

BB&T Loan Services

Case Study



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INTRODUCTION

TriTek Solutions partnered with Branch Banking and Trust (BB&T) to develop a comprehensive content management and business process management solution within the Loan Services department. The following case study includes the challenges faced within the department prior to the solution, a detailed look at the solution that TriTek implemented, and the business and technical benefits that BB&T received upon completion of the project. Given the economic challenges that currently face the banking industry, the benefits from the Loan Services solution are especially impressive.

CHALLENGES

BB&T Corporation (NYSE: BBT) is the nation's 14th largest financial-holding company with over \$143 billion in assets, 29,000 employees, and 1,500 bank locations operating throughout the southeastern United States. BB&T offers a wide range of financial services including retail banking, consumer and commercial lending, insurance, trust and wealth management products. The Loan Services department of BB&T is responsible for document review, loan operations and insurance review for retail and business loans. Additionally, BB&T Loan Services is responsible for specialized servicing of Equipment Finance and SBA lending products.

One key factor contributing to the past success at BB&T Loan Services is a focus on process improvement, education and employee training. According to the Executive Vice President of Loan Services at BB&T, the company is "committed to making a substantial investment in employees to create a knowledge-based learning organization." There is a strong belief throughout the organization that superior performance is a direct result of proper training and reinforcement from management.

Despite the historically high levels of success that BB&T Loan Services had achieved due to the strength of their workforce, the company recognized areas of business that needed improvement. To help employees increase productivity, managers improve oversight, and IT employees address and solve systems issues, the Loan Services department needed a more updated enterprise content management solution.

An initial workflow installation, allowing for the electronic routing of documents, was performed in 1997. Prior to this implementation, employees could spend time searching for the work they were tasked to review. Many times this would require physically walking to a separate location to collect a file. Even for work that was stored in the system, there was no easy way to find the proper documents. Due to these inefficiencies, FDIC representatives would spend up to two weeks verifying compliance at each segment within BB&T Loan Services. This department also lacked a standardized quality assurance format or process, which jeopardized the objectivity of the results. In addition, internal and external auditors were required to manually search through documents, whether paper or electronic. Since the names of processors were clearly visible on the documents, there was a large risk for bias.

The FDIC would spend up to 2 weeks verifying compliance in each segment.

Productivity reports were typically generated in a series of Excel spreadsheets, which were compiled through manual data entry of information sent by individual processors to management.



This data was submitted by the processor without any system to validate the accuracy of the data. Since BB&T Loan Services ties employee incentives directly to these statistics, this process was tantamount to little more than the honor code.

The volume of tasks associated with system maintenance was challenging for the IT department. BB&T Loan Services had created a rudimentary task list infrastructure available to users to guide processors through basic activities when servicing loans. This list of tasks was stored over a series

25 separate roll outs were required to account for over 25 disconnected applications.

of servers and the process to find and change a rule required a scheduled deployment. For simple changes or updates to the system, 25 separate roll outs were required to account for over 25 disconnected applications in Loan Services. In addition to these systems issues, IT was responsible for creating user profiles within the system. Any new user setup required assistance from the IT department, since managers lacked the required access and level of technical knowledge necessary to make the changes. This created an unnecessary burden on the IT

staff, limiting the time available to address other important issues.

From a technology standpoint, BB&T Loan Services had utilized FileNet Image Services and Visual Workflo on the Panagon platform. Although benefits from the initial 1997 investment in this enterprise content management platform were evident, Loan Services wanted to add more extensive workflow to their business operations and address issues with quality assurance, compliance, reporting and system maintenance. BB&T commissioned a Gartner study to aid in the ECM platform selection. After the research study was conducted, Gartner recommended the IBM FileNet P8 platform as a superior replacement for the FileNet Image Services and Visual Workflo solution. As a result, BB&T decided to transition Loan Services to an IBM FileNet P8 environment.

Prior to the transition, Loan Services had implemented a file tracking system, a back-end document management system for check-in and check-out of all vault stored loan documents. The vendor responsible for this application announced the cancellation of all support in 2005. This lack of support, combined with Gartner's recommendation to upgrade the older system to an IBM FileNet solution, presented a challenge for the BB&T staff which was already managing myriad IBM FileNet-based systems throughout the organization.

BB&T Loan Services turned to TriTek Solutions to assist in the IBM FileNet P8 transition and the development of a P8-compatible File tracking system. Since TriTek had participated in the implementation of the Image Services and Visual Workflo solution in place at BB&T, and has extensive experience with upgrades to the P8 platform, BB&T felt they possessed the skills to develop a solution that best accommodates the bank's business operations in this competitive industry.

SOLUTION

Within the Loan Services department, TriTek facilitated a low-risk, efficient transition from the FileNet Panagon platform to IBM FileNet P8 by customizing the P8 environment and TriTek's Trans@ction eXpress foundation software. This solution helps to automate four basic functions within the Loan Services department, Loan Documentation Review, Loan Operations, Quality Assurance and Closed Loan Processing. Quality Assurance serves as an audit function by reviewing a random percentage of work, Document Review involves conducting a legal policy and



compliance review of all Loan Documentation, Loan Operations services loans already booked within the system and Closed Loans releases collateral documents and processes title work.

Loan Services Workflow – Trans@ction eXpress

TriTek’s Trans@ction eXpress is a transaction processing application framework, built on top of the IBM FileNet platform, which provides a highly configurable user-friendly interface, a robust background framework, and custom processing capabilities. This customized solution helps to streamline the processes within Loan Services at BB&T. From the main screen in Trans@ction eXpress, loan processors can view a list of available queues. These queues are assigned by managers in the Loan Services department, so that processors will only have access to the queues that are pertinent to their individual or shared responsibilities. After selecting a queue, depending on the user access settings, a list of available work items from within the queue is presented to the user or the next available work item is pushed to the user’s processing screen.

BDR Attorney Check **Main - Loan Servicing Workflow-Test Server1** **BB&T**

Queue total (16) 1 2 Next

Attorney Check (16)

	Lock Status	Locked By	Work Type	Start Time	Last Worked	Account Number	Note Number	Assigned User	Current Step
<input type="checkbox"/>		(NONE)	Attorney Check	10/23/2008 01:58 PM		67-21-562-1	3		Review
<input type="checkbox"/>		(NONE)	Attorney Check	10/23/2008 01:27 PM		67-21-562-1	8		Review
<input type="checkbox"/>		(NONE)	Attorney Check	10/23/2008 01:47 PM		67-21-562-1	1		Review
<input type="checkbox"/>		(NONE)	Attorney Check	10/23/2008 01:57 PM		67-21-562-1	1		Review
<input type="checkbox"/>		(NONE)	Attorney Check	10/23/2008 01:13 PM		67-21-562-1	1		Review
<input type="checkbox"/>		(NONE)	Attorney	10/23/2008		67-21-562-1	13		Review

Once an individual work item is selected by a processor, a work item screen appears with numerous processing options. Fields are automatically populated with loan information from internal systems whenever the information is available. Based on the type of loan, the fields within the work item will dynamically change. If other processors have commented on the work item, details are included on the work item screen. Documents associated with the loan are attached to the work item and easily accessible. In addition, the screen includes a custom inline task list. This task list provides a guide for loan processors, offering helpful hints so users can better manage their time. The content of the list is dynamic in that its details vary depending on the type of loan.

BLO Bus Mods Failed
Ancillary Processing
BB&T

Task List

- (BMF) Renewals are keyed on the LC93 screen.
- (BMF) Modifications/renewals of Letters of Credit or Demand notes are keyed on CL62.
- (BMF) For Letters of Credit and Demand Notes, be sure to key mod date and mod amount. Failure to key mod date and mod amount will cause unposted fees.
- If add ren fee on lc37 & msgfe Fee Already Pd rec'd, review loan hist. to verify total fee pd if so, don't assess fee. If partial fee pd, assess remainder
- (BMF) Key R for Rapid Renewals.
- (BMF) Upload codes: - 1 = Successful, 2 = Partial, 3 = Failed, 4 = Manually Prepared
- (BMF) Read comments for further instructions.
- (BMF) Face amounts may only be reduced with attorney prepared modifications.
- (BMF) Ln Type 13 - Face amts should not be changed. Face amts for Ln Type 13s are maintained by Credit & Lending Services group in Western Sales

Work Item Fields

Work Type	BLO_BusModsFailed	Start Time	10/23/2008, 02:02 PM	Step Name	Review
Account Number	1010000000	Note Number	00013	Note Upload Code	3
ModRenew Date	02/21/2008				

Comments

Documents

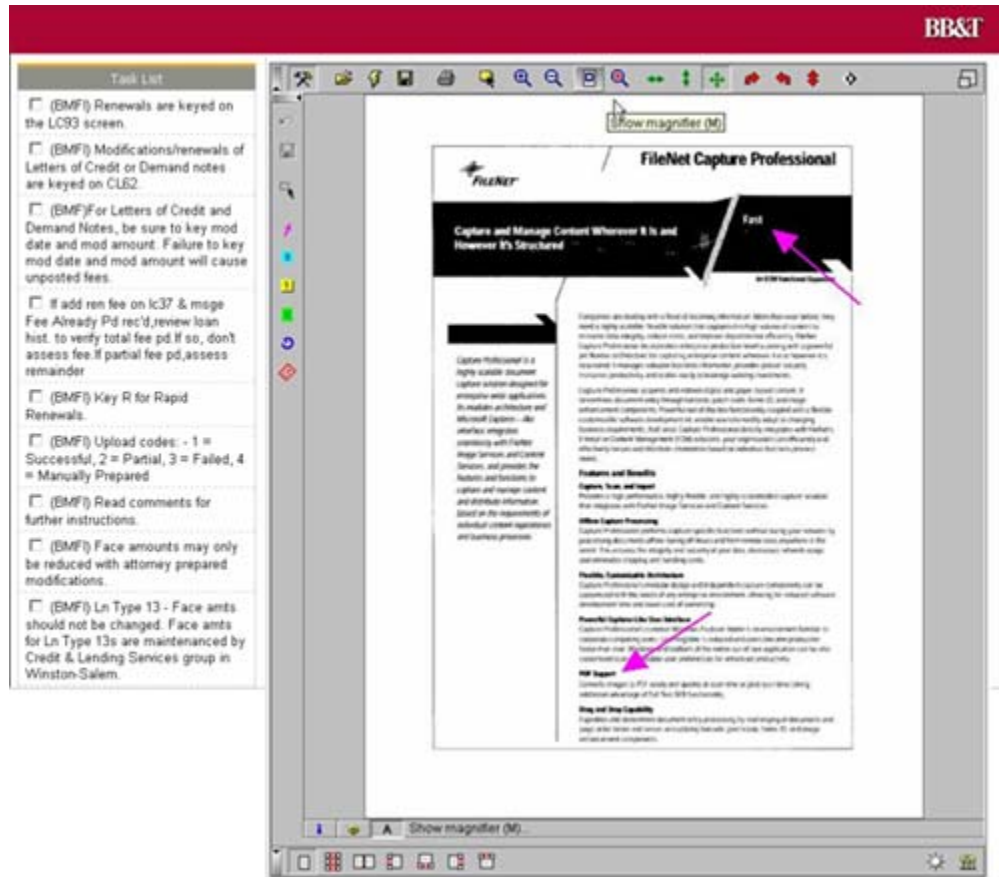
Type	Form Type	Form Description	Account #	Scan Date	Pages
<input type="checkbox"/>	1373	Business Note Modification Agreement	1010000000	04/08/2008	4
<input type="checkbox"/>	1808	Business Loan Renewal Input Sheet	1010000000	04/08/2008	2
<input type="checkbox"/>	1814	Credit Approval Report (CAR)	1010000000	04/08/2008	1

Basic processing functionality on the work item screen includes escalate, pend, re-index, email and view history. Escalate will submit the work item and corresponding comments to supervisors or team leaders with one click, in order to expedite resolution of an issue. If a user is processing a work item, but needs to step away from the computer, the pend function will suspend the work item. The maximum number of times a work item can be in this suspended state is determined by the administrator, after which the work item will be placed back into a queue. If a reviewer finds an indexing error on a work item, values can be corrected and automatically updated in the system by selecting re-index. Emails can be sent to internal contacts through the send email option, which also provides the ability to attach copies of documents to the email along with comments. Processors can also view the history of work items through the work item screen. This history includes all information on the work item starting from its launch, all event details from background processes and details on any comments.

Users are given the additional functionality of rejecting a work item. After selecting the type of rejection and adding reasons for the rejection in a comment field, the system automatically generates an email that is sent to the appropriate person responsible for resolving the issue. The email includes loan information, rejection reasons and copies of stored documents if necessary.

When a document is selected from the work item screen a document viewer is presented with an option to launch a separate exceptions task list. Similar to the inline task list, the exceptions task list provides processors with a detailed list that functions as a guide. However, this version of the task list provides questions associated with an individual document type, which is selected by the processor from a drop down menu in the document viewer. Questions are listed in the order that processors should focus for the fastest and most efficient processing. Filters may be applied to the task list to simplify the process. For example, loan regulations and policies differ by state, so the exceptions task lists will vary depending on the state of the borrower. Any "yes" answers to the task list will generate an exception, displayed on the bottom of the screen. Exceptions result in a tracked error on the document. If a processor finds an exception that is not included on the task

list, there is an “Add Exception” function to include a custom exception. Processors can check their work and confirm the exceptions before submitting the list to managers.



Other tools included in Trans@ction eXpress that help improve productivity of loan processors and managers include work search, document search and queue monitor. Processors and customer service representatives can search for work by various criteria such as account number. This functionality is especially useful when loan officers call to check on the status of a request for a specific account. Within the same interface, processors can search for documents based on index values associated with the documents. One critical tool for management is the queue monitor, which enables supervisors to check the work load for each queue and the productivity of processors in real time. This tool adds accountability for agents and empowers managers to reduce or eliminate processing bottlenecks.

Complementary Processes

To further leverage the IBM FileNet P8 and Trans@ction eXpress solution, TriTek created additional custom functionality beyond basic workflow to provide task list maintenance, auditing, reports, connectors with the existing mainframe systems and integration with external systems. These custom features were added to meet the challenges of BB&T’s Loan Services department.

As previously mentioned, custom task lists are embedded into the work item screens to improve processing efficiency within the Loan Services department. Although the concept of task lists is not



new to BB&T, the improved maintenance and infrastructure for the lists were a dramatic improvement. Managers are now able to edit these step-by-step task and exception lists for each queue without assistance from system administrators. Each task list has a number of forms with steps and questions that correspond to all documents that would appear in a queue. When managers change a form, the list of tasks or questions for processors will automatically update.

Auditing and quality assurance have improved with increased objectivity and accuracy. Internal auditors are presented with a work item that is randomly selected by the system. Names of processors are not immediately available when work items are presented. However, processor names can be displayed to resolve quality issues. Work items are presented to auditors with the processing fields displayed, but without the inline task lists. Exceptions task lists are present for each document, along with the processor's responses to each question on the list, so the auditor can evaluate whether the processor used these task lists correctly. During the evaluation, auditors provide a list of errors along with coaching comments, which are sent back to the processor for resolution.

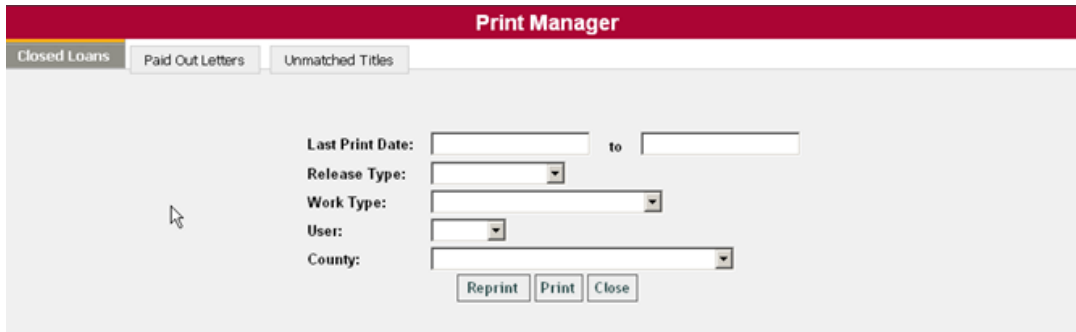
The auditing history and comments for each employee help management control the quality of work processed. Managers can also select a threshold for the percentage of work items that require an audit for each processor. In addition, when a processor is in training, there is a business rule that requires 100% of all work items be reviewed by a trainer assigned to the employee.

Through collaboration with TriTek, BB&T Loan Services has succeeded in importing data from mainframe systems and the enterprise content management Event Log to provide extensive reporting and actionable business intelligence. For quality assurance reports, information is pulled from the processors' audit history, and comments are included in the reports to explain any inconsistencies. Managers can pull these reports by unit or individual, and can run reports for specific time frames or types of loan packages. This information is used for individual performance reviews.

Workflow reports are another valuable tool for managers. These reports monitor productivity of the loan processors, including information like average work time and the minimum and maximum times required to process a work item. Managers can export workflow reports over a user-specified time frame into Excel documents.

Information is routed between P8 and mainframe systems through calls to a web service by Trans@ction eXpress. Previously these systems had no way to communicate without extensive manual processes. Many of these manual processes have been replaced through integration of Trans@ction eXpress with the BB&T-developed web service.

An additional feature of the new system includes the integration of external and internal correspondence. By selecting a template within the system, a loan processor can automatically generate an email with relevant information and documents attached, which is sent to the appropriate loan officers. Users can also select a template for a letter, which generates a Word document for external distribution to borrowers or loan applicants. This letter is dynamically populated with customer information from the mainframe systems and printed to a designated printer, ready for distribution. All external correspondence is managed by Output eXpress, TriTek's bulk export utility.



Document Management System – “File tracking system”

TriTek also implemented a separate version of Trans@ction eXpress to replace the older File tracking system. This system is responsible for all electronic file room operations, mainly document check-in and check-out. In addition to creating a P8-compatible version of the older File tracking system, TriTek added custom functionality to improve the efficiency of the file room operations. Documents stored as an electronic image or as a physical document are all recorded using the same indexing structure, which greatly improves document searches. Now all critical information associated with a document, such as the location of a physical file, the last person to check out the document, and whether the document is involved in a current process, is available through the same system and is used in workflows for the processing of loans.

BENEFITS

BB&T Loan Services has noticed dramatic improvements since the transition to an IBM FileNet P8 environment. Custom features to the P8 environment have played a major role in those improvements. Learning curves for new loan processors have dropped, errors are curtailed, cycle time is reduced and communications have improved. As a result, BB&T is able to provide better customer service to borrowers and loan officers. According to the Executive Vice President of Loan Services, “this was the most successful project that I’ve witnessed in my career at BB&T. I don’t think we hit a home run, we hit a grand slam.”

“This was the most successful project that I’ve witnessed in my career at BB&T.”

- Executive Vice President of Loan Services

Business Benefits

Increased Processing Efficiency

Through process automation and system integration, BB&T has improved the efficiency of its loan processors significantly. By reducing, eliminating or automating processing steps, BB&T is better able to manage the thousands of requests received each month. Even though Loan Services is responsible for servicing over 25,000 new loans each month, work queues remain virtually empty because of the speed with which processors complete tasks. According to the Loan Documentation Manager, efficiency has increased nearly 20% since the Trans@ction eXpress solution was implemented. Now that basic exceptions are fully automated, the number of items a processor or manager must review has been reduced by 40%. Since all documentation is stored

and routed electronically, the time required to search for documents has been reduced significantly. Research time is reduced through work and document search functions, which are incorporated in one interface so processors aren't required to switch between applications.

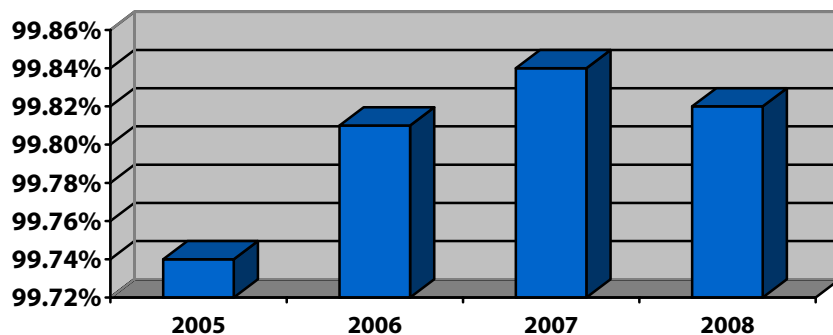
Reduced Risk

Risk mitigation, named one of the greatest solution benefits by loan managers, has been improved with several custom processes and functions added to the system. Deleting a document now requires a second approval to prevent improper removal, ensuring that compliance policies are enforced. Task lists, the step-by-step processing guides, can be changed quickly by managers to reflect revised regulatory and policy guidelines. Time required to change the lists has been dramatically reduced from over 1 week to less than 1 hour. Task lists have been listed as "one of the greatest system improvements" by the Loan Documentation Manager and the Loan Operations Manager at BB&T.

Quality Improvements

Quality assurance has been streamlined from beginning to end with a detailed, standardized process. Work is electronically routed through the system to the employee responsible for QA, based on random selection, eliminating the need to physically search for a file or document. The entire process has been integrated into the new system. Error trends are identified through reports to aid management in coaching processors on issue resolution. Feedback is also immediate, which helps processors identify and resolve issues before the errors become a problem. As a result of the improved QA process, management's confidence levels for processors have increased to 95% and all processors meet 100% of the target QA rating. In fact, processors have exceeded the QA goal of 99.75% every year since Trans@ction eXpress was first implemented, with average QA ratings consistently above 99.80%.

Average Quality Score



Compliance Efficiency

Financial audits in the Loan Services department have been simplified with the streamlined system. All paperwork is easily accessible so government auditors can verify compliance quickly. The time the FDIC spends performing an audit in the department has been substantially reduced from 2 weeks down to 1 day. Since the Loan Services solution was implemented, BB&T has faced zero inquiries regarding Sarbanes-Oxley infractions. BB&T has also achieved a "satisfactory" rating from the Federal Home Loan Bank, Federal Reserve, Financial Account Standards Board and an internal compliance department.

Improved Customer Service

Customer service, whether for loan officers or borrowers, has improved dramatically with the new system. Since communications to loan officers are auto populated with data from the system, the accuracy of the emails has increased, which ultimately improves the service to borrowers. Over 93% of clients rate quality of service as excellent or very good and more than 92% of clients rate accuracy of services as excellent or very good, as noted in the annual BB&T Loan Services 2008 client survey. The system, according to the Manager of Client Support in Loan Services, “revolutionized the way BB&T does business, which is critical given the state of the banking industry”. Even as the customer base expanded by 2,600 to a total of 8,500 clients, BB&T has the communications tools in place to address these customers’ concerns.

Employee Training

Education and training are required for both processors and managers. The solution was designed to formalize the system training and decrease on boarding time for loan processors. Processors now spend 1 hour on system navigation training, 1-2 hours on process training and 2-4 hours in practice sessions. Bank managers attribute this minimal training time to the intuitive nature of Trans@ction eXpress. Previously no formal training methodology existed, so processors would spend up to 1 week learning how to navigate the system.

User Acceptance


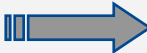

From the beginning of the design process, managers and processors were heavily involved and charged with improving business processes within their departments and acquiring workflow system knowledge. This training and involvement allowed for a seamless rollout, and also incorporated invaluable managerial insight. Due to this involvement, an intuitive user interface, and increased processing capabilities, users across various departments have assimilated to the new solution with little hesitation.

A processor in Quality Assurance said the solution “makes it easier to plan your day when you come in and see exactly how much work you have in your queue.” Another processor responsible for QA appreciated the percentages automatically calculated by the system, since “it eliminates the need to keep up with the percentages manually or on a spreadsheet.” One user in the Loan Documentation group stated the “application is very user friendly, allowing the user to easily navigate from one screen to the next... eliminating the need to toggle between applications.”

“It’s easier to plan your day when you come in and see exactly how much work you have in your queue.”

- User, Quality Assurance

Summary of Time Savings

Time Spent...	Before	After
Updating Task Lists	1 week 	1 hour
Performing Audits (by FDIC)	2 weeks 	1 day
Training Employees	1 week 	4-7 hours

Technical & System Benefits

With Trans@ction eXpress' thin client, web based interface, system administrators and the IT department at BB&T have noticed significant efficiency improvements. Rollouts of system enhancements are simplified due to the thin client application and an overall reduction in the number of individual applications included on the platform. Users log into the system through single sign-on, simplifying the login process. The user interface is both user-friendly and highly configurable, reducing the reliance on programming for simple UI changes. In addition, the web based nature of the application improves system accessibility.

Due to enhanced system stability and empowering users to perform simple tasks, system administrators are now able to focus on key issues in a timely manner and tasks have become more manageable. The Line of Business can request minor updates to the maintenance database as a part of a monthly release. Technical logs are now centralized, eliminating the need for IT departments to track down issues across multiple systems. Users are reporting performance issues with system speed less frequently because queues can accommodate larger volumes of work without negatively impacting the system. Business units control user maintenance and setup through Trans@ction eXpress' user maintenance utility, so the reliance on system administrators for these simple requests has decreased. Revisions to the task lists can also be completed by managers in real time, further increasing employee independence and mitigating the need for active oversight.

After training from TriTek Solutions resources, technical employees at BB&T are able to manage the enterprise content management solution independently – without reliance on an outside contractor. Through this training, and the collaborative nature of the system design and implementation, system rollouts were incredibly efficient. The File tracking system implementation was so successful that the system ran a full cycle on the first day.