

A young man and woman are shown from the chest up, looking down at their smartphones. The woman is on the left, with long dark hair, wearing a white top. The man is on the right, with short dark hair and a beard, wearing a white t-shirt. They are both smiling slightly. The background is a blurred outdoor setting with some greenery and a building.

BEING RESILIENT

DRIVING THE
LENDING
INDUSTRY
AHEAD
OF CRISIS
THROUGH
HYPER
AUTOMATION

Infosys[®]
Navigate your next

BEING RESILIENT. THAT'S LIVE ENTERPRISE.

The global banking industry is undergoing a mass turbulence in terms of managing business, operations & customers and it is the need of the hour to have an imperative mandate to include hyper automation technologies in banking processes. Hyper automation technologies can be the immediate saviors and also the long term strategic game changers for banks across the globe. Incorporating speedy lending strategies during this COVID era will reduce humongous operational tasks and help in increasing the reach of the lender.

Banks have to build and execute stronger lending products offerings, operational strategies in limited time and help the people, communities, governments & businesses to get back on track and race against COVID -19 implications.



Immediate areas of applications in the crisis

- Support the CARES ACT of US Federal & Paycheck Protection Program (PPP) - a \$350b stimulus for SBA (Small Business Administration) loans. A 50-fold increase in the loans - potentially at 800,000 loans to be processed in the next three months.
- Reach of various COVID-19 stimulus programs announced by the governments across the globe in to the hands of respective, eligible applicants.
- Micro and small business lending which are under deep crisis
- Large markets commercial lending considering immediate, short and medium term strategic lending products.
- People community healthcare management

As we will see a huge number of loan applications reaching the banks, leveraging hyper automation technologies for all lending procedures will yield great productivity, significant cost reduction of loan processing and total cost of ownership (TCO) reduction. Embracing innovation and implementing it with high priority is of greater importance in these times of a global crisis.

Let us see an example which illustrates hyper automation technologies in action:

CARES ACT & Payment Protection Program [PPP]

US Federal stimulus of \$ 350b for SBA Loans are made available for businesses with less than 500 employees in the COVID-19 crisis, need to be processed in a quarter. These loans have to be distributed in urgency to keep the businesses afloat through mid-sized banks and financial institutions. Around 800,000 loan applications need to be processed within 2-3 months, which is a huge operational task not feasible with traditional loan platforms and existing manpower. Robotic Process Automation (RPA) & cognitive technologies are the only options for banks to execute the PPP in an

effective and timely manner.

RPA brings in 'robots' which are being built, configured, run and orchestrate massive scale operations on all the PPP related SBA loan processes.

A snapshot of SBA loan processing approach using RPA and AI

1. Automation bot scrapes the inbound application form data, transcribe in to the core banking systems and notifies the customer about successful application submission. The bot also supports the process by providing information of open / closed applications, application submission error rates, demography of applicant – business type, size, risk rating scores.
2. Bots for underwriting process which review the data from the application form and core banking systems against SBA PPP criteria - number of employees less than 500, business operating data, payroll data of employees, contractors, loan proceeds for payroll, healthcare, rent; faith certificates - to accept the loan requests or hard decline automatically on

not meeting the criteria. These bots also provide information on underwriting decision statistics – approvals, rejections, cycle time, error rates etc.

3. Bots for loan deferral request processing of the current serviced loan customers, verification & validation of the deferral submission data, push the request to the SBA platforms and update core banking systems. These bots also support information on deferral process statistics for better management.
- 4 . Bots for pushing the approved PPP loan data in to core banking systems,

in to SBA forms and submission of loan guaranty forms in to SBA portal automatically, also providing SBA loan guaranty form processing information.

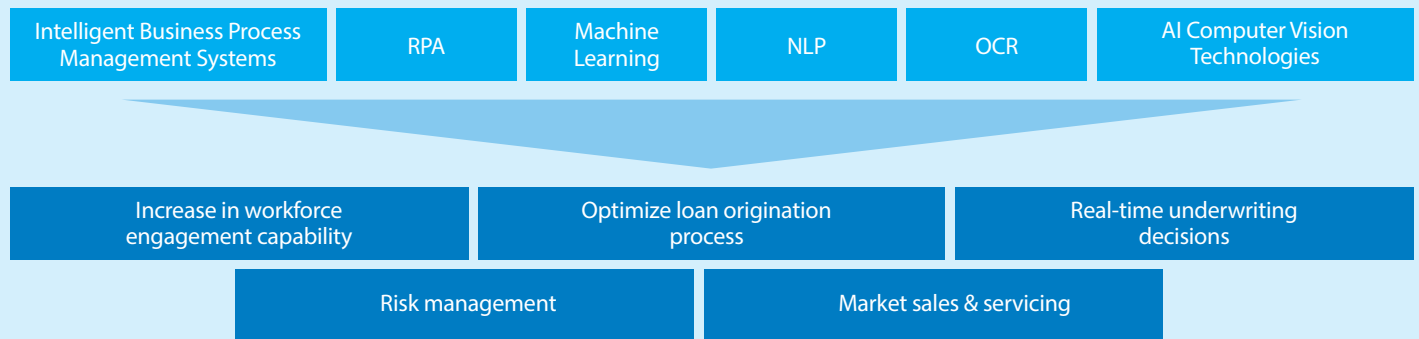
Automation of these SBA loan processes using RPA/AI/ML services brings certain throughput -around 70% -90% - in operational executions, scalable capacity expansion, accuracy in SBA loan filings and help small business sustain during COVID-19 crisis. RPA + AI models help in process discovery, analysis, design, automate, monitor, measure & reassess the entire loan process cycle events with all process data elements. These models can also develop

the intelligent bots to perform operational & intelligence actions in the loan cycle.

Intelligent document readers, scrapers, OCRs engine, computer vision programs for interface readings, review of loan documents, credit & risk rating auto decision making abilities of AI fabric makes the loan cycle latency to hours compared to weeks. RPA & AI fabric technologies help drive high accuracy, achieve productivity gains compounded across thousands of transactions, improve customer service, reduce risks, and more compliant to regulations.



An illustration to show how hyper automation technologies can help transform the various lending processes:



Hyper automation platforms services are present as on- premise and PaaS based services, with deployment capabilities unbounded, robots being managed with sophisticated orchestrators, studios and action centers for creating automations and to interface human interactions with robots. Hyper automation is one of the hot topics around the financial services industry and

is trending at the top spot in the Gartner Strategic Technology Trends 2020 report. Banks and financial institutions have to define the right strategies to deploy hyper automation technologies, by setting up optimal governance policies and compliance practices to realize advantages for its customers to provide augmented banking services.

Hyper automation based innovative products and platforms from companies like Infosys (Infosys NIA), UI Path, Automation Anywhere, Blue prism, Pega Systems, Kofax and others along with banks strategic new lending product/services during COVID-19 period, are expected to bring new, faster, automated lending processes which will shed light in the coronavirus led darkness.

References

<https://thelabconsulting.com/automate-cares-act-paycheck-protection-program-loans-banks-credit-unions-robotic-process-automation/>

<https://www.edgeverve.com/artificial-intelligence/ni/>

<https://www.edgeverve.com/artificial-intelligence/ni/ni-document-ai/covid19-loan-application-processing/>

<https://www.uipath.com/blog/fast-scale-banking-surge-sba-loans-rpa>

<https://www.automationanywhere.com/in/automation-solutions-covid-19>

<https://www.gartner.com/smarterwithgartner/gartner-top-10-strategic-technology-trends-for-2020>

Authors

Mr. Puneet Mody

AVP, Global Client partner, Strategic Accounts

Infosys USA

Mr. Gajendra Krishnaiah Setty

Sr. Manager, Client Solutions Consulting, Financial Services

Infosys India

For more information, contact askus@infosys.com



© 2020 Infosys Limited, Bengaluru, India. All Rights Reserved. Infosys believes the information in this document is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of other companies to the trademarks, product names and such other intellectual property rights mentioned in this document. Except as expressly permitted, neither this documentation nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printing, photocopying, recording or otherwise, without the prior permission of Infosys Limited and/ or any named intellectual property rights holders under this document.