

Digitisation leads the way in syndicated lender workforce satisfaction

The syndicated loan market is a dynamic space, offering financial institutions a significant opportunity for growth. It's also a market which needs to embrace evolution, as lenders continue to manage an increasingly complex environment using legacy communication tools and outmoded processes.

To send emails or faxes, track information from spreadsheet to spreadsheet and manage portfolios with outdated tools, lenders must mobilise an ample workforce. At the same time, today's employees are digitally inclined, making it difficult for financial institutions to hire and maintain skilled talent without technological solutions in place to take care of the repetitive and mundane.

The 2022 "Crowe Bank Compensation and Benefits Survey" reveals that employee turnover at financial institutions is rising, despite attractive compensation and benefits packages.ⁱ Workforce longevity in today's highly competitive market requires banks to provide a digitally inspired workplace.

How workplace inefficiencies impact talent acquisition

The syndicated loan market value has repeatedly proven its resilience over the past few decades, remaining open for business throughout the 2007 – 2009 financial crisis and, most recently, the covid-19 pandemic. Not only has it proven its resilience, but also its capacity to grow and adapt as new opportunities come to market, such as provision of finance for a more sustainable future. This steadfastness and flexibility offers real opportunities for banks, but this must be supported by dynamic processes in syndicated lending operations in agent banks to maximise the opportunities on offer.

With some leveraged deals incorporating a thousand or more lenders, banks rely heavily on human resources to build investor lists, syndicate deals and update lender or borrower details. At the same time, the number of manual tasks required to facilitate deals can work against the bank when it comes to hiring employees and maintaining workforce longevity.

One reason is the expectations employees bring into the workplace. Consider the youngest members of the workforce today. Millennials and Gen Z workers regularly engage with technology to simplify their lives. Accustomed to automated efficiencies, they can be better motivated by their employers if they are able to use streamlined technological solutions to aid in the delivery of the mundane.

Additionally, more employees want to work remotely. According to Deloitte, 30% of workers today prefer a fully remote environment, while an additional 30% would like to alternate between at-home and in-office work.ⁱⁱ It's difficult to meet employee preferences like these without real-time sharing of information.

Without updated technology and automated processes, it's also difficult to engage a satisfied workforce. Eighty-seven percent of people who work for companies pegged as technology leaders are positive about their employer.ⁱⁱⁱ In contrast, 70% of employees working for technology deficient companies express negative sentiments.^{iv}

Fortunately, there is an easy solution to the employment challenges faced by syndicated banks. The advent of open platforms and APIs now makes it easier for financial institutions to adopt leading technology. Solutions that automate workflows improve process performance and create a more efficient work environment for employees engaged in syndicated lending activities.



Automation is the key to productivity

While automation is the key to happier, more engaged employees, it's also critical to workplace efficiency. Currently, many agent banks manually review an applicant's financial information, vet potential syndicate members and track responses. The processes involved can add up to 20 million faxes a year^v and as many as 10,000 daily notices,^{vi} resulting in thousands of manually entered fields of data.

Imagine that an employee makes a mistake entering just one number. That error may then be repeated multiple times as it is re-entered across various systems and communications. Errors like this not only increase institutional risk, but the processes involved can lead to long hours and overworked employees.

Process automation can reduce instances of error and improve employee performance, by automating data entry and manual workflows, resulting in greater accuracy, less risk and higher levels of efficiency.

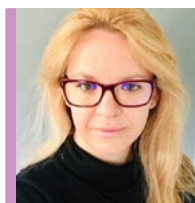
Unfortunately, the syndicated lending industry remains in the early stages of technology adoption. In a recent webinar conducted by Finastra, over 70% of attendees indicated that less than 25% of their syndicated lending process was electronic.^{vii} On a positive note, 48% of respondents to a recent LMA study are looking to adopt a technology strategy, demonstrating that the industry is moving in the right direction.^{viii}

With some institutions having taken substantial steps towards a more efficient automated environment, it is imperative that the rest of the industry joins the journey and lays the groundwork for digitised performance today. This includes standardising current processes and data to be used in automated workflows.

Standardisation then opens doors for industry-wide collaboration. One example is the use of a unique identifier. Assigning an inherent ID to each loan makes it easier for lenders to find and track opportunities as well as deals in progress. Unique identifiers are also essential to tracking loans on the secondary market.

Standardisation also makes it possible for financial institutions to automate processes with predefined workflows and digitise complex tasks, such as identifying the best lenders to approach regarding a specific deal and facilitating seamless communications. By automating lending workflows, agent banks can simplify the environment for all participants, including employees, bringing together more market participants through the global language of technology.

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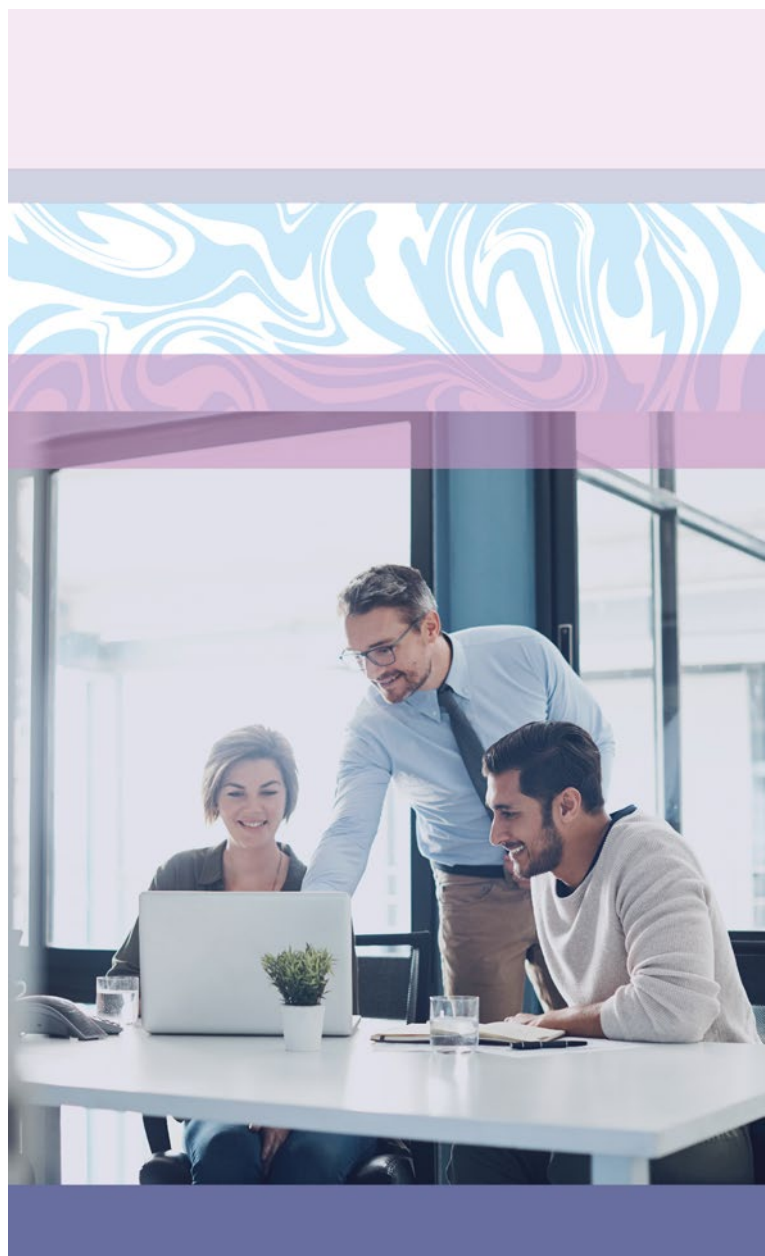
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