



Whitepaper
CX Innovation & Optimization

Winning the Race to Transform Your Financial Institution



The restrictions implemented during the global coronavirus pandemic have had a profound effect on nearly every aspect of modern society, and the banking, financial service and insurance industry is certainly no exception.

Traditional market leaders that relied on in-person engagements could only watch as their business models withered due to closures, while the few who embraced digital models early on have prospered.

At the same time, the prolonged lockdowns forced businesses and families alike to drain savings accounts and borrow money to survive while the economy and job market recovers. This has created a massive lending opportunity on a global basis, **generating as much as 2.8 trillion in new loan activity between 2020 and 2025.**¹

This growth is happening now, even as many countries are struggling to re-open fully in the face of continued COVID spread. As a result, the BFSI organizations in the best position to capitalize on this once-in-a-lifetime opportunity will be lenders with digitized or digitally transformed processes and customer experiences.

¹“[Lending Global Market Report 2021: COVID-19 Impact and Recovery to 2030](#)” Research & Markets, Jan. 2021

A Nearly \$3 Trillion Payday for Digital Leaders

Organizations that want to dominate this estimated 2.8-trillion-dollar digital lending market opportunity across the globe over the next several years need to move boldly and swiftly to digitally transform all aspects of the digital lending journey to:

- \ Meet customer expectations for a swift, seamless loan experience
- \ Expedite the end-to-end loan process
- \ Reduce loan origination and service costs
- \ Minimize errors and institutional risk

- \ Increase operational efficiency, scalability, and employee productivity
- \ Exceed competitor offerings
- \ Maximize market share and profitable growth opportunities

The entire traditional lending process — from application to verification to disbursement to collection — has historically been a labor- and paper-intensive one. From the legacy lender’s perspective, speed was synonymous with errors. The more thorough the process, the better the loan.

In today’s fast-moving and customer-centric market, the legacy approach carries with it several potentially lethal drawbacks, including:

Poor cross-sell, up-sell and lack of guided selling

Disconnected and manual processes spread across disparate systems

Inflexible and slow legacy systems slowing down speed to market

Higher turn-around-time from loan enquiry to loan disbursement

Lack of innovation and slower digital adoption

Clunky client experience and poor customer service

Prospective customers in both B2B and B2C markets expect and even demand faster, more seamless digital experiences in all their engagements, and the pandemic only accelerated that trend.

According to Salesforce, **85% of customers say the experience a company provides is as important as its products and services.** In addition, **69% of customers**

expect companies to understand their unique needs and expectations² — how many lenders today meet that standard? Only digital lending solutions can meet those growing consumer expectations at speed and scale.

² “[Fourth Edition — State of the Connected Customer](#)”
Salesforce 2020

The Five Essentials of Digital Lending Solutions

Traditional lenders and fintech pure plays alike need proven solutions and partners who can help them digitize their loan processes from origination to collection, accelerating and streamlining their operations and delighting their customers in the process.

Persistent has been creating and deploying digital lending solutions for traditional lenders and fintech challengers alike for nearly a decade.

We're seeing lenders focus on two specific aspects of the digital loan journey:

- 1\ **Loan origination**, including collecting, processing, and evaluating processes
- 2\ **Risk and compliance management**, driven by the need to minimize credit, fraud, operations, and compliance risks, even as the loan process itself accelerates.

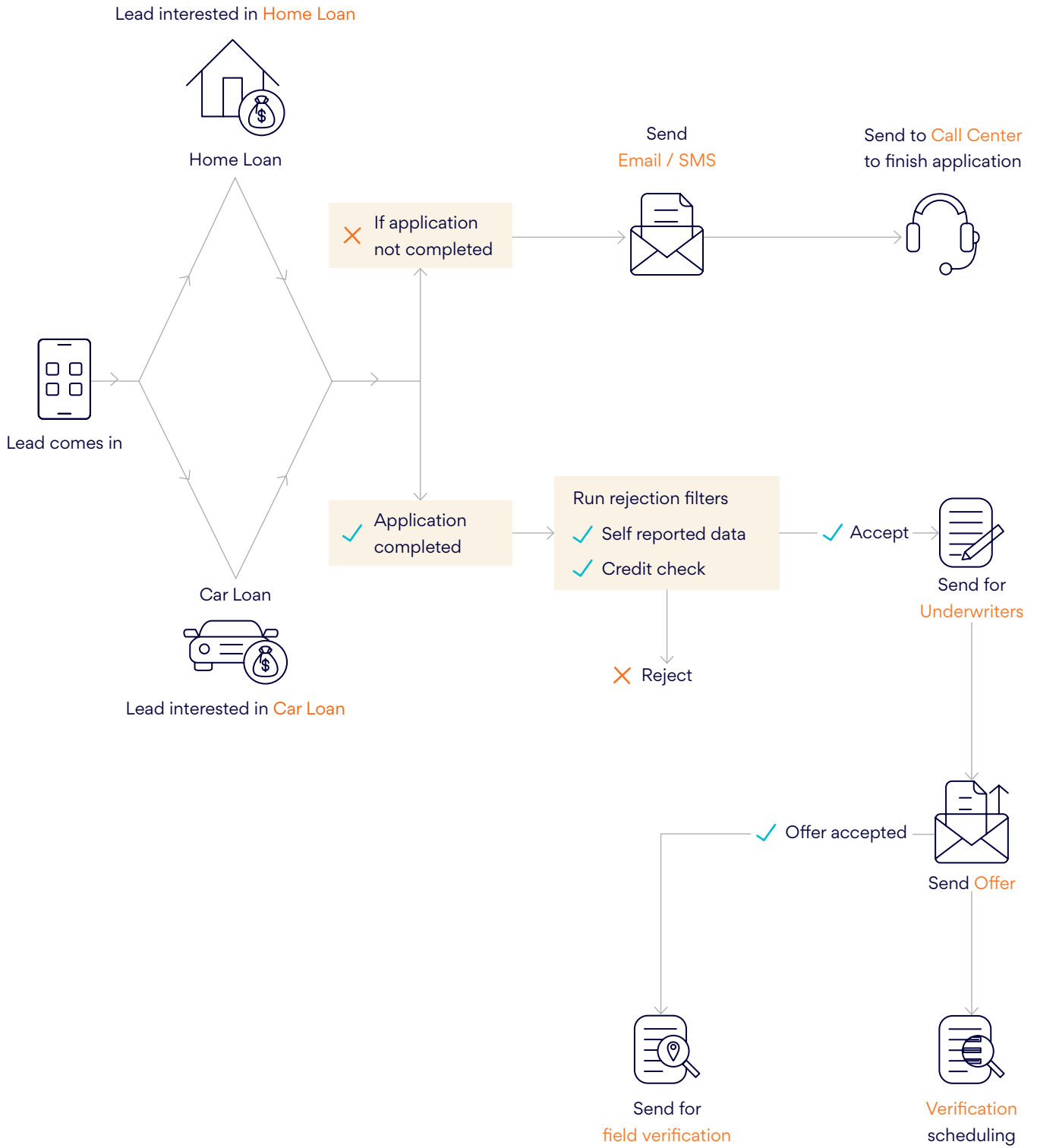
From our experience, digitizing a lending journey depends on a variety of factors, including (but not limited to):

Loan Product Type	Lending Journey Type	Infrastructure Needs
Consumer loan, mortgage, corporate, small business, etc.	Assisted vs unassisted	On prem, private cloud, hybrid cloud, etc.

While the characteristics of the lending journeys are incredibly disparate, any successful digital lending solution must contain the following **five attributes**:

1 Borrow 360 View	2 Engaging Everyone	3 Business Rule Automations
Single and comprehensive applicant view for the lending team	Extending the platform access to everyone involved	Ability to define all types of rules including assignment, validation, auto-eligibility, escalation, etc.
4 Improving Back-Office Efficiency	5 Integration	
Empowering back-office users with right tools / features to process with speed and accuracy	Ability to connect with any internal / external system and orchestrate seamlessly	

What would a transformed lending journey look like from a process perspective? Here's an example of these five attributes at work in a digital auto loan lending journey:



The First Two Critical Decisions

Any organization looking to develop or transform a complex journey like this is faced with two critical decisions:

1

Do we look for a **product** to integrate into our IT ecosystem, or do we pursue a full **platform** solution that is broader and more comprehensive in scope?

Based on our conversations and engagements, the BFSI market seems to be favoring a platform approach as it considers criteria like time to market, one-time vs recurring costs, ability to fulfill the requirements, and exit strategies.

Viewed through the lens of the cost-benefit-flexibility equation, platforms offer a greater opportunity to help market leaders and challengers alike bring digital lending solutions to market with speed.

The **MVP versus robust solution** debate can't be resolved without taking the market opportunity into account. In our view any banking or non-banking financial institution is expected to grow at the highest rate than world has ever seen. At the same time, the pandemic has staggered many BFSI market leaders, creating a tight window of opportunity for fast movers

2

Should we tilt up a **minimum viable product** (MVP) that offers a barebones solution and experience more quickly, adding to it over time, or roll out a **more robust solution** with a longer timeframe?

to create — or steal — market share. For these reasons, we believe the real winners will be those who can quickly establish a market presence with an MVP and expand it rapidly, rather than take the time needed to debut a more feature-rich solution later.

A third option has become increasingly popular in the global BFSI sector as well: partnerships. Traditional private and public sector banks and NBFCs are partnering with smaller, nimbler fintech companies in an effort to get the best of both worlds.

The traditional lender brings the advantages of scope, scale, brand equity and an established customer base a small startup can only dream of, while the fintech can execute with an agility, technical prowess, risk tolerance and speed that would be impossible within most enterprises.

Nearly \$3 trillion in lending opportunities await the BFSI organizations who can navigate the uncertain post-COVID recoveries by delivering fully digital lending journeys that meet the needs and expectations of business and consumers alike.

It's not too late to digitally transform your financial institution to provide quicker, smarter, and more effective customer engagement across all phases of the business lifecycle. Choosing the right digital lending platform and an experienced BFSI digital

transformation partner can help your organization close the gaps between you and the current market leaders quickly, ensuring you and your organization take full advantage of this once-in-a-lifetime global opportunity.

About Persistent

With over 15,000 employees around the world, Persistent Systems (BSE & NSE: PERSISTENT) is a global services and solutions company delivering Digital Engineering and Enterprise Modernization. As a trusted Salesforce Platinum Partner for 12 years, Persistent specializes in solutions that accelerate enterprise growth, such as CX Innovation & Optimization.

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