

## **Business Process Automation Study:** Financial Services/Banking

Project Director: Randy Dazo, Director

Senior Advisors: Shelly Ortelt, Senior Research Analyst

Chris Taylor, Senior Research Analyst Mark DiMattei, Corporate Editor

Creative Services: Matt Scott, Desktop Publisher

Editorial/Proofreading: Eve Padula, Corporate Writer

This report is copyrighted by InfoTrends and is made available to a limited number of clients subject to the following conditions:

InfoTrends retains all rights to this report in its entirety.

Reproduction and/or disclosure in whole or in part to parties other than the InfoTrends client to whom the document was originally sent is prohibited without the express written consent of InfoTrends.

This report should be treated as confidential and proprietary for internal use only.

The information is believed to be accurate and reliable, but cannot be guaranteed to be correct or complete.

InfoTrends, Inc.

97 Libbey Industrial Parkway, Suite 300 Weymouth, MA 02189 (781) 616-2100 www.infotrends.com

## **Table of Contents**

Executive Summary	t
Application Process	
Information Collection	<i>.</i>
Underwriting	<i>.</i>
Acceptance	<i>6</i>
Methodology	
Qualitative Research Summary	
Workflow Mapping	
Key Workflow Processes	
Process 1: Account Applications	
Potential Manual/Paper-Based ProcessesAssumptions	
Process 2: Information Collection	
Potential Manual/Paper-Based Processes	
Assumptions	10
Process 3: Underwriting	
Potential Manual/Paper-Based Processes	
•	
Process 4: Acceptance Potential Manual/Paper-Based Processes	
Assumptions	
Other General Banking Assumptions	1
Quantitative Results	13
Demographics	
Process 1: Account Application	
Equipment Used	17
Applications Used for Loans	
How Paperwork is Sent to the Processing Center for Loans	
Applications Used for Savings/Investments	21
How Applications are Sent to the Processing Center for Savings/Investment	22
Signature Capture for Savings/Investment	23
Process 2: Information Collection	24
Equipment Used	24
Responsibility for Collection of Information/Paperwork	25
How Paperwork is Sent to the Processing Center for Loans	
Process 3: Underwriting	
Underwriting Demographics & Technologies	
Equipment Used	29
How Information is Collected for Underwriting	30
How Additional Documents are Captured into the System	32

How Information is Presented to the Reviewing Group Process for Obtaining Verification, Acknowledgement, or Signature	34
•	
Process 4: Acceptance	3/ 27
How Final Loan Paperwork is Provided to the Client	
How Final Paperwork is Sent to the Processing Center	
Business Process Automation Opportunities	40
Level of Automation	
Time-Intensiveness of Various Processes	
Improvements through Automation	
Barriers to Automation	
Conclusions and Recommendations	56
Opportunities for Automation	56
Banking Business Objectives, Automation ROIs, and Barriers	
Recommendations	
Recommendations	59
Appendix A: Banking Industry Solutions	60
Back Office Banking Solutions	60
Payment Processing Software	67
List of Figures	
Figure 1: Key Paper-Intensive Processes for Banking	8
Figure 2: Loans, Mortgages, Lending – Application Process Figure 3: Savings, Checking, Investments – Application Process	
Figure 4: Business Process Automation Opportunities for Banking	9 19
Figure 5: What is the focus of your banking institution?	
Figure 6: What is your role?	
Figure 7: How large is your organization? (Agents/Branch Workers)	15
Figure 8: What type of loan underwriting organization do you work for?	15
Figure 9: How large is your organization? (Underwriters)	16
Figure 10: Which of the following types of devices do you use to capture/scan paperwork for the	177
application process?Figure 11: For the most part, which applications are used for the following types of loans?	
Figure 12: What do you do to get paper-based loan applications to the processing center?	10
i iguit 12. What up you up to get paper-based loan applications to the processing center:	
	19
Figure 13: For paperwork where you must capture the customer's signature, how is this done? (Loa Figure 14: For the most part, which applications are used for the following types of savings/investm	19 ns) . 20 nents?
Figure 13: For paperwork where you must capture the customer's signature, how is this done? (Loa Figure 14: For the most part, which applications are used for the following types of savings/investment	19 ns) . 20 nents?21 nter?
Figure 13: For paperwork where you must capture the customer's signature, how is this done? (Loa Figure 14: For the most part, which applications are used for the following types of savings/investment	19 ns) . 20 nents?21 nter?
Figure 13: For paperwork where you must capture the customer's signature, how is this done? (Loa Figure 14: For the most part, which applications are used for the following types of savings/investments:  Figure 15: What do you do to get paper-based savings/investment applications to the processing centric for paperwork where you must capture the customer's signature, how is this done? (Savings/Investments)	19 ns) . 20 nents? 21 nter? 22
Figure 13: For paperwork where you must capture the customer's signature, how is this done? (Loa Figure 14: For the most part, which applications are used for the following types of savings/investment:  Figure 15: What do you do to get paper-based savings/investment applications to the processing centric for paperwork where you must capture the customer's signature, how is this done? (Savings/Investments)  Figure 17: Which of the following types of devices do you use to capture/scan paperwork for the	19 ns) . 20 nents?21 nter?22
Figure 13: For paperwork where you must capture the customer's signature, how is this done? (Loa Figure 14: For the most part, which applications are used for the following types of savings/investment applications to the processing ceresting to the processing ceresting for paperwork where you must capture the customer's signature, how is this done? (Savings/Investments)  Figure 17: Which of the following types of devices do you use to capture/scan paperwork for the information collection process?  Figure 18: Is your branch/location responsible for collecting the information/paperwork about clients.	19 ns) . 20 nents?21 nter?222324 nts for
Figure 13: For paperwork where you must capture the customer's signature, how is this done? (Loa Figure 14: For the most part, which applications are used for the following types of savings/investment:  Figure 15: What do you do to get paper-based savings/investment applications to the processing centric for paperwork where you must capture the customer's signature, how is this done? (Savings/Investments)  Figure 17: Which of the following types of devices do you use to capture/scan paperwork for the information collection process?	19 ns) . 20 nents?21 nter?2223 nts for25

Figure 20: For any of these processes that require the collection of additional customer/client inform	ation
how is that paperwork processed?	27
Figure 21: How many loans does your organization process each month? (Means)	28
Figure 22: Which of the following types of devices do you use to capture/scan paperwork for the	
processing/underwriting process?	29
Figure 23: What percentage of your applications come in through the following vehicles?	30
Figure 24: What percentage of client supporting documents/information is collected in the following	
ways?	31
Figure 25: How are additional background research/supporting documents captured into the	
underwriting system?	
Figure 26: How is this information presented to the reviewing group?	33
Figure 27: For items that require verification, acknowledgement, or a customer signature, what	
percentage is handled in the following ways?	34
Figure 28: What percentage of these documents is received back from the customer/client in the follo	wing
ways?	35
Figure 29: How is the final paperwork provided to the client for the following types of loans?	
Figure 30: Which of the following types of devices do you use to capture/scan paperwork for the custo	mer
acceptance/approval process?	
Figure 31: How is the final paperwork provided to the client for the following types of loans?	
Figure 32: How do you send the final accepted/signed paperwork to the processing center?	39
Figure 33: How would you rate the importance of the following goals and objectives for your	
organization?	40
Figure 34: How would you rate the importance of the following goals and objectives for your	
organization? (Underwriting)	
Figure 35: How would you rate the level of automation for each of these processes?	
Figure 36: Taking all phases into account, how would you rate the level of time/resource-intensivenes	
each of these loans?	43
Figure 37: Taking all phases into account, how would you rate the level of time/resource-intensivenes	
each of these loans? (Underwriting)	
Figure 38: Taking all phases into account, how would you rate the level of time/resource-intensiveness	
each of these savings/investment processes?	
Figure 39: How would you rate the level of automation for each of these financial services processes?.	
Figure 40: How would you rate the level of automation for the entire underwriting process for each ty	
loan?	47
Figure 41: For the processes you feel you have been able to highly automate, what are some of the	
improvements you have seen?	48
Figure 42: For the processes you feel you have been able to highly automate, what are some of the	
improvements you have seen?	
Figure 43: What is the percentage of improvement you have seen in the following areas?	50
Figure 44: What is the percentage of improvement that you have seen? (Underwriting)	
Figure 45: For each of these types of bank products, what percentage of customers still receive hardco	
statements?	
Figure 46: To what extent do you agree that the following factors could slow down banking processes?	
Figure 47: To what extent do you agree that the following processes could be improved with additional	
O O O O O O O O O O O O O O O O O O O	54
Figure 48: To what extent do you agree that the underwriting process could be improved with each of	
following technologies?	55
Figure 49: Amount of New Accounts Opened vs. Time Intensity	
Figure 50: Amount of Loans Underwritten vs. Time Intensity	
Figure 51: Banking Business Process Automation Opportunities II	58