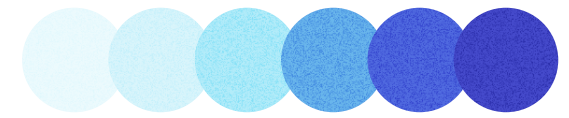




# BUILDING FOR SPEED IN SMB LENDING





# The need for speed will accelerate SMB lending.

Small and medium business (SMB) owners demand and require speed-to-offer and speed-to-funding. They want a digital experience that operates at their pace. Given that SMBs have many options for capital, lenders that are slow to react will get left behind.

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## The demand for capital is still strong.

According to a May 2022 study, 51% of small business owners applied for financing within the previous 12 months.

- **69%** of owners who applied were seeking finances to meet operating expenses.
  - **68%** sought to expand the business, pursue new opportunities, or acquire business assets.
  - When asked what share of their application(s) were approved, **41%** claimed none were approved, and another **18%** claimed only some (less than 50%) were approved.<sup>1</sup>
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## Adapt with the times.

When self-checkout lines were first introduced in grocery stores, some wondered whether shoppers would reject the impersonal touch. Instead, shoppers adopted this technology to avoid waiting in long lines. In fact, when surveyed, approximately 80% of in-store shoppers like the idea of self-checkout stations.<sup>2</sup>

Similarly, SMBs don't have the luxury of waiting days, weeks, and months for capital. The longer it takes for SMBs to get the desired response, the shorter their engagement with that lender. For this reason, the most competitive lenders are increasingly accelerating offer generation. It's a trend that is only picking up steam.



## Experts agree.

*“Customer expectations are higher than ever, expecting services that emulate their digital interactions in other parts of their lives. ...  
**Simplicity and speed are not negotiable.**”*

—*McKinsey*

*“...the most important factors in their choices were the **speed at which they expected lenders** to approve and/or fund their application.”*

—*Federal Reserve*

*“The standards set by alternative lenders for a **seamless experience, instantaneous decisioning,** and process transparency will permanently change customer expectations.”*

—*Accenture*

*“Businesses are now able to apply and be approved for commercial lines of credit **within minutes...**”*

—*Forbes*



## No, the tortoise won't win this time.

Numerous financial institutions are losing the race. And unlike the fabled tortoise that triumphed over the hare, there won't be a big comeback by keeping a slow and steady pace—not without embracing new technologies and processes. This reality has yet to manifest itself amongst thousands of community and regional banks.

According to Cornerstone Advisors, one of the financial industry's most respected strategy and technology consulting firms, only half of all banks in the U.S. have deployed automation tools to process loans.<sup>1</sup> Without automation, increasing operational speed will lead to untenable costs. And many SMBs will naturally gravitate to lenders that meet their needs when they need it.



## The right technology is leveling the playing field.

Contrary to the belief that automation and speed come at the price of thoroughness and accuracy, today's technology can address both in parallel. While some FIs have the resources to build their own automation tools, it's a luxury that is mostly reserved for larger institutions. And even if smaller FIs have such resources, there are commercial platforms that can deliver at scale and more economically. Here are several musts when considering tools to automate and accelerate lending for borrowers.

1

**Self-service borrower application:** Borrowers want and need a simple application process. That's why it's important that lenders deploy intuitive, user-friendly application technology that enables borrowers to submit all required information digitally.

2

**Rapid ingestion of multi-source data:** Due to the disparate sets of data that SMBs will provide for loan applications, it's essential that the technology is able to rapidly ingest data from all critical sources (bank, credit bureau data, user reported information, financial statements) into a single decisioning engine.

3

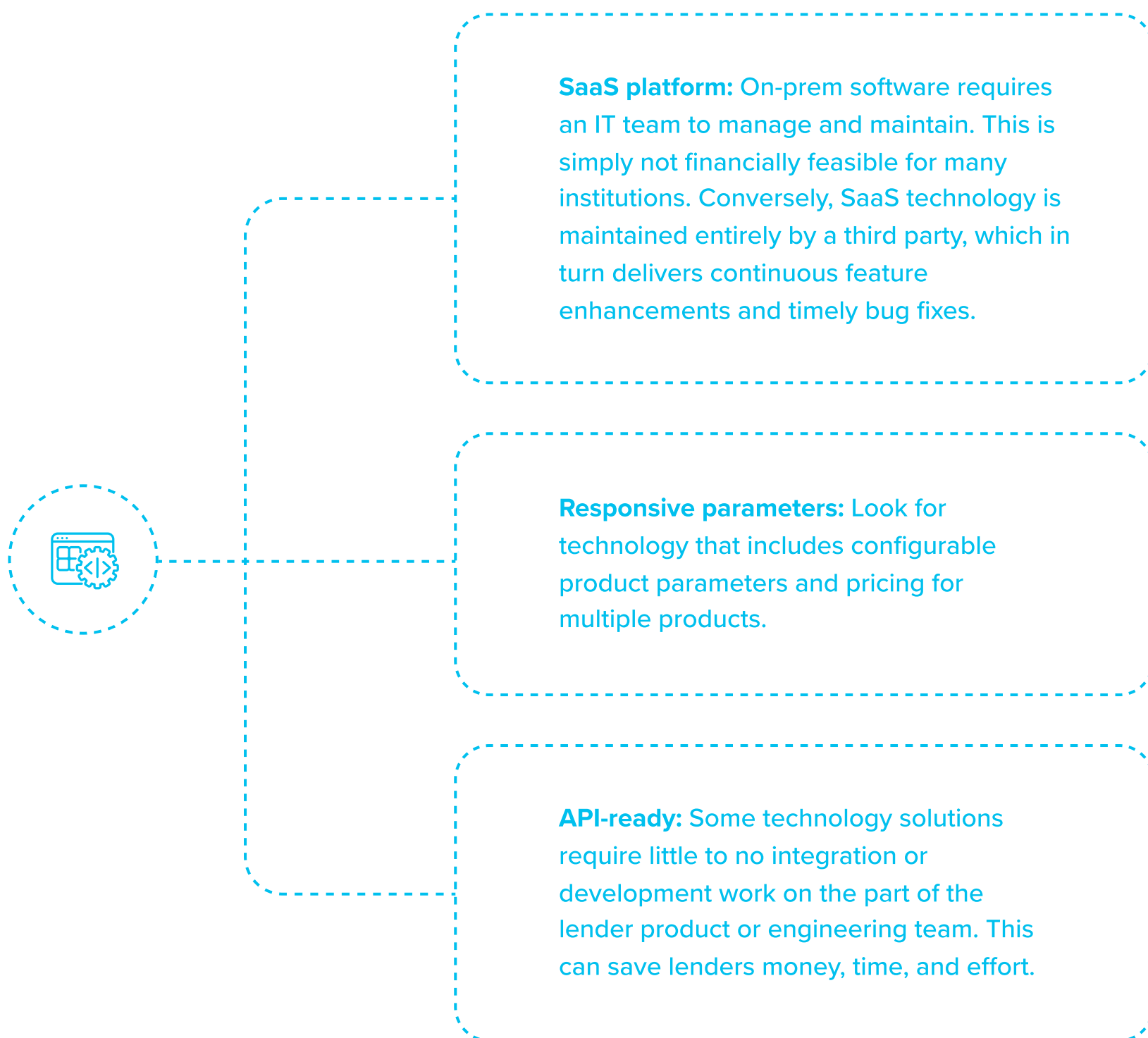
**Fast decisioning through customized policy:** There's no cookie-cutter policy around managing risk. FIs need a solution that can adapt and apply the lender's unique policy and parameters to make lending decisions quickly. Additionally, policies need to be sufficiently dynamic to return a range of results based on the unique characteristics of each borrower.

4

**Instant offer creation:** The above must-haves will help pave the way for real-time ingestion of application data and instantaneous creation of an offer. Whether for borrowers applying directly on the FI's website, or for SMBs seeking capital through marketplace and embedded lending ecosystems, speed-to-offer has become critical and equally valuable for encouraging borrowers to complete the final steps of an application.



While the goal is to meet the accelerated lending experience that SMBs demand, FIs also need to consider other capabilities to ensure the solution works well within their own tech ecosystem and is easy to manage. For this reason, lenders should consider several other critical factors when choosing the right technology.



The lending landscape is rapidly changing. As SMBs demand faster response times, financial institutions will need to embrace technology to automate and streamline lending processes. Because the alternative to taking too much time is a surefire way of losing the race against other lenders striving to capture new business.

To dive deeper, check out [Lendio's resource page](#) regarding SaaS technology designed to automate and accelerate lending processes for FIs.





## About Lendio

Lendio is the nation's leading small business financial solutions provider. With its diverse network of lenders, Lendio enables small business owners to apply for multiple business financing options with a single application. To date, Lendio has facilitated more than 330,000 small business loans for more than \$12 billion in total funding, including \$9.8 billion in PPP loan approvals as part of government COVID relief. In addition to creating access to small business capital, Lendio offers time-saving financial SaaS products designed to streamline business operations. Lendio is a values-driven organization striving to provide equal access to capital to underserved communities and America's smallest businesses. For every new marketplace loan Lendio facilitates, Lendio Gives—an employee contribution and employer-matching fund—provides a microloan to low-income entrepreneurs worldwide. In addition, Lendio ranks on Fortune's Best Workplaces in Financial Services & Insurance and Inc.'s Best Workplaces three years in a row. More information about Lendio is available at [www.lendio.com/lil](http://www.lendio.com/lil).

Reach out to [intelligentlending@lendio.com](mailto:intelligentlending@lendio.com) to learn more.

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<sup>1</sup> Hello Alice: Capital Access Temp Check

<sup>2</sup> New Study Finds Self-Service Checkout Options Gaining Favor Across Demographic Groups