

EXECUTIVE SUMMARY

The Problem

- Manual, paper-based loan processing of consumer and SMB loans caused exceptions (errors) which were costly and time-consuming to correct, created a negative customer experience, and led to downstream legal and compliance risks.

The Solution

- Deployed e-signatures across 3,000 retail branches to enable straight-through processing of 7,000 consumer and SMB loans per week.

The Results

- Reduced loan exceptions by 90 percent
- Decrease future risk by over 50 percent
- Eliminated 80 percent of document handling costs representing millions of dollars
- Redeployed 95,000 hours of bankers' time to sell more loans
- Improved customer experience by eliminating delays and inconvenience
- Improved banker performance
- Eliminated the need for manual administration of loan documents in their back office operations

A TOP 10 BANK DIGITIZES LOAN PROCESSING WITH E-SIGNATURE

In September 2011, a top 5 US Bank went live with electronic signatures in all 3,084 branches, offering customers the ability to e-sign consumer and SMB loans. The bank has since extended its electronic signature capability to deposit account openings across all branches.

Today 90 percent of customers choose e-signatures over paper when opening a new deposit account or managing an existing account, such as filing a change of address or adding a new signer to the account. Electronic signing has also had a positive effect on business customers. Often business people are in different states and opening accounts with multiple co-signers is now facilitated by the electronic process.

Freeing bankers and tellers from the time-consuming paper process has been beneficial as well. Bank personnel are still spending the same amount of time face-to-face with the customer. Only now, the majority of that time is spent capturing the customer's preferences and offering them additional value.

Integration

The Consumer Loans Division processes approximately 7,000 consumer loans per week across its retail branches. Despite having completely automated its back-office operations with automated workflows and imaging, the loans were still being processed using pen and paper at its retail branches.

This left the most critical steps in the process to be executed manually by bank personnel, resulting in unintended errors or what the bank refers to as "exceptions", which caused other problems and risks. A senior executive explains:

"After a loan application is filled in and signed by a customer, the bank representative makes a copy of all the documents and sends them over to our centralized processing center for review before final booking and document archiving can take place."

The review process ensures that no pertinent loan documents are missing, that all parties have signed and initialed in all the right places, and that the loan amount, dates, rates, and payment structure are correct and have not been altered.

"Because documents were being filled in and signed by hand, the centralized processing team often discovered that signatures, data or documents were missing," added the executive. "They then had to notify the bank representative at the branch, who then had to contact the customer to request that he or she come back into the branch to have the exception corrected, leading to frustration."

At this stage in the process, however, the funds had already been disbursed to the customer. If the exception was not detected, which sometimes occurred given that the centralized processing team was responsible for verifying and imaging more than 26 million pages per year, the error could lead to downstream legal and compliance risks.

CASE STUDY | PAPERLESS LOAN PROCESSING

“The bank had leveraged technology to the fullest extent possible with imaging and automated workflows,” said Rahim Kaba, Director of E-Signature Product Marketing at OneSpan. “The only thing left to improve the quality of the transaction process was to extend automation to the branches using e-signatures.”

The Solution

In order to move to error-free processing, the bank replaced the manual parts of the loan application process with a fully electronic and automated process using OneSpan Sign.

The roll-out of the platform across its operations involved tightly integrating the e-signature solution with the bank's loan origination system to enable straight-through processing. Each of the branches was equipped with an electronic pad to capture borrowers' hand scripted signatures, and bank personnel were trained on how to guide customers through the electronic loan application process.

After a customer applies for a loan using the bank's application, the loan origination system hands over the documents and data to OneSpan Sign. The platform then takes over by executing the transaction electronically from start to finish. This includes the preparation, presentation, review, acceptance, signing, and return of loan documents.

The entire process is controlled by the system to ensure documents are presented to customers in the correct sequence for electronic review, acceptance, and signing, while preventing the loan package from being submitted if it is missing documents, data, or signatures. The electronically signed documents are immediately available to all bank personnel and back-operations for further processing.

Further, unlike a paper-based process that only produces a signed record at the end of the transaction, OneSpan Sign records and reproduces the entire transaction from start to finish, proving exactly what took place.

This includes all documents and on-screen text that were presented to customers, how long they spent on each page, and all actions that customers took during the transaction, including consenting to disclosures and signing / initialing documents.

The strong electronic evidence and transparency provided by OneSpan Sign helps the bank strengthen its legal position, and makes it easier to demonstrate that they have met or exceeded all government and industry regulations.

OneSpan Sign also enables the bank to immediately update and push out any changes that affect loan processing across all retail branches, such as regulatory requirements, business rules, and product terms and conditions.

Benefits

By fully executing loan applications electronically and ensuring they are correctly completed the first time around, the bank has achieved the following benefits:

Reduction in Exceptions

Because the vast majority of loan documents are now correctly processed and signed electronically before the funds are disbursed, the bank has eliminated over 90 percent of exceptions and therefore will reduce future risks on the consumer and SMB loan portfolio by 50 percent. This also ensures that the bank meets all security, regulatory, legal, and compliance requirements. In fact, the bank projects that its policy and regulatory exceptions in consumer loans will be reduced by over 70 percent in small business loans.

Improved Customer Experience

Digitally processing loans has enabled the bank to eliminate the negative customer experience that is caused by loan exceptions. OneSpan Sign automatically populates loan applications with pre-approved data and then prompts customers to sign and initial in all the required places to ensure error-free applications and prevent customers from having to return to the branch to re-do the paperwork.

The customer experience is further improved by better accommodating customers' busy schedules and making it more convenient for consumers to sign. As a web-based solution, the system enables multiple borrowers to e-sign the same documents at different retail branches, days, and times.

During the e-signing process, the system enables customers to accept the terms and conditions of the loan by capturing their signature image on the signature pad only once and then click to sign at every signature location, eliminating missed signatures.

TECHNOLOGIES USED

OneSpan Sign
(deployed on-premise)

IBM FileNet
(storage system)

Adobe LiveCycle
(document format)

Topaz Signature Capture LCD pads (signature capture device)

IBM WebSphere
(application server)

Microsoft SQL
(database)

CASE STUDY | PAPERLESS LOAN PROCESSING

Improved Banker Performance

Ensuring error-free loan applications has greatly improved bankers' performance. Bankers no longer need to manually handle and process documents after closing and booking, because the e-signed documents are immediately stored, thereby freeing them up to spend more time selling more loans and servicing customers. In fact, the bank has redeployed 95,000 hours of bankers' time, which is expected to enable its branches to sell additional loans.

Moreover, because the system ensures loan applications are correctly filled in the first time around, bankers no longer face disciplinary review and action for exceptions, thereby leading to greater job satisfaction and employee retention.

Reduction in Processing Costs

Eliminating manual, paper-based processing has reduced 80 percent of the bank's loan document handling costs. This includes inter-office and courier mail handling, opening, and sorting mail; prepping, scanning, and indexing mail into the bank's image system; destroying paper records; and auditing loan packages to ensure policy and regulatory compliance. The bank expects to reduce costs even further when e-signing is extended across its operations.

Improved Audit Results

One of the most significant benefits of moving to a fully electronic process has been the ability to capture more comprehensive evidence of what took place during the signing process than is possible using pen and paper.

In addition to capturing what customers have consented to, accepted, signed, and initialed, OneSpan Sign also records, secures, and accurately reproduces all of the web screens, documents, and disclosures that were presented to customers and how long they spent reviewing each piece of information. This enables the bank to quickly and reliably demonstrate that it has met and exceeded all federal and state regulations.

Why OneSpan Sign

The bank chose OneSpan Sign for its enterprise scalability, ease-of-use, superior evidence, and proven track record.

Enterprise-Ready

The bank required a solution that was enterprise-ready so e-signatures could be scaled across different lines of business, products, and channels (web, branch, and call center) at minimal cost and effort. OneSpan Sign provides a single platform and framework that reduces the time, cost, and complexity of porting new applications to the system, while also ensuring a uniform approach to compliance, all through a shared services implementation.

Ease-of-Use

The bank also demanded that the online application process be easier than a pen and paper process so as to assure high adoption and minimize drop-off. A web-based solution, OneSpan Sign guides people through a simple and intuitive online document review and signing process, while automating the placement of e-signatures in documents to accelerate the process.

Risk Mitigation

A critical factor for selecting OneSpan Sign was its ability to ensure error-free applications and capture strong evidence. This enables the bank to mitigate risks more effectively — improving the customer and banker experience, reducing costs, and protecting the bank's reputation.

Proven Track Record

And finally, the bank selected OneSpan Sign as its e-signature partner because of the company's proven track record for implementing e-signatures at an enterprise-level. This includes mortgage applications, student and auto loans, insurance applications, and mission-critical operations at the US Joint Chiefs of Staff and across the US Army.



OneSpan enables financial institutions and other organizations to succeed by making bold advances in their digital transformation. We do this by establishing trust in people's identities, the devices they use, and the transactions that shape their lives. We believe that this is the foundation of enhanced business enablement and growth. More than 10,000 customers, including over half of the top 100 global banks, rely on OneSpan solutions to protect their most important relationships and business processes. From digital onboarding to fraud mitigation to workflow management, OneSpan's unified, open platform reduces costs, accelerates customer acquisition, and increases customer satisfaction.



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