



HOW FINANCIAL INSTITUTIONS CAN MANAGE LEGACY BOOKS WITH BUSINESS PROCESS MANAGEMENT

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The aftermath of the 2008-09 economic crisis not only highlighted the close link between real estate and lending institutions, but also emphasized the need for stricter regulatory laws across the globe. Lenders are now mandated by law to separate their retail banking divisions from 'higher-risk' wholesale and investment banking services.

The light-touch approach to regulation that investment firms and banks were leveraging is clearly a thing of the past. With the advent of better analytics, better scoring, and a more transparent environment, customers are now able to make more informed choices about the mortgage products they can afford. This is evident from the fact that mortgage lending rates in terms of volumes have dropped considerably from the pre-2008 era.

On the other hand, regulators are cracking down where they feel customers have been given a raw deal. In some cases, they have levied

massive fines, in addition to refunding 'mis-sold' or inappropriate products, such as Payment Protection Insurance (PPI), in the UK.

The regulatory authorities are also becoming more stringent across other asset classes where they feel customers are not being treated fairly on their legacy deals. There will likely be increased pressure of legacy books across different asset classes because legacy terms and agreements, percentage cost (if any investment is involved), and interest rates will come under the scanner.

Re-building Customer Trust

Banks, already under massive regulatory pressure, have to re-build trust with customers. Financial institutions and lenders with large legacy books are feeling the pinch at multiple levels.

There is increased regulatory pressure on financial services companies to manage legacy books

Business Process Management (BPM) companies are well-positioned to offer insight and support to financial institutions, especially banks, for managing legacy book challenges



- Product terms, conditions, and lifespans are evolving to respond to market conditions and customer demands
- Older products that are no longer valid will be considered 'dis-continued' or 'closed'. In some instances, the terms on these mortgage loans are 25-30 years old. However, if there are still customers for 'closed products' on the book, these will have to be managed, which could pose a challenge
- Managing these legacy products will also be more expensive than the revenue they generate, given that the systems / platforms they run on are outdated. This in turn would have a significant impact on capital provisioning. Capital that could have been invested to

address structural elements (technology, infrastructure, and products) for more effective processing is now locked up

Banking on BPM

In such an environment, financial services businesses, especially banks, can rely on the expertise of Business Process Management (BPM) companies for managing challenges such as:

- Improving processes and reducing the cost of management of closed / discontinued books. The financial institution still owns the customer relationship, but does not have to manage day-to-day administration
- Supporting smart interaction with customers across all channels,

including building / re-profiling channels and driving channel optimization, which supports customer experience and reduces cost. There is significant reduction in manual interventions, and more focus on industry best practices

- Leveraging on the BPM firm's research and analytics capability to gain strategic insights into customer behavior and strengthen business decision-making capabilities
- Choosing a BPM provider, which has domain expertise across global delivery centers, and is well-positioned to offer insight and support to financial institutions in the UK and other regions

About WNS

WNS (Holdings) Limited (NYSE: WNS) is a leading global Business Process Management (BPM) company. WNS offers business value to 200+ global clients by combining operational excellence with deep domain expertise in key industry verticals, including banking and financial services, consulting and professional services, healthcare, insurance, manufacturing, media and entertainment, retail and consumer packaged goods, telecommunications and diversified businesses, shipping and logistics, travel and leisure, and utilities and energy. WNS delivers an entire spectrum of business process management services such as customer care, finance and accounting, human resource solutions, research and analytics, technology solutions, and industry-specific back-office and front-office processes. WNS has delivery centers world-wide, including China, Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, UK and US.



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