



# Mortgage and Consumer Lending Advisory practice overview

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# Industry dynamics

Industry challenges have highlighted the value of agility, data, process excellence, and digital capabilities as critical attributes for lenders to embrace as they position themselves to compete for customers with an evolving set of expectations.



## Fight for market share

### Declining originations volume and fee income –

Approximate 40 percent decline in origination volume since postcrisis peak in 2012\*

### New entrants adding to traditional bank competition –

>50 percent mortgage origination volume driven by nonbanks in 2017



## Changing customer expectations

### Customer demand for a more digital experience –

Market leaders like Quicken capitalizing on customer expectations for more self-service, omni-channel, and real-time experiences.

### Emergence of new high-value segment –

“Generation D”: people who are deeply digital, integrating online and social technologies into daily lives

- Millennial: approximately 45 percent
- Gen-X: approximately 51 percent
- Boomers: approximately 39 percent



## Focus on ongoing regulatory pressure and scrutiny

### Ongoing regulatory pressure and scrutiny...

- Post-TRID stabilization
- Consent orders
- HMDA requirements
- Residential loan application changes
- Revised 1003
- Default servicing requirements
- GSE guidelines/requirements



## Profitability pressure

### Wide-ranging process inefficiencies adversely impacting costs, customer experience, compliance and quality –

Firms under pressure to improve performance across the full lending life cycle of sales, fulfillment, servicing, and default

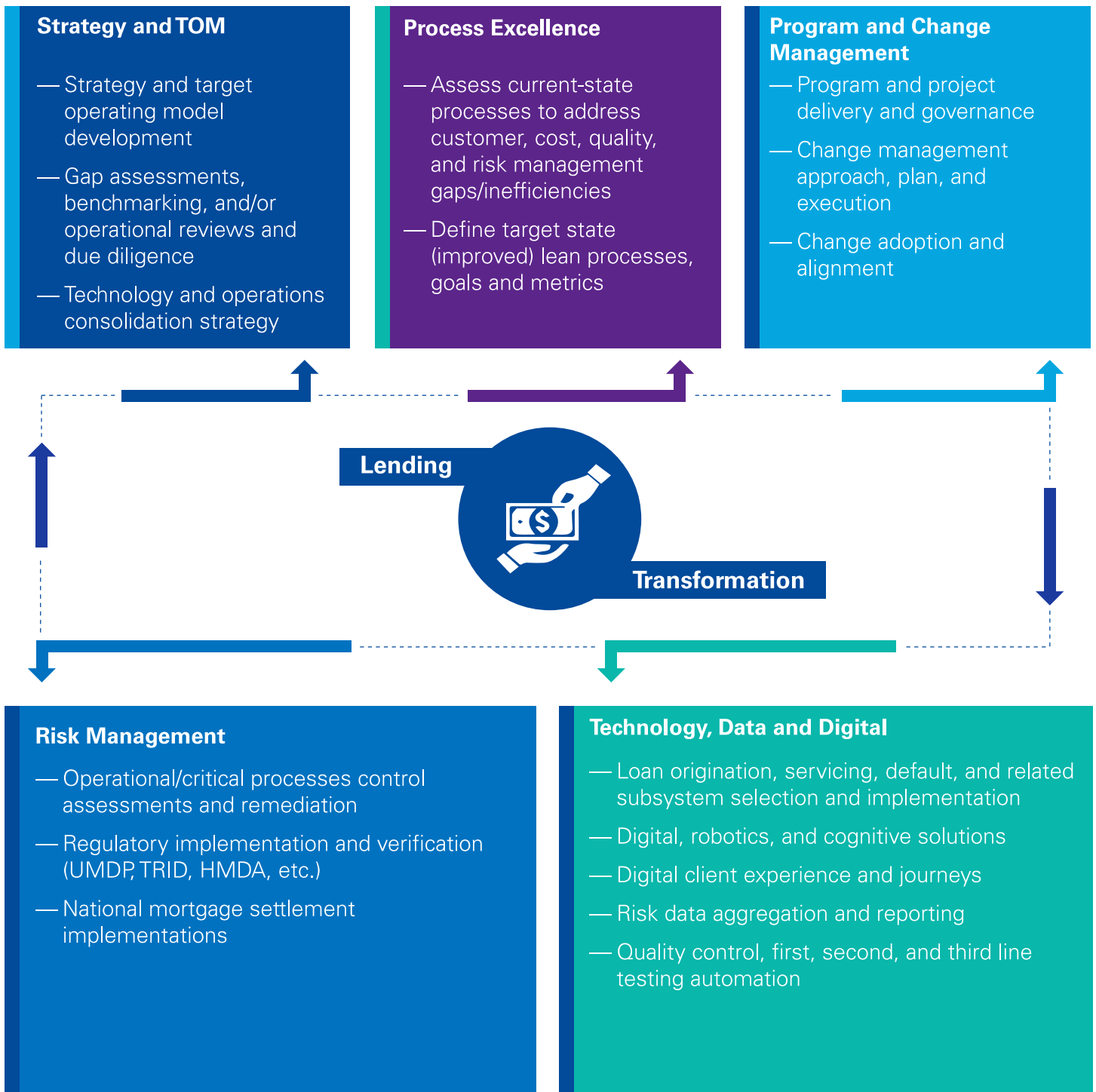
**Technology/legacy system challenges** – Firms burdened by either noncompliant legacy systems built by vendors exiting the market or vendors’ lack of investment in digital capabilities

\*Mortgage Banking Association Mortgage Finance Forecast (First Quarter, 2017).

# Organized around client needs



KPMG's Mortgage and Consumer Lending Advisory practice is organized around five service categories that align to our clients' perspectives on the full continuum of services where external support is often required to enable retail lending transformation.



# Combining practice capabilities to deliver client solutions

KPMG's deep mortgage and consumer lending domain experience gives us perspective on where and how to drive sustainable change. The following are representative credentials that demonstrate how we have helped our clients.

Services						Industry Dynamics				
Clients	Strategy and TOM	Process Excellence	Program and Change Management	Risk Management	Technology, Data, Digital	Fight for Market Share	Changing Customer Expectations	Profitability Pressure	Focus on Regulatory Compliance and Quality	
1	Top 10 U.S. Bank									
	Top 20 U.S. Bank									
3	GSEs									
2	Top 20 U.S. Bank									
	Top 10 U.S. Bank									
	Nonbank Originator and Servicer									
	IT Provider(s)									



# 1

## Top 10 U.S. Bank



### Context/Client challenge

A top 10 national bank requested assistance to operationalize its multiyear originations transformation strategy. Primary goals included improving efficiency, reducing costs, modernizing technology, and enhancing the customer and employee experience.



### Approach

Assisted with the selection and implementation of a home lending origination platform in the following areas: required platform capabilities, RFP assessment, scheduling and planning vendor assessments/demonstrations, vendor scoring, and contract negotiation strategies.

Completed a rapid assessment on PMO program governance, program/project documentation, communication protocols, status reporting methods, risk/issue management, business case analysis, road map development, and budgeting.



### Value delivered

Delivered recommended industry-leading originations processing optimization opportunities that would yield reductions in originations cycle time to several days. Bank achieved higher returns on their investment and increased employee and customer satisfaction early in the implementation cycles through recommended implementation approach. Provided executive leaders with timely, accurate, and transparent views into the state of the program through restructured and optimized the PMO governance model.

# 2

## Top 20 U.S. Bank



### Context/Client challenge

A top regional bank sought experience to assist with design and implementation of a reimagined default management operation that is leading-class across people, process, and technology to support its consumer lending businesses.



### Approach

Provided industry-leading recommendations for and assisted with the development of a target state default lending operating model, with target state business and technology architecture views, initial business cases, and interim sequencing roadmaps.

Assisted with the business and technology requirement elicitation and selection and implementation of a default lending platform in the following areas: required platform capabilities, RFP



### Value delivered

assessment, scheduling and planning vendor assessments/demonstrations, vendor scoring, and contract negotiation strategies. Completed all testing and change readiness plans and activities, including test strategy and execution, training, communications and production rollout support, and transition to “operate.”

Recommended migration strategy and implementation approach that will curtail customer impact, regulatory scrutiny, and negative impact on default management performance.

Applied Six Sigma DAMIC and Lean methods to design standardized processes that could be further transformed through digital labor solutions.





### Context/Client challenge

Client sought to establish a preferred provider relationship with an experienced consulting firm to build in-house expertise with client's originations, closing, delivery, and servicing integrated suite of capabilities. Primary goals included increasing adoption of toolset among lenders and vendors while also increasing efficiency and reducing repurchase risk for companies selling loans to the GSE.



### Approach

Performed discussions with national and regional lenders to review the client's offering and to align the offering with lenders' operating models and required business capabilities.



### Value delivered

Shortened origination cycle time by up to 10 days on eligible loans. Enhanced lenders' collateral rep and warrants relief offering up to 50 percent increase from previous levels.

Worked with lenders to integrate the client's products with lenders' LOS (both custom and vendor products).

Completed all integration plans and activities, including technical integration, training, and production rollout support.

Performed analysis postproduction to demonstrate improvement in areas such as rep and warrants relief, reduced repurchase risk, and improved origination cycle time.



# Contact us

To learn more about how KPMG's Mortgage and Consumer Lending practice can support you with your retail lending transformation needs, please contact us.



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