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SMBC Trust Bank

A One-Stop Mortgage Experience with nCino's Mortgage Solution

Introduction

SMBC Trust Bank, based in Chiyoda, Japan, selected nCino's Mortgage Solution for the digitalization of its business operations, which had been an issue for some time due to the growth of its mortgage loan business.

Although SMBC Trust Bank required localization to meet Japanese business practices, the Bank was able to go live on the new system only eight months after the start of the project. In addition to shortening the internal review time and saving labor, the new system has enabled the development of new sales channels.

Recently, Itsuki Nomura, Representative Director and Country Manager – Japan, nCino, spoke with the team at SMBC Trust Bank about their experience with nCino, including: Kazuhiro Iwabuchi, General Manager, System Management Department; Ryosuke Oda, General Manager, Digitalization Promotion Department; Satoshi Watanabe, Group Head of Digitalization Promotion Department and Manager of System Management Department; Katsuya Tsuchida, General Manager, Personal Management Department and Business Development Department; Yoshitake Oya, General Manager, Loan Sales Department; Sayaka Furusaki, Manager, Planning Section, Loan Sales Department; and Yurina Ishimaru, Planning Section, Loan Sales Department. Below is their conversation.

The nCino platform covers the entire mortgage loan process from customer application to internal review.

Quick response to localization to meet Japanese business practices, such as order of family names.

Highly valued for its affinity to run on Salesforce.

Mortgage loan operations are now about 30% more labor efficient.

With SMBC Trust Bank's growth in their mortgage business for high net worth individuals, paper-based operations were reaching their limits.

Itsuki Nomura: SMBC Trust Bank, which has its roots in a foreign bank, is known for its strength in foreign currency transactions and business targeting wealthy individuals, as well as in services related to real estate transactions in the wholesale division. I would like to start by asking you about the position of your mortgage business in this context and the challenges you face.

Katsuya Tsuchida: The positioning of the mortgage business, which was not so prominent during the foreign bank's time, has changed significantly since the Bank joined the SMBC Group in 2015. We have begun full-fledged efforts based on the three perspectives of yen fund management,

cross-selling promotion, and new customer acquisition. Our unique mortgage loan services, including the maximum amount of ¥500 million, have been well received by the wealthy class, who are our main customers, and transaction volume has continued to grow steadily since the launch of the service. The new challenge that emerged was to review inefficient paper-based operations. Another major issue was to improve convenience for foreign customers, who account for about half of the loan amouns. Although bilingual staff at branches had been assisting foreign customers with their applications, smarter handling was required from the standpoint of operational efficiency.

In the search for best practices, nCino's solution was noteworthy.

Itsuki Nomura: Next, I would like to ask you about your Bank's approach to systems. Could you tell us about the status of your systemization to date and the challenges you have faced?

Kazuhiro Iwabuchi: In earlier times, time and budget constraints prevented the detailed development of systems other than the centralized banking system and inefficient paper-based operations, especially in the mortgage business. In order to improve efficiency and speed, we focused on the use of globally recognized solutions.

On the other hand, the way of thinking about the system was very conservative in some respects and there were extremely high hurdles to adopting new solutions. Our efforts to find the best combination of good solutions had to start with overcoming this culture.

Itsuki Nomura: That is exactly the challenge we faced when we landed in Japan. I am curious as to why you paid attention to nCino, which at the time had zero track record in Japan.

Satoshi Watanabe: There were two main points to the new system. One was to be able to cover all aspects of mortgage operations with a single system. The other was to enable

online applications. However, there was no package that could handle both the online application and the internal operations of the bank among the products we considered. At the right time, a representative from nCino came to us with a proposal.

Unlike other products we were considering at the time, nCino's Mortgage Solution was very attractive in that it could cover the entire loan business with a single product, and we were convinced that this was the system we were looking for. We appreciated the scalability of nCino, which allows us to combine simple solutions to handle a wide variety of banking operations. We also appreciated the fact that the solution was built on the Salesforce platform, which we use as our customer management platform.

Kazuhiro Iwabuchi: The ability to support both Japanese and English with standard features was also a key point. I felt that it was a very attractive product, but still had some doubts. How many team members were there in nCino Japan at that time?

Itsuki Nomura: Initially, there were six members.

Kazuhiro Iwabuchi: I worried whether we would be able to receive adequate support from just six nCino team members, and whether the U.S. offices would provide support and really devote their resources to Japan. These doubts were pushed aside by Mr. Watanabe's enthusiasm.

Resolving management concerns while working together with users to break through barriers.

Itsuki Nomura: At this point, I would like to look back again at the process from the consideration of introduction to adoption.

Satoshi Watanabe: We started considering the introduction of nCino in January 2020. Management expressed some concern because nCino had no track record in Japan, but over the course of about a year, we resolved their concerns one by one.
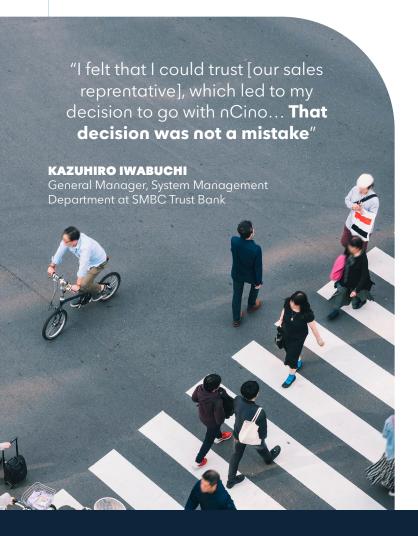
"I felt that I could trust [our sales reprentative], which led to my decision to go with nCino… **That decision was not a mistake**"

KAZUHIRO IWABUCHI
General Manager, System Management Department at SMBC Trust Bank

Itsuki Nomura: If you had to name one major concern in particular, what would it be?

Ryosuke Oda: Even more significant than the lack of track records was the support system. There was a time when our bank was running its accounting system on an overseas server, and due to the time difference, it sometimes took a whole day to contact the local maintenance staff. We were always concerned that the possible withdrawal of nCino's Japanese subsidiary would cause us to repeat the same difficulties. I think the fact that Mr. Nomura responded to these concerns one by one and gained the understanding of the management team was significant.

Kazuhiro Iwabuchi: Personally, when I saw how Mr. Nomura and Mr. Ohne, our sales representative, traveled back and forth between the U.S. and Japan to communicate our requests to the U.S. headquarters, I felt that I could trust him, which led to my decision to go with nCino. I am sure we will talk about this a lot later, but as it turned out, that decision was not a mistake.

Itsuki Nomura: The mortgage solution was almost adopted at one point, but in February of the following year, it was rejected. As you can imagine, I thought the deal was over at that point.

Kazuhiro Iwabuchi: The reason for this was the need to completely rethink the use of cloud services from a security perspective. As a result, it became even more difficult to adopt a product that had no proven track record. We thought this would make Mr. Watanabe give up, but this was not the case. After careful consideration and involving the operations department, we finally obtained the approval of the board of directors in December 2021, which is how we ended up adopting nCino.

Speed and support: leveraging nCino's strengths during the implementation process.

Itsuki Nomura: The project started in earnest on January 4, 2022. Things moved really fast from there.

Satoshi Watanabe: About eight months later, at the end of August, we started the concerned parties' production, and the service was officially launched on October 3. It takes at least a year to build a system on-premise, and we believe that this speed is possible only with SaaS. However, I think the user department, which took charge of the construction as the owner, had to work very hard.

Katsuya Tsuchida: As the head of the user department at the time, I was most conscious of usability. As the system was to be used by customers, I made no compromises in terms of ease of use. That is why I expected so much from the people in the user department and nCino.

Itsuki Nomura: Looking back, Mr. Tsuchida's request played a very important role in nCino's evolution in response to the Japanese market.

Katsuya Tsuchida: I remember saying cheekily at our first meeting about the input format in which the first and last names are reversed, "If you are serious about landing in Japan, this will not be possible in Japan." We were also very conscious of the error handling features. Many overseas systems simply display an "error" message when an error occurs, but that does not help the end user, our customer,

understand what the cause is. We really appreciate the fact that they were sincere in their response to our requests and worked immediately to modify the standard functionality as soon as they deemed it necessary.

Satoshi Watanabe: nCino's response exceeded our expectations, including speedy maintenance and support. nCino has product upgrades twice a year, and Mr. Nomura also provides support, incorporating our requests to a great extent.

Itsuki Nomura: I would like to ask Ms. Furusaki and Ms. Ishimaru, who were in charge of the implementation, about their efforts.

Sayaka Furusaki: The most difficult part of converting paper-based operations into the system was reconciling the needs of each person in charge. In relation to this, we designed the system very strictly in terms of authorization settings.

Yurina Ishimaru: The linkage between nCino and peripheral systems is handled by creating RPA in-house. It was difficult to identify the necessary data linkages and manually build the RPA one by one, but I remember working on it with the belief that it would definitely become easier if we built it without compromise.

Reducing the time from application to review and approval by 30%.

Itsuki Nomura: It has been about a year since the start of operations last October. How would you evaluate its effectiveness?

Yoshitake Oya: I believe there are four major benefits of nCino. One is to improve the customer experience. Until then, our loan internal review process has consisted of receiving paper applications at the branch and sending them to the credit department for review after confirming that there are no deficiencies in the content. With the new system, information entered into the customer portal is shared with

the business side, eliminating the waiting time associated with mailing the application, thereby reducing the time from application to review and approval by approximately 30%.

Next is the improvement of operational efficiency. Although the volume of mortgage business has increased by about 30% compared to before the introduction of the system, the fact that it can be handled without increasing the number of employees is a testament to the efficiency of the system.

Third is the contribution to business performance. For example, loan applications made through real estate companies are subject to a system in which provisional applications are made to multiple banks at once. nCino's introduction has contributed to the development of such sales channels.

The last is the reduction of clerical accidents. Paper-based operations have limitations in preventing errors, omissions, and even losses. The fact that these risks have been eliminated is still significant.

Sayaka Furusaki: While other banks were allowing customers to apply online, our bank was only allowing paper-based applications, making it a challenge to improve

customer service. The ability to apply in English is also significant. Until then, applications from foreign customers had to be supported by bilingual staff at branches, but the elimination of this hassle with the system in place has not only improved convenience for customers, but also reduced the burden on our staff. Another benefit is the reduction of paper consumption.

Yurina Ishimaru: No matter how good the system is, it is meaningless if the front line staff does not actively utilize it. Prior to the introduction of the system, we visited the branch offices many times to conduct training, and I feel that these efforts have also made it easier for them to approach us with questions when they arise.

Initially skeptical, management embraces nCino and looks toward the future.

Itsuki Nomura: How did management react?

Kazuhiro Iwabuchi: Users' evaluations immediately go to management, so we have received extremely positive feedback from executives, including the fact that we were able to go live in a short period of time.

"nCino's response **exceeded our expectations**, including speedy maintenance and support."

SATOSHI WATANABE
Group Head of Digitalization Promotion Department and Manager of System Management Department at SMBC Trust Bank

Katsuya Tsuchida: New systems are bound to have problems, but thanks to the hard work of Ms. Furusaki and Ms. Ishimaru, I think the fact that there were no complaints of any kind was also appreciated by management. To be honest, we had some concerns about nCino at first, but we are really satisfied with the response we received, not only in terms of reviewing the standard functions, but also in terms of support, which exceeded our expectations.

Itsuki Nomura: Finally, please tell us about the future direction of your bank's system construction.

Satoshi Watanabe: Currently, review is done by nCino's mortgage solution, and only contracting procedures are still paper-based as before. However, considering customer needs for faster, online procedures, it is inevitable that mortgage contracts be digitized. We would like to establish an environment where customers accessing our website can go online from application for review to contracting, using eKYC, a system for online identity authentication, for example. We are also considering the use of nCino solutions other than mortgage solutions. Currently, we are studying the use of nCino for foreign currency lending to corporations and for lending to high net worth individuals. We feel that nCino is a very attractive solution in terms of scalability.

Conclusion

Kazuhiro Iwabuchi
General Manager, System Management Department

Yoshitake Oya,
General Manager, Loan Sales Department

Ryosuke Oda,
General Manager, Digitalization Promotion Department

Sayaka Furusaki,
Manager, Planning Section, Loan Sales Department

Katsuya Tsuchida,
General Manager, Personal Management Department and Business Development Department

Yurina Ishimaru,
Planning Section, Loan Sales Department

Satoshi Watanabe
Group Head of Digitalization Promotion Department and Manager of System Management Department, SMBC Trust & Banking Corporation

Itsuki Nomura
Representative Director and Country Manager Japan

nCino

(from left) Itsuki Nomura, President and Representative Director of nCino Corporation; Satoshi Watanabe, Group Head of Digitalization Promotion Department and Manager of System Management Department, SMBC Trust & Banking Corporation; Ryosuke Oda, Department Head Digitalization Promotion Dept.; Kazuhiro Iwabuchi, Manager of System Management Department; Sayaka Furusaki, Manager of Planning Section, Loan Sales Department; Yurina Ishimaru, Loan Sales Department; Yoshitake Oya, General Manager, Loan Sales Department; Katsuya Tsuchida, Personal Banking Department and Business Development Department Manager.