MAKING BANKS RELEVANT FOR THE DIGITAL AGE

Applying for a loan has traditionally been associated with heaps of paperwork to prove creditworthiness, and then a wait of 5-8 weeks for the approval. After all this, the answer can still be no, leading to disappointed and frustrated customers. These struggles are particularly true for small and medium enterprises with specific credit needs. While a host of start-ups and non-banking firms are using the latest in technology to make this process more convenient, the change is very nascent, and traditional banks continue to struggle to deliver quick and responsive service and support to business customers. This often leads to customer attrition, on account of the banks' inability to process loans fast enough, mainly due to siloed systems, non-intuitive process, data entry heavy origination systems, and non-availability of required information in a single view. This leaves business customers with little choice but to approach non-traditional lenders who are faster.

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A recent study by Greyhound Research, a leading global analyst firm, exemplifies this well. Titled 'Future of Banking: Outlook 2018, the research points that 52% consumers (across all age groups and on a base of 3,800 interviews across 12 counties) prefer to use banks that offer a good experience via a mobile application. It wouldn't be an anomaly to state that consumers increasingly prefer to engage with banks that offer the robustness of the traditional services delivered using the latest technologies.

A 360-DEGREE CUSTOMER VIEW

However, change is never easy for any organization and particularly not for banks that remain open to public scrutiny and must adhere to stringent regulations. This makes change both complicated and expensive for banks. To add to these challenges, banks are also burdened with strong apprehensions about transformation given their experience of long technology deployments and the ensuing business disruption. The higher risk traditionally associated with lending to small and medium businesses has also been a deterrent for banks to invest more in resolving these issues. However, the need to change is imminent and banks require solutions that are both adaptive and scalable to the business need at hand.

At Infosys, we believe that when it comes to loan origination, for banks to deliver on the promise of digital, they need a **fit for purpose loan origination system** that provides bankers a digital dashboard with a **360-degree view of the customer account** with borrowing capacity and conditional approval limits. The key here is to reduce data entry errors, remove unwanted steps, and bring forward key decision points to ease decision making. We also recommend using a solution architecture using an **agile development methodology** that allows for frequent verifications and incremental deliveries.

BUILDING A NEXT-GEN BUSINESS BANKING APP

A **leading Australian bank**, an Infosys client, was struggling with a **complex business lending process** which used legacy applications and a tedious paper-based process. This not only meant that the bank's business customers had to go through the hassles of producing heaps of paperwork, but it also meant a tedious and time-consuming process for bankers along with a significant possibility of human error, resulting in a less-than-satisfactory customer experience. To reduce the loan processing time, the client wanted to build a **smart application** with a responsive user interface design and faster response times. This application was also expected to provide bankers with the ability to view their customers' conditional limits, maturing facilities, and the banker's lending authority information upfront, integrated with risk and product systems.

To improve banker experience, and to transform and simplify the client's business lending processes, the Infosys team developed a real-time **smart lending application**, which worked as a wrapper around the legacy application, with a renewed user interface and added capabilities.

Our solution also implemented a new system of **conditional approval for loan**, based on the details shared by the customer, to be granted within a day, drastically reducing the time spent on loan approval. To speed up loan processing and give bankers the ability to access customer details quickly, we designed an **easy-to-use interface** that allowed for the process to be completed smoothly and speedily.

We also provided **agile consulting** using best processes and practices, for shifting the client to agile processes, with an agile coach on board.

While this application helped the bank on multiple attributes, one key area where it delivered true transformation was the time taken to update customers about the status of their loan approval, i.e. 'Time To Yes' and hence reduced the likelihood of losing business to rivals. From the previous 15-day waiting time to know loan approval status, the new application intimated customers about their **loan approval status in one day.**

The application also **reduced the time taken for customers to access funds** from their loan from the earlier 19 days to now **less than three days,** while also helping **bankers save more than 1.2 hours** for each transaction.

MAKING BANKS RELEVANT FOR THE DIGITAL AGE: THE FIVE KEY TAKEAWAYS

1 **Identify** and prioritize traditional business processes and legacy applications that need to be modernized

2 **Focus** on improving user experience for customer-facing applications

3 **Improve** user interfaces of existing systems by creating an application wrapper around legacy infrastructure

4 **Implement** agile mode of delivery and conduct training to get the business and technology aligned

5 **Bring** in expert coaches for implementation of practices such as Agile and DevOps

BIG LEARNING:

To say that banking is at the cusp of change is an understatement. The need of the hour is for bankers to learn from their peers in other industries such as manufacturing, that have embraced technology and automation, to gain from increase in productivity, reduction in operating costs, and an overall reduction in errors. Banks have a relatively simple choice to make hereon – be relevant in the age of digital or give way to newer and nimbler rivals.

WE DID THIS FOR THEM.
WE CAN DO IT FOR YOU.

To learn more about building digital experiences for banking, reach out to us at askus@infosys.com

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