



Digitizing Commercial Lending

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Community banks have always been good at creating lifetime customers, but evolving technology and customer demands can complicate your ability to satisfy customers post-pandemic. There is a running joke in the banking industry that the pandemic took five years of technology growth and pressed it into one. With the additional demands put on bankers by the Paycheck Protection Program (PPP), that joke is one hundred percent true. Now that these digital expectations have been set, there's no going back. Bankers can't revert to doing things the same way they did before the pandemic. It's just not an option.

Will people want to go into a bank branch to apply for a commercial loan when they were able to carry out the entire PPP loan process digitally? The events of 2020-21 have made us rethink what transformations are going to be necessary in a post-pandemic world now that expectations have changed. These are my top technology recommendations for post-pandemic community banking.

- **Secure Portals Done Right:** Secure portals are commonly used for applications and secure document uploads, and when done right, can also optimize and automate communications with your customers. A well-built portal can prompt your borrower for new information and keep them updated on the status of their loan. For a secure portal to function well, it needs these three key features: *easy to use, has a save state, and can keep borrowers separate.*
 - **Easy to Use:** A poorly built portal can make the user experience difficult. Secure emails and shared files sound great, but these commonly yield poor customer experiences. Any barrier or friction your customer has while trying to use your portal will lessen their experience and could cause them to quit in frustration. Discovering the friction point and solving it will help you provide the valuable service you are intending to offer.
 - **Has a Save State:** Most banks have click-to-apply mortgage and loan applications, but many of those systems do not have an option to save and come back later. This is not only an inconvenience, but it can cause you to lose customers. Having a save state can also help you define and solve potential points of friction. Does the customer abandon the application 85% through, when you ask them to upload tax returns? If they don't have access to those documents right then, they will have to abandon all progress. In addition to making the customer's life easier, a save state has also solved the point of friction.
 - **Keep Borrowers Separate:** I have talked to many bankers who are dumbfounded as to why their borrowers don't want to use their secure upload portal only to find out their portal uploads every borrower's files together and are visible to everyone. It's imperative to protect the privacy of all borrowers by keeping personal documents separate and only accessible by the bank and the party that uploaded them.
- **24/7 Accessibility:** Most community banks offer 24/7 access to basic functions like remote deposits, checking balances, and making payments. Today's customer base has become very comfortable with conducting business online and at their convenience, and therefore expect more functionality outside of the branch. Giving your borrowers the ability to apply for new loans, submit financials, and follow the progress of the origination workflow is becoming more and more expected, rather than just a luxury. You do not need to fully automate these processes, just give the customer a way to get the process started at any time.
- **Optimize Your Communication with Customers:** When integrating technology into your customer communications, ask the question, "what are we *not* doing?" Sending emails and making phone calls is expected, but what more can be done to improve communication without overloading your staff? Keep in mind most of these recommendations can be accomplished via a well-built secure portal.

- **Valuable Content:** Consider the content and value of each email sent. I love to get an email from my banker, but 90 percent of the time it's the loan assistant asking for a tax return. But the loan assistant is just going through a list and checking off boxes, then sending a 2 second generic email. That's not what personalized means. You can have the best of both worlds. Have automatic reminders that notify the customer if you need something from them, and keep calling or emailing your customers and asking them to lunch to discuss business.
- **Know What You Have:** How many times is a customer asked to submit a driver's license they've already submitted, or you ask for 3 years of tax returns, but you already have 2? A lender may not always remember everything they have for every borrower, but the customer does. Don't send a blanket email listing the needed documents. Look at their accounts first. If they just did a loan six months ago, you may not need anything from them. When you ask the customer over and over for items they've already given you, you're communicating that you don't actually know them.
- **Fast and Quick Updates:** Applying for a loan can be scary even if the customer is well established. A lot of community banks lose smaller business clients to automated online lending companies with insane rates simply because it's a fast answer and the waiting period is stressful. Having an automated tool to check the status at any time of day will help ease customer's minds during that waiting period.
- **E-Signature Adoption:** While most banks have adopted using signature pads for in-branch account opening documents, many are having a hard time making the transition to allowing electronic signatures on loan documents from borrowers' home PCs or mobile devices. I know banks of all sizes have varying feelings about this, but this technology will be critical going forward. Your competitors are going to adopt e-signatures and those who don't will be considered outdated. E-signatures can also be adopted internally to save paper and make processes more seamless.

As you consider changing any of your processes and adopting new technology, my advice is to keep the customer's experience top of mind. Always be thinking of how you can make things easier for your customers. If you don't make it easy for them, your competitors will. Relationships are critical, but not everyone is going to stick around just because they like you. It has to be easy, too.

I urge you to not look at these areas as problems, but opportunities. Every piece of technology you adopt is a chance to remove a barrier for your current customers and help attract new customers. When I see the future of community banking, I think speed and good customer relationships will continue to set them apart from the competition. Your competitors may be fast, but they will struggle with relationships. They can and will fake it, but community banks already excel at relationships with customers and people can tell the difference. Let's take our strong points and combine them with the technology we need to make us fast and remain at the top of our game.