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# Why OCR Is Incompatible with True Digital Transformation



by Smart Communications — May 22, 2023 in Risk & Security Reading Time: 4 mins read



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Optical character recognition (OCR) has been around for decades, and it’s still a technology that banks regularly use to scan and process paper or PDF forms, such as loan applications or account servicing requests. Although OCR is a well-established tool for data capture, it has a number of inherent problems that make it less than ideal when you’re thinking about true digital transformation.

We believe that OCR keeps your business trapped by thinking about forms inside the old “PDF paradigm” – viewing a form as a static and fillable document. Asking a customer to fill out a blank form by hand, or even complete a fillable PDF online, which then needs to get scanned via OCR, isn’t exactly a digital or mobile-friendly experience. Not to mention, OCR systems are notorious for data errors that result in high NIGO (not in good order) scores, which create more work to fix downstream.

Here’s how you might think differently about data collection and forms in the context of triggering and automating banking processes.

## How Optical Character Recognition Works

Here’s how organizations typically use OCR solutions to manage forms data:



1. A customer, employee or business partner downloads a PDF form or prints a paper one.
2. They go through the form, gathering information and filling in each field by hand.
3. They send the form back into the business, along with required documentation, where it enters a queue.
4. Someone on staff has to scan that form and OCR technology parses the information to turn it into usable data.
5. That data is sent to back office systems for customer management purposes – with a human needing to QA that data either before or after.

### How OCR Scanning Stops Digital Transformation

While that process sounds simple and straightforward, it can go wrong in plenty of ways.

#### The Customer Has to Find the Right Form

The modern customer journey means making things as fast, easy and convenient as possible. Putting the burden onto your customer or financial advisor to find and download or print the right form, in the right language, feels like friction. Even if that form is a fillable PDF on your website, it's not really a personalized experience.

#### Filling in Forms is Cumbersome and Awkward

No one likes having to fill in forms, especially when they're lengthy and require lots of data. Bank form questions sometimes can appear complex, especially for processes like business lending. Unfortunately, for OCR scanning, it's a necessary evil. The scanner and OCR software expects to see specific data in each field, and completing it wrong or missing data can cause errors.

#### Receiving and Scanning Forms Takes Too Long

In the digital era, consumers want to interact quickly and efficiently. Unfortunately, posting a form back and then waiting for it to be scanned before processing can add several days to processing lead times. Meanwhile, your prospective customer gets tired of waiting and may choose a competitor.

#### OCR Scanning Can Introduce Data Errors

No matter how well a form is filled out, or how good the OCR scanning hardware and software, perfect scanning isn't possible. This creates inefficiencies and duplication of effort in your business. Not to mention compliance errors. Going back to the customer to make corrections or gather more information just takes more time.

#### Data Capture and Digital Transformation: Rethinking Forms

Instead of relying on traditional forms to collect customer data in a process, many banks are moving toward creating intelligent, guided digital interviews, prefilled and personalized to the customer, state or jurisdiction, and business process – essentially enabling a two-way conversation designed for the digital world. What does this look like?

- Ask customers “what do you want to do today” and guide them, instead of asking them to find and complete the right form
- Personalize the interview experience with information you already know in your system, and allow customers to confirm known data rather than rekeying it
- Enable customers to use more of the capabilities of their mobile phones, such as geo location and cameras to add photos
- Eliminate the need for customers to figure out confusing if/then statements and simplify the journey with business rules that govern which questions are relevant
- Enable customers can start the process on one device and switch to another without starting over – and securely add supporting documents as needed
- Synch data automatically back to core banking and CRM systems, without the need for intermediate steps like OCR
- Generate personalized documents correspondence, agreements or loan packages automatically – tied to e-signing for fast close and auto archived as needed
- Incorporate workflows to update the right people and systems at the right time

This is a truly digital way to go about collecting information from customers. Everything is seamlessly provided online, you only ask the questions you really need to, and due to the verification process, error rates fall to almost zero.

OCR is a one-trick pony – all it can do is bring data into your core system. But most banking processes require information to flow back and forth from a customer and back out to them again in the form of agreements and correspondence. Accelerating this process can deliver both revenue and cost savings.

Don't get caught in the scanning cycle – make the true leap into digital transformation, starting at the point of customer need. If you've got dozens or hundreds of existing forms, and you need to move them to digital, Smart Communications can help. Read our white paper explaining [why forms shouldn't be a four-letter word](#), and then learn more about how our SmartIQ solution can [help you transform your PDF forms into a truly interactive customer experience](#).

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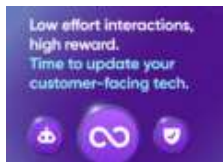
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