SPARK

Thoughtful Automation

How applying automation to the right parts of the loan origination process produces the greatest long-term impact

Are Robots Still Gunning for Our Jobs?

In the old days, the idea of automation and tech-enabled processes summoned thoughts of sci-fi movies and robots taking over. But the beneficiaries of true automation know this depiction is far from reality.

Automation still requires human input of logic to tell it what to perform. And no matter how lifelike Hollywood may paint it, computers can still never replace human intuition, empathy, and relationship building.

When done right, automation eliminates the manual tasks that keep teams from thriving. It makes complex processes easier. And it gives lenders the time and mindspace to focus on what matters most: customers.

At SPARK, we take it a step further to assess which parts of the loan origination process make the most sense to automate. We explore what your typical deal looks like so you're ready to jump right in when the time comes for another. We think ahead to the "what ifs" and anomalies that require additional consideration.

We call it *thoughtful* automation.

In this guide, we address the hang-ups that prevent teams from adopting lending technology by exploring the benefits of automation and how it's designed to augment — not eliminate — jobs in the financial sphere. If you're still hesitant to join the new era of lending, keep reading to learn how thoughtful automation is different from everything you've heard. →

The State of Automation in Banking and Lending

When technology changes, highly regulated industries like government or finance have traditionally been the slowest to adopt it. Things were looking up for financial services in the early 2000s when Mint came on the scene with automated, online personal finance. One of the reasons it succeeded was because it could skirt regulations that banks and lending institutions were subject to because customers gave direct access to their data.

Fintechs have continued to move the needle on automation and expedite the process for the entire industry. The only problem is that banks are typically left watching from the sidelines, waiting to see how technological advances will play out.

Aside from stock prices, the main way banks are evaluated is by their "efficiency ratio." Ironically, it prevents banks from coming remotely close to true efficiency. Instead, this metric hinders them from adopting new technology and investing in improvements. As a result, employees suffer from overwork while systems grow old.

Among banks and lenders who still have yet to adopt process automation, many hold the belief that the technology:

- Isn't trustworthy since it isn't visible

- Removes control and isn't customizable

- Can or should automate every part of the lending process

- Steals jobs from people

These beliefs most likely stem from misinformation and fear of change. When applied in the right way to the right processes, thoughtful automation not only benefits teams with faster, more effective lending, but assists the small business owner with better service and greater long-term impact.

The Benefits of Thoughtful Automation

Each industry's application of automation looks different. In lending, with how much there is to do on every loan and considering how few banks offer a fully digital experience, the opportunities for automation are tremendous.

Automated lending reduces or eliminates time and effort spent on numerous tasks, including:

— Capturing new leads

— Entering customer data at multiple points during the process

— Generating documents using customer information

— Double checking all necessary documentation is included

— Working across systems to copy and paste data

— Packaging loans and financial spreading

— Checking back for updates on loan status

— Emailing customers with status updates on their loan

— Maintaining compliance across the entire lending process

If a credit scoring solution is built to only ever consider four individual business owners, what happens when your borrower is owned by two LLCs with four partners each? When we look at automation or integration, we take these additional levels of complexity into consideration. Any automation that can't support the scenarios you need or results in less than an ideal customer experience just won't cut it.

Thoughtful automation:

REDUCES OR ELIMINATES MANUAL INPUT AND WORKFLOW

Banking and lending are known for their repetitive processes. Whereas humans can get burnt out with repetition, computers shine. Automation uses logic formulas and sometimes artificial intelligence to assess lending processes and complete the work for you.

If you develop a homegrown system or don't know how to work with automation technology, the hardest part is assigning the necessary logic that tells the software what to do.

☀ SPARK automation comes ready out of the box, meaning we've already done the heavy lifting. We use typical lending scenarios and historical context to create consistency and automate the most helpful processes. From there, we work with you to customize and automate other processes for greater flexibility.

GIVES TEAMS GREATER CONSISTENCY AND CONTROL OVER THE ENTIRE LENDING PROCESS

Skeptics tend to believe automation is "all or nothing." But it's really more about automating the mundane parts of the lending process — the easy wins like document renaming, filling out forms, and data capture. That way, your team has more time to dedicate mindshare and human decision making to the messier scenarios in the middle.

Automation *is* configurable. You can choose which scenarios make the most sense for automation and which should still require your team's attention.

☀ SPARK's four-week implementation is fast, but also highly configurable. Our Customer Success Team (CST) members are former loan officers, underwriters, and technologists who apply their expertise to advise you on the most beneficial process flows based on extensive experience. But you still hold the decision-making power to automate as much or as little as you want.

IMPROVES JOBS AND BENEFITS THE ENTIRE INDUSTRY

To our knowledge, no loan origination system has ever "replaced humans with robots" directly. Those that have tried either failed to gain adoption or were left to battle with regulators over the lending practices baked into the so-called automation.

Lending software is designed to *enhance* jobs, not eliminate them. However, the change that comes with digital transformation can cause cultural and industry-wide adaptation — for the better.

For instance, switchboard operators were once in high demand. As technology evolved, these positions were no longer needed. However, the number of people working in telecommunications today is exponentially larger. Whereas technological advances closed one door, they opened thousands more and made the industry more successful overall.

Today, one of automation's primary jobs is to reduce data and analytic entries, posing the greatest threat to those in entry-level positions, internships, or data input. When we survey our customers, we consistently hear "our people" as the bank's most important (and most expensive) asset. Why shouldn't we equip them with the best tools available so they are always doing meaningful work?

Automation is the logical evolution of data entry. It's a more powerful and advanced tool with seemingly endless applications for increased value. Like adding robotic automation to car manufacturing, automation gives people the time to focus on finding increasingly innovative ways to move the entire industry forward. By avoiding automation, you miss out on playing a role in developing people's careers and the industry's next big ideas.

☀ In our experience, the more automation enters life in a thoughtful way (in banking and beyond), the more people realize its benefit to their lives and eventually it becomes the norm.

IMPROVES THE CUSTOMER EXPERIENCE AND LONG-TERM LOYALTY

Traditional lending processes have been long, drawn out, and complex — and customers know it. Today, they've even come to expect slow and underwhelming lending experiences despite expecting fast, seamless ones in other areas of their lives. They're losing their patience for digital laggards because it delays their ability to access capital that will make or break their business. Instead, they're forced to trade rate for speed, often turning to predatory lenders who will charge as much as 150% APR in exchange for a seamless experience. This only leads to greater problems down the road.

On the flipside, delighting them with digital data input and document collection, proactive communication, and hassle-free processes results in positive, memorable experiences and repeat business. Plus, it provides businesses with the short-term capital they need at rates that won't threaten their ability to stay afloat. Building trust is especially important considering the long-term nature of loans. When they're ready to use your bank again, you'll already have their historical data there, ready to go.

Automation enables banks to deliver the speed of a fintech lender with the customer service, quality, and competitive interest rates they've always been known for. Banks can overpower predatory lenders if they adopt automation that enables them to move as quickly on loan origination while creating a delighted and happy (and *repeat*) customer in the end.

✳ SPARK makes the process of documentation and information gathering fast so you can get the necessary decisions back to your customer. Our platform frees up your team's time so they can be engaging with customers, better understanding their needs, and uncovering additional opportunities — not inputting data and providing progress reports.

"SPARK had the automation and customization capabilities needed to continue to provide an amazing community experience for our customers, and we knew that [they'd] find us the best solution."

JEFF NEWGARD, PRESIDENT/CEO OF BANK OF IDAHO

When Automation Goes Too Far

Just remember — it is possible to take automation too far. When you automate everything in an attempt to reach a performance metric, you run the risk of neglecting customer relationships completely.

In the first few versions of the platform (from 2014 to 2018), we tried automating as much of the business-owner-facing application experience as possible. The application experience was very rigid, only worked a certain way, and it forced customers to adopt "the SPARK way" or the highway. We learned not all of our customers wanted their process automated "the SPARK way". We took the most frequently used parts of our legacy application process, broke them down into a configurable application framework, and then released that framework to our customers for them to iterate and build on. Unlike some companies, we listened, responded, and released something that was way better, more scalable and more usable for our customers.

At SPARK, we've worked hard to know and understand which tasks and processes are most helpful to automate — and which aren't. We now recommend aiming for a blend of automation and customer-led experiences that guide small businesses through the loan origination process in a seamless, yet human-centered way.

SPARK Champions Thoughtful Automation

There are plenty of loan origination vendors that utilize automation. But too often, they only apply it to one task or small piece of the process. Or, they automate without considering the humans on the other side. Proficient vendors like SPARK understand the entire context of the lending process and can offer solutions for numerous problems, processes, and tasks.

We're here to make loan origination easier — not simply with automation for automation's sake, but thoughtful automation that's strategically applied to the parts of the process that benefit you and your customers most by:

Reducing time spent on low-value activities

Increasing information accuracy

Helping you make decisions quicker

Putting capital into the hands of customers who add value to their communities and the economy

Our years of experience in small business lending and long-standing client relationships have helped us design software that's as helpful straight out of the box as it is configurable for your organization. And because we built it for SBA first, we've already safeguarded it for the most complicated scenarios possible.

✴ SPARK

Join the next generation of lending at lendwithspark.com