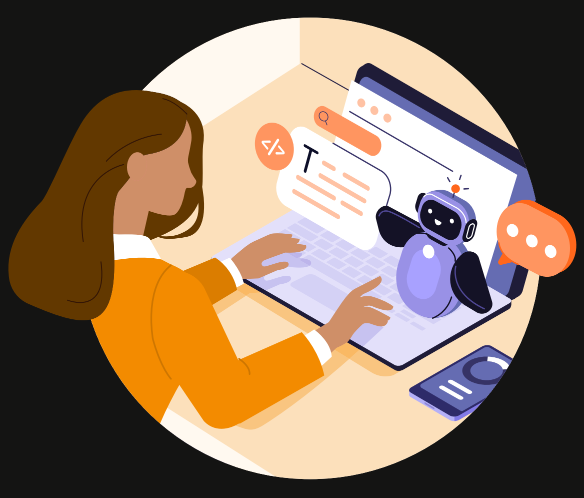


Operational complexity is constraining lending efficiency, accelerating the shift to automated, data-driven decisioning

SMB and consumer lending are undergoing their biggest operational transformation yet: alleviating manual friction and fragmented data via implementation of AI-powered decisioning and alternative data-enabled intelligence.

Lenders and SMB borrowers alike remain burdened by manual processes in today's lending environment

83%

of lenders agree, "Manual processes are the primary driver of operational inefficiency in SMB lending"

61%

of lenders say manual review requirements have increased in SMB underwriting in the last 5 years

SMB borrowers are feeling the strain, too:

83%

have experienced pain points with business credit applications in the last 2 years, with excessive paperwork being the #1 difficulty

Top pain points for SMB borrowers in business credit applications, past 2 years:

1. Excessive paperwork
2. Rate being offered
3. Slow decision timelines

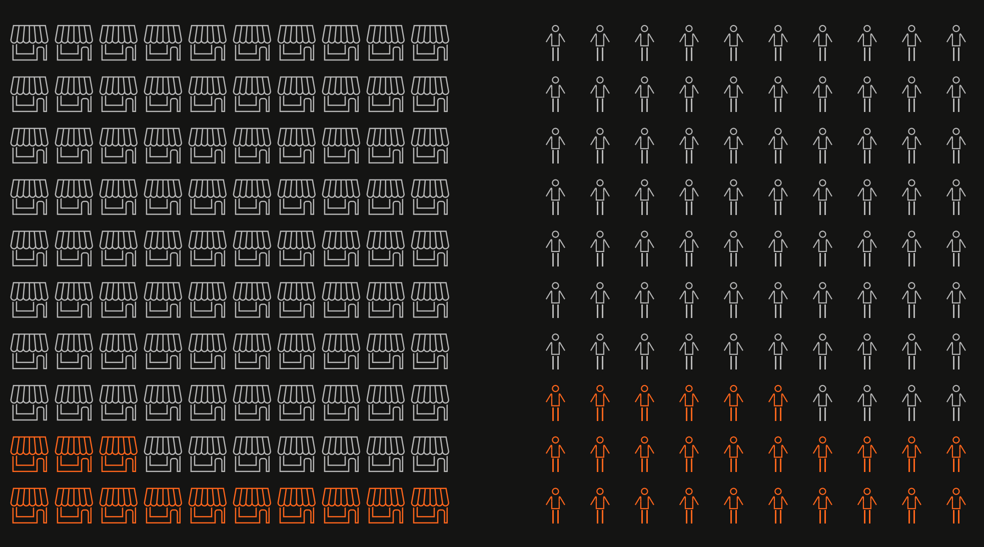
Fragmented, incomplete data sources compound efficiency constraints and slow decisioning timelines

56% of lenders
More than half of lenders use over 5 external data providers to inform credit decisioning

89% of lenders
Still use at least one form of traditional data for consumer lending, even though lenders agree that traditional credit bureau data is insufficient for accurately assessing SMB (81%) and consumer (81%) creditworthiness

Inefficiencies and application friction slow time-to-decision, ultimately driving higher abandonment and hurting lenders' bottom line

Organization provides real-time or same day decisioning on average:



13%
For SMB applicants

26%
For consumer applicants

The next phase of lending growth will be driven not by volume alone, but by more precise, data-informed decisions

Alternative data and automation are key levers for improving operational efficiency, a rising organizational priority. In fact, **82% of lenders** say using alternative data has already had a positive impact on operational efficiency

The optimization of operations is accelerating: **76% of lenders** say modernizing credit decisioning is a high or critical priority over the next 2 years

Anticipated level of investment for the following to improve credit decisioning, next 2 years:

87%
Alternative data integration

87%
AI / machine learning decisioning models

84%
Agentic AI-powered autonomous underwriting

To learn more, visit: mastercard.com/credit-intelligence