

LOAN OPERATIONS STREAMLINE PROJECT

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TRANSFORMING COMMERCIAL AND RETAIL LENDING ENHANCES REPORTING, REDUCES RISK, AND INCREASES EFFICIENCY AND THROUGHPUT EFFICIENCY.

THE CLIENT.

The client is a mid-sized, multi-chartered financial holding company that provides traditional community banking services through multiple, wholly owned banking subsidiaries.

LIMITED REPORTING AND RISK MANAGEMENT CAPABILITIES.

Process variances and the use of disparate systems across more than 10 charters limited loan portfolio reporting and risk management capabilities. As a result, the holding company struggled with:

- ◆ Policy exception reporting
- ◆ Covenant management
- ◆ Concentration reporting
- ◆ Aggregate credit exposure

West Monroe Partners previously worked with the client to define standard loan data requirements and apply those requirements to new loans and the existing portfolio. The knowledge gained through the prior project, combined with its focus on mid-sized banks and experience with outsourced relationships, made West Monroe Partners an ideal partner.

This project would involve:

- ◆ Assessing loan operations
- ◆ Designing standard, end-to-end loan workflows
- ◆ Selecting a loan origination system partner

ASSESSING LOAN OPERATIONS.

The project team visited key personnel at each charter in order to assess loan operations. In addition, it selected several charters for on-site, in-depth analyses, which provided information foundational to designing end-to-end loan workflows, including:

- ◆ Niche product requirements
- ◆ Internal leading practices

- ◆ Varied and disparate systems
 - ◀ Credit analysis
 - ◀ Document management
 - ◀ Loan documentation
 - ◀ Monitoring

Additionally, the project team performed abbreviated on-site visits, which served as a critical step in managing communications with the charters' personnel, as well as for assessing the readiness for charters to adopt the standard, end-to-end loan workflows.

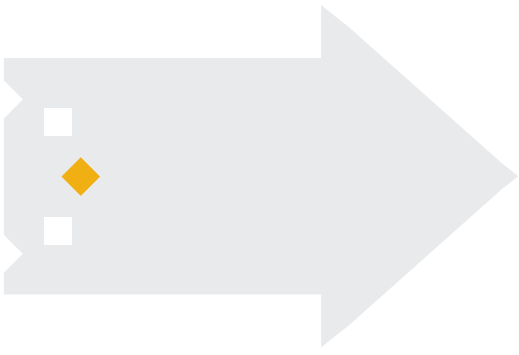
DESIGNING STANDARD, END-TO-END LOAN WORKFLOWS.

The findings from the loan operations assessment provided the baseline for the first iterations of the designs. Incorporating leading practices, the project team developed end-to-end loan workflows to support four major loan categories:

- ◆ Commercial real estate
- ◆ Commercial and industrial
- ◆ Home equity
- ◆ Consumer

To ensure the loan workflows would support the business needs, various groups provided reviews and validation, including:

- ◆ User groups from charters
- ◆ Business unit leaders
- ◆ Technology experts
- ◆ Compliance and risk leaders



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SELECTING A LOAN ORIGATION SYSTEM PARTNER.

Working closely together, West Monroe Partners and the client cast a broad net and identified leading loan origination system providers. Then, they systematically filtered the list until they identified a vendor of choice that could meet the client's needs. The project team developed numerous key documents, which guided the three phases of the selection process:

- ◆ Request for information
 - ◀ High-level requirements
- ◆ Request for proposal
 - ◀ Business and technical requirements
 - ◀ Future-state loan workflows
 - ◀ List of interfaces
 - ◀ Total cost of ownership tool
- ◆ Vendor demonstrations
 - ◀ Detailed demonstration script
 - ◀ Vendor scoring tool

This rigorous and deliberate process leveled the playing field, resulting in the objective selection of a loan origination system partner. West Monroe Partners leveraged its experience with outsourced relationships, intermediating between the client and vendor to negotiate terms that met the client's time and budget requirements.

West Monroe Partners then led the implementation planning, incorporating key determinants of success, including:

- ◆ Readiness assessment of the charters
- ◆ Infrastructure and network requirements
- ◆ Ancillary systems and order of integrations
- ◆ Personnel required to support implementation

THE FOUNDATION FOR ENHANCED REPORTING, REDUCED RISK, AND INCREASED EFFICIENCY AND THROUGHPUT.

The Loan Operations Streamline project laid the groundwork necessary for implementation of standard, end-to-end loan workflows across more than 10 charters.

The project's guiding tenet was to design optimal loan workflows and then select a system that could support these workflows—rather than selecting a system and forcing the client's business model to conform to a system's narrow requirements. By taking this approach, the client not only designed a lending model that would enhance reporting and risk management capabilities; it would also increase efficiency and throughput while preserving the successful culture of its separate charter model.

West Monroe Partners is an international, full-service business and technology consulting firm focused on guiding organizations through projects that fundamentally transform their business. With the experience to create the most ambitious visions as well as the skills to implement the smallest details of our clients' most critical projects, West Monroe Partners is a proven provider of growth and efficiency to large enterprises, as well as more nimble middle-market organizations. Our more than 300 consulting professionals drive better business results by harnessing our collective experience across a range of industries, serving clients out of offices across the United States and Canada.