Digital Lending and Account Opening

SEPTEMBER 2020

meridianlink

DIGITAL BANKING REPORT

The key to success to digital banking transformation will be the ability to support transactions and engagement seamlessly, across platforms, with the fewest number of steps. Ease of use is the new digital differentiator.

— Jim Marous

Owner and CEO
Digital Banking Report

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Letter from the Publisher

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Jim Marous

The coronavirus pandemic has impacted every aspect of financial services, moving transactions to digital platforms and forcing organizations to rethink back office processes that have been in place for decades. While disruptive to ‘business as usual’, this transformation has served to modernize outdated products, policies and processes while improving the customer experience.

Leveraging new forms of data, advanced analytics and modern technology, financial institutions of all sizes have the ability to not only reduce the cost of delivering products and services, but also serve a much wider array of consumers with innovative products and services. In no product area is this more evident than in digital lending.

In a post-COVID world, financial institutions will be able to deliver lower value credit options, on demand, in an almost instantaneous manner (think POS microcredit offers). To accomplish this fete that previously has only been offered by fintech firms, traditional financial institutions will need to rethink back office processes that currently hinder the speed to deliver digital credit.

The greatest opportunity for building a lending portfolio in the near future must move beyond the support of consumers wanting to buy cars, houses, vacations and appliances, to supporting everyday needs as people will need help just making ends meet. This will require the rethinking of everything from an organization’s origination process, to credit checks, to the process of approvals with the focus on being able to use data to reduce costs, improve speed and expand the potential marketplace.

Outdated manual processes will no longer support modern digital lending. Digital lending transformation needs to happen at speed. Legacy banking organizations must replicate what non-traditional fintech lenders have been able to do for years. This may require internal innovation, partnering with fintech firms and/or buying the capabilities.

Letter from the Author (continued)

Change is no longer optional. Speed and ease of application, processing, approval and disbursement is no longer optional. Innovation in lending is no longer optional and adopting a cloud-first approach is no longer optional. The reward is that data and advanced analytics can improve the selection of potential credit customers and well as reducing risk during the entire customer journey.

We would like to thank **Meridianlink** who sponsored the 2020 Digital Lending and Account Opening report. The timing of this year's report provides a perspective on all that has changed as a result of COVID and how much still needs to be done by an industry that has dragged their collective feet for decades in providing credit across demographics at the time of need. Our research has enabled us to create benchmarking of the expansion of digital lending solutions in banking and to better understand the impact on the consumer.

Jim Marous

Owner and CEO
Digital Banking Report

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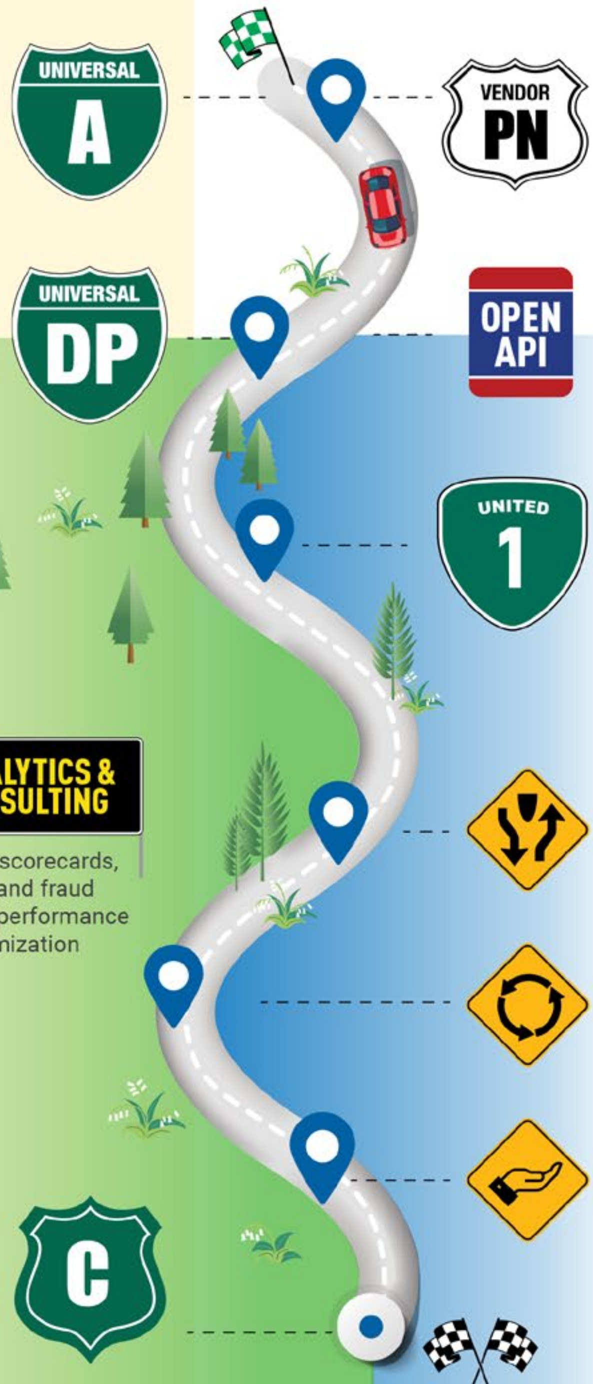
How Successful is Your Roadmap for Growing Loans and Deposits in a Digital Economy?

Don't get stuck in a rut! Financial institutions undergoing a digital lending and account opening journey can't compete in the slow lane. Outmaneuver the competition with an effective and quick-thinking approach. Take our Digital Journey Assessment to see how your strategy compares against industry standards. Where might you improve?

>>>Take Digital Assessment Now<<<



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MeridianLink is the digital lending and account opening solutions leader with over 1200+ clients. Let us help you steer to a fast and frictionless customer experience and reach a flexible, automated processing destination for your team. www.meridianlink.com

Key Research Questions and Takeaways

• KEY RESEARCH QUESTIONS:

- What channels do financial institutions support for loan applications and new account opening?
- Has digital transformation since COVID resulted in more end-to-end functionality?
- What is the speed of the loan application and new account opening by channel?
- What types of credit are digitally supported?
- What digital functionality is currently part of the digital lending application?
- Is there collaboration with outside firms to provide digital lending capabilities?
- Is a structured new loan customer onboarding process in place?
- What challenges stand in the way of effective onboarding?

• KEY RESEARCH TAKEAWAYS:

- Since COVID, there has been a significant increase in digital channel loan application and new account opening capabilities.
- Significantly more organizations are supporting end-to-end functionality.
- Digitalization of lending continues to be superficial as opposed to structural in nature.
- The speed of digital applications and new account opening has not increased enough over the past two years.
- Most organizations do not support 'save and resume' functionality.
- Most organizations have expanded the use of outside digital functionality to support end-to-end capabilities.
- Organizations have increased their digital lending collaboration with fintech providers.
- The support of onboarding for new loan and deposit customers continues to be far below the optimal commitment.

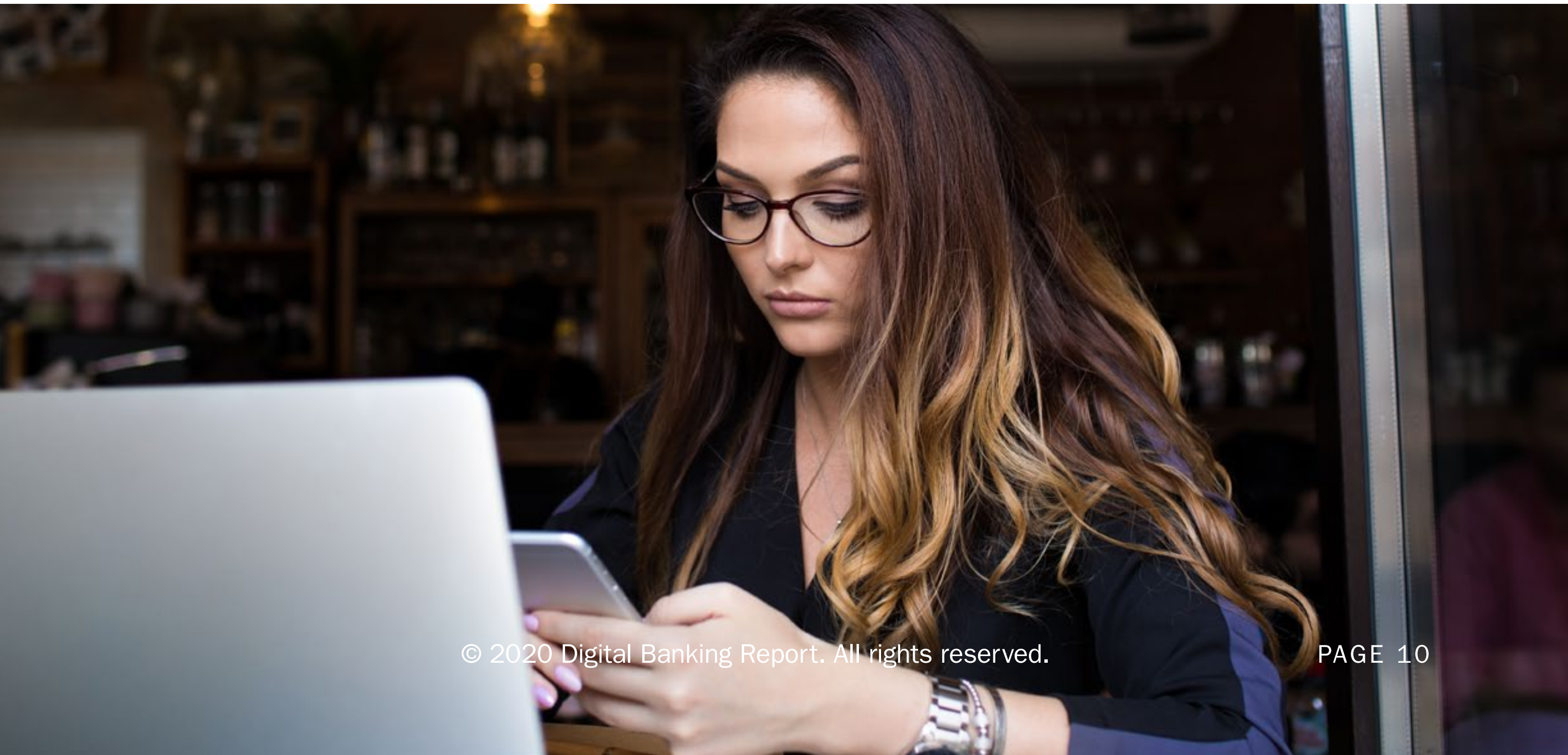
Executive Summary

Executive Summary

The ability to apply for a loan online has increased, but the banking industry isn't keeping up with consumer expectations or fintech capabilities. Less than half of banks and credit unions allow end-to-end loan application on a mobile device, even though COVID greatly accelerated consumer demand for digital service. Financial institutions must focus on making their digital processes easier and more seamless.

The concept of digital lending does not simply mean that a consumer can apply for a credit product online or on a mobile device. To be a digital lender requires being able to complete the entire application process digitally, proceeding along the entire borrowing journey – through the disbursement process – without visiting a physical facility. If a potential borrower can't request credit and receive funds quickly, on the platform they desire, a provider is simply 'faking digital'.

In this year's research into digital lending, the Digital Banking Report found that 85% of financial institutions allowed consumers to apply for a loan online, with only 44% providing the ability to do the same on a mobile device. The good news is that both of these numbers increased significantly since 2019. The bad news is that only 66% allowed the entire process to be completed online, with only 46% allowing end-to-end completion on a mobile device.



"When a mortgage can be applied for and closed without a visit to a physical facility or a new deposit account can be opened in less than three minutes on a mobile device, the entire industry takes notice."

This digital capability lags what is now possible for digital checking account openings. In this year's research, we found that 72% of organizations now allow consumers to open a checking account end-to-end on a website (up from 61% in 2019) while 46% provide this capability on a mobile device (up from 36% in 2019). While encouraging, these numbers are still insufficient for a person who has now become accustomed to ordering groceries, selecting movies, communicating with dozens of people at once or buying anything imaginable (even a car) with a simple click of a button.

Leading the pack are the large number of digital fintech and big tech providers who have built capabilities from the inside out as opposed to simply replacing paper and legacy processes with digital functionality. Most traditional financial institution digital lending solutions still lack both functionality and speed beyond the basics.

Marketplace Changes Driving Digital Lending

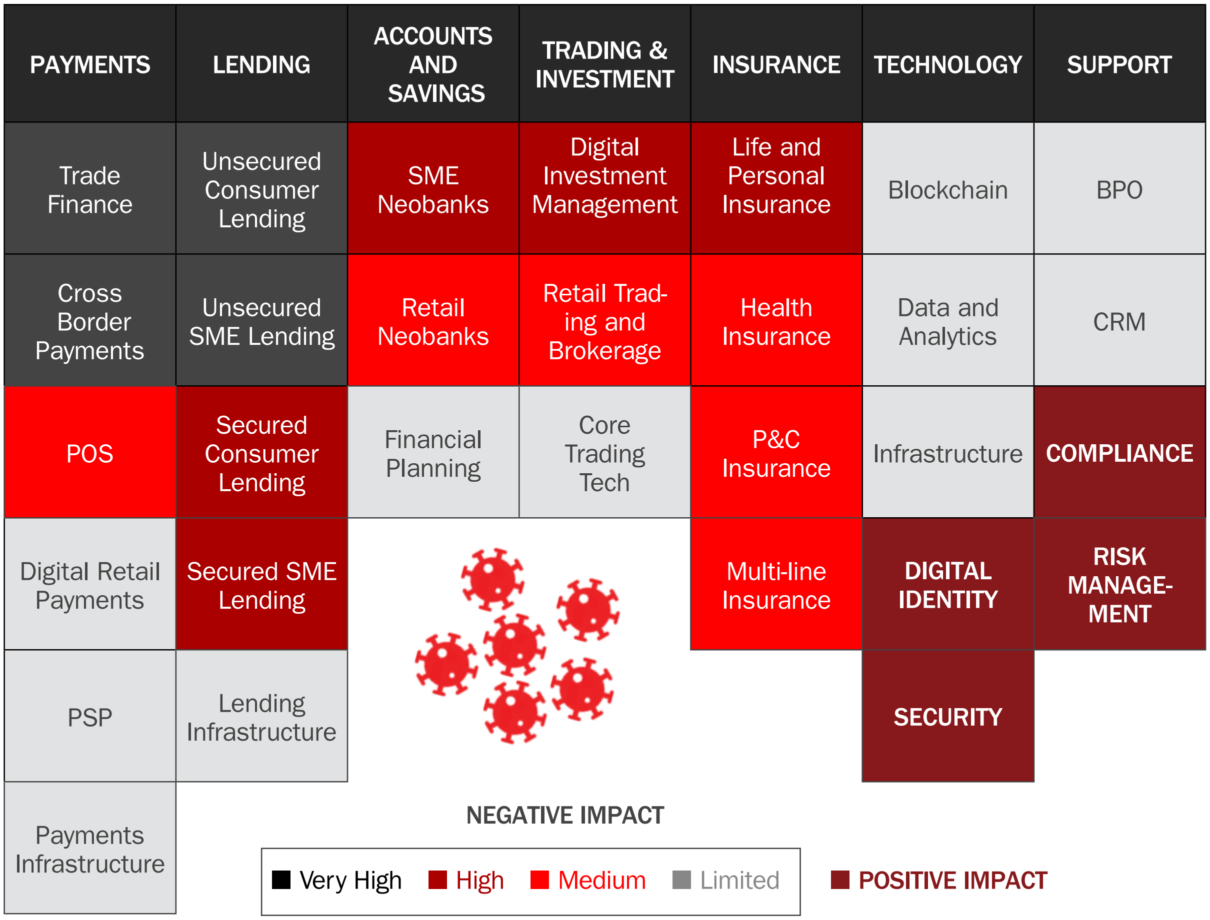
According to the **Boston Consulting Group**, there are four marketplace changes that are driving the move to digital lending. First and foremost, consumer behaviors have changed, mainly due to the experiences offered by big tech firms. This change in behavior has increased exponentially due to COVID-19. There have also been rapid technological changes, from the increased reliance on mobile devices to the ability to conduct entire know your customer (KYC) processes without meeting a person face-to-face.

Thirdly, changes in regulations and compliance around digital engagement have allowed both digital lending and digital account opening processes to be modernized for the benefit of the consumer. Finally, the innovations and simplification of the operating models of fintech providers have driven the entire industry to improve.

When a mortgage can be applied for and closed without a visit to a physical facility or a new deposit account can be opened in less than three minutes on a mobile device, the entire industry takes notice. Evidence of this significant progression of digital engagement is seen throughout this year's Digital Lending and Account Opening Digital Banking Report.

It should be noted that the introduction of the small business PPP loan program forced many organizations of all sizes to find ways to provide customers with digital lending solutions in a matter of days. This innovation in a crisis mode, while not optimal, served as a lesson that prioritization and focus on the desired result can create solutions that would have taken years without the pressure of crisis.

CHART 1:
NEAR TERM IMPACT OF COVID-19 ON FINTECH PROVIDERS



Source: BCG © September 2020 Digital Banking Report

Digital Lending Expands Potential Marketplace

When consumer data and advanced analytics are combined with revised back-office processes, product innovation, the potential for speed, and significantly lower costs, digital lending can be much more inclusive in nature. Instead of only serving the most credit worthy of consumers or small businesses with a limited number of traditional credit solutions, digital lending can now include segments with less credit history (students, lower income households, gig workers and start-ups) as well as open doors for new credit solutions altogether (POS credit, payday advances, etc.).

From the approval of credit to the monitoring of credit behaviors over the duration of the relationship, data, AI, advanced analytics and digital engagement through chatbots allows for an ongoing assessment of both the ability and willingness to repay credit obligations. This can allow digital lending solutions to be financially viable to a wider audience than ever possible with traditional lending.

Ultimately, the goal is to have the entire consumer journey (both with loans and deposit services)

"COVID-19 has illustrated that consumers do not need to have branches to open new deposit accounts or apply for loans. As consumers continue to move to digital engagement, the ability to support the initiation of digital relationships is no longer optional. It's imperative."

– from application, KYC, decisioning disbursement, collection, reporting, archiving and compliance – fully digitized at scale and at a speed comparable to involved digital engagement in other industries.

Why Pursue Digital Lending?

Beyond the expanded marketplace available with digital lending, there are a number of additional advantages for digital lenders. According to Kaylin Kugler from **Capco**, "Digital lending gives financial institutions additional data points, such as browser cookies to conduct targeted marketing and direct outreach, enhanced controls of information outflow compared to human interactions, as well as a simpler way of testing to monitor performance and re-mediate challenges, including A/B testing." Obviously, these capabilities positively impact the customer experience.

As mentioned earlier, done correctly (changing internal lending processes to reflect digital functionality), digital lending is faster, cheaper, more transparent and ultimately more aligned with engagement from other industries. These impacts are not just for the young, digital generation, but because of the impact of COVID, these solutions are accepted by consumers of all ages.

Even for those consumers who still desire a face-to-face interaction, the processes put in place to facilitate digital lending and account opening will streamline and improve branch-based engagement. In other words, the move to digital functionality can positively impact consumers regardless of the channel desired.

COVID-19 has illustrated that consumers do not need to have branches to open new deposit accounts or apply for loans. As consumers continue to move to digital engagement, the ability to support the initiation of digital relationships is no longer optional. It's imperative.

Becoming a Digital Lender

Moving from a traditional financial institution to a digital bank is no easy task. Often there may be resistance to change, an inability to accept risks, and the lack of top leadership desire to disrupt traditional norms. It becomes a cultural decision that is tough to make even in times of crisis.

A digital banking transformation must have a strategic foundation that is supported across all levels of the organization. Leaders must align the strategic priorities at a top management level and determine the implications on existing processes and technology – designing the optimal operating model while developing an enhanced customer and operational experience to achieve desired benefits.

Most organizations cite 'future survival' as the rationale to make the necessary changes. If they do not adopt digital transformation, opportunities will be lost to fintech startups.

"The key will be to reduce the time it takes to complete a process, give the consumer power to choose the channel(s) they want to use and to design the application for the best user experience."

As a lender, you'll want to make sure consumers have an exceptional digital experience. The potential for process abandonment is higher when a consumer begins a digital process. Digital consumers are inherently impatient and will not tolerate slow processes. Here's what **PwC** recommends you do:

- **Provide clear guidance on approval criteria.** Many firms can see a significant up-tick in loan applications and new account opening requests when a digital option is provided. Provide clear guidance as to what is needed to complete the process and how to be successful in the process.

- **Be transparent with clear communications.** Let customers know the steps you're taking to make sure that their applications are being handled as quickly as possible. Provide process updates and communicate about missing pieces if needed.

- **Don't be saddled by tradition.** Develop new processes, training materials and communications about how new policies will be handled consistently for all customers. Becoming digital is not replicating old processes online or on a phone. Rebuild for digital engagement.

- **Offer alternative channel options.** Don't require consumers to go into branches unless there is not another option. In addition, allow consumers to restart processes on a channel different than where they started without needing to start the process over.

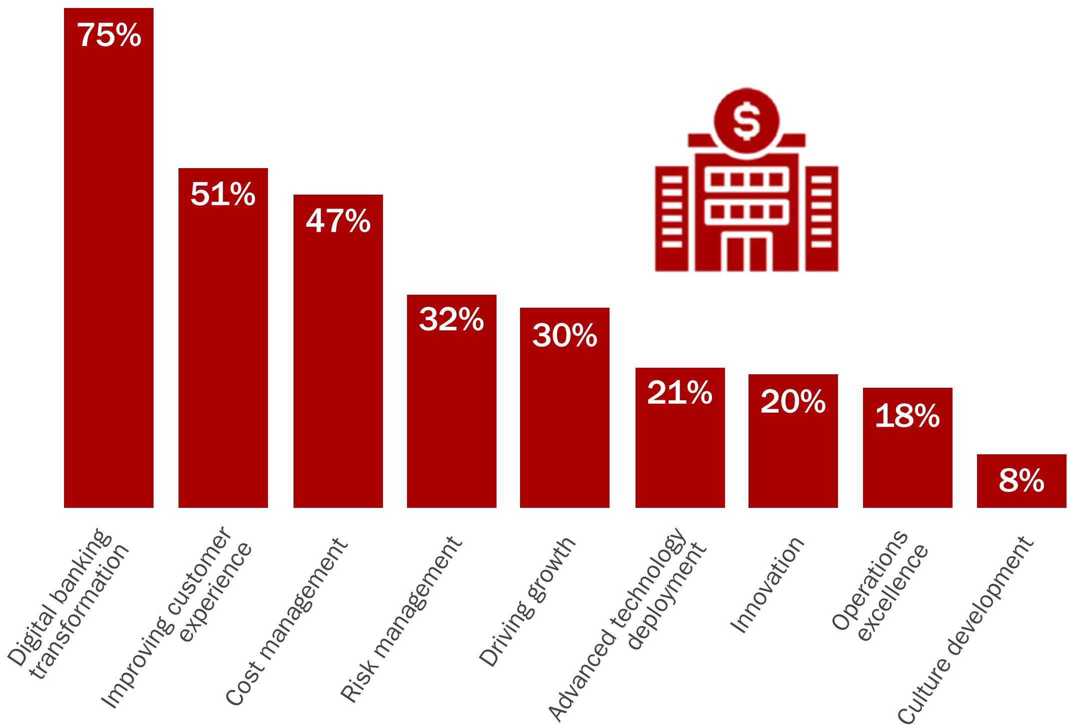
- **Be prepared to handle surprises.** Develop policies to address these unforeseen situations and then stick with it.

Differentiate Through Enhanced Customer Experience

To differentiate in the future, financial institutions will need to differentiate their digital lending and account opening capabilities by providing an improved customer experience. The key will be to reduce the time it takes to complete a process, give the consumer power to choose the channel(s) they want to use and to design the application for the best user experience.

Rate will become less and less of a differentiator if institutions can leverage data and analytics to customize solutions for each consumer at the time of need (or before). This will require the ability to proactively advise consumers of times when using credit is the best financial decision.

CHART 2:
TOP BANKING PRIORITIES POST PANDEMIC AND INTO 2021



Source: Digital Banking Report Research © September 2020 Digital Banking Report

The focus will move from a selling mentality after the consumer asks for credit to offering credit alternatives that fit a need the consumer may not even realize they have. By doing so, trust is built as well as loyalty.

COVID-19 resulted in the introduction of newer, faster, and easy-to-use digital tools and products to the marketplace. Almost immediately, consumers changed the way they transacted, engaged, communicated and made purchases. This resulted in expectations that increased as comfort levels went up.

With bank and credit union branches closed, the bar for digital services and products rose to a level much higher than it was just a few short months ago. Going forward, only those organizations that can provide credit quickly and easily will be able to grow portfolios efficiently.

A Conversation with...

Christopher Maloof
Chief Product Officer
at MeridianLink

Digital Lending Requires Speed and Simplicity to Win Battle With Fintechs

Outdated manual processes will no longer support modern digital lending. Digital lending transformation needs to happen at speed, replicating what non-traditional fintech lenders have been able to do for years. We interviewed Christopher Maloof, chief product officer at MeridianLink, as part of the Banking Transformed podcast. His perspective on the results of this year's research is a great overview of what banks and credit unions must do to succeed in the future.

The following is an excerpt from the discussion we recorded for the podcast on the findings and the ramifications for financial institutions in the future from the report.

What are some of the changes you've seen as a result of COVID-19?

Chris Maloof: We've seen a fundamental shift in how consumers are looking to engage with financial institutions. Getting a little more specific, large banks, credit unions, and community banks were near 40% on digital lending and account opening at the beginning of the pandemic. After just the last few months, it's now near 50%. What's been clear is, this shift was already happening ... and now it's happening even faster. I also think it's made financial executives realize that digital is not something you can do at your own pace – it's something organizations have to do as a matter of survival.

Our research found differences between the biggest banks and the rest of the industry. What has MeridianLink seen?

Chris Maloof: The larger institutions are about five or ten years ahead in terms of how much they're investing in internal IT. Many are building much of their capabilities in-house. All of the biggest banks are pushing towards mobile from an investment perspective. It'll be interesting to see how consumers engage with those new mobile apps. Institutions of all sizes are finding that the most effective way to engage in that channel is through building in a way that works seamlessly both at a desktop and on a mobile device.

What are the biggest hurdles to implementing digital lending that delights consumers?

Chris Maloof: We're getting to the point that fast is the way you win, and consumers expect fast – and fully digital is fast. For most institutions, the biggest hurdle is usually a combination of cultural and internal policies. This is because there's a major shift between trusting an automated underwriting decision vs. having a loan officer talk to a potential client face-to-face and applying tested legacy underwriting procedures.

This requires the ability of an institution to embrace change. This requires a shift in organizational culture.

There are a lot of individuals in different silos within a financial institution making

A Conversation with...

"Organizations need to analyze where in the application process most prospects drop off. And how does that abandonment impact your ROI per customer and cost to acquire a customer?"

decisions that define how effective the digital experience will be. It's all about risk, right? Financial institutions, and leadership within financial institutions, need to get better visibility into how they're performing against underwriting standards in real-time because it is a big leap. I think it's a long step for most organizations to take a jump to digital without clear visibility as to the final result.

I think this challenge is solved with visual data. This way, organizations can see in real-time, whenever they want, a dashboard of how they're performing from a funnel perspective.

How do organizations speed up their digital lending processes?

Chris Maloof: The research this year showed that there are different speeds to close a loan between desktop and mobile. As a general sense, mobile products were generally built more recently. Most modern UX design or user interface design is mobile-first. Part of the rationale for that is if you can fit all the features into the mobile product, it'll make your desktop product better. The biggest barrier to solving the speed challenge is banks and credit unions want to add too many incremental fields. The more fields you add, the more steps, the more pages, the higher your abandonment rate on the app.

Organizations need to analyze where in the application process most prospects drop off. And how does that abandonment impact your ROI per customer and cost to acquire a customer? The reason why Rocket Mortgage or American Express are able to proceed with a minimal amount of up-front data is that they're then integrating with third parties and spending money to get additional insights on applicants.

If that additional consumer insight costs less than your cost to acquire or your value to acquire, then you should market against those people who have touched your platform. In simpler terms, and I think that's advanced, I would say capture the most important information first and make it as seamless as possible. Then, market the most relevant products you can, based on that data to those consumers via text and email.

The challenge to this pared-down process is fraud. Organizations need to leverage a number of fraud check services and use data analytics to determine weaknesses in the systems and processes they use.

How important is the 'save and resume' functionality?

Chris Maloof: Saving applications and flow have been a major customer request of ours and something we're delivering right now because it's so important. This requires a high level of security around third party vendors. Even outside of saving the app, the process requires significant personal identification information (PII). Remember, with a 'save and resume' functionality, you're trying to define your customer's buyer journey ... and these journeys are complex.

The journey starts all the way back in the education phase. With an auto loan,

A Conversation with...

they're going to start looking for the type of car they want, what they can afford, and where they may find financing. They will visit websites, logging into a few different apps, and then maybe even visit a branch. It's going to be different by your specific demographic that you're serving.

Is the marketplace moving to a universal app?

Chris Maloof: When I think about helping institutions compete for consumers – about digital convenience and speed – a single digital application for all forms of credit provides consumers a more holistic experience. So when I think a single app, I think a consumer comes in with a loan or an interest in mind, and you don't get in the way of that.

By leveraging traditional and third-party data combined with an ability to underwrite across all loan types, you can provide consumers an optimized offer.

What is the future of microlending?

Chris Maloof: Microloans are a hot business. The best example is Goldman Sachs and Marcus. They are partnering with a software vendor to provide services to Amazon. That's a big win from Goldman Sachs and also couples with their recent investment to compete in savings accounts with Marcus.

I think you're going to see other big banks follow suit. And this also provides the same opportunity to community banks and credit unions. I have a number of customers that are doing merchant lending at scale for rather large retailers within their communities. This is what consumers want. Organizations can provide a really great service to a customer while also gaining that relationship. So I see it as an opportunity that big banks are going to go after. But, there's no reason why midsize institutions can't also be successful.

What changes in digital lending and consumer credit do you see in the near future?

Chris Maloof: Forbearance is going to become a front and center issue for all financial institutions very soon. I think 7% of mortgages out there are under forbearance. That's a very large amount, even if not all of these loans have had delayed payments because of an inability to pay. The good news is that many of the properties are equity rich.

As the Cares Act rolls off, you're going to see a drop in credit scores across the board as debt to income goes up. This will lead to an uptake in collections. Without future stimulus packages, there is going to be a significant increase in defaults, which can be showcased in the reserves that the big banks are presenting on Wall Street. They're all putting up big dollars to absorb losses associated with collections.

On the positive side, during a downturn, people need more personal loans and credit cards. During an upturn, people buy more auto loans. The Fed will give the economy a lot of runway, but we must counterbalance that with the fact that unemployment is still fairly high.

"Forbearance is going to become a front and center issue for all financial institutions very soon. I think 7% of mortgages out there are under forbearance. That's a very large amount, even if not all of these loans have had delayed payments because of an inability to pay. The good news is that many of the properties are equity rich."

For more interesting conversations... Visit **Banking Transformed with Jim Marous**

How COVID Has Changed Consumer Borrowing

How COVID Has Changed Consumer Borrowing

By Steve Cocheo

Americans won't stop borrowing but there's a growing conservatism brewing as more confront the potential for job loss or a reduction in income as key federal programs near their original sunsets. On the upside, point of sale installment credit offerings for both store and e-commerce sales are catching on, especially among Millennials.

For decades, America's economy has been built on consumer spending. Historically credit powered much of that spending. So much so that it's fair to say that if none of that credit existed, Americans would live much different lives.

Now the economy labors in the midst of an extended reboot from the COVID crisis. As Americans reenter some version of normality their views about borrowing will vary, based on their employment status, where they live, the options available to them now, and in some cases their age. In some ways their thinking about credit is changing.

Lenders and financial marketers face a steep challenge trying to figure out where the immediate future is for the types of credit they sell. Given the highly unusual nature of the COVID-19 slowdown, past patterns only go so far. Even the economic developments right in front of them can be misleading.

The recession we're now officially in is not an ordinary one, according to Jim Houston, Managing Director Of Consumer Lending And Automotive Finance Intelligence at **J.D. Power**. The Great Recession, he continues, was driven by lack of liquidity, an over-extended subprime sector in multiple types of credit, and enthusiastic lender risk tolerances that enabled many consumers to borrow more than they could afford.

By contrast, today's economy was still booming when COVID-19 shutdowns pulled the rug out from under. Many have lost their jobs or substantial parts of their incomes and with that their ability to make payments on borrowings, says Houston. The J.D. Power COVID-19 Pulse Survey for May 29-31 indicates that two out of five Americans have seen their income drop by 25% or more. Just over 52% of the U.S. still pay all of its bills on time. But a good third of the country believes worse impact from COVID-19 on their finances is coming.

Today, "most lenders are pretty liquid, and they have the ability to lend," says Houston, and many reached out to offer forbearance, deferrals and other relief to borrowers back at the beginning of the COVID-19 period. This, coupled with federal stimulus payments seems to have tided over many Americans thus far.

COVID Consumers: Making Less, Spending Less, Saving More

But there has also been a major change in American spending habits, in part by choice and in part because there was little opportunity given social separation policies.

Consumers have been staying home and they are not spending money. Instead, consumers have been putting more and more money into savings accounts. This has resulted in the highest savings rate in history since the COVID crisis began.

Concurrent with that, credit card debt has declined. Beyond the drop in retail sales, consumers have been paying down their existing card debt with stimulus checks or what they saved through, say, mortgage forbearance.

Mortgage defaults necessitated by long-term job loss are much more likely in the current recession than the “strategic” defaults of the Great Recession, in which borrowers simply walked away because their homes had negative equity. A.C. Cutts compares the Great Recession and the COVID-19 slowdown in the chart below.

CHART 3:

HOW THE COVID SLUMP COMPARES TO THE GREAT RECESSION

2008	2020 (so far)
Minimal support for household incomes.	Strong support for household incomes.
Temporary foreclosures moratorium	Foreclosure and eviction moratoria
Forbearance not easy to get	Automatic forbearance if requested up to 12 months on federally-backed loans, mortgages and on student loans through September 30
Credit damaged by forbearance • Element of a moral deficiency on the part of consumers unable to meet obligations • Forbearance granted for delinquent mortgages. Not as prevention of distress.	**Credit not damaged by forbearance under CARES Act accommodations** • Most federal student loans eligible and are to be reported as current under Cares act forbearance program • Federally backed mortgages not able to increase depth of delinquency in accommodation period
Rumors of rampant “strategic” defaults occurring	

Source: AC Cutts & Associates © September 2020 Digital Banking Report

“Millennials, still frugal regarding transportation, have started to favor buying used vehicles. Even with many of them working from home through the pandemic, they are worried about exposure to the disease via mass transit.”

Changes In Attitude Towards Debt and Financial Health

In the period ahead, banks and credit unions will need to assess the potential for growth going forward.

“Lenders are going to have to see who can resume payments, who needs refinancing or modifications, and who can’t pay.”

— Liz Pagel, **TransUnion**

In late May and early June lenders have simply been “coming up for air,” says Liz Pagel, SVP and Consumer Lending Business Leader at TransUnion. They have been handling requests for relief and dealing with the internal issues facing all banking organizations. Now, as some of the aid to consumers will be tailing off under current programs, “lenders are going to have to see who can resume payments, who needs refinancing or modifications, and who can’t pay.”

One major shift that Pagel says TransUnion sees ahead is much more attention to financial health on consumers’ part. “They will be working to protect their credit standing going forward,” she says, which may influence how they use credit.” As lenders also tighten up in certain areas, she says, an interesting alignment is being created: “There’s a decrease in demand and a decrease in supply at the same time.”

Auto Lending Coming Back, But Watch Supply Issues and Changing Preferences

Millennials have been an ongoing quandary for the auto business and for lenders. They have tended to be the generation that doesn’t feel the need to own a car — prior to the arrival of COVID-19.

Ally’s LaClair says her organization has noted a change. Millennials, still frugal regarding transportation, have started to favor buying used vehicles. Even with many of them working from home through the pandemic, they are worried about exposure to the disease via mass transit.

J.D. Power says that during the height of the lockdown period, with dealerships closed and car factories temporarily shut down for social separation as well, dealers increased their efforts to sell vehicles over the internet, concluding the process with “touchless” delivery service.

One advantage the dealers had were apps, quickly developed, that seamlessly combined the browsing, buying and financing process, tying in the captives to the

"The shift to online retail spending has been a great opportunity for digital lenders. Both specialists as well as mainstream financial firms have entered the POS finance field."

dealers' sales. It is likely that this model will continue to appeal to consumers even as dealer lots reopen.

As the digital showroom and finance department come to the fore, dealerships, once a mainstay of local business banking, will consolidate in a big way. There just won't be the need for as many of them.

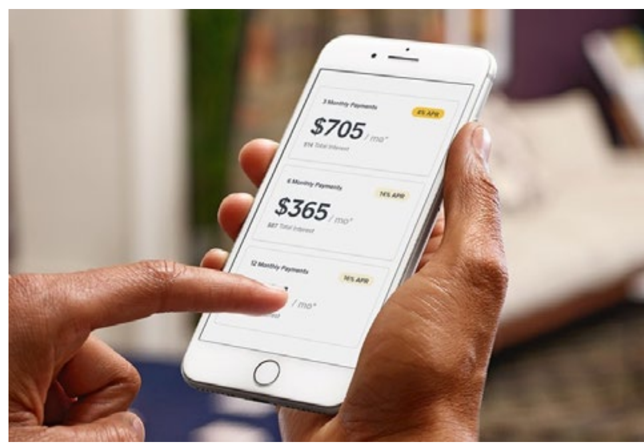
Home Equity Credit at a Standstill

Home equity loans and home equity lines of credit have not been as popular as they once were, though that may shift again in the future. One reason is that online lenders' unsecured personal loans, even though with higher rates, are much easier and faster to obtain than a loan secured by real estate. Another is that some consumers have instead chosen "cash-out" refis, which refinance the original mortgage at today's ultra-low rates but drawing out additional cash based on equity at the same time.

Credit performance on equity lines has been good, despite many firms ceasing the offering of these loans. With home prices staying very high, there hasn't been a falloff in security for these loans.

Point-of-Sale Finance is Built for Digital Lenders

The unsecured personal credit market has continued to see growth in a newer take on borrowing that is a tech-enabled variation on the old concept of layaway purchases. This is point-of-sale financing. Some POS lenders specialize in e-commerce only, some do both e-commerce and in-store financing.



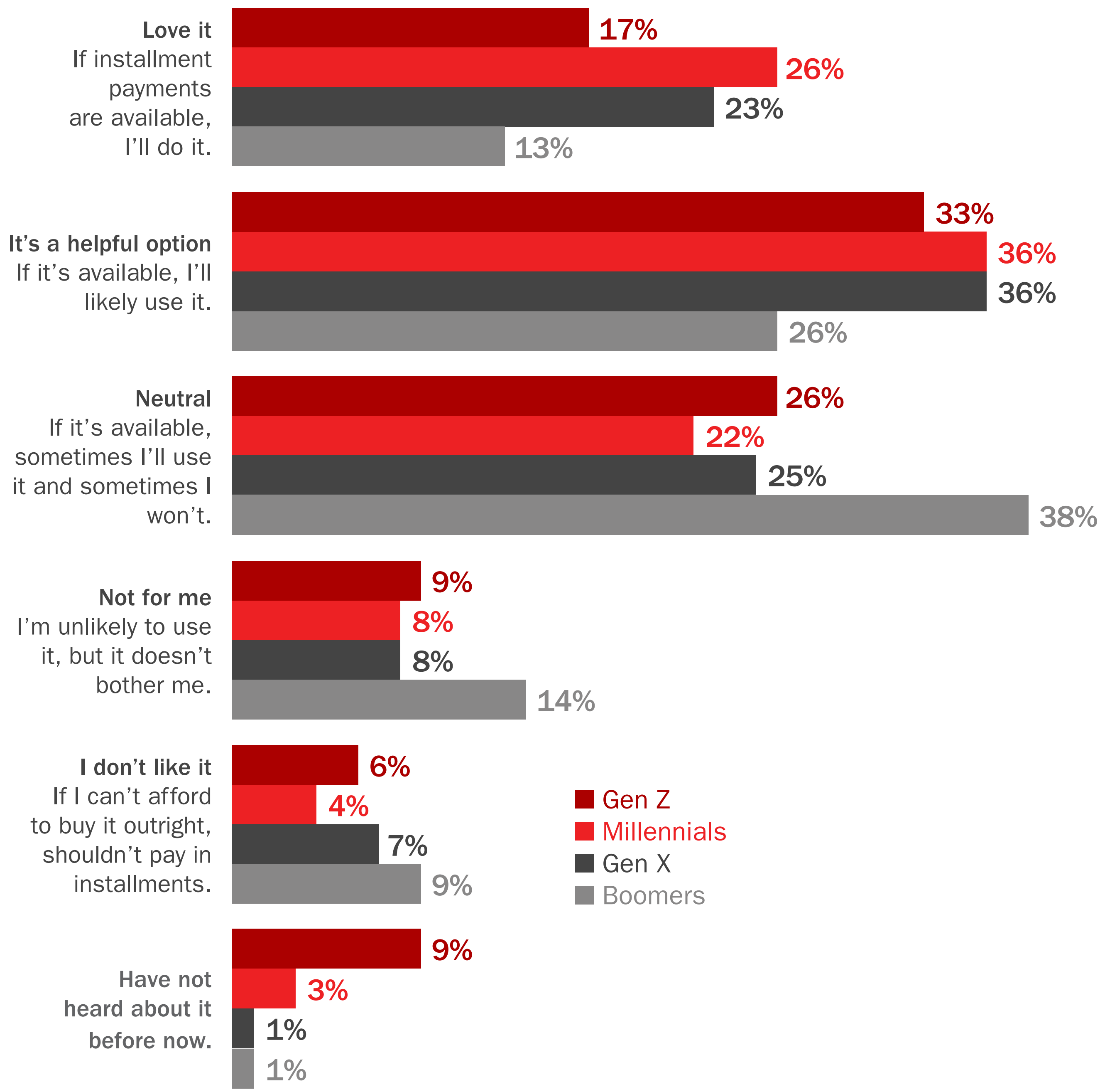
The shift to online retail spending has been a great opportunity for digital lenders. Both specialists as well as mainstream financial firms have entered the POS finance field. (Marcus is a recent entrant, for example.) Essentially, it permits shoppers to buy what they want and to break up the cost into installments.

Even before the COVID period, according to **McKinsey**, POS financing was growing faster than traditional unsecured lending. A post-COVID study for Sezzle, a POS lender, by the **Center for Generational Kinetics**, finds that credit cards are losing their appeal in certain consumer segments. The study found, for example, that 72% of Millennial consumers feel credit card rates are too high. Gen Z and Millennials both worry about credit, and cards exacerbate that worry.

The study found strong interest in POS financing among Gen X and Millennials, with Gen Z also interested.

CHART 4:

HOW EACH GENERATION FEELS ABOUT INSTALLMENT PAYMENTS



Source: Sezzle/Center for Generational Kinetics
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DIGITAL LENDING AND ACCOUNT OPENING

The study asked consumers how their behavior would be changed by using a POS installment payment product. The top five points:

- It would help me better budget my finances 36%
- I would pay closer attention to my finances 35%
- I would feel more in control of my financial situation 33%
- I would have more financial freedom 31%
- I would feel less stressed by my finances 30%

This syncs with the COVID-caused stress on financial wellness. While rate is always important, consumers will be digging further than ever into the rates, terms and fees lenders charge and where they come out in the end.

Product Development Trends

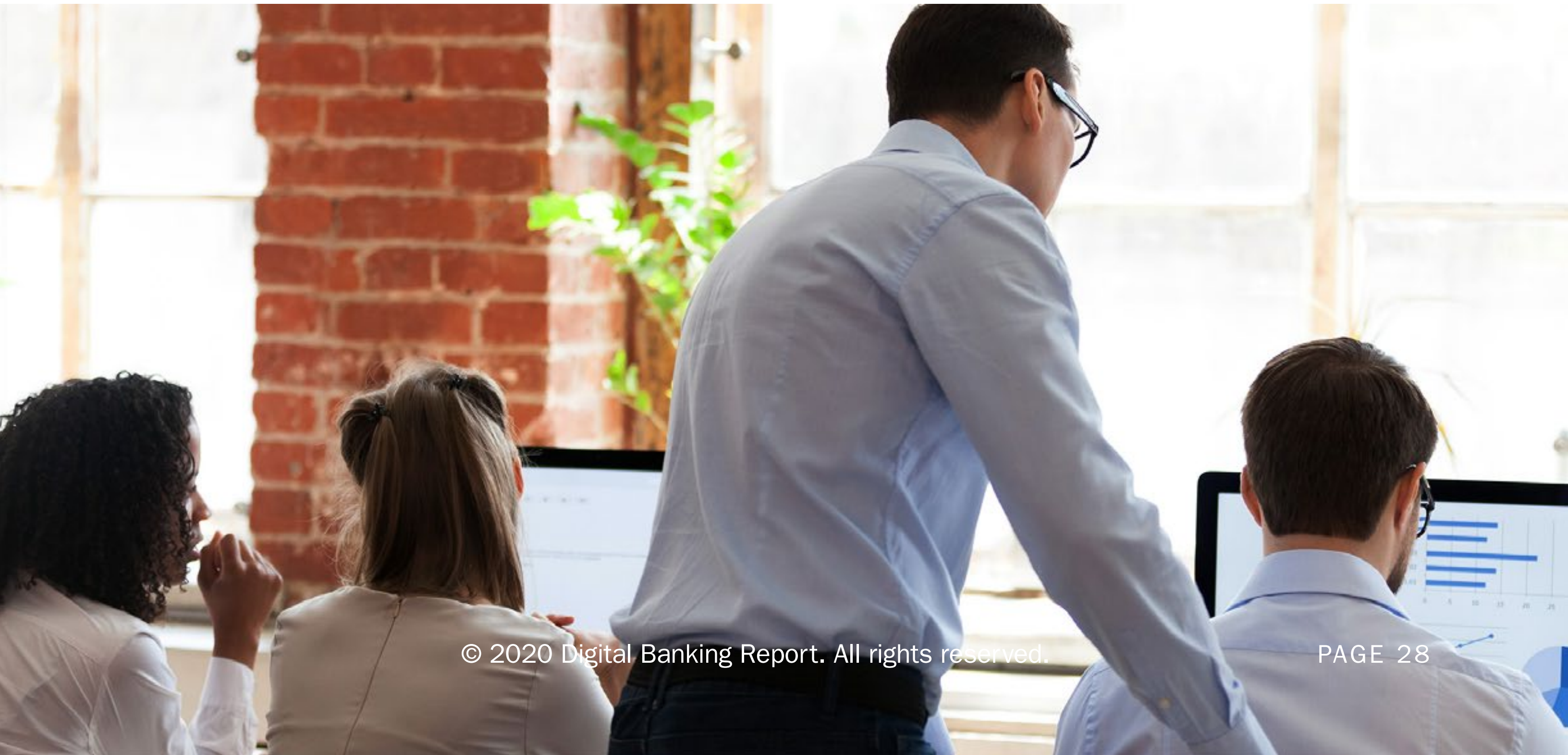
Product Development Trends

The COVID-19 crisis has increased the need for digital lending platforms and processes more than any previous event. To respond to the needs of current borrowers and to serve the needs of future borrowers, banks and credit unions must simplify borrowing and provide more options for consumers in need.

The Coronavirus pandemic disrupted the entire world of banking and the consumer marketplace in an instant. Bank and credit union branches closed, paychecks stopped, loan payment deferrals became the norm and sources of new funding evaporated. While stimulus checks for consumers and government-backed small business loan options helped, they won't be enough.

Because of the unique nature of the crisis, there are no rule books to follow or business models that can be applied to understand the eventual impact of the economic shutdown. As a result, many financial institutions have already announced tightening loan approval requirements or the complete shutdown of certain lines of business.

What has become abundantly clear during this unprecedented period is that many financial institutions were not prepared to respond quickly to the demand for loans, the desire for payment deferral or the potential for future small dollar loan demand. At no time in the past has the requirement for advanced analytics and digital processing been more important.



DIGITAL LENDING AND ACCOUNT OPENING

Most financial institutions have not changed their basic lending processes in decades. From application to close, most lending platforms continue to be cumbersome and time-consuming for both the consumer and financial institutions. Even if an institution has created a way for the consumer to apply online or with a digital device, most steps and requirements from the past usually still remain.

What is required is a technology solution that provides a seamless experience for the loan customer from application to close. It must be easy for the borrower to complete an application, provide documentation and signatures, monitor progress and receive funds. Done well, digitalization reduces time and effort for the consumer, while increasing loan volume and reducing 'loans in process' for the bank or credit union.

COVID-19 has educated the consumer on how data, analytics and digital technology can simplify everything from purchasing products online, to getting groceries or meals delivered, to having video chats with friends, family or co-workers. The basics of digital lending in the future include:

- **User-Friendly Interface** – Most loan application processes are tedious and time-consuming. Winners in digital lending will eliminate steps using data pre-fill and intuitive design, and will evaluate legacy steps that can be modified or completely eliminated. The goal should be to move to single click assessment.
- **Quick Initial Decisioning** – The ability to provide immediate pre-approval decisioning pending required documentation stops the borrower's from shopping for a loan elsewhere, increasing the potential for positive outcomes for the consumer and financial institution.
- **Cloud Integration** – Use of the cloud enables integration with credit bureaus, alternative data sources, risk services and internal decision and underwriter rules for deeper insight and speed of decisioning.
- **Advanced Metrics** – With an advanced digital lending platform, more data can be processed faster, with advanced metrics used to better understand portfolio and process performance. Advanced warning systems around potential credit issues are invaluable as are insights regarding market and process improvement opportunities.

Consumer Borrowing Needs Have Changed

The financial services industry has already seen significant drops in consumer and business borrowing outside of government sponsored programs. This trend is expected to continue as unemployment and short-term work increases, and as traditional credit ratings drop. At the same time, there will most likely be a rise in non-performing loans and default rates, putting additional pressure on available credit supply.

According to **The Financial Brand** article, *"Understanding How Consumer Borrowing Habits Will Change Post-Covid"*, the immediate impact will most likely be a curtailment in large item purchases combined with an increased need for small dollar loans that will provide a cushion during hard periods in both the consumer and small business markets. There will also be an increase in saving to help protect for the future.

Most consumers are also very concerned about how their credit score will be impacted by the Coronavirus. The CARES Act provides some relief for consumers who need to defer payments, but many consumers are also seeking financial education to better understand how they can protect their credit rating.

The Future of Digital Lending

According to the **Boston Consulting Group (BCG)**, there are four fundamental drivers boosting activity in the digital lending space. First, consumer behavior is changing dramatically due to experiences offered by internet giants and the COVID-19 crisis. Second, rapid technological changes have occurred due to the proliferation of digital devices and the expansion of data. Third, the regulatory environment is becoming more favorable towards digital lending. And fourth, there has been significant innovation in the business models used by both traditional and non-traditional lenders.

Digital lending provides benefits to the consumer including ease of application, speed, convenience, cost and availability (inclusiveness). Digital lenders benefit because the cost of lending is lower and the scalability is greater. In addition, organizations can better serve digital consumers, while reducing risk due to utilization of traditional and non-traditional data sources.

"In addition, 85% of respondents indicated the support of an online/ website application process, which is a 9% increase from 2019 and a 14% increase from just two years ago. As in 2019, the availability of digital account opening was higher for larger banks and credit unions (over $1 billion). "

A Need to Improve the Loan Application Process

Our research this year expanded our focus beyond just consumer lending, auto loans, mortgages, small business loans and commercial loans to include credit cards as well. This is important as more organizations are moving to a universal credit application.

We believe that in 2021, we will further expand this analysis to include digital small dollar loans that are available at the point of sale. As a result of both COVID and fintech start-ups, this is becoming a significant new category of lending. We also believe that most of the bit tech firms (Apple, Facebook, Amazon and others will move swiftly into this category of credit.

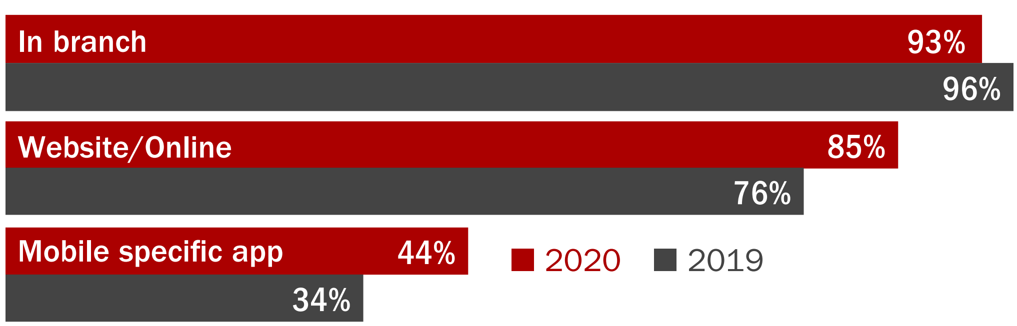
Not surprisingly, virtually every organization surveyed globally had the ability to accept consumer loan applications in a branch office. In addition, 85% of respondents indicated the support of an online/website application process, which is a 9% increase from 2019 and a 14% increase from just two years ago. As in 2019, the availability of digital account opening was higher for larger banks and credit unions (over $1 billion).

Note: It was interesting that the percentage of organizations stating that loans could be applied for in a branch dropped from last year. This may reflect more digital organizations responding to this year's survey or respondents who did not have branches open due to COVID.

According to our 2020 survey, 44% of organizations had a mobile-specific app for consumer loan applications. The ability to apply via a mobile device increased by 10% in the past year and 18% since 2018. The difference between large and smaller organizations was more pronounced for the mobile application capability than was seen with online/website applications. In fact, larger organizations appear to be moving away from online applications and focusing their efforts on mobile capabilities. As in 2019, we did not break out tablet generated credit applications since most functionality on the tablet is replicating mobile capabilities.

CHART 5:
WAYS CONSUMER CAN APPLY FOR A CONSUMER LOAN

How can consumers apply for a new consumer loan at your financial institution? (Mark all that apply.)



Source: Digital Banking Report Research © September 2020 Digital Banking Report

End-to-End Digital Application Capability

Of those organizations that answered yes to the ability to process online/website and mobile applications, we inquired as to their ability to support a complete end-to-end application process.

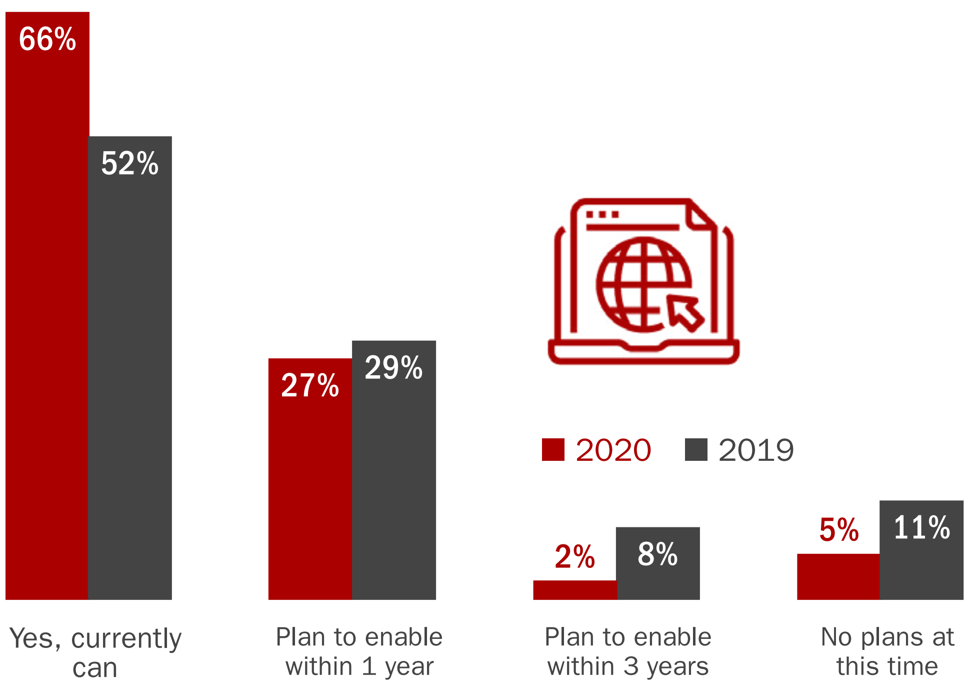
We found that 66% of organizations were able to complete an online application from end-to-end, compared to only 52% in 2019. It is clear that more organizations than ever are focusing on simplifying the digital lending process since the percentage of organizations that said they could provide end-to-end applications was only 40% in 2018.

In 2020, 27% believed they would have the ability to complete an online application in the next year, which was down from 29% in 2019 and 35% in 2018. The percentage of organizations that have no plans to offer web/online lending functionality dropped from 11% in 2019 and 14% in 2018 to only 5% this year. Obviously, online lending is not optional.

CHART 6:

ABILITY TO COMPLETE ENTIRE LOAN APPLICATION PROCESS ON WEBSITE/ONLINE

If you allow applying for a consumer loan with a WEBSITE/ONLINE APPLICATION, can the entire process be completed online
(no visit to branch)?



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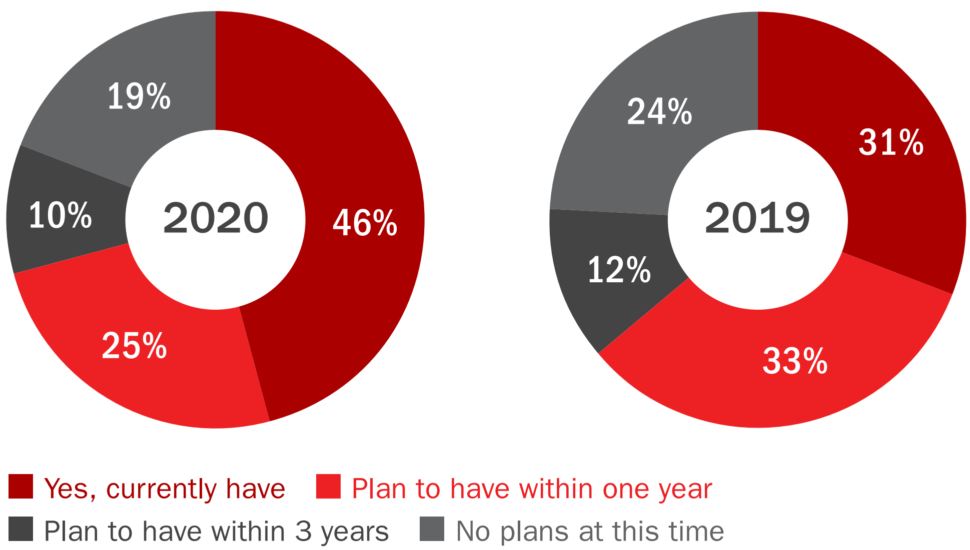
"The definition of 'convenience' in financial services has shifted from a locational convenience (how close is my branch) to a digital engagement convenience (how easy is the digital process). The desire for immediacy and personalized service is driving more proactive digital strategies in the financial services industry, with the ultimate goal of improving the customer experience."

When we asked the same question for mobile capabilities, we found that close to half (46%) of organizations can support an end-to-end application process, which was an increase from 31% in 2019 and 20% in 2018. Another 25% planned to have this capability in the next year compared to 33% last year and 36% in 2019, again reflecting that more organizations are moving to where they want to be.

The percentage of organizations with no plans to provide mobile lending application capability dropped from 24% last year to 19% in 2020. We were surprised this number did not drop lower given the move to mobile apps across all industries.

CHART 7:
ABILITY TO COMPLETE ENTIRE LOAN ORIGINATION ON MOBILE DEVICE (2020 VS. 2019)

If you allow consumer loan origination with a MOBILE APPLICATION, can the entire process be completed on this channel (mobile)?



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While these numbers appear good on the surface, it becomes clear as we dig further that the majority of institutions see the digitalization of lending as something to 'check off a to do list' as opposed to truly digitizing the process. In other words, while a consumer can complete a loan application process online or on a mobile app, the experience is far from what a consumer would consider to be intuitive and easy. This is a major challenge if traditional financial institutions want to compete with fintech or big tech lenders.

The (Continued) Need for Speed

The definition of 'convenience' in financial services has shifted from a locational convenience (how close is my branch) to a digital engagement convenience (how easy is the digital process). The desire for immediacy and personalized service is driving more proactive digital strategies in the financial services industry, with the ultimate goal of improving the customer experience.

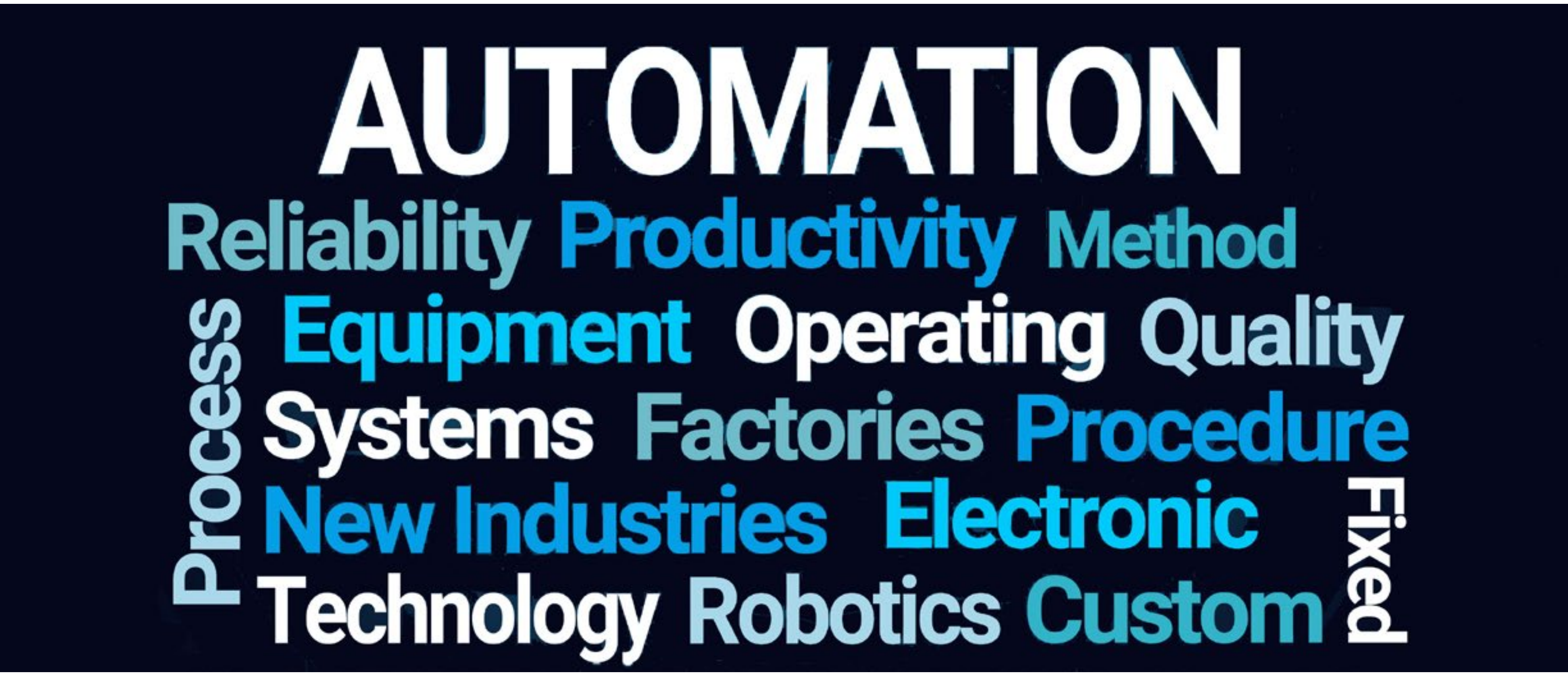
Banks and credit unions can no longer put lipstick on a digital banking pig, believing that having digital loan application capabilities is enough. The consumer expects easy engagement and speed of process that can only be achieved if organizations build digital capabilities from the inside out. This means that the underlying processes, from the data that must be supplied by the consumer (as opposed to pre-filled), to the decision process and disbursement of funds must be completely rethought.

There is no shortcut to digital transformation in lending or for any part of the banking business.

Banks are recognizing that they need a comprehensive solution to deliver lending products with decreased cost, reduced risk and shortened loan cycle times. The primary consumer benefits of a digital lending solution are the interrelated components of simplicity and speed, but digital channels don't provide the experience consumers truly expect without an efficient and digitally enabled back office.

Beyond the cost benefits delivered by digital technology, a completely rethought operational back-office can result in streamlined delivery and unmatched customer experience, which provides a significant competitive advantage.

When we look at the competition in the lending category, consumers have the option of a sluggish, complicated digital process at a traditional financial institution, or the almost immediate customer journey with a digital provider. Consumers have no patience for a digital process that takes 5 or more minutes to complete, with the approval and disbursement process adding to the time required.



Customers should be able to complete a digital loan application from start to finish in minutes. This means that the application should be able to draw from other online systems the bank employs to ease their burden and streamline the experience.

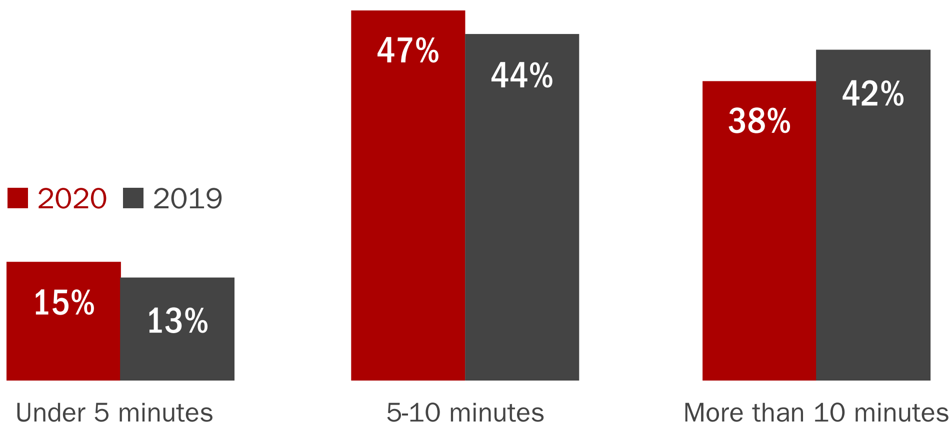
For website/online applications, 85% of the applications took consumers more than 5 minutes to complete. When we look at the other end of the scale, we see that 62% of the online applications took up to 10 minutes … which was slightly better than in 2019, but far from optimal.

This continues to illustrate that we are not building digital loan processes, but simply turning old processes into a digital app.

CHART 8:

AMOUNT OF TIME REQUIRED TO COMPLETE WEBSITE/ONLINE CONSUMER LOAN APPLICATION (2020 VS. 2019)

If you allow opening for a consumer loan on your website/online, how long, on average does the process take to complete?



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As opposed to the very marginal improvement in the speed of online loan applications, the average speed of mobile application got worse over the past 12 months. While not good, this can be explained as we realize that a large number of organizations wanted to provide this capability as quickly as possible after COVID took hold. There was a balancing act between providing the functionality and doing it well.

Even more than with online application, we should be concerned with alternative lenders that far exceed these time parameters. One additional insight that we continue to see that concerns us is that a significant percentage of respondents (exceeding 25%) stated they 'did not know' how long a mobile application takes at their organization. This illustrates that the time to complete digital applications may not be top of mind at legacy institutions.

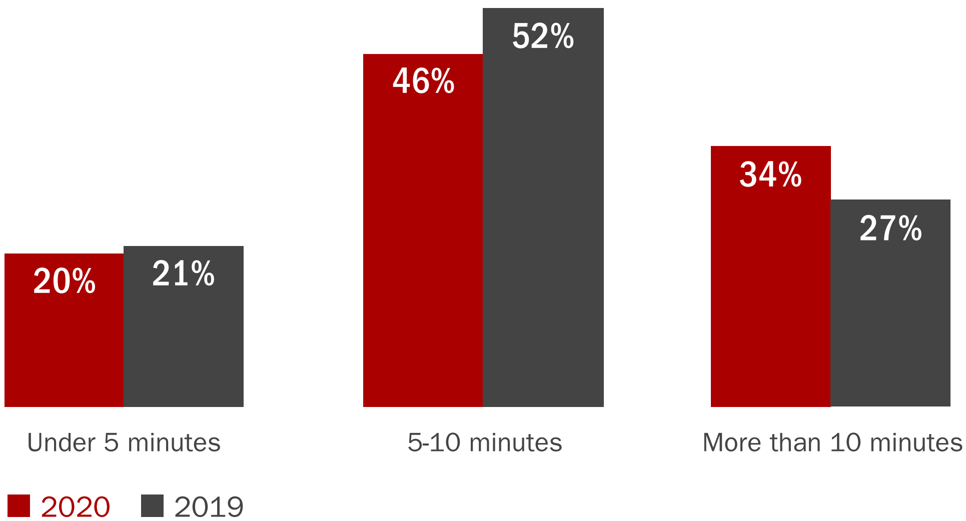
"For digital consumers, the requirement for coming into the branch is both inconvenient and hard to rationalize given the many solutions available to digitize these steps."

Shortening the time of digital application processing (both online and mobile) must be the focus in 2021 as we hope to improve our digital lending transformation.

CHART 9:

TIME REQUIRED TO COMPLETE MOBILE CONSUMER LOAN ORIGINATION (2020 VS. 2019)

If you allow applying for a consumer loan on a MOBILE device, how long, on average does the process take to complete?



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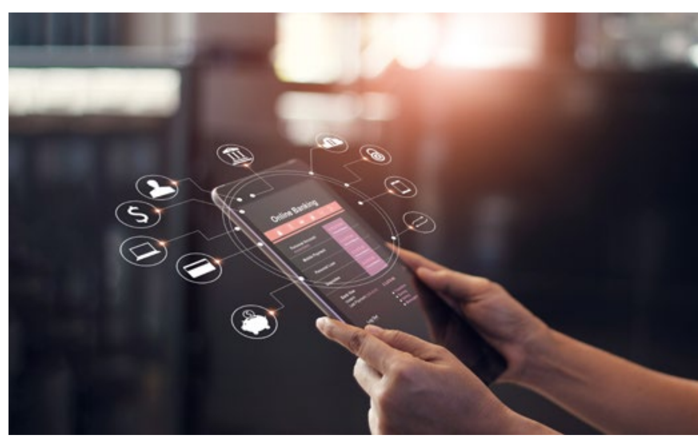
There Are Ways to Avoid Branch Visits

For those organizations that still require a branch visit to complete a digital loan application, there are many options in the marketplace that can assist. As in the past, the top reasons given for requiring a branch visit include signatures on documents (62%), ID verification (55%) and loan documentation (48%).

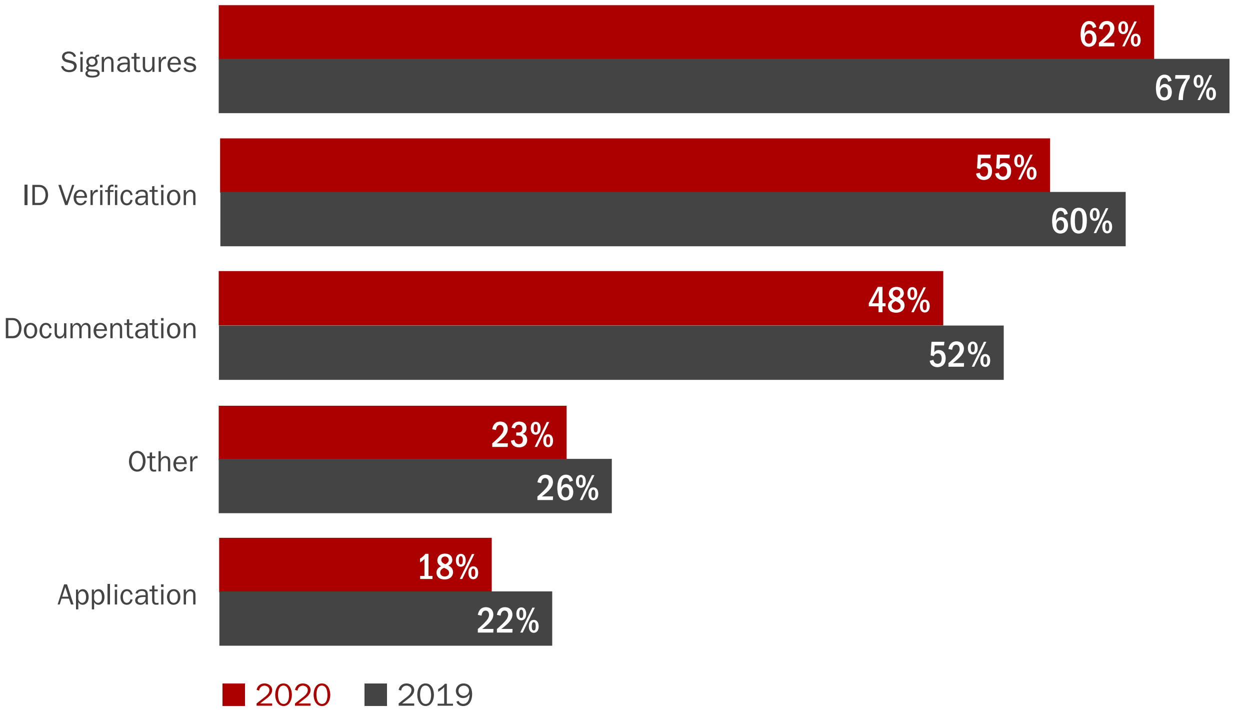


While all of the numbers decreased measurably in the two past years, the numbers are still too high. For digital consumers, the requirement for coming into the branch is both inconvenient and hard to rationalize given the many solutions available to digitize these steps.

CHART 10:

STEPS OF WEBSITE/ONLINE CONSUMER LOAN APPLICATION THAT MUST BE COMPLETED IN A BRANCH (2020 VS. 2019)

If a consumer must visit a branch to finish applying for a consumer loan, what step(s) of the WEBSITE/ONLINE process must be handled in a branch?
(Mark all that apply.)



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'Save and Resume' is No Longer Optional

Consumers live busy lives. They may want to apply for a loan, but not have all the information available. If they start the process online, they may want to complete the journey on their mobile device … or visa versa. In other words, they don't want to start the entire process over. They want to 'save and resume'. Unfortunately, many organizations don't even enable a consumer to stop and restart the process using the same channel.

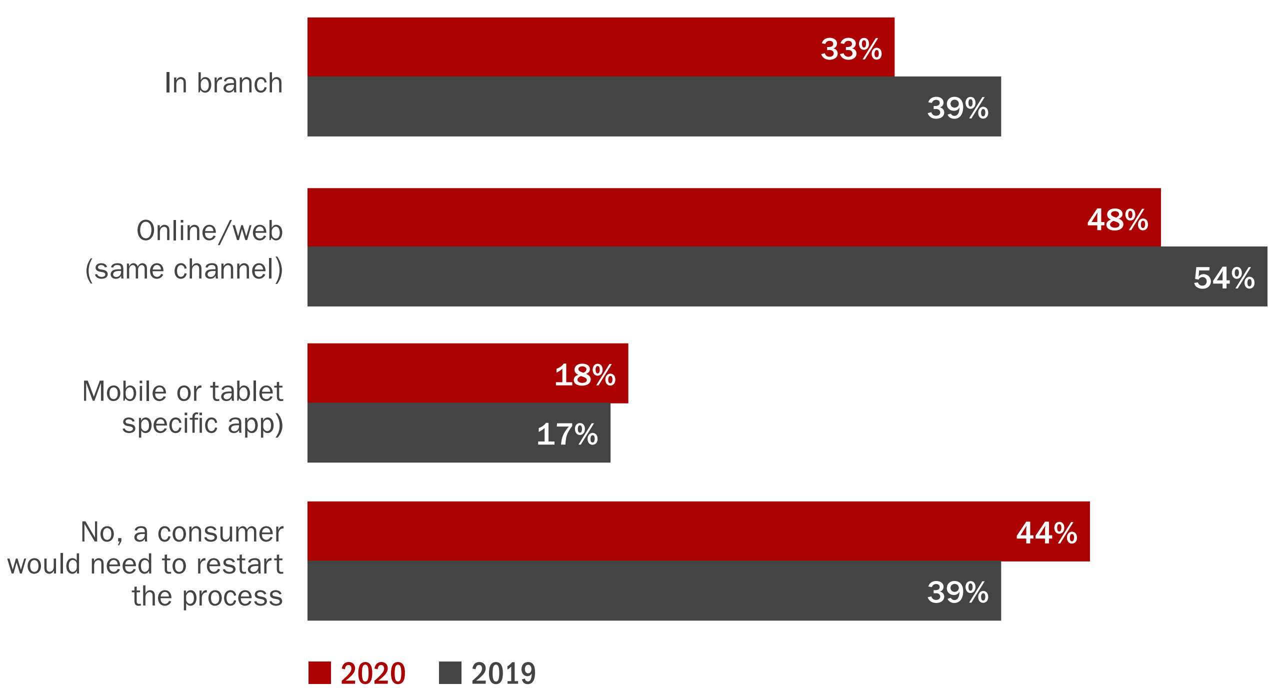
As we found in 2018 and again in 2019, the ability to 'save and resume' is a major performance gap for most financial organizations. In fact, less than half of the organizations surveyed (48%) allow a person to restart an online application on the same channel, which is worse than in 2019. Again, we believe this phenomenon is caused by organizations that brought suboptimal digital loan capabilities up and still need to improve the customer experience.

Not surprisingly, we found that the results were even worse for those who begin the process on a mobile device. This is obviously a major flaw at many organizations.

CHART 11:

WAYS TO 'SAVE AND RESUME' (WEBSITE/ ONLINE) CONSUMER LOAN APPLICATION PROCESS (2020 VS. 2019)

If a consumer stops their website/online consumer loan application process midstream, can they 'save and resume' the process on the following channels? (Mark all that apply.)



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"To resolve this issue and get a better reporting of loan initiation, organizations should monitor all applications that begin on a digital channel and match these back to the loans completed in the branch."

Avoiding Application Abandonment

Abandonment in retail lending is often caused when a consumer gets frustrated with a process because of complexity or time required. While consumers realize that lending is complex from the financial institution's perspective, they want it to be seamless and easy from their perspective. Part of this is caused by the increased awareness of what is available from digital providers.

There are two major ways to reduce loan application abandonment.

1. **Improve the speed and ease of the process**
2. **Proactively manage abandoned applications**

We have already discussed the ways to improve the back-office processing for digital loans. But, if your organization is not quite optimized for digital lending, you must manage those who abandon the process. The best ways to do so is to ask for both an e-mail address and mobile phone number as the first two steps in the loan application process.

When a consumer stops completing a digital application, proactively reach out, engage, and help the consumer finish the application with human assistance. This not only provides an exceptional customer experience and increases the likelihood of booking the loan, it also provides valuable information as to what steps in the process cause abandonment. This becomes your organization's to-do list for improving the digital lending process.

Be Cautious of 'False Reporting'

As we have mentioned in the past few years of this report, financial institutions continually report that 'demand is low' for digital account opening and loan application functionality. For many organizations, this has resulted in either a low priority for implementing digital lending capabilities or a decision to not invest in this capability.

We have found that bad data has resulted in bad decisions being made.

While we found that 46% of organizations indicated that less than 25% of applications are started on a website/online app and less than 48% on a mobile app, these numbers are heavily impacted by both a lack of tracking and false reporting from branches that convert digitally initiated applications to branch-based apps.

In other words, last touch attribution results in false reporting (If the applicant must come into the branch to complete the digital process, the branch takes credit for the loan without any partial digital attribution.)

To resolve this issue and get a better reporting of loan initiation, organizations should monitor all applications that begin on a digital channel and match these back to the loans completed in the branch. In other words, what initially appears to be a lack of demand for digital loans is actually a 'mirage' caused by the financial institution itself.

CHART 12: PERCENTAGE OF CONSUMER LOAN APPLICATIONS STARTED ON A WEBSITE/ ONLINE (2020 VS. 2019)

What percentage of consumer loan customers begin the opening process on a WEBSITE/ONLINE?

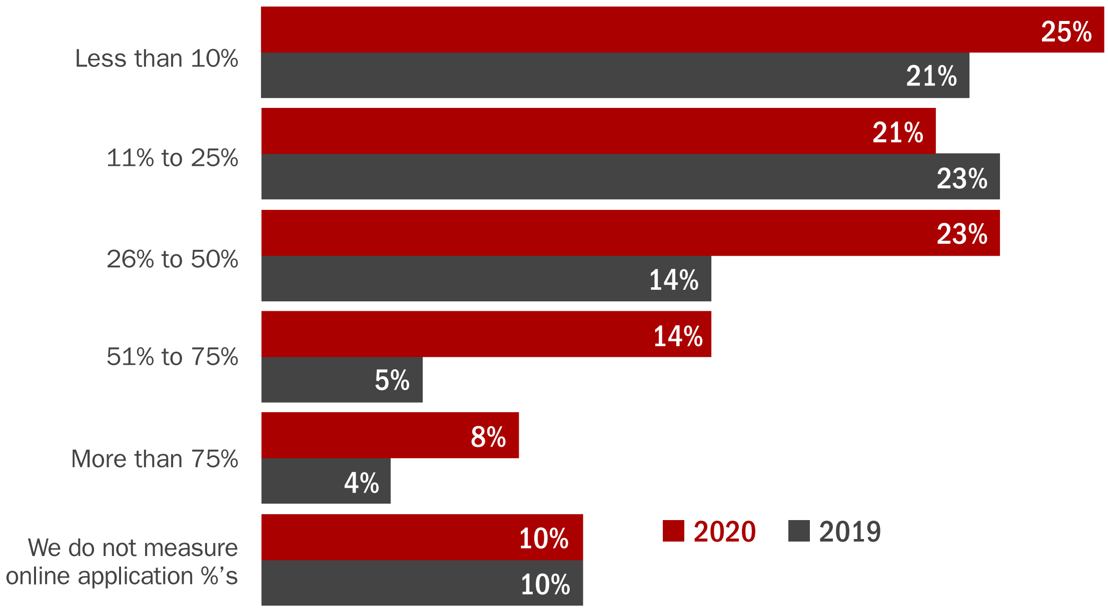

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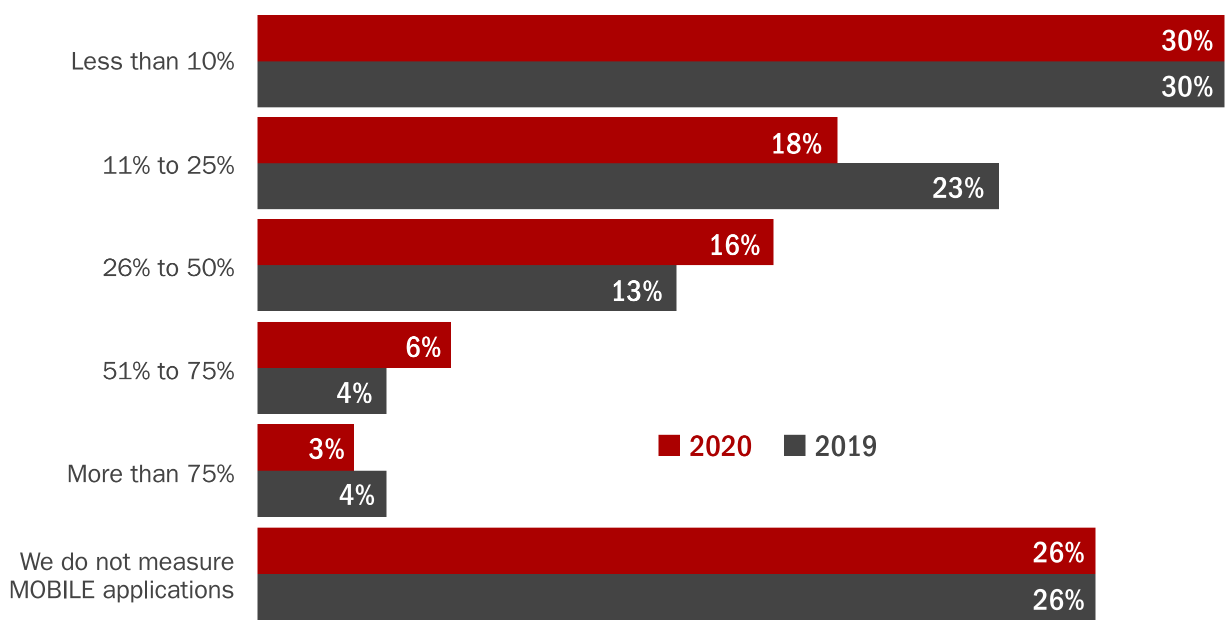
CHART 13: PERCENTAGE OF CONSUMER LOAN APPLICATIONS STARTED ON A MOBILE DEVICE

What percentage of potential consumer loan customers begin the new account opening process with a MOBILE/TABLET APPLICATION?



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Digital Credit Continues to Increase

When we asked organizations what types of loans can be initiated digitally, every type of credit increased in the ability to apply online or with a mobile process. This is not surprising, given the impact of COVID on the ability to process any application in person.

The order of the loans that are most likely supported by digital application capabilities has not changed in the past year (with the acceptation that credit cards was ranked first since it was not included in the research in 2019. As we look down the list, it is clear that a universal digital loan application could further improve results.

CHART 14:
TYPES OF CREDIT THAT CAN BE INITIATED ON WEBSITE/ONLINE (2020 VS. 2019)

What types of credit can be applied for with a WEBSITE/ONLINE? (Mark all that apply.)

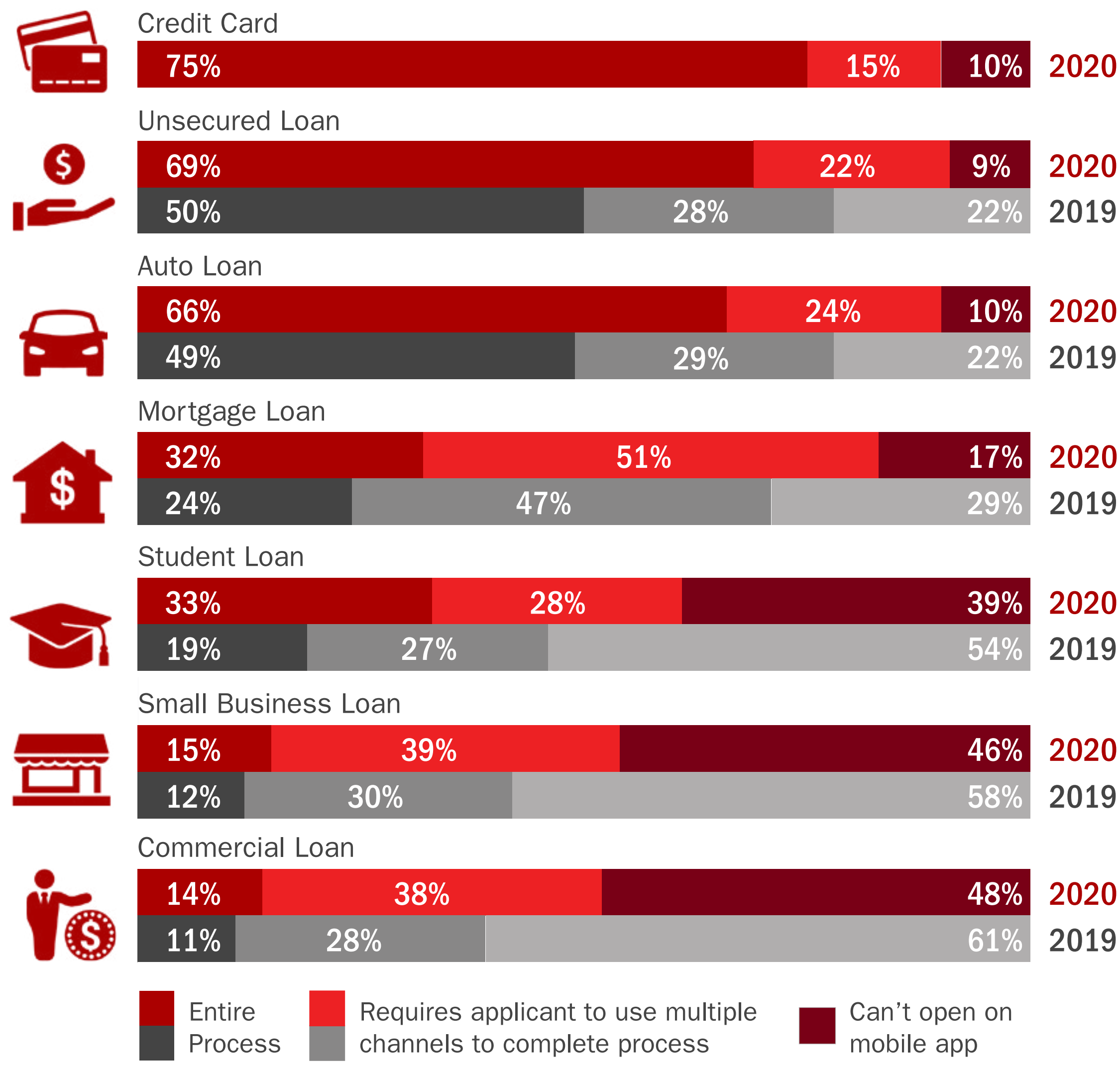

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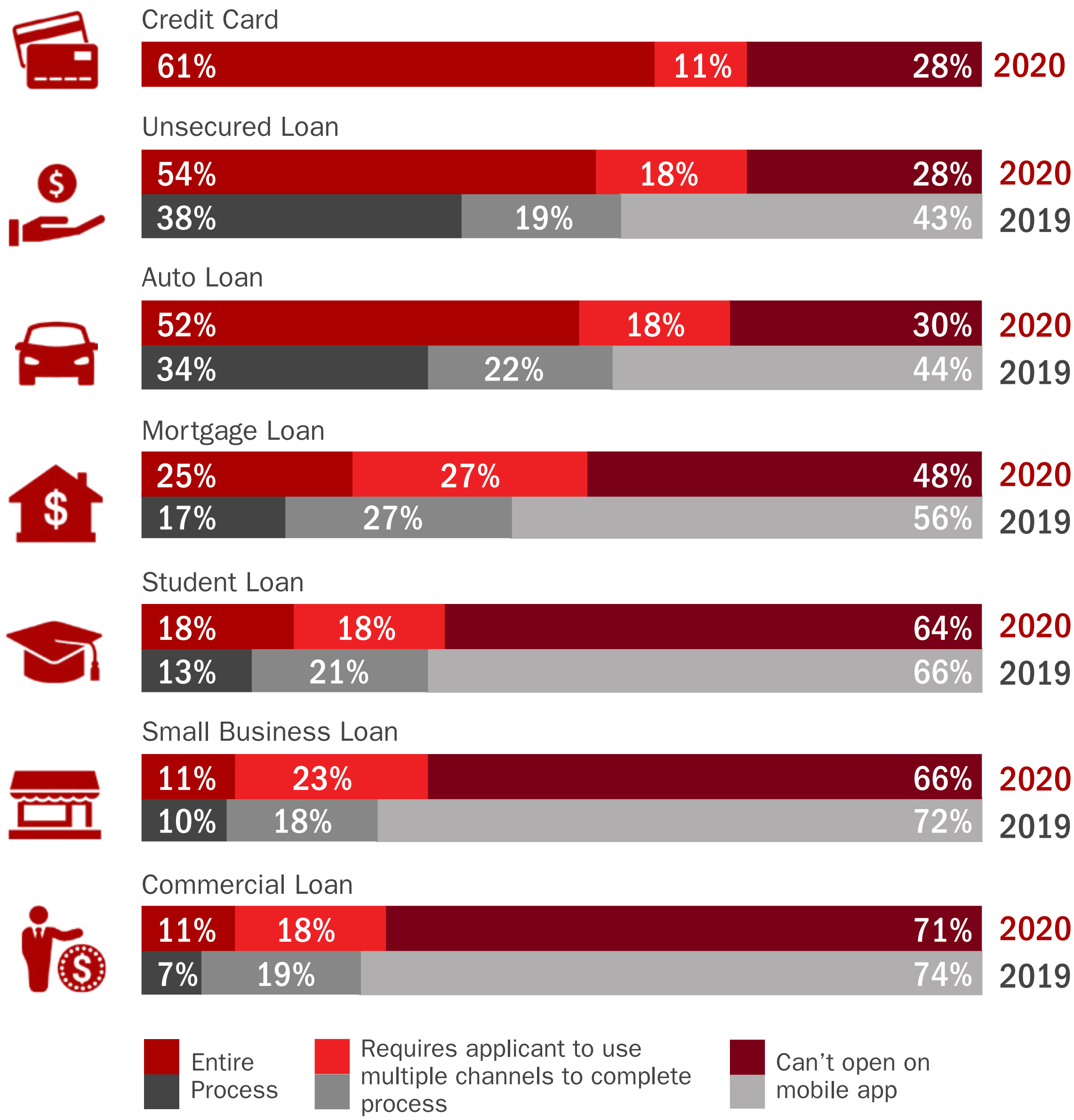
CHART 15:

TYPES OF CREDIT THAT CAN BE INITIATED ON A MOBILE DEVICE (2020 VS. 2019)

What types of credit can be applied for with a MOBILE/TABLET APPLICATION? (Mark all that apply.)



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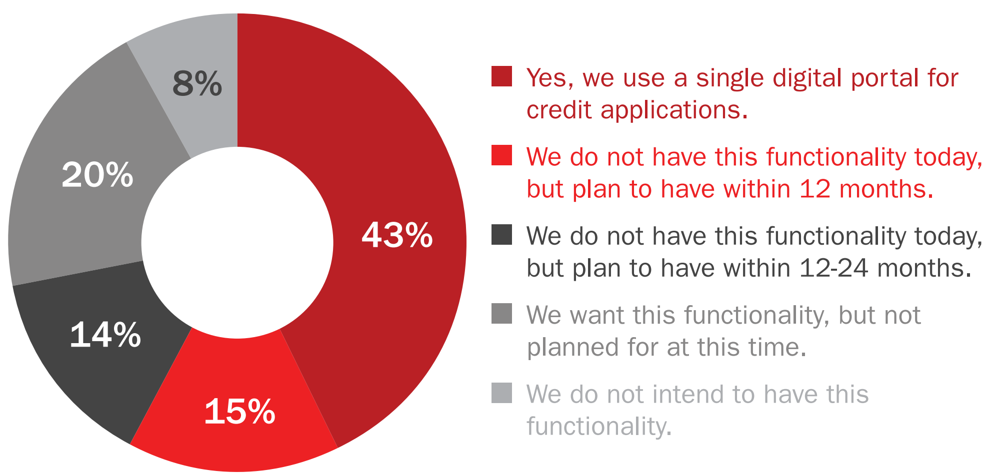
Universal Loan Applications Becoming the Norm

In a new question for 2020, we asked financial institutions globally whether they had a universal digital loan application that could improve the lending process. More than 4 in 10 organizations (43%) already have this functionality, with another 15% stating they will have this capability in the next year.

As organizations are rebuilding their lending processes for digital engagement the creation of not only a universal digital loan application, but also a universal digital loan process becomes imperative. Remember, simply digitizing legacy processes is not the answer. Organizations must start from within to rethink everything that was done in the past and find easier and quicker ways for the consumer to move from need to fulfillment.

CHART 16:
PENETRATION OF UNIVERSAL DIGITAL LOAN APPLICATIONS

Does your organization currently have a universal digital loan application portal for all credit applications?



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Advanced Digital Lending Functionality

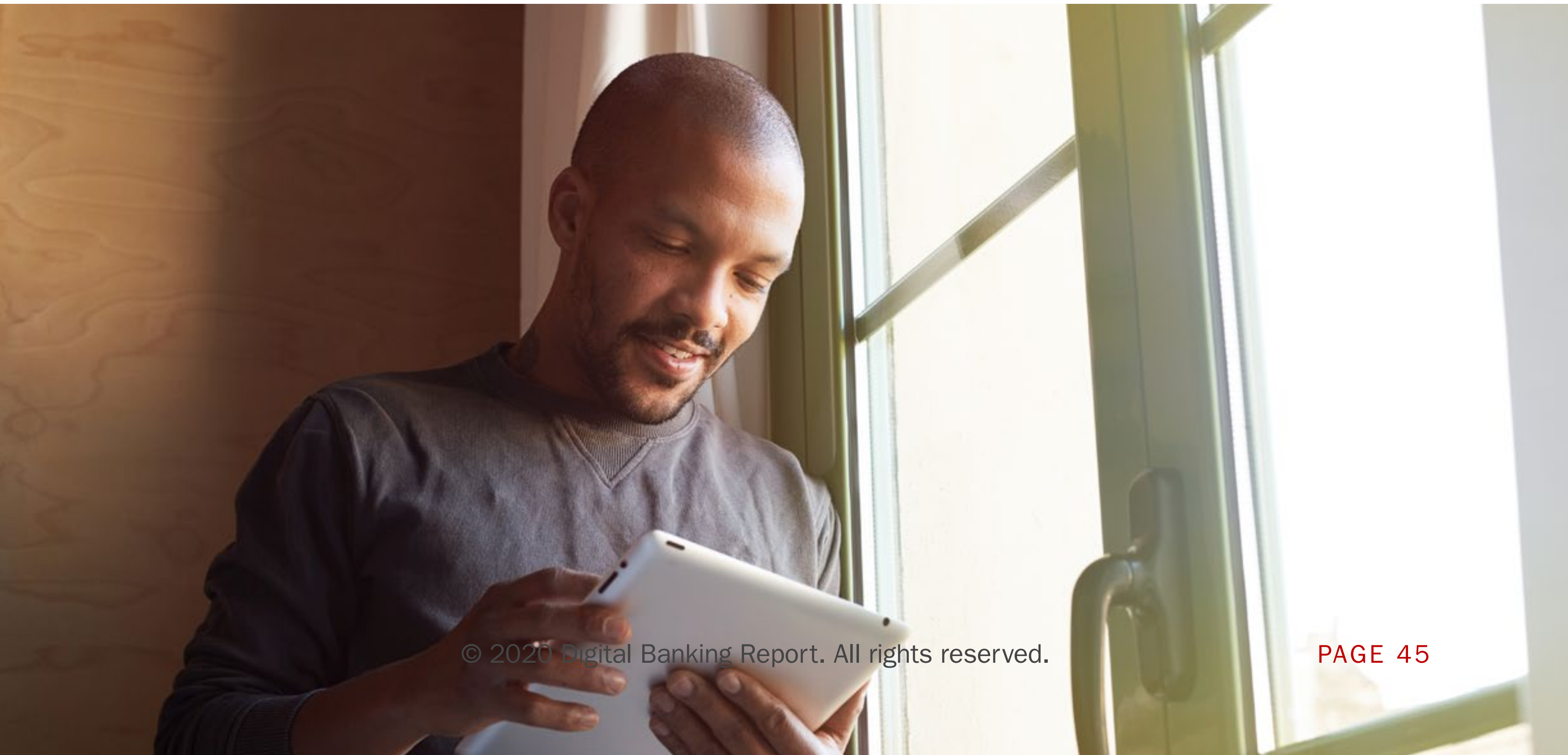
Advanced Digital Lending Functionality

How consumers do their banking changed overnight, with an emphasis on digital transactions and engagement. Most firms responded quickly by providing functional digital alternatives. It is now time to move beyond the basics and provide consumers exceptional digital experiences.

Since the beginning of 2020, consumer behavior around digital engagement has leapt forward more than it has in the last decade. No industry has been spared, and many industries will never look the same again. Retail stores are closing, people are making entertainment choices without leaving their home and communication that used to be done by phone is now done with video enhanced platforms.

The banking industry had to serve their customers without the benefit of physical branches, using existing technologies and digital platforms to meet new expectations that shifted instantly. Some consumers were already using mobile devices to do daily transactions. Other consumers educated themselves on how to do banking remotely.

In the majority of cases, the basics of banking were met. Consumers increasingly deposited checks remotely, transferred funds between accounts, paid for goods and services without cash or plastic, applied for consumer and small business



loans, and in some cases, even opened new accounts. The problem is that few of these experiences were similar to the seamless simplicity of ordering a movie on Netflix, buying necessities on Amazon, having a meeting on Zoom or listening to a podcast or music on Spotify or iTunes.

The question becomes, can banks and credit unions move beyond the 'digital basics'? The answer is yes, provided that leadership within financial institutions are willing to invest in inside-out digital transformation, rethink the innovation process, hire people who have a vision for what is possible beyond traditional financial services, and are willing to disrupt their legacy business model and culture.

Impact of COVID-19 Only the First Step

The forced digitalization that many banks and credit unions undertook as a result of the pandemic should not make any financial institution executive sleep better at night. It is good that most consumers were able to have their basic needs met using digital options when the branches shut down … but the experiences were far from optimal.

As we have illustrated in this report, many financial institutions were only 'faking digital', requiring many of the same steps that were required in the past, offering the same products that have been offered for decades and viewing the customer journey as a series of linear steps on single channels.

This is not the way digital engagement from industry leaders works.

Consumers are not going to flock back to the branches. Several research studies and early experiences from organizations that have already opened branches are confirming this reality. In fact, it is very possible that we are only seeing the beginning of an accelerated transition from physical to digital channels.

The reality is that financial institutions must completely rethink what digital banking means. This includes the following:

- **Revamp back office processes for a new digital reality**
- **Modernize technology to support open platform structure**
- **Embrace organization-wide innovation**
- **Reinvent engagement**

All of the above must be done at a speed that exceeds the speed of change we have experienced since the beginning of the pandemic. In other words, while we have never seen change happen as fast as it has in the last six months, we will never see change this slowly again.

Revamp Back Office Processes for New Digital Reality

Consumers have been exposed to a wide variety of digital alternatives that many may never have considered before COVID-19. The movement away from physical dependence was immediate and dramatic. As time went on, digital adjustments became new habits and behaviors that opened the door for completely new ways to shop, buy and engage.

DIGITAL LENDING AND ACCOUNT OPENING

As time at home continued, consumers had time to investigate the best ways to live their life … digitally. Most found that the best digital experiences were:

- **Simple** (the fewer clicks the better)
- **Intuitive** (the flow was seamless)
- **Personalized** (understanding of needs improved over time)
- **Multichannel** (engagement was channel agnostic)
- **Secure** (data was protected)

What consumers also found was that their financial institution usually fell short on many of these fronts. In fact, the ability to use digital devices to borrow often replicated what was done in the physical world. This becomes increasingly unacceptable to many consumers, making them ask the question, "Is there something better?"

Banks and credit unions must immediately evaluate every step required for a consumer to receive credit at your institution, using their channel of preference, and create a personalized relationship that gets better over time. The mission must be to make borrowing as easy as Amazon, have an app as intuitive as Google, be as personalized as Netflix, be as channel agnostic as Spotify and be as secure as your organization has ever been in the past.

Without completely blowing up all legacy processes for a new digital reality, an organization will simply be putting digital lipstick on a legacy pig. Existing processes do not support the transformation to a digital organization.

Modernize Technology to Support an Open Platform Structure

Consumers have embraced many platform-based businesses that reduce friction, lower prices, and provide flexibility and speed-to-market. Tech giants like Amazon, Google, Apple, Uber, Netflix, and numerous others have illustrated the power of an open platform model.

Many of the new digital-only banks also use open platforms and cloud technologies to integrate with outside players. An excellent example is **Marcus by Goldman Sachs** that has built their open platform from the ground up and integrated services from Clarity Money, Apple Card, and most recently Amazon credit services.

Affordable digital technologies enable companies of any size to leverage data, advanced analytics, and a cloud-first approach to redesign traditional business models. The benefit of an open platform is the ability to provide a 'pay-as-you-go' business model that can combine existing solutions with those from outside providers (fintech, big tech or non-financial) facilitated by application programming interfaces (APIs).

“In a marketplace being disrupted by COVID-19, it is the customer experience that needs to be improved. More importantly, if the organization’s culture remains the same, a passive innovation process will simply magnify these flaws.”

Embrace Organization-Wide Innovation

There has never been a time when innovation across an organization is more needed. With most institutions stuck in a legacy operating mode as the world is going digital, innovation needs to be elevated within banks and credit unions to improve every step of the customer journey when they want to borrow. Without rethinking every component of lending from a new perspective, organizations will be ‘stuck in the past’.

One way for banks and credit unions to jump start the innovation process is by forming working relationships with fintech companies, according to **Cornerstone Advisors**. “Banks and credit unions are acknowledging that fintech firms often have better design capabilities than what exists at banks or their major industry vendors,” states Steve Williams, the firm’s president and co-founder, “They see partnering as very much a chance to ‘bolt in’ a better customer experience to their legacy back end in a time frame that can allow them to stay competitive.”

According to the *Innovation in Retail Banking report*, published by the Digital Banking Report and available for FREE download, while more organizations are focusing on investing in innovation, the scale of innovation is still usually incremental against current processes and products than transformational. In addition, many innovations are focused on reducing costs rather than on improving the customer experience.

In a marketplace being disrupted by COVID-19, it is the customer experience that needs to be improved. More importantly, if the organization’s culture remains the same, a passive innovation process will simply magnify these flaws.

True innovation has become much more about having the right leadership and culture than simply having the right technology. Part of this leadership and cultural change is having the willingness to act.

Reinvent Engagement

In a world that has been rattled by a health crisis compounded by a social crisis, the importance of trust and transparency cannot be overstated. Many consumers are very concerned about their personal financial situation and are unsure of the best way to proceed.

By providing specific insights in charts, tables and even models — both directly through email as well as through social media and an online portal — financial institutions can help consumers and business clients make or save money while building trust through the institution’s knowledge. Once viewed as a ‘luxury’ by many financial institutions, there is increasingly a direct path from the content strategy, to the information used by the consumer or business, to the ultimate sale.

As stated in the article, ‘Why Content Marketing Is Important To Financial Institutions‘, “Content marketing for consumers may include blog posts, short-form videos, podcasts, social media communication as well as the way you communicate on your website. All of these content strategies must have the same emotional appeal and must be focused on the needs of the consumer.

"It is time to evaluate investment priorities across the organization as it relates to becoming a digital organization that resembles the best in other industries – because these are the firms you are being compared to by your customers and members."

Done well, they combine highly targeted and contextual appeal for the consumer with data and information that is helpful."

Beyond content marketing, having a high level of transparency is another element of engagement that will gain in importance post-COVID. This is because consumers have become wary of organizations that have hidden components that may cost them money or restrict their ability to save money.

Determine Your Starting Point … Now

While many banks and credit unions responded to the immediate jump to digital relatively quickly, the process of going beyond 'faking digital' has only just begun. There is a need to immediately self-evaluate where you are in the digital transformation journey and double down on becoming more simplified, intuitive, personalized, multichannel and secure.

As mentioned, the pace of change has accelerated, but it will never be this slow again. It is time to evaluate investment priorities across the organization as it relates to becoming a digital organization that resembles the best in other industries – because these are the firms you are being compared to by your customers and members.

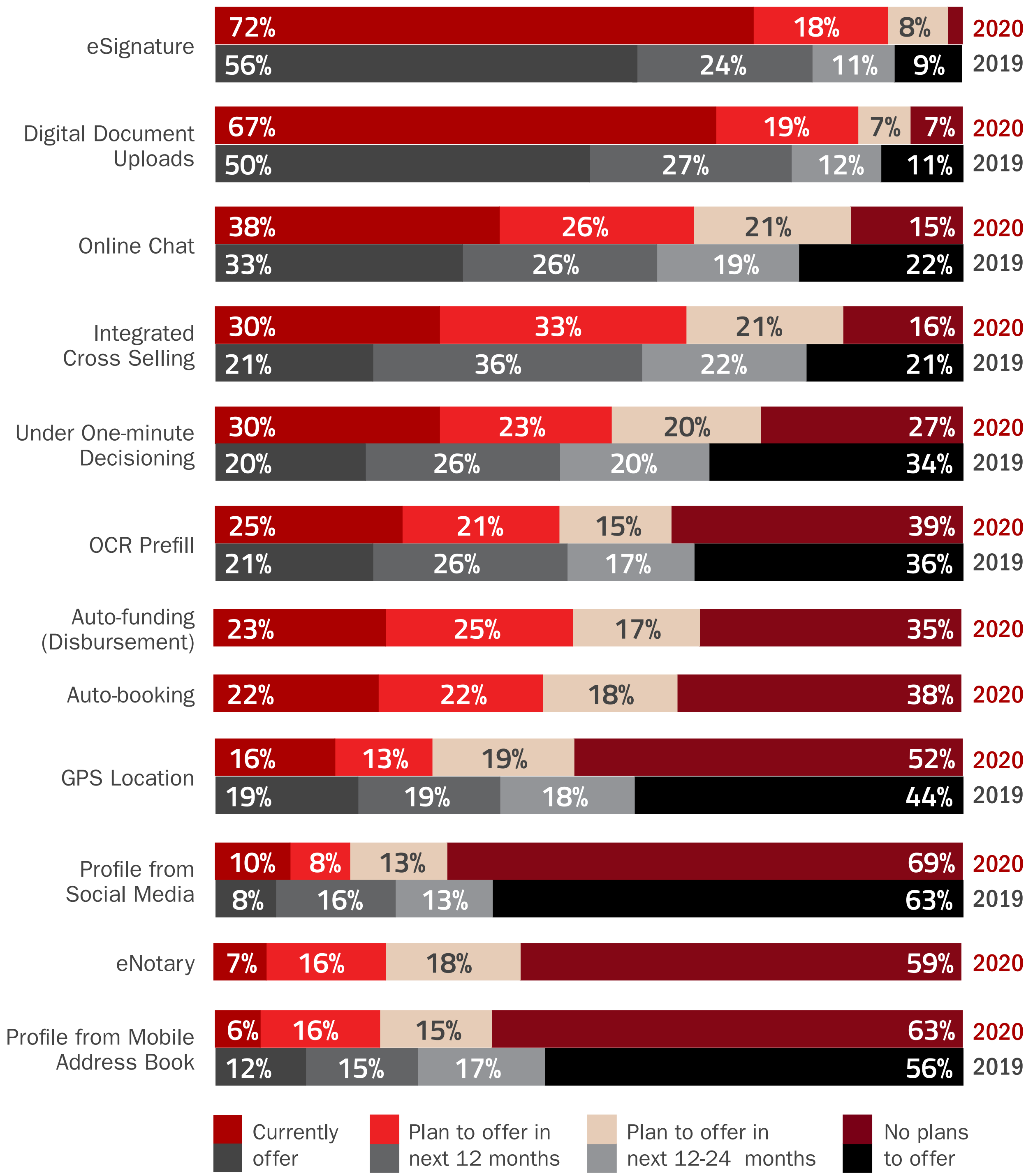
Current Advanced Digital Lending Functionality

Not surprisingly, the level of digital lending functionality increased rather substantially in 2020. We suspect that most of this transformation was a result of physical banking being unavailable for at least 2 months and the reality that consumers still wanted credit. It was also not surprising that the largest increases in functionality from 2019 to 2020 were in the areas of eSignatures and eDocument uploads. Much more needs to be done however.

Interestingly, the ranking of functionality in the banking industry didn't change from 2019 to this year. In is also surprising how few organizations are focusing on the importance of information pre-fill (in any form). This is a standard in the digital marketplace and is why firms like Amazon and PayPal are so heavily used … people don't need to complete long forms, they simply verify information that is provided after pre-fill.

CHART 17:
DIGITAL LENDING FUNCTIONALITY (2020 VS. 2019)

Does your financial institution currently offer any of the following features in its online/digital lending process? (Check all that apply.)



Source: Digital Banking Report Research © September 2020 Digital Banking Report

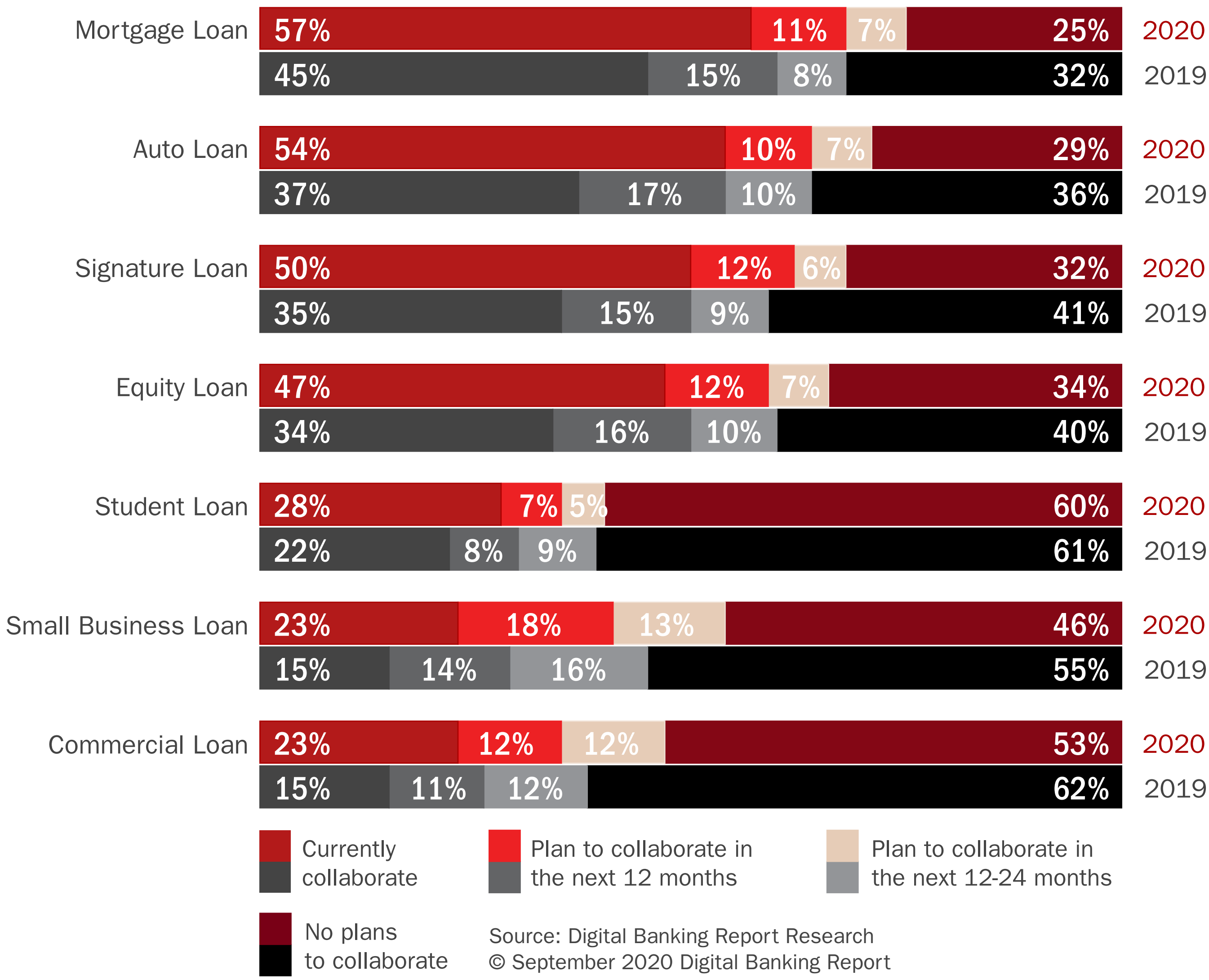
Third Party Collaboration

There was a significant increase in the desire to partner with third parties in 2020 than in 2019 or 2018. Organizations seem to be most willing to collaborate with fintech or other third-party providers for digital mortgage and auto loans with a slightly lower appetite to collaborate for digital equity and signature loans.

While there was a lower willingness to collaborate for small business loans in 2019 compared to 2018, this number jumped in 2020, most likely caused by the SBA small business loan program initiated because of COVID-19.

CHART 18:
WILLINGNESS TO COLLABORATE WITH THIRD-PARTY PROVIDERS

Does your financial institution collaborate with a third-party for digital loan origination technology? (Mark all that apply.)



New Loan Customer Onboarding

Many financial institutions have realized that every new customer relationship must be cultivated and nurtured to optimize value and loyalty. The importance of deepening engagement through onboarding and building value with cross-selling has never been more important.

While the concept of reaching out to consumers after they have opened a new banking relationship is definitely not a new strategy, there isn't a clear industry standard for how banks and credit unions onboard and cross-sell new customers or

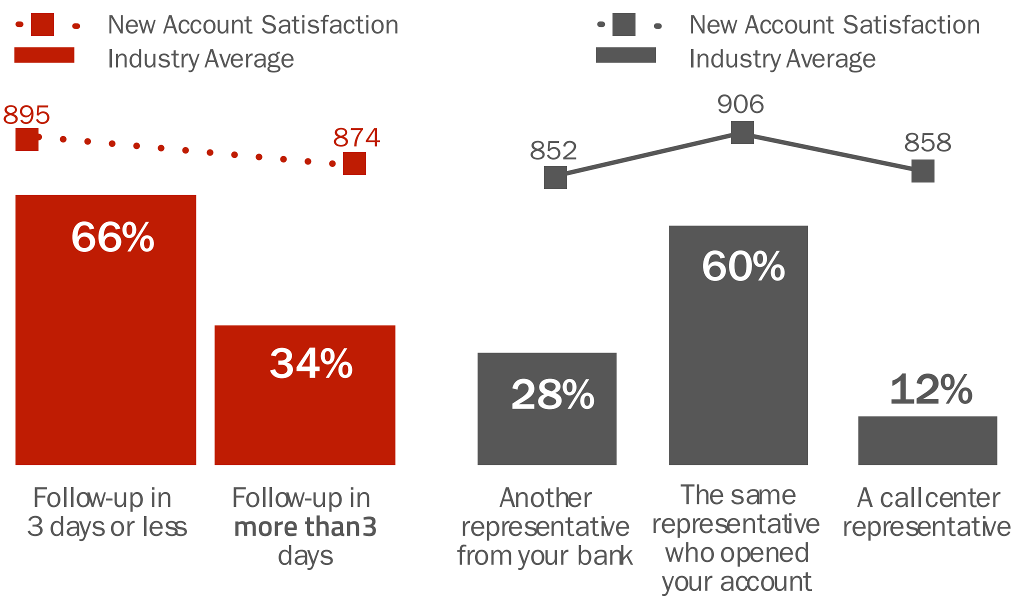
"Onboarding and customer engagement strategies should create a relationship with a foundation of trust and advice as opposed to being a way to bombard a new customer with sales messages."

members. In the most basic programs, organizations may do a three-step program including a phone call, an email and a direct-mail letter in the first 30-90 days after an account is opened. Other organizations have a multichannel strategy that extends several months.

Because some institutions believe there is only a minimal incremental cost of each contact, a rather extensive use of email is used to help set up new accounts and promote virtually all 'sticky' products and services. Other organizations have internal policies that only allow one (or fewer) communications to a new customer a month. It is our belief that both strategies miss the mark because of the lack of using insights and engagement behavior to determine the 'next best action' for the building of a genuine win-win relationship. Onboarding and customer engagement strategies should create a relationship with a foundation of trust and advice as opposed to being a way to bombard a new customer with sales messages.

Despite differences in onboarding tactics, there are still some very clear similarities in the objectives and strategies for new customer engagement after account opening. The first step for almost all new customer communications begins with an e-mail or direct mail that encourages the new customer or member to set up online and/or mobile banking accounts. The sooner this is done, the better. The benefit presented is for the customer to have 24/7/365 access to their account which improves account management capabilities.

CHART 19:
THREE-DAY ONBOARDING FOLLOW-UP MAXIMIZES CUSTOMER SATISFACTION



Source: J.D. Power June 2018 © September 2020 Digital Banking Report

"And with the majority of consumers hardly ever visiting the branch office after account opening, the need to digitally engage with the new account holder has never been greater. Not doing so can be very costly, both in terms of zero return on account-acquisition costs and lost future revenues on the new relationship."

Once the basics are communicated (often through multiple channels and 'touches'), new loan customers and account holders are then contacted through various channels to add additional components to their relationship. These range from educational communication around mobile deposit capture, to setting up bill payments, overdraft protection, P2P capabilities, SMS alerts, etc. These 'sticky' services not only make the relationship more valuable for the new customer, but improve loyalty and reduce the potential for attrition.

Bank and credit union customers want you to "know them, understand them and reward them." There is no better time to let the consumer know that you will exceed their expectations than during the time immediately during and after account opening or loan disbursement. And with the majority of consumers hardly ever visiting the branch office after account opening, the need to digitally engage with the new account holder has never been greater. Not doing so can be very costly, both in terms of zero return on account-acquisition costs and lost future revenues on the new relationship.

Focusing only on the cross-sell of additional services misses the bigger, and potentially more important, component of satisfaction — the customer's end-to-end experience. It is important to look at customers' experience through their eyes — during every step of the customer journey. With this perspective, value can be optimized and satisfaction maximized. **Wells Fargo** has done the best job of shifting its sales mindset into a more consumer-focused onboarding strategy.

As mentioned, the onboarding communications process is not a one- or two-step thank you. The digital engagement customer journey can be long, across multiple channels and touchpoints, often lasting months. Welcoming a new customer and building engagement through an onboarding process is a perfect example of how to improve the customer experience beyond the use of the service. It is also a highly personalized journey that builds in different ways for different customers.

As we have found over the last several years, the deployment of a formal new customer onboarding process as part of the loan engagement has not been implemented at most financial organizations. This represents a tremendous opportunity for revenue and relationship growth as well as an improvement in customer satisfaction.

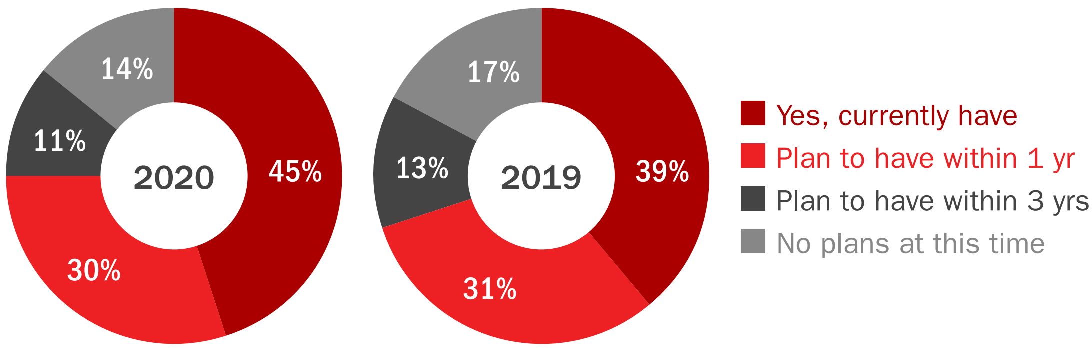
As shown below, 45% of organizations currently have a 'formal' consumer loan customer onboarding program (compared to 39% in 2019 and 30% in 2018). This is close to 10% lower than the results of our onboarding research for deposit services, but much better than the difference in 2019.

More concerning is that close to 25% of organizations have no plans in the near or distant future to initiate an onboarding program for loan products (compared to 30% in 2019 and 40% with no plans in 2018).

CHART 20:

ABILITY TO ONBOARD NEW CONSUMER LOAN CUSTOMER

Does your organization currently have a MULTICHANNEL new CONSUMER LOAN ONBOARDING PROCESS (selling products/services using non-branch channels)?

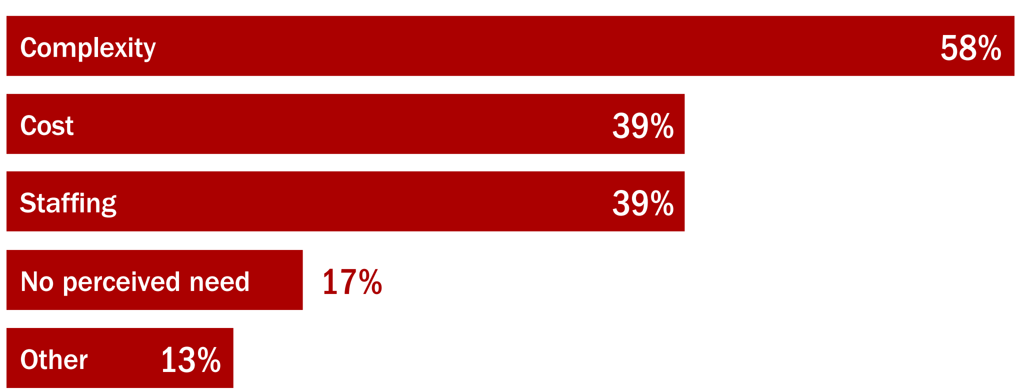


Source: Digital Banking Report Research © September 2020 Digital Banking Report

The biggest hurdle for new customer or member onboarding continues to be perceived complexity. It is not that the process is not involved … it can be. But there are many third-party providers of excellent onboarding capabilities that can simplify both the process and measurement of results.

CHART 21: CHALLENGES TO MULTICHANNEL ONBOARDING

If no, what has held you back from having a MULTICHANNEL onboarding process? (Mark all that apply)



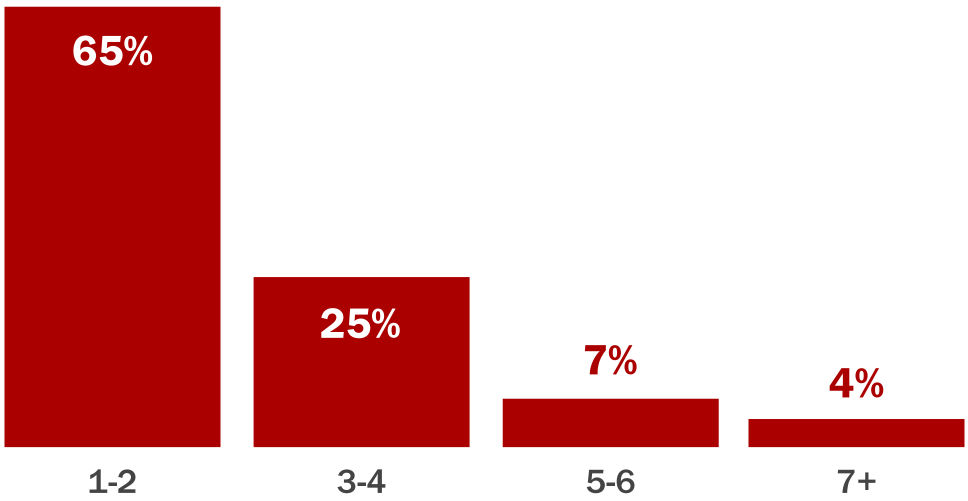
Source: Digital Banking Report Research © September 2020 Digital Banking Report

Despite extensive research that illustrates that a successful onboarding program should include 7 or more direct communications, the majority of organizations only connect with consumers 1-2 times after the account is opened or loan is disbursed. This is not much more than a thank you. Financial institutions must do more.

CHART 22:

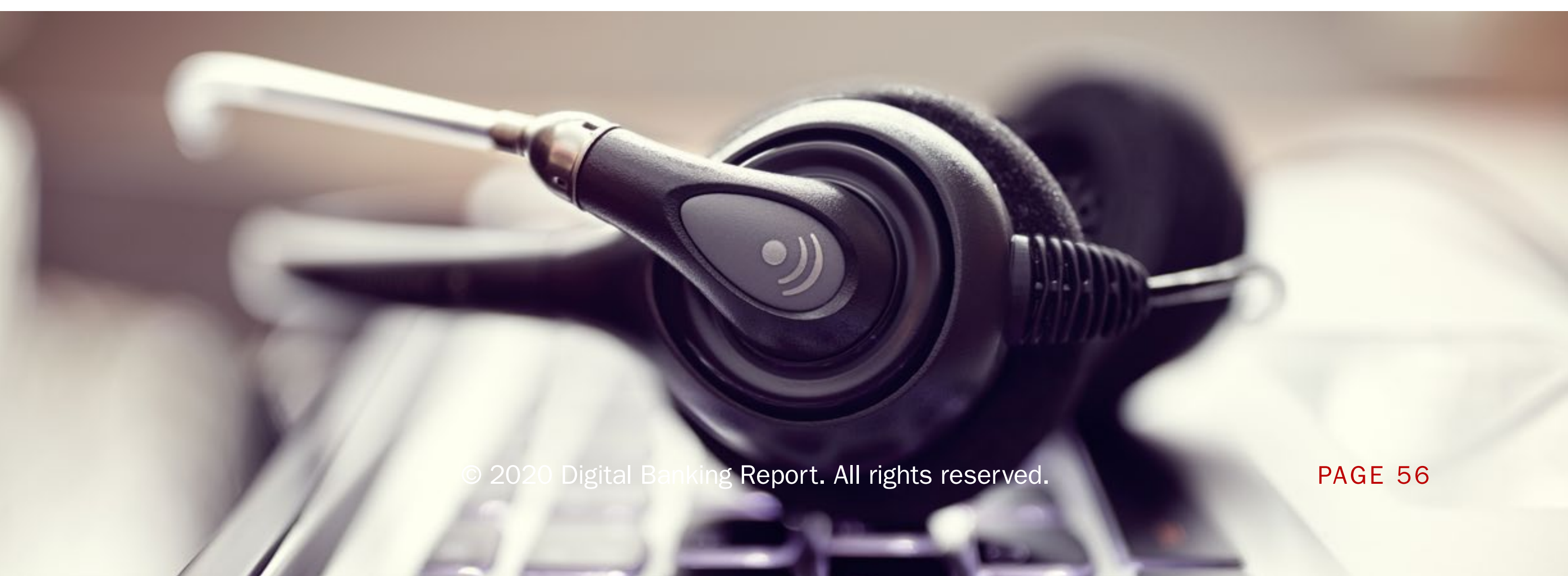
NUMBER OF CONTACTS FOR NEW LENDING ONBOARDING

How many times do you contact a new LENDING customer during the first six months after relationship initiation?



Source: Digital Banking Report Research © September 2020 Digital Banking Report

The challenge for many financial institutions will be to move from product silos to customer silos. The individual product and service owners that manage the communication touchpoints within a bank or credit union can lose sight of what the customer sees (and wants). This is why we recommend that financial services organizations use a single centralized team to coordinate early communications that are built using multiple channels and delivered with the customer experience front and center.



Digital Account Opening Trends

Digital Account Opening Trends

The COVID-19 pandemic forced banks and credit unions to quickly find a way for consumers to open new checking accounts digitally. While digital options increased, the user experience remains old school. Going forward, if someone can't open an account without stepping foot inside a branch, then you don't really offer digital account opening.

Almost overnight, the migration from physical stores to computers and mobile devices increased exponentially in every industry as people decided they can do almost any activity safely from their home or their mobile device. In an effort to simplify daily lives that have become increasingly challenging, consumers wanted to complete virtually any task quickly and on the channel of their choice.

The shift to digital has not just been for Millennials either. The COVID-19 crisis has empowered consumers of all ages to become more digitally adept. For financial institutions not able to provide an end-to-end digital experience, portfolio growth has suffered. Alternatively, the largest financial organizations are gaining market share and getting the highest customer satisfaction ratings.

With the onset of the pandemic, consumers were no longer able to visit a branch to open a new account. While the majority of financial institutions stated

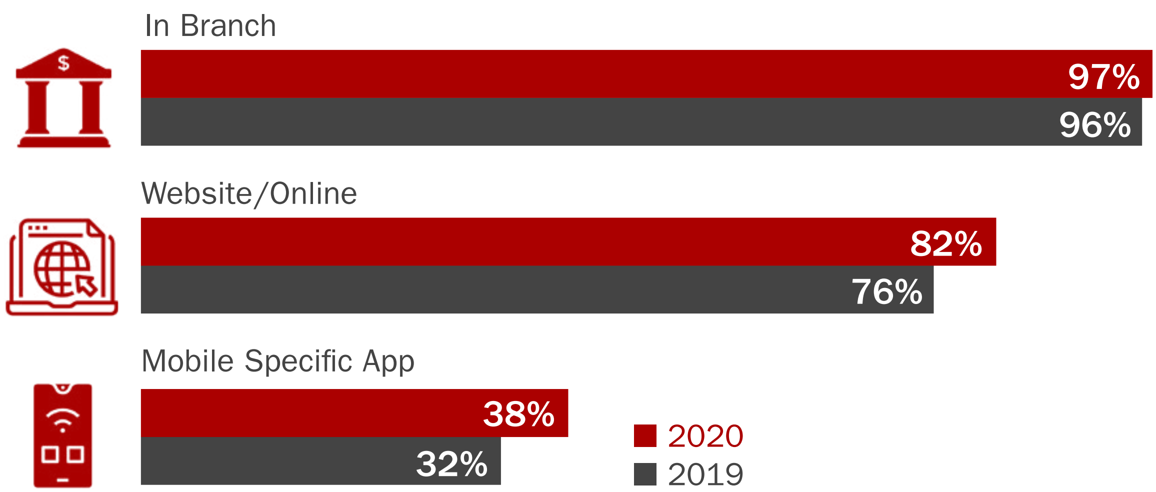
"In the Digital Banking Report research, 72% of the institutions surveyed indicated that the entire online/website account opening can be done without coming into the branch. This compares with 61% in 2019 and only 48% in 2017."

consumers could open new checking accounts digitally, the reality was that people who wanted to complete the process still needed to visit a branch. In other words, those financial institutions that were "faking digital" had the dilemma of not being able to open new accounts.

The good news is that while there are still many organizations that cannot support digital account opening, the incidence is far less than in the past. According to research by the Digital Banking Report, the percentage of institutions that offer online/website and mobile new checking account opening has reached 82% and 38%, respectively, compared to 76% and 34% in 2019 and 66% and 18% in 2017.

CHART 23: WAYS CONSUMER CAN OPEN A CHECKING (CURRENT) ACCOUNT

How can consumers open a new checking/current account at your financial institution? (Mark all that apply.)



Source: Digital Banking Report Research © September 2020 Digital Banking Report

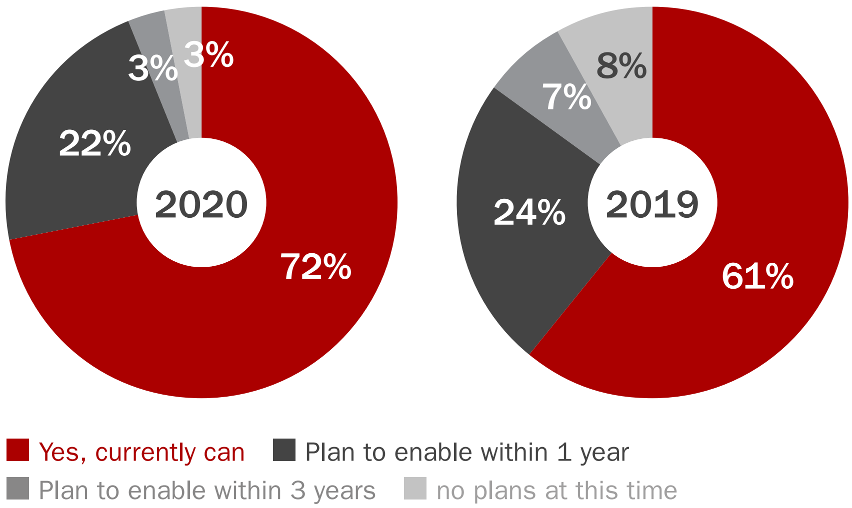
Interestingly, the percentage of banks with over $50 billion in assets offering online/website new account opening is actually lower than the industry average (75% vs. industry average of 82%) while the offering of mobile account opening significantly eclipses the industry average (50% vs. 38% industry average). This indicates an emphasis on the mobile channel as opposed to online capabilities.

'Faking Digital' Decreasing

In the Digital Banking Report research, 72% of the institutions surveyed indicated that the entire online/website account opening can be done without coming into the branch. This compares with 61% in 2019 and only 48% in 2017. While historical evidence shows that many institutions do not follow through with their "plan to do next year," we believe the impact of COVID-19 will result in another significant increase in end-to-end online/website account opening over the next 12 months.

CHART 24:

ABILITY TO COMPLETE ENTIRE CHECKING ACCOUNT OPENING ON WEBSITE

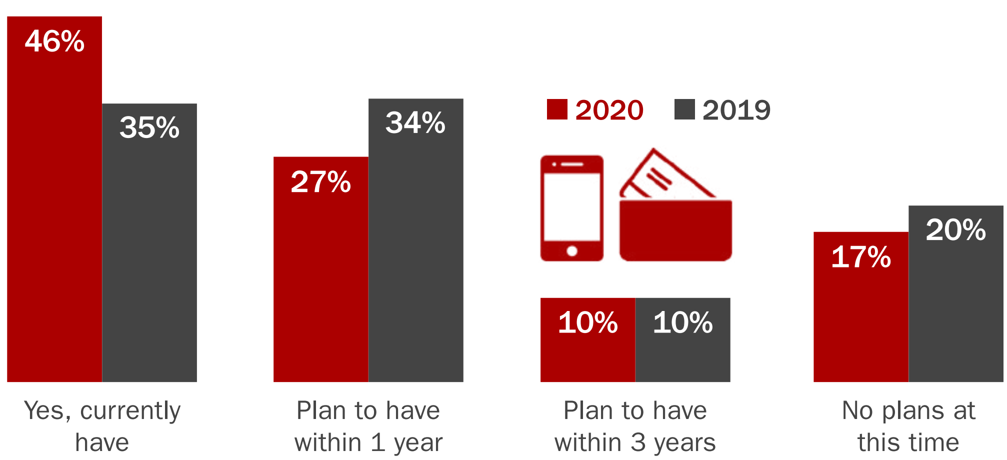


Source: Digital Banking Report Research © September 2020 Digital Banking Report

Not surprisingly, the number of financial institutions that provide end-to-end checking account opening with a mobile device in 2020 (40%) is far lower than those who could provide an online/website account opening. Despite this rather anemic number, there is a modest improvement over the percentage of organizations that could provide end-to-end mobile opening in 2019 (35%) and far better than in 2017 (24%).

CHART 25:

ABILITY TO COMPLETE ENTIRE CHECKING ACCOUNT OPENING ON MOBILE DEVICE



Source: Digital Banking Report Research © September 2020 Digital Banking Report

"Now more than ever, the digital consumer expects simplicity, an intuitive design and speed of completion. Unfortunately, while the number of organizations offering digital account opening continues to increase, the ability to complete an account opening continues to be extremely slow."

It is still surprising, however, that over 25% of institutions indicated that they either had no plans to offer end-to-end mobile account opening or had plans three years out. Given the importance of mobile devices in a consumer's life, this appears to be a missed opportunity.

As we have emphasized continuously, if you allow consumers to initiate the process online or on a mobile device, but still require a branch visit for signatures, documentation, ID verification or funding, the process does not have the customer experience as a priority. More importantly, as more digital banking alternatives become available, such as Chime, Varo, Current, Dave, Wealthfront, Betterment, Acorns, etc., will the consumer continue to open accounts where it is harder to initiate a relationship?

The Need for Speed

With digital interactions, speed is everything. The longer a process takes, the more likely a consumer will abandon the process and try elsewhere. In the Digital Banking Report, *State of the Digital Customer Journey*, it was found that abandonment rates increased significantly as the time to complete an application increased. If the process took over ten minutes for an online/website process, or five minutes for a mobile process, the abandonment rate impacted the account openings by as much as 40%.

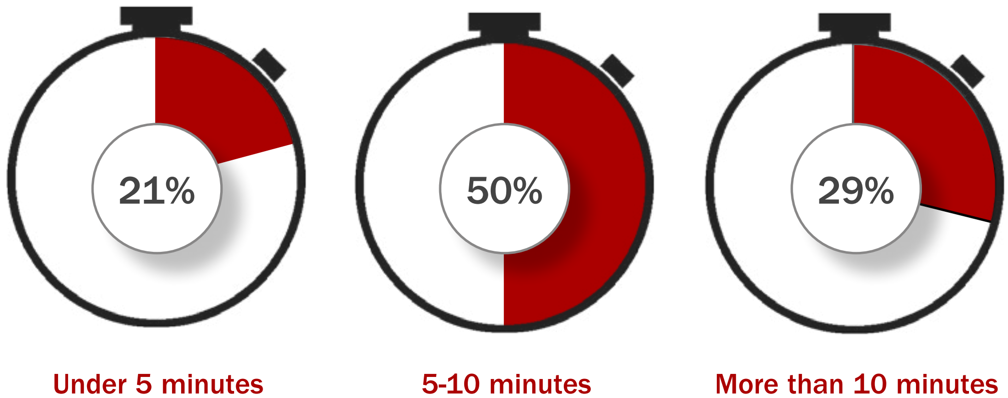
Now more than ever, the digital consumer expects simplicity, an intuitive design and speed of completion. Unfortunately, while the number of organizations offering digital account opening continues to increase, the ability to complete an account opening continues to be extremely slow. In fact, many consumers will notice that the digital process could actually be slower than an account opening in a branch.

The research from the Digital Banking Report found that more than 75% of online/website account openings took longer than five minutes in 2020, with close to 30% taking longer than ten minutes. Surprisingly the change in time to open a new account online has changed very little since 2017.

CHART 26:

TIME REQUIRED TO COMPLETE WEBSITE/ONLINE CHECKING ACCOUNT OPENING

If you allow opening a checking/current account on your website/online, how long, on average does the process take to complete?



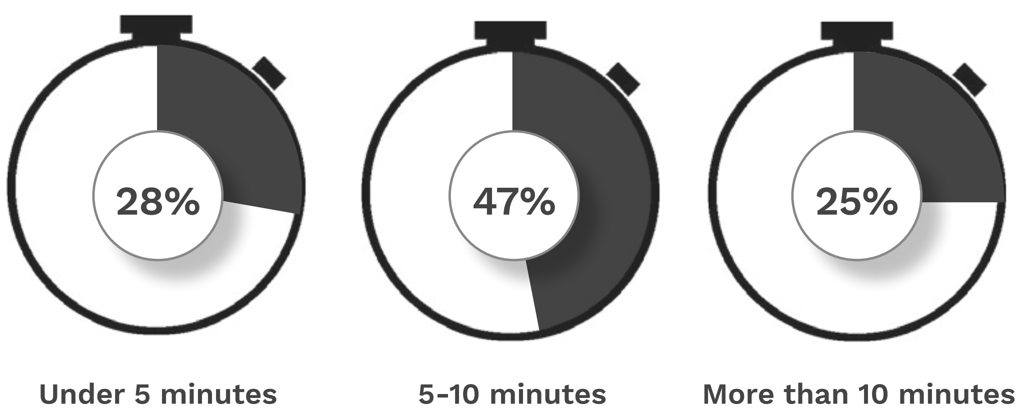
Source: Digital Banking Report Research © September 2020 Digital Banking Report

For mobile new account openings, the time to complete a new account opening was only slightly better, with only 28% indicating a process of less than five minutes, but 25% taking longer than ten minutes (compared to 20% in 2019).

CHART 27:

MINUTES REQUIRED TO COMPLETE MOBILE CHECKING ACCOUNT OPENING

If you allow opening a checking/current account on a MOBILE DEVICE, how long, on average does the process take to complete?



Source: Digital Banking Report Research © September 2020 Digital Banking Report

"Becoming a 'digital bank' is much more involved than simply enabling a consumer to do a process online or on a mobile device. It is unacceptable for a consumer to take longer to open a checking account digitally than it does to apply for a mortgage, buy a car, create an investment account relationship or get a loan."

It is clear that very few financial institutions have changed back-office processes to reflect digital engagement needs. To meet consumer expectations in a digital world, organizations need to build digital capabilities from the foundation as opposed to simply digitizing current outdated processes.

Four Steps You Must Take Now

Based on his interactions with institutions of all sizes, and research data, the following four suggestions will assist banks and credit unions get up to speed on digital account opening and onboarding.

1. Design from the consumer perspective. Many banking providers build a digital version of their core-system-based account opening process. But those systems were designed for bankers by bankers, not customers. And many are decades old. Financial institutions should think about digital processes from the consumer's perspective, and design around their needs and what's easy for them. Focus on convenience and efficiency in account-opening and onboarding experiences.

2. Generate and nurture leads. Banks and credit unions should collect first name, last name, email and phone number as the first four fields in an application. Then, if the customer abandons the application process, nurture them as leads using that data. If someone abandons their application, it doesn't necessarily mean they're not interested. Perhaps they ran out of time, got distracted, were missing information, lost their internet connection, or ran out of juice on their device.

3. Reiterate the offer. If the customer is looking for a high-interest savings account, a $200 bonus for opening a checking account, a low-rate mortgage, etc., be sure to reiterate that offer/key benefit when they begin the application for that product. Remind them why they're applying and reassure them that this is the correct application for that product.

4. Be Omni-Channel. It's important to support channel cross-over, especially branch to digital. A customer might begin an application for a product in the branch – but might not have the time or information to complete it. Allow them to begin in a branch and then finish at home or in their office if that's what they need to do. Don't ask them to come back to the branch again. That's inconvenient.

Providing Digital Account Opening is Only a Start

Becoming a "digital bank" is much more involved than simply enabling a consumer to do a process online or on a mobile device. It is unacceptable for a consumer to take longer to open a checking account digitally than it does to apply for a mortgage, buy a car, create an investment account relationship or get a loan.

For consumers that may no longer want to visit a branch because of safety or time constraints, they will actively seek out the easiest option. Financial institutions should also avoid comparing themselves to other traditional banks and credit unions, instead comparing themselves to digital-only banks that didn't start with legacy processes.

DIGITAL LENDING AND ACCOUNT OPENING

The good news is that financial institutions do not need to start from scratch. There are many firms that can help to improve the digital account opening process. These firms can help remove friction, increase engagement and improve customer satisfaction using time-tested tools and strategies.

In a world impacted by the pandemic, with consumer behaviors and expectations changed forever, organizations must improve their digital account opening process beyond the basics or be challenged by fintech firms and big tech providers who understand the basics of digital engagement.

Closing Thoughts: A Digital Banking Culture is Required for Digital Lending Success

A Digital Banking Culture is Required for Digital Lending Success

Creating a successful digital lending organization requires a focus beyond new technologies. A 'digital bank culture' must be created and reinforced from the top-down and bottom-up. This digital culture does not require elimination of everything that is already in place, however.

Especially since the onset of COVID-19, financial institutions have focused on the technology upgrades required for digital lending transformation. This was in response to the crisis of not having an ability for consumers to get credit without branch facilities. This is only the first, and easiest step in providing digital lending capabilities.

In all of the research we have done over the past several months, we have seen a single recurring theme. Many financial institutions connect digital capabilities with digital apps. Consumers require more. They want simplicity, seamless cross-channel integration, transparency and the ability to conduct business FAST.

"The question is: How can a bank or credit union become more responsive to the digital opportunities in the marketplace without alienating current employees or negatively impacting what has made the organization successful in the past?"

This requires a cultural and leadership change of perspective. Cultural change must precede the investment in and deployment of new technology solutions. Unfortunately, this is a difficult challenge for many legacy institutions because it requires embracing significant changes to what has existed for decades.

Making matters worse, as the pace of change continues to increase, the performance gap within the financial services industry is growing. This is because most organizations are having difficulty keeping up, focusing on the outward deployment of technology as opposed to rethinking processes and policies.

The question is: How can a bank or credit union become more responsive to the digital opportunities in the marketplace without alienating current employees or negatively impacting what has made the organization successful in the past?

It's a multifaceted challenge. In some cases, current leadership may not fully understand the dynamics of the culture change required, or may just be 'willfully blind' to what is required. The result may be employees who don't feel empowered to embrace change, take risks or disrupt themselves. Finally, with most leaders being in the banking industry for so long, the reality of "This is the way we do things" is hard to change. Being disruptive is just not rewarded in many organizations.

According to the report, '*The Digital Culture Challenge: Closing the Employee-Leadership Gap*', from **Capgemini** in partnership with Brian Solis, corporate culture is the culmination of how a company works and operates. It is composed of the collective experiences of employees — what they believe in and what they value. Leadership, purpose, and vision also play a role in describing a corporate culture. Defined in more simple terms by MIT Sloan, "Culture is what happens when the boss leaves the room".

"The authors also found that many of the traditional practices, such as seeking stability and acting with integrity are becoming as important, if not more so, with digital organizations."

Key Values of a Digital Culture

In an excellent article published in the *Summer 2019 Issue of the MIT Sloan Management Review*, authors George Westerman, Deborah L. Soule and Anand Eswaran show that there are four key values of a strong digital culture: impact, speed, openness and autonomy.

CHART 28:
KEY VALUES FOR A DIGITAL CULTURE

Impact
Change the world radically through constant innovation.

Speed
Move fast and iterate rather than waiting to have all the answers before acting.

Openness
Engage broadly with diverse sources of information and insight.
Share advice and information openly rather than keeping knowledge to oneself.

Autonomy
Allow people high levels of discretion to do what needs to be done rather than relying on formally structured coordination and policies.

Source: MIT Sloan Management Review © September 2020 Digital Banking Report

It was found that many leaders focus on the 'impact' component, but all four values are required to succeed internally and in the marketplace. Speed is required to keep up with the needs of the consumer and with other competitive offerings. Openness empowers employees to challenge what was done in the past, while autonomy provides employees the freedom to do 'what's right' without a formal approval process.

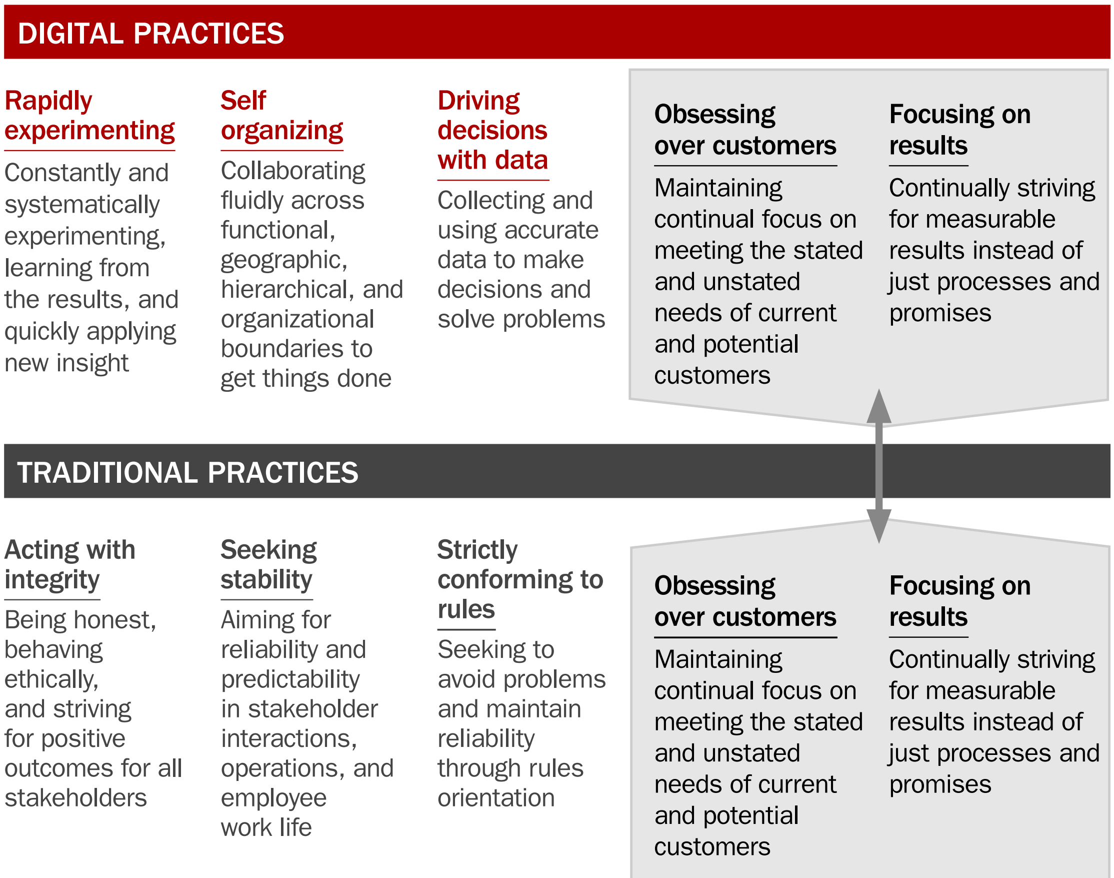
The Difference Between Digital and Traditional Organizations

When the authors of the MIT Sloan Management Review article looked at how the key cultural values translated into actual practices, they uncovered a difference between digital and traditional organizations.
Across the spectrum of organizations, they found that practices ranged from rapid experimentation to strict rule adherence, with overlap occurring between organizations on the extremes.

For instance, focusing on the end consumer and quantitative results were important to both digital and traditional organizations. The authors also found that many of the traditional practices, such as seeking stability and acting with integrity are becoming as important, if not more so, with digital organizations.

"To create a digital lending culture, organizations need to have both top-down and bottom-up approaches that direct, empower, engage and inspire the board, management personnel and employees to build the culture change together."

CHART 29:
COMPARING DIGITAL AND TRADITIONAL ORGANIZATIONS



Source: MIT Sloan Management Review © September 2020 Digital Banking Report

According to the article, "The greatest advantage of digital companies is the speed with which they create and test innovations. Traditional businesses must try to cultivate such habits within a framework of data-driven decision-making."

Creating a Digital Culture

To create a digital lending culture, organizations need to have both top-down and bottom-up approaches that direct, empower, engage and inspire the board, management personnel and employees to build the culture change together. To initiate a digital culture transformation, it is important to create a vision that is bigger than the legacy business. Employees will only want to engage if they believe the 'new organization' will be positioned to succeed.

Top management must lead by example, possibly even putting their own jobs on the line. The new culture must be communicated and reinforced often, using case studies that can be shared throughout the organization as to how the transformation is succeeding.

Beyond broad announcements, the new culture must be reinforced in private conversations, group meetings and as part of the review process. Employees will only support efforts where they are free to engage and initiate changes in alignment with the new culture. In other words, actions speak louder than words.

When initiating the new digital lending culture, changing everything at once is not required or even desired. Feel free to start small, building momentum with successes. This strategy is why many financial institutions have implemented strategies to build separate digital banking units.

Finally, it is important to provide the right tools, levels of investment support and rewards that will provide the required foundation for success. Remember, developing a digital lending culture does not require the elimination of parts of the bank or credit union that are highly successful. In many cases, what is required is a clear communication of the new culture and the acceptance of adjustments to old practices that can be successful in the new digital organization.

About the Research

About the Research

The foundation of the research conducted for the 2020 Digital Lending and Account Opening report was a survey of over 400 banks and credit unions from Asia, Africa, North America, South and Central America, Europe, the Middle East and Australia. The initial request for the interviews and follow-up research was conducted in August of 2020, reflecting the impact of the COVID crisis.

Among survey respondents from financial institutions, 18% are from large national or regional banks, 23% are from community banks, and 48% are from credit unions. This composition is very correlated to the responses from other surveys done by the Digital Banking Report.

The charts on the following pages provide more detailed information on the profile of survey respondents.

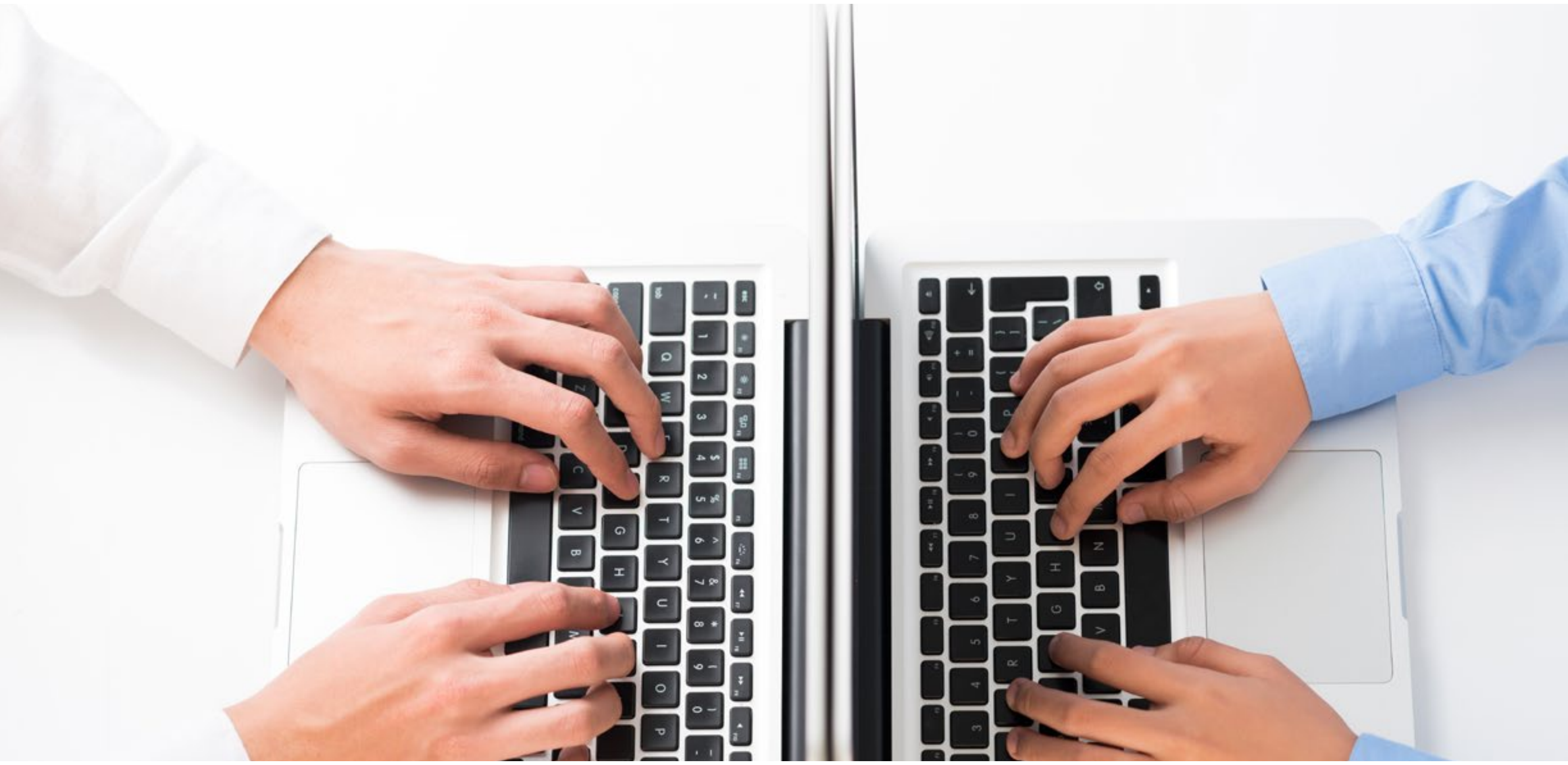
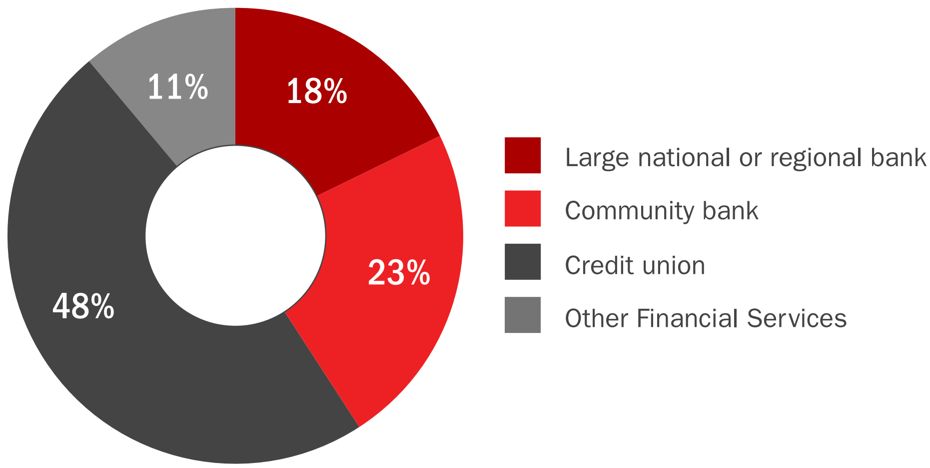


CHART 30:
RESPONDENTS BY TYPE OF FINANCIAL INSTITUTION



Source: Digital Banking Report Research © September 2020 Digital Banking Report

CHART 31:
RESPONDENTS BY ASSET SIZE (IN US$)

What is the asset size of your institution?

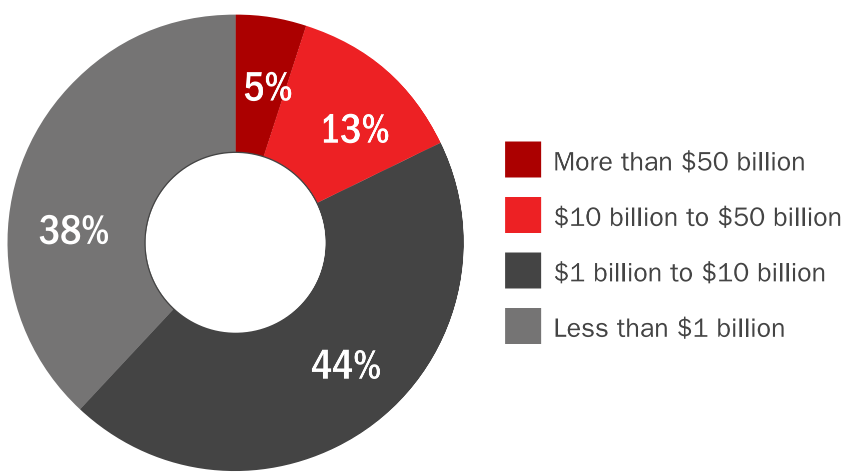


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CHART 32:
LOCATION OF RESPONDENT'S ORGANIZATION

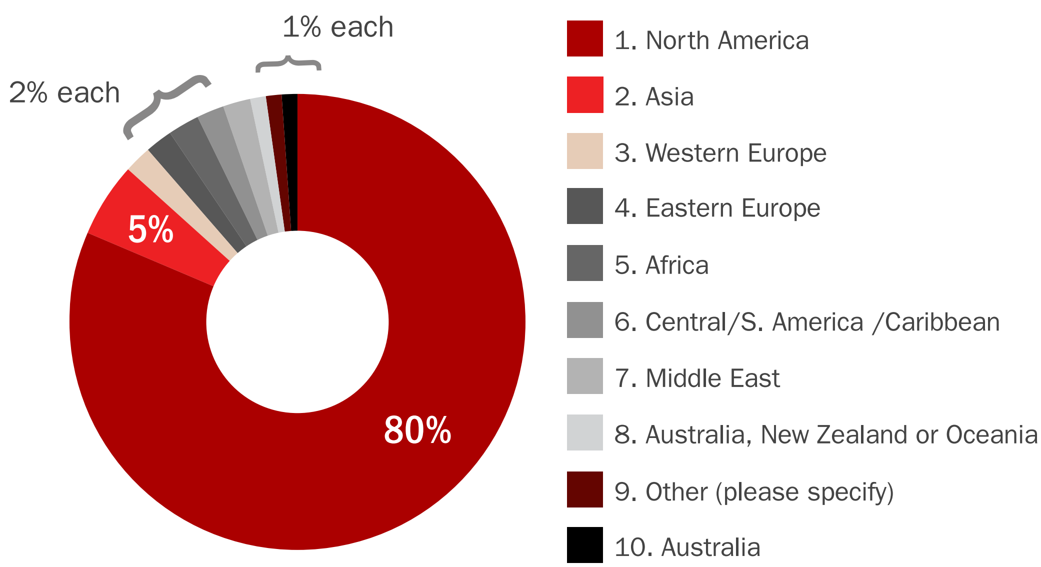

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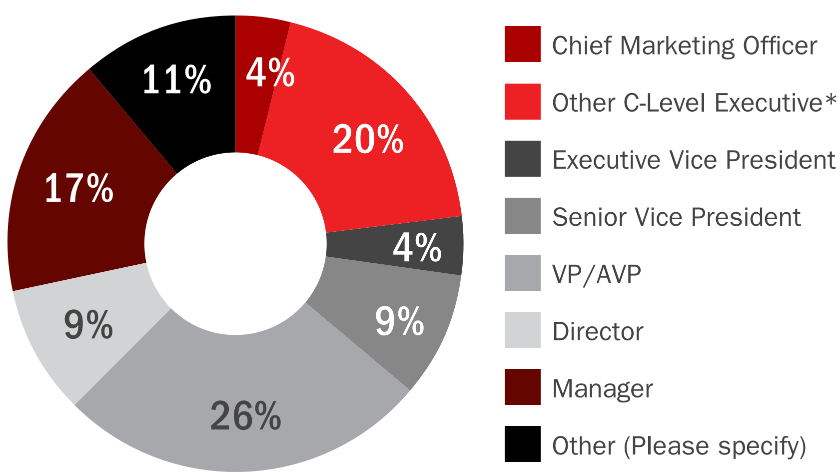
CHART 33:
POSITION/TITLE OF RESPONDENT

What is your position/title?



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About the Author

DIGITAL BANKING REPORT

Named as one of the most influential people in banking and a 'Top 5 Fintech Influencer to Follow', Jim Marous is an internationally recognized financial industry strategist, co-publisher of **The Financial Brand** and the owner and publisher of the **Digital Banking Report.** The Digital Banking Report is a subscription-based publication that provides deep insights into the digitization of banking, with over 200 reports in the digital archive available to subscribers.

THE FINANCIAL BRAND

As a sought-after keynote speaker, author and recognized authority on disruption in the financial services industry, Marous has been featured by CNBC and CNN, Cheddar, The Wall Street Journal, New York Times, The Financial Times, The Economist, The American Banker, Accenture and the Irish Tech News and has spoken to audiences worldwide. Jim has also advised the White House on banking policy and is a regular contributor and guest host for the Breaking Banks podcast.

You can follow Jim Marous on Twitter and LinkedIn or visit his professional website.

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