Consumer Lending

Loan Origination System for a Large Mortgage Bank
The client needed an integrated Loan Origination System (LOS) that could cater to diverse business requirements and interface with legacy systems during and after deployment.

**The Client:**
The client is a leading residential mortgage originator in the US and provides financing for the acquisition, development, and improvement of single-family homes through its award-winning electronic platform that automates underwriting and risk-based pricing.

**Business Situation:**
The various business units within the bank used multiple and sometimes independent systems to support day-to-day operations. As a result of the existence of multiple systems, substantial support and maintenance effort was expended to cater to data integrity, system interfaces, regulation and compliance, and workflow issues.

To resolve such issues and to ensure that business units did not feel the need to develop their own systems to cater to their unique requirements, the bank decided to implement a new Loan Origination System (LOS) common to all business units.

The new system will be an off-the-shelf product that can be customized and enhanced to fulfill the following client requirements:
- Support future product releases and changes in business processes
- Interface with other critical systems in the bank, including the legacy systems
- Incorporate and streamline the existing processes of various business units
- Smooth deployment and no disruption to the existing operations of the bank.

**Approach:**
The deployment plan was split into seven different releases catering to different mortgage functionalities:
- Base LOS Setup and Verification
- Generation of Fees
- File Registration & Disclosure Generation
- Conditions Processing
- Scheduling & Underwriting/Pre-funding Quality Control
- Point of Sale Integration
- Funding

The release sequence was planned based on the following points:
- Prompt implementation of “Quick wins” to provide early benefits and eliminate pain points
- Early implementation of functionalities that provided the highest incremental value and impacted all business units
- Early deployment of functionalities for which related processes could be outsourced post deployment
- Deployment of functionalities with minimum disruption of business performance
- Delineation of the implementation into clearly defined and manageable projects.

The off-the-shelf LOS was modified and enhanced to cater to the client’s requirements and the required functionalities were rolled out as per the release plan. At present, releases catering to re-verification and generation of fees have been rolled out. With each rollout, the corresponding old functionality was retired from the existing systems at the bank. For unreleased functionalities, the new LOS interfaces with existing systems without compromising data integrity and business process integrity. BizTalk was employed for such interfaces and data was shared among the different systems through XML and Web services based communication.
Technology:
- Microsoft .NET Platform
- SQL Server 2000
- XML
- BizTalk Server 2000
- Web Services

Results:
- Ongoing cost saving achieved due to reduction in support and maintenance requirements.
- Data integrity across different systems maintained.
- Business processes streamlined and rationalized across business units.
- Flexible architecture implemented to cater to changing business needs.
- Standardization of the client’s technology architecture achieved by ongoing phase-out of disparate systems.
- New systems added due to mergers and acquisitions were absorbed into the standard technology architecture.
- LOS releases implemented across all business units, leading to system standardization.
- Availability of all functionalities on the web. This was not possible earlier in the legacy systems.

Cognizant Banking & Financial Services Practice:

Banking & Financial Services (BFS) is one of the key industry domains serviced by Cognizant. The vertical has experienced associates in the domain, offering cross-platform software solutions to different segments in this industry. In order to specifically address the needs of the BFS industry, Cognizant’s BFS Practice leverages our comprehensive understanding of the business and technology drivers, helping deliver quick and innovative solutions to an industry that thrives on speed, efficiency and bottom-line results.

Cognizant’s focus is on constantly updating its domain knowledge and expertise. This favorably impacts our ability to provide quality solutions in tighter time frames, in addition to technical delivery superiority. Cognizant monitors the trends in the BFS industry closely - initiatives and developments such as Basel II, Reference Data, Check 21, MiFID, Prime Brokerage, Trading Systems, and orients itself to emerging domains quickly.

Cognizant is uniquely positioned to provide an “inside-view” of the emerging needs of the industry. A dedicated team of Business Analysts with cross-domain industry experience is involved in monitoring the industry and evolving solution offerings to give clients a sustainable competitive advantage through cost-savings and increased operational-efficiency.

Cognizant works on a diverse portfolio of projects in areas of BFS covering Retail Banking, Consumer Lending, Cards & Payments, Wholesale Banking, Risk Management, Investment Management, Investment Banking & Brokerage, Custody & Clearing Services, and Corporate Services.