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# Commercial Lending Process Optimization

Yasemin Aykaç  
İş Bank

# IşBank is the largest private bank in Turkey

- **Turkey's first truly national bank** following the foundation of the republic
- **Founded 1924**
- **Ranked 102nd** in FT's **top 1000 banks globally**
- **76 million USD asset size, 1<sup>st</sup>** among private banks in the country
- **~ 24,000** employees
- **1336 branches** country wide
- 22 branches in **Europe, Russia, Middle East** and 2 representative offices in **China and Egypt**
- **20 million** customers; **7 million** heavily using **digital channels**
- Captive IT provider **Softtech**
- Isbank subsidiary
- ~ 700 FTE
- **Largest software company** in Turkey

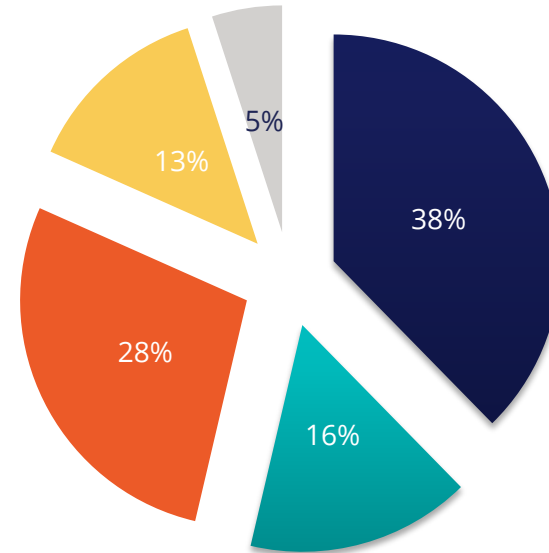


# TÜRKİYE BANKASI

# Isbank is the flagship customer of PEGA in Turkey



- Isbank is running **30 M Pega cases** annually
- Daily average is **~124,000 cases**

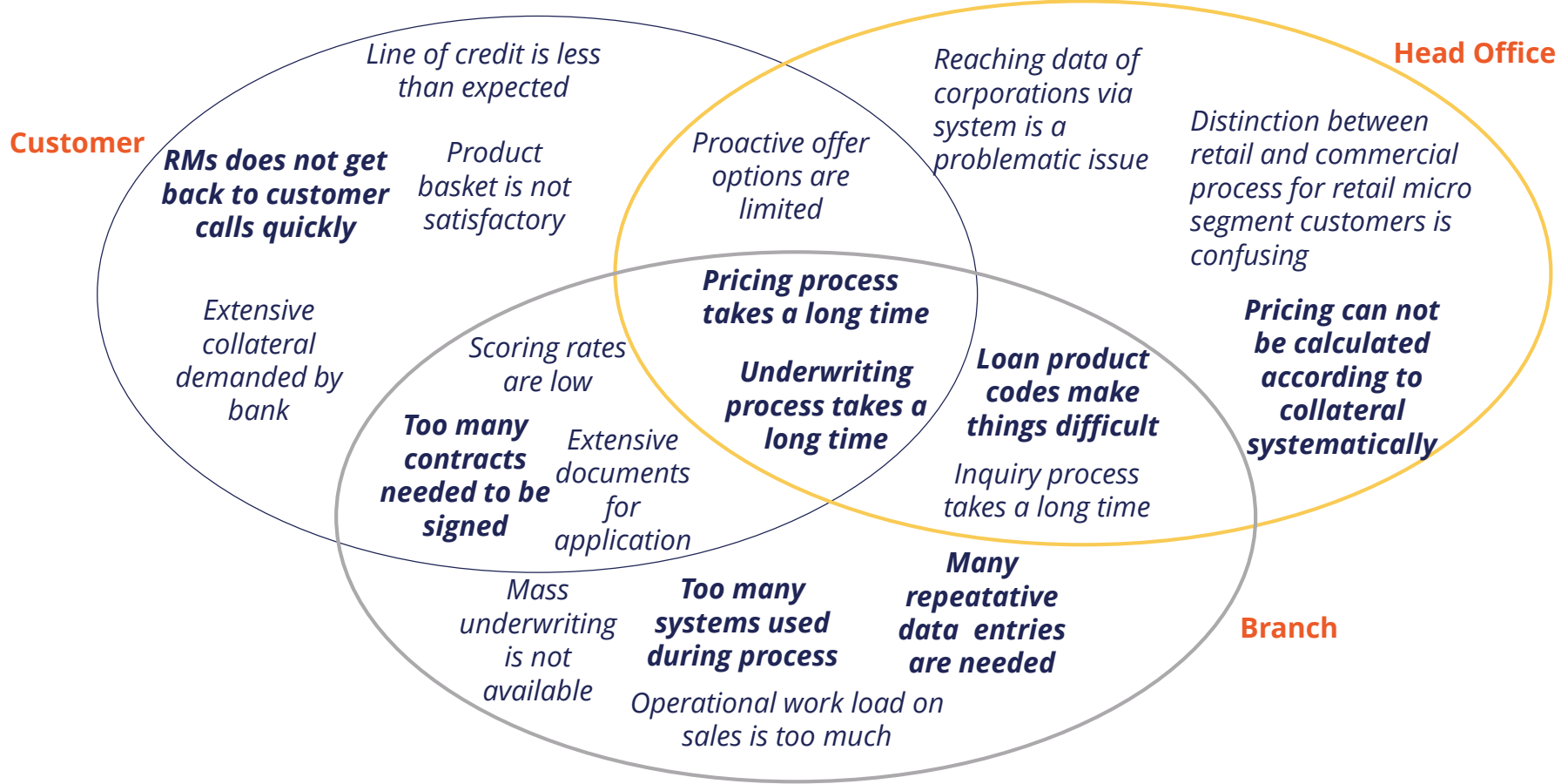


- Back Office Applications
- Campaigns
- Retail Credit Applications
- Payments
- Commercial Credit Applications

# Commercial Lending Optimization Program

- Why Commercial Lending Optimization Program?
- Goals
- Scope
- Applications
- Timeline
- Results Achieved
- How PEGA helped?

# WHY?



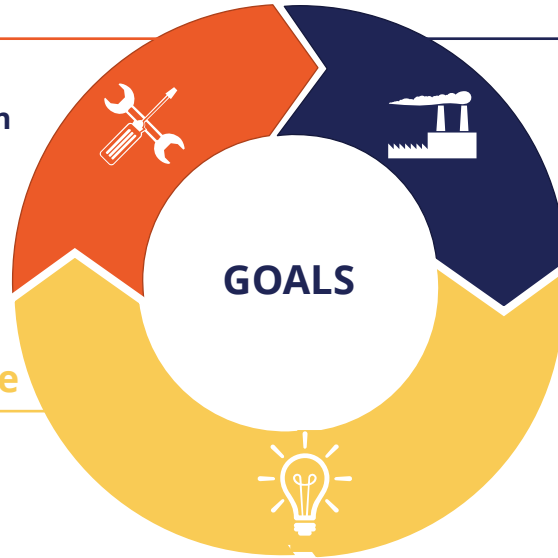
# We targeted transformation in 3 key areas

## Enhancing quality standards

- **End to end** process perspective
- Simplified **product/campaign selection** interface
- Interstep **Data Flow & Data Integrity**

## Enhancing customer experience

- **7/24** access to loan
- **Minimum** data and documents
- Reflecting **customer needs**
- **Multi-channel** experience



## Increasing operational productivity

- Increased **efficiency**
- **Minimized** process time
- **Fulfillment** of an application at the customers place

# Process Optimization

## COMMERCIAL LENDING PROCESS OPTIMIZATION

**SME  
Instant Loan**



**Commercial Credit  
Process Transformation**

- Individual business owners
- Multi-channel experience
  - Branch
  - Online & Mobile

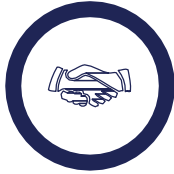
- SME, Commercial and Corporate
- End to end process (from Application to Disbursement)



Traceability



Simplicity



Improved customer  
experience



Minimized process time



# Our Instant Loan Application is the pioneer in Turkish market for SME segment

Customer Segment

SME

Products

Installment  
Loan

Revolving  
Credit

Business  
Credit Card

Overdraft

Channels

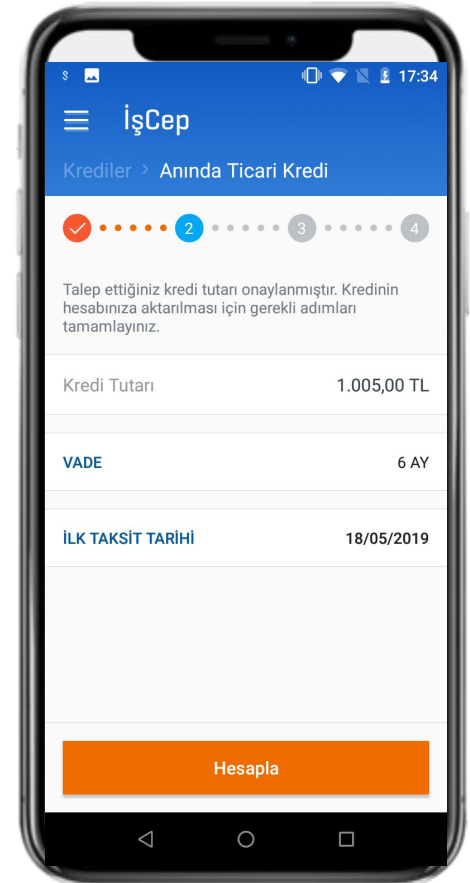
Web

Branch

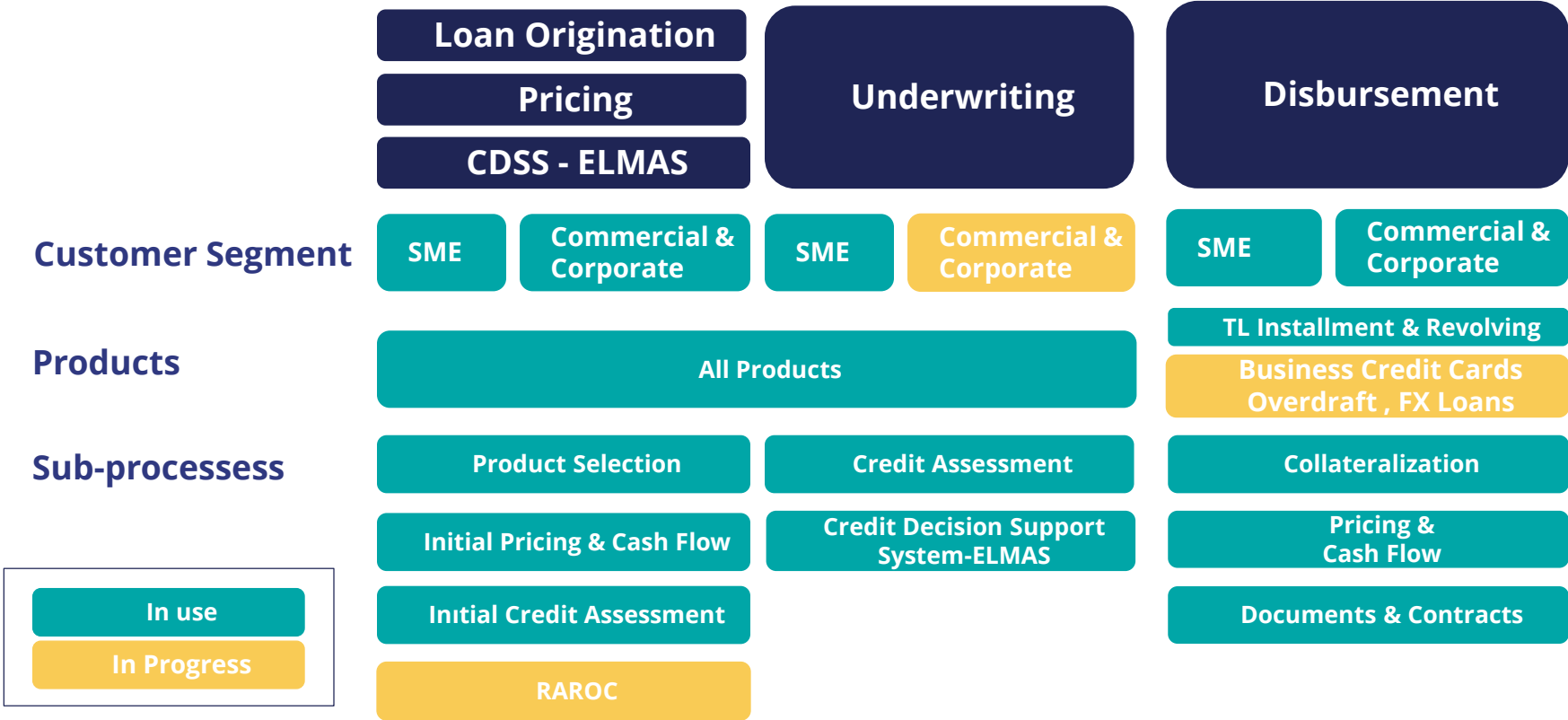
Direct Sales

Internet Branch

2 Different Mobile Apps



# After SME Instant Loan, we focused on the whole Commercial Lending Processes



In use

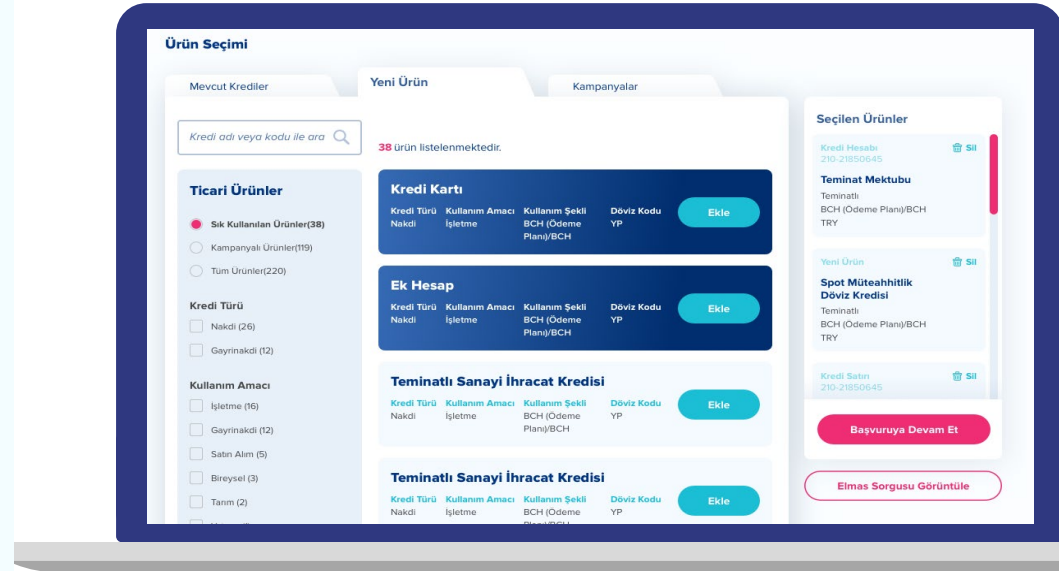
In Progress

# Loan Origination module, guides the RM through a sales conversation

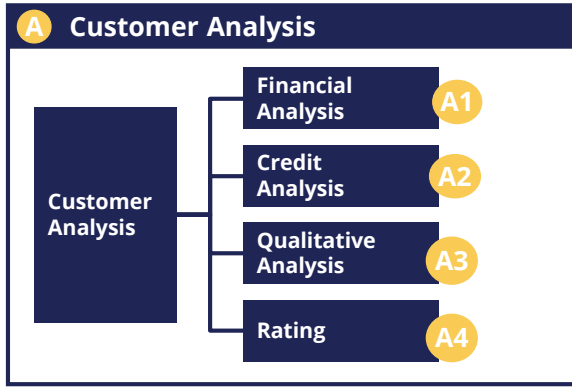


## Key attributes

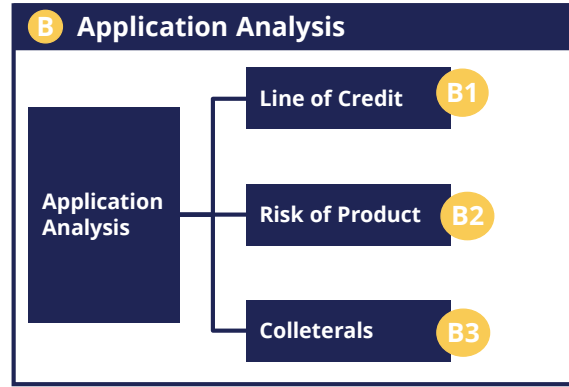
- Smart product selection
- Integrated campaigns
- Seamless integration with pricing system
- Soon, **RAROC** pricing model will be running
- Easy follow up of the status of the application from origination until disbursement
- Pre-Qualification of customer with credit decision support system



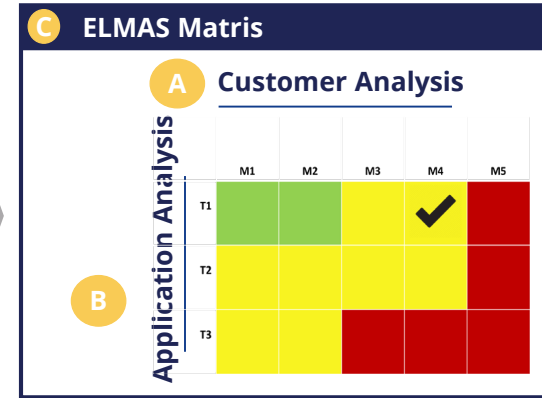
# ELMAS standardizes and simplifies the Creditworthiness controls



- Customer's internal and external information are evaluated in 4 dimensions
- Based on their combined KPI score, customer is classified in **5 risk categories**



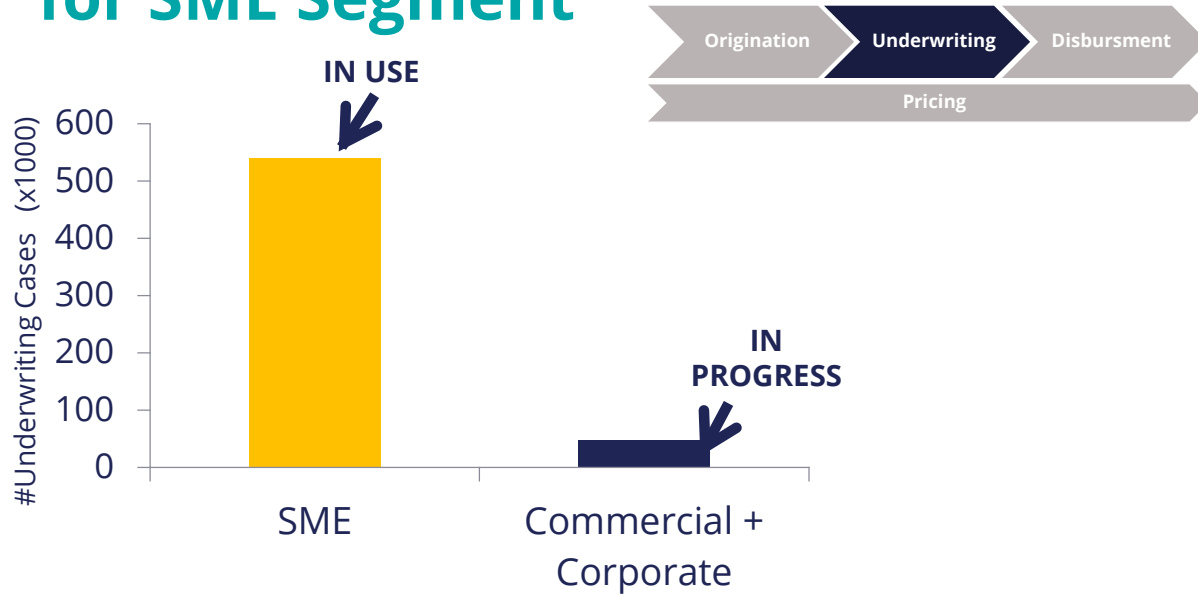
- The proposal is evaluated in 3 dimensions
- Based on their combined KPI score, customer is classified in **3 risk categories**



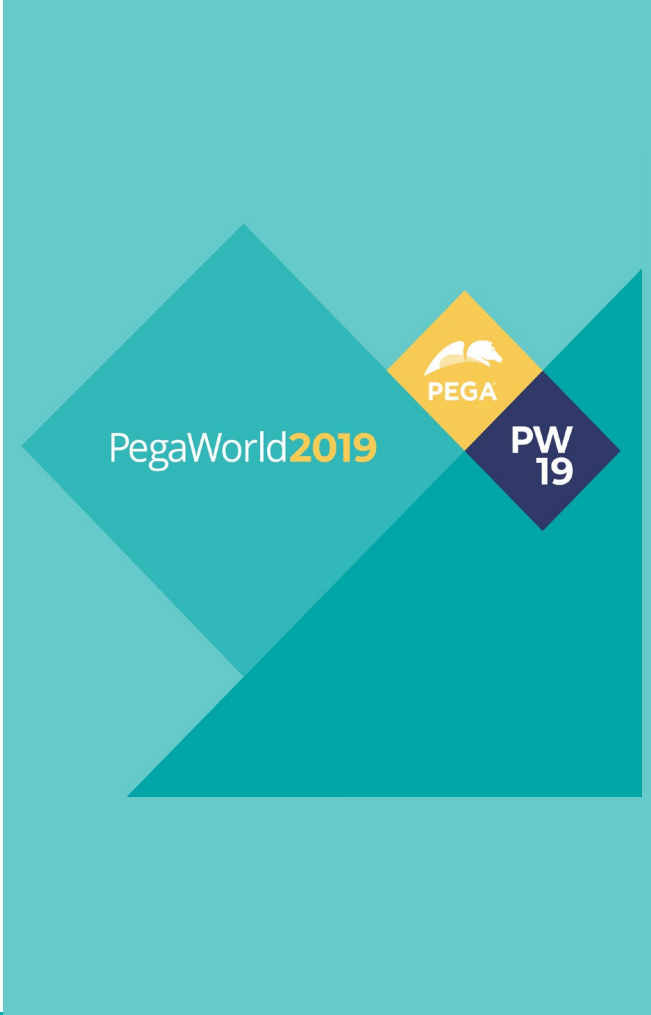
- Customer analysis and Proposal analysis risk categories form a Matrix, which shows us the combined risk view of the Application

Credit analysis process is **standardized** by ELMAS, all external and internal information that user reviewed has been converted to meaningful KPIs.

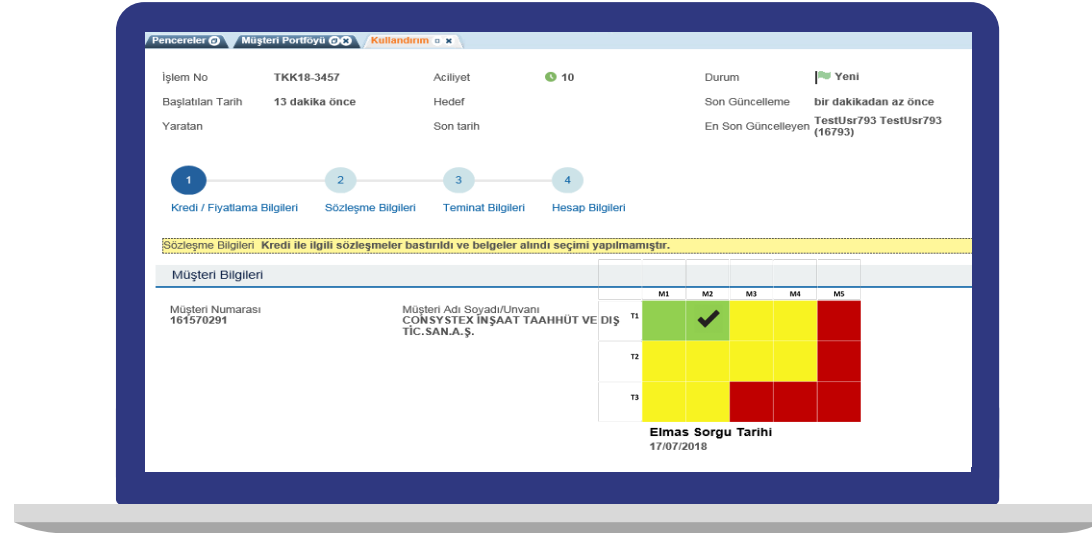
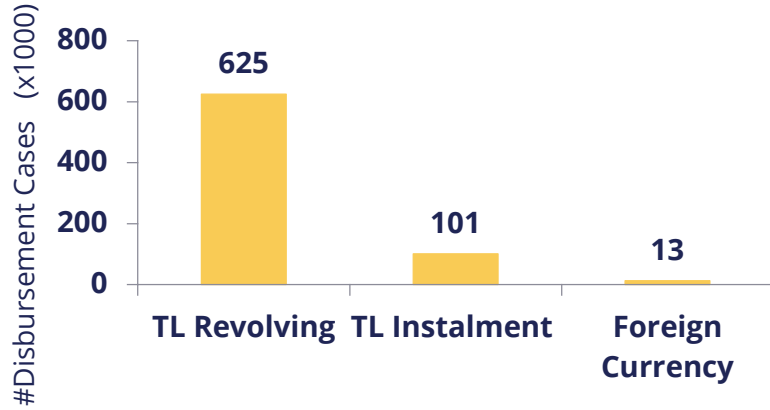
# Underwriting process streamlined for SME Segment



Is Bank is the market leader in Turkey in Commercial Credit Underwriting. Initially, we implemented **SME underwriting process**, which is simple and frequently used one. Now, we are working on **Commercial and Corporate** underwriting processes, which needs to be handled with a tailor-made approach.



# Newly designed disbursement process reduced operational workload dramatically



We started with simple and frequent **TL Installment** and **Revolving Loans**. Branch users had to use **8 different** systems for a single installment loan with campaign. Now, Disbursement process does it all. Manual controls that done by the users are **automated**.

# Program Governance

## 5 Executive Vice Presidents

- SME, Commercial & Corporate Underwriting Divisions
- Credit Portfolio Division
- Product Management Division
- Enterprise Architecture Division

## Project Management

accenture

softtech

### Team 1

Loan Origination

Pricing

### Team 2

Underwriting

ELMAS

### Team 3

Disbursement

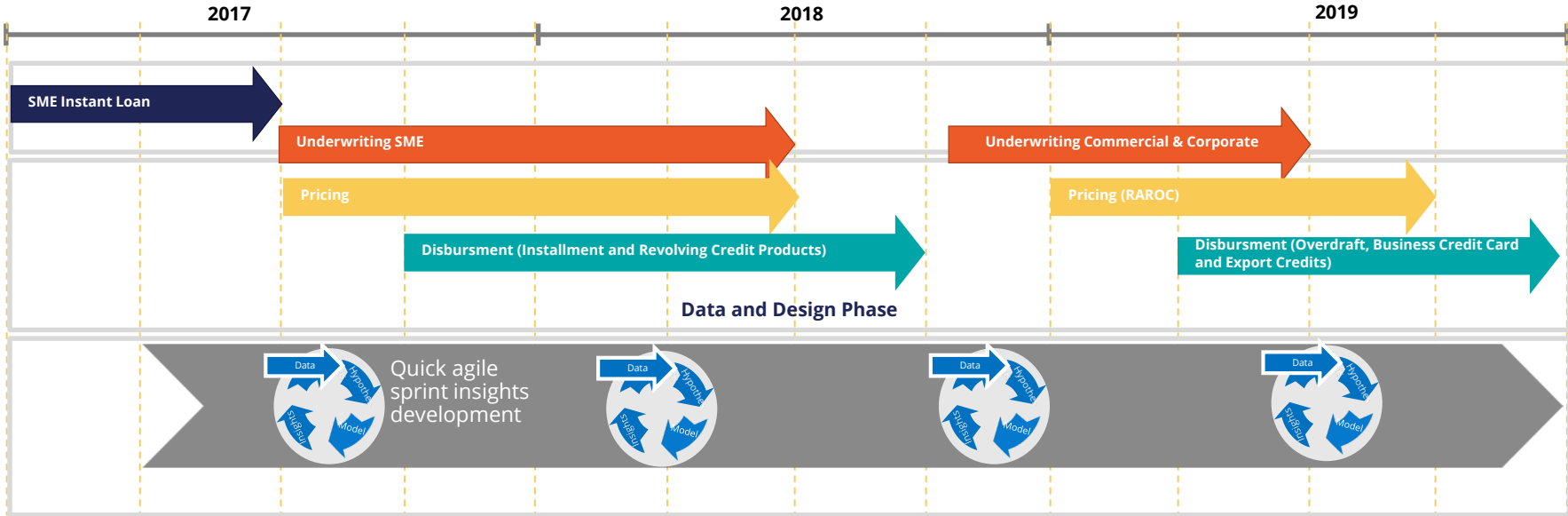
Project Teams

softtech

accenture

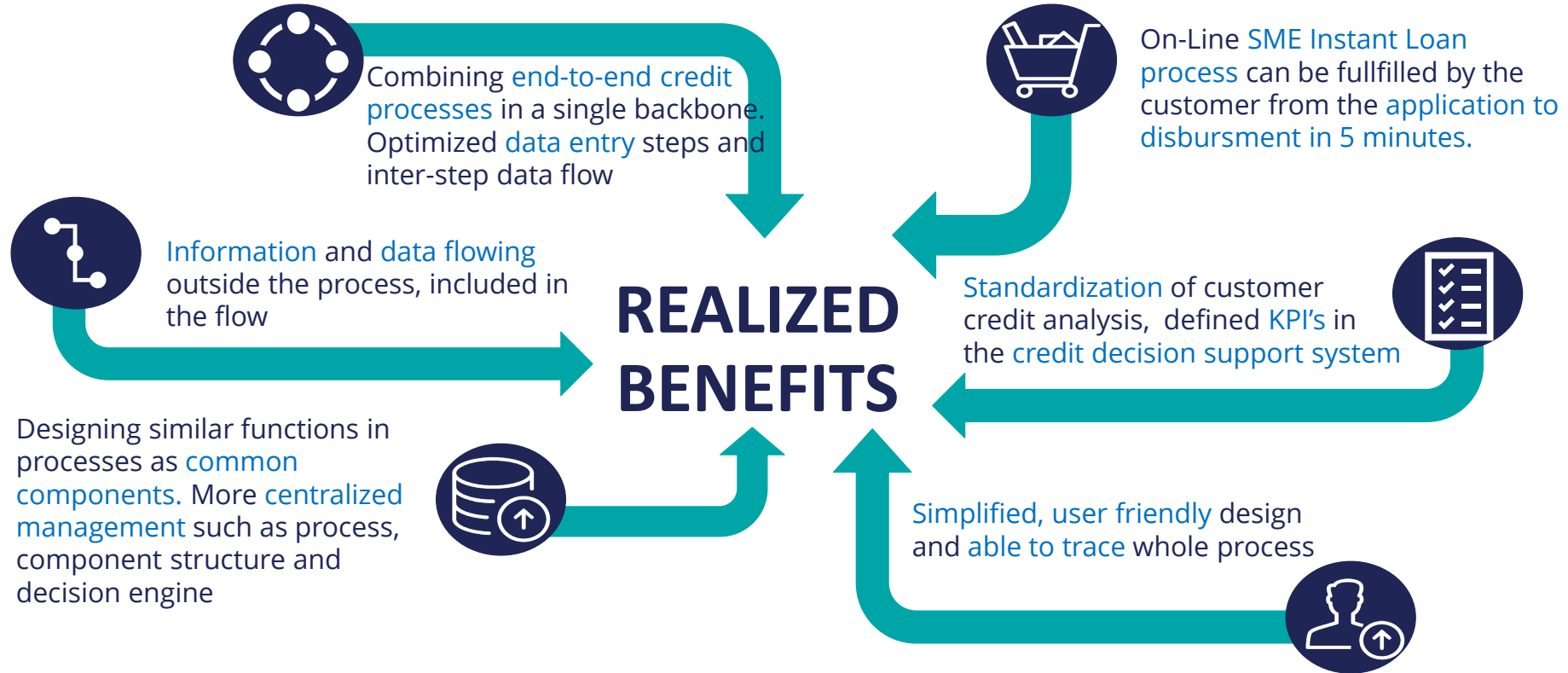
softtech

# Timeline of projects

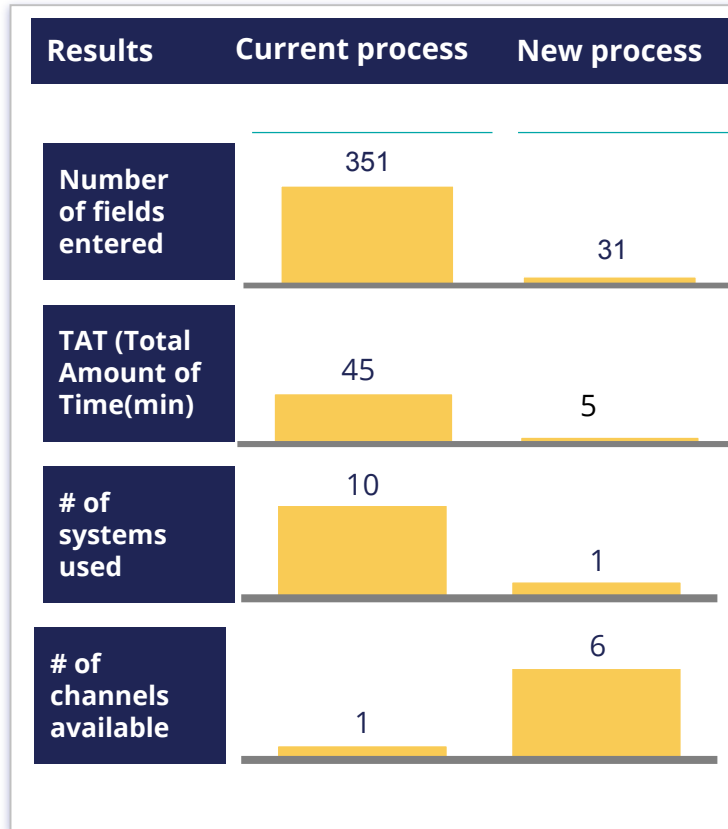




# Goals of the program are in line with the bank's digital transformation journey



# With SME Instant Loan we achieved up to 90% efficiency and recieved great appreciation from our users and customers



## Feedbacks of customers and branch users

### Customers

"This is clean and clear, I can identify myself with the options."

Wow! That's really good, really quick!"

"I like that the bank gives me that flexibility to not tie me into a loan that I don't actually need."

### Branch users

"The process is really easy."

"Knowing which documents is needed for which loan and which campaigns are available for which customer makes my life much easier."

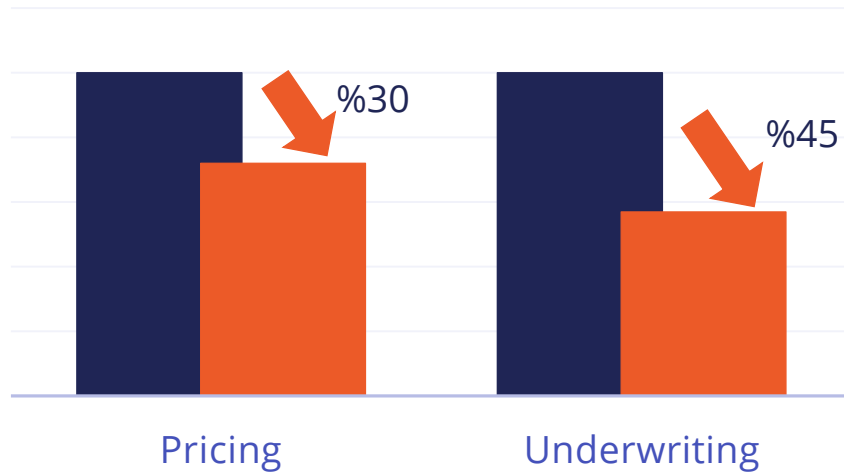
"It is very helpful to know the limit I can offer to customers before sales conversation."

# Average Time elapsed during end-to-end process reduced approximately %40 since we started

## Gains

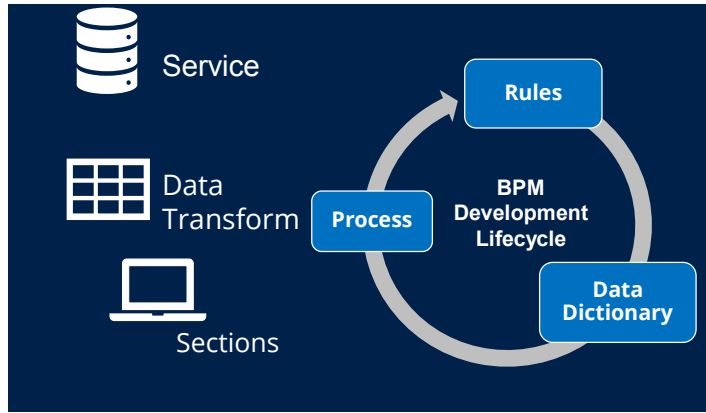
Process Time Reduced

Efficiency



**%40**

# How Pega Helped us?

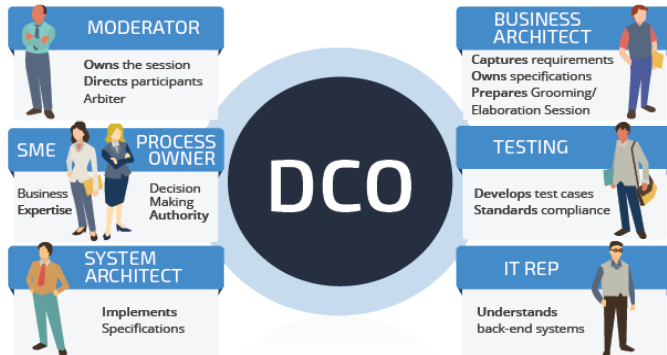


## PEGA BPM

Our classical software development **lifecycle shortened** by combining processes, rules and data mapping functions all in one unified Pega platform.

## DCO

Helped us translating business requirements into development items smoothly. We benefited from **prototyping user interfaces** with process owners and SMEs.



# EWS and Collections



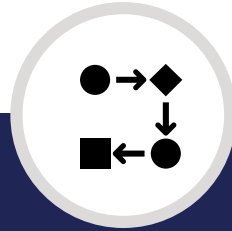
## Analytics

- Developing **EWS** and collection engine for SME and corporate customers by using machine learning algorithms



## Strategy

- Desingining segment specific strategies (ranging from **STP** to **case-by-case** review according to risk exposure) for credit management .



## Process

- Building end-to-end monitoring and collection processes by using **PEGA BPM** tool to support automated management of files, actions, communications through the lifecycle of credit line.



## Reporting

- Adding **granular reporting** capability for early warning and collections processes



**PEGA<sup>®</sup>**

Build for Change<sup>®</sup>