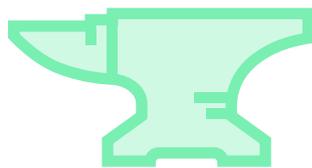


ARE YOU LOSING MONEY BECAUSE YOUR PAPERWORK TAKES TOO LONG?



ANVIL
useanvil.com

Draw PDF fields **Edit Web Form** Add Signers

Onboarding Undo Redo

Step 1 of 2

Personal Information

Name

First Name Last Name

Email Address

hello@example.com

Date of Birth

TYPE
First & Last Name

LABEL *optional*
Name

DESCRIPTION *optional*
e.g. Explain this field...

OPTIONS
 Make this field optional



ABOUT ANVIL

Financial institutions once built their trust among clients by offering stable, secure financial management and investment products that are vetted through a series of processes. But the length of these same archaic processes – coupled with higher regulatory requirements in a digital era – are one of the main factors that may pull clients away from traditional financial service institutions (FSI) and toward lithe, new financial products from nontraditional providers.

Anvil presents a system for digitizing FSI systems that will cooperate with legacy tools while enabling FSI staff to sign a client from the moment they affirm their interest.

THE PROBLEM

Paperwork Costs Time and Money

America loses more than \$1 trillion from time spent doing paperwork. This estimate is based on an average \$25/hour salary multiplied by the Government Accountability Offices estimate that 9.8 billion hours are spent on paperwork¹. The time that FSIs spend processing paperwork further translates into loss of potential profits.

1. "Filling Out Those Federal Forms", GAO WatchBlog, 25 Oct 2018



THE PROBLEM

For example, wealth management firms generally charge 100-150 bps, or about 1-1.5% of an asset under management. On a \$10 million account, one percent is \$100,000. But beyond the simple fee, the total invested sum that has been verbally closed but not transferred because the client is waiting on paperwork cannot be loaned out. At a 20-30% return rates, that's \$2 million or more lost, simply because a new client is still being processed by the firm. And, as internal processes stretch on, clients grow more likely to change their mind and abandon the process altogether.

FSIs have created in-house positions and utility services to address the mountain of paperwork, however these solutions come with risks to timeliness and integrity in processing in their own right. Outsourcing institutions that specialize in processing paperwork may lend speed and efficiency to smaller firms, but companies lose in-house knowledge and ease in communication when outsourcing. Moreover, many firms create redundancies in order to double check the data entry work that is outsourced.

In wealth management firms, paraplanners² are trained specifically to navigate the maze of paperwork involved in any step of the company.

Their work generally involves minimal client-facing interactions, but they hold a nuanced understanding of the system to ease the burden of paperwork on financial advisors, with an eventual goal of becoming financial advisors themselves. These employees' salaries range from \$60-120,000, and their skills can be better utilized toward other tasks within a wealth management firm.

2. "Paraplanning", Investopedia, 8 Dec 2017



THE PROBLEM

Risks to Paper Systems

Regardless whether the forms are digital or paper, transferring information manually holds inherent risks, as human data entry workers are prone to making errors. Just within one onboarding process, an error in data – on the client or processing side – will reset the entire process and require processors to submit the information again.

FSIs are aware of the pitfalls of lacking strong data management systems, and 88% interviewed in a 2014 survey said they're seeking a utility model for client data.³

On the macro scale, regulations on financial institutions reached unparalleled levels at the beginning of this century, putting additional burden hours on the banks themselves.⁴ The regulatory requirements overseeing FSIs has increased over the past decade. As governments have elevated their levels of Know Your Customer requirements for wealth management firms, many points along the process of working with customers – from simple data management to sharing information among investment advisors and brokers/dealers – holds higher risks.⁵

3. "Putting the Client at the Center: Changing Dynamics in Client Onboarding and Data Management", DTCC Connection (2014)

4. <https://www.fdic.gov/regulations/laws/federal/2005/05c88egrpra.pdf>

5. "10 Disruptive Trends in Wealth Management", Deloitte



THE PROBLEM

Updating systems to adapt to the EU's new transparency and protection requirements cost the industry more than EUR2.5 billion (US\$2.8 billion) and more than 30,000 pages of paperwork, according to financial regulation think tank JWG.⁶

The cost of regulatory compliance is significantly higher on smaller institutions – averaging 8.7 percent of non-interest expenses for banks with \$100 million or less in assets – and all recent regulatory initiatives made significant impact on information processes, particularly in the data collection and sharing phases.⁷ As regulations expand, it's critical for banks to build lithe information systems and minimize room for error.

Getting Left Behind

Though customers certainly appreciate the chance to talk to a human when entrusting their assets to a financial institution, they are generally averse to a lag in services. In an increasingly efficient and technology-driven society, customers hold a higher expectation of efficiency and speed in their processes, and a Capgemini 2018 consumer survey shows many are willing to test retail banking products from a “Big Tech” company,⁸ which are not bound to FSIs' traditional documentation processes. In its five-year outlook for retail banks, PwC predicted that there will be at least 20% fewer bank branches by 2020, a decline that will accelerate into the future.⁹



THE PROBLEM

And banks are prescient of their needs: “Enhancing customer data collection” emerged as the biggest effort banks will undertake in the five years leading into 2020. Bank branches no longer hold the competitive advantage gifted by geography, and the weight of their high costs of operation and hindered processes will likely penalize retail banks – and other FSIs – that cannot adapt.

SOLUTION

Digitization and automation of processes is certainly the solution to reducing paperwork load. In an increasingly digital-driven society, banks no longer have the luxury of retaining their historic roles and structures and instead must consider ways to adopt open architecture, a process which will cost banks their complete internal control but offer more flexibility across systems.¹⁰

The question then lies in finding a system that will simplify transfer of information at the breakneck pace of potential competitors. A suite of software platforms that fulfill digitization and information sharing needs have emerged to connect financial institutions to the cloud, but they tend to have a specialization, whether it is allowing digital signatures, track customers or workforce performance. However, data then exist in separate platforms and are unable to migrate between systems. There are also companies that construct custom financial solutions for a company, though this only fits to the largest financial service companies that can manage premium prices.

6. “Taming the High Costs of Compliance with Tech”, Forbes, 22 March 2018

7. “How Banks Can Effectively Manage Regulatory Changes”, Medici, 27 Feb 2019

8. World Retail Banking Report 2018, Capgemini

9 “Retail Banking 2020: Evolution or Revolution?”, PwC (2014)

10. “New Bank Strategies Require New Operating Models”, Bain & Company, 15 May 2017



SOLUTION

Anvil offers solutions that can pass information seamlessly among the various documentation requirements needed by a bank, preserving clients' information in order to ensure consistency and facilitate administrative processes. Anvil has already prepared the framework for hundreds(thousands?) of documents required for a range of financial processes, including opening different types of banking and investment accounts, applying for loans and other products.

Information entered into the system is fluidly transferred among the financial institution's digital repositories to ensure information is retained across locations, and Anvil already has integrations with commonly used software including DocuSign, Salesforce, RedTail and TD Ameritrade.

Anvil can build a system with similar flexibility to more expensive custom-built solutions based on a robust set of forms that can be stacked like "building blocks" to easily adapted to a financial institution's documentation existing infrastructure.

Once the infrastructure is established, lengthy onboarding processes will be slashed, allowing companies to begin relationships with their clients an hour after they affirm their interest.



Onboarding Process for Wealth Management Services

- Client agrees to proposal
- Client provides necessary information to wealth manager
- Paraplanner enters data into hundreds of pages of necessary legal forms
- Schedule another meeting to sign forms
- Meet with client to sign forms
- Signed documentation is passed to a processor, who must input information into operations system
- IF THERE IS AN ERROR, client must return to confirm data, and the process begins again
- If error-free, client is finally entered into the system, and their assets may be invested and utilized by the firm

Estimated Time: 3-12 months

Onboarding, Assisted By Anvil

- Client agrees to proposal
- Client provides necessary information into the Anvil system
- Client signs within the Anvil system
- If error-free, client is finally entered into the system, and their assets may be invested and utilized by the firm

Estimated Time: As few as 10 minutes



CONCLUSION

FSIs can no longer passively accept how much lag time stretches between a client's decision to use a financial product and when the agreement can actually proceed. Banks, wealth management firms and other FSIs spend too much money on processing, personnel and outsourcing in order to complete mounds of paperwork. The current regulatory environment indicates that processes will not become easier over time, and the increasing compliance requirements and penalties for mistakes in data may be driving clients' interest in financial products from non-FSI competitors.

In this current digital landscape, FSIs must digitize their systems, but the process of digitization takes time and can disadvantage a company if not performed well. Anvil meets the needs of FSIs by preparing digital versions of a range of documents that they will need to conduct services and offering seamless transfer of customer information across systems.

FSIs will be prepared to sign and process new clients in the same meeting that a client agrees to proceed. That client's data can later be retrieved and passed among a variety of systems when they decide to change or add financial products, eliminating inconsistencies and the burden of paperwork so FSIs can focus on maintaining and acquiring clients.



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