



# Next Generation eSignatures: **Solutions for Banking**



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## Executive Summary

eSignatures have become an increasingly common part of banking processes, both for onboarding and ongoing services. Yet a lot has changed in the 20 years since the eSignature gained official legal status, making it necessary to reimagine the eSignature for today's mobile, remote, instant world.

A tremendous portion of consumers' tasks can now be completed via smartphone. Yet in 2000, few people could have predicted that we would be hailing shared car rides, transferring money, navigating the roads, and ordering all manner of goods from a small handheld computer. Digital transactions meant computer-based transactions. As a result, the eSignature solutions that evolved during the early 2000s were centered around adding signature lines to PDFs, which are designed for laptops and computers. In addition, that's all they are: standalone eSignatures. These solutions do not even attempt to make the entire end-to-end customer process more digital.

Customers don't set out to sign documents; they set out to get banking done. A signature is just one part of the process.

When customers look to open a new bank account, they prioritize an easy onboarding experience, from beginning to end. When banking customers look to take out a loan, they prioritize ease and simplicity. And when customers seek to modify the terms of their existing loans, they prioritize speed and clarity. We must go beyond the eSignature to solutions that enable the full completion of banking activities.

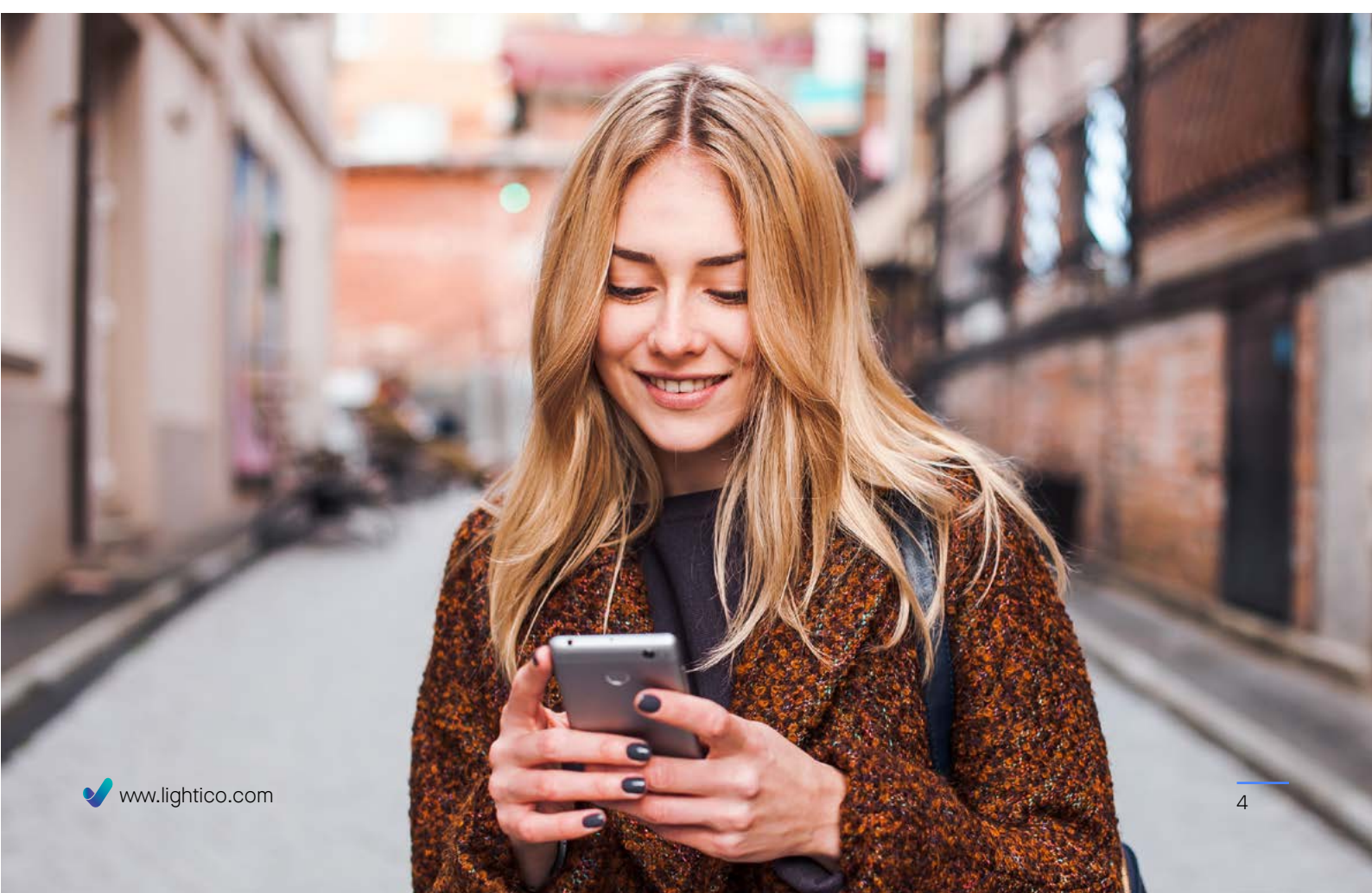
At each of these key junctures, banks have an opportunity to meet customers' expectations or fall short. eSignatures, along with eForms, digital document collection, and other accompanying customer-facing capabilities, have the power to make or break the quality and efficiency of important banking transactions.



The imperative to digitize has been accelerated by consumers' increasingly digital and remote habits, which has been further cemented by the COVID-19 pandemic. Today more than ever, customers expect fast, fully digital experiences in all areas of their lives. And banking is no exception. From the initial onboarding to loan applications to loan modifications, there is no reason for banking processes to be anything less than intuitive and quick. Customers should be able to glide through digital transactions without being bounced to other channels or directed to a physical branch.

It is now a business imperative to understand and fix the issues that lead to cumbersome forms, excessive touchpoints, and bloated operational costs. And despite their clear advantages over wet signatures, computer-dependent, first-generation eSignature solutions cannot facilitate the truly seamless, remote bank interactions required by today's business environment.

Only an intuitive, next-generation eSignature solution that digitizes the full customer journey can provide the kind of experience needed to quickly onboard and service today's customers. By simplifying, contextualizing, mobilizing, and guiding customer processes, banks will be better positioned to meet growing remote banking needs in the years to come.



## Background: First-Generation eSignatures In Banking

Banks have long relied on eSignatures due to strict documentation and compliance requirements. eSignatures emerged as part of the larger digitization trend with the digitization of forms and their associated consent. In the late 1990s, one way that banks sought to address customers' changing expectations was by incorporating eSignatures into their transactions.

In 2000, when a U.S. federal law known as the Electronic Signatures in Global and International Commerce Act (ESIGN Act) was passed, electronic signatures were given the same legal standing as wet ink signatures in many domains, including banking. Around the same time, similar laws were passed in countries around the world. This legal recognition further fueled the rapid adoption of eSignatures in the banking industry.

Adoption of eSignature solutions continues to grow, with the number of worldwide eSignature transactions growing by 850% from 89 million in 2012 to 754 million in 2017.

But the winds of change are shifting once again, with customers demanding even greater convenience and automation than first-generation eSignatures can provide. And this is where we find ourselves today.



## First-Generation eSignature Issues Impacting Banks

Financial institutions were quick to adopt digital signatures because of the immediate efficiency wins, especially during the onboarding and loan application process. Digital signatures enabled them to collect consent more efficiently and without the paper overhead.

Yet despite the continued proliferation of eSignatures, first-generation eSignature solutions are no longer as effective as they used to be. In fact, eSignature completion rates have now dropped to 50% as banks struggle to get customers to sign documents sent via email. Legacy eSignatures are not part of a fully digitized and streamlined process, and therefore less valuable for customers.

Considering that banks are heavily reliant on consumer consent and signatures, this low completion rate leads to prolonged processes, missed opportunities, and compliance risks.

After analyzing and diagnosing hundreds of thousands of eSignature transactions, we have identified the following core issues with first-generation eSignature solutions:



### Not Instant

Email is no longer simple, personal, or instantaneous. Inboxes have become a repository for endless unsolicited emails and other non-urgent types of communication. At the time of transaction, customers may not have easy access to computer-based PDF software. This greatly prolongs the time it takes for customers to onboard or apply for loans.

Furthermore, unlike text messages, the format of email itself doesn't inspire immediate action. As a result, agents frequently find themselves chasing customers to sign documents sent via email — with inconsistent results.



### Not Natively Mobile

While it's easy to access email through a mobile phone, that doesn't mean it's easy to download and fill out PDFs and similar documents via mobile. Customers who attempt to do so must go through a dedicated service and open forms and documents that are not optimized for their phones. Once they do get to the document, the process of filling out information and signing is often cumbersome and frustrating. Moreover, customers are no longer inclined to download apps for single purposes like applying for an account.



### Lack of Context

When forms are finally opened and received via email, they are filled out independently and without the surrounding discussion and guidance a good call center agent can create. This lack of remote guidance breeds discomfort and confusion, especially with highly important transactions such as loan applications or modifications.



### Unguided

Switching banks or applying for a loan can be intimidating, especially given that these tend to be relatively rare occurrences. The average U.S. adult holds onto the same checking account for over 14 years, and only takes out loans occasionally for major purchases such as buying a home or car. Therefore it's likely that customers are out of practice when it comes to filling out forms and providing consent related to opening an account or taking out a loan. They may worry about issues like interest rates, loan terms, account types, and the next steps required of them (if any).

The pre-digital signature era, with all its shortcomings, had the advantage of face-to-face interactions with agents who could provide visibility into the process and field questions. In contrast, legacy eSignatures often throw the baby out with the bathwater, doing away with agent guidance during key transactions. As a result, customers often struggle to complete applications and forms quickly and accurately the first time.





## Siloed

First-generation eSignatures aren't part of a broader, frictionless digital platform — they are digital signatures tacked onto PDFs. They still require extra effort on the part of customers, including juggling several channels.

For example, a banking customer who has questions about their loan application will need to make sure they're in front of a computer before they can get assistance from an agent — who isn't able to see the forms as the customer goes through them.

Filling out the forms and signing can is often cumbersome on these PDFs, which then need to be saved and emailed to the bank. While this may not seem like a big deal, it's a hassle for customers and disrupts the flow of the interaction. This siloed approach causes frustration for the customer and adds costs for the bank.





# Growing Opportunities to Better Serve Banking Customers

Today's traditional banks are being pushed to innovate like never before. Here are some of the forces that are influencing this digital imperative.

## 1) The Rise of Neobanks

Consumer demands have fuelled the creation of banks that are entirely digital, “open” for business at all hours, and rely entirely on convenience, remote agents, and innovative services to attract new customers.

These banks, commonly termed “neobanks,” haven't yet conquered the market. But their existence and growing popularity points to changes in customers' mores, and the need to adapt.

The vast majority of customers now put a premium on easy-to-use digital services. In fact, 77% of low- and middle-income customers said a better mobile experience elsewhere would influence their decision to leave their original bank. Considering that neobanks offer on average 42% more features in their mobile apps than traditional banks, and boast two times the login speed, traditional institutions need to catch up to ensure customer retention.

One study found that if the top 10 consumer banks in America continue on their current path and fail to sufficiently enact a digital transformation, they will lose 11% of their clients to digital-first upstarts. This translates into \$16 billion in lost revenue and \$344 billion in consumer deposits.

This doesn't mean that traditional banks don't have a place in this brave new digital world. Brick-and-mortar organizations carry brand recognition, familiarity, and comfort that continues to give them an edge over neobanks. Yet traditional banks that nonetheless maintain a robust digital system will undoubtedly have the advantage over those whose digital offerings are weaker.

## 2) The Growing Importance of Fully Digital Onboarding

Customers have grown accustomed to receiving fast, digital services in all areas of their lives, whether it's ordering goods from Amazon, streaming movies on Netflix, or hailing rides from Uber. They naturally carry over these expectations when they're looking to open up a new bank account.

Unfortunately, many banks fail to make the onboarding process as smooth as other consumer services, and they are losing prospects as a result. According to a study by Deloitte, a whopping 40% of consumers have abandoned a bank onboarding process. When asked, the most common culprit cited was overly time-consuming paperwork and too many personal questions asked.

This represents a tremendous lost opportunity, especially when you consider that large banks increased their marketing spend by 13% in 2018, equalling on average half a billion dollars. It's also critical to consider that the average banking customer lifetime value is \$45,600, for an average customer lifespan of eight years. So every prospect that drops out of the onboarding process is \$45,600 down the drain, plus wasted marketing dollars.

Banks seem to be aware of the high financial cost of poor onboarding processes. Forrester found that over 64% of banks report lost revenue due to problems in their onboarding processes. The flip side: for every one-point increase in customer onboarding satisfaction on a ten-point Net Promoter Score (NPS) scale, there was a 3% increase in customer revenue.

Just by allowing customers to complete the entire onboarding process from a single digital channel, banks can see huge revenue wins. However, first-generation eSignatures don't support the entire customer onboarding process, just one aspect of it: providing consent. More complete end-to-end solutions can digitize and streamline the entire onboarding journey.



### 3) Coronavirus-Fuelled Remote Trends

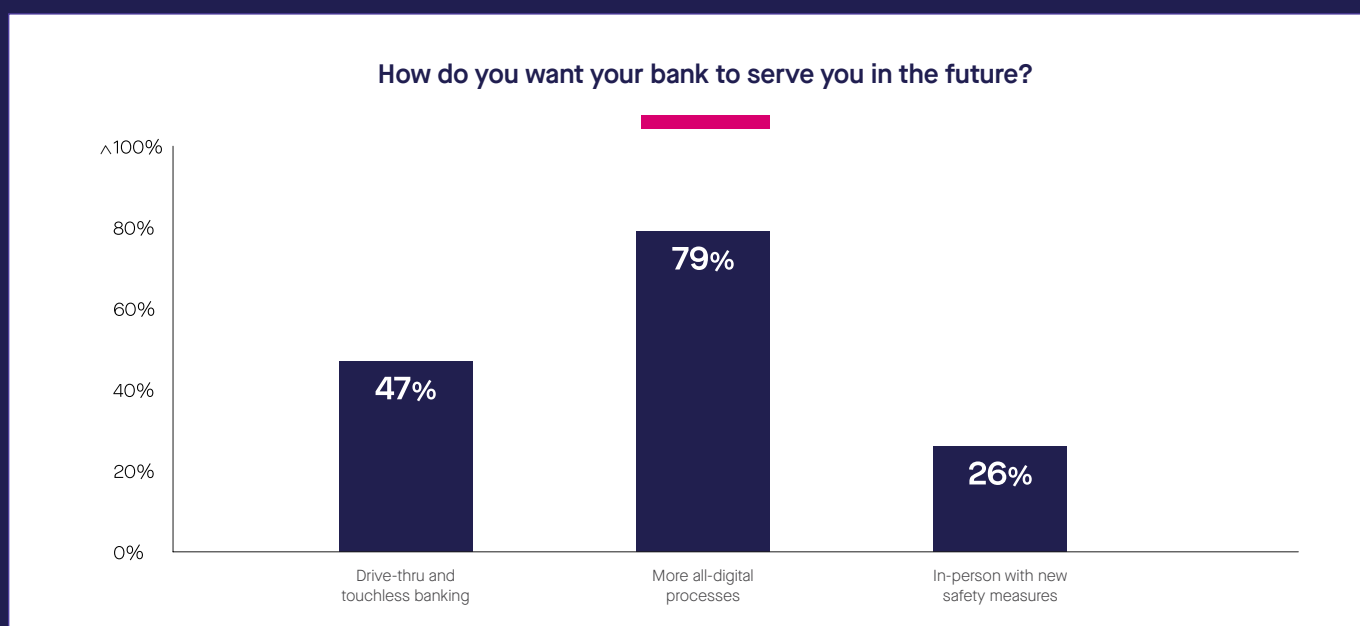
Consumer demand for remote, digital bank transactions was high even before the coronavirus hit. But protecting customers and bank employees during the pandemic necessitated moving to fully remote transactions.

Many banks began adopting and promoting digital transaction capabilities such as eSignatures, remote document collection, chat bots, and text messaging-based customer communication. Initiatives that would've taken years for banks to implement were put into place in a matter of weeks.

But our research shows that customers are in no rush to return to branch-dependent, paperwork-heavy services. In fact:

- 55% of consumers say they plan to visit branches less often in the future.
- 26% say they will avoid face-to-face banking altogether.
- Just 10% say they would only visit a branch if masks and hand sanitizers are available there.

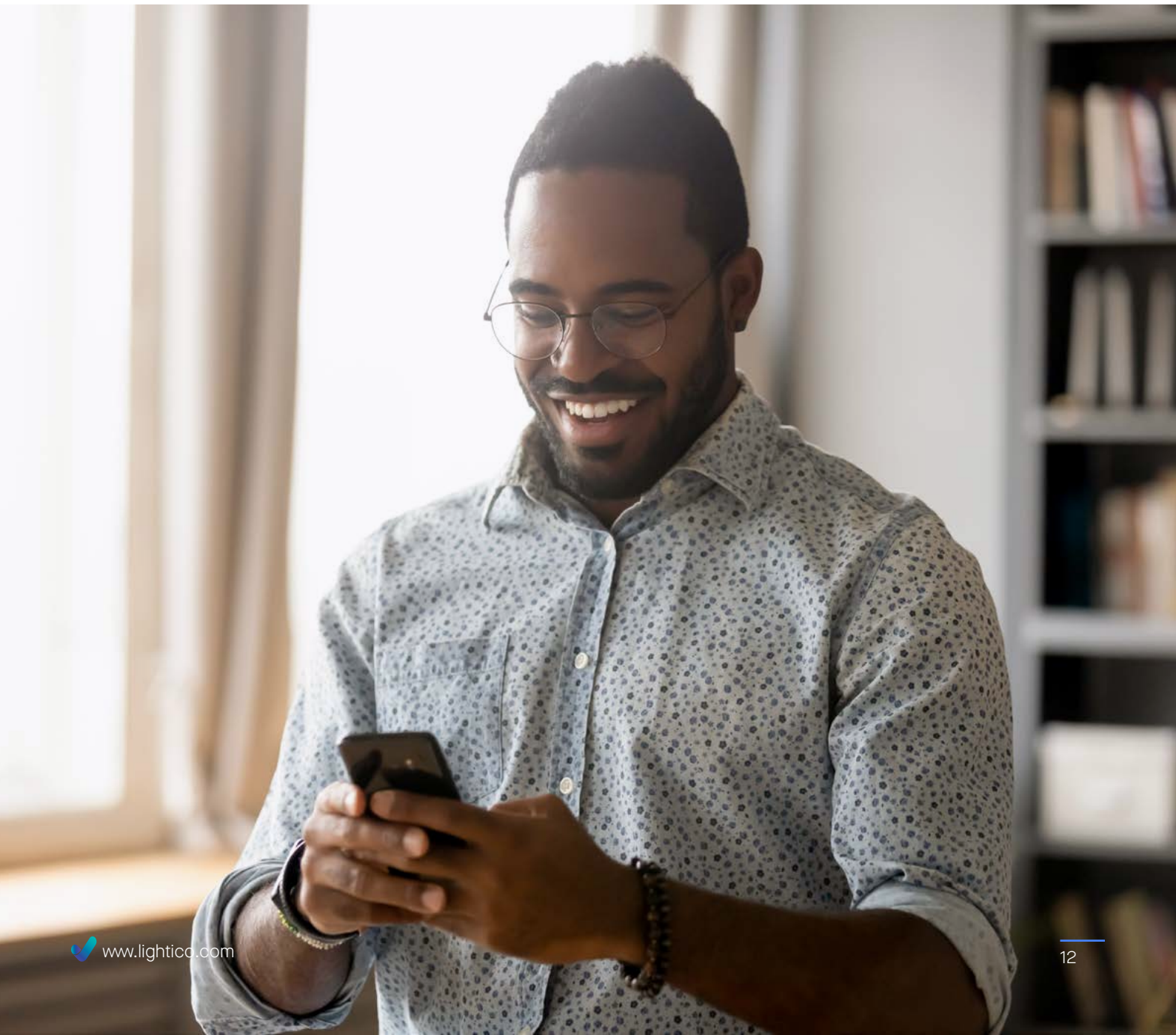
In-person banking still has a role to play, especially when it comes to highly complex issues. But it's no longer seen as the ideal for the vast majority of transactions. A whopping 79% of customers now say that they want more all-digital processes from their bank in the future. And another 47% look forward to drive-thru or touchless banking.





The numbers don't lie: in-person banking is not as core as we once thought. In fact, people will actually pass on financial transactions if they are cumbersome and branch-based. Customers tasted the convenience and ease of remote banking during the coronavirus pandemic — and there's no going back.

Mobile eSignatures alone aren't enough to transform banks and bring in more profit. Implementing a mobile eSignature solution — while all other customer-facing processes are choppy and cumbersome — is like putting lipstick on a pig. But adopting an end-to-end solution that includes mobile eSignatures, eForms, documents, and photo evidence sharing can be a transformational way to generate ROI quickly and easily.



## Next-Generation eSign Advantages: Complete, Digital Processes

Legacy eSignature solutions continue to dominate due to their familiarity. Yet many banks have started to understand their limitations in today's dynamic, mobile world, and are searching for better alternatives. The good news is that next-generation eSignature solutions were created from the ground up to meet the needs of modern consumers and the banks that serve them.

Unlike legacy eSignature solutions that handle just one element of customer processes, these contenders enable a fully digitized end-to-end process. They are built around the belief that opening a bank account or taking out or modifying a loan shouldn't require any friction or additional channels besides the one that's already in everyone's pocket — a smartphone.

### Here is how a next-generation eSignature transaction typically works:

1. A bank agent sends the customer a text message containing a link.
2. The customer opens the text message link, where they are able to fill out application forms, submit documents, send photo ID for verification, and provide an eSignature with the swipe of a finger.
3. Simultaneously, the agent can guide the customer through the process to ensure everything is completed correctly and any questions are answered.
4. The forms and documents with eSignatures are stored securely in the CRM with a legally binding, time-stamped audit trail.

## Visualizing a Fully Remote Digital Customer Journey

Next-generation eSignature platforms enable seamless and complete end-to-end remote processes.

The below are two instances where next generation eSignature solutions come to complete an entire process - not just gather consent. These, and other critical banking processes, can be completed in one easy digital interaction.

### 1 Next-Generation Onboarding



Get ID verified remotely



Fill out mobile-optimized application form



Sign once and tap on all documents using eSign



Customer onboarded quickly and successfully

### 2

### Next-Generation Loan Application



Get ID verified remotely



Fill out mobile-optimized application form



Sign once and tap on all documents using eSign



Send initial payment through secure digital payment platform



Loan approved quickly and successfully



There are numerous benefits of next-generation eSignature solutions. Namely, they are:



## Part of a Greater Process

Next-generation eSignature platforms, unlike legacy solutions that exist in a vacuum, enable the customer to complete the entire banking process in one shot, from one channel. Customers glide through filling out mobile-optimized eForms, co-viewing documents with the agent, getting ID verified, and of course signing without the involvement of any other channel, software, or app besides their smartphone.



## Instant

Companies can collect eSignatures, eForms, and payments from customers in real-time via text message, when their interest is at its highest. No waiting for emails, downloading clunky apps, or scanning documents with ink signatures.



## Mobile-optimized

Customers glide through the onboarding and lending process by filling out eForms, co-viewing digital documents, and providing signatures on a clean interface that's designed specifically for a smartphone experience.



## Contextual

It's much easier for customers to submit onboarding or servicing forms when there's a friendly and helpful agent on the other side of the call who can answer questions and provide reassurance. Next-generation solutions bring the human touch back into the equation without requiring in-person visits.



## Agent-guided

Customer error, confusion, and misunderstanding is eliminated as agents guide customers through the quick and simple form filling and signing process via phone conversation. This prevents time-consuming rework due to incomplete or error-filled forms.



## Prevents Fraud

Customers can only provide their eSignature once their ID has been verified, which is especially important during the onboarding process for KYC measures. Customers are instructed to snap a picture of their photo ID, take a live selfie, and upload both into the mobile session. An AI algorithm analyzes the two images and confirms whether there is a match.



## Secure and Compliant

Eliminating risk is a top priority for today's compliance-minded insurers. Next-generation eSignature solutions maintain the highest levels of security and compliance, meeting or exceeding the standards of regulations including:

- ISO 27001
- UETA ACT
- AS
- PCI DSS level 1
- ESIGN ACT
- Entrust Datacard
- GDPR
- HIPAA

Furthermore, next-generation eSignature solutions create a tamper-proof, time-stamped record along with a full audit trail each time a signed form is submitted. In this way, convenience and compliance can go hand in hand.



## Sign Once, Tap the Rest

For a better and faster experience, customers and agents can draw or type their signature once then simply tap to paste the signature in the required places without having to repeatedly draw their signature.



## Supports Multiple Signatures

Some banking processes may require signatures from several account holders, such as married couples. With next-generation eSignature solutions, multiple individuals can provide their signature with no added steps or complications. Reminders are sent to signatories and the status of everyone's signature is visible to agents and signatories, ensuring fast turnaround time.



## Intuitive for All Consumers

Next-generation eSignature solutions are well-suited for all customers, including senior citizens and less tech-savvy individuals. Unlike clunky PDFs, it's intuitive for customers to complete the process. While next-generation eSignatures are ideally suited for smartphones, customers can also choose to provide their signature via an intuitive computer interface.



## Integrates into Existing Workflows

Next-generation eSignatures can be quickly and easily integrated into companies' existing workflows, CRMs, agent toolbars, and third-party business applications using an API. The interface can be white-labeled with the company's brand for a seamless customer experience.

# The ROI of Switching to a Next-Generation eSignature Solution

Banks are often reluctant to switch over to a solution that's merely a shinier version of what they already work with. The old adage "If it's not broken, don't fix it" comes to mind. Fortunately, next-generation eSignature solutions offer a true competitive advantage for insurers who make the switch from legacy providers. That's because they go beyond just providing a better eSignature and enable a fully digitized journey, including eForms, ID verification, and co-viewing documents from the comfort of consumers' smartphones. In fact, we've found that many companies that have switched to next-generation eSignatures achieve 90% completion rates following the transition.



## Accelerate Sales and Service Cycle Times

Effortless signing shortens onboarding and loan processing times and reduces the number of customer touchpoints. By making it easy and instant for customers to submit paperwork, banks lower the risk of losing prospective or existing customers.



## Improve Customer Loyalty

Next-generation eSignatures remove the frustration of clunky processes and deliver the speed and convenience that your customers expect. Customers no longer need to wait for emails and agents no longer need to chase. As a result, NPS tends to rise.



## Simplify and Bolster Consent Compliance

Adopting a next-generation eSignature solution is the simplest way to capture legally binding signatures and consent in the moment — wherever customers are. Full audit trails eliminate legal risk and ensure compliance.

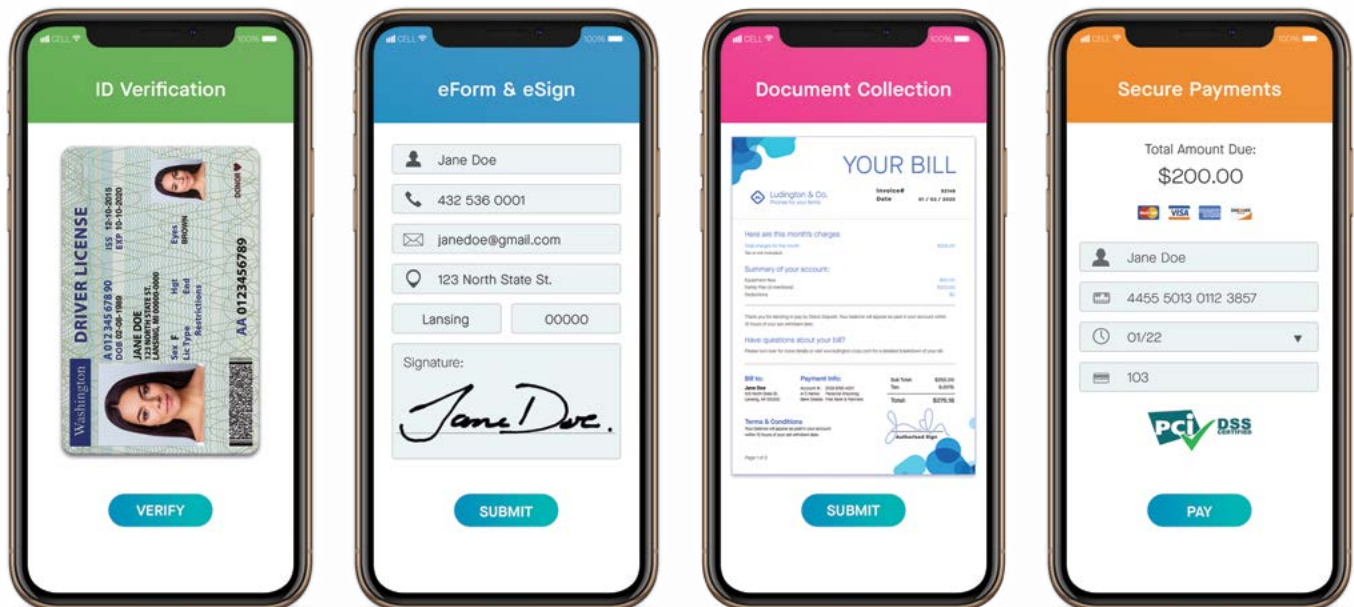


## Streamline Broken Journeys and Siloed eSignatures

Next-generation eSignature solutions allow customers to complete entire processes from a single channel in real time. More coherent customer journeys means an improved CX, enhanced efficiency, and less customer chasing.



# Next-Generation eSignatures are for Fully Digital Banking



Verify ID & documents  
in real-time for KYC  
and reduced  
fraud risk.

Eliminate rework by  
converting clunky forms  
into smart, intuitive,  
mobile-friendly forms.

Speed cycle times  
by up to 80% with  
instant document  
collection.

Collect payments quickly,  
easily and securely with  
PCI-compliant  
mobile payments.

Next-generation eSignatures that are part of a wider, customer-centric system are making it possible for agents to instantly collect documents, forms, ID, payments, and of course eSignatures while customers are on the phone. When customers are able to effortlessly and instantly submit their onboarding paperwork and loan applications using the channel they're most at ease with — their smartphone — everyone wins.

With more competition and shorter customer attention spans than at any time in history, speedy, frictionless bank transactions are the key to maintaining customers' loyalty. Next-generation eSignature solutions are an essential weapon in the customer lifecycle, especially when combined with other customer-facing, mobile-first solutions.

Lightico enables insurers to accelerate and improve banking processes through end-to-end, mobile-first eSignatures, eForms, ID verification, and evidence collection. Our customers on average see 33% faster onboarding, 67% lower abandonment, and 25% increased conversions.

## A Bankers Perspective Next Generation eSign Solutions



*Lightico has really changed the game for us in being able to make it more convenient for our customers. We can now collect multiple signatures on new account applications in under two hours - often within 45 minutes - and 90% are fully complete.*



Stacie Smith  
Vice President  
Happy State Bank



Noah T. ★★★★★ 5/5

**“Excellent Modern Document Request and Signature System - Next Level for the Banking Industry”**

“I like being able to put boxes exactly where I need clients to sign, and then allowing them to have the option to type their name on a keyboard to overlay as a signature, this is super easy for clients on a smartphone! This will save so many unnecessary trips to the bank for clients, and save lots of paper and ink for us at the bank. This product is truly a win/win!”



Jamie M. ★★★★★ 5/5

**“Next level technology with incredible customer service”**

“If sending emails and links for esignature is 1.0, Lightico is 2.0! They truly are the future of document completion. I did extensive research looking for a method for my call center to fill in and have customers sign contracts while on the phone. Nothing is easier than Lightico. This product works with the technology of today - mobile, messaging, etc.

Secondly, the Lightico staff is amazing. The white glove support you get is exceptional. I have worked with very friendly individuals who genuinely want to understand your unique business model and needs. They work diligently to make sure they are providing the best service possibly to make you successful.”

# Learn how Lightico can streamline your banking processes.

Try the interactive experience



Lightico

First Name: Jane

Last Name: Doe

Phone: 432 536 0001

Email: janedoe@gmail.com

Signature: *Jane Doe.*

SUBMIT

## About Lightico

Lightico's next generation platform for digital customer interactions empowers your agents to collect forms, documents, e-signatures, photos, consent to disclosures and to verify ID instantly while they have customers on the phone.

By simplifying customer interactions in the last mile of the customer journey, businesses make it easier for their customers to be their customers, earning their trust and loyalty, translating to higher profits.

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