AUTOMATING POST-CLOSING AUDIT, SAVING A MILLION ALONG THE WAY

Abstract

Joshua Simmons, The Director of mortgages of a leading home-financing company, found their post-closing audit (PCA) process plagued by manual processes, low workforce flexibility, and lack of smart reporting. With the help of automation, he achieved over 95% accuracy and a highly optimized PCA process.

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A post-closing audit problem

As the director of mortgages for a large home financing corporation in the USA, Joshua Simmons had a lot to do. His job was to manage a team of loan officers each of whom close anywhere between 30-100 loans per month, ensuring the performance of those loan assets, and managing the post-closing audit process. In early 2020, he was concerned with the third aspect – post-closing audit (PCA).

What is PCA, you might ask. In very short terms, it's the process of determining whether a mortgage has been a successful venture for the bank. But when you get into the nuts and bolts of it, it's a complex process, involving three key stages – document audit, classification and indexing, and data audit, with multiple factors affecting the process such as foreclosures, regulatory developments, documentary verifications, report generation, etc. For the bank, it's a tedious audit-compliant process. Why is it important? Every bank strives to minimize the number of bad loans and improve the profitability of their mortgage business. In such a scenario, attempting to audit the results of a mortgage allows the bank to minimize the chances of bad loans and improve the mortgage interest rates for future customers.

Joshua was concerned by several key challenges in his company's PCA process, which included manual steps that gave rise to errors, unanticipated mortgage volumes, manual process in key functions, lack of flexibility, and high AHT. Joshua realized that an automation-focused solution was badly needed to fix these issues.

An automation-focused solution

Joshua communicated the challenges to Infosys BPM in March 2020, with his vision of transforming the PCA process. He elaborated the need to close more than twice the number of loans they usually close every month, along with reducing the AHT and TAT.

Infosys BPM determined that a normal technical solution, which is rule-based or dependent on meta data, wouldn't be very accurate or scalable. Hence, a solution utilizing AI/ML is required. The automation aspect also had to be end-to-end across document audit, classification and indexing, and data audit. But in no way they would be able to eliminate human dependency. In search for an AI/ML solution, the Infosys BPM team identified Glyphx, which is an intelligent text capture automation solution developed by Mquotient Solutions Ltd., which is an empaneled partner vendor of Infosys.

Approach summary

- Applying Glyphx AI/ML solution
- Automating PCA process end-to-end and also supplementing required information using AI/ML
- Generating accurate reports and dashboards

The Infosys BPM team dove deep into the applicability and scope of the Glyphx platform, which is truly end-to-end across all the PCA activities. Post setup, the solution would index all the mortgage-related documents, extract key data from them, and even supplement the information in specific fields or documents as needed. It offers a flexible framework to define data validations, and even comes with over 300 in-built validations out of the box. So, Joshua and his team would be able to develop custom data validation rules according to their specific requirements. The data validation is entirely AI/ML-based, eliminating manual errors, and it helps generate accurate reports and dashboards. Further, the system is smart enough to identify any points of inefficiency, uncover the root causes, and allows re-engineering to fix such issues. It also provides an API for deeper integration with other enterprise systems, which means custom development and UI customization are exceptionally easy.

AI-transformed post-closing

Infosys BPM's automation solution was a resounding success for Joshua and his organization. It resulted in a tremendous increase in accuracy of over 95%. Specific areas of improvement are listed below.

1. Document classification: Earlier, document classification took 12-17 minutes per 100 pages. The Glyphx-based solution took about 76 seconds for 100 pages - a demonstrated improvement of 92.5%

2. Data extraction: The automated solution brought the time down to 4.2 minutes per loan – an improvement of 66.4%.

3. Straight-Through-Processing: Achieved an STP of 63.07%.

Key benefits

92.5% improvement in document classification

66.4% improvement in data extraction

Operating cost reduction of $1 million

Joshua also saw a reduction in manual processing efforts by 60-80%, with all solution elements resulting in an operating costs reduction of $1 million. As Joshua saw the results appear, his face brightened. He knew the manual errors in PCA was a thing of the past.

The names have been altered to preserve the privacy of the people involved.

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