

Delivering operational value in the banking book



Optimizing banking book collateral management for operational cost savings

Operational challenges impede the loan management process with consequential impacts on costs, business efficiency, customer relations and quality. Key domain challenges in operations include:

- Expensive, error-prone, manual processes with little automation across dispersed operating sites and locations
- Credit losses resulting from inadvertent release of loans and penalties
- Scaling the business without adding to headcount
- Responding to customers without easy access to current and historical collateral data

Achieve substantial operational cost reductions

A robust collateral management system can help banks achieve substantial cost reductions that deliver real benefits across the operational agenda. COLLATE from Rockall has achieved extensive benefits for our clients including:

- 40% reduction cost of effort for loan collateral perfection, monitoring and release
- 10% FTE reduction in daily collateral and document operations
- Reduced cost of data remediation and elimination of repetitive cleansing cycles

“Banks have reached the tipping point. Regulatory, market and operational needs are converging; lenders are recognizing that their commercial lending processes and systems will not carry them through the next business cycle.”

PwC



Single system of record, golden source collateral data – knit together disparate loan relationship data

Banking book collateral information is resolved both across the organization and between loans to ensure data integrity and to deliver a unified view of credit risk across complex and fragmented loan businesses. Collateral data integrity is secured across the credit lifecycle; delivering automated, verifiable and traceable reporting, providing the data sets needed to satisfy evolving compliance requirements.

Better-informed decision-making is supported by establishing collateral as the primary key to knit together disparate loan relationship data. This primary key can be matched to credit modelling information, ensuring that the most current and accurate information is in use for performance evaluation, capital adequacy and credit risk metric calculations.



Accurate scalable loan and credit work flow – FTE headcount reduced by up to 10%

Systematizing collateral management and maintenance in the banking book delivers structured and standardized workflow for the on-boarding of loans and the ongoing perfection of collateral. As a result, FTE headcount can be reduced by as much as 10%.

Similarly, time spent on correspondence is dramatically reduced through the automated generation of letters for customer and attorney contact correspondence.



Better underwriting standards – reduce over-secured loans and underutilized capital

Automating as many manual processes as possible ensures accuracy and standardization of collateral valuation and reporting across the organization. A stable and centralized collateral management system delivers accurate and fast collateral verification, valuation and testing versus exposure versus loan appetite.

Centrally managing the re-evaluation of collateral, while also tuning for growth and inflation, ensures a more accurate LGD metric. Over-estimated LGDs no longer result in over-secured loans and under-utilized capital. By being able to lend more, the bank can better embed their client relationships, while enhancing profitability.



Better loan perfection, earlier in the process – document exception management slashed by 50%

Time spent on document exception management and remediation turnaround are slashed by 50%. A unified collateral register with harmonized collateral descriptors helps to identify collateral duplication. This is particularly important for complex loan portfolios where cross-collateralization needs to be closely managed. At the same time, the need for data scrubbing is also eliminated and collateral data integrity is maintained.

The ability to categorize asset classes into multiple levels enables the bank to differentiate for quality, e.g. improving visibility in collateral quality for bond cover and delivering business insights on loan/collateral performance.



Improved control & automation – 40% reduction in cost of effort for perfection and monitoring of collateral

Automation of the collateral management process and enabling online real-time submissions eliminates manual effort on lien registrations, UCC filings and continuations. Automated processes will monitor for loan pay-off and collateral release reviews. Similarly, automated workflow monitors for insurance coverage, flood zone coverage and environmental reports.

Overall, automated workflow delivers reduced manual effort, increased accuracy and lower cost in the management of collateral values, insurance, covenants and exceptions through automated controls, alerts and monitoring.



Standardized end-to-end workflow – assure compliance, avoid inadvertent release

Holistic collateral management automates workflow, assuring standardization and compliance. Also delivering automated document generation and handling capability, the cost of data remediation and preparation of management and regulatory reporting are dramatically reduced.

Inadvertent lien release risk is mitigated through an automated process that handles cross-collateralization complexities, ensuring that the right lien is released at the right time. Streamlined release processes are also supported with automated lien release workflow and correspondence.

Holistic collateral management supports the strategies and change levers that provide for enhanced credit risk management, regulatory reporting, process simplification and capital efficiency. The ideal ECM platform will deliver process standardization, data traceability, accurate asset valuation and verification and the exposure of all collateral relationships and links.

About COLLATE

COLLATE from Rockall is a banking book collateral management product that supports streamlined loan operations while enabling scale without the need for added headcount. With COLLATE, loans are perfected and maintained, ensuring golden source collateral data safeguarding against inadvertent release. Automating collateral management reduces processing errors and helps to avoid financial and reputational damage that potentially leads to loss of revenue, customers and market credibility.

COLLATE's systematic approach to collateral management delivers these benefits by:

- resolving data from myriad of different internal systems, interfaces and jurisdictions into a single system of record,
- providing a scalable platform for handling high volumes of collateral records and concurrent users,
- delivering system automation which enables scale without increasing headcount,
- simplifying systems leading to reduced maintenance and improved data quality and
- unifying credit data across the ecosystem.

Standardizing collateral management like this provides a golden source of collateral and loan relationship data, supporting granular data integrity and document verification for reporting at any level.

To learn more about how COLLATE can deliver these savings to your organization, please contact us at info@rockalltech.com, or visit our website for more information at www.rockall.com