



## Zero Operations

Transforming banking  
productivity for tomorrow

2024

# Zero Operations: Transforming banking productivity for tomorrow

In 2024, many banking leaders confront the daunting task of navigating a complex landscape characterised by evolving customer expectations, tighter regulatory demands, and increasing competition, all amid the relentless imperative to achieve cost savings. Compounding these challenges, the ongoing disruption from emerging technologies, new competitors, and innovative ways of banking compels New Zealand banks to transform how they operate, with a focus on becoming more agile and efficient.

An emerging practice gaining traction in this context is the move towards "Zero Operations" (Zero Ops) — a vision of eliminating non-essential operational processes, overheads, and manual tasks to effectively zero or as close to zero as practicable. Zero Ops leverages process excellence disciplines and intelligent automation tools to streamline and enhance routine tasks, complex operations as well as key customer interactions. Through Zero Ops, organisations can eliminate human error, enhance productivity, and reduce costs; effectively transforming end-to-end value chains to deliver unparalleled customer service.

In essence, Zero Ops isn't entirely a new concept: it's a modern take on the timeless quest for operational excellence. But the stakes are much higher today. With revolutionary technologies like AI at our fingertips, banks should not settle for incremental gains, but set their sights for transformative breakthroughs. The choice to commit to Zero Ops today will define industry leaders in the decades to come as we step into the future of banking driven by unprecedented demand for agility and efficiency. Many banking leaders already recognise the potential of Zero Ops to get ahead but doing it right requires a strategic, structured, and purposeful execution for optimal outcomes.

Our proposed approach to Zero Ops comprises of three steps.

- 1) Focus on value:** Define targeted business outcomes and identify high-impact processes across the value chains to maximise value delivery.
- 2) Organise to deliver:** Establish a clear plan for implementation and organisational change management.
- 3) Tailor for success:** Determine and apply the optimal blend of human, process improvement and automation tools.

1

**Strategy & identification**

*Focus on value*

2

**Implementation roadmap & organisational planning**

*Organise to deliver*

3

**Zero Ops levers**

*Tailor for success*



**Human resource**

Evaluate where human involvement should be preserved.



**Process optimisation**

Eliminate, simplify, standardise, and re-engineer end-to-end processes to ensure optimisation before automation.



**RPA**

Automate repetitive tasks, reduce errors, and optimise efficiency using software bots.

Use cases: transaction processing, account management, loan processing, and compliance checks.



**Traditional AI**

Advanced data analysis through deep learning, natural language processing, and predictive modelling.

Use cases: Risk assessments, credit scoring, fraud detection, investment management.



**Generative AI**

Natural Language Generation, summarisation, and content generation.

Use cases: Automated customer support, compliance reporting, product design, personalised marketing content and financial advice.

← **END - TO - END VALUE CHAIN** →

# 1. Focus on value

Zero Ops goes beyond merely implementing automation technologies; it's about strategically using technology to achieve specific business outcomes aligned with the bank's overarching strategies.

Embracing Zero Ops requires viewing it as a comprehensive business transformation, where every technology investment and target process selection coherently serves a clear purpose that contributes to the bank's strategic priorities. Such strategic approach shifts the focus from fragmented improvements to a powerful, unified impact, catalysing exponential returns on investment. To fully harness the potential of Zero Ops, it's important to adopt a strategic mindset from the outset when identifying and prioritising process improvement opportunities with the greatest impact.

For instance, a bank aiming to enhance customer experience should start by investigating pain points in customer onboarding, multi-channel support, and personalised digital banking services. Likewise, a bank emphasising risk and compliance will benefit most from scrutinising processes

around transaction monitoring, customer due diligence, and Know Your Customer (KYC) procedures.

To identify the areas of greatest value that align with strategic objectives, banks should leverage operational data for deeper insights into their value chains. Process mining is changing the game in this space, offering a modernised, data-driven approach to uncovering process optimisation opportunities that traditional manual mapping approaches might overlook.<sup>1</sup>

While optimisation and automation opportunities inevitably vary across banks, our analysis has pinpointed high-impact process areas where New Zealand banks stand to gain significant benefits from implementing AI and intelligent automation.

<sup>1</sup>Deploying process mining successfully – our proven approach: <https://www2.deloitte.com/ch/en/pages/strategy-operations/articles/deploying-process-mining.html>

## CASE STUDY



### Bank of Queensland's strategy-driven automation journey

A few years back, the Bank of Queensland (BOQ) grappled with significant challenges stemming from outdated technology and a build-up of technology debt. BOQ's growth strategy had been driven by several acquisitions that lacked full integration, leading to a disjointed system infrastructure. This hindered the bank's operational scalability and efficiency, causing slower processes, inconsistent customer experiences, and increased staff workload.

In response, BOQ initiated a digitisation and automation overhaul, anchored in a multi-channel growth strategy and a people-centric business model. The bank's technology adoption prioritised embedding a customer-first mindset into its digitisation and automation efforts: Instead of focusing on isolated efficiency gains, the bank optimised each channel's strengths, selectively automating processes suitable for machine-led decision-making while preserving human interaction where it was required for high value customer engagement.

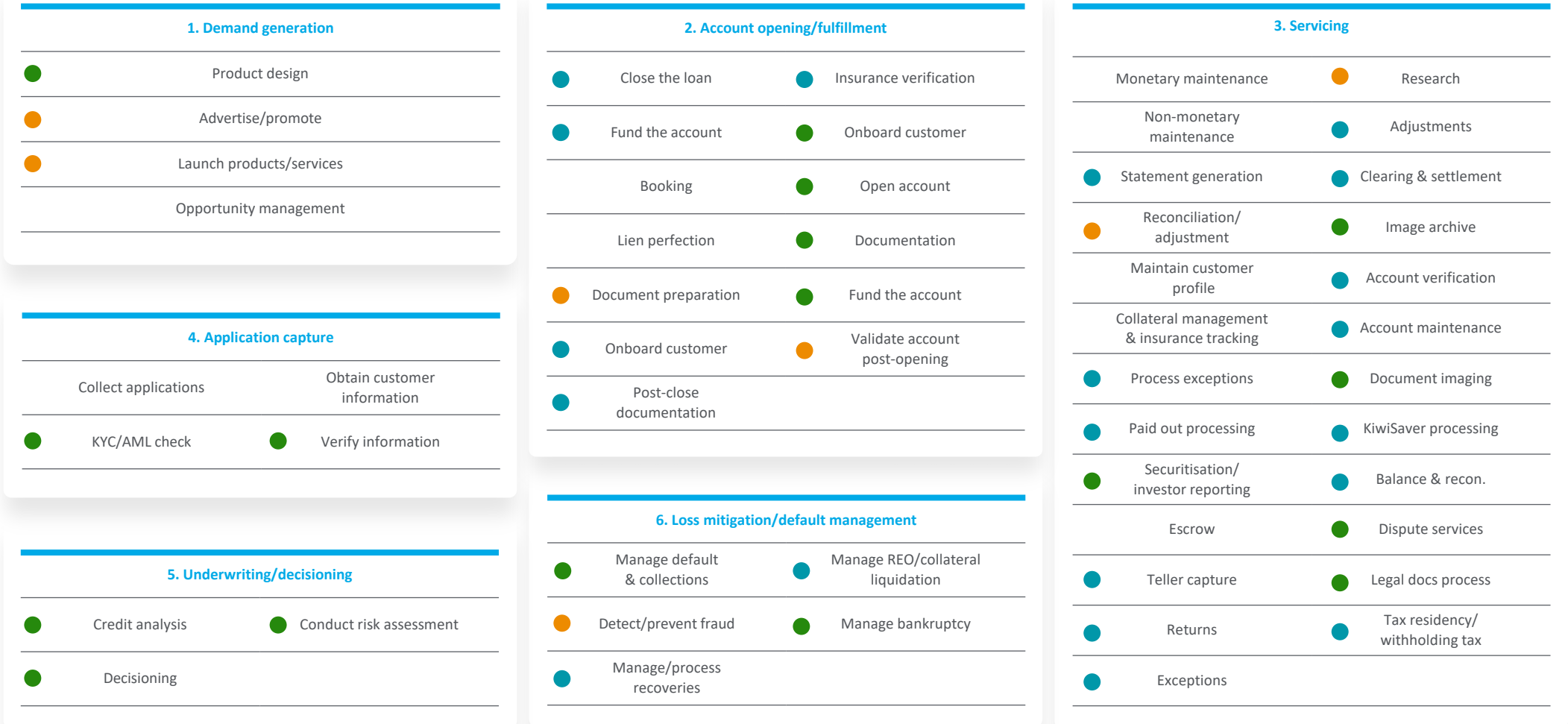
This strategic approach was enhanced by detailed tracking and analysis of customer journeys, enabling the bank to make prudent investments in the most impactful systems and processes. By leveraging cloud technologies, BOQ was able to expand its customer data management to gather insights that shaped the development of standardised processes, leading to systematic improvements in the customer experience.

By strategically integrating automation into its multi-channel strategy, BOQ was able to reinforce its unique position as a mid-tier bank. This move drove distinctive growth, boosting agility in digital banking channels to outmanoeuvre larger competitors while leveraging competitive scale in relationship banking channels to compete with smaller fintech disruptors. Consequently, BOQ continues to experience a customer growth of +10% across all brands in FY23, driven by its customer experience enhancements. This is exemplified by the operational milestone of opening a bank account in just four minutes through its scalable and cost-effective self-service digital banking platform.

Consumer Banking	Commercial Banking	Asset Management & Treasury
Wealth Management	Marketing & Communications	Finance & Accounting
Audit, Risk & Compliance	IT & Operations	Human Resource

## High impact areas: Consumer banking

This is an illustrative view and may differ according to a bank's specific operational context. Refer to the Appendix for the complete catalogue of high impact areas across banking functions.



● RPA/IA    ● Traditional AI    ● Gen AI

## 2. Organise to deliver

A successful transition to Zero Ops relies on a clear and comprehensive plan to coordinate the various organisational changes and mindset shifts necessary for a smooth transition.

A successful transition to Zero Ops relies on a clear and comprehensive implementation plan. However, this transformative journey requires a plan that does more than just guide the implementation; it must also coordinate the various organisational changes and mindset shifts necessary for a smooth transition. This approach is key to ensuring the long-term sustainability and effectiveness of the benefits realised.

Strategic workforce optimisation is a vital component of your Zero Ops plan. It involves capability planning for the reallocation of resources affected by automation and maximising the use of time saved by employees. Effectively integrating reskilling and redeployment into your Zero Ops

plan is key to fully utilising the anticipated increase in workforce capacity. It's important to embed training and retraining from the beginning of the roadmap design, rather than treating it as an afterthought following implementation.

## CASE STUDY



### DBS's successful organisational change management

DBS Bank in Singapore embarked on a digital transformation journey with an aim to shift from a traditional banking model to one resembling a technology company.

As a starting point, DBS prioritised redefining collaboration between business and technology teams, establishing a unified Technology and Operations division led by joint CEO and CTO leadership. This change highlighted DBS's commitment to enhancing technological leadership and its alignment with the business functions as a foundational element of its transformation.

Concurrently, DBS focused on a cultural shift for its 26,000 employees, transitioning to an agile, tech-driven mindset. This emphasised training and upskilling 3,000 staff in AI and ML capabilities and fostering a cultural re-orientation towards innovation and risk-taking.

Fast forward to today, DBS's early organisational adjustments and enhanced capabilities have established a robust technological foundation, yielding a long-term competitive edge. DBS was able to report record profits in 2020 despite the COVID-19 pandemic and has successfully diversified its transaction and service offerings into other markets by leveraging the core technological strengths and organisational culture established at the start of its transformation journey.

DBS's foresight and effective change management has positioned the bank as a pioneer in technology, setting a benchmark for enduring success in the financial sector. The bank views its journey as ongoing, with ambitions for a future that embraces 5G, IoT, blockchain, and privacy engineering, building on its strong organisational foundations.

## 3. Tailor for success

Zero Ops is an ideal target state, with many different routes to get there. In the pursuit of Zero Ops, banks must determine the optimal blend of levers, including human resources, process redesign, and automation technologies:



**Human:** Zero Ops isn't about removing all human involvement entirely; it's about being judicious in integrating technology to boost efficiency without losing the human touch where it matters most. Consider how your customers' preferences often vary with context: they may favour speed and convenience for routine transactional services, yet still prefer direct human interaction when it comes to more nuanced and complex needs like financial advice.



**Process optimisation:** A common pitfall we observe with organisations embarking on their Zero Ops journeys is the assumption that automation alone can magically fix fundamentally flawed processes.

Banks should prioritise simplifying, standardising, and redesigning processes to ensure they're running at peak efficiency before introducing automation. It's important to optimise these processes on the outset, as automating an imperfect process only magnifies its inefficiencies.

**Automation:** Another common pitfall is the one-size-fits-all application of automation technology to all processes without assessing their feasibility or suitability. Instead, banks should adopt a 'portfolio' approach that leverages a suite of automation technologies such as:



**Robotic Process Automation (RPA)** for automating routine tasks, streamlining operations like transactions, account management, loan processing, and compliance checks.



**Traditional AI** for in-depth analysis and decision-making in key areas such as credit scoring, fraud detection, and investment management or personalised customer experiences and targeted marketing strategies



**Generative AI** supported content creation, summarisation, Natural Language Generation, to automate customer service, compliance reporting, product design, and providing tailored marketing and financial advice.

## USE CASES



### Application of automation technologies in fraud

Banks can now swiftly and accurately detect fraud by employing various automation technologies tailored to different parts of the value chain and specific uses. This not only reduces annual fraud losses but also improves the customer experience in fraud resolution:

*We have recently supported a global wholesale bank in incorporating RPA into its Know Your Customer (KYC) onboarding processes, including Customer Due Diligence (CDD) assessment and screening. This automated routine tasks such as company ownership searches, shortening the onboarding process and freeing up specialists to focus on the riskier parts of the KYC process.*

*At the more sophisticated end of the spectrum of automation technologies, banks are pioneering transformative fraud detection methodologies that surpass basic task automation. By integrating banking fraud analytics powered by AI and ML,*

*they can detect suspicious activities in real-time, predicting potential fraudulent actions from historical data patterns. This approach not only identifies issues that might be missed by traditional engines or manual reviews but also minimises false positives, leading to decreased compliance costs.*

*Zero-ops implementation will vary across banks, each shaped by its unique context. It is important to understand your current state and develop a winning formula of levers aligned to your business strategy and operating model.*



## Lessons from the insurance industry - IAG

IAG, the largest general insurer in Australia and New Zealand, exemplifies how large incumbent organisations in regulated industries can enhance customer experiences through AI automation as part of their Zero-Ops journey.

### Challenge

IAG aimed to improve customer experience by addressing significant challenges based on claims volume. Through a portfolio assessment, the insurer identified total loss claims management in automotive insurance to be a priority area, contributing to 10-15% of its annual claims. Historically, this had involved a manual process, leading to extended resolution times, increased operational costs and customer dissatisfaction.

### Approach

A customer-centric review of the claims process, focusing on the impact on customers' lives and engagement pain points was undertaken, revealing AI as the optimal solution.

The existing process had relied on customers lodging a claim over the phone or online, followed by a manual assessment dependent on human inspection and analysis. If the assessment determined that the claim was a total loss, it was manually triaged and sent to the total loss team who calculated the value of the offer sent to customers.

To address this, IAG initiated an AI pilot to re-design the claims process by predicting the total loss outcomes post-accident and fast-track prioritised cases. This system not only predicted outcomes with over 90% accuracy but also automated notifications and document requests to the customers, advising them of the possible total loss outcome and setting up the appropriate touchpoints from the start of the customer journey. Digitisation of the process allowed customers for an option to settle claims online, reducing reliance on call centres while automated system rules were used to send triggers to customer claim consultants during key moments where human interaction was likely required.

### Outcome

The initiative significantly improved the claims process, reducing resolution times by up to 1.5 weeks and increasing trial participant NPS by 10%. This success marks the beginning of IAG's AI adoption journey towards Zero Operations. Banks can learn from IAG's strategic application of AI and human-centred design to transform customer interactions and streamline operations, setting a precedent for leveraging emerging technologies in competitive and regulated markets.

## Pioneer the future

Zero Ops represents a significant evolution in the pursuit of operational excellence. The task is by no means simple, but the rewards will be transformational if it is executed properly. The time to act is now - embrace Zero Ops to position your bank as a proactive leader in the dynamic future of banking.

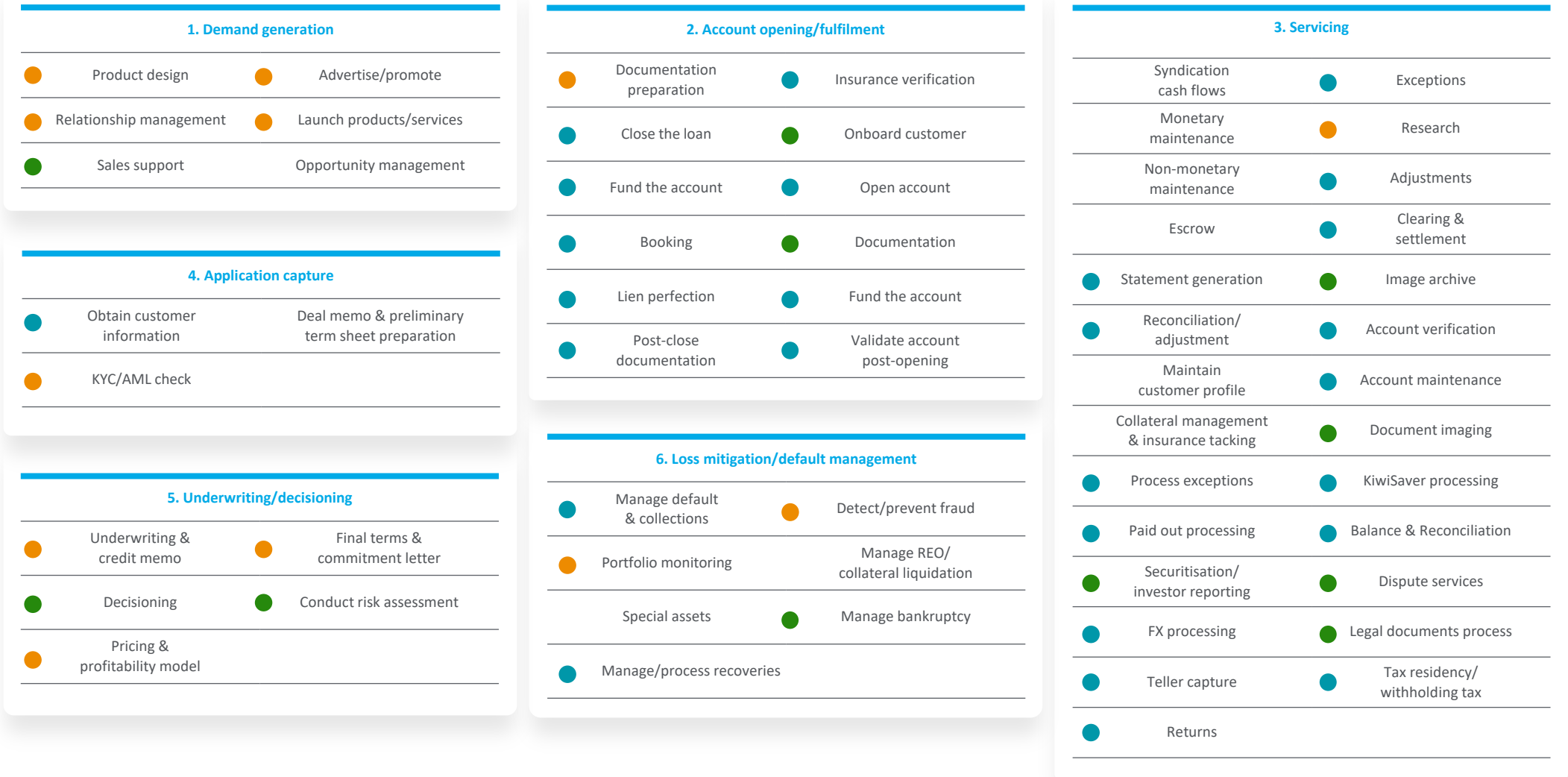


Appendix

Consumer Banking	<b>Commercial Banking</b>	Asset Management & Treasury
Wealth Management	Marketing & Communications	Finance & Accounting
Audit, Risk & Compliance	IT & Operations	Human Resource

## High impact areas: Commercial banking (lending & deposit)

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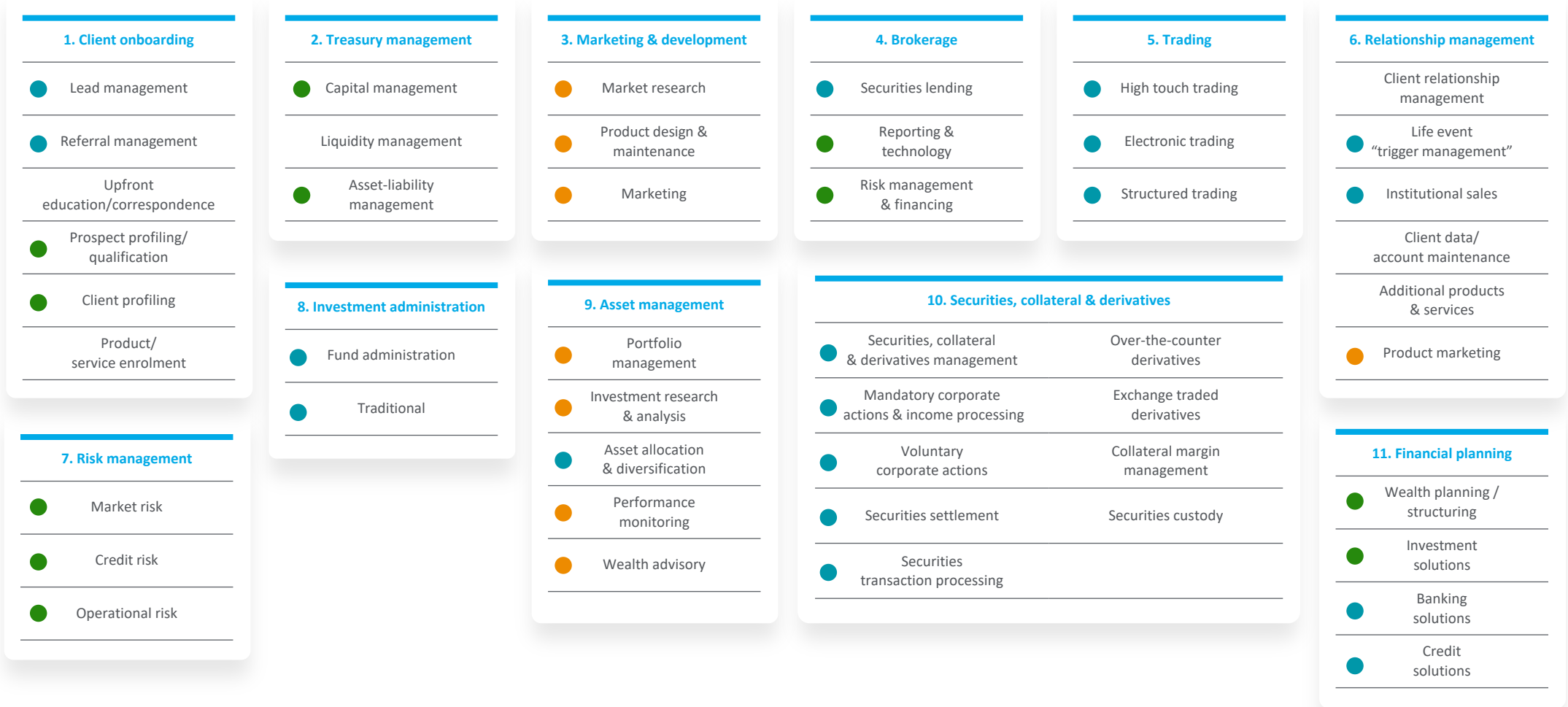


● RPA/IA    ● Traditional AI    ● Gen AI

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## High impact areas: Asset management & Treasury

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## High impact areas: Wealth management

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### 1. Demand generation

- Product design
- Relationship management
- Opportunity management
- Financial advice & planning
- Hyper personalisation

### 4. Account opening/fulfilment

- Onboard customer
- Asset allocation
- Open the account
- Customer research
- Fund the account

### 2. Application capture

- KYC/AML check
- Customer profiling

### 5. Customer engagement and servicing

- Account maintenance/transaction execution
- Automated customer servicing
- Trust & estate planning
- Maintain customer profile
- Market scenario testing
- Trade affirmation
- Client reporting & review
- Market commentary
- Trust administration

### 3. Underwriting/decisioning

- Execute Trade
- Credit Analysis

### 6. Loss mitigation/default management

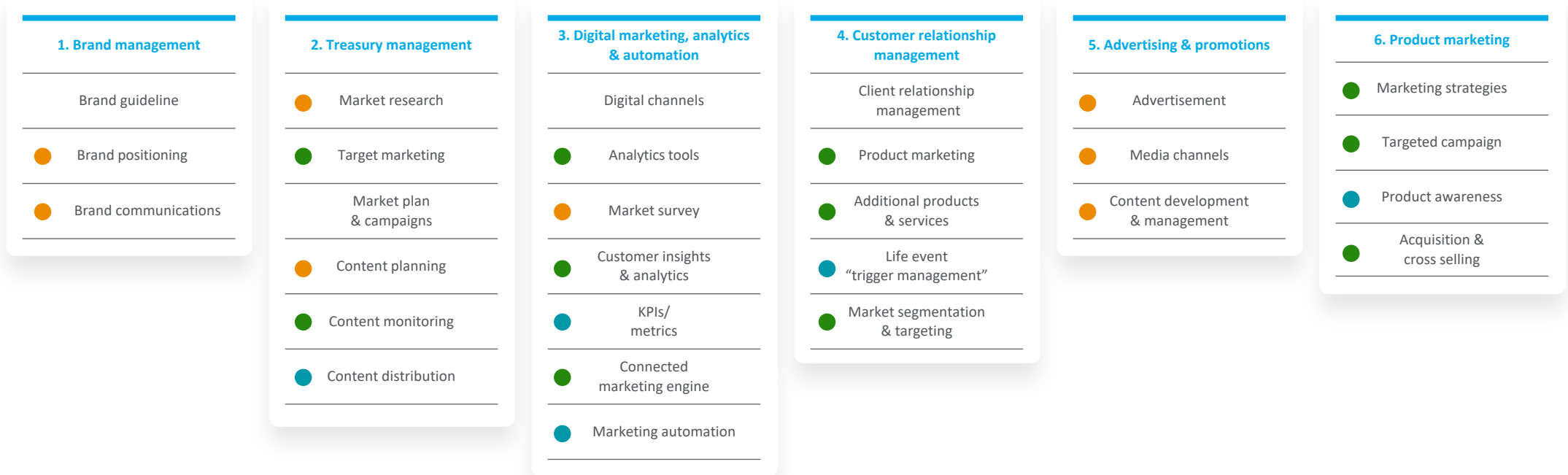
- Suspicious transaction reports
- Portfolio management
- Portfolio alerts & communication

● RPA/IA    ● Traditional AI    ● Gen AI

Consumer Banking	Commercial Banking	Asset Management & Treasury
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## High impact areas: Marketing and communications (Marcom)

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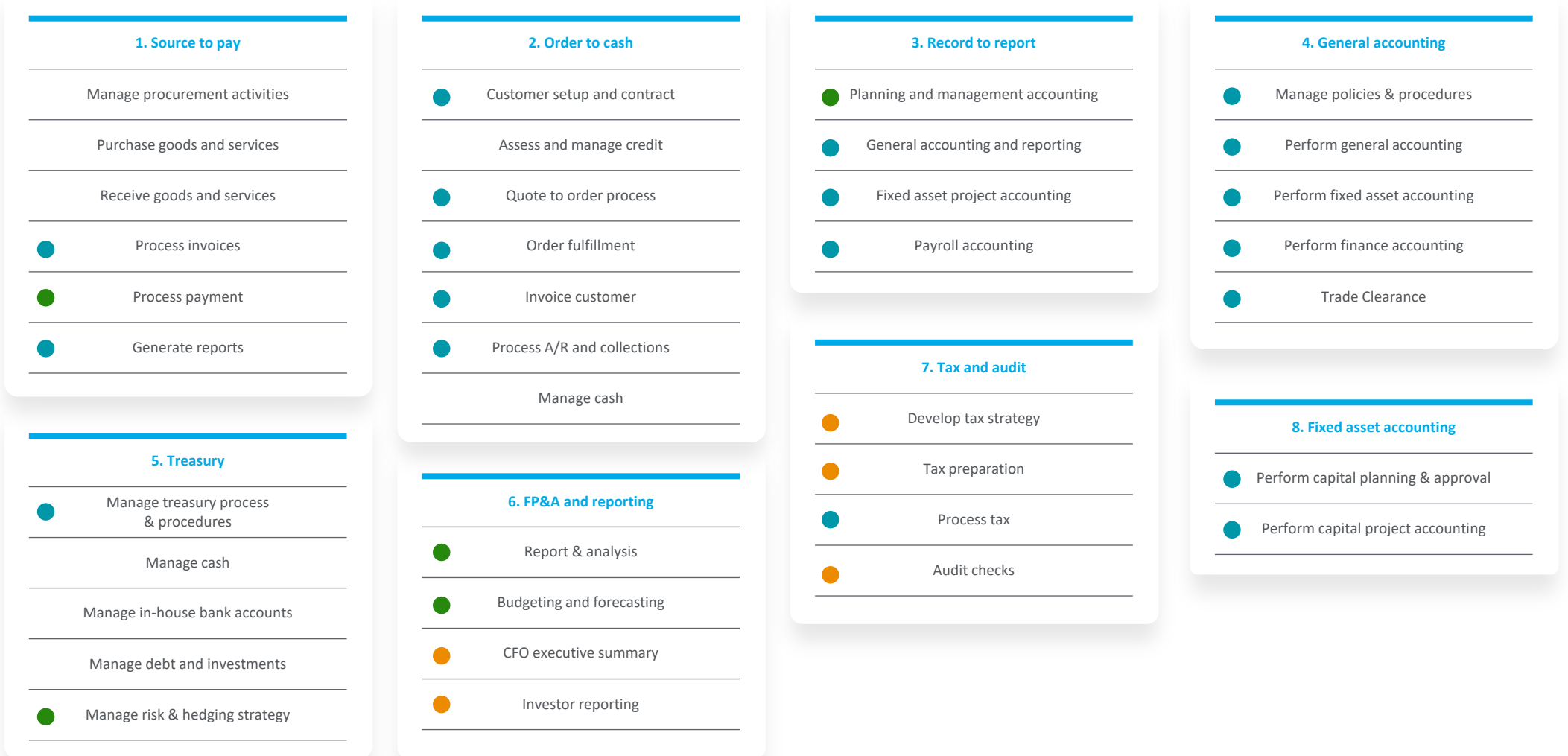


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Consumer Banking	Commercial Banking	Asset Management & Treasury
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## High impact areas: Finance & accounting

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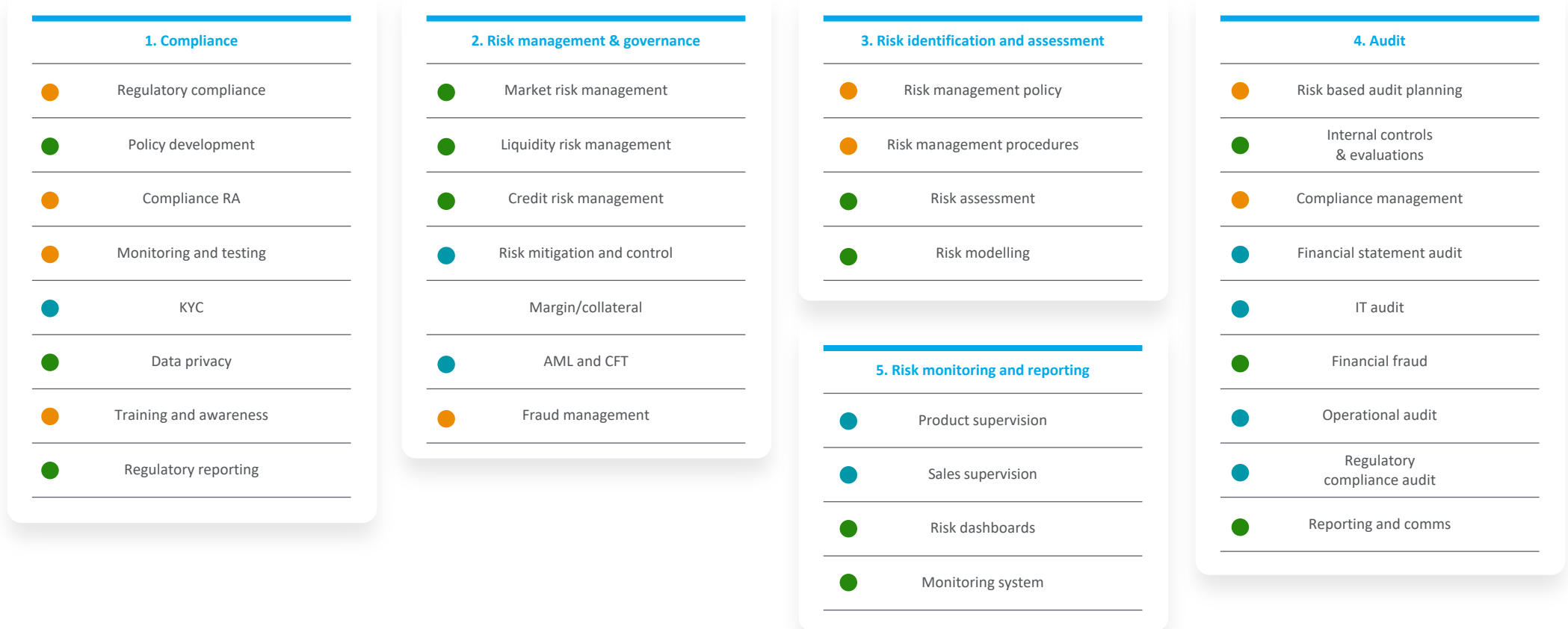


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Consumer Banking	Commercial Banking	Asset Management & Treasury
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## High impact areas: Audit, risk & compliance

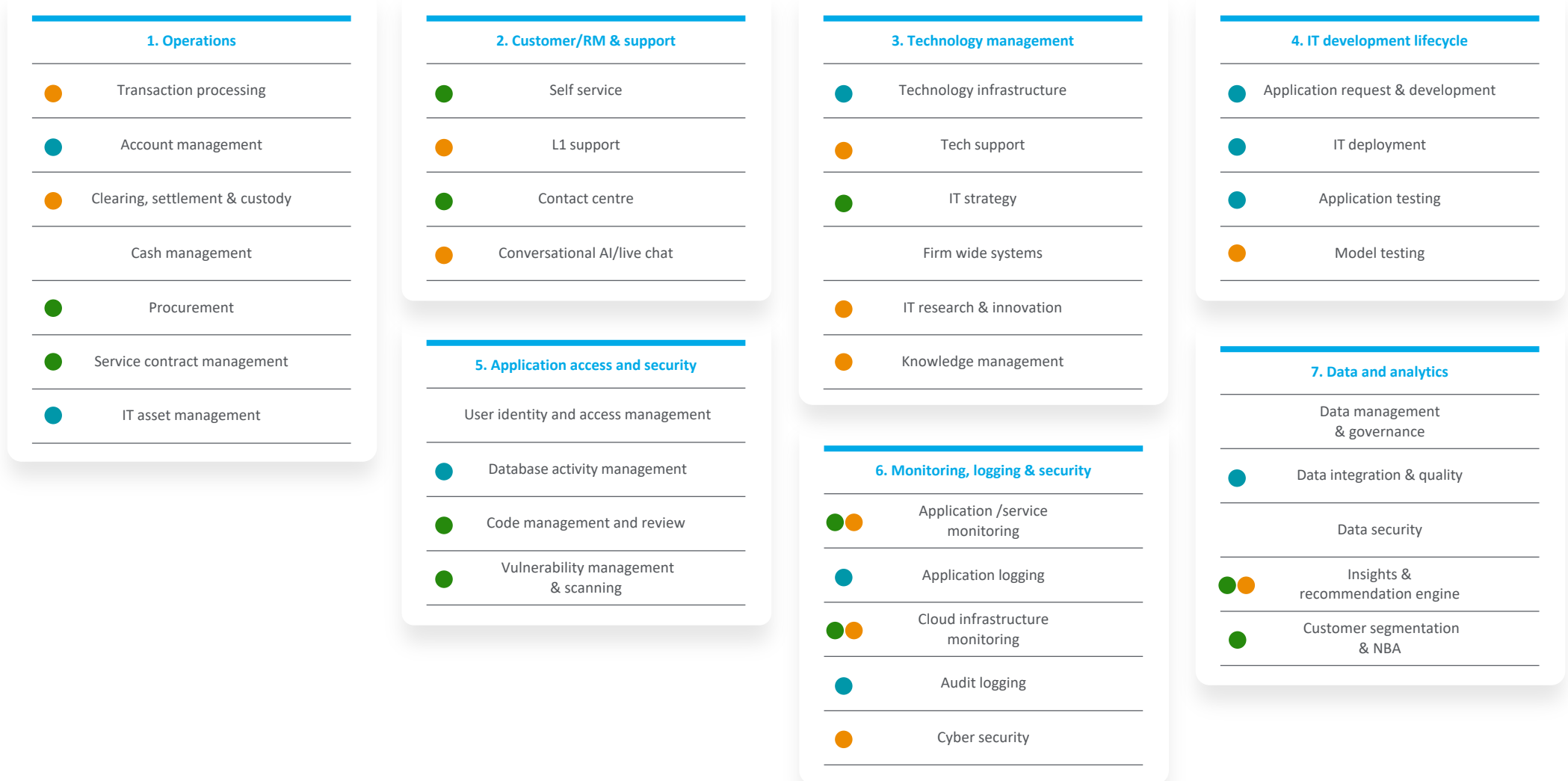
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Audit, Risk & Compliance	<b>IT &amp; Operations</b>	Human Resource

## High impact areas: IT and operations

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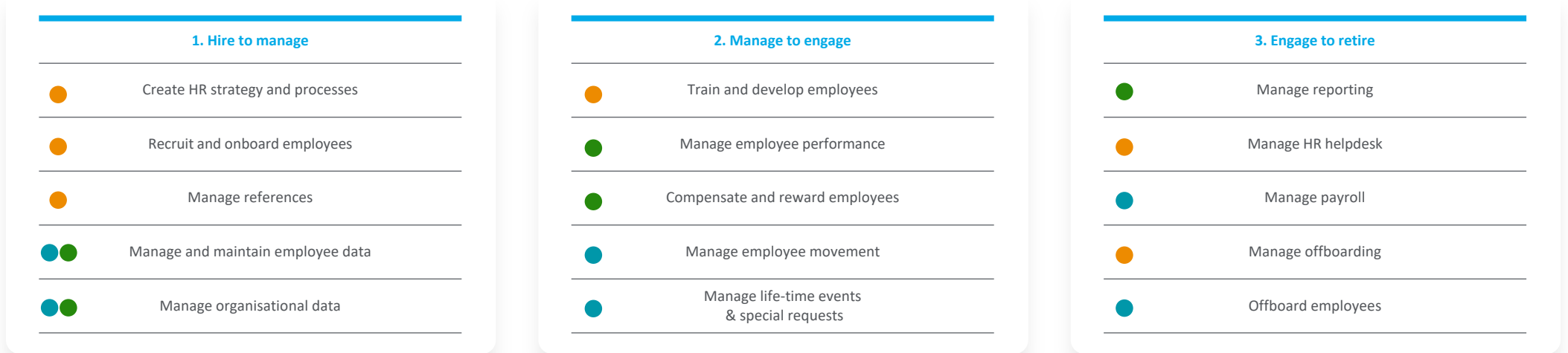
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## High impact areas: Human resources

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● RPA/IA    ● Traditional AI    ● Gen AI

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