

Accomplished, Progressive Loan Servicing Drives Investor Confidence

BY SHAUN W. O'NEILL



Concord Loan Servicing President Shaun W. O'Neill is a respected strategic thinker and subject matter expert who evaluates and initiates growth opportunities, and pioneers change across multiple asset classes. His focus is consumer lending, servicing, collections and loss mitigation. With Concord since 1997, he contributes regularly to conferences and trade associations, including serving as a longtime ARDA and Chairman's League member.

Today's investors want to see strong portfolio performance, predictability and forward-thinking systems for maintaining future financial health. Loan servicing can make or break investor confidence in a company. If rating agencies and investors don't see what they want, companies won't be able to operate in that space anymore.

With so much hanging in the balance, companies are well advised to seek out a third-party loan servicing partner that can reliably and successfully address all key issues impacting portfolio performance, and in turn investor confidence.

These issues involve everything from compliance and customer service to technology enhancement and trend identification. Investors need to see integrity, transparency, consistency and a commitment to innovation in a fast-paced world, where today's unicorn can become tomorrow's under-achiever.

Investors recall 2009, when poor performance led to an economic meltdown and an investment drought. Today, there is more corporate and government debt and even more leveraging coupled with abundant investment capital—creating concerns about a repeat performance.

Loan servicing can help keep everything running profitably and predictably, in part by helping client partners evaluate and adjust underwriting guidelines, constantly work to understand and meet the needs of their customers, continually address loss mitigation, and provide guidance to ensure “staying in their lane.”

This last point is particularly poignant. Companies need to stay with what they know and be strategically cautious. A lack of appropriate underwriting guidelines and customer service collection protocols spurred defaults and deficiencies galore in 2009.

Investors must see prudent loan underwriting policies and borrower performance, and evidence of execution of a well-thought-out overall strategy. Further, investors must see bullet-proof compliance, data backup and security and technology that positions the company positively for future growth and expansion.

Importance of keeping investors confident and comfortable in every way possible cannot be overstated. Just look at what happens to financial markets rattled by a trade war, tariff or other “jarring” announcement.

Loan servicers around during the last recession are particularly well suited to partner with companies today to prevent future mistakes and missteps. Among lessons learned from that experience and subsequent insights and innovations are:

- **Develop and deploy a comprehensive, innovative technology toolkit that meets today's needs while planning for tomorrow.** As companies grow and scale, ability to maintain sheer numbers may challenge high levels of customer service and loan performance. Technologies and people both must be able to meet present demands and



prepare for future ones. A loan servicer can offer a robust program to create and support new, reliable and easily scalable technology solutions efficiently.

- **Ensure complete compliance to protect the company.** Compliance with local, state, federal and, sometimes even foreign, law has become a significant topic for businesses in the last several years. A loan servicer's security program, data controls and overall infrastructure must be current, complete and able to address such vital issues as consumer communications, data safety and security and compliance-related regulation. Anything problematic in this arena can severely impact investor confidence.
- **Establish bulletproof problem prevention and solution protocols.** A company must prepare for such possibilities as a faltering economy that impacts borrower willingness and ability to stay current. Proactive protocols need to be in place to prevent problems whenever possible, and to address them efficiently and productively when they do occur. Fixing potential potholes before they materialize and remediating

problems completely and quickly are key to long-term success and continued investor confidence.

- **Create an empowered and engaged loan servicer workforce culture dedicated to sustainable and industry-leading service.** This requires loan servicing team longevity, coordination, and commitment that showcases a proven track record of service excellence. This team needs to be a good mix of "people people" and "tech people," able to communicate positively and knowledgeably with each other. This culture can protect and serve client companies well. In turn, this will paint a positive picture for both present and prospective investors.
- **Establish customized solutions that fit like a glove.** "One size fits all" loan servicing doesn't work in today's highly complex world where every company has unique challenges. Instead of trying to fit a company into a pre-made mold, today's loan servicer must take the time to learn and understand needs, requirements and preferences first. Then, and only then, can a solution be developed that fits the company's portfolio correctly and completely.

- **Pursue and embrace new perspectives.**

Hand-in-hand with finding customized solutions is the loan servicer's ability to view a client company through a "fresh lens." Given that every company has a distinct set of objectives, it's important to dive deep to address future growth patterns in addition to present needs. It's also vital to view present and anticipated future challenges from a variety of perspectives—addressing people, technology and interaction between the two—to fully understand and be able to plan in the best ways possible. Every touchpoint needs to be considered, from operations and communications to compliance and security.

Effective, efficient loan servicing is key to business performance and sustainability. Today, more than ever, it drives how investors view a company in the moment and their willingness to participate long-term.

I welcome inquiries and discussion about how companies can position themselves for future growth with an innovative and forward-thinking approach to loan servicing. Feel free to reach out to me directly at: soneill@concordservicing.com. ■