

Consumer Loan Origination Systems – Products PEAK Matrix® Assessment 2022

December 2021: Complimentary Abstract / Table of Contents



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Tracking: service providers, locations, risk, technologies

Locations: costs, skills, sustainability, portfolios

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This report is based on four key sources of proprietary information

Proprietary database of consumer Loan Origination System (LOS) technology providers in scope of work

- The database tracks technology providers' offerings/capabilities for:
 - Breadth and depth of the product functionalities
 - Analytics, reporting, and dashboards
 - Investments and innovations
 - Partnerships with technology providers
 - Support in terms of product training, maintenance, and other support services
 - Availability and adoption of commercial model(s)
 - Portfolio coverage in terms of industry, geography, and buyer size
 - Provider performance in terms of revenue and clients

Proprietary database of consumer LOS providers (updated annually)

- The database tracks the following for each technology provider:
 - Revenue and number of FTEs
 - FTE split by different LoBs
 - Investments in innovation and partnerships
 - Revenue split by region
 - Location and size of delivery centers
 - Technology solutions developed

Demonstrations and interactions with technology providers and other industry stakeholders

- Detailed briefing and demos for a comprehensive product view that covers:
 - Vision and strategy
 - Annual performance and outlook
 - Key strengths and improvement areas
 - Emerging areas of investment

Buyer reference interviews, ongoing buyer surveys, and interactions

- Interviews with technology providers' reference clients and enterprise buyers to get a perspective around:
 - Drivers and challenges for adopting workplace services
 - Assessment of technology provider performance
 - Emerging priorities
 - Lessons learnt and best practices

Technology providers assessed¹



¹ Assessment for Blend, COMARCH, Experian, FICO, Finastra, Fiserv, Jack Henry, LendFoundry, nCino, Newgen Software, Oracle, Temenos, and TietoEVRY excludes technology provider inputs on this study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these technology providers, their public disclosures, and interaction with buyers. For these companies, Everest Group's data for assessment may be less complete
The source of all content is Everest Group unless otherwise specified

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any contract-specific information collected will only be presented back to the industry in an aggregated fashion

Background of the research

- The consumer lending industry has seen massive shifts in the past decade owing to technology advancements and ever-changing customer expectations, Internet and smart phone penetration has been forcing banks and financial institutions to shift from a traditional to a digital lending culture, with increasing emphasis on reduction in loan processing time. Post pandemic, governments across the world reduced interest rates, and provided stimulus to individuals through massive lending programs to ensure capital and liquidity to manage their financial needs and priorities
- Traditional lenders and banks had already been steadily losing market share to the new entrants, which forced them to rethink their technology adoption strategy. Challenger banks and neo banks also entered the foray, providing an omnichannel solution for unified and seamless customer experience for different channels, varied customer segments, and multiple lending products
- There is an increasing need for lending systems transformation to keep up with the pace of this change. Banking and financial institutions are relying on digital lending platforms to modernize their processes, reduce operational costs, and improve customer experience
- The technology provider landscape for consumer loan origination is vibrant with a mix of traditional and new-age providers. Through investments in providing a unified platform catering to multiple lending products and leveraging next-generation technologies, these providers are focused on supporting the lenders in digital transformation for consumer lending

In this report, we assess the capabilities of 23 technology providers specific to the consumer loan origination system. These providers are mapped on the Everest Group PEAK® Matrix, which is a composite index of a range of distinct metrics related to a provider's capability and market impact. We focus on:

- Key consumer LOS trends
- The landscape of technology providers for consumer loan origination systems
- Remarks on key strengths and limitations for each consumer LOS technology provider

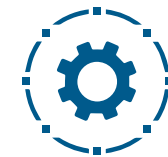
Scope of this report:



Geography
Global

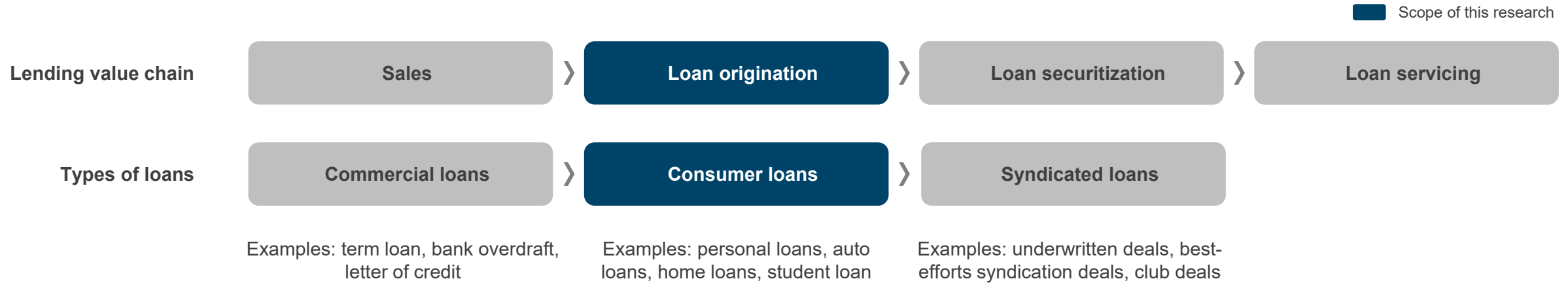


Technology providers
23 consumer loan origination platform providers

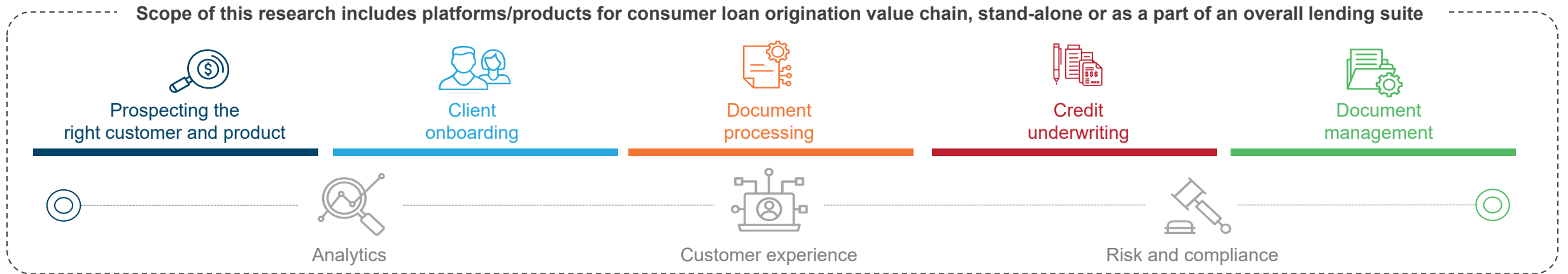


Product
Consumer loan origination system

Research scope for Consumer LOS Products PEAK Matrix® Assessment 2022



ILLUSTRATIVE



Overview and abbreviated summary of key messages

This report examines the global consumer Loan Origination Systems (LOS) technology provider landscape and its impact on the LOS market. This report uses Everest Group’s proprietary PEAK Matrix® framework to evaluate LOS technology provider’s capabilities across two key dimensions – market impact and vision & capability. It also includes competitive landscape; an assessment of the technology provider’s key strengths, limitations, and LOS capabilities.

Some of the findings in this report, among others, are:

Changing market dynamics

- The consumer LOS market has seen significant growth in the last two years as COVID-19 brought the onset of touchless lending to cater to the need of digital experiences in a social distancing scenario
- There is an uptick in the technology adoption for digital transformation and AI/ML-based credit decisioning engine for an alternate underwriting and omnichannel solution

Emerging technology provider trends

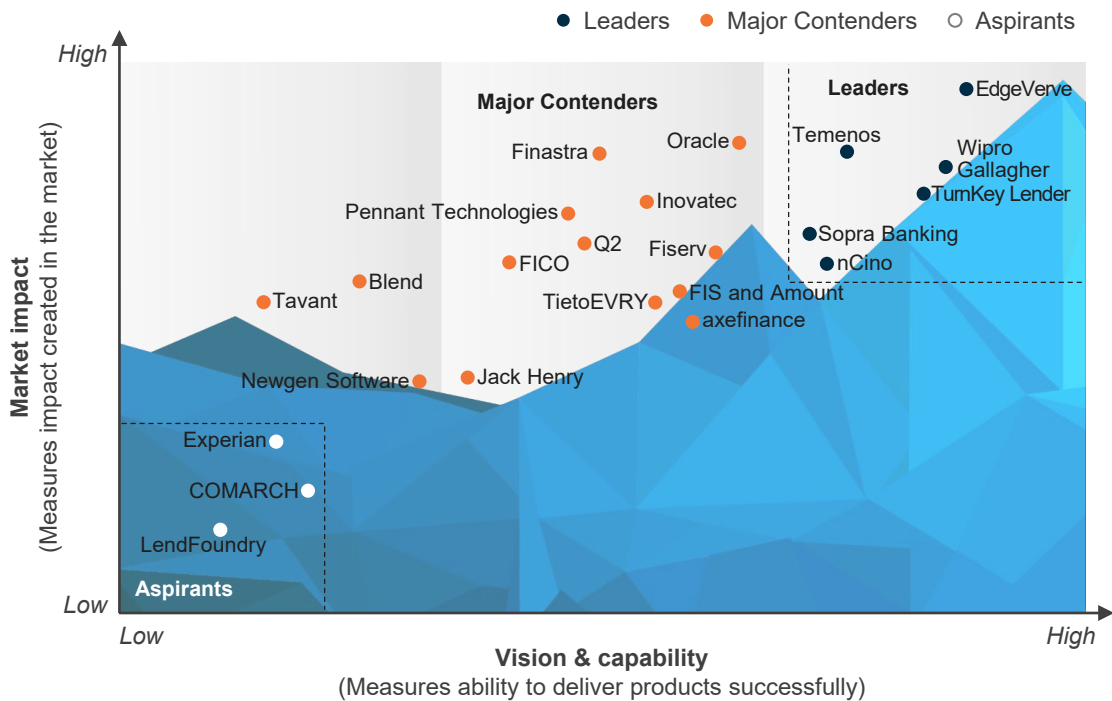
- Leaders have managed to win new engagements despite the pandemic, by tapping the demand for digital and touchless lending services to drive accelerated cloud-based modernization of legacy technologies
- Major Contenders cover a wide spectrum of technology providers from large players with global consulting and technology capabilities to mid-sized payers with regional focus
- Aspirants offer cloud-based loan origination platforms for consumer lending across small-tier banking institutions and digital lenders with a regional focus

Insights on competitive landscape

- Consumer LOS technology providers can be categorized into Leaders, Major Contenders, and Aspirants on a capability-market-share matrix
- EdgeVerve, nCino, Sopra Banking, Temenos, TurnKey Lender, and Wipro Gallagher are the current leaders in the consumer LOS product market. However, several technology providers are emerging as major contenders

This study offers three distinct chapters providing a deep dive into key aspects of consumer loan origination systems market; below are three charts to illustrate the depth of the report

Consumer Loan Origination Systems (LOS) PEAK Matrix® Assessment 2022¹



Capability assessment

Illustrative example

Measure of capability: ○ Low ● High

Technology provider	Market impact				Vision & capability					
	Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Technology capability	Flexibility and ease of deployment	Engagement and commercial model	Support and partnership ecosystem	Overall
Technology provider 1	●	●	●	●	●	●	●	●	●	●
Technology provider 2	○	●	●	●	○	●	●	●	●	●
Technology provider 3	○	●	●	●	●	●	●	●	●	●
Technology provider 4	○	●	●	●	●	●	●	●	●	●
Technology provider 5	●	●	●	●	●	●	○	●	●	●
Technology provider 6	○	●	●	●	●	○	●	●	●	●
Technology provider 7	○	●	●	●	●	●	●	●	●	●
Technology provider 8	○	○	●	●	○	●	●	●	●	●

Everest Group's remarks on technology providers

Illustrative example

Measure of capability: ○ Low ● High

Market impact				Vision & capability					
Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Technology capability	Flexibility and ease of deployment	Engagement and commercial model	Support and partnership ecosystem	Overall
●	●	●	●	●	●	●	●	●	●

Strengths

- A rich partnership landscape and focus on specific customer segments such as credit unions and mid-sized banks in North America have enabled market success
- Embedded explainable AI (XAI) platform and ML capabilities in the platform create seamless customer journeys and automate manual processes

Limitations

- Lags peers on its investments in thought leadership to enhance its market messaging for the lending platform, especially consumer lending
- Real-time risk management is not inbuilt as part of the origination platform and is provided as a separate modular solution in the overall banking suite

1 Assessment for Blend, COMARCH, Experian, FICO, Finastra, Fiserv, Jack Henry, LendFoundry, nCino, Newgen Software, Oracle, Temenos, and TietoEVRY excludes technology provider inputs on this study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these technology providers, their public disclosures, and interaction with buyers. For these companies, Everest Group's data for assessment may be less complete.

Source: Everest Group (2021).

Research calendar

Banking & Financial Services IT Services

Published Planned Current release

Flagship reports

Release date

Application and Digital Services in Capital Markets – PEAK Matrix® Assessment 2021	December 2020
Healthy Rebound in BFS IT Services Spend – Growth Themes and Cautions	March 2021
Modernizing Data, Applications, and Infrastructure for the Next Phase of the Payments Revolution – State of the Market Report 2021	April 2021
Application and Digital Services in Banking – PEAK Matrix® Assessment 2021	June 2021
Application and Digital Services in Banking – Service Provider Profile Compendium 2021	August 2021
Consumer Loan Origination Systems – Products PEAK Matrix® Assessment 2022	December 2021
Platforms IT Services in BFS - PEAK Matrix® Assessment 2022	December 2021
Temenos IT Services PEAK Matrix® Assessment 2022	December 2021
Finastra IT Services PEAK Matrix® Assessment 2022	December 2021

Thematic reports

Release date

Consumer Lending on the Cloud	April 2021
Cloud in Capital Markets – the Backbone of Digital Financial Infrastructures	May 2021
Deconstructing the digital assets revolution - what can financial institution learn from the meteoric rise of Coinbase	June 2021
BFSI Enterprise Adoption Guide for Low-Code/No-Code Technology – Market Trends and Provider Landscape	July 2021
Decoding the Sustainability Opportunity in BFSI: Deep-dive into the Environmental, Social, and Governance (ESG) Data & Analytics and Technology Provider Landscape	July 2021
Sustainability in Financial Services – The Next Big Opportunity in Data, Technology, and Services	December 2021

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