

reTHINK your approach to loan management



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Boosting Your Institution's Profitability: How Much Longer Can You Afford to Wait?

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June 2010

Introduction

In the face of declining net interest margins, rising loan charge-offs, increased regulatory compliance and its impact on your bottom line - that seems to be shrinking each year - the time has come for each and every financial institution involved in commercial lending as their primary driver of net income to begin taking serious steps in eliminating the costs out of their potentially inefficient lending processes and workflow.

Commercial lending across most U.S. financial institutions is notorious for having a fragmented workflow across several systems and is paper based. Today a majority of financial institutions involved in commercial lending continue to enter customer information more than once with customer data spread across multiple systems with much of the work being manual in nature. It is absolutely necessary and imperative that a commercial lending institution begin planning and implementing workflow functionality in an end-to-end system that can drive out the currently inefficient and costly process of underwriting and servicing a commercial loan portfolio. How much longer can your institution afford to wait?

What is your Institution's Credit Culture?

Before any institution can implement an end-to-end workflow system, you should first examine your institution's 'credit culture'. Unless your credit culture is strong at the foundation of your institution's lending practices, implementing this kind of change will be difficult and could face a high likelihood of failure. An institution's credit culture reflects a unique combination of attributes that define its lending behavior and environment. It is 'how you do things around here' and begins at the top with the Board of Directors, the CEO and the Chief Credit Officer and permeates down through the lending ranks. It is your institution's management attitudes that determine the lending environment and lending behavior deemed acceptable and should be reflected in your loan policies and procedures. It is well documented that regulators favor those lending institutions that have developed a strong credit culture and that have clear loan policies that define risk tolerance, practice risk discipline and commit the resources to support sound credit risk management.

A Case for Centralization of Lending:

If your institution has a strong credit culture in place, then now is the time to consider implementing a centralized commercial lending workflow as one of the key components to managing credit risk and increasing the profitability of your institution's lending by driving inefficient, costly, redundant processes out of your institution once and for all. Centralizing your lending workflow is not a new or a novel concept, but one that every institution should be seriously considering to remain profitable and competitive in the future.

To successfully implement a centralized workflow for lending in your institution, you must have a lending system that eliminates duplicate data entry resulting in faster processes and fewer errors. A single loan management system can expedite the process by allowing several people to work concurrently, improves communication across your organization, and eliminates the various paper forms, excel files or 'stand alone' tools used for different functions in the various steps of underwriting or servicing a commercial loan portfolio. The unified workflow system should support new requests and loan committee approvals, renewals, periodic credit reviews and credit analysis, pre-funding, closing, post disbursement review, document scanning, tickler monitoring, loan portfolio reporting to loan officers, chief credit officers all the way to the Board of Directors.

A system that supports centralized credit and loan administration further ensures compliance to your credit policies by promoting consistency and uniformity across the various lending branches in your institution. As a result, compliance with regulator guidance and mandates will be consistent with documented 'loan portfolio management' guidance and best practices.

The Problem - Suntell's Answer:

As a group of former commercial lenders, we recognized that commercial lending was a very labor intensive process of completing forms over and over on customers through the process of analyzing financial statements, preparing loan committee presentations, preparing separate loan document boarding sheets for the loan processor and documentation tickler file set up. The workflow was tedious, and customer data was stored in several locations. Communicating to the Sr. Lender or Chief Credit Officer on past due or problem credits was equally demanding of our time and inefficient. Errors in customer data in the system or on loans were common and frequent only to be pointed out by the bank's loan review, or worse yet, the loan examiners.

In 1996, we formed Suntell and created the cornerstone of our SquareOne Credit Suite: the Loan Management System, or LMS. The LMS combined with our Suntell Document Imaging (SDI), AgExam for agricultural analysis and Loan Queue for pipeline workflow reporting was developed as our answer to our frustrations as commercial lenders in managing workflow consistently and uniformity in supporting any institutions credit policies and procedures.

As a result, we are not a 'collection of separate credit tools' thrown together like most of the systems being pedaled to financial institutions today. From day one, it has been about being a single credit management system to support lending and the credit and loan administration function of a bank. The goal is to increase the productivity of the lenders and the credit support staff with the end result of improved credit risk or asset quality, better regulatory examinations, and stronger bank growth and profits.

Suntell is on a Mission:

Today, fourteen years later, a majority of financial institutions continue to operate like they did back in 1996. Suntell is on a mission to change that. The time has come. The cost of technology and our licensing programs make it more affordable than ever before. If you are continuing to solve your lending problems with separate stand alone software programs, then Suntell would like to open your thought process to a better way of managing your commercial lending program. After all...how much longer can you afford to wait?

About Suntell

Suntell, Inc. (www.suntell.com) is a leading provider of software for loan portfolio and risk management for banks and credit unions of all sizes in the United States. Suntell is the developer of the SquareOne Credit Suite, which includes products for loan approval and underwriting, risk identification and management, documentation and exception tracking, collections and problem loan workout planning, management information reporting, loan document imaging, agricultural underwriting and analysis, loan pipeline and workflow solutions, as well as interfaces to core accounting systems and loan origination systems. The company is owned by Financial Institution Technologies.