



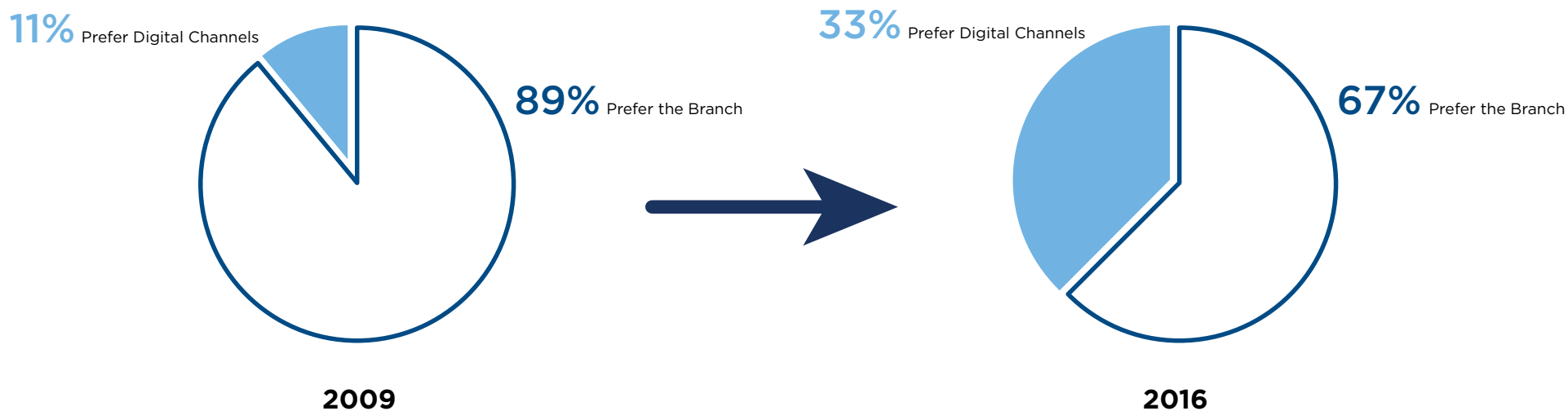
# The Value of Digital Account Opening in Financial Services

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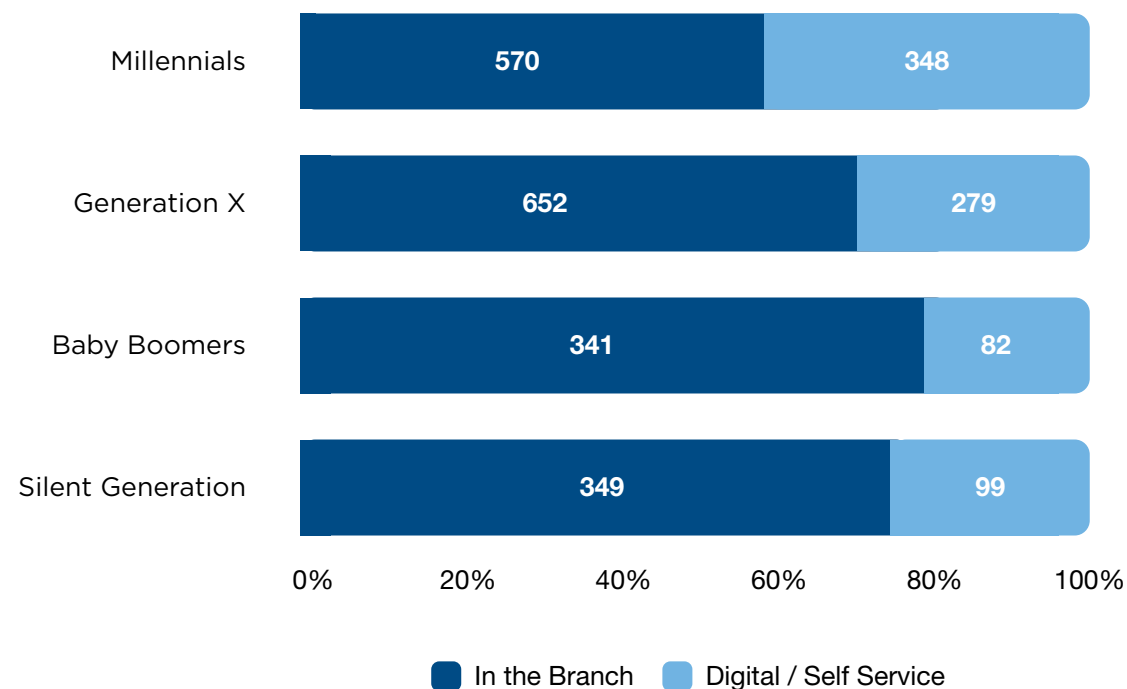
Over time, bank branches have lost ground to digital self-service channels like online and mobile for account opening. Getting customers more comfortable with self-service starts with tools that improve the experience and can properly gauge the journey.

Consumers have changed in how often they wanted to visit a branch to open a bank account or apply for a consumer loan.



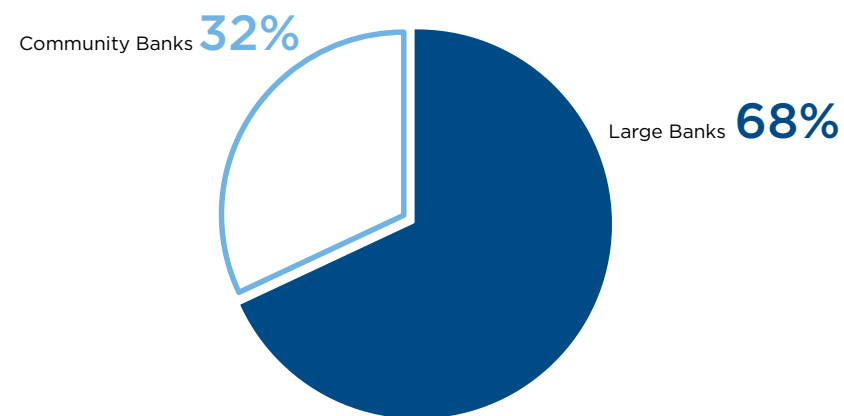
Most types of customers – including younger demographics – prefer to use the branch to conduct complex transactions, like opening a new account or applying for a loan. This is not because they prefer the physical interaction, but because of the shortcomings of self-service options.

***Q: How would you prefer to open a bank account or apply for a consumer loan?***

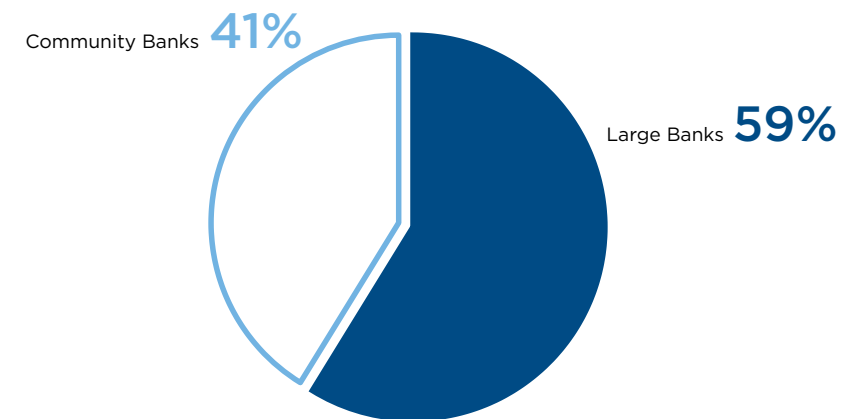


Larger banks are currently doing a better job at attracting the younger generations by offering more robust mobile platforms and improved digital experiences.

***Q: Where is your primary financial institution, defined as where the majority of your deposits go?***



**Under 35 years of age**



**Over 35 years of age**

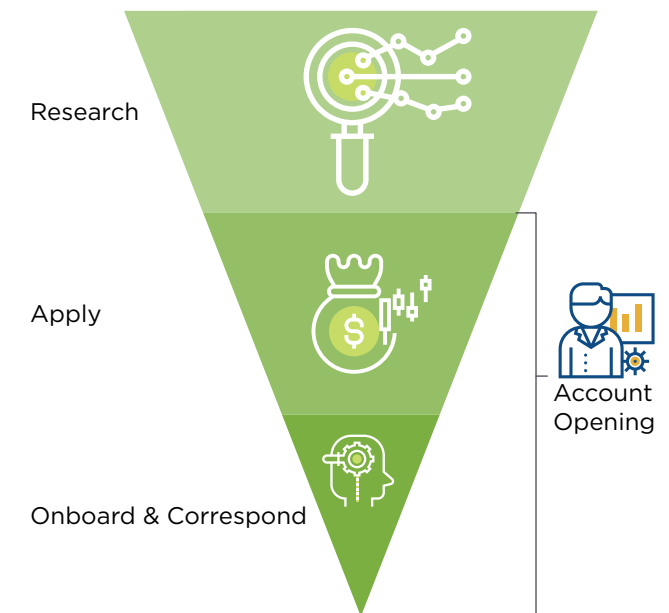


Banks have done a good job with delivering mobile responsive websites and apps to help customers research and get educated on their products anywhere and anytime.

Abandonment is happening between the research and application steps. As in other industries, the ability for the customer to completely apply digitally and begin to use the product or service immediately is not often available or possible.

*“Abandonment rates at one institution were historically in the 70-85% range, and were not improving over time.”*

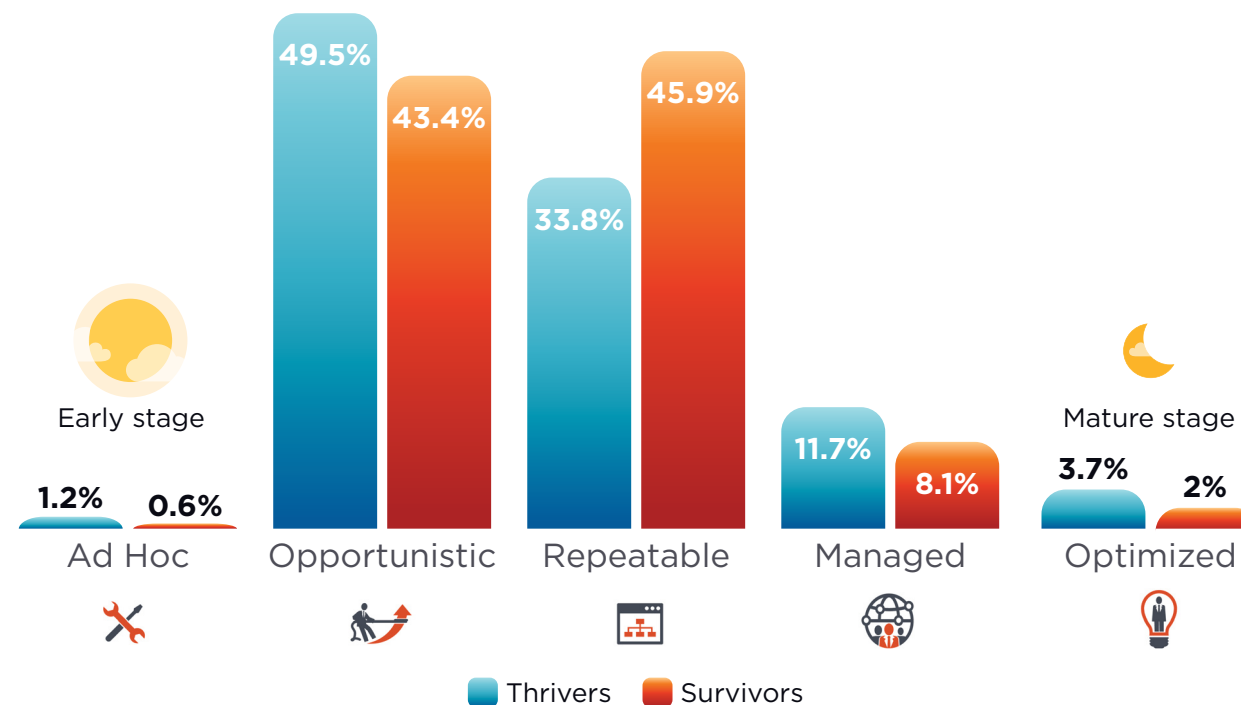
**— IDC Interview: Product Manager of a Top-50 U.S. Bank**



# Omni Channel Maturity Model: Digital Marketing

Thrivers and Survivors are both struggling with their Digital Marketing efforts — which ties into account opening. For true digital optimization, self-service needs to begin at the opt-in research stage and follow the customer through account opening and onboarding.

**9 out of 10** banks are not yet Digitally Optimized (managed or optimized on the maturity model)



Goal must be to streamline the digital experience across all aspects of the customer journey.





## Drivers for IT Investment for Retail Banks (in order of importance)

1. Meeting compliance requirements
2. Increasing revenue opportunities
3. Reducing bank's overall costs
4. Introduce new and/or improved products and services
5. Optimize bank's business processes

Banks often implement new digital offerings to address a compliance requirement or internal audit finding, especially when dealing with gathering personal information during account openings, but uncovering new revenue streams and reducing costs are also driving IT investments. Improved account opening and onboarding experiences can help to reduce abandonment – driving revenue while decreasing costs.

The ability to configure an off the shelf solution versus building from scratch provides bank with ability to implement quickly and inexpensively to begin reaping benefits sooner.

# Measure Performance: Getting to the Right KPIs

## Financial KPIs

### Indicators with a direct impact on bottom line

- Accounts opened per day
- Accounts opened per client type (retail / small business / commercial)
- Digital sales conversion by channel (online / in-branch / on phone)
- Increase in upsell / cross-sell rate



## Operational Performance KPIs

### Indicators specific for middle and back office operations

- Reduction in support cost per account opened
- Reduced printing and mailing costs
- Reduction in in-bound call volume
- Reduction in physical branch footprint



## Customer Performance KPIs

### Indicators for measuring customer satisfaction and performance

- Reduced application abandonment rate
- Increase in # self-service transactions (application / onboarding / customer support)
- Net Promoter Score





# Successful Framework for Digitizing Account Opening

There are 4 stages for success, starting with an audit and the ability to determine key performance indicators when looking at digitizing application processing and onboarding of new and existing customers.

Stage	Risk	Reward
<b>Audit:</b> Submission of high-value or high-volume applications across physical vs mail vs digital self-service channel	Not having a starting point or categorization of existing channels	Easier to measure success based on having appropriate baseline
<b>Performance:</b> Identify key Financial, Operational, and Customer Performance KPIs to measure over time	Not being able to justify any investment to prove the business value	Immediate feedback and focus on being able to prioritize improvements
<b>Technology Assessment:</b> Choose one that supports mobile channel, enables analytics, easy integration to backend systems, scalable across enterprise	Non-compliance and potential disconnect between investment and objective	Better alignment of technology and business goals
<b>Implementation:</b> Conduct process redesigns to align with technology deployment	Cost overruns, delays in delivery, higher risk, more complex examinations, increased operational risk	New technology leads to enhanced customer and employee experiences

# Digitally Optimized banks provide a frictionless journey from application to onboarding to accelerating revenue

Part of the challenge with taking digital leads is ensuring the entire process can be completed online through self-service channels. From our interviews, digitally optimized banks have actually achieved these results, including being able to handle more applications in a timely manner.

*“Frictionless is key, being able to not only open an account, but begin using it immediately, is the experience customers expect.”*

*“With Adobe Experience Manager Forms we have increased account opening throughput 10X.”*

*“Account opening used to take up to 5 days and multiple manual steps to complete, now it takes only 5 minutes and is fully automated.”*

**— IDC Interview with Experience Manager at a Leading Bank in India**



# Digitally Optimized banks successfully measure and optimize online journey to reduce abandonment rates

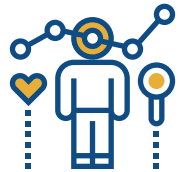
Online applications have been around for years, yet we are still challenged with streamlining the application process for the customer. Without a solution in place, some banks are not even able to properly measure their abandonment, which makes it difficult to measure success. Hence, digitally optimized banks invest in forms that allow granular measurement of points of abandonment and optimize accordingly

*“Abandonment prior to Adobe Experience Manager Forms was between 70-85%, and with Experience Manager Forms that has been reduced to around 40% after less than one year of being in production – this surpassed our expectations.”*

*“Applications were taking 10-15 minutes online and now take 2.5 to 7 minutes depending on product type.”*

**— IDC Interview: Product Manager of a Top-50 U.S. Bank**

## The Bottom Line



- » Customers expectations are high when it comes to how they apply and get access to new financial services – they increasingly prefer online and mobile self-service alternatives



- » For true digital optimization self-service needs to begin at the opt-in research stage and follow the customer through application and onboarding phases
- » Digitally optimized banks provide frictionless journey from application to onboarding to accelerate revenue. They also successfully measure and optimize the online journey to reduce abandonment rates



- » Digitally optimized account opening solutions are expensive to build and maintain, putting a drain on precious resources. Look for vendors that provide an out-of-the-box solution, with ability to easily customize and rapidly deploy



**Banks need to take a serious look at how they have been investing resources for their digital transformation projects. More nimble competitors will begin to attract customers away from banks who continue to lag.**