RULESWARE™

LoanExpediter™

A Financial Services Guide to
Investing in Digital Transformation
that Actually Works

Financial services organizations spend millions on multiyear digital transformation initiatives.

Most share the same wish list:

- Faster loan lifecycles that require fewer staff

- Appealing borrower journeys that strengthen loyalty

- Simpler and smoother compliance

- Increased revenue

Transformational Initiatives Often Fail to Deliver

Sometimes leaders invest in the wrong solution, one that doesn't integrate with their other systems. On occasion they invest in the wrong technology partner, who promises unrealistic outcomes or fails to tailor the engagement to their objectives. Lenders particularly struggle with automating Exception Processing, where the loan cycle becomes manual, inefficient, inconsistent, and impossible to track. Eventually when the project dust clears, plenty of manual processes and the same high headcount remains; some lenders even opt to dramatically reduce scope halfway through due to poor planning.

The Result

It's almost always the same: disappointment and cynicism regarding future digital initiatives. And the consequences of these failures are dire, considering that **46% of today's financial customers are digital only**. Many of them are choosing nimble fintech companies that can offer a convenient and agile borrower experience.

The Good News

Automation and process intelligence can transform lending, creating convenient borrower journeys, simplifying compliance, and reducing processing costs per loan. By pairing the right technology with the right strategy, lenders can complete their digital transformation journey in a way that delivers tangible value, in a reasonable timeframe, and with well-managed risks.

Critical Reasons Why Digital Transformation Projects Fail

1. Failure to set clear goals and objectives

2. Investment in overly complex solutions with long implementation cycles

3. One-size-fits-all engagements from technology partners

4. Unwilling to improve processes

5. Poor integration between systems

6. Too much focus on the customer experience and too little concern for overall process optimization

7. Shortfall in expected savings and revenue increase

8. Absence of empowered and experienced leader

9. Failure to allocate enough time, money, and perseverance to the project

70%
of complex, large-scale change programs don't reach their stated goals

78%
of companies fail at their digitization goals

Crossing the Digital Divide: 21st Century Lending Challenges

Lenders who struggle with digitization find their operations mired in struggles:

- Lower productivity
- Longer loan cycles
- Higher costs

Workflows and staffing models that benefitted them a decade ago now obstruct their ability to compete in today's financial services market.

Some of the challenges facing them are new; others are simply outdated standards that no longer function effectively in the digital age.

These include:

Manual processes and document-intensive workflows. Human error leads to rework and poor version control, while paper-based loan cycles create security weaknesses and high storage costs.

The labor-intensive collection and integration of minimum documents required (MDR). Not only can this be a frustrating experience that negatively impacts the customer journey, but it also causes "loops" in the loan cycle, with documents entering at different points – and extending time to yes or time to cash.

The high number of staff to complete manual processes, reviews, and approvals. In addition to creating more hiring, sourcing, and training work from different markets, more staff equals higher potential for error, delays, and compliance issues.

Ever-changing compliance regulations. Today's regulatory landscape is endlessly shifting – and most lending operations aren't agile enough to stay aligned without intense effort. Many a lender has performed the classic one-question assessment of "How quickly can a new business rule be embedded into our business practices?" and confirmed they are woefully unprepared.

Complex technology stacks. The past decade has seen a boom in tools, platforms, and solutions that promise higher efficiencies, but together create costly and disconnected ecosystems that slow down workflows.

To successfully cross the digital divide, lenders need an experienced guide with a proven roadmap to lead them out of manual liabilities and into digital efficiency.

46%
of financial customers are digital only

88%
of banks will lose business to fintech companies within 5 years

What Happens with Digital Transformation Success?

The good news is that automation and process intelligence done well does dramatically transform lending.

Properly executed projects built on good technology:

- Create convenient borrower journeys

- Simplify compliance

- Reduce processing costs

By pairing the right technology with the right strategy, you can complete your digital transformation journey in a way that delivers tangible value, in a reasonable timeframe, and with well-managed risks.
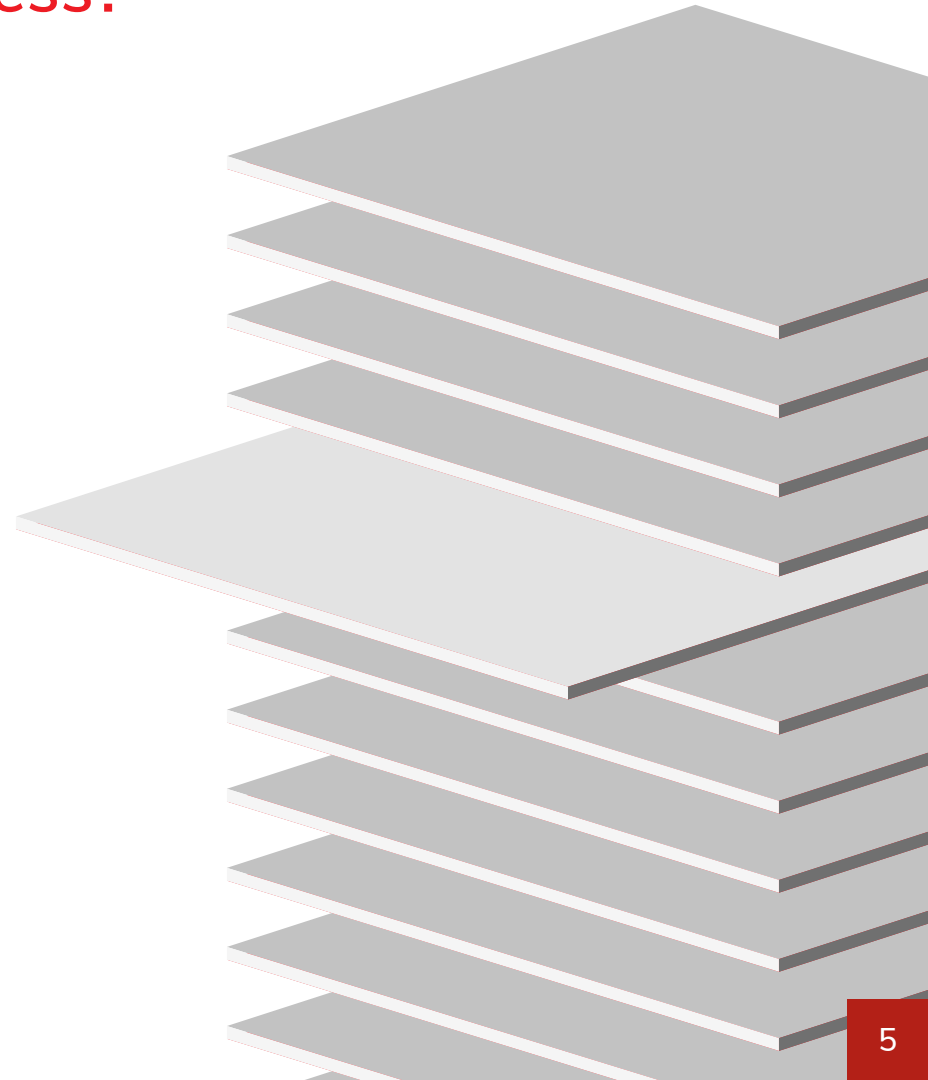
Mastering Modern Digital Lending

Mastering Modern Digital Lending

From young digital natives buying their first home to Baby Boomer executives selecting office space, today's borrower has come to expect omnichannel, customer-centric offerings in all walks of life. People of all generations work remotely, buy new cars online, visit their doctor through telemedicine, and do business with partners they'll never meet in person.

Unsurprisingly, they also want access to banking tools and services online, and seamless digitized control over their money. Today's consumer holds financial services to the same digital-friendly standard of other areas of their lives, and only a speedy, transparent, and simple loan process will do.

These digital expectations also carry into talent recruitment and retention. Top-tier financial services professionals want to spend their days on meaningful, interesting work. They choose modern workplaces with remote capabilities and sophisticated automation tools. Manual, repetitive tasks and arduous compliance preparation won't just reduce productivity – they will drive high employee turnover as well.

While catering to these workforce and borrower expectations, lenders must also process every loan in compliance with regulations and company policy. That includes ensuring the loan cycle is completely documented and easily auditable by the second and third lines of defense. Compliance can become a financial services organization's most frustrating and expensive headache; global financial services companies **paid $180.9 billion in compliance costs** in 2020 and banking leaders named regulatory changes as their **top compliance challenge**.

To compete in an increasingly digital lending marketplace, the loan fulfillment process must be predictable, consistent, transparent, and cost-effective. Thorough process automation is critical; so is digitized, customer-friendly collateral collection with MDR tracking and visibility, automated classification, and intelligent integration.

The Components of Digital Maturity

One element of a successful transformation is senior-level commitment to data-driven decision making. A recent article from **The Financial Brand** noted that "Digital transformation requires a seismic shift in leadership focus and organizational culture. But it also requires an understanding of the components of digital transformation most in need of change because no company can transform all at once. As part of the strategic planning process, each organization must prioritize transformation efforts based on their own business objectives."

To get to this level of understanding, it's key to have senior-level buy in and leadership's commitment to making data-driven decisions. The strategic planning process in any transformation is key. It should include investment in the necessary skills and the right partners who can guide the transformation journey from concept to a thriving digital ecosystem. The right systems are key too: an enterprise-wide data structure can help create a singular view across the customer journey, while AI tools and advanced analytics can help build high-value experiences across all channels. Measuring ROI in terms of business objectives can help lenders understand which aspects of their digital transformation are effective – and which need modification for better results.

Lenders who lead their operations into digital maturity can expect dramatic improvement in three critical metrics:

1 Revenue Acceleration
From amplified customer retention to lower storage costs and an optimized staffing model, digitization dramatically increases revenue generation and, most importantly, profitability.

2 Operational Efficiency
Transcending the delays and errors of manual work frees staff to focus on higher value work. This increases productivity and speeds up cycle times through intelligent workflows.

3 Streamlined and Improved Compliance
Automated lending orchestration takes the error, rework, and headaches out of meeting compliance regulations. By guiding loan reviews and approvals through the correct steps, these tools keep lenders on track with regulations and avoid audit failures.

> **"LoanExpediter reduced costs by $1M/mo by eliminating compliance fines."**
>
> *Mid-sized bank Executive Sponsor*

LoanExpediter: Next-Generation Lending Technology

PEGA®

Rulesware fuses technological innovation, financial services expertise, and world-class service to transform the loan fulfillment process with LoanExpediter.

Built on the Pega platform, next-generation capabilities resolve compliance challenges, deliver an innovative customer journey, and drive profitability. The solution also integrates with Loan Origination Systems, Back Office Banking Systems, Content Management Platforms, and other solutions to simplify operations and boost collaboration.

LoanExpediter's innovative tools offer lenders a quantum leap in operational efficiency using:

1 A comprehensive, user-friendly loan cycle and performance dashboard

2 Capture and data extraction technology that consumes documents across email, fax, MS Office, and other channels while automating classification

3 Embedded quality control reviews that can filter cases based on risk and business rules

4 Case management with customizable checklists and audit sampling percentage thresholds

5 A lender portal that can initiate new applications, search current applications and more, for enhanced loan visibility and borrower communications

6 Minimum document check tools that reconcile received and required documents while automating requests

7 A virtual file folder that enables users to access the right content at the right time

8 Sophisticated workflows that allow multiple loan processors to act on files at the same time

From Paper Blizzard to Digital Savings

With 2000 branches mired in paper-based operations, lending executives at a mid-sized bank were looking for new efficiencies in managing commercial and consumer lending products. They processed more than 4,000 loans a month using manual processes and stovepipe systems that couldn't integrate with each other. Saddled with multiple pieces of collateral and exception tracking systems, and inefficient redundant processes, their loan lifecycle were far longer than ideal.

With LoanExpediter*, the bank reduced time to board across commercial and consumer lending products by more than 50%. Optimized staffing reduced annual labor expenses by over $4 million – and because the teams retained only the most critical documents, they eliminated significant storage costs. Online image processing reduced the frustration and security risk of lost documents while automated workflows improved compliance ease and accuracy. In total, the bank saw 79% productivity/throughput improvement with a $6M annual savings in FTE.

$4M	**50%**	**79%**	**$6M**
Reduction in labor expenses by only retaining critical documents	Faster boarding across commercial and consumer lending products	Productivity and throughput improvement	Annual savings in FTE

*Results were achieved using an earlier version of LoanExpediter

Exceptional Cost Savings, Compliance and Customer Journeys: The LoanExpediter Competitive Advantage

LoanExpediter helps modern lenders compete at the top of their market. By eradicating old challenges and removing yesterday's operational burdens, it opens the door to a world of smoother and smarter lending.

Faster loan cycles

Automated processes and remote access tools keep loans moving forward – eliminating delays and accelerating turnaround times from application to close.

Elimination of manual processes and paper documents

Digitized documentation means borrowers can avoid the burden of collecting and carrying around paperwork. Lenders can eliminate lost document delays, storage costs, and security risks.

Sophisticated customer journeys

Automatic status updates and alerts provide 24/7 visibility into loan status and outstanding action items – keeping customers satisfied, loyal, and responsive.

Standardization and formalized SLAs

Loan processes are uniform across the organization, heightening efficiencies. Tools that track and manage loan flows in volume make it easier for lenders to offer (and meet) realistic Service Level Agreements.

Streamlined compliance and audit process

Automation ensures reviews and approval steps are completed correctly per compliance regulations, dramatically reducing rework, and creating audit trails. Auditable processes track every action in every transaction, with comprehensive reporting for faster, less expensive, and more successful QC reviews and loan level audits.

Dramatic cost savings

By reducing manual errors, storage expense, call center volumes, and exception processing, LoanExpediter radically cuts operational costs while maximizing Straight-Through Processing and optimizing staffing models.

Discover the Rulesware Difference

Why We're Rated #1 in Pega Customer Success

Rulesware treats every client as our partner. We work side by side with you to ensure successful, on-budget outcomes that match your desired goals. Rated #1 in Pega Customer Success, our full-time certified Pega consultants offer high quality at competitive prices. With 16 years of experience, we know what does and doesn't work when it comes to complex transformations – and we are realistic and honest with you from day one.

Our experience in planning digital transformation projects means we can help you define goals and scope and understand the timeframe and money involved. Our Pega expertise is always aligned to your IT roadmap, using battle-tested and disciplined methodology to manifest your vision. The result: milestones that enable quick wins, build confidence, and spark momentum.

Unlike other technology partners, we're also dedicated to your self-sufficiency. As we move together through the digital transformation journey, we start as project leaders while building your capabilities. Along the way, we help your team grow from an observational role to a co-delivery role and finally into the role of the fully autonomous leader and owner of your implementation.

Claiming Your Place in the Future of Financial Services

LoanExpediter helps your team put their foot on the accelerator and move into a future of digital power. Operations are faster and more efficient, borrower satisfaction increases, costs drop, and compliance becomes frictionless. Without tedious manual work and loan cycle delays, staff can focus on higher value work.

Regardless of where you are in your digital transformation journey, LoanExpediter can unlock a smoother and simpler loan ecosystem that helps you compete and win at a higher industry level. There's no smarter way to drive a stronger reputation and revenue in the financial services arena.

The Rulesware team is here to help your organization achieve a world class digital transformation.

Contact us at **https://rulesware.com/loanexpediter/contact/** to engage in a brief but comprehensive evaluation of your current lending environment and business needs.

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