



## | CASE STUDY

# BANKING PAYMENT AUTIMATION: TRANSFORMING PAYMENTS AT AN INTERNATIONAL BANK

### Key Challenges

TAO performed a detailed analysis of the entire process, work-flow and systems to discover the areas where the process could be significantly improved with automation. These focus areas were:

- Reducing Manual Errors
- Working through volatility

### Process Areas

TAO worked closely with the Client's payments processing team and focused on six core sub-processes for assessment:

- Payments
- Direct Debiting System
- WPS & Salaries
- Invoice Processing
- Managers Cheques / DD
- Standing Instructions



**Our Client's team manages the back-end operations for payments processing of a large International Bank. The 28 FTE team currently work in 3 shifts providing an eighteen hour cover for the process.**

The payment processing unit of the Bank sends and receives the payment transactions of all its customers. The nature of transactions could be domestic or International, from their accounts to another bank. Payment transaction requests are received through multiple channels such as online through the online banking portal, fax, email, from the customer personally or through a third party visiting the branch and submitting the request.

These requests are then imaged into a work-flow and then flow through multiple stages (initiation, pre-checking, call-back, making and checking) before being transferred to the Central Bank and then onward through FTS or SWIFT to the final beneficiary account.

### **Key Challenges:**

The current process had high manual error rates which required rework and increased turnaround time for such transactions and transaction volume volatility which resulted in team challenges during month end processing.

TAO's consulting team worked closely with the client's payments processing team and focused on six core sub-processes for assessment. These were:

- Payments (electronic and manual): Process payment re-quests made by customers in bank mandate form for internal or external transfers which are in local or foreign currency for external bank accounts
- Direct debiting system: Set-up direct debit instruction requests to allow external financial institutions to directly debit customer's accounts for services rendered
- Wages Payments and Salaries: Process salaries and wage requests from corporate clients to debit the employer's account and credit the amount to employee's salary accounts
- Accounts payable-Invoice Processing: Process emails with invoices to match with the accrued amounts in the system, so that payments can be made to the suppliers for services provided (PDF based)
- Manager's Cheque and Demand Draft issuance: Customers request for MC/ DD via bank mandate form. The agent processes the request in the banking application to issue the MC/ DD
- Standing instructions: Setup standing instructions in customer's account with input data from bank mandate form filled by customers. These standing instructions have to be executed by the operations team at each interval it is setup for.

### **Our Analysis:**

Manual errors: In the existing scenario, the data was manually extracted from an input source such as a MS Excel file or an email and then manually entered into the core banking application. This led to various kinds of data entry errors such as incorrect amount values, incorrect beneficiary details and sanctioned payments not being assigned to the compliance team for approval. Based on analysis of the error trend and the underlying process steps being performed, we estimated that more than 80% of the manual errors could be eliminated with a RPA solution.

Volume volatility: Between the 25th of any month till the 5th of every subsequent month, there is a significant fluctuation in the transaction volume. The volumes seemed to peak during the last week and first week of a month. going up by as much as 150% during the peak period and then dropping to around 60% - 70% for the rest of the month. This was primarily due to monthly salary processing and fortnightly wage payments. Similarly requests for internal and external transfers were higher during the initial days of the month post salary processing.

At the end of the Assessment Study, TAO provided detailed insight and recommendations which included:

- Process analysis at a P5 level of detail of the as-is process
- Change recommendations to increase automatability
- Business case that included Quality, Efficiency, Productivity and Cost benefits
- A comprehensive Automation solution including the RPA tool recommendation
- TAO's implementation methodology and project plan

These insights and recommendations were discussed In detail with both the functional and process leadership to arrive at the final business case and RPA road map for the process.

In conclusion, Electronic Payments and Payroll Processing were shortlisted for automation.

This was on the basis of the conclusion that all earlier described manual errors would get eliminated, there would be a 70% increase in productivity and significant lowering of transaction costs. In addition, it addresses the volatility issue as well with an optimum solution designed to make the Bots available seamlessly during these peak loads.

***For more information on this assessment case please write to us at [talk2us@taoautomation.com](mailto:talk2us@taoautomation.com)***