auxis

CX & Loan Processing Outsourcing
Case Study in Fintech

Client Profile

Our client is a publicly traded leader in the non-prime consumer lending space, focusing on individuals locked out of traditional credit sources who need smaller, shorter-term loans. Interest in its fintech platform grew rapidly after it was launched in 2012, with the company expanding to 500+ employees to support the issuance of more than 1.5 million loans.

Business Challenge

Amidst the historically tight labor market in the U.S., hiring, retention, and performance consistency were a challenge for the fast-growing fintech company's loan processing operations.

For example, even as compensation for finance and accounting roles surged nationwide to combat the labor shortage, **salaries** for loan processors were 24% higher than the national average in the client's market, according to the Robert Half 2023 Finance & Accounting Salary Guide.

In the customer service sector, call center **turnover rates** have surged a staggering 58% to historically high levels since the pandemic – significantly impacting customer satisfaction, according to a Yahoo! Finance report. Some verticals report call center attrition surpassing **65%** and even **80%,** according to *The Wall Street Journal* and Bloomberg reports.

The fintech client's processes were also ripe for improvement:

> **Poor process documentation and an inefficient structure impacted productivity,** creating too much crossover between front and back office work.

> **A commission-based process impacted customer service.** Incentivized to focus on loans that were easiest to close, staff let some potential customers fall through the cracks.

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To support faster-than-expected growth, the client needed a higher quality, more cost-effective solution for scaling its loan processing operations. Its leadership was focused on establishing a nearshore Business Process Outsourcing (BP0) program to manage in-bound customer service and loan processing.

Key priorities for loan processing outsourcing included:

> The ability to **scale up and down based on seasonality.**

> A partner with the **right tools, safeguards, and processes to meet the robust security and compliance requirements** surrounding the fintech industry.

> **A location in Costa Rica.** The client needed access to a deep, highly skilled talent pool with high English proficiency and a neutral accent since industry regulations require loan-related conversations to be conducted in English unless a customer requests another language. The client also was seeking **key nearshore benefits** like time zone and cultural alignment that foster strong communication with U.S. customers.

> **Access to automation tools** to increase productivity and efficiency for multiple outsourced processes.

Solution & Approach

A **Top 100** Global Outsourcing Service Provider for eight years in a row, Auxis was hired to build and operate a nearshore loan processing outsourcing team at its **Global Delivery Center in Costa Rica.**

After approaching CINDE, Costa Rica's investment promotion agency, for a list of quality outsourcing providers in the region, the client chose to partner with Auxis based on its deep operational knowledge, detailed business understanding, and innovative outsourcing approach.

With more than 25 years of finance transformation and management consulting experience on top of its outsourcing expertise, Auxis comes to the table with a unique perspective on optimizing outsourced processes to achieve peak performance. Its value is underscored by **proven successes for a wealth of F&A clients** across industries.

While other proposals the client received provided little visibility into outsourced operations, Auxis immediately recognized and proposed a significant opportunity to create a more streamlined, productive operating model.

The Auxis approach to the loan processing outsourcing model segregates the client's back and front office duties into two new, non-commission-based roles. Isolating these tasks increases efficiency, enabling staff to become experts in a defined area. It also makes it easier to onboard, train, measure, and tweak staff performance.

Impressed with the new structure, the client also asked Auxis to define, document, and improve its processes for loan application in-take and processing through credit approval.

Key solution steps included:

> **Thoroughly analyzing and documenting the client's current state.** That included detailed process walk-throughs and review of process documentation and training materials for the current loan processing team. Auxis also performed volumetric data analysis for customer contacts, contact arrival patterns, average handle times, and other KPIs.

> **Collaborating closely with the client to finalize a target loan processing outsourcing operating model:**

>   – **Identifying process improvement opportunities,** including process redesign, organizational restructuring, and documentation gaps for key processes and activities.

>   – **Defining the new organizational structure.** Auxis worked with the client to create two teams of agents, leads, and supervisors reporting into an overall account manager:

>   1. **Loan Processors:** The loan processing team works exclusively on the back end, with responsibilities that include opening customer applications online, reviewing them for completeness/requesting additional information, researching/evaluating a customer's financial history and documents, and collaborating with underwriters to process loans quickly.

>   2. **Application Advocates:** These customer-facing roles require high English proficiency, providing best-in-class customer service on inbound calls. This team acts as the voice of the customer, identifying and suggesting improvements for process bottlenecks and inefficiencies.

>   – **Optimizing shift/coverage schedules based on arrival pattern data.**

>   – **Defining Service Level Agreements (SLAs)** that measure performance based on critical indicators like first call resolution rates and customer satisfaction surveys.

> **Creating SOPs and documentation for future-state process flows:**

>   – To maximize client value, Auxis teams used the automated **UiPath Task Capture tool** to help create Standard Operating Procedures (SOPs) for the client's new roles. UiPath Task Capture performs an accurate deep dive into the specifics of a process, working side-by-side with employees to record interactions like keystrokes, clicks, and data entry. Auxis added detailed context with every screen shot. Task Capture also collects smart data concerning process statistics like execution time, number of actions, and more.

>   – Auxis built a taxonomy of key processes, sub-processes and activities, process owners, systems, and other dependencies to support the new organizational structure as well.

> **Managing vigorous security and compliance requirements.** With stringent regulations protecting sensitive customer data in the fintech industry, Auxis implemented robust measures to ensure security and compliance. For instance, outsourced teams only work onsite in a separate clean room that creates a secure space for processing sensitive information at the Costa Rica delivery center. The room is equipped with specialized hardware and software that protects data integrity, including encryption, firewalls, authentication protocols, and other security protocols. Access to the entire area and individual workstations is restricted to authorized personnel. Strict security controls also prevent information copying inside the room, including multiple monitoring measures and prohibition of devices like phones, thumb drives, and even outside pen and paper.

> **Robust training to support rapid ramp-up and stabilization of outsourced teams.** Auxis worked closely with the client to prioritize effective training. Together, Auxis and the client developed a three-month training initiative that enabled Auxis to quickly function as a true extension of internal teams. Sending the client's process experts to Costa Rica to get outsourced teams up to speed also established a strong working relationship between external and internal team members. To ensure consistent top performance, Auxis continues to provide a dedicated trainer for ongoing training and coaching of outsourced teams.

> **Identifying long-term optimizations.** With outsourced operations running smoothly, Auxis has started reviewing long-term optimization opportunities like automation with the client to drive additional productivity and efficiency.

Why Auxis: Results

Auxis teams hit the ground running under the new operating model - successfully delivering high-performance loan processing outsourcing operations for the client. In less than a year, the client was so pleased with Auxis' productivity and efficiency results that it nearly doubled the size of its Costa Rica team.

The client also modeled an internal team after the Auxis organizational structure.

Key results include:

63% productivity increase.

> With an average loan size of $1,200, loan volumes are critical to the client's success. By creating a new organizational structure that divided back and front office tasks and optimized processes, Auxis created streamlined, efficient, expert teams that increased productivity significantly. For instance, Auxis reduced Average Handle Time (AHT) for Application Advocates by 63% in less than a year.

35% turnover reduction.

> On top of the historically high turnover plaguing contact centers, the client's need for onsite teams made attrition even more challenging. In the post-pandemic world, an overwhelming 81% of call center agents favor remote work and only 6% prefer working onsite, according to the Yahoo! Finance report. Auxis implemented several measures to combat turnover, achieving a 35% reduction within a year. Important initiatives included a recruiting strategy that prioritizes candidates with close geographic proximity to the Auxis delivery center as well as monetary incentives like transportation bonuses and frequent performance evaluations tied to salary increases.

30-50% labor cost savings.

> Although cost savings were not the client's biggest outsourcing driver, nearshoring to Costa Rica delivered more productive, high-quality loan processing operations at a significantly lower cost. Costa Rica delivers a 30-50% labor arbitrage compared to hiring similar F&A roles in the U.S.

Significant improvements to customer service.

> Eliminating the commission-based process structure ensures every opportunity receives the same level of attention and dedication. It also helps control labor costs and ensures opportunities aren't missed because they aren't as easy to close.

Beating the U.S. labor shortage.

> Nearshoring to Costa Rica's deep, highly skilled F&A talent pool helped the client overcome hiring and retention challenges that impacted service delivery in the U.S. Even as 54% of U.S. finance leaders continue to see increased quits, according to the Robert Half survey, partnering with Auxis enabled the client to fully staff and stabilize its loan processing operations quickly.

Easy scalability.

> Auxis nearshore operations allow the client to scale teams up and down quickly to accommodate fluctuating demand - without the headache of hiring additional staff or carrying teams with inconsistent work. Auxis operations also provide best practices and resources that make it easy to keep pace with business growth, with team size nearly doubling already.