

HELPING TO OVERCOME LOAN SERVICING PAIN POINTS WITH SMART BUSINESS PROCESSES

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Achieving efficiency, access control, and sustainability goals in processes for onboarding loans, billing and payments, and loss mitigation can pose a huge challenge for loan servicers. Canon's business process automation products and services can help.



Loan servicing can be a difficult business that often involves complicated document and data workflows across the loan cycle. But a few stages of the cycle stand out for their particular complexity and the need for effective processes to help manage them efficiently, and to fulfill increasingly rigorous sustainability objectives and lessen security risks.

When onboarding loans, servicers frequently contend with document and information flows from multiple origination systems. Bulk transfers of loans can involve incompatible servicing platforms, with documents and data delivered in formats and structures that have to be reconciled. Missing documents can disrupt downstream processes, including foreclosures, and can create problems during a loan handoff, which can alienate customers.

A survey of industry professionals shows that billing and payments continue to involve a considerable amount of manual work. Escrow computations for property taxes and insurance can be especially challenging, and often involve a steady flow of documents and information between servicers and third parties.

Loss mitigation can strain systems built largely for performing loans. Loan modifications essentially replicate the document burden involved in the underwriting, with additional constraints imposed by regulatory protections for troubled borrowers and investor guidelines about how to provide relief, whether monetary or in terms of extended time to repay. When foreclosing on a loan, documents must be accessible and servicers must follow careful procedures.

In onboarding, billing and payments, and loss mitigation, business process automation can help servicers rationalize and streamline workflows. Documents and data delivered to servicers across modes – email, fax, internet portals, or hard copies that have to be scanned

– can be captured, stored, shared and processed in a user-friendly environment. Business process automation helps give servicers a clear picture of their holdings of documents and where those documents are in the processing cycle. Automated alerts and notifications can help servicers keep their processing tasks on track. Managers can use dashboards and data analytics to help monitor activities and performance both for individual employees and the organization as a whole.

Moreover, as the risk of cyberattack grows and protecting consumer privacy becomes more important, business process automation offers powerful security features. Sensitive consumer information passing through the components that make up an automated business process system can be safeguarded by encryption and other measures. Document access can be restricted to authorized personnel and tracked by user, which can create an audit trail that can help firms spot and defend against malicious behavior.

Capabilities like document encryption and access control are vital for firms trying to adhere to demanding new consumer privacy standards. The European Union's newly enacted General Data Protection Regulation requires that companies keep a complete inventory of the information they have on EU consumers, and control and monitor who uses it.

Further, business process automation enables users to set rules and policies to control printing and document access that can help reduce printing costs and resource waste. Unchecked, there is a tendency for people to print out pages and pages of unnecessary documents as a safeguard. Business process automation can help servicers track and restrain printing usage – by logging activity by department, for instance, or instituting rules on color printing versus black and white – and help them meet sustainability objectives. ■

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