



Automating Commercial Lending

"Decrease Loan Cycle Time and Automate Loan Servicing"

Commercial Lenders have many choices for lending platforms today, with some professing to be end-to-end while others are limited in their deployment options, servicing capabilities, and ability to handle loan complexity.

The impact of COVID-19 brought business continuity and the ability to be fully functional while remote to the forefront. However, competitive pressures were already building, requiring businesses to be agile and scalable in a cost-effective manner, whether there is an unanticipated flood of new loans, such as PPP, or a sudden drop in loan volume at another time. The linear dependency on manual processes is very evident in PPP processing at the moment, but most lenders struggle with scaling up or down in a cost-effective manner.

Inhibitors to automation?

Several factors prevent lenders from automating operations:

- ▶ Limited access to, or experience with the modern techniques for addressing the issues including cloud deployment and machine learning
- ▶ Current situation has overwhelmed operations and technology teams, and reduced focus on long term solutions
- ▶ Increased complexity in loan agreements now demanded are affecting
 - Intake data capture
 - Call criteria
 - Servicing conditions
 - Payment terms

and how these get managed, at scale, with systems not ready for all of the complexity

Why do this?

- ▶ There are opportunities to find new revenue streams while protecting existing client relationships
- ▶ Enhance client experience to increase trust – clients expect more either because they have the wherewithal to capitalize on current economics or are struggling to meet obligations
- ▶ Strategies to grow as others contract require unimpeded, quick integration
- ▶ Low rates and lower margin loans put focus on operational efficiency
- ▶ Timely, auditable data is critical
 - Regulatory scrutiny is not abating
 - Actionable analysis and data driven processes

2

Areas of your Commercial Lending Operation that can be automated today without significant investments or risks

1. Commercial Loans Booking Process

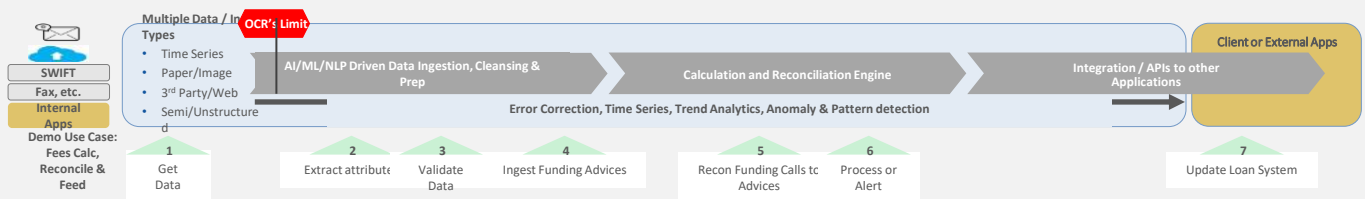
With the many issues faced in the loan booking process, several potential solutions exist that will help you overcome current systems and operational limitations:

- ▶ **Loan Booking Process:** Documentation requirements, loan conditions and terms, inbound communications can all be supported with automation. Consider using Artificial Intelligence (AI), Machine Learning (ML), and Natural Language Processing (NLP) techniques to automate data extraction from the many input forms (Readily available solutions exist today but be wary of hype and false advertising. (Please read our SmartBite on Automating Data Ingestion)).
- ▶ **Loan Model Attributes:** Spreadsheets still appear in too many operations, particularly filling the gaps in loan processing systems in capturing all the attributes needed for today's loan agreements. ML can extract the data into data forms easily available to analysts and servicing agents.

2. Commercial Loans Servicing

Loan servicing is becoming more and more challenging with the new structures for loans and drawdowns, and payments. Consider using ML to help anticipate and streamline loan event processing:

- ▶ **Funding Requests and Drawdowns:** Changing loan servicing requirements around loan calls criteria, drawdowns and repayment schedules require flexible diligence to provide tight controls and exceptional customer service. Modern workflow management tools, attached to a clean data source facilitate these services, done by staff or systems.
- ▶ **Client service, ongoing credit monitoring and loan portfolio management:** Look at Natural Language Processing to draw insights from sentiment analysis in new client, and current borrower communications.



AI, ML and NLP are available technologies that will quickly augment your proven, existing processes, for commercial and consumer loans. They are the rocket-fuel that will boost throughput, increase efficiency, and improve customer satisfaction and trust. The solutions can be deployed in agile manner in short phases to ensure quick ROI and reduced risk of long-term investments.

This is an opportunity for banks and mortgage providers to shine and turn the current challenges into a competitive advantage and this is Haystream's focus.

