

End to End Lending Transformation

We all use buzz-words to describe newly discovered solution development and implementation processes, but what does this all really mean? Does the lender really want to automate their current processes to achieve better outcomes; or are they looking to revisit their lending business to determine new approaches to packaging and delivery of products to their customers?

You should consider your e2e lending transformation from the viewpoint of how you want your customers to view your organisation. Do you want to deliver complex combinations of product features allowing your customers to see your organisation as being all things to all people, or are you focused on simplification – delivering simple products targeted at meeting a specific need?

If you choose one or the other, how do you address the threat of competition? In the case of mortgages for example, it may be better to offer a fully featured product with the option of turning unwanted features off rather than the other way around. This approach would fully exploit the principles of consistency of process and re-use of features that seem to be on most wish-lists.

Simplify your approach to delivering the product or service to your customers by examining your distribution channels and the processes involved in the loan application, assessment, fulfillment and servicing components. Analyse the current state of play, simplify your processes and where practical leverage off tools that are readily available in the marketplace. Why start from the beginning when working solutions have been implemented by several lenders with skills derived from these implementations residing in third party organisations.

When you have defined the 'current' and 'aspirational' states respectively and identified low cost quick wins, you can then embark on delivering the quick win benefits whilst defining and assigning the longer term program benefits. The benefits need to be aligned to the costs and the program must pay back – otherwise there is no benefit in transformation. The business must own the benefits and agree to the costs involved in achieving them. You can then start to build the actual transformation program with deliverable outcomes, dependencies, milestones and costed effort.

Typically, the average acquisition cost for a mortgage is about \$1,000 however this figure can be reduced by at least half. Transformation benefits and associated cost reductions can be delivered in terms of interview time, front line staff effort, provision of an unconditional offer at first interview, a reduction in elapsed time for settlement and, in the case of existing mortgagees, the ability to top up their mortgage "on line" with minimal intervention from the lender or its staff.

In future articles we will look at; how you can partner with us to transform your lending platform, the common mistakes / pitfalls you can avoid from our lessons learned, a typical transformation program overview, the common obstacles to successful lending origination process transformation and how to overcome them.