A Self-Funded Banking Automation Project

Case Study

A bank holding company with headquarters in West Virginia and over 130 full-service offices originating commercial and consumer loans was challenged to find the best way to capture and centrally store loan documentation files.

Prior to implementing the ibml solution, this company had centrally scanned all of its commercial and consumer loan documents using a low-speed desktop scanning solution originally implemented by a bank that the company acquired.

Their original low-speed scanning solution presented several problems:

- **Poor image quality:** They had to manually manipulate the settings on their old scanners to ensure optimum image quality for each document type it processed, including insurance certificates, titles, appraisals, and computer-generated forms. Manually manipulating the scanner settings for different types of documents resulted in inconsistent image quality.

- **Slow scanner throughput:** Stopping the scanning process to manually manipulate scanner settings took a lot of time. Making matters worse, the bank's old scanners were not built to handle a wide range of inter-mixed document types, resulting in frequent jams. The poor performance of the bank's old scanners required them to rescan up to 20 percent of its work.

- **Time-consuming document preparation:** Their old desktop scanning solution required the bank to physically sort each document type and manually generate a "slip sheet" for each document to facilitate loading into the back-end system. When you consider that a single commercial loan file can encompass 1,000 pages, it's easy to see how much time and money the bank spent sorting documents and generating single use slip sheets.

Backed by support from senior management, the company began evaluating alternative image capture solutions. Their research led them to select a scanning and document capture solution that included ibml's ImageTracDS 1085 high-production desktop scanner and ibml Capture Suite software, including ibml's Synergetics intelligent capture solution for classifying documents and automatically extracting metadata.

The Solution

ibml stood apart for its ability to deliver a complete solution. An executive of the company said, "ibml has a reputation as being experts in image capture and hard copy paper conversion. What we didn't know is that they had invested in software and recognition technology. That was a revelation for us. They are more than a hardware company." ibml's expertise was critical to the success of the project. "We knew what we wanted to do, but we didn't know how to do it," he continued. "ibml brought expertise to the table to help us accomplish our objectives."

The company began by the ibml platform to process paper documents for 15 loan types, including car loans and commercial loans. The size of the loan package varies from 10 pages to a thousand or more, depending on the loan type. The company has since fully converted to the ibml solution.

The Benefits
ibml's scanning and document capture platform has provided the company with a range of benefits:

ibml's ImageTracDS 1085 scanner and Capture Suite software delivers superior image quality regardless of the document type, eliminating the need for the bank holding company to manipulate scanner settings.

- **15 percent reduction in staff:** The company achieved its anticipated productivity improvements within six months of implementing the ibml solution. For instance, it's old scanning solution required an FTE to do nothing but scan consumer loan documents for nine hours each business day. With the ibml solution, it takes the same individual approximately three hours to scan all of the bank's consumer, as well as commercial, loan documents. Additionally, the company reduced the staff required to prep documents and generate slip sheets from 1¾ FTEs to a fraction of an FTE. The ibml scanning and document solution reduced the time required to prep documents and generate slip sheets from an average of 30 minutes to less than a minute. ibml's Synergetics automatically classifies and separates documents from within batches, extracts data elements from various document types, and routes document images and the extracted data to the bank's back-end document management repository.

- **80 percent faster image capture cycle times:** ibml's ImageTracDS 1085 scanner and Capture Suite software delivers superior image quality regardless of the document type, eliminating the need for the company to manipulate scanner settings. Additionally, the ImageTracDS 1085 was designed to process intermixed document types in the same batch, streamlining document prep and virtually eliminating the jams that were common with the bank's old scanners. The ImageTracDS 1085's throughput also enabled the bank to replace five old desktop scanners with two ibml scanners, one for disaster recovery.

- **Improved data capture:** Compared to the bank's old image system, ibml's Synergetics captures much more information from each loan file, including the dollar amount, date, address, and other relevant descriptors. The company uses this information to index the files, providing easier access to stored documents and data. "The data was always there; but ibml makes it easier to capture and use for our downstream business needs," said an executive, noting that the additional information could prove invaluable when examiners review the bank's loan portfolio.

- **Reduced paper storage:** Lacking confidence in the image quality, completeness and accessibility provided by its old scanning solution, the company retained virtually all the paper documents that were imaged on its old system to ensure that a usable record could be retrieved. "It was the worst of both worlds," the executive recalled. Now with ibml's imaging system, the company has the confidence to destroy most paper loan documents 60 days after they have been processed. This frees up space in the banking offices where files were previously stored.

ibml

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- **Less wasted paper:** The ibml scanning and document capture platform eliminates the need for the company to physically sort document types and create a single use slip sheet for every document. On average, the ibml system requires only two slip sheets for an entire lending file.

- **Improved morale:** "The ibml scanning and document capture solution changed the nature of our loan processing jobs from heads-down clerical positions with repetitive tasks to heads-up information management/ knowledge worker positions," the executive said. "Staff are now focused on value-added functions such as document inspection and quality control."

- **Foundation for future initiatives:** While lending remains a largely paper-based function today, ibml's Synergetics platform creates a foundation for future automation. "Synergetics will allow us to process paper and electronic documents from multiple channels. We are now looking at technology to create commercial loan documents electronically and have them electronically signed to reduce the number of documents we have to print, scan, index and upload."

The company expects to achieve payback on its ibml platform in 2½ to 3 years. The project was "self-funding," a key consideration with capital so tight for bank automation projects.

The Bottom Line
"ibml's scanning and document capture platform has enabled the company to reduce its labor costs, streamline operations, accelerate the posting of image items, and ensure that highly usable, high quality images are readily accessible to lenders," an executive said. "Impressively, ibml helped us improve the efficiency for both our commercial and consumer loans, which have very different workflows."