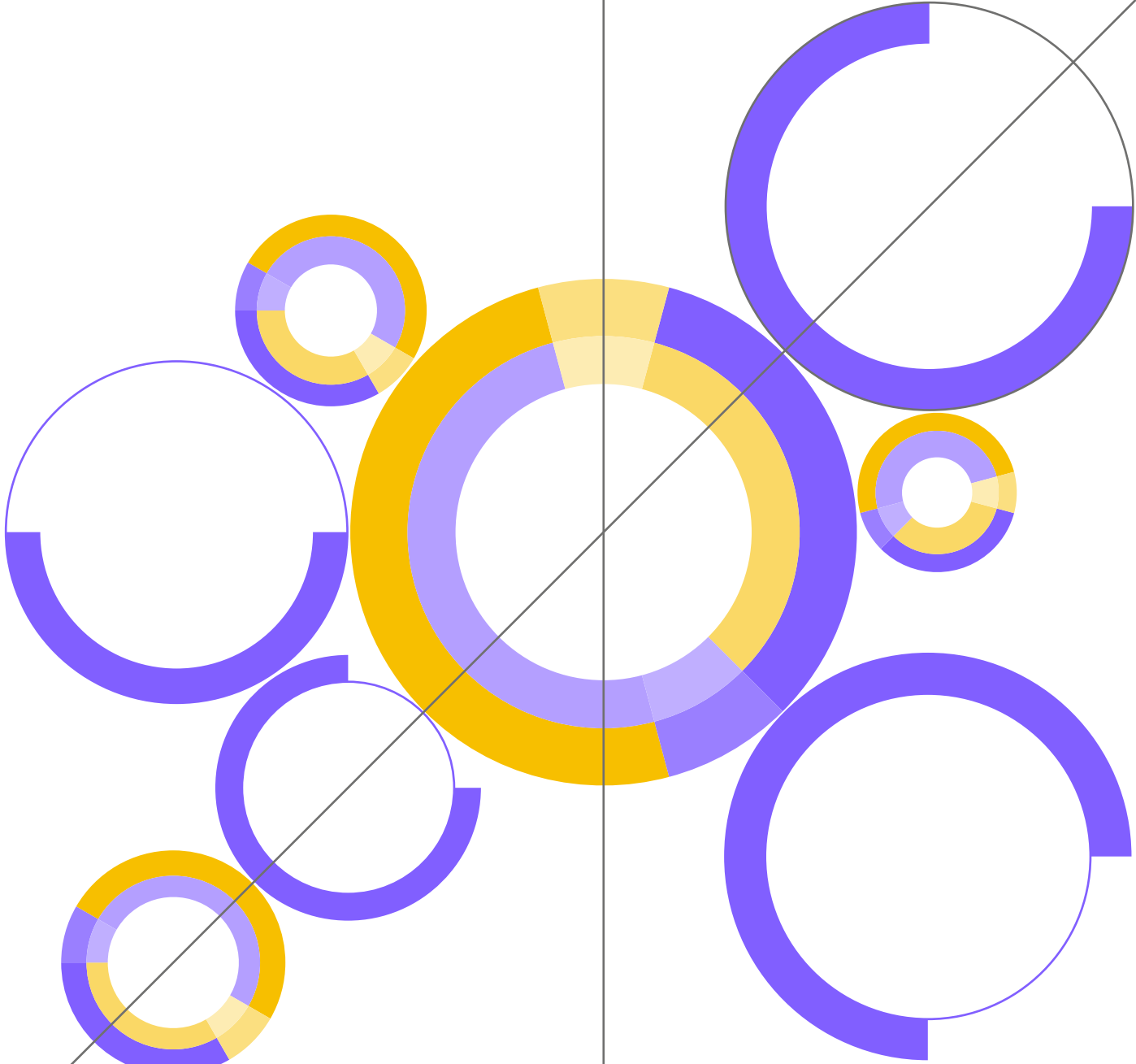


RICOH



Accelerating the Power of Information_ 2025

Industry report
on technology's impact
on **banking**



Preface

Banking organizations sit on a remarkably valuable asset — compound consumer data. Yet few can transform it into revenue-generating insights without seismic operational legwork. A key challenge we often hear from banking sector clients is, how do you shorten the distance between front, middle, and back offices? And how can the effect of data silos within and between offices be reduced to speed critical customer and operational data integration? Lastly, how do you encourage these functional teams to own the same end goal of improved customer experience and satisfaction?

It happens with a new approach to data integration, combined with technology enablement. This enhanced capability helps in gathering insights from multiple teams, improving efficiencies and supercharging data's value, resulting in significant growth.

At Ricoh, we have a long track record of helping banks build and implement strategies— using data-unification processes and technology expertise — to connect offices and deliver solid customer and employee experiences. We have paired that experience with industry research to show banks they can quickly benefit. You'll find all the valuable insights here, in our latest industry report:

Cashing in on banking's superpower

Connecting front, middle and back offices

“In this current storm of data abundance, new generative AI solutions, and changing requirements and expectations, the financial industry has no choice but to identify and pursue a path forward. To help our clients lead this transformation into intelligent banking, Ricoh brings the power of data integration, process modernization, and AI to streamline low-value operational activities to re-focus on your customers.”

— Carsten Bruhn, CEO, Ricoh North America



70%
TIME SPENT BY CDO ON
OWNERSHIP OF DATA IN SILOS

70%
INCREASE DIGITAL
TRANSFORMATION INVESTMENT

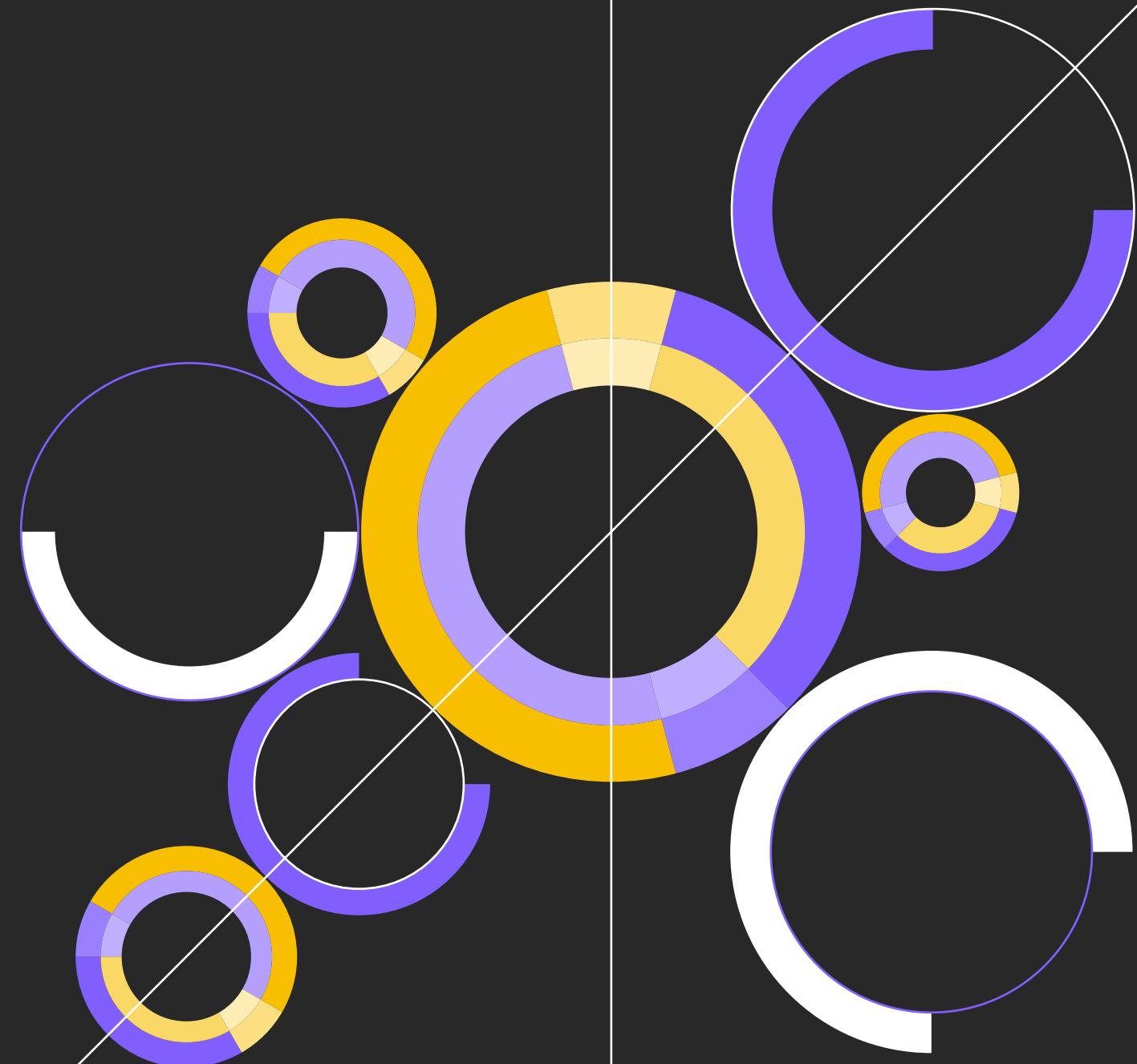
\$12,900,000
ANNUAL COST OF POOR QUALITY DATA

90%
PREFER TO PARTNER OR
BUY TECHNOLOGY

Great banking is built on relationships,
including between your offices

70%

Amount of time spent by Chief Digital Officers
on ownership of data in silos*



* CIO, *What You Don't Know about Data Management Could Kill Your Business*, November, 28, 2023

Do connected offices hold a competitive advantage?

It's no secret that technology and innovation have changed the banking industry and will continue to transform it for the foreseeable future. This gives banks a decision — yes or no. “Yes” means moving with exceptional agility to create growth opportunities. “Yes” means living by customer-centric journeys. “Yes” means adopting an enterprise-wide view of digital transformation. “No” means earmarking IT budgets to the front office only. “No” means ignoring critical data-silo chasms within lines of business and between offices that create redundancies and risk. “No” means a very challenging road ahead.

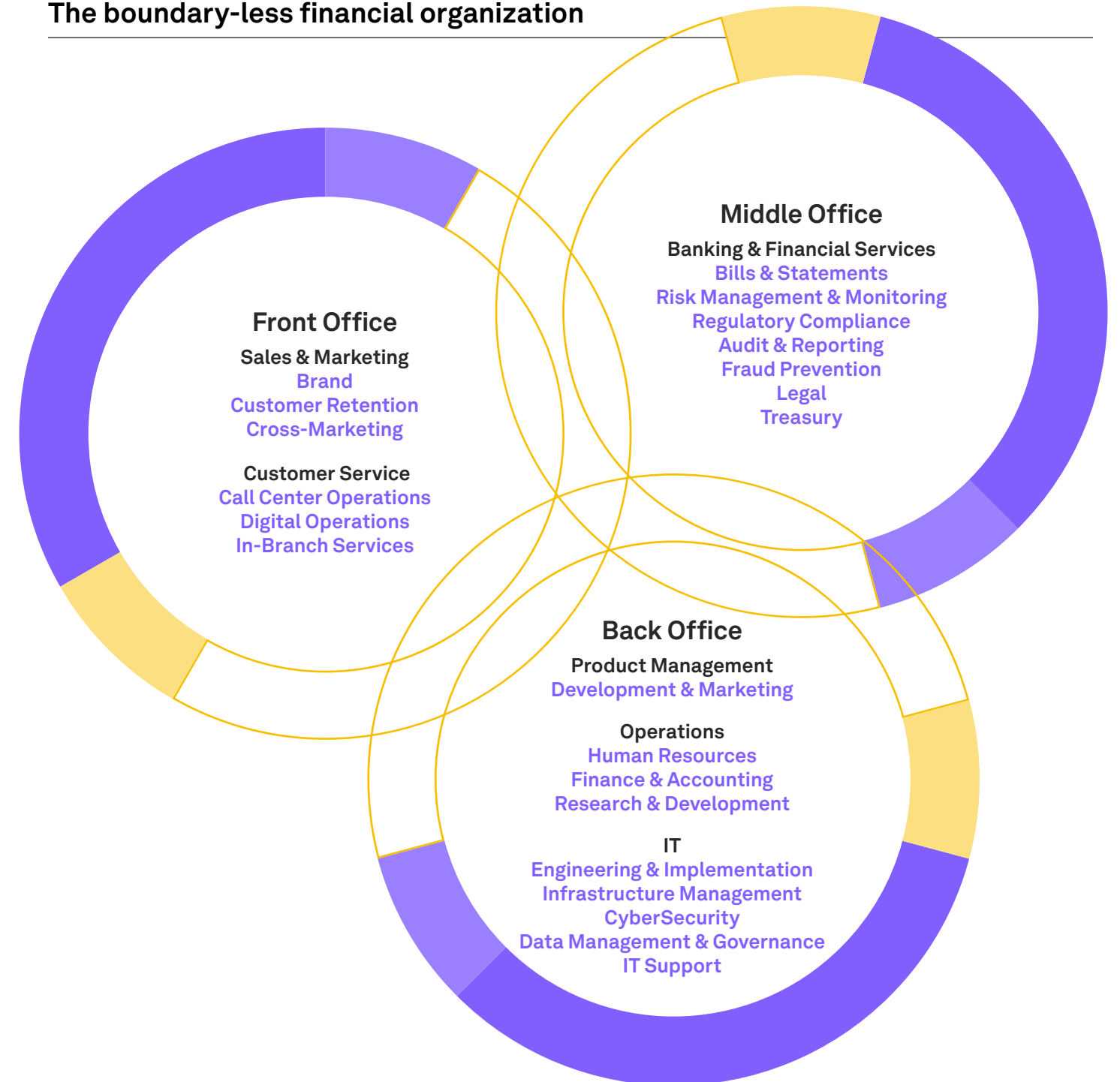
From our point of view, “Yes” is the only option. It starts by bringing together your offices, your technology and critically, your data. That creates the opportunity to view your organization through a lens of “one bank, one mission.” You are then able to integrate and amplify data's value, reduce manual processes, and create an experience that earns customer loyalty to deliver long-term value.

What's the root of the issue?

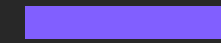
A siloed mindset where bank functions exist only as individual bricks, rather than complementary components forming a robust tower. A second, related issue stems from prioritizing front-end, customer-facing systems for IT initiatives — because that's where the ROI is, right? Not always. What happens when a personalized customer experience depends on inaccessible data living in another recess of the organization?

Banks must look at the totality of the system. When applied across an organization, transformation initiatives create more than well-performing pieces. They form a cohesive ecosystem that delivers results beyond the sum of its parts. It's the competitive advantage of a boundary-less financial organization.

The boundary-less financial organization

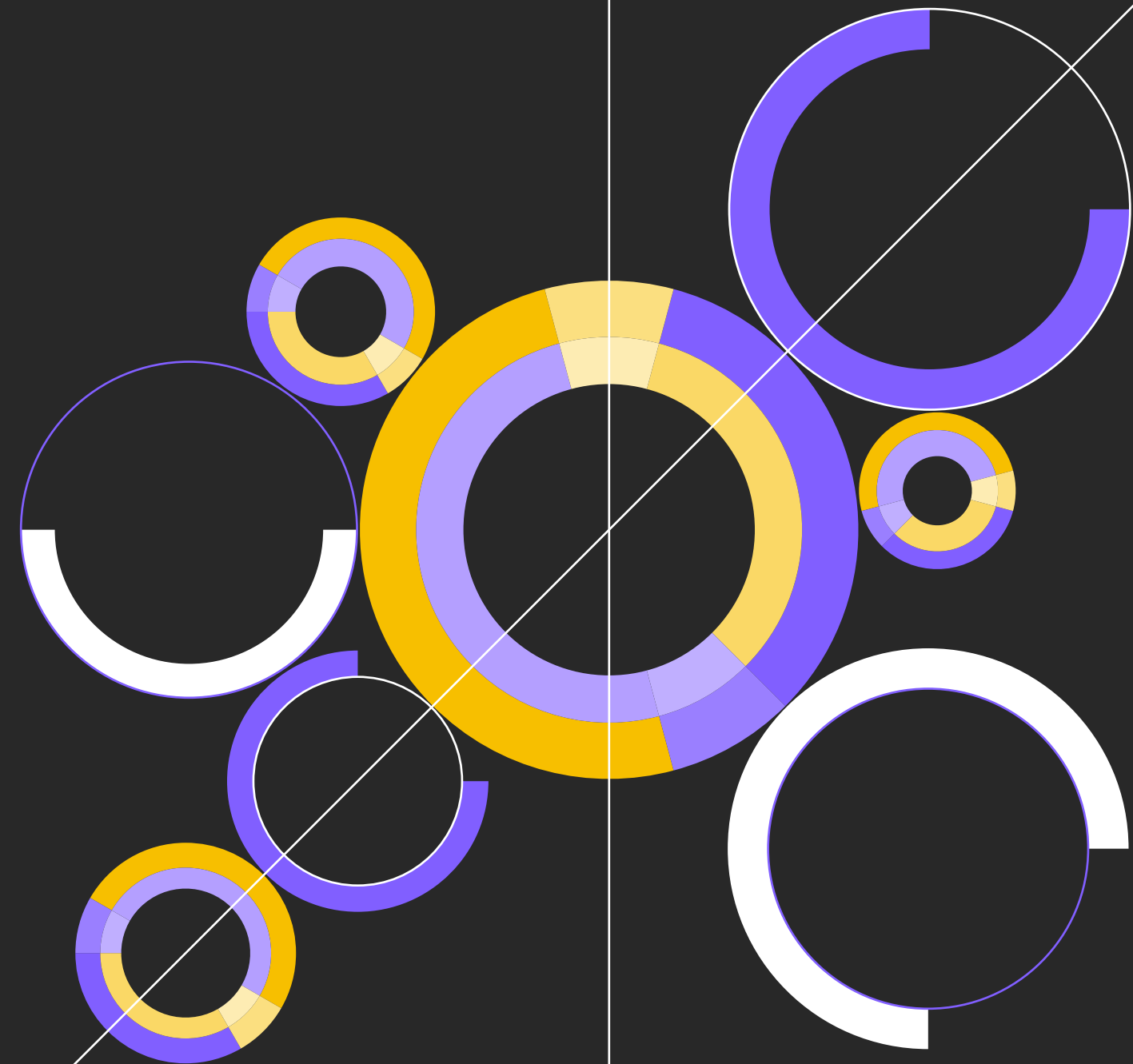


Front, middle, back — synergistic or divided?



56%

Average technology budget earmarked to transform front office operations*



* Capgemini, *World Report Series 2024, Retail Banking, 2024*

Playing favorites: Today's disparate AI investment

Does banking love all its functions equally? It doesn't seem so if one were to look at recent AI and Gen AI investment. Research shows that 70% of bank CXOs plan to increase their digital transformation spend by up to 10%. That's a great start. Yet, 34% of CXOs say that they have already developed an AI adoption strategy for specific lines of business – without planning integration across the organization. A balanced transformation plan is critical. At present, 56% of technology budgets on average are earmarked to transform front-end operations, while only 44% is allocated for backend development.¹ We have seen how AI can reduce the time employees spend on mundane tasks, but AI can also unify front and back offices through intelligent document automation, workforce copilot and call center automation.

Consumers not only expect a leveled-up experience, they expect a consistent experience. To them, there is no distinction between where a process begins or ends, whether in a bank's front, middle or back office. When building new solutions or improving existing ones, it's critical to ensure data, processes and people that need to be aligned for optimal customer experience are connected from the start. Partial automation integration fuels fragmentation, and rarely delivers the ROI that banks expect to see from tech investment. In fact, 39% of bank CXOs are not satisfied with AI outcomes, mentioning failure to achieve desired outcomes or alignment with initial expectations.³

Which mundane tasks do employees say hold them back from improving CX?²



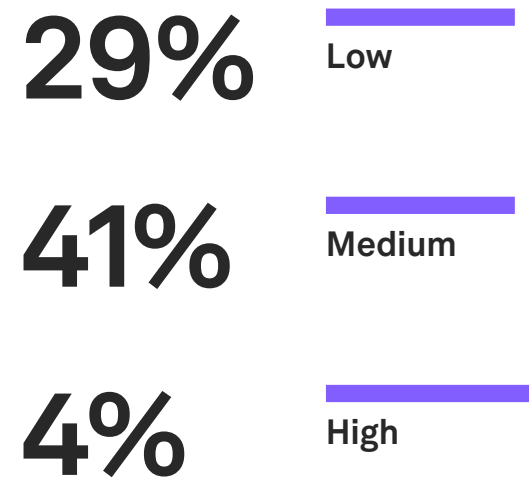
^{1,2,3} Capgemini, *World Report Series 2024*, Retail Banking, 2024

If that's the current reality, what's the ideal state?

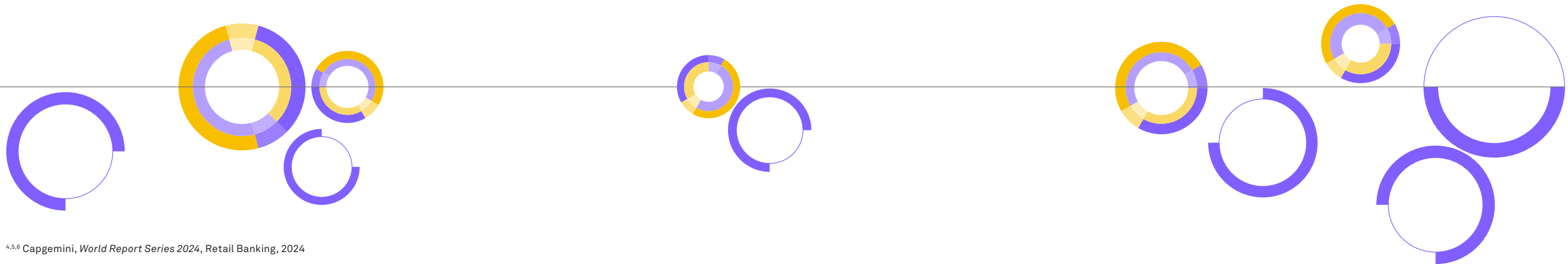
The ideal would be a banking organization committed to adopting Generative AI-led solutions and following through to ensure they are able to extract the full value of the investment. Most banks lack readiness for Gen AI-led intelligent banking, with 29% falling at “low” readiness, 41% at “medium” and just 4% at “high” readiness.⁴

And once they've made the investment, fewer are able to truly understand how their AI initiatives are performing.

A lack of readiness for Gen-AI led intelligent banking⁵

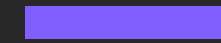


How many banks track Gen AI performance regularly?⁶



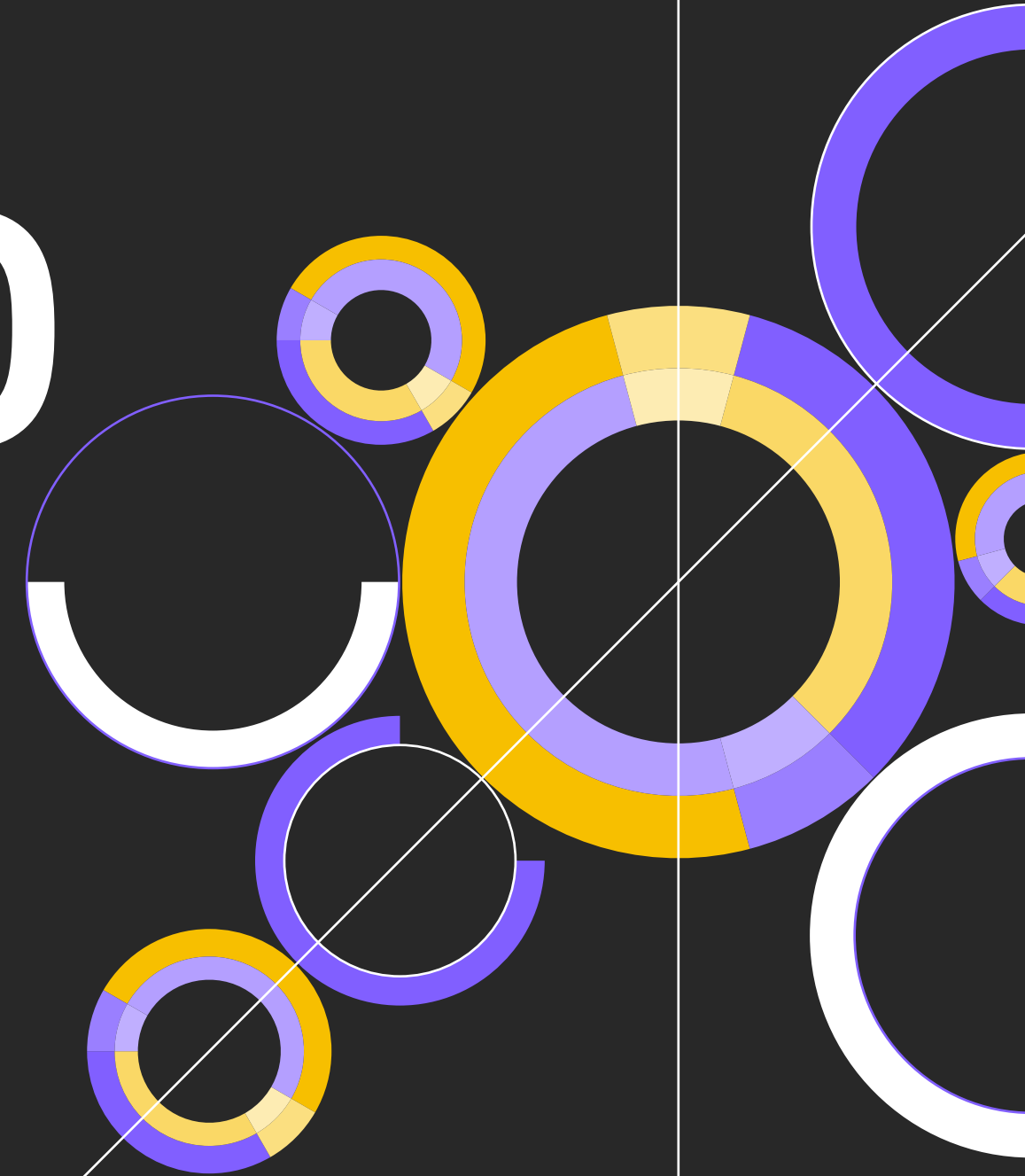
^{4,5,6} Capgemini, *World Report Series 2024*, Retail Banking, 2024

The cost of disconnection



\$12,900,000

Average organizational annual cost of poor quality data*



* Forbes, *Data Dilemmas: Say Goodbye to Silos and Hello to Unrivaled AI Insights*, March 2024

How siloed offices and data rob efficiency and opportunity

Misaligned vision

Within the banking industry, disjointed technological advancements between front, middle, and back offices have interrupted the development of agile solutions that prioritize best-in-class CX, on par with the new challenger landscape. When investment is seen holistically, the organization has the opportunity to focus on common objectives and quickly recognize and implement growth drivers at scale, such as hyper-personalized products and services.

Customers want technology and better experiences

Hyper-personalized products and services have the potential to increase bank customers' engagement, with nearly 77% saying that they would increase their use of banking services — if new technology were available.⁷ The reason is that consumers want technology in their lives, especially when it can deliver a better experience. Properly collected, shared and deployed data creates these exact experiences.

Connected offices create cross-organizational gains

27pt gain

Collaborative execution with prioritized sharing data⁸

2.8 times

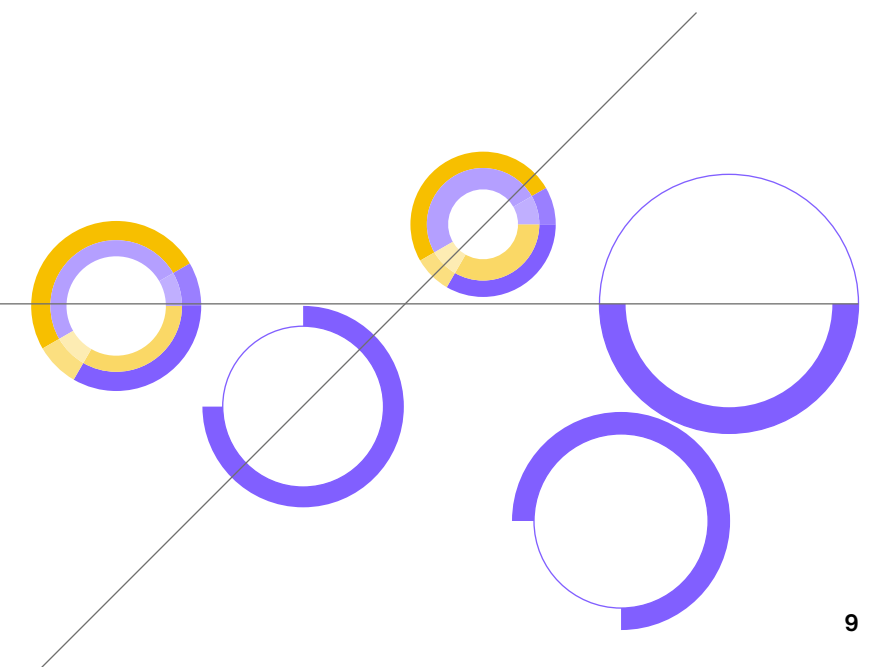
More investment in data-driven use cases by data champions⁹

17 vs. 9%

Lower employee attrition¹⁰

15 vs. 7%

Reduced customer acquisition cost¹¹



⁷ McKinsey, *The State of GCC Banking: An Exceptional Operating Environment*, June 26, 2024
^{8, 9, 10, 11} BCG, *Any Company Can Become a Resilient Data Champion*, April 27, 2023

How siloed offices and data rob efficiency and opportunity

Poor data collection and integration

Siloed bank data increases complexity and cost for those who manage it. Unfortunately, too many organizations suffer with inadequate legacy or proprietary solutions to collect and harmonize data between offices. Further, some banks lack the unifying mindset to understand that data integration isn't just good practice, it's essential to eliminate redundancies and spot risks. Some good news, data collection processes and tools have evolved to the point that organizations should not feel compelled to build them in house—readily-available solutions exist.

Data inaccuracy

Consider all the decisions made from a single piece of data. If that data is reliable, then banking professionals can correctly weigh security risks, investment opportunities, promotional offers, expansion initiatives and every other essential decision that moves the firm forward. If instead the data is inaccurate, every decision is built on a false narrative. At best, it's inefficient. At worst, fortunes can vanish quickly.

Unstructured data wastes time, opportunity¹²

25

Average tools needed to search and work with unstructured data

96%

Don't know the content contained in siloed unstructured data

40%

Say unstructured is mostly handled manually

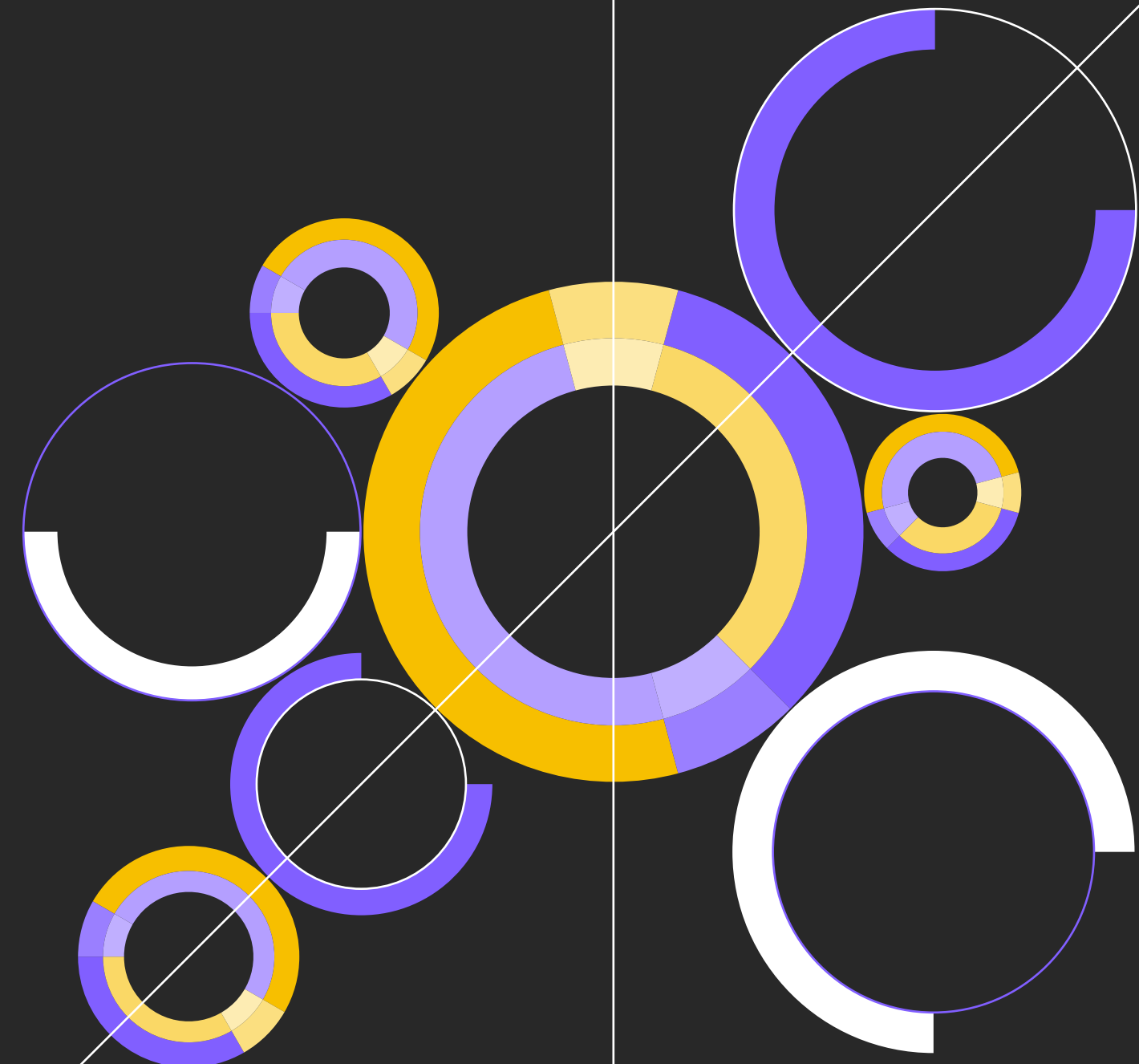


¹² IDC, *Untapped Value: What Every Executive Needs to Know about Unstructured Data*, August 2023

Data integration + innovative tech =
united bank functions

90%

Bank CXOs who prefer to partner or buy
technology to scale Gen AI vs
in-house development*



* Capgemini, *World Report Series 2024*, Retail Banking, 2024

Automation solutions bring offices together for greater success

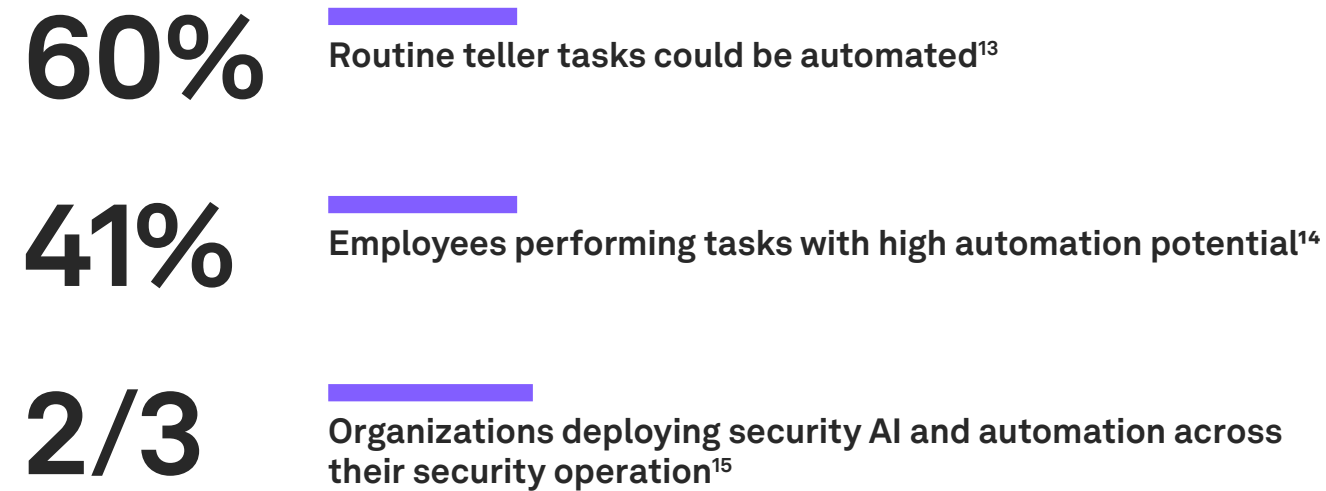
With the vast majority of banks underperforming at AI adoption, and data collection and optimization, there is a lot of room for improvement across the board. So, whether a financial organization has actualized digital transformation or is still mapping an initiative, it's critical to see that this isn't a matter of rolling out a few new processes, i.e., a point solution purchase. The better approach is adopting "shared data" and "what's possible with AI" mindsets before planning your tech investment. In looking for synergy between each office's data and the other offices' needs, you create a paradigm where the responsibility and opportunity for improvement exists equally across all offices.

To help erase the barriers between offices, begin by drawing lines between them to connect technology needs for the organization's entire range of functions: compliance, underwriting, marketing, sales, customer retention, IT, legal, product development, human resources, finance, and risk management. This solution mapping sketches a reimagined bank where one technology investment leverages another, where seemingly disparate processes begin to fit together like missing puzzle pieces. It's an additive reframing that directs energy and investment to build greater agility, resilience, innovation and focus on CX. Is it necessary? Will it pay off? Do solutions already exist to help banks make progress quickly? Yes, yes, and yes.

Accelerate innovation today or play catch up forever

Compare the state of banking from just a few years ago when opening an account online seemed progressive. Or, when cloud computing differentiated leaders from laggards. Now, conversational AI is a reality, as are real-time payments. It is undeniable that the bank of the future will have the same primary goal as the bank of today, which is to offer security and assurance to depositors, borrowers and investors. But for organizations that manage to connect data silos, processes and AI technology between front, middle and back offices today, banking will function very differently, performing with new levels of predictability and future-proofing.

Where banking will soon see automation



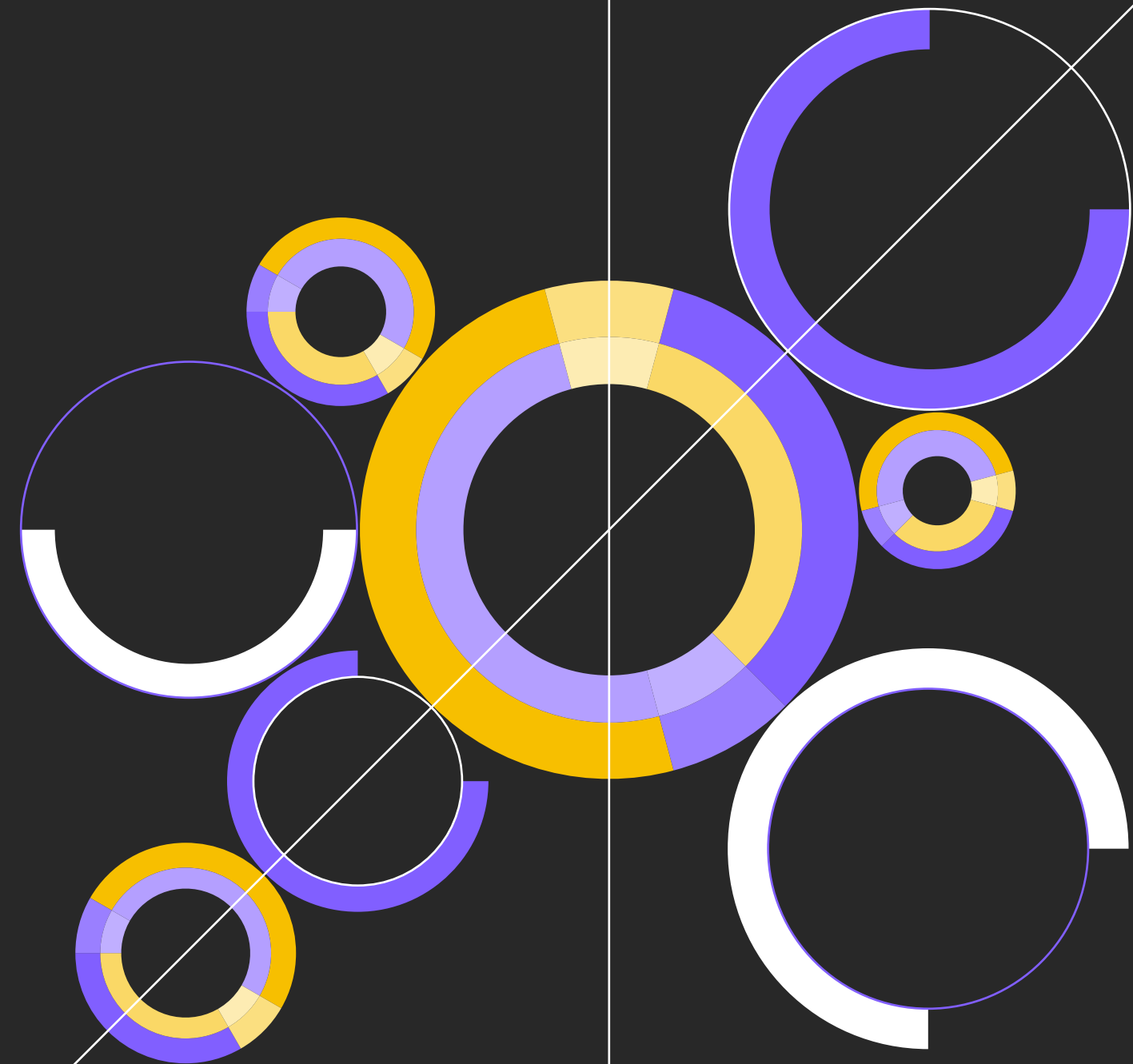
^{13, 14} Accenture, *The Age of AI: Banking's New Reality*, February 2024

¹⁵ IBM, *Cost of a Data Breach Report*, 2024

Three fundamentals to connect banking's three offices

10%

Lower cost-to-income ratio when banks align with greater focus on technology*



* Bain, *How Banks Can Parlay Technology into a Competitive Edge*, November 7, 2023

A bank transaction is an arc across three distinct offices

It's also true then that the weakest segment of that arc exposes the gains of the whole. Think of it like this: if you've built an exceptional digital customer experience with automated processes and real-time data, but your legacy middle and back offices maintain hundreds of paper-based processes, how long until a customer's perceived reality is interrupted by this reality? People tend not to forgive tech shortcomings once they've seen that you are capable of better. Front, middle, and back offices must all support an end-to-end value chain — their data must be connected.

Data is the connective tissue, when managed holistically

The pace of change does not slow. That means banks hoping for a reprieve from transformation initiatives or hungry fintech challengers can't slow down either. If you're just keeping pace, you're actually falling behind. The good news is that banks possess much of the solution already — massive quantities of valuable data. How are smart banks eliminating

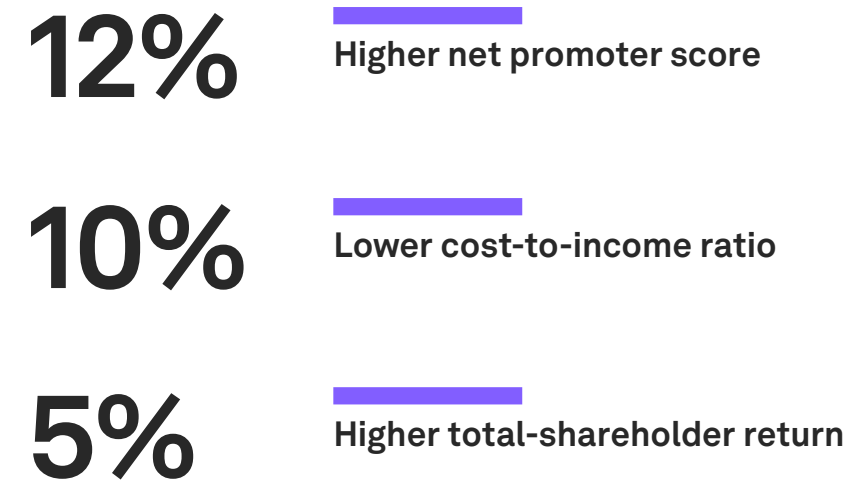
bottlenecks to leverage it? There are three fundamental actions they take: 1) adopting an enterprise-wide point of view, 2) treating data like dollars, and 3) choosing technology solutions that simplify the sharing of validated data.

Fundamental 1: Adopt an enterprise-wide point of view

Even though 78% of banks say they are using data at scale, they must ask themselves if they're getting maximum value from that data.¹⁶ For players that have taken a division-by-division approach to tech enhancement and data integration, we strongly believe that the answer will be “no.” Because they are missing out on the power of insights when they come from all corners of the organization. This approach may create furrows that prevent unity between the front, middle and back-office functions. If nothing else, it creates solutions that don't align with an overall business strategy. Adopting an enterprise-wide point of view brings teams together to drive measured decisions and leverage data's full potential.



When banks align with greater focus on technology¹⁷



¹⁶ Accenture, *Elevate Every Decision with Intelligent Banking Operations*, 2021
¹⁷ Bain, *How Banks Can Parlay Technology into a Competitive Edge*, November 7, 2023

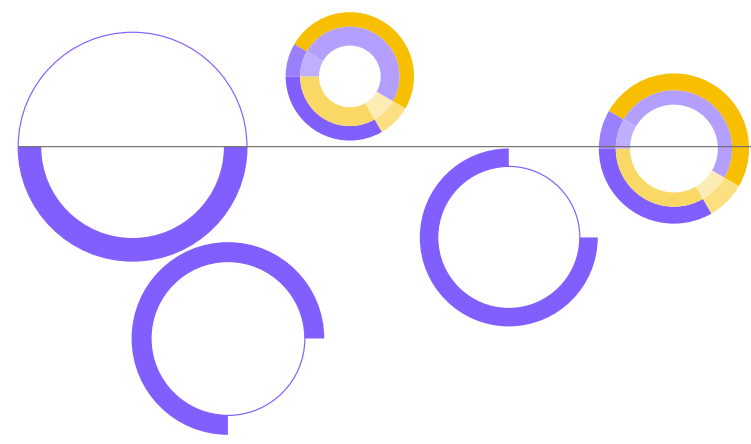
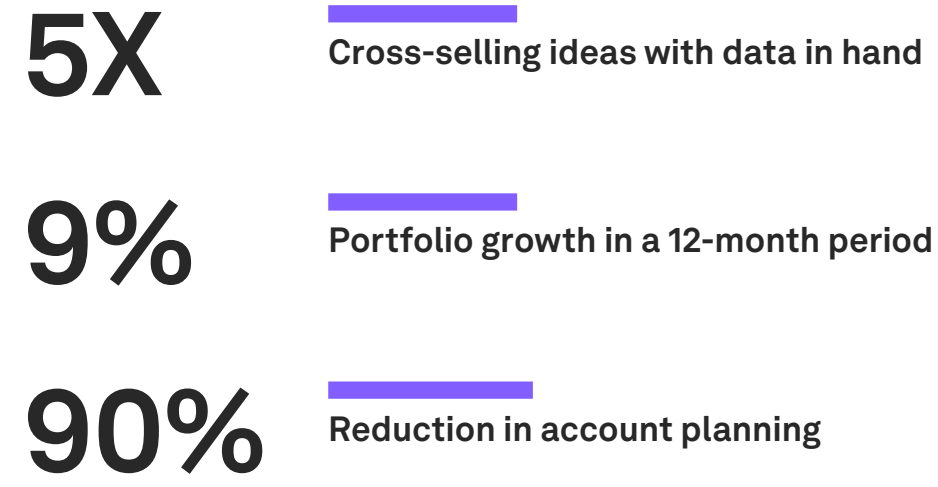
A bank transaction is an arc across three distinct offices

Fundamental 2: Treat data like dollars

It can be easy to disassociate the value of data from the data itself since it is an abstract asset. However, every effort should be made to see it as a strategic asset that can radically improve decision making. Data and data silos that are easy to integrate are more useful and connect departmental missions. These connections enhance organizational intelligence and collaboration to improve outcomes and amplify technology investments.

Data with greater visibility to various segments of a bank can reveal high-value opportunities, activate operational efficiencies and improve CX. At the risk of being repetitive, CX is the domain of every office — front, middle and back. Each team joins the customer journey at a different stage, looking for optimization — both through technical advancement, including optimal data integration and architecture, and cost/benefit analyses. Some are focused on a customer-centric lens, others on core business functions. The result is a superior, integrated customer journey platform that can be leveraged at scale.

How using tailored insights adds up¹⁸



Advanced analytics in action

A regional bank used advanced analytics to increase new client opportunities by 5X and create 3-4 new actions for its existing customers. Its revenue for the next three years is trending 20% higher.¹⁹



^{18, 19} McKinsey & Company, *The Data and Analytics Edge in Corporate and Commercial Banking*, March 2023

A bank transaction is an arc across three distinct offices

Fundamental 3: Choose powerful tech that unites data silos and offices

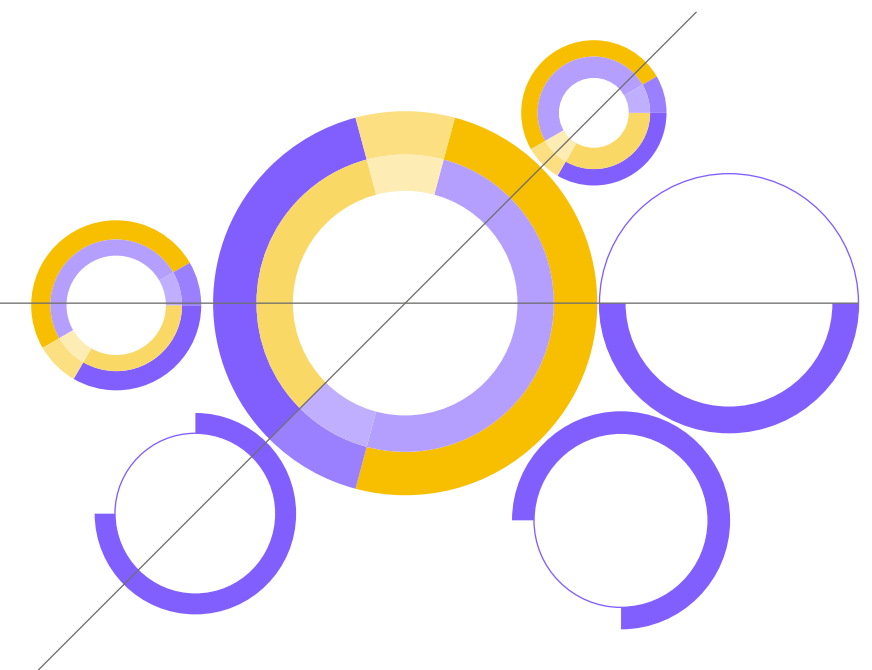
With a strategic approach to technology investment, a bank can transform how its offices work as individual units and function together as a whole. A connected organization can employ a singular technology across offices and yield specific results for each. Take for instance solutions like artificial intelligence (AI) and workflow automation that leverage data in the back office for improved employee experience. These same tools help improve trade, transaction and fraud monitoring in the middle office. And in the front office, AI and automation streamline marketing services — speeding campaign creation, segmentation, deployment and analysis.



Automating middle-office tasks with AI has the potential to save North American banks \$70 billion by 2025. Further, the aggregate potential cost savings for banks from AI applications is estimated at \$447 billion through 2023, with the front and middle office accounting for \$416 billion of that total.²⁰

The decade's competitive advantage

The key must be more than a standalone assessment of trending areas, such as which human interactions should be replaced with independent technologies, which technologies can supplement or replace workforce tasks, or how to add hyper-personalization by translating high-human touchpoints into a digital equivalent. The differentiator will be to use an enterprise-wide focus to optimize end-to-end mapping that prevents the migration of costs, interweaves high human touch with cost reduction and automation for competitive advantage, and identifies quick wins from long-term planning to generate revenue from the onset.



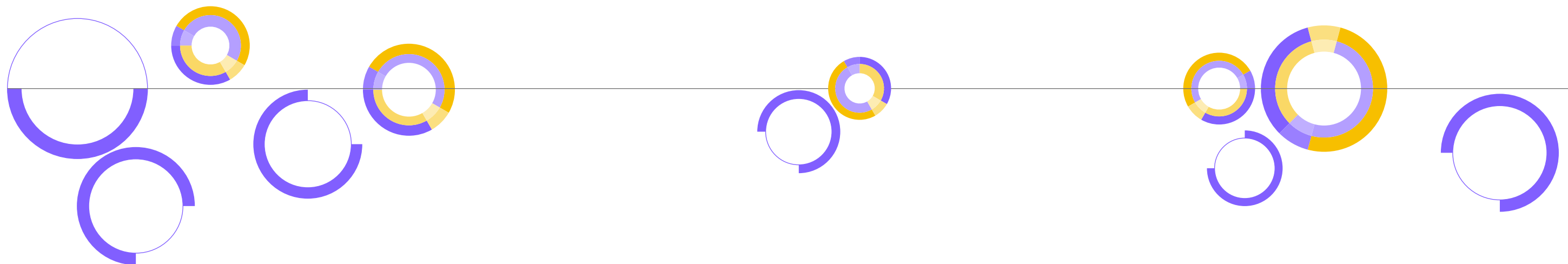
²⁰ Insider Intelligence, *Artificial Intelligence in Financial Services: Applications and Benefits of AI in Finance*, January 2023

Progress comes enterprise-wide

The key competitive differentiator today and tomorrow is an enterprise-wide focus on data that gives front, middle and back offices equally powerful tools to solve ever larger challenges, not as individual groups, but as a tightly knit organization. This sets up a promising future, one where the banking industry's greatest asset — the reserves of compound customer metrics — can finally be harnessed in an agile and scalable system built to pivot and throttle under any market condition. Success will depend on collaboration between these groups and the strategic partners with whom a bank chooses to align.

At the heart of every bank, there are at least three core assets at play: stores of actionable consumer data, processes honed by centuries of practice, and a fierce customer-centric drive. Our mission is to interconnect the three so each can leverage the other and amplify the whole. The result is continual reinvention, continuous progress forward.”

— Renaud Rodrigue, Vice President of Industry Sales, Ricoh North America



Connecting front, middle and back offices: Results for Ricoh customers

KeyBank's trifecta: savings, customer satisfaction and process efficiency

The Challenge: With in-house print and mail services running at 10% capacity, and looming infrastructure and equipment upgrade costs, KeyBank needed a cost-efficient solution that moved them forward without disrupting operations or client interactions.

The Solution: Ricoh aggregated multiple data streams to produce statements, manage returned mail and enable smarter decision making via dashboard analytics.

“It's their outside-the-box thinking that really sets them apart.”

— Dominic Cugini, Director and SVP of Payment and Deposit Operations

The Results: Positive impact in multiple areas – \$250,000 in yearly savings, a revamped, compliant statement management system, and 3-4% savings on USPS costs thanks to high-volume optimization. All with zero client or data issues during the transition.

\$250,000 annual savings



Enabling a leading investment bank to modernize their customer communications

The Challenge: This investment house had several customer communication challenges: persistent postage costs for necessary paper statements, tracking statement production, minimizing returned documents and shoring up accounts receivable.

The Solution: Ricoh automated the printing of 12,000 statements each month, delivering a daily report to verify customers needing paper statements receive them. The advanced digitization solution eliminates certified mail fees.

The Results: Customers receive their required communication format, while the bank has improved its chain of custody and customer data accuracy. They've eliminated \$300,000 in annual mail costs and reduced recurring receivables from 90 to 45 days.

\$300,000 annual cost avoidance

Streamlining mission-critical workflows for DZ Bank

The Challenge: DZ Bank, one of Germany's largest commercial banks was processing business critical documents manually, printing and hand-delivering them desk-to-desk for signatures. Inefficient, yes, and also creating potential security and compliance issues.

The Solution: Ricoh created a time-saving solution, enabling centralized document production and distribution. The solution applies barcodes for online validation, or from any branch.

The Results: The bank is far more efficient today, processing the important documents 80% faster. And they are now GDPR-compliant.

80% reduction in document processing time



RICOH

One bank, one mission

The banking industry has incredible opportunities today and tomorrow — and they are fueled by aligned data, connected offices and adoption of Gen AI. Where other industries look to make advances in data collection, banking has a decades-long headstart. The trick is making sure that data is gathered from across the enterprise, and shared among all functions. When leveraged with advanced AI tools, employees can extract intelligence that helps keep the focus on core banking initiatives and serving customers at continually elevated levels.

We are accelerating the power of information in banking today.

Accelerating systemic change.

Accelerating operational efficiency.

Accelerating human-centered technology.

For banking this means that we are accelerating the...

Power to leverage deep data sources and AI.

Power to reinvent organizational workflows.

Power to connect front, middle and back offices.

That's how we accelerate the power of information.

Ricoh, turning information into advantage

At Ricoh, we're revamping how businesses around the world collect, use and share information. To us, there's no such thing as too much information. And there is no such thing as too many ways to unlock its power. Partnering with our clients, we're harnessing the insights within information to help teams work more collaboratively. It's how we're using technology to unleash the full power of people.

Our team of banking experts is ready to help transform your information into greater competitive advantage.

