

Smaller banks innovate ways to handle PPP volume in the ‘scramble’

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The Small Business Administration launched its Paycheck Protection Program loans more than a week ago and banks have been racing to keep up with the volume ever since. Rapidly deployed automation technologies are helping community and regional banks keep up with the deluge of applications.

“This has been a complete scramble for banks,” said Victoria Lazarova, chief financial officer at Norwood Bank, which has over \$560 million in assets. “Some of our larger peers around us have to put their borrowers in a queue or on hold because they simply can’t take the application.”



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With funds available on a first-come, first-served basis, small businesses nationwide have flooded banks’ systems with applications, making streamlined application processing crucial. While some banks struggle under the added weight, others are launching entirely new systems to process applications at a steady pace.

The Norwood, Mass.-based bank has processed more than 100 applications since the SBA program went live April 3. The bank has been using a solution from [Bottomline Technologies](#) to process applications since April 5, which has cut customers’ application times roughly in half. Norwood Bank was already using Bottomline’s account-opening technology, which the tech company rapidly adjusted to handle SBA applications. Lazarova said the same know-your-customer and anti-money laundering processes used for account opening help satisfy SBA requirements.

“[The platform] takes customers through the fields that are virtually going to end up on the SBA application form,” Lazarova said. “It takes their documents, runs through the checks and has them certify all the information.” Bottomline is offering the solution for free to banks with small business clients.

[Citizens Bank of Edmond](#), with just over \$300 million in assets, is using a free platform from Teslar Software called “Teslar Unite — PPP” to handle SBA loan applications. According to Chief Banking Officer Josh Pape, the Edmond, Okla.-based bank has processed about 300 applications and more than \$19 million in requested funds.

The Teslar solution, which the bank implemented April 5, allows small business customers to feed their application and payroll information online, automating a process that Citizens formerly handled with email and spreadsheets. The platform funnels the application information into a PPP-specific customer resource management system so the bank can view relevant information in one place.

“This allows us to centralize all our data around these applications and communicate more efficiently,” Pape said. He added that the software allows the bank to communicate internally if customers are missing paperwork, and sends follow-up messages to customers regarding their application status.

New York City-based Modern Bank, which has over \$835 million in assets, announced today it will use an end-to-end PPP solution from [OakNorth](#), a credit analysis and monitoring platform that helps with document collection and pre-screening. “As a fully cloud-hosted solution, the platform is easy and fast to deploy, enabling banks such as Modern Bank to begin taking their existing borrowers through the program within hours,” OakNorth said in a statement.

Beyond new technology, banks around the country are pulling employees from their normal roles and reassigning them to PPP support. First American Bank, an Elk Grove Village, Ill.-based bank with locations in Illinois, Wisconsin and Florida, is family owned with over \$5.3 billion in assets. According to Brian Hagan, the Florida market president at the bank,

most of the decision makers at the bank have 20 years of tenure at First American, making it easy to communicate and adjust roles.

Hagan said employees from every aspect of the bank have jumped in to help process PPP loans. For example, the IT team has created secure portals to submit info, while the operations teams are training employees on new programs and the marketing team is blasting out communications. According to Hagan, the bank has processed about 400 applications totaling \$200 million in loans.

Moving forward, banks have a limited grasp on how the SBA program will continue to work due to a constant flood of changing information.

“Every day we receive new guidance — sometimes twice a day — from agencies, from the SBA, from the Treasury, from our primary regulators,” Lazarova said. “Everybody involved in this process fully understands the uncertainty and lack of information that exists for the subsequent stages.”