

BOK FINANCIAL SAVES MILLIONS OF DOLLARS A YEAR WITH PAPERLESS CHECK PROCESSING

Challenge

The Check Clearing for the 21st Century Act became U.S. law in 2004 so banks could process more checks electronically. Before this act, banks had to physically transport paper checks from where they were deposited to the bank that paid them. Now, instead, banks can process checks faster and more efficiently using digital images.

Solution

BOK Financial built an innovative Check 21 processing engine using Software AG's webMethods Enterprise Service Bus (ESB) Platform. For the greatest possible efficiency, the Check 21 engine centralizes the processing of check images from locations across eight states. The engine also helps the bank launch new competitive services faster, such as accepting scanned check images from commercial customers.

Benefits

- Millions of dollars in savings per year due to reduced courier and development costs
- Bank's float improved by more than \$20 million a day
- Faster access to check deposits, checks cleared the same day
- Integration costs reduced up to four times
- Up to 4.5 million check images processed per month
- Problems resolved in minutes rather than weeks
- Increased accuracy and productivity, thanks to paperless processing

 **BOK FINANCIAL CORPORATION**

BOK Financial Corporation (BOKF) is a \$23 billion regional financial services company based in Tulsa, Oklahoma, where it leads the state in consumer and commercial banking. BOKF has full-service banks in eight states. Assets are centered in seven bank subsidiaries: Bank of Oklahoma, Bank of Texas, Bank of Albuquerque, Bank of Arkansas, Bank of Arizona, Colorado State Bank and Trust and Bank of Kansas City.

Get There Faster.™

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Randy Blattner | IT Director & Sr. Vice President, Commercial Technology Systems | Bank of Oklahoma Financial

Opportunity to optimize check processing

Time and again, the single IT organization that serves BOKF operations across eight states has proven to produce innovative cost-saving solutions that deliver exceptional customer service.

Take the Check 21 project, for example. In 2004, the U.S. Congress passed a law called The Check Clearing for the 21st Century Act, which eliminated the need to physically transport checks between banks for processing. Banks, instead, could process checks digitally by transmitting check images.

BOKF’s Randy Blattner saw this event as a real business opportunity. “We didn’t have to do it,” said the IT Director and SVP of Commercial Technology Systems. “But I saw some great efficiency gains we’d be able to derive from it.”

Paperless check processing was in line with BOKF’s business vision. “We want to deliver stellar services and products,” Blattner said, “the kind of products that our customers need and want, and that are available when they need and want them. From a technology perspective, these products must be high-performing, flexible and agile.

“To that end, we need software capabilities that help us to deliver products quickly, efficiently and with a high degree of quality.”

Investment in the webMethods ESB Platform pays off—again

BOKF had used the webMethods ESB Platform to rewrite an Internet banking system, a major migration that was completed in only eight months. Leveraging that same platform, Blattner and his team designed a robust Check 21 engine for BOKF.

Today, the Check 21 engine processes up to 4.5 million check images a month, according to Rick Winkler, who manages bank operations for BOKF and spearheaded the project.

“I’m pleased we chose webMethods,” he said. “It’s worked out well for us. webMethods is an integral part of our ability to take images from various locations and be able to process them seamlessly from end to end.”

With webMethods, it’s one and done

“It was pretty evident to me that Software AG’s product was the right one for us from the Service-Oriented Architecture (SOA) capabilities alone,” Blattner said. “We could not have done this without the webMethods ESB. There’s no doubt.”

webMethods technology made a potentially difficult integration easier. Explained Blattner, “Within the banking sector, every time you take in a file of checks, there are a lot of back-end operational systems you have to use for depositing the checks, validating the checks, fraud, errors and closed accounts. So it’s a pretty complex set of tasks that has to be done behind the scenes to process a check.”

With the webMethods ESB Platform, remote branches securely send in a digital file of all the checks they’ve received that day. That evening, the Check 21 engine ingests hundreds of thousands of checks, which are then processed all the way through the system.

“If we had not used webMethods, we would have used point-to-point connections,” Blattner said, which could cost easily four times as much. “And so every time we’d get a file of check images, we’d push it into a back-office process. We’d be replicating the same process 10 different times.

Anytime we would have to make a change or if something would break, we’d need to test it 10 different times. Using the webMethods ESB Platform, we did that once in our Check 21 engine. And when we have additional ways we need to process checks, those checks will all go through that hub. That hub’s already been built. It’s up and running. All we’re doing is pushing checks into it.”

Innovating new ways to speed up service

Blattner said he is particularly proud of the simplicity of the Check 21 solution design as well as the speed at which BOKF can onboard new products.

“When we designed the system, we took into account the many different ways that we could receive checks,” Blattner said. “We wanted to be able to take customer checks in from anywhere, any location.”

So, in addition to taking deposits at physical bank branches, BOKF now offers a new product called Remote Corporate Capture. This product allows commercial customers to scan checks at their offices without having to go into a bank. These checks are sent in real-time to the same Check 21 engine for processing.

By relying on the SOA power of the webMethods ESB Platform, BOKF can integrate these checks seamlessly with its online banking services. BOKF customers can see the images of checks they’ve deposited within a day on the BOKF’s Web site.

“With the Check 21 engine in place, we’re able to roll out these products quickly to speed up service for our customers,” Blattner said. “Customers can utilize our services wherever they are.”

He added: “We’re processing checks unseen on the same day. So we’re able to clear their checks that they write much faster.”

Even technical problems are resolved faster with webMethods. For example, when a defect was found in a core system, BOKF’s IT team expected it would take a week to fix. Thanks to Software AG’s webMethods ESB Platform, however, the problem was resolved in about 15 minutes.

“Especially when you are at a point in the project when time to market is critical, 15 minutes is always a winner,” Blattner said.

Measurable savings—when they’re needed most

Cost effectiveness is the key reason Blattner is satisfied with the solution’s design. In a tough economy, managing costs is critical. BOKF has leveraged its investment in webMethods technology to hold down expenses.

In addition to saving half a million dollars a year in courier costs, “we’ve improved the bank’s float by over \$20 million a day,” Blattner said.

Paperless check processing also reduces costly manual errors. Because less manual check handling is required, BOKF also can use its staff more efficiently.

Partnering with the right provider

Software AG takes a problem-solving approach to BOKF that differentiates it from the competition, Blattner said. “Software AG has done a very good job of understanding what the bank does, because although banking is kind of a commodity business, each bank has unique qualities,” he said.

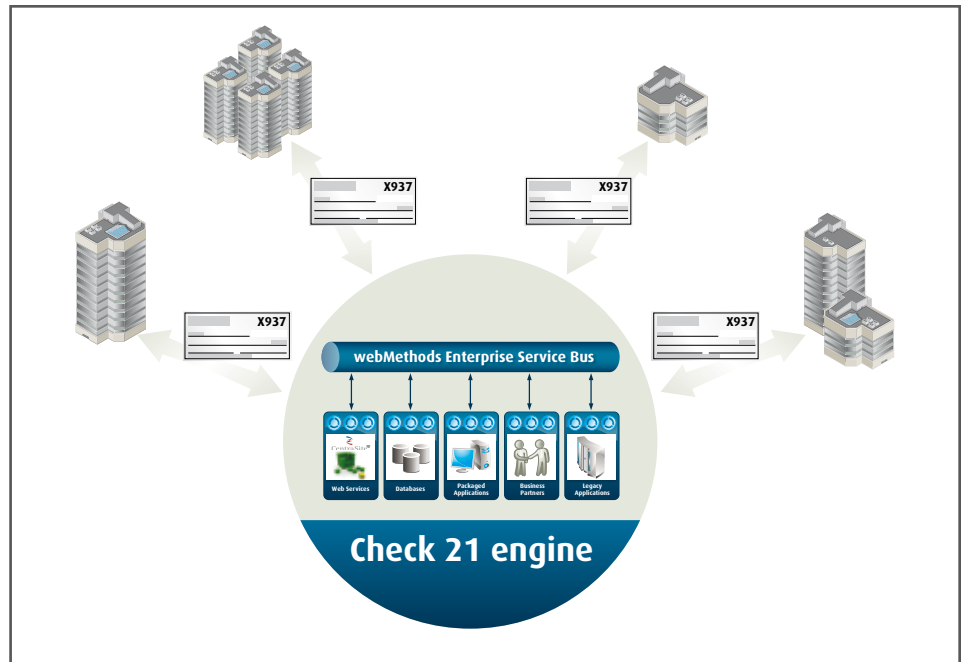
“So Software AG understands the problems we’re trying to fix. It’s a little bit easier to partner with the vendor that understands those problems, and then brings us appropriate solutions.”

In the future, Blattner said he plans to leverage Software AG products in a variety of SOA projects to achieve greater flexibility and agility. Those projects will lead to reduced duplicate checks, greater Customer Relationship Management (CRM) integration and faster completion of acquisitions.

KEY COMPONENTS

webMethods Enterprise Service Bus

The webMethods ESB Platform provides the integration technology at the core of BOKF’s Check 21 engine. The ESB platform combines application integration capabilities and high-speed messaging with support for B2B, legacy applications and event-driven technologies.



Check images are processed through a central hub, based on the webMethods ESB Platform, saving BOKF several million dollars annually in courier and development costs.

ABOUT SOFTWARE AG

Software AG's 4,000 global customers use our software to improve business processes and drive an agile IT infrastructure. Our customers' goals are to reduce costs and increase flexibility and efficiency. We help them do this by optimizing and governing their operations and aligning IT with the business goals.

Our leading Business Infrastructure Software portfolio is used for data and system integration and modernization. It fosters new levels of IT agility through SOA and allows the rapid creation of new business processes with BPM.

Our 40-year history of success ensures our customers have a reliable platform for driving future business results – faster.

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