

The Secrets to a Successful Lending Transformation Program

In previous articles we have looked at the reasons why you should think about transforming your lending process and the benefits that transformation may bring. It is now time to examine the factors that contribute to a successful lending transformation program and how technology can be used to help you achieve your transformation objectives.

Lenders embark on a Lending Transformation Program with us because they need to improve their end-to-end lending processes to enhance their customers' experience, improve operational control and efficiency and build compliance into the process. They are aware that streamlining and automating their processes will significantly improve 'time to cash' and their overall customer service. All lenders are constantly looking at ways to eliminate manual processing and rework wherever possible and to establish a controlled process to reduce risk and enforce compliance.

Typically, short sharp transformation programs that can use existing best-practice components and know-how are more successful and impose less organisational effort, cost, risk and stress than those that run over long periods and start from a blank piece of paper.

A lending transformation program will help you achieve a step change in your lending processes, not just an evolution of gradual improvement and optimisation of current processes and work practices. A new approach is needed, where necessary breaking away from past procedures and limitations and taking full advantage of new thinking and emerging technology opportunities.

As with all major process change programs of this type, rebuilding complex operational processes from within the organisation while continuing to operate the day-to-day business is an almost insurmountable challenge. Such programs are usually difficult to get started, require a high amount of constant management drive and leadership and tend to lose energy and default to the 'old way of doing things' when people tire of driving the changes or the management focus moves on to new strategic initiatives. Typically, the longer a project runs, the higher the cost and also the risk of it completing successfully, as planned.

For these reasons, and to bring an objective external view to the program, lenders usually engage the services of an external organisation with deep specialist knowledge and experience from transforming lending processes across many previous programs. By starting with an existing, defined and optimised target process, the specialist solution provider can start the process off with a suggested target "to be" model that can be fine-tuned for the specific lender. Ideally the target model can be delivered in a fully automated system solution that has already been proven in previous similar implementations in the Australian lending environment.

By starting with a proven process and automated system solution this approach removes enormous time, effort and cost from the transformation program. More importantly though, it removes substantial risk of program failure to deliver and realise the business outcomes that justify such a significant investment of time and resources.