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## Cloud native software gives Texas Capital Bank a digital onboarding edge

An in-house, legacy-free system developed by a US bank lets clients open accounts in days rather than weeks. **Bill Lumley** reports.

Last month, Dallas-based Texas Capital Bank launched a proprietary digital onboarding solution designed to improve the commercial banking experience by simplifying and accelerating the account-opening process.

Texas Capital Initio was designed in-house from scratch during lockdown. “Digital identity verification enables banks and financial institutions to streamline their entire onboarding experience. Using document verification, biometric verification, data verification and fraud detection signals, businesses are able to confirm customer identities in a matter of minutes,” says Nancy McDonnell, head of treasury services.

She explains that while clients do not have a daily need for bank functions such as borrowing money, mergers and acquisitions advice, or to make an acquisition, they need to know where their cash is every day: who has control of it, can they see it, can they act on it and can they transact in a timely, efficient and very secure manner? “This all led to the goal of transforming Texas Capital Bank into a true treasury and payments bank,” says Ms McDonnell.

“It literally could take six weeks to open an account and it’s hard to do business with someone when you can’t even get the baseline, which is getting an account open,” she says.

Central to facilitating this was the use of electronics agreement software, she explains. “The number one issue in banking is the number of documents that need signing,” she says. The Covid-19 pandemic catapulted the development of Initio by putting the use of such technology as DocuSign into practice, she says.

“The pandemic absolutely, completely propelled everybody forward. When none of us could sit down face-to-face, we all had to get busy and drive the consumer experience into corporate America. I think that really pushed a lot of people to go ahead and say we have got to do this: this is how it’s going to work.”

### Legacy advantage

Texas Capital Bank attributes the accomplishment to the fact it only opened for business in December 1998 and has never merged with any other bank. It was founded after one of the Texan banking crises, at a time when many of the Texas banks were purchased by out-of-state banks, according to Ms McDonnell. “A group of Texan bankers decided Texas needed its own financial institution, a wholesale focused institution that can understand the industries that



are so critical to the state, such as energy, oil and gas,” she says.

Initio was created to be a Texan institution with sufficient expertise to help Texan industries and companies in the aftermath of one of the state’s biggest crises, she explains. “We asked could we be that firm to serve those companies and really take them through their lifecycle? That’s always been a very important part of what Texas Capital wanted to be,



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which was a bank that could take a start-up or small business right from the very beginning right through its lifecycle,” she says.

The fact that Texas Capital Bank was not a roll-up was a huge benefit, she says. “Our back office was not myriad systems that had undergone integrations on multiple platforms: it was a single processing platform. It did need to be freshened up and the step we started taking almost immediately was to take this platform and ask, ‘What can we do to be the

treasury and payment bank that will provide what our client needs?’

“As a result, we put in ... new money movement systems, new commercial card systems, new merchant agreements – anything that had to do with really the operating business of a client,” she says.

The bank also benefitted from an institution-wide development team with engineers able to keep every application up and running, and could intentionally hire engineers that could develop code to enable the development of the new bank.

“We sat down to work out how we could be ready when a client needs to get their account open within 24 hours or to as short a time as we could possibly get to,” she says. “When a client needs to close the deal, make an acquisition or to get something accomplished, it should not be held up because [of] their bank.”

Many banks still work with batch processes, she says. “Initio takes the relevant information from a client using DocuSign to get the account open, cycles it overnight, and that client can wire money to us the next day. From this point a transaction can be closed and operations can proceed,” she says.

“This is a game-changer for many of our clients. They really need the ability to move quickly and they need to have a bank. That’s not doing this in the back office by shuffling paper, but by using technology digitisation of forms.

“We took into account that the person signing these documents often has many calls on their time.

So, we consolidated everything into one package, making sure that it was all appropriately outlined. We redid the documents, we attached the Treasury services agreement, the master servicing agreement all into one package, and allowed the client to sign everything at once. So, the client clearly benefits,” she says.

This application is designed for commercial clients, she adds. “We wanted to make sure that we start with that entity in mind versus taking an existing consumer application and trying to shove that into a commercial application.”

### Six-month project

The process took six months to complete, she says. “We took an overall approach that we were really going to do this. Let’s get everything fresh, let’s make sure everything is digital, let’s make sure that our clients can see everything in one package.

“At full optimisation level, we anticipate we can reduce mid- and back-office expenses by 30-35%.”

The bank reported onboarding a record number of treasury clients in the second quarter of 2023, with 90% onboarded using the Initio platform. “We use this platform with clients that want to ‘do it themselves’ instead of having us do it for them,” she says. It will continue digitising the treasury space including product implementation and service with the goal of 80% of account openings operated with straight-through processing, she says.”