How Document Automation Solves Commercial Banking Pain Points

A Windward Studios White Paper

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Banking, the world over is one of the fastest-changing industries. Regulators are constantly coming up with new regulatory guidelines, disruptive technology is on the rise, and fierce competition from Fin Techs is threatening to drastically eat into the banking customer base. Banks need to bring their A-game to the table to keep up with the changes as well as address the pain points that arise as they try to meet the demands of radical transformation.

Document generation presents significant challenges to commercial banks as they try to hit targets, satisfy customers, and remain in the good books of regulatory bodies. Thankfully though, technology can solve the problem. Document automation is the perfect solution to some of the major pain points for banks.

Regulatory Compliance

All commercial banks need to comply with KYC regulations. This means before a customer can be allowed to open an account, banks need to verify who they are and that they are not laundering money or engaged in fraud. This can be a tedious process involving back and forth communication between the bank and the client. Such a long process will not fit into a fast-paced industry, a customer can easily switch to the next option because the onboarding process is taking too long. But at the same time, the bank cannot skip this process, so what to do?

Document automation offers a quick and reliable solution. An online form can be availed to customers and they can enter their details into that form as well as add identification documents. All this information is captured and verified automatically and the bank will have the KYC document completed in a few minutes. The software is designed to electronically capture key data that can be used to verify a customer's identity and generate the relevant compliance documents.

Shift in Demand

The bank-customer today is tech-savvy and attached to the digital world, that coupled with the existing "new normal has fueled demand for remote banking services. It is next to impossible to have a client fill a paper application and then return it to the bank for a clerk to enter the information into the file. Customer demands are also being determined by a new demographic of clients. Millennials expect to interact with their banks online and this requires smarter technology to capture data.

The simplest solution to this is to adopt document automation software that will easily support mobile banking. With the use of automated templates, banks can onboard new clients with minimal involvement of employees and serve them well, providing withdrawal slips, bank statements, notifications, and so on, digitally.

Data Entry Errors

According to a report by Gartner, dirty data cost an organization 15 million dollars in 2017. Dirty data includes information that is inaccurate, inconsistent as well as incomplete. For commercial banks, this usually occurs as data is transferred from paper to computer. Names are misspelled, figures entered inaccurately, addresses mixed up and so many more errors. Often, these are not noted immediately and when they are discovered, it can take a long time to reconcile the data. To avoid human error, some commercial banks institute thorough manual checks but this can take up 50% of an analyst's time, according to Harvard Business Review. It is not time that an organization can easily spare.

There's an easier solution to that. Automating document generation can accurately capture data, verify questionable information, and notify the user in case information is incomplete, false, or entered in the wrong field. Dealing with data entry becomes easier and it saves the institution a lot of money and time.

Loan Approval Time

A lot of stages are involved in the loan approval process: customer management, credit analysis, presentation, approval, portfolio risk management. All these processes involve documents and that takes up a lot of time. When a commercial bank has to think about competition, impatient clients, and trying to serve as many clients as possible, this process will be rushed and increase the errors made or it will be slow and frustrate the potential clients who may eventually go off to another bank. There is also the pressure of knowing that Fin Techs can have loans approved almost instantly.

The process doesn't have to be this complicated. Automating the process right from the beginning will make it a smooth procedure with no errors and loans can be approved within minutes. Document automation eliminates the need for double entry of customer information which usually takes up most of the time and creates room for mistakes. Banks can serve clients remotely and customers will be more satisfied carrying out such transactions on mobile devices.

The Challenge of Paper Document

Paper can be a major problem for any organization. First, there is the expense that comes with making sure there is enough paper to print all the necessary documents generated. Next, banks are required to store records for at least 5 years, given the number of clients and transactions a bank handles, this will require large and expensive storage space which also needs to be secured. What's more, paper documents are much harder to keep track of which means sensitive information can be stolen.

Automating document generation on the other hand is paperless except for a few cases where a paper document may be needed. These documents can easily be stored on the cloud which means no physical storage space and better safety. The software can also be integrated with management software that will automatically remove documents that no longer need to be stored. A commercial bank will get better ROI by investing in automation software.

Conclusion

With an increasing younger clientele, commercial banks have to embrace new-age technology to provide better services to their customers. Document automation is a solution that guarantees the ability to serve more clients without even getting them to open your door. Employees who work with institutions that have automated the document system report more satisfaction with their work and lots of time saved.