



What it takes to succeed in digital lending

Azentio Software provides mission critical, vertical-specific software products for customers in banking, financial services and insurance. L Guru Raghavendran, Senior Vice President – Presales & Product Innovation at Azentio Software reflects on the company’s handling of pandemic-related challenges and in the digital lending space

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Singapore-based Azentio Software was created in 2020 and has grown through acquisition. The firm is wholly owned by funds advised by UK private equity firm APAX Partners. In 2020 Azentio agreed a deal to purchase the software products of 3i InfoTech. This was followed by three deals in 2021 – the purchase of 2 InsurTech providers, BeyonTec and Candela Labs, and Islamic banking software specialist Path Solutions. Through these deals, Azentio has built an impressive portfolio of software solutions in BankTech, FinTech and InsurTech.

As Azentio was being created, the Covid-19 pandemic was sweeping the world, presenting lenders with the challenge of digitising core functions almost overnight to keep business running. L Guru Raghavendran, Senior Vice President – Presales & Product Innovation at Azentio Software explained how Azentio responded to its customers and what were the key steps taken to keep the situation in balance.

“The real challenge during the pandemic was customers’ heightened demands for quicker online service and more timely updates, coupled with the pressure on our clients (lenders) to compete profitably in a crowded marketplace. Azentio was quick to provide digital solutions to its clients specifically for onboarding and customer servicing. The idea was to enable the clients for digital transformation. We extended our focus to API- first platforms making them more open to integrate with other channels and data sources. Regulations embracing new technologies, also accelerated the drive for more meaningful and effective innovation using our products.”

Do you think the pandemic accelerated the growth in the digital lending space?

“The pandemic did play a role in facilitating the adoption of the digital lending space, many customers were forced to venture out and access their lending services through digital channels. The pandemic has forced us to move maybe 5 years on and helped the sector with streamlining processes, paperless operations, automated workflow-



L Guru Raghavendran, Senior Vice President – Presales & Product Innovation, Azentio Software

based decision-making, and credit scoring with in-depth analytics. Unsecured lending was the key asset class that experienced high double-digit growth through the Covid-19 crisis.”

What are the new business models that you see making a long-term impact and how will this affect the end-consumer as well as financial institutions?

“The financial services industry continues to evolve to accommodate shifting trends in the lending sector – being innovative is not a choice anymore. As mentioned, the unsecured lending asset class experienced high double-digit growth through the pandemic. This growth was underpinned by increased consumer and merchant awareness and adoption of point-of-sale financing solutions (buy now, pay later) and these are all trends that are fostering innovative



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development. For example, POS financing is used by a wide range of consumers, not just those with poor credit ratings or who are new to credit. The ability to meet such varied demand across multi-segment innovation is a pre-requisite.”

How may traditional players reimagine lending to small and medium-size enterprises?

“There is a global rise in the number of new SMEs/MSMEs being established across a variety of industries. There are both opportunities and challenges in the market for lending to SMEs. This segment is challenging, since there is ‘no one size fits all’ approach when it comes to SME lending.

“The operating model needs to have the right mix of technology, process optimisation and continuous performance monitoring. Banks should now embark on a modernising journey by analysing various aspects of their current business, especially:

- quantitative benchmarks of efficiency and effectiveness and how the bank stacks up against its peers and its own aspirations.
- credit capabilities and the critical gaps banks should focus on.
- the short- and long-term value at stake for the transformation journey.
- a road map with the vision and the sequencing of the initiative for maximum benefits and ease of implementation.”

There has been a rise in the adoption of inhouse tech/platform teams [by lending players] for building and sustaining core systems. How does this change the dynamics for a software provider like Azentio?

“Azentio, being a focused product player, has a clearly laid out roadmap to create cloud-based digital technology solutions for

financial institutions that are seeking to differentiate their customer experience, improve internal operational effectiveness, streamline internal communications, and allow access to data across the enterprise.

“Today, banks have a better option of the ability to buy technology and implement it quickly, cost-effectively, and more efficiently than they could on their own. Looking at comparing critical factors like speed to market, ROI, the ability to hire for specialised skills, and ongoing software maintenance, the buy side is often overwhelmingly the correct choice for institutions of all sizes and will keep the market open for us across segments.”

What do you believe is the right formula to provide a personalised experience to the end-customer – what role does technology and AI have to play?

“Customer-centricity and financial inclusion remain a challenge for the financial services sector. With banking products becoming increasingly commoditised, analytics can help banks differentiate themselves and gain a competitive edge. It is time banks put their considerable strategic and organisational focus into analytics and adopt it as a true business discipline. The world of banking has encountered unprecedented change over the past few years, and there’s no reason to think this is going to subside any time soon. To meet customers’ rising expectations in this AI-powered digital era, we have been able to come up with propositions and experiences that are intelligent, personalised, and based on a detailed understanding of customers’ past behaviours.

What does a software player like Azentio need to do to stay relevant in this space?

“Today, FinTech and smaller independent players are competing in the commercial lending space and differentiating themselves from traditional banks with their market offerings, customer experience, and speed of delivery. The forced move to automation and digitisation due to pandemic, relative complexity of the commercial lending processes, and rising client expectations have led to several challenges for banks. Azentio is focused on bringing digitally enabled accelerated lending solutions to market, to help banks accelerate their transformation, overcome potential execution barriers, and stay ahead of future market shifts.”