STREAMLINING MORTGAGE PROCESSING WITH RPA

How we utilized robotic process automation (RPA) to improve a bank’s mortgage servicing process, reducing errors and costs, and accelerating loan processing.

Residential mortgage servicing often relies on independent servicers who handle day-to-day loan management for the borrowers. They accept and record mortgage payments, calculate variable interest rates on adjustable loans, and negotiate and modify mortgages when there is a default.

All of this information must be transferred accurately to the financial institution that holds the mortgage. If the interest rates and principal amounts in the bank’s internal system are incorrect, the result will be incorrect remittances and dissatisfied customers.

A major banking and financial services company was operating with highly manual mortgage servicing process in which an analyst had to reconcile loan information from eight different mortgage servicers, often with the help of an in-house IT support team. The quality of the data coming from the mortgage servicers was inconsistent and prone to error. The process was slow and inefficient, in part because the analyst needed to wait for additional input data from the

AT A GLANCE

A major banking and financial services company wanted to streamline its inefficient mortgage-servicing process. We developed an RPA-based solution to help the company save on operating costs while reducing error and improving speed and efficiency.

Outcomes:

• 97.22% average handling time reduction.
• $50,000 in savings per year.
• 60% increase in loan processing capacity.
• 200 hours of manual effort saved.
• About 15,000 mortgage loan level breaks processed since the solution went live.
IT support team. Plus, because loan volumes were heavy, the analyst had to prioritize and address only the most important cases.

The company asked us to design and implement a solution that would automate the process. We saw an opportunity to introduce robotic process automation (RPA), which is proving to be extremely effective in environments that rely on manual, rule-based processes and structured, digital data. The Residential Mortgage Accounting solution uses RPA to standardize the data received from the servicer while eliminating the need for the in-house IT support team.

The new process is creating virtual capacity to review and resolve all variances, saving the company $50,000 per year, and average handling time per case has been reduced from three minutes to five seconds.

**Streamlining the Process**

The Residential Mortgage Accounting solution that we designed and built for the client ensures that the mortgage system is updated accurately as loan terms are modified. A monthly comparison is performed to identify and amend principal and interest rate loan-level differences in the client’s mortgage system.

The solution automates the method of analyzing input files, performing comparisons and expediting updates in the mortgage system. To streamline comparison between data sets and ensure there are no exceptions, a bot standardizes the data received from the servicer file according to the in-house loan data format. The bot taps into the application’s querying capability, extracting data based on pre-defined rules and streamlining the process.

**Handling Exceptions to the Rule**

The solution is equipped with a robust exception-handling mechanism capable of distinguishing transactions that fall out of the norm. These exceptions are logged and a report is shared with the operations team for intervention. When the process is complete, the operations team is notified of all the updated loan details.

Today, the bank is operating with an accurate, cost-effective mortgage-processing operation. Average handling time has been reduced by more than 97%, and the company is saving $50,000 per year.

For more information, visit our website [https://www.cognizant.com/cognizant-digital-operations](https://www.cognizant.com/cognizant-digital-operations)

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