

Bank Achieves 50% Productivity Gains by Leveraging Automation to Handle Banking Compliance Processes



Client Profile

Our Coral Gables-based client is the largest community bank headquartered in Florida, with nearly \$8 billion in assets and more than 800 employees. Founded in 1979, it provides individuals and businesses in the U.S. and internationally with a diverse portfolio of financial solutions, including deposit, credit, and wealth management services. The client maintains 27 banking centers in Florida and Texas and a loan production office in New York.

BUSINESS CHALLENGE

Since the last financial crisis, the banking industry has faced a tidal wave of new or changing regulations that create significant headaches.

Banks are grappling with the increasing activity, complexity, and paperwork required to comply with ever-evolving rules and audits aimed at preventing money laundering, tax evasion, or activities that are illegal, suspicious, or don't adhere to a bank's ethics and policy.

The banking industry spends about \$270 billion per year on compliance, with 10% or more of the typical bank's operating costs attributed to compliance activities. Based on current trends, regulatory costs are expected to double by 2022 – making it imperative that banks adopt a more strategic approach to tackle rising costs, legacy technology, and regulatory compliance.

Some regulatory requirements demand meaningful insight and analysis in close to real-time. New technology and business models are also causing customer expectations to change, with significantly less tolerance for preventable errors and inappropriate business practices.

The pandemic has made the situation even more challenging, as banks struggle to perform the predominantly paper-based activities in place to achieve compliance with a remote workforce.

Significant pain results, including:

- ✘ The current near-zero interest rate environment creates significant margin pressure, leaving banks and other credit institutions looking for cost-containment measures. The prevalence of **repetitive, manual, labor-intensive activities** within compliance departments carries significant costs.
- ✘ Work From Home constraints triggered by the pandemic make **paper-based compliance activities challenging to execute**, creating even more inefficiencies and delays.
- ✘ Non-compliance can lead to **significant fees** and **reputational loss**. Between 2009 and 2017, regulators in the U.S. and Europe imposed [\\$342 billion](#) in fines on banks for misconduct, including violation of AML (anti-money laundering) rules. Estimates suggest that number will top \$400 billion this year.



A recent compliance audit instructed our client to increase oversight and quality and assurance pertaining to several credit products, including home equity lines, asset-backed securities, personal and commercial mortgages, and other floating- and fixed-rate loans. **To better achieve this goal, the client aimed to automate the manual process for ensuring information underwritten by credit officers is a one-to-one match to the terms reflected in the bank's ERP system.**

THE SOLUTION

Robotic Process Automation (RPA) can help banks mitigate pain and reduce risks for many compliance and auditing processes like anti-money laundering and "Know Your Client" operations – streamlining high-volume, standardized, rules-based processes that are prone to human error.

Auxis used RPA to improve the compliance process targeted by the audit in the most cost-effective, accurate, and efficient manner.

- ✔ The RPA team worked with the client to identify the specific items, terms and covenants that needed verification across each credit product offering.
- ✔ Using business rules and logic, a bot identifies the credit product and corresponding checklist of items that need to be verified.
- ✔ The bot extracts the information mandated by the checklist from two comparison sources: the bank's ERP system and MC3+Nautilus loan software.
- ✔ The bot uploads the extracted information into an Excel spreadsheet.
- ✔ The bot audits the information, comparing and contrasting the data to what the Loan officer underwrote to identify mismatches that need correction.

RESULTS

The client realized significant benefits from automating the compliance process for ensuring information underwritten by credit officers matched existing data in the ERP system:



50% Productivity Gains

Previously, team members spent half their time manually performing the tedious, paper-based process of reconciling loan information across sources (ERP vs Loan Officer info). Automating that mundane, repetitive task **gave employees back that valuable time to focus on higher-value activities that drive strategic outcomes and growth.** In this regard, the automation further boosted productivity by **enabling them the team to accomplish more work within the same timeframe.**



Improved Accuracy

Robots don't make mistakes which **minimizes rework and exceptions since compliance data is consistently captured, archived, and matched accurately.** Bots can also centralize the data you need to report on into any format required.



Decreased Compliance Costs & Increased Efficiency

Replacing FTEs with bots helped **lower the bank's compliance costs while dramatically reducing the time it took to collect data from multiple sources and compile and compare large amounts of information.**





Better Prepared for Audits

Automation simplifies the time-intensive process of preparing for audits. Besides dramatically reducing the amount of time spent on compliance-related activities, **RPA can provide instant access to the information banks need to be ready for audits.** By saving their actions into an activity log, **bots also create an audit trail** that accurately depicts key factors such as when the process was executed, when exceptions were generated, how employees intervened, and more.



Increased Controls

Financial institutions are tasked with protecting some of the most sensitive information customers can provide. Having digital workers perform processes that handle sensitive data **improves internal controls and adds an extra layer of privacy.**



Increased Resiliency in the Post-Pandemic World

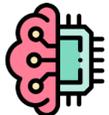
Shifting to a remote workforce during COVID-19 created significant challenges for banks and credit institutions largely reliant on manual, paper-based processes. Automating compliance activities helped **reduce the client's dependency on human workers**, leaving it better prepared to operate amidst Work From Home constraints and increased resiliency against future disruptions.

RPA also increases organizational resilience by giving banks the **capacity to focus on functional scope expansion by reskilling staff instead of adding more resources.**



Modernized Operations

Replacing manual, paper-based processes with RPA digitizes information, paving the way for additional automation opportunities that can **further improve productivity and efficiency for the client.**



Promoting the Automation Mindset

Compliance and auditing are just two areas where RPA can help banks and credit institutions operate more efficiently. Successfully improving the compliance process helped generate trust and enthusiasm for transformative technology and a new way of work across the organization. As a result, **employees began to realize other opportunities for improving their workday and the business with automation.**

The client is now actively exploring additional automation opportunities. It has already tapped Auxis to apply RPA to SBA (Small Business Administration) loan eligibility checks, form extractions, submitting loans in the SBA portal, and more.

