

## CONSUMER FINANCE

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#### About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at [navigant.com](http://navigant.com).

## RISK, COMPLIANCE & CONTROL SERVICES

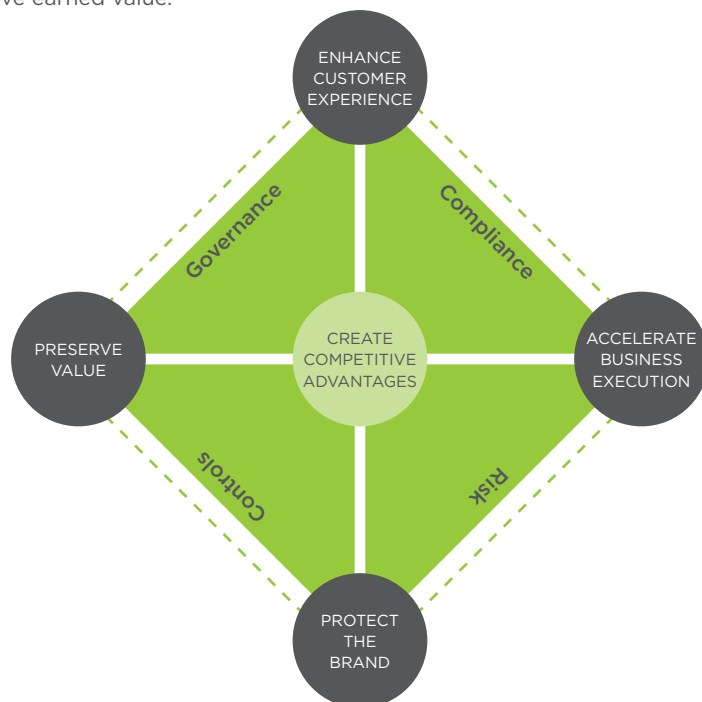
Financial services executives are under mounting pressures arising from the volume and velocity of banking regulation centered on governance, customer experience, and Unfair Deceptive and Abusive Policies ('UDAAP') rules. These demands require a holistic, flexible, and effective risk and control environment to the "new normal."

Such an environment will help ensure that financial institutions comply with laws and regulations as well as policies, plans, internal rules and procedures, and decrease the risk of regulatory actions, unexpected losses, or damage to the organization's reputation.

Financial institutions are responding with greater investment in compliance, risk, and control functions, as a number of leading companies have cited these areas as a top priority.

### RISK AND CONTROL STRATEGY (Figure 1)

A comprehensive system of effective internal controls is a critical component of corporate governance and a foundation for well-managed, effective, and efficient operations. Defining a strategy and culture that centers on protecting the customer experience, effective risk management, and reliable reporting will help financial institutions create competitive advantages, achieve long term profitability targets, and preserve earned value.



## HOW NAVIGANT CAN HELP

Navigant's Risk, Compliance, and Control professionals provide the expertise, experience, and unwavering commitment to ensure our clients preserve their value through enhanced governance in combination with effective and efficient operations.

Navigant applies a proven methodology combined with a suite of tools and processes to ensure that financial institutions will achieve the following objectives:

- Enhance the customer experience;
- Preserve value;
- Protect its brand; and,
- Accelerate business execution

We provide full life-cycle solutions from strategy through execution to continuous monitoring for our clients to better manage their strategic, regulatory, reputational, and operational risks that may result from:

- Growing regulatory requirements;
- Third-party relationships;
- Evolving statutory reporting requirements;
- Changes in products and markets;
- Corporate actions or events; and,
- Ongoing business operations.

Navigant is routinely called upon by financial institutions and regulatory authorities to provide independent reviews, risk assessments, monitorships, and expert witness testimony related to financial services industry regulation. We help our clients assess their current practices against regulatory expectations and leading industry practices, design and implement risk and control frameworks, or support high-priority initiatives in the risk, compliance, and control functions.

Navigant professionals spend hundreds of thousands of hours each year working on consumer finance-related regulatory and compliance engagements on behalf of governments and financial institutions in the U.S. and abroad. Our exceptional teams consist of CPAs, former controllers, forensic experts, MBAs, PhDs, financial analysts, industry experts, former regulators, legal professionals, and data specialists. These engagements leverage our independence, credibility with regulators and law enforcement, and skills in the following areas where we have differentiated experience:

## NAVIGANT RISK, COMPLIANCE & CONTROL SOLUTIONS

### Strategy & Operational Effectiveness

- Organizational strategy & stand-up self-assessments
- Pre-exam Readiness
- Outsourced Compliance
- Policy & Procedure Development & Review
- Rapid Stand-up of QC / Compliance / Internal Control Monitoring Programs
- Reputational Risk Management
- Internal Audit Assessments
- Technology Enablement & Data Strategy
- Diagnostic Compliance Reviews
- Customer Complaints Handling
- Operational Risk Effectiveness & Efficiency Reviews
- System (GRC / Customer Complaint) Selection & Implementation Support
- Fraud Risk Management
- Operational Control Framework

### Rapid Regulatory Response

- Consent Order & AG Settlement Compliance
- Settlement Compliance Infrastructure & Monitoring
- Pre-Regulator Mock Exams
- Assistance in Remediating Specific Compliance / Control Gaps
- Assisting with MRAs, MRBAs Remediation
- Regulatory Exam Response Support
- Automated Loan Transaction Analytics
- Outsource / Co-Sourced Quality Control Testing
- Product Specific Design & Positioning Reviews
- FHA / VA Origination / Servicing Reviews
- CFPB Readiness
- Repurchase Dispute Support

## PROVEN EXPERIENCE

We have supported leading financial institutions through their risk, compliance, and control transformation efforts with an unquestionable focus on operational effectiveness and value preservation while providing world-class advisory services including the following examples.

### Regulatory Reporting Control Strategy:

Navigant was engaged to design a high-quality and well-controlled reporting methodology and validation strategy that leveraged the Software Development Life Cycle (SDLC), industry best practices, and lessons learned from prior regulatory reporting initiatives. The methodology detailed the project and issue management activities, required management and traceability, change control processes, management review milestones, validation sampling methodologies, and three levels of review, including a validation by an independent party to ensure an efficient and accurate review against regulatory reporting requirements. The results of this project enabled the client to accurately report timely data.

### Forensic Testing / Regulatory Compliance

Navigant conducted multiple independent foreclosure reviews related to the Office of the Comptroller of the Currency (OCC) and the Federal Reserve Consent Orders. The primary objective of the review was to determine compliance with Federal and state laws as well as investor guidelines including adherence with the Servicemember Civil Relief Act (SCRA), loss mitigation guidelines, and other laws governing the bankruptcy and foreclosure processes. Navigant's client was the only bank who completed the review and did not settle saving them significant costs.

### Vendor Management Operational Risk Assessment

Navigant was retained by a housing regulator to evaluate the operational and fraud risks associated with the management, marketing and disposition of real estate owned (REO)

property portfolios. This engagement specifically evaluated the effectiveness of REO vendors accomplishing the goal of mitigating losses, which allowed our client to improve vendor performance, better manage expenses, and reduce broad risk.

### Framework for CFPB Compliance

In advance of an initial exam by the Consumer Finance Protection Board (CFPB), Navigant provided recommendations to create a framework of controls addressing CFPB requirements. Navigant performed an inventory of existing controls, identified gaps in compliance, and provided recommendations for enhanced controls, as well as designing a quality control program to monitor the conduct and effectiveness of the control program. The framework enabled the client to identify gaps, enhance controls, improve processes; and provide a roadmap with prioritized actions and timelines that was leveraged as a dynamic risk assessment tool for ongoing compliance management.

### Lender-Placed Insurance Review

Navigant conducted a risk and control review of lender-placed insurance of a leading bank's mortgage servicing operations to identify regulatory compliance and control gaps. The team analyzed various servicing processes and existing controls in place by the servicers and its vendor. Navigant recommended and implemented several control enhancements to remediate the process to ensure regulatory compliance.

### Customer Complaint Handling

Navigant evaluated the customer complaint process for a bank's residential loan servicing business unit as well as the parent entity. The team conducted a detailed assessment of the quality control, compliance monitoring, and complaint resolution processes with the focus on providing short and long term recommendations to improve customer satisfaction rates.

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## NAVIGANT'S FINANCIAL SERVICES CONSULTING PRACTICE

Navigant (NYSE: NCI) provides a wide range of services, spanning from consulting and compliance to litigation and investigative support, to help highly-regulated industry organizations address their most critical business issues. Our Financial Services consulting practice works collaboratively with banking, insurance, and investment management clients to achieve their business objectives by improving operational effectiveness and mitigating compliance risks. Our comprehensive service offering focuses on our clients' key opportunities and challenges including core business operations, technology, human capital, regulatory compliance, strategic transformations, customer service, and business process outsourcing (BPO). We bring deep industry, consulting and technical expertise, and are known for partnering with our clients to realize their business objectives.

