

# IDC MarketScape: North American Consumer Lending Decisioning Platforms 2023-2024 Vendor Assessment

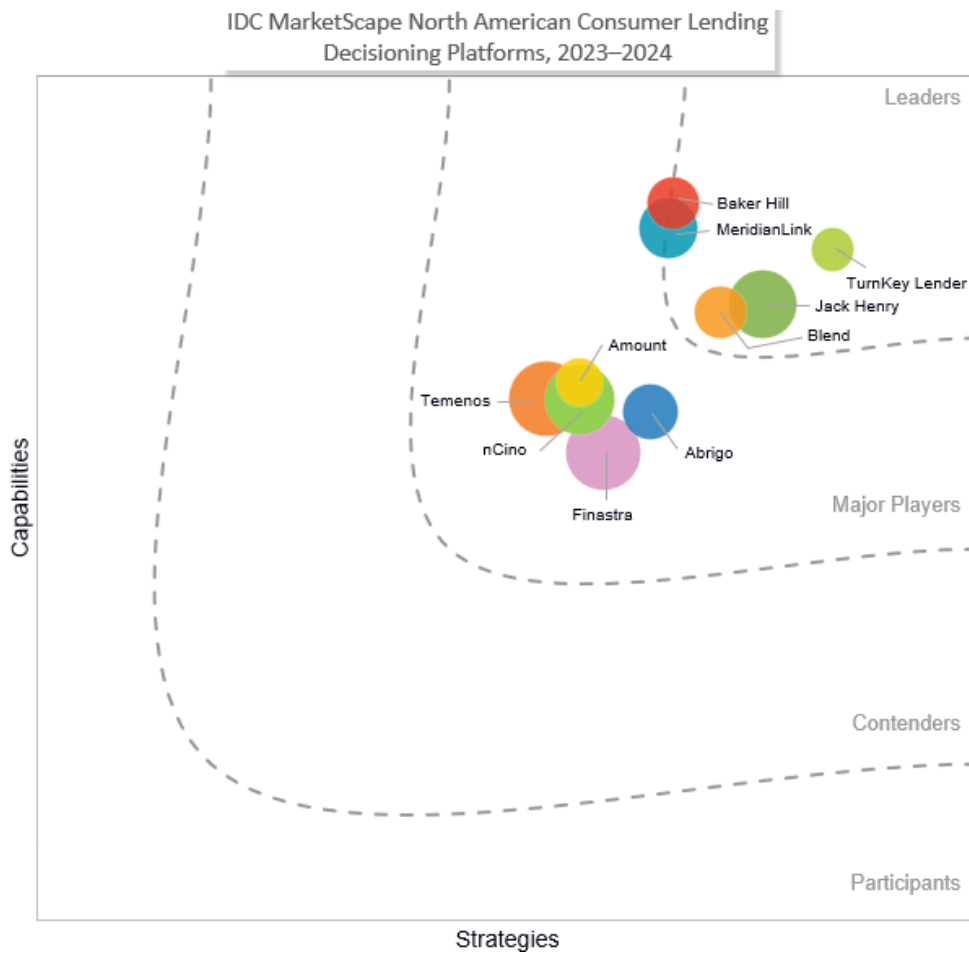
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**THIS IDC MARKETSCAPE EXCERPT FEATURES TURNKEY LENDER**

## IDC MARKETSCAPE FIGURE

**FIGURE 1**

### IDC MarketScape North American Consumer Lending Decisioning Platforms Vendor Assessment



Source: IDC, 2023

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

## IN THIS EXCERPT

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The content for this excerpt was taken directly from IDC MarketScape: North American Consumer Lending Decisioning Platforms 2023-2024 Vendor Assessment (Doc # US51322623). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

## IDC OPINION

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The current financial services landscape remains engulfed in headwinds of macroeconomic conditions plus bank liquidity positions. The rising interest rate environment challenges both financial institutions (FIs) and financial technologies (fintechs) alike to stay viable in a highly competitive market. Lending operations have traditionally been a core banking function that drives sustainable profitability, but this is being severely tested. Financial institutions, especially regional and community banks, plus credit unions, find themselves in a liquidity crisis driven by the rising costs of retaining depositors and looming capital ratio increases. These forces directly impact lenders' capacity and propensity to maintain an active loan origination business. For many lenders, the current economic environment suggests that less is now more. They are shrinking their loan volume due to a reduction in borrower demand because of high rates and also due to the aforementioned liquidity problems. Further, lenders are seeing rising labor and overhead costs impacting their bottom line and must find productivity gains to save on costs and optimize revenue.

Technology solutions continue to be a key success factor in keeping lending as a key profit center. Traditional financial institutions have been slow adopters in transitioning to new technologies in core banking services, and lending operations are no exception. However, now banks and credit union lenders are turning to artificial intelligence (AI) and cognitive technologies to change the way they handle loan origination and credit decisioning. This involves streamlining the end-to-end loan processing function including data collection, document management, applicant verification, credit analysis, and underwriting. A key factor lies in establishing an enterprise intelligence system that accelerates loan processing functions including credit decisioning. The technology represents a major step forward to accelerate the complex processes involved with loan origination and credit decisioning. Enterprise intelligence assists lenders in making faster and more accurate decisions through location-independent data, analytics, AI, machine learning, and automation. Not only does enterprise intelligence deliver credit decisioning velocity, but it also does this while reducing risk.

In addition to providing loan officers and staff with the tools needed to make accurate and risk-managed decisions, lending decisioning platforms must present an efficient and accessible interface with their consumer borrowers that are becoming more selective with choosing a lender. Consumers now have multichannel access when searching and applying for a loan, with convenience and immediacy as key factors. Loan applicants hold the power to decide when, where, and how to apply for a loan. Lenders lose out when their lending platforms are slow and inefficient. Borrowers want a frictionless loan experience requiring lenders to have a streamlined process that leads to a rapid credit decision.

Today's lending market offers a crowded field of software vendors with platforms and solutions for automating specific loan origination functions as well as the entire end-to-end process leading to loan decisioning and closing. This study presents a short list of consumer lending decisioning platform vendors in North America for 2023-2024 using the IDC MarketScape model. The research in this study quantitatively and qualitatively assesses multiple characteristics that help explain a vendor's success and position in the marketplace relative to the vendor's peers. All of the vendors in this study provide current solutions for North American financial institutions and fintechs to deploy their lending decisioning workflows. These technology vendors submitted an in-depth account of their current capabilities and strategies. In addition, reference clients were interviewed to assess the vendor's ability to meet the lending market's strategic needs and current requirements.

## IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

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For this IDC MarketScape on consumer lending decisioning platforms, the vendors must have:

- An established reputation offering consumer lending software solutions sold directly to financial institutions or fintechs with significant revenue from banks, credit unions, and technology companies
- A solution in production for multiple North American clients for a minimum of six months and whose primary market is North America, or the vendor having identified the region as a key area for growth
- An out-of-the-box solution or application that can be configured with the look and feel of lenders and can provide their clients with a certain level of customization
- A front-end solution for applying for consumer loans including, but not limited to, data collection, document management, borrower identification, and digital communications
- A solution for lending decisioning and back-end platforms for consumer loans including, but not limited to, underwriting, credit check, regulatory compliance, decisioning, notification, and funding

## ADVICE FOR TECHNOLOGY BUYERS

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Use this IDC MarketScape for vendor selection and as part of a due diligence process. Financial institutions and fintech lenders can use this IDC MarketScape to help develop a short list of vendors from which to solicit information, including demos, about their product or services. Technology buyers may use this study to evaluate a vendor's proposal and demonstrate the breadth and depth of a provider's capabilities compared with the overall market. Some considerations for internal preparation and vendor selection are:

- Develop or update an organizational technology road map to include:
  - Integration with other internal systems
  - Impact on other technology partners/vendors
  - Technology gaps that must be identified and resolved
  - Project time frame for system planning and implementation
  - Decision makers and stakeholders
  - Ownership of new systems
  - Resources and skill sets required for success

- Risk management and data governance issues
- Current and future regulatory impact
- Assess vendor capabilities and experience for:
  - Specific lending market
  - Lenders of your size and customer base
  - Hands-on demonstration
  - Knowledge of lending laws and regulations
  - Fraud management features
  - System investment and upgrade plans
  - Customization and configurability options
  - Total cost of ownership on annual basis
- Consider additional IT and organizational factors, including:
  - Understand the borrower's journey in seeking and obtaining a loan from beginning to end. Consumers are accustomed to streamlined processes for digital transactions, and the user interface of technology platforms is usually a differentiating factor.
  - Prioritize customer experience and sustainable engagement over just transaction processing. Lending may be a borrower's first experience with an FI and can open a range of cross-selling opportunities that contribute to lifetime customer value.
  - Establish a data-driven culture with investment in technology and skill sets to enhance data literacy and competence across the organization.
  - Practice collective learning by sharing of knowledge and data across the enterprise by continuous data capture and assimilation.
  - Assimilate analysis of internal and external data across the organization to develop insights and establish institutional knowledge.
  - Improve business outcomes by delivering data insight and business intelligence throughout lending operations calibrated for time, context, and scale.
  - Invest in lending staff training to gain expertise in using AI solutions used in credit decision making.
  - Develop an enterprise intelligence road map that considers risk, security, governance, and regulatory compliance.

## VENDOR SUMMARY PROFILES

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This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

### TurnKey Lender

TurnKey Lender is positioned in the Leaders category in this 2023-2024 IDC MarketScape for consumer lending decisioning platforms.

Quick facts about TurnKey Lender include:

- **Year founded:** 2014

- **Company headquarters:** Austin, Texas, and Singapore
- **Number of employees:** 160
- **Ownership:** Private
- **Brand/product:** TurnKey Lender

TurnKey Lender is a global financial services software vendor that automates lending processes for consumer finance providers. Lenders use it as an infrastructure to automate loan origination, underwritings, and reporting. TurnKey Lender applies proprietary AI for accurate credit scoring and loan decision quality.

### **Strengths**

- Digital-native developer with bank-grade automated lending platform
- Full-stack, no-code modular lending platform for ease of use
- Configurable credit scoring and automated decisioning using proprietary AI

### **Challenges**

- Fast growth across global regions requires continued focus and execution.
- Some lending clients and prospects may prefer traditional banking industry vendors.
- TurnKey Lender lags behind competitors in customer service delivery.

### **Consider TurnKey Lender When**

Consider TurnKey Lender for traditional, nonbank, and embedded lenders looking for consumer loan platforms including BNPL, retail, microfinance, and peer to peer.

## **APPENDIX**

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### **Reading an IDC MarketScape Graph**

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

The 10 consumer lending decisioning platform providers evaluated in this IDC MarketScape provide strategic direction and ongoing support for a financial institution or fintech's consumer lending needs. All vendors in this study were assessed in the Leaders or Major Players categories as a result of their respective ability to address most consumer lending needs of any North American institution. Each

vendor supported a number of use cases consistent with providing a complete end-to-end consumer banking solution.

## IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

## Market Definition

This IDC study represents an assessment of North American vendors in the consumer lending segment. Consumer lending is defined as any secured or unsecured loan, except for mortgage-related products, provided to a retail bank customer. This study is a quantitative and qualitative analysis of the features, functionalities, and strategic road maps that explain the success of the major consumer lending solution providers with a particular focus on the decisioning and back-end solution.

This IDC MarketScape is a part of a series of four evaluations that will encompass the customer experience and decisioning platforms in both the consumer lending and small business lending segments.

To be included in these studies, IDC stipulated that a vendor should meet the following criteria:

- Has an established reputation offering consumer lending software solutions sold directly to financial institutions or fintechs with significant revenue from banks, credit unions, and technology companies
- Has a solution in production for multiple North American clients for a minimum of six months and whose primary market is North America, or the vendor having identified the region as a key area for growth
- Provide an out-of-the-box solution or application that can be configured with the look and feel of lenders and can provide their clients with a certain level of customization
- Provide a front-end solution for applying for consumer loans including, but not limited to, data collection, document management, borrower identification, and digital communications
- Provide a decisioning solution for credit decisioning and back-end platforms for consumer loans including, but not limited to, underwriting, credit check, regulatory compliance, decisioning, notification, and funding

## LEARN MORE

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### Related Research

- *IDC MarketScape: North American Consumer Lending Customer Experience Solutions 2023-2024 Vendor Assessment* (forthcoming)
- *IDC FutureScape: Worldwide Banking 2024 Predictions* (IDC #US51290623, October 2023)
- *IDC FutureScape: Worldwide Digital Lending 2024 Predictions* (IDC #US51287823, October 2023)
- *Shrinking Bank Lending Requires AI Credit Decisioning* (IDC #lcUS51107223, July 2023)
- *Enterprise Intelligence in Financial Services: Accelerating Decision Velocity to Scale and Differentiate* (IDC #US50591123, May 2023)
- *Machine Learning Becomes a Key Enabler of Bank Operations Automation* (IDC #lcUS50200823, January 2023)
- *IDC Market Glance: Worldwide Consumer and Small Business Lending Digital Transformation Strategies, 2Q22* (IDC #US49009422, April 2022)

### Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of a select list of technology vendors that offer consumer lending decisioning platforms to financial institutions and fintechs that provide secured and unsecured loans in the North American market.

"The consumer loan market is a crowded landscape for both traditional and nontraditional lenders, with technology providing a competitive advantage to those that utilize it," says Raymond Pucci, research director, Worldwide Lending Digital Strategies at IDC. "Lending decisioning platforms are highly automated by leveraging AI and machine learning applications that streamline the loan decision process for lenders and borrowers alike. Lenders will also benefit from cost savings and revenue optimization when using a current-generation lending decision platform."

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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