meridianlink®

Evaluating & Selecting a Consumer Loan Origination System

STRATEGIC STEPS FOR SECURING STAKEHOLDER SUPPORT & MARKET SUCCESS

EBOOK

Introduction

The Essential Role of an Efficient LOS

Investment in the optimal digital lending solution can yield tangible benefits for both your financial institution and your consumers.

60% **decrease** in average funding time [1]

90% **uplift** in efficiency [4]

20% **increase** in pre-qualified cross-sell opportunities [2]

500% **increase** in application volume in one month [3]

6 lending systems consolidated into 1 [5]

Increased competition and evolving consumer expectations make having an effective loan origination system (LOS) more important than ever. Many systems fall short of modern demands and expectations, struggling with issues such as system latency, digital friction, limited data accessibility, lack of configurability and personalization, connectivity limitations, and security concerns. But, the right LOS — a modern, data-driven solution — can **reinvigorate your entire lending process**. Think enhanced efficiency, streamlined compliance, and innovation that drives consumer acquisition, retention, and satisfaction.

Introduction *continued*

With so many LOS options on the market, determining where to start can be daunting. The key to success is clearly defining your specific needs. Drawing on over **25 years of retail lending experience** and our work with **thousands of financial institutions**, we've developed this structured guide to help you simplify the process. By outlining the steps to evaluate your current system, define your goals, and involve the right stakeholders, you'll be equipped to make an informed decision.

Whether you're looking to **streamline consumer loans** or **expand into business lending**, the right LOS will provide the agility, compliance, and user experience to meet your goals and scale into the future. Go through the following sections to plan your approach and use the interactive workbook to tailor every step of the process to your specific needs and priorities.

Let's Begin

Identifying Your Key Stakeholders

Assembling a cross-functional buying committee is a crucial first step for securing internal buy-in and ensuring a thorough, balanced evaluation process. This team should encompass all aspects of your institution's needs and goals. Engaging these key stakeholders early can help prevent delays and resolve potential conflicts. Throughout the process, help them understand how the new software will enhance their work, support their objectives, and address their questions and concerns proactively.

While the specific makeup of your buying committee may vary depending on your organization's structure, consider the **following roles** as a blueprint for creating your own successful LOS evaluation team.

Chief Lending Officer (CLO)
Focuses on alignment between the LOS and the institution's lending strategy.

Chief Financial Officer (CFO)
Provides insights on budget, financial impact, and ROI considerations.

Chief Information Officer (CIO) or IT Director
Measures technical compatibility, integration requirements, and data security.

Loan Operations Manager
Evaluates the impact on day-to-day loan processing and operational efficiency.

Compliance Officer
Reviews regulatory requirements and compliance needs.

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Consumer Lending Manager
Assesses specific needs and workflows related to consumer loans.

Chief Risk Officer (CRO)
Provides insight on risk management and credit risk assessment.

Branch or Consumer Experience Manager
Considers the impact on frontline staff, consumer satisfaction, and the overall consumer journey.

Legal Counsel
Reviews contract language and terms to ensure they are legally sound and aligned with institutional policies.

Vendor Manager
Oversees the due diligence process, conducts risk assessments, and may act as the primary point of contact throughout the evaluation process.

Training and Development Manager
Addresses training needs and staff readiness for system adoption.

*Clarify the specific role of your CEO and the potential involvement of the Board of Directors in your unique evaluation process. While CEO approval may be necessary in some cases, other situations might require escalation to the Board or involve a different decision-maker altogether. Regardless of your committee's structure, ensuring alignment across strategic, operational, and financial dimensions is essential for a successful outcome.

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Setting Business Goals & Requirements

Next, pinpoint the specific use cases for your LOS. Are you looking to enhance consumer lending processes, create a seamless digital mortgage lending experience, expand your portfolio to include business lending, or perhaps pursue all three? Whichever direction you choose, it's essential to prioritize scalability and flexibility in your solution to ensure it can accommodate future growth and adapt to evolving market demands.

Use the **workbook** to define your business goals and requirements.

What To Ask	Why It Matters
What is your target timeline?	Define a clear timeline for each stage of the selection process to maintain momentum, avoid delays, and ensure timely implementation.
What is your budget?	Set budget constraints and allocate resources effectively to guide your decision-making and prevent overspending or resource shortfalls.
What are your current pain points?	Identify your current pain points to establish your non-negotiables for the new LOS. This clarity will help you prioritize essential features and functionalities, leading to more effective solutions and meaningful improvements.
What goals do you aim to achieve?	Outline your objectives with the new LOS to align decisions with your strategic goals and accurately measure success.
How do you find out more about your preferred vendors?	Explore various methods for identifying potential vendors, including industry references, consultant recommendations, industry tradeshows, and vendor reviews to gain a comprehensive view and make well-informed decisions.

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Financial institutions often grapple with several operational challenges, including:

Manual Processes
Time-consuming and error-prone tasks that hinder efficiency.

Lack of Automation
Missed opportunities for streamlining workflows and reducing labor costs.

Slow Approval Times
Delayed decision-making that can impact borrower satisfaction and competitiveness.

Data Silos
Fragmented data storage that limits access to critical information and insights.

System Fragmentation
A disjointed technology ecosystem that complicates operations and increases maintenance costs.

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Building Your Foundation

With your business goals and requirements defined and your buying committee in place, it's time to develop a strong foundation for evaluating potential LOS solutions. Your foundation should outline clear, measurable criteria that align with your institution's specific needs and strategic objectives. Although each financial institution has unique requirements, the vendor evaluation process follows a similar structure. Key factors to consider include integration with current systems, total cost of ownership, deployment options, and implementation efforts.

By establishing these standards as benchmarks, you can effectively assess and compare various LOS options.

Use the **workbook** to build your evaluation foundation.

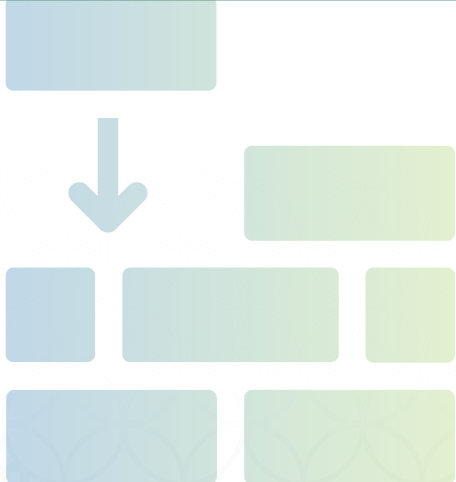| What To Ask	Why It Matters
Have the vendors worked with your current systems?	Rather than relying on cookie-cutter sales pitches, make sure the vendors demonstrate a clear grasp of your institution's unique challenges and goals, and are presenting solutions tailored to you.
What makes this LOS more effective in supporting your operational needs?	Look beyond basic features. Think about things like automated processes, configurable workflows, AI-enabled decisioning, data accessibility and reporting, compliance management, mobile applications, etc. and how they can benefit your staff and consumers.
What is the total cost of ownership? (licensing, implementation, training, ongoing support, etc.)	A holistic examination of TCO goes beyond monetary considerations and investigates the impact of increased efficiency, error reduction, streamlined user workflows, automation, and a seamless borrower experience on your overall return on investment.

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Building Your Foundation *Continued*

Is the solution hosted in the cloud or on-premises?	Clearly define your requirements, your resources, and ensure that the LOS's you evaluate fully supports your desired direction. On-premises solutions require local installation and management, while cloud-based options eliminate the need for local setups, offering easy updates and minimal IT overhead.
Does the LOS integrate seamlessly with your core system?	Confirm if there is an existing integration and evaluate the complexity of the implementation and the resources needed for a smooth transition.
How will you be able to track and measure success?	Understand how the solution provides ongoing metrics and analytics to help you monitor your performance and the effectiveness of the products and services you're offering. This enables you to make proactive changes based on consumer demands and market shifts.

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Did you know?

Over **50% of digital loan applications still require in-branch visits**, and **only 65% of financial institutions offer applications through the mobile channel**. These limitations can impact your efficiency, borrower satisfaction, and revenue potential.

These **top 8 LOS** must-have's can empower you to beat the odds.

1 **Core Connectivity**

A seamless connection between your core and LOS can reduce manual interventions and data discrepancies, enhancing the efficiency of your application process and improving the overall consumer experience.

2 **Robust Integrations**

Your LOS should integrate with a wide range of services that enhance its overall functionality, streamline processes, and improve the borrower experience. Advanced solutions for fraud and verification, document signing, and AI-driven underwriting can help you meet borrower expectations while scaling your business.

3 **100% Cloud-Based**

Truly cloud-based solutions provide immense value by enabling a more scalable, cost-effective, secure, and reliable loan origination process. However, do your due diligence . Some companies simply migrate their legacy on-premises software to virtual environments and label it "cloud."

4 **End-To-End Experience**

A single platform for all loan and deposit applications, data analytics, marketing automation, and collections not only provides a consistent experience but also serves as a strategic gateway to introduce consumers to the range of services your institution offers and better support their unique financial journeys.

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5 Access to Reporting & Analytics

Your LOS should simplify data reporting and analysis. Easy-to-access reports and dynamic analytics enable you to monitor your portfolio's health, understand performance relative to industry standards, identify areas for improvement, and make informed strategic decisions.

6 Seamless Opportunities Engine

Effective cross-selling is your key to building deeper, more personalized consumer relationships. A LOS that automates capturing these opportunities can help you maximize engagement, conversions, and growth.

7 Automated Decision Engine

Enhanced decisioning tools can lead to better lending outcomes and reduced risk. A LOS that supports advanced decisioning will allow you to refine your lending criteria and configure scoring models, improving preapprovals and effectively identifying high-risk consumers.

8 Process Automation

How much time are your staff spending on manual tasks? By automating these processes, you can unlock significant value. Efficient workflows elevate consumer satisfaction and accelerate funding times. Streamlining routine tasks enhances operational efficiency, reduces manual errors, and lowers labor costs.

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Vendor Partnership Considerations

Understanding how your values align with those of potential vendors is important for a harmonious and productive relationship. This alignment goes beyond evaluating technical features and functionality and helps to uncover if the vendor's business philosophy, customer service approach, and overall goals resonate with your institution's values and strategic vision.

Use the **workbook** to assess...

What To Ask	Why It Matters
What are the vendor's goals for partnership?	A vendor whose partnership goals align with your long-term objectives will be more likely to support your success and adapt to your evolving needs.
How does the vendor position themselves in the market?	Consider their strategic positioning and how they differentiate themselves from competitors, ensuring that their vision and market approach align with your institution's values and requirements.
What is the vendor's industry reputation?	Research their reputation and performance by reviewing testimonials, case studies, and other feedback to gauge their reliability and customer satisfaction. A vendor with a strong, positive reputation is indicative of their ability to deliver on promises and offer high-quality service, reflecting their commitment to customer success.

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Delivering Measurable Value

Once you've confirmed that the vendor's company values align with your institution's, it's time to assess how their solution can deliver measurable value to you. Look at the specific benefits they claim — whether it's improved efficiency, cost savings, or enhanced consumer experiences — and review the tangible outcomes they've delivered for existing customers and how they got there.

By understanding how the solution impacts both your current operations and long-term goals, you can ensure it not only meets today's needs but also drives future growth and success.

Use the **workbook** to assess...

What To Ask	Why It Matters
What success have other customers experienced?	Make sure their experiences align with your desired results. Review case studies, testimonials, and performance data from existing customers.
How will the vendor's solution help you achieve your specific goals? (drive growth, maintain compliance, reduce risk, expand into new markets, etc.)	Evaluate each vendor's approach to research and development. Take a close look at their product roadmaps — how frequently are they updated, and will you have regular insight into their plans? This visibility is essential for strategic planning, determining how well your technology will evolve alongside your goals and market demands.
How does the software improve your staff's efficiency?	Investigate which features enhance productivity and streamline daily tasks for your team. Will it enable staff to shift focus from manual tasks to more strategic-high impact priorities?

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Delivering Measurable Value *Continued*

What impact will the software have on consumer experiences?	Consider key factors such as the design of the application workflow, how it influences approval timeframes, and the significance of delivering personalized experiences that cater to individual borrower needs.
What's included "out of the box" or through pre-integrated solutions?	Explore the range of native features and integrated tools available with the solution to enhance functionality, boost consumer engagement, and maximize your investment. Document any gaps between your non-negotiables and what they're offering.
How does the software adapt to both your institution's and the market's evolving needs?	Whether you're launching new products, like small business loans or adjusting to market shifts, the right LOS should flexibly support new workflows and integrations, ensuring you stay competitive without disruption.

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Prioritizing Compliance & Security 🔒

How a vendor handles data security and regulatory compliance can mean the difference between seamless operations and costly setbacks. This is your chance to request essential due diligence to ensure your sensitive information is thoroughly protected, proactively protecting your institution from potential fines, legal complications, and reputational harm.

Use the **workbook** to assess...

What To Ask	Why It Matters
How does the solution support compliance monitoring and reporting?	Automated tools save time, minimize errors, and help your team maintain compliance without compromising the borrower experience.
How is user access controlled and logged?	Effective user access control is essential for safeguarding sensitive information and ensuring accountability in a multi-user environment.
Is the company private or publicly traded?	Understanding the vendor's ownership structure helps assess their transparency and accountability.
How often are security audits conducted?	Regular audits demonstrate a commitment to security and allow for the timely identification of vulnerabilities.
What is the vendor's incident response plan?	A clear plan for managing data breaches is crucial for minimizing potential damage and ensuring swift recovery.
What data encryption methods are used?	Strong encryption methods protect sensitive information during transmission and storage, adding an extra layer of security.
What happens to your data if you terminate the contract?	Knowing the vendor's policy on data ownership and destruction can protect your institution from potential data leaks or misuse post-contract

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Compliance Without Compromising Speed & Experience

Choose a system that seamlessly drives system upgrades, streamlines operations, and automates workflows while supporting compliance. This enables you to strike the optimal balance between technological advancement and personalized service without compromising on compliance standards.

Seeing It in Action

Vendor software demos offer vital insights into the functionality, user interface, and overall compatibility with your organization's needs. This is your opportunity to explore specific features and envision how your new lending operation will function. Often, multiple demos are necessary to discover what excites you about the system and to identify any gaps between your requirements and what the vendor provides. Before your team engages in the demos, clarify your objectives, then regroup after to assess whether those expectations were met.

Asking targeted questions during each demonstration helps you understand how the system can adapt to your workflows, address any concerns, and ensure seamless integration into your existing processes.

Use the **workbook** to assess...

What To Ask	Why It Matters
What are the top features or processes we want to focus on during the demo?	Clarifying your objectives ensures that the demo is structured around your institution's priorities and specific needs, making the most of the time spent.
What integrations with our existing systems do we need to see?	Validating how integrations with your current tools will work helps you to show if the software can fit into your ecosystem without significant disruption.
Are there any custom workflows or specific use cases we need to request to see?	Up front let the vendor know of any unique workflows or use cases so that the demo reflects your actual operational needs rather than generic capabilities that may not apply.

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Seeing It in Action *Continued*

What To Ask *Continued*	Why It Matters *Continued*
What does the typical loan origination process, from application to approval, look like?	Observing the end-to-end process helps you understand how efficiently the software handles core lending operations and highlights any areas of friction or improvement.
How does the system handle exceptions or special cases in the lending process?	You need to see how the system deals with non-standard scenarios to ensure it's flexible enough for real-world challenges that often fall outside of standard workflows.
How user-friendly is the interface for employees?	Evaluating usability ensures that your team can quickly learn and efficiently use the system, leading to smoother adoption and fewer errors during daily operations.
How accessible are the data analytics and reporting features?	If the reporting is intuitive and dynamic your team can independently access valuable data, helping you respond quickly to changing needs and make data-driven decisions without IT bottlenecks.
How does the system handle multiple user roles or access levels?	Understanding role-based functionality helps ensure smooth access and data control across departments.
What stood out about the system's ability to handle our most critical workflows?	This allows your team to assess how well the solution aligns with what was promised and what your institution requires.
Were there any gaps or features missing that we expected to see?	Identifying gaps post-demo helps you clarify if the vendor can address any missing elements or if another solution may be a better fit.

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Implementation Planning & Change Management

Managing change thoughtfully is essential for minimizing disruption during this critical period, ensuring that productivity remains high across your organization. As you gear up for the go-live event, establishing a clear project plan is vital. This plan should outline the key phases of the implementation process, including timelines, resource allocations, and the necessary training and testing protocols — holding both the vendor and your organization accountable for progress.

Engaging everyone in the process enhances buy-in, eases anxieties, and can ultimately lead to a more successful implementation of your new system.

Use the **workbook** to assess...

What To Ask	Why It Matters
What does the implementation plan look like?	A clear project plan and timeline helps you allocate resources efficiently and prepare your team for each phase.
How involved does your IT team need to be during implementation?	Understand the level of IT support required throughout the deployment process and whether additional resources or expertise are needed.
What training options are available for your team?	Explore various training formats, such as "train the trainer" and specialized training or certification programs for administrators, loan officers, and IT staff, to ensure staff has the tools and resources necessary to maximize your experience.

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Implementation Planning & Change Management *Continued*

What To Ask *Continued*	Why It Matters *Continued*
Is there a User Acceptance Testing (UAT) plan provided?	A well-defined UAT process not only identifies any issues before launch but also fosters confidence among your users that the system will function effectively in their daily operations.
What is the ongoing level of effort for system maintenance?	Knowing the ongoing maintenance requirements like software updates, user training, and system monitoring minimizes downtime and ensures your team can quickly address any issues.
What is the customer support structure after implementation?	Determine the availability and responsiveness of the vendor's customer support, including whether 24/7 assistance is provided, how typical issues are escalated and resolved, and the expected resolution times.
Will you have a dedicated Account Manager, Customer Manager, or Product Consultant post-go live?	Access to comprehensive support ensures that your team can maximize the system's capabilities. These resources can significantly enhance your experience by offering tailored guidance, proactive issue resolution, and ongoing education about the software.

Did you know?

Here's an example of a **LOS implementation process** that's highly efficient, transparent, and easily managed by both parties.

LEARN MORE

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Post-Implementation Review

The work doesn't stop at go-live; in fact, that's just the beginning of a new chapter in your lending journey. Now it's time to focus on measuring success through key performance indicators. Reflect on where you were, where you are now, and where you're headed.

Begin by revisiting the pain points and goals your team established at the onset of this process. By systematically evaluating these metrics, you gain valuable insights into the effectiveness of the new system, its impact on your operations, and opportunities for continuous improvement and long-term success.

Use the **workbook** to assess...

What To Ask	Why It Matters
How have loan processing times improved since implementation?	Faster processing times not only enhance operational efficiency but also significantly boost borrower satisfaction, allowing your team to focus on growth rather than administrative bottlenecks.
What trends are we seeing in application volume post-launch?	Analyzing application volume trends provides critical insights into market demand for your lending products and the system's scalability, ensuring your resources align with business needs.
What is our current application-to-fund ratio, and how does it compare to our goals?	A high application-to-fund ratio demonstrates the effectiveness of your underwriting and approval processes, guiding strategic adjustments that can lead to improved profitability and reduced risk.
What percentage of applications are receiving instant decisions?	High instant decisioning rates signal a streamlined and responsive process, positioning your organization as a leader in customer service and enhancing your competitive edge in the market.

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Your Next Steps

Investing in the right LOS is a strategic move that can fundamentally reshape your financial institution's operations, consumer interactions, and growth trajectory. Throughout this guide, we've explored the tangible benefits of a modern lending experience and how you can find a solution that directly enhance your institution's performance and borrower satisfaction.

Now, it's your turn to act. Utilize the insights shared here, along with our **interactive workbook**, to take the next step in your digital lending journey.

And remember MeridianLink® is here to accelerate your path to success.

Our digital platform streamlines the entire consumer financial journey — from account opening and loan origination to data analytics, marketing, collections. With flexible workflows, advanced automation, seamless integrations, and expert consulting we can empower your institution to scale up efficiently and deliver exceptional consumer support — all in one powerful, unified solution.

But don't take our word for it, let our customer success stories guide you.

60% **decrease** in average funding time [1]

90% **uplift** in efficiency [4]

20% **increase** in pre-qualified cross-sell opportunities [2]

500% **increase** in application volume in one month [3]

6 lending systems consolidated into 1 [5]

SOURCES:

[1] Source: https://www.meridianlink.com/case-study/d-l-evans-bank/

[2] Source: https://www.meridianlink.com/case-study/fortera-credit-union/

[3] Source: https://www.meridianlink.com/case-study/midfirst-bank/

[4] Source: https://www.meridianlink.com/case-study/los-and-account-opening-solutions-boost-efficiency-and-member-experience/

[5] Source: https://www.meridianlink.com/case-study/a-federal-credit-union/

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Let's connect!

Learn how MeridianLink can help you elevate the origination process and deliver the fully digital experience your consumers want.

LET'S CONNECT