E-SIGNATURE WHITE PAPER

TOP E-SIGNATURE USE CASES IN BANKING

E-Signatures are an essential part of an enterprise digitization strategy. Among banks of all sizes, there is tremendous interest in removing paper from business processes and going digital.

Over the past five years, retail and commercial banks, credit unions, lenders and many other financial services organizations have been adopting e-signatures for a variety of use cases. As digitization efforts mature and banks realize the benefits in customer experience, retention, compliance, productivity, efficiency and hard cost savings, they are expanding beyond early applications and looking for ways to rapidly extend those benefits to every business line, channel and area of the bank. This requires an electronic signature platform that has the flexibility to accommodate the requirements of any business process – from high volume, highly regulated customer-facing processes to simpler and lower volume internal and B2B processes.

Today, deploying e-signatures as a shared service is the preferred approach where an initial use case is used as the building block for enabling the entire organization. However, for those just getting started with e-signature, the question becomes: where to start? And for those already underway, it is: what is the best expansion path? Ultimately, there is no right or wrong first step or next step. All business lines and channels have processes that are good candidates for going paperless; the choice of use cases is as individual as the bank. That being said, there are common application areas where banks are focusing their efforts when it comes to e-signature and e-fulfillment. This paper will provide an overview of:

- The business processes, products and services where banks are offering e-signatures;
- Common challenges in going digital;
- The latest e-signature adoption and technology trends in banking.

USE CASES

According to Forrester Research, "Financial services lead all industries in [e-signature] transaction volume."[1] With the majority of e-signed documents processed by banks and lenders, the following table lists the most common areas where e-signatures are gaining adoption.

"[Our] implementation will become a shared platform, made available for IT development teams to build eSignature solutions for the various Lines of Business. The initial business case is for signature capture and paper elimination during remote account opening procedures. In-branch account opening is also being evaluated, plus opportunities in the Asset Management and Third-party Leasing areas of the bank."

Administrator at a large bank

Review on G2crowd.com

Last updated January 2016

[1] Forrester Research Inc., Brief: E-Signature Transactions Topped 210 Million In 2014: Transaction Volume Will Exceed 700 Million by 2017, May 19, 2015, Craig Le Clair

eSignLive™ by VASCO

Business Unit	Solutions	Branch	Online	Phone	Agents / advisors	Kiosk
		Channels				
Customer Facing						
Everyday Banking	• New customer onboarding • Account openings (new and existing customers) • Account maintenance • Deposits • Pre-authorized debits • Debit and credit card applications • Safe deposit boxes	✔	✔	✔		✔
Consumer and Small Business Lending	• Lending & leasing applications • Disclosure delivery • Contracts • Notes	✔	✔	✔		
Wealth Management	• 401k rollovers • Registered investment transfers • GICs • Mutual funds • Annuities	✔	✔	✔	✔	
Residential Mortgage	• Mortgage applications • Mortgage pre-approvals • HELOC applications • Secure e-disclosure delivery • E-Closings • Renewals • Annual agreements with title agents • Default management and foreclosure	✔	✔	✔	✔	
B2B						
Commercial Banking & Treasury Management	• Account initiation & maintenance • ACH processing • Letters of credit & guarantees • Bilateral loans • Commercial real estate loans • Agriculture loans • Asset-based loans and leasing	✔	✔	✔		
E-Contracting & Procurement	• Contracts • Statements of Work • Non-disclosure Agreements		✔			
Internal						
Internal Processes	• HR • Legal • Other ad hoc processes					

ONBOARDING & ACCOUNT OPENINGS

We live in a multi-channel, multi-device world. Customers can accomplish many of their everyday banking transactions remotely online or through a mobile device. But there is still significant value in branch automation and digitization. While routine transactional operations have moved online, interactions such as new customer onboarding and account openings of all types remain an opportunity to meet customers face-to-face in the branch to better understand their needs. Eliminating the errors and inefficiencies of paper in these processes in-branch removes all of the manual work that restricts bankers from spending more time with their customers.

The lion's share of account openings takes place in the branch. According to a 2015 Aite Group survey of U.S. trends in checking account openings, 73 percent of respondents opened their most recent checking account in the branch.[2] E-Signature activity at a top five US bank confirms this – they are using e-signatures to process millions of deposit account openings in the branch each year. Other banks are following suit. Considering in-branch volume and the strategic importance of the branch for getting to know the customer, demand for e-signatures in this channel remains strong as banks seek to eliminate paper and modernize the branch experience.

That being said, the ability to onboard customers outside the branch has become a differentiator and competitive advantage. Until recently, certain types of remote online account openings were out of reach because of the requirement for a handwritten signature – especially considering that the only feasible e-signature method for customers at home in front of their computer was a "click-to-sign".

That is changing. With the widespread availability of mobile devices, the customer's smartphone can now be transformed into a signature capture pad. In 2015, top banks and financial services firms began testing mobile signature capture in the field. One global bank launched a

ACCOUNT OPENINGS

Common Challenges & Considerations	Solutions
Requirement for a signature card For account openings related to deposit, investment or securities accounts, banks require a handwritten signature for the signature card they keep on record.	In 2013, **U.S. Bank** transformed deposit account openings across 3,000 branches by capturing e-signatures and maintaining the e-signature sample in a centralized database. **> Read the case study**
Cost of signature capture hardware The cost of purchasing, deploying and maintaining dedicated signature tablets represents a massive investment that has been a barrier for many banks.	A bank can transform the customer's personal mobile device into a signature capture pad. This enables customers to securely e-sign documents with their fingertip, in a way that is convenient, secure, compliant and costs nothing. **> Read more**
Integration with core systems According to Forrester Research, "Many financial enterprises complete the on-boarding process and then print everything out and collect "wet" signatures. This approach is no longer just inefficient, creating needless back office work and slowing the time to fund an account; it is a bad customer experience."[3]	The e-signature platform will need to be integrated with upstream systems such as the account openings system. This enables the system to hand-off the forms to the e-signature solution. The e-signature platform takes over and executes the signature transaction online or through a mobile device. Electronically signed and completed forms can then be returned to other systems for downstream processing and archiving.
Preparing forms for e-signature All forms were originally designed for paper – not for a digital screen. To prepare paper forms for electronic signing, banks may need to update them.	Many of the forms used in the banking industry are regulated and their layout cannot be changed. These are easy to automate. Dynamic forms (e.g., where the data entered by the customer will dynamically display different options and additional fields) are more complex and will need additional coding. This requires adequate time and planning.

[2] http://www.aitegroup.com/report/us-trends-checking-account-opening

[3] Forrester Research, Vendor Landscape: Financial Services Client On-Boarding Solutions, Craig Le Clair, September 28, 2015

pilot to test mobile account openings at airport kiosks. The bank developed a dedicated iPad app, with e-signatures integrated directly into the app so the entire process remains digital. The bank had been using the same trusted deposit account opening process for many years, so when it came time to adapt the process to the iPad, the team used the opportunity to eliminate unnecessary steps and build a streamlined mobile experience.

Banks report that paperless account opening workflows dramatically improve the first experience with the customer by removing any need to wait while documents are printed or errors corrected. And if done remotely, there is the added benefit of enabling the customer to choose when and where they transact with the bank. Digitizing this process also:

- Eliminates paper signature cards
- Makes electronic signature cards accessible in real-time, for any branch across the country
- Saves costly archiving space in the branch
- Streamlines workflows and removes manual steps from the process
- Offloads administrative tasks so bankers can generate more revenue
- Strengthens compliance with an audit trail for every transaction

As a general rule, banks should not expect that e-signatures will get rolled out across every channel and process at the same time. Today, enterprises are rolling out e-signatures for one initial use case, but building for all.

This is based on lessons learned by early adopters like U.S. Bank, which five years ago built highly customized e-signature solutions for each use case. However, requests for e-signature increased to the point where individual builds became unsustainable.

Today, U.S. Bank is taking a different approach. As part of an enterprise content strategy, the bank is orchestrating an enterprise architecture for electronic signatures.

LENDING

Within lending the most common areas for e-signature are consumer and small business loans, and retail financing. E-Signatures, e-forms and digital processes are being used online, in the call center and in the branch for signing loan applications and finance contracts, as well as for electronically delivering the many consumer disclosures at the heart of these processes.

The value is simple. Keeping transactions completely digital and applying workflow rules eliminates risk associated with document errors such as missing signatures and data. E-Signatures also remove the painful effort and poor customer experience involved in document rework – that is, calling a borrower back to re-sign paperwork that was not completed correctly the first time.

U.S. Bank has nearly eliminated loan exceptions by incorporating e-signatures into their consumer and business loan processing, which was deployed across more than 3,000 retail branches in 2011. As a result, the bank has cut the majority of document handling costs; exceeded compliance requirements; and perhaps most importantly, improved customer experience. "We started at 70% of all loan account openings having e-signatures, and within a year we were up to 85%, which is where we stayed for the five years after that," says an associate vice president for technology and operations at the bank.[4]

LENDING	
Common Challenges & Considerations	**Solutions**
Electronic disclosures for application documents Financial institutions often wrongly presume that since an actual signature is not required on many loan disclosures, the legal and compliance requirements are lesser and that a simple email with an attached disclosure is sufficient. This is not the case.	Banks commonly use an e-signature platform to manage the ESIGN consent process, provide secure delivery, and capture evidence of timely receipt by the customer. It's all about compliance and privacy. **> Read more in this white paper**

4 http://www.americanbanker.com/news/bank-technology/us-bancorp-expands-paperless-push-as-others-hesitate-1071417-1.html

But the most e-signature activity is taking place in the online channel, where the need for immediacy is greatest to offset high abandonment rates on loan applications due to long paper processing times. In this channel, it is common to see customer adoption of e-signatures hovering close to 100 percent because customers have become so comfortable with the web. For student loans, one lender went live with e-signing at the peak of their loan season, and overnight attained a 99.9 percent adoption rate that has since held steady.[5]

Globally, banks and retail finance providers are experiencing similar benefits. The UK's Secure Trust Bank[6] provides the financing behind some of the country's biggest high street retailers. Offering e-signature capability enables their retail partners to execute financing at the point of sale with the speed and simplicity of an online credit card transaction – the customer clicks a few buttons to sign their name on a tablet or other device in the store, and the transaction is closed. This is a major competitive advantage considering that it gives the bank the ability to close the sale while interest from the customer is high.

Enabling remote e-sign capability for mobile lending transactions is also a growing focus, as banks look to attract mobile-first customers.

Overall, banks report that transforming their lending processes with e-signatures has:

- Cut the application process from 8 days to 24-48 hours;
- Saved $1 million in annual scanning and imaging costs on 26 million pages of loan documents;
- Reduced document errors by 90 percent;
- Removed 80 percent of document handling costs;
- Streamlined workflow from 16 steps to 4 steps;
- Enabled one bank to redeploy 95,000 hours of bankers' time to sell more loans;
- Eliminated the need for manual back-office operations.

WEALTH MANAGEMENT

Wealth Management is coming up as a target for e-signatures more often. The goal is to shorten the long sales process (which typically involves multiple meetings and high error rates) to a single session where the paperwork is processed face-to-face with the customer. Both the client and financial advisor usually have to sign documents, but authentication can be done in-person, making the process an easy target for e-signatures.

In October 2015, CEB TowerGroup participated in a webcast to share e-signature trends in wealth management. Two themes surfaced. First, clients are looking for more simplified, digital interactions. Time is money, and the affluent customer is expecting banks to offer an efficient, convenient and streamlined experience. The second is the need to equip advisors with the tools they need to provide the experience that clients want. According to CEB, "Consumer technology usage is high, but many advisors are not interacting with their clients in a digital manner."

Findings from a CEB survey confirm that wealth management is a good fit for e-signatures. In fact, 32 percent of financial institutions that responded to the survey reported that improving client onboarding from the front to back office and applying technology to improve multi-channel client engagements are the top two areas that are most critical during the next 12 months. The survey also found that 34 percent of respondents prefer using client-facing portals or wealth management websites when purchasing new financial products or services; and 62% of Gen X/Y clients believe technology helps them better collaborate with their financial advisor.

In 2012, **RBC Royal Bank of Canada** implemented e-signature technology for its wealth management line of business. Bank Systems & Technology reports that the bank's investment advisors were losing more than 80,000 hours yearly on administrative work related to managing paper. With hundreds of mobile advisors across the country handling millions of paper documents while on the road, the potential for human error was great. To correct errors, the advisor would have to go back to the customer to re-work documents. E-Signatures provided the solution.

The bank's e-signature ROI has included:

- Thousands of hours saved in sales administration, freeing advisors to focus on sales and relationship building activities;

WEALTH MANAGEMENT	
Common Challenges & Considerations	**Solutions**
Enabling a remote workforce with e-signatures Banks don't want to burden their "road warriors" with another piece of hardware to carry around, just to capture signatures.	A multi-purpose tablet such as the iPad can also double as a signature capture pad. **> Read more**

5 https://www.silanis.com/resource-center/student-loan-authority-case-study/
6 http://www.iocs-systems.com/casestudies_secure_trust_bank.html

- 75 percent fewer document errors;
- $8,000,000 in annual administrative savings.

Another area of interest is investment transfers. **Tangerine, a division of Scotiabank**, formerly ING Direct Canada, began offering e-signature capability to customers during the busiest season of the year for retirement investments. Their use case was a transfer authorization form that customers sign to move registered investments to Tangerine from another bank. Over a 6-month period, the bank saw over 1,500 transfers submitted using e-signatures. Tangerine's customers embraced e-signature capability, with 65 percent choosing e-signatures over the paper process. Not one of those digital forms contained errors. The bank experienced a 0 percent NIGO rate – something that simply doesn't happen with paper.[7]

"Royal Bank of Canada is already making extensive use of [e-signature] technology throughout its business, starting with wealth management. [...] 63% of RBC wealth management staff said the e-sign process saved time. And compliance staff reported that they're able to avoid certain checks that are taken care of automatically by the software."

American Banker

RESIDENTIAL MORTGAGE

Despite the complexities of the mortgage business, the e-mortgage is gaining momentum. As more mortgages and refinances move online for increased convenience and speed, e-signatures are the ideal solution to bring the digital experience into the customer's home and make it convenient, secure and compliant.

Banks are integrating technologies like e-docs, e-signatures and e-disclosures, and are taking a phased approach to digitizing the many processes with the mortgage transaction. Electronic delivery of time-sensitive disclosures is one of the main mortgage processes being digitized today.

In 2013, **Wells Fargo** enhanced its digital process by enabling eDelivery of disclosures for home equity line of credit (HELOC) applications. This provided customers the ability to review disclosures through a web or mobile browser and keep the process moving forward without having to wait for a paper package to be delivered through the mail. In May 2014, Wells Fargo extended eDelivery of disclosures to all residential home mortgage applications. In addition, the bank delivered residential mortgage disclosures to mobile phones. In 2015, Wells Fargo enhanced *your*LoanTracker℠ to provide customers who opt for a paperless process, the ability to electronically sign their mortgage application.

In the US, the FHA, Fannie Mae, Freddie Mac, and industry standards workgroups are taking steps to enable borrowers, lenders and investors to engage in a fully digital mortgage process. According to MortgageORB, "With the implementation of the CFPB's ability-to-repay/ qualified mortgage rules - and the implementation of the Know Before You Owe docs and rules on [Oct.3], 2015, the stage is now set for the e-mortgage to become the standard approach to the mortgage process."

On the heels of the recent CFPB e-Closing Pilot, we have seen mortgage lenders moving forward with hybrid e-closings, where banks send the closing package to the customer electronically, in advance of the closing. All

MORTGAGE

Common Challenges & Considerations	Solutions
The mortgage process involves many stakeholders and not all are ready to accept e-signatures The mortgage process is comprised of many processes involving many different players (lender, notary, closing agent, country recorder, etc.). The value of embarking on an e-mortgage initiative may be questioned unless the entire end-to-end transaction, including the note, can remain digital.	Take a phased approach to automating mortgage starting with e-disclosures. Then move to the mortgage application process as the second phase, and finally a hybrid e-closing. You will gain enormous benefit even from these discrete points of automation.

7 https://www.silanis.com/blog/what-a-difference-a-0-nigo-rate-makes/

non-notarized documents can be e-signed online from the customer's home, while the mortgage note is signed in ink at the closing table. As Forrester Research reported, "Virtual mortgage closings may be a reality soon. Mortgage closings require a lot of people to gather in a room, the physical signing of many forms, and always the last minute scrambling for the correct paper work. The lender has the most to lose. We predict that e-signature may disrupt this age old pattern within three years."[8]

Beyond regulatory pressures, the two main drivers to digitize mortgage are customer experience and competition from non-bank lenders, who are increasingly adopting technologies such as e-signature to become more agile and gain a competitive edge. Clearly, customers want the convenience of online transactions. They are rewarding financial services providers who offer them the ability to use a mobile device or PC to communicate with their loan officer, upload documents, electronically accept disclosures and e-sign forms.

Non-bank lenders such as **Signature Mortgage** have been able to reduce the lengthy mortgage process by more than half, from 45-55 days to fewer than 20. The company eliminated the 7 - 10 day application process by having the application signed electronically – often the same day it is sent out. Virtually all (99 percent) of their customers choose to e-sign their mortgage application. Signature Mortgage has since seen a 100 percent increase in revenue and an 85 percent decrease in courier costs – not to mention unsolicited accolades and referrals from customers who are surprised by how fast and easy the e-process is.

COMMERCIAL BANKING & TREASURY MANAGEMENT

Improving the customer experience for commercial lending and treasury management is driving banks to find ways to make it easier to do business with commercial customers outside the branch.

Chicago-based **Signature Bank** is a good example. According to American Banker, e-signature has cut the time it takes to get customers signed up for treasury management services. "The bank aimed to trim the time and expense it took to onboard the services for clients, a previously prolonged process in which customers had to apply their wet ink signatures to paper documents received via Fedex or print out, sign and return PDFs sent via email."

"Now they can get the email in a minute, and if they click and complete it, the whole process can take 10 minutes," says Anne C. Doligale, senior vice president and certified treasury professional at Signature Bank. "It just depends on how quickly they get it signed." The bank has since incorporated the e-signature cloud service into all treasury management operations, including collections, disbursements, concentration, investment and funding activities.

For another bank, the Treasury Management Services Master Agreement was a good starting point. This regional bank uses nCino, a cloud-based bank operating system built on the Salesforce.com platform. To get up and running quickly with e-signature, their starting point was the pre-integrated e-SignLive for Salesforce connector which enables a Salesforce administrator within the bank to easily install the connector and add e-signature capability to Salesforce in minutes, without any coding. This way, bankers can begin sending documents for signature immediately, directly from within their CRM platform.

Another area of interest is ACH processing. For processes such as an ACH withdrawal from a consumer's bank account, businesses need a convenient way for the consumer to sign the bank's authorization form – from any location and device. The problem with paper is the consumer has to either be on-site to sign the form, have access to a fax, or make time to get to the post office. However, by keeping the process digital and making it convenient for consumers to sign electronically on a smartphone, businesses can obtain the signed authorizations faster, which prevent abandonments and improves cash flow for the business. By adding e-signatures to this process, one bank was able to offer their business customers a significantly better experience at minimal cost and with almost no involvement from their IT department.

According to Gartner, e-signature is one of five key capabilities for commercial lending. "Basic functionality requirements for commercial lending include the ability to support sales, underwriting and fulfillment. On top of this structure will emerge the need to support five enhanced functional capabilities for commercial lending: Multiple lending instruments supported by a single application; Enterprise content management (ECM); E-signatures; Loan portfolio analytics; and Mobile banking." [9]

> "We are in the process of implementing an enterprise solution that can be leveraged by different lines of business to migrate from paper signing processes to electronic signing process. We have implemented the solution for a few lines of business and have realized significant gains in operational performance and savings."
>
> **Internal banking consultant**
> *User review on G2 Crowd*

8 Forrester, "E-Signatures — A Few Simple Best Practices Drive Adoption" by Craig Le Clair, December 2, 2014
9 Gartner Inc., "A Process Model for Retail and Commercial Lending Overhaul"

GENERAL E-CONTRACTING & OTHER AD HOC PROCESSES

Within banks there are many ad hoc processes that require signature. These diverse processes require some form of manual intervention and range from e-contracting and procurement, to HR, IT, Legal, Corporate and more. Although the focus is on customer facing processes that drive revenue, banks realize quickly there is value for internal and B2B processes requiring signature.

Corporate contracts for training bank personnel is a good example. Getting banking personnel trained on new products and services could mean more revenue to the bank.

Within one large global bank, the contracting personnel responsible for executing contracts with external training providers was able to use the e-signature service without burdening the bank's IT department. Employees were able to upload and prepare documents for e-signature within minutes. By eliminating paper processing, employees now close contracts faster and save an average of 10 weeks annually.

E-CONTRACTING & AD HOC PROCESSES

Common Challenges & Considerations	Solutions
IT resources are constrained Because of this, customer-facing projects often get the attention.	Using an e-signature platform that can be consumed both as an on-premises deployment behind the firewall, or as a cloud service, provides flexibility when smaller business units or individuals need to get up and running immediately with e-signature – without any IT involvement.
A single vendor enterprise-wide Requirements for internal and B2B processes are different from customer-facing transactions. The emphasis on vendor consolidation within larger organizations makes it more important than ever to be able to satisfy all of these diverse needs with one solution.	A single flexible e-sign platform can reduce the amount of legal and technical due diligence, as well as the total cost of ownership, of an e-signature solution.

CONCLUSION

As demonstrated in this paper, e-signatures have applicability beyond one or two processes in the bank. Some banks start by introducing e-signatures as part of a branch transformation initiative. Others begin in the online channel with high volume, self-serve transactions. One global bank's wealth management line of business first introduced e-signatures to their field sales channel. Once they had demonstrated success and proven the ROI, they continued to extend the technology to other business lines for remote account openings, e-contracting and more, as part of an enterprise digitization strategy.

Many banks are implementing e-signature as a shared service across the organization. While one line of business may need an immediate solution, the bank likely has an enterprise need for digital business processes. Like other capabilities such as centralized accounting or HR services, e-signatures are increasingly implemented as a service that can be easily accessed by any division. This breaks down silos within the organization, saves on developer time, accelerates roll-out and creates a consistent user experience. If you want to digitize the enterprise and offer e-signature capability as a shared service, it can be done, no matter how varied your business needs and requirements. We can help.

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