

Lloyds Banking Group

To support its ongoing operational transformation journey, Lloyds Banking Group (LBG) adopts a data-driven approach to payment operations



With more than 17 million customers and over half of the UK adult population interacting with Lloyds Banking Group (LBG), it is the largest high street bank in the United Kingdom, providing a full range of financial services to its customers through 700 branches.

Challenge

During COVID-19, the bank’s back-office operations were largely manual processes requiring hundreds of staff to individually deal with customer payment requests and payment issues

Products

- ServiceNow® Financial Services Operations

Solution

Adopted a data-driven approach to increase the efficiency and scalability of its payment operations, transforming nine customer-critical processes

Demand for digital payments

In March 2020, the impact of COVID-19 disrupted LBG’s existing, manual intensive processes leaving the company with potential increased operational costs and heightened complexity. Back-office operations were largely carried out by manual processes requiring hundreds of staff to individually deal with customer payment requests and payment issues. LBG’s payment operations processes were therefore challenged with delivering higher levels of automation and efficiency. This was not only in response to the challenges of new working models enforced by COVID-19 but also sustaining the service customers expect, supporting the UK economy, and helping the country recover. As the scale of digital payments continues to grow, the need to deliver increased efficiency through innovation and process automation has become paramount.

Since July last year, LBG has worked using agile SAFE methodology to deliver transformed payment operations processes. By prioritizing outcomes, challenging ways of working in operations, and exploiting data driven process automation through ServiceNow’s Financial Services Operations platform, nine processes have been revolutionized. Furthermore, seven of these payment operations processes were transformed in just 12 weeks.



Industry:
Financial services



Location:
UK



People:
17 million customers

72%

automated the payment in error process, previously 100% manual

91%+

batch payment exceptions automatically resolved

82%

direct debit refunds automated and refunded in less than 30 seconds

Payment in error

If a customer makes an error when making a payment, such as getting the payee details wrong, they must contact the bank to begin the process of trying to recover the money. There were up to 450,000 individual cases each year with each one requiring a front-end staff member to open the case using manually obtained data from other systems so that the middle office could correct the payment and recover the funds through manual actions. In 12 weeks, LBG reviewed the manual steps required within the process and those of value were digitized by integrating with systems of record and automating the case through process automation. By validating data at the first point of contact with the system of record, the failure demand has significantly decreased, improving service to customers.

Overall, the payment in error process went from being 100% manual in the back office to 72% automated, requiring much less human interaction.

Unable to apply

Every day at 1am the core banking platform attempts to process all batched payments, whether they be bank transfer, direct debits, or standing orders. Any exceptions that fell out due to an indicator on the customer account, such as a cancelled direct debit, were worked on manually. Every failed payment was manually handled in the back office in order to determine the eventual outcome of the transaction. In just 12 weeks process automation was introduced which has resulted in 91%+ of these exceptions being automatically resolved, taking just minutes to process, before the start of the next working day.

Direct debit recalls

If a customer requires a refund of a direct debit that should not have been paid, they contact the bank to recover the funds from the vendor. This refund would be anywhere between 2.5 hours to the next working day. The process has been automated as of April this year, Direct debit indemnity claims, and same day recalls went from being 100% manual, taking up to three days for a refund, to 82% refunds being fully automated. Furthermore, 62% of the cases are now being processed in less than three minutes and 100% of customers can receive a refund in less than 30 seconds.

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A focus on key transformational principles ensured all outcomes delivered benefits:

- Use of real-time data to automate data validation, driving accuracy and removal of rework
- Ensuring colleagues touch cases that only require due diligence and added value
- Ensuring the customer is at the heart of the journey and delays or duplication in query handling are eliminated, reducing the volume of complaints
- Enabling real time refund/payments to be instigated, removing any batch processing causing delays to the customer journey
- Enhancing the notes around each case to support front office colleagues to deliver a better customer experience throughout the lifecycle of the claim
- Smoothing of operational workloads in peak times
- Giving multi-skilled colleagues the capability to transfer to different processes with ease

An agile culture

This digital transformation has been crucial to removing operational costs and helping customers navigate the challenges posed by the pandemic in the last 12 months. The approach undertaken to deliver this was customer-focused and the LBG workforce have been empowered to deliver new solutions. The outcome-focused and agile culture of the combined team within the bank has been as much a transformation as the outcome of the project.

A dedicated team of individuals at LBG, with the support of ServiceNow's platform, have delivered a back-office process that is now automated, driven by integrated data, and has challenged traditional ways of working to achieve outstanding results for customers. The results have also delivered significant benefits for the bank's customers and colleagues at such a crucial period. The bank is continuing to lead the way as an innovator of automated back-office payment processes.

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Now you know how work can work better.

