

PRESS RELEASE

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Open Banking could save SME lenders more than 18,000 work-hours a year, according to new research

- *Open Banking technology could reduce processing times on borrowing applications by 85%, according to new research from Yolt Technology Services (YTS)*
- *Innovation could replace average two-week wait times from application to payment by cutting out application bottlenecks*

Lenders could see the time they spend processing the average loan reduce by more than 85% with the adoption of Open Banking technology, according to research from Yolt Technology Services (YTS), one of Europe's leading Open Banking providers¹.

At present, lenders process an average of 6,258 loans a year, with each single loan taking 3.5 hours for the business to process. Over the course of a year, the average lender will invest £530,053 into loan processing, accounting for staff time and administration costs. From initial application to payment, this takes an average of 16 days, largely due to bottlenecks caused by applicants as they assemble the necessary proof to complete the process.

However, the adoption of Open Banking technology could significantly reduce these stressors on the efficiency of lenders. Using Account Information Services (AIS), manual processes requiring applicants to provide information such as complex, unstructured income and expenditure data are no longer necessary, which could see the current 16-day wait-time evolve into a process of mere minutes. YTS, for instance, offers customers its Cashflow Analyser tool, giving credit underwriters deeper insights into the cashflow of credit applicants and customers to streamline and simplify affordability assessment processes.

At the same time, Open Banking allows lenders to cut out manual verifications, reduce costs and offer an instant credit decision with fewer human errors. With these innovations, lenders can save approximately 18,000 work-hours annually².

“Both lenders and applicants want a frictionless process from application to decision to payment, however the current system that requires the manual intervention by both parties is both inefficient and frustrating. Through the power of open banking, relevant data is automatically uploaded and processed, saving time for both parties and reducing the risk of decisions made in error”, says Jack Tenwick, Head of UK Sales, YTS “For lender businesses, this means that not only can they offer a superior customer experience but that their own capacity for growth is greatly increased. As we anticipate a greater number of businesses looking to invest in potential growth as we emerge from Covid, this will allow lenders to meet that demand and remain competitive.”

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¹ Opinium Research ran 101 interviews with Senior DMs in lender businesses and loan companies (with at least 50 lending to consumers and 50 lending to businesses) from the 19th May to the 18th June 2021.

² At present each loan application takes 3.5 hours. With 6,258 loans processed by the average business every year this equals 21,903 worked hours. Assuming open banking technology reduces the process by at least 3 hours (though likely more), the number of hours now spent processing loans is approximately 3,129 – an 85% reduction.

About Yolt Technology Services

Yolt Technology Services (YTS) unlocks its open banking expertise to other organisations through a single and secure combination API, ensuring AIS and PIS connections are created, managed and maintained for leading financial institutions and ambitious tech companies. YTS is proud to be the leading provider of API coverage in the UK and France, as well as maintaining extensive coverage of API connections across the rest of Europe, including Benelux, Italy and Spain. The API handles around 25 million API calls every week.

Contact:

Amy Monro-Henderson-YTS PR Manager

Email: press@yolt.com