BANKING BPO · PHILIPPINES

The regulated engine room: the executive economics of banking BPO in the Philippines.

An analysis of efficiency-ratio pressure, risk-tiered offshoring of loan and deposit operations, examiner-grade vendor oversight, and selection discipline for banks, credit unions, and non-bank lenders sourcing in the Philippines.

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Contents

ABOUT THIS SERIES

An outsourcing decision is a capital-allocation decision wearing operational clothes. This series treats it that way: each volume examines one service line or industry with the rigor a board would demand of any investment of similar size — verified costs, audited benchmarks, an honest reading of the provider field, and the governance record of what actually works. All of it is drawn from PITON-Global's quarter century of buyer-side engagements.

THE PITON-GLOBAL LEADERSHIP TEAM

About the authors

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Financial services shaped much of John's operating career: across more than thirty years directing outsourced programs for major US corporations — card processing and banking operations prominent among them — he learned the

Banking work was among the first delivery operations Ralf ran after arriving in Manila more than two decades ago, and financial services has anchored his career in the Philippines since — building and advising floors where loan files, card

discipline regulated work demands of a vendor relationship, usually by enforcing it. Today that experience defines the PITON-Global engagement model he leads personally: evidence over assertion at selection, and buyer-side vigilance from signature to steady state.

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disputes, and collections queues were the daily product. Few advisors anywhere hold his firsthand map of which Philippine providers can genuinely carry regulated banking volume; that map, and the models built on it, power this series.

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PITON Global

ABOUT PITON-GLOBAL

Manila-headquartered since 2001, PITON-Global practices a single craft: representing the buyer in Philippine outsourcing. A quarter century of engagements — and the many industry distinctions they have earned — have produced the firm's core asset, a continuously verified intelligence base on more than a thousand providers: their true certifications, client tenure, floor-level performance, and commercial behavior. Clients use that asset three ways: to scope requirements precisely, to shortlist only providers who survive evidence-based vetting, and to keep an experienced, independent advisor at their side through RFP, negotiation, and launch. TSYS, HealthPartners, Tripadvisor, Garmin, Yetipay, Workrise, and Norman Disney & Young are among the companies that have done so.

SECTION 01

Executive summary

-63%	**99.2%**	**61%**	**5.6×**
Fully-loaded cost vs. US onshore, blended program	Audited loan-file accuracy at vetted providers	Promise-to-pay kept rate in collections (vs. ~48%)	First-year ROI, reconstructed lender case (Section 6)

Banking's operating scoreboard is the efficiency ratio, and for most mid-sized institutions it has been moving the wrong way: deposit costs repriced, fee income under pressure, and the machinery of the bank — loan operations, servicing, disputes, collections, KYC refresh — still staffed at onshore cost in a labor market that no longer supplies career processors. Non-bank lenders and fintech-adjacent servicers face the same arithmetic with less balance-sheet cushion.

The Philippines has carried US banking operations for two decades — much of it invisibly, inside the captive centers of global banks whose names appear on Manila's skyline. That institutional inheritance matters to buyers: the third-party market's best providers are staffed and led by people trained inside those captives, running bank-grade controls as a matter of professional habit. What distinguishes banking from every other vertical in this series is the oversight standard: US regulators hold the institution accountable for its vendors under interagency third-party guidance, and examiners read the sourcing file. Five findings frame the volume:

1. **The efficiency ratio moves in the engine room.** A mid-sized institution cannot price its way to a better ratio; it can operate its way there. Risk-tiered offshoring of loan and deposit operations is the largest controllable lever available in 2026.

2. **Risk-tiering, not enthusiasm, decides scope.** Processing and verification move first; customer-facing regulated work moves with controls; credit decisions and complaint adjudication stay home. Programs designed on that gradient clear exams; programs designed on rate cards create findings.

3. **Collections is a skill market, and the Philippines is long on it.** Compliant, empathetic collections — right-party contact, FDCPA discipline, promises that get kept — is tenured work. Vetted floors run kept rates 10-15 points above onshore baselines at a third of the cost.

4. **The examiner is a stakeholder in your sourcing process.** The diligence file, the risk assessment, the ongoing-monitoring cadence — third-party guidance expects all of it, documented. A professionally run selection produces that file as a by-product.

5. **Bank-grade providers are a short list.** Of 1,000+ Philippine BPO operations, PITON-Global's mapping confirms genuine banking depth — live lending or deposit operations, the control environment to match, references that survive verification — at roughly twenty. The other 980 will still bid.

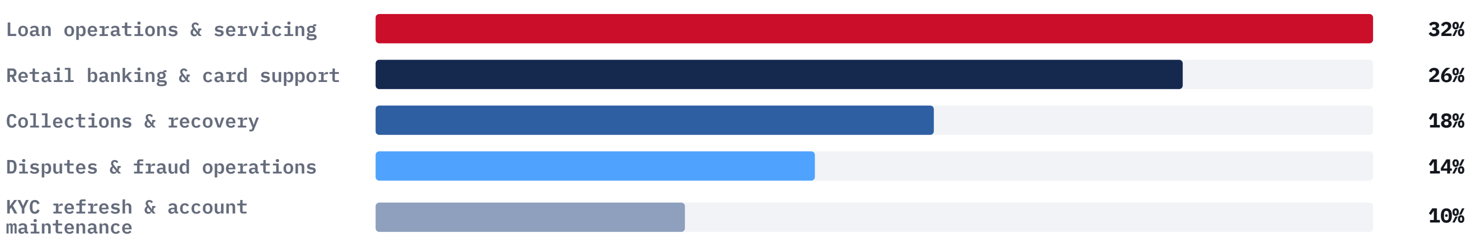
The intended reader is a COO, CFO, chief retail officer, or head of operations at a bank, credit union, mortgage company, or non-bank lender. Sections 2–4 supply the evidence; sections 5–7, the method and the proof.

SECTION 02

The efficiency-ratio problem — and the banking work that moves

Map a mid-sized institution's non-interest expense and a familiar picture emerges: branch and technology costs are already squeezed, leaving operations labor as the last large, soft target. Figure 1 shows where that labor concentrates across PITON-Global's banking engagement base — and each family's offshore track record.

FIG. 1 — OUTSOURCED BANKING WORK MIX (SHARE OF VOLUME, ENGAGEMENT BASE 2024–26)



Source: PITON-Global banking engagement base, 2024–26 — banks, credit unions, mortgage companies, and non-bank lenders.

Loan operations dominates for a structural reason: it is the banking function where volume, documentation intensity, and skill shortage collide hardest. Origination support (document collection, verification, file assembly, conditions clearing), servicing (payment processing, escrow analysis, payoff quotes, lien releases), and default-adjacent work (loss-mitigation document handling) are all rules-dense, audit-trailed, and chronically understaffed onshore — mortgage operations especially, where boom-bust hiring has destroyed the career pipeline.

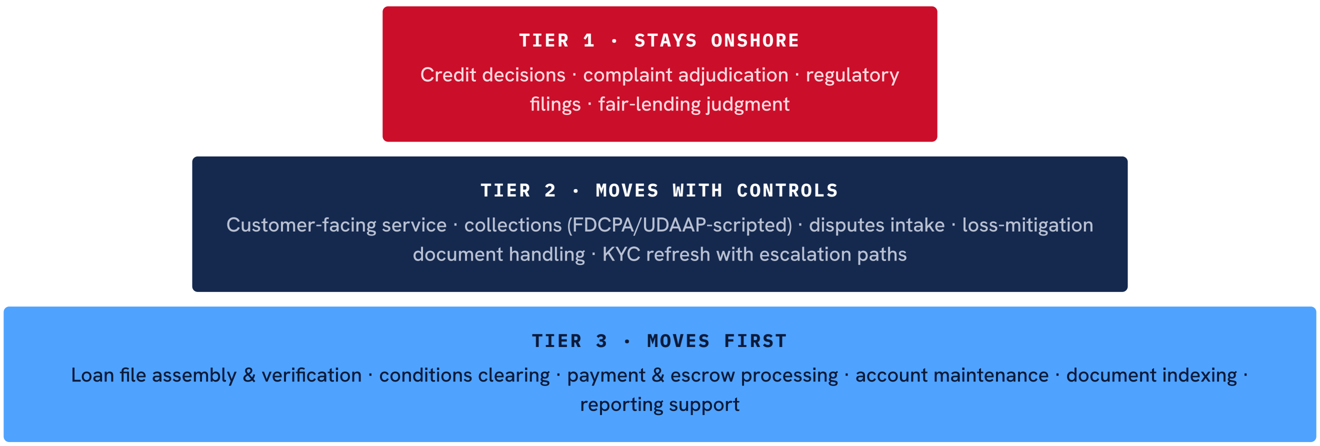
The AI reset lands here as elsewhere in this series, with a banking accent: document AI now reads the pay stub, but a human still clears the condition; conversational AI deflects the balance inquiry, but the hardship conversation — the one that decides whether a delinquency cures — belongs to a tenured, trained, compliant human. The residual work is more regulated and more consequential per touch, which raises the vetting bar rather than lowering the headcount case.

SECTION 03

Risk-tiering the work: what moves offshore, what stays, and why

Banking programs succeed or fail at scoping. The instrument PITON-Global uses is a risk tiering of the work itself — by customer impact, regulatory exposure, and reversibility of error — which then dictates both what moves and what controls travel with it.

FIG. 2 — THE RISK-TIER PYRAMID: SCOPE BY EXPOSURE



Tiering criteria: customer impact, regulatory exposure, reversibility of error. Composite of PITON-Global banking engagements, 2024–26.

Three rules give the pyramid teeth. **Controls travel with the tier, not the vendor:** Tier 2 work carries recorded lines, script governance, complaint-flagging duty, and 100% QA sampling in its first quarter — wherever it lands. **Escalation is designed, not discovered:** every Tier 2 workflow names the onshore owner who takes the handoff, with clocks. **The tiers are a sequence as well as a scope:** programs earn their way up the pyramid — Tier 3 performance and audit evidence unlock Tier 2 expansion, typically in the second or third quarter.

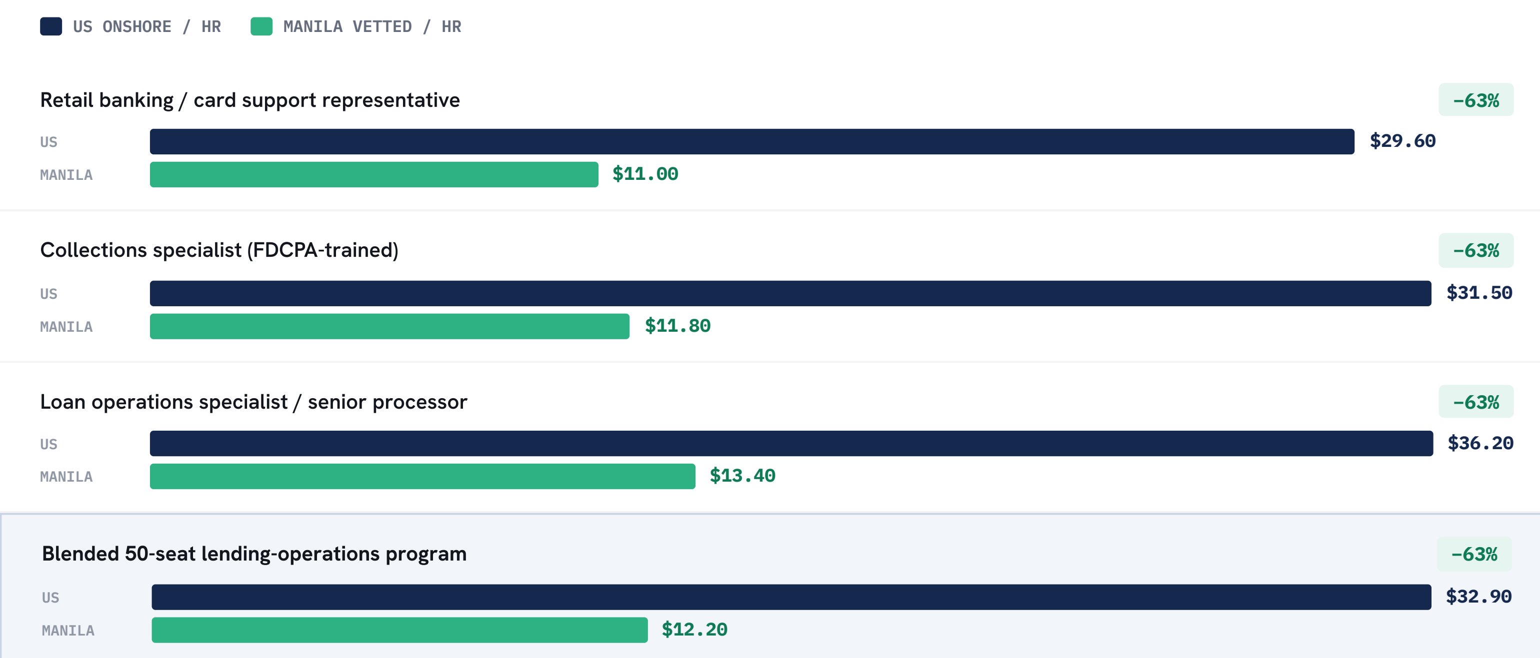
This is also the structure examiners recognize. Under interagency third-party guidance the institution must show that vendor risk was assessed against the activity's criticality — which is precisely what a tiered scope documents. In PITON-Global's banking engagements, the tiering memo from Step 1 of the framework routinely becomes an exhibit in the client's own vendor-management file: sourcing rigor and regulatory evidence produced in a single motion.

SECTION 04

Cost and performance: role-band economics and top-tier

benchmarks

TABLE 1 — FULLY-LOADED COST PER PRODUCTIVE HOUR BY ROLE BAND (US$, 2026)



Basis: PITON-Global banking engagement pricing 2025–26; fully loaded and net of shrinkage, as defined in Methodology & notes.

TABLE 2 — BANKING OPERATING BENCHMARKS, VETTED VS. BASELINE (2025–26)

METRIC	VETTED TOP TIER	BASELINE	EXECUTIVE READING
Loan-file accuracy (audited)	99.2%	~96.5%	Buyback and rework risk contained
Origination-support turnaround	−38%	reference	Faster clear-to-close, higher pull-through
Right-party contact rate (collections)	+29%	reference	More cures per dialer hour
Promise-to-pay kept rate	61%	~48%	Roll rates and charge-offs improve
QA / compliance-marker accuracy	98.5%	~95%	What the examiner samples
Annual attrition, banking programs	22–30%	40–55%	Tenure carries product & reg fluency

Source: PITON-Global banking engagement data 2025–26; baseline = client pre-engagement and onshore/commodity-offshore averages.

The machinery behind the benchmark column matches the pattern this series has documented in every vertical — calibrated QA at roughly double market density, certification gates before live volume, tenure economics that keep specialists past the fluency threshold — with one banking-specific addition: **compliance instrumentation**. Vetted floors mark every interaction against a regulatory rubric (FDCPA time-place-manner, UDAAP flags, complaint capture) and surface the data to the client weekly, so the compliance function sees the program the way an examiner eventually will — continuously, and with evidence.

SECTION 05

Sourcing discipline: the 7-Step Vendor Vetting Framework, applied to banking

In banking the framework runs at its most stringent calibration: the compliance audit (Step 4) applies bank-grade criteria — and the diligence record itself becomes part of the client's regulatory file. A representative mid-market lending search:

FIG. 3 — THE 7-STEP FRAMEWORK AS A BANKING FUNNEL

	STEP	WHAT IT ELIMINATES IN A BANKING SEARCH	FIELD REMAINING
1	**Requirements definition**	Untiered scopes: fixes the risk pyramid of Section 3, volumes, systems (LOS, core, dialer), controls per tier, quality targets	1,000+
2	**Market mapping**	Providers with no financial-services delivery unit in the required hubs and scale band	~65
3	**Capability screening**	No live lending or deposit operations, no comparable-platform experience, no FDCPA-trained collections bench — evidenced, not asserted	~20
4	**Compliance & security audit**	Anyone failing bank-grade diligence: SOC 2 on the delivery unit, GLBA safeguards, access architecture, BCP, complaint-handling evidence, audit trails	~12
5	**Operational diligence**	QA that fails calibration, attrition that churns regulatory fluency, references that soften; collections floors walked live, not toured	6–10
6	**Competitive RFP & negotiation**	Opaque pricing; finalists bid per productive hour with credits tied to accuracy, TAT, and compliance markers — on identical scenarios	2–3
7	**Transition & launch governance**	Control decay between signature and steady state: PITON-Global stays embedded buyer-side until certification, then hands over	1

Field-remaining counts represent a mid-market banking search (20–80 seats), PITON-Global engagements 2024–26.

The constitutional guarantees carry their usual force, sharpened by the setting. **Vendor neutrality** matters most where a wrong vendor is a regulatory event: PITON-Global sells no capacity and takes no placement economics, so nothing but evidence reaches the shortlist. **Right-sizing** protects the mid-market institution from B-team economics: the framework surfaces financial-services specialists — many led by veterans of the global banks' own Manila captives — for whom a 50-seat lending program is a flagship. Six to ten best-qualified providers, delivered within 48–72 hours, free to the buyer, competing through a fully transparent, fair, comprehensive, and highly competitive RFP.

SECTION 06 · ANONYMIZED CASE STUDY

Files cleared, cures kept: a 50-seat lending-operations program, reconstructed

Engagement BK-036 is a US non-bank consumer lender originating roughly $1.4 billion annually across two products, with servicing retained. Its operations were failing in the standard pattern: conditions-clearing backlogs stretching clear-to-close past rate locks, a collections team turning over at 58% annually with kept rates sliding, and an operations budget the CFO described as "growing faster than originations." Identifying details are anonymized under NDA.

SELECTION (WEEKS 0–9)

Requirements fixed a 50-seat, risk-tiered scope — 22 loan operations (Tier 3), 16 retail support (Tier 2), 12 collections (Tier 2, FDCPA-scripted) — on the lender's LOS and dialer stack, with SOC 2 delivery and complaint-capture instrumentation. Mapping yielded 61 claimants; capability screening on live lending operations left 18; the bank-grade audit left 11. Diligence — including live collections-floor calibration — produced a shortlist of 7. A Manila financial-services specialist won at $12.20 per productive hour, 10% below the median bid, with accuracy, TAT, and compliance-marker credits.

TRANSITION (WEEKS 10–26)

Tier 3 moved first: loan-file assembly and conditions clearing behind a three-week parallel run scored on the lender's own audit rubric. The conditions backlog cleared in week 15. Tier 2 followed on certification gates — support in week 14, collections in week 18 with 100% QA sampling for the first quarter. The tiering memo and diligence file transferred into the lender's vendor-management records intact. PITON-Global chaired weekly buyer-side governance to certified steady state in month 7, then handed over on documented criteria.

TABLE 3 — BK-036 FIRST-YEAR VALUE BUILD-UP (US$)		
VALUE COMPONENT	YEAR 1	BASIS
Labor & overhead arbitrage	$1.95M	94k productive hrs × ($32.90 – $12.20)
Pull-through lift (clear-to-close –9 days)	$0.41M	Rate-lock expirations and fallout reduced vs. trailing baseline, margin basis
Collections cure lift (kept rate 47%→60%)	$0.37M	Roll-rate improvement × balance at risk, conservatively factored
Rework & error cost avoided (file accuracy 96.4%→99.1%)	$0.22M	Re-processed files and cure documentation avoided × touch cost
Gross value created	**$2.95M**	
Less: engagement & transition costs	($0.53M)	Transition, parallel runs, control validation, governance overlay; advisory fee $0 (provider-paid model)
Net value ÷ cost = first-year ROI	5.6×	$2.95M ÷ $0.53M

Figures rounded; revenue and avoidance effects conservatively factored. Method in Methodology & notes.

The series arithmetic repeats: 66% of first-year value was arbitrage; the remaining 34% — pull-through, cures, rework avoided — was selection quality expressed in dollars. And one line does not appear in the table because it cannot be priced until it is needed: fourteen months after launch, the lender's state examination sampled the offshore program and closed without a finding. The diligence file from Steps 1–5 was the evidence base.

SECTION 07

The executive playbook: examiner-ready governance for the first 180 days

Banking governance has one design constraint the other verticals lack: everything must be demonstrable to a third party with statutory authority, on their timetable. The playbook below builds that property in from day zero — client in command, advisor ensuring the record exists.

DAYS 0–30 **Build the record before the volume**	File the risk-tiering memo and diligence record in vendor management. Contract per productive hour with credits on accuracy, TAT, and compliance markers. Wire access architecture, recorded lines, and complaint-capture before any customer data moves. Name the onshore escalation owners for every Tier 2 workflow, with clocks.
DAYS 30–90 **Tier 3 on gates, Tier 2 on evidence**	Parallel-run the file work until audited accuracy clears the bar; release collections and customer-facing queues only behind certification and 100% first-quarter QA sampling. Chair weekly governance with compliance markers first on the agenda, and calibrate QA monthly against your own compliance function's scoring.
DAYS 90–180 **Convert stability into ratio points**	With quality stable for 60 days, point governance at yield: pull-through analytics, cure-rate coaching, document-AI deployment where volume concentrates, and Tier 2 scope expansion earned by the evidence file. Certify steady state; hand over on dated criteria; keep the monitoring cadence examiners expect.

THE FIVE FAILURE MODES WE ARE HIRED TO PREVENT

Scoping by enthusiasm instead of risk tier · accepting a corporate certificate for a floor-level control · putting collections offshore without live-floor calibration · running a sourcing process that leaves no examiner-ready record · letting the provider score its own compliance markers. Every one is cheaper to prevent at selection than to remediate under a finding.

Banking rewards institutions that treat operational change the way they treat credit: underwritten, documented, and monitored. The Philippine market offers the strongest risk-adjusted operational trade available to a mid-sized institution in 2026 — a 63% cost advantage delivered by floors that outperform onshore baselines on the metrics regulators sample. The condition is the one this series states in every volume, and nowhere more firmly than here: the twenty genuinely bank-grade providers must be found, proven, and governed. That is a method, not a directory search — and it is precisely the method a disciplined, vendor-neutral advisor exists to run.

METHODOLOGY & NOTES

How the numbers were built

Operating benchmarks (loan-file accuracy, origination-support TAT, right-party contact, promise-to-pay kept rates, QA/compliance-marker accuracy, attrition) derive from PITON-Global banking engagements active 2025–26, measured on provider LOS, dialer, and QA systems and validated in client governance. Baselines combine client pre-engagement data with onshore and commodity-offshore averages.

Cost figures are fully-loaded costs per productive hour by role band — wages, benefits and statutory charges, facilities, technology and security stack, management and QA overhead, attrition-driven recruiting and ramp — net of shrinkage. US baselines reflect Tier-2 metro financial-operations labor; Manila figures reflect 2025–26 engagement pricing.

The case study (BK-036) is anonymized under NDA; products, volumes, and platform details are generalized, figures rounded. Value factors are conservative: pull-through lift is measured against the client's trailing fallout baseline at margin, not revenue; cure lift counts roll-rate improvement on balances actually at risk; rework counts documented re-processing events only. ROI = net first-year value ÷ all engagement-related client costs. PITON-Global's advisory fee is provider-paid and appears at $0 in the client cost base; neutrality safeguards are documented at piton-global.com.

Market and regulatory context draws on IBPAP reporting, interagency third-party risk guidance and related US regulatory frameworks, and PITON-Global's proprietary provider mapping (1,000+ operations; banking capabilities re-verified July 2026). Estimates and projections are PITON-Global analysis and should be cited as such.

Which banking BPOs belong on your shortlist?

Thirty minutes with John will tell you. Free to buyers, strictly vendor-neutral — an examiner-ready shortlist within two to three business days.

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