



HCL IMPLEMENTS LOAN ORIENTATION PROJECT FOR A **MULTINATIONAL BANK WITH FOCUS ON BASEL II COMPLIANCE AND AUTOMATION**



About the Client

Headquartered in Auckland, the client is a banking major with operations spanning across several countries. The bank's ecosystem comprises 1,429 branches, 32,620 employees, and over 13.1 million customers. The bank is well-known for its lending and mortgage solutions, credit cards, and retail products. It specializes in residential lending and institutional banking.



Key Challenges

The bank witnessed challenges pertaining to world regulatory credit compliance (Basel II). It was striving to meet the 'consumer finance' terms of the Basel II Accord while introducing significant technological improvements, which included replacing the existing system integrated with the Assist platform. Additionally, the bank was aiming at uniform decision making across channels. It intended to develop a one-stop solution which would match its lending requirements and ensure consistency in the lending decisions across channels. Furthermore, the bank was deliberating on automating the creation of loan documents and minimizing manual intervention.



The HCL Approach

HCL's New Zealand Loan Origination (NZLO) project for the banking major aimed at developing a next-gen lending and mortgage solution in the same architecture and technology as the Assist program, which had been delivering multiple projects successfully. The scope was replacement of the Loan Application and Drawdown (LAD) application as well as associated components to ensure compliance with Basel II.

With NZLO, the focus was on empowering the bank's staff by providing them with a lending platform to ensure Basel II compliance. It also provisioned a Loan Origination system which satisfied the credit data capture and process requirements of Basel II. The flexible and intuitive Loan Origination system replaced LAD, allowing a customer-driven approach at every stage of the lending lifecycle. The key technologies used in NZLO comprised DB2, object to relational modeling via Hibernate, IBM Websphere application server, J2EE (Java, Struts, JSP, EJB), Rational Suite (RAD, Clear Case, Rational Rose) and Accelio for reports.

The staff was also empowered to undertake automated and consistent decision-making across channels used to process the consumer loans such as term loans, equipment finance loans, home loans, personal loans (both secured and unsecured) and overdrafts (personal and business). HCL's NZLO project involved prototype preparation, UI, preliminary and detailed design, requirements study, coding and unit testing, systems, integration, and performance testing and Go-LIVE.

The solution seamlessly blended with the Westpac Assist platform, leading to the formation of a core sales customer platform. The systems integrated into the interface comprised sales activity, leads and referral, Experian credit decision engine, and Baycorp for credit ratings.

HCL was also involved in independent integration testing of the NZLO application and project management. The tool, PM Smart was used for project management.

The key features of the solution are as follows:

- Facilitated seamless loan origination process and affordability
- Ensured integration with security register and existing CRM solutions
- Catered to home loans, term loans, equipment finance, and mortgage solutions
- Dealt with not just new loans, but also loan top ups, loan rescheduling, and loan security release
- Functioned as a single 'decision engine' and guaranteed integration with credit check agencies
- Embedded with document scanning, storing, and retrieval features



Business Benefits

The end-to-end lending process of NZLO helped:

- Ensure BASEL II compliance by meeting the credit data capture and process requirements
- Reduce TTFY from over 8 hours to less than 4 hours
- Reduce headcount by 30% in loan processing center
- Increase lending amount by 8% driven by targeted business growth and home lending (lending totaled \$71.7 billion in the first half (H1) of this financial year)
- Replace the current LAD application through cutting-edge technological upgrades
- Enable automated and consistent decision-making across channels
- Implement a customer-centric framework at every stage of the lending cycle
- Ensure the system efficiently captures and processes the lending applications for personal loans, mortgage market, and overdrafts

Some processes that the solution encompassed include scenario modeling, data capture, decision-making, document generation, and disbursement. It enhanced the operational efficiency of the bank by bolstering general security and compliance, workflow, reporting, loan maintenance (inclusive of securitized loan management), and sales.



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