

# 'Digital lending used to be the future. It's the present now'



After making 22,000 loans in just nine weeks through the government's Paycheck Protection Program, BBVA USA in Birmingham, Ala., has come to value speed in small-business lending.

Loans that once may have taken weeks to get into customers' hands are now being processed and funded in a matter of days, thanks to an automated lending platform BBVA rolled out to meet soaring demand from small businesses that needed loans to stay afloat in the middle of the pandemic.

"This program has by far outpaced any small-business lending we've ever done," said Elizabeth Dobers, the executive director of business banking at the \$94 billion-asset BBVA. It "has definitely escalated and elevated our ability to do more things digitally for small-business customers."

BBVA's experience has played out in one fashion or another at hundreds of institutions, big and small, that had held back from modernizing their small-business lending processes.

Behind that sense of urgency is a realization business owners, forced to apply for PPP loans remotely, have come to expect loan decisions to be made quickly. And if their existing bank can't meet their need for speed, customers will turn to a rival — or even a nonbank fintech — that can.

"Digital lending used to be the future. It's the present now," said John Buhrmaster, president and CEO of the \$492 million-asset First National Bank of Scotia in New York. First National introduced e-signatures and other digital upgrades that are now permanent, as it rolled out the federal emergency loan program for small businesses.



OneSpan's Scott Clements, left, says the pandemic forced banks "to figure out how to do things in the digital space." Monona Bank's Paul Hoffman, right, says adding e-signature technology made it possible to do 700 small-business loans quickly.

Pre-pandemic, BBVA had "great digital capability on the consumer side, but on the business side we were still in the throes of figuring things out," Dobers said. It had no dedicated portal, or even an online application for small-business borrowers.

Now BBVA is applying finishing touches to a fully digital, standalone portal to handle future small-business applications. The PPP initiative put the process in motion, according to Dobers.

"We were getting close to launching an online application, but it probably wouldn't have been released until late 2020," Dobers said. "What this has done is push it forward about nine months."

As was the case at BBVA, the advent of the Paycheck Protection Program convinced the \$961 million-asset Monona Bank in Wisconsin, which had been mulling a move to e-signatures, that it had to go out and acquire the technology, President and CEO Paul Hoffman said.

Monona made more than 700 PPP

loans, which would have been next to impossible without e-signature, according to Hoffman. "We definitely needed to do something," he said. "Distributing all those paper documents would have been a logistical nightmare, especially with how fast we needed to turn things around."

First National did not stop at e-signatures. The bank is also constructing a digital commercial loan application. "We have to have better online loan origination capacity," said Buhrmaster, a fourth-generation banker.

Scott Clements, the CEO of OneSpan, a digital security company based in Chicago, said the massive — and urgent — effort to get government relief funding to small businesses accelerated trends that had been moving at a leisurely pace for some time.

"Obviously, this pandemic has been an incredibly strong motivator for banks to figure out how to do things in the digital space." — John Reosti