

Transforming customer experience through instant lending within minutes

Scalable, global, and effective solution by leveraging Pega platform



About the client

The client is a large bank in Europe. Their vision is to provide customers with solutions to manage their financial well-being. The bank's strategy is to credit loan amount to customers' accounts in minutes.



Overview of current state

The loan origination process of the bank was fragmented between multiple disparate systems. The customers had to submit a manual/online application form and the supporting documents. Once the loan is processed, the loan contract is emailed to the customer. The customer needs to sign the contract, and send the scanned copy to the bank for loan closing and disbursement of funds. Following are some of the key challenges.

- **Branch based with only 6% fully digital**
- **Excessive manual paperwork** in loan processing
- **Limited cost synergies** due to manual document verification
- **Affordability assessment based on physical income proofs**
- **Email-based loan contract exchange**



Solution Levers

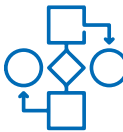
- **Accelerate data-driven decisions through cash flow analysis based on customer's CASA (Income detection models)**
- **Strong workflow management** to improve Straight-through Processing (STP) and automation
- **Leverage the power of reusable capabilities through Pega's layer cake approach**
- **Digitally-driven application process** to reduce branch visit and reduce operational risk
- **Digital consent management** for GDPR compliance
- **Advanced API-driven architecture** enabling accelerated information exchange such as credit bureau, etc.



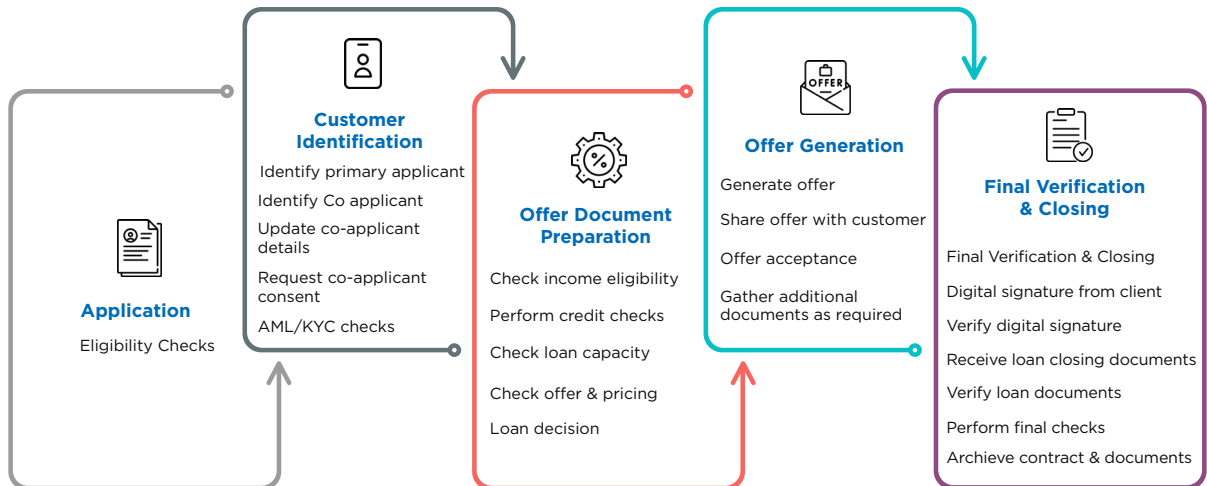
Business background

The loan origination is used to provide loans to retail customers. It supports products in the form of loans from 2,000 to 90,000 Euros:

- Personal loan
- Overdraft
- Student overdraft



Business flow



Business benefits

- Transformed lending experience for the client – **Loan credited to the bank account within a few minutes**
- **Completely digital journey** reducing the manual verification by back-office team
- **Enhanced stakeholder experience** through creation of a single loan processing tool
- **80% of automation** in the loan origination process reducing the operational risk
- **60% improvement in cost synergies** through optimization of the digital customer journey and corresponding restructuring of staffing models



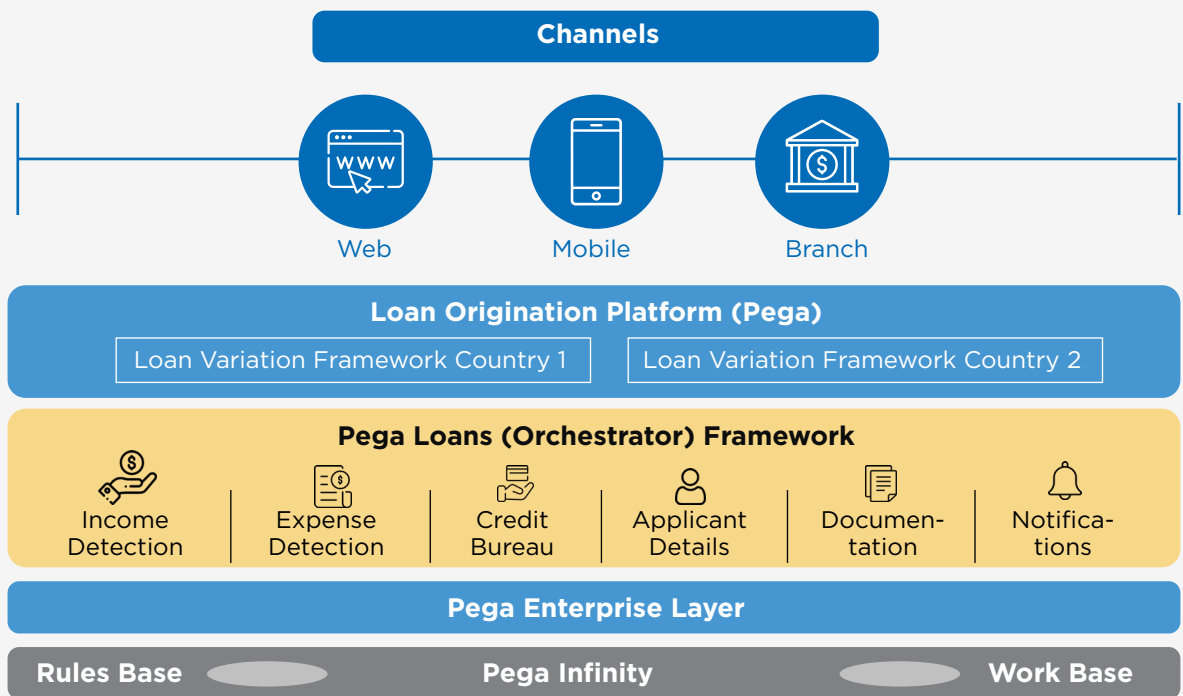
Solution overview

HCL designed and built the loan origination solution leveraging the Pega platform. The complete solution was built by leveraging the Pega layer cake approach. The complete architecture is API-driven and connects to multiple internal and external systems to:

- **Get applicant details**
- **Evaluate the eligibility**
- **Complete fulfillment of loans**
- **Manage documentation and archival**



Solution approach



Solution details

The consumer loan origination platform is completely designed and built in the Pega platform. HCL proposed and adopted a headless Pega approach, with the UI built on Polymer and Finacle components for middleware.

The complete workflow lies on Pega and it calls the respective services to complete the loan process such as:

- Income/Expense detection models to validate salary credit information and spending patterns for loan capacity
- Credit check bureau
- Internal core banking application to validate the customer details
- Custom-built credit scoring engine to deduce applicant eligibility

Framework Features:

● Loan Variation Framework

- ◆ Implementation layers are maintained by the application teams
- ◆ These layers consist of business logic specific to that implementation
- ◆ Case types, flows specific to implementation for the respective country

● Pega Loans (Orchestrator) Framework

- ◆ Pega loans framework is a reusable layer consisting of the logic to connect to different systems
- ◆ The framework caters to solutions and flexibility to onboard different countries
- ◆ Any new implementation can reuse the class and data structure along with the connection matrix

● Pega(PRPC) Domestic Bank Layer

- ◆ The platform handles the infrastructure along with the division and organization layer for the loan origination solution
- ◆ The platform also supports the infrastructure across multiple environments including upgrades, patch fixes, etc.
- ◆ The organization and division layer provides additional reusable components which are used by Pega applications across the bank

HCL has successfully rolled out the lending platform for multiple countries in Europe by leveraging the Pega loans framework.

With more than 30 years of experience and over 80+ implementations in the lending space, HCL has been the strategic partner for banks and financial institutions in lending transformation programs across multiple geographies. Leveraging a strategic partnership with Pega, HCL has helped the top 20 banks across the globe to accelerate digital adoption and drive business outcome-led initiatives.

For more info on the HCL-Pega relationship, [click here](#)



www.hcltech.com

HCL Technologies (HCL) empowers global enterprises with technology for the next decade today. HCL's Mode 1-2-3 strategy, through its deep-domain industry expertise, customer-centricity and entrepreneurial culture of ideapreneurship™ enables businesses to transform into next-gen enterprises.

HCL offers its services and products through three lines of business - IT and Business Services (ITBS), Engineering and R&D Services (ERS), and Products & Platforms (P&P). ITBS enables global enterprises to transform their businesses through offerings in areas of Applications, Infrastructure, Digital Process Operations, and next generation digital transformation solutions. ERS offers engineering services and solutions in all aspects of product development and platform engineering while under P&P. HCL provides modernized software products to global clients for their technology and industry specific requirements. Through its cutting-edge co-innovation labs, global delivery capabilities, and broad global network, HCL delivers holistic services in various industry verticals, categorized under Financial Services, Manufacturing, Technology & Services, Telecom & Media, Retail & CPG, Life Sciences, and Healthcare and Public Services.

As a leading global technology company, HCL takes pride in its diversity, social responsibility, sustainability, and education initiatives. As of 12 months ending on December 31, 2020, HCL has a consolidated revenue of US\$ 10 billion and its 159,000+ ideapreneurs operate out of 50 countries. For more information, visit www.hcltech.com