Business Use Case

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| Use Case Name: | **Portfolio Alerts** |
| Created/Updated: | **12/18/24** |
| Use Case Sponsor: | **Tim Chaves** |
| Business Unit Manager: | **Chad Doorley (BI Team), Linda Sternfelt (Credit)** |

### 1.0 Purpose of Use Case (Executive Summary and Scope of Use Case)

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| The Portfolio Alerts system is a portfolio monitoring tool to monitor and provide early warning signs of a deterioration in credit quality. A quarterly meeting will be held to discuss the portion of the portfolio that is to be reviewed and pushed through the Alerts criteria. This is a way to automate annual reviews for a small subset of the portfolio and provide early warning signs into the deterioration of credit quality. During the quarterly meeting to review the results, the Chief Credit Officer will have authority over the outcomes of each specific loan product that is tested. Team Leaders, Loan Officers, Loan Review, and a designated party to take minutes will be required to attend. It will only be use on a segment of the portfolio, specifically: Lines of Credit under $500M and below $1MM in total relationship exposure. |

***2.0 Use Case Context (Business context for the use case)***

*This will be developed in-house with the existing technology stack and customer data from our core database, with the additional purchase of external data to supplement the system. These include credit scores, judgements, liens and real estate tax data.*

### 3.0 Proposed Solution (Deliverables)

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| Describe alternative solutions you may have considered and explored as part of your decision to move forward with this initiative.  Please also identify any Use Case deliverable associated with the proposed solution.  A set of criteria will be developed to monitor credit quality. Data will be aggregated and calculated fields will be generated across different dimensions. A full data table (excel) will be the deliverable, which will power an easy to use PowerBI dashboard (already developed). |

***4.0 Benefits and Potential Gains***

*Through this system, BCSB will be able to monitor credit quality across customers more efficiently, react to warning signs quicker and reduce operating costs. The Bank will be able to leverage technology and data sources to stay on top of the loan portfolio and identifying high risk loan customers.*

***5.0 Success Criteria***

*The Credit & Commercial departments will start to see benefits of this projects once development is complete and the business line users are able to use the system on a quarterly basis to automate the annual review process for a subset of the portfolio. The success will occur after the system has been validated and the business line is comfortable with the process of using Portfolio Alerts.*

### 6.0 Use Case Budget/Cost – Benefit Analysis

*Indicate budget vs known costs at this point in time. If Cost Benefit Analysis is required, attach it as an exhibit to this charter. Include any known costs to internal departments as well as implementation costs.*

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|  | **Budgeted Amount** | **Actual Amount** | **On Going Support Cost** | **Transaction Based Fees** |
| **Internal Costs** | | |  |  |
| * *Business Intelligence team to develop (Chad Doorley)* |  |  |  |  |
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| **External Costs** | | |  |  |
| * *Xactus data source* | $975/qtr |  |  |  |
| * *D&B* |  |  |  |  |
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***7.0 Use Case Details***

| {Use Case Details} | |
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| **Objective** | * Monitor loan portfolio and reduce risks with automatic flags if customers are delinquent, fail to adhere to cleanup provisions on lines of credit, reduce deposit balances significantly and other warning signs * Reduce the cost of |
| **Primary Internal Resources** | * Business Intelligence team to develop the system * Credit & Commercial Lending to provide feedback and support for the development/implementation of the system |
| **Primary External Resources (if applicable)** |  |
| **Pre-Conditions** | * The Bank has a growing loan portfolio and it is critical to leverage technology to monitor credit risk and identify early warning signs in credit quality. |
| **Trigger Events** | * The Bank decides to leverage internal resources to build out this system to improve awareness into problem customers and be proactive with managing this. There is a need to reduce the operating costs, as this would very costs to do with internal human resources (in terms of scope). |
| **BI User Story** | * BI team was able to build a system using Alteryx, Python, and PowerBI to aggregate data and calculate a data-driven approach to monitor the loan portfolio |
| **Post Conditions** | * The Bank is able to see the benefits of the system and create |
| **Data Required** | * COCC database, Xactus, D&B |

### 8.0 Time Line

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| **Milestone / Deliverable** | **Target Completion Date** |
| Build Business Use Case | 01/01/24 |
| Develop Version 1 of Alerts system | 03/31/24 |
| Develop Version 2 of Alerts system | 09/30/24 |
| Connect External Data Sources | 02/01/25 |
| Validation of System | 03/31/25 |
| Project Closure | 04/15/25 |

### 9.0 Risk Plan

*Define key risks such as assumptions, dependencies, and constraints and a planned response for each.*

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| **Risk Factor** | **Impact On Project** | **Risk\* Rating** | **Risk Plan or**  **Mitigation Strategy** | **Person Responsible** | **In Place By** |
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# *\*Rating = Probability that the risk will happen (H,M,L) x the Severity of the Impact if it does (H,M,L).*

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| HxH = H | HxM = H | HxL = M | MxL = M |

***10.0 Assumptions***

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| *This plan is based on the following assumptions (about resources, policies, schedules, technologies, etc.): Attendance and engagement by business lines, workload/prioritization of competing projects is taken into consideration.* |

**APPROVALS**

**Chad Doorley**

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| Author(s) |  |
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| Date |  |