Case Study

Say No to Operational Loss

SLK Software leverages artificial intelligence to minimize check and dep
fraud, and saves USD 35 million in operational losses.

Case Summary

**A regional bank based in Alabama, United States, serving commercial customers, small and mediu
enterprises, and retail customers.**

Inefficient detection rule engine and error-prone onsite operations to curtail deposit and check frau
costing the bank upwards of USD 45 million per annum in operational losses.

SLK Software's Digital Operation Practice took over the deposit and check fraud detection process a
intelligent automation to improve process efficiency and customer experience while cutting down lo

The bank was able to save over USD 35 million and cut down manual efforts by 40% within a year.

The Challenge

Rising financial crime continues to pose a significant risk to banks and financial institutions. Fraudulent checks routinely flood the system and lead to millions of dollars in operational losses for banks. In addition, the lack of robust fraud detection processes and intelligent systems impacts profitability and customer experience.

In this case, the bank faced high operational losses of over USD 45 million per annum due to deposit and check fraud. They had an analytics engine and detection system in place alongside an onsite team of 150 people for manual scrutiny, but they could not cut down on the losses. This inefficiency stemmed from poorly framed and documented processes, lack of adherence to the existing process, and inadequate checks and balances programmed into the analytics engine. The analytics engine failed to detect fraudulent checks worth USD 25 million per annum. For those cases that it did detect, errors and omissions from the manual team led to an additional USD 20 million in losses.

The client wanted a partner with strong experience in check fraud detection who could help them establish a robust process, minimize the need for manual intervention, and cut down operational losses to less than USD 20,000 per day. At the same time, to manage customer experience, the requirement was that no more than 10% of the checks coming in could be held for scrutiny on any given day. In addition, 98% of the checks held back must be for legitimate concerns allowing only a 2% margin of error. These were stringent SLAs, but the SLK team was more than prepared to meet them.

The Solution

SLK came on board and took over the entire process offering the client a 70% discount on the existing processing costs. The first step was to fix the process itself and stabilize and strengthen it. We drew up a new procedure with stringent checks and balances. We moved the team offshore and trained them on the improved process, ensuring adherence. Once that was in place, we deployed intelligent automation to cut down manual intervention.

We tackled the downstream process first, deploying UiPath to automate repetitive tasks and build manually proven checks and balances into the system. Next, we deployed artificial intelligence on the upstream process to cut down the number of checks coming in for review. The AI engine improved detection by checking for significantly more parameters than the original analytics engine. Check stock identification, verification, and risk scoring improved the accuracy of detection. Increased automation while reducing operational losses also reduced the dependence on the manual team freeing up employee bandwidth.

Business Impact

USD **35** million
cost savings from
reduced operational
losses

60%
Reduction in
manual effort

70%
Reduction in check
processing costs

SLK's Efforts Showed Quick Results:

- SLK addressed the issue of costly and inefficient manual interventions by streamlining and automating the process. This resulted in consistent processing, assured adherence to SLAs, and a 60% reduction in the manual effort.

- By taking over the process, establishing refined checks and balances, and automating repetitive tasks, SLK reduced the check processing costs from USD 2.30 per check to 0.73 cents per check.

- In addition, intelligent automation helped bring down the dollar loss to less than USD 5,000 per day against the expected USD 20,000 per day. The upstream and down stream automation interventions have brought down operational losses from USD 45 million per annum to less than USD 10 million per annum.

The overhaul of the deposit and check fraud process, reconfiguration and training of the team, and cutting-edge automation improved profitability and customer experience. The complete handover of the process to SLK Software ensured seamless check processing leaving the bank free to focus on customer delight.

Write to us at hello@slkgroup.com

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