

servicenow®



# Re-wiring financial services operations for a bold future

Looking beyond the front  
office to transform  
experiences



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## Executive summary

Massive change has been underway for some time across the industry. Fintechs disrupted tradition, introducing consumers to new ways to get the services they need. They taught the industry that access does not have to be a point of friction, changing consumers' expectations about the speed and convenience of services. It ignited the flame to digitally transform how the industry conducts business.

Then, along came the unprecedented circumstances of recent events. The abrupt and widescale disruption to normal patterns of everyday life forced institutions to swiftly shift gears on multiple levels: finding new ways to interact with customers, enabling employees to securely work remotely, and delivering services that customers needed urgently. It put into clear focus how digital fragmentation and silos across the middle and back office are hindering change.



**The flame is now a fire.**

End-to-end digital transformation is no longer a "nice to have"—it is the backbone that will help financial institutions achieve their ideal state of:

- Providing seamless, secure, and connected experiences for customers
- Doing more with less
- Creating an empowered work environment for employees
- Building more resilient and compliant operations

Getting to that end-state has been a slow, and at times painful, process. Too often, institutions focus on piecemeal solutions.

Legacy systems are upgraded. Front office customer services are digitized. A new technology or system is adopted by one area, but not another. Instead of making things easier, operations grow even more complex, leaving employees and customers frustrated.

### *What has gone wrong?*

Middle and back office operations have been largely detached from front office innovation. That seamless experience institutions strive to create is breaking down behind the scenes, lost in fragmented data, siloed systems, and disconnected teams.

Financial services institutions must find a way to fuse these broken connections.

Technical debt, or the lack of legacy system modernization, is a huge impediment to transformation. Another is the sorry state of data, which can prevent banks from realizing the full potential of investments in new technologies. We urge the banking industry to go back to basics: Fix the data problem before undertaking radical technology transformation and slowly chip away at technical debt via core modernization.

*Source: Deloitte Insights, 2020 banking and capital markets outlook, December 2019*

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To deliver the incredible experiences their customers and employees have come to expect, financial institutions have extended their digital efforts from the front office to operations.”

– Laurén Robbins, General Manager,  
Financial Services at ServiceNow



## It's time to think differently

In today's interconnected world, customers and regulators expect more from financial institutions: more transparency, more security, more services, more personalization.

And, above all else, they expect consistent, reliable service—regardless of pandemics, natural disasters, or other unexpected disruptions.

Resilience, speed, and adaptability are critical to building (and maintaining) trust with customers and regulators. To succeed, the industry's digital transformation needs to reach deeper into the core of operations, beyond the slick customer interface. It must address key operational issues that were pushed to the forefront during recent events, such as:

- How can we respond quickly and effectively to an influx of calls?
- How do we enable employees to work from home in a way that minimizes disruption for customers?
- Are the right tools in place to allow employees in different areas and different locations to collaborate efficiently to resolve client issues?
- As operations experience a rapid digital shift, are we able to swiftly identify and address new/emerging risks to keep sensitive information protected?
- Can customers get a real-time view into the status of their application(s)?
- As financial institutions roll out new customer-facing capabilities, can their operational teams support them in a streamlined and consistent way?

To truly transform operations, financial institutions will have to address their fragmented approach and look for solutions that address organizational challenges more holistically.

ServiceNow® has been working side-by-side with banks, including Lloyds Banking Group, to develop new ways to resolve these issues.

The collaboration led to ServiceNow's first product designed specifically for the financial services industry: **Financial Services Operations**.



**Financial Services Operations**  
co-exists with current systems of record—connecting people, processes, and information across the entire enterprise to streamline work.

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The definition of digital transformation for IDC is business-based. It's about creating a business that is agile and responsive to disruptions in the market, whether those are positive or negative disruptions.”

— Jerry Silva, Research Vice President, IDC



## Three ways to transform operations to improve the customer experience

Financial Services Operations re-orientes operations around providing the best possible service to customers by empowering employees to move faster and make more informed decisions.

It is designed to solve the most pressing issues facing financial institutions, ensuring they're future-ready by:



80% of the customer experience lies in the middle and back office

1	Creating connectivity
2	Maximizing efficiency and unlocking productivity
3	Improving flexibility and agility

At most banks, more than half of the transformation potential comes from the top 10 to 20 end-to-end processes, most of which are typically customer-facing.

*Source: McKinsey, [A recipe for banking operations efficiency](#), December 2019*



# 1. Creating connectivity

Highly fragmented systems and manual processes create enormous inefficiencies across the middle and back office, where customer information is still very siloed.

"Employees spend as much as 80% of their time searching for answers and scrambling for data across systems and departments. That leaves them with 20% to spend on value-added activities, like making decisions and communicating with customers. It's little wonder that customers are left waiting for days to open an account, or even months to start a loan," said Laurén Robbins, General Manager, Financial Services at ServiceNow.

Financial Service Operations connects existing systems across the institution, so that everyone serving customers behind the scenes—whether it's a risk manager, payments analyst, or the card services team—works as a united front. Critical customer information can be viewed in a single place, making it easier to resolve issues fast.



According to a [PwC report](#), "banks struggle to join the dots internally and prepare bankwide views of a customer relationship, let alone integrate external sources of data. And, as such, risk and credit decisions are typically taken at the product level, not at the customer level."

Financial Services Operations allows everyone to operate on the same page at the same time with the same information. It provides the end-to-end visibility that institutions need to improve resilience and create more customer-centric operations. And it gives executives better line-of-sight into the operational details they need to make better decisions.

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Let's say we have an incident in the payment system. With connected data, we know exactly what the impact could be before it hits the business or hits the customer. And by joining that up with things, like monitor alerting and capacity management, we are starting to get a truly transformed, real-time, end-to-end view of how processes are performing and the resilience of our bank. That's a huge game-changer.”

– Technology/Service Transformation Director at a major European financial institution



## Sample scenario: Lost credit card

Financial Services Operations enables the card services team and the fraud department to collaborate in real time, so their tasks can be completed simultaneously. The credit card account can be automatically frozen and if transactions are suspected to be fraudulent, the fraud team can review the account and transactions and recommend a resolution. Financial Services Operations' intelligence capabilities and systems integration automate certain tasks completely, accelerating the entire process. All the data and timelines are captured, making them easy to pull when needed for reports or audits.

## 2. Maximizing efficiency and unlocking productivity

Manual processes plague the middle and back office, making it slow and complicated to get work done across multiple functional areas. One missed or misrouted email can bottleneck work for days.

Because they are not applying transformation levers across operations in a systematic way, banks are in effect winning battles, but losing the war. But there are a few banks that have identified a full range of levers and developed plans to apply them across all of their processes, putting them in position to achieve efficiency gains of 30% or more.

*Source: McKinsey, [A recipe for banking operations efficiency](#), December 2019*

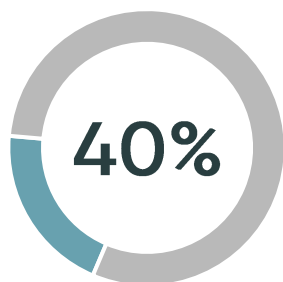
Financial Services Operations securely digitizes workflows, automatically prompting the right person to act at the right time. It simplifies complicated processes that span siloed teams, so that work can be advanced quickly and easily. And it reduces work redundancies that are often a source of frustration and burnout, not to mention avoidable errors.

Financial Services Operations enables employees to work with better tools and insights to maximize their impact and improve the customer experience. There is less time spent on mundane tasks, and more time spent on customer-facing issues.

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About 40% of time in global operations is spent on servicing client accounts, including answering queries. As we develop systems to better direct those requests, we will spend less time searching for answers and more time responding to client needs.”

– A top 5 global financial institution



Process automation and AI can **reduce costs** in the front, middle, and back office **by as much as 30 - 40%**

*Source: McKinsey, [Rewriting the rules: Succeeding in the new retail banking landscape](#), February 2019*



### 3. Improving flexibility and agility

Financial institutions often default to upgrading legacy systems and adding piecemeal technology solutions, fearful of the expense and added complexities of bigger changes.

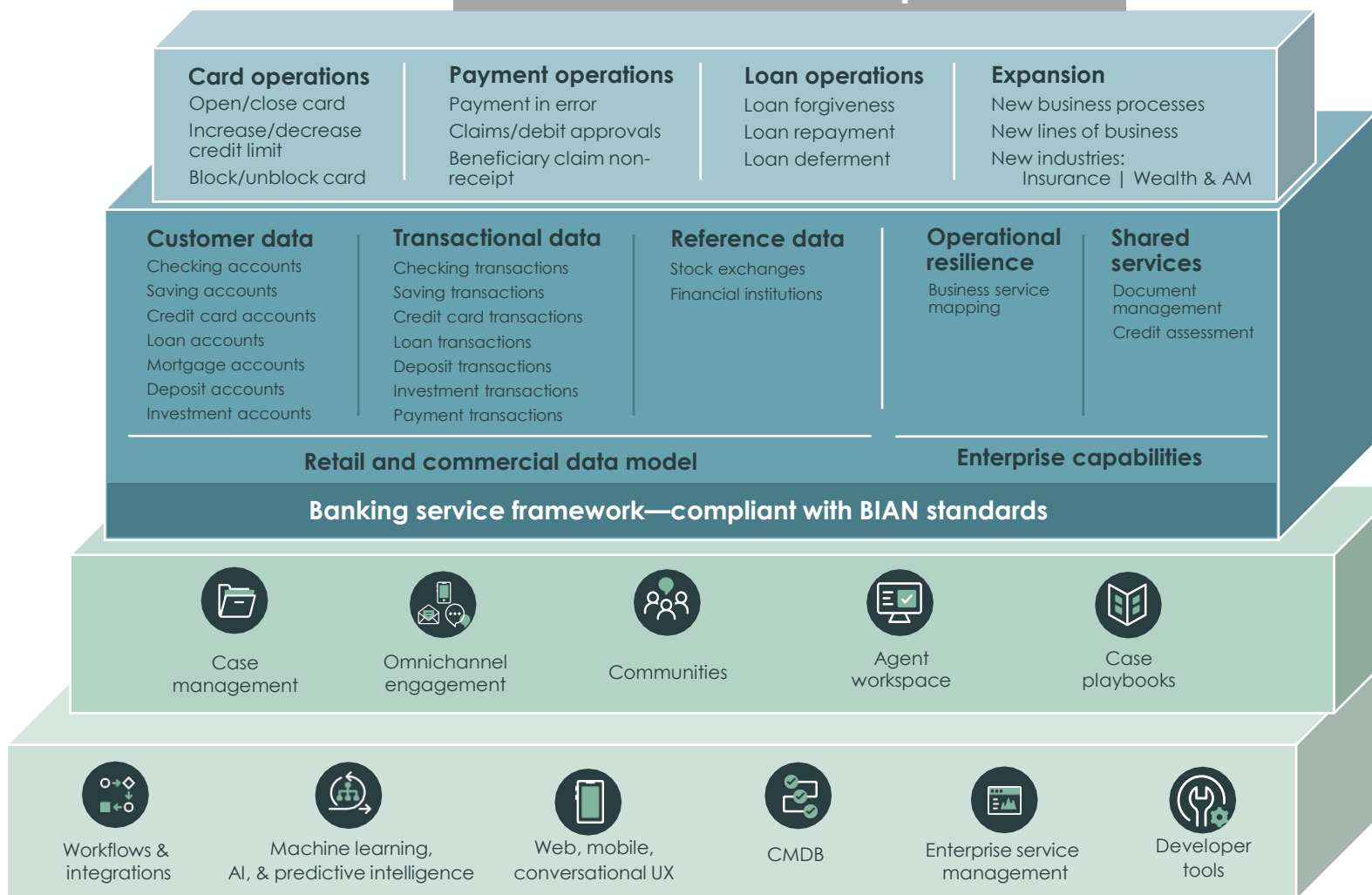
Financial Services Operations isn't just another add-on or replacement—it plugs into a financial institution's existing technology ecosystem, making everything work better together to add value fast. It quickly and easily integrates with new technologies and innovative fintech vendors to help institutions keep up with shifting consumer trends and regulatory requirements, while creating a more collaborative work environment.

Financial Services Operations addresses the core operational needs of financial institutions, with out-of-the-box applications, including pre-built workflows, pre-defined access roles, and designated workspaces for key roles.



With the ServiceNow cloud platform as its foundation, Financial Services Operations' capabilities can scale quickly. It is built on top of a sophisticated data model that is aligned to Banking Industry Architecture Network (BIAN) standards—an industry framework with a proven methodology—making it easy to build and configure additional capabilities as business demands change.

## Financial Services Operations



## Financial Services Operations in action

At the core of Financial Services Operations is the Now Platform® and Customer Workflows—with fundamental capabilities, such as artificial intelligence (AI), predictive analytics, and machine learning, that help to create seamless, connected experiences for customers and employees.

Its initial out-of-the-box applications for loan, payment, and credit card operations offer a preview of how core operations can be transformed more broadly. Using Financial Services Operations' data model for personal and business banking, financial institutions can also configure Financial Services Operations to address any of their needs across the middle and back office.

According to a [McKinsey report](#), “advances in technologies, such as robotic process automation, machine learning, and cognitive artificial intelligence—many of which are now mainstream and commercially viable—are unleashing a new wave of productivity improvements for financial institutions. Deployed effectively, these tools can reduce costs by as much as 30 to 40% in customer-facing, middle-, and back-office activities, and fundamentally change how work is done.”

The following pages take a closer look at how Financial Services Operations transforms loan, payment, and credit card operations.



USE CASE #1

# Loan operations

Financial institutions need to process loan servicing requests fast to keep customers satisfied and rising loan servicing costs in check. The process to authenticate borrowers and demonstrate consistent, timely decisions is rigorous—and employees are often bogged down by disconnected systems and manual processes. It’s difficult to know exactly what’s happening with a customer’s request in real time. There is too much waiting around for responses. Financial Services Operations gives you purpose-built applications that streamline work, creating a more efficient way to process loan requests and collaborate between departments.

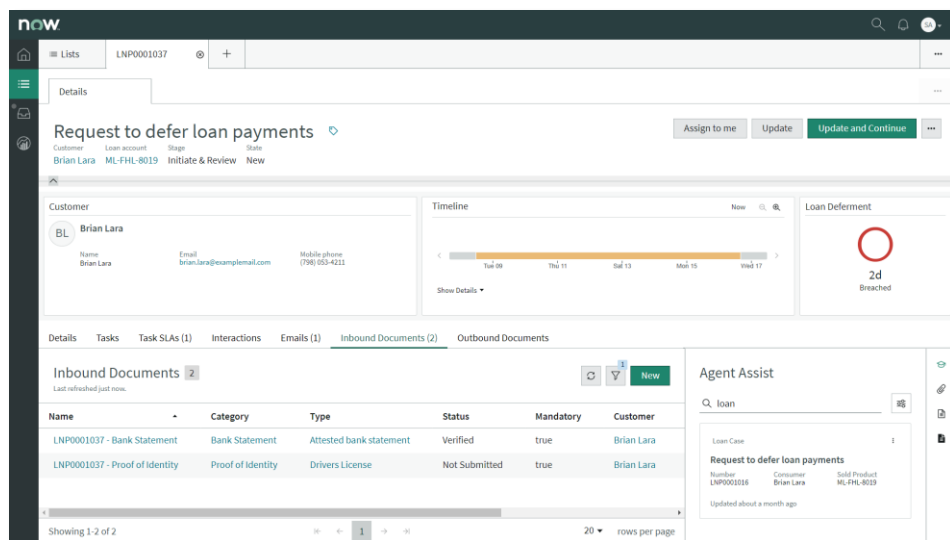
## Sample scenario: Customer requests loan servicing

The customer emails with a loan servicing request. The system automatically creates a case file, pulling all relevant information and documentation from internal systems and the customer. If a credit assessment is required, the case is digitally routed to a credit team member for review. Once the credit check is approved, the system routes the case to a loan agent who can view all necessary details related to the customer case in their dashboard. The loan agent enters changes to the loan in the dashboard. The systems of record are automatically updated, as is any appropriate documentation. Communication is sent to the customer (based on their preferred method of contact), notifying them the process is complete.

Throughout the entire process, actions and timelines are digitally traced, making it easy to satisfy compliance requirements and to pull trend analysis information. Financial Services Operations creates seamless workflows that make the entire loan servicing process faster and more transparent.



Financial Services Operations brings end-to-end, real-time visibility to loan operations, ultimately improving the customer experience.



USE CASE #2


# Payment operations

One of the major pain points for banks in their digital transformation relates to payments. Banks across the world have invested heavily in new and emerging payment technologies to drive innovation and meet customer demands. However, investments in how these payment capabilities are supported has not kept pace. Payment issues are still largely managed with disjointed, siloed systems. Financial Service Operations streamlines payment inquiries from customers and third-party banks in one place, automatically routing work to the right team to act. It makes it quick and easy to track the status and resolution of inquiries across teams and across payment types.

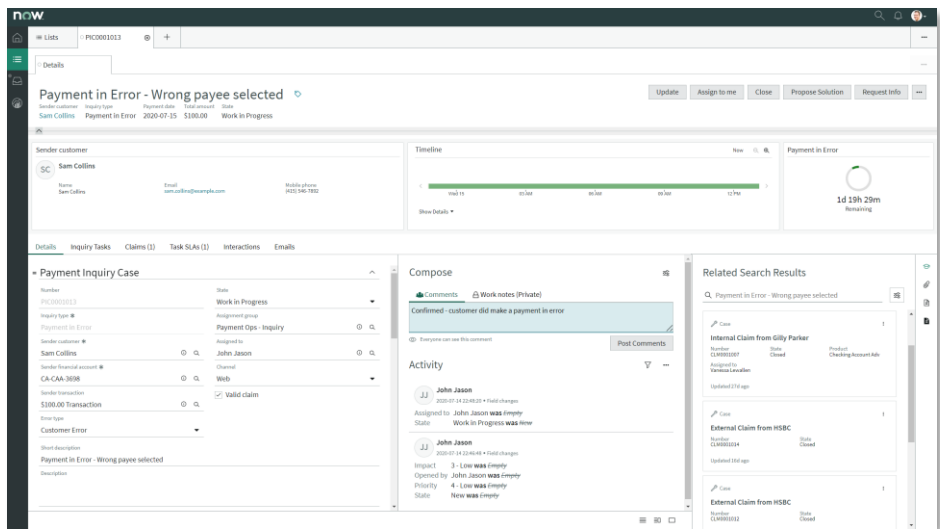
## Sample scenario: Customer sends money to wrong person

The customer logs into their account, goes to the appropriate transaction, and flags it as an incorrect payment. That request is automatically and immediately assigned to an appropriate employee within bank operations. The employee can log into their ServiceNow dashboard to view all of the customer's account details, review the transaction, and validate whether it is eligible for reversal, and approve the next action (which may involve reaching out to the recipient or recipient's financial institution to request a reversal and/or responding to the customer with an update). Customer notifications can also be sent out systematically at various points in the process. If at any time during the process the customer has a question, he/she can reach out to the bank, call center, or branch employee for a real-time update on the status of the request, and the customer could even be granted real-time visibility through the bank's digital channels.

This is merely one of many ways Financial Service Operations can help payment operations run more efficiently—providing one spot for employees to address everything related to the customer issue. Every step is recorded and can be easily traced, bringing down the cost to resolve the issue, the cost of compliance, and the exposure for unrecovered payments.



One of ServiceNow's financial services clients estimates that Financial Services Operations will save them \$250 million in payments operations alone.



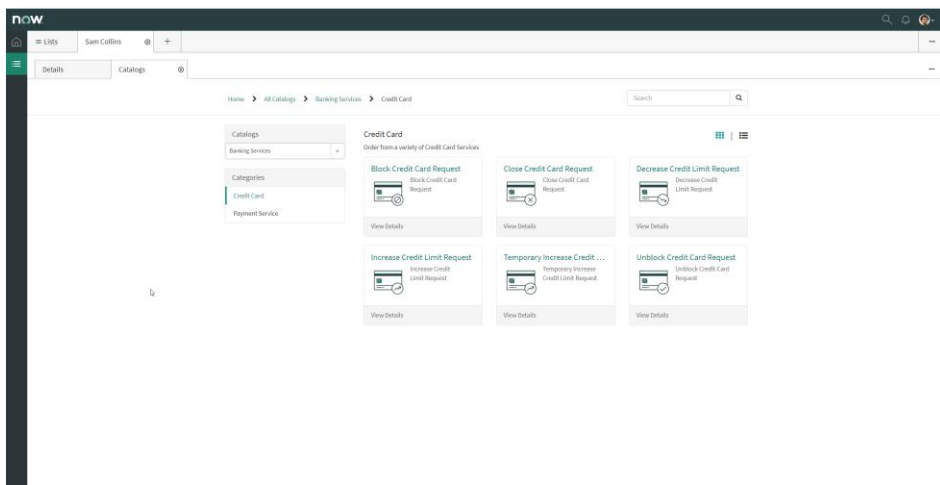
### USE CASE #3

## Card operations

Card operations are another primary focal point for banks' digital transformation. Financial Services Operations creates a cohesive, linear process across the front, middle, and back office for common credit card tasks, including new credit card requests, increasing/decreasing credit limits, and blocking/unblocking cards. Card Services teams can directly view customer requests, and immediately act on them.

### Sample scenario: Customer requests new card

The card services team reviews the customer's request for a new card, along with the customer's account and financial information. The credit team reviews the approval request and credit limit. The document team reviews all relevant forms submitted by the customer. Each team/employee has a dedicated workspace in ServiceNow, providing visibility into the status of the case, the length of time the case has been opened, individuals working on the case, and other key information. The results are powerful: faster processing improves customer satisfaction and speeds the time to revenue; improves visibility and connectivity, and dramatically improves the employee experience as well.



Financial Services Operations provides a powerful reporting tool for the head of card services, giving a complete picture of how the business is doing, applications and demand across card types, and how the team is performing.



## Summary

Having the right foundation is key to being future-ready. **But that doesn't mean starting over.**

Financial Services Operations fixes the broken connections between existing systems and processes, transforming how work gets done. It helps to maximize every employees' impact, allowing them to move fast to leverage real-time insights that address rapidly changing customer and regulator needs. And it helps minimize the risks of operating in an increasingly uncertain environment.

The unprecedented challenges facing the financial industry increase the urgency for change. Digitally transforming core operations today will give financial institutions the speed and resilience they need to win customers and retain key talent. Smart investments will not only help create a more efficient operating environment now, but also position the institution to differentiate itself for the next growth cycle.

Financial Services Operations does just that—creating more connected, efficient, and agile operations that will separate future winners and losers in the financial sector. Its capabilities are endless. When integrated with other ServiceNow solutions, such as Integrated Risk Management (IRM) and IT Service Management (ITSM), Financial Services Operations becomes even more powerful. It provides unparalleled visibility that improves decision-making around IT investments, accelerates incident responses, and substantially reduces compliance costs and complexities.

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Our financial services customers recognize the opportunity to transform their enterprise by unlocking core operations using technology.”

– Namit Saksena, Director, Product Management, Financial Services at ServiceNow

### How is your digital transformation progressing?



Source: Accenture, *Caterpillars, butterflies, and unicorns: Does digital leadership in banking really matter?*, June 2019



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