How a top 20 global bank eliminates the pain of Financial Spreading using Artificial Intelligence

NEXUS CASE STUDY
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Background

As risk is an inevitable part of banking operations, Credit Risk Management has become many financial institutions' core function. Within this process, one of the first and most important steps is financial spreading. By capturing, spreading and analysing financial data, banks can calculate a business's credit score and make investment or loan decisions accordingly. However, financial spreading can be a very time-consuming and exhaustive process, specifically due to its case-specific nature and requirement for manual input.

Understanding the challenges that come with the process of manual spreading, many banks and financial institutions are actively seeking out AI-powered solutions to automate the process. As a result, one of the largest banks in the world has employed our Financial Spreading solution with the same objective in mind. The results were a simplified version of the process, accompanied by a faster processing time, higher accuracy and improved productivity.
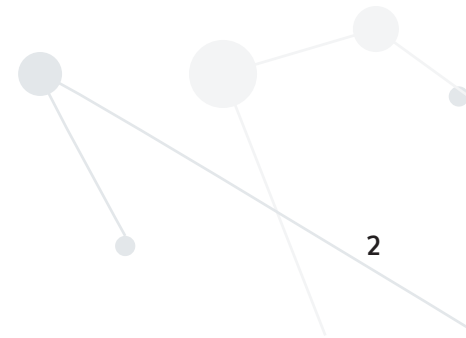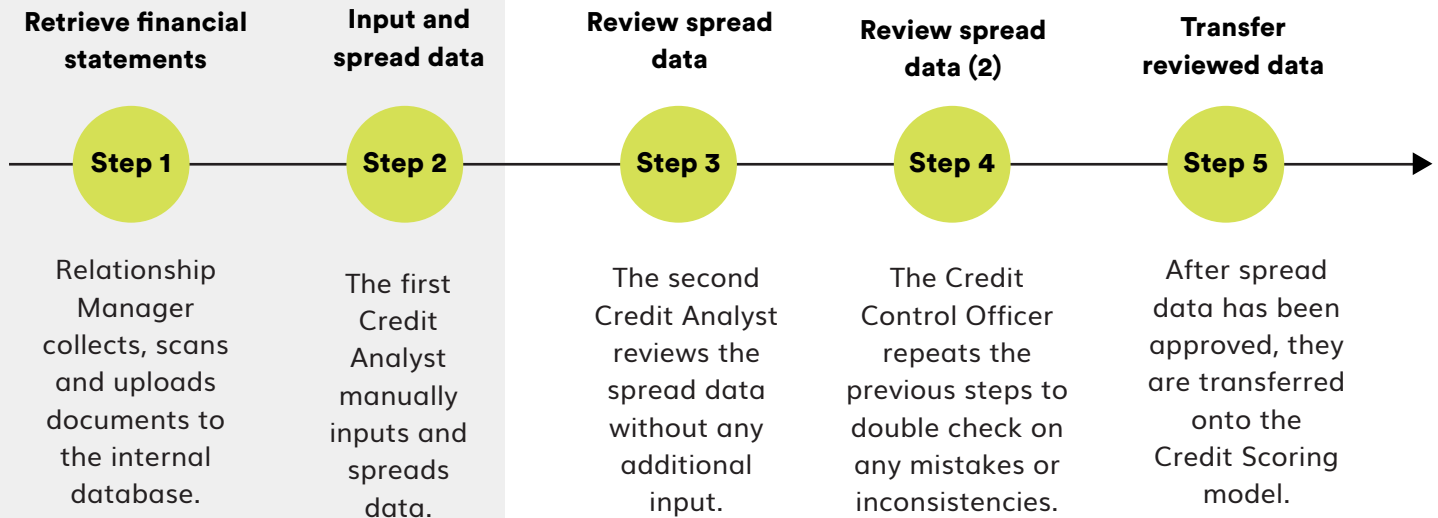
OUR CLIENT

◆ Amongst the **top 20 largest banks in the world**

◆ Over **450 branches worldwide**

◆ Employs over **100,000 employees**

Situation

◆ **10** analysts process around **200 financial statements per quarter**

◆ **1** analyst processes **up to 7 financial statements per month**

◆ Spreading and review process per financial statement takes anywhere from **1.5 to 4 hours**

Current process

Retrieve financial statements	Input and spread data	Review spread data	Review spread data (2)	Transfer reviewed data
Step 1	**Step 2**	**Step 3**	**Step 4**	**Step 5**
Relationship Manager collects, scans and uploads documents to the internal database.	The first Credit Analyst manually inputs and spreads data.	The second Credit Analyst reviews the spread data without any additional input.	The Credit Control Officer repeats the previous steps to double check on any mistakes or inconsistencies.	After spread data has been approved, they are transferred onto the Credit Scoring model.

Process challenges

1. Slow processing time

With a fully manual process, Financial Spreading can take up a great amount of time, especially when there are any mistakes or inconsistencies made by any of the involved parties.
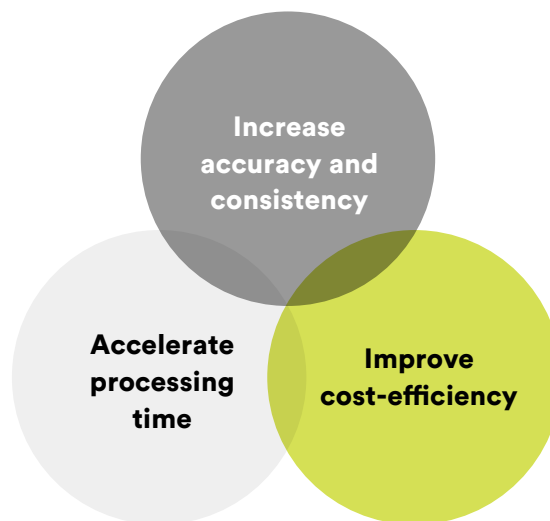
2. Errors and inconsistencies

The non-standard format of input, spread and output of data often leads to inaccurate results. This is derived mainly from the lack of a universal classification and interpretation of such data.

3. Cost inefficiency

A repetitive task without a defined process does indeed spend an unreasonable amount of human resources - which can be allocated to better use and on more valuable tasks.

Objective of our solution

Increase accuracy and consistency

Accelerate processing time

Improve cost-efficiency

Solution

Instead of performing Financial Spreading completely manually, our client has utilised our Financial Spreading solution to assist their employees in this process. Employees will only need to review the work of AI in a few minutes before transferring the data onto their Credit Scoring model. The solution reduces manual work to a bare minimum, removing repetitive and non-rewarding tasks for employees.

Step 1

Retrieve financial statements

Nexus's Financial Spreading solution

Step 2

Transfer reviewed data

Relationship Manager collects, scans and uploads documents to the internal database.

All data is automatically collected, extracted and spreading rules are applied in accordance to the client's internal credit scoring system.

The Expert-in-the-loop model is also utilised, where experts such as Credit Analyst and/or Credit Control Officer then review and verify any data that is prompted by the system (unclear/missing).

After spread data has been approved, they are transferred to the Credit Scoring model.

Outcome

This new process reduces the number of steps and people involved in the bank's Financial Spreading workflow. It also speeds up the processing time and significantly reduces the risk of errors. Furthermore, with the help of the Expert-in-the-loop model (EITL), the AI-driven process will only look to bring in humans when the situation requires it. This will allow the AI model to gradually learn and improve, which then reduces the frequency of human intervention.

About Nexus FrontierTech

Founded in 2015, Nexus FrontierTech was created with the vision of bridging the gap between developers and business professionals and raising awareness of the benefits of AI in solving common problems in enterprises.

We are a team of 100+ researchers, analysts and business leaders with a strong track record of success across several industries, with a particular focus on highly-regulated activities where the need for quick and valuable impact is greatest.

With teams based in London, Tokyo, Singapore and Hanoi, we focus on developing the most effective, specific AI solutions for each of our unique clients.

For more information about our solutions:
www.nexusfrontier.tech/process/financial-spreading/
www.linkedin.com/company/nexusfrontiertech