



## White Paper

# Open banking's second act: From data access to predictive commercial credit

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The shift from historical analysis to predictive intelligence represents commercial lending's most important evolution in decades. Institutions that master this transition will shape the future of business finance – while those that don't will find themselves managing yesteryear's solutions in tomorrow's market.

Five years ago, open banking was the industry's great hope for transforming commercial lending. The promise was compelling: unprecedented access to real-time financial data would revolutionize how we assess and manage credit risk. That promise has largely been fulfilled – but we've discovered something interesting along the way.

Turns out, data access was just the opening act. The real transformation is happening now, as the smartest lenders move beyond static snapshots to create dynamic, predictive credit relationships that adapt to business realities as they unfold.

Welcome to Open Banking 2.0, where the question shifts from "What did they do?" to "What are they likely to do next?" Revolutionary concept, right?

## The limitations of first-generation open banking

Let's be candid about what first-generation open banking actually delivered. Yes, we gained access to real-time transaction data instead of relying on month-old statements. But the fundamental process remained disappointingly familiar: businesses apply for credit, provide extensive documentation, and undergo assessment based primarily on historical performance.

Open banking enhanced this process with better data, but the approach remained essentially reactive – a more accurate photograph of past performance rather than a window into future potential. This backward-looking model creates several persistent challenges:

**The covenant compliance gap:** Businesses often discover they've violated loan covenants weeks or months after the violation occurred, leading to those delightful "emergency" relationship management calls and reactive renegotiations.

**The seasonal business blind spot:** Traditional assessments struggle with companies that have complex payment cycles, seasonal patterns, or growth trajectories that don't fit into neat actuarial boxes.

**The crisis detection problem:** Lenders typically learn about business challenges through missed payments rather than early warning indicators.

These aren't just operational inefficiencies – they represent systemic missed opportunities that cost the industry billions in preventable losses and foregone growth.

## The predictive intelligence revolution

Open Banking 2.0 transforms these limitations into competitive advantages through three fundamental shifts:

### From static assessment to continuous intelligence

Rather than evaluating creditworthiness at a single point in time, predictive systems continuously monitor business health indicators. By analyzing patterns in accounts payable timing, receivables collection efficiency and working capital cycles, lenders can identify trends months before they impact traditional financial metrics.

Consider a manufacturing company that has maintained 45-day supplier payment cycles for two years. When APIs detect a gradual extension to 50 days, then 55, then 60, traditional systems might never flag this pattern – or notice it only when other problems have already materialized.

Predictive systems identify this shift immediately, enabling relationship managers to engage proactively about seasonal pressures or growth capital needs rather than waiting for problems to crystallize.

### From reactive covenant management to proactive relationship optimization

Traditional covenant monitoring is essentially binary: businesses are either in compliance or in default.

Predictive credit introduces the concept of "covenant trajectory" – understanding not just current compliance status, but the likelihood of future violations based on evolving business performance patterns.

This enables fundamentally different conversations. Instead of calling customers to discuss covenant violations, relationship managers can initiate supportive discussions when data indicates potential challenges ahead, offering working capital solutions before they become urgent needs.

### From risk management to growth partnership

Perhaps most significantly, continuous monitoring transforms credit relationships from risk management exercises into growth partnerships. When APIs detect increased supplier payments, accelerated inventory turns, or new customer payment patterns, these signals often indicate business expansion opportunities that warrant additional credit facilities.

Smart lenders have learned that the same data revealing potential problems can also reveal growth opportunities worthy of proactive financing discussions. Paying attention to what your customers are actually doing helps you serve them better.

## The technology architecture behind smart lending

### Multi-source data orchestration

Effective predictive models require sophisticated data integration from core banking systems, accounting software, payment processors and industry-specific platforms. The challenge isn't accessing this data – it's creating meaningful insights from the complex relationships between different data streams.

The key innovation is contextual scoring: understanding that a 20% increase in accounts payable might indicate healthy growth for a scaling technology company but signal potential distress for a mature manufacturing business. Context matters.

Leading implementations use machine learning algorithms to weight different data sources based on their predictive value for specific industries and business models. A seasonal retailer's inventory data might be heavily weighted during Q4, while a construction company's project pipeline becomes critical during bidding seasons.

### Dynamic risk scoring engines

Static credit scores become continuous risk dashboards that update as new data flows through APIs. These systems monitor business velocity indicators like customer acquisition rates, project pipeline strength and operational efficiency markers – creating a comprehensive view of business health that evolves in real time.

### Graduated automation frameworks

The most sophisticated systems implement intelligent automation: routine adjustments happen automatically within predetermined parameters, moderate changes trigger relationship manager alerts, and significant variations initiate formal review processes.

This approach maintains the human relationship element that remains crucial in commercial lending while leveraging technology for efficiency and consistency.

## Implementation strategy and considerations

### Data quality and integration standards

Predictive models are only as effective as their underlying data quality. Successful implementations require significant investment in data cleansing, standardization and validation processes, often demanding close coordination between IT, risk management and relationship management teams.

### Relationship manager evolution

Continuous monitoring fundamentally changes the relationship manager role. Instead of quarterly check-ins based on periodic reports, relationship managers need tools and training to interpret continuous data streams and engage customers based on predictive insights.

This shift requires new competencies: data interpretation skills, proactive communication techniques, and the ability to translate analytical insights into actionable business advice.

### Regulatory and compliance framework

Continuous monitoring raises important considerations around data privacy, consent management and regulatory compliance. Leading institutions work closely with compliance teams to ensure predictive credit capabilities meet all regulatory requirements while maximizing competitive advantages.

The key is building frameworks that position enhanced monitoring as a service improvement rather than increased surveillance. Because nobody wants to feel like their banker has become Big Brother with a better CRM system.

### Customer communication and value positioning

Businesses need to understand how continuous monitoring benefits their access to capital and supports their growth objectives. Successful implementations include customer education components that clearly articulate the value proposition: better service, more proactive support, and financing solutions aligned with actual business needs.

## The future of intelligent commercial credit

Open Banking 2.0 represents the foundation of a much larger transformation in commercial finance. As artificial intelligence capabilities advance and data integration becomes more sophisticated, we can anticipate several developments:

**Predictive working capital management:** Systems that automatically adjust credit availability based on predicted cash flow needs, eliminating the uncertainty that constrains business growth.

**Industry-specific intelligence:** Specialized models that understand the unique patterns and challenges of specific industries, providing more accurate predictions and relevant insights.

**Ecosystem-wide risk assessment:** Integration with supplier, customer and partner data to understand credit risk in the context of entire business ecosystems rather than isolated entities.

**Automated relationship optimization:** AI-driven systems that identify optimal credit structures, pricing, and terms for each customer based on continuous performance monitoring and predictive modeling.

## The strategic imperative for financial institutions

The commercial lending landscape is evolving rapidly, creating a clear division between institutions that embrace predictive intelligence and those that remain anchored in traditional assessment models.

Early movers are already capturing significant competitive advantages through enhanced customer relationships, superior risk management and increased market share. These advantages tend to compound over time as successful institutions build proprietary data capabilities and analytical expertise.

For financial institutions serious about commercial lending leadership, the question isn't whether to implement Open Banking 2.0 capabilities – it's how quickly they can build the necessary technology infrastructure, data integration capabilities and organizational processes.

The institutions that will dominate commercial finance are those that transform from periodic assessors into continuous partners, using predictive insights to support customer success while optimizing their own risk and return profiles.

## Conclusion: Beyond better data to better banking

Open banking's second act isn't fundamentally about having access to more data – it's about developing the intelligence to use that data in ways that create genuine value for both lenders and borrowers.

The transformation from static credit assessment to predictive relationship management represents one of the most significant opportunities in modern commercial finance. Financial institutions that successfully implement these capabilities will define the future of business banking, while those that don't risk becoming increasingly irrelevant in a rapidly evolving market.

The future belongs to lenders that understand that the real revolution isn't in the data – it's in the intelligence to use it wisely.



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