



Lending Transformation Solution

Rethinking financial institutions' lending processes in retail, mortgage and corporate functions to ensure an engaging, relevant and personalized customer experience.



In partnership with:



The challenges and trends faced in loans and mortgages

Loan and mortgages remain an important element in one of the most significant customer life events, and banks are eager to remain a part of that. The process itself requires substantial scrutiny and underwriting by the bank, and this in turn builds a relationship and fosters trust between lender and borrower. Loan origination is perhaps the best time to capture a wealth of insights and understand future customer needs.

Today, banks are under tremendous pressure to deliver a differentiating customer experience and improve their cost-income ratios while safeguarding the capital entrusted to them. It is increasingly difficult for banks to distinguish themselves outside of price, even when there's an existing customer relationship in place.

New non-bank lenders, such as FinTech companies, major tech firms, open banking marketplace players, and online banks, have stepped into the loan and mortgage business. At the same time, loan and mortgage customer shopping behavior has also changed dramatically. With the advent of digital loans and mortgages, millennials are showing less trust in the larger institutions and shopping around more intensely.

Overall, the impact and disruption caused by non-traditional financial firms on banking products and services is significant. According to Capgemini & Efma World Retail Banking Report 2019, more than 60% of customers say they already use banking products from BigTechs/ challenger banks or are likely to do so in the next three years.¹

How can banks differentiate? By focusing their efforts on delivering a relevant and personalized customer experience while ensuring and delivering easy access to capital and by truly bringing financial well-being to people and businesses. The winners will be the banks that master the digital basics of quickly and effectively deploying new technologies for both their own gain and their customers' gain – in a connected, simple and transparent way. Opening the door for additional value, such as cross-sell and up-sell opportunities.

It's about selling the customer service, not just the product.

Home buyers want clarity on the financial options and business owners need to support their operational expenditure and expansion plans, so the journey is centered around quick and transparent decision making. Existing but outdated banking processes that require all sorts of information and confirmations are now replaced by efficient and differentiated flows. Sales and credit officers are augmented by self-service options to create a seamless multi-channel experience that leads to results including beneficial financial offers and more successful loan applications.

¹ [Capgemini & Efma: World Retail Banking Report 2019](#)

The Lending Transformation Solution

The Lending Transformation Solution from Capgemini and Pegasystems enables financial institutions to truly transform the retail loan and mortgage origination processes. With an omni-channel customer experience platform, and Pegasystems' dynamic case management, and a credit decision hub at its core, the solution will future-proof regulated financial institutions. The solution enables banks to safeguard the financial well-being of their customers while delivering relevant, personal, and valuable services consistently across all customer-facing channels.

Helping banks differentiate through:

- Flexible, risk-based, and dynamic pricing, benefitting from referrals, channel/broker management
- Continuously monitoring credit rules and processes, enabling optimization and reducing processing time
- Automated decision making, smoother operations, and cost reductions
- Higher successful loan volume and faster closing
- Credit scoring, risk assessment and regulatory compliance
- Case-management platform
- Highly personalized offers that are relevant and valuable to customers
- Meaningful customer conversations through AI and real-time decision making.

We deliver value through:

- Lending origination transformation roadmap and prioritization assessment
- Redesign of complex business rules, including credit evaluation, credit scoring, and maximization of automated execution
- Harmonization of business processes and rules across multiple entities
- Process orchestration through integration across upstream and downstream systems
- Renewal of legacy capabilities by building business services and APIs (open banking)
- A modular, scalable, and open architecture with a data-driven approach
- Process orchestration with accelerated integration with external systems
- Increased team collaboration through workflow orchestration.

About the Lending Transformation Solution

Delivering a truly transformational advantage to banks seeking to delight customers and improve efficiencies

Banks can now deliver what their customers expect – personal, relevant services without the hassle of duplicate data inquiries and long “silent” waiting cycles.

Capgemini's Lending Transformation solution is built upon Pega's Digital Process Automation (DPA) platform, which is perfectly equipped to orchestrate loan and mortgage lending processes intelligently and enable the bank to achieve business optimization. By using battle-tested artificial intelligence (AI), next-best-action and credit decision making throughout the end-to-end process, the platform creates customer engagement in an unprecedented manner. It puts the customer at the heart of the process. With seamless interactions and pre-scripted, personalized content, it enhances every touchpoint, every time, across the customer journey.

What's more, the platform ensures the bank realizes additional efficiencies – enabling the whole experience to be managed at scale. Pega's award-winning automation and robotics technologies get complex work done efficiently, with full oversight for all parties involved. Multiple roles in the bank can now team up and engage with the same customer to deliver high-quality credit and lending services.

The solution is designed to offer a high degree of configurability and flexibility to ensure fast time to market for modified and new products. We create smart loan origination customer journeys and can scale up from that, using visual business modelling tools. See Figure 1.

Figure 1 - Lending Transformation Solution: Key Features

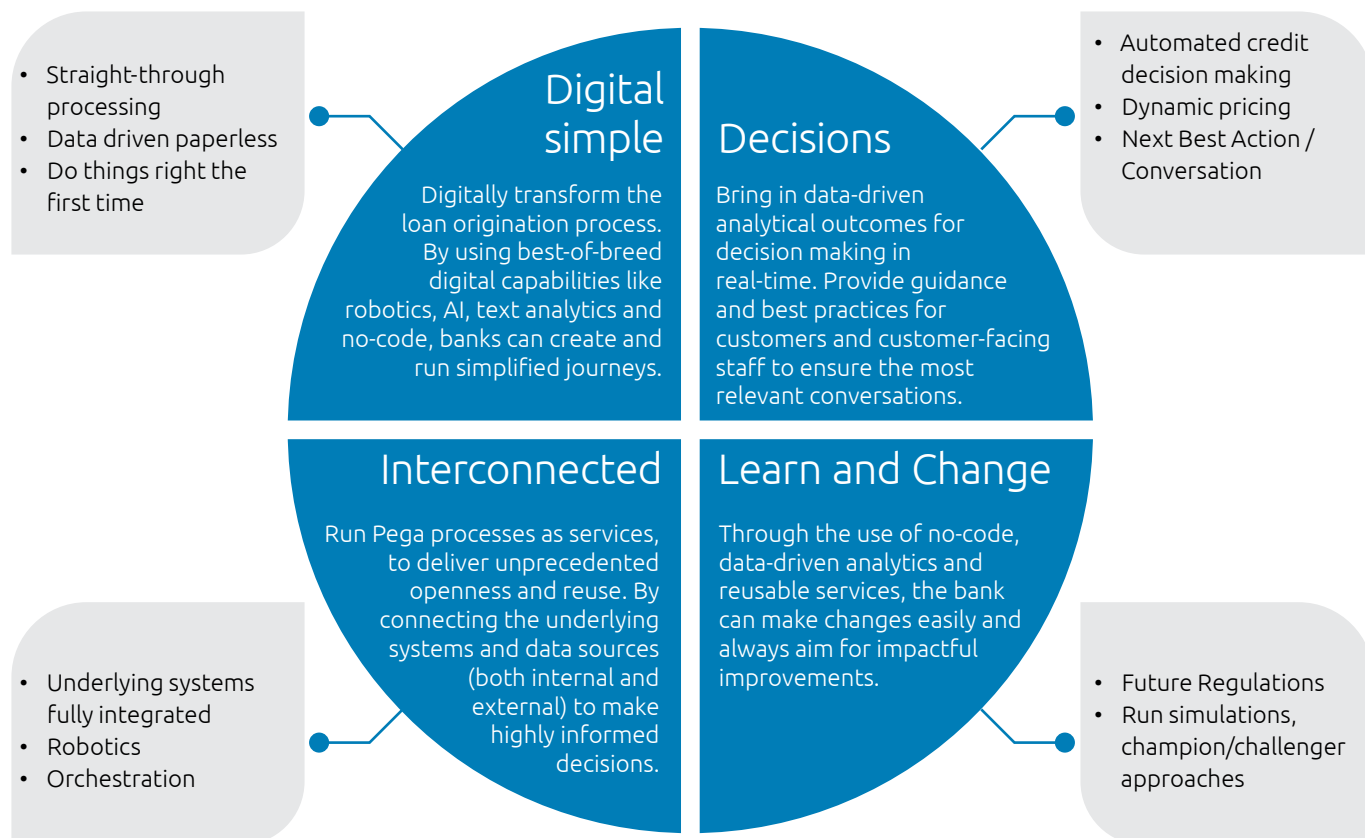
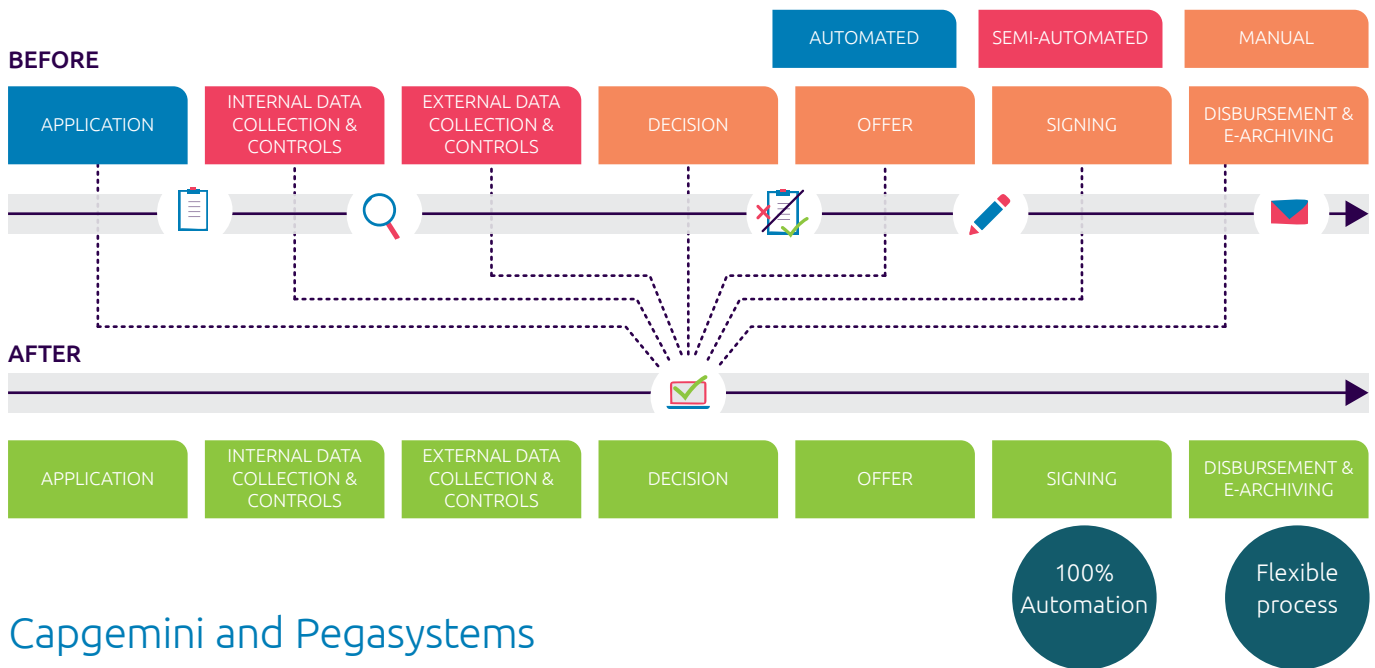


Figure 2 - Future lending process: Move from manual to automated/ digital



Capgemini and Pegasystems

A partnership that maximizes the value we deliver for our clients

Capgemini and Pegasystems have been partnering to deliver market-leading solutions that solve our joint clients' customer experience business issues for more than ten years. With Pegasystems' compelling technology platform integrated seamlessly into both customer experience and back office technologies, Capgemini's consulting and applications expertise helps clients quickly tap into the "Power of Pega."

Together, we underpin digital transformation with smart digital origination processes and automation that help clients reduce their operational costs, provide a seamless service across multiple channels, and enable personalized constituent services through tailored routing strategies for each customer request or segment. See Figure 2 for future lending process.

Our experience and expertise are underpinned by a suite of proven tools, accelerators and methodologies. Paired with our highly adaptive process, these ensure we can meet the

specific digital customer experience needs of the different entities we serve. Our pragmatic and agile approach – inspired by our experience working within the digital world – allows us to specialize in delivering at speed for our clients.

Joint successes at several European banks

Large European bank with operations across multiple countries



We are using Pega for loan origination to improve our process from taking several weeks to only several hours. Now we have better conversations with our customers, we are talking about their dreams, and at the same time we can book \$80m in annual cost savings."

The project garnered significant results:



The Digital Process Automation in Lending Transformation Solution meant that zero paper was required. There is now a Pega process orchestration in place through 40+ integration touchpoints, including online channels, internal channels, back office mainframe systems, finance, risk analytics, and external data sources. This resulted in flexible external business services and open banking APIs.

Transforming digital mortgage lending business at Skandiabanken



Retail mortgages and the ability for banks to differentiate themselves to come up with a highly personalized offer that is valuable to the customer is the differentiating factor for banks."

Skandiabanken, which has its main operations in insurance, wanted to grow its mortgage-lending business. With good cross-sell opportunities available, and the right digital process automation in place, Skandiabanken felt it could easily increase volumes and scale its operations businesses to align with the opportunity.

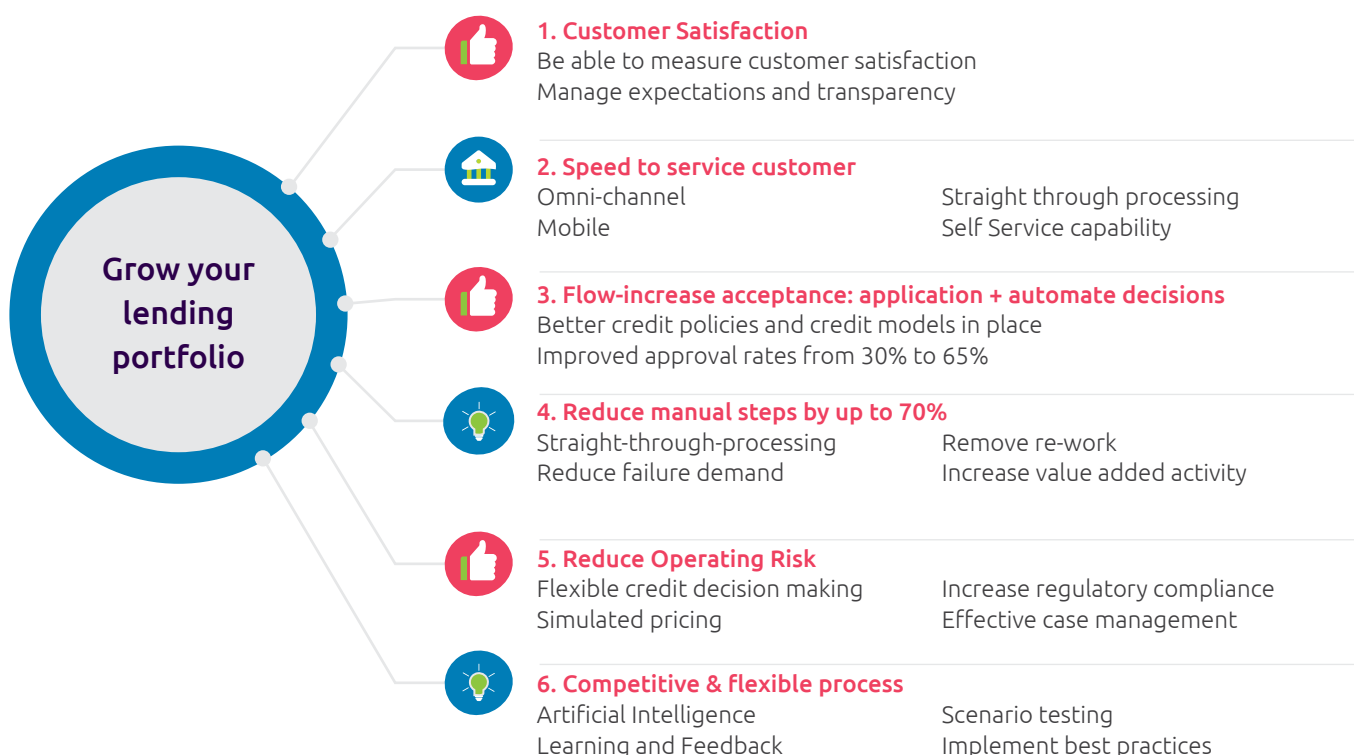
Capgemini deployed the iterative agile execution methodology. The program scope – planned over various releases – was split into iterations. Every iteration was marked by a playback session, accommodating feedback and learning. This resulted in an early feedback loop and much faster time to market. Furthermore, Lending Transformation solution was running "live" within four months after the implementation inception – a real achievement for the teams.

[Read more](#) about how Capgemini enabled a new automated system for mortgage processing at Skandiabanken.

Pega's unified platform was a key feature in enabling this record-breaking project success. It meant that the project required far fewer services to be fully integrated. The business models, created through Pega's browser-based solution, helped define the functional behavior while facilitating enterprise-wide reuse.

The Total Cost of Ownership (TCO) of the LMT solution built on one complete platform is low – particularly when compared to solutions built on multiple products. Implementing just one end-to-end platform means that the number of integrations and dependencies is dramatically reduced, which results in incremental savings over time. See Figure 3.

Figure 3 - Value Proposition



Why Capgemini?

Capgemini understands both the immense benefits and the substantial challenges of enriching customer engagement. Our Loans and Mortgages Transformation solution enables this by delivering consistent personal experiences that are contextually relevant to a bank's different audiences (customers and employees) across all appropriate digital channels, as well as via physical face-to-face interaction.

The proliferation of digital technologies and their widespread adoption has radically modified customer's behavior and expectations. This is a world shaped by anywhere, anytime, easy to use, efficient, personalized, and anticipated access

to media, services, and information. It is a world in which Capgemini has proven experience and tested solutions.

Designing and delivering customer experiences that drive deep and valuable customer, employee, or citizen engagement for our clients requires an ability to create experiences that are engineered to adapt to changing customer demands and expectations. We believe that a well-designed experience must reduce the cost to serve as it increases the effectiveness of our clients' investment.







About Capgemini

Capgemini is a global leader in consulting, digital transformation, technology and engineering services. The Group is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year+ heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. Today, it is a multicultural company of 270,000 team members in almost 50 countries. With Altran, the Group reported 2019 combined revenues of €17 billion.

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Capgemini's Financial Services Business Unit offers global banks, capital markets firms, and insurers transformative business and IT solutions to help them nimbly respond to industry disruptions, to give their customers differentiated value, and to expand their revenue streams. A team of more than 55,000 professionals collaboratively delivers a holistic framework across technologies and geographies, from infrastructure to applications, to provide tailored solutions to 1,000+ clients, representing two-thirds of the world's largest financial institutions. Client engagements are built on bar-setting experience, fresh market insights and more than a quarter-century of global delivery excellence.

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People matter, results count.

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