


# TRANSFORMING HR & FINANCE PROCESSES THROUGH AUTOMATION

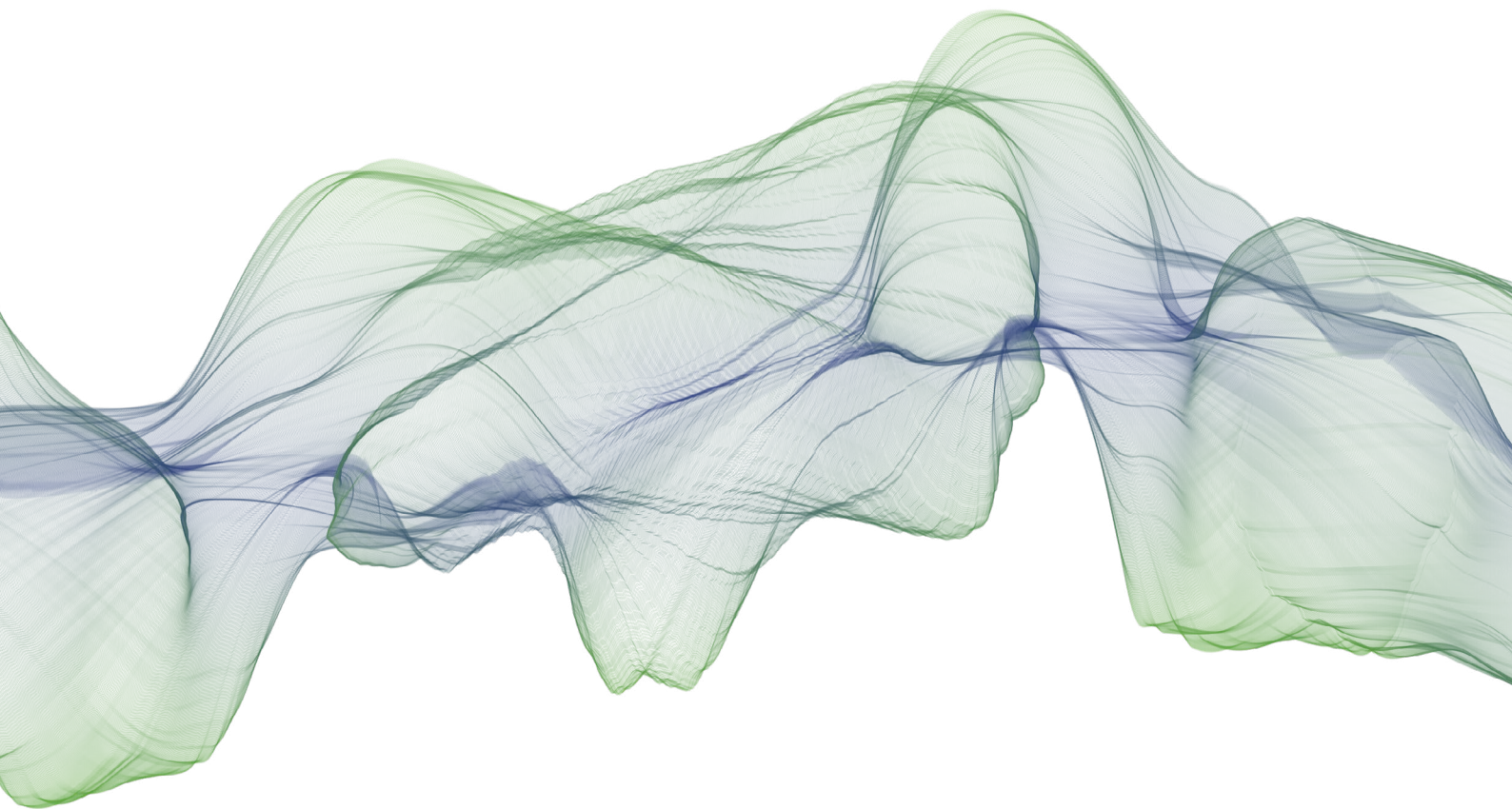
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How a flexible, modern approach to digital transformation provides a faster path to tangible value for financial services organisations.



## Contents:

➤ Introduction .....	3
➤ <b>The time for digital transformation was yesterday</b> .....	4
➤ An unwanted legacy .....	4-5
➤ HR & Finance: The new transformation trailblazers .....	6
➤ <b>It starts with Intelligent Automation</b> .....	7
➤ <b>Which processes should you automate?</b> .....	8
➤ How can it be applied? .....	8
➤ Opportunities for Automation in Finance And HR .....	9
➤ <b>AI and automation won't change the world overnight but can rapidly generate value</b> .....	9
➤ Tangible automation benefits .....	10
➤ Automating HR Onboarding .....	10
➤ Automating Payroll Processing .....	11
➤ <b>Make automation your priority</b> .....	11
➤ <b>Discover Intelligent Automation with Kainos</b> .....	12



## Introduction

Ask different leaders across the financial services sector about digital transformation, and it's unlikely you'll receive the same response twice. Those leading the field having taken significant modernisation steps will likely laud the opportunities it affords but perhaps also share warnings about stagnation and scope creep. Those at a less advanced stage will be excited about the benefits to come but have similar tales of woe regarding budgets or time to value. Then there are those yet to move with the times, stuck in a legacy world, struggling to identify where or how to apply digital transformation within their business. Which category does your business fall into?

Regardless of the bracket you identify with, there is one common thread across all of them – the knowledge that to transform is to survive in financial services.

Modernisation is no longer a luxury for those with the resources to do so. In a fast and ever-changing financial services market, companies are tackling increasing demand along with heightened customer and employee expectations. There's a pressing need for organisational agility, risk mitigation, enhanced customer service, seamless transactions and accounting transparency. And all of this must be accomplished while making efficiency gains and cost savings. In short, digital transformation is business-critical for every business in the financial services industry.

Traditional operating methods are ill-suited to today's business norms, at best impacting competitiveness and at worst threatening the company's existence. Where once a financial services market leader's headcount was a measure of its success, those same businesses now compete with billion-dollar companies employing fewer than a thousand staff. And not all of them are new, born-in-the-cloud market disruptors either; they simply learned how to adapt and thrive in a modern business landscape faster than other incumbents.

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## So, what does successful digital transformation look like for financial services businesses, and which figures within the organisation should be leading the charge?

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This whitepaper investigates the shifting approach to digital transformation for financial services happening alongside changes to the overall industry landscape. It will shed light on a move away from traditional IT-initiated system overhauls and focus on the tangible and more quickly realised value that Intelligent Automation can bring to financial organisations new and old. This value is driven by those who understand the need for it and will benefit from it the most – their HR and finance departments.

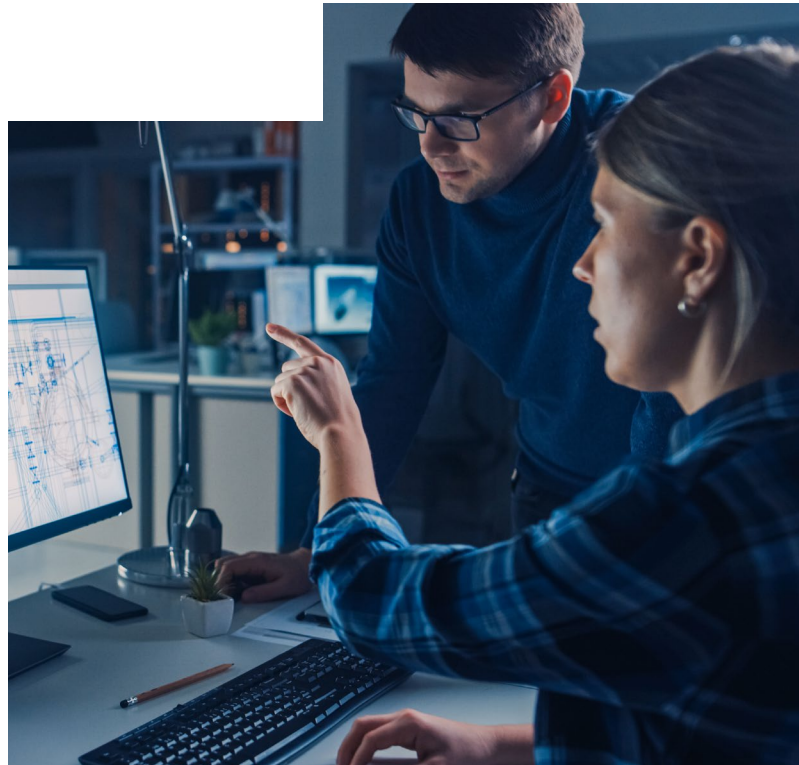


## The time for Digital Transformation was yesterday

The pandemic played a major role in accelerating digital transformation. To boost agility, efficiency and work from home productivity plus avoid being caught out by future disruption, many companies leapt to a level of digital maturity they wouldn't have achieved for almost a decade if it weren't for COVID-19<sup>1</sup>. KPMG suggests that the pandemic drove many financial services companies to double down on their fintech investments, while EY research highlights that almost half of companies in 45 countries sped up initiatives to automate their businesses following work from home mandates<sup>2</sup> as the use of financial apps and mobile banking services soared by 72%<sup>3</sup>. Ultimately, however, the coronavirus merely shed light on a problem that had needed fixing for a long time – the ball and chain impact of legacy systems.

### An unwanted legacy

Those who have spent many years using the same deeply ingrained solution find it hard to simply start from scratch and transform their business. While this is true across every industry, it's particularly painful in the finance sector. For example, compare the agility and efficiency of banks using decades-old core software on-premises with a cloud-based fintech start up using real-time data throughout integrated systems, and you'll see the stark difference. According to the FCA, 92% of the UK's financial services firms rely on legacy technology in some form<sup>4</sup>, while 43% of US banks still use the COBOL programming language that dates back to 1959<sup>5</sup>. Similarly, 47% of companies use HR software that is over seven years old<sup>6</sup>.



**45% of senior business decision-makers at UK financial services firms cite legacy IT infrastructure as one of their three biggest internal challenges<sup>8</sup>**

Financial services companies reliant on vast, monolithic ERP solutions patched over many years with digital duct tape and bolted on 'modernisation modules' are forced to adapt their processes to the software, not what's best for the business. It's for this reason that 36% of HR professionals believe lacking technology to be the cause of their failure to automate and better organise onboarding programs<sup>7</sup> and why 45% of senior business decision-makers at UK financial services firms cite legacy IT infrastructure as one of their three biggest internal challenges<sup>8</sup>. It means financial services organisations not only struggle to keep up with market changes or dedicate resources to higher-value projects but must do so while maintaining an expensive, inflexible and ever-ageing system.

As far back as 2016, companies like Deloitte were championing a shift in the organisational DNA of financial services organisations to cater for digital transformation. Today, however, the information flows demanded by legacy systems appear as archaic as the analogue methods they replaced. Most processes, often carried out across multiple systems, are still labour intensive, especially those related to finance and HR. They require significant manual effort and introduce the risk of human error to achieve run of the mill outcomes. Research shows that administrative tasks take up around 73.2% of an HR professional's time<sup>9</sup>, while McKinsey Global Institute believes that 60% of all occupations have at least 30% of activities that could be automated and that 56% of all human resources tasks can be automated with existing technologies. These tasks take up time which finance and HR professionals could be using to add more value to their organisation. Unnecessary effort and the duplication of it are rife in such processes, with the underlying systems a major barrier to digital transformation. It's here where automation using modern technology is required to bridge the gap, but AI and IT alone can't solve these problems.

**60%**

**of all occupations  
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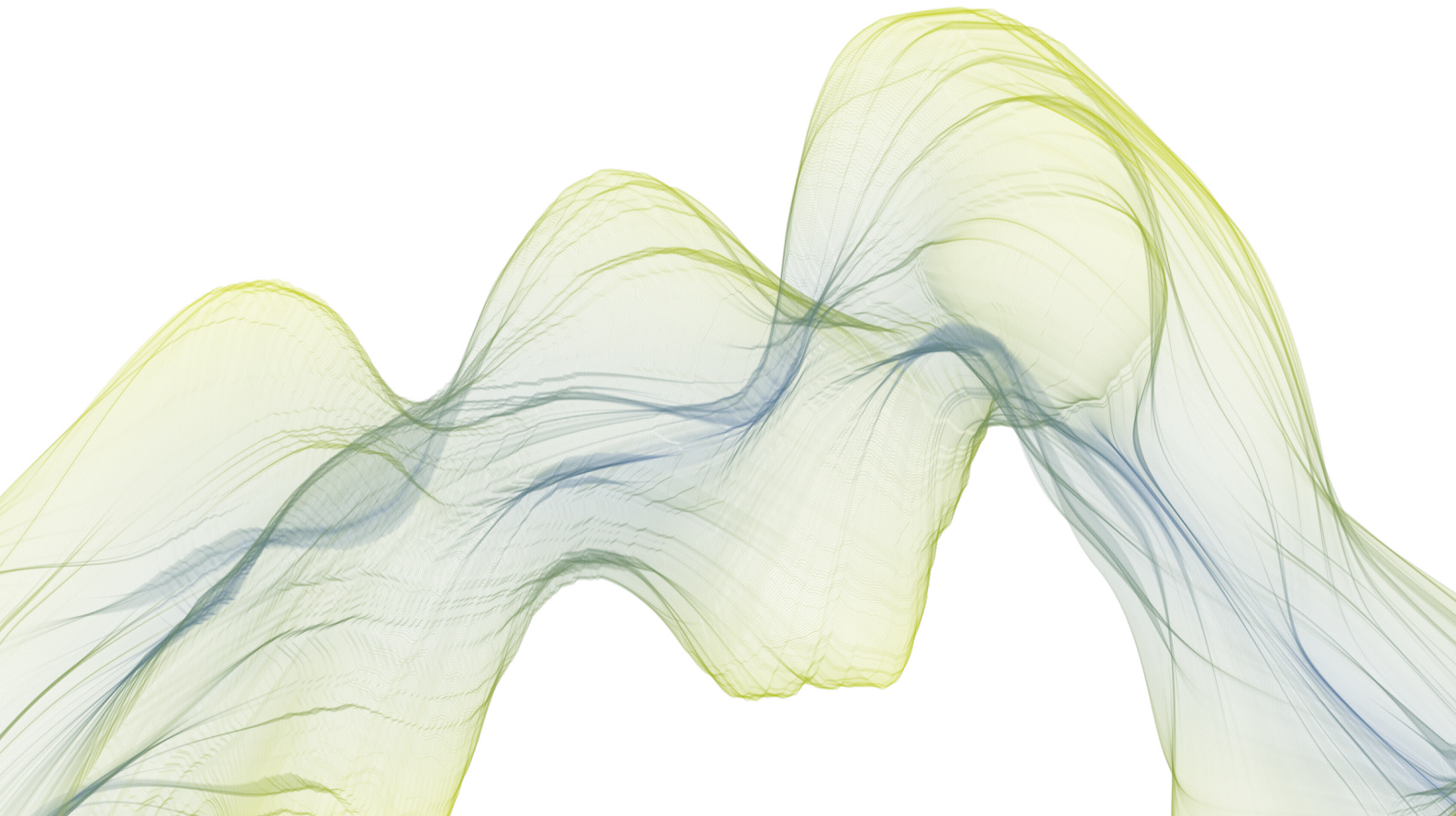
**of all human resources  
tasks can be  
automated with  
existing technologies**

## HR & Finance: The new transformation trailblazers

As the financial services world adapts, so must the role of those operating in it, with HR and finance leaders perfectly placed to deliver this positive operational change. Invested and fundamentally involved in the processes that digital transformation and Intelligent Automation can revolutionise, they are in the best position to not only enable the change but benefit from it.

With the industry and business models changing with the times, there is a new expectation on finance and HR leaders to not only oversee their departments but advise other senior figures and support strategy decisions from a position of departmental knowledge. This insight also enables leaders to have employees focused on where they add the most value and, in turn, increases job satisfaction. It requires resources and insight that many are unable to access at present. Adjustment to the traditional way of working is required, with the 2020 Gartner Future of Finance Survey finding that 60% of finance functions are implementing or have implemented technology to automate routine business decision-making processes<sup>10</sup>.

It's no exaggeration to say that Intelligent Automation can transform HR and finance leaders into dynamic and proactive providers of value over simply 'getting the job done'. With their organisations working at full capacity today, they rarely have the flexibility to increase workloads without growing their teams or to dedicate manpower to new projects and value-added activities. With Intelligent Automation, they unlock the ability to do more with the same or less. Reducing or maintaining their costs while also scaling their volumes, chasing down insights and new opportunities and becoming a champion for positive change within their organisation. But how?





## It starts with Intelligent Automation

In simple terms, Intelligent Automation combines AI and Robotic Process Automation (RPA) to enable traditional manual processes to be carried out automatically and intelligently. This could involve several technologies, including Machine Learning (systems that can learn and adapt), Natural Language Processing (tools that understand and can analyse the human voice) and Computer Vision or Optical Character Recognition (solutions that can scan and make sense of images and text). Effectively, instead of multiple hands, eyes and brains carrying out the labour intensive work, a carefully designed, intelligent system takes care of it all. Unlike kitchen sink digital transformation projects, Intelligent Automation can be applied where it's needed and where it will add the most value, plus coexist with and link existing systems.

It might sound futuristic, but it's becoming a reality for many businesses. Between 2017 and 2019, companies using automation for mission-critical processes rose from 16% to 50%, with 74% of organisations saying they are actively looking for new use cases for automation<sup>11</sup>. However, a quarter of UK businesses are still only in the early stages of automation and are keen to change that fact. There's good reason to do so, too, with IBM research suggesting that 90% of executives whose organisations are scaling intelligent automation believe it creates higher-value work for their employees<sup>12</sup>.



## Which processes should you automate?

Combining RPA, Low Code Apps, Chatbots and Machine Learning, Intelligent Automation can be applied in a number of useful ways to unlock significant value for financial services firms. In the right hands, Intelligent Automation can also continue to improve, further enhancing processes as new efficiencies and opportunities are identified. But how do you identify those opportunities?

**There are several indicators that highlight finance and HR processes that would benefit from RPA and unlock value. Automation benefits processes that...**

- Are data-intensive or repetitive**
- Have digital start and endpoints**
- Involve manual calculations**
- Follow rules or patterns**
- Contain sensitive content**
- Suffer from high error rates**
- Require manual re-keying**
- Feature electronic process triggers**
- Operate within a complex IT landscape**

## How can it be applied?

At its core, Intelligent Automation is designed to relieve employees of complex and time-consuming tasks and is particularly suited to finance and HR functions. Chatbots, for example, could handle common internal queries and direct employees to the right information without bothering anyone in the HR team. They can also play a role in customer interactions, with Juniper Research suggesting that chatbots in banking could deliver operational cost savings to the tune of \$7.3 billion globally by 2023<sup>13</sup>. Elsewhere, Intelligent Automation could be leveraged to save finance department time by extracting data from invoices at speed, processing it and preparing it for approval without regular human intervention. Low or No Code applications are also increasing in popularity. Effectively removing or at least hiding technical aspects of application development from the user, they enable non-technical employees to create useful workflows that interact with other applications, including financial systems and HR tools. For instance, new contacts via web forms or emails could be automatically captured and trigger a workflow that routes the request to the right party and even carries out activities automatically, limiting the traditional human processing required. And this is just scraping the surface of the opportunities available for both functions. Many more finance and HR processes can benefit from Intelligent Automation, as shown below.



# Opportunities for Automation in Finance and HR



## HR

- Payroll processing and payment
- Benefits administration
- Payslip management
- Time and attendance management
- Recruiting
- Onboarding
- Education and training
- Compliance reporting



## Finance

- Bank reconciliations
- Account reconciliations
- A/P Payment processing
- A/R Cash application
- Financial planning
- Standard journal entries
- Vendor and customer setup
- Trend tracking
- Intercompany reconciliation
- Expense claim processing

## AI and automation won't change the world overnight but can rapidly generate value

It would be easy at this stage to paint AI and Intelligent Automation as the silver bullet to solve all financial services challenges, but that would be applying the digital transformation overhaul mentality to what is a more focused and evolving approach. Yes, Intelligent Automation can unlock tangible value quickly, but it's not going to transform a business with the flick of a switch. What it can do, however, is provide short to medium term benefits, be they financial, resource-based or risk reduction, as part of a wider strategy. It should be applied where it makes sense to do so and improved and scaled over time, measuring success and demonstrating return throughout.



## Automating Payroll Processing

Payroll processing is another time consuming and often error-prone process that takes many employees a significant amount of time to complete. An internal finance division or a business providing payroll processing must carry out manual document checks and validation and face the risk of input errors or information being accessed by unauthorised individuals. However, an automated solution could extract files from folders, apply encryption and decryption using secure keys and automatically validate details within the documents before routing them to a secure location with named user access to prevent access by unapproved users.

As a result, payroll processing productivity is improved, security is enhanced, and this reusable process can be quickly applied elsewhere within the organisation as new opportunities are identified.



**Improved  
productivity of  
payroll processing for  
customers**



**Secure process for  
handling sensitive  
payroll data**



**Re-useable process,  
using core components  
from Microsoft**

## Make automation your priority

With automation in place, it's not only processes that are transformed but the very nature of a department and its leader. A CFO or HR director that has applied Intelligent Automation within their division can become a more proactive and value-generating board member, using the resources they've saved to identify trends, seize new opportunities or deliver innovative new projects. They can swiftly surpass a role that simply oversees business as usual and operate more dynamically, scaling operations without the need to increase headcount.

Intelligent Automation provides financial services businesses and their HR and finance leaders with options. Levers they can pull to quickly deliver improvement. They have the choice to adapt as needed, focusing on priorities, from controlling costs to risk or waste reduction and cutting down cycle times by comparison to drawn-out transformation efforts that can take years to have an impact. They can be more confident in their reporting, benefit from more engaged employees and dedicate more department time to value generation.

Intelligent Automation can be used to create new opportunities and achieve competitive advantage. As the pace of change in financial services continues to accelerate, it is critical to get started as soon as possible.

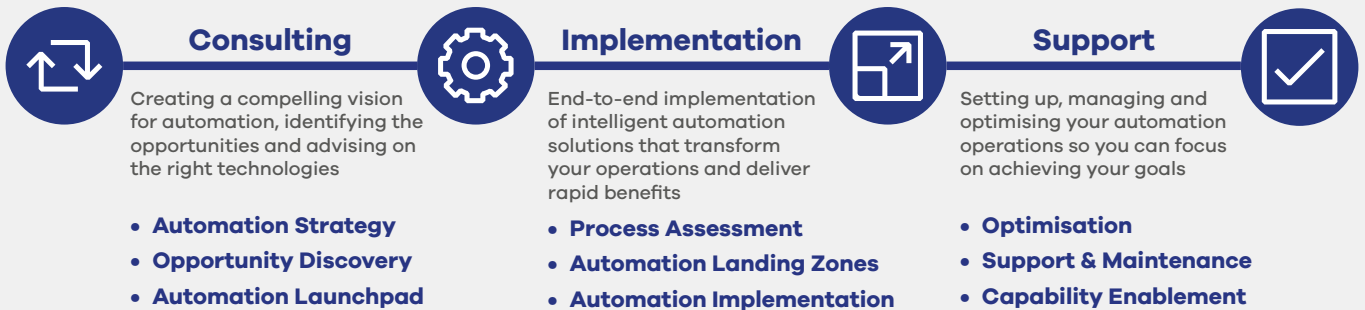


# Discover Intelligent Automation with Kainos

Combining a design-led approach with agile automation delivery, Kainos enables financial services organisations to realise the benefits of intelligent automation at scale. We start by working alongside you to discover how your business works, the challenges it faces, and the goals you want to achieve. Using this information, we define objectives based on the areas with greatest automation potential before designing and delivering solutions in partnership with your stakeholders, in line with your culture and in-tune with your existing systems.

Our automation delivery team enables you to realise increasing benefits with the delivery of each automation, building a prioritised backlog of automation opportunities and implementing them in parallel. The benefits realised are tracked, while future benefits are forecasted to quickly identify the self-funding point for automation within the organisation. This approach provides business leaders with visibility and control, as well as the flexibility to decide what comes next, whether it's increasing or decreasing the pace of automation or focusing on and achieving specific organisational goals.

From identifying opportunities to delivering intelligent operations, across consulting, implementation, and support, we help you leverage the potential of automation to increase productivity, reduce risk and improve service levels.



**Intelligent Automation can be used to create new opportunities and achieve competitive advantage.**

# How could your business benefit from enhanced operations and fewer manual processes?

## TALK TO KAINOS ABOUT INTELLIGENT AUTOMATION TODAY



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