The relationship between a bank and its customers has traditionally been defined by the front-office experience—the point at which customers execute a transaction. But the front-office experience is only a small part of the entire process. Most of the servicing happens on the back end, often using numerous manual touchpoints that are rarely exposed to customers.

Streamlining to decrease costs and improve high volume transaction speed are the focus for optimization of back office channels. This can be accomplished with process and decision automation, which may include embedding analytics and artificial intelligence (AI) decision making to help derive the desired results.

Decision makers should explore creating operational efficiency by using and exposing internal or private APIs for agile system integration to connect back-end processes with each other, and with front-end services. This can be accomplished without replacing legacy infrastructure.

**WHAT CUSTOMERS WANT**

Bank customers want convenience and 24x7 support and are intolerant of long servicing times. Examples of operational servicing delays include physical forms, human review processes, scanning and authorization, and manual input of changes into the bank database—not to mention background checking, antiquated policy delays, and manual compliance processes.

**CHALLENGES FOR BANKS**

There is no uniform set of challenges for banks—each bank has its own unique combination of technology heritage, business history, geography, and regulatory requirements that creates a unique set of obstacles. Re-engineering applications and processes can be risky and costly, so banks struggle with how to prioritize for progressive modernization.

Common areas requiring assessment include:

**Manual approval mechanisms and processes**

While many banks have made strides to automate, most still struggle with decision-making processes that are manual, requiring human review or approval to move the process forward, ensure abidance to policies, or comply with historic procedures. These touchpoints are often common practices in credit adjustments and loan approvals. In many cases, these services are not part of self-service channels because banks are unsure of the risks involved, requiring such things as hand-written approval signatures.

**Extending the infrastructure you have**

Bank infrastructure was first built to accommodate the branch office model, and was later updated for call centers, followed by updates for digital and mobile channels. Architects within banks didn’t try to rationalize connections between those channels until after they were constructed—which is now coming back to haunt network architects that seek to improve system connections. Business functions are often isolated from one another and can require complex solutions for communication between them.
Electronic data capture
Processes that involve physical forms designed for the branch, like address changes, do not have digital processes built around them to capture customer data and disseminate it to dependent datastores. Customer data is one of the most valuable commodities banks handle, and to best assure growth and development of valued services, decision makers need to capture as much digital customer data as possible.

Cost of process integration
Individual process integrations can cost between $500,000 and $1 million, and on average, require 12-24 months to complete. In some cases, third-party solutions might exist, but in others, processing system connections must be created from scratch due to the customizations that have occurred over time. Focusing resources over such a long period of time can detract from more strategic efforts associated with new innovations and impact the bank’s competitive standing in the market.

OPERATIONAL EFFICIENCY GUIDANCE
Streamline business processes
A single customer record can have four or five finance-related transactions associated with it. Systems based on APIs can better service multiple activities associated with a single customer record. Prioritize high-volume, low-risk transactions as automated API services. Integration priorities can then be set based on customer segments and transaction risk, removing human touchpoints with process automation.

Microservices can also be used to expose individual functions, facilitating new service implementation as well as existing service updates. Containerization is also helpful because it leads to portability of decisioning environments.

Connect through standardization
Architects within banks didn’t try to rationalize connections between the branch, call centers, and digital channels until after they were already constructed. Standards are critical for processing within the back office, providing a foundation for a uniform system blueprint that gathers more detailed and consistent customer data that can be more easily combined across different transactions.

Given banks don’t have the luxury of shutting down operations to rebuild, applying consistent standards across the board helps to more easily modify processing while still running and maintaining established levels of customer support. API implementation and reuse from shared catalogs helps enforce adherence to standards and accelerate delivery.

WHY RED HAT?
Red Hat® technology solutions are founded upon agile integration principles, supporting legacy system integration and expansion to cloud-native digital applications. Red Hat operational efficiency solutions allows banks to isolate transaction processing for rapid and automated systems execution. With open standards inherent in the supporting technologies, cost and complexity can be reduced, streamlining integration that extends existing investments.