



VENATOR  
SEARCH PARTNERS

# Digital Shift in Lending

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Venator Search Partners

*A Retained Executive Search Firm*

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## Digitisation of Lending: *How critical functions are transforming*

### Objective



The way you lend is rapidly changing. It's widely getting digitised. Traditionally, a borrower used to apply for a loan which used to get approved or rejected. Now, the lender goes to the borrower saying you are eligible for loan - would you like to avail?

The approach has changed completely, so has the 'credit' function. It's not only credit, all critical functions in lending are being redefined. This study tries to understand which are these functions and the change they have gone through.

By gathering insights from professionals across different industries, we ran a survey aimed to identify and analyze how digital transformation has influenced functions such as marketing, sales, product, risk and technology.



### Sample Size

More than 60 respondents which includes CEO's, secured & unsecured lending professionals, HR Heads from leading NBFC's, Banks & Fintechs. It also includes consultants from Big 4 & digital experts.

## Research Findings

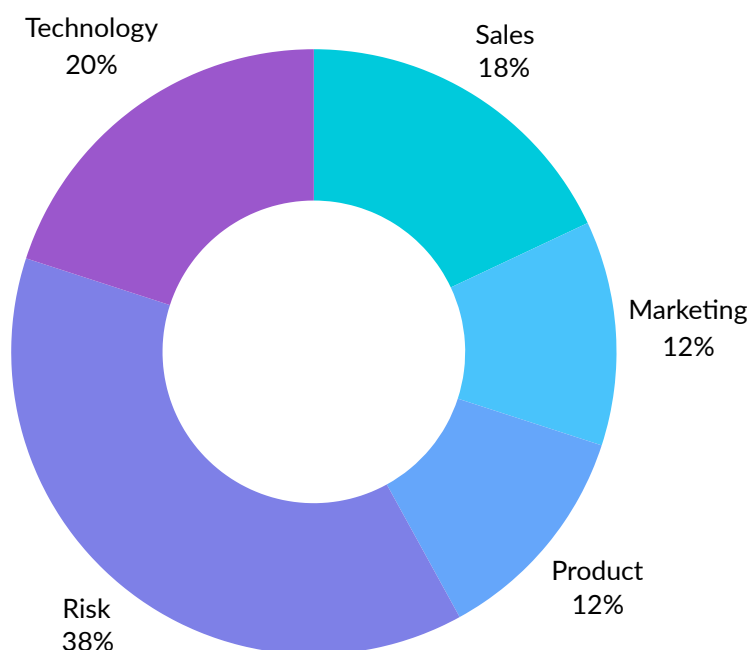


As per the survey conducted to study the impact of digital transformation, experts say that business functions have been transformed through digitalization by enhancing efficiency, improving customer service, fostering innovation, and necessitating new approaches to risk management and compliance.

Though, there has been a fair impact across all functional areas including sales, technology, product, risk and marketing, the top 3 functions that have been gone through a significant transformation are risk, sales and technology.

**Below are the survey responses:**

Which business functions will experience the most change?



Based on the responses we received, risk as a function has transformed most, followed by technology & sales.

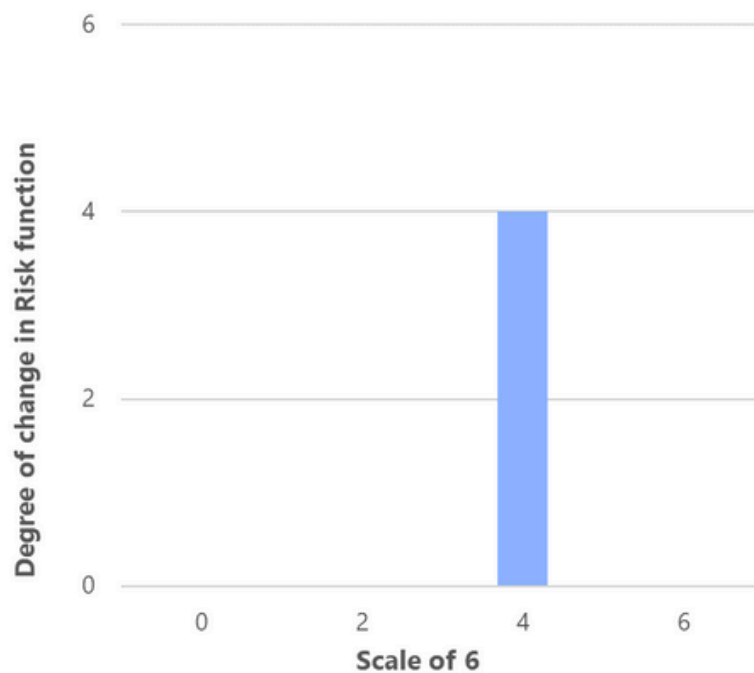
## Transformation of Risk Function

Leveraging big data and AI has enhanced credit risk assessment, leading to more accurate risk profiling and better loan default predictions. It has enabled continuous monitoring of borrowers' financial behavior, allowing for proactive risk management.

Data analysis has made it easier for underwriters to assess and monitor risks in real time and get a more comprehensive view of an applicant's creditworthiness.

Algorithms and machine learning models can automate the evaluation process based on predefined criteria. This enables organizations to quickly determine which customers meet the requirements for pre-approved offers based on their financial behaviors as well as to identify potential customers who are likely to be interested in specific financial products, thereby increasing the relevance and effectiveness.

Degree of  
Change in Risk  
Function on a  
Scale of 0-6.



Respondents envisage in the scale of 6, the way risk function has changed will score 4 or above. It's no more traditional credit that we were used to all these days - approving loans.

## Evolution of “Phygital” Business Model

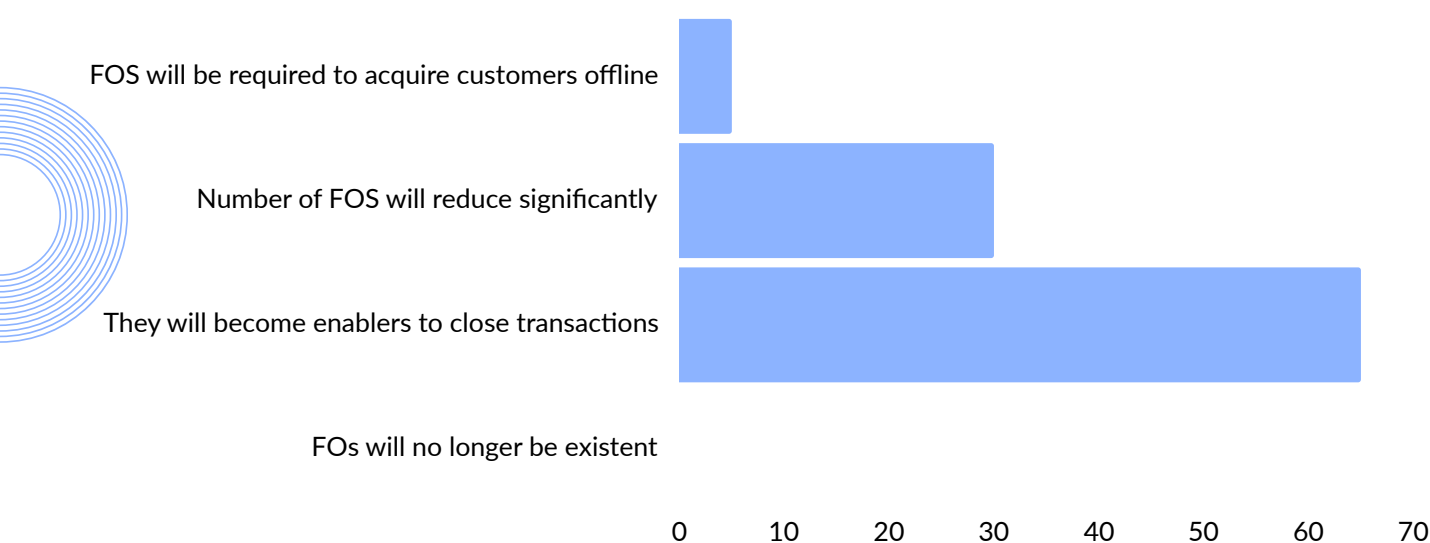
*(Blend of Digital & Physical presence)*

With online sourcing, the feet-on-street becomes obsolete.

However, large part of origination still continues to remain physical but its getting rapidly digitised.

The phygital model is expected to remain here for sometime. With all possibilities the FOS will become enablers to close transactions.

The survey strongly suggests so. It also predicts the number of FOS will keep reducing substantially.



## Future of Feet - on - street

The transformation to digital lending may diminish if not completely vanish the necessity for traditional field sales roles.

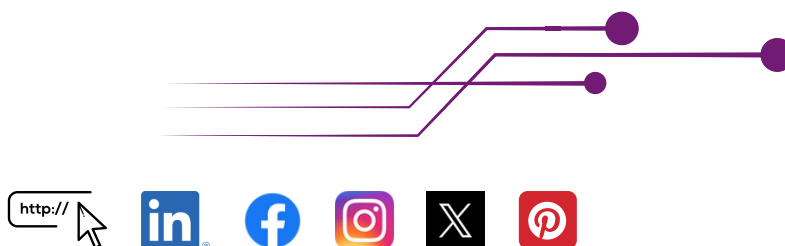
While the number of leads get generated online the drop outs are significantly high resulting in poor conversion ratio often. That's where the FOS can become enablers to quickly pay a visit and help customers complete the journey. Critical to close the sales!

We see the sales function transforming to becoming more of a facilitators as digitisation catches pace.

Technology too has evolved.  
CDO is the new kid on the block -  
his job is to revolutionize lending,  
his success largely depending on  
demonstrating a positive & tangible  
ROI.



To sum it up, digitalisation has unmistakably impacted the risk, sales,  
and technology functions within organizations, more than the other functions.  
As digital transformation continues to evolve, these functions will keep  
redefining strategies and fostering innovation.



**WE** strongly feel it is imperative  
to search the **right talent** for our clients