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## About NICE

With NICE (Nasdaq: NICE), it's never been easier for organizations of all sizes around the globe to create extraordinary customer experiences while meeting key business metrics. Featuring the world's #1 cloud native customer experience platform, CXone, NICE is a worldwide leader in AI-powered self-service and agent-assisted CX software for the contact center—and beyond. Over 25,000 organizations in more than 150 countries, including over 85 of the Fortune 100 companies, partner with NICE to transform—and elevate—every customer interaction.

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# INSIDE THE BANK'S BACK OFFICE

Developing a back-office performance culture in the financial sector

WHITE PAPER

**NICE**

# INTRODUCTION

The back office is behind the scenes, hidden from public view. It is where critical tasks are handled consistently and quietly, keeping things running as smoothly as possible at all times.

### It is the beating heart of entire organizations.

The metrics generally used to measure back-office performance focus on process efficiency and effectiveness. For organizations in almost every industry, those performance metrics translate into customer experience alongside interactions with the front office. For the customer, there is no real distinction between the back and front offices—they see and experience a single entity.

In order to deliver uncompromisingly superior services, therefore, a company must make sure it is cultivating employee success in the back office just as much as on its frontlines. This includes both employee engagement—as engaged employees tend to perform their roles exceptionally well—and operational efficiency.



### In the Banking Industry...

-  Most employees will be hybrid within three years.
-  A hybrid work environment will attract top talent.
-  Digital transformation will remain a key strategic focus.
-  Big data, AI, analytics and cognitive computing are trends to watch.
-  Improving customer experience remains a top digital banking priority.
-  Competitive pressure to invest in fintech will increase.
-  Back-office efficiency is becoming a major focus.
-  Budgets are shrinking while performance demands are growing.

## Trends in the Financial Sector

In the financial sector, back-office success is heavily influenced by several key contemporary issues and trends that can be expected to continue in the coming years.

One such issue is the work-from-anywhere tectonic shift that completely changed many industries. It did not bypass the banking industry and, according to survey results, 85% of attendees at the Consumer Bankers Association's CBA Live 2022 event will have most of their employees regularly working hybrid within three years. According to a 2021 survey by technology performance company Riverbed|Aternity, 96% of financial services decision-makers foresee a hybrid work environment being an advantage in recruiting top talent.

**Digital Banking Report** surveyed financial institution executives about the trends they considered most important in 2022 and 2023, as well as what they saw as their top priorities going forward. In 2022, according to the respondents, the top four trends were: an increasing focus on digital transformation (48%), simplifying the customer journey (44%), improving data and analytic capabilities (38%), and expanding digital product and payment capabilities (36%). The top trends the executives foresaw for 2023 include: removing friction from the customer journey; the expansion of digital products and payment capabilities; the use of

big data, AI, advanced analytics and cognitive computing; and the use of APIs and open banking. Similarly, the survey indicated that several kinds of digital transformation—including digitizing back-office operations—constituted the leading strategic priorities for financial industry leaders in 2023.

The number one priority for 2023, according to the **Digital Banking Report** survey, was improving the digital experience for consumers. This is in line with Deloitte's research indicating that banking customers expect a superior cross-channel experience and hands-on guidance, as well as with more general indicators of an increasing demand for digital banking.

The result is competitive pressure to invest in technologies that are data-driven, consistent across channels, intelligent, personalized, and sector-specific. They are increasingly becoming especially valuable for organizations with limited budgets and resources.

*According to Matt Smith, CEO and co-founder of SteelEye, fintech "that powers back office and control functions is coming into focus. Tightening budgets and scrutiny of performance are driving this trend, and the financial services industry is under pressure to improve operational efficiencies while proving it has learned from past mistakes."*



## The Challenging Road to a Better Back Office

On the way to better back-office performance in the financial sector, there are still several challenges. The most recent and urgent of them is what has become known as The Great Resignation. It brings with it a knowledge gap that has to be quickly filled by new hires, which takes time and resources as they are trained to fill shoes previously worn by experienced employees. A lot of thought must also be devoted to retaining both new and veteran employees, in order to fend off some of the effects of the “resignation” trend. Another approach some institutions have adopted is automating whatever tasks they can in the back office, freeing skilled employees for more value-added tasks.

Overcoming the knowledge gap, increasing retention and task automation all require clear visibility into employee activity and processes. In the back office this has been lacking for many years, with performance rarely measured accurately, if at all. With the recent economy-wide move to remote or hybrid work

environments, it has simultaneously become both harder and more important to fully understand back-office productivity, including who is doing the right thing and who is doing the thing right.

Further complicating the picture is the fact that many organizations have begun addressing skills and personnel gaps by hiring “flex” employees. They are trained to do both contact center and back-office work, which often means operating in two distinct systems with very different performance assessment capabilities.

An Aberdeen study of back-office performance quantifies the financial impact of unaccounted employee time, noting that an average of two hours a day costs a standard 1,000-employee back office \$1.5 million each year. A similar analysis by NICE, covering 40 customers in various industries, revealed that the gap between expected and actual productivity was, on average, 27%. This is equivalent to roughly 115 minutes of work time per day, per back-office employee.

Even after correctly identifying performance gaps in the back office, driving improvement is a challenging project. Hybrid work means employees are no longer line-of-sight to managers, nor to one another, making it harder to coach, collaborate and motivate effectively.

Additionally, visibility, productivity and proficiency in the back office have a clear impact on customer satisfaction. According to the Aberdeen study, 71% of back-office employee time is spent supporting service activities. For a back office of 5,000 employees, that is equal to around \$177.5 million each year spent on tasks that ultimately contribute to a bank’s key differentiating factor—customer experience. Effective back-office employees are therefore a critical link in the chain leading to greater brand loyalty and less churn among bank customers.

## Creating a Performance Culture

A financial institution setting out to overcome the challenges of improving its back office should consider the project as a holistic initiative, creating a performance culture.

A basic element in establishing a new approach is revising the way in which success is measured. Any strictly production-based metrics—such as, for example, a fixed number of applications processed—should be expanded to include productivity indicators. These are not the same thing, as analysis of productivity can reveal which employees are working most effectively and how. Armed with that information, best practices can be isolated and replicated across the workforce, driving overall performance and, ultimately, decreasing costs and increasing revenue.

That leads to the question of how to identify those back-office employees who are working effectively, what precisely they are doing, and who might need targeted coaching. A must-have for discovering proficiency gaps is the capability to monitor every employee's desktop activity in depth, including idle time, application usage and the like.

With productivity tracked and measured, and best practices identified, steps can be taken to continually promote and reinforce employee performance. When the collected data is operationalized as distinct goals, the organization can adopt engaging performance programs and focused coaching initiatives. Critical to success in this regard is empowering employees with insights into their own performance and how they might improve it.

A high level of employee ownership of their own performance should include visibility into goals established after data-driven coaching has singled out both their strong points and the areas where they need to improve. Gamification can also be leveraged to promote greater engagement. These features are instrumental for both closing knowledge gaps and retaining valuable staff.

### A Performance Culture Primer

- Move from production to productivity metrics.
- Incorporate desktop activity monitoring and analytics.
- Set distinct performance goals.
- Empower employees with visibility into their own metrics.
- Target coaching where it is needed most.
- Adopt engaging gamification for self-improvement.
- Centralize and unify resources for performance management.

Another key aspect of a holistic performance culture in the back office is a centralized “source of truth” for performance metrics. This will aid in managing the workforce more effectively, as there will be greater coherence, transparency and coordination among all the financial institution's teams. The technology that underpins such a unified platform also adds flexibility and scalability, so that the back office can rapidly respond to dynamic business demands.

A shift in the back-office culture toward performance intelligence provides the insights and tools needed to manage a workforce in the most challenging, complex or hybrid environments, improve regulatory adherence and meet service level expectations.

## BEHIND THE TELLER: WHAT PERFORMANCE MANAGEMENT CAN ACCOMPLISH

With back-office performance management and automation, one of the largest full-service, non-bank mortgage lenders in the United States achieved impressive results in productivity and operational efficiency.



**Converted over 30 previously manual reports to 10 dashboards**, saving two hours each day by eliminating the need for constant adjustments and reporting.



**An 11% productivity increase** was reported in just the first 3 months of solution deployment.



**Optimized resourcing**—positioning the right people in the right roles—led to resource reallocation and a 46% reduction in non-additive roles.

The NICE solution for creating that level of success in the financial sector back office, which is built on a more pervasive performance culture, is the Back Office Essentials (BOE) package. It includes Performance Management, desktop analytics, and preconfigured reports and automations. Its built-in integrations with front-office solutions enable a consistent and centralized approach to measuring and guiding performance for best outcomes.

BOE provides supervisors insight into each back-office employee's performance, as well as results across the team. Leveraging advanced performance management tools, the solution identifies which metrics have the greatest impact on key performance indicators (KPIs), who contributes the most to organizational goals, and what trends may influence future success. As a comprehensive solution, BOE provides its behavioral and coachable data in robust, role-based dashboards and reports.

Based on BOE recommendations and deep-dive insights, organizations can proactively drive back-office performance with both employee engagement and streamlined operations.

**And when you have that combination, amazing things can happen between the bank and its customers.**