

Examining the Benefits of an Automated Account Opening Process

Financial Services Institutions (FSI's) are facing increasing pressure to reduce costs while improving customer service levels. Opening new accounts and ensuring life-long client data accuracy, through annual or "as required" updates, is essential to meet business and compliance requirements. Account opening is an obvious target for a technology revolution as most firms still rely on archaic paper-based processes or are looking to replace first generation custom systems that are costly to update and maintain to meet on-going business demands. As a result, automation of front-office account opening process is a key initiative for many FSI's.

Arius has worked with leading FSI's to replace paper-based and first generation account opening processes with a flexible, web based platform with an automated, digital workflow. Arius' flagship product, OpenAdvantage®, enables financial services firms to increase operational efficiency, improve client service and reduce costs by providing a superior account opening experience.

Key objectives of account opening automation projects are:

- Accelerate account opens
- Accelerate account updates
- Reduce time spent on administrative duties
- Eliminate manual , error prone processes
- Reduce cost per account open: training, labor, transportation and other overhead costs
- Reduce abandonment rates
- Increase compliance and mitigate risk
- Decrease Not In Good Order (NIGO) scores
- Improve compliance, security and document management practices

This white paper will examine the business case for the acquisition of an automated account opening platform and the economic benefits which can be obtained across three core areas of the firm - sales, operations and compliance.

Sales: Automate the Sales Cycle

Financial services account executives are focused on selling products and ensuring high customer satisfaction levels. All systems must align with these objectives. OpenAdvantage can increase the efficiency and revenue opportunities by providing a real-time platform that can optimize the account opening and update processes and provide new sales opportunities.

Optimize Account Opening

For FSI's, opening a new client account has traditionally been a paper-based process starting in a branch office or at the client's home. Hard copy forms were completed manually, routed through an approval process and then returned to a designated processing center for approval and entry into the system by operations staff. This process was time-consuming, error-prone and costly. Significant training is required to ensure the right forms are correctly completed for each account type and product. Additionally, errors on the New Account Application Form (NAAF) are common (such as incomplete or illegible responses and typos), and require additional client visits to correct which slows the approval process.

OpenAdvantage can streamline the data gathering, form completion and approval by enabling account executives and assistants to answer questionnaires directly in the system. The dynamic questionnaire presents only relevant questions based on product and client profile. Automated data verification and calculated fields reduce errors and NIGO scores. As well, data entry is minimized by the ability to import existing client data and suggested default values. FSI's also have the ability to empower clients to complete the account open process on-line with the OpenAdvantage Self-Service.

Ease Account Updates

Annual KYC forms should be updated for all clients. OpenAdvantage can automatically produce branded paperwork for clients to simplify the process. As well, clients can be empowered to update certain profile data directly on-line (for example: email, address changes).

Ease Client Representative On-Boarding

When new representatives join the firm, OpenAdvantage can help them keep existing client relationships by quickly transferring their existing client assets into the Account Open process by simply importing spreadsheet data and automatically generating partially completed applications.

Increase Cross-Sell and Up-Sell Opportunities

With OpenAdvantage, client profile data can be used to suggest potential cross-sell and up-sell opportunities as part of the account open process.

**An efficient
account
opening
process can
increase
profitability**

Operations: Reduce Costs and Enable Flexibility

Operational inefficiencies cost organizations money. Chief Operating Officers from leading wealth management firms have implemented OpenAdvantage to improve their company's operational efficiencies while providing their clients with a first-class account opening experience.

Process Higher Volumes

During peak RRSP/IRA seasons, representatives are able to efficiently process the increased volume of new client account opens. For existing clients, additional accounts can be quickly opened leveraging existing client profile data and requiring only additional account specific information to be entered, reducing duplicate data entry.

Reduce Costs

OpenAdvantage has been shown to reduce labor costs as well as paper costs, while increasing the number of completed account opens. FSI's that have taken advantage of this benefit have been able to re-assign personnel to other areas.

OpenAdvantage enables new account approvals to be done electronically. This allows electronic approvals to occur in parallel with (or even ahead of) the physical paperwork. This electronic workflow will enable exceptions and errors to be caught faster and dealt with more efficiently and can dramatically decrease courier costs.

With OpenAdvantage, customers report reducing account open paper consumption by up to 75% as a result of digital workflows, on-demand printing and the elimination of multi-part carbon copy forms. Managing inventory of traditional forms is a costly process and increases waste when text changes are required.

Reduce storage costs when OpenAdvantage is extended with BarcodeAdvantage™. With BarcodeAdvantage, paper documents are scanned, stored and organized using barcodes – transforming a scattered, multi-facility paper trail into a centrally managed digital document archive. This allows primary document storage to be moved offsite to less costly real-estate.

Mailing costs are significantly reduced as OpenAdvantage will produce a personalized welcome kit consisting of all of the relevant forms relating to the client and the accounts. The forms can then be signed reducing the need to print and mail hard copies to and from the client. This can save on average \$2.36² CDN per account open and accelerate the time it takes to complete the account opening and fund the account.

Furthermore, by combining OpenAdvantage with a digital signature offering, FSI's can deliver a complete digital workflow virtually eliminating paper.

Reduce costs associated with labor intensive compliance monitoring and audit reporting requirements while dramatically reducing NIGO rates.

² Based on one-way lettermail rate within Canada of \$1.18 per oversized envelope.
<http://www.canadapost.com/business/offerings/lettermail/can/rates-e.asp>

Reduce Abandonment Rates

As you might expect, account abandonment rates increase as the account opening times increase and the number of required steps increase – both hallmarks of a paper-based account opening system. By decreasing the number of interactions with the client and enabling real-time integration with back-office systems, OpenAdvantage enables accounts to be opened and funded quickly and accurately reducing account abandonment rates.

Reduce paper consumption by 75%.

An Eco-Friendly Alternative to a Paper-Based System

In addition to the cost savings associated with reducing paper consumption by up to 75%, the positive environmental impact can also be significant. Reducing paper usage will save trees, reduce energy consumption, lower greenhouse gases and reduce waste. One ton of non-recycled copy paper, approximately 200,000 sheets, requires 24 trees and has the following environmental impact¹.

Wood Use	3 tons
Total Energy	38 million BTU's
Greenhouse Gases	5,690 lbs CO ₂ equivalent
Waterwater	19,075 gallons
Solid Waste	2,278 pounds

Flexible Account Opening Processes

Account opening is a dynamic process as new products, new regulations, and changes to the core business can force changes to the process. With a paper-based account opening process, changes require significant and long-lead training and communication plans, paper form inventory replacements and potentially workflow and organizational restructuring. As a centralized, web-based application, OpenAdvantage eases changes throughout the entire account opening process. Updates can be rolled out simultaneously to the entire enterprise. FSI's have the ability to alter and customize:

- Questions asked during the account open process
- Workflows including approval process
- Business rules such as mandatory fields change
- Forms including new forms as well as changes to existing forms

Scalable Solution

The scalable platform, configurable workflows and custom forms enable OpenAdvantage to simultaneously support multiple lines of business, for example:

- Discount brokerage, retail brokerage, institutional and mutual funds business can all be supported from the same OpenAdvantage environment each with custom questionnaires, business rules, workflows and forms
- Support for multiple languages with a single install
- Clearing firms can customize the questionnaire, workflow, business rules and forms for each correspondent

¹ Environmental impact estimates were made using the Environmental Defense Fund Paper Calculator. For more information, visit <http://www.papercalculator.org>.

Compliance: Facilitate Compliance and Reduce Risk

In North America's financial services industry, meeting the evolving compliance and regulatory requirements has become a top priority. A firm's reputation can depend on an effective compliance system and a set of solid internal policies and procedures. The administration of risk management programs to ensure financial institutions are in compliance with government anti-money laundering and terrorist-financing regulatory programs are becoming increasingly important in today's financial services marketplace.

OpenAdvantage delivers comprehensive set of compliance management and reporting capabilities which can be accessed via the secure web interface. Using OpenAdvantage's built-in permissions structure, administrators are able to configure the application to give users access to specific forms and records that fall within the account they have been assigned to.

With OpenAdvantage, FSI's are able to reduce costs associated with labor intensive compliance monitoring and audit reporting requirements while reducing NIGO rates to by more than 90%. In the event of an audit, significant time will be saved, thus reducing costs as audit trails and a variety of reports or documents can be produced electronically on-demand. Comprehensive log data can be archived and indexed in perpetuity to meet data retention requirements.

Summary

As financial services firms look to increase efficiency and reduce costs, account opening is an obvious target for a technology revolution as most firms still rely on archaic paper-based processes. An automated, digital account opening process will improve client service levels, improve employee efficiency and satisfaction as well as streamline sales, operations and compliance departments.

Leveraging Arius' OpenAdvantage platform, FSI's are able to immediately increase operational efficiencies, reduce costs and improve compliance while achieving a positive return on investment often within the first twelve months.

For more information, contact:



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**Reduce time
associated spent
on labor intensive
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