Predicting a new level of banking success

Client story

Client	Sector	Project
Top 10 U.S. retail bank	Banking and Capital Investments	Loan mitigation process optimization

Client challenge

Recognizing the stress that borrowers undergo when they can no longer pay for their mortgage, a top 10 U.S. retail bank sought to proactively work with its customers to avoid foreclosure. The bank wanted to improve the customer experience by reducing the number of handoffs between case managers so they could focus more attention on helping customers stay in their homes. In light of an uncertain economy, the bank also wanted to streamline the workflow, control queue sizes, and account for the unexpected variability in case volume.

Benefits to client

KPMG's proprietary technology tool creates an interactive visualization of the loan modification approval process so that the bank can quickly develop staffing scenarios and become more responsive to customer demand. Whether customers are refinancing a mortgage to obtain better terms or trying to avoid foreclosure, the new streamlined processes enabled the bank to:

— Cut its approval time in half

— Handle 20 percent more cases with the current staff

— Reduce the number of handoffs among bank personnel

— Be better prepared for unexpected events like hurricanes that can cause intermittent volume surges

— Improve the customer experience.

KPMG response

KPMG was already working with the bank to enhance its loss mitigation process when our Lighthouse team was invited to join the effort. The KPMG Lighthouse uses the latest data, analytics, intelligent automation, and artificial intelligence technologies to help increase pace and value for clients.

Using proprietary methodologies, we created an interactive simulation of how a sample case traveled along approval paths, with individual submodels developed for both current and future states. Rather than illustrate the process with static lines and pictures, our team created animated simulations to show where and why the bottlenecks existed.

Leveraging our experience in systems engineering and operations research, our interactive animations portrayed cases as envelopes working their way through the process, from beginning to end, making it instantly obvious at what point in the process the envelopes got stuck because there weren't enough people to handle them.

This animated dashboard worked especially well during executive presentations. Different scenarios could be simulated and results shown immediately. If senior leaders reworked the process at point X, where they had extra capacity, they could assign people to point Y, where approval queues were slowing down throughput.

Senior leadership appreciated the way we tested the accuracy of our predictions. We deliberately didn't ask for the most recent three months of data, relying instead on a year's worth of data gathered before then to predict what had happened most recently—and we were on the money every time.

What previously had been an iffy spreadsheet exercise instantly turned into a trustworthy, dynamic, and actionable scenario planning process, enabling our team to complete the project in only eight weeks.

As a result of this work, the bank is deciding which additional processes to future-proof in light of changing markets and regulations and customers' increasing expectations for a more responsive and empathetic banking experience.

KPMG insights

Real-time insights and accuracy require an agile technology tool to model demand.
Static spreadsheets can't respond quickly to new feedback. Simulations, however, continually incorporate new information, allowing for more nuanced decision-making.

Dynamic simulations can future-proof the business.
One of the most effective outcomes of streamlined processes is making sure the right number of people with the right skills are in the right jobs at the right time. Often that means moving people around to eliminate bottlenecks. Dynamic simulations can help employers determine how best to handle surges in volume to continue fostering a good customer experience.

If you are interested in learning more about this case study, or if you are experiencing similar issues, please contact us.

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