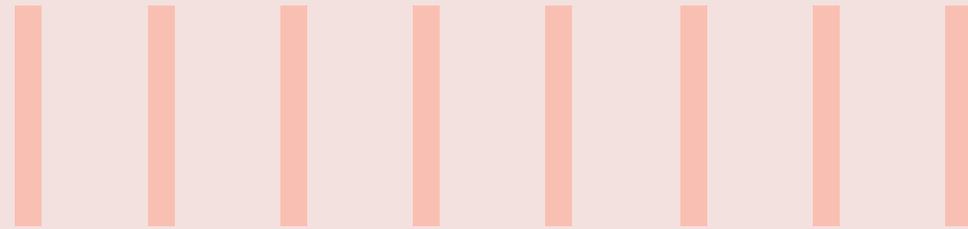




MORE THAN JUST TWO CENTS

GOOD IDEAS FOR BETTER BORROWINGS



Abstract

To stay ahead in its intensely competitive industry, a leading US mortgage lender needed to urgently streamline processes and provide borrowers an enhanced service experience. This case study outlines how Infosys BPM's team of transformation consultants prepared a digital roadmap that could deliver enhanced experience as well cost savings and improved productivity.



Infosys BPM's client is a leading full-service mortgage lender in the US. With licenses to lend in all 50 states and more than \$10 Bn in disbursements, the company aims at growing into a top 10 independent mortgage banker within the next couple of years.

When success demands transformation

The US mortgage industry landscape is transforming rapidly and becoming increasingly competitive. Digital experiences outside banking, such as through online shopping, have raised customer expectations for speed, personalization, convenience, and transparency.

The client offers tailored customer service and a variety of programs to suit home buyer's needs, retaining mortgage servicing rights on 96 percent of the loans it originates. However, the mortgage

service team was operating partially through the company's 120 branches spread across the US and partly through a centralized structure.

This led to different ways of working, non-standardized processes for underwriting, processing, and closing, and ultimately an inconsistent borrower experience. Further, very low digital penetration in the client's back-office operations translated into higher loan closing times, error prone processes, and multiple handoffs between upstream and downstream teams.

While the client is among the fastest-growing mortgage lenders in the US, it quickly realized that continued success would depend on streamlining all its processes to provide amazing service levels. Thus, with an objective to enhance borrower experience as well as to bring in cost efficiencies and a robust underlying loan origination system, the client engaged Infosys BPM for an end-to-end assessment of its mortgage origination function.

Walking through the challenges

Infosys BPM deployed an expert team, comprising domain consultants, shared services consultants, and transformation consultants to study and assess the client's process challenges over a six-week period. The team conducted a detailed walkthrough covering the client's people, processes, operating model, front-end and back-office applications, as well as

knowledge management practices.

Then, the team leveraged Infosys BPM's Digital Maturity Model to arrive at a digital maturity score for all the mortgage servicing processes, which led to the identification of key gap areas. These included activities that were being performed manually such as classification, verification of borrower documents and

the related data entries. Further, duplicate checks were being performed at different levels, there was a lack of proper conditions management, and non-standard checklists were being used by different roles. All these challenges led to high average handling times and low efficiencies thereby impacting the overall borrower experience.

Mapping out a digital future

For solving the identified issues, the team recommended bringing together digital levers such as AI/ML, RPA, Analytics, and loan origination system enhancements.

The solution proposed specific digital solutions utilizing these technologies for various process areas. These included document data extraction, data validation, missing documentation checks, expiration

date validations, and data entry for loan processors, as well as closing, funding, and post-closing audits. The team also identified several process improvement opportunities for better management of conditions at the underwriter and loan processor roles.

Further, as part of the analytics solution, the team built a proof of concept on

loan pipeline management which would intelligently prioritize loan applications for key roles. Another such recommendation was for a forecasting tool that would help better manage loan application volumes. From a delivery standpoint, opportunities for significant cost reduction came from transitioning ~50% processes to an offshore location managed by Infosys BPM.

	A 	B 	C 	D 
	Definition & Standardisation	Intelligent Automation	Reporting & Analytics	Encompass /Blend Enhancement
Key Solutions	<ul style="list-style-type: none"> End-to-End L4 and L5 process documentation SOP documentation Role Checklist design & Standardisation Refining and redesigning conditions Change of Circumstance (COC) policy standardisation 	<ul style="list-style-type: none"> Classification/ indexing of documents Validation of borrower information Missing document check Ordering of reports Validation of document expiration Duplication of documents check Automated email communication and follow ups 	<ul style="list-style-type: none"> Loan application prioritization Conditions analysis Forecasting loan application volumes Loan officer performance analysis Complaints analytics dashboard Document collection alerts solution 	<ul style="list-style-type: none"> Role based document stacking Automatic alerts to UW for changes done on the file Single communication to borrower for follow up on documentation/information Role-based access Automated updates of approval dates and approval expiry Automated CD request validation
Benefits	<ul style="list-style-type: none"> Improved productivity Reduced processing errors at all roles; reduced back and forth between teams Faster and effective employee training One version of truth; aids continuous improvement programs 	<ul style="list-style-type: none"> Productivity improvement by 20-30% Improved data integrity at the beginning of loan application process Reduction in errors due to manual process handling 	<ul style="list-style-type: none"> Improvement in loan conversion rates Effective capacity planning Reduced risk associated with wrong loan classification Improved customer satisfaction Improved AHT with missing document analysis 	<ul style="list-style-type: none"> Productivity improvement Improved AHT Reduced errors Improved efficiency

While creating a detailed 3-year roadmap to prioritize these solutions, including their pilot implementations, the team provided the client flexible options to finalize either vendor or in-house solutions for the tools.

Good ideas, great benefits

Infosys BPM's recommendation on digital solutions and proposed new delivery model presented opportunities to improve the productivity across the client's origination processes by ~20-

30%. Using centralization, offshoring and transformation as levers the team projected a significant 50% in cost savings for the functions in scope.

Further, when rolling out the new

solution the client stood to gain from improved data integrity and accuracy, reduced average handling time for loans processing, and most importantly, greatly enhanced borrower experience.

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