





Online Lending: Broadening Lending Horizons with FinTech

Lending enjoys the reputation of one of the most important banking services. The processes of banking business digitalization have a direct impact on lending and “retail” in particular.

On average, online loans, which do not require to visit branches, are now offered by 10-29% of banks across the globe. It can be both a standard one-time loan and a revolving or non-revolving credit line. The bulk of offers in developing countries and countries with economies in transition are limited to amounts up to \$ 2,500, in some cases up to \$ 5,000 with a maximum loan term of up to 5 years. At the same time, in developed countries, consumers can borrow up to \$ 50,000 and more from banks.

Recently, online lending has already undergone some changes. For example, making a decision on a loan used to take from 2-3 hours to 2-3 days. Now, this procedure takes no more than a minute. Moreover, some financial institutions use online lending modules, which reduce the time to make a decision on a loan to 7 seconds.

Obviously, the reduction of time is associated with automation of filling in multi-page forms in bank branches shifting towards automated feeding of the data from the customer’s web and mobile applications which is feasible due to integration of banking services with third-party data sources through the open API technology. An important role in these integrations is played by the Interbank Identification System (hereinafter - the ISI). The ISI is a database which stores all the data necessary to identify customers. The database is extended when a customer first applies to any of the banks in the country.

Nowadays, one of the trends in online lending is the use of mobile applications as the main interaction channel with a bank. By 2020, banks are expected to make no less than 80% of their services available with remote banking means. The key role in achieving these indicators is given to mobile applications.

An important tendency in the entire lending sector is partnership programs with various saloons and online-stores. Once joined such a program customers do not need to contact bank branches to apply for a loan. In order to make an installment purchase, they need to select the desired product on the store website, choose “online installment plan”, having acquired a virtual bank card, make a purchase with it. These installments often take no more than 5 minutes.



With more than ten years' experience in FinTech services development, the Andersen experts are involved in a number of innovative scoring model projects. We employ traditional technologies as well as machine learning technologies - upon request of our clients - for parallel analysis of data about a borrower from several sources.

Find more about our completed FinTech projects [here](#).

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