

DocuSign®

The CIO's guide to digital transformation in banking

**Why success hinges on a modern
system of agreement**

A DocuSign White Paper

Table of Contents

| | |
|---|----------|
| The future of financial services is digital | 4 |
| Essential features of a modern, digital system of agreement | 6 |
| Build vs. buy: The cost of innovation | 7 |
| Managing change to ensure successful implementation and adoption | 8 |

Digital transformation has turned the traditional banking model on its head, leaving banking leaders scrambling to meet customers' demands for digital, on-demand, secure experiences.

What employees and customers tolerated in the past — piles of paperwork, inefficient in-person processes, and inflexible applications — no longer work.

It's up to CIOs to digitize the front- and back-office processes that now make or break their businesses.

But how?

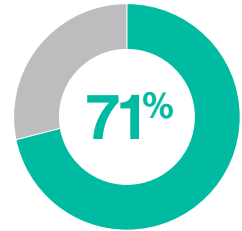
Insightful banking CIOs start by adopting digital agreements across both business- and customer-facing sides of the aisle, and partnering with cloud vendors to provide simple, secure experiences. By prioritizing innovation across the customer and the back-end business levels, and by replacing paperwork with digital agreements, CIOs are leading their organizations to a profitable future.

The future of financial services is digital

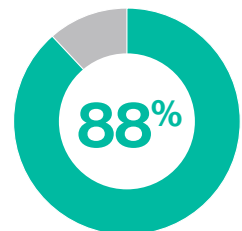
Banks are built upon agreements: forms that must be signed to obtain a loan or open an account, regulatory documents that must be filed, contracts that must be stored. Every bank has a system of agreement to prepare, sign, act on, and manage these agreements. Traditionally, that system has involved manual, paper-based processes that slow operations, overwhelm customers, and limit banks' abilities to comply with regulations like "Know Your Customer" and GDPR data capture consent.

Disconnected legacy systems are holding banks back from reaching their full potential. What's more, they're difficult to manage and expensive to operate. According to a Payment Week report, legacy systems consume 15 to 25 percent of a bank's total IT budget and hinder a bank's ability to scale.²

While many banks have automated customer-facing operations through online and mobile banking offerings, back-end operations remain outdated. A recent Accenture survey of 80 bank COOs found that only 16 percent have automated back-office operations, but 63 percent plan to use or have begun piloting the technology.³ By automating internal processes through a digital system of agreement, banks can reduce the time it takes to complete tasks by 90 percent and lower costs by 80 percent.



71% of financial services firms process more than 500 agreements per department every month.¹



Financial services firms still prepare 88% of agreements using manual processes.⁴

¹ The State of Systems of Agreement, 2019. A commissioned study conducted by Forrester Consulting on behalf of DocuSign. <https://www.docusign.com/white-papers/the-state-of-systems-of-agreement-2019-0>

² Payment Week <https://paymentweek.com/2018-11-16-future-digital-transformation-banking/>

³ Accenture https://bankingblog.accenture.com/automating-bank-operations-keep-eyes-wide-open?lang=en_US

⁴ Forrester Consulting study (commissioned by DocuSign), February 2019

Solving CIOs' biggest priorities

In today's business landscape, there are a number of challenges that keep banking CIOs up at night. By adopting a modern system of agreement, CIOs can take the first step toward alleviating those concerns.

Improve the customer experience

Millennials and Gen Z make up a growing percentage of banking customers, and they expect to manage financial activities digitally. In fact, 41 percent of Gen Z customers would consider purchasing banking services from a Google or Amazon.⁵ To stay relevant, banks must provide consumers with digital banking experiences. And digital innovation isn't only important for the customer-facing side of the business. As millennials grow into management roles, they are becoming key decision-makers when it comes to capital. They, too, are looking for digital experiences for treasury and other B2B interactions, requiring banks to modernize how they offer balance sheets and commercial loan applications, among other activities.

Faster, more efficient operations

A digital system of agreement will decrease time spent completing internal workflows and contract approvals from days to hours. These automated workflows eliminate manual steps like requesting document approval via email (or, worse yet, wet signature) or tracking information in a spreadsheet. By integrating your systems with popular CRM platforms, you can reduce redundancy across your organization. DocuSign's APIs, for instance, make integration with widely used systems like Salesforce easy and seamless.

Complying with new regulations

Banking CIOs are feeling the pressure to meet specific industry regulations, such as Know Your Customer and GDPR regulations for customer data collection and storage. But these regulations add burdensome steps to customers navigating the sign-up and onboarding processes. Digital agreements ease those burdens for customers – and help banking leaders maintain compliance. Banks can gather and store customer-specific information securely with cloud-based tools that allow clients to easily fill out relevant fields without rekeying information that a bank already collected. And ID verification technologies confirm customers' identities, protecting customers and banks alike.

Make smarter business decisions with data

A digital system of agreement empowers banks to integrate customer data so that they can easily identify risks and new business opportunities. These tools further automate systems of agreement in banking, making processes more efficient for customers and employees.

⁵ Accenture
https://www.accenture.com/_acnmedia/Accenture/next-gen-3/DandM-Global-Research-Study/Accenture-Banking-Global-Distribution-Marketing-Consumer-Study.pdf

Essential features of a modern, digital system of agreement

When it comes to a modern system of agreement, there's no one-size-fits-all model. Choosing the right solution will require you to address specific challenges, determine which tools your company needs, and train employees to use these tools. But there are several nonnegotiables that all banking CIOs should consider when looking to adopt digital agreements.

Agreement preparation

With a legacy agreement process, document preparation is time consuming. A document must be created, then reviewed and edited by multiple parties, and, finally, printed or emailed. A modern system of agreement eliminates these inefficiencies. Digital agreements also easily integrate with existing back-office systems (CRM, ERP, HR, etc.) to automate data entry and reporting. The result? Faster document creation, fewer errors, and smarter business intelligence.

Workflow automation

Digital agreements also reduce turnaround times and minimize human error through automated workflows. In banking, agreements often require comprehensive review, leading to dissatisfied customers and inefficiencies with new-account onboarding processes. A solution that allows multiple parties to collaborate and edit the agreement regardless of location adds an extra layer of accuracy and efficiency to the agreement lifecycle.

Data capture

A digital system of agreement should provide an enhanced user experience by capturing data with customer consent and routing it through a company's existing CRM. By leveraging specific customer information, such as geographical data, banks can tailor online forms – and even prepopulate information – for customers.

Visibility throughout the contract lifecycle

When it comes to contract management, data security is paramount. Contracts are fundamental for banks to manage risk and meet financial regulations. Automating the contract lifecycle gives all parties involved visibility into their contractual obligations through a secure and useable platform.

Contract intelligence

Thanks to innovations in AI and machine learning, digital agreements are now easier than ever to manage. AI-powered search tools, for example, allow banking professionals to extract specific terms and information from documents. Enhanced reporting, too, can help employees analyze agreement completions.

A modern system of agreement helps banking leaders meet their top priorities:



Improve customer experience



Enhance security and compliance



Increase employee productivity⁶

Build vs. buy: The cost of innovation

Once you decide to upgrade your financial institution's system of agreement, you must make another important decision: Do you build a solution in-house or partner with a trusted vendor?

The option you choose will ultimately depend on the needs of your organization. While building a solution from scratch has certain advantages – such as the freedom to work directly with internal software developers to create a tailored solution – it's an expensive, time-consuming option that strains resource-strapped IT departments. According to research from Forrester⁷, total cost is higher for internal builds approximately 65 percent of the time. Alternatively, banking leaders can partner with respected tech vendors to power their digital transformations to save time and money. And cloud-based tools are customizable, so banking leaders get the features they need with minimal development work. These tools also integrate with the cloud software that banks are already using, which helps to break down data silos. DocuSign, for instance, integrates with widely used business software, such as Finastra LaserPro.

According to Forrester, many tech leaders have adopted the notion of “buy plus build,” which lets banks embrace off-the-shelf applications while modifying specific capabilities to align with their businesses.⁸ An added benefit: Digital solutions are regularly updated to comply with ever-changing industry regulations, so CIOs can be sure that sensitive customer information is secure.

For many CIOs, the choice is clear: Buying a solution and customizing it to fit their needs can save money and buy peace of mind.

⁷ DevOps

<https://devops.com/why-banks-must-ditch-the-build-vs-buy-mentality-and-embrace-a-platform-approach/>

⁸ Forrester Research, “The State of Digital Banking Transformation 2019,” Jost Hoppermann.

<https://www.forrester.com/report/The+State+Of+Digital+Banking+Transformation+2019/-/E-RES141760> (Accessed on July 31, 2019)

Change management 101

Once you decide to modernize your system of agreement, it's time to build an adoption strategy. Communication is essential when introducing a new solution to an organization that has worked a certain way for so long. The first step is to convince internal stakeholders about the value of digital agreements.

Give them something to talk about

Migrating your system of agreement to a cloud-based solution will require you to be open with your team. Explain why change is necessary, and communicate specific challenges you hope the new solution will solve. Once your employees are on board, train them early and often on how to use the system, and continue to hold trainings until this new technology is second nature to your entire organization. When you've successfully implemented the new solution, communicate with HR to ensure that new employees are receiving training during the onboarding process.

A little goes a long way

The golden rule for change management is to start small. Take a look at your bank's operations and determine a few aspects of the business that could benefit from automation. Prioritize specific processes most in need of innovation and work your way through each department.

Get support from the top

Engaging an executive sponsor will help you make the case for a new solution internally. According to a survey from Project Management Institute, one in four organizations have seen projects fail due to a lack of executive support.⁹ When C-suite leaders are involved from the beginning in the implementation of a new solution, the solution is far likelier to be successful. By engaging team leads across your organization and being transparent about the implementation process, you will be on track to deliver a modern system of agreement that meets the diverse needs of your employees.

Track, measure, and analyze

You'll need data to measure the success of your efforts. Once you know what you want to achieve with this new solution, seek out specific wins that may help you communicate results. Collect data before, during, and after the transition to identify success milestones throughout the process. Collecting and tracking data will set you up for success when you're asked to present the success of the solution down the line.

Modernizing your system of agreement is a marathon, not a sprint – but the effort pays dividends. By finding a solution that fits your bank's needs and communicating the benefits to your organization, you'll not only increase productivity internally but you'll also improve the banking experience for your customers.

⁹Executive Sponsor Engagement, PMI.

<https://www.pmi.org/-/media/pmi/documents/public/pdf/learning/thought-leadership/pulse/executive-sponsor-engagement.pdf>

About DocuSign

DocuSign helps organizations connect and automate how they prepare, sign, act on, and manage agreements. As part of the DocuSign Agreement Cloud, DocuSign offers eSignature: the world's #1 way to sign electronically on practically any device, from almost anywhere, at any time. Today, more than 500,000 customers and hundreds of millions of users in over 180 countries use DocuSign to accelerate the process of doing business and to simplify people's lives.

DocuSign, Inc.

221 Main Street, Suite 1550
San Francisco, CA 94105

[docusign.com](https://www.docusign.com)

For more information

sales@docusign.com
+1-877-720-2040