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E-Signatures in Banking:

A convenience or a necessity

Introduction

The pandemic has shown the world that digital, remote working is the way forward. Signatures and approvals are an essential part of any workflow, and getting physical signatures done in a digital environment is tedious and extremely time-consuming. In the interest of agility, large corporations worldwide are now adopting dynamic e-Signature solutions and making it an essential part of their strategy to go digital.

As banks globally increase in size and scale it is only fair to assume that they will be among the earliest to adopt digital signature solutions. Not only do e-Signature solutions provide banks with an higher levels of security essential to banking but also support relationship building efforts, greater compliance, higher productivity, and lower costs, to name a few.

As per a recent research, banks require e-signature solutions which cater to 2 highly distinct specific use cases

1) high volume, regulated customer-facing processes, and

2) lower-volume internal processes.

Generally, banks deploy solutions on a shared service level to test their capabilities and then move into other departments as a part of their phase-wise expansion. Since each bank or financial services organization has different ways of working, there isn't a set standard for choosing a solution. Hence, in this paper, we explore the top use cases for a bank, both external and internal, with focus on compliance and security aspects.

Use Cases:

The table below allows you to see various functions that makeup banks' day-to-day businesses. The columns show how the banks conduct specific business in multiple ways, usually all of which require signatures at the point of initiating the process.

Business	Process	Branch	Online	Phone	Agent	ATM
	Core business use cases					
Consumer Banking	▪ KYC/customer onboarding ▪ Account openings ▪ Automated clearing house ▪ Debit and credit card applications ▪ Safe deposit opening and maintenance	✓	✓	✓		✓
Family Office/ Wealth Management	▪ Demat and investment applications ▪ Mutual funds ▪ Annuities ▪ Trading requests and execution	✓	✓	✓	✓	
SME Lending	▪ Loan applications ▪ Loan delivery signoff ▪ Contracts	✓	✓	✓		
Commercial Banking	▪ Company account opening ▪ Automated clearing house ▪ Export credit/guarantees Commercial hypothecation ▪ Agriculture loans	✓	✓	✓		
	Other supporting functions related use cases					
Procurement	▪ Contracts ▪ workflow statements ▪ Non-disclosure agreements		✓			
	Internal Processes					
Back End	▪ Internal processes ▪ HR and talent acquisitions ▪ Internal legal documents	✓				

Disbursement of Loans:

One of the main businesses for banks and financial institutions is lending. Lending comes in many forms and shapes, such as retail finance, consumer loans, and small business loans. Even though there are a variety of loans that need to be signed, the workflow to all of these is quite similar. All of them require several signatures in various places from several stakeholders.

The delivery of value is relatively simple in this. An e-Signature solution keeps a complete check on workflows which eliminates the risk of failing regulatory compliance and missed signatures. This vastly improves customer experience as there is no back and forth between the customer and the bank executive. This saves both FTE's as well as the customer time.

Banks and individual client lenders around the world benefit from similar benefits. The e-Signature feature allows retail partners to complete POS finance with online credit card transactions speed and ease for banks and world-leading financial services companies. Customers click a few buttons to sign their names in the store and complete the transaction. This is a significant competitive advantage as banks and financial services companies have the opportunity to discontinue sales when customer interest is high. As banks seek to attract the growing segment of mobile-first customers, enabling mobile credit transactions remote e-Signature feature is becoming increasingly focused.

Relationship Building:

Financial institutions are usually obligated to gather customers, personal information for banking transparency and money laundering prevention. However, to get this info and complete the KYC process, a number must be followed. Honestly, it can be a long and strenuous experience.

In the digital era, how do you deliver a flawless and secure account opening experience – one which guarantees applicants do not abandon the process halfway. As found in the report dubbed as State of the Digital Customer Journey, abandonment rates significantly rise when carrying out an application process increases.

Managing Wealth and Family offices:

Wealth management works well with digital signatures. The goal is to reduce the long sales process (usually with multiple meetings and high error rates) to a single session where paperwork is handled face-to-face with the customer. Typically, both the client and the financial adviser need to sign the document, but authentication can be done directly, making the process an easy target for digital signatures. Customers want more direct digital interactions.

Second, the consultant needs to be provided with the necessary tools to provide the alleviate experience. In 2012, leading international banks implemented digital signature technology in their wealth management department. Bank Systems & Technology reports that bank investment advisers lose more than 65,000 hours a year in paper-related administrative tasks. Hundreds of mobile consultants processing millions of paper documents on the go had great potential for human error. To correct the mistake, the consultant must return to the customer and update the document. An e-Signature solution is a perfect answer.

B2B Banking and Treasury Management

Improving the customer experience of commercial lending and financial management, banks are finding ways to facilitate business with off-branch commercial customers. For processes such as withdrawing automated clearing house from a consumer's bank account, businesses need a convenient way for consumers to sign bank approval forms from anywhere and on their devices. The problem with paper is that consumers need to be present to sign the document, have fax access, or take a long time to arrive at the post office.

However, by keeping processes digital and making it convenient for consumers to sign on to their smartphones electronically, companies can get signed approvals faster, prevent abandonment, and improve business cash flow increase. By adding eSignatures to this process, banks could provide business customers with a significantly better experience at minimal cost with little IT involvement.

Card and Credit Card business

Credit cards form an essential part of banks commercials. In the credit card business finding the right customer is one aspect, but once this is done, obtaining regulatory signatures and permissions from the credit bureaus require a whole host of signatures. With a handy e-Signature solution integrated into the application system, issue and reissue of cards become a straightforward process. Adding to that, the total amount of time saved helps increase organizational agility and turnaround time for the individual process.

Internal Processes

Human Resources:

HR is a crucial part of any organization, especially banks. Since banks have a very high number of employees on their payroll, it is essential for their HR department to obtain an efficient e-Signature solution. This helps the bank maintain employee records, payroll records, bonus increments and appraisals, resignations, and other necessary contracts.

Apart from this, HR also maintains records of contracts and documents from external vendors for agency staff, transport, and entertainment, among others. An agile e-Signature solution helps the bank maintain these records with a proper audit trail and in a central shared repository.

Internal legal matters:

Security and regulation is the most critical part of a bank's function. Every regulatory document requires sign-offs from multiple stakeholders in order to become bank policy. Not only this, but several internal documents need to be signed and verified daily for the organizations to function.

With a sound e-Signature solution, this tedious process can become a simple, automated process where the document sender can easily view the level of completion of the signatures at each stakeholder. This reduces TAT and allows the ability to adhere to preset workflows.

Conclusion

The list of use cases in the financial services industry is nearly infinite. Several institutions adopt e-Signature solutions in a variety of ways, such as self-serve kiosks and automated tellers; others implement it in internal processes and branches to achieve a higher efficiency rate.

Using modern e-Signature solutions provides a sense of modernity and efficiency. A bank's image is vital for it to attract new customers. With an e-Signature solution, the institution portrays a modern image and improves customer experience, thereby significantly improving their reviews and peers' recommendations.

Most banks adopt e-Signature solutions as a part of their digital transformation initiatives. The scale-up for the solution is generally rapid in most cases, allowing these institutions to explore and reap the benefits of these solutions. Out of all these factors, one thing is imperative, choosing the right solution for the particular business is essential for a high return on investment.

Certinal eSign is a future-ready eSignature solution that provides trust, security, and global compliance. It is your trusted partner delivering the highest compliance standards in banking and finance.

To know more about Certinal or request a demo, contact us at switchto@certinal.com

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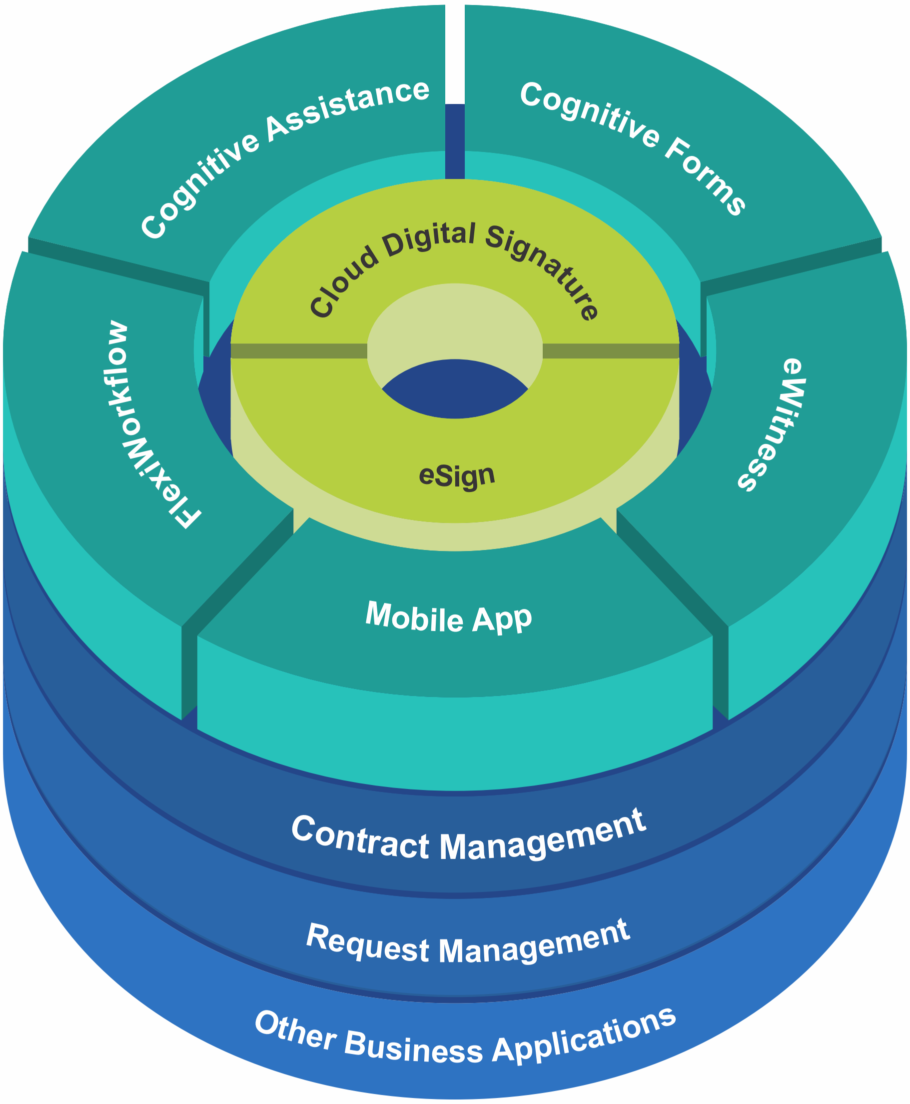
Certinal is a wholly owned subsidiary of Zycus, the pioneer in Cognitive Procurement. A familiar name and market leader with years of experience in managing critical contracts & agreements, Zycus boasts of over Fortune 1000 enterprise clients and deployments of procurement and sourcing suite of products. Digital Signing has always been a focus area for Zycus. Thus Certinal was born with the stated goal of offering a best-in-class Digital Transaction Management solution that will be easy-to-use, 100% secure to deploy, and legally compliant around the world. We stand committed to providing a one-stop solution to large enterprise customers, compliant with various security standards and conforming to different regional regulations.



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