Delivering Reliable and Responsive Lending Service

When asked about the outlook for the Asia-Pacific banking industry in 2011, Kavitha Chakravarthy, consultant, Business & Financial Services Asia Pacific, Frost & Sullivan responded, "Improving economic growth, rapid industrialisation and rise in income levels are expected to propel the growth of the Asia-Pacific banking industry in the short term (1-2 years) and medium term (3-5 years). The Asia Pacific banking industry in 2011 is expected to be consumer-driven." [1]

At the April 2011 Asian Banker Summit in Hong Kong, the Bank Technology and Innovation Conference attendees raised the following issues related to such growth[2]:

- Need to understand both current and future needs of the bank and understand how they correlate to the bank's capacity and that of their IT application.
- Data insights gathered from front-line personnel are not being used to improve new products, are not being efficiently communicated to staff, or both.
- Younger customers are shunning traditional customer engagement such as the "one-size-fits-all" approach to marketing and communication.
- Banks need to learn from retailers such as consumer product companies, and even airlines, how to actively and efficiently engage their customers to build trust and loyalty.

As we enter the next decade, the imperative for Asian banking is clearly to figure out how to deliver better, more customised service for less cost.

The key to building brand reputation and delivering exceptional customer service is the ability to provide timely, accurate communication. In order to be responsive in this manner, banks must operate on reliable systems with the same characteristics of the global leaders in more mature markets. Fortunately, one of the advantages of emerging markets over more established ones, is that they can leverage the experience and lessons of their more developed counterparts so there is less pain with their gain as they adopt more advanced technologies.

[1]   Banking & Payments Asia 2011, BPA 23 January 2011 » What is your outlook for the Asia-Pacific banking industry in 2011?

[2]   http://www.theasianbanker.com/updates-and-articles/6649]

Systems must be able to easily scale to accommodate fast growth without impacting service levels and enable organisations to do the following:

- Process new loans quickly
- Make sound underwriting decisions
- Respond to regulatory and other oversight changes
- Offer differentiating customer service
- Manage loan origination costs
- Identify emerging risks
- Create and launch new offerings

Let's take a look at the critical components of each of these capabilities.

Process New Loans Quickly

In order to process new loans quickly, the loan originator must have efficient access to all the information available from the electronic underwriting worksheets that are automatically populated from various systems within the organisation. The highly skilled knowledge worker's time and attention should be focused on analysing the prospective new loan rather then spending time manually collecting the information and trying to remember where to find it.

To respond quickly to the new loan opportunity, the organisation also needs to have visibility into the loan underwriting status so that process bottlenecks can be identified and resolved by management so business is not delayed.

Make Sound Underwriting Decisions

To make informed decisions, loan underwriters must have access to a customer's previous history and the pertinent underwriting notes as well as all activity currently taking place with this customer across the organisation.

They must also have access to all types of supporting documents that are germane to the underwriting decision including PDFs, emails, faxes, and similar documentation.

Respond to Regulatory Changes

Loan underwriting is constantly subject to new regulations and guidelines.

Designing a system for this dynamic environment will not only move the organisation forward more quickly, but it will also reduce the total cost of ownership of your technology systems.

Offer Differentiating Customer Service

As the interest in this growing market increases, the competition for customers intensifies. Retaining customers is just as critical as acquiring new ones and requires constant attention to their needs. This, in turn, requires having the ability to respond in a timely basis to customer inquiries on loan status with accurate information.

Incomplete information, stalling, or guessing simply won't do and will erode your hard-earned customer base over time.

Manage Loan Origination Costs

The loan origination process is becoming more and more complex as risk modeling evolves with Basel III and as mergers and consolidations of different financial institution systems continue to unfold.

In order to operate efficiently and cost effectively, timely, pertinent and comprehensive information access has become an essential part of the origination decision process, becoming even more critical in a highly competitive market.

However, many core banking technology platforms were never originally designed to communicate with one another, let alone support organisations across different departments or geographic areas. Banks must find ways to integrate their core banking systems into the loan origination workflow and automate the functions of the following:

- Identifying who must be part of the approval process
- Discerning between routine approvals and those requiring exception handling
- Documenting and archiving the decision making process for historical reference

Identify Emerging Risks

Organisations need to find a means to capture the knowledge being acquired through experience in the marketplace and make it available for future decision making.

They need to be able to analyse this information to show patterns of customer behavior and loan underwriting decisions as well as predict trends.

Create and Launch New Offerings

Organisations that operate in a fast changing market—where the population is drawn to what is "new" —needs to build a dynamic infrastructure that streamlines the time to market process for new products and service introduction.

Organisations need to have the tools that allow them to analyse trends and simulate new products and services to identify viable new offerings that will address the changing market.

Adopting Global Best Practices in Asia

In order to bring the latest in loan origination best practices to its Asian customers, AWPL has created the DotSphere Underwriting Accelerator built on the IBM Enterprise Content Management (ECM) suite of products. This solution was built and designed based on the AWPL experience with leading banks around the globe.

The strength of the solution is that it provides a comprehensive view of a loan including the underwriter worksheet and all image based attachments, along with filtered agent and client emails, without requiring the loan originator to toggle between systems. The focus turns from collecting information to analysing the information.

Another critical design aspect that incorporates loan origination best practices for handling a large volume of information is a two-monitor presentation. The primary monitor presents the underwriter worksheet, and the second monitor presents the supporting documentation providing the collective intelligence to support the loan underwriting process.

DotSphere Underwriting Accelerator interfaces with existing systems allowing banks to quickly scale operations, increase efficiency, and better manage risk and cost while using their existing IT investment. Because the solution is web-enabled, it also allows companies to rapidly expand their geographic reach into new markets and new distribution channels when permitted by regulatory agencies.

The tracking and monitor feature also provides management the visibility it needs to most efficiently plan for the nuances of different zones, high-volume front offices, and the special care of high-value clients.

DotSphere Underwriting Accelerator Differentiating Value

The AWPL DotSphere Underwriting Accelerator clearly offers capability and business value that are simply not available elsewhere in the Asian banking market. To specifically illustrate our point, we've highlighted key capabilities differences based on mission critical business objectives.

Business Objective	With DotSphere Underwriter Accelerator	With Other Market Solutions
Information Access	Users can automatically extract, collate, and view information from all the other pertinent systems involved in the loan underwriting process on a single electronic underwriting worksheet. All of this functionality is available through a single, unified interface.	Users must individually access various systems and manually collect the information and copy into their work area. Without automatic populating of the information, it is a slow and very labor intensive approach. Adding to the cumbersome process is that only one system can be accessed at a time.
Loan View Analysis	Provides dynamic views of the loan simultaneously, which allows for quick analysis of different loan underwriting scenarios to find the best fit for the client while effectively managing risk to the organisation.	Users must work with static views, which, although possible to view different loan underwriting scenarios, is a more onerous task to change from one view to another for comparison.
Loan Status Visibility	At any point in time, authorized employees and managers with an interest in a particular loan can see the status of that file and assess the remaining timeline.	Visibility into a loan status is likely to be spotty because each update in the loan status will need to be manually made. As a result, loan views might or might not be up-to-date and won't be reliable.
Employee Performance Visibility	The solution enables the organisations to monitor the performance of each team and staff member to make optimal use of human resources.	Information needs to be manually collated from different sources.
Organisational Knowledge Capture	The knowledge management tools can collect data that can be used to create sample loans for educational purposes and also to show patterns of behavior and predict trends.	Not available with other offerings.
Leveraging Banking Best Practices	Capitalises on a template approach for installation based on years of experience working within the banking industry with global leaders. Template implementations are faster saving both time and money.	Without the years of industry experience necessary to learn how the banking business operates, they must create code for each individual task. The custom-built approach for each worker's task increases project implementation complexity adding both time and cost to the project.
Adapting to Changing Market Conditions	Designed to easily adapt to the latest market conditions with configurable templates. Interface revisions necessitated by changes in processes can be easily configured on the fly without requiring coding.	Custom interfaces are hard wired meaning that all subsequent changes in an organisation's processes to adapt to dynamic market conditions require costly and time consuming coding changes.
Launching New Products and Services	Includes simulation capabilities to assess the viability of launching new services.	Solution lacks the sophistication to offer simulation capabilities.
Scalability	Based on the IBM ECM suite of products, the solution easily grows with the organisation without volume limitations.	Other solutions become sluggish when the volume overburdens the solution and can literally stall operations when growth outpaces capacity.

To learn more how your organisation can adopt the latest in banking best practices for loan origination and be positioned to lead the market in responsive and reliable customer service please contact:

Viswanath KS

+91 80 4045 3800

visu@aworkflow.com

About AWPL

Automated Workflow Pvt. Ltd (AWPL) is a very mature organisation, providing process automation solutions to the Financial Services Sector, with offices in India, Singapore, Malaysia and the UK. We are considered among the market leaders in providing BPM, Enterprise Content Management (ECM), BI, Business Activity Monitoring (BAM), reporting products and solutions with deep implementation experience and extensive domain knowledge in the insurance and banking industries.

About IBM ECM

IBM's Enterprise Content Management software enables the world's top companies to make better decisions, faster. As a market leader in content, process and compliance software, IBM ECM delivers a broad set of mission-critical solutions that help solve today's most difficult business challenges: managing unstructured content, optimising business processes and helping satisfy complex compliance requirements through an integrated information infrastructure. More than 13,000 global companies, organisations and governments rely on IBM ECM to improve performance and remain competitive through innovation.

IBM Corporation
3565 Harbor Boulevard
Costa Mesa, CA 92626-1420 · USA

For more information, visit:
Ibm.com/software/ecm