

POSITION PAPER

Empowering growth through automation

How STP Financial Hub is revolutionizing commercial lending



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Executive summary

Commercial lending has evolved significantly, transcending traditional loan origination to incorporate automation, data-driven insights, and innovative risk mitigation strategies. However, the industry still struggles with persistent challenges, such as manual processes, evolving regulatory requirements, and the need for agility in a fiercely competitive global landscape.

In response to these challenges, banks, financial services providers, and original equipment manufacturers (OEMs) are seeking advanced tools to navigate a smarter and more connected future. They recognize the importance of optimizing processes and redefining customer interactions, often turning to trusted industry partners for innovative solutions.

In need of a product that can alleviate operational barriers while staying attuned to emerging market trends, lenders are pursuing avenues that provide the flexibility to scale for the future and seize new opportunities. As industry trends evolve, lenders are moving toward the integration of artificial intelligence (AI) and machine learning (ML) for critical tasks like data analysis, predictive risk assessments, and the development of personalized lending solutions.

We anticipate an even deeper integration into digital ecosystems and a heightened focus on hyper-personalization. This evolution will see lenders forging stronger collaborations with stakeholders to access real-time data and insights, enabling more informed and agile decision-making processes.

OpenText's STP Financial Hub is positioned to lead the way in powering the future of commercial lending. Through its embrace of automation, data-driven insights, and streamlined workflows, it not only accelerates lending processes but also enhances client interactions and meets the evolving demands of borrowers. This tangible reality is available today for lenders who are eager to embrace the future of commercial lending.

Introduction

Commercial lending has evolved alongside changing business landscapes and technological advancements. Historically characterized by intricate manual processes, the lending ecosystem now stands prepared for a complete transformation. The industry's modernization, along with surging customer expectations, have expanded its scope beyond traditional loan origination to encompass automation, data-driven insights, and innovative risk mitigation strategies.

One key aspect of this transformation that continues to be in demand is the capability to monitor lending portfolios in real time, enabling institutions to make informed, data-driven decisions with unprecedented agility. This empowers lenders to proactively identify potential risks and opportunities, effectively mitigating losses while capitalizing on revenue-generating opportunities.

Advanced visibility also serves as a catalyst for the strategic realignment of internal resources. By harnessing the power of automation, lenders can optimize their operational efficiency, reducing the need for extensive manual intervention. Streamlining not only leads to cost savings but also enables tactically scaling operational management with existing staff. With the burden of repetitive, time-consuming tasks lifted, staff can focus on more strategic and value-added activities, further enhancing productivity and innovation.

It is important to note that even as the industry makes strides towards transformation, completing a modernization effort resulting in real-time, actionable analytics remains challenging. Banks, financial service providers, and original equipment manufacturers (OEMs) must seek the tools that will propel commercial lending into a smarter and more interconnected future.

Understanding the landscape of commercial lending

The commercial lending industry faces distinct challenges. Lenders must strike a delicate balance between facilitating business growth and managing inherent risks. No matter how quickly the industry is evolving, three key challenges appear inescapable:

1. **Manual and fragmented processes**

Manual, often error-prone processes act as barriers to operational efficiency, resulting in delayed decision-making and increased costs.

2. **Evolving regulatory compliance**

The ongoing evolution of regulatory compliance demands meticulous attention to detail and an unwavering alignment with ever-shifting standards, requiring a significant amount of internal time and resources.

3. **Competitive pressures and operational agility**

Pressure from the record rise in new industry competitors is encouraging lenders to explore innovative solutions that accelerate processes without compromising accuracy.

Overcoming these three challenges has proven to be incredibly difficult and time-consuming for even the most experienced teams. Coupled with rapid, continued expansion of global commerce, they have generated a heightened demand for lending tools that can facilitate trade, investment, and expansion all in one robust solution. Technological advancements, including digital platforms and automation, offer avenues for lenders to effectively streamline operations, enhance customer experiences, and achieve unprecedented levels of visibility.

Deloitte reports, [even today, 30-40 percent of lending resources time is spent on noncore, automatable tasks due to disaggregated systems and manual tasks.](#)¹ Statistics like these prove that innovation is the driving force behind reshaping the commercial lending landscape. Lenders are increasingly recognizing the need to embrace technological solutions that optimize processes and redefine customer interactions. As the industry continues its journey towards modernization, businesses seek lending partners that offer not only financial solutions but also seamless, efficient experiences for their customers and internal staff.

Introducing OpenText's STP Financial Hub

OpenText's STP Financial Hub is a cloud-based transaction lifecycle management platform that is a fully automated and configurable end-to-end commercial financing solution. This comprehensive platform enables users to effortlessly track, manage, and reconcile credit and leasing agreements with customers and trading partners. Supported by OpenText's professional services team, the solution ensures a seamless implementation experience and dedicated ongoing support for clients. There is no need to manage complex installations or technical issues internally.

The product is supported by industry-leading message processing capabilities, streamlining operations through a powerful and highly configurable straight-through processing engine. Complementing this functionality is a dynamic web portal, which not only serves as a transaction hub but also empowers users to closely monitor lifecycles and efficiently handle exceptions.

In addition to its core features, STP Financial Hub encompasses floor planning. This provides a comprehensive solution for managing dealer inventory financing processes. Banks and financial providers can streamline managing dealer relationships, offering financing solutions that help dealers maintain an optimal inventory of assets.

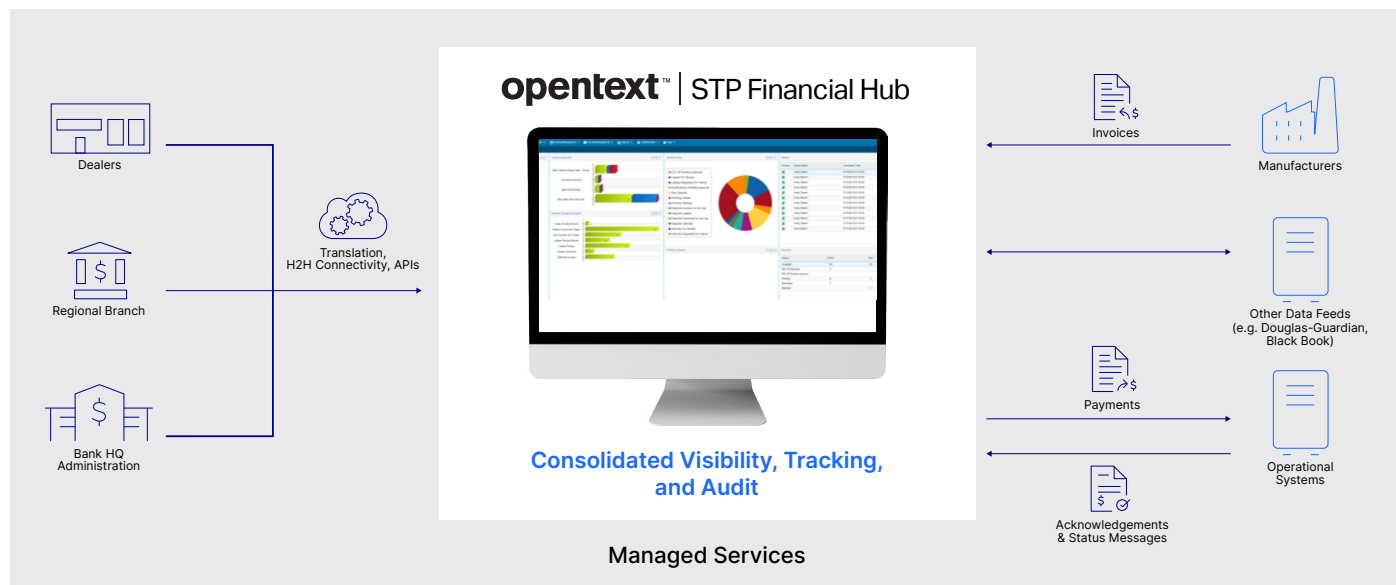
Through a user-friendly interface designed for real-time tracking of asset lifecycles, the STP Financial Hub portal ensures transparency and control. Clients can concentrate on growing their business and serving customers' needs while OpenText's trusted Professional Services team manages the technical infrastructure.

STP Financial Hub enables innovation by empowering lenders to configure lending and leasing products that precisely meet their customers' unique needs. The platform is built with the flexibility to adapt to evolving demands of the lending market. Internal teams can work with lenders to tailor financing programs and products, ensuring they align perfectly with customers' financial goals and industry-specific requirements.

With STP Financial Hub, lending processes that were once manual and time-intensive are now seamlessly streamlined, spanning from initial transaction submission to the subsequent stages of approval and release. Through automated workflows, customers can effectively ensure the swift execution of controls and validations, effectively minimizing potential delays and bottlenecks.

With the ability to configure lending and leasing products, lenders can offer their customers tailored financial solutions, fostering stronger customer relationships and facilitating business growth on a global scale.

¹ Deloitte, Commercial lending digital transformation. (2020)



Automation and configurable workflows

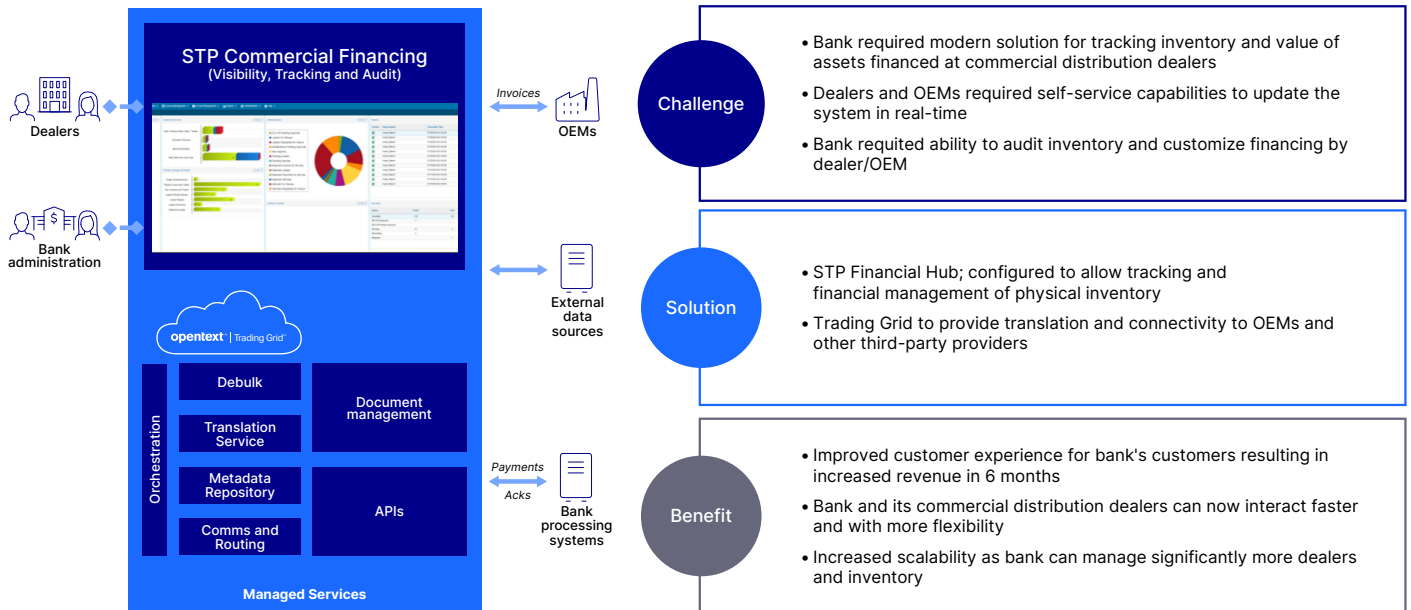
One of the primary strengths of the STP Financial Hub is its ability to streamline application and approval processes. Previously manual tasks, such as data entry, verification, and document processing, are expedited, significantly reducing processing times. Clients benefit from a seamless journey that starts with the submission of applications and ends with rapid approvals, allowing them to focus on strategic decision-making rather than administrative tasks.

More than half of bankers report their biggest challenge in the commercial lending process is directly tied to the manual collection of data and subsequent back and forth with the client.² STP Financial Hub mitigates these challenges through real-time data integration capabilities. As transactions flow through the system, data is automatically extracted, verified, and incorporated into relevant workflows. This empowers users with up-to-the-minute insights into transaction statuses, reducing the need for manual checks and inquiries. The platform enhances decision-making accuracy and facilitates proactive risk management through a holistic view of transaction flows.

Automation within STP Financial Hub extends to configurable workflows and controls. Clients can design and implement workflows that align with their specific business processes and risk management strategies. Automated controls ensure that each transaction adheres to predefined rules, tolerances, and compliance requirements. This not only accelerates processing but also reduces the potential for errors or deviations from established protocols.

STP Financial Hub's automation features contribute significantly to reducing delays and improving turnaround times. By expediting tasks that previously required manual intervention, such as exception handling and error resolution, the platform ensures that transactions move swiftly from initiation to completion. This not only enhances customer satisfaction but also contributes to a smarter, more responsive lending process.

² Moody's Analytics, Maximize Efficiency: How Automation Can Improve Your Loan Origination Process. (2018)



Data management and risk mitigation

Data is more than just information; it's a strategic asset that can drive informed decision-making and enhance operational efficiency. STP Financial Hub serves as a centralized operational data store for all transaction-related data. From the moment transactions are initiated, the platform captures and stores relevant information. This comprehensive data repository allows lenders to access a holistic view of their lending operations. By eliminating data silos and providing a single source of truth, the platform contributes to greater accuracy and transparency.

Data can only provide insights when it is timely and accurate. The real-time insights that STP Financial Hub provides have a direct impact on risk management and operational resilience. This translates to a reduced likelihood of operational disruptions and a more agile response to potential issues. By swiftly identifying anomalies and deviations, lenders can maintain a high level of operational integrity, which is vital for maintaining customer trust and regulatory compliance.

Effective data management extends beyond capturing and analyzing data, it also involves presenting insights in a format that is meaningful and actionable. STP Financial Hub offers configurable reporting features that allow lenders to create customized reports based on their specific requirements. Whether tracking transaction statuses, monitoring key performance indicators, or assessing risk exposure, the platform's reporting capabilities empower lenders to derive actionable insights and make strategic decisions.

Timely response to potential risks is crucial in the lending realm. STP Financial Hub automates risk mitigation strategies, flagging transactions outside predefined parameters for review and correction. This proactive approach reduces the potential impact of errors, resulting in enhanced operational resilience, fewer operational disruptions, reduced correction costs, and improved profitability. Real-time alert mechanisms ensure business continuity by promptly notifying lenders of potential compliance breaches, reducing the risk of issues escalating. These robust risk management capabilities are crucial for maintaining a positive reputation, navigating evolving lending regulations, and consistently maintaining regulatory compliance.

“The OpenText solution allows us to build new offerings and to make our existing products more automated and client-centric. We also greatly appreciate the fact that OpenText STP Financial Hub offers a range of capabilities to enhance the client experience—including an intuitive user interface, simplified business activity workflows and instant access to operations data via dashboard reports.”

Mark Filipowicz
Director of Commercial
Automotive Finance Technology
Royal Bank of Canada

Taking things a step further, the platform showcases innovative transaction transparency. STP Financial Hub ensures that every transaction and decision is meticulously recorded within a comprehensive audit trail. This not only enables lenders to retrace the journey of each transaction but also serves as a valuable tool during audits and regulatory inspections.

Royal Bank of Canada’s success: A case study

Royal Bank of Canada (RBC) launched RBC-OverDrive, a solution powered by STP Financial Hub and supported by OpenText B2B Managed Services, enabling larger and more complex financing products, increased efficiencies, and the flexibility to keep pace with industry imperatives.

Built on a secure, API-enabled technology platform, the new commercial finance solution ensures that clients can gain a high-level view and drill down into the performance of individual dealerships and assets.

With STP Financial Hub at the heart of its next-generation OverDrive offering, RBC can serve a fast-growing client base while unlocking the commercial opportunities of loan syndication. Since going live with its commercial financing platform, RBC has leveraged its new capabilities to help close several major acquisitions and new client deals. By supporting the financing needs of large national and international dealership groups, the bank is positioning itself for multi-million-dollar business growth in the years ahead.

[Read the full story here](#)


Future trends and innovations


Artificial intelligence (AI) and machine learning (ML) are poised to become instrumental in commercial lending. By harnessing the power of AI and ML, lenders can analyze vast amounts of data to make informed decisions, predict default risks, and personalize lending solutions based on individual borrower profiles. STP Financial Hub's integration of AI and ML capabilities will empower lenders to achieve new levels of accuracy, efficiency, and customer-centricity.


The future of lending will continue to have a strong focus on the seamless integration of digital ecosystems. Lenders will collaborate with various stakeholders, such as credit bureaus, financial institutions, and regulatory bodies, to access real-time data and insights for better decision-making. STP Financial Hub's capacity to facilitate secure data exchange positions the solution as a strategic asset in this ecosystem, enabling lenders to harness external data sources while ensuring data privacy and compliance.

Hyper-personalization will continue to be a strong focal point in the future commercial lending landscape. Lenders will leverage advanced analytics to understand borrowers' unique needs, preferences, and risk profiles, tailoring lending products and terms accordingly. STP Financial Hub's capabilities to manage data-driven workflows and automate processes will play a pivotal role in enabling lenders to deliver hyper-personalized experiences that enhance customer satisfaction and loyalty.

As the future unfolds, OpenText's STP Financial Hub stands ready to shape and support the changing landscape of commercial lending. With a dynamic platform

 [Webpage: Visibility and Data Management for Asset Based Lending](#)

 [Solution Overview: STP Financial Hub for Commercial Financing](#)

 [Blog: OpenText STP Financial Hub revolutionizes workflows in the Financial Services sector](#)

that integrates cutting-edge technologies, embraces innovation, and prioritizes customer-centricity, STP Financial Hub is poised to empower lenders to stay ahead of the curve.

Conclusion

OpenText's STP Financial Hub is prepared to power the future of commercial lending. By embracing automation, data-driven insights, and streamlined workflows, the platform surpasses traditional practices. By automating workflows and enabling self-service capabilities, the platform accelerates lending processes and enhances client interactions. The result is a seamless, efficient, and responsive lending experience that meets the ever-evolving demands of borrowers.

About OpenText

OpenText, The Information Company, enables organizations to gain insight through market leading information management solutions, on premises or in the cloud. For more information about OpenText (NASDAQ: OTEX, TSX: OTEX) visit: [opentext.com](https://www.opentext.com).

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