

US Retail Lender Case Study: Loan Origination Systems



Background

- ▶ A US-based Retail Lender, originating residential mortgage loans and then selling them into the secondary market.
- ▶ Case Study pertains to Mortgage Operations in the Non-Prime Market segment.

Business Case

- ▶ Lender used a Proprietary Loan Origination System (LOS) that was outdated and mismanaged. This caused slow time-to-market for new capabilities, if at all, and extreme costs.
- ▶ Average time to deploy new loan products was more than 1 year.
- ▶ Unable to adapt to market conditions in a timely fashion to capture business from new product types

Key Problems Identified

- ▶ Non-standardized development
- ▶ Old/obscure technology that was no longer supported
- ▶ Rigid architecture with little thought of expansion
- ▶ Little documentation
- ▶ Knowledge loss due to mismanagement
- ▶ Solutions did not provided for needs, instead extensive workarounds were being employed

Process Improvement Actions

- ▶ Replaced LOS system with Genpact's Loan Officer Live (LOL) web based solution.
- ▶ Re-engineered data feeds to third party vendors and lender's internal systems (General Ledger, Data Warehouse) using modular APIs for expandability and flexibility
- ▶ Customized individual modules of Loan Officer Live to fit lender's exact requirements and methods
- ▶ Employed Genpact's strict Software Development Lifecycle practices to streamline development requests and ensure timely and accurate development on new requests

Business Impact

- ▶ Gave lender flexibility to rapidly modify the loan software to adapt to new compliance items, new business markets and new process requirements.
- ▶ Reduced the deployment time for many maintenance tasks, such as new loan programs, from months to days.
- ▶ Improved software reliability
- ▶ Removed need for dramatic workarounds and improved user productivity.
- ▶ Allowed lender new capabilities previously unavailable by modularizing architecture.

Lender Saved \$12mm per year, and gained control over product offerings