

Lending Technology: Assessing Loan Origination System Vendors – The “One Lending” Model for Journey to the Cloud

September 2020: Complimentary Abstract / Table of Contents



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- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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Background of the research

Rationalization and simplification of core systems across lending products to create a “One Lending” strategy

- Lending market continues to grow as consumers and businesses need capital and liquidity to manage their financial needs and priorities. Governments across the world provided stimulus to individuals and businesses through massive lending programs that further grew the lending business
- However, lending systems of the past have grown in siloes as a result of acquisitions across multiple Lines of Business (LoBs) leading to disparate technology systems. Each lending product was traditionally sold through a different channel leading to a fragmented customer experience and different loan closing time
- This market has not been spared by technology advancements and ever-changing customer expectations, with internet and smart phone penetration forcing banks and financial institutions to shift from a traditional to a digital lending culture, with increasing emphasis on reduction in loan processing time. Banking and financial institutions are relying on digital lending platforms to modernize their processes, reduce operational costs and, thereby, improve customer acquisition and revenue
- Such platforms deliver enhanced omnichannel customer experience and operational efficiency through AI-/ML-enabled, analytics-rich platform to enterprises enabling fraud mitigation. Cloud as a foundational infrastructural element to build agile, composable, flexible, and scalable loan origination systems is driving this change at speed and scale
- Now there is a large-scale transformation potential to move multiple products across LoBs to a single lending platform and bring together all elements of the value chain. This report is focused on the loan origination system vendor landscape and assesses 14 LOS platform vendors on their capabilities and market impact along with their ability to enable the vision of “One Lending”

Scope of this report:



Geography

US, Canada, UK, Europe



Industry

Banking and Financial Services (BFS)

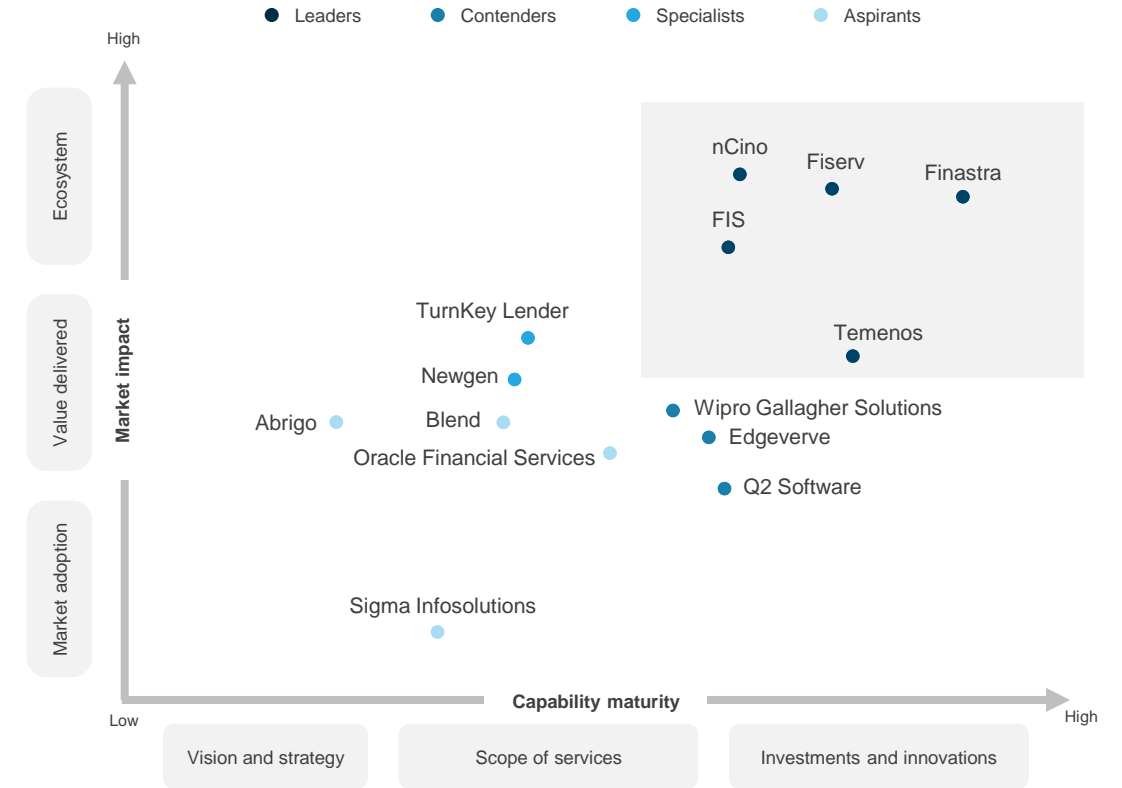


Summary of key messages

Key findings of this research

- Analysis of 14 platform vendors for their LOS capabilities for the BFS industry highlights the following four categories:
 - **Leaders:** Finastra, Fiserv, Temenos, nCino, and FIS
 - **Contenders:** Edgeverve, Q2 software, and Wipro Gallagher Solutions
 - **Specialists:** Turnkey Lender and Newgen software
 - **Aspirants:** Abrigo, Blend, Oracle Financial Services, and Sigma Infosolutions
- Lending functions are not excluded from the impact of innovative technology, ever-changing customer needs, increased regulatory pressure, increased competition, and demand for more real-time transparent loan management function
- Banks and FIs face challenges while trying to embrace advanced technology to meet evolving customer expectations and to be at par with competitors due to legacy systems and lack of proper infrastructure
- In order to cope with these changes, banks and FIs are leveraging technology-rich platforms provided by vendors which can enhance customer experience and automate lender workflow
- These vendors offer various solutions related to lending, either as distinct solutions such as loan origination software and loan servicing software or as composite solutions such as end-to-end lending software that includes functionality of both loan origination and loan servicing software
- LOS platform vendors provide their customers with an end-to-end loan origination platform covering loan application, credit analysis, document processing, and underwriting of loans without losing out on risk and compliance at every stage
- The industry is also witnessing the use of new data sources, AI and big data analytics to derive insights from customer behavior and assessing large volumes of data to trace risk patterns and improve experience and process efficiency

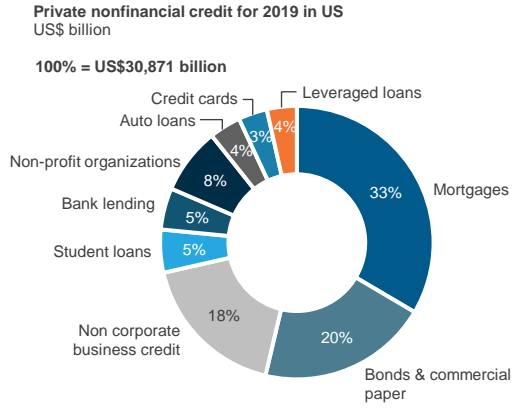
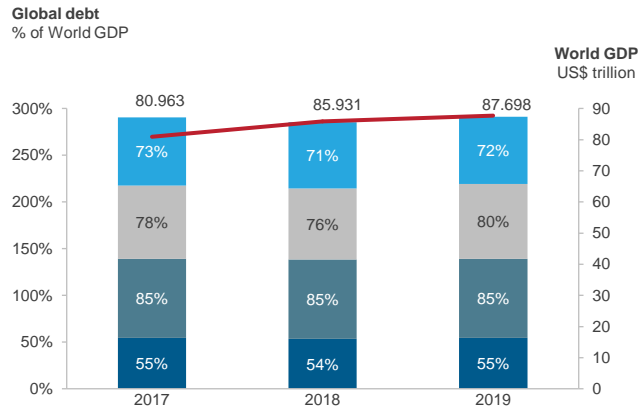
Everest Group assessment of LOS platform vendors, 2020



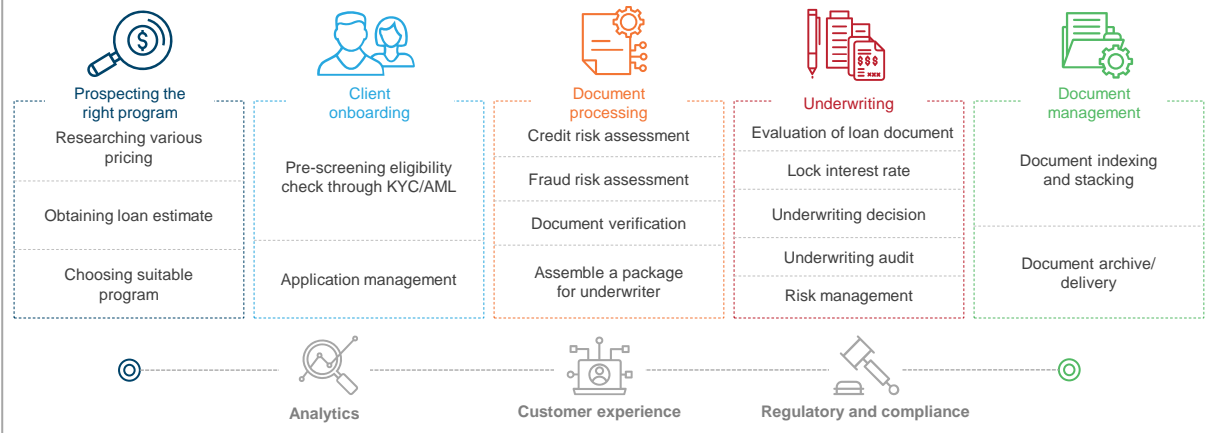
Source: Everest Group (2020)

This study offers four distinct chapters providing a deep dive into key aspects of lending technology market; below are four charts to illustrate the depth of the report

Trends in private debt



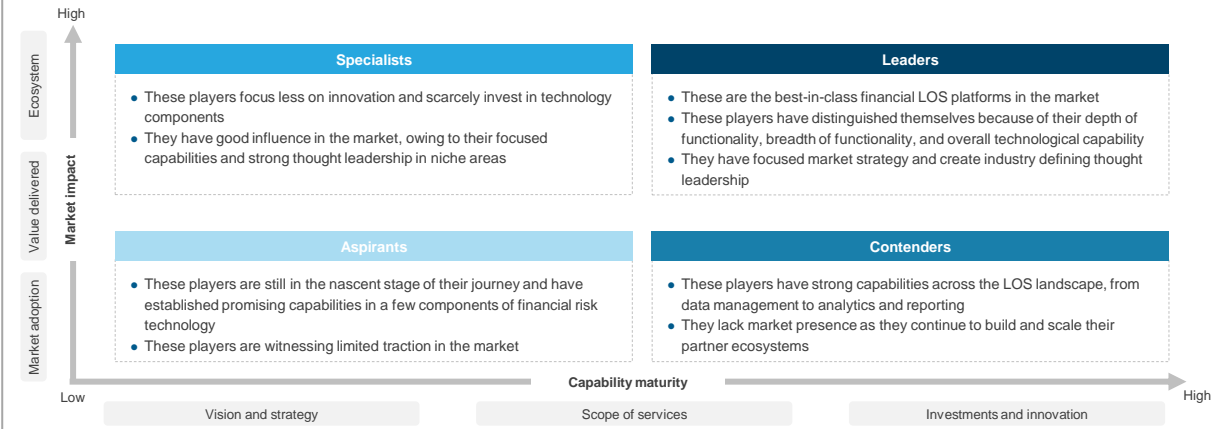
Third-party technology vendors are building future-ready LOS platforms



Lending functions and examples of platforms available (illustrative list)

Loan origination	Loan servicing	Decision automation	Portfolio management	Others (KYC, AML, reporting)
Customer experience 	Risk and compliance 	Horizontal IT 	Cloud 	

LOS platform vendors assessment framework



Research calendar

ITS | Banking & Financial Services

Published Planned Current release

Flagship ITS | Banking & Financial Services reports

Release date

Application and Digital Services in Banking – Services Peak Matrix® Assessment 2020: IT Modernization to Enable Digital	November 2019
Application and Digital Services in Capital Markets – Services PEAK Matrix® Assessment 2020: Beating the Slowdown with Data	December 2019
Open Banking IT Services: Moving Beyond Compliance to a Platform-based Operating Model of Ecosystem Orchestration and Value Creation – Services PEAK Matrix® Assessment 2020	May 2020
BFS Risk and Compliance IT Services PEAK Matrix® Assessment 2020: Building Cloud-based Data Infrastructure for Intelligent Real-time Controls	June 2020
Open Banking IT Services Service Provider Compendium 2020	June 2020
Risk and Compliance IT Services in BFS Service Provider Compendium 2020	June 2020
Capital Markets State of the Market Report 2020: Automation, Data, and Cloud Trends for Buy-side Firms	July 2020
Banking IT Services State of the Market Report 2020: Hyper-segmentation Strategy Enabled by Digital Capability Platforms and Data Exchanges	July 2020
Lending Technology: Assessing Loan Origination System Vendors – The “One Lending” Model for Journey to the Cloud	September 2020
Application and Digital Services in Capital Markets – Services PEAK Matrix® Assessment 2021	Q4 2020

Thematic ITS | Banking & Financial Services reports

Release date

Financial Risk Management Platforms Assessment and Vendor Profiles	March 2020
Assessing the Trade Life Cycle Management Technology Platform Landscape	March 2020
State of the Market for Third-Party Enterprise Platforms in Banking and Financial Services: Ecosystem Collaboration for Modernization at Speed and Scale	April 2020
BigTechs in BFSI Industry: The Theory of Co-existence for Market Expansion	August 2020

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