When you have to be right

Banking Compliance

Four ways e-signature boosts post-pandemic banking

WHITE PAPER
It’s no surprise that the COVID-19 pandemic has significantly altered almost everything about the way we live and work. From Zoom meetings to countless Amazon deliveries, our world became completely digital overnight. And while the pandemic has disrupted the status quo for many industries, none has been more significantly impacted than the financial services industry.

As community banks and credit unions navigate this new normal, it continues to be almost impossible to operate efficiently using manual processes. Ready or not, there is no better time for financial institutions to go digital. The pandemic has unexpectedly accelerated the digital transformation of many financial institutions as they are forced to become more reliant on digital channels as a matter of survival.

However, there’s still the misconception that a digital strategy has to be an “all or nothing” proposition. It doesn’t. For those looking to improve their digital game, e-signature is a necessary first step in any digital transformation. E-signature enables financial institutions to give customers the digital experience they want while delivering significant time and cost savings. It’s a win-win situation for everyone. If e-signature isn’t on your digital transformation roadmap, here are four reasons why it should be.

**E-signature is part of our new normal**

It’s no surprise that COVID-19 has challenged the way banks and credit unions conduct business. When states shut down at the onset of the pandemic, so did in-person transactions for community banks and credit unions. Employees began working remotely, and financial institutions quickly moved their customer interactions over the phone and online. When this shift occurred, one thing became apparent—digital technologies, such as e-signature, are critical to meeting customer expectations in the new normal.

With social distancing practices in place, more financial institutions are implementing an e-signature solution to keep both customers and employees safe. There’s less need to visit a branch when some documents can be signed online from a computer or mobile device. And the longer we continue to build these remote habits, the more integral digital technology will become in our day-to-day customer interactions.

The COVID-19 pandemic has taught us just how adaptable financial institutions and their customers can be. Even older generations often intimidated by digital practices have enjoyed the convenience of signing from anywhere, which might impact their return to more traditional banking processes. Zelle’s Spring 2020 study showed that since the start of the pandemic, 82 percent of seniors are banking online more frequently, and 55 percent are using mobile banking more often.

And the rapid digital adoption driven by COVID-19 may continue post-pandemic. A recent Boston Consulting Group survey says one in four customers plans to either use branches less or stop visiting entirely. Whatever happens during the recovery phase, it is clear that e-signature solutions provide a tremendous benefit to customers of all ages.
E-signature meets customers’ growing demand for mobile banking

More consumers, particularly Millennials and Gen Z, own smartphones than ever before, and they’re actively using them for mobile banking and services. According to Fidelity National Information Services (FIS), there was a 200 percent jump in new mobile banking registrations in early April 2020, while mobile banking traffic rose 85 percent. Additionally, 46 percent of Baby Boomers, 39 percent of Gen Xers, and 35 percent of Millennials say they are using new channels such as online and mobile to do their banking.

Consumers are used to things being automatic and instant (think Amazon). But the reality is that many financial institutions spend a disproportionate amount of time processing paperwork and chasing down customers to provide consent. An e-signature solution can transform the banking experience to make it more efficient, compliant, and in-step with current consumer expectations of ease, convenience, and speed.

And as the use of mobile technology continues to accelerate, financial institutions that leverage their e-signature solution on mobile devices will gain a valuable competitive advantage by enabling their customers to engage with them anytime, anywhere.

E-signature attracts the elusive generations

Even before the pandemic, digital banking was one of the biggest factors in the consumer decision-making process of selecting a financial institution, especially when attracting the younger generations. An online presence can “make or break” your relationship with Millennials and Gen Z. E-signature is one tool that is helping banks and credit unions close the technology gap and become more attractive to new customers.

To understand just how powerful the Millennial and Gen Z generations are, let’s look at a few statistics. According to a recent financial survey by YPulse, Millennials are the largest adult population in the U.S. There are currently 84.8 million 19-to-37-year olds (Millennials) in the U.S., and their 2020 spending power is $2.5 trillion, giving them the most considerable buying power of any generation. Millennials are outpacing Baby Boomers and previous generations with their spending, earning, and lending needs. Yet, millennials have remained elusive to most banks and credit unions. And while they are hard to get, they are even harder to keep. According to Gallup, Millennials have the lowest customer engagement rate and are 2.5 times more likely to switch their primary bank than any other generation.

Meanwhile, YPulse reports that there are currently 25 million 13-to-18-year olds (Gen Z) in the U.S., and their 2020 spending power is $34 billion. Gen Z is the first generation who doesn’t remember a time before the internet. Gen Zers are already banking, with over 60 percent having a sole or joint banking account. And their potential is enormous—especially since 70 percent of Gen Zers haven’t reached the age for loans or more sophisticated banking products yet.

The bottom line is that you don’t often get a second chance to make a first impression. With all the power that Millennials and Gen Z yield over financial institutions, it’s critical for community banks and credit unions to meet these digitally-savvy consumers where they are—by providing digital-first options, like e-signature, for a seamless banking experience.
E-signature keeps you competitive

Enabling customers to engage with you on their channel of choice deepens customer engagement and strengthens relationships. And with fintech companies encroaching on traditional banking territory, financial institutions that fail to adopt technology, such as e-signature, may lose their customer base to their more tech-savvy competitors.

Financial institutions need to adopt the right tools to appeal to consumer demand—both for existing customers and to attract new ones. With an e-signature solution, financial institutions can significantly reduce customer drop-out rates that typically plague the online application process and eliminate all the usual barriers to entry.

E-signature not only keeps financial institutions competitive with customers, but it also positions your banking operations for greater efficiencies and cost savings. Managing paperwork is a tremendous resource drain that can be drastically reduced with an e-signature solution.

“Our e-signature solution saves our bank ‘at least one week’ of processing time for each lending transaction,” said Dawn Schmidt, Lead Processor with First National Bank of Waseca, Minnesota. “We aren’t slowed down by large amounts of paper anymore. Before, we were constantly trying to track down our documents and always asking, ‘Did the customer sign the documents yet?’ and ‘Where are the documents?’ I can’t believe how little paper we use now.”

Putting it all together

As these unusual times become business as usual, financial institutions have a unique opportunity to engage, maintain, and build customer loyalty with their digital strategy. E-signatures are central to that by creating a seamless digital experience that your customers demand.

When deciding on an e-signature solution, there are several features that financial institutions should look for, including a third-party provider that:

• Has proper security protocols and procedures in place
• Meets all banking compliance standards, such as SOC audits
• Understands both your industry requirements and your unique business needs. Make sure the provider has at least 50 users in your industry to prove their system is banking compliant
• Provides robust security, including powerful encryption and multi-factor authentication
• Offers compatibility with your loan origination system. Test the integration yourself to ensure it goes beyond the vendor demonstration to provide the necessary banking data flow with no hiccups
• Maintains a customer support team with deep financial services expertise. Vet the support staff for financial industry experience—having tech support doesn’t help when they don’t understand basic banking timelines

While the pandemic has shifted how financial institutions serve their customers, many still have a long way to go in their digital transformation. But, those that do take advantage of e-signature technology will find themselves better positioned to not only survive but thrive in the post-pandemic world.
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