



Success Story: Consumer Financial Services Division

Client Classification: Large US Bank

Service Category: Change Management, Cost Transformation, Operational Strategy

Situation:

The client needed to standardize and consolidate lending activities and practices that varied from division to division and from state to state. This would position the bank to be more competitive with its peers and to more easily assimilate future acquisitions into their day-to-day operations. The underlying financial goal was to eliminate \$400 million from the annual costs of the company.

Recommendations:

Provide consistent, competitive, profitable service to small businesses by

- Transferring existing small business banking customers from the commercial banking portfolio to the business lending group and developing a marketing support structure to grow the business.
- Consolidating and streamlining underwriting, customer service, operations and collections into one national entity; and creating a national loan processing system.
- Establishing portfolio management centers to eliminate the credit administration burden from sales staff.

Consolidate and streamline back-office functions of retail lending lines of business by

- Consolidating operations and servicing as one national entity.
- Developing a workstation environment within loan servicing.
- Developing service level agreements between loan servicing and each business partner.
- Instituting a Management Information System for loan servicing and its business partners.

Consolidate and streamline the indirect lending origination and collection functions by

- Separating indirect lending activities and functions from direct lending; and consolidating data entry, collections and recovery functions into four regional functions.
- Developing standardized desktop procedures, nationally graded job descriptions and key performance indicators for all operating units.
- Making a major investment in technology.

Consolidate and streamline direct lending operational functions to support the establishment of a national retail lending business by

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- Reorganizing and collocating the direct underwriting and phone lending operations at four regional locations.
- Improve systematic controls and capabilities to increase auto-decisioning.

Results:

Through the implementation of the recommended programs, the client was able to reduce manpower costs by over 15%, improve service quality, provide management with the required strategic information for decision making, and position themselves for dramatic growth and a national retail banking presence. Direct operating costs were reduced by \$200 million in 24 months and \$400 million was forecasted within 24 additional months.