

Case study

US Midwest Community Bank Transforms Lending Efficiency Through Consulting-led Modernization



Overview

A regional community bank in the US Midwest serving local businesses and agricultural customers was experiencing delayed loan approvals, rising IT costs, and low employee and customer satisfaction. Tech Mahindra worked closely with the bank to review the bank's lending processes and supporting technology. With this assessment, the team put together a step-by-step plan to help the bank streamline operations and provided recommendations on future-state processes and technology initiatives for near and long-term horizons, that aligned with estimated technology costs and expected returns.

A US regional bank faced delays, rising IT costs, and low satisfaction; Tech Mahindra assessed processes and delivered a roadmap to streamline operations and align technology investments with cost and returns.





Client Background and Challenges

Our client is a leading regional community bank in the US Midwest which serves local businesses with a strong focus on agricultural and small-to-mid-market commercial lending. The bank had invested substantially in digitalizing its operations in these businesses. Despite these investments, the organization continued to encounter operational inefficiencies. Loan processing relied heavily on manual work, which delayed approvals, resulting in prolonged turnaround times. Incomplete integrations across disparate lending systems caused data inconsistencies and duplication, while IT spending remained high, without providing the expected business benefits.

The main objectives for the bank's lending operations were:

- **Improving customer experience:** Faster turnaround time (from the current 49 days), proactive engagement, and transparency of process.
- **Ensuring efficient ways of working:** Reduce repetitive tasks, keep information moving easily, and lower day-to-day costs.
- **Enabling and energizing teams:** Access to the right tools and technology, opportunity to learn and grow, and an environment that helps employees perform their best.





Our Approach and Solution

The bank partnered with us to review its existing systems and processes. We worked together to pinpoint where things were slowing down or not working as intended, especially across lending and supporting IT systems. This helped the bank understand its goals, the issues it needed to fix, and the priorities that guide improvements across its lending operations. Key approaches include:

- Designed a future state for processes, technology, and architecture aligned with the business case and return on investment (ROI)
- Developed a transformation roadmap to achieve the future state in line with business priorities and requirements
- Evaluated loan origination system (LOS) and business process management (BPM) platforms to determine the best-fit solution for the lending process

Findings and Recommendations

We worked with the bank's teams conducting more than 200 hours of interviews and workshops to understand how their systems and processes were being used every day. This helped us pinpoint the problem areas across the technology setup.

Altogether, we identified more than 100 pain points, which directly guided the design of the bank's future lending process. Based on the data, we put together a three-year roadmap with 34 initiatives and 74 planned improvements into manageable quarterly milestones. About 30% of the work focused on refining processes, roles, and goals, while the remaining 70% concentrated on using digital tools and automation to improve efficiency.

Vendor Evaluation and Strategy

- **Commercial LOS (CLOS):** As the bank's existing CLOS slowed operations, we reviewed three alternative commercial lending platforms through a feature-by-feature comparison. Based on this assessment, we suggested approaches to integrate systems, reduce manual work, and simplify workflows to enable the credit process to be carried out more efficiently from start to finish.
- **BPM:** The bank already had a BPM system in place, but it wasn't delivering sufficient value for the investment and was too rigid to adapt to changing business requirements. We conducted a thorough evaluation of four other industry-leading BPM solutions across functionality, technology, integration capabilities, total cost of ownership, and user experience. The most suitable BPM solution was recommended for the bank based on the evaluation results.

Delivery and Implementation

We executed initiatives we had proposed as recommendations to the bank. Key initiatives included:

- Developed a new agricultural loan origination solution using the recommended BPM platform
- Integrated key systems, including financial profile checks, credit reports, core banking, document management, and SMS communication systems with the loan origination system
- Extended the BPM platform to build additional applications such as complaints management, check services, Automated Clearing House (ACH) services, and legal services
- Automated operations, such as data reconciliation and workflow approvals, to reduce manual effort



Business and Community Impact

The consultation exercise provided the groundwork for the benefits realized by the bank:

- **Operational Efficiency:** Saved the time it took to process a loan from several days to under 10 minutes by introducing a new loan origination system. Teams could check the status of each loan at any point in the process, with 100% traceability and audit records in place.
- **Business Financial Outcome:** Reached break-even by the second year through smarter investments and process changes, with savings of USD 2 million. The bank also limited its dependence on outside vendors, which helped it lower costs and handle the work internally.
- **Enhanced Customer Experience:** Improved transparency, faster service delivery, and better process efficiency to boost customer satisfaction and expand customer reach.
- **Workforce Empowerment:** Equipped employees with cutting-edge tools and technology, fostering a more self-reliant and productive environment with a focus on customer-critical activities.
- **Future-ready Reference Architecture:** We developed and delivered a "To-Be" lending process roadmap with a focus on digitally enhanced and future-ready architecture, along with functional, application, and integration reference architectures.



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*Figures as per Q4, FY 26.



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