

# Robotic Process Automation

## Take the robot out of the human

Financial Institutions today are burdened by siloed, difficult-to-use business systems that complicate processes and hamper operations. And yet, many companies continue to “make do” with their current applications and systems meaning that they continuously invest significant parts of their change budgets in existing legacy applications to deal with changes and end up in a complex world of “monster-applications” which they hardly maintain at reasonable costs.

A relatively new ‘concept’ that promises improvement to the legacy world is Robotic Process Automation (RPA). Why? Because RPA is the next step in the evolution of business processes (re-engineering) since it significantly reduces the need to perform routine, rule-based, high-volume activities. Resources get enabled to focus on more strategic tasks that help the business instead. RPA will reduce complexity of systems, improve quality of data to be used as well as compliance and will support the organization’s success.

### Starting Point

No doubt, inefficiencies cost money, waste time, reduce quality and damage morale. Misapplications are sources of inefficiencies not only because maintenance and support of old systems is getting more expensive every year, but also because there are new challengers on the market representing a real danger to existent business models including customer base. FinTech’s are rushing into traditional banking areas capturing market share from traditional banks. This is the bad news for these banks. The good news is that there is a wide range of RPA applications which can be integrated into the application landscape to take away repetitive, high-volume and monotone work from employees. RPA applications which have already proven that they can bring great relief to vulnerable organizations.

### Why RPA has become a much-discussed concept now?

First, the global economy has been surprised by the exponential growth in the power of technology, digital sensors and information processing which has improved tremendously

in recent years. This growth is boosting possible applications of RPA and robot solutions including Artificial Intelligence (AI) at a breathtaking speed whereas at the same time, the innovation and investment in these devices is taking off.

Second, the same global economy has witnessed many hundreds of FinTech’s startups entering the market, leading with customer-friendly solutions developed from ground up and unencumbered by legacy systems. These solutions – often as simple as an app to use on the smartphone – offer a wide range of new and handy prospects customers get

excited about. But the same customers have had their expectations set by other industries; now they are demanding better services, seamless experiences regardless of channels and more value of their money.

Third, the benefits of RPA are undeniable. Companies implementing RPA can lower costs, create service excellence, enable greater agility and build scalable capacity into their operations. This in turn leads to improved customer experience, increased compliance, better management capabilities and an



improved employee morale due to shifting them to more value-add tasks.

To sum up: It is the fast-technological change offering new business opportunities combined with the penetration of new challengers on the market that accelerates the veritable RPA hype.

### What are the industries' pain points?

Generally speaking, the industries' pain points did not change fundamentally. Lack of effectiveness, quality, compliance, scalability, risk optimization and workforce performance (non-exhaustive enumeration).



But now new adversity threatens. The fast-developing technologies respectively the new players on the market using these technologies are disrupting traditional banking services and business models. So, the banks are facing a new front of challenger and challenges that didn't exist in the past. Thus, the pressure on banks has increased once again. Today, it is not enough to move one or the other adjusting screw. Due to the continuing pressure on cost and advancing digitalization, individual fields of action are intensifying throughout the whole bank.

On the other hand, Fintech's are pushing hard in terms of speed, price and customer experience. Traditional banks cannot move as fast and as agile so banks are struggling to create similar quality services for their customers that can compete with those startups (and non-banks) in a timely manner. But even more serious is that these players do influence and change customer behavior.

Customers are becoming more demanding, more critical and – as a result of both a decreasing customer service and trust due to the financial crisis - loyalty has been decreasing.

Hence, traditional banks - often with the burden of old and inert systems - are struggling to adjust fast and adequate. Not to mention the necessary investments in new technologies, services and products, training, etc. in order to keep pace with new customer requirements. This leads to a dramatic situation, which can become a question of survival for the whole organization!

### How can RPA help?

RPA consists basically of software robots that mimic and integrate human actions within digital systems to optimize business processes. With RPA 2.0, software robots need little or no human intervention to carry out actions on a 24/7/365 basis when triggered. And, more and more AI features are flowing into RPA to augment RPA capabilities.



Hence, RPA is a powerful concept supporting where companies fight with mostly repetitive, routine and high-volume tasks (e.g. back office, operations). In return, the capacity freed up can be used to be allocated to more complex and challenging tasks.

But where to start? A worthwhile field of action are the so called 'Business managed Applications'. Applications covering existing inflexibility of application landscapes and tool service driven business development. So, there is a wide range of calculation, analysis and reporting functions covered by Excel, Access and other solutions taking out data of productive systems to enrich, manipulate and

further processing. For this reason, the complexity was increased over the years and processing today is far away from STP.

In Accounting Reporting for instance, select a process where employees say it is stressful, a lot of paper, verification, scan, copy, reject (due to not being complete / missing data), unclear process steps, etc. You might know before starting where people struggle most, where errors occur regularly and where accounting staff is copy pasting data from one excel into another.



Or, where data has to be extracted, formatted and fed into another application in order to have consolidated data to finally report. Sounds familiar?

Agree, this does not sound very exciting, but these are exactly the processes with a high potential to automate! Analyze and structure this process, standardize 'things' first as a process with flaws will not run better after having it automated! So, the process has to be 'adjusted' properly (re-engineering)! Identify the parts of the process which can be automated. In best case, the whole process can be automated. Reality is that not 'everything' can – structuring, exception handling, judgement, etc.

Client advisory is another field of action with huge potential to automate. Client advisors are under pressure and customers are becoming more and more demanding. Asset allocation has become quite challenging, not to say difficult. And margin have dropped significantly. So, it is one thing to acquire new money (NNM), but it is another to manage current portfolio efficiently and universal / all-

inclusive. For the latter, RPA has the answer respectively the 'intelligent' software (robo advisor). There are many definitions of what exactly "robot advisor" means. But basically, robo advisor is a method to automate the asset allocation of investments via a computer algorithm. Robo advisors are using all the strengths and advantages of a computer (vs humans) to improve a portfolio performance and asset allocation. Not more, not less. And, Robo advisors can help you to lower cost because Robo-advisors are much cheaper than a human financial advisor.

### RPA vs. IT solutions

Unfortunately, many companies do so see RPA too tightly and see the quick wins only. Save costs, improve quality, reduce headcount, adhere to regulatory requirements and speed up processes. But RPA is more. You can use RPA tactically, but this is just cost saving. RPA belongs to the company's strategy and should therefore be given the appropriate attention. RPA could be a broader strategy tool to get a lot more out of it. This means that you have to pick the right process and the right people. Appoint a good project champion. The process has to be stable, mature, optimized (see above), rules-based, repetitive, and usually high volume. A valuable tip: Start with a controlled experiment on a visible bottleneck or pain point.

And, Change Management is imperative. You have to persuade the organization for the need of the change in order to build up an enterprise capability for RPA. E.g. long-term users have built centers of excellence over time, usually within business operations, and developed skills and capabilities within that center.

We are also asked why we do not solve this problem traditionally via existing IT systems? The question is fair. In many banks' IT is quite powerful and hence, RPA initiatives must overcome existing thought patterns, prejudices and previous architectures in order to unfold their advantages and strengths. The decision maybe hard, so why not starting with a proof of

concept? Even that's pretty uncommon. So, don't be afraid to take up discussions with IT.

### Benefits for the organization?

In first place, it is about cost reduction. The most significant cost of business processes is human labor. RPA automates human work. Unlike legacy automation tools, RPA can replace any human process that does not require intuition or "gut feeling." So, RPA is also a driver with regard to reduction in IT spend. Further, resource costs onshore and increasing near-/ offshore costs will lead to a rethink and it is quite possible that we will see a shift from offshore back to onshore.



And, RPA means also (a) reduction in errors. Statistics show that robots indeed make fewer mistakes and work significantly faster than humans. They work 7/24, do not eat or drink, are never sick and do not ask for vacation. It is obvious that man cannot compete here.

Hand in hand with less errors goes risk reduction. Why? Less errors lead to more consistency and less risks. And consequently, improved compliance.

In a world with more and more regulations to adhere to, a significant competitive advantage! And, due to less errors, faster processing. The none-dependency on humans and more reliable data, processing can be improved at a substantial degree. Which in turn leads to increased time / speed to market. One of the ultimate goals of any sales company!

And, as a positive side effect, to improved customer service as the FTE re-located from tasks taken over by robots have more time to deal with customer requirements. Or generally spoken: the organization can free staff to deal with the more value-add and / or complex questions.

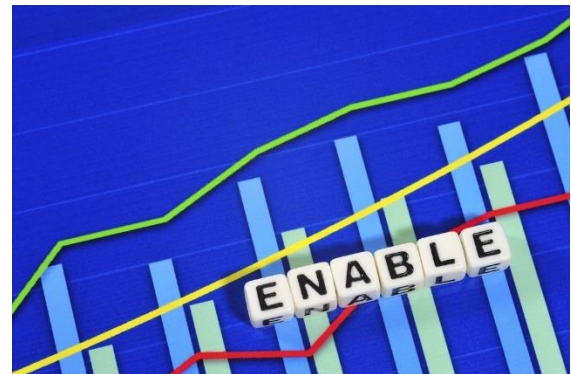
Last but not least, the use of RPA leads to additional advantages such as non-invasive nature and compatibility with existing systems, better management capabilities and improved customer experience.

### Summary / Outlook

First, because RPA in the banking industry can eliminate routine, every day and redundant tasks in banking operations. This in turn leads to significant measurable benefits for the organization.

Second, as a consequence, banking staff is freed and can concentrate on higher value tasks. Allocation of higher value tasks to your staff in return leads to higher satisfaction, improved loyalty and significant more creative ideas and input.

Third, RPA can be seen as the growth-enabler for banks due to its ability to eliminate the costs resulted due to human error. And, by focusing on cost savings and finally to upturn overall productivity.



Fourth, RPA implementation is super-fast and convenient. This is a huge advantage in a world where decision cycles are rather short, and budgets discussed at a very short notice (and then cut as well).

According to various studies and surveys, RPA has just taken off. But many traditional banks and financial institutions are still doing everything they can to make sure that they don't have to change. Or not now. We believe that's the wrong decision.

Finally, economically speaking, RPA has the potential to create a competitive advantage in the industry in a fast and cost-efficient manner. So why not take advantage?

## About us

GREIFZU ASSOCIATES: We are an established consulting boutique based in Germany and Switzerland. We develop visions with our customers, stand for an implementation-oriented consulting, corporate culture and pragmatic solutions.

GREIFZU ASSOCIATES Business Consulting's mission is aligned to today's customer needs and offers a full RPA service. As an End-to-end Transformation Partner, your digital journey can be supported from the idea till the successful implementation.

GREIFZU ASSOCIATES can help in many ways to ensure that your RPA project is sustainable and well thought-through. For example, in assessing the impact of RPA adoptions, developing a Business Case, analyzing requirements, process selection, partner evaluation and selection, vendor management, project management, etc.

All our consultants are expert practitioners and well experienced in managerial positions of many years at banks, system integrators and consultancies. Our capability to deliver is based on the experience we have gained in numerous projects over many years. These projects have proven their success in practice.

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