



**CASE STUDY** | Greater Efficiency in the Mortgage Process

*How the Private Banking division of a major financial institution was experiencing a 40-percent error rate in its mortgage-related contract closures and processing documentation – leading to costly and time-consuming rework and reconciliation loops.*



**Problem**

- ▶ Excessive errors, rework and processing time.

**Solution**

- ▶ Standardized workplace excellence system
- ▶ Implemented workplace organization tool
- ▶ Eliminated shadow files

**Result**

- ▶ Savings of 97 FTEs

**The Problem**

The Private Banking division of a major financial institution was experiencing a 40-percent error rate in its mortgage-related contract closures and processing documentation - leading to costly and time-consuming rework and reconciliation loops.

Overall, three areas for improvement were identified: (1) missing documents (error rate 40%), (2) non-value-added storage of shadow files and (3) workstation organization processing time reduction (39 minutes).

To address these improvement needs, a team was formed with the following goals:

- ▶ Decrease error rate of missing documents to minimum of 10% and double the number of “green” applications (increase share to 40%).
- ▶ Replace all shadow files of clients at front organizations.
- ▶ Improve the extent of workplace organization by Relationship Managers and Credit Specialist with time saving of 10%.

In light of the ambitious targets set, the team wanted to reduce the number of recruited Relationship Managers, saving a significant amount in personnel expenses.

The team also committed to the secondary metrics of not increasing credit risk and supporting business-volume growth.

**The Solution**

Two solutions were developed and implemented as a result of performing a root-cause analysis.

The first was to implement a workplace excellence system by which all pending mortgage applications were standardized. Additionally, all employees were equipped with a tool for organizing their workplaces efficiently, regardless of who was at work or not at work on any given day. Finally, reams of shadow files were eliminated.

Secondly, under the motto “green is green,” most loan applications with a green traffic light are processed correctly and without errors. The client advisor is now in a position to make the client a firm financing offer within his or her authority immediately. Credit specialists save time, which they can use to focus on the complex loan applications.

**The Results**

Several tangible benefits were enjoyed by the team:

- ▶ Workplace Excellence was fully implemented over the whole organization of Private Clients and Mortgage Center Private Clients.
- ▶ The different solutions for “green is green” (training and certifications, IT changes, process adjustments and documentations) were finished on schedule.
- ▶ Time Savings for Relationship Managers and Credit Specialists in the amount of 97.3 full-time-equivalents, or \$18.3 million.

A lesson learned from the project is that management support is a critical key to success. Also, process performance can be significantly improved by implementing relatively simple changes. Finally, transparency around process performance is crucial for achieving improvements.

