
CONSOLIDATING VENDOR NETWORKS

Enhancing Digital Banking Capabilities with a Unified Communications Solution



The unprecedented global health pandemic has accelerated the shift from physical to digital. Banks are racing to keep up with the seemingly unrelenting pace of digital transformation. And customers are not exactly lowering their expectations. According to one report,¹ amid COVID-19 some **88% of customers** expect organizations to accelerate their digital initiatives, while **68% reported** that the pandemic has elevated their expectations of brands' digital capabilities.

Many banks have sought to expand their digital capabilities through the adoption of third-party solutions. Widespread adoption of disparate technologies presents banks with unanticipated challenges. A lack of integration leads to a fragmented and frustrating customer journey. Inefficient workflows stifles productivity and inhibits digital collaboration among employees.

And managing a large vendor network exposes banks to increased and unknown risks, costly third-party risk management initiatives, and the expenses associated with multiple deployments eats away at their bottom lines. As banks seek efficiency, security, and scale in their digital capabilities, many are turning to unified communications solutions.

¹ Kreger, Alex. "Post-Covid Digital Strategy: Banking Customer Experience Trends of 2021." 4 Jan. 2021, <https://www.finextra.com/blogposting/19712/post-covid-digital-strategy-banking-customer-experience-trends-of-2021>

"Phone, email, SMS web chat, self-service options, social media, you name it. Customers want it all, and financial institutions must oblige. If not, and especially as digital transformation continues to evolve...customers will take their business elsewhere. It's already started."

- ABA Banking Journal²

TODAY'S BANKING CUSTOMERS WANT IT ALL

The banking industry was in the midst of digital transformation when the COVID-19 pandemic came along, catapulting the movement ahead by several years. During the pandemic, customers have increasingly turned to digital channels to meet their banking needs. For example, an estimated **35% of customers** have increased their online banking usage during COVID-19.³

To satisfy customer demand for a broad range of digital channels banks have relied heavily on third-party solutions. For many banks this means juggling several FinTech providers and working to integrate the employee and consumer experience into one cohesive approach.

A failure to integrate third-party solutions can lead to a choppy and fragmented customer journey. Customers often find that they are unable to seamlessly transition between communication channels and grow frustrated with long waits. Moreover, representatives lack access to customer data preventing them from providing adequate customer service.

And it's not just the customer experience that suffers. On the banking side, a lack of third-party integration prevents the streamlining of business processes and stifles productivity. Bank employees are unable to collaborate since communication tools are disconnected from information flows related to business processes.

² ABA Banking Journal. "Forging a More Powerful Customer Experience." 30 Aug. 2019, <https://bankingjournal.aba.com/2019/08/forging-a-more-powerful-customer-experience/>

³ Crosman, Penny. "Digital Banking is Surging During the Pandemic. Will it Last?" American Banker. 27 April 2020, <https://www.americanbanker.com/news/digital-banking-is-surging-during-the-pandemic-will-it-last>

According to a recent McKinsey report⁴ that examined digital collaboration and customer service in banks, a lack of integration:

“Results in unneeded back-and-forth on status, hand-offs, and inquiries among employees, hurting their productivity. We believe embedding digital collaboration into process workflows will unlock the next S-curve in employee productivity. Assuming that core business processes which represent 15 to 20 percent of spending could be streamlined to improve productivity by 8 to 10 percent (e.g., eliminating unneeded back-and-forth), the result of scaling up to the entire global banking industry might generate new value of \$30 billion or more.”

With more employees working remotely than ever and customers demanding superior omnichannel experiences, banks must develop and implement strategies to foster digital collaboration and improve cross-channel experiences while also protecting sensitive data. Many banks are turning to unified communications (UC) solutions to meet these needs.

UC solutions benefit customers by providing seamless and consistent user experiences. Customers can easily complete banking transactions and effortlessly communicate with bank representatives through their preferred channels. Bank employees provide superior service since customer data is readily available.

Digital collaboration tools make it easy for employees to work from anywhere and get more done. For banks, UC solutions protect sensitive data and provide a cost-effective way to comply with strict banking regulations such as the Dodd Frank Act which requires financial institutions to record and store all customer communications as well as easily retrieve them when required.



⁴ Mangla, Rahul, et al. "How Digital Collaboration Helps Banks Serve Customers Better." McKinsey. 14 May 2020. <https://www.mckinsey.com/industries/financial-services/our-insights/banking-matters/how-digital-collaboration-helps-banks-serve-customers-better>

THIRD-PARTY RISK MANAGEMENT AND SECURITY CONCERNS

The financial industry is among the most heavily regulated. Strict compliance regulations are designed to protect customers' sensitive personal information and prevent criminal activity such as money laundering. As a result, banks face significant and costly compliance burdens.

Partnering with vendors creates additional regulatory burdens and security concerns, which increase substantially as banks rely on a greater number of vendors. Some of the potential liabilities associated with large vendor networks include:

- **Financial damages.** Banks are liable for third-party breaches and subject to potential lawsuits from customers as well as regulatory fines.
- **Reputational damages.** Customers and the media do not distinguish internal bank breaches from those caused by a third-party vendor.
- **Operational disruptions.** Security incidents can disrupt workflows and productivity depending on the systems and data that are compromised.

Unfortunately, incidents involving third-parties are all too common. According to a Deloitte survey⁶ on third party risk, **"87 percent of respondents** admitted they had faced a disruptive incident with third parties in the past two to three years, with 28 percent reporting they had suffered a major disruption and 11 percent experiencing a complete third party failure."

*"Third-party breaches cost an estimated \$13 more per compromised record than internal data breaches."
- IBM Security⁵*

THE BURDENS AND INEFFICIENCIES OF MANAGING VENDOR RELATIONSHIPS

Vendor management is a time-consuming and inefficient process in any industry. In the banking industry, however, banks have the added regulatory burdens of implementing third-party risk management procedures.

For instance, the Office of the Comptroller of the Currency (OCC) issued a bulletin in 2013⁷ that provided "guidance to national banks and federal savings associations (collectively, banks) for accessing and managing risks associated with third party relationships."

⁵ IBM Security. "Cost of a Data Breach Report 2020." <https://www.ibm.com/security/digital-assets/cost-data-breach-report/#/pdf>

⁶ Deloitte. "Effective Third Party Risk Management: Exploring Strategies to Improve Contract Management." <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Risk/gx-en-risk-effective-third-party-risk-mgmt.pdf>

⁷ OCC Bulletin 2013-29, <https://www.occ.gov/news-issuances/bulletins/2013/bulletin-2013-29.html>

The OCC bulletin outlines what an effective risk management process should include. For example, banks must:

- Exercise proper due diligence when selecting a third party.
- Conduct ongoing monitoring of third parties' activities and performance.
- Enter into written agreements that outline the rights and responsibilities of all parties.

These added risk management procedures are costly and time-consuming for any bank. For smaller banks, however, it is generally not feasible to have dedicated teams handling third-party risk management programs.

By consolidating vendor relationships and simplifying third-party risk management requirements, banks can reduce their potential liability, increase productivity by allowing employees to focus on performing higher-value tasks, and increase their bottom lines.

CUTTING COSTS AND IMPROVING THE CUSTOMER JOURNEY WITH A UC SOLUTION



In the drive towards digital transformation, banks are spending a large chunk of their budgets on technology. According to a report by Deloitte,⁸ financial institutions are spending 7.16% of their total revenue on IT while the average amount spent across all industries is just 3.28%.

Banks can significantly reduce their technology costs with a UC solution. UC solutions offer cost-savings in several key areas.

REDUCED CAPITAL EXPENDITURES

Implementing communications systems requires substantial capital expenditures to acquire and setup equipment. And then there are the costs of maintaining, upgrading, and replacing systems. With a UC solution, banks offload capital expenditures to the UC supplier and streamline their processes with a single solution.

REDUCED OPERATING COSTS

A UC solution reduces operating costs. Employees are more productive and can work from anywhere.

⁸ Deloitte. "Technology Budgets: From Value Preservation to Value Creation." 28 Nov. 2017, <https://www2.deloitte.com/us/en/insights/focus/cio-insider-business-insights/technology-investments-value-creation.html>



SAVINGS THROUGH VENDOR CONSOLIDATION

UC solution simplifies and consolidates vendor networks, eliminating costly and inefficient third-party management processes. In fact, a recent McKinsey report⁹ noted that by working more efficiently with vendors (i.e., consolidating relationships) banks can experience 5 to 10 percent savings within 6 to 12 months.

Most importantly, banks can leverage a unified communications tool to provide a best-in-class customer experience. Consider, for example, the mortgage origination process. Traditional origination processes involve time-consuming manual exchanges of information and lengthy wait times. Banking customers grow disillusioned with the process and form a negative view of the financial institution.

UC solutions allow banks to reimagine the mortgage origination process. Borrowers and bank staff can seamlessly communicate through a broad range of digital channels such as email, text, and video. On the bank side, communications are streamlined through multiple channels, enhancing collaboration and productivity. Customers are less burdened, loans close quicker, and banks save money.

CONCLUSION

Banks are increasingly relying on an extended network of third-party providers to meet customer demand for a superior digital banking experience. A larger vendor network, however, often has the opposite effect, producing a fragmented and choppy customer journey.

Add to this greater and unknown risks, costly third-party risk management procedures, and inhibited digital collaboration and the need for a cost-effective and efficient vendor consolidation solution becomes apparent. A unified communications solution checks off all the boxes and can prove invaluable for banks in their drive towards digital transformation.

⁹ Kanagasabai, Kumar, et al. "Transforming Banks' IT Productivity." McKinsey. 6 Nov. 2019, <https://www.mckinsey.com/industries/financial-services/our-insights/banking-matters/transforming-banks-it-productivity>

ABOUT REVATION SYSTEMS

At Revation Systems, we have a passion for making the complex simple and embracing risk to deliver great results. We have a security-first mindset and a purpose-built approach to everything we do from our policies and processes to our infrastructure and architecture. Security is at the core of our DNA; both at the organizational level and for the architecture of our technology. Security is not a check box for us, but rather an approach that starts from the ground up and influences every product we bring to market. We take the hard road every time to ensure our customer's data — in the two most tightly regulated markets — remains protected.

Our secure solutions have been validated with our HITRUST Certification. For financial providers, HITRUST certification means that the organization in question (including its products) has already undergone rigorous scrutiny and is a verified-secure partner whose technology and organization could leverage for its digital transformation without fear, hesitation, or time spent on an additional internal review.


We believe in the power of human relationships and that innovation in communication will connect people to help achieve financial security and live healthier lives. Revation Systems serves hundreds of healthcare and finance consumers in the U.S. with its all-in-one full contact center in the cloud with the ability to drive experience across digital and physical channels. LinkLive is unified communications software hosted in the cloud that offers a broad range of capabilities including rich digital messaging, a seamless ability to engage humans across physical and digital channels, and leading voice and video communications.

We offer the advanced, sophisticated capabilities are expected in a contact center like skills-based routing, session recording, workforce management, agent scheduling, and quality monitoring tools. We also offer a broad range of digital capabilities from chat, secure mail, and co-browsing to the ability for digital users to engage the physical channels and humans at a healthcare or banking organization. Since its founding in 2003, Revation has been dedicated to the belief that the quality of communications can be increased, while the costs and hassles can be decreased, using virtual communications with a cloud-based platform.

**Have Questions?
Let's Connect!**


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