



The new world of lending

How document automation
streamlines operations and
improves the customer experience





91% of Millennials intend to own a home one day.

- Ellie Mae

Evolving from paper-based loan origination

Mortgages and loans make up a large portion of a bank's revenue. As demand increases among consumers, banks are scrambling to keep pace, especially as borrower demographics shift and technology behaviors evolve.

Take Millennials, aged 18 to 35, as a prime example. They essentially grew up during the economic recession and housing market crash of 2008; a time when technology was also reaching a whole new level of innovation. These factors have greatly influenced the ways Millennials conduct research, compare interest rates and even how they ultimately file for loans—whether it's a student loan, auto loan or mortgage.

Looking at mortgages specifically, research from Ellie Mae indicates that there are approximately 87 million would-be homebuyers in the Millennial generation, and 91% said they intend to own a home one day.¹ The numbers present a significant opportunity to financial institutions, but is your bank equipped to give these borrowers the experience they expect?



It takes up to

49
days

to process a loan.

Consider the fact that many lending activities are still paper-based—a vast contrast from the digitally savvy, always-connected behaviors of Millennials. Every day, loan officers manage customer communication and incoming paperwork. They also ensure all necessary forms are completed, signed, approved and filed. These processes consume a lot of a loan officer's time and attention, and they prolong the process, which ultimately takes a toll on your customers.

By the end of the entire process—which can take up to 49 days—your loan officers and customers are inundated with piles of documents.²

Every time an error is made, a document is misplaced or documents are rendered incomplete, it extends the time for approval of the loan.

At a glance: The value of document capture and distribution

- Capture documents at the point of service
- Connect branch activity with centralized operations
- Reduce paper and errors from the loan process
- Automate manual, arduous steps
- Apply a layer of security and control
- Promote customer retention
- Reduce operating costs
- Experience minimal disruption to existing operations

But workflow-related inefficiencies aren't the only looming problems. Without the proper security protocols, the manual printing, copying, faxing and emailing of documents presents a slew of security risks. All documents include Personally Identifiable Information (PII), such as home addresses, social security numbers and credit information. Should this data fall into the wrong hands, your bank will see its reputation and customer loyalty suffer.

What if you could prevent data theft, while digitizing the loan experience and shortening the time from loan origination to approval?









Automating parts of the loan process could be your bank's new competitive advantage. By replacing manual processes with automated document capture and distribution, banks can eliminate the frustrating paper-based processes that plague productivity and the customer experience.

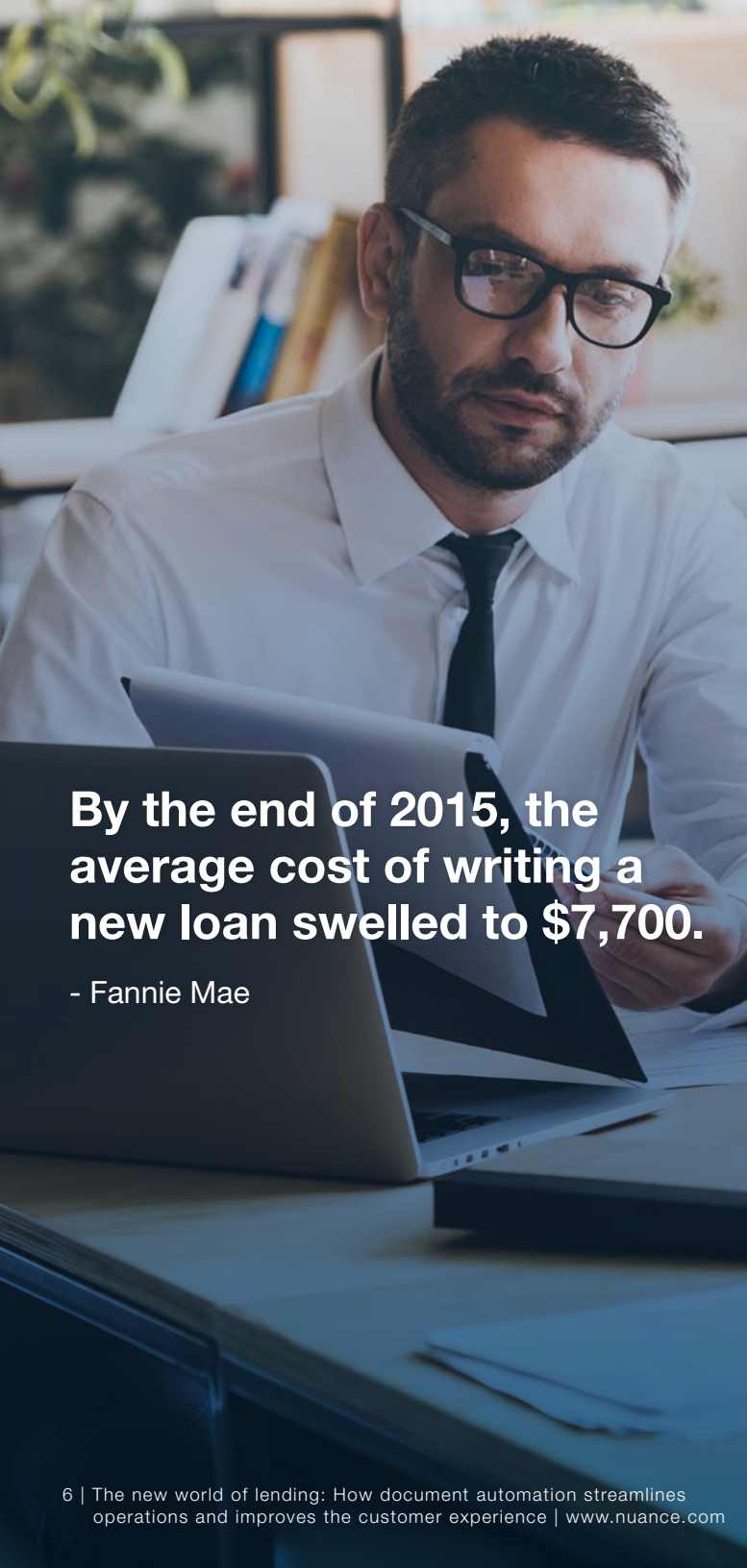
Banking on paper?

The real impact of manual processes

Many banks have a mantra for the lending process: “if it’s not broken, don’t fix it.” But the experience is becoming increasingly complicated for consumers, which will ultimately impact business results. For instance, 31 percent of people who filed for a mortgage said the process was stressful, while others described the experience as complicated (27 percent) and frustrating (23 percent).³

Take a closer look at the impact of paper-based loan processes:

| Process | Impact |
|---|--|
|  <p>High volume of documents to manage, update and file.</p> |  <p>Approval timelines extend, which severely impacts customer experiences, and ultimately bank reputation.</p> |
|  <p>A large quantity of documents are manually printed and copied for each loan submitted.</p> |  <p>Money spent on supplies, such as paper and printer ink, leads to increased spending across branches.</p> |
|  <p>Employees must individually manage and file all loans that are submitted to a branch.</p> |  <p>Printing, managing and updating documents takes a lot of time and effort, and can lead to unintentional errors.</p> |
|  <p>Applications are manually archived or digitally exchanged via personal devices and email accounts.</p> |  <p>Customer PII may be manually intercepted by a malicious third party, which could add to customer distress and damaged brand reputation.</p> |



By the end of 2015, the average cost of writing a new loan swelled to \$7,700.

- Fannie Mae

Inside the new world of lending

Between all of the time, effort and money it takes to manually go through the loan origination process, banks are essentially bleeding money. In 2008, the average cost of writing a new loan was \$4,500. By the end of 2015, that number swelled to \$7,700.⁴

Replacing manual processes with secure and automated workflows enables organizations to tackle these costs head-on. Simultaneously, document automation also empowers banks to differentiate from competitors by optimizing their internal processes and creating more seamless and hassle-free customer experiences.

With document automation, the new loan origination process goes through four steps.



1 Capture and print

At every stage of the loan lifecycle, documents are being copied, faxed, scanned and printed. Even in cases where applications and documents are shared digitally, they are still sometimes scanned and printed. This complexity, coupled with the inevitable errors that come with manual processes, significantly impacts the accuracy of branch and corporate level records. But it isn't just internal employees that feel the pain. These inefficiencies make the loan experience longer and more frustrating for customers. That ultimately will change the way they see your brand and determine whether they want to do business again.

By transitioning to document automation, loan officers can be more efficient and effective in their jobs, helping your bank close more business and create more loyal customers. They can seamlessly receive and generate new consumer loans, business loans, mortgage applications and all supporting documents, including:

- Customer application forms and documents
- Internal document requests
- All distributed branch documentation

A person in a blue suit is holding a silver pen over a tablet. The tablet displays a bar chart with blue, green, and red bars. The background is a blurred office setting.

2 Manage

The loan origination process is complex and includes a variety of different internal and external parties. You not only need to work closely with customers, you need to work with authorized third parties, such as underwriters, attorneys, real estate agents and notaries, to ensure all documents are completed in a timely fashion and all information is accurate.

Document automation can help ensure loans are efficiently completed, shared through secure workflows and stored in key banking systems or existing network systems. As documents are uploaded into the bank's back-end system, document capture solutions can help ensure:

- Document information is monitored and audited to ensure compliance.
- Loan applications and corresponding client documents can be securely accessed and shared across the loan value chain.
- All branch activity and documents are connected with centralized bank operations and updated as changes are made.
- A complete audit trail captures all document activity.



3 Protect

As cybercriminals grow more sophisticated, and their attacks become more malicious, data security remains paramount. An IBM analysis lists financial services as the most cyberattacked industry in 2016. So, banks must ensure their tools and processes keep customer data secure.⁵

But security vulnerabilities reside at every touch point, leaving PII within reach for malicious third parties. Analog fax machines, unsecured digital MFPs and unattended printed papers increase the likelihood that unauthorized parties will obtain sensitive information. Without the right security controls, banks also open a pathway for digital data exposure and theft.

Document automation can help banks keep PII secure from loan origination to approval.

- Password or smartcard-based authentication gives only authorized employees access to specific devices, network applications and document release.
- User credentials are verified by PIN or PIC code, proximity (ID), or by swiping a smartcard to access documents containing customer information.
- Communications between smart MFDs, the server and allowed destinations are secured so only users with proper authorization can view them. All data is encrypted and never stored on a device.



4 Deliver

Although banks must be prepared to ward off cybercriminals, sometimes the most damage is done by sheer human error. For example, because analog fax machines lack proper controls, employees can accidentally send loan applications to incorrect numbers. When printing loan forms or an applicant's personal documents—such as their driver's license, Social Security number, W2 or proof-of-employment—a loan officer can accidentally leave this sensitive data in an output tray or other public areas, where it can be picked up by an unauthorized person.

Institutions must streamline processes without risking compliance and customer confidence. This includes securely sharing and printing all critical documents in the loan origination process, such as:

- Loan approval applications
- Credit reports
- Internal document requests
- Third-party reports
- Underwriting and notary exceptions



About Nuance Document Imaging

Nuance Document Imaging provides the software solutions and expertise required by professionals and organizations to gain optimal control of their document output and information capture processes. The comprehensive suite of leading-edge solutions provides the opportunity to reduce the costs of cumbersome workflows and eliminate gaps across the lifecycle of their documents from origin to archiving. Nuance's cross-platform compatibility provides seamless deployment across all MFPs, printers, desktops and mobile devices. With an intuitive user-experience, Nuance delivers more efficient and natural interactions with the technologies used to create, print, scan and process documents securely.

Conclusion: Transform your lending process

Every day, consumers use digital tools, especially their mobile devices, to complete tasks and find information. Their digital savviness and constant connectivity impact how businesses, especially banks, serve them. The key to standing out is providing quality service, and that means making the loan process as seamless and hassle-free as possible.

Nuance's document print, capture and workflow solution is built to accelerate processing time, automate time-consuming, error-prone processes and improve your regulatory compliance efforts.

Learn more about how Nuance Document Imaging's Finance Solutions can help your bank embrace the new world of lending.

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Or give us a call at [1-800-327-0183](tel:1-800-327-0183)

