

# PASSING SHOT

At one time, banks were strictly transaction oriented; money-in, money-out operations. Today banks need a real-time single view of the customer and integrated processes in order to better respond to customer needs, sell product more effectively, increase market share, react to regulatory pressure and beat the competition. **Kate Henry**, global marketing manager of banking software vendor, **Fiserv CBS Worldwide**, examines how banks can get fit for the modern world and improve process efficiency in their core banking operations

At its simplest a process is a procedure that is dealt with in a routine way which produces an outcome. Typical bank processes include opening a current account or taking out a loan. Processes are built up over time and can be manual, automated or both and they often include 'hidden processes' – workarounds developed on an ad hoc basis over time to accommodate system and business constraints.

By identifying and improving processes banks can become leaner, faster and more adaptable to market changes – an increasing necessity in today's fast-paced modern world. Banks can also retain customers and deliver higher quality customer service if they audit their processes thoroughly, streamline their procedures and automate them where possible. Additional benefits include increased cross sale and up sale opportunities and conversions, and enhanced conformity with business rules and regulations. Streamlined processes also lower operating costs and increase return on investment. This focus on process improvement is endorsed by many industry analysts as a means of gaining competitive advantage. The consultancy, Gartner, for example, has stated that: "In a highly competitive business climate, companies that have the best orchestrated business processes will become leaders in their industries".<sup>1</sup>

In most banks there are legacy processes and system complexities that

get in the way of good customer service and hamper growth, but process improvement is not limited to just changing procedures or technology. To transform business processes, banks must also look at their business operations and IT components. Banks must:

- Examine current manual and automated processes in detail
- Design ideal future-proofed processes
- Define the organisation's policies and practices (business rules)
- Implement an IT and business infrastructure that ensures enterprise integration and can accommodate all future business process improvements, systems, channels, business and customer requirements and products.

I believe the benefits of improved processes and the implementation of process-centric technologies are legion. Organisations can dramatically improve operational efficiencies by eliminating duplication of effort, streamlining and automating steps and enforcing regulatory and business rules. By using flexible service oriented architectures (SOAs) and configurable process modelling software, users can also create individual business processes which can be built once, can interact with all legacy systems and be delivered across all current and future channels for sales and service consistency. These enterprise-wide processes ensure, for example, that a loan application started on the internet can be completed in a branch with no

interruption or that a new current account offer is available to customers whether they are calling into a contact centre or using an ATM or the Internet.

In addition, by using common XML industry standards to achieve technology integration across all hosts and channels, banks can finally achieve a real-time single customer view. This allows bank operatives to update all host systems with a single action, make relevant offers to the right customers at the right time, and turn service calls into sales opportunities, substantially increasing conversion rates and positively affecting the bank's bottom line.

Researchers including Gartner and Tower Group point out that more banks must adopt process driven development if they are to realise the potential for growth and efficiency improvements. According to Tower Group: "Investing in next-generation business process management (BPM) within a cohesive business and technology framework is crucial to achieving operational efficiency and providing value to customers".<sup>2</sup>

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#### References

1. *Adopt BPM to Realize Business Objectives*, Gartner, 16 May 2005. Michael James Melenovsky.
2. *Just Scratching the Surface: The Innovation of Financial Services Processes via Next-Generation BPM*, TowerGroup, August 2005. Virginia Garcia.