Delivering Proven Results

Seven of the top 10 U.S. banks, seven of the top 10 global banks, and five of the top 10 U.S. credit-card issuers rely on Pegasystems’ solutions for increased productivity, reduced operational costs, and superior customer service. Using Pegasystems’ SmartBPM® solutions, they have achieved rapid and measurable value for their investment:

Productivity

- 100% staff-productivity improvement in check research and adjustments and wire transfer investigations
- 60% straight-through processing rate for card dispute and fraud cases
- 100% improvement in research and adjustment cases resolved per person per day
- 25% end-to-end “no-touch” straight-through processing of all payment-exception cases

Operational Cost

- 30% reduction in write-offs and 25% reduction in debit-suspense cost for research and adjustments
- 50% reduction in open card-dispute cases
- Complete elimination of payment-investigations backlog, from three days to zero days
- Consolidation of wire-transfer customer service from 17 centers to four centers
- 33% reduction in payment-investigations processing costs
- 80% reduction in training time for customer service representatives

Customer Service

- 58% reduction in inquiry-response time in payment investigations
- 70% retention of account-cancellation calls for credit cards
- 200% improvement in customer-response rate for wire transfer investigations
Pegasystems: Empowering Financial Institutions with SmartBPM®

Pegasystems’ SmartBPM® solutions automate complex business processes and decisions based on your organization’s best practices. For more than 20 years, financial institutions have relied on Pegasystems to streamline operations from the front office to back office with process automation, intelligent decision making, and operational flexibility.

The results: doubled productivity and improved service in critical business areas such as customer service, exceptions and risk management, and account opening. It’s no wonder that Citigroup, HSBC, J.P. Morgan Chase, TD Bank Financial Group, UBS, and other world-class institutions use Pegasystems to support their most challenging activities.

Pegasystems’ BPM and business-rules solutions are easier to modify than traditional code-based applications, managing today’s complexity while ensuring that solutions evolve to handle future demands. To conquer today’s increasing complexity and gain a sustainable competitive edge, financial institutions rely on Pegasystems for improved growth and productivity.

Tackling Financial Services Complexity with Rules-Driven BPM

Financial services institutions are suffocating under the weight of complexity. Complexity has increased with the arrival of more personalized service levels, changing regulations, expanding payment types, and integration with acquired companies — challenges that span the front, middle, and back offices. To help financial organizations simplify their operations, Pegasystems’ SmartBPM Suite uniquely automates business rules and policies, creating intelligent applications that simplify the complexity of decisions and processes for end users.

“Because the Pegasystems solution automates all routine tasks, our staff can focus on those processes where they can add value, and on offering a higher quality of service to all our customers.”

— Joël Brun, Head of Projects Department, Crédit Lyonnais
Pegasystems gives firms the tools they need to manage complexity, reusing common processes and policies across the organization and specializing only those that differ for each product, geography, customer, or channel. Pegasystems BPM solutions do not “hardcode” business logic and points of integration, but instead use flexible decision and process rules that support change. A graphical user interface empowers business users to modify and refine their applications with ease.

Pegasystems offers solution frameworks that deliver packaged domain expertise based on 25 years of experience in financial services. Built on our industry-leading SmartBPM platform, these frameworks leverage powerful process-and rule-management capabilities that are applied to specific business areas. Leading institutions like HSBC and TD Bank Financial Group use frameworks for exception management and customer service to dramatically reduce costs, strengthen customer relationships, and improve risk management.

“Using BPM improves front-office workflow and operational efficiencies at the back office, and sets the stage for new product development.”
— Stessa Cohen and Jim Sinur, Gartner
Intelligent Solutions that Increase Growth and Productivity

Industry Frameworks

Pegasystems offers Industry Frameworks for retail and wholesale banking (encompassing deposit accounts and lending) and capital markets. These frameworks provide foundational elements for developing industry-specific applications. They include work templates, data structures and processes, solution-design models, and financial management components. Industry Frameworks allow financial institutions to accelerate time to market and lower risk while benefiting from Pegasystems’ banking expertise — to build BPM applications that best capitalize on the strengths and extensibility of the SmartBPM platform. These frameworks can be used to build solutions for event-driven marketing, case management, account opening, fraud and risk management, trade monitoring and management, and many others. The Industry Frameworks can be rapidly deployed and easily extended throughout a financial institution.

Customer Process Management

Organizations previously looked to Customer Relationship Management (CRM) solutions to improve customer satisfaction and retention. However, they soon realized that inundating service representatives with densely packed data screens did not empower them to deliver better service. Transcending the limitations of traditional CRM applications, Pegasystems’ Customer Process Manager (CPM) frameworks offer an end-to-end, process-oriented approach to customer service for rapid, one-touch resolution. These frameworks integrate with back-end systems to fully automate the resolution of issues such as account updates, fulfillment requests, disputes, address changes, complaints, and more.

Customer Process Management solutions provide work and queue management, intent-driven interactions, automated correspondence, and service-level management. Guided processing and context-specific advice help service representatives anticipate and resolve customer needs. Pegasystems provides an intelligent offer engine to provide real-time retention, cross-sell, and up-sell opportunities appropriate for each interaction.

Exception Management

Operational exceptions (such as transaction errors and disputes) are the greatest cause of financial exposure, customer complaints, and operational cost. In response, Pegasystems provides a suite of exception-management solutions that intelligently automate the handling of high-cost, high-risk exceptions. Common policies and procedures such as write-off levels and service-level agreements can be shared across departments or specialized as needed. Pegasystems’ exception-management solution frameworks automate complex activities such as data and image retrieval, work routing and queuing, case decisioning, sub-ledger accounting, correspondence, and regulatory compliance. Decision making and work processing are automated using best practices, leading to an increase in straight-through processing rates of 100% or more and a reduction in labor requirements of 50%.
Event Management

Financial institutions use SmartBPM to manage and respond to a variety of business events — for growth, risk management, and compliance purposes. Pegasystems solutions proactively monitor events across systems; drive intelligent leads, offers, and alerts to individuals and systems; and support the full resolution of those events. Banks use SmartBPM both as a complement to existing event-detection systems — for intelligent event routing, processing, and resolution — and for full end-to-end detection, handling, reporting, and resolution. A global top 10 bank uses Pegasystems to manage sales leads for 7,000 client advisors, dramatically improving its business agility. A global top 10 insurance company uses SmartBPM to manage and coordinate cross-channel, cross-product marketing for 10 million customers, realizing a 300% increase in response rates and $50 million in incremental business per year.

Fraud and Suspicious-Activity Management

Firms today must ensure compliance with BSA/AML/KYC, OFAC regulations, USA PATRIOT Act, and more. They require solutions that provide control, transparency, and the flexibility to respond to known and unknown challenges. Pegasystems’ solutions are perfectly suited to help institutions regain control over fraud and suspicious activity. Our market-leading business-rules engine allows companies to rapidly develop sophisticated transaction-filtering applications. SmartBPM capabilities provide end-to-end control by intelligently routing, researching, tracking, recovering funds, and resolving fraud and suspicious activity. Flexible reporting capabilities also provide real-time operational dashboards and historical trend analysis, as well as fulfillment capabilities, including secure Adobe PDF for SARs and affidavits. Security and audit-trail features ensure transparency and compliance.

“Banks need this type of enterprise-wide approach [from Pegasystems] to identify problem areas more quickly, and to ultimately help them better manage their relationships and service levels.”

— Robert Hunt, TowerGroup
Account Opening

The acquisition of a new customer and setup of a new account are among the most important processes to any bank, yet account opening remains highly fragmented. As many as 25% of new customers abandon the account-opening process in the branch, and 32% of new customers leave the bank in the first six to 12 months. SmartBPM offers a unique opportunity to both drive down costs and strengthen the customer relationship through a more efficient process. Pegasystems can address every step of the process, including product/service offers, application handling, approvals, back-office processing, activation, and customer on-boarding. Institutions can increase revenue by up to 17% and reduce costs by as much as $25 per new account. In addition, business rules and automation ensure compliance with risk-management policies, AML, and OFAC.

Compliance Management

In order to comply with Sarbanes-Oxley legislation, many companies have implemented manual processes, which are costly, time-consuming, confusing, and distracting. Pegasystems offers companies a tool for automating onerous compliance processes by providing control documentation and control-exception management and remediation, and by ensuring effective business control over IT functions such as information-system authorizations and change tracking. Pegasystems’ Control and Compliance Solution Framework automates the creation, management, and documentation of financial and IT controls, policies, procedures, risk assessments, and self-tests. The framework incorporates COSO and COBIT control frameworks and ICFR to speed time to market and ensure compliance. Yet it is also flexible enough to incorporate each company’s chosen framework.

“We have selected Pegasystems as the standard tool for our BPM needs based on their proven automation capability, the strength they bring in using the combination of both rules and process engines as well as the scalability of the product. The ability of their J2EE architecture to support HSBC’s nextgeneration architecture was also a critical factor in the selection.”
— Ken Harvey, Group CIO, HSBC
Retail Banking

Retail banks are challenged to provide a single face to their customers across business lines and channels, grow revenue organically, improve internal processing, and ensure regulatory compliance. The SmartBPM Suite enables banks to automate a wide range of activities, from customer service, account opening, and event-driven marketing to exception and fraud management. It enables continuous improvement by providing the full lifecycle of application functionality—model, build, execute, and monitor. Pegasystems’ Retail Banking Solution Frameworks also offer packaged capabilities and best practices specific to banking. These include the Retail Banking Industry Framework, a foundation for building diverse applications; Customer Process Manager, for intelligent customer service; and Smart Adjust, for payment exceptions management.

Wholesale Banking

Pegasystems helps wholesale banks deliver differentiated service while achieving highly efficient operations, at a time when lower interest margins and complex regulations threaten banks’ profitability. Our rules-driven solutions are used to reduce cost and risk in exception handling, improve customer service and self-service, achieve agility in accounting and transaction processing, and ensure regulatory and policy compliance. Pegasystems provides solution frameworks with packaged capabilities for wholesale banks, including the Wholesale Banking Industry Framework (a foundation for wholesale banking applications), Smart Investigate for Payments (payment investigation and exception handling), SWIFTNet Exceptions and Investigations (SWIFT-certified automation), SWIFTNet Cash Reporting (real-time account and transaction inquiries), and Customer Process Manager (intelligent customer service).
Credit Card and Consumer Finance

Credit-card organizations face intense competitive pressures today, so delivering differentiated customer service and new products is paramount. Pegasystems’ Smart Dispute framework automates the handling of chargebacks and disputes, and ensures compliance with association regulations through the use of business rules. Card issuers and acquirers can move dispute handling calls to the front lines to resolve issues automatically, and can link Smart Dispute with Customer Process Manager for service that is tightly integrated with dispute processing. Consumer-finance providers use SmartBPM Suite to automate and enhance lending processes, including product development, underwriting, originations, fulfillment, and servicing. Pegasystems’ lending solutions are used by global top 10 banks and monoline finance companies to increase revenues, reduce costs, increase agility, and speed time to market.

Capital Markets

Custodians, broker/dealers, asset managers, and retail brokerages are challenged to comply with diverse international regulations while running their operations as efficiently as possible. Pegasystems helps them improve transaction and exception processing to reach greater levels of STP, and enhance customer intelligence for higher retention and share of wallet. As a complement to the SmartBPM Suite, we offer solution frameworks for specific capital-markets activities. These include the Capital Markets Industry Framework [a foundation for capital markets applications], Smart Investigate for Securities [exception and investigation management], and Customer Process Manager [intelligent customer service].
Case Study

Challenge

A leading global financial institution with over $500 billion in assets was facing high operating cost and excessive financial risk due to inefficient and inconsistent handling of exceptions. Large backlogs harmed customer service and resulted in elevated write-offs. Front-line service personnel also lacked the ability to handle customer inquiries and disputes that required back-office information or support. Finally, the organization’s ability to modify decision rules or business processes was limited, causing high IT expenses and constraining flexibility.

Solution

The bank addressed these challenges holistically by implementing an enterprise-wide, rules-driven BPM solution from Pegasystems. The solution automated exception processing for over 20 of its retail and wholesale departments, including check, ACH, lockbox, wire transfers, and foreign exchange. Pegasystems provided an integrated dashboard to service customers through the contact center, branches, the Web, and even ATMs, while enabling customer self-service for tracking cases and initiating inquiries and disputes.

Impact

The bank consolidated and automated multiple check research & adjustments (R&A) sites, automated many other exception-handling departments, and dramatically improved customer service and self-service capabilities. By consolidating on a single platform for exceptions handling, this global organization increased its operational flexibility — gaining true market responsiveness, agility, and hard-line savings.

Benefits At-a-Glance

- Obtained $20 million in annual cost savings
- Reduced R&A staffing by 82% by doubling operator productivity
- Increased straight-through processing (STP) rates by 100%

“FSIs should embrace BPM to adopt, adapt, and roll out best practices embedded in vertical processes to other company locations and functional groups.”

— Guillermo Kopp, TowerGroup
Addressing the Unique Challenges of the Financial Institution

Bridging Operational Silos

The drive to raise the standards of service in the financial sector has been remarkably successful in recent years, but the reward for this success is even higher customer expectations. With the renewed emphasis on customer retention, firms realize they must eliminate barriers to service excellence in order to maintain and grow their customer relationships. The siloed nature of many operations remains a significant challenge, preventing firms from giving customers personalized information consistently and in real time.

Pegasystems’ solutions offer the scalability, flexibility, and ease of integration required to bridge disparate departments and lines of business, for streamlined operations and a single point of access for front-line personnel. Many of the world’s largest financial services firms rely on Pegasystems to help them manage, automate, and report on work across the enterprise.

Increasing Business Agility and Flexibility

In today’s competitive climate, the ability to adapt to fluctuating conditions often determines a firm’s ability to retain its competitive advantage. Pegasystems’ rules-driven BPM solutions are built for change and empower business users to rapidly modify operations in response to market conditions and regulatory requirements. Business processes are stored and displayed as Microsoft Visio diagrams, making it easy for business users to instantly customize and add new workflows, offerings, and services. Business processes and rules can become corporate assets, allowing easy deployment across departments and geographies while still allowing for the specialization required in each area. Financial services companies are now leveraging their best practices for competitive advantage, with the ability to quickly deploy and rapidly respond.

Business analysts can easily adjust process flows to accommodate changing requirements, enabling greater business agility and responsiveness.
About Pegasystems

Pegasystems (NASDAQ: PEGA), the leader in Business Process Management, provides software to drive revenue growth, productivity and agility for the world’s most sophisticated organizations. Customers use our award-winning SmartBPM® suite to improve customer service, reach new markets and boost operational effectiveness.

Our patented SmartBPM® technology makes enterprise applications easy to build and change by directly capturing business objectives and eliminating manual programming. SmartBPM® unifies business rules and processes into composite applications that leverage existing systems — empowering businesspeople and IT staff to Build for Change®, deliver value quickly and outperform their competitors.

Pegasystems’ suite is complemented by best-practice frameworks designed for leaders in financial services, insurance, healthcare, government, life sciences, communications, manufacturing and other industries.