



Process Improvement

Here's What Strikes Me

Now that we're half way through with this year I thought that it would be interesting to revisit some predictions that came out earlier this year.

By Tony Garritano

I don't know about you, but I love to read all the predictions that come out in January of every year. I like to be prepared. Some would call me a control freak of sorts. Just ask my wife. Now that we're half way through with this year I thought that it would be interesting to revisit some of those predictions.

In particular, I think Jimmy Sawyers of Sawyers & Jacobs, LLC, had some really insightful things to say in his piece called, "Top Ten Trends Impacting Bank Technology for 2013." The article was published in the 2013 Bankers As Buyers Survey, which is a collection of research, observations and articles about what technology, solutions and services U.S. bankers will buy in 2013 and the changing financial industry landscape compiled by the William Mills Agency. Sawyers got very personal and candid in his research. He said:

"Growing up in rural West Tennessee, I learned many valuable lessons during long summer days spent shooting BB guns, playing sandlot baseball, riding horses, and roaming the deep woods and river bottoms seeking adventure. For my buddies and me, our favorite days were spent at our "campsite" where we had several "Lord of the Flies" moments as we tested our skills and courage. At this campsite, some of the older boys had hung a rope from a gigantic oak tree. Like a troop of monkeys, we

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spent countless hours swinging on that rope which was positioned over a deep gully.

"To succeed, one had to get enough momentum to reach the other side of the gully but know when to let go of the rope and land safely on the other side. Not enough momentum and one would swing back, lose control and either crash George

of the Jungle-like into a tree or twist helplessly until someone with a long branch could rescue you from your failure and humiliation. Likewise, not timing the release of the rope just right could result in a rough fall and some scrapes and bruises. But, a bold swing with a well-timed release would result in a perfect landing worthy of Tarzan.

"It was a great feeling and typically established one as not quite Lord of the Jungle but certainly King of the Campsite for that brief moment in time. In the jungle that is the banking industry, the past few years have seen some bankers hesitant to take a swing at all and some who swing but are reluctant to let go of the rope. The result has been much twisting in the wind and just hanging on, safe from the bumps and bruises associated with a hard fall but not moving forward and not having much fun. As we look ahead to 2013, we believe now is the time to take that bold swing and make that perfect landing. Employing the right technology will be critical to success."

Sawyers was right when he wrote in this piece that bankers are traditionally slow to do anything. Even in the midst of all this new regulation, they still move at a snail's pace when it comes to embracing new technology. That has to change.

Sawyer puts it this way when he says, "2012 saw many bankers get an education and a rude awakening on what constitutes proper IT risk management. Lulled into complacency by the cursory IT exams and weak IT audits of the past, many banks faced regulatory enforcement orders in 2012 for not having the proper controls, documentation, or audit coverage. A new breed of trained examiners and more thorough IT exams exposed weaknesses and areas long overdue for improvement. What we call the "Deuces Wild IT Audit" won't fly anymore. That's where a bank gets two days of fieldwork, a two-page report, and expects a 2-rating on its regulatory IT examination. An expanded IT and Operations environment requires an expanded IT audit scope. Mobile banking, social media, virtualization, enhanced multi-factor authentication, and mobile remote deposit capture are a few areas

requiring expanded coverage.

“The 2012 ICBA Community Bank Technology Survey cited bank’s top technology concerns as (1) Complying with regulations; (2) Protecting data and infrastructure; and (3) Detecting and mitigating fraud. “Compliance” was cited as the number one area of increased IT spending. Accordingly, lightweight IT Audits and basic Network Vulnerability Assessments will be replaced by more comprehensive, collaborative, and competitive reviews by firms that understand technology and security but most importantly, the unique environments that drive the business of banking.”

As a result of passed experience and new rules, Sawyer predicted that banks would be more concentrated on risk mitigation this year. I would agree that lenders of every shape and size are more concentrated on risk mitigation. My question is: What are they doing about it? Are they being more proactive or are they still reacting? What I hear very often is that they expect much more from their technology vendors. Most lenders that I speak to think that compliance is something that technology vendors should ensure and lenders should expect to get from their technology vendor or vendors.

And some technology vendors are doing just that, providing new ways to keep lenders compliant. For example, companies like QuestSoft, which launched a new all-in-one product, Compliance RELIEF, that assists banks, credit unions and mortgage lenders in processing the majority of their compliance requirements in one convenient system that’s integrated with all popular Loan Origination Systems (LOS), is a good sign.

In this case, Compliance RELIEF combines QuestSoft’s HMDA RELIEF software (for submissions of the Home Mortgage Disclosure Act), CRA RELIEF (for the Community Reinvestment Act) and other supported regulations including NMLS Call Reporting. Together, these products have been used successfully in over 10,000 audits over the past 17 years.

“Compliance RELIEF has been designed to provide a wealth of compliance information with stunning graphics that allow each user to focus on specific regulations with data sharing from each module,” said QuestSoft president Leonard Ryan. “No company has put together tools to manage both the federal and state regulations in such a cohesive manner.”

New features in the suite include:

- Integrated Mapping
- Simultaneous Compliance with Five Major Regulations (HMDA, CRA, Fair Lending, NMLS Mort-

gage Call Report, SC Mortgage Log System)

- Multiple Institution Support
- Integrated Market Data for Peer Benchmark reporting
- More than 40 loan software integrations available at release
- Automatic integration of multiple vendors with advanced duplicate loan detection
- Highly Graphical Report Design with Expanded Export and Print Options
- “What-if” Assessment Area Design Tool
- Spreadsheet Mode – Graphical User Interface for easy data sorting and analysis
- Integrated Geocoding with new audit tools to provide additional support to regulators

Compliance RELIEF features a single interface that accesses the subscribed modules. This approach lessens the training burden and establishes uniform data integrity standards. It also allows the program to easily accommodate future compliance regulations at the federal and state level. The enhanced report graphics and integrated mapping make it extremely easy for compliance professionals to explain the successes and concerns of compliance operations to management.

“Many companies use multiple software vendors to solve different problems within the compliance workflow,” said Carey Aimone, vice president of training and support at QuestSoft. “Compliance RELIEF combines all of the required business intelligence to establish an audit-strong system of record.”

Compliance RELIEF is designed to operate in any modern Windows platform. It is optimized for ease-of-use and simplicity by utilizing a familiar interface to access the HMDA, CRA, Fair Lending, Geocoding, Mortgage Call Reports and other modules all from one window. While the design and layout have been streamlined and improved, current QuestSoft customers will appreciate the familiarity, while people new to compliance software won’t have any problem navigating the one-stop compliance system.

“It really is a very easy program to pilot, regardless of someone’s computer skills and comfort level,” Ryan said, noting that an enhanced help section as well as simple product tours and videos will be incorporated.

While I think the work done by vendors like QuestSoft to keep lenders compliant is admirable, I wonder if these vendors are doing too much. After all, shouldn’t things like risk mitigation and compliance be the job of the lender, not the technology vendor? ❖

Tony Garritano is Chairman and Founder of PROGRESS in Lending. As a speaker Tony has worked hard to inform executives about how technology should be a tool used to further business objectives. For over 10 years he has worked as a journalist, researcher and speaker. He can be reached via e-mail at tony@progressinlending.com.