

Chapter 13

Regional Bank's Case Study on Online Lending Platforms

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ABSTRACT

Regional Bank is a small financial institution aiming to expand its company and network through an online lending platform. Technology advancements are changing how consumers and businesses secure financing; therefore, a case study on online lending programs can benefit Regional Bank immensely. Online lending programs allow for a more specialized business model than traditional lending, enabling banks to extend credit access to small businesses (Bickmore et al., 2023). An online lending platform can help banks reduce costs, decrease risk, and increase transparency while supporting consumer needs (Strohm & Horton, 2023). Unfortunately, organizational changes impact employees, leadership, and the organization. As such, a study is needed to address the importance of online lending platforms and how this can positively or negatively affect customers, the bank, and its employees. Developing a comprehensive strategy for a successful implementation plan of an online lending platform is also essential.

INTRODUCTION

Regional Bank aims to expand its company and establish relationships through an online lending platform. However, the success of this endeavor hinges on developing a clear and comprehensive strategy for implementing this new platform. Unfortunately, organizational changes impact employees, leadership, and the organization through

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resistance to change, a lack of communication between employees and managers, and a lack of understanding of this new platform (Anderson, 2020). According to its business model, Regional Bank aims to build relationships with modular home sellers, car dealers, and real estate brokers to facilitate expansion. This case study aims to analyze the challenges faced by Regional Bank and develop a comprehensive strategy for a successful implementation plan of an online lending platform.

Problem Statement

Recent changes to bank innovation in financial technology have impacted market growth and the ever-changing economy (Bickmore et al., 2023). For example, online lending programs allow for greater accessibility and faster processes than traditional lending; that type of business model can affect Regional Bank's current model (Bickmore et al., 2023). Competition, risk of lack of growth, and inability to keep up with customer and market demands are all issues that Regional Bank may face as the online lending programs continue to evolve (U.S. Department of Treasury, 2016).

Regional Bank's current challenge is the decrease in loan processing; businesses and individual customers are using other online lending platforms (FinTech) to acquire their loans (Bertsch & Rosenvinge, 2019). FinTech promises benefits to investors and borrowers, such as cheaper fees, automated credit scoring, and no costly branch network (Bertsch & Rosenvinge, 2019). This causes heavy competition for Regional Bank because screening based on automated credit scoring technologies tends to be more profitable (Fuster et al., 2018).

Regional Bank must focus on gathering information on the online lending platform market by exploring customer needs, benefits, adaptability, and program convenience (Strohm & Horton, 2023). Several factors may impede change when dealing with a new platform (Anderson, 2020). Some of those factors include lack of knowledge, trust, and employee resistance (Anderson, 2020). Therefore, research on how online platforms affect banks is necessary to understand the necessity of the new platform (Treece & Tarver, 2023).

Significance of the Project

Technology advances are changing how consumers and businesses secure financing (U. S Department of Treasury, 2016). According to a U.S. consumer banking statistics study, 78% of Americans prefer banking via a mobile app or website to banking in person (Strohm & Horton, 2023). These statistics affect Regional Bank by encouraging the adoption of an online lending platform that will allow the bank to compete with online lenders and enhance customer experience while giving them

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