

## Why more banks aren't doing the robot

By Nathan DiCamillo

Of the dizzying number of technology options for bankers to consider, robotic process automation should be simpler than, say, artificial intelligence to implement and easier to prove return on investment.

Banks are dealing with compartmentalized systems and too many software applications – a reality that will not change anytime soon – and RPA can put time-consuming manual tasks on autopilot. The technology is especially useful in merger integrations and in streamlining internal operations.

“For us it’s around efficiency ratios, cost per transaction and time per transaction,” said Jeff Bray, executive vice president of technology and operations at the \$5.9 billion-asset Seacoast Bank in Stuart, Fla. “We’ve gone through four conversions for acquisitions in two years, and for the most part we have kept our costs flat.”

However, Seacoast may be ahead of most of its peers. In a survey of 305 community financial institutions conducted by Cornerstone Advisors in the fourth quarter, more than 60% said they are not even thinking about the time-saving technology.

And the ones that have pursued it are taking timid initial steps.

“When we talk to banks almost all of them have some form of RPA,” said Jay McGrath, senior vice president of sales at UiPath, an RPA software company. “There are some smaller banks that come to us saying it’s their first pass at it, but most banks have it at some level of the bank. But the number of banks that have it at scale, meaning they have 100% of their manual processes running on it? Maybe 4 or 5, certainly less than 10.”

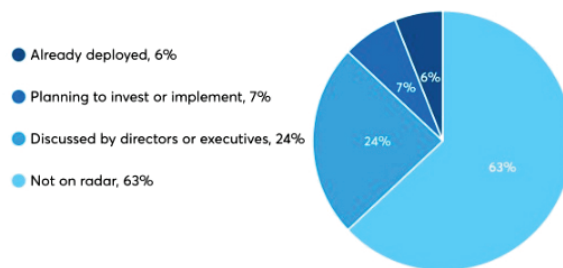
Seacoast uses EnableSoft’s Foxtrot RPA product mostly for M&A integration activities, but it is beginning to use the technology in its day-to-day operations. But bank officials acknowledged that they have been slow to determine exactly where and how automation should be applied.

Seacoast began to hold training sessions on RPA with EnableSoft for its internal IT team and business analysts a year ago so that it could begin to bring automation into the bank’s deposit operations and treasury management services. It has a council that meets semiannually to talk about what processes in the bank can be automated, and when the bank has RPA training, it requires participants to bring a manual business process that was inefficient to be automated.

“We could use the training time to develop the automation

### Robot resistant

Only a small portion of community banks and credit unions have embraced robotic process automation to replace some human labor, according to a recent survey of 305 financial institutions



Source: Cornerstone Advisors

idea,” Bray said. “We’re now in a better position with what we’ve learned to determine where we can go next.”

Paul Ferguson, business analyst at the \$3.2 billion-asset Alpine Bank in Glenwood Springs, Colo., said Alpine has moved cautiously to promote buy-in among managers.

“I leave that up to the directors of the departments,” Ferguson said. “I do visit with them to see how they are doing, and I show them some examples in quarterly meetings of what we are doing, but it’s not up to me to decide what should be automated.”

RPA vendors are seeking ways to respond to the hesitation across the banking industry.

“Another piece of our business is analytics,” said Sam Fahmy, chief marketing officer at WorkFusion, a company that combines robotics with AI-powered cognitive automation. “Bankers want to know if they need to deploy more or less bots.”

Bankers also value flexibility within their RPA systems. EnableSoft programmers are working with Alpine to develop better connectivity between the software and the bank’s Jack Henry core.

“Knowing that they are putting in the time to help the processes we want to improve on helps me do my job,” Ferguson said.

Banks also have to encourage employees to ask what can be automated, Bray said. By giving employees skills in running RPA software and thinking creatively about it, banks can also ease fears about employees losing their jobs to robots.

“We need to ask if we are we training the rights skill sets for the future of banking,” he said. “This will then drive better customer interactions. RPA can be an important key for creating a level of sustainability for the future bank.”