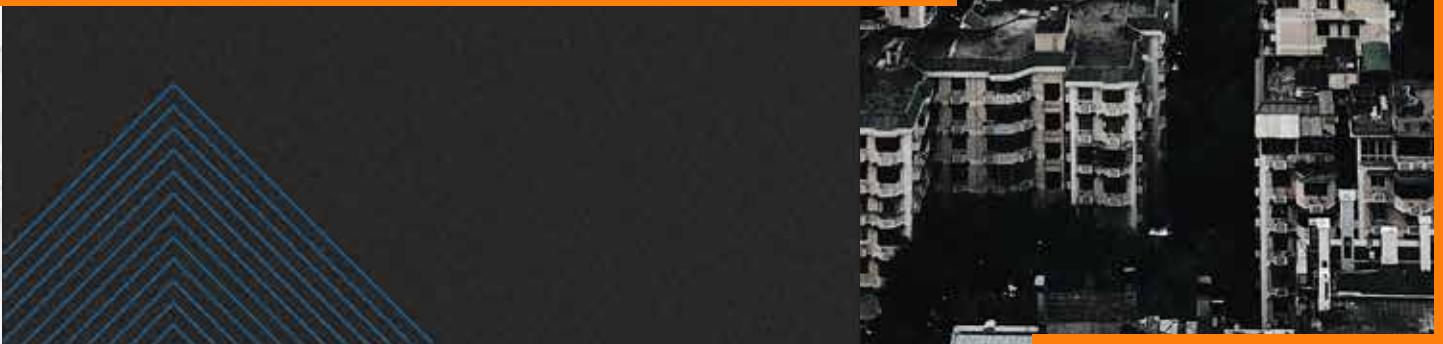


Agile Analytics for Banks

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Empowering Consumer Lending
with Data-Driven Precision



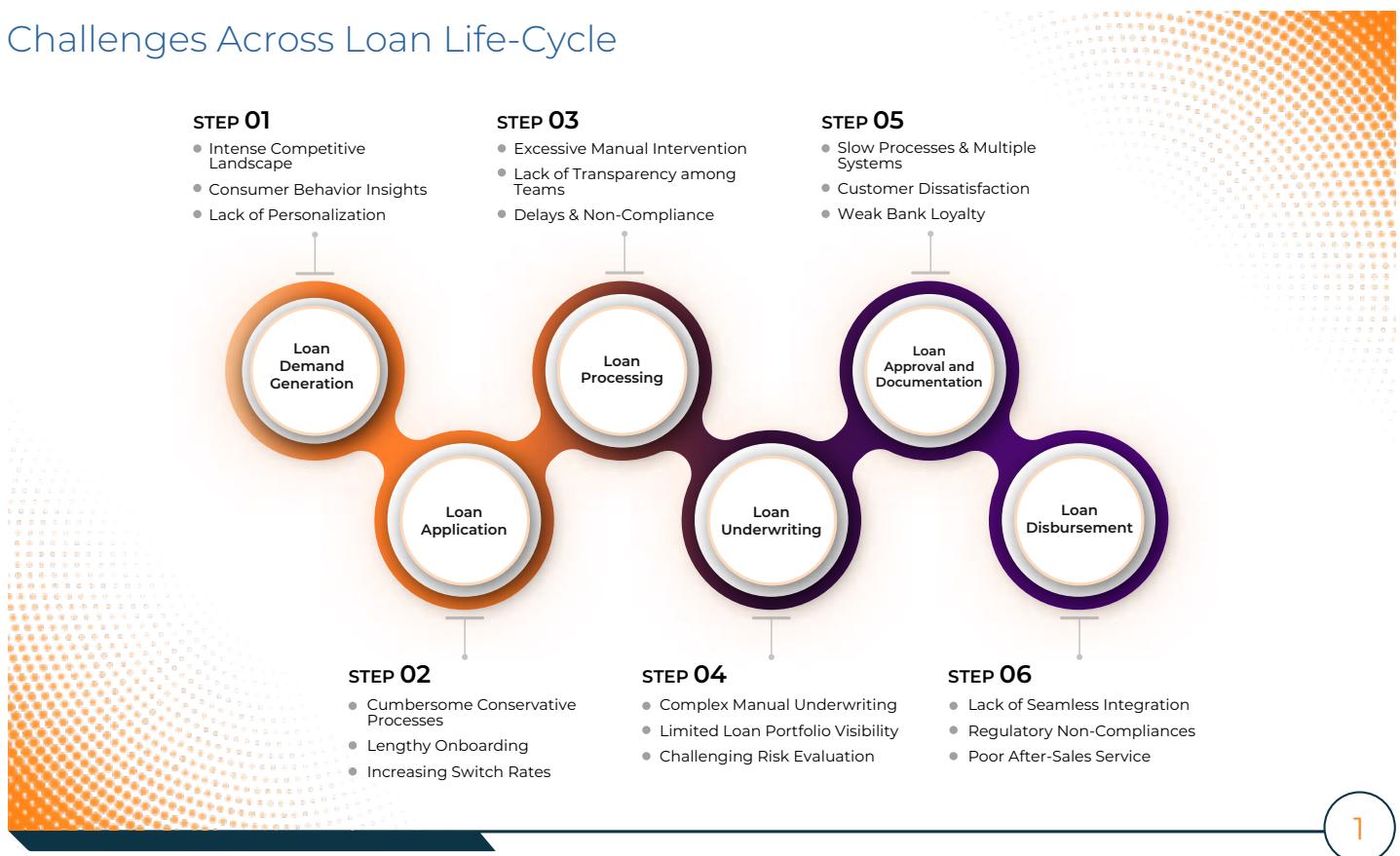
Executive Summary

The US economy has always been at the forefront of digital transformation and its ripple effects can be witnessed in the banking industry as well. Silently, yet powerfully, each new wave is reshaping how banks operate and how customers experience such services. In fact, according to the American Bankers Association^[1], nearly **84% of US consumers have seen improved access to banking services**, all thanks to tech innovations that banks are adopting to improve customer experience. In this landscape, staying competitive isn't just about offering the best rates or the most convenient branches. It is about being on the digital frontier, where tech advancements aren't just tools—they are the foundation for deeper customer loyalty and aspirations.

Customer's demand for seamless, personalized, and secure interaction at every touchpoint is propelling banks to rethink their strategies. **80%^[2] of the customers are likely to switch banks if the competitor offers a better customer experience**. Thus, keeping their customer's priorities in mind while offering services, some banks in the US have deployed AI models that help speed up credit decisions. This provides pre-approvals for some of the applications within seconds. Some are using predictive models to reduce wait times and make buying less stressful. Consequently, the question for the banks is no longer whether they should adopt these technologies, but how quickly they can integrate them into their systems and infrastructure to remain relevant and competitive. It is now more about how swiftly and effectively banks can become customer-responsive. They, therefore, need to overhaul their conventional infrastructure (if not already started) to become compliant, and flexible, with a data-rich analytics-powered environment.

In the retail banking world, each step is riddled with different challenges. From legacy and outdated infrastructure to regulatory non-compliance, stiff competition, and shifting consumer preferences – banks are constantly under pressure to evolve. Thus, the sooner they adapt to the different adversities – the faster they will be able to deliver unparalleled value.

Challenges Across Loan Life-Cycle



1 Loan Demand Generation: Harnessing Data to Drive Demand

Banks face stiff rivalry from traditional companies, fintech, and non-banker lenders. Further, the inability to acquire new customers due to a lack of information about their financial psyche, consumption patterns, or behavioral tendencies, inhibits banks from offering them requisite personalized solutions. Banks are unable to win over customers and convert potential borrowers. Data-driven targeting and personalization can help identify potential borrowers, evaluate their needs and behaviors, assess risk, check creditworthiness, and speed up the customer onboarding process. By gathering insights into their competition's landscape and benchmark performance, banks can strategically position themselves in the market and stay ahead in an increasingly crowded marketplace. Moreover, the power of GenAI is expected to have a manifold impact. GenAI can assist in understanding the customer's wants more proactively and help provide suitable offers to upsell or cross-sell existing products.



US banks are likely to witness an increase in loan demand as interest rates decline in 2024. Banks that leverage their customer data will be better positioned to capitalize on this trend by offering personalized solutions at the right time.

Federal Reserve^[3]

One of the leading banks of the US uses predictive analytics with hyper-personalization to optimize its loan offerings. The bank developed machine-learning algorithms that identified patterns of its customers – if someone spent too much on vehicle repairs or long periods without any vehicle purchase might imply that the customer is out looking for an auto loan. On identifying such potential customers, the bank offered customized loan offers via different channels suiting their specific needs. As customers interacted with the bank, predictive analytics refined the loan offers in real-time behaviors. The bank saw a significant increase in auto loan demand and increased customer satisfaction levels.

2 Loan Application: Streamlining the Process with Digital Solutions

Conservative banking processes are notoriously cumbersome as they rely on physical documentation procedures that often contain errors. This triggers in delays, inefficiencies, increased operational costs, and a suboptimal customer experience. Customer onboarding takes longer and gives rise to higher switch rates. To overcome these challenges, banks should overhaul their systems and implement AI-driven solutions that offer real-time insights. AI-based document analytics automates paperwork, removes errors, streamlines processes, and speeds up verification procedures. AI algorithms ensure all regulatory and internal compliance requirements are met and consumers are happy with the quick and paperless onboarding experience.



AI, and automation when implemented across different banking functions can help improve employee productivity, save costs, and improve customer experience.

McKinsey^[4]

A leading bank in the US deployed AI and machine learning technologies to automate the Know Your Customer (KYC) and Anti-Money Laundering (AML) processes. The platform gathered and analyzed customer data from various sources, including credit history, financial transactions, and behavioral patterns.

This enabled the bank to better understand the risk profiles, made customer profiling faster, and more accurate, and adjusted loan limits and interest rates. The entire customer verification process was automated. This cut customer onboarding time, reduced loan approval times, and ensured better compliance by reducing fraud.

3 Loan Processing – Enhancing Efficiency with AI and Machine Learning

In the third stage, banks often grapple with excessive manual intervention, which can slow down their workflows and increase the risk of errors. Another critical issue is the lack of visibility among different teams, causing communication breakdowns and inefficiencies. The inability to accurately assess customer creditworthiness and present the correct lending disclosures and information at the point of contact remains a persistent issue. This often results in delays and non-compliance. Reducing data silos and integrating banking functions on a centralized platform for a comprehensive view of the loan process is pertinent. AI-powered dashboards can integrate data from various points on a singular platform. Additionally, AI models can help identify potential fraud by analyzing patterns and flagging suspicious activities, analyzing a borrower's financial history, employment status, and other relevant data points to assess risk levels.

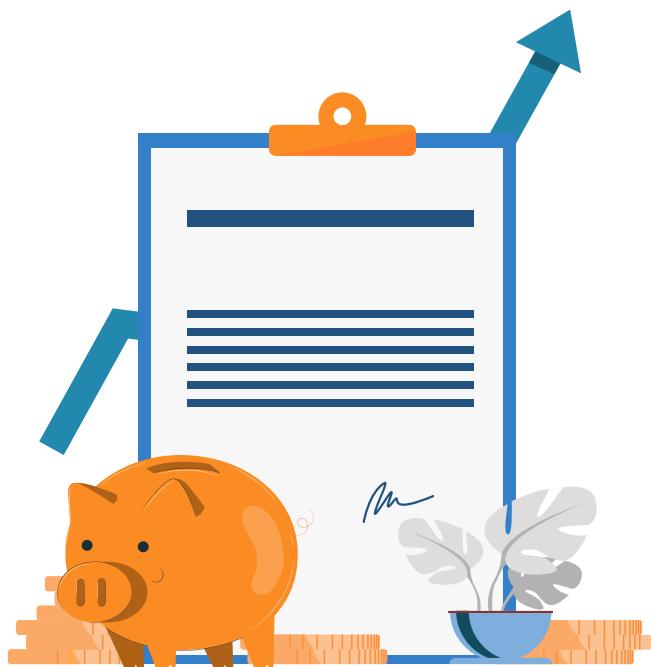
Banks that implement AI-driven loan processing can increase efficiency. Additionally, the power of AI is reinventing talent, offering more intelligent tools for front-end employees to personalize customer experience.

Accenture^[5]

One of the top five US banks (working with Newgen) is deploying Gen AI and AI-based solutions for document classification, and data extraction for its lending operations thereby enhancing productivity. Additionally, banks are using Gen AI-based summarization, interrogation and compliance checks, and clause validation of legal documents in loans.

4

Loan Underwriting: Achieving Precision with Real-Time Analytics



The process of loan underwriting is complex. If there is a lack of visibility into the loan portfolios, it becomes extremely difficult for banks to evaluate risks and take the right course of action. This adds to the burden of not being able to offer services as per customer requests. Further, tedious manual underwriting procedures can result in higher customer dissatisfaction and attrition. These setbacks are further compounded by limited insights. Banks thus need to modernize their systems and automate credit scoring for consistent review and evaluation purposes. Through advanced analytical platforms, banks can provide predictive insights into loan portfolios; in turn, helping monitor performance, identify emerging risks, and take proactive measures to mitigate them.

To make their underwriting process more resilient, banks should invest in automation, alternative data, and AI. Thus, to remain competitive, banks need to invest in underwriting transformation.

Deloitte^[6]

A leading Bank in the US (Huntington Bank) implemented an automated credit policy platform that integrated AI-driven decision-making tools to consistently enforce credit policies across all branches and product lines. This platform also included a product recommendation engine that automatically evaluated customers for alternative products beyond what they initially applied for. The automated system led to a 95% reduction in policy violations and discrepancies in loan approvals across different branches. The product recommendation engine produced a 20% increase in cross-selling of additional financial products, as customers were presented with alternatives they hadn't initially considered.

5 Loan Approval and Documentation: Accelerating Decisions with Predictive Analytics

Many banks even today have disparate or multiple systems in their loan processing workflows. Fragmented data or lack of visibility on data inhibits lenders from making quick resolutions. Also, when teams are not synchronized, adherence to regulatory compliances can take a back step. Slow processes and compliance risks can culminate in customer dissatisfaction and hinder bank loyalty. In such a situation, when banks transform their core systems and use technologies such as predictive analytics or AI, they accelerate decision-making. These tools enable quicker and more informed lending verdicts by analyzing customer data, market trends, and credit scores. Also, lenders can comply with various regulatory requirements, such as those related to disclosures and consumer protection laws when it comes to the closing process. e-signature platforms and fraud detection platforms are other viable solutions in such a scenario.



Real-time data and predictive analytics enable lenders to quickly understand the borrower's behavior and how likely it is to evolve. Analyzing historical data can identify the potential for default and help expedite loans with confidence.

Forbes^[7]

A leading bank in the US (Santander) can identify at-risk customers before they are likely to default. They have deployed predictive analytics into their risk management strategy and can engage with their customers offering them financial advice, restructuring options, and other support to prevent them from defaulting.

6 Loan Disbursement: Ensuring Seamless Integration and Customer Service

Effective loan disbursement requires that there is seamless integration between funding a loan and boarding a loan. When banks lack integration among their different systems, the entire procedure of loan approval, disbursement, loan boarding, and servicing can be hampered. At this very last step, inaccurate

data or non-compliance with any regulation can be a daunting task. Providing effective customer service and communication throughout the loan servicing process is also essential to maintain customer affinity. Through system integration, streamlining of loan funding and boarding process can improve operational efficiency. Data-driven risk management tools can be integrated to analyze vast amounts of data to predict and mitigate risks. Compliance analytics can further ensure that lending practices adhere to regulatory standards. Grievance redressals and data protection tools should also be deployed for effective communication and customer service.

Banks should focus on integrating their ecosystems to enable seamless insights across previously siloed business units. Banks are transforming their processes that allow them to organize and govern structured and unstructured data that supports personalization.

KPMG^[8]

A leading bank in the US (HSBC) uses real-time payment systems to ensure that loan disbursements are made immediately upon approval, improving cash flow for borrowers. Prioritizing speed and convenience, HSBC was able to attract more customers and gain a competitive advantage.

Is Real-Time Data Monitoring Key to Dynamic Digital Banking Processes?

After accessing each step, it is clear that banks that keep data at the epicenter of their systems are definitely at an advantage. Data serves as the backbone connecting infrastructure, workforce, customers, compliances, and growth. It provides deep insights into client behavior, portfolio trends, and operational inefficiencies while getting recommendations from AI on the most effective course of action for optimization and growth. With a core focus on analytics, AI-driven insights, hyper-personalization, and automation, it is here that Newgen steps in to support banks and lenders through its five-pronged strategy.

This includes:

1 Building Flexible Infrastructure

At the core of Newgen's strategy is the integration of a data-driven analytical framework. By reforming legacy infrastructure, banks can have data-rich analytical procedures that help them stay at the forefront of innovation. By integrating various systems and processes, banks can ensure seamless data flow and real-time insights within minutes.



2 Strengthening Workforce Management

Newgen emphasizes the importance of equipping employees with the right tools to make them future-ready. Skilling, upskilling, and reskilling are the needs of the hour. Through continuous learning and equipping the bankers with the right tools and technologies, banks can ensure that their workforce remains agile, adaptable, and capable of delivering superior service.

4 Ensuring Regulatory Compliance

Compliance is a critical aspect of modern banking, and Newgen's strategy ensures that banks can maintain regulatory adherence while minimizing risks. Advanced analytics and automated compliance tools help banks navigate complex regulatory environments, reduce the risk of non-compliance, and enhance overall governance.

3 Meeting Customer Expectations

Traditionally, banks have focused on security, process organization, and risk management, often at the expense of customer involvement and satisfaction. Newgen's strategy prioritizes personalized services and individual attention, enabling customers to make better-informed financial conclusions. This approach increases trust and strengthens customer loyalty, giving banks a competitive edge in the marketplace.

5 Achieving Overall Growth

Finally, Newgen's strategy focuses on driving growth in the bank's loan portfolio, customer base, and overall business. By leveraging data analytics and AI, banks can identify new opportunities, optimize product offerings, and increase profitability. This growth-oriented approach positions banks to succeed in an increasingly competitive landscape.

Why Choose Newgen Consumer Loan Origination?

In an era where customer expectations have never been higher, banks that listen to their customers and transform their processes do justice. As we look to the future, banks that prioritize digital innovation will be the ones leading the charge. As banks evolve to meet the demands of the digital age, Newgen's solutions stand out as a beacon of Digital, Dynamic, and Dependable innovation, ensuring that banks can navigate the future with confidence and agility.

In this modernization effort, Newgen can be your trusted and valued partner. Newgen helps build a digitally connected workplace that empowers employees to build trust with their clients via a robust lending infrastructure. Newgen through its agile automation solutions enables banks to:



Automate end-to-end business processes with AI/ML-based document intelligence



Facilitate employees with the right tools to ensure flexibility and adaptability



Engage with customers to address their concerns and ensure maximum satisfaction



Simplify compliance and governance framework to adhere to industry and market regulations



Improve current loan portfolio, customer base, and overall ROI

Built on a low-code platform, **Newgen Consumer Loan Origination Solution** is an end-to-end retail digital transformation solution that ensures a seamless lending lifecycle. With features like agile onboarding, faster go-to-market strategies, and enhanced customer experiences, Newgen Consumer Loan Origination Solution offers solutions across the entire spectrum of loan origination to disbursement and loan boarding. It seamlessly manages each stage of the loan origination process, from prospecting to application disposition, funding and boarding, through electronic handling of document capture, digitization, origination, approval, closing, funding, and onboarding to loan servicing system. Its workflow-driven environment, combined with a robust document management system, ensures paperless credit application processing, boosting efficiency and accuracy across the entire loan lifecycle.

LumYn, Newgen's GenAI-enabled Growth Intelligence Platform can assist with Loan Demand Generation. The platform, by combining predictive intelligence with advanced conversational AI, aids banks in developing a hyper-personalized understanding of each customer's needs, behaviors, preferences, and intent. This approach propels deeper engagement while ensuring robust data privacy and security measures. In the final stage of disbursement, the platform simultaneously boards the loan to the loan servicing system and automates the general ledger accounting entries.

The tangible benefits of Newgen's solutions include



For a large credit union in the US, lack of standardization across their online consumer lending and account opening processes led to compliance risks. **It partnered with Newgen and deployed its Consumer Loan Origination Solution and Online Account Opening solutions**—built on an industry-recognized low-code platform. The AI-enabled solution successfully digitized the end-to-end customer onboarding journey with streamlined application processes. The solution facilitated a frictionless application process, reduction in abandonment rates, agile workflow configuration enabling smooth adaptation to dynamic changes, and enhanced productivity and efficiency.

A large Southern bank, with assets of \$46 billion, has **deployed Newgen's Consumer Loan Origination Solution (LOS), integrating with over 20 third-party applications and 15+ systems**. The system supports 1,100 users and processes over 200,000 applications annually, offering a comprehensive omnichannel and cross-channel experience across online, call centers, and in-branch operations. With seamless integration into core banking, online banking, document preparation engines, and credit bureaus, the solution provides superior digital experiences, scalability, and flexibility. Additionally, it delivers secure, user-friendly functionality on the AWS cloud, supporting all lines of business.

The stake has never been higher in the retail banking world. As customers become more dependable on digital products, banks that succeed in enticing them and redefining what it means to be a modern financial institution can ensure their place at the forefront. Let Newgen be your partner of choice and modernize your digital transformation processes.

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About Newgen

Newgen is the leading provider of AI enabled unified digital transformation platform with native process automation, content services, and communication management capabilities. Globally, successful enterprises rely on Newgen's industry-recognized low code application platform to develop and deploy complex, content-driven, and customer-engaging business applications on the cloud. From onboarding to service requests, lending to underwriting, and for many more use cases across industries. Newgen unlocks simple with speed and agility.

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