



REDUCE CUSTOMER ACQUISITION COSTS IN SMB LENDING

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In the competitive world of financial lending, traditional methods of acquiring new small-to-medium business customers (SMB) can come with a hefty price tag. For financial institutions, acquiring customers, regardless of the loan size, has historically meant incurring uniform costs to target, qualify and fund any new customers. This reality has made customer acquisition an often-costly exercise, especially when dealing with smaller loans.

However, advancements in technology and business operations are setting the stage for change. One of those technology solutions is the FIS® SMB Digital Lending solution, aiming to help financial institutions efficiently expand their customer base without the traditional cost barriers.

The prohibitive cost of acquiring customers

The loan underwriting process is resource-intensive, involving significant manual labor to prequalify and underwrite potential borrowers. Funding a new loan can cost a financial institution anywhere from \$2,500 to \$10,000, irrespective of loan size. Such expenses severely cripple profit margins of smaller loans, compelling financial institutions to prioritize larger, more profitable loans. Yet, for institutions aiming for growth, ignoring smaller lending opportunities is not a viable strategy.

Rework the cost structure

By combining deposit transaction analysis with automated data retrieval for identity verification, financials, credit history, tax filings, etc., any loan application can be assessed against the lender's risk policy in a fraction of a minute. This innovative approach can help significantly reduce customer acquisition costs and pave the way for financial institutions to grow their SMB lending portfolio in a profitable manner.

How FIS SMB Digital Lending works

The FIS SMB Digital Lending solution helps financial institutions to profitably source, underwrite and fund small business loans of any size. It helps:

- Prequalify borrowers: FIS' solution leverages customer bank transaction data and cash flows, applying the lender's risk policies to accurately prequalify borrowers for a range of capital funding. This process is supported by effective, pre-packaged marketing content and campaigns, allowing lenders to engage potential borrowers more effectively and reduce acquisition cost.



- Shorten time-to-yes: By proactively comparing applicant-provided data with public records and analyzing bank transactions and cash flow information, the system applies the lender's risk policies to drive the decisioning process in a fraction of the time of any traditional workflow. This streamlines the decision-making process, cutting out human intervention for most applications, making SMB lending more financially attractive even with smaller loan sizes.
- Differentiate through borrower experience: Provide your SMB customer with a frictionless path to apply for a loan, complete with pre-filled data for existing clients, identity verification (IDV)/know your business (KYB) checks, credit verification and digital execution. As a result, the borrower receives an indicative offer for a pre-approved range right after submitting an application. This helps create a positive customer experience and boosts competitive advantage.

The FIS SMB Digital Lending solution is built to complement financial institutions' current technology stack, making it easy to adopt and provide an industry-leading digital customer experience for small businesses.

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