



Whitepaper

A Guide to Optimizing Commercial Lending



In this whitepaper, explore approaches for optimizing commercial lending in today's dynamic financial landscape, including how to:

- ▶ Expedite decisioning to help your financial institution complete with alternative lenders offering swift turnarounds
- ▶ Use technology solutions to automate and standardize underwriting procedures for more accurate and more consistent credit analysis
- ▶ Boost client loyalty through personalized services informed by comprehensive customer data analysis

The economic environment that commercial bankers find themselves in has never been more complex.

With sector-by-sector shifts in business optimism and growth, an extraordinary change in the rate environment, and a digital acceleration that is a once-in-a-generation catalyst for change, there has never been a more critical moment for bankers to adapt their commercial lending process.

At this same time, as the market landscape moves with some of the most dynamic rate changes in decades, new and aggressive players such as neo-banks and private-credit issuers have entered the scene. These new competitors often have an advantage over banks and credit unions, as traditional financial institutions are faced with liquidity constraints, regulatory scrutiny, and higher cost structures.

Commercial lending can often be bogged down by tedious processes—from application and underwriting to documentation and booking—all of which are drawbacks for businesses seeking funding from traditional banks. Delays from time-consuming processes can lower a borrower's satisfaction or cause them to shop around for a lender capable of delivering a more convenient, faster source of funding.

What's the key to remaining competitive in this new and ever-changing commercial lending field? **Optimizing your lending process.**

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Why Optimize?

Optimizing the commercial credit process is crucial for banks to enhance efficiency, mitigate risks, and better serve their clients.

Increased Efficiency & Speed

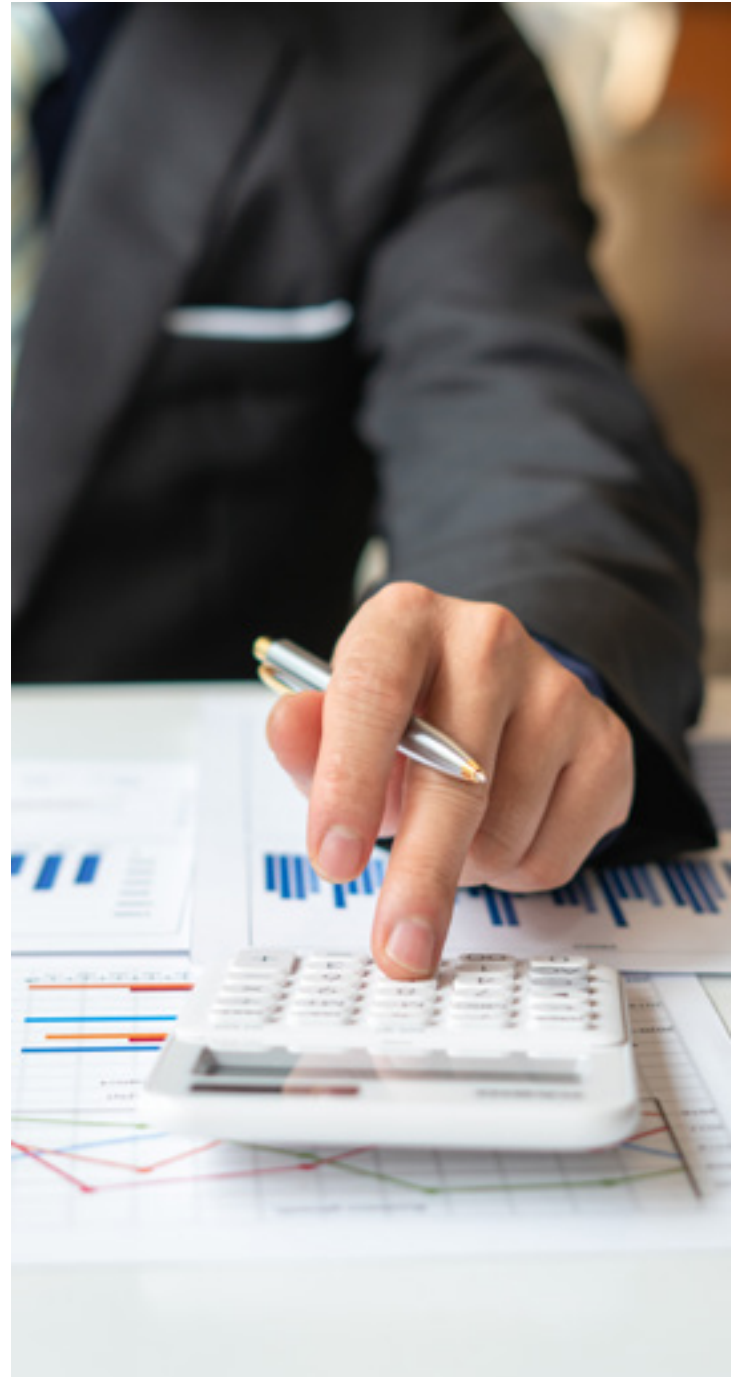
Inefficient, labor-intensive workflows keep commercial lending underwriters bogged down and create bottlenecks, further slowing the process. One of the greatest benefits of restructuring the lending process is the improved productivity that results, allowing financial institutions to handle greater loan volumes with the same number of personnel and leveraging automation to increase the speed in responding to your best and most valuable commercial clients.

Client Experience

Banks that optimize their commercial credit processes gain a competitive edge in the market. An optimized, digital commercial lending process provides a streamlined credit process, improves borrower satisfaction with speed to decision and convenient application access, and allows banks to attract and retain clients.

Risk Mitigation

Developing an efficient origination process brings consistency to all facets of the decisioning process. This ensures that the bank's own policies and risk appetite are incorporated and aligned within the lending process. As a result, credit decisions are made based on predefined standards that satisfy regulatory and risk management concerns.





Commercial Lending Solution Essentials

To be truly comprehensive and provide the best ROI, your solution for commercial lending must have these key elements:

Data Integration

A 360-degree view of complex commercial relationships requires your lending solution to integrate with your institution's core systems. Leveraging data with accurate, up-to-date processes ensures decisions are made based on sound analytics. Integrations with credit and risk data from fraud, collateral, and other perspectives gives underwriters the complete picture.

Agility

Regulatory demands, changing economic conditions, and shifting rates require higher levels of agility and responsiveness in any solution. You must address today's risk and needs and also have a way to take a comprehensive portfolio view so you can adhere—with greater flexibility—to future changes in risk and credit policies.

Client-centricity

Process optimization through automation improves the customer experience, giving you a holistic view of the entire risk landscape and more time to nurture relationships with your financial institution's most complex (and profitable) clients.

Single Platform

A single solution that helps you manage the entire commercial lending process offers greater optimization and automation, enabling your institution to originate and close loans at a higher volume. Best of all, with data and decisions together in one place, your ability to respond to changing needs, monitor, and grow complex commercial relationships is increased.

Key Considerations

Here are three factors to keep in mind after you've decided to optimize your commercial lending process:



1 Process Evaluation

Start by looking at your current processes. Identify bottlenecks and inefficiencies, but also keep in mind your desired future state. Take time to thoroughly map your existing processes and identify areas of concern and potential.

- ▶ **What is necessary, and what is nice to have?**
- ▶ **What would make the lending process easier for your commercial clients—and your bankers?**

2 Technology Selection

Choosing a technology provider is a huge commitment—especially for a financial institution who may just be starting their digital transformation journey. If possible, know your desired ROI and find a partner who can help you achieve that goal. For each solution you're evaluating, answer these questions:

- ▶ **Can it solve current pain points and guide you towards your future goals?**
- ▶ **Does it integrate fully with your core provider?**
- ▶ **Will it work in tandem with other essential solution providers?**
- ▶ **Is your approach iterative and right sized for your business?**

3 Strategic Alignment

With your desired future state in mind and technology selection underway, how do you prepare your team for success? Change management is a difficult part of the process that can sometimes be overlooked. Don't fall into that trap. Go into this prepared.

- ▶ **Do you have the right team members in place, ready to undertake an implementation project?**
- ▶ **Do you have a partner who will help guide you through the process?**

Also do not overlook long-term adoption, and ensure that key stakeholders and those impacted by the optimized process see the benefits associated with change.



The Future of Commercial Lending Is Here

Now, more than ever, you must be hyper focused on relationship management, optimization, and risk mitigation to stay competitive.

With so many commercial lending solutions available, consider a partner who will work with hand-in-hand with your financial institution to understand its unique needs, all while leveraging decades of experience and best practices to help you succeed.

Contact us today to learn more about digital transformation with Baker Hill NextGen® and how implementing our solution can help your financial institution create efficiencies, drive growth, and delight customers by optimizing commercial lending processes.



Baker Hill is in the business of evolving loan origination by combining expertise in technology with expertise in banking. Built on decades of walking alongside banks and credit unions as they provide vital resources to their communities, Baker Hill NextGen® is a configurable, single platform SaaS solution for commercial, small business, consumer loan origination, and risk management that grows along with you as your business needs change. Baker Hill is lending evolved. For more information, visit www.bakerhill.com.