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Creating the Digital Commercial Bank of the Future

How intelligent data capture fundamentally changes the way commercial banks serve their customers

Commercial banking is undergoing tremendous change. New competitors, heightened customer expectations, and ever-increasing regulatory pressures are disrupting the commercial banking sector.

The competition for commercial customers is fierce and getting tougher. Consider the payments space, where FinTechs are poised to own a larger market share than banks – an unfathomable thought a few years ago. But this type of disruption is occurring across the commercial banking sector.

Established commercial banks that succeed in the future will transform the way they serve their customers. Innovative technologies, revamped business models and new ways of thinking will be key to retaining customers, expanding existing customer relationships and acquiring new business.

Commercial customers will expect experiences that are digital, data-driven and on-demand.

That's where intelligent data capture comes in.

Intelligent data capture solutions includes software and hardware that empower banks to optimize the processing of any information:
- structured,
- semi-structured, or
- unstructured,

Information coming from any paper or electronic document, delivered via any channel. This uniquely enables commercial banks to address customer expectations, and equips the bank to win in the future, no matter how it unfolds.

Changing customer expectations

The needs of commercial customers may not change, but their expectations are increasing.

In the future, commercial customers will demand banking experiences that are:

1. **Digital.** More commercial customers want digital tools for managing and reporting their finances. This trend will gain momentum as Generation Z fully enters the workplace.

2. **Data-driven.** Commercial customers want the same fast, personalized access to their organization's financial information that they receive from their bank as a consumer.

3. **On-demand.** Commercial customers expect faster, more seamless information access, no matter where they are, the device they are using, or the time of day.

'Digital born' entrants to the commercial banking sector were built around these attributes.

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The question for established commercial banks is how to meet the challenge.

SPOTLIGHT:

Only half of banking customers are willing to keep their business at banks that don't get the customer experience right.

Source: Forrester Research

The burden of the past

Legacy commercial banking systems were not designed to deliver a digital, data-driven or on-demand customer experience. They were especially built for paper-based back-office processes.

Commercial banks may argue that legacy systems are reliable. But legacy systems also are a major obstacle to building the commercial bank of the future.

Legacy systems saddle banks with:

- A high operational cost base
- A hard-to-deploy and hard-to-maintain on-premise software architecture
- Single-function scanners that have reached their end of life
- Rigid platforms that cannot be easily configured for changing customer needs

- Inadequate automation for semi-structured and unstructured data
- Lack of flexibility for delivering new products to market
- Complex systems integrations
- Insufficient analytics

Despite these workarounds, the customer experience at most commercial banks still falls short.

The legacy data capture systems used by most banks do a poor job of managing critical data:

- Key information is not captured
- Captured information is not accurate
- Data is not timely
- Systems and processes are fragmented
- Decision-makers do not have access to key variables

Commercial banks don't stand a chance in the future unless they overcome these challenges.

To compensate, bank personnel spend massive amounts of time managing, manipulating or manually tracking down, exporting or importing semi-structured and unstructured customer data. Fixing these deficiencies can helps banks reduce costs reallocate staff and become more agile.

HOW CAN COMMERCIAL BANKS ENHANCE THE CUSTOMER EXPERIENCE?

Digital transformation starts here

Like businesses in other industries, commercial banks are digitally transforming their operations.

There are seven things commercial banks hope to achieve through digital transformation:

1. Replace outdated systems
2. Alleviate pressure on employees to complete day-to-day tasks
3. Provide customers with 24/7 access to their account information
4. Deliver more personalized, timely and relevant information
5. Provide consistent information however customers engage with the bank
6. Make it more convenient for consumers and businesses to conduct banking services
7. Empower customers to more easily interact with the bank

By digitally transforming their operations, commercial banks strive to make their operations more cost-effective, scalable and responsive by better managing the information the organization receives.

Digital transformation initiatives make it easier for commercial banks and other businesses to more effectively manage customer data, regardless of how it enters the enterprise:

| **Any structured, semi-structured or unstructured data from** | **Any document type received through** | **Any delivery channel, including mail, e-mail, fax, web or mobile** |

Intelligent data capture lays the foundation commercial banks need for digital banking initiatives.

Sound simple, right? Not without the right data capture technology.

Any delivery channel.

Intelligent data capture solutions aggregate and process any paper or electronic document, received from any channel, in a single workflow and at high production speeds. Commercial banks eliminate the need for standalone systems for paper and electronic documents with redundant and wasteful processes. Intelligent data capture also positions banks for the paperless environment of the future.

Any document type.

Intelligent data capture solutions provide a single platform for any document type:

- Checks
- Sales orders
- Remittances
- Invoices
- Loan applications
- Real estate titles

- Tax forms
- Proof of employment
- Account opening forms
- Contracts
- More

The machine learning technology built into intelligent data capture solutions makes it more cost-effective for commercial banks to process these documents. Over time, machine learning delivers better data recognition results, higher accuracy and better information transfer between systems.

Any data.

Intelligent capture solutions process structured, semi-structured and unstructured documents. Commercial banks can extend the value of their legacy capture investments by integrating intelligent document scanners with their back-end remittance or loan origination systems, for example.

Intelligent data capture solutions enable commercial banks to leverage the vast amount of customer information that has historically been trapped on paper, unreadable files, databases and silos.

Future-proof your commercial bank

Intelligent data capture solutions prepare commercial banks for the future in five ways:

1. No more information silos:

Intelligent data capture solutions consolidate structured, semi-structured and unstructured data from any source (e.g. mail, fax, e-mail, web form, remote office), in any format. This eliminates fragmented systems and processes, enhances visibility, improves the accuracy of data (think loan disclosures and invoice line item detail), accelerates the delivery of information downstream and reduces operational overhead.

2. Faster information cycle times:

Virtual batching enables commercial banks to eliminate costly mail sorters. The technology streamlines processing by enabling staff to prepare and scan larger batches of work. In turn, this reduces the time required for mail sorting, document preparation and scanning because the intelligent data capture technology will virtually separate the batches based on predefined business rules. Virtual batching has the potential to significantly reduce turnaround time, while saving banks lots of money.

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3. Better agility and responsiveness:

From loan applications and income statements to checks and remittance coupons, commercial banks manage a wide range of customer documents. Intelligent data capture solutions identify any document type based on characteristics such a loan number, name, address, customer number, all part of what makes virtual batching possible and improves the accuracy of the data passed to the remittance solution or any other back-end process. Banks can configure business rules for managing each document type, including the data fields that must be extracted. Intelligent capture with machine learning can convert unstructured data such as e-mails into structured information that can be analyzed to identify potential compliance and security risks.

4. More data, less keying:

Commercial banks will never achieve the optimal customer. Experience without capturing the information that customers crave. Intelligent data capture solutions extract critical data points from anywhere on a paper or electronic document and validate it against information residing in a system of record, such as a loan origination system (LOS) or a file from a commercial customer's account receivable application.

5. Information at the speed of business:

Intelligent capture solutions seamlessly integrate with downstream banking systems and processes to route documents and data to the right people, processes and applications, at the right time. Accelerating the delivery of information downstream eliminates information gaps and streamlines operations. Importantly, faster information delivery improves data availability to customers and provides commercial banks with innovative and potentially lucrative ways of serving up data to customers.

Intelligent data capture transforms commercial banking functions in ways that legacy systems never will. It creates an environment that is digital, data-driven and on-demand.

The digital commercial banking enterprise

Intelligent data capture delivers benefits across the commercial banking enterprise, specifically in two applications: lockbox processing and loan origination.

LOCKBOX PROCESSING:

Digitizing lockbox processing with intelligent capture enables banks to:

- Aggregate payments and remittance details from paper and electronic documents
- Automatically capture and validate remittance data in paper and electronic format
- Facilitate intra-day exceptions resolution and faster delivery of payments data
- Provide real-time visibility into lockbox transactions and enhanced reporting

Business customers benefit from improved liquidity management, quicker supplier invoice settlements, enhanced service to their customers and improved operational efficiency.

LOAN ORIGINATION:

Intelligent capture solutions also offer tremendous benefits in loan origination:

- Identify, extract and validate key information from loan packets through integration with back-end solutions
- Apply pre-defined rules, such as routing documents to downstream operators or systems or printing copies of documents that must be filed with a government entity or set aside
- Extract "Know Before You Owe" data from loan estimate and closing disclosure documents to update downstream systems for regulatory compliance
- Capture documents required for disclosure or verification at any step in the process
- Provide customer service reps with access to loan information the same day it is received

Lockbox processing and loan origination aren't the only commercial banking applications that can benefit from becoming digital, data-driven and on-demand.

The technology can benefit:

- Treasury onboarding
- Know Your Customer (KYC)
- Custody operations
- Trade finance
- Foreign exchange

- Stock transfers
- Passports
- Student loans
- Car titles
- Records management

Intelligent data capture solutions can also address stubbornly high paper volumes in bank branches.

Supporting multiple applications from a single intelligent data capture platform enables banks to provide a full, end-to-end product offering, while increasing their share of wallet and reducing costs.

Intelligent data capture solutions make it easier for established commercial banks to augment their services for specific industries, to quickly deliver new products and generate new revenue streams.

The benefits of becoming a digital commercial bank

Digitizing and transforming functions such as loan origination and lockbox processing with intelligent data capture solutions enables established commercial banks to:

- Attain a leaner cost structure
- Modernize their core functions
- Enhance the customer experience
- Mitigate compliance and security risks
- Develop new revenue streams

Importantly, intelligent data capture empowers commercial banks to meet rising customer expectations, while equipping the bank to respond to disruptive new competitors.

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The strategic choice for commercial banks

Established commercial banks have a choice to make in what role they will play in the future.

Will banks adopt intelligent data capture solutions to improve the competitiveness of their offerings and increase their ability to respond quickly to changing customer preferences?

Commercial banks that spurn intelligent data capture solutions will struggle to stay at pace.

If your bank is ready to learn how intelligent data capture solutions can help it differentiate its products and provide new customer-centric services, ibml wants to speak with you.

It's time to make a choice

ibml is the world leader in high-volume intelligent capture automation. Using industry-leading intelligence and accelerated speed, ibml helps organizations extract actionable data, capture insights, and expedite critical decision-making. The world's largest enterprises in Banking, Financial Services, Insurance, Healthcare, Government and Business Process Outsourcers rely on ibml to help overcome their core information management challenges. With a comprehensive suite of hardware, software and services ibml products can be found in over 80% of the world's top mailrooms.

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