

iGlass ObservationsUS - Financial Services, 2010 Segment Trends**Mortgage Banking**

Mortgage Banking : Economic Pressures
Author: Roderick Wilkins
Trend: Declines Continue in Portfolio Values
<p>1. We observe that...</p> <p>The near failure of the US primary and secondary mortgage markets in 2008 and 2009 devastated lender and investor balance sheets. Most of these have now been significantly re-valued in a downward direction and provision made against major loss. Despite this, loan performance continues to deteriorate and true, comprehensive mark-to-market is yet to be realized.</p>
<p>2. Which could be creating...</p> <p>The need for Lenders and Investors to continue to take effective actions to defend the values of their portfolios.</p>
<p>3. Which may mean you have been looking to (for)...</p> <p>Opportunities to improve the effectiveness of current response strategies and tactics through:</p> <ul style="list-style-type: none"> • Improving portfolio analysis capabilities to enable response to the right threats, risks and opportunities at the right time • Selecting the right response for each portfolio segment and down to each individual loan • Maximizing loss mitigation opportunities through more effective Borrower contact and loan renegotiation treatment • Capturing scale economies • Prioritizing the portfolio to focus on the best opportunities
<p>4. With our company's experience in...</p> <ul style="list-style-type: none"> • Portfolio analysis tools and techniques • Automation of Loss Mitigation management • Delinquency automation • Process Improvement and Business Process Outsourcing (call centres, REO and Foreclosure processing) • Effective Business and Technical delivery at reduced cost , building on economies of scale.
<p>5. You could...</p> <p>Stem and reverse the trend in the current cycle of Losses</p>
<p>6. Resulting in...</p> <p>Enhanced effectiveness of tactics to defend portfolio values</p>



Mortgage Banking: Operating Expense Pressures
Author: Roderick Wilkins
Trend: Outsourcing remains in favor; Off shoring deltas fade.
<p>1. We observe that...</p> <p>The need to drive down costs led to significant movement of customer contact and back office processes offshore over the past four to five years. However, significant overhead must be invested to manage offshore delivery and, at best, quality and performance have been mixed, impacting targeted performance and expense savings.</p>
<p>2. Which could be creating...</p> <p>Strain on delivery organizations to support the level of agility and quality required at the right price point. Onshore and near shore models are proving feasible alternatives where the cultural divide has imposed obstacles in offshore operations with multiple instances of offshore quality failures and customer dissatisfaction.</p>
<p>3. Which may mean you have been looking to (for)...</p> <p>Availability of high quality and high performance alternatives to pure offshore operations at a price point that delivers substantial savings, but not at the cost of adverse customer quality and performance impacts.</p>
<p>4. With our company's experience in...</p> <p>Providing and Managing outsourcing in on-shore and near-shore models</p>
<p>5. You could...</p> <p>Obtain the required level of both cost and quality benefits without undertaking the political and performance risks often experienced in offshore operations.</p>
<p>6. Resulting in...</p> <p>The ability to build broader and deeper relationships with existing customers, improving the customer satisfaction, profitability and loyalty of each overall relationship.</p> <p>Obtaining the required level of variable cost reduction without concomitant risk.</p>



Banking: Regulatory Pressures	
Authors: Roderick Wilkins and Richard Kurjan	
Trend: Ever increasing complexity in Compliance.	
1. We observe...	New and increasing Risk Management requirements imposed by current economic conditions and ongoing responses to economic trends; legislation drivers including Privacy, Gramm- Leach- Bliley, the Patriot Act (know your customer), Sarbanes Oxley, and a sharper focus on governance and compliance by federal and state regulators and the GSEs with the knowledge that additional reform will most likely be enacted this year adding more work and cost
2. Which could be creating...	The requirement to invest in human and technical resources to identify, manage and combat these issues, risks and threats.
3. Which may mean you have been looking to (for)...	Enhanced organizational capability and the technical tools to provide the quality operations, governance and metrics required.
4. With our company's experience in...	Decades of successful experience ensuring clients' policies, processes and technology remain accurate, effective, compliant, robust secure and in selecting, deploying and managing state-of-the-art tools and techniques that result in enhanced security.
5. You could...	Create and manage a robust regime, well able to manage the issues, risks and threats at large in today's environment
6. Resulting in...	Improved confidence from Regulatory bodies An improved customer experience at reduced risk Management clarity on all the risks inherent within the organization, both operational and technical, enhancing the ability to manage and respond as required



Mortgage Banking : Delivery Quality	
Author: Roderick Wilkins	
Trend: Process failures resulting in high levels of Modification rejections	
1. We observe...	Increasing difficulty in satisfying documentation compliance requirements for successful HAMP and other Loan Modification Programs.
2. Which could be creating...	The need to significantly improve operational process quality.
3. Which may mean you have been looking to (for)...	<ul style="list-style-type: none"> • The ability to both automate (where appropriate and cost effective) and enhance process compliance and people performance to reduce GSE document package rejections • The ability to deliver a superior Customer experience through an enhanced, customer focused model
4. With our company's experience in...	<ul style="list-style-type: none"> • Organizing data for business intelligence • Designing and enabling effective and compliant policies, procedures and technology within an enterprise.
5 You could...	<ul style="list-style-type: none"> • Increase Loan Modification volumes and efficiency • Improve GSE Loan Modification approvals • Improve Borrower loyalty and retention • Improve portfolio profitability • Defend the enterprise franchise
6. Resulting in...	<ul style="list-style-type: none"> • Enhanced portfolio performance • An Improved customer and staff experience • An enhanced competitive presence • A stronger franchise

