



Mindtree

*Welcome to possible*



Modernizing corporate  
lending operations  
- an assessment study

VIEWPOINT



The corporate / commercial lending market is opening up and the time is right for banks to tap into the opportunity. Modernizing processes and setting up a scalable IT environment enabling operational efficiency, customer-centricity and risk management is a prerequisite to gain competitive edge. Implementing Commercial Off-The-Shelf Solutions (COTS) may prove to be expensive and time-consuming as they need to be heavily customized to suit business needs. Awareness of current gaps is critical to identify the best way forward for modernization. It is vital to assess process complexity, the disparate systems and the available documentation before drawing up the modernization roadmap.

### Modernization challenges faced by the lending sector

#### Function and process silos

Executives in relationship management, risk assessment and operations deal with several moving parts such as policies, workflows, business rules and systems in the overall lending function. This results in silos that impede the moving parts from working smoothly and in harmony. Silos prevent banks from delivering competitively priced facilities (fund or non-fund based) and superior customer experience before and after disbursement.

Silos occur when each department, function or process is supported by different software applications / systems. For e.g., credit request details of one customer is duplicated into different systems (possibly in different formats), by different users. This can seriously hinder the solution provider's ability to efficiently use technology to break through the silos.

#### Inadequate documentation

Lack of adequate documentation about processes, systems, policies and rules is another critical factor. They are often not in tacit forms and hence cannot be standardized easily. Some examples include employees using workarounds developed and refined over years of experience but not formally documented; templates created and stored only on the users' computers; e-mailed spreadsheets instead of specifically-designed systems.

#### People and version complexities

When policy changes (e.g. exposure limits to a specific industry) are communicated via email, it is hard to ensure that everyone is using the latest version of the spreadsheet. When people retire or move to other jobs, the business critical knowledge moves with them and sometimes out of the bank forever.

#### Current state assessment study – defining the starting point for the modernization journey

Assessing the bank's current state is the first step in the modernization journey. Mindtree understands the need for the assessment process to be quick, painless and non-disruptive. It must be broad enough to cover all elements related to corporate loan origination and deep enough to identify specific opportunities for improvement, uncover constraints and anticipate potential problems. Our intent is to provide a robust and well-documented basis to support further analyses, investigations and decision-making in your bank's business and IT context.

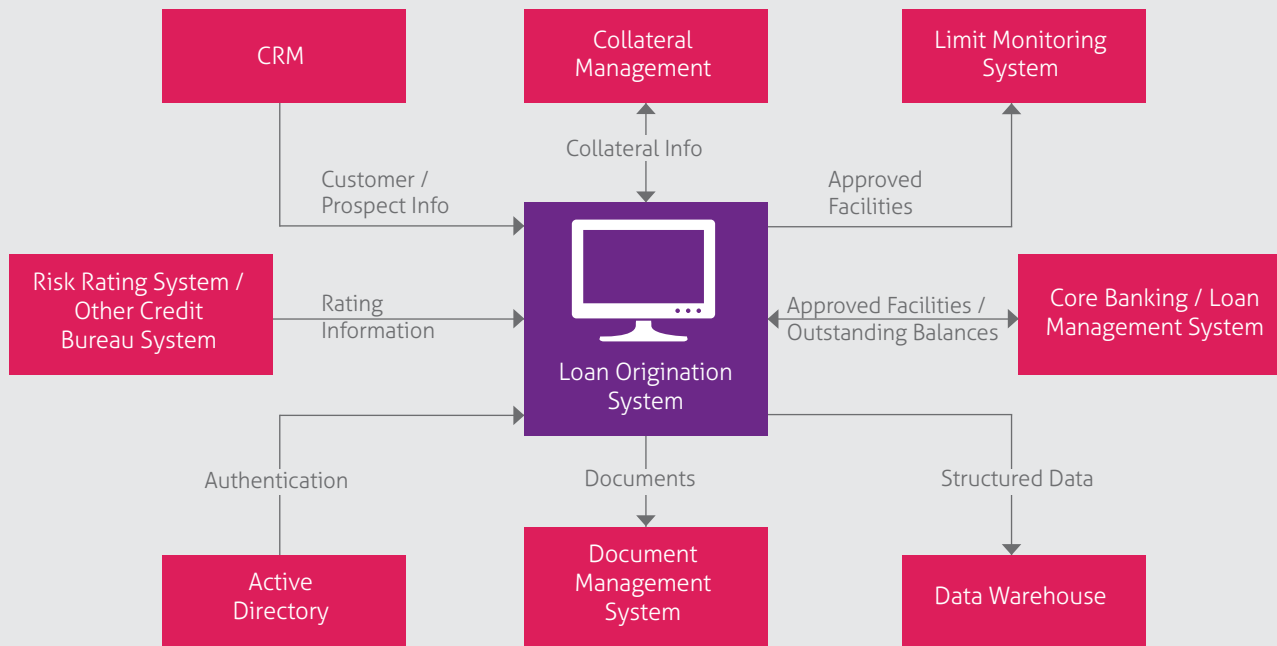
### Functional areas covered in the assessment

Functional Area	What we will typically cover
Bank set-up	Customer segments, locations, product segments, team structures etc.
Customer information management	Profile, ownership, KYC information, other banking relationships, relationships with other entities / groups, risk rating, security ownership, existing exposure across product lines etc.
Proposal management and loan structuring	Different proposal types (New / Enhance / Renew / Review etc.), fitment of customer facility needs with bank's product offerings, drawdown and repayment, covenants, terms and conditions, counterparty risks, collateral etc.
Exposure management	Budgeted limits across products, location, industry sector, customer type etc.; Direct exposure; Aggregate exposure; Regulatory compliances; Bank policies etc.
Process and task management	Activities and their sequence; mechanism for handoffs and escalations; SLAs / TATs; rules for seeking clarification, rework, reassigning tasks etc.
Approval management	Relevant credit approving authorities based on lending limits, exceptions etc.; Hierarchy of approving authorities; Different types of approval (in-principle, waiver, etc.)
Audit trail	Mechanisms for recording / tracking and reporting
User access and entitlement management	Role-responsibility matrix, approval limits available to individuals / roles, etc.
Customer engagement management	Means of communication with the customer, tools available to the customer to track the progress on loan requests, etc.
Reporting	Periodic and ad hoc reports for individual / team performance tracking; customer, counter-party and portfolio exposure related reports, etc.

Our assessment study will cover the following business aspects for each of the above mentioned functional areas.

- Organization structure and roles
- Business policies and practices
- Processes and hand-offs
- Control mechanisms
- Boundary conditions and constraints

#### IT landscape covered in our assessment study



Bank's existing corporate / commercial lending IT infrastructure and landscape will be assessed to specifically identify:

- Integration points of an LOS with existing systems
- "Quick win" opportunities for optimization (e.g. through parallel processing, elimination of redundancy etc.)
- Sources and targets for structured data within the LOS
- Technology-level constraints for implementation of COTS

#### Key deliverables from the assessment study

- A reference document for use in assessing alternative solutions. This will help accelerate the process of identifying the solution which meets business and technology requirements; with full cognizance of constraints caused by existing processes and systems.
- A list of non-value added activities with high-level redesign suggestions to help optimize current business process, without disruptive changes.
- A list of "quick win" opportunities to help plan the transformation journey, and to realize the benefits without a stretched time lag.

#### How we will conduct the study?

**Venue:** The study will be conducted at your premises, with our team visiting key locations to ensure that all your existing products and customer segments are covered.

**Time:** The time required for assessment will be proportional to:

- The scope and scale of your bank's corporate / commercial lending business
- The number of systems and applications involved
- Existing documentation of the systems and processes
- Amount of quality time, information and clarification that we receive from your bank's SMEs

#### Next steps

Please write to [Shobhit\\_Mathur@mindtree.com](mailto:Shobhit_Mathur@mindtree.com) to start the conversation.



## About Mindtree

Mindtree [NSE: MINDTREE] delivers technology services and accelerates growth for Global 1000 companies by solving complex business challenges with breakthrough technical innovations. Mindtree specializes in e-commerce, mobility, cloud enablement, digital transformation, business intelligence, data analytics, testing, infrastructure, EAI and ERP solutions. We are among the fastest growing technology firms globally with more than 200 clients and offices in 14 countries.