

Reducing Branch Manager's Back-Office Duties

Mónica M. Jorge Berlinger
Master in Engineering Management
Héctor J. Cruzado, PhD, PE
Department of Civil & Environmental Engineering and Land Surveying
Polytechnic University of Puerto Rico

Abstract — *In a local bank in Puerto Rico, the time that should be dedicated to increasing portfolio by branch managers was consumed mostly of back-office tasks. The reason the operation is mostly back-office tasks is for the lack of technology adoption and centralization of information. All back-office tasks for branch managers were studied as well as non-back-office tasks. This was done so with the intention of calculating the impact it currently has on its operations. Technology adoption, career development and strategy modification for reporting was found to be the top solutions for reducing back-office task and dedicated time. These solutions were found to reduce up to 75% of the branch manager's annual tasks.*

Key Terms — *delegate solution, managerial strategy, servicing waste, automation, FTEs, CRM, RPA, efficiency, career path*

INTRODUCTION

In the banking industry, there are profit drivers and support for those identified drivers. Considering processes to achieve these profits, they contain activities that add value and others that do not. These activities that do not add value can be found among wastes or regulatory activities that must be present without regards to any situation.

This project took place in a local bank from Puerto Rico. The main role of the manager is to increase commercial business for the organization. Yet, because branch managers are left with countless workload, they spend a majority of their time performing tasks that do not add direct value to the organization, operation or the customer. By having an excess of back-office task, limits the dedicated time that can be settled for commercial business. COVID19 has had an impact on the economy overall and impulse this financial institution to

grow new business in order to maintain its previous performance.

The main objectives that the project pursued were:

- To reduce branch manager's back-office tasks
- To reduce time to perform Branch Manager's back-office tasks

Automation was not included in the project's scope. A follow-up project could allow for the automation to take place.

LITERATURE REVIEW

Most of back-office tasks come with wide inefficiencies and the organization is not aware of the cost of opportunity being missed here. A report had found that a Fortune 500 organizations could waste up to \$480 billion dollars a year related to inefficiencies in back-office tasks. Within the organization in scope, the manager's daily task includes more than 3 hours dedicated to back-office work and productivity management. Automation will help the organization be more efficient and prevent human-made errors. Because the management workforce is not used to automation related technology, there might be some pushback from them. Nevertheless, managers are aware of the hassle for end of day settlements and have in fact asked for alternatives or solutions in order to produce more value to their performance. The managers' time are freed to perform critical tasks as it has been proven with previous robotic process automations (RPAs) in the organization [1].

Automation and artificial intelligence-enabled resources are described and referred to as work automated to replace work performed by individuals, where it enables and enhances and allows humans to take on more work, take on different tasks and engage in new work

opportunities such as others that are not on cost centers [2]. Automation has proven to facilitate workers more time to concentrate on value added tasks. Some recommend automating many lower-value administrative tasks, where managers receive free time in order to focus on achieving better business outcomes [3].

Because one of the main solutions is automation, many studies have been researched in order to provide evidence of success in other similar industries. A financial institution implemented a RPA solution to replace the manual data entry received from another company [4]. Besides automation, there were other alternatives to reduce report usage. A consolidated report will be developed with Information Technology for time reduction, and to simplify functions to deliver faster, non-essential activities by focusing on value added tasks and activities [5].

ANALYSIS

The methodology used for the analysis followed the BASICS principle. BASICS is part of the agile and scrum models that allow project management to efficiently deliver successful management of outcomes and uncertainties within any project. BASICS is the acronym for Baseline, Analysis, Suggest Solution, Improve Implement, Control, and Sustain.

The project evaluated the current state for all back-office duties, where 61% of the tasks were found to be non-value added to the branch manager's operation and responsibilities. Robot capable processes needed to be evaluated in order to account for any automatization. Also, the manager development track is a suggestion for delegation of many tasks.

Figure 1 demonstrates how the majority of the branch manager's tasks are dedicated to operating and managing the back-office procedures for the branch. The figure indicates tasks that can be shared (0.5), eliminated (Eliminate) from current operations, back office (Yes), and non-back office (No).

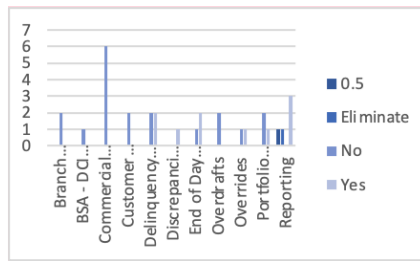


Figure 1
Volume of Back-Office and Non-Back-Office duties

Robot Capable Processes

Non-Backoffice processes for the financial institution in study, are characterized such as those processes or tasks that are essential to either acquiring business for the institution or be required by the job description, such as approvals-this is based on the management level. In branch operations, there are certain transactions that have thresholds where managers need to override them in order for the employee to continue their task. This mandates that the manager stop their current work and walk to the employee needing an override. All these categories of approvals are recommended for automation within the existing digital solutions (system notifications for approval) to avoid prolonged interruption of a manager's role.

Backoffice processes are in place in order to make customer service more "efficient" or in a way speed up a process (delay paperwork for example). It is efficient, within quotes, because it relieves workload with the customer or at the moment of operation but leaves a certain process that, in a certain time frame needs to be completed.

There are other back-office tasks such as reporting, that can be automated. These reports allow the business to know how their customers, products and services are performing. There have been over 18 different maintenance reports that are being received to administer the branch manager and the bank's portfolio. These are the clients that have to be serviced or courted to seek new money opportunities or maintain and strengthen customer relationships. Also, many ends of the day

Commented [HC1]: Le mencioné en la corrección anterior que estamos en la Revisión de Literatura. La Figura, la sacó de la literature? Si la sacó de la literatura, debe indicarlo con un número entre corchete al final del título de la figura. Si no la sacó de la literature, debe mover esto con la figura a otra sección.

Commented [MMJB2R1]: Ahora comprendí sobre el lugar para la figura. Entiendo ahora esta en contexto con el analisis que se planteó.

settlements are required to validate that day's operation. A robot can replace one of these settlements for a significant time reduction. It can be estimated to reduce at least 30 minutes, which can have a potential \$825,000 performance cost. This was done calculating reduced FTEs, 12, which cost the bank more than half a million dollars in manhours.

Delegation: Management Track

The assistant branch manager and other supervising roles can be trained to be promoted to branch manager, or other commercial officer positions. Having the operational background of the teller and other operational role allows for one to understand every operation within the branch and start to develop the customer acquisition aspect of managing commercial businesses. Having knowledge from the building block of the organization is essential to successful branch or product and service management.

Reporting

All business units involved in different maintenances are to be centralized: from the top tier in business classification to the last tier. The reporting that is being asked today from each business unit is not uniform or consistent and they all have different formats and processes. Each report has a different frequency which makes for follow up a structured scheduled task for reminders, which cannot meet.

A CRM, also the acronym for customer relationship manager, allows for the reporting information to be integrated into a digital platform that facilitates customer information about services and products offered. This platform is needed for customer documentation and potential follow up of products and services. Today, not every business has the same CRM system, and it can depend on what tier business is identified with each customer.

RESULTS

Delegating tasks will liberate time from any branch manager. This is why 35% of current branch

manager's responsibility is being suggested for a management track of development. This significant reduction allows branch managers to be role specific. These tasks are currently done, partially by assistant branch managers, and could be carried out with full responsibility by them and have other bank officials to support.

A total of 6% of branch manager's time can be reduced by half with auto alerts. Every branch manager would receive a notification with their respective cases to follow up. This will be developed into the CRM platform. The reporting will include past due payments from commercial clients, or soon to be expired credit services such as credit lines and loans, among others.

If all robotic capable process that were identified can reduce at least the equivalent of 30 minutes as it was mentioned to the solution to one of the end-of-day settlement. This account opening process was validated for RPA and the 30-minute reduction is equivalent to 25% reduction of each process. This is a total of 18% can be reduced in back-office tasks.

DISCUSSION

Mutually inclusive to the reduction in back-office tasks due to delegation, robotic processes and centralization of reporting data for personalized manager's alert can reduce time and tasks performed by the manager. Tasks that can be automated are those such as the ones mentioned in the robot capable process section. One of these processes can be automated with electronic requests that arrive directly to the manager through email or IM notification request. Allowing managers to delegate tasks can alleviate some time for extra sales processes and practices.

As a potential impact, the end of settlement robotic capable processes, currently cost the financial institution an average of \$1.6mm every year. The reduction of 25% of this time has a significant impact being that not even 50% of the time is estimated to be reduced. This is a conservative projection that leaves a positive track and impact for the future.

The reduction of end of day settlements will be achieved with RPA. One of the most difficult settlements is currently being developed using artificial intelligence to interpret customer required information from government documents and identifications. This end of day settlement for opened accounts has an average duration of 1.5 to 2 hours every day. The minimum estimate for reduction is 30 minutes and because of the high impact of cost reduction and artificial intelligence team will support the initiative. Some researcher from this project will develop the robot in a follow-up project. By incorporating more technology in branch manager's day-to-day will promote its use and will require maintenance which can require adherence to such a solution.

CONCLUSION

All involved business units are aware of the current deficit the reporting process has. This is why as a corporation, a "one bank" strategy is being adopted. The suggestion of centralizing the reporting will allow for all to have a standardized process for maintaining portfolios and client relationships up to date. Also, this will allow reduction for the time dedicated to find and work on cases.

The suggested reporting strategy will serve as a baseline for the business unit coordinate the new report with all their fields and programming. The requirements have been set in order to meet all regulatory compliance deadlines.

The development for the RPA robot is on its way and is planned to be in the pilot for the end of Q4 2021. This has been a great advancement and is promoting technology adoption around the group.

When combining the robot capable processes with the auto alerts solution to reporting, a total of 75% of the branch manager's time will be reduced. This is framing the best scenario, but if at least a 25% of that identified 75% (18.75%), a total of \$1.2mm a year can be reduced in manhour labor cost.

REFERENCES

- [1] Stampli. 2020, August 31. *The high costs of an inefficient back office* [online article]. Available: <https://www.stampli.com/blog/accounts-payable/inefficient-back-office/>
- [2] Gartner. 2021, January 14. *Reconfigure and Build Resilience in Your Workforce Model of the Future*. [online article] Available: <https://www.gartner.com/document/3995586?ref=solrAll&refval=282798871>
- [3] The Shared Services & Outsourcing Network Editor. 2018, May 25. *Workforce optimization in business process OUTSOURCING: Adding people to the productivity equation*. [online article] Available: <https://www.ssonetwork.com/business-process-outsourcing/whitepapers/workforce-optimization-in-business-process-outsour>
- [4] Gartner. 2020, March 20. *Use a Digital Twin of Your Organization to Successfully Optimize Business Costs*. [online article] Available: <https://www.gartner.com/document/3982684?ref=solrAll&refval=282798942>
- [5] Harvard Business Review. 2014, August 01. *Make your back office an accelerator*. [online article] Available: <https://hbr.org/2007/03/make-your-back-office-an-accelerator>