

FINANCIAL SERVICES

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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.

OPERATIONAL STRATEGY AND EFFECTIVENESS

The banking industry is incurring significant costs to ensure regulatory compliance by layering controls and resources onto increasingly complex and inefficient processes. For example, in the mortgage industry, delinquencies are normalizing, but originating and servicing mortgages is becoming more expensive than ever due to the increased cost of compliance.

With banks focusing on and investing in risk management and compliance, innovation and technology investment have stalled while new competitors like Apple, Google, PayPal, and a host of start-ups focused on modernizing have entered the market.

In addition to these regulatory matters and new competitors, customers' perception of the banking industry has degraded due to the negative publicity associated with the economic downturn. Customer needs and behaviors are also evolving making it difficult to meet their expectations and maintain their loyalty.

Given these challenges, increased focus and investment in operational strategy and effectiveness (product and process simplification, technology, data analytics, and the customer experience, including complaints handling) is necessary to remain competitive.

OPERATIONAL EXCELLENCE OBJECTIVES (Figure 1)

Well-defined, meaningful objectives are the foundation of operational excellence. Developing an operational strategy and culture that emphasizes continuous improvement and the pursuit of compliance, quality service, cost management, agility, and human capital objectives will help financial institutions create competitive advantages and increase their value.



HOW CAN NAVIGANT HELP

Navigant offers holistic operational strategy and effectiveness services to help our clients attain efficient, reliable operations, systems, policies, and procedures that reduce the cost of doing business, ensure a consistent and positive experience for customers, and maintain regulatory compliance. Our professionals have in-depth knowledge of the financial services industry’s trends and challenges, best practices, customer expectations, and regulatory landscape. Our recommendations take into account not only our clients’ short-term operational effectiveness initiatives, but their long-run strategic goals and objectives, as well.

We specialize in providing our clients with a robust suite of services that include:

- Business Model Transformation and Operations Strategy
- Process and Productivity Improvement
- Business Analytics and Management Reporting
- Outsourcing and Offshoring Strategy Analysis and Development
- Distribution Strategy Analysis and Development
- Technology Selection and Implementation Support
- Customer Experience Assessment
- Program Management

Navigant recognizes that forward, innovative thinking combined with impactful strategies and efficient operations are essential to respond to rapidly changing markets, technologies, and regulations. We understand that sound operational management goes beyond daily business requirements in helping to increase competitive advantages.

As an independent and objective advisor, Navigant is regularly retained by financial institutions to review their operations and identify, understand, and solve operational challenges.

Navigant helps our clients assess their current operational strategy against leading industry practices to further enhance their design by employing proven methodologies and operating models. In addition, we help financial institutions define their operational effectiveness objectives, assess their current state, and implement changes to improve the efficiency and value of their operations.

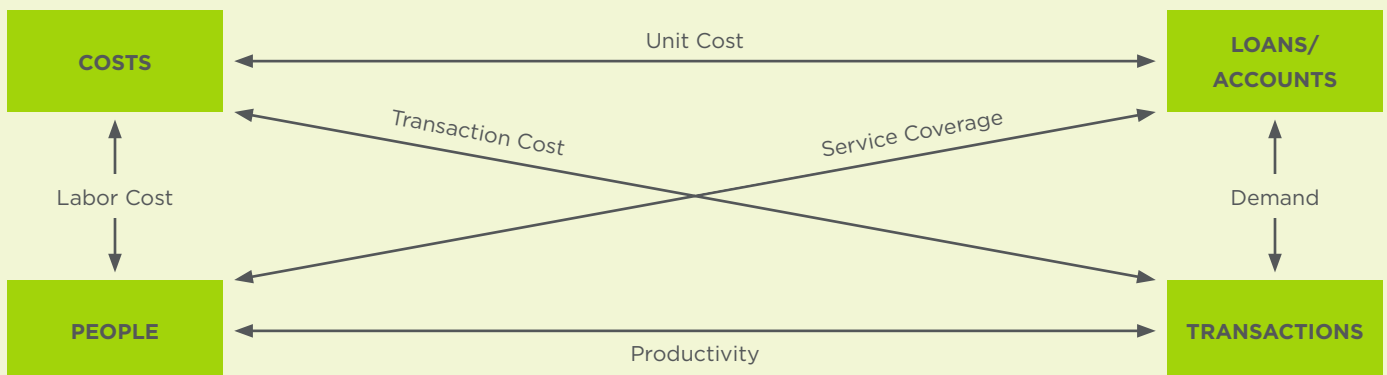
OUR SERVICES

Business Model Transformation and Operations Strategy

Navigant performs a comprehensive review of your current operating strategy, model, and systems and provides a detailed assessment of your current state. We then review alternative technologies, ideas, and approaches and develop a roadmap that carefully guides you through the steps needed to move from “current” to “future” state.

Navigant Commercial Dynamics Model

From a pure operational effectiveness perspective, much emphasis is placed on cost per unit (account, loan, etc.), but it cannot be influenced directly. One of Navigant’s most reliable methodologies looks at the interactions and interdependencies of four core operational inputs – Costs, Loan Accounts, People, and Transactions – to help our clients improve operational effectiveness and customer satisfaction by addressing the key drivers of unit costs.



Small, achievable improvements can have a material impact. Based on our experience, a 10–20% reduction in demand, coupled with a 10–20% productivity improvement, leads to a 30–40% improvement in unit costs.

Process and Productivity Improvement

Our approach leverages proven Lean Six Sigma and in-house methodologies to identify performance issues, controls breakdowns, and redundant operations. We then work with you to develop robust solutions that eliminate waste, bolster controls, ensure optimum performance, while improving the customer experience.

Business Analytics and Management Reporting

We analyze financial and operational data and business objectives to create models, automated dashboards, and other business intelligence reports and applications that enable data driven decisions.

Outsourcing and Offshoring Strategy Analysis and Development

We help determine whether the benefits received from outsourcing outweigh the potential costs/risks and work closely with you to determine if the strategy is right for your business needs.

Distribution Strategy Analysis and Development

We analyze customer behavior, products, channel usage, and competitors and work with our clients to develop a thoughtful blend of products and distribution channels that enhance the customer experience and build loyalty.

Technology Selection and Implementation Support

We assist our clients in selecting the right technology solutions by evaluating business requirements, system options, and potential vendors. Additionally, once a system is selected, we leverage our project management expertise to help our clients manage implementations from defining requirements to user acceptance testing and production release.

Customer Experience Assessment

We compile and examine internal and public (i.e., CFPB complaints database, social media, etc.) customer data, complaints, and customer-facing operations to build a clear picture of the customer experience. We analyze the root causes of customer pain points and develop recommendations to improve customer acquisition and retention.

Program Management

We work with our clients to plan and manage projects and large-scale programs in a transparent manner that balances time, cost, quality, and risks to achieve our clients' objectives.

OUR EXPERIENCE

Operational Review at a Regional US Bank

Navigant was engaged to perform an end-to-end review of a regional bank's residential lending processes to identify short-term cost savings and inefficiencies. The team reviewed business processes related to origination activities (pre-closing, underwriting, processing, and closing), servicing (payment processing, escrow, customer service, etc.) and default management. The result was a detailed, future state road map and organizational structure that improved the customer experience and helped ensure regulatory compliance.

Process Improvement Project at a Top 5 US Bank

Navigant was engaged to perform a review of a bank's loan transfer process after several external transfers were inadvertently mishandled. We conducted stakeholder interviews, observed procedures, and reviewed process documentation to better understand the current state. The review revealed inadequate transparency and governance, a lack of formal policies, unclear roles and responsibilities, manual and inefficient processes, and resource and technology constraints. Our solution provided "future state" recommendations including a deal communication protocol, an enhanced deal pipeline report, an updated stakeholder roles and responsibilities matrix, exclusion approval requirements, and a detailed future state process map and accompanying controls to facilitate all deals and transactions.

Policies, Procedures, and Controls Assessment at Multiple Large Mortgage Banks

Navigant has been engaged by multiple large mortgage banks to address regulator-mandated efforts to assess the existence of policies, procedures, and controls to conduct, oversee, and monitor mortgage servicing and default operations in accordance with regulatory obligations.

System Selection and Implementation for a Top Five Canadian Bank

Navigant was engaged by a bank's Global Anti-Money Laundering Department to assist in integrating its North American (Canadian and U.S.) operations with regards to its organizational structure, operations, and technology standpoints. We worked with the bank to select the appropriate watchlist checking technology and data provider vendors by reviewing business requirements, evaluating candidate vendors, interviewing contacts in the industry, managing proof-of-concept sessions for shortlisted vendors, and assisting the bank during pricing discussions with selected vendors. Once the system was selected, Navigant managed its implementation and was responsible for overall project management, business requirements documentation, vendor management, test plan development and execution, design review, report preparation strategy, and definition of matching and checking algorithms that correlated with the bank's risk management approach.

Customer Experience Assessment at a Top Five Mortgage Specialty Servicer

Navigant was engaged by a mortgage servicer to provide a detailed assessment of the handling and resolution processes for customer complaints received through multiple channels and departments in accordance with the CFPB examination manual and other related guidance. Through sample testing, Navigant was able to identify key trends and areas for improvement. The final deliverables included a "current" and "future state" assessment, a corporate complaint handling policy and procedure manual, a root cause analysis methodology, a Target Operating Model and action plan for implementation, as well as the development of a complaint reporting database to track against CFPB regulations and top industry standards.

Program Management and Customer Experience Assessment at a Top 5 US Bank

In response to an internal audit of recently acquired mortgage loans, Navigant was tasked with managing up to 30 action plans to remedy deficiencies. We worked closely with the bank's line of business to develop, track, manage, and report the status of each plan, and concluded by facilitating an executive level presentation that distilled the analysis of the loss



mitigation performance and complaints metrics of the new portfolio compared to the bank's existing loans. Our work demonstrated that the new portfolio was effectively managed, as we noted that the loss mitigation performance was superior, and compliant volumes and cycle times were lower than the bank's existing loans.

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.