

CLIENT SUCCESS STORY: PIONEER BANK

OVERVIEW

As banks and credit unions continue to evolve their offerings for customers in an age of digital transformation, there is a growing need to implement a full-scale portfolio monitoring solution. That was certainly the case for Pioneer, a full-service financial institution serving individuals, businesses, and communities with twenty-two locations throughout New York's Capital Region. After implementing Baker Hill NextGen® for loan origination, Pioneer once again turned to Baker Hill to provide a solution to monitor and mitigate risk in its loan portfolio.

THE SOLUTION

Portfolio
Monitoring

THE PROBLEM

At the time, Pioneer had approximately 650+ business clients that were subject to annual reviews. The method for conducting these reviews relied on manual processes that didn't always account for the most recent account data. Pioneer needed a proactive and real-time solution to monitor for fraud and risk and allow for more transparency when customers were experiencing hardships, a system that would allow the bank to see if things were trending in the wrong direction before the financial documents were submitted.

THE SOLUTION

After evaluating the marketplace and researching the options available, it was clear to the team at Pioneer that the solution was Baker Hill NextGen® Portfolio Monitoring. Thanks to the flexibility and configurability of the system, Baker Hill was able to create triggers that alert the appropriate resources at Pioneer if a customer's activity indicates risk factors, such as non-sufficient funds or account overdraft, loan delinquency, late payments, a change in credit scores, or additional behaviors indicative of risk involving accounts held with Pioneer. These triggers not only reduced delinquency and risk in the portfolio, but more importantly it allowed the bank to offer better service to their customers.

Baker Hill NextGen® Portfolio Monitoring allows Pioneer to be more proactive when it comes to how they help their customers manage their loans and accounts. By engaging with clients early when it looks like there might be a shift in account management activity, the bankers are able to suggest solutions or offer alternatives that mitigate problems as they arise, rather than after the fact. This was a particularly powerful advantage during the COVID-19 pandemic when many businesses were struggling in the economic downturn. By monitoring the portfolio in real-time rather than retroactively, the bank can keep accounts from moving to collections, a benefit to both the bank and its customers.

There has been at least a 30% reduction in delinquency since the full model was scored within the platform. By creating a sharper, more compelling picture of their assets, Pioneer is finding new ways to leverage this type of data to increase profitability and provide improved services to their customers.

Through working with Baker Hill, the team at Pioneer was able to create a custom system for monitoring behavior within the portfolio. The team determined a list of traits or actions that often indicate risk and assigned each portfolio a risk-based score. Using the score, the team compares the traits within the portfolio and determines if there is risk beyond the pending financial documents. These results are monitored daily, allowing for the most up-to-date picture of portfolio risk, allowing weakness to be identified and assist the banker with potential customer solutions in a timely fashion.

Baker Hill NextGen® Portfolio Monitoring allows Pioneer to also adapt their monitoring system to match the specifics of its portfolio. New criteria can be customized within the consumer lending side of the portfolio that differ from the business criteria that calculate the commercial lending risks. Each set of factors can also be weighted appropriately depending on what the bank determines to be the most valuable information.

One key benefit of Baker Hill NextGen® Portfolio Monitoring that Pioneer frequently utilizes is the ability to trend out the data over a specified period, allowing for a bird's eye view of the trends to determine if an account is improving their risk score or if it's declining. By analyzing a year's worth of data, Pioneer can create a comprehensive view of the trends that can be compared to the same period in previous years or months. This paints a real-time snapshot of portfolio risk and provides an improved opportunity to manage the risk and prevent it from being written off as a loss.

THE RESULTS

Through leveraging the factors and monitoring the trends with Baker Hill NextGen® Portfolio Monitoring, Pioneer has been able to enhance the customer experience as well. Loan relationships can more closely be monitored and provided with additional personal service to help clients manage financial uncertainty. The triggers can also be used as an internal sales tool, allowing the team to monitor when a loan has been paid down or when more money becomes available, creating additional retention and cross-sell opportunities.

Through the implementation of Baker Hill NextGen® Portfolio Monitoring, Pioneer has been able to reduce the number of manual reviews that take place annually. There has been at least a 30% reduction in delinquency since the full model was scored within the platform. By creating a sharper, more compelling picture of their assets, Pioneer is finding new ways to leverage this type of data to increase profitability and provide improved services to their customers.

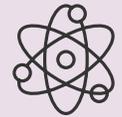
As demonstrated in recent years, no one knows exactly how the economic forces will play out. But what we do know is that it will impact all parts of a loan portfolio. By gaining a complete view of the credit and operational risk associated with a credit relationship or a portfolio segment, lenders like Pioneer can make better decisions and help foster successful outcomes for their clients.



30%
reduction in delinquency



ENHANCED
customer experience



RELATIONSHIP
monitoring and
personalized service



INTERNAL
sales tool for retention
and cross-selling



REDUCTION
in number of manual
reviews annually

800.821.8664
www.bakerhill.com