



A STRONG COMEBACK FOR A SMOOTH CLOSURE

Abstract

Jim Sanchez, the Mortgage Operations Manager at an American banking giant, was in the middle of a transition that outsourced mortgage origination processes to Infosys BPM. However, unexpectedly high-volume inflows of loan applications threw a spanner in the works, challenging the timeliness of loan closures. This case study details how Infosys BPM's reengineering of processes and pipeline management steeply reduced the bank's rate lock extension period and its funding cycle time, surpassing the initially agreed-on SLAs.



A spanner in the works

Mortgage Operations Manager at an American banking giant headquartered in New York, Jim Sanchez monitors the entire loan pipeline, manages service providers for loan operations, and is responsible for resolving all related queries. In May 2021, Jim joined hands with Oliver Garcia, from Infosys BPM, mandating him to handle end-to-end mortgage origination processes for the bank through a product-oriented delivery (POD) model.

After Jim and Oliver signed service level agreements on rate lock extension percentages and overall process cycle

times, the project kicked off in earnest. It was imperative for Jim to significantly reduce the rate lock extension volume, which was at a high ~75%, failing which the bank would need to pay undue charges to extend the interest rate provided. Oliver's onshore and offshore teams geared up to progress through the project's five phases, namely discovery, process definitions, transition, parallel runs and ramp-ups, and finally the steady state. Oliver had set an action plan to close loans at a high-volume rate — closing one loan against each opening application received — and the team planned to reach the final

steady state target by October 2021.

However, owing to unexpectedly high-volume inflows, combined with the team's challenges with operating in the newly established POD structure, operational progress faltered at the ramp-up stage. A lack of centralised coordination between the various teams in the bank and in the POD created a gap between expectations and results, hurting pipeline management. With targeted SLAs not being met leading to delays in loan closing, Oliver and Jim agreed on moving the target date for the steady state to Jan 2022.

A sharp change of course

To turn the critical situation around, Oliver worked in close association with Jim, giving the task his complete attention. They first deep-dived into the existing ecosystem, conducting detailed audits to arrive at problem points that were inhibiting development. Then they

prepared a detailed plan to tackle the problem via transformations in both the onshore and offshore team's activities.

Upon assessment of the onshore activities, Oliver had noted that the pipeline management was highly reliant on loan

documentation submissions to the POD.

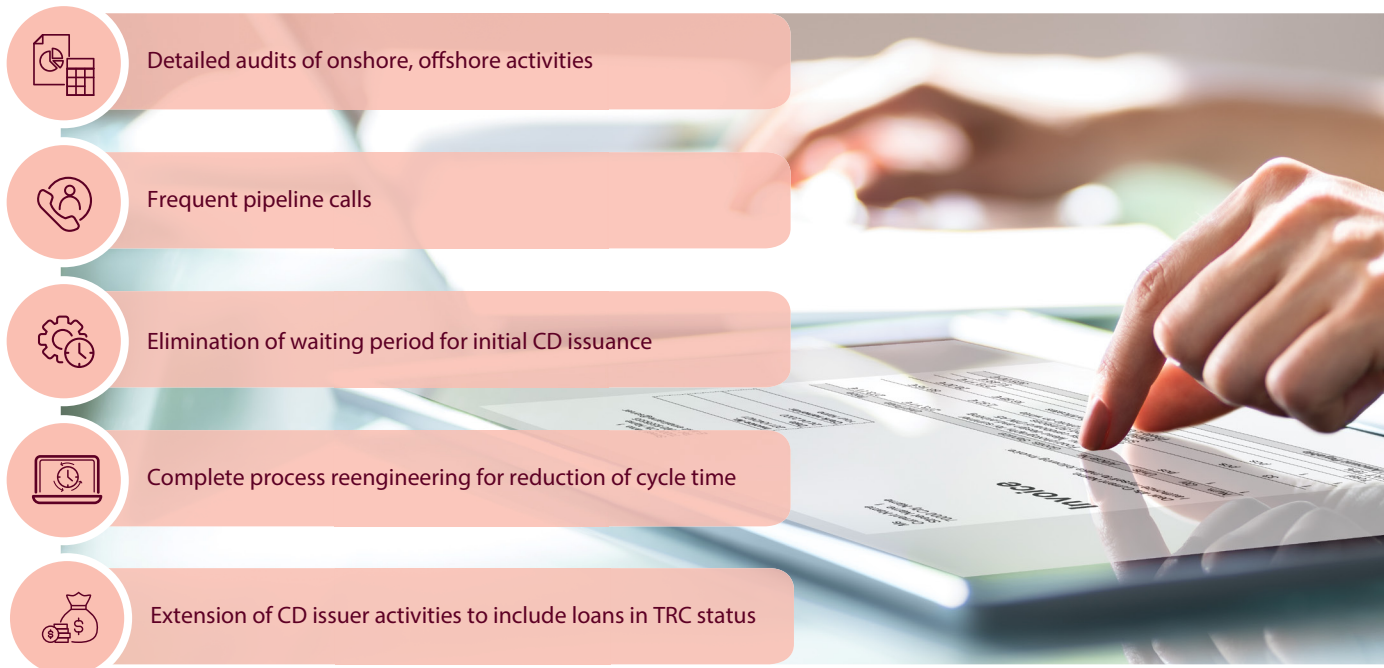
Under a fragmented environment, any delayed document submissions delayed the closure of loans and contributed towards pipeline aging. Consequently, the operational scrutiny recorded the overall loans 'In Commitment' cycle time

as touching a high 31 days. To establish proactive operations, Oliver kept in sync with Jim and completely reengineered the onshore team's loan closure process.

The pipeline reports were organised to be pulled, reviewed, and worked on every day, forming process consistency. A procedure was set wherein loans were sorted

chronologically, prioritising the closer due dates.

Approach summary



Jim and Oliver developed a systemised architecture involving regular reviews of loans with a due date of 'today', to enable earlier and more frequent contact dates between borrowers and loan officers. With these more frequent pipeline calls (on an interval of 2-5 days), the new process proved highly sustainable for the long term, covering all loans regardless of the volume inflow, while also cutting down the cycle time for loans 'In Commitment' to just 20 days.

Targeting an end-to-end resurgence for offshore activities as well, Oliver cut down the "Pre-closure to Fund" cycle time from 25 to 13 days through applying strategical tweaks. Instead of waiting for the final loan closing status, closing disclosure (CD) issuers were assigned to draft the initial CD immediately after loans moved to pre-close status. This saved the pipeline from being reliant on closing coordinators and saved on the typical waiting period of 4-7 business days for loan closure date

confirmations. With quick assigning of CD issuers and other dynamic measures — such as sending an estimated CD to the borrowers even before the closing date was confirmed — the process was greatly accelerated. To promote high functionality, Oliver also implemented a system where CD issuers would also work on loans in 'title review not clear' (TRC) status and issue initial CDs to the borrowers if the TRC status was not due to anything related to the CD.

Going beyond expectations

Oliver's intricate process reengineering to provide remedial assistance at all the pain points, soon bore fruit. Now operating with well-knit interdepartmental coordination, the onshore and offshore teams integrated the mortgage and loan closure process, catalysed progress, and started meeting

the SLAs within the targeted time.

There was an end-to-end shift in the productivity and efficiency of operations, with quantifiable results in the form of improved SLA metrics even beyond what was initially agreed upon. Jim reported that rate lock extension levels had steeply

dropped from 74% to 27%, enabling the bank to close the loans faster and avoiding payments of any additional charges. They also noticed that the overall funding cycle time had reduced from the earlier 75 days to just 46 days, thereby improving it by ~40%.

Key benefits



Impressed with the results, Jim wanted to better understand Oliver's reengineering procedures and invited him to brief his in-house team about the changes made

that turned around the bank's loan management operations. Always eager to help, Oliver and his team shared their strategies and practices used for the

transformation and discussed optimal methods to leverage them for similar processes.

**Names have been altered to preserve the identities of the people involved.*

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