

How Forbearances and Restructures are Changing Back-End Functionality in UK's Financial Industry

Last year was an historic year for UK's financial marketplace at large. The pandemic's economic and social impact was felt acutely by small businesses, which led to many losses and severe business interruptions. With enormous pressure to process Coronavirus Business Interruption Loan Scheme (CBILS) and Bounce Loan Scheme (BLS) applications and restructures quickly, funders need a solution with enhanced back-end functionality to accelerate the application process and provide quick turnaround times to customers. Many of COVID's impacts are shaping the industry's movement towards improving back-end functionality. The question now is will COVID-19 ultimately be the igniting force that pushes the financial industry into adopting a modernised back-end solution?

Aspects of business interruption loan schemes

Since the government announced the business interruption loan schemes last March, official BLS and CBILS data shows around [1.5m facilities](#) have been approved at the end of 2020. Bank of England data reported SME lending surged to a [record level in 2020](#). Gross bank lending (excluding overdrafts) to SMEs was [£103.7bn](#), 82% higher than in 2019. As of 21st January 2021, [1,140 convertible loans](#) have been approved to the value of £1.1bn. Due to the overload of applications, this has created a heavy workload for funders to complete the applications correctly and efficiently. Funders have an enormous responsibility not only to the customers but also to the UK economy as well. If they can process loan applications more quickly, the sooner small businesses can start to drive the economic recovery needed from our deep recession and provide financial support to the millions of workers.

Reinvent the lease and loan process

With thousands of loan applications, funders cannot afford to rely on outdated, manual processes to complete the necessary credit checks. With an influx of applications, it is imperative to reinvent the lease and loan process. Funders need to have a powerful, user-friendly back-end solution that can seamlessly integrate with their front-end. Using automated technology to streamline lease and loan forbearances and restructures will enable faster turnaround times while simultaneously lowering risk and reducing costs. Furthermore, investing in modernising your back-end will accelerate all stages of the application cycle and dramatically improve cumbersome and manual processes of legacy systems.

A unified back-end solution

Due to the impacts of COVID, funders now have to solve a wide range of issues for customers including payment deferrals, payment holidays, and contract restructures. This is no small feat for funders. During this unpredictable time, funders need predictable technology. They need consistent and advanced technology that can reduce the strain on their staff, automate core business processes, and maintain customer retention and satisfaction. With a unified back-end solution, funders can:

- process more business interruption applications with existing resources
- 360-degree view of the application process
- complete loan requirements accurately
- eliminate human-prone errors
- provide data integrity and gain sharper business insights
- achieve quality decisioning and resolution for customers

The back-end plays a critical role in helping to accelerate and provide real-time visibility into the loan application process. As customers' scenarios and needs continue to rapidly change due to the pandemic, financial institutions looking to modernise their back-end will play a vital part in how quickly businesses can bounce back.

Pushing the industry forward

The last year has impacted the industry in many unpredictable ways and the future of the financial industry is moving fast. Now is the time for funders to get the right technology in place. They need a complete and connected back-end solution that will deliver the agility needed to process loan applications. Forward-thinking funders that automate and enhance their back-end now will be best positioned to respond to market dynamics and volatility and will be the ones that thrive under the current economic conditions and beyond.