

## Case Study

# U.S. Bank: Look-Back Review for Servicemembers Civil Relief Act (SCRA) Compliance Accelerates Compliance and Cuts Costs

### Snapshot

A leading U.S. bank received a Matter Requiring Attention (MRA) notice from a regulator informing them that they may have violated borrowers protected by the SCRA. The bank needed to quickly understand the potential impact across 1.5 million mortgage and consumer loans to determine whether its borrowers had potential military service or SCRA-protected status. Facing impossible deadlines to meet, along with significant costs, the bank needed help. Conduent designed and implemented a validation and regulatory review service that helped the client:

- Accelerate the launch of the review with only a 60-day solution implementation
- Cull more than 120 million pages of loan documents to just 8 million
- Deliver just 2 million—1.7% of the starting loan document population—to the client for further review
- Reduce project costs by 50%
- Accelerate project timeline by 18 months compared to the client's initial internal work plan



### Look-back Review of Millions of Loan Documents for SCRA Compliance Helps U.S. Bank Reduce Costs by 50% and Project Timeline by 18 months.

The U.S. government is constantly looking for effective methods to safeguard active-duty military members' financial and legal rights. The Servicemembers Civil Relief Act (SCRA) is one such law. In recent years, a confluence of a volatile financial market and the nation's involvement in several military conflicts had caused service members to invoke protections of the SCRA with greater frequency than in the past. As a result, greater scrutiny by regulators of financial institutions, such as the Consumer Financial Protection Bureau, resulted in significant fines and costly settlements related to major lenders' violations of the SCRA (for example, by charging interest rates on mortgages about the 6% limit during the period service members were on duty). Moreover, updated protections now put the onus on firms to proactively identify and notify active duty service members, simplify the

application process, and prepare for audits and regulatory inquiries.

Conduent's client, a leading U.S. bank, received a Matter Requiring Attention (MRA) notice from a regulatory agency informing them that they may have violated borrowers protected by the SCRA. The bank needed to quickly understand the potential financial impact across 1.5 million mortgage and consumer loans to determine whether its borrowers had potential military service or SCRA-protected status.

The client faced the following challenges:

- Near-impossible, stringent deadlines—based on the bank's internal project plan, it would take nearly 2 years to conduct the review of 1.5 million loan documents and appropriately respond to the regulator's request
- An accurate review of loan documents to capture those with SCRA-protected status, given the known limitations of keyword searches (that would likely lead to 99% false positives and commensurate costs associated with review) and database comparisons

Conduent was able to cull more than 120 million pages of loan documents to just 8 million using advanced search and analytics techniques. Furthermore, by leveraging Conduent's in-house team of legal, compliance and subject matter review experts, documents were quickly culled to just 2 million for client review.

- Understanding the financial impact to the bank based on possible non-compliance
- Staying current on changes to the SCRA, including having updated systems in place to monitor loan documents for SCRA compliance and identify those warranting further review and possible remediation

### Implementing a Rapid and Cost-Effective Solution

Lacking the technology, resources and expertise to conduct a thorough loan document review, the bank engaged Conduent. Working in close collaboration with the client's legal and compliance teams, Conduent met the challenge by providing a look-back analysis to identify potential SCRA violations, including the outsourced technology, financial services subject matter, data science, compliance, and legal review expertise, and an optimized process:

- Centralized the company's data into the Analytics Hub, a proprietary big data analytics platform for consolidating, categorizing, analyzing and reporting on data
- Applied advanced linguistics, statistics and sampling expertise to expand the search scope to identify areas of concern and create search filters
- Refined search mechanisms and performed granular analysis of the data
- Applied search filters and algorithms within the Analytics Hub to identify documents indicating possible violations
- Quickly pared down 1.5 million loan documents to 8 million pages using the Analytics Hub

- Provided expert review by Conduent's in-house team of attorney, compliance, financial services and mortgage subject matter review experts to reduce the responsive loan documents to just 2 million for additional review
- Delivered just 1.7% of the starting document collection to the bank

### Measurable Results: On-Point SCRA Compliance

Our solution allowed the company to achieve the following:

- **Accelerated review:** A 60-day solution implementation, combined with Conduent's analytics platform and expertise, sped up the project timeline by 18 months compared to the client's internal work plan.
- **Accurate and fast reduction of data to the relevant set:** Conduent was able to cull more than 120 million pages of loan documents to just 8 million using advanced search and analytics techniques. Furthermore, by leveraging Conduent's in-house team of legal, compliance and subject matter review experts, documents were quickly culled to just 2 million for client review.
- **Cost-savings:** Conduent reduced the cost of the review by 50%.
- **Proactive compliance:** Conduent is now helping the bank enhance its SCRA compliance program to proactively identify service members and prepare for audits and regulatory inquiries.



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