



Intelligent Imaging for Improved Bank Performance and Profitability

By [Kevin Craine](#)

Banking is undergoing a massive shift that began with the automated teller machine, continued with online banking, and is now accelerating with the advent of mobile computing. It wasn't that long ago that banking customers were limited to the branch on Main Street. Teller services were confined to the 10 a.m. to 3 p.m. "banker's hours" of the 1800's and loan approvals proceeded at a stately, unhurried pace. But today, customers are free to do their banking from anywhere and at any time. Indeed, the very idea of visiting a branch is becoming an antiquated notion – most of us opt for the drive-up ATM instead. Driven by smart phones, iPads and 24/7 connection to the Internet, bank performance these days is less about a physical branch experience and more about the real time experience customers have when interacting with the firm.

There's no time for old paper-bound methods when today's banking customers expect real time service.

Intelligent Imaging

In response to the twenty-first century demands for real time service and performance, most financial institutions are investing heavily to upgrade their Web and mobile infrastructures. As a result, they have discovered a new value for a proven technology that they already use: Document Imaging. Indeed, a new generation of "Intelligent Imaging" solutions has emerged that is helping banks remove the burden of paper in legacy processes, like loan origination and new account openings, while extending the power of document and data capture to achieve new levels of case management and business intelligence.

Simply put, there's no time for old paper-bound methods when today's banking customers expect real time service and the very profitability of the firm hinges on efficiency, cost containment and customer responsiveness.



Intelligent imaging is the combination and synergy of several evolved technologies starting with scanning and multichannel input, and progressing with content analytics and other linguistic enhancements that acquire, understand and enable all the transactional content flowing through the banks' systems:

- Multi-channel capture and input
- Multi-language data extraction
- Text analytics-based document classification
- Integration with case management and business process management
- Document and data storage, archive and retrieval

Originally developed several decades ago as a solution to the "paper problem," today's intelligent imaging systems have a new role as an infrastructure to connect content across all channels. With a combination of capture, imaging repository, case management, and powerful analytics, no other solution can effectively integrate the external conduits that feed documents and data into an organization (scan, email, fax, mobile, MFP, Web, social) and to the internal systems that use data and documents to deliver customer satisfaction (ERP, CRM, LOB systems and mainframe applications).

Loan Origination Still Bound by Paper

Despite the increasing digitization of business today, many key banking functions continue to rely on paper. One primary example is the loan origination process – a process traditionally burdened with a host of paper-based inefficiencies and expense. As other areas of business and commerce have become more and more paperless, the loan origination process for most banks has remained mired in paper copies and manual workflow. Banks pay the price in unnecessary shipping expense, printing costs, and administration overhead, while profitability and performance often suffer from the inherent delays and complexities of a paper-bound process.

Intelligent imaging provides the answer by giving banks a way to remove the burden of paper from the loan origination process. Scanning devices and automated systems drive the digital "capture" of the necessary documents in each branch. Mobile capture technologies using smart phones and tablets extend the approach even further by bringing the service and technology directly into the field, to customer's homes or their workplaces. All the while, advanced document classification capabilities streamline the centralized back-office management of each loan.



Moving from a paper-driven process to an intelligent imaging approach is a solution that many banks have successfully deployed and the growing trend in the industry is toward further automation. Indeed, intelligent imaging systems have evolved from tools for the simple scanning of paper into a more broadly strategic and intelligent approach to business process workflow. Banks and lenders are seeing the real world benefits and loan origination automation using intelligent imaging could be your secret weapon to greater profitability and performance.

Meeting the Challenges

Banks are under increasing pressure to contain costs and improve service, but that is difficult to do when the loan origination process is dependent on antiquated, paper-based workflow. Intelligent imaging systems enable a number of important improvements and capabilities that are simply not possible using a traditional paper-based process. Here are some important examples:

Connecting Branches with Distributed Capture

The burden of paper in the loan origination process is taking an unnecessary toll on bank profitability, especially in branches. In the wake of the recent financial meltdown at least 15% of current branch networks have crossed over into unprofitability.¹ As a result, nearly one in five banks say that they are likely to reduce the number of branches they maintain.² One reason is the popularity of online banking, but when customers need a loan they typically go to a branch for that service. Automating the loan origination process is one way to improve the experience customers have when visiting a branch, therefore boosting the value and profitability of branch operations.

Documentation for a typical mortgage loan can grow to include hundreds of pages; all subject to redundant copies, shipping and handling, and the inherent inefficiencies of a manual process. Indeed, despite advancements in digital office technology, the fact is that many key people involved in the loan origination process are still working with paper. Loan officers, underwriters and fulfillment personnel all ship stacks of paper back and forth and often make their own “shadow” copies to get the job done. Even documents that originate in a digital form, like email or spreadsheets, are typically printed simply to be sent to a centralized facility to be scanned. These days, printing documents that were electronic to begin with doesn't make sense.

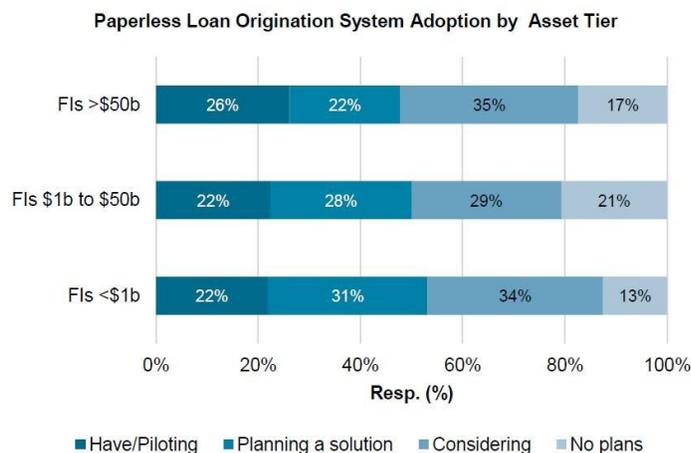
Intelligent imaging using automated capture systems saves money and improves branch performance by digitizing documents at the point of origin and directly connecting branch activity to centralized bank operations. Instead of making photocopies and shipping the



paper, loan officers scan and capture documents at the point of service -- often working directly with a customer and using a desktop scanner or standard multifunction printer/copier. Most solutions are easily integrated to all leading brands and devices. Capture systems further streamline and connect the process by providing automated prompts to guide loan officers in collecting the right pieces of information. The automation is tied directly to centralized management systems depending on the type of loan type and each individual customer account.

The growing trend in the industry is toward intelligent imaging

Fewer Institutions Have Automated Lending, But Many Plan to Do So

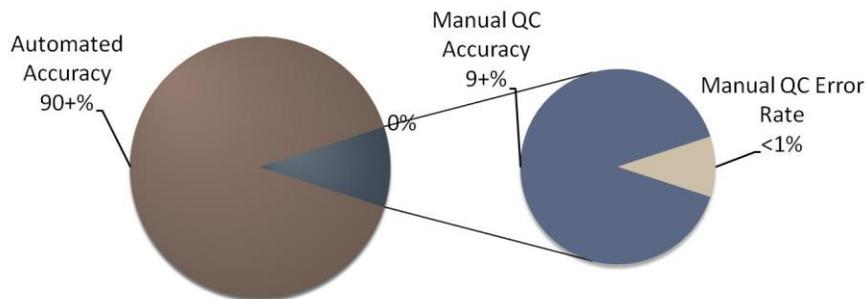


Research suggests that nearly 80% of banks plan to automate loan origination.

Streamlining Scanning and Classification

Most banks have large, dedicated scanning operations where loan origination documents are sent for processing. Teams of operators scan every page and hundreds of thousands of images are uploaded to centralized databases for processing. While a number of common barcode and character recognition techniques provide important efficiencies, the truth is that correctly identifying the many different documents involved can be quite complex and demanding. Ensuring the accuracy, quality and completeness of the information collected often requires a great deal of human intervention.

Accuracy rates are the “tipping point” for the viability of intelligent imaging.



Typical manual classification results in a 10% error rate. With automated classification banks get 90% throughput; leaving 10% for manual methods, netting a total 1% error rate with only a fraction of the headcount.

Intelligent imaging provides an important advantage for banks looking to reduce staffing requirements and achieve a higher level of performance through continued automation. In the past, the best most scanning operations could hope for was an accuracy rate between 60% - 70%. Specialized and additional staffing for quality control was must. But a new generation of capture solutions has set a new benchmark with accuracy rates in excess of 90%. And for many banks false positives have been all but eliminated.

Advanced image and text analytics literally “read” each page, understand the nature of the document in context with the content, and automatically index and classify the information in the system. New automation tools make it easier to classify hard-to-manage documents and unstructured information that often are an important part of the loan approval process. Loan-specific data extraction and document management workflow capabilities help automate redundant tasks - like checking for signatures or validating data – that take workers away from other higher value activities. The result is reduced overhead, improved quality, and a big boost for productivity overall.



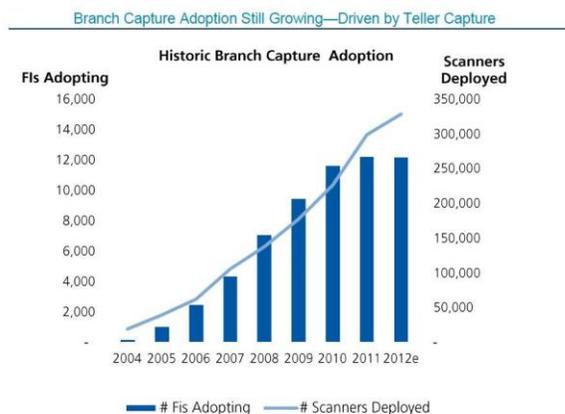
Improving Workflow and Performance

In today’s challenging economic climate, banks must be more agile and competitive than ever before. Paper-based and manual processes are simply no longer adequate to meet twenty-first century demands for improved workflow and performance. Once the burden of paper has been eliminated from the loan origination and approval process, banks are in position to engage new levels of case management and workflow automation that further streamline operations.

The average financial institution takes between 30 and 45 days to process a typical mortgage loan. This is due to the traditionally paper-intensive, manual handling required. Banks using automated capture systems can do it in ten by integrating case management tools that unify the information, workflow and people involved. Increased visibility and agility in the process, combined with thoughtful system-connected prompts and automation, encourage new ways of working that close cases more efficiently and improves performance overall.

Advanced capture and storage systems provide an intelligent platform for banks to improve workflow and performance. Workers store and retrieve documents using a common repository and integrated case management tools automatically keep track of the tasks, activities and approvals that are required. In addition, many banks link data analytic capabilities and business intelligence tools to support a wide range of activities including regulatory compliance, discovery and litigation, and a host of advanced, data-driven marketing initiatives.

More and more branches are adopting capture technology and techniques



Banks are doing more with less. While the number of scanners deployed in branches seems to have leveled out, the number of bank branches adopting capture solutions is still on the rise.



Moving Forward

A quiet revolution is taking place as banks and other financial institutions make changes to long-standing paper-bound functions, especially as the need to control costs and improve performance becomes more pressing. Intelligent imaging and loan automation using document capture could be your secret weapon to greater profitability and performance. Look for providers and partners with the right mix of expertise, vision and capabilities that will allow you to make the most of intelligent capture.

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