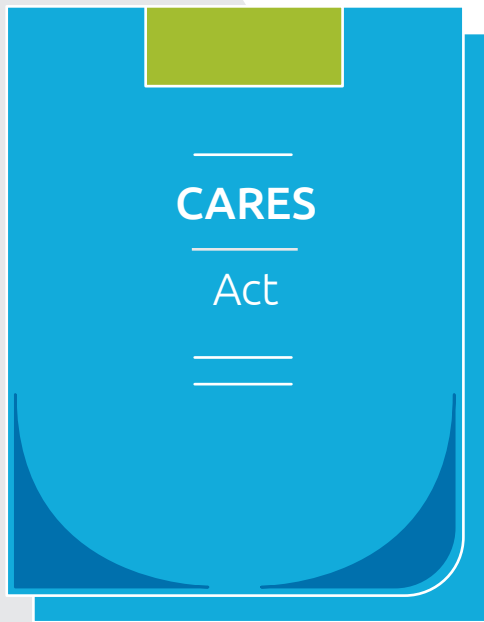# Capgemini

Helping Banks Help Small Business:
the **CARES Act**

What is the CARES Act?

The CARES Act provides loans for small businesses with fewer than 500 employees, to allow companies to pay their payroll, mortgages, rent and utilities from February to June 2020. Loans are forgiven if they are utilized as intended and jobs are protected. Otherwise the loans are converted into term loans for up to 10 years. Banks are needed to disburse these loans and will get a small fee of 5% (loans less than $350K), 3% ($350K - $2M) or 1% (loans >$2M).

Introduction

In this unprecedented moment in our global community, the landscape is changing daily and small businesses are particularly at risk. To protect these businesses and their employees, the United States government has implemented the **Coronavirus Aid, Relief, and Economic Security (CARES) Act** to quickly provide $349 Billion in small business loans to help protect jobs, pay workers, and create a safety net for these businesses.

Naturally this creates massive – and thoroughly unexpected – needs across all dimensions of the US financial services industry. Millions of small businesses in the country need this help urgently, and banks need technology and operations support to handle the influx of loan applications. A technology framework that can support not only the applications but the certain raft of questions that will come in and that can ensure the loans are being qualified and used appropriately needs to be deployed literally immediately.

How Can Capgemini Help?
A Proven Cloud-Based Solution

Capgemini's solution, built in conjunction with our partner **Q2 Cloud Lending**, enables banks and lenders to rapidly process loans via quick and seamless integration with back-end systems. With the CARES Act already in effect, our solution, which can be deployed within four business days, will enable banks to be immediately ready to handle the influx of applications.

This end-to-end solution includes a number of key components

– A **cloud-based** loan origination solution

– **AI- and RPA-fueled** cognitive document processing for validating usage of loans through analysis of mortgage, rent and utility statements

– **Intelligent reporting and analytics** for credit decisioning for conversion to term loans and reporting to the Small Business Administration (SBA)

– **Fraud analytics** to accelerate identification of loan request fraud and cost-effective **Know Your Customer (KYC)/ Customer Due Diligence (CDD)** to onboard new borrowers/customers

– **Automation** to streamline loan processing

– **Business Services operations teams** to assist banks for high call volumes for information and loan applications

Q2 Cloud Lending and Capgemini have built this solution to ensure that all SBA rules announced to date have been incorporated. Banks will be able to vertically scale up the platform based on the volume of applications. This CARES Act solution addresses the Day 1 need to receive applications no matter what core banking or lending system the bank uses. This is accomplished with a simple integration layer with the back-end systems for future loan processing.

The **end-to-end digital solution** allows small businesses to bypass the traditional paper-based loan application process, which can sometimes take weeks. Additionally, many bank branches may not be open for business, due to shelter in place or other local laws. Our solution will let small businesses reach banks quickly in their hour of need.

Cognitive Document Processing

The solution deploys **cognitive document processing** to validate the usage of loans through analysis of mortgage, rent and utility statements.

– AI/ML-based document processing solution collates utility statements and prepare summaries for the credit officer

– Redacts sensitive information to avoid exposure to operations and processing teams

– Provides time series summary of prior utility and rent statements to show continuity and usage pattern

Intelligent Reporting and Analytics

The solution also provides **intelligent reporting and analytics** for credit decisioning for conversion to term loans and reporting to the SBA. This includes

– Standard SBA 7(a) loan reporting, PPA regulatory reporting, affiliation rules compliance report and filing support

– Reporting & Visualized dashboard for ongoing monitoring of negative media around processing the PPA loans

– Analytics to help conversion to term loan with simple income to cost ratio analysis

– Underwriting credit decisioning analytics & loan fund utilization compliance analytics.

Fraud Analytics

Given the speed that this is coming into the market, fraud analysis will be a key component to any effective solution. The system provides **fraud analytics** that will accelerate identification of loan requests fraud and cost-effective KYC / CDD to onboard new borrowers/customers, and includes

– Fraud analytics and behavioral monitoring analysis on borrower transactional data and fund tracking to determine utilization

– Behavioral monitoring analysis on client transactional data and internal fraud (unusual transactions, internal fraud, vulnerable clients)

- Cost-effective KYC and AML compliance using our managed services and RegTech partnerships

- Regulatory reporting and filing support (e.g. AML reporting delays due to pandemic)

Automation

The SBA PPP program is straining technology and operations due to high loan volumes. In order to streamline loan processing, address data quality issues and drive higher throughput, Capgemini can help automate parts of the loan lifecycle. This includes extraction of borrower information from uploaded forms, performing loan verification checks and submitting data on the SBA portal. The automation can be implemented quickly to realize immediate benefits, drastically cut down processing timelines and reduce operational workload.

Business Services Support

Given high volumes of incoming applications, great demands will be placed on back office operations for lenders. Capgemini can help lenders manage immediate loan processing workforce capacity issues by providing business operations across the entire loan origination and servicing lifecycle. This includes application processing, pre-underwriting checks and customer due diligence, checklist-based document verification, payroll analysis and verification and closing document preparation. Once the loans are onboarded and funded, Capgemini can also help process ongoing servicing activities including billing and monthly statement generation, payment processing, account modifications, reporting and reconciliation.

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 €17billion.

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