PROCESS AUTOMATION FOR THE FINANCIAL INDUSTRY

A virtual workforce increasing capacity and improving efficiency

We have seen it in movies, we have read fantastical futuristic fiction about it, and now it is upon us: Robots performing human tasks.

The future posed by film creators and novelists is still a bit further away, but the technological advancements that could make it possible are coming. We have already seen robots in factories for years, mimicking human arms and legs, but now we are on the verge of seeing robots that replicate the human brain. Just like their physical cousins transformed manufacturing, these “virtual” robots are likely to change the way we run our business processes. Robot-led automation has the potential to change today’s workplace as dramatically as the machines of the Industrial Revolution changed the factory floor.

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Why Automate?
Organizations—financial industry players in particular—are facing significant internal challenges and external industry and consumer changes. To survive, they must focus their efforts on creating value for their customer; focusing very often means investing. They have no choice but to optimize their cost side and hunt for any efficiency waste. Financial institutions must take at least three dimensions into account that have an impact on their business:

• The economic dimension: Client expectations are more demanding while the competition is stronger. That leads institutions to face cost challenges.

• The strategic dimension: Institutions have ambitions to grow, but usually face difficulties to take regulatory changes, consumer trends, and technology trends into account.

• The operation dimension: Institutions want a fully scalable, nimble, low-cost operating model.

Several business processes are not as intelligent as they could be. Some of them cut across many IT systems that do not always talk to each other; others are just too time consuming. Running them smarter is nonetheless an expensive proposition—it either involves a massive IT transformation such as a core system transformation (CST) or extensive business process improvement efforts.

Other organizations decide to rely on third parties to improve process execution through business process outsourcing (BPO) and offshoring. All of these initiatives are usually complex, require time and substantial investments, and have a fair amount of risk.

Most industries, including the financial industry, are now realizing that another alternative based on robot-led automation could be the solution. Tools classified as “Robotics Process Automation” (RPA) have been maturing quietly over the last decade to the point where they are now used for enterprise-scale deployments, very quickly and at very low cost. They can address the issues of many financial institutions, recognizing that some of their processes are inefficient—most of them relying on manual workaround, poor operating controls, high operating cost, and complex business and IT states.

What is RPA?
Robotics Process Automation is a way to automate repetitive and often rules-based processes. These transactional processes are typically located within a shared services center or another part of the back office.

We are not talking about mechanical droids; RPA is purely software-based. Such software, commonly known as a “robot,” is used to capture and interpret existing

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What are the benefits?
The business benefits of RPA are undeniable—robotics help to eliminate, simplify, standardize, and automate. Implementing robotics provides an opportunity to improve profit by reducing errors, avoiding costly offshoring, and obtaining quick results within weeks. In most financial institutions today, there are many routine processes performed manually that lack automation through IT transformation, and for which macros and other automation tools are too limited to effectively address. Robotics can address this gap by helping companies to automate business processes quickly and cost effectively without the need to create, replace, or further the development of expensive platforms.

Finance and accounting is a back-office function that is a perfect fit for RPA, as many of the processes are rules-based and can be easily optimized by a robotic workforce.

RPA solutions also support companies to achieve operational excellence by improving processes, and to better respond to changing business practices on the long term. It will allow financial institutions to re-define the way they think about administering business processes, IT support processes, workflow processes, remote infrastructure, and back-office work. In doing so, RPA provides dramatic improvements in accuracy and cycle time and increased productivity in transaction processing, while elevating the nature of work by removing people from repetitive tasks.

Here is a sample of benefits experienced by organizations using RPA solutions:

OPERATIONAL EFFICIENCY
Software robots are designed to perform tasks faster than a person can.

COST EFFECTIVE
The cost of a robot software represents one ninth of a full-time employee in an onshore location such as Luxembourg. Overhead and fixed costs associated with housing and employing a person are reduced when replaced by robots.

ACCURACY
Robots are programmed to follow rules, so their productivity is higher while error rates are minimal, reducing risk and increasing customer satisfaction.

RISK MITIGATION
Because RPA technology tracks and monitors all the tasks that it automates, it also helps companies to become more audit and regulatory compliant.

FLEXIBILITY AND SCALABILITY
Robots are scalable and easy to switch on and off. They can work through the night, weekends, and holidays, offering maximum flexibility to cover peak periods such as month-end.
**Hype or reality?**

Despite the hype that has been built on the marketing aspects of RPA tools, there is a strong market need for them. Many global financial institutions, global business services (GBS), and offshore service providers are focusing their attention on automation, fueling this fast-paced industry. The innovations put forward aim at matching the strategic needs for efficiency and fast change.

In Deloitte’s 2015 Global Shared Services Survey, robotic automation was the most prioritized technology for shared services and GBS leaders, ranking higher than implementing analytical software and cloud computing. For them, both continuous improvement and increasing the level of automation are key strategic priorities, and they will remain highly desirable for the next ten years.

It is interesting to note that despite the attention on the topic, the current industry adoption level of robotics is low. As the new RPA model starts to progressively yield good results, the need for automatization will become more evident.

The next step in the evolution of automation is to offer end-to-end integration for supporting businesses with different tools and services. It could combine speech recognition, optical recognition, and other cognitive tools with rule-based steps to provide customers a way to save effort and expenses of integrating different tools. The added value potential of RPA as we see it today is already quite substantial, and offers leaders a new way to achieve excellence with a quick return on investment.

Robotic Process Automation is a catalyst for business process transformation and innovation. Although RPA technologies are still evolving, they are already quite mature. They offer companies a good alternative to core transformation and outsourcing and provide an effective way to lower operating costs and decrease cycle times while increasing employee productivity and accuracy.

Automatization is an upward trend from which a steady growth is expected, both in terms of functionality development and in market implementation over the next years. The evolution of the technology combined with new business examples create high expectations for many more financial industry players to quickly implement these tools.