

# 7 tips for business process automation in the bank and credit union industry



## introduction

As the labor market shrinks by the millions,<sup>1</sup> banks and credit unions have been forced to upskill, reskill, and redeploy talent – requiring training on new skills (upskilling) or for new jobs (reskilling) while moving employees from surplus to shortage areas (redeploying). But what if you could do more with less? While no one can predict the future, it doesn't seem the labor market is bouncing back as quickly as economists would hope – meaning it's time to hope for the best but prepare for the worst: fewer employees to deliver on heightened expectations.

A recent Jack Henry™ FinTalk blog post, “4 Tips for Bank & Credit Union Process Improvement,” mentioned that banks and credit unions are losing time and money to manual processes.<sup>2</sup> It's estimated that companies lose 20-30% of their revenue to inefficiencies every year – and a lot of that is laid at the feet of difficult-to-use systems.<sup>3</sup> Over 80% of business leaders say process issues come up because they have different internal systems that don't talk to each other; and 83% of working professionals say their organizations have two or more redundant applications for the same function.<sup>4</sup>

Through business process automation in the bank and credit union industry, you can reduce or eliminate labor-intensive processes. To help you get started, we've put together seven tips for automating your business processes.

## 1. prioritize process analysis & optimization

When it comes to prioritizing process analysis and optimization, one obvious challenge is that most core banking processes are cross-functional, meaning no single person has the responsibility for the management of the entire process. That's why end-to-end review is necessary. Process optimization is more than an exercise in process improvement – it involves identifying integration opportunities and leveraging technology to automate data movement from person to person and application to application, easing the burden on employees across the organization.



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Business process management (BPM) is the definition, improvement, and management of an organization's end-to-end business process – achieving three outcomes:

- Clarity on strategic direction
- Alignment with the organization's resources
- Increased discipline in daily operations

What's next? Consider a consulting service that offers a variety of engagement offerings to implement automation; assist with planning, design, and re-engineering of banking processes; and optimize your processes.

## 2. choose truly open third-party solutions

Without open third-party partners, banks and credit unions find their potential for transformation held hostage by challenging integration environments. Despite the quality and reach of their solutions, no single technology partner can meet all the needs of every bank and credit union alone – especially in the face of quickly shifting needs and expectations. That’s why it’s critical that you have the option to connect with and embed technology of your choosing quickly and easily, on your own terms and timeline.

Ultimately, you need to be able to choose the solutions (automation and otherwise) that best serve your organization, your employees, and your accountholders.



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What’s next? Consider your technology partners carefully. Jack Henry is dedicated to offering a technology platform that supports open integrations so you can serve and protect your business and accountholder needs.<sup>5</sup> Because we’ve always had an open approach to banking technology and culture, you can count on us to always help – never hinder – integration prospects that are in your best interest.

## 3. streamline enterprise content management

If it’s been a while since you thought about your enterprise content management (ECM) platform, you’re not alone. Many banks and credit unions are discovering that staying on top of ECM technology can be challenging in an industry that’s constantly evolving. But for the sake of your employees, ECM is something you should be paying close attention to – after all, streamlining your ECM efforts can simplify operations, improve enterprise-wide productivity and effectiveness, support better-informed and timelier decisions, and enhance accountholder service.

So, how can you be sure you’re optimizing your ECM? Start with these important questions:

- Does your system keep up with evolving regulatory requirements?
- Is your information secure yet easily accessible?
- Does your system support all types of electronic information, including reports, scanned images, PDFs, photos, sound files, and application documents like Microsoft Word and Excel?
- Can you create a secure, central document repository with immediate desktop delivery of archived documents?

What’s next? Take a look at the state of your ECM efforts and consider upgrading to a solution that works for your organization – one that allows you to streamline the capturing, storing, retrieving, and distributing of electronic documents, check images, and report data.

## 4. effectively identify fraudulent check activity

Jack Henry recently identified a 35% increase in extended deposit hold recommendations and an 11% increase in transaction deny recommendations during the first half of 2020, compared to the same time in 2019.<sup>6</sup> With this continued rise in payment fraud (especially against checks and wire transfers), bank and credit union employees need a way to effectively identify fraudulent transit check activity while providing service that is quick and user-friendly.

A real-time status notification solution can help you automate your check fraud mitigation process to prepare against the resurgence of check fraud by providing notifications of potentially high-risk deposits at the time a transaction is processed. For example, with AlertCenter™ from Jack Henry, your employees can detect potential returns or fraud and expedite funds availability at the teller window or through digital deposit channels while still providing comfortable deposit limits and instant response times.



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What's next? Be proactive in addressing check fraud. Set up an automated process that uses real-time notifications so you can stop check fraud before it stops your accountholders.

## 5. save time & resources (& more) during data conversions

With mergers and acquisitions and other changes affecting your systems, data conversions are often inevitable. Without proper planning, you risk potentially exposing your organization to conversions that drag on for months, increased staffing needs, missing data, breaches, legacy hardware failures, recurring maintenance costs, efficiency delays, and other risks. But, with proper planning, data conversions can go very smoothly. When looking into conversion partners, consider:

- Do they provide the necessary labor force?
- How do they evaluate prospective employees for security and skills?
- Is the data conversion facility secure?
- Do they perform annual audits on all processes and maintain SSAE16 certification?
- Do they outsource to third parties?
- Do they offer you choices? (i.e. the ability to fully convert your data as well as the option to set you up with a quick-access tool to view your acquired and legacy data?)

What's next? If you're heading into a data conversion, look for a partner with a proven track record of successfully converting multiple types of data – from checks to document imaging to signatures.

## 6. eliminate manual tasks & redundant data

Eighty-two percent of banks and credit unions are still using manual processes that are undeniably slow and highly vulnerable to human error and 83% of working professionals say their organizations have two or more redundant applications for the same function.<sup>7</sup> To drastically increase employee productivity and efficiency while reducing the number of errors, start by eliminating manual tasks and redundant data with automated workflows.

One Florida-based financial institution created a pay-by-phone workflow with Jack Henry's *jhaEnterprise Workflow™* solution. Their pay-by-phone process previously took about 40 minutes and often involved incorrectly filled-out forms, missing information, and maneuvering around three different departments. Since implementing the workflow, the institution has cut that time to five minutes and eliminated a third-party product, resulting in significant time and cost savings.

What's next? Identify labor- and/or time-intensive processes in your organization that could be improved upon by implementing a workflow automation solution. You might be surprised at how many you find.

## 7. offer integrated receivables to business accounts

Banks and credit unions have offered lockbox services for as long as people have been using checks to pay bills.

Unfortunately, these services often come with the need for multiple employees to sort, reconcile, process, endorse, and manually post accounts receivable payments and courier checks. But with electronic remittance processing, lockbox services, and check processing, you can eliminate the time, resources, and cost of manually posting payments to accounts receivable systems – allowing you to become a more comprehensive payments partner that can compete and win more commercial accounts.

What's next? Substantially reduce labor costs associated with integrated receivables with an electronic solution that allows for scanning, entry, balancing, depositing, and exporting to virtually any billing system directly from your employees' Internet browsers.



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## why automation is key

When you automate your business processes, you can easily identify areas in your organization where you can become more efficient. You can use automation to address growing workloads, labor-intensive processes, increasing fraud rates, and legacy data. And when you take advantage of integration opportunities, you can standardize business processes by integrating with open third-party solutions to save time and money while reducing operational risk. The value of business process automation is truly limitless.

# optimize your operations

[Contact us](#) to learn more about business process automation from one of our experts.

For more information about Jack Henry, visit [jackhenry.com](https://jackhenry.com).

## sources

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