DocPro✳

CROSS-INDUSTRY
CONSUMER LOAN PROCESSING
Reduce risk while improving the customer experience

Create customer delight by accelerating loan processing with DocProStar, while remaining compliant and reducing risk. The right documents, in the right order with accurate, relevant information cross-checked across all systems. All critical data verified against the bank's database and business rules. Full compliance and control, with ease of interaction with the customer, throughout the entire transaction.

Meeting your customer's expectations requires knowing your customer. Today's borrower wants to experience the same level of customer service, speed, and convenience that they enjoy with their smartphone and at the coffee shop when going through lending processes, whether for an automobile, a phone, a TV, or a credit card.

THE SCENARIO

While more and more data today is becoming digitized and available to determine a consumer's creditworthiness, there still remain many manual processes associated with loan approvals that prevent banks from responding to requests within a competitive time frame. Consumers initiate the loan request process at the moment they are ready to buy, and the bank or lender that responds the quickest, with the best offer, wins. Banks, lenders, and financial institutions universally are always looking to mitigate risk while providing a fantastic customer experience…a feat that is almost impossible to achieve today without process automation.

Consumer loans often share the following document-centric challenges: high volumes, manual in nature and error prone. All of which result in an expensive process and lost opportunities.

The four most common consumer loans that fit this profile are:
- CD Secured Loans
- Unsecured Loans or Personal Signature Loans
- Vehicle Loans
- Real Estate Loans
- Small-Business Loans

"A fast end-to-end application process is the largest differentiator in auto loan financing."
- PWC

The process of receiving and approving applications for consumer loans is complex and time sensitive. Though the types of documents may be different for each type of loan, the document processing remains the same: collect various documents from diverse channels, understand each document in context, ensure all required documents exist within a customer account, and cross-verify critical personal data across the many document types and/or databases.

The loan application process is typically initiated by the consumer, whether via a mortgage broker, onsite at a dealership or any other consumer purchase point, which often is dependent on the type of product or loan being requested. The point in time that this process takes place is a vulnerable period with a critical outcome, as the bank, lender or auto dealer risks losing the sale if the consumer must wait too long for a response regarding loan approval.

The various channels through which information flows into an auto dealer or consumer shopping location, and ultimately to the bank or lender (and possibly their BPO or internal shared service center) for review are immense and complex, and it can be difficult to train employees to enforce compliance throughout the regulatory processes.

The loan application process requires the applicant to submit a number of documents to the lender, including an application and supporting materials such as proof of ID, proof of residence, employment pay slip, and tax payer ID, while other parties like an assessor, real estate firm, or dealership submit additional documentation about the asset and the loan. **Typically, consumer loan applications include a minimum of 5-10 documents.**

The documents arrive from various input channels. Some are submitted on paper, so the processor – whether bank or dealership or lender – must scan them to create digital images; some documents are submitted via mobile, websites and email. Upon receipt, the institution processing the loan might send all of these documents together (as a bundle) to a number of banks or lenders for loan consideration. **At this point in time, it's important for the bank or lender to act very quickly.** The consumer is waiting for a response, and with multiple banks or lenders competing simultaneously, every minute counts.

Banks or lenders sometimes rely on a business process outsourcer (BPO) or an internal shared services center (SSC) to formalize the bundle of documents—reviewing the application for completion and ensuring it adheres to the business rules and meets the risk assessment so that the bank or lender can respond to the request for loan approval. Because the BPO or SSC are often removed from consumer interaction, **managing the receipt, classification and data extraction of many different document types from different input channels creates processing challenges** that pose a threat to competitive response times.

These processing organizations employ dozens of operators, who are trained on the specific regulatory requirements of each lending process and corresponding business rules. Yet, there are often changes to this process, which requires many hours of additional training and results in error and lengthier processing times. **In addition to issues of time, there are also challenges in document quality** and strictness adherence to the business process. For example, documents often arrive as a paper copy of an original document, which is then scanned, reducing the quality even further and making it difficult to manually extract data accurately.

Anti-fraud checks must also be performed on the documents, which require integrations with banking and government systems; for example, to validate the authenticity of an ID card. **Any time a document is missing, or the application is otherwise found to be incomplete, an exception process must be initiated** before the application can be considered for final approval. This results in an excessive amount of paper being pushed around and waiting on people's desks to review and respond to the bank, lender or processor, impacting efficiency, time, and increasing the opportunity for errors and fraud.

With such a high volume of manual tasks involved, **the entire document formalization process can take anywhere from 2-8 days per transaction on average**. This means that, in order to meet competitive service level agreements (SLAs) for loan approval, for example, banks and lending organizations are often approving and disbursing loans before the formalization process is complete, creating substantial increases in financial risk for the bank or lender.

Leading banks, lenders, and their internal and outsourced processors have worked with TCG to implement solutions that radically reduce the loan application processing time. These organizations see millions of dollars saved in processing costs using DocProStar to automate the formalization of documents required for the loan application.

Often, these organizations will integrate DocProStar to handle the loan documents directly as they arrive from the consumer, ensuring that the processor receives only complete, accurate, digital information to process. In addition, TCG can support a processor or lender's mobile application offering, which can be integral to an improved customer experience.

THE DIGITAL PROCESS: CAPTURE—UNDERSTAND—ACT

Digital Experience

An improved customer experience begins when the applicant takes a picture of their ID with a mobile device at home or at the lender's location, instead of keying or writing in details on a form. For known customers, who may already have a relationship with the lender, the data on the ID offers immediate access to customer account details, risk analysis, credit history, etc. thereby allowing the lender to make a decision more quickly. With customer information at the ready, the amount of supporting documents required may also be reduced.

Capture/Normalize

The applicant provides all required documents in various formats (paper or electronic) and through various channels (post, email, mobile app, etc.) often before an in-person meeting or approval is required. DocProStar first digitizes and standardizes the documents for further processing, and puts all required documents pertaining to a consumer loan together. Additionally, DocProStar can be integrated with the bank's systems, so when documents are scanned to a bank or lender's system, or captured via a mobile app, DocProStar receives them automatically. With use of the TCG mobile SDK, lenders can improve mobile capture quality as well.

Classify/Extract

Next, DocProStar uses artificial intelligence (AI) to automatically classify all documents and determine their document type. A preliminary checklist is performed to ensure all required documents for the loan in question are present before the process advances. (Missing documents or documents with valid dates may be automatically requested and put into the correct account once provided.)

With bot-driven automation, DocProStar automatically extracts all necessary data – sometimes as many as 30 fields – from each document, like names, addresses, ID numbers, check box input, etc. All extracted data can be verified by cross-checking against the bank's database, government databases and/or against relevant data from other documents in the loan process, and leveraging intel in blacklists, whitelists, existing customer data, etc.

Validate/Verify

DocProStar then validates that the application includes all required documents, in the right order, confirms the extracted information is accurate and complete, and checks the data for consistency across all documentation. For example, the bank's process might be to cross reference the address from the application against the address on the proof of ID as well as the proof of income documents. Before the customer can be confirmed for a loan, information from the application is automatically verified by the solution to prevent fraud and ensure compliance with regulations.

Review/Formalize

Utilizing the bank's business rules, DocProStar reviews the dossier to ensure that it is complete, and rules are accurately matched. If any required data or document is missing, invalid or a risk threshold is identified, a notification is triggered for corrective action. The DocProStar notification   pinpoints exactly what needs to be reviewed by a user to minimize the time and effort required to keep the process moving forward.

When it is time for the final formalization and loan approval the bank or lender, DocProStar offers an ergonomic user experience to make any necessary human intervention quick and easy.

Transact/Execute

Once formalization occurs, all documents and data are seamlessly handed over into the bank's existing systems to execute the actual loan transaction. At the close of the process, DocProStar delivers all of the compressed files associated with the transaction to the bank for permanent storage.

DOCPROSTAR FOR LOAN PROCESSING

| NORMALIZE | CLASSIFY/EXTRACT | VERIFY | REVIEW | EXECUTE |
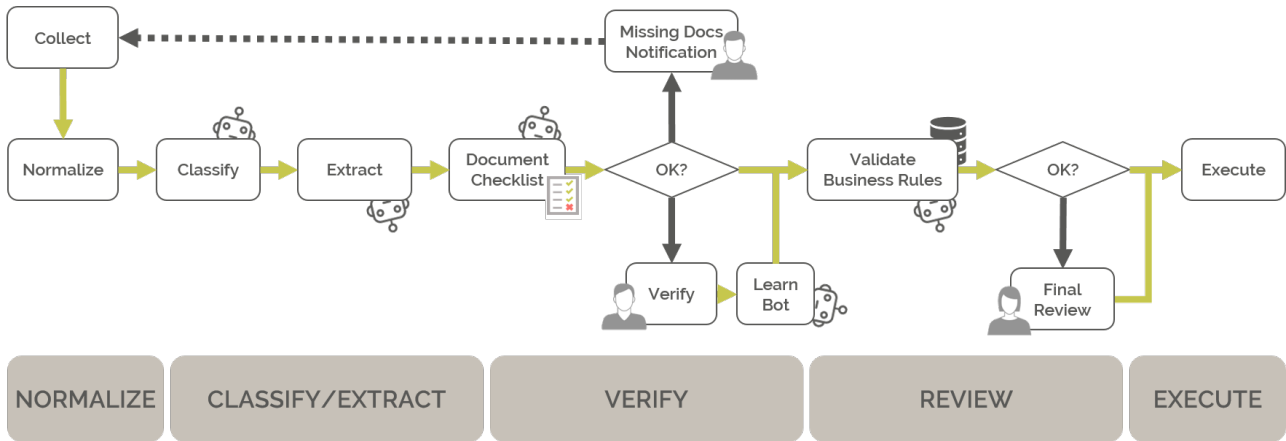
PROCESS AUTOMATION BENEFITS

HAPPY CUSTOMERS

Because the processors are able to dramatically expedite the loan process, its bank customers are able to respond to inquiries sooner, and **win many more loans as a result**. Both lenders and processors reduce operator fatigue and training costs due to a simpler process.

REDUCED RISK

By disbursing funds only when the entire loan formalization has automatically passed all business rules, checks and processes, the bank has significantly reduced its risk, as well as the percentage of loans that default. Proper data and process flows give banks and lenders the critical information needed to **make better, faster decisions on risk and to set rates competitively based on risk data**.

DRAMATIC ROI

Lenders reduce processing time from days to minutes, and can save millions of dollars per year in reduced loan processing and data entry costs. Operator headcounts at the processor site, whether BPO or SSC, may remain the same, but the number of transactions effectively handled per person each month can see a dramatic increase.

CONSISTENT & COMPLIANT AUTOMATION

There is no longer a reliance on processor operators to ensure business rules are adhered to. The channels of information flows in these organizations are immense and overwhelming; it can be tough to properly train and expect employees to enforce compliance. DocProStar formalizes the documents and turns them into actionable data, while **ensuring that the business rules and automated processes are followed**, so the loan can be approved with confidence. New rules can be added, or existing ones changed, on the DocProStar platform without the need for operator training.

PROCESS AGILITY

DocProStar's automated process provides both the processor and the bank **quick and safe adaptability to handle changes in document, data, and workflow, modifications to business rules, scaling the system to handle peak volumes** (cloud and on-premise), and interfacing with backend systems used by lenders, banks, and government. Because business rules are integrated with core systems, any changes to risk levels or validation requirements are immediately reflected. The solution smartly combines people and bots with a no-code/low-code approach so IT can adapt quickly.

ABOUT DOCPROSTAR

TCG's DocProStar automates end-to-end processing for a wide variety of document-centric use cases in banking such as account opening, lease applications, consumer credit, mortgages, accounts payable, and generic digital mailroom for banks. TCG's intellectual property provides a modern, robust, and highly scalable platform including Robotic Process Automation (RPA), Artificial Intelligence (AI), and other advanced technologies to achieve a new degree of efficiency in administrative processing. Compliance is built in and implementation times are shortened due to the platform's no-code approach and flexible deployment options (private or public cloud, on-premises). Organizations using DocProStar reduce costs, speed transaction times, lower risk, and offer greater value to their customers and business partners.

ABOUT TCG

TCG is an international organization solving business process automation (BPA) challenges with its DocProStar platform, digitizing and automating complex processes across enterprises like Banking/Finance, Insurance, Healthcare, Public Administration and their business process outsourcers or shared services organizations. TCG markets solutions direct-to-customer and via partners, on 5 continents.

TCG⫿
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