



Improving Corporate Lending Operations with Cloud



Make the Shift to the Cloud

April 2021
Copyright © 2021, Oracle and/or its affiliates
Public

DISCLAIMER

This document in any form, software or printed matter, contains proprietary information that is the exclusive property of Oracle. Your access to and use of this confidential material is subject to the terms and conditions of your Oracle software license and service agreement, which has been executed and with which you agree to comply. This document and information contained herein may not be disclosed, copied, reproduced or distributed to anyone outside Oracle without prior written consent of Oracle. This document is not part of your license agreement nor can it be incorporated into any contractual agreement with Oracle or its subsidiaries or affiliates.

This document is for informational purposes only and is intended solely to assist you in planning for the implementation and upgrade of the product features described. It is not a commitment to deliver any material, code, or functionality, and should not be relied upon in making purchasing decisions. The development, release, and timing of any features or functionality described in this document remains at the sole discretion of Oracle.

Due to the nature of the product architecture, it may not be possible to safely include all features described in this document without risking significant destabilization of the code.

TABLE OF CONTENTS

Introduction	4
Current infrastructure is creaking	4
The acceleration of digitization	5
The case for cloud	6
Conclusion	6



INTRODUCTION

The pandemic has left corporate banks grappling with significant loan losses and reduced capital investment but an increased expectation to economically accelerate new digital services. Just as important, the new reality of 2020 has laid bare the discrepancies among corporate lending processes and underscores exactly how critical speed and agility can be for banks and their corporate customers to successfully navigate the unexpected.

In this environment, banks can and must take decisive actions in updating their technologies that could make them nimbler and more reactive to keep up with ever-changing business needs. The key to success is the ability to incorporate more automation, resiliency, flexibility, and agility into their corporate lending operations.

In an increasingly disruptive world, many business leaders have looked ahead to 2021 to figure out how they can migrate corporate lending operations to the cloud with reduced cost and increased digital scalability. As they work toward this critical goal in the coming months, they also—with proper insight and definitive action—can position themselves for a faster recovery, long-term stability and profitability. A true SaaS solution helps facilitate innovation and future growth while keeping costs in check.

CURRENT INFRASTRUCTURE IS CREAKING

There is no denying that corporate lending operations are complex. The majority of corporate banks grapple with similar problems —lengthy, paper-laden, labor-intensive processes and disjointed solutions. While the last decade has seen banks expand their corporate lending business to cover multiple segments and geographical areas in response to changing customer demand, each division/geography had its own set of requirements and procured a system to meet individual needs. If you combine these factors with the disconnect between the front, middle and back-office systems, then you see the reason for extremely long loan processing times and limited visibility for the borrower and banker alike.

Today, most corporate lending processes still require some manual intervention and data input from various individuals and sources. Here are some of the challenges that businesses might face on a daily basis:

CHALLENGES	DESCRIPTION	OPERATIONAL IMPACT
Paper-based processes	<ul style="list-style-type: none"> Flow of physical paper documents throughout the entire lending lifecycle 	<ul style="list-style-type: none"> Increase in loan processing time Handling & storage costs Risk of losing or tampering important documents
Data silos	<ul style="list-style-type: none"> Redundant data entry Manual handoffs across fragmented operational processes and IT systems 	<ul style="list-style-type: none"> Lack of standardization of processes Standardization across geographies No single version of truth Information captured multiple times, in multiple places
Limited collaboration	<ul style="list-style-type: none"> Disconnect between agents and lenders 	<ul style="list-style-type: none"> Lack of transparency and real-time information availability
Poor customer experience	<ul style="list-style-type: none"> Limited self-service capabilities 	<ul style="list-style-type: none"> Failing to meet customer service needs across channels

Source: Deloitte Report

It's becoming increasingly clear that many banks' legacy corporate lending operations platforms aren't up to the expected and unanticipated challenges of today's market and customer realities. These areas are especially ripe for digital transformation:

- **Limited in the information age:** Legacy systems by nature are rigid, clunky, and complex and this creates challenges around service consistency, and documentation. Most Loan Origination System cannot deliver a digital system for all loans, and most cannot handle both bilateral and syndicated loan servicing.
- **Siloed data:** There are many banks operating on multiple systems to handle different activities of the loan lifecycle. As these systems have poor integration and interface capabilities, it creates a major disconnect in the flow of data which increases the time required to find relevant information, thereby, hampering decision turnaround time. Legacy system generally does not provide e-mail approval integration into workflows.
- **Business blind spots:** Lack of departmental collaboration as legacy systems fail to connect corporate lending operations solutions with other third-party systems. Typically, credit information and associated credit ratings vary significantly across business lines and are maintained in silos.
- **Visibility gaps:** Relationship managers, credit officers, underwriters and credit analysts expect data-based insights at their fingertips. Some of the information is likely to be inaccessible or non-updated
- **Documentation bottlenecks:** Lost documents and process delay will lead to delays in loans processing
- **Lack of transparency:** Corporate customers have limited into the loan process.
- **Stuck in the past:** With legacy systems, banks have limited access to emerging technologies like Machine Learning (ML), and digital assistants.

THE ACCELERATION OF DIGITIZATION

New levels of digital transformation—encompassing automation, integration, and intelligence—can help banks transform their corporate lending operations to respond to market needs and customer expectations. If you're figuring out what your business may gain from digitization, here are areas to think about:

- **Agile:** A modern system is able to quickly react to market changes with the ability to make continuous, dynamic, real-time adjustments
- **Intelligent:** Artificial intelligence (AI) and machine learning (ML) powered smart decision engines help credit teams choose the best strategy for specific clusters, behaviors and expected performance
- **Orchestration:** Technology-based collaboration creates more efficient, low-friction corporate lending processes, shortened decision turn-time and provides end-to-end visibility into transactions right, from borrowers to the agents to lenders
- **Robotic Process Automation:** Next-generation systems enable automation of repetitive tasks, such as data entry for drawdown notices, freeing valuable resources
- **Open platform:** It adopts micro services architecture to accommodate upgrades and improvements, and facilitates integration with other applications
- **User experience:** Today's system is responsive and intuitive, and gives users digital self-service option

Today, corporate banks are upgrading from their on-premises systems to cloud services to support their transformation, and provide substantial benefits, including:

FUNCTIONALITIES	BENEFITS
Business process automation	Automated process workflows at every stage of the loan lifecycle improves task management and increases productivity from application to close <ul style="list-style-type: none"> • Straight-through processing reduces operational cost • Maximizes automation and enables faster turn-around for applicants • Enables real-time visibility through timely notifications • Loan files and electronic documents in a completely paperless environment
Connected experience	Seamless multi-channel experience enhances borrower engagement <ul style="list-style-type: none"> • Provides borrowers with the self-service ability • Allows use of different access points to begin & complete loan application process
Third-party API integration	Seamless third-party integration for quicker turnaround and collaboration between all loan participants <ul style="list-style-type: none"> • Enables parallel processing • Enables integration with payment systems • Enables Integration with external vendors and credit bureaus to perform customer identification, AML and KYC checks

Seamless onboarding	<p>Faster and more transparent onboarding experience</p> <ul style="list-style-type: none"> • Allows digital onboarding and document submission • Information is entered once and can be referenced throughout the process
Dashboards	<p>Increases the productivity of front-line relationship managers</p> <ul style="list-style-type: none"> • Enables fast and fair lending decisions • Ensures shorter loan processing time

THE CASE FOR CLOUD

Emerging technologies and practices will underpin the new era of resiliency. The pandemic is accelerating what was already a seismic shift to embracing corporate lending operations in the cloud to receive the on-demand agility and scalability banks need to innovate and succeed.

Banks are looking for faster, easier, and lower risk paths to modernization. The cloud clears the way. As banks transition to cloud, they gain the opportunity to transform - increasing pace of innovation, reducing complexity, improving flexibility, and gaining agility to navigate changing market conditions.

Cloud-based corporate lending process management has several advantages. Some of the top benefits are:

- **Cost-effectiveness:** Cloud applications drive greater business value through streamlined processes, improved productivity, and reduced overhead and operational costs. Banks can scale up and down as needed- avoiding any over-investment in infrastructure
- **Automate modernization:** The cloud supports ‘forever’ modernization without risk and business disruption
- **Complete:** Cloud delivers one solution for your enterprise for both bilateral and syndicated lending
- **Operational agility:** Cloud solutions reduce complexity. They are agile, adaptable, up-to-date and easily configurable as needs change
- **Efficiency:** Cloud solutions provide end-to-end business flows that enable more automation
- **Increased scalability:** One of the things that sets cloud solutions apart is that banks can scale up and down as needed - to meet the demands of predictable and unpredictable spikes
- **Data security and privacy:** With cloud solutions, you get multilayered security, data encryption, and state-of-the-art data centers
- **Modern experience:** The cloud offers a modern user experience that's intuitive and empowers banks to deliver exceptional customer experiences - from origination to servicing - and everything in between
- **Subscription-based pricing:** Cloud solutions come with subscription-based pricing that's flexible, scalable for growth, and cost efficient
- **Continuous innovation:** The cloud helps banks innovate faster as updates are delivered automatically, providing new capabilities without undergoing a major upgrade. It also ensures a painless upgrade path as new functionality is deployed regularly via the cloud

Benefits

The benefits that come with corporate lending operations in the cloud are profound.

- More agility - configure, rather than customize
- Faster innovation - take advantage of automatic updates
- Transformative technologies - embedded intelligence
- Increased productivity - complete transactions in only a few clicks
- Improved data security - data encryption at every level
- Easier integration - easily integrating to other applications

CONCLUSION

In turbulent economic times, with endless scenarios of what the ‘new normal’ might look like, the case for digital transformation is even more compelling. Digitization is creating new avenues for banks' growth, improving customer service, and creating efficiencies in corporate lending operations.

A new-generation corporate lending platform enables standard processes across all loans, and it brings together all stakeholders on the same system, improving workflows and transparency—and enabling bankers to work anywhere, anytime, on any device. Automation and digital transformation can help reduce processing time to days with enough processing and workflow flexibility for a variety of loans. With the 2020s shaping up to be the decade of digital, it's clear the future of enterprise software is in the cloud. It's no longer a question of if, but when, how, and with which vendor.

CONNECT WITH US

Call +1.800.ORACLE1 or visit [oracle.com](https://www.oracle.com).
Outside North America, find your local office at [oracle.com/contact](https://www.oracle.com/contact).

 blogs.oracle.com

 facebook.com/oracle

 twitter.com/oracle

Copyright © 2021, Oracle and/or its affiliates. All rights reserved. This document is provided for information purposes only, and the contents hereof are subject to change without notice. This document is not warranted to be error-free, nor subject to any other warranties or conditions, whether expressed orally or implied in law, including implied warranties and conditions of merchantability or fitness for a particular purpose. We specifically disclaim any liability with respect to this document, and no contractual obligations are formed either directly or indirectly by this document. This document may not be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without our prior written permission.

Oracle and Java are registered trademarks of Oracle and/or its affiliates. Other names may be trademarks of their respective owners.

Intel and Intel Xeon are trademarks or registered trademarks of Intel Corporation. All SPARC trademarks are used under license and are trademarks or registered trademarks of SPARC International, Inc. AMD, Opteron, the AMD logo, and the AMD Opteron logo are trademarks or registered trademarks of Advanced Micro Devices. UNIX is a registered trademark of The Open Group. 0120

Improving Corporate Lending Operations with Cloud
April 2021

