ARTIFICIAL INTELLIGENCE



THE FUTURE OF LENDING: AI-POWERED, PEOPLE-DRIVEN

By G. Paul Fogle

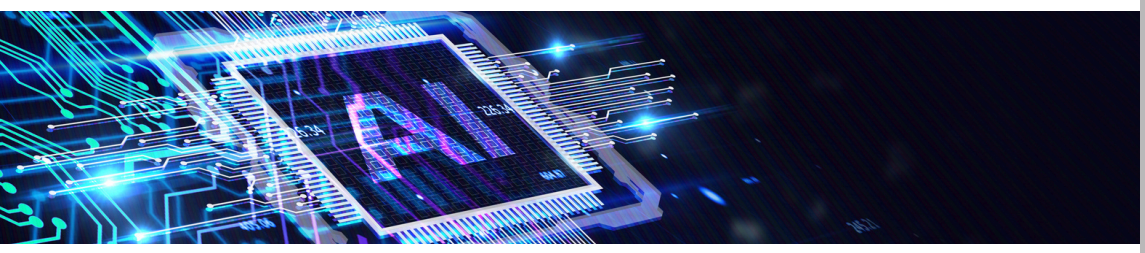
Why AI Will Make Great Third-Party Originators Even More Valuable

Artificial intelligence (AI) has quickly become one of the most talked-about developments in commercial finance. Every week seems to bring another AI-powered underwriting platform, document review tool, fraud detection system, or customer service application. With all the attention AI is receiving, it's understandable that many third-party originators (TPOs) are asking what it means for their businesses and whether technology will eventually reduce the value they provide.

After more than 35+ years in commercial finance, I believe the opposite is true. Throughout my career, I've watched our industry evolve from paper applications, fax machines, and overnight packages to electronic signatures, online portals, automated workflows, and sophisticated credit technology. Every advancement has made us more efficient, but none has replaced the need for knowledgeable professionals. Instead, each innovation has allowed us to spend less time on administrative work and more time serving customers. Artificial intelligence is simply the next chapter in that evolution, and I believe it has the potential to make great TPOs even more valuable.

Technology Changes. Relationships Endure.

When I first entered this business, assembling a credit package was often a project in itself. Financial statements arrived in thick envelopes, tax returns were copied by hand, and lenders frequently waited days for missing documentation before underwriting could even begin. Today, much of that work happens almost instantly. Electronic signatures, OCR technology, digital documentation, online banking verification, and automated workflows have transformed the lending process, allowing transactions to move faster and more efficiently than ever before.



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AI builds on those advances by helping summarize financial statements, organize supporting documentation, identify missing information, prepare lender narratives, and streamline many of the routine administrative tasks that once consumed hours. For TPOs, that's more than a productivity improvement. Every hour no longer spent organizing paperwork is another hour available to meet with customers, develop referral relationships, uncover new opportunities, and structure creative financing solutions. In other words, AI doesn't replace the work that creates value. It creates more time to do it.

Technology has always changed how we work. What it hasn't changed is why customers choose to work with experienced financing professionals. Business owners still want someone who understands their business, helps them navigate challenges, and brings practical solutions to the table. That hasn't changed over the past three decades, and I don't believe it will change over the next three.

AI Is a Tool, Not a Substitute.

One lesson I've learned over the years is that financial statements rarely tell the entire story. I've worked with business owners who experienced temporary setbacks because they expanded too quickly, invested heavily in equipment, entered a new market, or operated in industries with seasonal cash flow. Looking only at the numbers, some of those transactions initially appeared much riskier than they actually were. Once we understood the management team, the purpose of the equipment, and the company's long-term strategy, the opportunity often looked very different.

AI is exceptionally good at recognizing patterns within data, but it cannot ask a borrower what happened or why certain decisions were made. Nor can it appreciate the determination of an entrepreneur who has spent decades building a successful business, understand local market conditions, or recognize how financing a particular piece of equipment may increase productivity, reduce operating costs, or position a company for future growth.

Those insights come through conversations, thoughtful questions, industry knowledge, and genuine curiosity about a customer's business. They come from taking the time to understand what the numbers alone cannot explain, and that ability to uncover the story behind the financial statements continues to distinguish outstanding TPOs from everyone else.

The Greatest Value a TPO Provides

The most successful TPOs have never built their businesses simply by finding a lender willing to approve a transaction. They succeed because they understand both sides of the equation. They know their customers' businesses, understand the credit philosophies of their lending partners, and recognize how to structure opportunities that work for everyone involved.

A strong financing package is far more than a collection of financial statements and supporting documents. It explains why the equipment is being purchased, how it will benefit the business, identifies compensating strengths, addresses potential concerns before they're raised, and provides the context lenders need to evaluate the transaction with confidence.

In many respects, TPOs serve as translators. They help borrowers understand the financing process while helping lenders understand the borrower. As more of the administrative work becomes automated, that role becomes even more valuable. AI can organize information remarkably well, but it cannot replace the judgment, perspective, and experience that transform information into a sound lending decision.

Better Information Leads to Better Decisions

One of the greatest opportunities AI offers TPOs is the ability to improve the quality of every submission they send to a lending partner. Lenders don't necessarily need more paperwork. They need better information presented in a clear, concise, and organized manner that allows them to evaluate an opportunity efficiently and confidently.

AI can help summarize financial statements, identify inconsistencies, organize documentation, and even assist in drafting concise transaction narratives. Used properly, these tools help TPOs present cleaner, more complete financing packages, allowing underwriting teams to spend less time searching for information and more time evaluating the merits of the transaction. Better submissions generally lead to better communication, faster decisions, and a smoother experience for everyone involved, particularly the customer. They also strengthen a TPO's credibility by demonstrating professionalism, preparation, and an understanding of what lending partners need to make informed credit decisions.

Fraud prevention is another area where AI is reshaping our industry. Unfortunately, the same technology that helps legitimate businesses become more efficient is also making fraudulent documents more convincing. Altered financial statements, fabricated invoices, manipulated identification, and other sophisticated fraud schemes have become increasingly difficult to detect. Fortunately, lenders are using many of these same technologies to identify inconsistencies and uncover fraudulent activity much earlier in the process. Even so, experience remains one of the industry's strongest defenses. TPOs who know their customers, verify information, ask thoughtful questions, and trust their instincts when something doesn't seem right continue to provide tremendous value to their lending partners.

Looking Ahead

At my company, we've embraced AI because it allows us to serve both our customers and our TPO partners more effectively. We use technology to streamline internal processes, improve communication, organize information, and reduce administrative work throughout the lending process. The result is that our team spends less time managing paperwork and more time understanding customers, collaborating with lending partners, and solving financing challenges.

Technology, however, doesn't replace thoughtful lending decisions. Our best transactions still come from understanding the customer behind the application and evaluating what we often call the "whole picture." AI provides better information more quickly, but experienced financing professionals continue to provide the judgment, perspective, and common sense that transform information into sound credit decisions. Looking ahead, I don't believe the most successful TPOs will simply be those who adopt the newest AI platform. They'll be the professionals who use technology to strengthen the qualities that have always made them successful. By spending less time on administrative tasks and more time advising customers, building lender relationships, and solving complex financing challenges, they'll create greater value for everyone involved.

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AI will undoubtedly continue to transform commercial lending, making the process faster, more accurate, and more efficient. Equipment finance, however, has always been, and I believe always will be, a relationship business. Customers continue to value trusted advisors who understand their businesses, and lenders continue to rely on TPO partners who consistently deliver quality opportunities supported by thoughtful analysis and open communication. Technology will continue to evolve, but the importance of trust, experience, and relationships will remain unchanged.

At my company, we've never viewed technology as a substitute for experience. Instead, we see it as a tool that enables our team and our TPO partners to focus on understanding the customer behind the application, evaluating the complete picture, and delivering better outcomes. As AI continues to evolve, I believe the TPOs who thrive will be those who blend efficiency with experience, data with judgment, and innovation with relationships.

In the end, that's what will continue to define success in our industry. AI will help us work faster and smarter, but people will remain at the center of every great lending relationship. That's why I believe the future of lending will always be AI-powered and people-driven.

ABOUT THE AUTHOR

G. Paul Fogle, CLFP is Managing Director of Quality Equipment Finance and serves as Director of Premier Acceptance and Director of Finance for the Tom Wood Group, where he is a member of the company's Executive Committee. A Certified Lease & Finance Professional, Paul brings more than 35 years of commercial finance experience, including senior leadership roles at a major bank, a Wall Street investment firm, and privately held finance companies. Since joining Quality Equipment Finance in 2012, Paul has led a comprehensive organizational transformation that drove record-setting growth and positioned the firm among the nation's leading independent equipment finance lenders. He remains focused on disciplined growth, operational excellence, and long-term value creation, while actively contributing to the equipment finance industry as a frequent speaker, published author, and Immediate Past President of the National Equipment Finance Association (NEFA).

