

WHITE PAPER: PROCESSING LOAN APPLICATIONS VIA THE INTERNET

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The problem

Most companies handle loan applications like a contact us page. The consumer fills out some basic information, presses “Submit” and then receives a “Thank You” page. Then the company receives a fax or an email with the application information. Next, there is a multi-step process to retrieve the credit report, make a loan decision, respond to the consumer and, finally, process the loan. Not only is this process time consuming; it is prone to error and can potentially involve an insecure transmission of private information.

A history of loan processing

In the mid-80’s loan processing was mostly a manual process. Consumers filled out paper applications and this information was entered into a proprietary machine provided by the credit bureaus. The credit bureaus did not score or grade the applicant, but simply provided a list of debts and payment history to the lender. The loan officer’s job was to review this information and attempt to make an objective loan decision.

In the late 80’s the Fair Isaac Corporation devised the FICO score in an effort to predict a consumer’s likelihood to have a major derogatory event in the next two years. Initially this was used sparingly but over the next 10 years the FICO score became the guideline for credit decisions.

As credit decisioning became simpler, loan origination began to be automated. Whereas most lenders were typing loan contracts in the early 80’s, by the early 90’s most were using computers to generate loan documents. As the 90’s came to a close, loan application processing became more prevalent. Instead of simply reviewing paper applications for making a loan decision, many lenders used a computer system to actually process the application as well as create the loan documents.

Today as the internet becomes a more integral part of life, consumers are beginning to prefer to apply for loans electronically.

Automating the process

In order to improve the customer experience and speed up the process you need the right tools. First, you need a secure method of receiving loan applications via the internet. Then you need the ability to automatically retrieve the credit report and render a timely decision to the customer. Once the decision has been rendered you need to originate the loan and produce the loan documentation. Upon acceptance of the loan terms by the consumer the loan information must be transferred to a loan servicing system.

The Kwik-Loan Solution

Kwik-Loan solves this problem with a comprehensive software solution that handles all aspects of the loan process from application to servicing. The Kwik-App and Kwik-Dealer modules handle the entry of consumer and dealer loan applications. Once these applications are submitted, Kwik-Decision takes over and renders an automatic decision (approved, denied or pending) to the applicant. Manual decisions on pending applications can be rendered via the Kwik-Manage module. Once a loan has been approved the documents can be produced and transferred electronically for customer acceptance. Then they may be transferred to a 3rd party LOS system via Kwik-Connect or automatically completed within the EnCompass SAAS solution.

About Compass Technologies

Founded in 1999, and headquartered in Buford, GA, Compass Technologies is an established leader in providing a total loan software solution to the loan industry.