CU2020

The Paperless Credit Union

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Introduction

Credit Unions in 2017 were once again found to be the most trusted brand in Ireland. This is not surprising as credit unions are different from other financial institutions, not only because they are not-for-profit, but because decisions are made at a local level and tailored to the individual needs of their members.

However, Credit Unions must capitalise on marketplace changes and continue to develop their use of technology. As in other sectors, digital transformation is under way and provides opportunities to improve customer service, back office efficiency, decision making and governance. Credit unions have excellent market share and member trust but with increased competition, new regulations and architecture looming, they must refresh their approach.

The Paperless Credit Union

The Opportunity

Credit Unions are always looking for new ways to make transactions easier. Paperless banking, until recently, has only been associated with paperless statements. And this is right to some degree, but it's only a small part of a much larger equation.

Paperless banking encompasses the entire Credit Union operation, from online banking to account management, including account opening. When we say, 'paperless banking', we are talking about all the practices we can automate and make available online to create more productive, environmentally friendly and user-friendly service interactions and transactions.

Members are happier because there are less forms to fill in, an improved sense of security and services are delivered in a much faster time frame.

Benefits of Paperless Banking

While some of the benefits of paperless banking may seem obvious, others are harder to envision at first. Productivity is one of those evident benefits resulting from paperless banking. Going paper-free can improve productivity by 30-40% with investments in paperless technology showing payback within 12-18 months.

"Moving from paper-centric to digital processes can dramatically impact a Credit Union's efficiency and performance."

Credit Union productivity improves 39 percent when electronic forms replace paper and workflows are used to streamline processes, according to AIIM research, which shows that there is significant scope within most Credit Unions to improve both staff productivity and customer response time by eliminating paper from the process. This can be especially true of Credit Unions due to their historical reliance on paper forms, statements and the need for regulatory compliance.

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Indeed, the paperless momentum of today's Credit Unions is going strong, with more and more credit unions optimising advanced Enterprise Content Management (ECM) systems to support and improve customer service and engagement. According to AIIM research, building the process workflow around an ECM facilitates the forms-based element of the workflow in much the same way as a dedicated capture solution, but also provides a controlled and compliant home for additional documents. By extension, an ECM system can also form the basis of operational management, providing collaborative project sites and searchable repositories for all types of day-to-day corporate content.

What's more, going paper-free derives the usual expected productivity benefits from a capture project, including, but not limited to, reduction of manual keying, visibility of overloads and bottlenecks, elimination of paper stacks, and improved processing quality. With more and more millennials demanding a paper-free existence, and multi-generations depending on mobile phones to manage life's demands, Credit Unions are recognising the days of generating paper are rapidly declining as the age of the mobile consumer gains substantial traction.

Data is at the Heart of the Member Relationship

Credit Unions are highly regulated, often needing to keep, store and process huge quantities of personal data. This is required by regulation, but also serves to give Credit Unions a platform to leverage and analyse data. More data allows for more insights to be made, providing personalised products and services in turn, turning in to a more suitable and appropriate offer for each customer interaction, thus generating customer loyalty, long-term relationships and profitability.

Paperless banking allows Credit Unions to meet compliance objectives much more easily. One of the ways it does this is by creating a digital audit trail that auditors can more easily analyse. Document workflows can be tracked from initial inbound documents to the workflow into the Credit Unions archive. This allows an electronic 'chain of custody' to be demonstrated to an auditor.

Member Relationships as New Sources of Value

Customer service and satisfaction should be one of the primary goals of any Credit Union. Making transactions easier enhances the members

Responsiveness

Keeping paper out of the equation speeds up response times. Document printing, ink, admin, envelopes and postage are all costly to a business (both in time and money).
Improvements with speed of response based on reductions of paper-based workflows can be huge.

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experience, promotes retention and they are therefore likely to spend more money within an Credit Union.

Paperless banking allows for a seamless and efficient user experience that can reduce the time of a transaction ten-fold. This easy functionality of service needs to translate seamlessly from desktop to mobile to tablet as well as to the communications channels, which will need to be multi-channel as some customers still have a requirement to interact on the phone, email, paper, through social media and at times in person.

Digital technology and good data workflows allow Credit Unions to share and update information on members and support cases on all of these channels and have them update quickly enough for it to be visible to all relevant employees. Ensuring that the case is handled at the same speed on all channels is also vital to making sure members are satisfied.

Paperless Transformation: The Next Steps for Maximizing Benefits Across the Credit Union

Credit Unions are making great progress toward eliminating paper-driven processes. Going paperless has opened the door to more efficient operations, lower costs, improved compliance and better knowledge management.

But Credit Unions still rely heavily on the physical flow of paper for customer-facing activities. Transporting paper across the Credit Union remains a major cost. And the disparate nature of Credit Union operations across multiple branches makes it harder to identify the problems and true costs associated with paper-driven processes.

To achieve a greater degree of paperless transformation, Credit Unions can take the following steps:

Adopt a holistic or Credit Union wide view – A successful approach to paperless transformation ensures all aspects related to operations, transportation, and retention or disposition are addressed. The investment required and the broad reach the solution will have throughout the Credit Union make it important that the effort is driven across all Credit Union operations.

Align paperless capabilities – Significant transformation requires alignment of paperless capabilities and communities of practice into a unified paperless strategy. This alignment allows Credit Unions to leverage their investment in paperless solutions and related expertise.

Understand the true cost of paper – Credit Unions typically allocate costs to either a front-end or back-office function without considering the costs incurred elsewhere in the organisation. An end-to-end cost-to-serve analysis of critical processes will help reveal the true overall cost of a piece of paper.

Effectively plan and manage the transformation – What are the gaps that must be addressed? How long does it take for a Credit Union moving toward a paperless environment to reach the maximum benefit? Is it a six-month or two-year effort? What are the have-to-haves and nice-to-haves? What is the timeline? All are critical questions that must be addressed along the multiple dimensions of people, process, culture and technology.

Complement the Core System: Going Paperless

Credit Unions need to think beyond the core platform itself to achieve true transformation, modernisation and efficiency.

The purpose behind the modernisation of both the technology and the approach to innovation should be to provide all things needed to drive member growth and retention while helping your Credit Union drive efficiency ratios and improve management of resources. However, simply updating core technology won't give your Credit Union the complete transformation it needs. This change requires thinking beyond a core platform and into integrating complementary products that both maximise efficiency now and leave the door open for future innovation. Today's core should have the ability to leverage existing technology investments by providing open connectivity between the core platform and existing third-party solutions.

ECM for Credit Unions

What is Enterprise Content Management (ECM)?

It's not enough to "manage" content. The ability to access the correct version of a document or record is important. Content must be managed so that it is used to achieve business goals.

Enterprise Content Management is the systematic collection and organisation of information that is to be used by a designated audience – Credit Union management, members, etc. Neither a single technology nor a methodology nor a process, it is a dynamic combination of strategies, methods, and tools used to capture, manage, store, preserve, and deliver information supporting key organisational processes through its entire lifecycle.

- Capture boils down to entering content into the system.
- Manage is what you do next to it, so it can be found and used by whomever it is intended for.

- Storing it means finding it an appropriate home in your infrastructure, be it a formal content management system or other information solution.
- Preserve refers to long-term care – archiving, if you will – the practice of protecting it so it can be utilised however far into the future the Credit Union needs it to be available.
- And deliver is all about putting the information in the right people's hands right when they need it to be there.

Document management eventually was subsumed into content management in no small measure because there is more information available to us today than ever before, and most of it is not being created by us. Thanks to the mainstreaming of a whole range of sources like the Web, thumb drives, smartphones, cloud, etc., the need has accelerated to deal with information of all kinds: not just in terms of more media types like text vs. images vs. voice files, but also in terms of how structured – and thus how readily managed – it all is.

Structured information is information that is highly defined and not only is intended to be processed by a computer program, but readily can be – like most of the information held in relational databases and acted upon by line-of-business solutions.

> *"Effectiveness, efficiency, compliance, and continuity all combine, in different proportions, to drive the business case for content management in Credit Unions."*

Unstructured information is, well, information that does not have a fully defined structure, and most likely will be read and used by humans. As examples, think of most of the information produced by common office applications (word processors, presentation programs).

Semi-structured information is information that lies somewhere in between, like invoices, purchase orders, and receipts, which contain data to be computer-processed but which come in formats and layouts that first need to be identified and classified – a task that often is handled by humans but increasingly is being automated as the tools improve.

This all becomes important when you consider the effect on your Credit Union that not managing these elements can have! Diminished utility, loss of time, loss of productivity, possible non-compliance with regulations or corporate policies, the risk of serious business interruption if key repositories die or natural disasters strike – none of them happy outcomes!

Transactional content management targets processes that focus on enacting business or bringing about a decision or end-result. These processes are not focused on creating content but using content to help drive actions and decisions. Examples include invoice processing, application processing, member onboarding, accounts payable, insurance claims, and the processing of loans. We talk about transactional content management here rather than under content management because it usually requires a lot of workflow configuration and integration with other systems. Being content-oriented.

ECM is an ongoing and evolving strategy for maximising how your Credit Union content is to be used.

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What to look for in a Credit Union ECM solution

If your Credit Union is planning to implement an enterprise content management solution, or switching to a different solution, there are many different features, tools and functions that you should look for. Enterprise content management, or ECM, is one of the pillars of modern business efficiency, but not all ECM solutions are alike, and not all will be well-suited to the needs of your organisation and the people who keep it running. To ensure the successful implementation of a new enterprise content management system, you must first be sure that you choose the solution best suited to your business needs and IT requirements. Here are a few of the most important things to look for when choosing a new ECM solution for your Credit Union:

"it's extremely important to choose an ECM solution that ensures compliance"

1. Business Configurability

An enterprise content management system should have a user-friendly business administration interface to allow all authorised users to configure the application smoothly with the rest of your Credit Union solutions. Configurable ECM solutions increase productivity and streamline processes within businesses, while still offering the potential for customisation to address industry-specific and organisational needs.

2. Collaboration, Workflow and Business Process Support

Supporting collaboration, content workflow and business process integration will help drive innovation, productivity and efficiency across the Credit Union's workforce, while supporting greater interoperability with external partners and service providers. To achieve this, your Credit Union's ECM solution should offer a variety of user-friendly capabilities. These include features to support:

- document / web content management
- collaboration
- simultaneous editing and review
- business process management / workflow
- records management, retention and archiving
- content imaging / capture
- content publishing and dissemination
- search

3. Compliance

With the increasing complexity of regulations and standards on the use of data in the digital realm at the global, national, state, local, industry and companywide levels, it's extremely important to choose an ECM solution that ensures compliance. Make sure to look for an electronic management system that complies with all GDPR and Central Bank related policies, rules, laws and regulations.

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4. Content Management and Auditing Capabilities

The content management capabilities of your ECM system should enable users to easily edit content, open existing content and save files in any format. It should also support a comprehensive audit trail. It's critical to implement an ECM system that complements a well-designed audit program, ensuring higher audit scores through optimal content management processes.

5. Ease of Use and Performance

To get the most out of an ECM solution, it has to be easy to use by everyone who needs to use it and satisfy end-user performance requirements. Although managing content in a Credit Union requires careful use of technology, it shouldn't feel like an ultra-high-tech solution. With minimal training, employees at all levels should be able to quickly adapt to using this solution on a daily basis to improve the speed, quality and productivity of their work and they should not experience delays attempting to navigate folders or view documents.

6. Help & Support

There are bound to be some questions that arise when implementing a new enterprise content management system. To ensure a smooth user experience, implement an ECM solution that offers a comprehensive training program, excellent email support, telephone support, a thorough FAQs section on its website and high customer ratings for help & support. Additionally, plan for a change management work stream as part of your ECM program to develop specific communications and training by business area and role.

7. Integration of Content Creation Tools

An effective ECM solution will integrate with many of the essential applications that your Credit Union uses to create and work on content. These may include your core banking system, content creation, management and collaboration tools such as Scion, Progress, Microsoft Office, Microsoft SharePoint, NetSuite, Sage 200 and Salesforce CRM.

8. Essential Solution Features

Look for these critical document access features when choosing an ECM system. Features for managing access to and storage of information can truly determine the usefulness and value of an ECM solution. These include features for:

- cloud storage
- document imaging and optical character recognition
- content publishing / distribution
- importing / exporting content
- full-text search
- managing metadata
- mobile access
- accidental content deletion prevention.

9. Robust Security Model and Infrastructure Capabilities

Security is of the utmost importance to any Credit Union. Therefore, an ECM solution must also provide a full set of highly configurable features to keep your information, content, business data,

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member data, employee data and other resources safe and secure. Look for features that support automatic backups, check-in and check-out and that grant various levels of individual and/or group permissions (e.g., none, read, version, write, delete) based on user role.

10. Supported Configurations

Finally, your ECM solution should support your IT standard environment, whether your Credit Union relies on Mac OS X, Windows 7, Windows 8, Windows Vista, or supports the use of several different systems across different offices and remote work locations. Otherwise, workflow will be disrupted, people will be left out of the loop and efficiency will be at risk.

Electronic Signatures for Credit Unions
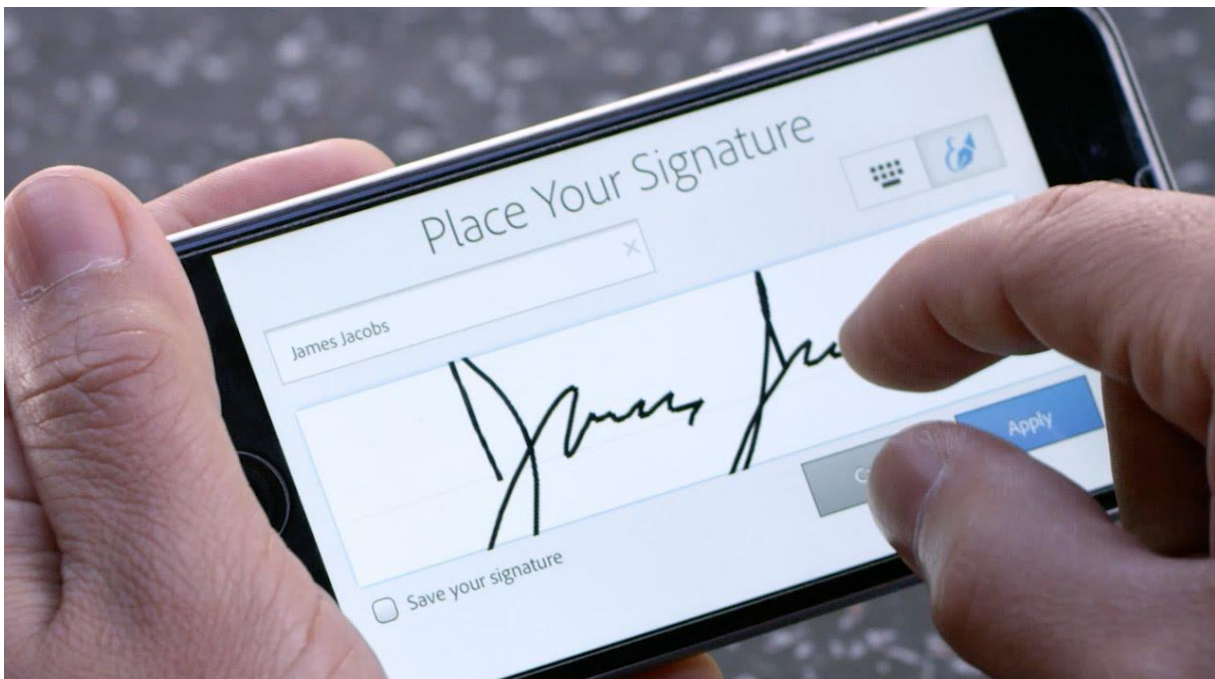
Credit Unions face a variety of competing pressures today. A world of over one billion mobile devices presents opportunities to service members in new, more convenient ways. Strategic initiatives to go paperless strive to increase efficiencies and reduce costs. And this is all occurring in an ever-shifting regulatory compliance landscape. Electronic signatures can help you provide superior customer experience, cut expenses, and improve your compliance stance.

Manual and paper-based processes during a typical customer onboarding process can cost up to 20 times more than electronic document processing. Part of this is due to errors and document re-work. Credit Unions can eliminate errors such as missing signatures and data by using e-signatures that incorporate workflow rules into the automated process. They can cut costs even more by getting rid of paper-heavy processes involving large volumes of manual processing, data re-keying and paper storage.

Benefits of Using Electronic Signatures for Credit Unions

Productivity

With e-signatures, staff and advisors can spend more time building relationships with members and less time trudging through administrative chores. So much time is spent printing forms, keying in information, photocopying and then scanning to get documents back into digital format. E-signatures free Credit Union staff to have higher value conversations with members.

Speed

E-Signatures cut document workflow cycles from weeks to days – or even minutes. With a web or mobile browser, workflows can be completed much more quickly without compromising security or compliance.

Expanded reach

With e-signature technology, there are multiple ways of gathering signatures, including click-to-sign and scripted signatures drawn on a mobile touchscreen. Mobile capabilities are a game changer when it comes to geographic boundaries. E-signatures extend a Credit Unions reach, without the cost of opening and staffing new branches.

Customer loyalty

Giving members the freedom to choose how and where they will transact with a Credit Union could be considered priceless. Credit Unions must prepare for a member who researches an account online, starts an application online (or on a mobile device), initiates a chat session, transmits supporting documents with a smartphone, and still might opt to visit a branch to seal the deal. The key is to enable the member to decide. The use of electronic signatures provides members an easy, convenient, personal and accessible experience. These are all qualities that build lasting connections.

Realize Greater Efficiencies with Paperless Banking

From sales outreach to loan origination, member on-boarding, customer service, and billing, automating critical processes provides opportunities to reduce costs and improve efficiency ratios. Electronic signatures streamline processes, eliminate the need to scan or re-key data, and reduce errors and rework, enabling your staff to focus on higher value tasks.

Improve your Compliance Stance

Credit Unions are highly regulated, with pressure from institutions such as the Central Bank and

ever-changing reporting and documentation standards. Implementing eSignatures can actually improve your compliance stance over ink and paper signatures.

Credit Union Records Management

Credit Unions generally incur significant costs within the end-to-end value chain of their records management system. From the point of origination of a record, until the point of warehousing and destruction, Credit Unions incur costs. These costs are often accepted as "business as usual" as records are required to maintain member data and ensure effective governance and regulatory compliance. Reducing the associated costs across the value chain is often overlooked as an efficiency opportunity.

Given increased regulations, Credit Unions will increasingly need to ensure that their records management is run more effectively. They will increasingly need to be more transparent and be able to provide effective reporting to regulators and management regarding their financial stability. They will also need to manage and report on information regarding members more often and more effectively.
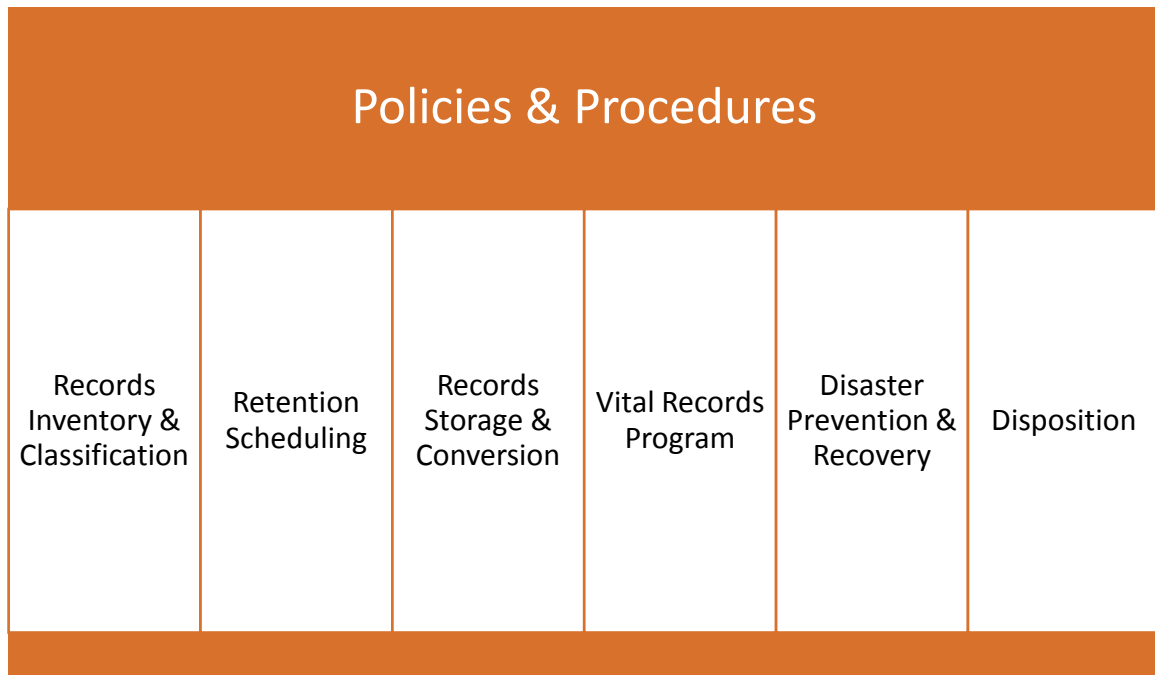
Technology has created the opportunity for improved alternatives to the traditional method of physical records management. It has the potential to be applied throughout the full value chain.

"Given increased regulations, Credit Unions will increasingly need to ensure that their records management is run more effectively. They will increasingly need to be more transparent and be able to provide effective reporting to regulators and management regarding their financial stability."

Even though most Credit Unions are well aware of the opportunity presented by paperless processing, comparatively few have made a concerted effort to embark on the transformation journey. Despite the ever decreasing cost of technology, the daily interaction between a business and its customers is riddled with paper processing. There are certain forces at play which require actual paper to be stored, these forces include legislation and internal governance. The overarching challenge, however, is that the costs associated with transporting, storing, recalling and managing these documents is ultimately transferred to the member.

High paper processing environments are known to re-obtain client information for every touch-point throughout the client life-cycle. In a day and age where time is precious, clients differentiate service by the time taken, administrative burden and ease of engagement. In a paper focussed environment, especially where records are warehoused off-site, forms are completed and recompleted each time a client touches the process. The purpose for such requirements is primarily to (re)validate the client in accordance with embedded governance rules which have simply not been reviewed in light of the technological advances made.

7 Elements of an Effective Records Management Program

Policies & Procedures					
Records Inventory & Classification	Retention Scheduling	Records Storage & Conversion	Vital Records Program	Disaster Prevention & Recovery	Disposition

As depicted in the image above there are six foundational elements to an effective records management program that are enveloped in an articulated set of Policies and Procedures that are reviewed and updated on a regular basis.

Records Inventory & Classification:

The start of any good records management program, whether one is going to develop their own records retention schedule or is applying existing retention schedules, one has to know what records they have and are responsible for. To this end one conducts a records inventory, that is a complete and accurate listing of their records, whether paper-based or electronic, that indicates…

- how and where they are physically stored
- volume of storage
- how they are classified for future use and retrieval sensitivity of information and access
- what its retention period is, if known or its legal, fiscal, and/or administrative value, to determine retention

Retention Scheduling:

All records have a lifecycle. That life may be as short as a few hours as is the case with some transient records or may be as long as forever as is the case with records of enduring historical value. The record's lifecycle is determined through analysis of:

3 primary needs:
- *legal*
- *fiscal*
- *administrative*

3 secondary needs:
- *evidential*
- *historical*
- *informational*

A records retention schedule is a comprehensive listing of the records an organisation maintains that notes at a minimum how long they must be retained along with their ultimate disposition. In addition, a retention schedule may indicate:

- a legal or regulatory citation that mandates a specific retention
- how long the records should be maintained in active on-site files
- how long it may need to be retained in off-site inactive storage
- whether it is a vital record

Records Storage & Conversion:

Once one has determined what records they have and how long they need to be retained, they need to develop a filing and storage strategy and/or determine if their existing filing and storage strategy is adequate. Questions one needs to address include:

- How do you classify your records?
- What are the access procedures for sensitive records?
- Where and how do you store your active records?
- Where and how do you store your inactive records?
- Do you have a "records hold" procedure in event of litigation?

How do you classify your records?

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- What are your procedures for transferring records of enduring historical value to the archives?
- How are you storing your electronic records?
- Have you identified your Vital Records?
- What are the environmental condition of your storage facilities?

Vital Records:

Vital records are those essential organisational records needed to meet operational responsibilities under emergency or disaster conditions. Credit Unions need to ask themselves: "What records are absolutely crucial to our business operation that will need to be recreated from backup copies if the originals are lost or inaccessible in a disaster?" Typically, these are shorter term records that have legal and fiscal implications and amount to approximately 1% to 7% of an organisation's records. Vital records should be identified as in integral part of a disaster prevention and recovery plan for business continuity.

Disaster Prevention & Recovery:

A disaster prevention and recovery plan (DPRP) is a written, approved, and implemented plan for the prevention or mitigation of records loss in an emergency or disaster, as well as a plan for recovering records in such circumstances. A DPRP should include a listing of vital records and should part of an organisation's larger business continuity planning process. A DPRP should include at a minimum the following components:

- a chain of command with contact information
- a decision tree for appropriate actions
- a listing of emergency management officials with contact information
- a listing of records reclamation vendors
- a listing of suppliers (supplies, computer equipment, records storage, etc.)
- a list of supplies needed to help mitigate loss
- identification of an alternative operational site that is either a:
- hot site - one which has all necessary computing equipment and software in place, where one can bring their back-up, load it, and put themselves "back in business"
- cold site - one which is essentially just a facility where one not only has to bring in their back-up, but also all the computing equipment, software, furniture, fixtures, etc.
- Backup policy & procedures for electronic files, with backup preferably stored offsite at least 5 miles form an operating system.
- System restoration procedures
- General "what to do" procedures for a variety of scenarios including but not limited to fire damage, water damage, loss of access to facility, and total loss of facility.

Remember that the biggest threat to records is water weather from flood, leaky pipe, or even the water putting out a fire. Further, a DPRP should be reviewed and tested on a regular basis to make certain it is an appropriate plan.

Disposition:

Disposition is the final administrative action taken by an organisation with regard to records; these actions typically fall into two categories:

- destruction via disposal or recycling, shredding, macerating, pulping, and deleting or other electronic obliteration;
- Transfer to archives for permanent preservation

When one regularly deals with the disposition of their records, they "lighten the load" of what they need to retain and manage.

Policies & Procedures:

Ultimately all the above should be rolled together into a written, adopted, and implemented set of policies and procedures. A policies and procedures manual encourages consistency in how one handles their records. The manual should be vetted on a regular basis to determine whether it is still effective, and if not revise and adapt it. In addition, the manual may address items such as business processes and workflow and the role of records management within them.

Introducing CU Vault

CU Vault is an enterprise content management (ECM) and business process automation solution designed specifically for Credit Unions. CU Vault, designed by Digital Documents and built on the M-Files platform, supports Credit Unions ever increasing compliance obligations and facilitates the Credit Union's transformation to paperless.
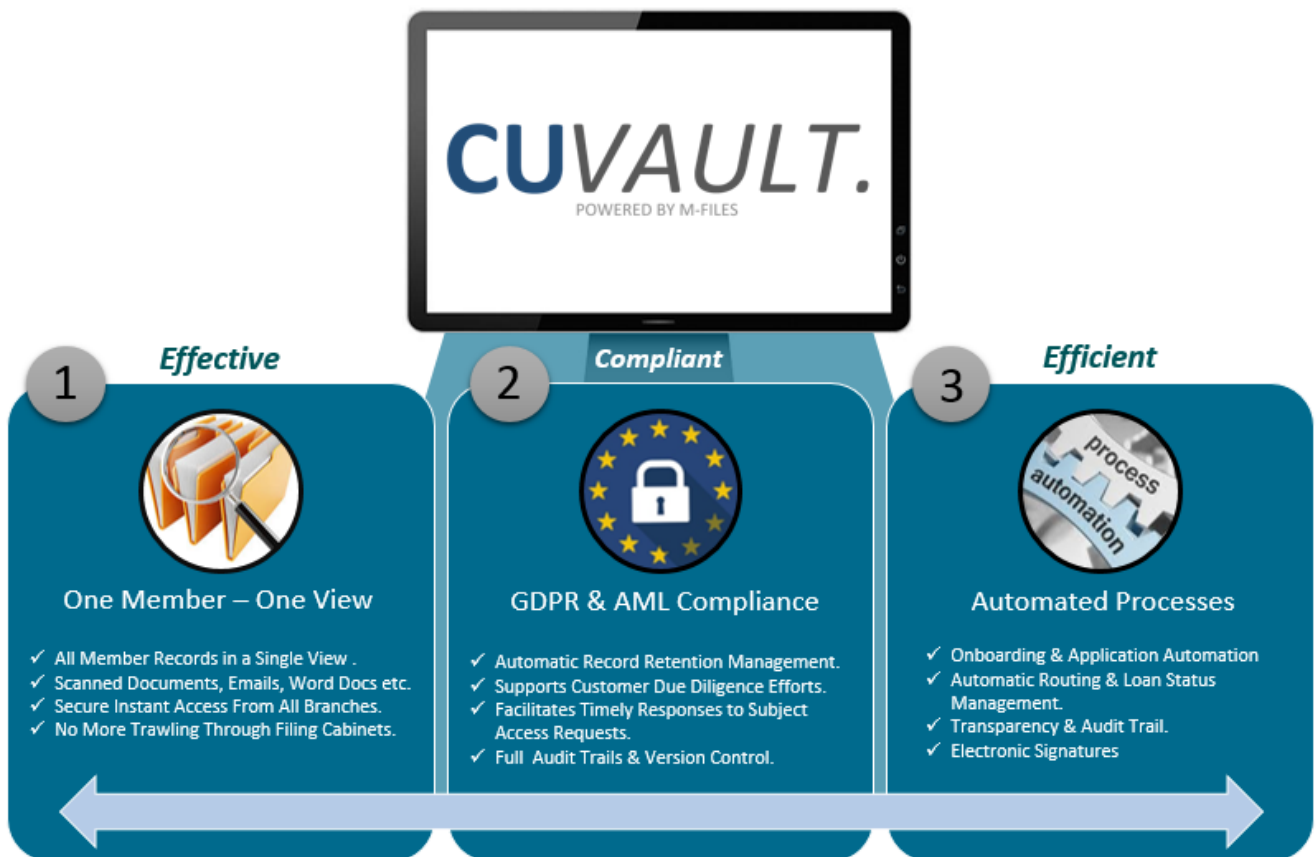
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