



*Q3 technologies*

## Building Process Critical Risk Assessment and Reporting tools for lending compliance

Q3's global sourcing model gives the maximum benefit to customers in terms of cost savings, improved quality, access to highly talented professionals, flexibility of operations and reduced time to market.

# Case Study – Client based in Boston, MA

## Company Profile

- » Client is the industry's choice for institutions seeking to keep lending in compliance with both regulatory and internal business standards.
- » Compliance expertise, acquired during more than ten years of operating success, positions client to help lenders produce loans that minimize risk, identify lending opportunities, add value to portfolios, and serve the needs of their communities.

## Client wanted to develop automation around various insurance activity processes like:

- » The fair lending process – Automation was required to help perform complex statistical regression. Required was a full range of risk assessment, matched pair testing, regression analysis, and reporting without taking the services of costly consultants and statisticians.
- » Point-of-sale HMDA data collection, verification, and certification – It took increasing amount of time to originate a loan, retraining the loan origination and processing staff. Submission sessions were stress-prone, error-prone and required hours of time dedicated for data clean-up. Reporting was not updated in time and led to wrong decisions.
- » Geocoding capabilities – Addresses were not recorded properly at each stage of the lending process. It was difficult for institutions to determine an applicant's eligibility for CRA loans or other special loan programs and products at the point of sale, increasing the qualification process and increasing loan candidate defection rates.

## Business Situation

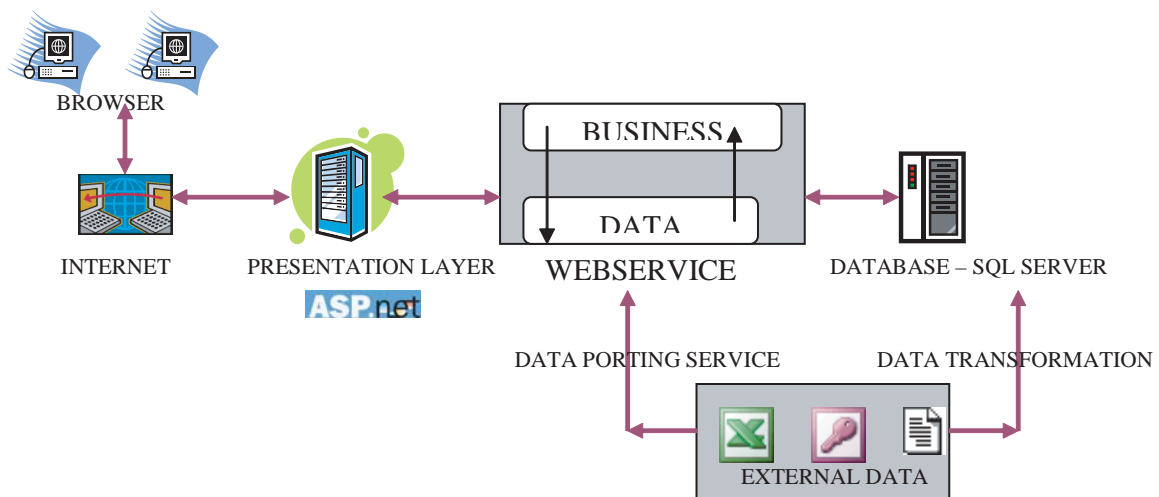
## Technical Situation

It was important to build the automation tools for the insurance sector in a technology through which, client could realize improvements in the time and cost associated with developing and maintaining the applications, as well as benefiting from empowering customers with the ability to act on vital information anywhere, and from any mobile or smart device.

Moreover, taking the modular aspects of modern software applications and allowing them to communicate through standard Internet protocols (XML and SOAP). Applications hosted internally, as well as on remote systems, were to be stitched together, allowing businesses to program the web - quickly and economically, creating specialized solutions that meet unique business needs.

On the data storage side, client required a comprehensive database platform providing enterprise-class data management with integrated business intelligence (BI) tools. The database engine was required to provide more secure, reliable storage for both relational and structured data, enabling to build and manage highly available, performing data applications to take customer business to the next level.

The products were built in **.Net** platform with MS SQL Server 2000 as back-end.



## Solution

- » Q3 set up a dedicated team consisting of a team lead and software developers with internal program managers to monitor and guide the client-vendor partnership.
- » Q3 ensured a transparent and flexible relationship by putting the right combination of people and technology under detailed consultation with technical managers at client site.
- » Semi-detailed specifications were provided by client's and Q3's system architects worked extensively with peers both at Q3 and at client site for building a state of the art data base structure and detailed functional and design specifications.
- » Automated testing tools like Winrunner were used by experienced QA professionals to ensure bug free, application milestones delivery within deadlines.

- » Complete operational transparency was maintained by keeping communication of status updates and progress as a regular process. People at client would hear from the team lead, the program manager and the developers on a regular basis, with more detailed weekly status reports indicating progress against milestones.
- » A comprehensive web service called the Wiz Compliance platform was built which integrated the following functions:
  - ▶ OFAC (re-direct via the platform to the OFAC server)
  - ▶ Address Standardization (via the platform Geocoding service)
  - ▶ Rate Spread Calculator (via the platform rate spread calculator service)
  - ▶ Predatory Lending (re-direct via the platform to the predatory lending server)
  - ▶ Geocoder (via the platform Geocoder service)
  - ▶ Flood Determination (re-direct via the platform to the flood determination server)
  - ▶ HMDA Edits (via the platform HMDA edit check service)
  - ▶ Automated Second Review (hard-coded pre-closing second review)
  - ▶ Secondary Market Loan Review (batch functionality from PLL)
  - ▶ Application Data Cleanup (Data Entry Module)
  - ▶ Executive View (hard-coded high-level reporting functions)
- » Numerous reports as given below were created in Crystal reports and few in Fox Pro for providing a complete MIS structure:
  - ▶ Pricing by Race and Ethnicity
  - ▶ Pricing by Applicant Income
  - ▶ Pricing by Census Tract Characteristics
  - ▶ Pricing Summary
  - ▶ Disposition Summary
  - ▶ Census Tract Income Level and Lien Status by Purpose, Property Type and pricing Originated Loans

## Benefits

- » Shorter time to market for client products by exploiting the benefits of a fully functional Offshore Development Center (ODC) in India, particularly the development process being continuous due to different time zones.
- » Extension of client's development teams globally by taking advantage of Q3's highly flexible Software Development Life Cycle (SDLC) methodology.
- » Business model and culture at Q3 entails ownership of the product development process. It is not only the team members who are dedicated to a client; it is the whole company management which works in complete tandem and efficiency to ensure that the relationship is seamless and successful.
- » Very high return on investment was recognized by client on account of being able to cut down resource costs from average \$90,000 to approximately \$30,000 per resource.