



Whitepaper

# Commercial lending operations are evolving

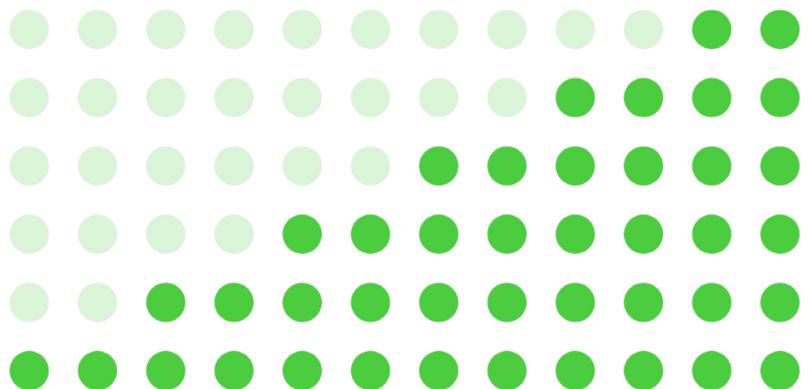
Unlock loan servicing that meets client needs, protects margins and keeps you competitive

## The business of lending has evolved.

New, non-bank entrants have come into the market, some in collaboration with banks, but others in direct competition. New technologies have fueled the latter, with digitally-oriented lenders providing fast, efficient time-to-cash – highly attractive to borrowers looking for certainty.

To protect market share and make money work harder, banks have responded with transformation programs to address the origination lifecycle, invest in business process management, and deliver a fast, seamless experience to new borrowers. But is the investment in loan origination enough, or does the need for change go much deeper, to the very heart of the lending operation?

Keeping pace with client requirements, differentiating from peers, and maintaining margins while containing the cost of risk are creating demands that dictate a revolution in the approach, and technology, within loan servicing. Historically a broadly reactive function, a modern loan operations function will need to be empowered to anticipate changes and use them to create customer value – a generational revolution that requires digital-first servicing, data-driven decision making and, critically, infrastructure that empowers loan distribution.



## Let's first examine what specific factors are driving the need for change.

### Flexing the balance sheet

With ongoing interest rate fluctuation, lenders are looking to reduce their dependency on net interest margin (NIM) and increase their fee-based business, while becoming more selective on the loans they retain when considering capital efficiencies. As such, they're actively pursuing strategies to expand origination-to-distribute (share) through trading, syndication and securitization, and this will require lending to move from a batch, end-of-day basis to real-time accounting in support of valuation and hedging variations.

### Meeting customer expectations

Staying competitive and retaining and expanding market share is not as easy as it used to be. Today, customers have increased choice and expect a smooth, frictionless experience with intuitive on-demand access to lending and ancillary services. With many banks achieving high levels of efficiency in the origination process, the production of paper loan tickets for manual re-keying adds unnecessary delays and increases operational risks.

### Adapting to market and regulatory changes

Regulation isn't going away, and the recent move from IBOR to risk-free rates (RFR) is just one example of how market and regulatory shifts impact the lending operation. Today, a loan servicing system is required to store and monitor extended factors such as credit quality, covenant performance and ESG eligibility. These changes place great pressure on legacy infrastructure, with many unable to adapt quickly to change or handle complex loan structures.

### Turbocharging operations

Loan operatives no longer enter new loan transactions or payment instructions at a terminal, with the support of a highly experienced team who provide guidance through the bank's policies. Today, that experience and longevity is much less available, while complexity has increased. Modern loan servicing technology must be intuitive to the operator, guide users through the process and make notifications automatic and less error-prone.



**FIS has accelerated its investment to address the modern lending demand, driving the transition from a reactive operation to one that is empowered and proactive.**

## Achieving an empowered operation

As pioneers and commercial lending specialists, FIS® brought the first dedicated loan servicing capability to market over 30 years ago, with year-on-year investment to meet our clients’ operational and regulatory challenges through our ongoing client, industry and market-wide engagement.

In recent years, FIS has accelerated its investment specifically to address the modern lending demand, and in doing so, drive the transition from a reactive operation to one that is empowered and proactive. FIS is leading the effort to deliver the next-generation loan servicing platform through the investment and delivery of these key transformation pillars.

### Embracing complexity

Ability to accurately represent complex limit structures and risk participation, enabling clients to expand into higher-margin structured loans, syndicate loans effectively and capitalize on distribution.

### Digital-first servicing

Delivering a straight-through process (STP) from origination to servicing, complemented by an intuitive and intelligent user experience with guided navigation to increase operational efficiency and reduce errors.

### Data-driven decision making

Event-based architecture that enables interconnected decisions, leveraging real-time information for risk, liquidity, credit and finance and optimizing the balance sheet for growth.

### Distribution and secondary market support

Delivering the next generation of secondary loan trading, distribution engine, and end-to-end syndicate loan and agency, supporting real-time accounting and allocation of loans to a business model (FVPNL, FVOCI, HTM) for increased liquidity and risk/profitability management

### Multi-cloud enabled tech stack

Transformation towards a platform and services architecture leveraging best-in-class technologies, allowing you to concentrate on what truly matters to your business, your data and your customers.

In today’s loan markets, standing still is not an option. If you would like to understand more about our loan servicing platform and our broader commercial lending ecosystem, [contact us](#).

FIS commercial lending solutions help you put capital to work more effectively.

Our **technology** powers the global economy across the money lifecycle.



**Money at rest**

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.



**Money in motion**

Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.



**Money at work**

Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.