"The Steps in Business Process Improvement and Analysis."*