

ALTA Critical Issues Study

Digital Closings

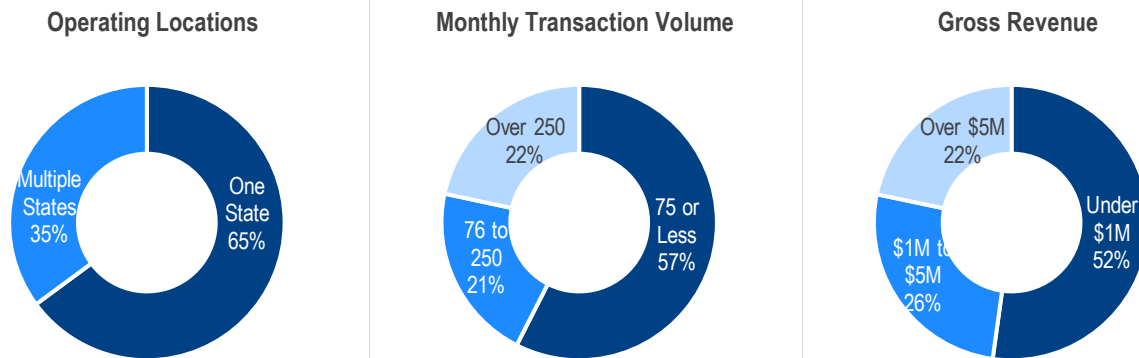
October 2023

BACKGROUND

In August and September 2023, the American Land Title Association (ALTA) and ndp | analytics conducted an online survey to better understand the use of digital and remote closing technologies and barriers to adoption. The survey received 399 responses from ALTA members and businesses in the broader land title community across 46 states and the District of Columbia.¹

Nearly two-thirds of survey respondents operate in only one state and the remainder have businesses in multiple states. Most of the survey respondents had an average of 75 closings or less each month (57%), with the remainder divided almost evenly between 76 to 250 closings (21%) and over 250 closings (22%). Over half of respondents reported annual revenues under \$1 million, 26% reported between \$1 million and \$5 million, and 22% reported revenues above \$5 million. (Figure 1)

Figure 1.
Selected Demographics of Survey Respondents



This report summarizes our analysis of the title insurance industry’s 2022 operations and perspectives related to digital and remote closings with select comparisons to ATLA’s Digital Closings study from 2021. This report is divided into three sections: 1) the digital and remote closings landscape, 2) In Person Electronic Notarization (IPEN) use, experience, and barriers to higher adoption, and 3) Remote Online Notarization (RON) use, experience, and barriers to higher adoption.

¹ The four states not represented in the data are: Alaska, Hawaii, West Virginia, and Wyoming.

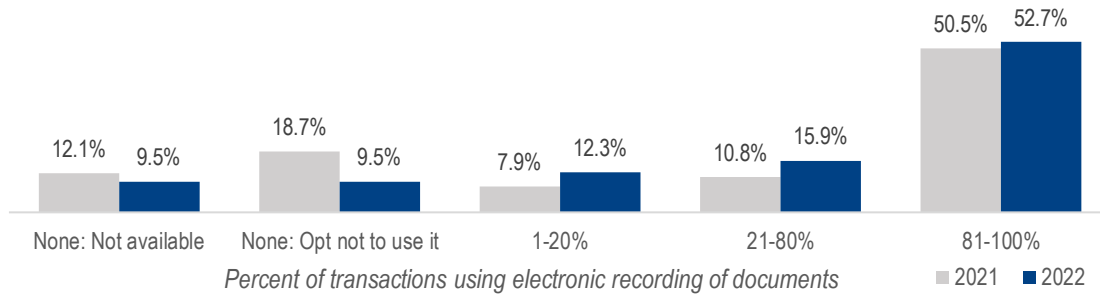
SECTION I. DIGITAL & REMOTE CLOSINGS LANDSCAPE

The land title community is increasing the adoption of digital technologies. In 2022, most businesses fully or partially utilized electronic recording of documents. Nearly 53% of businesses reported that over 80% of transactions in 2022 used electronic recording. Only 20% of businesses indicated that none of their transactions used this capability, 10% because it was not available in their market and 10% had the option but chose not to utilize it. The share of companies opting not to use electronic recording decreased by almost half from 2021 to 2022. (Figure 2)

Figure 2.

Most businesses utilized electronic document recording in 2022, 53% used it in nearly all closings.

Businesses Using Electronic Recording of Documents



Digital or remote closings are not as widely used as electronic document recording. The vast majority of transactions are still in-person paper closings. However, compared to one year ago, digital and remote closings have become more popular. Overall, gains in the digital and remote closing volume are largely attributed to RON transactions. (See Box 1 for definitions of closing types).

In 2022, 82% of businesses operated in locations where county recorders accepted electronic notarizations such as IPEN or RON (59% said it was permitted everywhere they operate and 23% said it was permitted in some places). Businesses offer a wide range of digital and remote closing options, including different tools like RON, IPEN, and RIN, as well as different closing types, like fully digital and hybrid closings; some offer everything. In 2022, over 37% of businesses conducted RON closings as a hybrid offering, 29% had RON closings as a fully digital offering, and 11% had closings with Remote Ink Notarization (RIN). Less than 10% of businesses conducted closings using IPEN as a hybrid or digital option or Paper RON. (Figure 3)

Box 1.

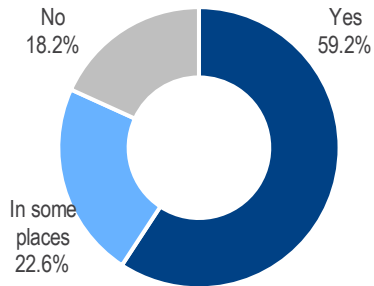
DIGITAL & REMOTE CLOSING DEFINITIONS

- **In person paper closing:** A traditional closing using wet ink signatures and an in person wet ink notarization.
- **IPEN:** In Person Electronic Notarization with one or more digital documents, used in fully digital or hybrid closings.
- **RON:** Remote Online Notarization with one or more digital documents, used in fully digital or hybrid closings.
- **RIN:** Remote Ink Notarization with single factor authentication of the signer and all paper documents.
- **PRON:** Paper RON with multifactor authentication of a signer and all paper documents.

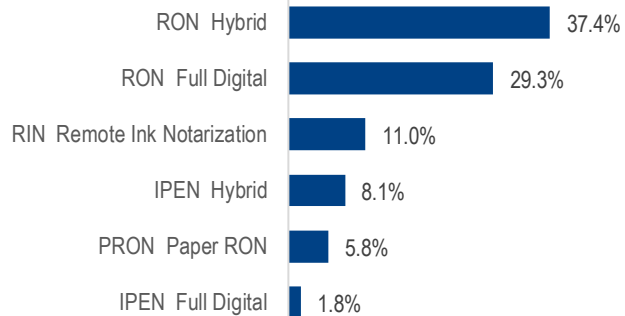
Figure 3.

RON was the most common type of digital or remote closing used by businesses in 2022.

Businesses Operating Where Electronic Notarization is Accepted by County Recorders



Businesses Conducting Digital or Remote Closings, by Type in 2022

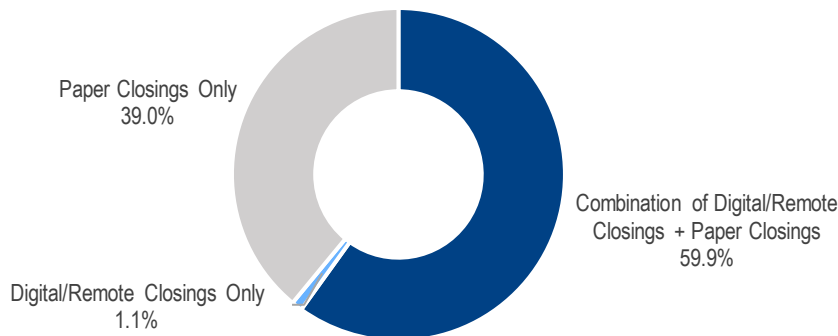


In 2022, 61% of businesses conducted digital or remote closings, 60% reported a combination of in-person paper closings and digital or remote closings, and 1% of businesses conducted digital or remote closings only. (Figure 4)

Figure 4.

61% of businesses conducted digital or remote closings in 2022.

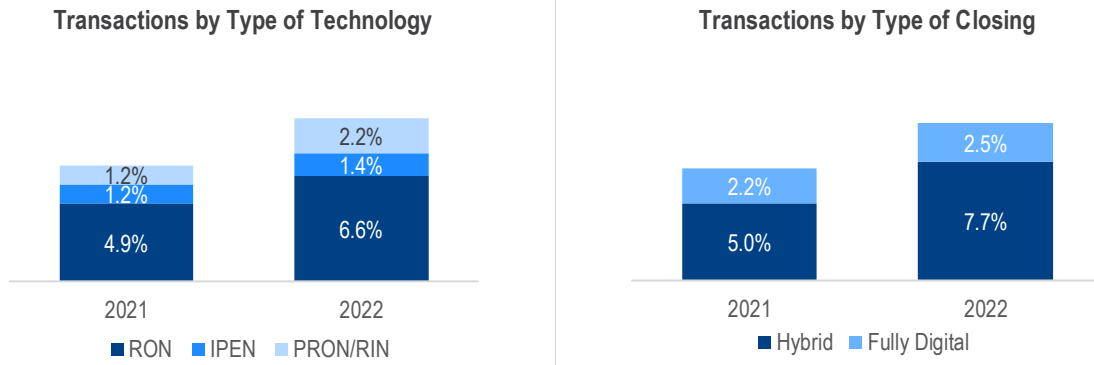
Businesses Conducting Digital or Remote Closings



Digital and remote closings, fully or hybrid, rose from about 7% of all transactions in 2021 to 10% in 2022. For digital and remote closing technologies, RON increased from nearly 5% of all transactions in 2021 to 6.6% in 2022 while IPEN remained just over 1% of all transactions in both years. Combined, Paper RON (PRON) and RIN nearly doubled from 1.2% of all transactions in 2021 to 2.2% in 2022. (Figure 5)

Fully digital closings were still uncommon, accounting for 2.5% of all transactions in 2022 compared to 2.2% in 2021. In contrast, hybrid closings had some growth, increasing from 5% of all transactions in 2021 to nearly 8% in 2022. (Figure 5)

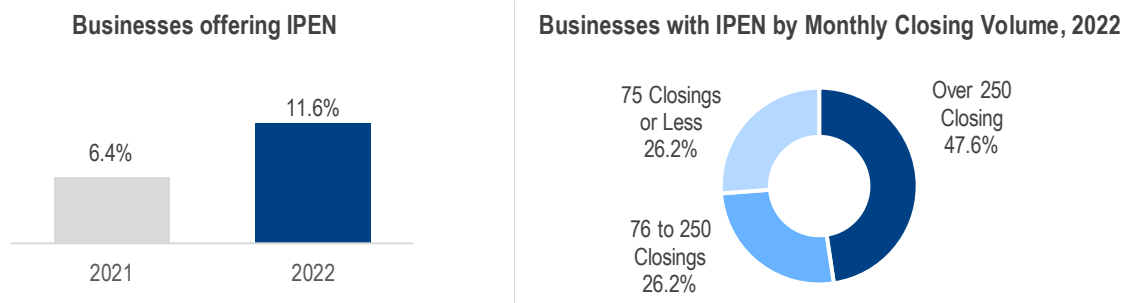
Figure 5.
The share of digital and remote closing volume increased from 7% in 2021 to 10% in 2022.



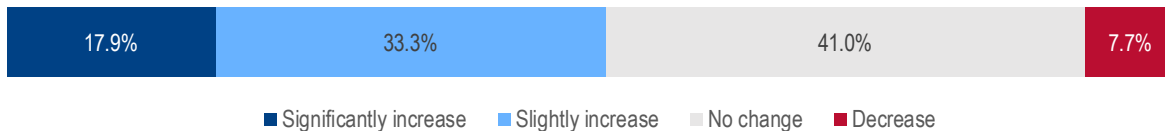
IN PERSON ELECTRONIC NOTARIZATION (IPEN)

Nearly 12% of businesses offered IPEN in 2022, up from 6% in 2021.² Businesses with this technology tend to be larger, nearly 48% had over 250 closings per month in 2022. Looking forward, 18% of businesses expect a significant growth in IPEN closing in 2023, another 33% expect a slight increase. (Figure 6)

Figure 6.
IPEN adoption has increased since 2021 and many businesses expect it to grow more in 2023.



Expected change in IPEN closings from 2022 to 2023



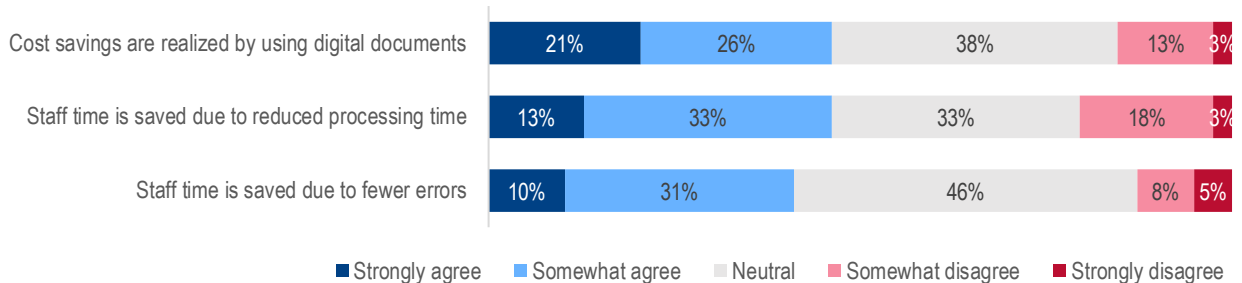
² Note: This figure is the share of respondents indicating that they offer IPEN (11.6% in 2022); this is higher than the share that reported IPEN transactions in Figure 2.

Experience with IPEN – Current Users

Businesses with IPEN identified cost savings as the greatest benefit of this technology (21% strongly agree and 26% somewhat agree), followed by reduced staff time due to processing and fewer errors. (Figure 7)

Figure 7.
Cost savings from digitizing documents is the greatest perceived benefit of IPEN.

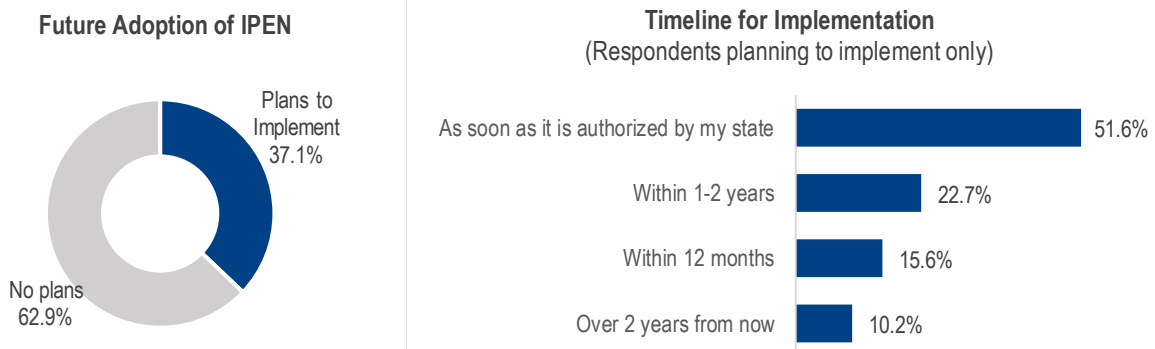
IPEN Benefits



Plans to Adopt IPEN – Non-Users

IPEN adoption is expected to grow. Of the businesses that currently do not offer IPEN, 37% plan to implement it in the future. Over half of those businesses expect to adopt the technology as soon as it is authorized, and another 23% plan to implement it within the next two years. There is a disconnect between businesses planning to implement IPEN upon authorization and actual authorization status. Currently IPEN is allowed, in some capacity, in every state.³ Yet, businesses in 30 states indicated they were waiting on authorization to implement IPEN, indicating an awareness gap or an issue with licensing or regulatory certainty. (Figure 8)

Figure 8.
52% of the businesses planning to implement IPEN expect to do so as soon as it's authorized.



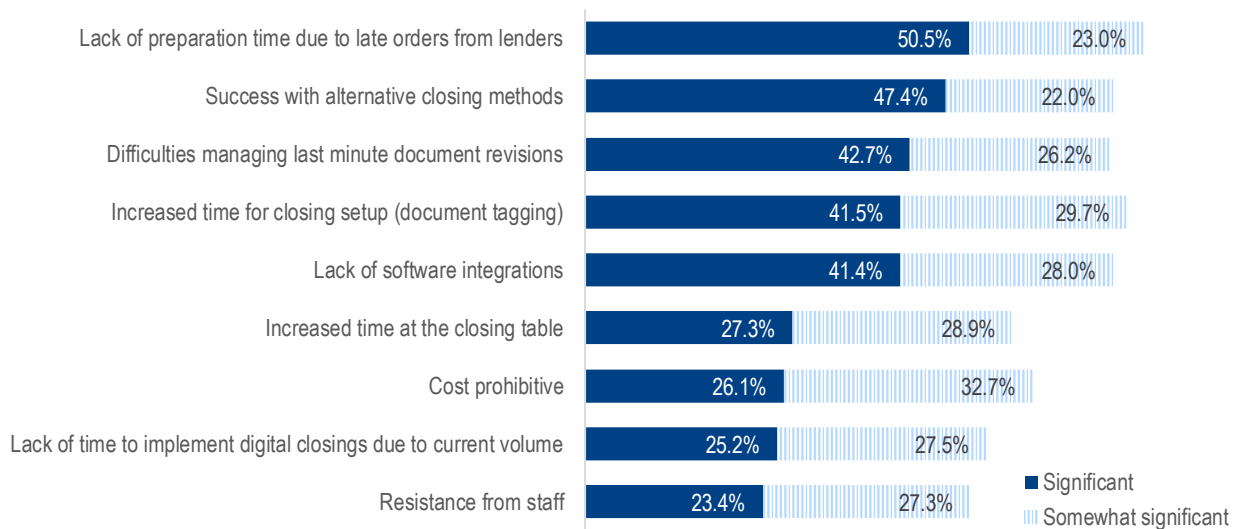
³ [IPEN: What you need to know about the original electronic notarization | NNA \(nationalnotary.org\)](https://www.nationalnotary.org/ipen-what-you-need-to-know-about-the-original-electronic-notarization/)

Barriers to IPEN – Current Users & Non-Users

Reservations about operational challenges related to IPEN or success with other closing methods keeps businesses from expanding IPEN. The top internal barrier was lack of preparation time due to late orders from lenders, with over 50% identifying it as significant. The second top barrier was success with alternative closing methods; nearly 48% cited this as a significant reason for not adopting or increasing use of IPEN. Difficulties managing last minute document revisions was the third most common barrier. (Figure 9)

Figure 9.
Lack of time due to late orders from lenders is the top internal barrier to using IPEN.

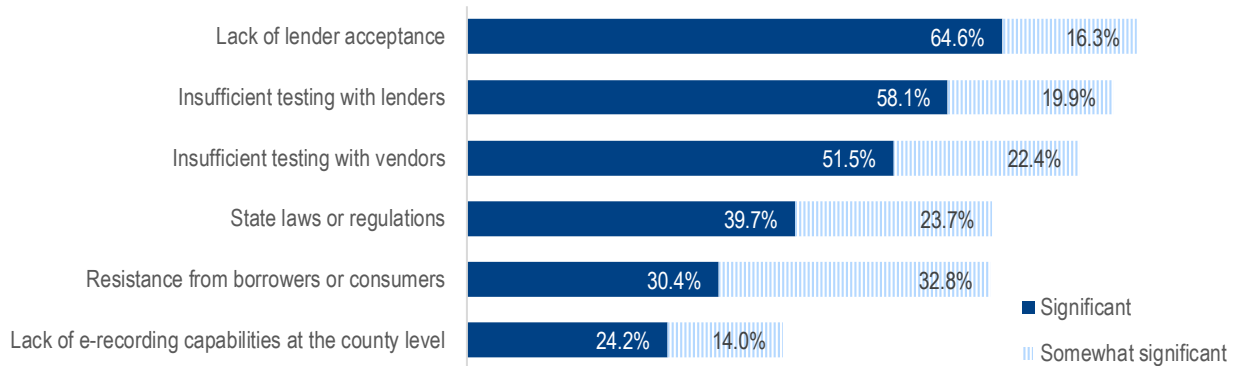
Internal Barriers to Broader IPEN Adoption



External factors, such as relationships with stakeholders, legal compliance, and capability constraints, also present barriers to IPEN. The top external barrier was the lack of lender acceptance, with nearly 65% of businesses identifying this as significant. The second and third most significant barriers were insufficient testing with lenders and vendors (58% and 52% citing it as significant, respectively). (Figure 10)

Figure 10.
Insufficient testing is the top external barrier to using IPEN.

External Barriers to Broader IPEN Adoption



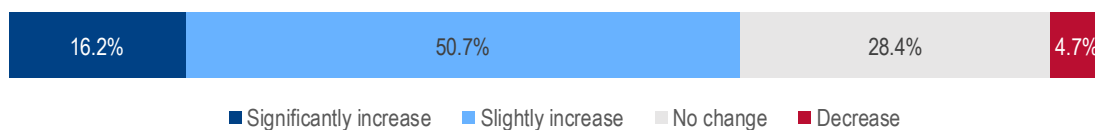
REMOTE ONLINE NOTARIZATION (RON)

In 2022, nearly 51% of businesses reported offering RON, up from 30% in 2021. This technology has been adopted evenly across businesses of all sizes; 36% average over 250 closings per month, 33% do 76 to 250 closings, and 31% have 75 closings or less. About two-thirds of businesses expect RON transactions to grow from 2022 to 2023, 16% expect the increase to be significant, 51% expect a slight change. (Figure 11)

Figure 11.
RON adoption has grown since 2021, this technology is being adopted by businesses of all sizes.



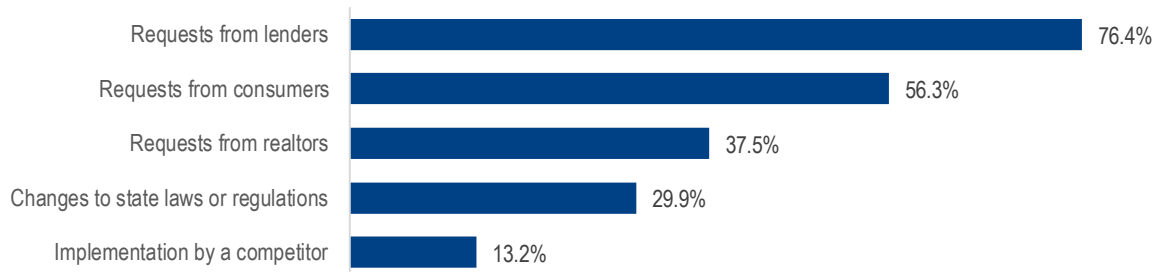
Expected change in RON volume from 2022 to 2023



Over 76% of businesses currently using RON would expand their use of the technology if they received more requests from lenders. Lender acceptance is a significant hurdle for digital closings (see Figures 9 and 19). For context, a recent study by SnapDocs found that only 11% of lenders offer fully digital closings.⁴ Other driving factors for RON closings include consumer requests (56%), realtor requests (38%), changes to state laws or regulations (30%), and implementation by a competitor (13%). (Figure 12)

Figure 12.
Requests from lenders and consumers would drive further RON adoption.

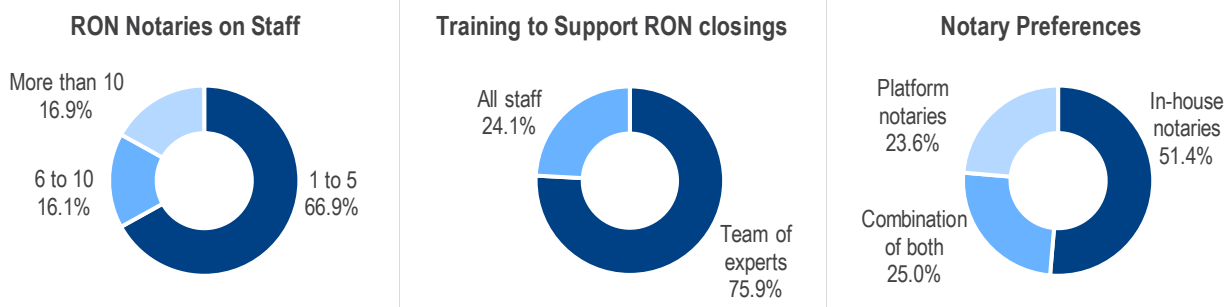
Factors that Would Increase RON Adoption



Operations Related to RON – Current Users

In 2022, a typical business using RON had one to five notaries on staff (67%) and trained a team of experts to support RON closings (76%) as opposed to training all staff. The common preference was to use at least some in-house notaries for closings with 51% preferring to use in-house only and 25% preferring to use a combination of in-house and platform (i.e., vendor or outsourced) notaries. (Figure 13)

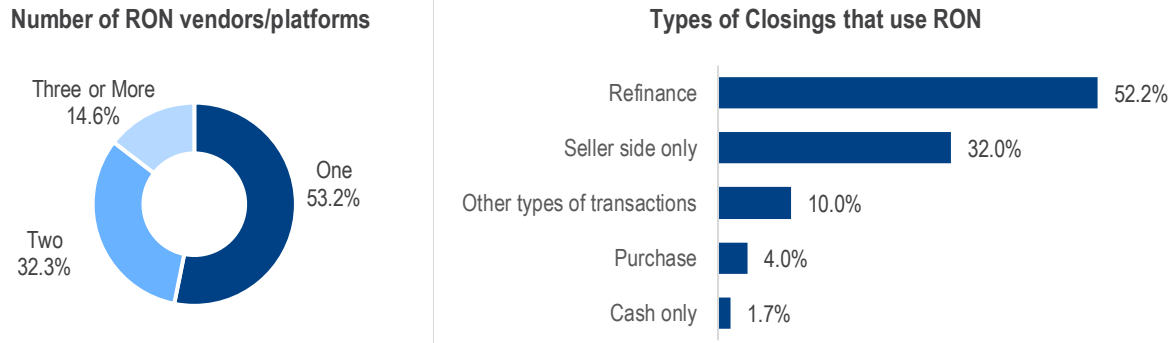
Figure 13.
Most businesses had up to five notaries on staff and trained a team of experts to support closings.



These businesses tended to use one or two platforms to conduct RON closings (53% and 32%, respectively). Over half of the closings were refinances, followed by seller-side (32%) and other types of transactions (10%). The remainder are purchase and cash only transactions (4% and 2%, respectively). (Figure 14)

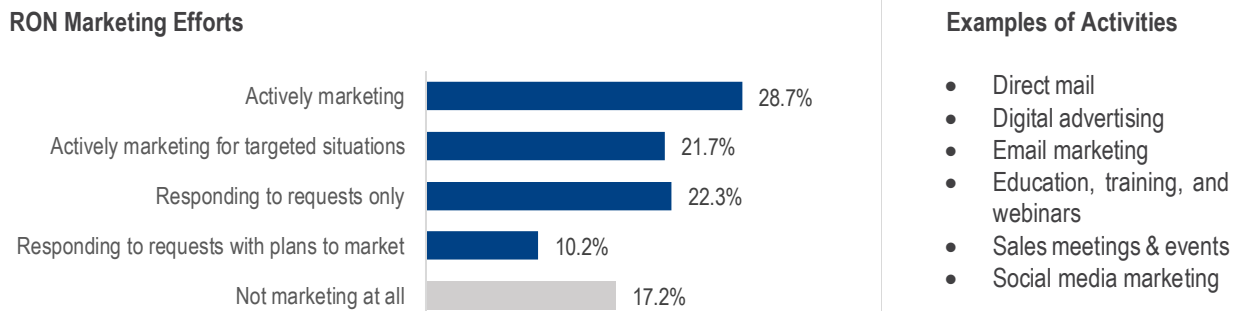
⁴ [New Research Reveals Large Gap Between eClose Technology Investment and Adoption \(snapdocs.com\)](https://www.snapdocs.com/research/new-research-reveals-large-gap-between-eClose-technology-investment-and-adoption)

Figure 14.
53% used one RON vendor or platform for closings; over half of transactions were refinances.



Nearly half of the businesses that use RON actively marketed it as a closing option either generally or in targeted situations (29% and 22%, respectively). Another 10% said they plan to begin actively marketing soon. Some types of marketing identified by these businesses included direct mail, digital advertising, education such as raising awareness, training, and webinars, and in person as sales meetings and events. (Figure 15)

Figure 15.
29% of businesses actively marketed RON in 2022, another 22% did some targeted marketing.

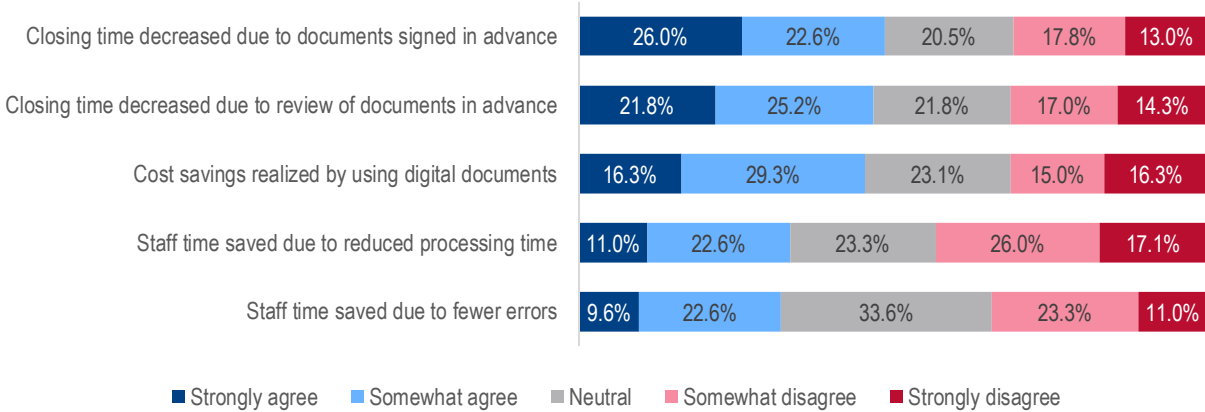


Experience with RON – Current Users

Businesses that offer RON identified decreased closing time as the greatest benefit of this technology, including time saved from both signing and reviewing documents in advance (26% and 22% strongly agreed that RON provided these benefits, respectively). Cost savings from digital documents, as opposed to paper, was the third most cited benefit (16% strongly agreed). More businesses strongly disagreed than agreed that RON saves staff time either by reduced processing time or fewer errors. (Figure 16)

Figure 16.
Decreased closing time is the greatest perceived benefit of RON.

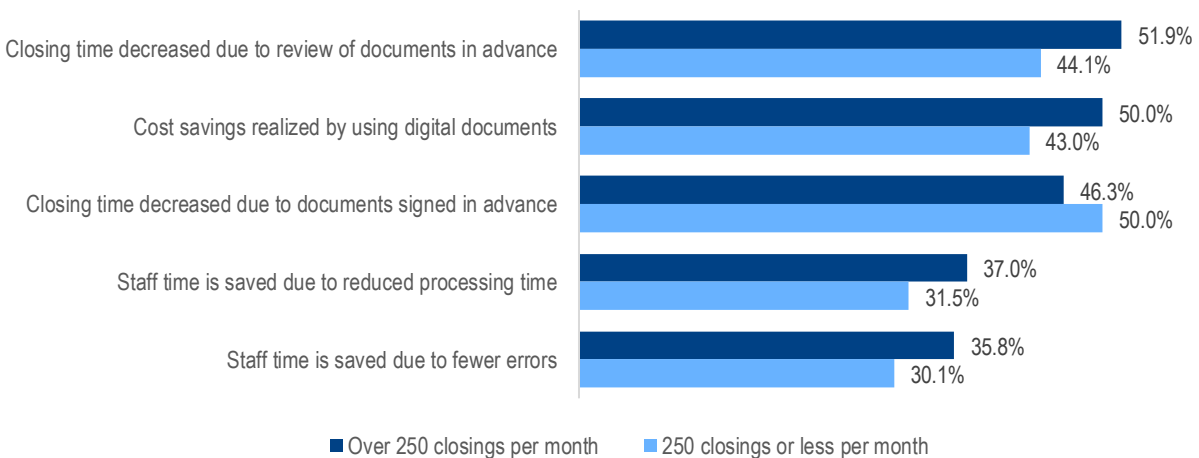
RON Benefits



Companies with larger transaction volumes experience more benefits of RON, indicating efficiencies of scale. Across four of the five benefits analyzed, businesses with over 250 closings per month experienced time and cost savings of RON more often than those with smaller transaction volumes. For example, 52% of businesses with larger closing volumes strongly or somewhat agreed that RON decreased closing time due to the review of documents ahead of time compared to 44% of those with smaller transaction volumes. The only benefit that smaller businesses experienced more was reduced closing time due to documents signed in advance. (Figure 17)

Figure 17.
Businesses with higher transaction volumes more often experience benefits with RON.

RON Benefits by Transaction Volume (“Strongly” or “Somewhat” Agree)



Providing technical support to customers was identified as the most time-consuming task for RON closings; one-third of businesses rated it 5 of 5 for how significantly time-consuming the task is. Troubleshooting technical difficulties was the second most time-consuming task with 28% of businesses providing a rating of 5. The ID verification walkthrough was the third most time-consuming task associated with RON (25% provided a rating of 5). (Table 1)

Table 1.
Providing technical support to customers was the most time-consuming task associated with RON.
 Time Required for RON-related Tasks (Scale of 1 to 5, 5, is the Most Time-consuming)

	Average Rating	Share with Rating of 5
Providing technical support to customers	3.8	33.3%
Troubleshooting technical difficulties	3.7	28.0%
ID verification walkthrough	3.4	24.8%
Communicating with customers	3.3	20.0%
Training and communicating with staff	3.3	17.5%
Tagging and loading documents	3.3	16.0%
Communicating with lenders	3.0	17.5%
Communicating with realtors	2.9	12.7%
Communicating with vendors	2.6	6.3%
Scheduling the closing	2.4	3.5%

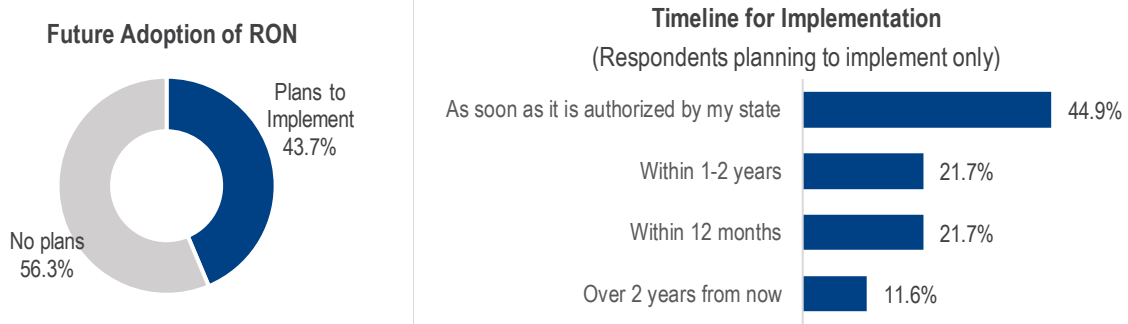
Plans to Adopt RON – Non-Users

RON adoption is expected to increase. Of the businesses that currently do not offer RON, 44% plan to implement it in the future. About 45% of those businesses expect to adopt the technology as soon as it is authorized, another 22% plan to adopt it with in next one to two years. Similar to IPEN, there is an awareness gap on the authorized use of RON. While the technology is currently allowed in 44 states and the District of Columbia, businesses in 19 states indicated they were waiting on authorization to implement RON.⁵ (Figure 18)

⁵ [ALTA - Digital Closings](#)

Figure 18.

45% of the businesses planning to implement RON expect to do so as soon as it is authorized.



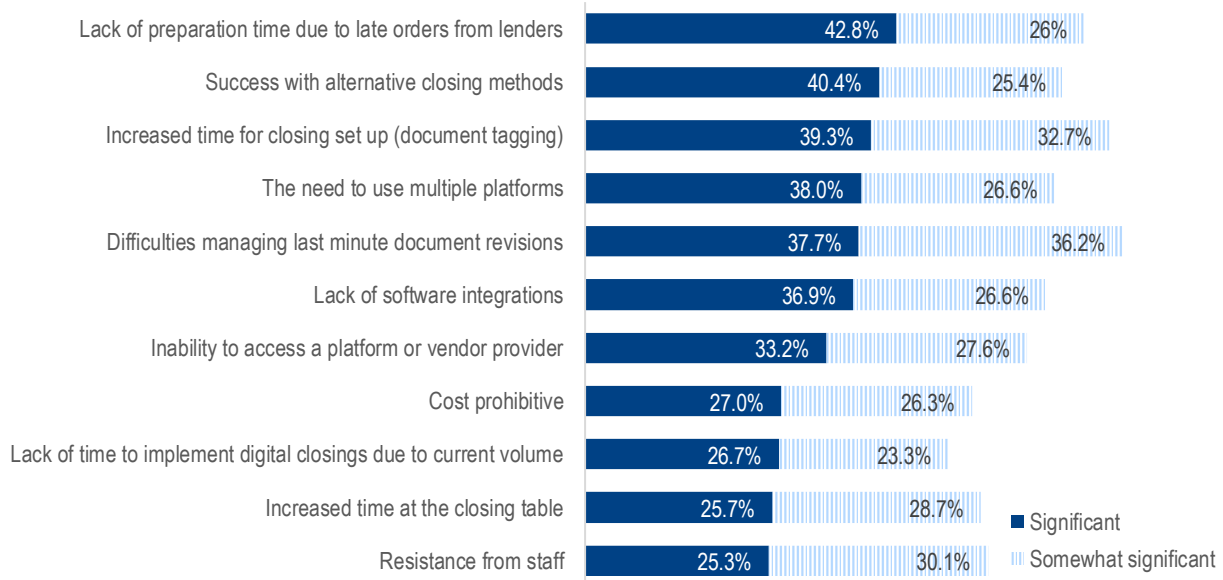
Barriers to RON – Current Users & Non-Users

Similar to IPEN, the top internal barrier to RON was lack of preparation time due to late orders from lenders, nearly 43% identified it as a significant reason for not adopting or increasing use. The second top barrier was success with alternative closing methods; 40% cited this as a significant reason for not adopting or increasing use of this technology. Increased time for closing set was the third most significant barrier. (Figure 19)

Figure 19.

Lack of time due to late orders from lenders is the top internal barrier to using RON.

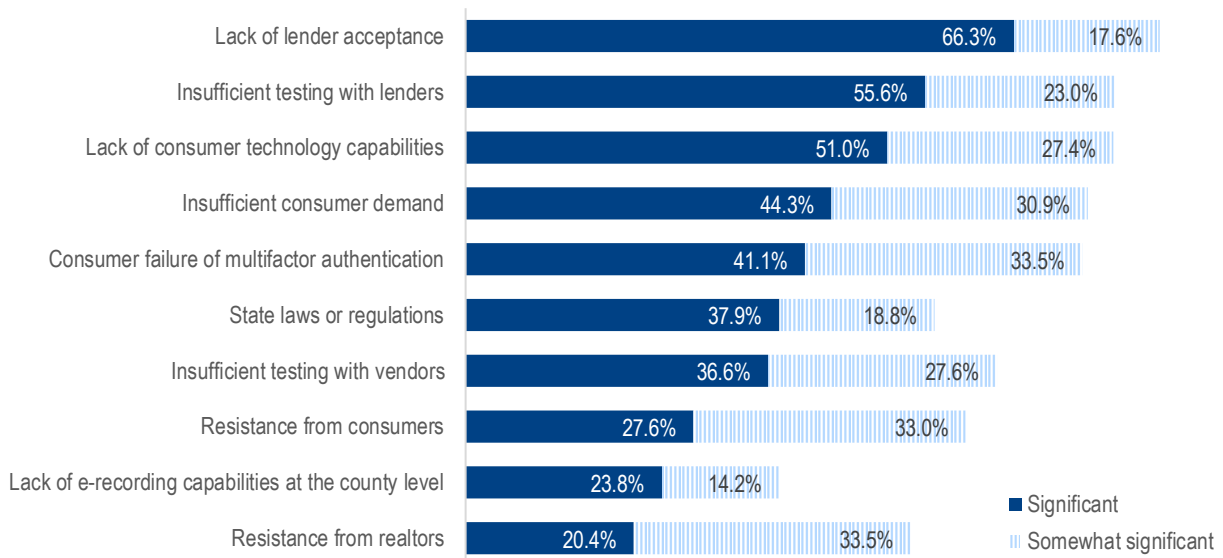
Internal Barriers to Broader RON Adoption



Again, there were many similarities between IPEN and RON in terms of external barriers to the adoption and expanded use. The top external barrier to RON was lack of lender acceptance, over 66% of businesses identified it as significant. The second top barrier was insufficient testing with lenders (56% citing it as significant). Lack of consumer technology capabilities was the third most significant barrier. (Figure 20)

Figure 20.
Lack of lender acceptance is the top external barrier to using RON.

External Barriers to Broader RON Adoption



CLOSING

The number of businesses offering digital and remote closings, including IPEN and RON, increased from 2021 to 2022. In terms of volume, digital and remote closings also increased during that time, however, in-person paper closings still account for the vast majority of transactions (90% in 2022). Businesses employing IPEN and RON experience some benefits such as cost savings from digital documents, as opposed to paper, and time savings either by reduced staff time (IPEN) or closing time (RON). However, there are many barriers to the adoption or increased use of these technologies. The lack of lender acceptance was identified as one of the most significant barriers for both IPEN and RON, insufficient testing also was widely cited. Looking forward, despite these barriers, most businesses that use IPEN and RON expect the number of digital and remote closings to increase in 2023.