

CASE STUDY

Tech Mahindra Speeds Up Consumer Lending for a Leading Bank in Indonesia

Overview

Despite the rapid pace of digitalization, there is still scope for financial institutions to meet customer expectations faster and more efficiently, particularly in consumer lending. Disparate systems, manual processes, lack of integration, and a robust digital platform are the obstacles that hinder this objective.

Tech Mahindra successfully mitigated these challenges for one of the largest banks in Indonesia, automating and transforming its consumer lending business, encompassing mortgages, personal loans, and credit cards. The IT services leading company was involved in Consultation, Design and Architecture, Development, Implementation, and Support.

Client Background and Challenge

The client, a banking institution with approximately 23,000 employees, and a network of around 850 branches across Indonesia, provides comprehensive services including retail, SME, and corporate banking. They grappled with significant inefficiencies in their retail loan processing due to disparate systems and manual processes. Their portfolio included mortgages, personal loans, and credit cards, sourced from various channels and partners. This fragmentation increased turnaround times for credit application processing, underwriting, and disbursement. Manual verification and lack of system integration further caused prolonged SLAs, hampered real-time status tracking, and customer dissatisfaction. These challenges demanded a digital transformation to streamline and automate the loan origination process.

Our Approach and Solution

Tech Mahindra successfully transformed the consumer lending operations of the bank by implementing a state-of-the-art, integrated loan origination system, powered by Pega technology. The solution automated and streamlined various functions, including Point of Sale, Loan Origination, Survey & Appraisal, Credit Analysis, Disbursement, and Reporting.

Key features of the solution:

Omni-Channel and Multi-Device Compliance: Accessible across desktops, mobile devices, and tablets for branch users, customers, and external agents.

Seamless Integration: Over 30 internal and external systems were integrated for credit underwriting, KYC validation, core banking, and management systems with minimal offline processes.

MIS Dashboard: Provided daily, weekly, and monthly application status updates and key metrics to risk, operations, and marketing teams.

Details of the Application:

TechM developed a unified loan origination system for mortgages, personal loans, and credit cards, automating the end-to-end process from inquiry to loan disbursement. The application seamlessly integrates with multiple internal and external systems to extract customer information and provides a single view of their credit exposure to relevant teams. The survey and appraisal of properties for mortgage loans are handled by third-party vendors with restricted access to the system. The application also maintains detailed audit trails and includes other features like workload balancing and parallel/sequential processing to reduce processing times.

The post-approval process includes contract and document generation, e-signatures, and loan disbursements through integration with payment systems. After that, the loan is booked in the core for ongoing loan servicing and management.

TechM developed a self-service module for digital credit card origination through an online KYC process and integration with downstream and third-party systems. Now a virtual credit card can be created in less than 20 minutes with a sub-60-second approval process.

Business and Community Impact

The digital transformation led to substantial improvements:

Efficiency: Reduced turnaround time drastically for mortgage loans from 5 hours to less than an hour (45 minutes). This was achieved through a >40% decrease in application creation time, a >30% reduction in credit underwriting time, and a >30% decrease in the disbursement cycle start.

Credit Cards: Enabled virtual credit card creation within 20 minutes, with average approval times in under a minute. The digital onboarding process saw over 3,000 applications approved within seven days of launch, averaging 23 seconds per approval.

To know more about our self-service digital solutions,
please write to us at:



About Tech Mahindra

Tech Mahindra (NSE: TECHM) offers technology consulting and digital solutions to global enterprises across industries, enabling transformative scale at unparalleled speed. With 150,000+ professionals across 90+ countries helping 1100+ clients, Tech Mahindra provides a full spectrum of services including consulting, information technology, enterprise applications, business process services, engineering services, network services, customer experience & design, AI & analytics, and cloud & infrastructure services. It is the first Indian company in the world to have been awarded the Sustainable Markets Initiative's Terra Carta Seal, which recognises global companies that are actively leading the charge to create a climate and nature-positive future. Tech Mahindra is part of the Mahindra Group, founded in 1945, one of the largest and most admired multinational federation of companies. For more information on how TechM can partner with you to meet your Scale at Speed™ imperatives, please visit <https://www.techmahindra.com/>.

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