



## Taking Hush Puppies Highway with E-Signature

🔗 technology lending

**Summary:** E-signature interest among banks reaches all-time high. Find out ways to leverage e-signature to drive efficiency for loans and account opening.

When your car broke down in the old days as a banker, you walked to your appointment. Since you are a banker, you probably did so back then wearing Hush Puppies. Believe it or not, a saying making the rounds in trendy circles is to take the hush puppies highway when you do this. Guess all things old are new again every so often.

Signatures have been around since the Stone Age, but electronic signatures are becoming more central in helping banks increase efficiency for loans and account-opening procedures. They also allow you to automate a growing number of processes and offer account opening for more products and services online.

Since becoming legal 17Ys ago with the passage of the E-Sign Act, electronic signature has gradually risen in popularity among banks. This is especially true for opening accounts for desirable, but busy small business customers.

Indeed, 6 of the top 30 banks already offer some form of online account application today, allowing banks to sign up and onboard these customers without making them come into a branch, according to research by Javelin Strategy & Research.

Electronic signatures may see a snowballing of support among community banks in the next couple of years, as financial service providers look to build more efficiency and compete more aggressively to win over those attractive business and digital-preferring customers. The interest in e-signature among banks is reaching an all-time high, according to Gartner research. It found the technology to be one of the top investments for banks this year. In fact, 50% of the bankers Gartner surveyed said they expect e-signature spending to increase until the end of next year.

As most bankers realize, e-signature represents the opportunity to issue loans and new accounts more quickly, as younger, digital native customers increase in importance. Additionally, e-signatures can reduce risk, since they are considered at least as legally binding as a written signature, and more easily tracked and stored. Also, experts believe the use of electronic signatures will greatly reduce costs, since they are much less expensive to use than handling paper documents.

But like any technology, execution is everything. So, community banks must be careful to make their investments count. With that in mind, here are a few best practices that can help you implement and maintain a productive e-signature offering:

**Choose the right product.** Compare the various electronic signature technologies and services and weigh which one will offer the best (and quickest) return on investment, and which is the easiest for customers and staff to use. Consult with the line of business managers in lending and deposits to better understand their priorities and requirements in an authentication product.

**Train your personnel.** Sell your frontline employees and the line of business executives on the benefits of e-signature. Make sure they understand not only how to take prospects and customers through an electronically signed transaction, but also how much more productive, easy and financially beneficial the product can be for the bank.

**Get legal and compliance onboard.** Despite the fact that electronic signatures have been as legitimate as written ones since 2000, it is important for the leading proponent of electronic signature at the bank to involve the bank's counsel and compliance officer. This will make sure they understand that electronic signatures will effectively eliminate risks and errors common in paper signing, and that this form of authentication can be more certain than traditional signatures.

**Combine authentication with e-signature.** When it comes to confirming the identity of the signing party, solid online authentication is necessary to make electronic signatures effective. For smaller, lower-risk transactions, authentication may be simple. For more complex things, the need for authentication increases as does the risk. Many banks can authenticate an existing customer through online or mobile banking services.

As you think about all of this we are going to take a stroll on the hush puppies highway and go grab some more coffee.

## HEDGING SERVICES FOR COMMUNITY BANKS

Community bankers seeing long-term fixed rate demand from business clients can transform payments into a floating rate on their books using [Borrowers' Loan Protection \(BLP\)](#).

*Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.*