



A Guide to

# *Optimizing Commercial Lending*

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## A Changing Commercial Lending Environment

In recent years, commercial lending has experienced growth. An improved economy, low interest rates, and greater loan options have created phenomenal opportunities for both businesses and lenders.

At this same time, the introduction of online and alternative lending has caused a disruption within the financial industry, as nearly 20 percent of all small businesses sought financing from these types of lenders. *(Source: Federal Reserve 2015.)* Often times, small business borrowers are willing to take on the higher interest rates offered by alternative lenders because those lenders have one thing many banks can't compete with—speed.

Commercial lending can often be bogged down by tedious application processes, sluggish decisioning times, and frequent delays, all of which are drawbacks for businesses seeking funding from traditional banks, lowering their satisfaction and causing them to shop around for a lender that delivers a more convenient, faster source of funding.

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



## Why Optimize?

### Increased Productivity

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.

### Consistency

Developing an efficient origination process brings consistency to all facets of the decisioning process through a set of established regulatory practices, as well as the bank's own policies and standards. As a result, credit decisions are made based on predefined standards that satisfy regulatory and risk management concerns.

### Greater Accuracy

Inefficient analysis, redundant calculations, and hasty credit reviews that are subject to human error, also further slow the decisioning process. Streamlining the commercial lending processes greatly reduces these types of errors, providing greater accuracy and enabling analysts to better identify risk.





# Key Elements of Commercial Lending

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

1

**Single platform.** A single solution to manage the entire commercial lending process from start to finish offers greater levels of process improvements and automation, enabling your institution to originate and close loans at a higher volume.

2

**Transparency.** Regulatory demands require higher levels of transparency. Comprehensive portfolio management and 360-degree adherence become a must, enabling more control over credit policies and greater transparency.

3

**Data integration.** The ability for lending solutions to integrate with your institution's core systems is essential. Leveraging valuable data with accurate, up-to-date key processes ensures decisions are made based on sound analytics.

4

**Client-centricity.** Automation improves the customer experience through faster, optimized processes, enabling more timely engagement. Nurturing client relationships will help you positively impact retention rates with your most profitable clients.



In order to truly compete in today's commercial lending environment, financial institutions must address these key elements as efficiently as possible.

## ***Best Practices in Optimization***

***The following steps will help you  
identify the best approach to optimizing  
your commercial lending processes:***

- Evaluate your current commercial lending processes and identify bottlenecks and inefficiencies.
- Identify how (or if) your financial institution currently handles the above-mentioned key elements of commercial lending.
- Assess how your current business development supports your growth goals, and determine how commercial lending optimization could positively impact your growth.

## Conclusion

Discover how your institution can create efficiencies and drive growth of your business by optimizing the commercial lending process with Baker Hill NextGen™ for Commercial Lending. Learn more at [bakerhill.com/commercial-lending](https://bakerhill.com/commercial-lending).





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