



BPO Trends for Banking & Financial  
Services Market  
*Improve efficiency through End-to-End Solutions*

FROST & SULLIVAN

A Frost & Sullivan White Paper

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**ATENTO**

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## INTRODUCTION

Banking and Financial Services (BFS) institutions are diverse, ranging from small contact centers in regional credit unions and banks to massive contact centers at larger institutions. However, every organization is cost-conscious and under competitive pressure to cater to consumers in all income brackets.

Many of the market challenges faced by the BFS Industry are tied to recurrent consumer concerns pertaining to security and privacy. It is therefore no surprise that BFS companies are looking support on technology solutions to cope with those challenges.

Frequently, BFS institutions are heavily invested in complex legacy infrastructure. Industry consolidation and aging core systems makes it costly to integrate it with new technology platforms. This has created an interesting challenge, namely, how does a company invest in new contact channels while trying to get the most out of existing infrastructure?

Additionally, there is the fact of the adherence to regulation, compliance, and risk management issues. Legislation such as Dodd-Frank Act (The Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly referred to as simply "Dodd-Frank") has caused organizations to scrutinize the way that agents present financial products to customers.

### Financial Services Companies' Top Business Outcomes that Technology Helps to Address



Banks are focusing on mobile platforms to address the prevalence of new devices (notably tablets and smartphones), while their customers are increasingly demanding mobile services, particularly the ability to access and manage their accounts using dedicated applications.

In order to capture new clients, banks need to invest substantially in new value-added services. The convenience of online and mobile channels, loyalty programs, and personalized services are strategic to increase the total number of customers, make business processes more efficient and reduce costs. Digital services offer banks a significant opportunity to create detailed customer profiles by leveraging collected data, and then maximize the associated revenues.

Banks and Financial Services (BFS) are at risk from a growing number of customers who are starting a movement, wishing to benefit from what is on offer from both traditional and new non-banking competitors - such as well-known retail chains, financial technology companies, crowdfunding sites, peer-to-peer loans, internet service providers and NFC-based payment systems.

The agility and innovation on offer by new competitors is catching the attention of clients. Improving the customer experience is the best strategy for blocking competition from non-banking and non-traditional institution. To achieve this, Back Office transformation - which had been previously jeopardized due to lack of investment - will be key for correcting errors and improving long term loyalty rates.

Data protection is a sensitive aspect as well, increasingly so with the expansion of mobile/online services and virtual accounts. BFS institutions need to be concerned about customer information and account data storage. Standards such as the Payment Card Industry Data Security Standard (PCI DSS) have been created to ensure the reliability and security of payment systems. Solutions that help with compliance are critical for success.

In order to overcome these challenges, BFSs need to adopt procedural approaches to enable them to perform the digital change, involving data digitalization, simplification, agility and analysis. Simplification increases agility by reducing the amount of multiple systems, meaning that products can be launched more quickly. Data analysis enables the capturing, managing and creation of insights and improvements by using client information.

In the end, time, safety and accessibility factors, i.e. everything that facilitates access and resolves complaints securely and in a shorter period of time will make a difference for clients and therefore for BFSs too.

## KEY DRIVERS OF TECHNOLOGICAL INNOVATION AND TRENDS IN THE FINANCIAL SERVICES INDUSTRY

Over the next two to three years Frost & Sullivan sees a different mix of technologies gaining importance within the Customer Contact arena in the Financial Services segment. In addition, the market drivers of technological innovation detected within this particular segment include:

- ✓ Integration of new applications and systems with existing infrastructure to provide an Omnichannel experience across all channels of contact
- ✓ Changing customer preferences (mobile, social, personal)
- ✓ The need to offer differentiated customer service to high-value clients
- ✓ Improving self-service across all channels
- ✓ Delivering a seamless end-to-end customer experience
- ✓ Increasing profits through cross-selling and up-selling
- ✓ Improving operational efficiency across the organization's business processes
- ✓ Planning for disaster recovery and business continuity

### AUTOMATION

Both solution providers and customers understand the benefits of keeping the automated channel current. And those that have renewed their IVR, particularly if moving to an omnichannel experience, are reaping benefits far in excess of what they thought was possible.

BFS companies can enhance their IVR experience by placing visual menus on their website or on their customers' smartphones. Visual IVR provides customers with a convenient menu-driven interface to the IVR, allowing them to quickly select the options they need, saving valuable time.

While adopting automation technology usually means improvements to IVR, companies still face internal inefficiencies, especially in their back-office systems. This inefficiency stems from the fact that back office employees currently have to spend a good deal of time manually prioritizing their workloads. The key to overcoming the problem is for businesses to recover this lost time for their employees by automatically distributing and prioritizing back-office work.

True back office automation enables companies to dynamically prioritize and allocate customer service demands from any channel, not just to available employees, but to the ones with the correct

skill set and the time to deal with the enquiry, enabling the customer service department to get more work done in less time.

### BACK OFFICE OPTIMIZATION

Despite its less strategic image, the Back Office (BO) is a major contributor to the success of any business, and has the ability to significantly impact the customer experience. Customer expectations are met and exceeded when Back Office work is done efficiently. Errors, on the other hand, can lead to significant increases in Front Office volume, higher operational costs, and unsatisfied customers.

The greatest challenge in providing a seamless customer experience is the different nature of the work done in an organization's Front and Back Office. Front Office employees work in a real-time customer-facing role which in most cases is dependent on Back Office operations. Back-office work is often complex, and work done on an individual customer case can range from a few hours to a week or more and require multiple workers to complete. Front Office employees are often unaware of where a customer's case is in the process and may have to follow up with multiple Back Office sources for an update, leading to poor service. This lack of collaboration/coordination between Front and Back Office has attracted the attention of senior executives creating multi- and omnichannel strategies.

To create an omnichannel customer service environment and seamlessly integrate the Front and Back Office, companies are looking to incorporate solutions such as Back-Office Workforce Optimization (BOWFO) which can act as an extension to the Front Office WFO solution and provide a unified interface for managing staff and allocating work. Companies can phase in BOWFO to extend all processes to eventually include Front-Office work and move to an omnichannel environment. This omnichannel environment will help supervisors monitor workloads and allocate staff accordingly, allow tasks based on employee skills to ensure efficiency, reduce turnaround times, ensure compliance, and balance workloads by using the Front Office's off-peak capacity to help out if required.

### ELECTRONIC DOCUMENT MANAGEMENT

Financial Services users are demanding more effective device management and paper-to-digital document management. As a result, software designed to incorporate documents into a more streamlined business workflow represents a tremendous opportunity for outsourcing providers. When document management matches personal and corporate workflows, improvements in efficiency and user satisfaction are the result.

Effective digitization can transform paper-based processes, streamlining loan application and mortgage approval processes, while making risk reduction analyses possible. Digitization also ensures that bank representatives can send the most up-to-date, consistent product information to customers at any given time using improved version control. With effective implementation, documents can be indexed and consolidated easily to provide convenient, faster searching and sharing among different departments.

The security factor is a central concern as business records are now constantly generated outside the traditional office; employees are working remotely, often from home, or they are working on the go. That means document management, as a component of corporate and personal workflow, has to adapt accordingly. Financial institutions are required to implement access privileges centrally to prevent accidental data corruption, improper manipulation and outright fraud. To protect transactions, institutions will need to implement secure data transmission and real-time fraud alerts, monitor information, and store transaction records securely.

Sending, editing, downloading and adding documents should be simple yet secure. Document management systems which provide flexible, secure workflows are becoming a necessity. As documents may contain sensitive information, they must be managed and controlled effectively, both for efficiency and for compliance with legislation or regulations.

## MOBILE DEVICES

The increasing use of mobile devices by customers is impacting support on several levels. First, companies can offer a wide range of services unique to these devices. Second, devices can inform customers of nearby branches of banks or insurance institutions where they can find in-person support. Third, companies can now expect support requests at any time from any location. Finally, the mobile computing and communication tools themselves can generate hardware, software, and network issues. With consumers and employees dependent on these units they understandably have high expectations of support.

The BFS industry has been quick to embrace the mobile channel, given the plethora of mobile banking apps on the market. The primary goal is to give consumers the same self-serve options as a website. Within the mobile customer contact strategies in the financial services vertical, the largest increase is expected for full integration with other contact channels (similarly to Social Media), followed by dedicated mobile customer service apps.

Frost & Sullivan predicts that the majority of BFS institutions will deploy mobile applications as a customer contact channel. We anticipate an increased usage of mobile devices and tablets inside the contact center and financial enterprises. For example, stockbrokers can view their desktops on tablets on the trading floor or while on the phone with clients. Supervisors can move freely in the contact center, accessing historical and real-time information as they work with agents.

## BEST PRACTICES

Good performance or service only requires reasonably good applications and processes. Great service and great performance requires much more. Every aspect of the customer's interaction must be considered and planned for in order to provide memorable customer experiences.

Today, many organizations choose to enlist a global outsourcer for customer support. Rather than treating outsourcing as a cost-cutting measure (the focus of many traditional players in the outsourcing space), brand-savvy companies are increasingly focusing on cultural compatibility between themselves and their outsourcing partner(s). Those firms appear to be enjoying greater long-term success than those that engage with traditional outsourcers that compete almost exclusively on the basis of cost savings.

Research aside, the Atento team has shared concrete examples that show how technology is being absorbed to improve operational performance and results in BFS organizations.

### **Case #1: Automation to generate efficiency into Back Office Operation (Means of Payment Solution)**

#### THE CLIENT

The customer is one of the largest and most important Brazilian banks, which operates with medium and large retail chain, offering credit cards and financial products such as insurance, assistances and capitalization bonds. The bank maintains a long-term relationship with Atento since 2005 through the outsourcing of credit processes value chain: Acquisition, Analysis, Customer Care, Collection, Retention, Loyalty and Back Offices.

#### THE BUSINESS CHALLENGE

The best practice occurs in the Data Interchange operation, which is responsible by performing the analysis of invoices objections and fraud prevention through the evaluation of customer and consumption profiles in order to support and justify decision of refund values that are claimed by them.

Due the end of exclusivity agreement with an important retail chain, the volume of processes of the Back Office has increased 26%, affecting the productivity.



It was mandatory to take actions to reduce the backlog of cases once all the activities were executed manually and demanded an extensive navigation between the legacy bank systems to complete the classification, triage and analysis of cases.

## THE ATENTO APPROACH AND SOLUTION

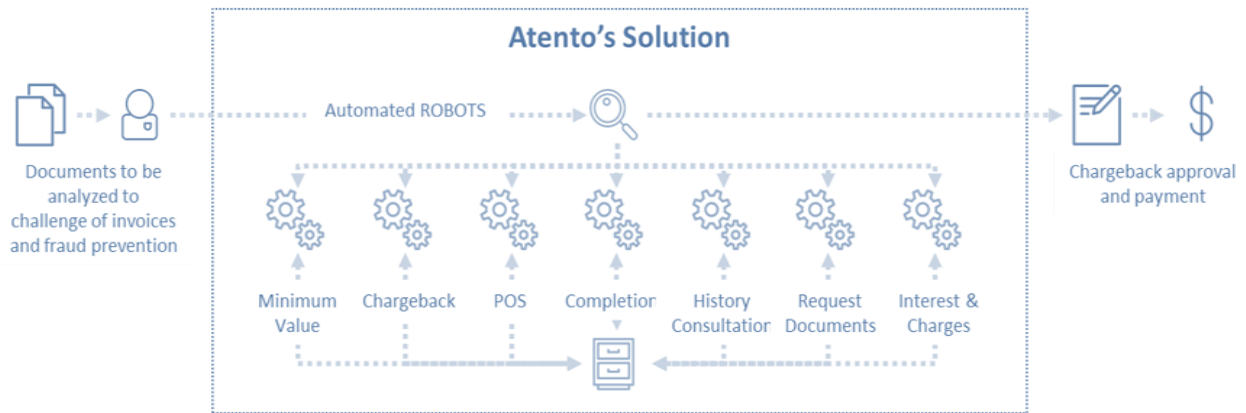
Atento has proposed to automate the manual processes, aiming to reduce the backlog by increasing productivity and decreasing the SLA without increasing costs.

Therefore, the solution included the mapping of all the processes integrated with the existent legacy systems, redesign the processes and develop automation to operate the activities that did not require analysis - leaving the agents available to handle the complex activities.

The good relationship between the bank and Atento made possible to interchange experiences from both sides and generated the creation of seven automations:

1. POS: automatic update of POS number;
2. Minimum value: automatic chargeback for low values claimed by the client;
3. Chargeback: triage and prior of cases sourced from Credit Card Brands, which must to be attended with reduced SLA;
4. Historical Customer Information: automatic search of customer's history through legacy systems;
5. Request for Documents: Automation to consolidate and automatically triggers e-mails to the establishment requesting for missing documents;
6. Interest and Charges: calculation of interests related to the successful chargeback processes concluded;
7. Completion: automatic form filling for concluded cases.

Additionally to the automations, Atento has implemented the IWD (Intelligent Workload Distribution) tool to manage the workload.



### THE RESULTS

With a simple, fast and low-cost implementation, these automations improved the operational KPIs such as Backlog, SLA of processes and productivity with a higher quality of the analysis done by the agents – better trained and specialized.

KPI	Before	After	% improvement
<b>SLA (days)</b>	90	10	90%
<b>Backlog (process/month)</b>	34,000	3,000	91%
<b>Productivity (process/day)</b>	700	1,400	100%

With an intelligence obtained through the automation and the KPIs improvement, the bank could review its internal process and evolved to a new scenario: an efficient and automated Back Office for credit concession, with higher clients' satisfaction and ROI.

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“Throughout our 10 year partnership with Atento, **the trust acquired has strengthened our relationship** to rely on them with our most complex activities and high value customers”.

**Financial Institution Director**

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## Case #2: Instant automated credit card approval (Means of Payment Solution)

### THE CLIENT

The client, a leading retailer bank in Mexico, searches to increase shareholders profitability without losing the focus on its consumers. The presented approach focused on the credit cards (private labels) offering in the on the spots at the retailer's stores.

### THE BUSINESS CHALLENGE

In the actual economic scenario, there are various financing options for all types of customers, what requires the large retailers to use efficient mechanisms for analyzing and providing credit to attract more customers and increase sales.

To differentiate themselves from competitors, the client sought to offer a more convenient credit card, with instant credit approval. However, to implement this solution, a more efficient process was required to analyze customer's information and documents, in order to provide the security needed for the transaction.

### THE ATENTO APPROACH AND SOLUTION

The solution developed by Atento supported the online credit approval process through the presentation of a personal identification document (i.e. driver's license) in a retailer's store.

This simple process begins with scanned documents sent to the credit Back Office, which validates the customer's signature, employment data and credit references and history to apply fraud and risk policies and risk. Less than 20 minutes, the customer receives the credit card approval or disapproval by SMS.

Elements like business process reengineering and intelligent document management technologies contributed to the success of this operation.



## THE RESULTS

Based on this instant approval, the bank is able to analyze and issue over 900,000 credit cards annually. An increase by 17% in comparison with the previous scenario. In a taskforce applied on a Mexican holiday, approximately 38,000 credit cards were emitted, what means the control station processed 200% more credit card requests than a regular day.

This solution expands the retailer financing options to reach more customers that are not in its client base, what results in increased sales. In addition, this automated process brings cost reduction in logistics and document handling, and, the most important, provides data security to the bank.

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**“Atento’s efficiency and experience in credit analysis were crucial for reaching all our business objectives.** This was a year full of changes and challenges that we successfully overcame with our partners”

**Credit Admission Director - Financial Institution**

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## Case #3: Reduce lead-time and eliminate errors in auto loan processes (Credit Management Solution)

### THE CLIENT

A major private financial institution that operates in the auto loan industry for cars, motorcycles, trucks, buses, machinery, among other, through an extensive network of over 20,000 partners composed by resellers and dealers in Brazil.

As one of the strongest sectors within the financial segment in Brazil, the auto loan process has the challenge of reducing delays and errors occurred when processing large volumes of documents.

### THE BUSINESS CHALLENGE

To stand out among other players in this industry, this institution was looking forward to improve processes, reduce backlog and deliver higher-quality services.

### THE ATENTO APPROACH AND SOLUTION

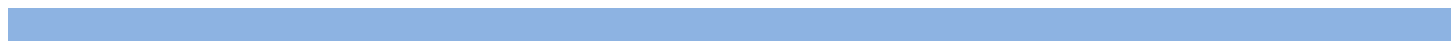
Atento became responsible for providing the credit analysis solution by Back Office operations, which volume was more than 200,000 annual auto loan processes. The solution should grantee the efficiency in electronic documents management and safety in the client's information handling.

The process defined in accordance with the bank, made Atento responsible for request all the needed information to the automated loan processes, after receiving the documents, they are scanned and registered into an electronic management system for the specialized team to analyze and subsequently issue them.

After the transaction approval, contracts are signed by a legal representative of the bank and are sent to DETRAN (State Transit Department) and to Registering Offices to create the auto document.

After returning to Atento, the documents for the vehicle are sent to the customer.

Throughout the document analysis until the end of the process, the client can track all steps through various channels, such as phone, email, SMS and chat.



## THE RESULTS

Atento's Back Office service includes anti-fraud and information protection systems besides the generation of analytical reports to ensure total visibility over the progress of the processes in real time.

In just one year, the bank reported a 93% reduction in process errors. The lead time decreased by 35% and the index of complaints decreased by 56%.

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**“In our partnership with Atento, we run our operations through a “four hands” work. This way of operating is very interesting and healthy for both parties”**

**Financial Institution Superintendent**

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Additionally to those results, the elimination of manual paper handling and the process automation also brought qualitative benefits: the document analysis became more efficient, without losing process security and precision. The daily reports, tactical and strategic decisions became faster.

Furthermore, there is a stronger recognition of the services from the institution's partner network and greater customer satisfaction.

## CONCLUSION

Frost & Sullivan customer surveys repeatedly show three core challenges impacting all business segments: the need to cut costs, improve customer satisfaction, and improve quality. Each of these is intensified by factors and market conditions beyond the control of individual businesses. Adding to the pressure is the need to remain compliant with a vast and constantly changing body of laws, standards and government regulations.

Nowadays customer service is no longer the sole provenance of the Front Office, and customers don't care if the person handling their business is a contact center agent, claims adjuster, mortgage processor, or accountant. They just want their experience to be consistent with the promise of the brand that they have selected, whether that means processing an insurance claim on time, or fixing a billing or credit card issue.

The work of the Front and Back Office impacts the Customer Experience. The Front Office, particularly the contact center, has attempted to address these challenges through a decade-long development of new customer interaction channels that cater to the changing consumer, and tools to enhance the Customer Experience and improve operational efficiency. Meanwhile, the Back Office has gone through a similar metamorphosis, implementing Business Process Management (BPM) tools and initiatives that address some of these core challenges through process automation.

Yet, for the past decade, the lion's share of resources intended to improve the Customer Experience has gone to the contact center. Only lately, BFS institutions have begun to realize that unresolved issues and Back Office process improvement procedures have a direct impact on the Customer Experience, forcing them to increase productivity and operational efficiency.

The evolution of demand attributable to global regulations and the emergence of new client needs oblige banks to invest in their services. On one hand, the need to comply with global regulations will keep pushing banks and financial institutions to invest in more sophisticated risk management tools. On the other hand, mobile banking is a major investment driver for financial institutions and banks because it allows them to offer new services to their clients by using established technologies such as SMS and the mobile web.

However, the dynamic change in customer engagement, elevated by the increasing speed of technological development, is perhaps the biggest challenge businesses face. Today's consumers are tech-savvy, engaged, more informed, and therefore more demanding than past generations. They want answers and resolution quickly and through increasingly diverse channels that include text messaging, chat, social media and self-service. Therefore, the battleground for competitive differentiation has become 'Improving the Customer Experience,' changing the way businesses engage with customers, and improving the customer journey throughout the lifetime of that customer.

## **ABOUT ATENTO**

Atento is the largest provider of customer relationship management and business process outsourcing (CRM BPO) services in Latin America, and among the top three providers globally in terms of revenues. Atento is also a leading provider for U.S.-based companies' nearshoring CRM/BPO services to Latin America. Since 1999, the Company has developed its business model in 14 countries where it employs approximately 160,000 people. Atento has over 400 clients to whom it offers a wide range of CRM BPO services across multiple channels. Atento's clients are mostly leading multinational corporations in sectors such as telecommunications, banking and financial services, media and technology, health, retail and public administrations, among others. For more information visit: [www.atento.com](http://www.atento.com).



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