

Rabobank Chooses Baker Hill Origination Suite for Common Platform and Improved Turnaround

Challenge

In 1999, John Ferebee started to work at Mid-state Bank & Trust (Arroyo Grande, CA) as Director of Retail Lending, to upgrade the bank's retail lending processes. The bank's consumer loan department was run manually with very few automated processes. The bank also had a very small mortgage lending operation and offered no small business lending unless a deal attracted the attention of a commercial relationship manager. Processes for the small business borrower were the same for much larger deals. At Mid-state, one size fit all.

"I wanted to move the bank into the 21st century," said Ferebee. "We started to redesign products and bring in some decision-based automated scoring solutions. We bought one piece of software to automate our consumer lending and another to automate small business lending. We also brought in a document preparation solution. We created a separate department specifically for small business lending. It all seemed to be working well."

Then Rabobank made an offer to purchase Mid-state Bank that Mid-state's board accepted. In May 2007,

"Here's my vision. A client walks in to make an application... within minutes...the client can sign his/her documents – all in one transaction. "

- John Ferebee, Senior Vice President and Director of Retail Lending, Rabobank

the merger closed. John's responsibilities expanded to include not only Mid-state's consumer business, but all of the consumer business at Rabobank. Rabobank's mortgage, SBA, and guaranteed loans were also added to his department.

"Rabobank was using Baker Hill's solutions. We weren't and it did not make sense to use two disparate systems. So, in fairness, we put teams together to evaluate each bank's products, pricing, underwriting guidelines, and technology solutions.

"It was the best of both worlds – Solomon would have been proud! Mid-state team members evaluated the Baker Hill solution that Rabobank had been working with. Legacy Rabobank bankers evaluated the systems that Mid-state had in place. The Baker Hill strategy won out because: 1) Mid-state's system did not have a module geared specifically for small business lending; 2) Baker Hill's ability to capture data and create

reports using the same database was much better – we wanted that common platform; and 3) the Baker Hill solution had the ability to expand as we grew because Rabobank had not been using the system to its fullest extent.

Solution

Rabobank approved the policies that allowed the merged bank to operate as one unit. So, in January 2008, there was a bank-wide conversion to these systems. All lenders and underwriters are using Baker Hill's common origination platform for both consumer and small business lending, specifically Baker Hill's Bank2Business® and Bank2Consumer®. These are two of three modules in Baker Hill's origination suite.

Bank2Business is a browser-based origination solution used to manage, analyze and decision business credit requests, regardless of size or type. Using a common starting point, credits

PROFILE

CLIENT

Rabobank, N.A. is a California community bank that provides personalized service and a full array of quality products to individuals, businesses, commercial real estate developers and investors, and agricultural clients. With 78 retail offices and 14 financial service centers, the bank serves the needs of communities from Sacramento to the Imperial Valley through local decision making and active community involvement by its employees.

CHALLENGE

Choose between two disparate lending solutions after a merger; Improve turnaround and streamline processing of both small business and consumer loans in the midst of growth and acquisitions.

SOLUTION

Baker Hill Origination Suite modules, Bank2Business® and Bank2Consumer®

RESULTS

Improved turnaround time for decisioning; more objective, consistent decisioning; reduced paperwork; improved responsiveness for customers.

are channeled through the appropriate workflow based on application data. Underwriters determine the complexity of analysis required depending on request type, product type and credit exposure. The solution facilitates the analysis and underwriting process so lenders can make better lending decisions and focus on what they do best – building client relationships.

Bank2Consumer automates the consumer lending process from submission to booking, promising quicker turnaround on credit requests. And, because Bank2Consumer gives a bank the option of using credit bureau scores or integrating with Fair Isaac's LiquidCredit® service, bankers can be assured that each credit request is accurately decisioned and priced, minimizing portfolio risk.

The first significant step the bank took after the merger was to train half of its branches to input applications into Bank2Consumer. "Previously we had eight input clerks taking applications from the branches. We had typists inputting data. It was not as fast or efficient a system as we wanted; those staffers will now do things that are more customer-oriented." The next phase will be to train the other half of the bank's branches to input those applications and all of its offices to take small business applications. That process will be complete after the bank's core system is converted in the middle of this year.

"Here's my vision. A client walks in to make an application. The branch staffer inputs the application data directly into Baker Hill's origination platform. The system's partnership with Fair Isaac scoring will render a decision almost instantaneously. LaserPro will capture the data and prepare the loan documents within minutes, so that the client can sign his/her documents – all in one transaction. Given Baker Hill's best practices, we are very close to that vision with certain products; it will take a little more time for more complex products."

Results

Before using Bank2Consumer, Rabobank was taking 24 hours to decision an application, another 24 hours to complete documentation, and an additional seven to ten days to process a loan, for a total of up to 12 days, to turn around just a consumer loan.

"Now, our goal is to decision a consumer loan within minutes and to have documentation completed in less than a day," says Ferebee. "We're trying to have most of the information gathered at the branch level."

Turnaround on small business loans has also improved. Prior to Bank2Business, small business loans could take two or three days to be processed; now it takes 24 hours, from the time the application is entered to the final decision.

Using only two underwriters, the bank processes about 100 applications a month through Bank2Business. Approval rates have been about the same, with minimal charge-offs and a delinquency rate below 1%.

"I believe that our success has been based on our commitment not only to deploy the Baker Hill platform but to continue to evolve the solution. We regularly review current processes and work with Baker Hill to validate data, for instance, and that has allowed us to refine solution use. Baker Hill's Advisory Services team works with us to facilitate that validation.

"The solution works the way we work," says Ferebee. "Minimum documentation and training is needed to understand the process. We've been able to put workflow and procedures in place based on Baker Hill's best practice use of the solutions. We eliminated many of the reports, forms, and processes that we didn't need.

"Baker Hill has helped us throughout our expansion and helped us meet our goals of having a centralized lending department and pushing sales out to the branches. The Baker Hill Origination Suite has become an integral part of our business.

"Baker Hill has come up with solutions that fit us," says Ferebee. "Baker Hill has been able to support our goals and strategies, and we look forward to continuing to leverage our

investment in that platform.

"Baker Hill team members are very responsive. They have a lot of enthusiasm and energy and are genuinely excited to get things running. The Baker Hill user group has been very helpful too. The team wants us to get the most use we can out of the system and that we're doing so efficiently. That is very important. As we grow, we must have a solution in place to handle that growth. Baker Hill is that solution."

Baker Hill, a part of Experian

Baker Hill delivers solutions that address business process needs, and works as a trusted adviser to its banking clients. Baker Hill understands sales, lending and portfolio management processes, knows how to implement technology to enable those processes and has a long history of client success from which to mine best practices. More than 1,200 financial institutions and credit grantors in all industry segments have drawn on Baker Hill's business and process expertise, and have chosen its relationship management, credit origination and portfolio risk-management solutions as their enabling technologies.



Baker Hill Corporation
 12900 North Meridian Street
 Suite 200
 Carmel, Indiana 46032
 Email: info@bakerhill.com