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WHITE PAPER

# BCG Banking (Ops) Excellence

How AI-driven Process Intelligence can transform banking operations

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# BCG Banking (Ops) Excellence

In a competitive financial services market, banks are challenged to deliver financial performance, regulatory compliance as well as excellent customer experience. The key to achieving these ambitions lies not only in having a grand vision but also in the thousands of everyday processes that come together to form banking operations. Leading banks have shown that mastery of processes can lead to a step change in operating efficiency and a boost on customer experience that sets them apart from their peers.

Why is it that banks are so often clear on their performance goals but fail to execute effectively? We believe one reason is the way in which many institutions approach operational excellence. In order to sustain impact – as opposed to one-off programs – banks need to drive different behaviors (e.g., implementing an effective end-to-end governance, incentivizing end-to-end vs. silo performance, etc.). Missing the opportunity to take a more comprehensive approach leaves the transformation process underpowered.

Leading banks have shown that powerful processes are rarely the result of cherry picking. Rather they require investment front to back, ideally leveraging cutting-edge AI technologies to deepen insights and inform decisions. Through this approach, banks can elicit more value from their data and better understand the complex, interconnected processes that shape their operations. Armed with this information, they can build more efficient, customer-focused operations and lay the foundations for continuous process enhancement over time.

## Banks are Sitting on a Data Goldmine

Many banks overlook the complexity and interconnectedness of their many business processes. Indeed, we commonly see gaps between how a process is designed, how banks think it operates, and how it runs in reality. (See Exhibit 1). Additionally, there is a lack of shared understanding, which is particularly higher in the front vs. back-office, on the role that processes play in shaping business outcomes. The importance of functions such as KYC and regulatory reporting, for example, are often underestimated as drivers of value.

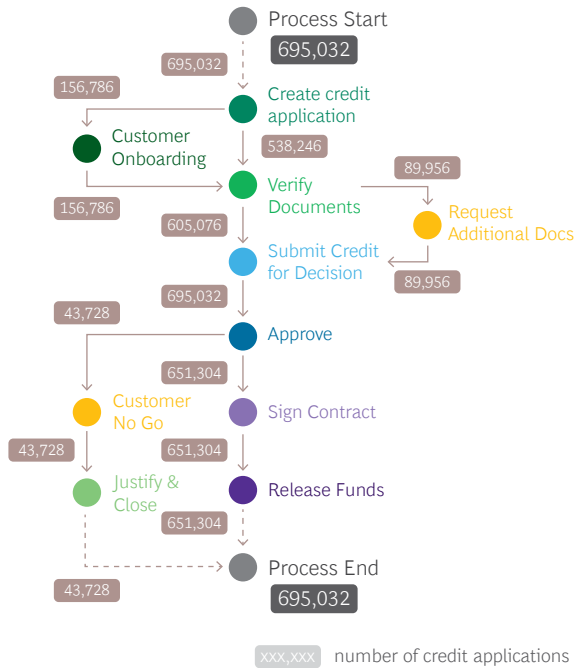
Across the industry, there are some common reasons for this deficit, many of which are embedded in organizations' DNA. For example, business lines routinely operate in silos and use systems that work well in context but fail to speak to the rest of the organization. In parallel, banks often face challenges in fully leveraging their data – missing a potential goldmine of value creation and efficiency opportunity.

# Exhibit 1 - Banks have process variants that they are not even aware of

## How the process was designed...

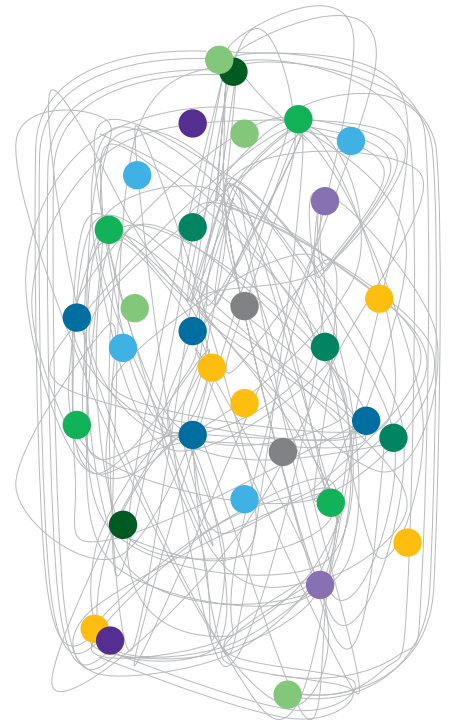


## ...how we think it runs...



*Illustrative, simplified*

## ...and how it really looks like



Banks can address these challenges by rethinking how they run their operations and the technologies that support their everyday activities. Through a more holistic approach, backed by a solution we call AI Process Intelligence, they can get a handle on their processes and the connective tissue that draws them together front to back. In place of the traditional process-by-process approach, this joined up methodology can reveal the links between processes, creating radical transparency on operations processes and KPIs to identify also formerly undiscovered inefficiencies. Our experience working with a range of financial institutions shows that potential performance uplifts include:

- Boosting process efficiency by up to 50%.
- Reducing time-to-yes and achieving 15% higher conversion rates.
- Lifting customer satisfaction scores by 10–15 points.
- Improving employee satisfaction, especially in repetitive and operational roles.
- Facilitating on-time submissions of regulatory reports, reducing the risk of fines.
- Sharpening decision-making through data-driven insights.
- Enabling monitoring of processes such as payments and trade settlements in real time.

## Putting AI Process Intelligence Theory into Practice

Faced with the bottom line, leading banks have shown that understanding and optimizing processes is a vital first step. After that, it's all about execution and delivery. Our experience working with financial institutions globally suggests that change programs are more effectively delivered in three distinct phases: assessment of potential value, definition of a North Star and execution blueprint and finally launching MVP, monitoring and steering of the new way of working. Here we drill down into each phase and consider potential strategies to maximize value creation in each. (See Exhibit 2.)

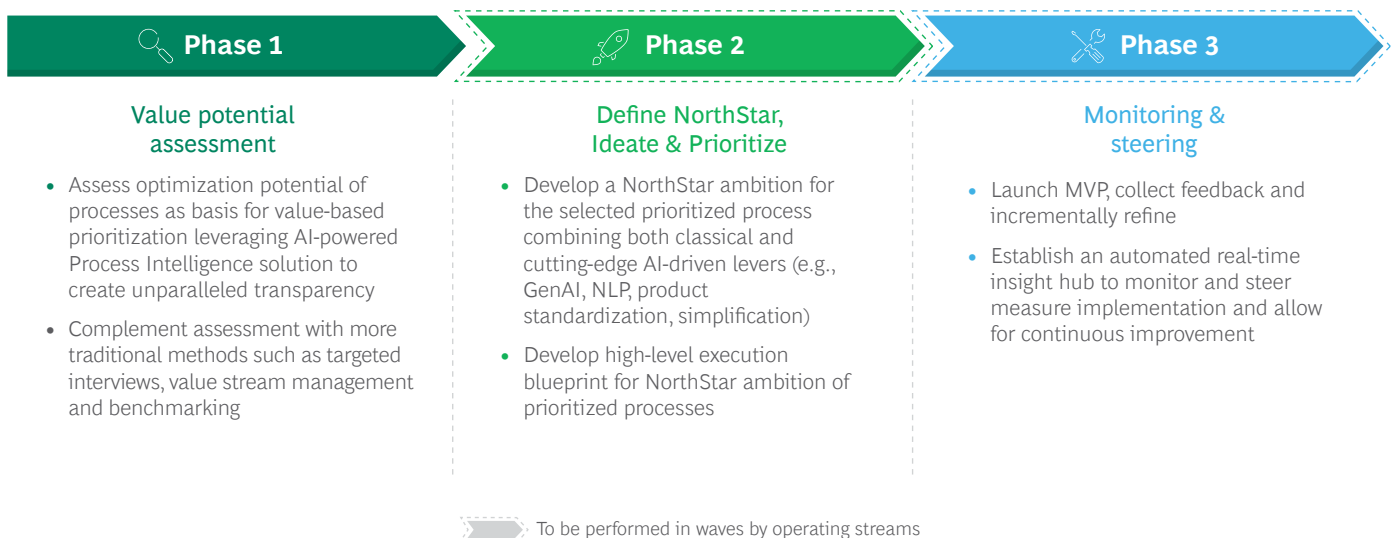
### Phase 1 – Value potential assessment

Traditionally, the primary resources for understanding how processes work have included process descriptions, targeted interviews, and value stream mapping (either physically or digitally). But with AI-powered tools, banks can start in a different place, first leveraging static historic data to create proofs of concept, and then running real-time diagnostics through a dedicated Process Intelligence platform. This safely accesses data from almost any system - from enterprise resource planning (ERP) and customer relationship management (CRM) to custom-built platforms - and creates dynamic, real-time information flows. The outcome is a fact base that throws new light on how the bank's processes function.

A further advantage of an AI-driven diagnostic is that it offers more transparency and accuracy than traditional methods. Teams are not only provided with as-is KPIs but also recommendations and actionable insights. And because the approach is data-driven, it is relatively insulated from human bias. Still, selective stakeholder interviews and benchmarking can be added to test hypotheses and assumptions.

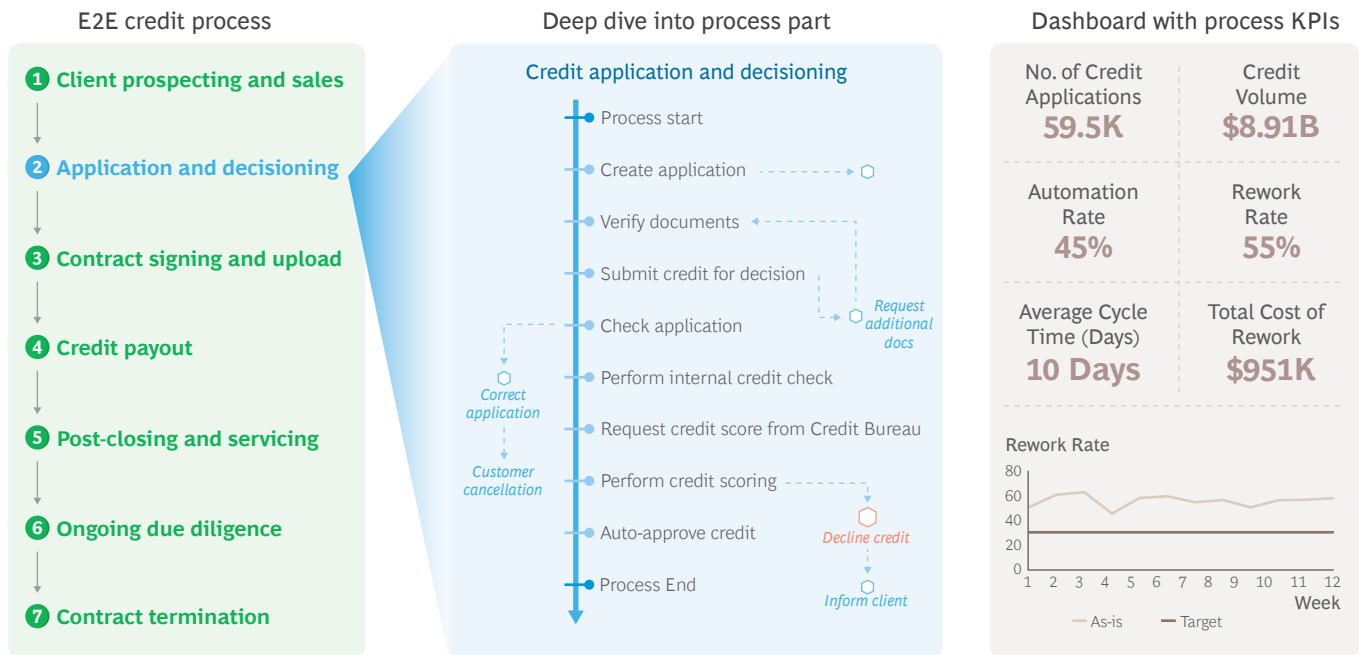
In summary, the methodology provides a common language that can help managers understand how the business operates. It connects banks to their processes, teams to each other, and emerging technologies directly to the potential for creating business value, for example in the form of lower costs or higher levels of customer satisfaction (See Exhibit 3).

## Exhibit 2 - Three phases to effectively deliver process optimization programs with AI-driven Process Intelligence



# Exhibit 3 - AI-driven Process Intelligence delivers an unparalleled fact base to assess value potential

Illustrative



Several banks are already putting these approaches into action. One European corporate bank embarked on a comprehensive process management journey, embedding AI-driven Process Intelligence to support continuous process diagnostics, the results of which were fed into digital dashboards for a 360° view of performance. For the know your customer (KYC) process, for example, it found that more than 15% of new case openings required additional inquiries shortly before closing (e.g., missing documentation, inconsistent information, or quality assurance). On average, these added more than 100 hours of lead time. The bank overcame the issue through distinct application lines for simple and complex cases and a workflow-integrated checklist to verify data completeness and integrity before any case was progressed.

## Phase 2 – Define the North Star, Ideate, and Prioritize

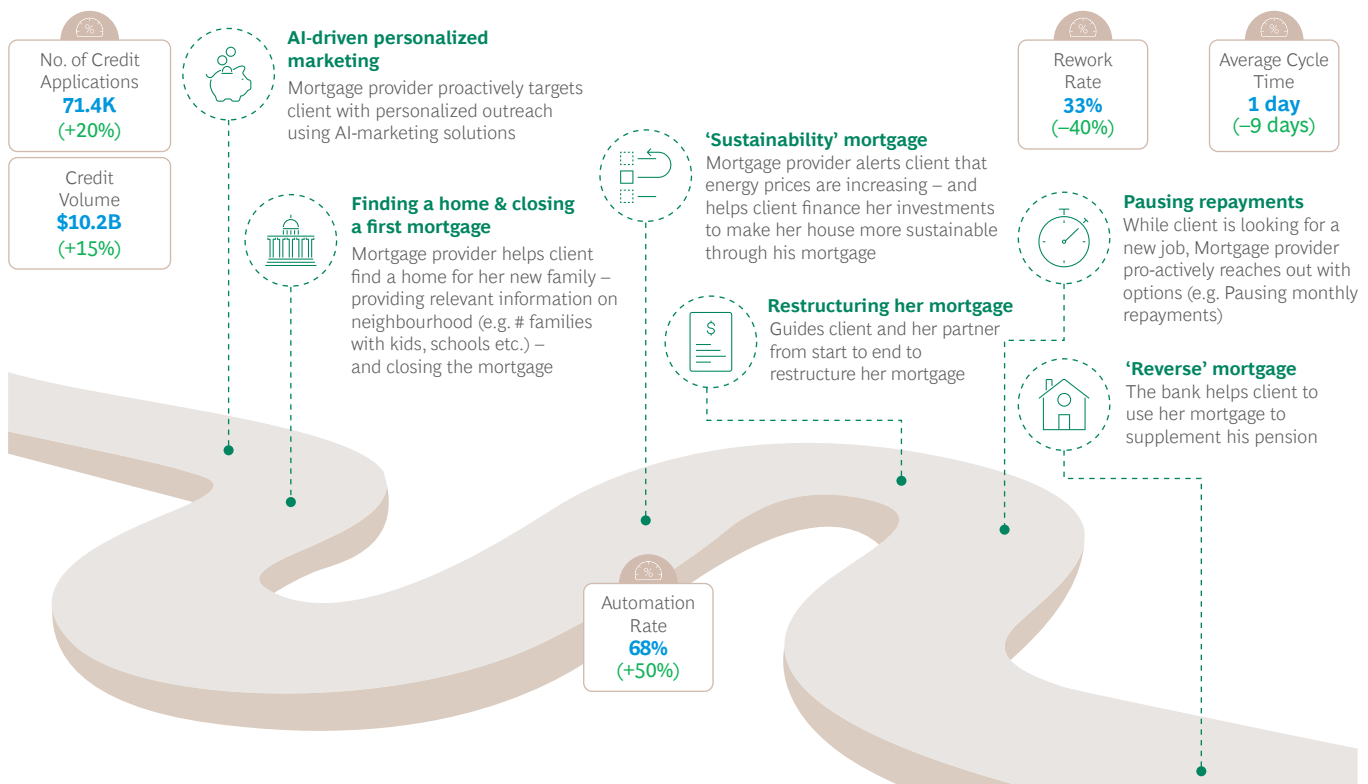
Based on the transparency facilitated by AI-driven Process Intelligence, banks can define a North Star for initiatives to boost operational efficiency and improve customer services. These will probably comprise traditional measures such as product standardization, process simplification, clarification, and alignment of roles and responsibilities, as well as a range of innovation levers such as machine learning, natural language processing, and GenAI.

In this phase, the bank can use digital twins to simulate how future processes will work in different scenarios. (See Exhibit 4.) Based on these scenarios, banks can more effectively deploy tools such as AI. They can then monitor performance over time, minimizing the chances of negative impacts downstream. For example, it would be possible to simulate AI-driven origination and decisioning for a mortgage. This would:

- allow for change discussions and simulate options to automate process steps, for example simplifying and shifting steps in the lending process;
- reduce risks and cut implementation costs, for example through measuring the impact of a risk-based approach in the credit application process.

## Exhibit 4 - Simulation of selected measures helps to identify those with highest impact, allowing for better decision-making

*Illustrative*



### Simulation Rationale & Benefits

Rationale	Benefit
Run change discussions by simulating different options for process adjustments	Optimize for the highest impact in business
Quick results with guided & data driven simulations without anchoring in prior process bias	Increase/decrease or re-allocate FTEs across process
Reduce risk and implementation cost early on	Reduce occurrence of rework activities impacting implementation times

## Phase 3 – Monitoring and Steering

Leading banks have shown that the transparency created by AI-powered Process Intelligence can both catalyze quick wins and achieve longer-term transformations over timeframes of 18 to 24 months. However, a challenge for many institutions is in the nuts and bolts of the transition from strategy to implementation. A common headache is that the momentum generated in the strategy phase can rapidly dissipate, reducing potential business impacts. Still, AI-powered Process Intelligence can be helpful in bridging the gap, helping out teams monitor process change adoption and make timely course corrections (additional communications or training where necessary).

An effective tool for monitoring and steering is a Process Intelligence control tower. This can act as both an aggregator of insights and a real time lens on individual process steps. The outputs will reveal how process changes are impacting KPIs – enabling decision makers to judge whether the changes are really working and whether the impacts are in line with expectations. (See Exhibit 5.)

## Turning Process Ambition into Reality

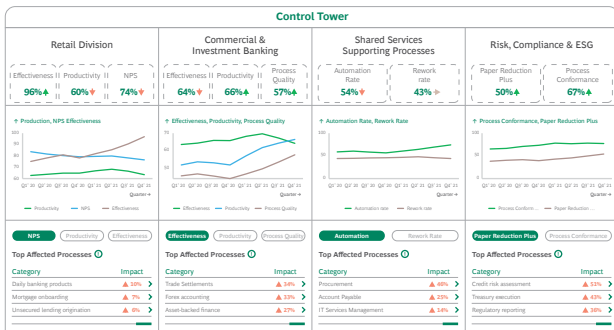
The banking universe currently faces a range of macroeconomic challenges. Our latest CEO Outlook Survey shows executives' are focused on the impacts of inflation, volatile interest rates, market uncertainties, and shifting workforce dynamics.<sup>1</sup> In this complex environment, there is value to be gained from viewing business operations as a “factory” and embracing technology to identify potential fixes and efficiencies. In this context, AI-driven Process Intelligence can play a significant role, especially if backed by a culture of experimentation and agile principles such as continuous learning.

In taking their next steps, decision makers may be best served by a use case approach, first considering a single process, or fraction of it, and then scaling to other processes over time. Effectively implemented, this should help them achieve new levels of insight into their operations, and through that build a smarter, nimbler, and more efficient organization.

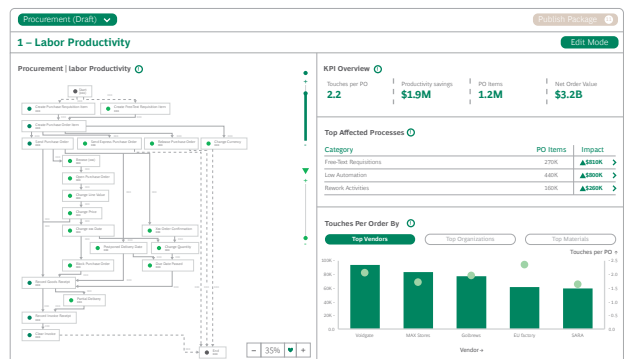
# Exhibit 5 - Process Intelligence control tower can support in monitoring and steering implementation and making course corrections as needed

*Illustrative*

From high-level overview ...  
**Top Management Control Tower**  
 aggregating key insights into the entire "process universe"  
 of a bank in one management view



... to the lowest possible level  
**Drill-down into individual process**  
 for process discovery and identification of continuous  
 improvement areas along each process step



1. CEO Outlook 2023: Caution, Optimism, and Navigating the Road Ahead, BCG, April 2023.

# About the Authors

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## Boston Consulting Group

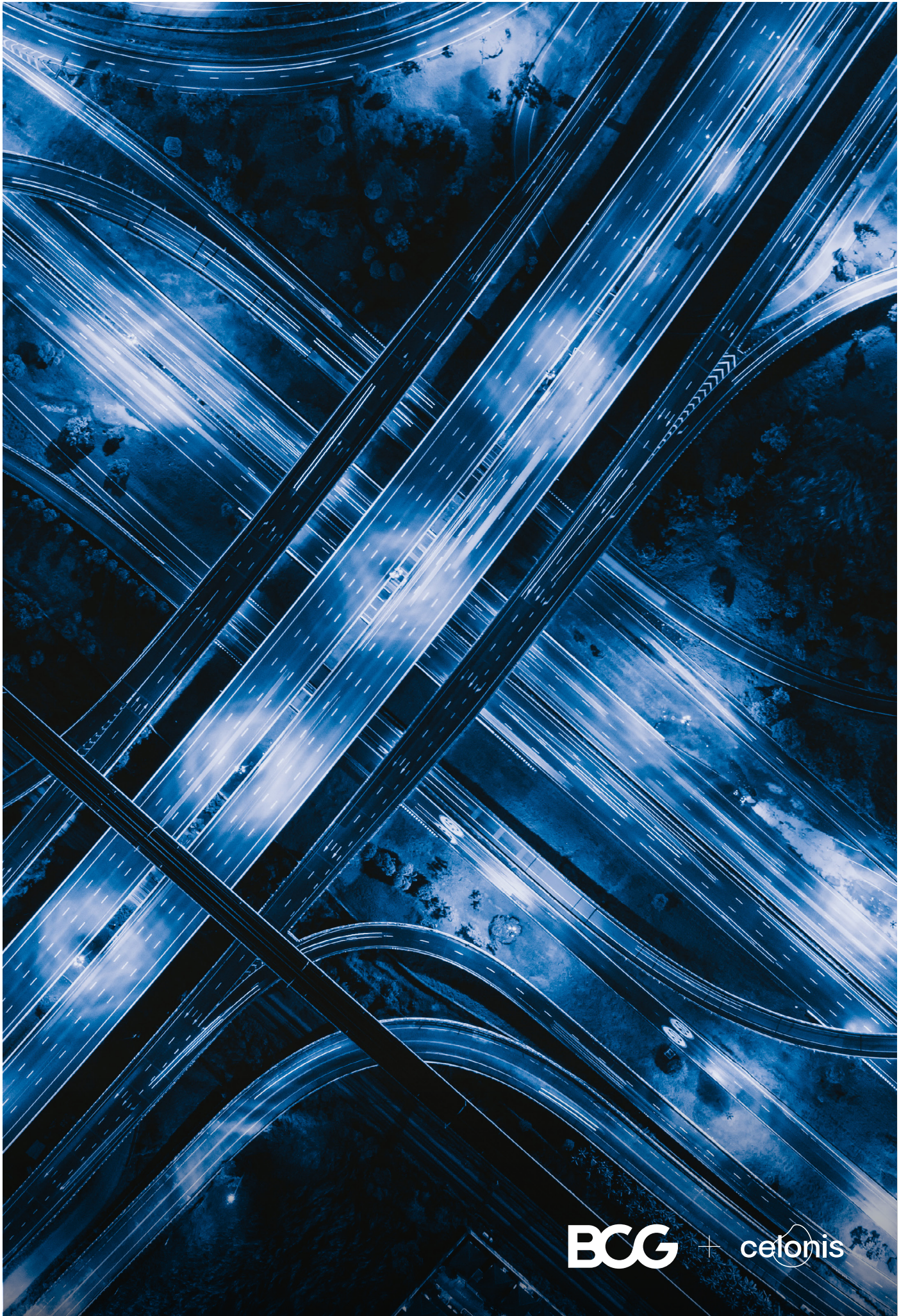
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Since 2011, Celonis has helped thousands of the world's largest and most esteemed companies yield immediate cash impact, radically improve customer experience, and reduce carbon emissions.

Its Process Intelligence platform uses industry-leading process mining technology and AI to present companies with a living digital twin of their end-to-end processes. For the first time, everyone in an organization has a common language for how the business runs, visibility into where value is hiding, and the ability to capture it. Celonis is headquartered in Munich, Germany and New York City, USA with more than 20 offices worldwide.



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