

Tier-1 bank

CHALLENGES

The bank faced a number of commercial and operational constraints, which formed the key drivers for a digital transformation project.

- Sub-optimal customer experience
- Inflexible product and offer management
- Slow time to market
- Inability to meet regulatory requirements
- Fee leakage

For several years, the bank had not charged contractually committed annual fees on any Home Equity Line of Credit (HELOC) or Personal Line of Credit (PLOC) products.

The reason for this was a lack of an automated process that ensures transparency and compliance with the agreed fee waiver rules.

4 months

Initial implementation

\$10-15 million

Lift in annual revenue expected from charging fees on line of credit products

OBJECTIVES

The bank embarked on a strategic initiative to replace its legacy Hogan core banking system with a next-generation solution, with product and pricing functionality residing outside the core.

- Quickly address regulatory compliance requirements related to product offerings.
- Enable innovation while the bank makes a decision on a core banking replacement.
- De-risk the core replacement program.
- Drive a consistent and improved customer experience.

Additionally, to attract new clients and reduce operational costs as part of a planned national expansion, the lending division was looking for the ability to increase flexibility around product and offer setup and accelerate time to market (for example, preferred rates for account holders who set up automatic payments via ACH).

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SOLUTION

Phase 1 of the implementation covered fees for Home Equity Line of Credit (HELOC) products. With Zafin's solution, the bank can now:

- Charge annual account fees on HELOC products with appropriate pricing structures.
- Eliminate unwarranted revenue leakage by addressing partial and full fee waiver arrangements on HELOC product.
- Institute a systemic and transparent governance model for applying fees and waivers.

In subsequent phases, the bank plans to extend Zafin's functionality across the full range of retail lending and deposit products, including fee calculations, rate determination and personalized offers.

The bank will also gradually externalize all retail lending and deposit product variants from its Hogan core to Product Master, Zafin's central product repository, to help comply with regulatory requirements.

BUSINESS OUTCOMES

By eliminating revenue leakage of lending-related fees, the bank expects to generate an additional \$10-15 million in annual revenue on this one line of credit use case.

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