White paper

# The judgment gap in commercial lending

Innovative firms use AI agents to speed spreading and sharpen credit decisions

IRON MOUNTAIN®

# Contents


03/ Driving results in credit decisioning

04/ Achieving synthesis by integrating numbers with narrative

04/ Multi-agent architecture: deploying specialized quantitative and qualitative agents

05/ From analysis to decision: synthesizing evidence into explainable credit recommendations

06/ Enhancing operational efficiency while elevating analyst value

07/ Scaling commercial lending with agentic AI and automated financial spreading software

07/ Reduce analyst processing time by 70-80% and increase capacity to handle new cases

# Driving results in credit decisioning

Commercial credit decisions demand expert judgment and holistic context, but today's analysts are often overwhelmed by manual preparation—leaving banks with slower deal cycles, missed red flags, and audit risks.

Quantitative metrics like financial statements, ratios, and historical performance provide the necessary baseline for borrower health. Yet sound credit judgment hinges on more. Analysts must synthesize those metrics with qualitative factors including industry conditions, customer concentration, operational resilience, regulatory exposure, and management quality.

To meet this need, analysts spend 70% to 80% of their working hours on manual data preparation, according to The European Financial Review. Time spent on tedious tasks like data extraction, document re-keying, and spreading delays risk assessments—creating bottlenecks that slow deal cycles.

Manually scanning dense, unstructured files under tight deadlines increases the likelihood of missing footnoted risks. A recent McKinsey & Company report stresses that manual credit review processes lack standard consistency and end-to-end auditability, leaving institutions vulnerable.

The problem is linked to legacy loan servicing platforms with "limited automation" and "persistent manual workflows," which Deloitte notes, "fail to keep pace with demands for real-time data processing, product flexibility, and borrower-centric digital experiences."

In its Global Banking Annual Review, McKinsey & Company went so far as to issue a clarion call: "Banks must develop a new and increased velocity of execution to match the speed of AI development. The brutal pace is a new and defining challenge for bank leaders who have likely never experienced anything like it before."

Agentic AI answers this call, offering a new approach—not autonomous lending, but augmented credit judgment. The technology transforms fragmented lending activities into an intelligent, coordinated workflow. Specialized AI agents can collaborate to analyze financial information, evaluate qualitative risk factors, validate policies, identify exceptions, enrich data with external intelligence, and synthesize findings into a comprehensive narrative.

Like other AI implementations, the approach must be grounded to ensure insights are supported by trusted evidence. When AI answers are explainable, banks maintain transparency into how conclusions are reached. And systems built with human-in-the-loop (HITL) workflows keep analysts in control of critical decisions.

# Achieving synthesis by integrating numbers with narrative

Consider this scenario: a manufacturing company is applying for a new credit facility. Its financial statements indicate stable profitability and sufficient cash flow. Deeper analysis reveals that nearly half of the company's revenue depends on one customer, its primary manufacturing facility operates in an area facing increasing environmental risk, and recent executive changes may affect its growth strategy.

These insights may not appear in traditional financial spreading, but they significantly influence credit judgment. Financial data alone rarely tells the complete story.

Numbers may not show factors like customer concentration, supply chain challenges, regulatory changes, market disruptions, or operational vulnerabilities. Unstructured data—dense PDFs, footnoted disclosures, legal agreements, and news reports—contains the critical context behind the numbers.

Yet, manually scanning hundreds of unstructured documents creates severe cognitive fatigue for analysts. When human bandwidth is consumed by re-keying numbers and manual hunting for narrative red flags, the process becomes a slow, error-prone chokepoint where vital qualitative context is easily overlooked.

# Multi-agent architecture: deploying specialized quantitative and qualitative agents

A single AI model cannot replicate the expertise required for financial analysis, document review, industry research, policy compliance, risk assessment, and relationship management. But in a multi-agent architecture, agentic AI orchestrates an end-to-end process that coordinates essential tasks—including information gathering, analysis, validation, exception management, and narrative generation.

Agents can prioritize work, summarize previous actions, identify next steps, and direct specialists to areas requiring human expertise. Meanwhile, analysts focus on professional judgment such as exceptions, low-confidence extractions, and conflicting information.

The result of agent-human collaboration? AI provides speed, scale, and consistency. Analysts provide context, judgment, and accountability.

## Putting AI agents to work

Imagine a collaborative digital workforce that drives efficiency and precision while keeping analysts in control of final approvals.

- **A financial spreading agent** automates financial data extraction and Chart of Accounts mapping for audit-ready credit insights.
- **A risk modeling agent** analyzes quantitative and qualitative risk, deploying sub-agents to auto-ingest data for matrices.
- **A credit decisioning agent** autogenerates complete, decision-ready credit memos and reports to evaluate risk and return

# From analysis to decision: synthesizing evidence into explainable credit recommendations

AI agents working alongside analysts can accelerate the time it takes to reach a defensible credit recommendation.

Once financial information has been spread, qualitative risks evaluated, policies validated, and external intelligence incorporated, the findings must be synthesized into a decision-ready credit package. Traditionally, this has required analysts to manually assemble information from multiple systems, reconcile conflicting inputs, and draft credit memos.

Agentic AI streamlines the process by synthesizing findings from specialized agents into institution-specific credit memo templates. It preserves context, supporting evidence, and business logic for explainability.

Analysts get structured recommendations to review, refine, and approve. Significantly, every recommendation is traceable. This allows analysts to drill into borrower risk scores, financial trends, policy exceptions, and qualitative findings to understand how conclusions were reached. They can see which documents informed the findings and where confidence levels or exceptions require additional review.

As information moves through the underwriting process, agents continuously evaluate for adherence to credit policies, standard operating procedures, and regulatory requirements. They can identify missing documentation, flag policy exceptions, and document reviewer actions, with complete audit trails that support internal governance and regulatory examinations. Field-level 'why-trails' link each conclusion to source documents, policy versions, and confidence scores.

This level of transparency strengthens trust. By integrating governance into workflows, firms improve consistency and strengthen compliance while reducing manual effort for audits and reviews.

> "By taking over complex workflows from start to finish, agentic AI reduces cycle times from days to minutes, minimizes manual effort and errors, and enables specialists to focus on activities that require more judgement. It also embeds controls and audit trails directly into operations, helping institutions to stay compliant and preserve critical expertise as their workforces age."
>
> —PwC

# Enhancing operational efficiency while elevating analyst value

The business impacts of agentic AI in the commercial lending arena are substantial.

By automating data prep and memo drafting, firms collapse their time-to-decision cycles from weeks to hours—allowing lenders to win high-quality borrowers ahead of competitors.

The decisions are more than fast. They are also highly accurate. Agentic AI delivers ~99% accuracy when paired with HITL controls, dramatically minimizing human extraction errors, calculation mistakes, and missed financial nuances.

Agentic systems also lower an organization's cost per decision by eliminating manual data rekeying and document assembly, slashing operational overhead and increasing portfolio processing capacity.

Additional benefits include built-in governance to ensure explicit adherence to credit policy and regulatory guidelines, and cross-functional alignment among relationship managers, underwriters, risk managers, and credit committees—who now work from a single, evidence-based borrower record. Risk alignment replaces data disputes.

At a strategic level, analysts become high-value advisors. They can shift their focus from gathering data to asking deeper risk questions (e.g., evaluating industry headwinds, management depth, and structuring stronger facilities). HITL centrality ensures that analysts validate AI outputs, resolve exceptions, and make final approvals—combining AI velocity with human accountability and expertise.

> "From cleaning data to mapping regulations and formatting disclosures, up to 80% of analysts' time is still spent on repetitive tasks. AI isn't replacing analysts; it's liberating them to focus on analysis, not admin."
>
> —The European Financial Review

**When AI handles the complexity of information processing, analysts can focus on the complexity of judgment.**

# Scaling commercial lending with agentic AI and automated financial spreading software

Lenders that pair AI's speed with human judgment will make faster, more defensible credit decisions than their competitors. Backed by decades of trusted expertise, Iron Mountain helps financial institutions achieve this vision to:

- Accelerate decisioning to capture more market share
- Drive defensible decisions and high-precision spreading
- Optimize operational overhead and empower analysts

Iron Mountain's modular software, Digital Commercial Lending, automates data extraction, financial spreading, and validation to slash time-to-decision cycles with ~99% accuracy when used with HITL. Built on Iron Mountain InSight® DXP, this system-agnostic platform uses AI agents that autonomously execute defined tasks within controlled workflows. The solution connects seamlessly with existing infrastructure, maximizing throughput and optimizing operational overhead without requiring a core system overhaul.

> "Activities once deemed too onerous to automate are getting a second look because of the abilities of AI-driven agents, or groups of agents. They can take over tedious, manual processes; analyze large, unstructured data sets; and produce meaningful insights that remain in line with regulations."
>
> —McKinsey & Company

# Reduce analyst processing time by 70-80% and increase capacity to handle new cases

The Iron Mountain platform offers thorough auditability and explainability, showing explicit adherence to every applicable standard operating procedure (SOP) clause. Cleanly extracted and verified data flows directly into an interactive financial assessment. Analysts see a complete, unified view of a borrower's risk profile and can interrogate any metric.

Agents inside the Iron Mountain solution act as an underwriting partner—synthesizing complex data from multiple documents, incorporating automatically fetched external market and bureau sources, cross-referencing everything against the generated financial spreads, and drafting a fully up-to-date financial credit recommendation.

Analysts can review, edit, and approve this generated memo complete with professional formatting tailored to the bank's exact branding standards in a fraction of the time it would take to write manually.

Iron Mountain is radically **accelerating loan cycles from weeks to hours**, driving down operational costs through intelligent automation and empowering analyst teams to make decisions faster.

## Iron Mountain agentic AI earns industry recognition

Iron Mountain earned top marks for its agentic AI functionality, document labeling, and data privacy. The platform was noted for successfully pairing everyday automation with advanced AI agents and reliable HITL controls to maintain high data accuracy while protecting customer privacy.

—The Forrester Wave™: Document Mining and Analytics Platforms, Q2 2026

**Learn how your organization can accelerate growth with agentic AI lending intelligence. Contact our team or book a demo today.**

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