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Abstract

The coronavirus pandemic has impacted every aspect of financial services, moving transactions to digital platforms, and forcing organizations to rethink back-office processes that have been in place for decades. While disruptive to 'business as usual,' this transformation has modernized outdated products, policies, and procedures while improving the customer experience.

Leveraging new forms of data, advanced analytics, and modern technology, financial institutions of all sizes can reduce the cost of delivering products and services and serve a much more comprehensive array of consumers with innovative products and services. In no product area is this more evident than in digital lending.

In a post-COVID world, financial institutions must deliver innovative credit options, on-demand, in an almost instantaneous manner (think POS microcredit offers). To accomplish this feat – which had previously only been offered by fintech firms – traditional financial institutions will need to rethink back-office processes that currently hinder the speed to deliver digital credit.

The most significant opportunity to build a lending portfolio in the near future will be to move beyond the support of consumers buying cars, houses, vacations, and appliances to supporting everyday needs as people just want to make ends meet. This will require the rethinking of everything from an organization's origination process, to credit checks, to the operation of approvals, focusing on being able to use data to reduce costs, improve speed and expand the potential marketplace.

This year's **Digital Lending and Account Opening** research, sponsored by **MeridianLink** found that the ability to apply for a loan online has increased, but the banking industry isn't keeping up with consumer expectations or fintech capabilities. Less than half of banks and credit unions allow end-to-end loan application on a mobile device, even though COVID greatly accelerated consumer demand for digital service.

The timing of this year's report provides a perspective on all that has changed as a result of COVID and how much still needs to be done by an industry that has dragged its collective feet for decades in providing credit across demographics at the time of need. The research conducted has enabled us to create benchmarking of the expansion of digital lending solutions in banking and understand the consumer's impact better.



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