



Digital Sales:

BENCHMARKS & BEST PRACTICES FOR FINANCIAL INSTITUTIONS

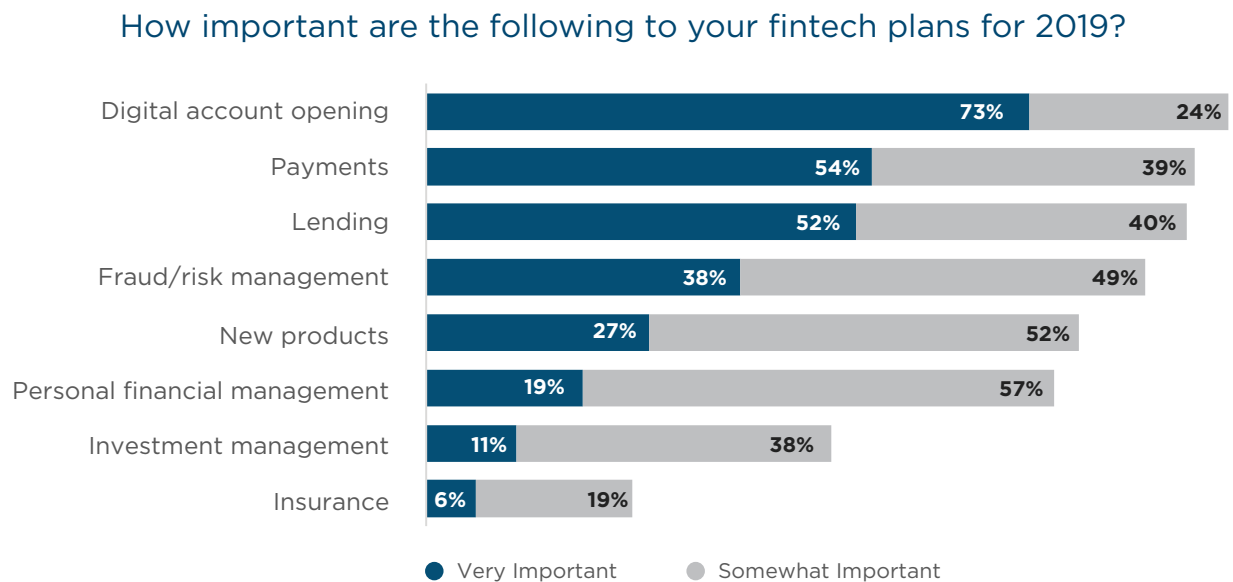
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INTRODUCTION

There is strong consensus among bank and credit union executives that building a robust digital account opening capability is a top priority. For three years in a row, digital account opening has been at the top of the list of technologies mid-size financial institutions intend to add or replace. In addition, nearly three-quarters of mid-size institutions cited digital account opening as “very important” to their fintech partnership, collaboration and investment plans (Figure 1).

FIGURE 1: Fintech Priorities



Source: Cornerstone Advisors survey of 305 U.S. community-based financial institutions executives, Q4 2018

Financial Institutions Need a Digital Account Opening Roadmap

For many banks and credit unions, the shift to digital service has been relatively smooth. Consumers like the convenience of self-service, and financial institutions like the lower transaction costs. On the sales side, however, the transition has not been a smooth one, for reasons including:

- 1) Data:** Many financial institutions lack access to the data—e.g., financial goals, financial health, next best product, etc.—needed to support a real-time digital sales interaction.
- 2) Analytics:** Even if financial institutions had access to a broader set of data and data sources, they often lack the ability to apply analytics techniques (e.g., segmentation) at the point of interaction.

3) Process design: Most financial institutions have not adequately defined digital sales “journeys” that support scenarios for consumers’ decision-making processes.

4) Process integration: A majority of financial institutions lack the ability to integrate digital sales interactions with marketing execution systems across channels.

5) Fulfillment: Financial institutions typically can’t apply Know Your Customer (KYC), risk management and other account opening steps through digital channels.

To improve their digital account opening and sales capabilities, financial institutions need answers to questions like these:

- What capabilities, technologies and tools are necessary to deliver an effective digital account opening process (specific to deposit, unsecured loan and secured loan products)?
- How do our existing digital account opening capabilities measure up to what other financial institutions are offering?
- Where do we start with our process improvement efforts?

The Digital Account Opening Maturity Model

To help answer these questions, Cornerstone Advisors conducted a survey of 184 U.S.-based banks and credit unions to benchmark their digital account opening processes for deposit, unsecured lending (e.g., credit cards, personal loans) and secured lending (e.g., mortgages, home equity loans) products.

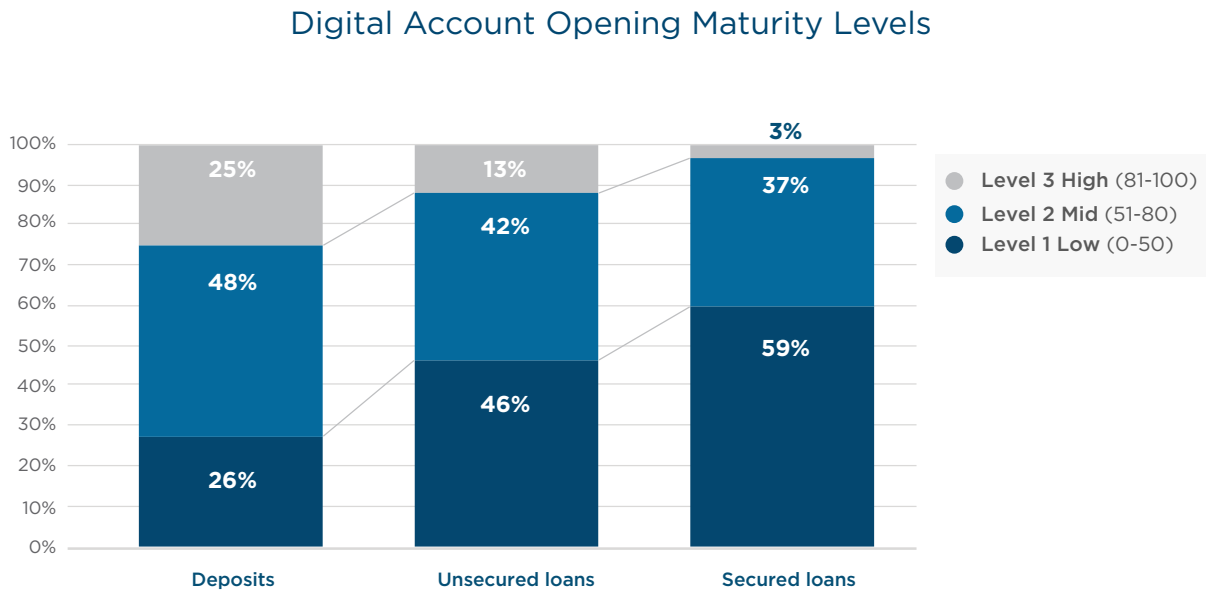
For each of the three product areas, survey respondents were asked which features and attributes of the account opening process their institution currently offers or has for digital channels (i.e., online and mobile). Process attributes were grouped by three functions: 1) Marketing, 2) Risk/Compliance and 3) Core Integration.

Respondents earned a score for each attribute they currently have in their digital account opening process for each of the three product areas (see Appendix C for the scoring methodology). In each of the three product areas, marketing practices accounted for 40% of the total score, risk and compliance for 20%, and core processes for 40%.

Based on the overall score in each product area, each institution was categorized into one of three maturity levels: **Level 1 (Low)** for respondents scoring below 50; **Level 2 (Mid)** for respondents scoring between 51 and 80; and **Level 3 (High)** for institutions scoring higher than 80.

Based on this scoring methodology, the highest level of digital account opening maturity was attained by just one in four institutions for deposit product digital account opening, by 13% for unsecured loan products, and by just 3% for secured loan products (Figure 2).

FIGURE 2: Digital Account Opening Maturity Levels



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

At the other end of the spectrum, 26% of institutions were categorized as Level 1 (Low) maturity for deposit products, with 46% of respondents coming in at the lowest maturity level of unsecured loan products, and nearly six in 10 scoring in the lowest maturity level for secured loan products.

The following section details the key findings and conclusions from our analysis of the survey data.

KEY FINDINGS

While our analysis of the data uncovered many interesting findings, there are four “key” findings worth highlighting:

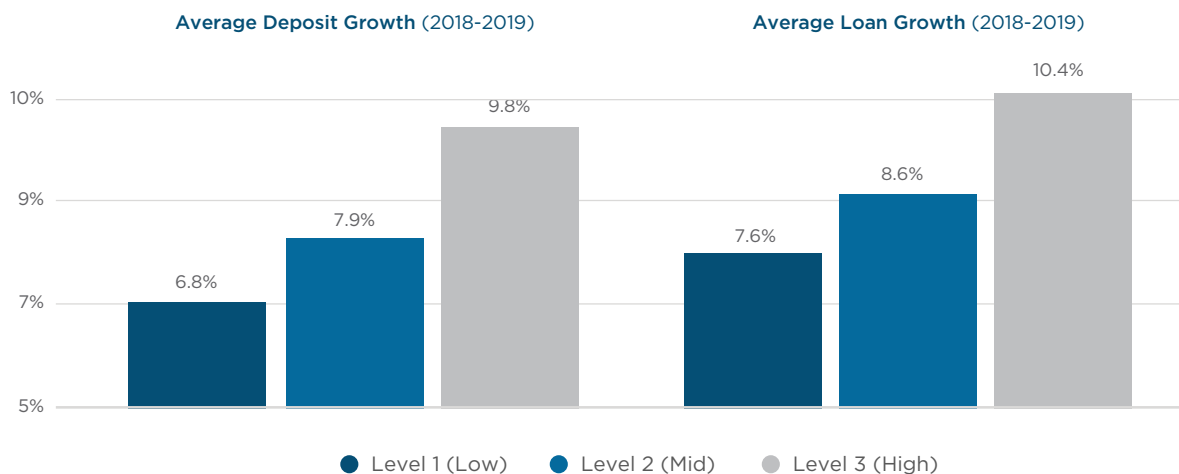
- 1) Institutions with mature digital account opening processes outperform in key business metrics.
- 2) Few institutions have achieved a high level of digital account opening maturity—and bigger isn’t always better.
- 3) Smaller institutions lag in marketing for deposit product digital account opening.
- 4) Digital account opening leaders excel in sales, speed and integration.

KEY FINDING #1: Institutions with mature digital account opening processes outperform in key business metrics

Financial institutions with high digital account opening maturity outperform their competitors in three key business metrics: 1) deposit growth, 2) loan growth and 3) the percentage of product applications coming from digital channels.

Level 3 institutions—i.e., those with a high level of digital account opening maturity—averaged deposit growth of 9.8% between 2018 and 2019 and loan growth of 10.4% during that period. In contrast, Level 1 (low maturity) institutions averaged just 6.8% and 7.6%, respectively, with Level 2 institutions falling in the middle of the other two segments (Figure 3).

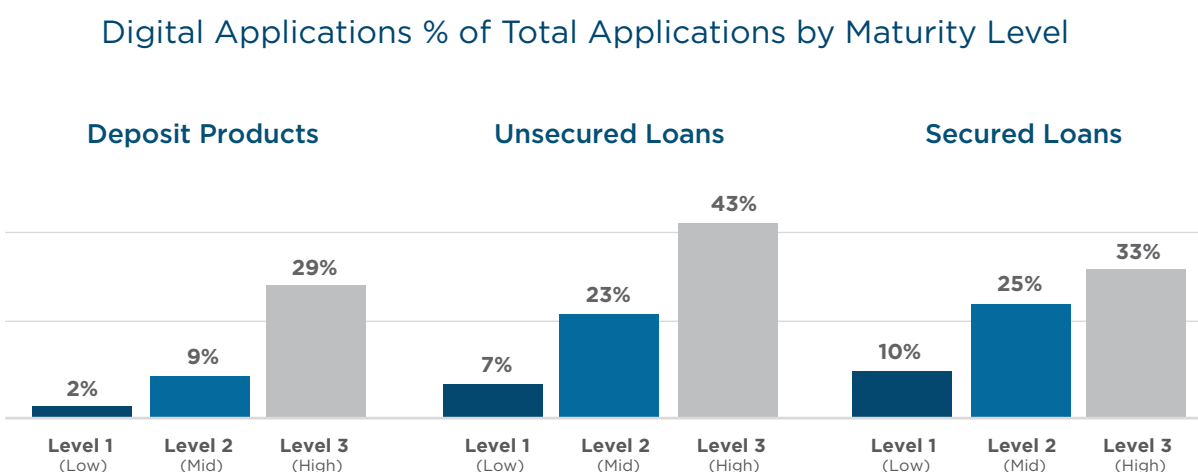
FIGURE 3: Deposit and Loan Growth by Digital Account Opening Maturity Level



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

In terms of the percentage of applications coming from digital channels, Level 3 (high maturity) institutions saw an average of 29% of all deposit applications, 43% of unsecured loan applications and 33% of secured loan applications come in from digital channels. Level 2 (mid) institutions saw less digital volume—9% for deposit products, 23% for unsecured loans, and 25% for secured loans. And banks and credit unions at the lowest level of digital account opening maturity (Level 1) saw even lower digital volume, topping out at 10% of their secured loan product volume (Figure 4).

FIGURE 4: Digital Applications % of Total Applications by Maturity Level



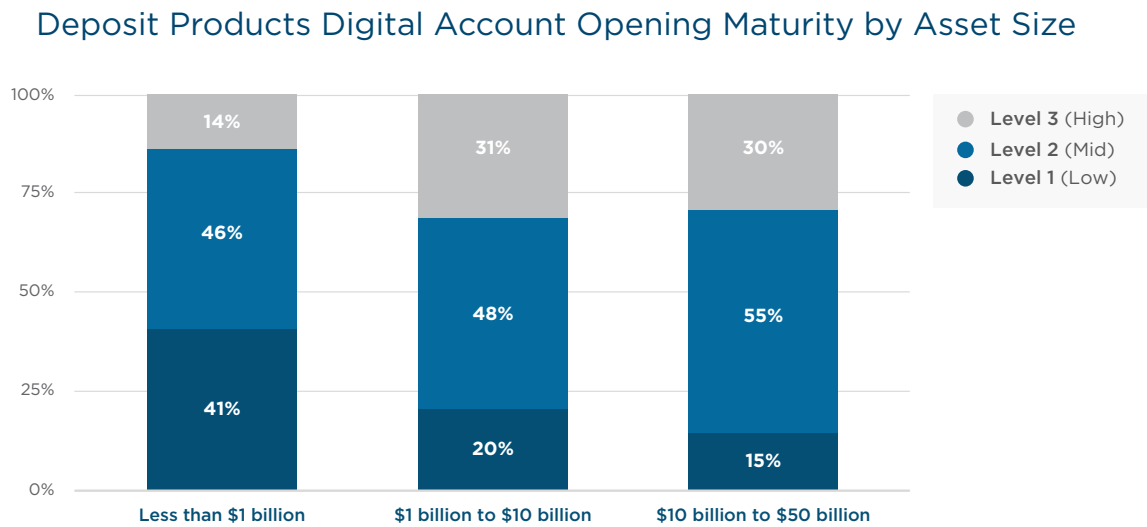
Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

KEY FINDING #2: Few Institutions Have Achieved a High Level of Digital Account Opening Maturity—and Bigger Isn’t Always Better

Financial institutions have a long way to go in their quest for strong digital account opening capabilities. As discussed earlier (see Figure 2), just 25% of institutions have reached the highest level of maturity for deposit product digital account opening, 13% are at the highest level for unsecured loan products, and a mere 3% attained the highest level for secured loan products.

From an asset size perspective, about three in 10 institutions with more than \$1 billion in assets have achieved the highest level of digital account opening maturity for deposit products. Among the smaller institutions (assets below \$1 billion), just 14% have attained Level 3, and 41% are at the lowest level of maturity—more than twice as many institutions in the greater than \$1 billion segment (Figure 5).

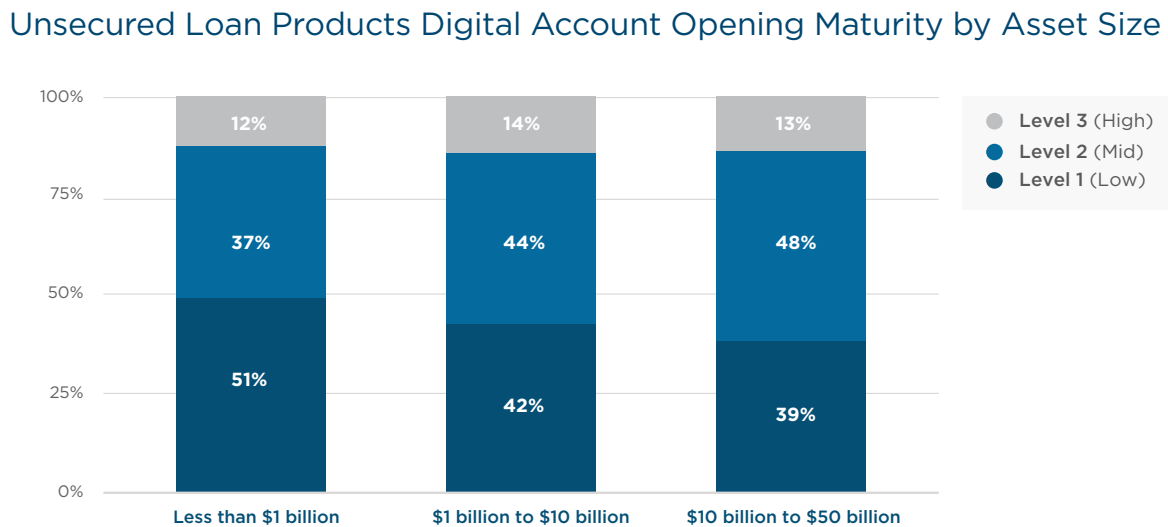
FIGURE 5: Deposit Products Digital Account Opening Maturity by Asset Size



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

For lending products, however, it's a different story. A virtually equal percentage (12% to 14%) of institutions across the three asset categories have achieved Level 3 maturity for unsecured loan products. The \$10 billion to \$50 billion institutions, however, do have a slightly higher percentage at Level 2 maturity than the other two groups (Figure 6).

FIGURE 6: Unsecured Lending Products Digital Account Opening Maturity by Asset Size

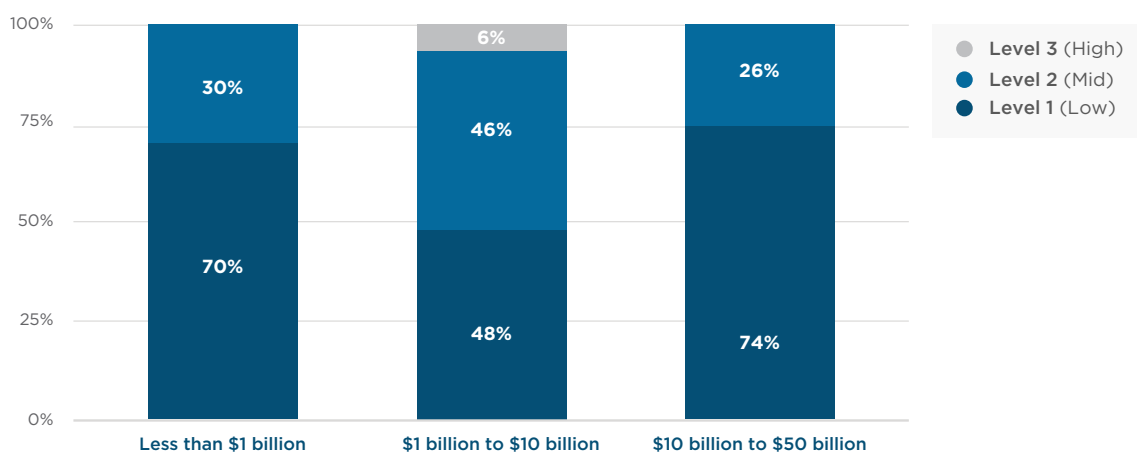


Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

For secured loan products digital account opening, the picture is again different. No institution from either the smallest or largest asset segment attained Level 3 (high) maturity. That’s not to say that many from the \$1 billion to \$10 billion category achieved it—just 6% scored high enough to earn that distinction. But, nearly half (46%) of the \$1 billion to \$10 billion institutions earned Level 2 status, in contrast to 30% of the smallest, and 26% of the largest institutions. And, in fact, three-quarters of the \$10 billion to \$50 billion institutions are at the lowest level of digital maturity for secured loan products (Figure 7).

FIGURE 7: Secured Loan Products Digital Account Opening Maturity by Asset Size

Secured Loan Products Digital Account Opening Maturity by Asset Size



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

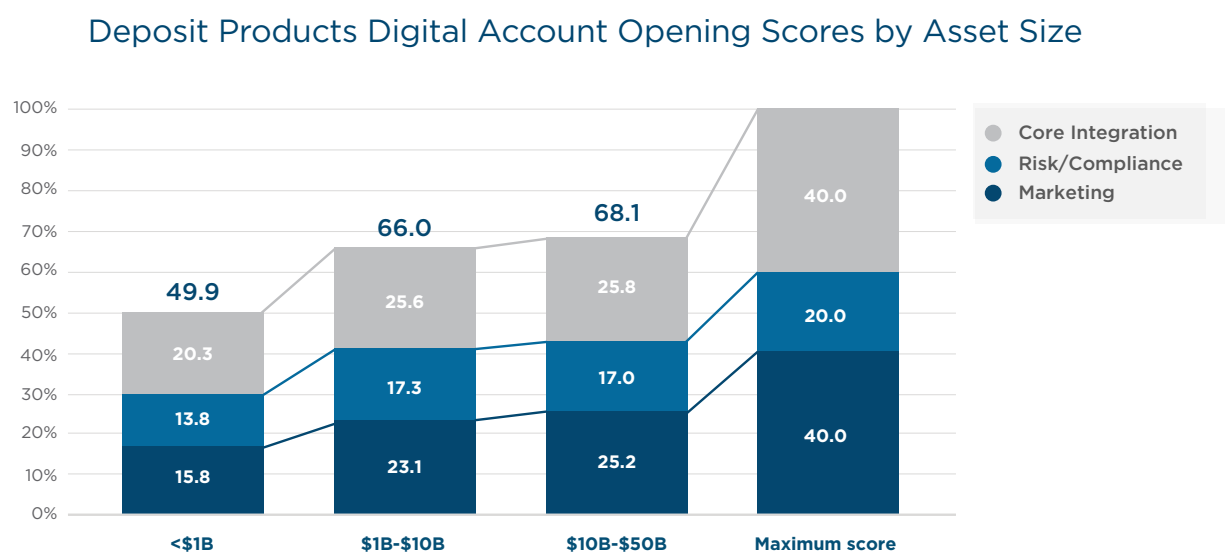
Why are the largest institutions laggards in digital secured lending? One possible explanation is that many large banks in the United States have stayed away from the mortgage market over the past few years. This “de-prioritization” of the mortgage business led to a reduction in investment of digital capabilities.

For the smaller institutions, it’s likely more a matter of budget. Institutions below the \$1 billion level are budget-constrained when it comes to making investments in the digital channels. With the focus of the past few years on deposit gathering, it’s likely the smaller banks and credit unions invested in deposit product digital account opening.

KEY FINDING #3: Smaller Institutions Lag in Marketing for Deposit Product Digital Account Opening

Across the three functions, there was general parity in deposit product digital account opening scores between institutions in the \$1 billion to \$10 billion range and those in the \$10 billion to \$50 billion range. Smaller institutions lagged in all three functions—in particular, for marketing processes (Figure 8).

FIGURE 8: Deposit Products Digital Account Opening Scores by Asset Size

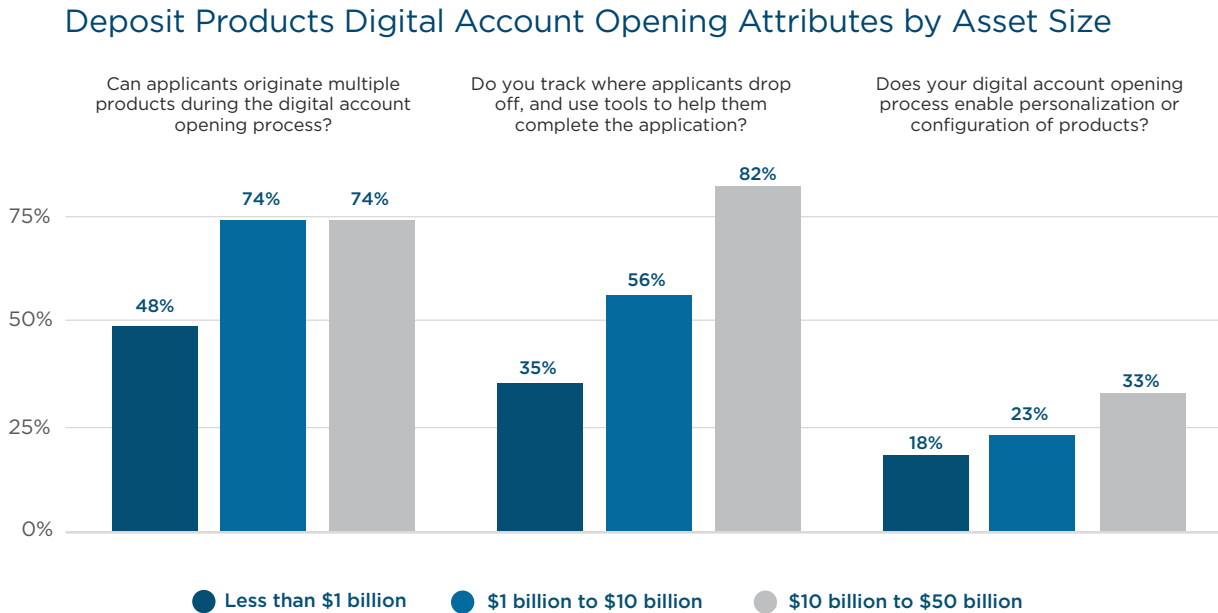


Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

Specifically, the smaller institutions are behind in three marketing-related attributes of the deposit product digital account opening process (Figure 9):

- **Originating multiple products.** Although about half of the smaller institutions enable applicants to originate multiple products during the digital account opening process, that’s far short of the three-quarters of the larger institutions that do so.
- **Tracking applicants’ drop off.** Only about a third of the institutions below \$1 billion in assets are tracking where applicants drop off and helping them complete the process. In contrast, 56% of institutions in the \$1 billion to \$10 billion range do this, as do 82% of institutions in the greater than \$10 billion segment.
- **Personalization.** Although few institutions enable personalization, a third of the largest institutions are giving applicants the ability to personalize products versus 23% of the \$1 billion to \$10 billion institutions, and just 18% of the smaller institutions.

FIGURE 9: Deposit Products Digital Account Opening Attributes by Asset Size



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

Two additional differences between the smaller and larger institutions—one risk/compliance-related, the other core integration-related—are worth pointing out:

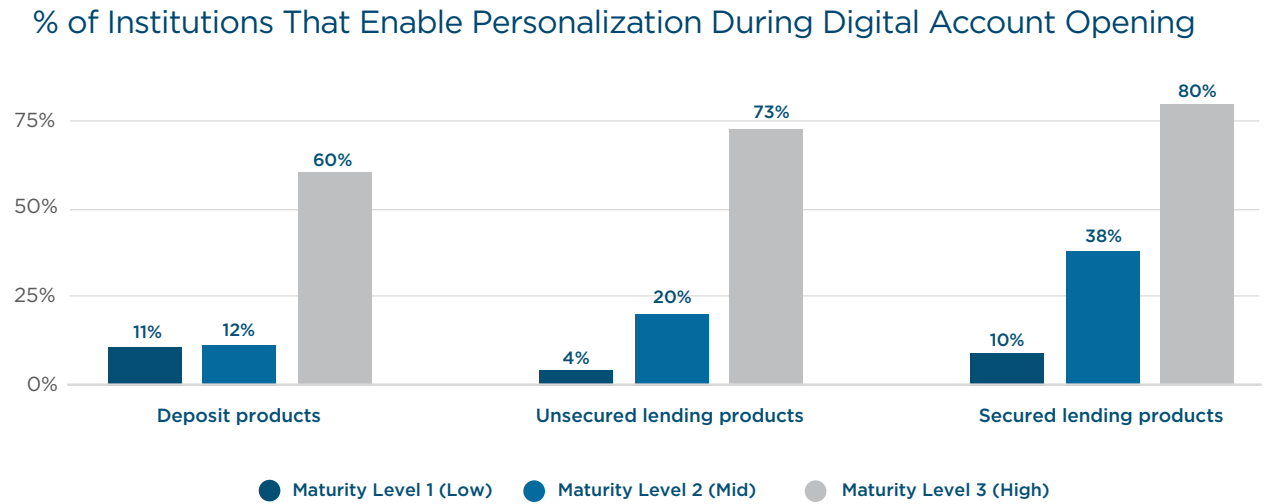
- Instant digital identification and verification.** Although 63% of the smallest institutions provide this during the digital deposit product account opening process, that percentage is behind the 83% of \$1 billion to \$10 billion institutions, and 89% of \$10 billion to \$50 billion institutions that offer this.
- Digital communications.** Nearly half (44%) of the largest (\$10 billion to \$50 billion) institutions provide digital status of debit cards and checks in contrast to 28% of the middle group and 21% of the smaller institutions.

KEY FINDING #4: Digital Account Opening Leaders Excel in Sales, Speed and Integration

Across the three product areas assessed, institutions at the highest level of digital sales maturity set themselves apart from the pack in three areas that cut across the marketing, risk and compliance, and core processes components:

- Sales.** Digital sales leaders enable applicants to customize or personalize products—deposit, unsecured loan or secured loan—in the digital account opening process. Nearly all Level 3 institutions do this across the three product types (Figure 10). This helps to engage applicants early in the relationship, providing an experience that is rare in the industry (although common in the ecommerce world).

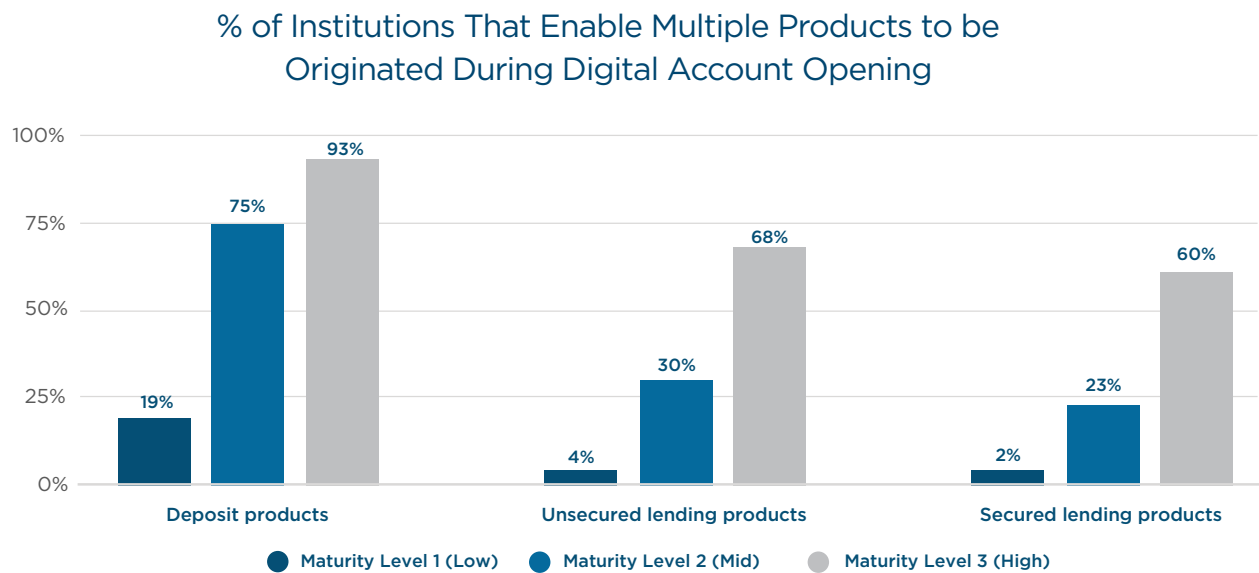
FIGURE 10: Personalization Capabilities by Maturity Level



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

In addition, the most digitally mature institutions enable applicants to originate multiple products at the point of account application, helping to improve cross-sell and up-sell efforts even before new customers begin to engage with their new accounts (Figure 11).

FIGURE 11: Multiple Product Origination Capabilities by Maturity Level

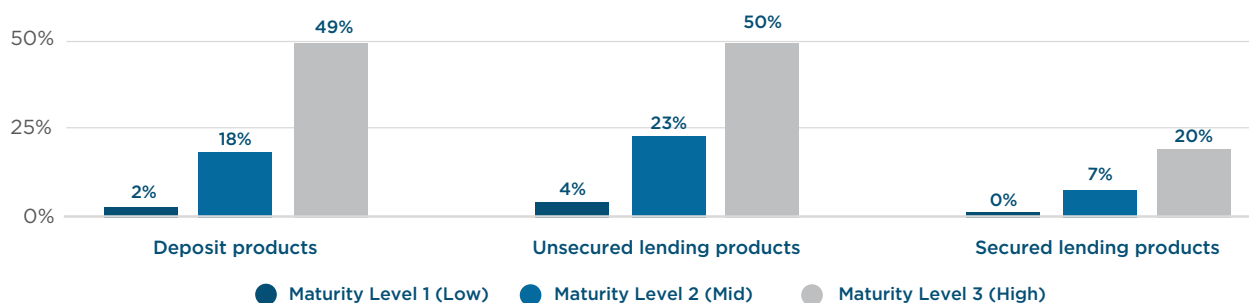


Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

2) Speed. The time required to complete applications is much lower among the Level 3 institutions. In fact, in half of the leading institutions, the time required to complete a deposit product or unsecured loan application is less than five minutes. Among the leaders, although just 20% have a secured loan product application that can be completed within five minutes, 60% enable their applicants to complete the digital application within 10 minutes (Figure 12).

FIGURE 12: Multiple Product Origination Capabilities by Maturity Level

% of Institutions That Enable Account to be Opened Digitally in Five Minutes or Less

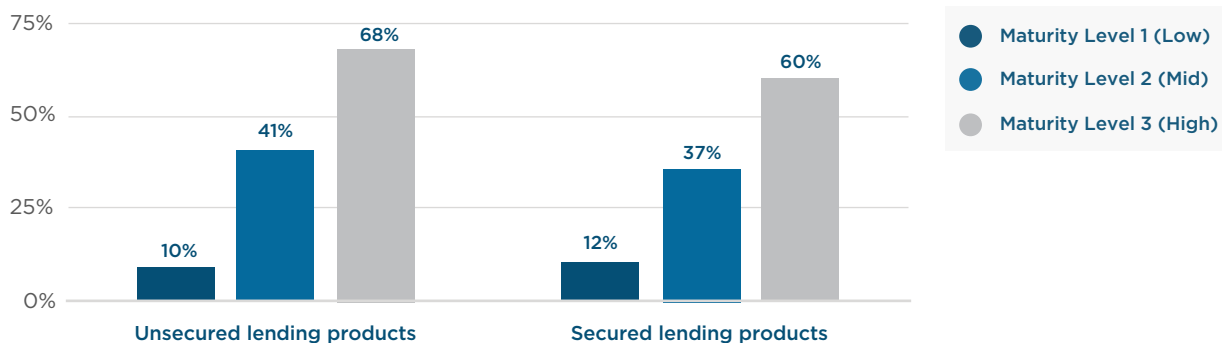


Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

In addition, a majority of the leaders are providing instant approval for simple loan applications for low-risk applicants during the digital application process (Figure 13).

FIGURE 13: Instant Loan Approval by Maturity Level

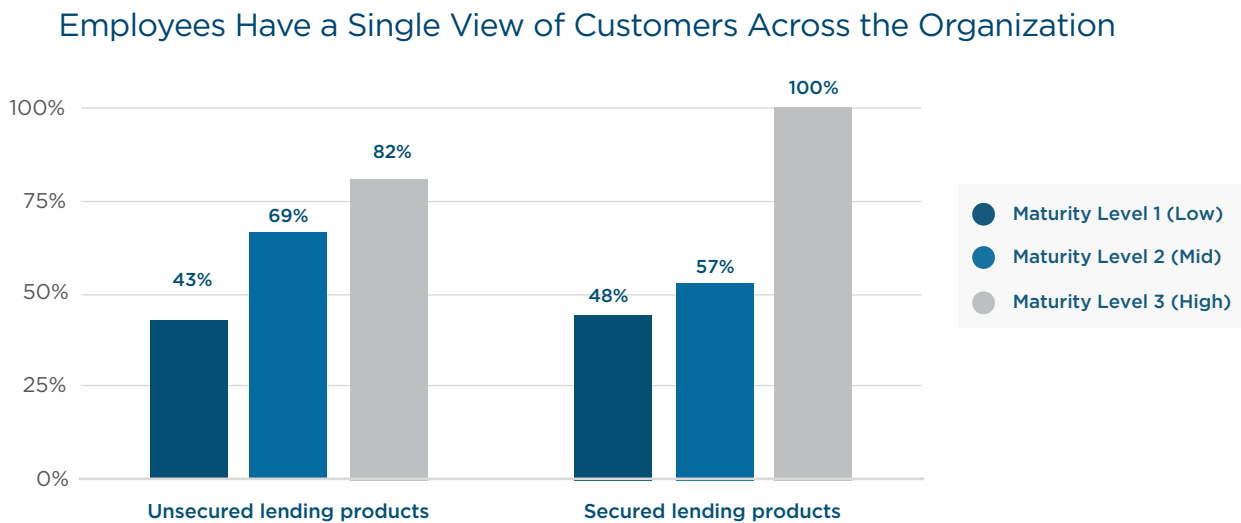
% of Institutions That Provide Instant Approval for Simple Loan Applications for Low-Risk Applicants



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

3) Integration. Another hallmark of digital sales leaders has little to do with account opening or sales itself, but with back office integration—specifically, an ability to access and integrate data into the digital account opening process when intervention is needed. For example, in at least eight in 10 of the digitally mature institutions, employees have a single view of customers across the organization (Figure 14).

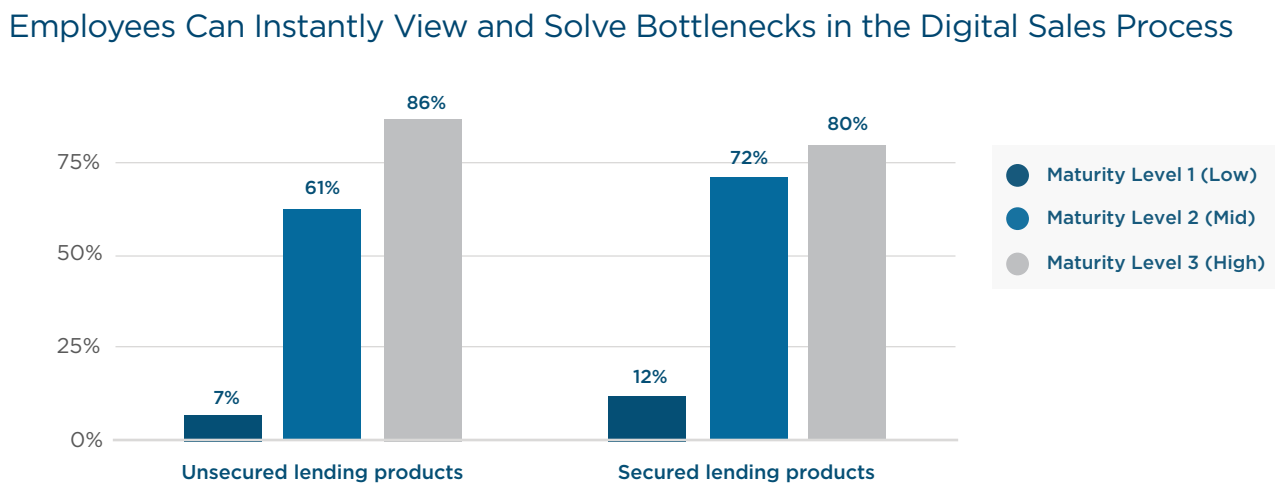
FIGURE 14: Single View of Customers by Maturity Level



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

In addition, in at least eight in 10 of the most digitally mature institutions, employees can instantly view and solve bottlenecks in the digital account opening process (Figure 15).

FIGURE 15: Employee Ability to Solve Bottlenecks by Maturity Level



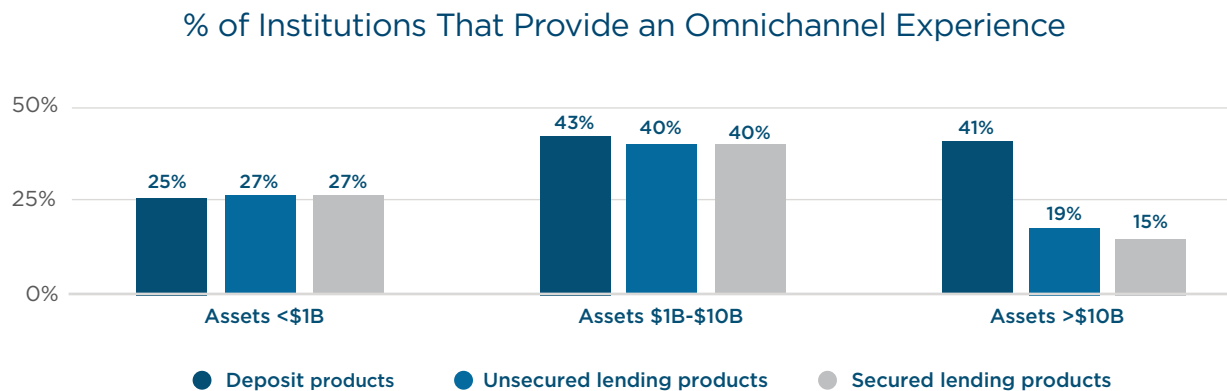
Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

THE DIGITAL ACCOUNT OPENING ROADMAP

Frictionless account opening and product origination is still a distant dream for many institutions. Even for the institutions that have some form of digital account opening, many do not have a *completely* digital process: a) 23% don't offer a completely digital deposit account opening process; b) 37% don't offer a completely digital origination process for unsecured loans; and c) 59% don't offer a completely digital origination process for secured loans. However, those seeking to improve will find the biggest opportunity by following this roadmap:

1) Create a seamless omnichannel experience. Across the three product types, seamless transitioning between channels during the account opening process is a consistent weak point. This is true particularly for smaller institutions (i.e., below \$1 billion in assets). But it's also a weak point from a lending product perspective for the largest institutions (over \$10 billion in assets), suggesting issues with organizational siloes and systems integration challenges (Figure 16).

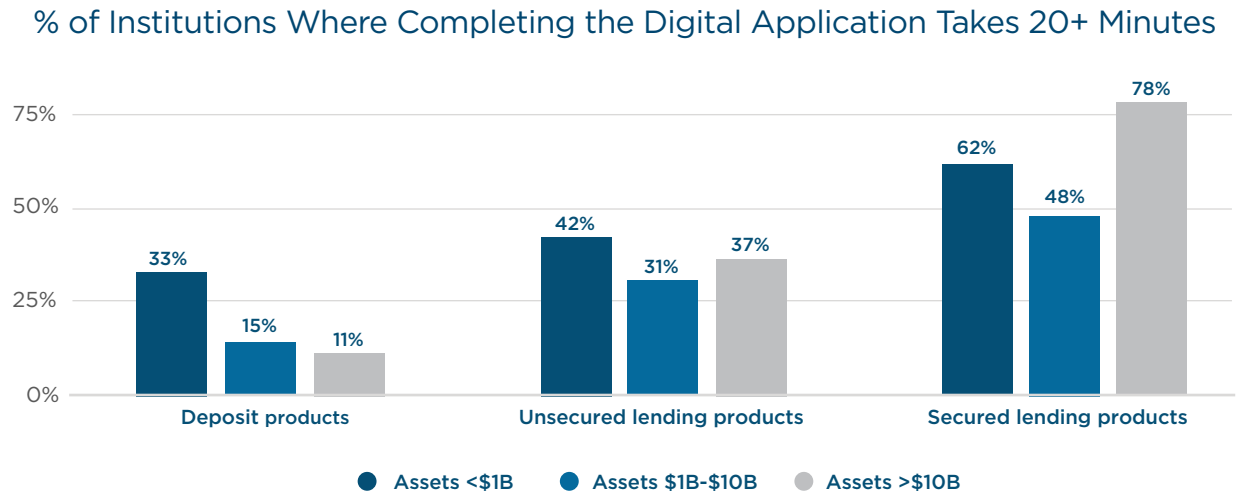
FIGURE 16: Omnichannel Experience by Asset Size



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

2) Shorten the digital application process completion time. Few institutions above \$1 billion in assets require 20 minutes or more to complete a digital deposit product application, but a third of institutions below \$1 billion in assets do. For lending products, the percentage of institutions that have digital applications that take longer than 20 minutes to complete is significantly higher, and it's consistent across institutions of all sizes. In fact, nearly eight in 10 of the largest institutions have a digital secured lending app that takes more than 20 minutes to complete (Figure 17).

FIGURE 17: Time Required to Complete Digital Applications by Asset Size

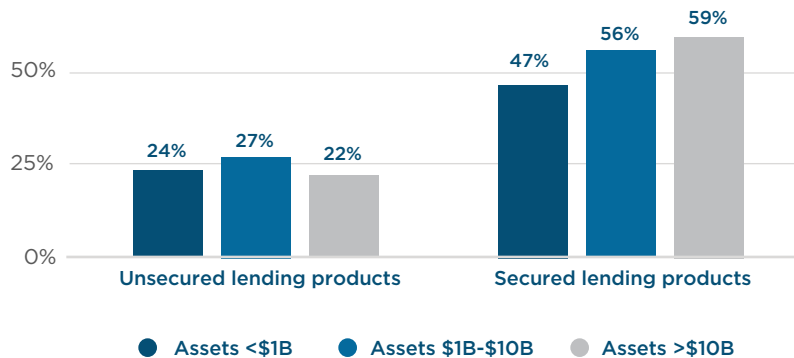


Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

3) Reduce the fulfillment cycle time. About a quarter of institutions take 20 or more days to disburse funds or issue cards for unsecured loan products—with little variation between institutions of different sizes. For secured lending products, more than half of all institutions require 20 days or more to disburse funds—and the percentages are higher for the larger institutions than for the smaller ones (Figure 18).

FIGURE 18: Elapsed Time from Loan Approval to Disbursal of Funds by Asset Size

% of Institutions Where Elapsed Time from Loan Approval to Disbursal of Funds and/or Card Issuance is More Than 20 Days



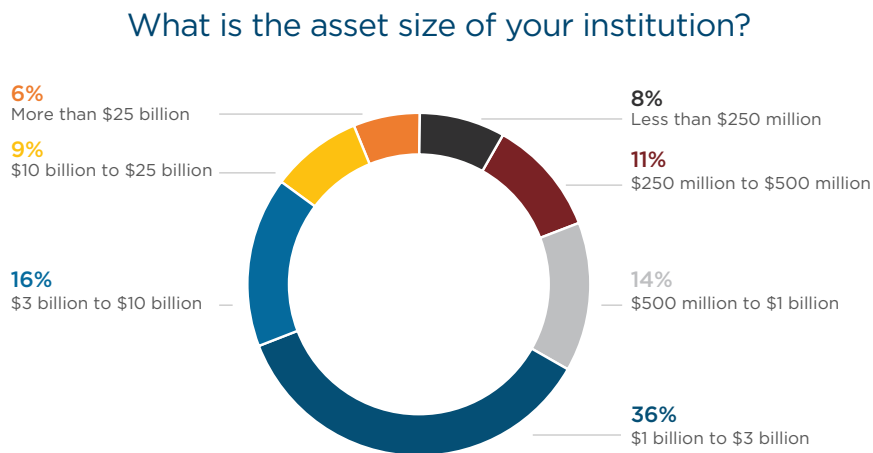
Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

APPENDIX A: ABOUT THE DATA

In September 2020, Cornerstone Advisors fielded a survey of 184 U.S.-based financial institutions to identify the marketing, compliance and core process practices in their digital account opening processes.

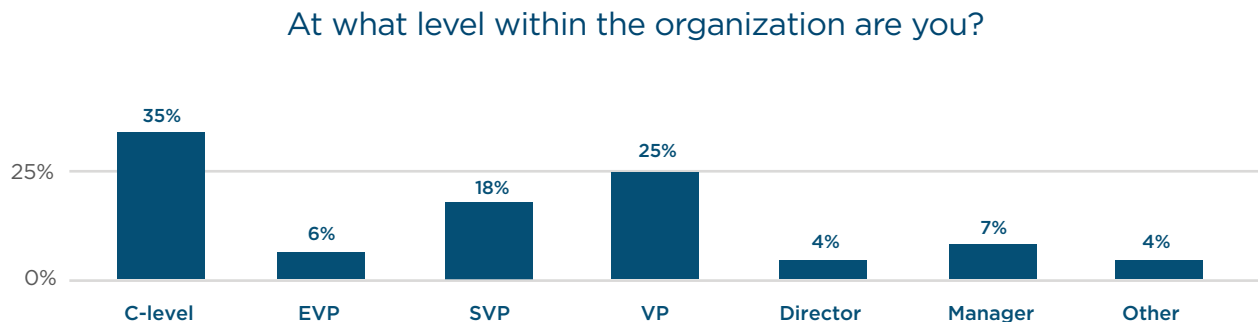
Financial institutions in the \$1 billion to \$3 billion asset range accounted for 36% of survey respondents. Sixteen percent of participants are in the \$3 billion to \$10 billion range, and an almost equal percentage (15%) have \$10 billion in assets or more. About a third of respondents were from financial institutions with less than \$1 billion in assets (Figure 19). More than a third of survey respondents are C-level executives and nearly half are at the executive, senior or vice president level (Figure 20).

FIGURE 19: Survey Respondents by Asset Size



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

FIGURE 20: Survey Respondents by Organizational Level



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

APPENDIX B: SCORING METHODOLOGY

The following chart lists the digital account opening scoring methodology (Figure 21).

FIGURE 21: Scoring Methodology

Function	Question	Scores
DEPOSIT PRODUCTS		
Marketing	Do you offer a completely digital account opening process without the need for an applicant to visit a branch or contact the call center?	0=No 8=Yes
	Can applicants originate multiple products during the digital account opening or loan application process?	0=No 6=Yes
	On average, how long does it take an applicant to complete the account opening process or loan application online or on a mobile device?	0=>20 3=11-20 4=6-10 6=1-5
	Do you keep track of where they dropped off in the process, and use tools to make it easier to complete the application?	0=No 6=Yes
	Do you provide an omnichannel (channel agnostic) account opening process with seamless transition between channels?	0=No 8=Yes
	Do you offer personalized products or allow applicants to configure their own products on your organization's mobile app and/or website?	0=No 6=Yes
Risk/Compliance	Do you offer e-signing terms and conditions as per the type of product?	0=No 10=Yes
	Do you offer instant digital identification and verification of the applicant?	0=No 10=Yes
Core Processes	Are Bank Secrecy Act (BSA) questions straight-through processed when no hits occur (i.e., with rules for quick decisioning)?	0=No 5=Yes
	Do employees in your organization have a single view of customers (or members) across the entire organization?	0=No 5=Yes
	Do you offer instant access to the account once the account opening process is complete and approved?	0=No 6=Yes
	Do you offer end-to-end self-enrollment on digital banking if applicant completes account opening process through physical channels?	0=No 6=Yes
	Does your account opening platform do a fully automated credit check on the applicant?	0=No 6=Yes
	Do you offer instant account funding and account verification to applicants?	0=No 6=Yes
	Do you utilize digital communication on mobile apps and/or emails regarding the status of the delivery of physical debit cards and checks?	0=No 6=Yes

UNSECURED LOAN PRODUCTS		
Marketing	Do you offer a completely digital account opening process without the need for an applicant to visit a branch or contact the call center?	0=No 10=Yes
	On average, how long does it take an applicant to complete the account opening process or loan application online or on a mobile device?	0=>20 3=11-20 4=6-10 6=1-5
	Do you keep track of where they dropped off in the process, and use tools to make it easier to complete the application?	0=No 6=Yes
	Do you provide an omnichannel (i.e., channel agnostic) loan application process with seamless transition between channels?	0=No 6=Yes
	Can applicants originate multiple products during the digital account opening or loan application process?	0=No 6=Yes
	Do you offer personalized products or allow applicants to configure their own products on your organization's mobile app and/or website?	0=No 6=Yes
Risk/Compliance	What is the average time needed for approvals of a simple unsecured loan for a low-risk applicant?	0=>20 2=15-20 3=6-10 4=1-5 5=0 (Instant)
	Do you offer instant digital identification and verification of the applicant?	0=No 5=Yes
	Do you provide pre-approval upon completion of the digital loan application process?	0=No 5=Yes
	Do you provide pre-approved loans digitally?	0=No 5=Yes
Core Processes	Can employees in your organization instantly view and solve bottlenecks within digital sales process?	0=No 5=Yes
	Is there a single stored location (files, messages) for bank and customer communication?	0=No 5=Yes
	Do employees in your organization have a single view of customers (or members) across the entire organization?	0=No 5=Yes
	On average, what is the elapsed time from loan approval to disbursement of funds and/or card issuance?	0=>20 2=15-20 3=6-10 4=1-5 5=0 (Instant)
	Are data retention policies incorporated and automated into the digital loan application process?	0=No 5=Yes
	Is there a centralized log of all the applications and the onboarding cases?	0=No 5=Yes
	Do customer-facing staff have a good understanding of regulatory and compliance procedures?	0=No 5=Yes
	Is your document collection process paperless?	0=No 5=Yes

SECURED LOAN PRODUCTS		
Marketing	Do you offer associated complementary products with secured loans (e.g., insurance)?	0=No 10=Yes
	Do you offer a completely digital account opening process without the need for an applicant to visit a branch or contact the call center?	0=No 5=Yes
	Do you keep track of where they dropped off in the process, and use tools to make it easier to complete the application?	0=No 5=Yes
	Do you provide an omnichannel (i.e., channel agnostic) loan application process with seamless transition between channels?	0=No 5=Yes
	Do you offer personalized products or allow applicants to configure their own products on your organization's mobile app and/or website?	0=No 5=Yes
	On average, how long does it take an applicant to complete the account opening process or loan application online or on a mobile device?	0=>20 3=11-20 4=6-10 5=1-5
	Can applicants originate multiple products during the digital account opening or loan application process?	0=No 5=Yes
Risk/Compliance	On average, how much time is needed to approve a simple secured loan for a low-risk applicant?	0=>20 2=15-20 3=6-10 4=1-5 5=0 (Instant)
	Do you provide instant underwriting and real-time credit risk assessment?	0=No 5=Yes
	Do you offer instant digital identification and verification of the applicant?	0=No 5=Yes
Core Processes	Do you provide pre-approved secured loans digitally?	0=No 5=Yes
	Do customer-facing staff have a good understanding of regulatory and compliance procedures?	0=No 5=Yes
	Are data retention policies incorporated and automated into the digital loan application process?	0=No 5=Yes
	Do employees in your organization have a single view of customers (or members) across the entire organization?	0=No 5=Yes
	Can employees in your organization instantly view and solve bottlenecks within digital sales process?	0=No 5=Yes
	On average, what is the elapsed time from loan approval to disbursement of funds and/or card issuance?	0=>20 2=15-20 3=6-10 4=1-5 5=0 (Instant)

Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

APPENDIX C: DEPOSIT PRODUCTS

The percentage of financial institutions providing, or having, each of the attributes across the three functions is shown in the graphic below (Figure 22).

FIGURE 22: Deposit Product Digital Account Opening Overview

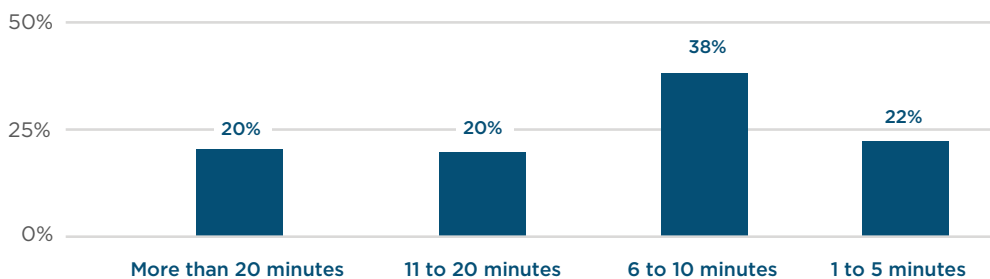
Category	Attribute	Percent of financial institutions
Marketing	Do you offer a completely digital process without the need to visit a branch or contact the call center?	77%
	Can applicants originate multiple products during the digital account opening process?	66%
	How long does it take to complete the digital account opening process? (%=<10 minutes)	60%
	Do you keep track of where applicants drop off, and use tools to help them complete the application?	53%
	Do you provide an omnichannel account opening process with seamless transition between channels?	37%
	Does your digital account opening process enable personalization or configuration of products?	23%
Risk/Compliance	Do you offer e-signing terms and conditions as per the type of product?	84%
	Do you offer instant digital identification and verification of the applicant?	78%
Core Processes	Are Bank Secrecy Act (BSA) questions straight-through processed when no hits occur?	74%
	Do employees have a single view of customers (or members) across the entire organization?	68%
	Do you offer instant access to the account once the digital process is complete and approved?	67%
	Do you offer digital banking self-enrollment if applicant completes the process in physical channels?	66%
	Does your account opening platform do a fully automated credit check on the applicant?	65%
	Do you offer instant account funding and account verification to applicants?	55%
	Do you utilize mobile apps and/or emails regarding delivery status of physical debit cards and checks?	28%

Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

Although 60% of respondents said it generally takes applicants less than 10 minutes to complete the digital process, only about one in five are seeing customers finish the app within one to five minutes. In addition, one in five said it's taking their applicants more than 20 minutes to complete the process (Figure 23).

FIGURE 23: Time to Complete Digital Deposit Account Opening Process

How long does it take applicants to complete the account opening process?



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

APPENDIX D: UNSECURED LENDING PRODUCTS

Either digital account opening for deposits is easier than it is for lending products, or financial institutions are investing a lot more on the deposit product side of the house than on the lending side. Across the three functions, far fewer institutions are providing digital account opening attributes for unsecured loan products than for deposits (Figure 24).

FIGURE 24: Unsecured Loan Products Digital Account Opening Overview

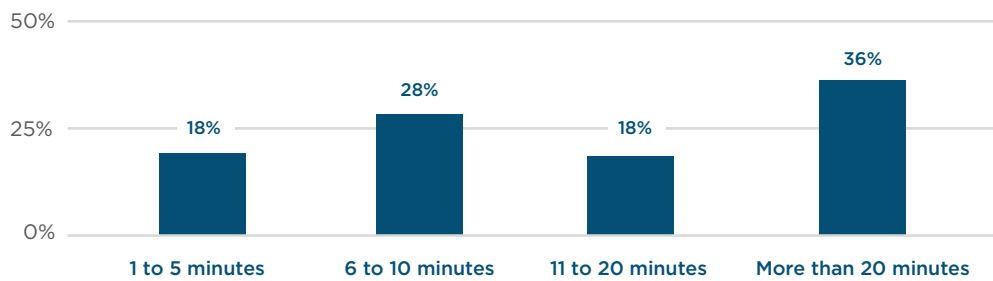
Category	Attribute	Percent of financial institutions
Marketing	Do you offer a completely digital process without the need to visit a branch or contact the call center?	63%
	How long does it take to complete the digital loan application process? (%=<10 minutes)	46%
	Do you keep track of where applicants drop off, and use tools to help them complete the application?	36%
	Do you provide an omnichannel loan application process with seamless transition between channels?	33%
	Can applicants originate multiple products during the digital loan application process?	26%
	Does your digital loan application process enable personalization or configuration of products?	20%
Risk/Compliance	Do you offer instant digital identification and verification of the applicant?	48%
	Do you provide pre-approval upon completion of the digital loan application process?	44%
	Do you provide pre-approved loans digitally?	39%
	How much time is needed for approvals of a simple unsecured loan for a low-risk applicant? (%=Instant)	32%
Core Processes	Do customer-facing staff have a good understanding of regulatory and compliance procedures?	75%
	Is your document collection process paperless?	63%
	Is there a centralized log of all the applications and the onboarding cases?	61%
	Are data retention policies incorporated and automated into the digital loan application process?	60%
	Do employees have a single view of customers across the entire organization?	59%
	Is there a single stored location (files, messages) for bank and customer communication?	41%
	Can employees in your organization instantly view and solve bottlenecks within digital sales process?	40%
	What is the elapsed time from loan approval to disbursement of funds and/or card issuance? (%=Instant)	9%

Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

For 54% of institutions, applicants require more than 10 minutes to complete the application (Figure 25).

FIGURE 25: Time to Complete the Unsecured Loan Digital Application

On average, how long does it take an applicant to complete the loan application online or on a mobile device?

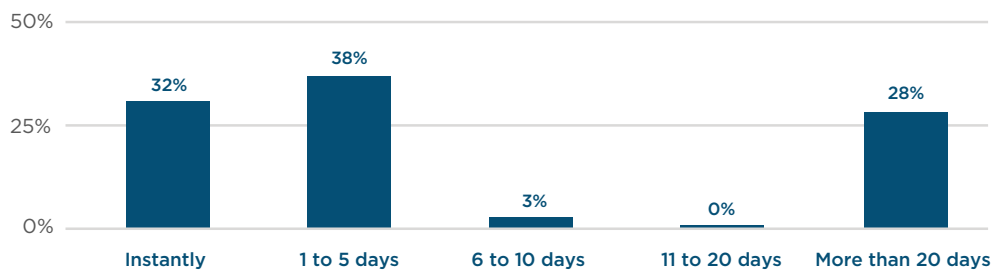


Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

Although 70% of institutions approve simple unsecured loans for low-risk applicants with five days, nearly three in 10 take more than 20 days (Figure 26).

FIGURE 26: Time Needed for Approval of Simple Unsecured Loans

What is the average time needed for approval of a simple unsecured loan for a low-risk applicant?

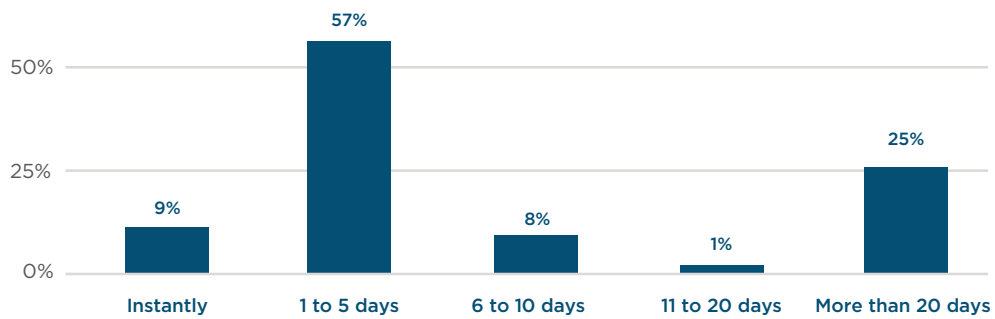


Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

Although just 9% of institutions provide instant disbursement of funds or card issuance, 57% do that within five days. A quarter, however, require more than 20 days to do that—unacceptable in today’s environment (Figure 27).

FIGURE 27: Time to Complete the Unsecured Loan Digital Application

On average, what is the elapsed time from loan approval to disbursement of funds and/or card issuance?



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

APPENDIX E: SECURED LENDING PRODUCTS

In each of the three functions, scores for digital secured loan applications were slightly lower than for unsecured loans, with the percentages of financial institutions providing the attributes correspondingly lower (Figure 28).

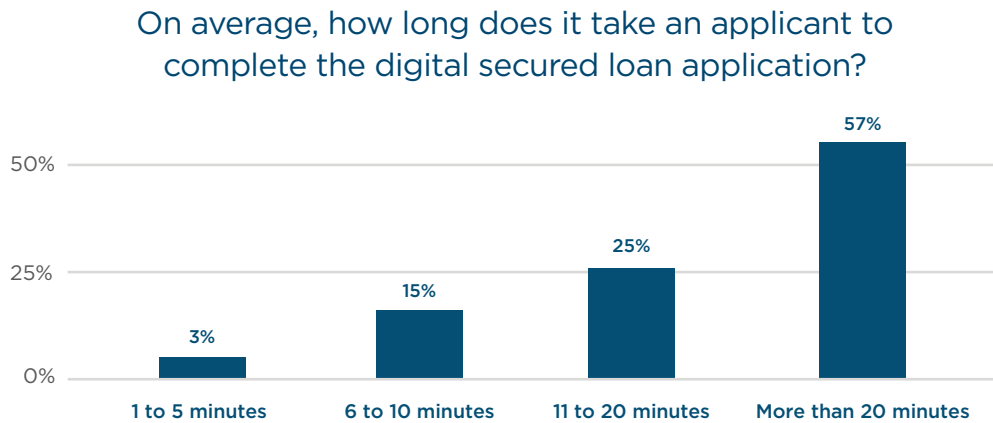
FIGURE 28: Secured Loan Products Digital Account Opening Overview

Function	Attribute	Percent of financial institutions
Marketing	Do you offer associated complementary products with secured loans?	47%
	Do you offer a completely digital process without the need to visit a branch or contact the call center?	41%
	Do you keep track of where applicants drop off, and use tools to help them complete the application?	36%
	Do you provide an omnichannel loan application process with seamless transition between channels?	32%
	Does your digital loan application process enable personalization or configuration of products?	22%
	How long does it take to complete the digital loan application process? (%=<10 minutes)	18%
	Can applicants originate multiple products during the digital loan application process?	13%
Risk/Compliance	Do you provide instant underwriting and real-time credit risk assessment?	46%
	Do you offer instant digital identification and verification of the applicant?	40%
	Do you provide pre-approved secured loans digitally?	29%
	How much time is needed to approve a simple secured loan for a low-risk applicant? (%=Instant)	21%
Core Processes	Do customer-facing staff have a good understanding of regulatory and compliance procedures?	79%
	Are data retention policies incorporated and automated into the digital loan application process?	57%
	How many times do you contact applicants with info/document requests? (%=<4)	55%
	Do employees have a single view of customers across the entire organization?	53%
	Is your document collection process paperless?	46%
	Is mortgage or collateral evaluation, communication, and approval processes on one digital platform?	38%
	Can employees in your organization instantly view and solve bottlenecks within digital sales process?	35%
	What is the elapsed time from loan approval to disbursement of funds and/or card issuance? (%=<5 days)	25%

Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

Not surprisingly, the digital secured loan applications take longer than the unsecured applications. In less than one in five (18%) institutions, applicants can complete the secured loan application in less than 10 minutes. It takes more than 20 minutes at 57% of the institutions surveyed (Figure 29).

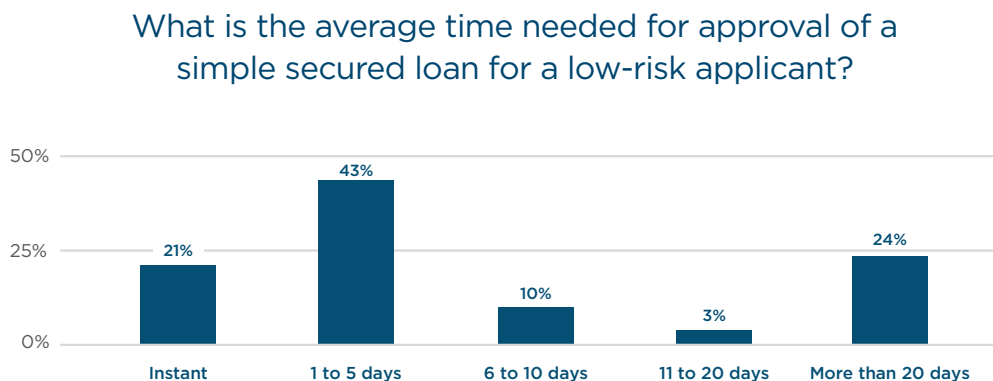
FIGURE 29: Time to Complete the Secured Loan Digital Application



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

One in five offer instant approval of a simple secured loan to a low-risk applicant, but 24% still require more than 20 days (Figure 30).

FIGURE 30: Time Needed for Approvals of a Simple Secured Loan

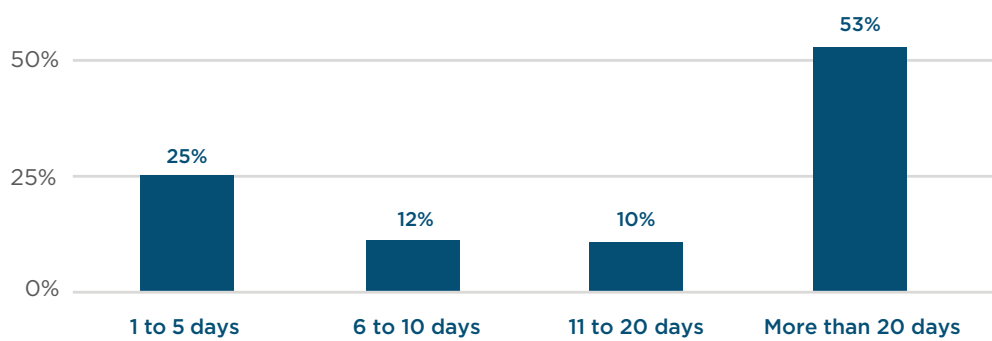


Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020

Although one in four institutions is disbursing funds within five days of the application, more than 50% still require more than 20 days (Figure 31).

FIGURE 31: Elapsed Time from Secured Loan Approval to Disbursal of Funds

On average, what is the elapsed time from loan approval to disbursal of funds?



Source: Cornerstone Advisors survey of 184 U.S.-based financial institutions, Q3 2020





About the Author

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Ron Shevlin heads up Cornerstone Advisors' strategic research efforts and authors the firm's commissioned studies and *Cornerstone Performance Report*. He has been a management consultant for more than 25 years, working with leading financial services, consumer products, retail and manufacturing firms worldwide. Prior to Cornerstone, Ron was a researcher and consultant for Aite Group, Forrester Research and KPMG.

Ron writes a weekly column for Forbes. He is the author of the Amazon best-selling book *Smarter Bank* and is the purveyor of fine snark on The Financial Brand's *Snarketing* column and the Fintech Snark Tank podcast. Ranked #2 on Bank Innovation's list of 30 Innovators to Watch, Ron is frequently quoted in major industry outlets and is in great demand as a speaker.

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CORNERSTONE ADVISORS



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