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DIGITAL BANKING REPORT

State of the Digital Customer Journey

Opening accounts, onboarding and cross-selling with digital devices

"A customer can buy a new mobile phone and set up a data plan within ten minutes, or purchase travel insurance from an airport kiosk in less than three. Yet, the purchasing, onboarding and cross-selling cycle for many banking products can average days or even weeks."

— Jim Marous
Owner and Publisher,
Digital Banking Report

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To learn more about how to improve your digital account opening and onboarding processes, please reference Digital Banking Reports entitled, Digital Account Opening and Guide to Multichannel Onboarding in Banking.

At a time when mobile channels are increasing in importance, the ability to digitize basic transactions has the biggest impact on consumer satisfaction and loyalty.

With competition increasing from both traditional and non-traditional financial organizations, the importance of an improved digital consumer experience and resultant satisfaction and loyalty has never been greater. The experience begins before the customer or member opens a new account and continues through the onboarding and cross-selling stages of the customer journey.

Now more than ever, financial institutions must embark on a conversion of traditional sales and engagement processes from paper-based to digital. Not only does a simple digital account opening, onboarding and cross-selling experience impact growth of a relationship and retention metrics, it can improve referrals and even the economics of serving customers and members.

For the first time ever, in conjunction with **The Financial Brand** and sponsored by **Kofax**, we have conducted a survey of financial services organizations globally to determine how well institutions are able to engage with consumers throughout the entire customer journey using digital tools.

By analyzing how well banks and credit unions are currently able to open new accounts, onboard the new customers, and continue the selling process using online and mobile apps, we hope to establish a benchmark for future analysis and success.

We would like to thank **Kofax** who sponsored the survey process as well as helped in gathering insights from the marketplace. Their partnership enabled us to create an unprecedented view of the digital customer journey in banking.

We hope the results of our research provide a road map for the implementation of digital account opening and engagement initiatives and answer some of the questions regarding prioritization of digital investment.

More importantly, we hope that banks and credit unions begin to see the benefits of leveraging digital tools to improve the overall customer experience and the organization's bottom line.

Jim Marous

Publisher, Digital Banking Report

DIGITAL BANKING REPORT

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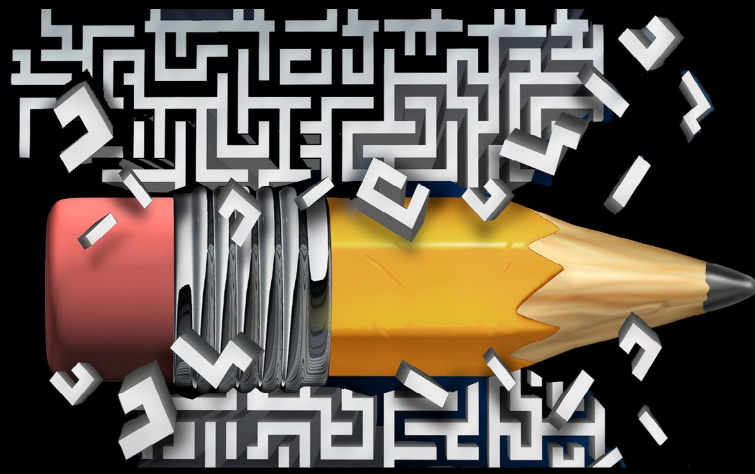


Executive Summary

The Digital Banking Report surveyed banks and credit unions globally to determine how well the industry is delivering on the "digital promise" that consumers are increasingly expecting during the entire customer journey.

In the very popular Digital Banking Reports entitled, *Digital Account Opening* and *Guide to Multichannel Onboarding*, we provide an in-depth analysis of the keys to developing successful digital account opening and multichannel onboarding solutions. Leveraging years of experience from "best-in-class" organizations, these previous reports have become the industry's most respected tools for organizations hoping to improve these steps of the customer journey.

The goal of this report is to provide a thorough research-based analysis of how well financial institutions have embraced the move towards digitizing the entire customer journey, from account opening, through onboarding and including the cross-sell process. We also hoped to better understand the channels used to accomplish each of these important processes, the hurdles still to be overcome, and the success achieved by those organizations who are closer to becoming a Digital Bank.

No survey of this type has ever been done in the banking industry. By asking banks and credit unions about how much of the customer journey can be supported on digital channels and how successfully organizations have lived up to the promise of multichannel engagement, we are able to get a snapshot of how well banking is prepared to serve the Digital Generation (Gen-D).

Unfortunately, the results of our research indicate that most institutions – and the industry as a whole – have a long road ahead in the quest to make new account opening, onboarding and cross-selling digital-first. Our research also indicates that there is a significant amount of lost revenue due to new account opening abandonment, suboptimal onboarding and the lack of using the mobile banking app as a selling tool.

DIGITAL CUSTOMER JOURNEY

KEY RESEARCH QUESTIONS:

- Can customers open accounts online and on a mobile device?
- Can a person open an account completely without leaving the online or mobile app?
- What steps in the account opening process must be handled in a branch?
- Can a customer “save and resume” the account opening process across channels?
- What is the level of account opening abandonment by channel?
- Do organizations have a “structured” onboarding process?
- What communication channels are used in the onboarding and cross-selling processes?
- How many “touches” are involved in the onboarding process?
- How is selling integrated into the mobile banking app?

KEY TAKEAWAYS:

- The vast majority of financial institutions can’t open a new account entirely online or on a mobile device.
- Only a small percentage of financial organizations provide a tablet assist account opening option in a branch.
- ID verification and signatures/supporting documentation is required at the branch level for the majority of organizations.
- Multichannel digital account opening (save and resume) is not supported at the majority of financial institutions.
- Digital new account opening abandonment rates are high for those institutions that monitor this metric.
- Less than 60% of financial institutions have a “structured” onboarding process.
- Less than 25% of financial institutions onboard new customers with the optimal number of “touches”.
- The majority of financial institutions do not market products within the mobile banking app.
- Community banks appear to be falling behind both larger banks and credit unions in digitizing the customer journey.

The Importance of a Digital Customer Journey

Despite a high demand and increased competition for digital banking solutions, only about one in five banking organizations offer consistent, end-to-end digitization for any given process. This is a vast missed opportunity.

As consumers move towards greater digitalization of all aspects of daily life, and competition enters the marketplace with superior digital offerings, financial institutions continue to fall short on providing optimal end-to-end digital journeys. This impacts banking's ability to provide a positive customer experience, a bank's cost and revenue structure, and the ability to create new digital solutions.

In a **Boston Consulting Group (BCG)** white paper, *How Digitized Customer Journeys Can Help Banks Win Hearts, Minds, and Profits,* it was found that roughly 80% of financial institutions do not offer a consistent digitalization of any given process. In other words, while there may be an excellent online or mobile interface for the application of a product or service, subsequent steps in the process are manual or need direct in-person engagement.

A customer can buy a new mobile phone and set up a data plan within ten minutes, or purchase travel insurance from an airport kiosk in less than three. Yet, the purchasing cycle of many banking products can average days or even weeks.

To improve the consumer experience and realize the revenue, cost, and operations benefits of complete digitization, BCG suggests that the banking industry needs to do four things:

1. Adopt consumer-centric design practices.
2. Redesign process from end-to-end.
3. Apply digitization, advanced analytics and automation.
4. Transcend silos.

BCG has found that some organizations that have taken the steps above have increased revenues by 25% and productivity by 20% to 40%

Embracing Digital Customer Journeys

While most institutions believe that their processes put the consumer first, consumers don't think in terms of "processes." They think in terms of their personal needs and wants.

In the quest to satisfy those needs and wants, consumers take a decision-making path called a customer journey that includes all of the steps, processes, systems and channels they encounter along the way. This includes everything from the time they begin their research and evaluation of solutions through the purchase and post-purchase experience.

What the consumer wants (regardless of what occurs behind the scenes), is a simple and seamless experience. The importance of providing an experience that is easy, well-designed, fast and personalized is reflected in improved satisfaction, loyalty and referral scores. The inability to provide a positive end-to-end digital process is increasingly reflected in new account opening abandonment.

An optimal customer journey makes every step and touchpoint in the buying cycle streamlined, efficient, consistent and personalized from the consumer perspective. "Financial institutions need to reimagine their core journeys from front to back by addressing key customer pain points, identifying new opportunities to delight customers in differentiated ways, applying – and being inspired by – smart new technologies, and building a scalable and resilient digital IT platform to innovate and facilitate consistent delivery," states BCG.

The good news is that financial institutions don't need to overhaul the entire IT system to achieve these benefits. Instead, it is best to focus on the journeys that matter most, such as the account opening process, new customer onboarding, relationship expansion (cross-selling) and ongoing engagement, removing unnecessary steps and digitizing and streamlining the rest.

Adopting Customer-Centric Design Practices

Understanding customer needs and the way they want to do business with your bank or credit union goes well beyond traditional market research. Instead, it is imperative that firms view consumers as they go through the processes of researching, shopping, opening and using products and services. These behavioral insights are invaluable in determining how to digitize and improve engagement.

Beyond understanding the needs and wants of the consumer, this type of research provides a deeper understanding of the frustrations consumers experience in attempting to do business with your organization. It also highlights what delights the consumer. By bringing together internal impacted departments, user experience specialists and designers, the entire customer journey can be reimagined from the customer's perspective.

Redesign Processes from End-to-End

The inspiration for the redesign process can come from outside the financial services industry. With so many technology firms (Google, Apple, Facebook, Amazon, etc.) providing examples of cutting edge engagement tools and processes, there is a wealth of knowledge in the marketplace on how to improve the end-to-end customer journey.

Both front-office and back-office processes must be redesigned to avoid a 'false veneer' that may look good to the consumer but increase costs, risks and human resource allocation internally. Operations and servicing areas must also be involved to ensure that the processes perform well over the entire customer journey.

Often, this type of end-to-end process redesign allows financial services institutions to generate new functionality in weeks instead of months. By automating many of the steps, costs can be significantly reduced while the time required by the consumer to complete a process can also be reduced. This has a direct impact on satisfaction.

Apply Digitization, Advanced Analytics and Automation

The ability for cognitive tools to perform advanced analytics on vast amounts of data in real time, provides the foundation for the development of highly responsive journeys in real time. This processing of insight improves the quality (and accuracy) of interactions — improving the customer journey over time as additional insights are collected and applied. This advanced learning can then be applied in marketing, sales, service and even risk management.

Over the past several years, the quality of predictive analytics has improved significantly at the same time that the investment required to leverage these tools has dropped to levels where almost all organizations can benefit. It is important to note that 'intelligent engagement' is now table stakes in the quest to acquire and serve consumers, with many non-financial organizations setting the consumer experience threshold that customers demand of all firms they engage with daily.

Transcend Silos

Building seamless customer journeys often requires coordination and cooperation across organizational silos that have been a part of banking throughout history. Set up initially for accounting purposes, these silos become a hindrance to consumer-focused process improvement, agile development and innovation.

Many organizations have found ways to transcend organizational silos through the development of cross-functional development teams, innovation labs, centers of excellence, etc. with overarching management support. The key in this process is to not allow any single area to dominate the process and to put the customer needs in front of departmental desires.

Where to Start

Many components of an enhanced digital customer journey mindset are foreign to most banking organizations. To create a seamless end-to-end digital experience for customers will require a rethinking of front office and back office processes with a renewed focus on the customer (instead of products).

According to Boston Consulting Group, banking organizations should take the following steps:

1. Evaluate the Value of Change: Before beginning the complete digitization of processes, prioritization of customer journeys should be done by evaluating the potential value of change. This includes reduced costs as well as increased revenue and market share potential.

2. Conduct Assessment of Current Capabilities: Organizations should take an assessment of the tools and technologies available in-house that can assist in improving the customer journey. This helps determine where investment is needed or where partnering can occur.

3. Visualize Success: More than just a vision, organizations will need top-down support, agreeing on metrics, goals and time-lines to achieve the level of transformation required.

It is no longer a matter of whether digitalization of the customer journey in banking is needed. The consumer is already demanding this level of engagement and are moving relationships based on an organization's ability to meet their expectations in an increasingly digital marketplace.

The value to the banking organization goes beyond customer satisfaction, to include cost reductions, revenue enhancements and risk management.

Digital Account Opening

Consumers experience a simple, efficient sign-up process in almost every other facet of their daily lives. It is a point of differentiation when an organization allows a potential customer to initiate a relationship with minimal steps, seamlessly, using the integrated capabilities of the mobile device. Why is it so hard for financial institutions to do the same?

In the banking industry, four out of ten consumers say they have — at some point — become frustrated enough with an online application to just give up. That's according to a study by **Signicat**, who commissioned an independent survey of 2,000 consumers examining the experiences people have when applying for financial products at a traditional institution.

How long does a typical application take? Is it a positive or negative experience?

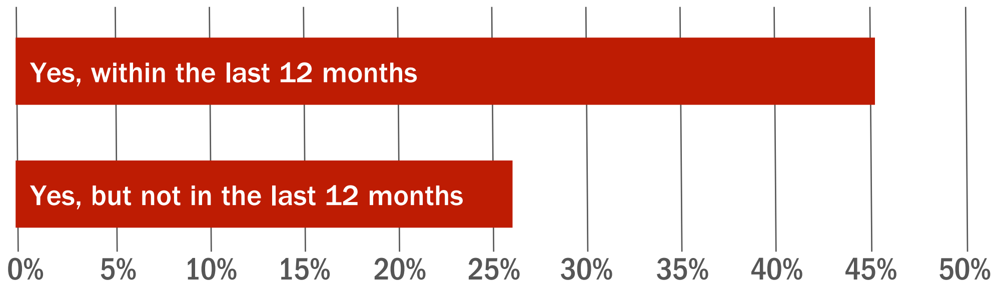
The results revealed some startling trends, suggesting that the digital account opening process offered by many financial institutions, doesn't align with most consumers' expectations.

On average, participants in the survey said they had submitted 1.7 financial applications in the last 12 months. 84% of these applications were for checking accounts, savings accounts, credit cards or insurance. Unfortunately, 40% of all online applications that consumers start never get finished. Even worse results have been found with mobile applications, where screen size, number of steps, and lack of smartphone integration impact satisfaction.

Those who have applied for a product in the last 12 months using an online app have abandoned the process significantly more than those who last applied more than a year ago (45% vs. 26%). *Why?*

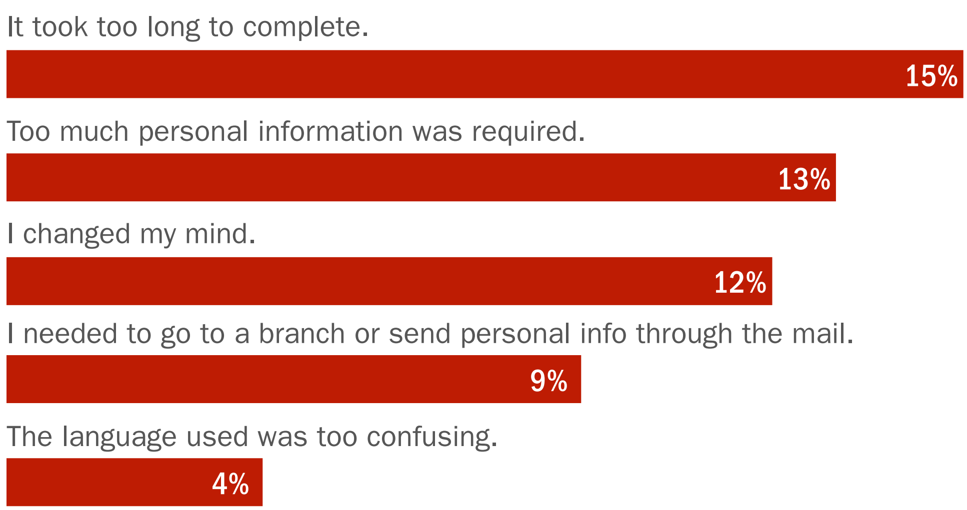
A third (34%) of respondents said too much personal information was needed. Depending on the institution, and what they are asking for in the online form, that may or may not be avoidable. But the number one reason consumers abandon online applications is the amount of time it can take. More than one in three (39%) abandonments in the Signicat study were due to the length of time taken.

CHART 1: HOW RECENTLY CONSUMERS SAY THEY HAVE ABANDONED AN ONLINE APPLICATION



Source: Signicat © July 2016 Digital Banking Report

CHART 2: REASONS WHY BANKING CONSUMERS ABANDONED AN ONLINE APPLICATION

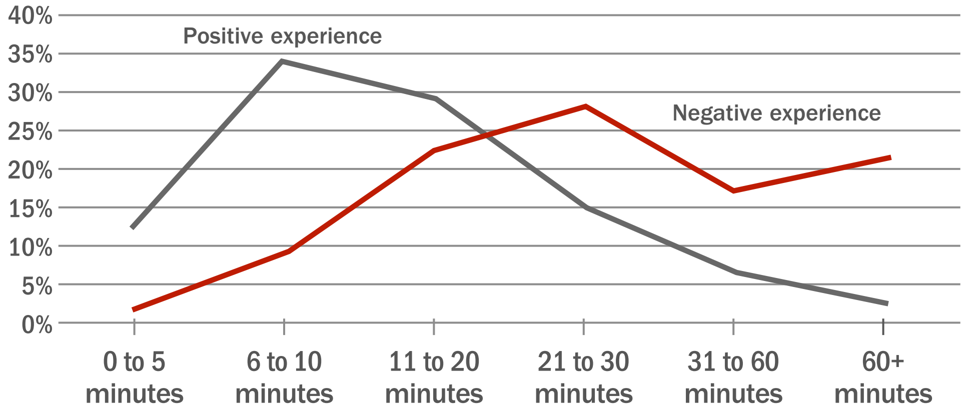


Source: Signicat © July 2016 Digital Banking Report

In the Signicat study, the average time taken to complete an online application was 18.45 minutes. But this differs dramatically when comparing the results between those who had a positive experience vs. those who had a negative one. (Note: the "amount of time" referenced here means the time taken to complete the online portion of an application and does not include time needed to submit physical documents which could extend to several days).

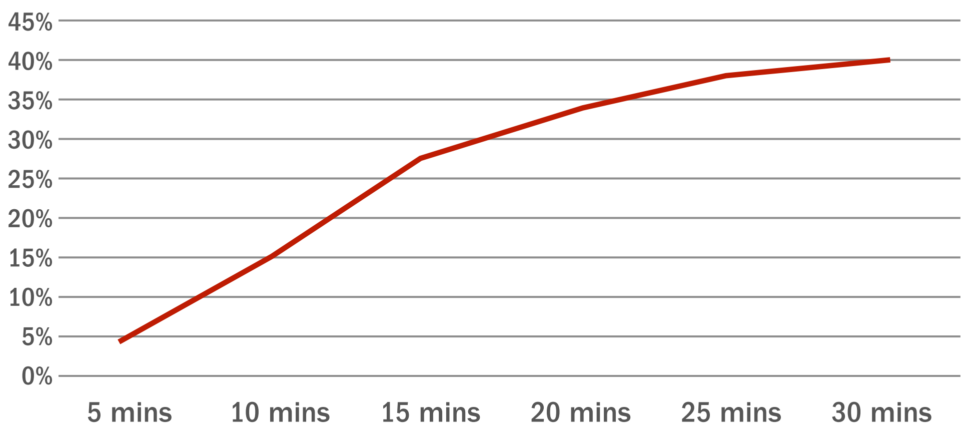
The average time for the negative proportion was almost twice the overall average at 34.71 minutes. The extra time taken, as well as the amount of personal information required, is a clear factor in leaving these consumers with this negative perception.

CHART 3:
APPLICATION TIME VS. USER EXPERIENCE



Source: Signicat © July 2016 Digital Banking Report

CHART 4:
PERCENTAGE OF ABANDONED APPLICATIONS RELATIVE TO THE AMOUNT OF TIME SPENT

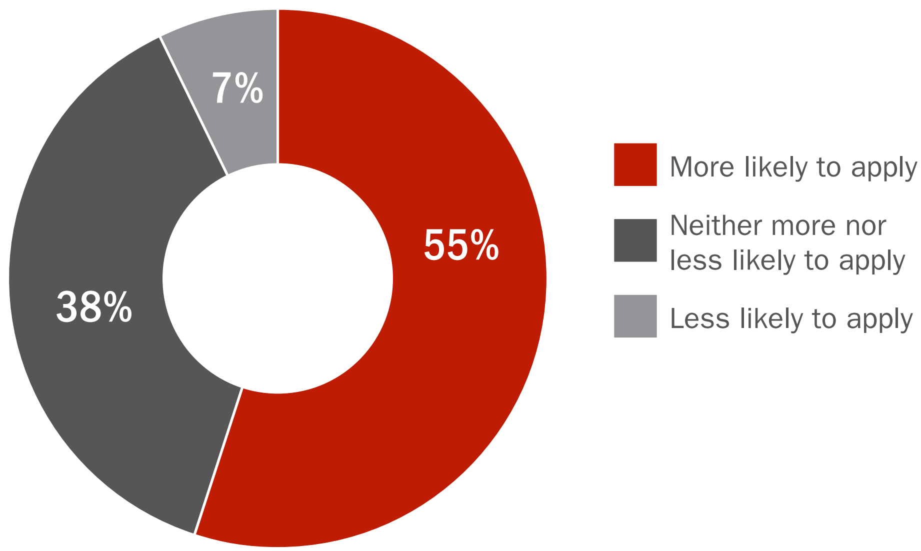


Source: Signicat © July 2016 Digital Banking Report

The Entire Account Opening Process Must Be Digital

The Signicat study suggests consumers are ready to move to an entirely digital process. Over half (52%) said they would buy additional services if a paper-based identity was not needed, and a similar number said they would be more likely to apply if the applications could be completed without having to visit a branch. That number rises to 64% in those who had a negative experience when applying online.

CHART 5: WOULD CONSUMERS BE MORE OR LESS LIKELY TO COMPLETE AN APPLICATION IF IT WAS ALL ONLINE?



Source: Signicat © July 2016 Digital Banking Report

It definitely seems consumers willing to apply for accounts online have a particular distaste for branches. 68% of respondents in their survey said they were unhappy with how branches operate; 56% expressed outright frustration.

Among consumers who would either prefer to complete their online applications entirely online or have abandoned an online application, the prospect of going to a branch — where further aggravations likely await — severely dampens their appetite for digital account opening. If consumers encounter a digital process that is either time-consuming and/or irritating, then they might reasonably assume that a visit to a branch will only take more time and compound their exasperation.

Strategic Imperative

Bottom line, consumers don't want to visit a branch or send stuff through the mail to complete an online or mobile application. The process needs to be smooth, entirely digital and take less than 15 minutes total to complete.

Banking providers spend massive amounts of money attracting new customers and encouraging their existing customers to apply for additional services. But poor online account opening processes are undermining their acquisition efforts in the homestretch — the worst possible time in the customer journey — which negatively impacts sales and revenues. Put simply, banks and credit unions must make it easier for consumers to apply for services, or consumers won't bother.

New Account Opening Channel Alternatives

In any discussion about digital disruption, it is important to think of the mobile channel as the tip of the spear. Just as consumers have migrated from physical stores to their computers in order to get a more convenient buying experience, so too has that desire for convenience led them from their computers to their smartphones and tablets.

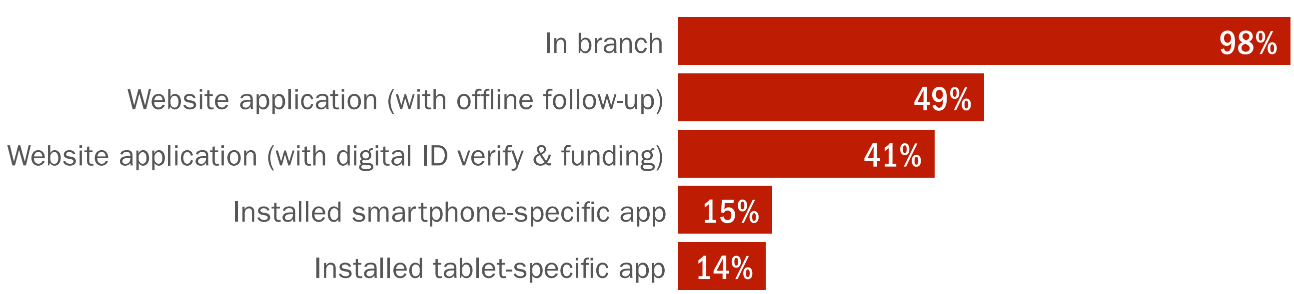
This shift to m-commerce can readily be observed in the numbers being reported by leading retailers. According to an *article in Time*, almost 70% of Amazon.com shoppers placed orders using a mobile device during the 2015 holiday season. The company also reported that holiday shopping through its mobile app doubled in volume over the previous year.

Similarly, **Walmart** announced that more than 70% of traffic to its website is now coming from mobile, and almost half of orders placed in the 6 days between Thanksgiving and December 1 of 2015 were placed using a mobile device.

Digital Banking Report Survey Results

Given the massive growth of m-commerce in other industries, the growth that we have observed in mobile account opening pales by comparison. Unlike **Amazon** and Walmart, most banks have not gone to great lengths to optimize their customers' mobile shopping experiences. In fact, only 15% of banks and credit unions surveyed offer mobile account opening.

CHART 6: HOW CAN CONSUMERS OPEN NEW CHECKING ACCOUNTS AT YOUR FINANCIAL INSTITUTION? (n=333) (Mark all that apply.)



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When we look at the responses based on both size and type of organization, an initial view doesn't show significant variances. We do find that the smallest organizations and credit unions are moving to a digital account opening platform at a pace similar to (or faster than) the largest banks, and that mid-sized and community banks are not accepting the movement to new technology.

In fact, the credit unions surveyed actually are more advanced in their website (online) account opening technology.

CHART 7: HOW CAN CONSUMERS OPEN NEW CHECKING ACCOUNTS AT YOUR FINANCIAL INSTITUTION? BY ASSET SIZE (n=324)

(Mark all that apply.)

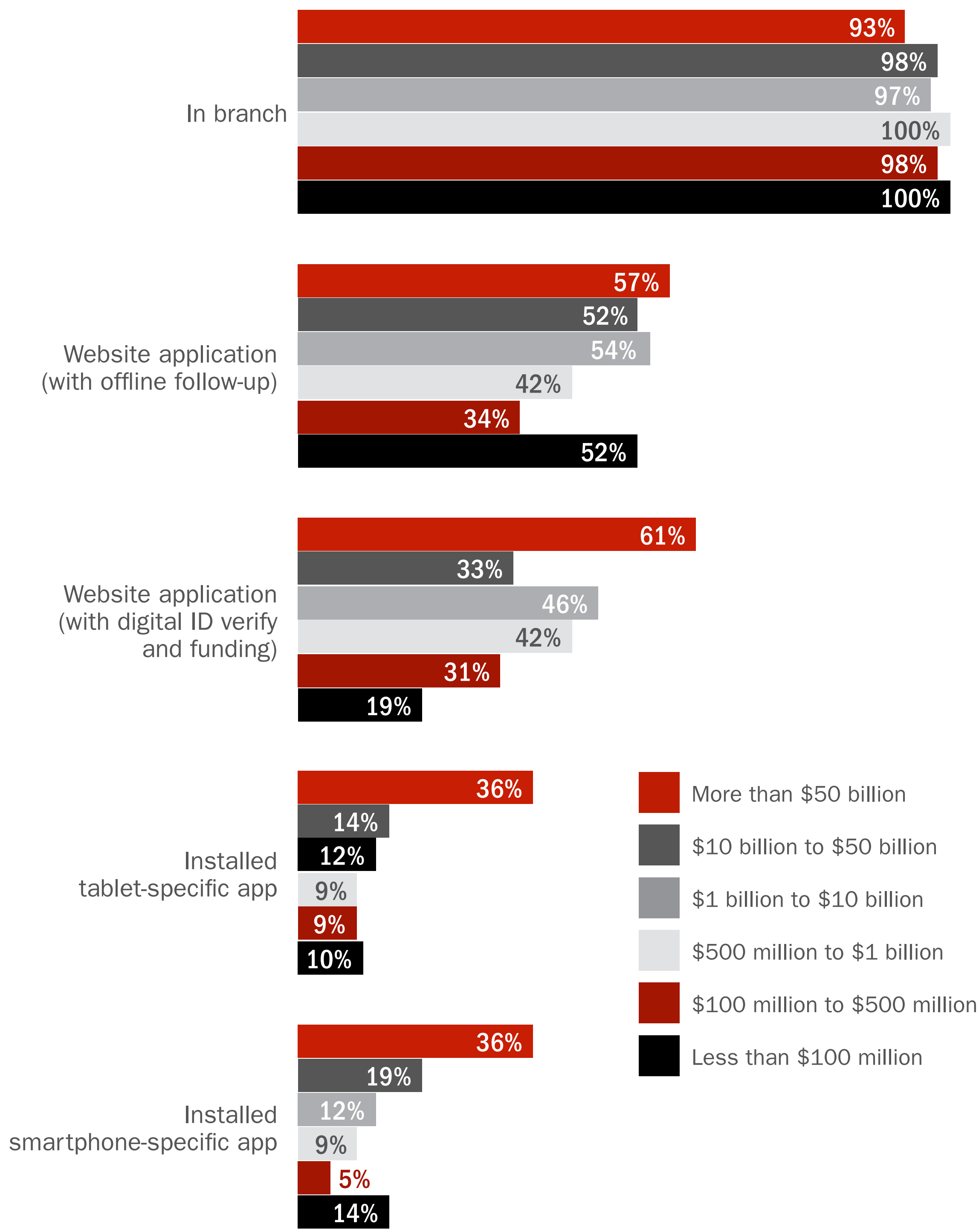

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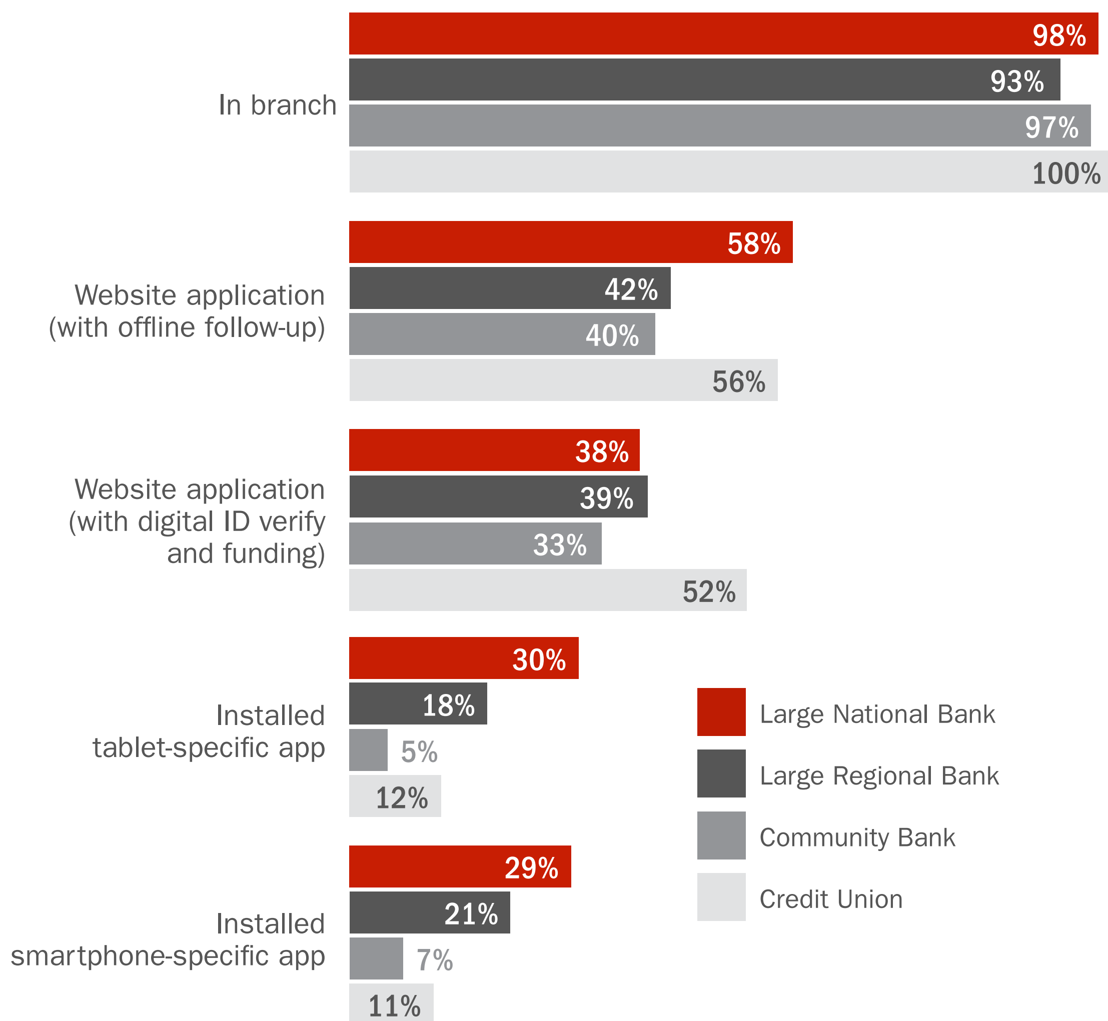
CHART 8: HOW CAN CONSUMERS OPEN NEW CHECKING ACCOUNTS AT YOUR FINANCIAL INSTITUTION? BY TYPE (n=333)

(Mark all that apply.)



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Website-Based New Account Opening

With fewer transactions occurring at the branch, and more accounts being opened online, it goes without saying that the customer experience with digital channels has become increasingly important.

Unfortunately, in our research, we found that while an increasing number of financial institutions allow consumers to open new account online, the quality of the experience varies widely, with an immense amount of room for improvement.

While the vast majority of banks and credit unions surveyed indicated that they allowed new customers to open their account online, many still required wet signatures, or need to have identification verified in a branch office.

Our question has been, if you allow consumers to initiate the process online, but still require signatures, documentation, ID verification or even funding in a branch office, has the process been built for the benefit of the financial institution or the customer?

In our survey, less than half of the institutions surveyed indicated that the entire online account opening can be done without coming into the branch at all. The lack of commitment to being genuinely a Digital Bank becomes apparent when we found that almost three-quarters of financial institutions require key Know Your Customer (KYC) components to be done in the branch.

Warning: At many institutions, when a new customer is required to visit the branch to complete the account opening, the branch staff is incented to start the process completely over to receive credit and/or commission for the sale. This hijacking of the online account opening process usually invalidates measurement of channel attribution since there is normally only measurement of last channel used.

CHART 9: IF YOU ALLOW OPENING OF CHECKING ACCOUNTS WITH A WEBSITE APPLICATION, CAN THE ENTIRE PROCESS (ID VERIFY, TERMS/CONDITIONS, FUNDING) BE COMPLETED ON THIS CHANNEL (ONLINE)? (n=312)

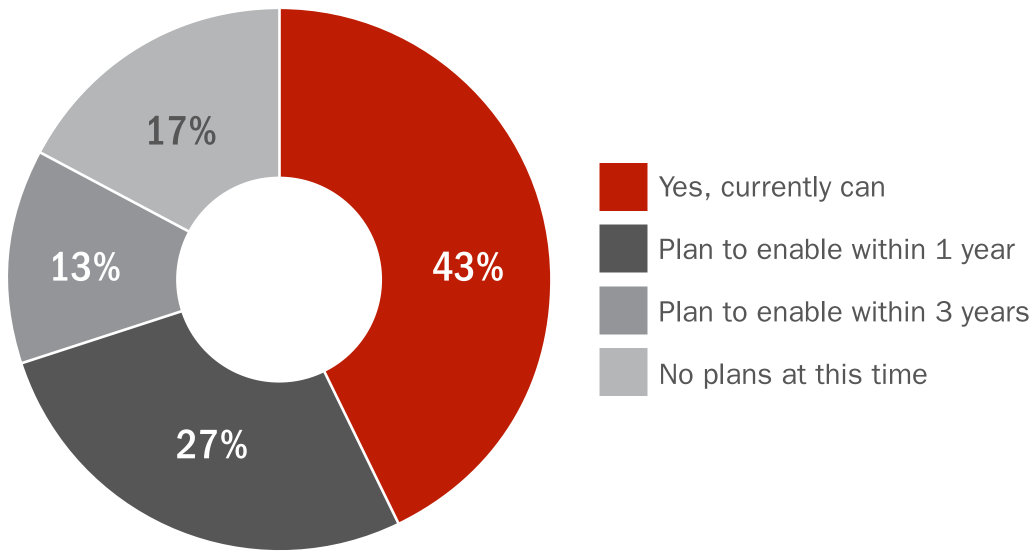

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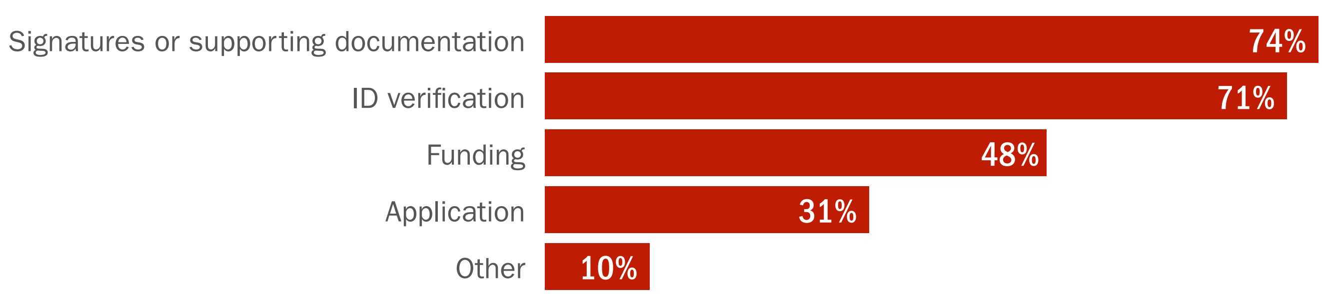
CHART 10: IF NO, WHAT STEP(S) OF THE WEBSITE APPLICATION NEW CHECKING ACCOUNT OPENING PROCESS MUST CURRENTLY BE HANDLED IN A BRANCH? (n=160)

(Mark all that apply.)



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When we look at the ability to open a new checking account entirely online, the ability to do so is very aligned with the size of the organization. The largest firms are more capable of fulfilling the needs of the digital consumer.

Interestingly, when we look at the responses by type of organization, credit unions outperform all other categories of organizations in the ability to seamlessly and completely open a new account online. In fact, 81% of credit unions either can open an account entirely online today or will be able to within the next year.

CHART 11: IF YOU ALLOW OPENING OF CHECKING ACCOUNTS WITH A WEBSITE APPLICATION, CAN THE ENTIRE PROCESS (ID VERIFY, TERMS/CONDITIONS, FUNDING) BE COMPLETED ON THIS CHANNEL (ONLINE)? BY SIZE (n=305)

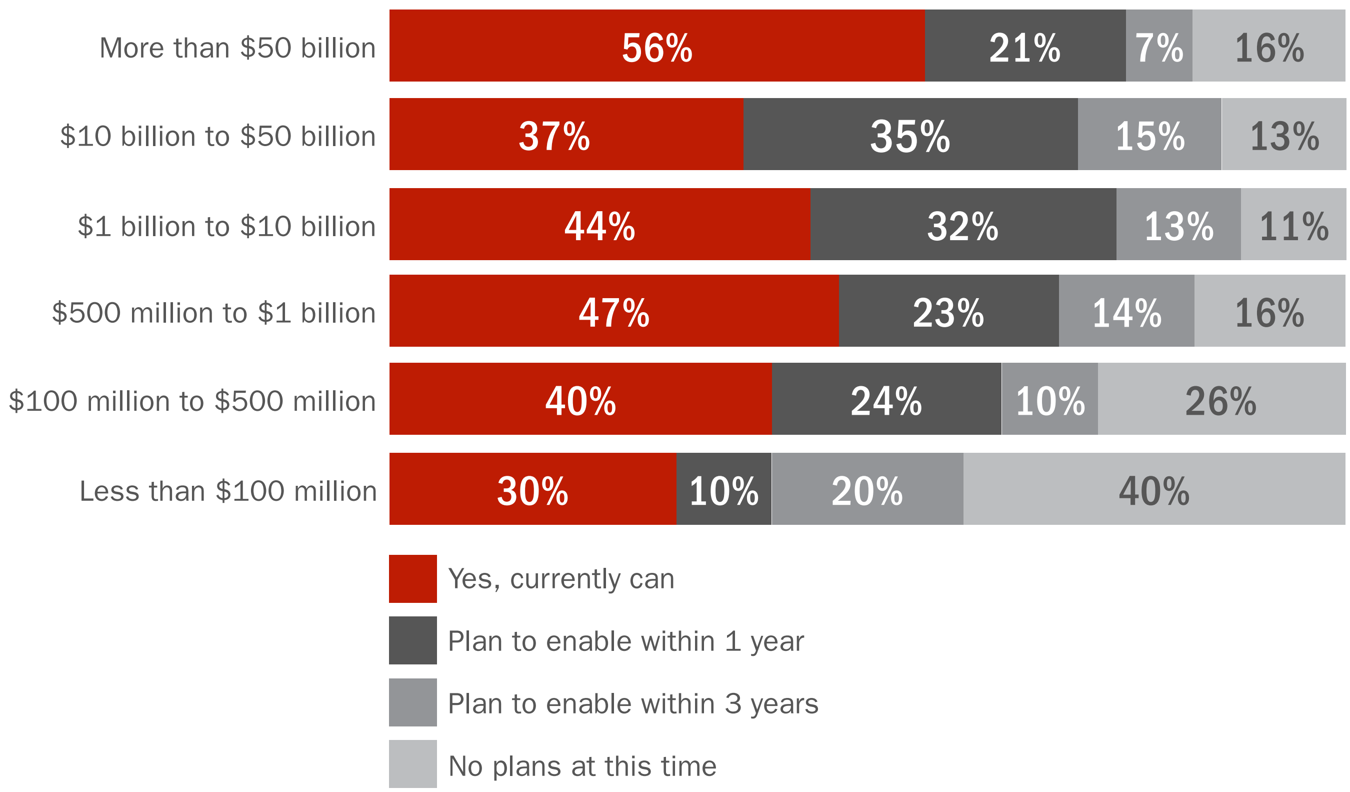

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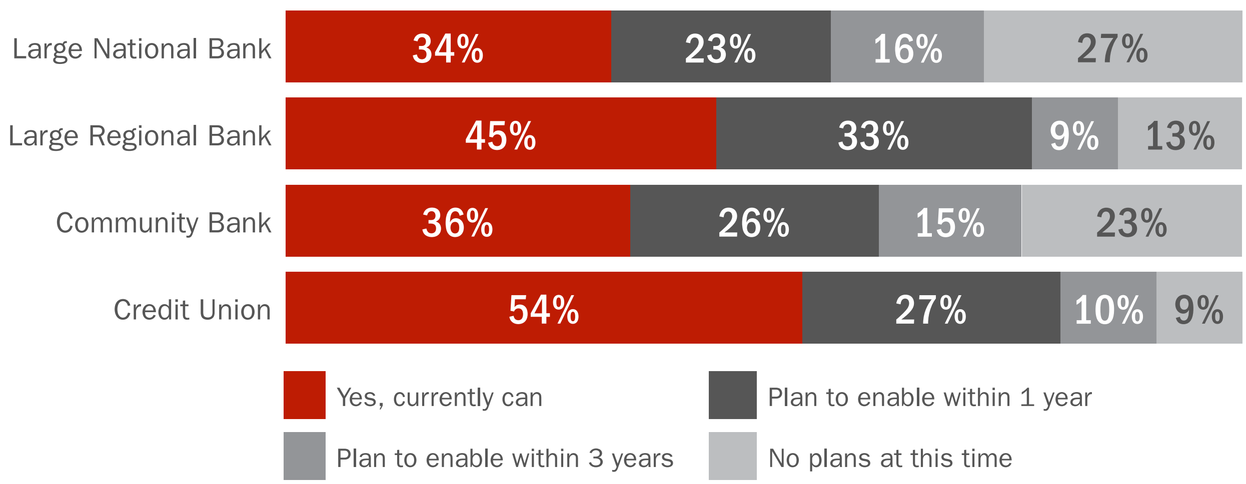
CHART 12: IF YOU ALLOW OPENING OF CHECKING ACCOUNTS WITH A WEBSITE APPLICATION, CAN THE ENTIRE PROCESS (ID VERIFY, TERMS/ CONDITIONS, FUNDING) BE COMPLETED ON THIS CHANNEL (ONLINE)? BY SIZE (n=312)



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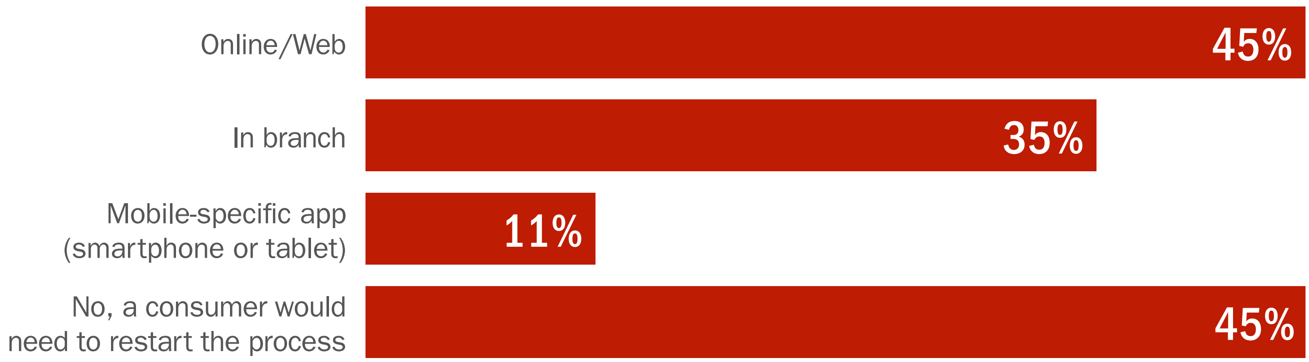
Multichannel Support for Online Account Opening

One of the key elements of a multichannel strategy is to be able to allow the new customer to 'save and resume' their account opening process on an alternative channel. The reason for allowing this capability is that most institutions have lengthy new account opening processes, without providing guidance as to what may be required to open a new account online. If a consumer needs information not at their fingertips, they may want to use another channel later to complete account opening.

Our survey found that, not only do almost half of institutions (45%) not allow a customer to stop and restart the process using a different channel, but less than half can't even stop and resume on the online channel they started the process on (45%).

CHART 13:
IF A CONSUMER STOPS THEIR WEBSITE APPLICATION NEW CHECKING ACCOUNT OPENING PROCESS MIDSTREAM, CAN THEY 'SAVE AND RESUME' THE PROCESS ON THE FOLLOWING CHANNELS? (n=277)

(Mark all that apply.)



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Online Account Opening Abandonment

Given the challenges associated with opening a new account using the online channel, it should not be surprising that there is a high abandonment rate associated with the process. In fact, 27% of the organizations surveyed indicated that more than a quarter of their customer who begin the online account opening process abandon before opening an account.

What should be alarming to financial marketers and product managers alike is that more than 50% of those surveyed have no idea how many customers begin opening an account online and then abandon the process. This is either because they don't measure the abandonment rate (20%) or because they "just don't know."

One of the benefits of online account opening is that a financial institution not only can monitor abandonment rates, but they can determine exactly what step caused the customer to stop opening their account. With this insight, the process can be adjusted to improve completion rates.

In addition to being able to determine what causes abandonment, monitoring the process allows financial institutions to retarget the customer who started opening an account *instantaneously* with a phone call, SMS text, email or some other form of re-engagement. By collecting basic contact information (name, email, cell phone number, etc.) at the beginning of the account opening process, you can recapture potentially lost customers who had difficulty with your account opening process.

CHART 14: WHAT PERCENTAGE OF POTENTIAL CUSTOMERS BEGIN THE NEW ACCOUNT OPENING PROCESS WITH A WEBSITE APPLICATION BUT ABANDON THE PROCESS? (ABANDONMENT RATE) (n=290)

Category	% of Respondents	# of Respondents
< 10%	9%	27
11% to 25%	13%	37
26% to 50%	17%	48
51% to 75%	7%	19
> 75%	3%	8
We do not measure ONLINE account opening abandonment rates.	20%	57
I don't know.	32%	94

Source: Digital Banking Report © July 2016 Digital Banking Report

When we did cross-tabs by size and type of organization, there was very little variance in abandonment rates. As with the findings overall, there was a much better chance that the abandonment rate was not measured or that the individual responding to the survey did not know the abandonment rate.

Mobile New Account Opening

Many financial institutions have tried to move some portion of their account opening and loan/credit card application process to mobile devices, but the reality is that it's often confusing, tedious, and a lot of work for customers to complete. It's akin to a consumer walking into a retail store, filling up their shopping cart, and walking out the door without buying anything — a lost opportunity for acquisition and revenue.

The problem is we often unwittingly require a lot of effort on the part of the consumer to complete a mobile account opening transaction. In fact, **CEB** research found that "making it easy," or reducing effort, goes further towards building satisfaction and loyalty than the conventional wisdom of delighting customers.

One of the challenges with reducing friction, or effort, in mobile account opening is that it's tough to know where to begin and exactly what needs fixing. Optimally, a financial marketer or product manager would like to evaluate account opening and application processes, eliminating all steps that stand in the way of a quick and easy interaction.

Unfortunately, many financial marketers would either completely throw out their current mobile application process and start from scratch, or make incremental adjustments – all without knowing if the changes will make any difference at all to abandon rates.

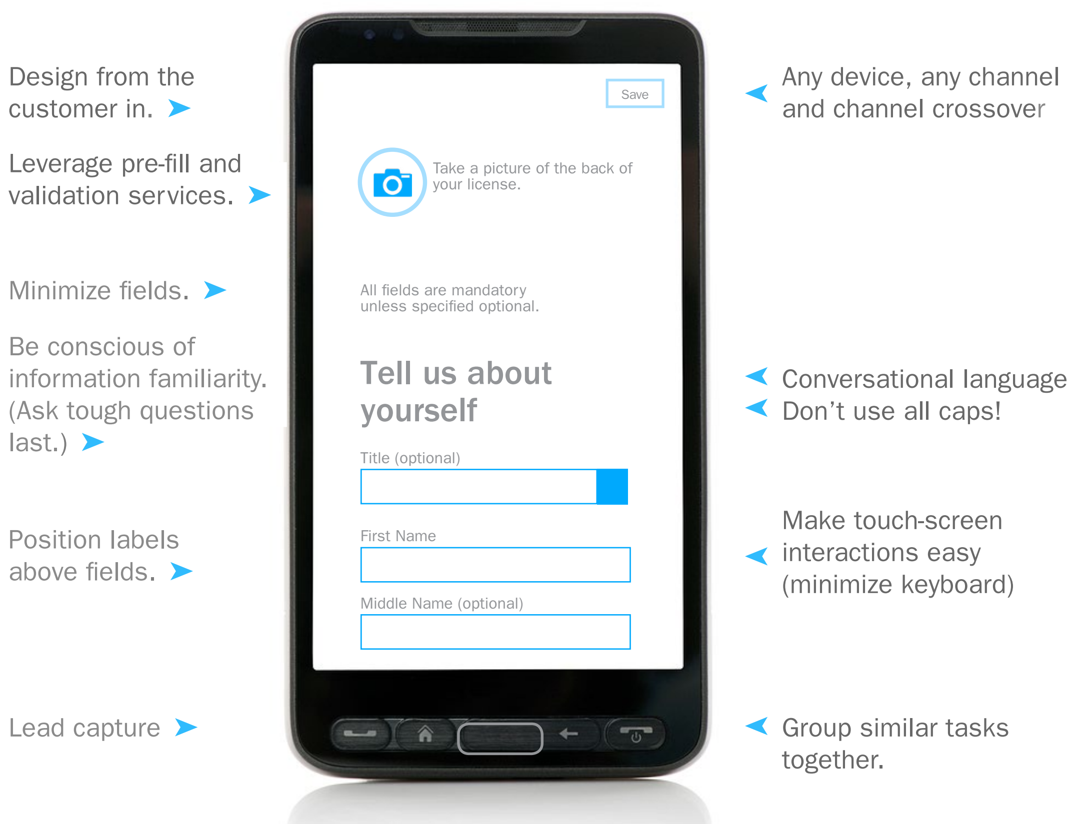
As Ron Shevlin said in The Financial Brand article, *4 Marketing Metrics Banks Should Measure (But Probably Don't)*, marketers often focus on checking things off their to-do lists rather than measuring results. This is because it's easier to show senior management that changes are being made that can help increase customer acquisition — even if you're not sure they'll make a difference.

As is discussed in the best-selling Digital Banking Report, *Digital Account Opening,* there are many ways banks and credit unions can improve the account opening and application process, leveraging digital technologies and common sense. Each improvement will reduce friction, simplify the process and enhance the consumer experience … leading to reduced abandonment and improved revenues.

- **Minimize fields, reduce keystrokes and minimize scrolling.** Ask only for the specific information required and nothing more. Remember, the more information you require, the more effort is needed. In addition to minimizing fields, require as few keystrokes as possible and make forms easy to navigate. Remember, scrolling and keystrokes take more time and effort – especially on mobile devices.
- **Collect the easiest information first.** Asking for the basic information first (name, email address and phone number) not only gets the consumer engaged with the least amount of effort, this information is key if the consumer abandons the process later. With this insight, you can get back in touch immediately. In addition, the more time the consumer has invested in the process, the more likely they will complete the application rather than abandoning.
- **Offer "Save" and multichannel functionality.** Consumers move from channel to channel during application and account opening, so offer "Save" functionality to help preserve information already entered. "Restarts" lead to high abandon rates. Allowing consumers to utilize different devices to complete a transaction, such as switching between mobile, in-person visits, or calling a call center improves completion rates.
- **Make the experience 100% mobile.** A streamlined, 100% mobile experience is a must. Presenting consumers with a mobile form to complete and then requiring them to visit a branch office to finalize details or submit paper documents results in a much higher abandon rate. All processes should enable the ability to submit documents electronically and support digital signatures.

- **Onboard for the requested product.** Resist the temptation to market or inform the consumer about ancillary products or services until after they've completed the application or account opening initially requested. After the primary product or service has been opened, additional cross-sell or upsell suggestions can be provided.
- **Retarget abandoned applications.** Consumers abandon even the most simple application or new account opening processes for a variety of reasons – perhaps they needed to drive somewhere, they received an urgent phone call, or they lost their internet connection. The only way to retarget these applicants for completion is to capture primary contact information early in the process (such as name, email, and phone number). Be sure to follow-up on abandoned applications quickly, however, since the prospect could be moving to a competitor.
- **Use a "Mobile First" design.** Completing transactions on smart phones is all about speed and simplicity. Therefore, minimize the use of keyboard input by utilizing drop down lists, toggle/radio buttons and the photo capabilities of the mobile device to assist in data collection. Also minimize white space and use adaptive design to eliminate unnecessary images/graphics when rendering on a smartphone.

CHART 15: WAYS TO ELIMINATE FRICTION IN MOBILE ACCOUNT OPENINGS



Source: Avoka © July 2016 Digital Banking Report

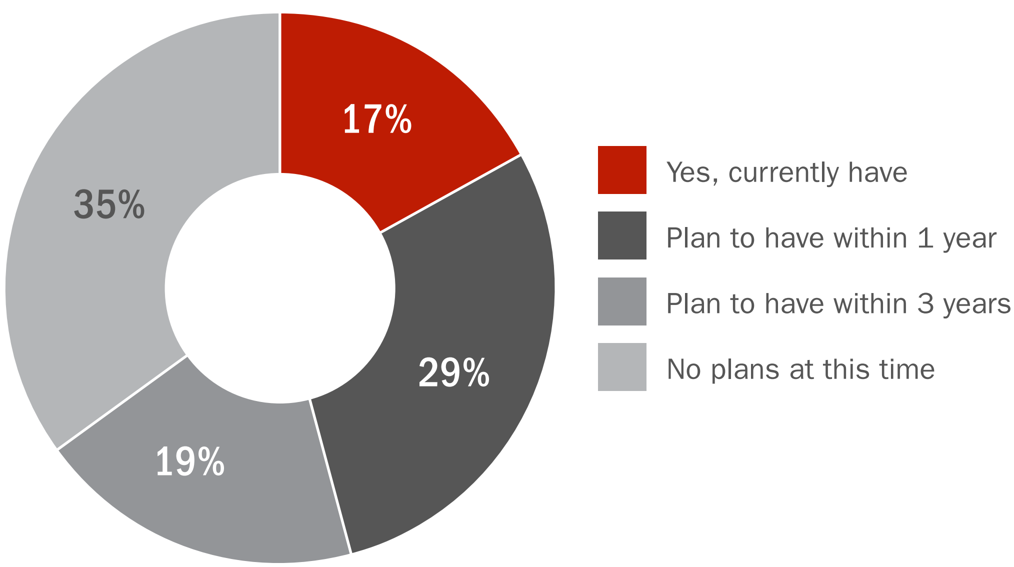
To appeal to the digital consumer, banks and credit unions must offer the ability to open all accounts on a mobile device. In addition, financial institutions must make the entire process easy.

With any mobile process, every keystroke and every time a consumer must exert extra effort that takes them away from the smartphone, contributes to abandonment. Banks and credit unions need to minimize these hurdles in order to create a mobile new account process that is optimized and frictionless.

As shown below, the number of financial institutions that responded that they allow checking account opening with a mobile device (17%) is far lower than those who said they offered online account opening (43%).

Given the significant movement of all banking and non-banking transactions to mobile devices, it is both surprising and concerning that the number of organizations indicating that there are no plans to offer mobile account opening via a mobile device (35%) is double those who provided the same response for online account opening.

CHART 16: IF YOU ALLOW OPENING OF CHECKING ACCOUNTS WITH A MOBILE-SPECIFIC APP, CAN THE ENTIRE PROCESS (ID VERIFY, TERMS/ CONDITIONS, FUNDING) BE COMPLETED ON THIS CHANNEL (MOBILE)? (n=262)

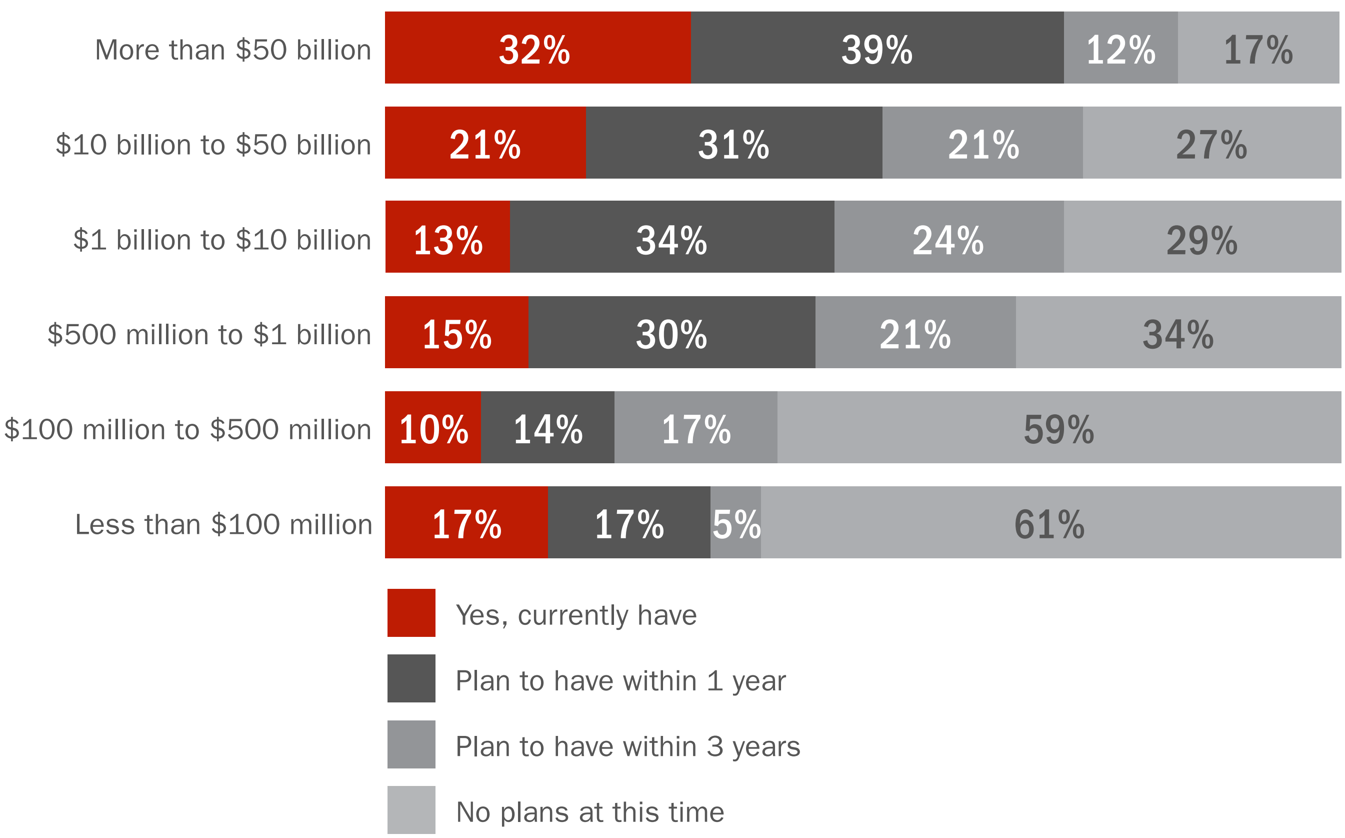


Source: Digital Banking Report © July 2016 Digital Banking Report

When we looked at the ability to open a new checking account by size and type of organization, we found some interesting trends. As we have seen in other studies dealing with transition to being a Digital Bank, the trends favor the largest organizations.

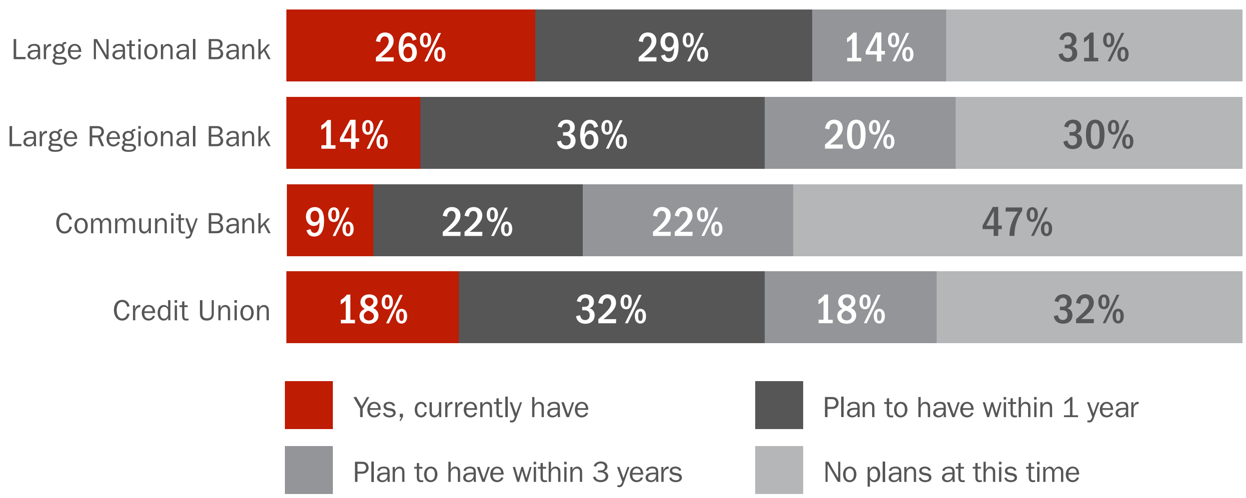
In addition, as we are beginning to see in many other studies, credit unions are keeping pace with the largest financial institutions with mobile capabilities. On the other hand, it is becoming clear that community banks are not keeping pace and may be falling farther behind when we look at future plans for mobile apps. The fact that 47% of community banks have no plans to offer mobile account opening is concerning to say the least.

CHART 17: IF YOU ALLOW OPENING OF CHECKING ACCOUNTS WITH A MOBILE-SPECIFIC APP, CAN THE ENTIRE PROCESS (ID VERIFY, TERMS/ CONDITIONS, FUNDING) BE COMPLETED ON THIS CHANNEL (MOBILE)? BY SIZE (n=256)



Source: Digital Banking Report © July 2016 Digital Banking Report

CHART 18:
IF YOU ALLOW OPENING OF CHECKING ACCOUNTS WITH A MOBILE-SPECIFIC APP, CAN THE ENTIRE PROCESS (ID VERIFY, TERMS/ CONDITIONS, FUNDING) BE COMPLETED ON THIS CHANNEL (MOBILE)? BY TYPE (n=262)



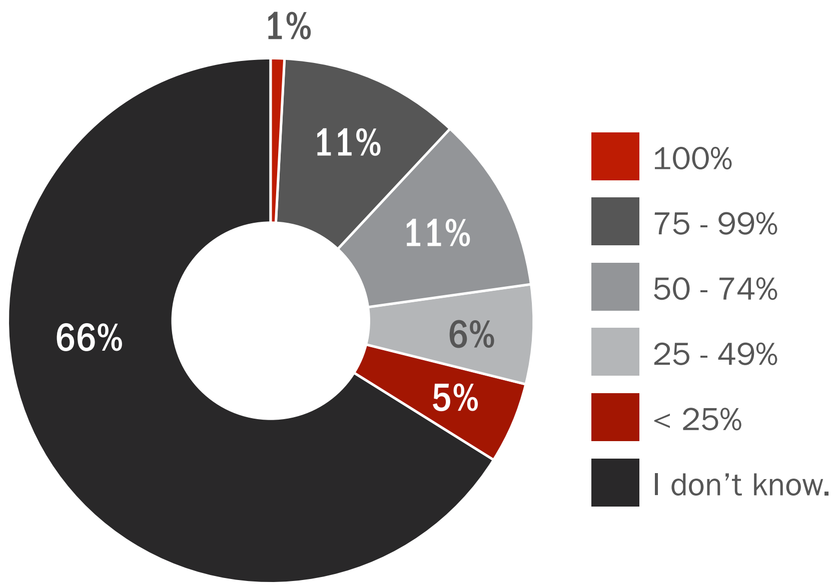
Source: Digital Banking Report © July 2016 Digital Banking Report

As mentioned earlier, part of the reason for this lack of urgency could be that banks and credit unions do not sense that the consumer wants this capability. Unfortunately, part of this belief is underpinned by the reality that many of those customers who have attempted to open an account with a mobile device are often faced with application processes that were not built for mobile.

In addition, when a customer visits a branch to 'complete the process', the branch employee is usually provided an incentive to start from scratch, eliminating any record that the customer *preferred* the mobile account opening feature initially. Even if the consumer wanted to complete the process with a mobile device, financial institutions responded that less than 24% had better than a 50% chance of having their application approved immediately.

Should the banking industry be more concerned that less than only a quarter of people hoping to open an account on a mobile device have better than a 50% chance of immediate approval, or that 66% of the respondents don't know what that percentage is?

CHART 19: IF YES, WHAT PERCENTAGE ARE APPROVED IMMEDIATELY? (n=148)

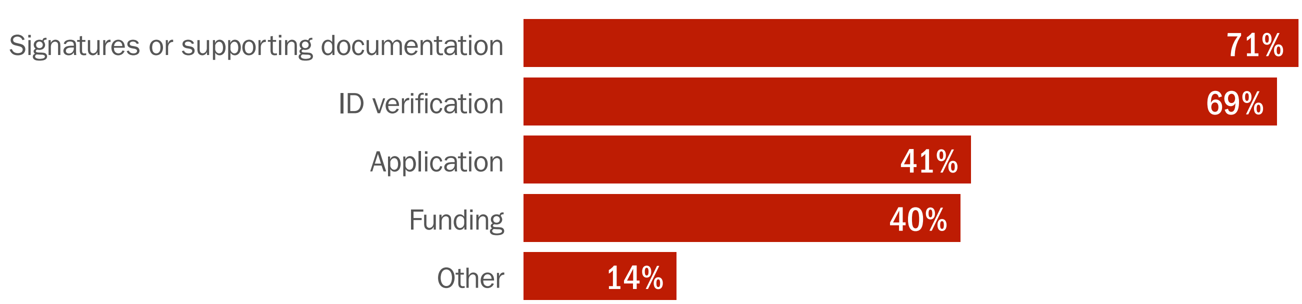


Source: Digital Banking Report © July 2016 Digital Banking Report

Interestingly, while the same components of the new account opening process needed to be handled in a branch for mobile as was the case for online account opening, fewer indicated that "funding' was a stumbling block, possibly indicating that more firms may be allowing a mobile deposit as part of the opening process. Alternatively, 10% more indicated that an 'application' had to be branch based for mobile than for online account opening.

CHART 20: IF NO, WHAT STEP(S) OF THE MOBILE SPECIFIC APP NEW CHECKING ACCOUNT OPENING PROCESS MUST BE HANDLED IN A BRANCH? (n=139)

(Mark all that apply.)



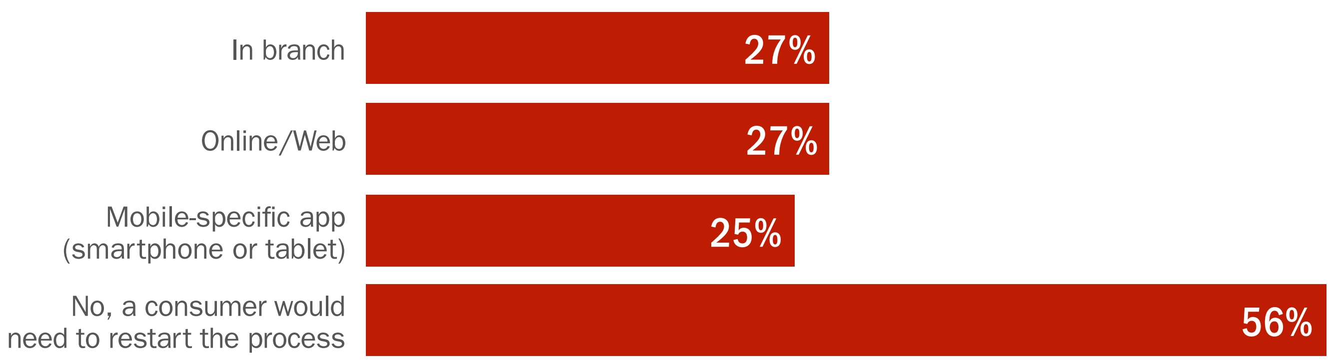
Source: Digital Banking Report © July 2016 Digital Banking Report

Multichannel Support for Online Account Opening

Similar to what was found with the online account opening process, the ability to "save and resume" the account opening process on an alternative (or even the same) channel is lacking. While a higher percentage of customers can restart the account opening process using a mobile app (25% compared to only 11% for customers who started online), the ability to restart in the branch or online is significantly lower than for the online account opening customers.

Indicating that the industry has a far way to go before the digital customer will feel comfortable opening an account on a mobile device, 56% have no ability to restart the account opening process that has been initiated on a mobile device. This is 11% higher than the incidence for online account openers.

CHART 21: IF A CONSUMER STOPS THEIR MOBILE SPECIFIC APP NEW CHECKING ACCOUNT OPENING PROCESS MIDSTREAM, CAN THEY 'SAVE AND RESUME' THE PROCESS ON THE FOLLOWING CHANNELS? (n=171) (Mark all that apply.)



Source: Digital Banking Report © July 2016 Digital Banking Report

Online Account Opening Abandonment

Unfortunately, trying to draw a meaningful conclusion about the rate of abandonment for the mobile account opening process is difficult. This is because the percentages in all of the abandonment categories is lower than what we found for online account opening (which initially looked like 'good news').

In reality, the percentages related to abandonment were lower because a higher percentage of firms don't measure mobile account opening abandonment or just "don't know". Part of the challenge in quantifying this question could be that not all surveys were responded to by the head of the mobile team.

CHART 22:
WHAT PERCENTAGE OF POTENTIAL CUSTOMERS BEGIN THE NEW ACCOUNT OPENING PROCESS WITH A MOBILE SPECIFIC APP BUT ABANDON THE PROCESS? (ABANDONMENT RATE) (n=183)

Category	% of Respondents	# of Respondents
< 10%	6%	11
11% to 25%	9%	16
26% to 50%	9%	17
51% to 75%	5%	9
> 75%	2%	4
We do not measure MOBILE account opening abandonment rates.	23%	42
I don't know.	46%	84

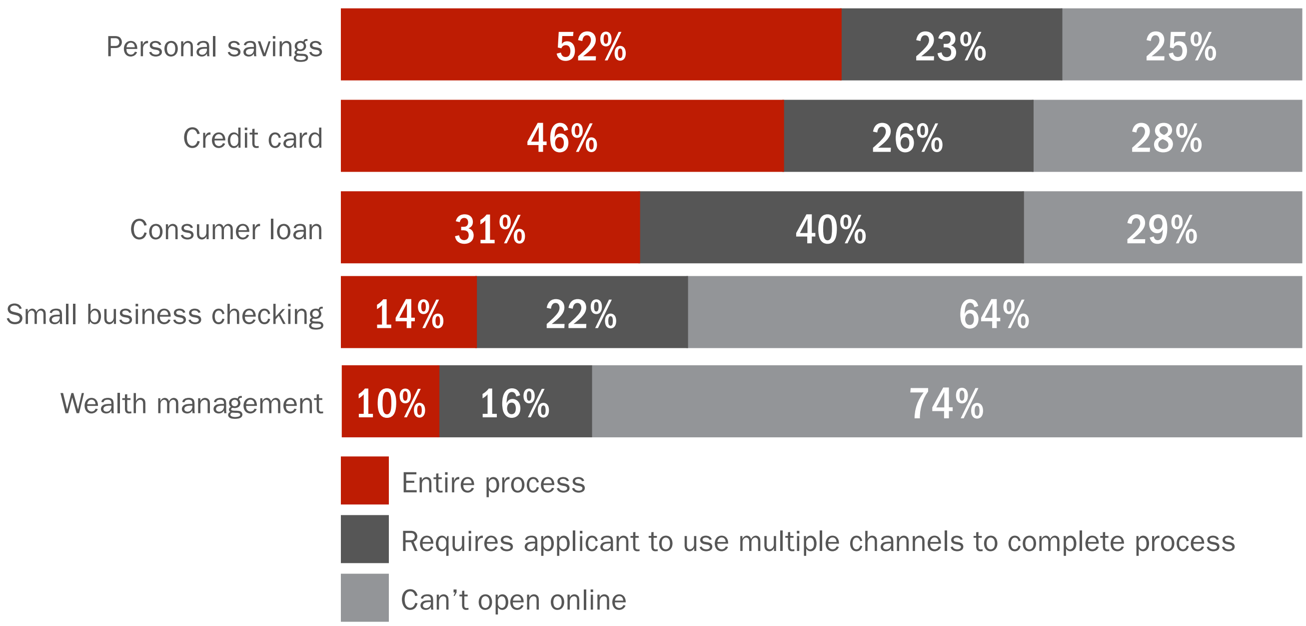
Source: Digital Banking Report © July 2016 Digital Banking Report

Digital Account Opening Beyond Checking

At first, we were surprised that the ability to open a savings account and credit card were on par or greater than the ability to open a checking account online or a mobile device until we better understood that, since the risk of loss is greater for a checking account than a savings account, the digital process is easier to offer. In many cases, those who want to open a new savings account digitally are often already are a customer.

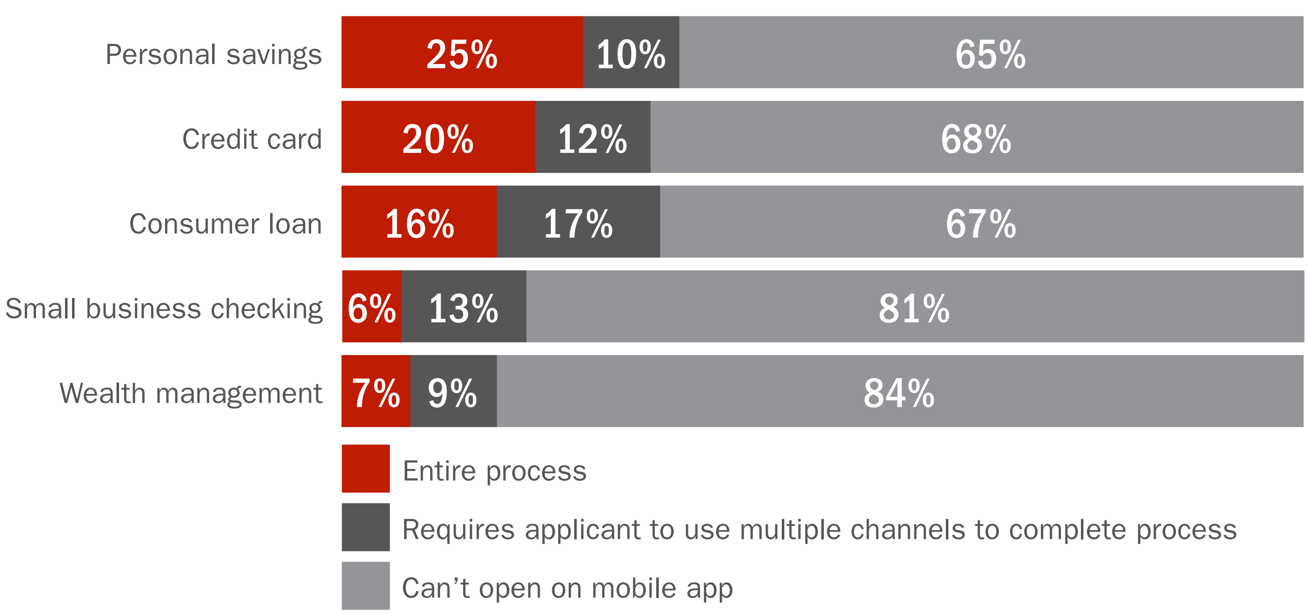
In addition, the ability to open a credit card (or even a loan) on a digital device has been accelerated by non-traditional banking competition who have been offering digital account opening for years. Since verification of personal information goes beyond just the financial institution to include a credit bureau, the risk is lower than for a traditional checking account.

CHART 23: WHAT OTHER TYPES OF ACCOUNTS CAN BE OPENED WITH A WEBSITE APPLICATION? (n=318) (Mark all that apply.)



Source: Digital Banking Report © July 2016 Digital Banking Report

CHART 24: WHAT OTHER TYPES OF ACCOUNTS CAN BE OPENED WITH A MOBILE SPECIFIC APP? (n=276) (Mark all that apply.)



Source: Digital Banking Report © July 2016 Digital Banking Report

In-Branch Digital Account Opening

More and more institutions are beginning to implement universal teller programs in scaled back branches, where all staff members are trained to serve the customer's basic needs in a branch office. An important component of this change in roles is the increased use of digital tools at the branch level.

This digitization of the branch was covered in issue 233-234 of the Digital Banking Report, *Bricks+Clicks: Building the Digital Branch.* Beyond the increased use of video tellers and digital technology that can help with operational tasks, the use of tablets by branch employees is also increasing.

Tablets enable staff to utilize all kinds of information and tools from product catalogs, to financial calculators, to customer data, in order to enhance service delivery. These can be used to enhance interactions with customers and enable the branch to fit more seamlessly within the bank's larger omnichannel strategy as it develops a single view of the customer.

Leveraging tablets for new account opening is increasingly becoming the norm due to the ease of use and portability beyond the physical facility. In our survey, 47% of institutions surveyed indicated that they either "currently have" a teller assist program for opening new accounts or will have such a program within the next year. Only 20% of those surveyed said that they didn't have plans for such a program.

More than just an indication of increased digitization at the branch level, we believe this highlights that the banking industry is focused more on digitization that may reduce costs as opposed to digitization that will improve the customer experience (mobile and online account opening). We have already seen many instances where the tablet assist program hasn't streamlined the account opening, but has simply mobilized the process.

The key to a tablet assist account opening process is to go beyond mobilization and move toward simplification and full digitization (we have also seen many organizations that still complete the tablet assist account opening process with paper forms to complete and the use of 'wet' signatures (as opposed to digital.)

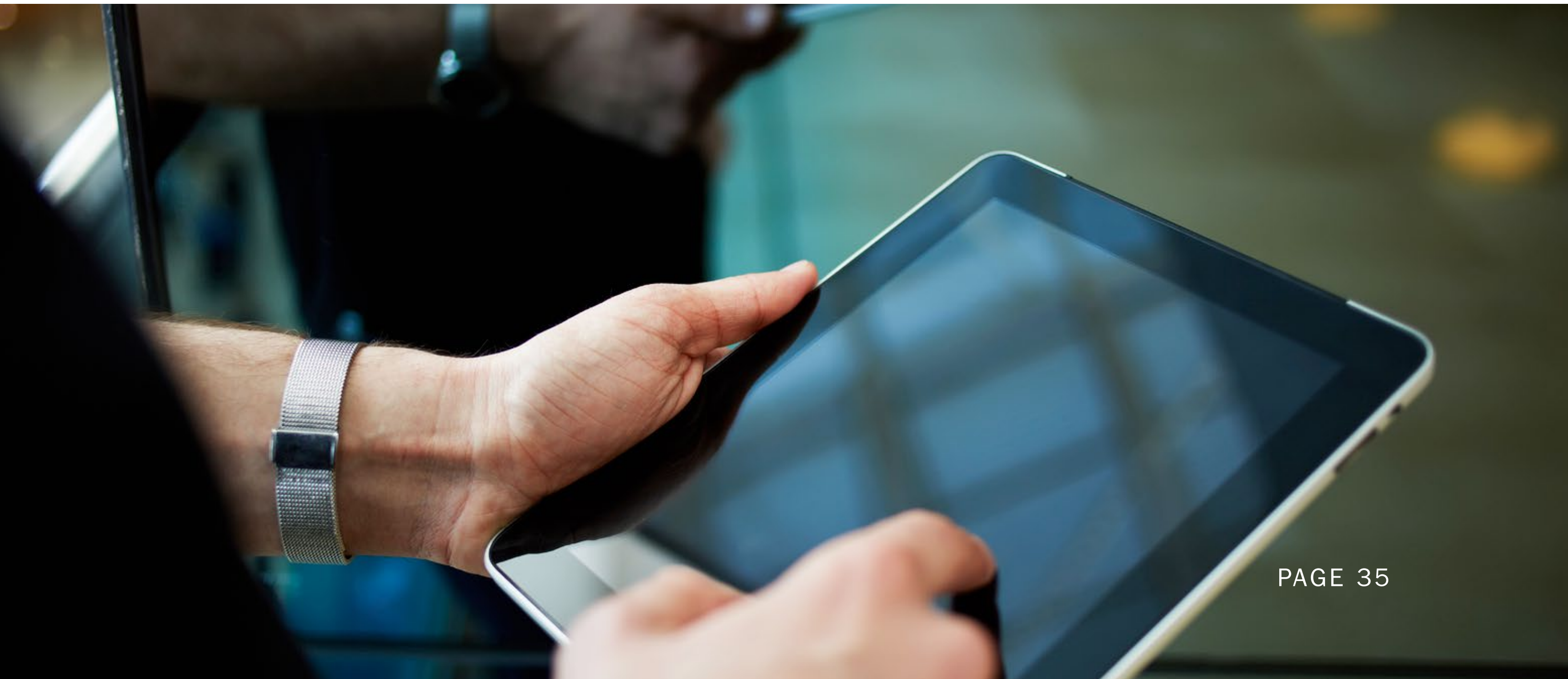
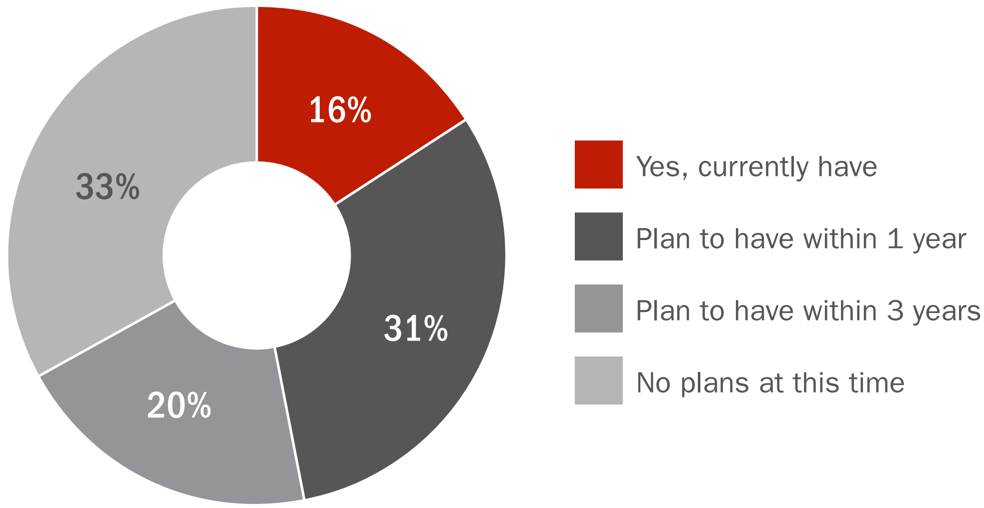
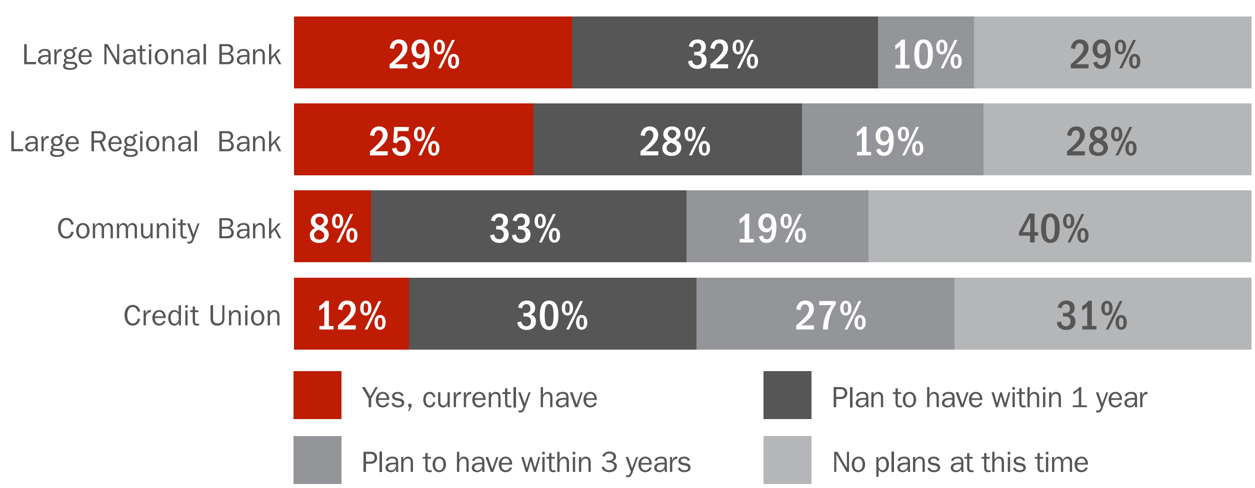


CHART 25:
FOR ACCOUNTS OPENED IN THE BRANCH, DO YOU CURRENTLY HAVE A TABLET ASSIST PROGRAM WHERE ACCOUNTS ARE OPENED ON A TABLET/IPAD? (n=333)



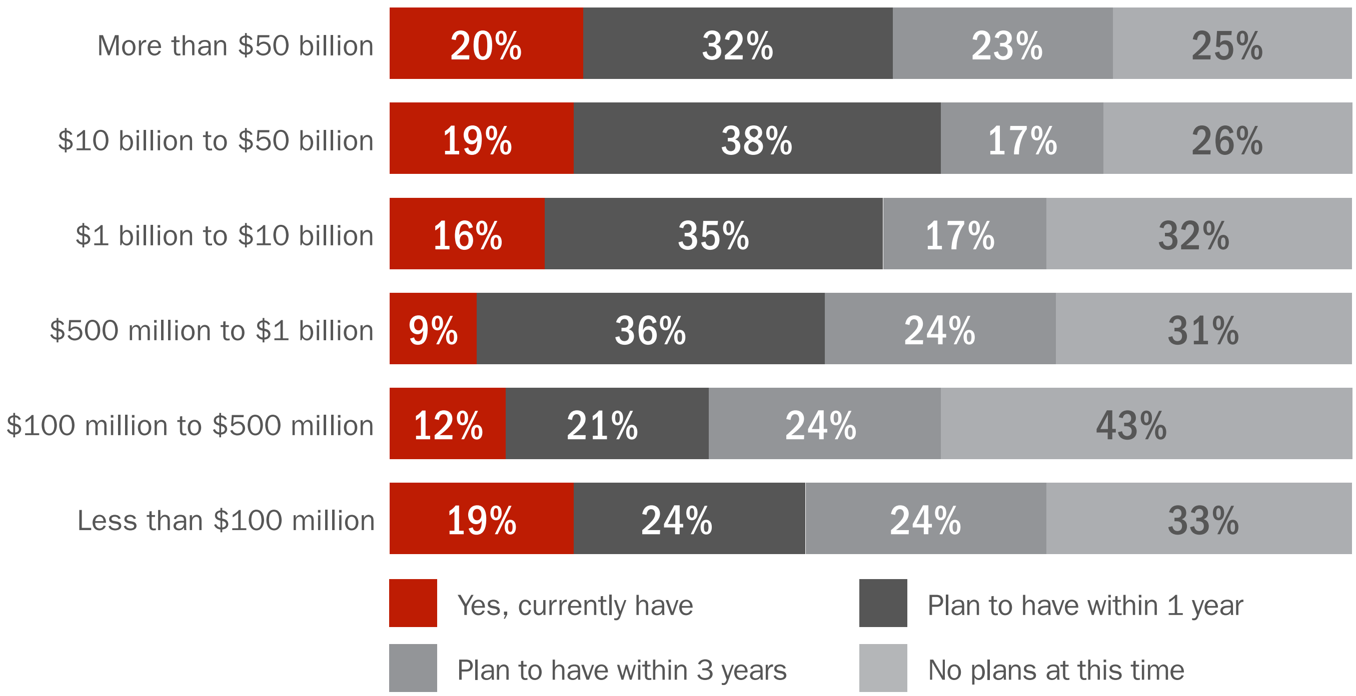
Source: Digital Banking Report © July 2016 Digital Banking Report

CHART 26:
FOR ACCOUNTS OPENED IN THE BRANCH, DO YOU CURRENTLY HAVE A TABLET ASSIST PROGRAM WHERE ACCOUNTS ARE OPENED ON A TABLET/IPAD? BY TYPE (n=324)



Source: Digital Banking Report © July 2016 Digital Banking Report

CHART 27: FOR ACCOUNTS OPENED IN THE BRANCH, DO YOU CURRENTLY HAVE A TABLET ASSIST PROGRAM WHERE ACCOUNTS ARE OPENED ON A TABLET/IPAD? BY SIZE (n=324)



Source: Digital Banking Report © July 2016 Digital Banking Report

Santander:
Digitizing the Branch Account Opening Process

Understanding the importance of 'first impressions', Santander Bank has improved their new tablet and desktop account opening platform to reduce steps and screens, allowing for more advisory & selling interactions.

To eliminate steps and improve the customer experience at the branch level, **Santander Bank** has completely redesigned its new account opening architecture and software to integrate paperless processes and consolidate screens and clicks for an improved experience. The bank's new platform speeds up and streamlines account opening in the branch, cutting the time by more than half, which improves the customer experience.

"Modernizing the account opening process has enhanced the bank's ability to serve our customers," said Brian Diepold, Santander's Director of Marketing Insights and Technology. "Like most banks, Santander's process for opening new accounts was designed to be branch-based and the work-flow involved unnecessary steps, clicks, pages and prompts. We've re-engineered the process to take as little as two minutes, which gives bankers more quality time with the customer instead of keeping them occupied inputting data."

The result of Santander's efforts was to be named a winner in the **Celent Model Bank competition**. According to Stephen Greer, an analyst with Celent's banking practice, "Santander Bank has delivered a paperless, real-time, end-to-end account opening platform, completely redesigning its new account opening architecture and software to integrate paperless processes and consolidate screens and clicks for an improved experience."

Prior to implementing the new process, it took an unreasonable amount of time to open single or multi-signer accounts on the core platform at Santander. Data needed to be entered multiple times, with customers inconvenienced by the wait time and frustrated by being asked the same questions multiple times.

In reviewing the process, the bank identified around 30 minutes of inefficiency within the account opening process. Rather than limit the improvements to only desktop account opening, Santander wanted to introduce a tablet-based process that would allow mobility within the branch as well as enabling platform personnel to open new accounts on the road.

To allocate the required human and financial resources and prioritize these improvements, the Santander new account opening project was sponsored by the CEO and entire executive team and included two primary objectives:

1. Simplify the account opening process to increase productivity and efficiency, enabling a higher value interaction between the bank and its customers.
2. Enable mobile account opening as bankers leave the branch to interact with customers and prospects remotely.

Santander: Case Study

Simplifying In-Branch Opening

Santander's initiative to redesign its new account opening architecture and software and improve the in-branch account opening experience was a multi-stage process, initially yielding a tablet-based application that launched in 2015. The Bank then redesigned the software for desktop use.

The platform's key benefits to customers include:

- Simplified and speedy account opening and onboarding process that reduces screens, clicks and entry of duplicative customer information.
- Consolidated sign-up process enabling enrollment across different services like debit cards, online banking, and overdraft protection simultaneously.
- Enhanced quality of interactions between bankers and customers.
- Secure online banking enrollment. Data is not stored on the tablet device. All information is sent via paperless storage (account opening documents held in an online repository), e-signatures, and image capture for IDs.
- An environmentally friendly, completely paperless tablet banker-assisted account opening process that reduces risk and saves paper.

The tablet app enabled completely paperless, end-to-end account opening that incorporated other services like online banking enrollment. All the "paperwork" is delivered electronically to the customer, sent and stored securely and is always accessible within the customer's Online Banking and the bank's content management portal.

According to Santander, **Mitek's** OCR software is used to read customer information from a driver's license and pre-populate new account opening forms. The software is running on tablets in 34 of the bank's 670 branches with plans to expand to additional branches over the next year.

One of the features is that within each account, a representative can toggle between the customer profile, banker notes, and the account opening application. This allows the banker to reference or update any needs assessment information on the customer in real time.

The Impact

According to Santander, within a week of the deployment, more than 60% of eligible product applications were handled through the new platform, with more than 2,500 accounts processed per week.

From a user experience standpoint, the platform accomplished the following:

- 343 to 180 clicks from legacy new account opening simplification.
- 180 to 88 clicks through the tablet application (119 to 15 screens).
- 119 to 8 screens on the desktop application (88 clicks for prospects, 37 for existing customers).

Customer satisfaction has also increased. In a survey of customers after new account opening, the net satisfaction score climbed 10% (promoters fewer detractors on a 5 point

Santander: Case Study

survey). The increase in efficiency and tablet app gives bankers the ability to be present with the customer instead of busy inputting data.

Santander's commitment to providing best-in-class digital onboarding experiences extends to direct customer touchpoints as well. Their online and mobile account opening process, recognized as Best Digital Platform in March, 2015 by **Innovation Enterprise**, can be completed online, in about 10 minutes for most deposit products.

The responsive application supports several features to increase their customer's convenience, including save and retrieve and a driver's license scan using a smartphone's camera, to make the mobile application experience easier and faster.

The customer doesn't have to visit the branch at all for either of Santander's digital account opening systems, online or mobile. Funding today is done via debit or credit card, and they'll be rolling out account transfer funding (ACH) later in the year. The only offline component is a signature card that they send in the mail, which will be replaced with eSignature, also later this year.

As far as improvements, in addition to eSignature and account funding, Santander is looking at other ways they can use the mobile phone camera to increase convenience, and interface improvements to reduce clicks and typing. Their goal is to make the digital and mobile experiences as streamlined and friendly as possible for the digital-natives of their customer base.

In the end, the changes benefit the increasingly digital consumer, who is looking for simplicity and a way to complete the digital journey they started when they shopped for a new account online. By making the process easier for the consumer, Santander will garner an increasing share of the market who are becoming impatient with paper intensive and branch focused new account processes.

Digital Onboarding

Banks have seen a steep decline in face-to-face interactions with customers and even prospective customers. How do you tackle customer onboarding for people who don't visit your branches? If you don't offer some form of digital onboarding, you better at least be building future strategies for the digital consumer.

Onboarding has serious implications for the bank — not only in terms of customer acquisition, but also in growing the business through follow-on cross-sell and upsell activities. According to **Javelin Strategy & Research**, "Effective onboarding and activation that emphasizes customer engagement can help financial institutions boost profitability by $212 per customer."

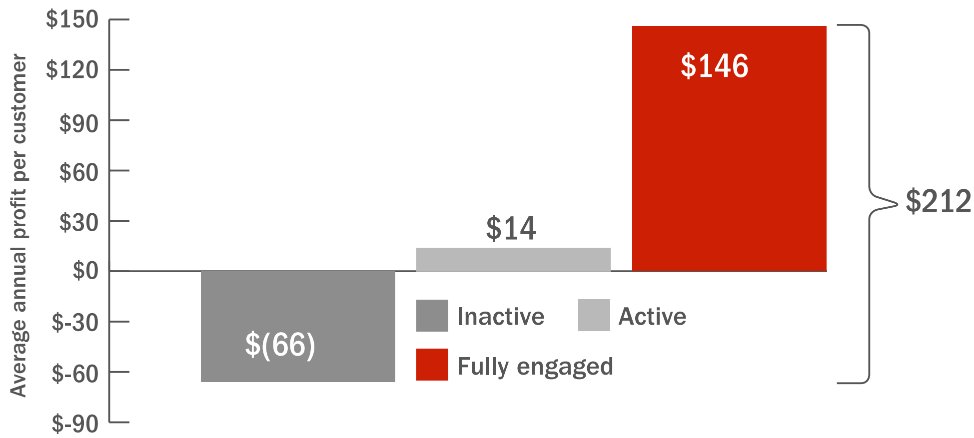
By engaging in an initial interaction that is simple, pleasant and productive, your financial institution has set the stage for future favorable customer interactions. But rather than taking a piecemeal approach to onboarding, many banks are taking the integrated solution route.

By leveraging a package of products, services, and technologies that function more effectively as a whole, banks turn what was once a complex process into an easy, intuitive path for customers to open and fund a new account, setting into motion a longer-lasting relationship.

While taking an integrated solution approach to onboarding is a beneficial endeavor, it is easier said than done. Banks have some very unique challenges to overcome before integration is even possible.

Often no clear ownership of the customer journey exists. Many departments hold pieces but not the end-to-end process. These departments have a narrow-minded view that begins and ends with just their piece of the overall process. This approach results in diverse experiences for the customer. What is needed is one process, no matter the input channel.

CHART 28: CHECKING ACCOUNT PROFITABILITY INCREASES FROM EFFECTIVE ONBOARDING



Source: Javelin Strategy & Research and Deluxe © July 2016 Digital Banking Report

Email may be the workhorse of onboarding efforts, but email alone is not enough. Optimum results will come from a program that uses a multi-channel approach. Text messaging and email are important for initial communications, but new customers also put emphasis on direct mail. They want to see tangible evidence of their account opening, activities and their bank's interest in the new relationship.

Using multiple channels will not only increase retention, but will also increase engagement, improve cross-selling and increase customer satisfaction according to J.D. Power. While email may be a lower cost alternative compared to some other channels, combining your email efforts with other communication channels will improve your marketing ROI.

Whether it's done to save money or to streamline processes, some FIs choose to onboard only new checking customers or segment accounts and onboard only those they anticipate will become the most profitable. This leaves money on the table.

"We've found that it is very difficult, verging on impossible, to accurately predict the potential value of a new customer. In fact, the profitability of a new customer is directly influenced by the effectiveness of onboarding and your ability to stem attrition," states Todd Weiss, Director of Product Management at **Deluxe.**

We have also found in our research that some of the best onboarding results are achieved from programs that include current customers who open a new checking account, or households that open a loan or credit card relationship and are effectively onboarded. While the message and communication sequence may be different, there is *always* a positive ROI from building a welcome communications process for customers that open a new relationship.

Onboarding is the key to engagement, and engagement is essential for successful cross-selling. If you try to cross-sell services that are not logical 'small step' extensions of the product originally opened too soon, consumers may lack the level of engagement needed in order for them to be willing to act on your offers and information.

Services like direct deposit, billpay, online banking, mobile banking and overdraft protection are all important engagement 'go with' services that will help retain a new customer or member and build profitability. Even establishing customized alerts and notifications can enhance the 'stickiness' of the new relationship.

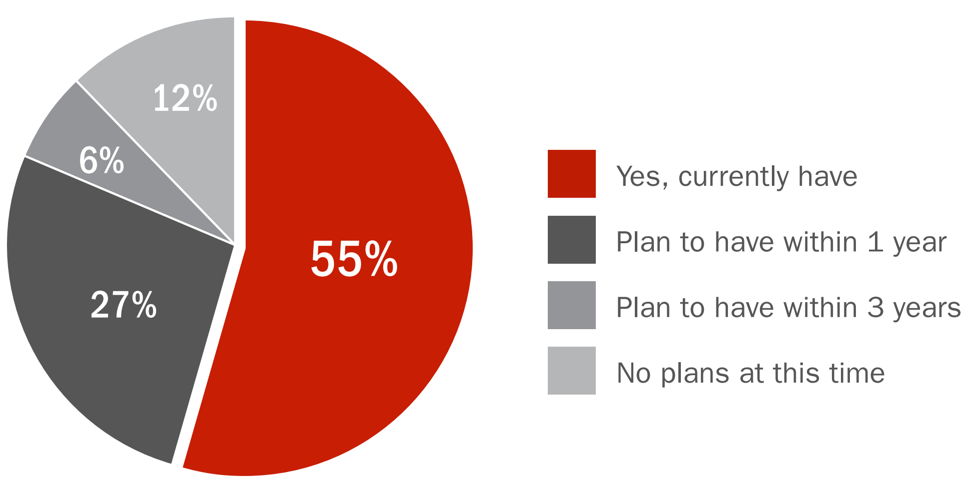
According to **Comperemedia** research, the majority of the largest financial institutions actively communicate with new customers using multiple channels to improve 'go with' services engagement.

As financial institutions face increasing pressure to identify new channels and methods for customer acquisition and retention, the mobile channel has emerged as a strong preference among today's consumers – even when engaging in face-to-face customer service. Improving the in-branch onboarding process through the use of the camera is one way for financial institutions to not only streamline new account enrollment, but also improve the customer's overall experience with the bank.

Aite Group estimates that mobile capture onboarding can help reduce mobile new account abandonment by as much as 25% when used in a self-service model. But when the technology is applied in-branch, banks are likely to increase the volume of new applications and enrollments that branch employees can accurately complete each day, helping to counter-balance the branch's fixed costs.

Most importantly, it provides an improved experience for customers, which allows financial institutions to attract and retain more customers in an increasingly competitive environment...

CHART 29:
DOES YOUR ORGANIZATION CURRENTLY HAVE A STRUCTURED POST NEW CONSUMER CHECKING ACCOUNT OPENING ONBOARDING PROCESS (SELLING PRODUCTS/SERVICES USING NON-BRANCH CHANNELS)? (n=299)

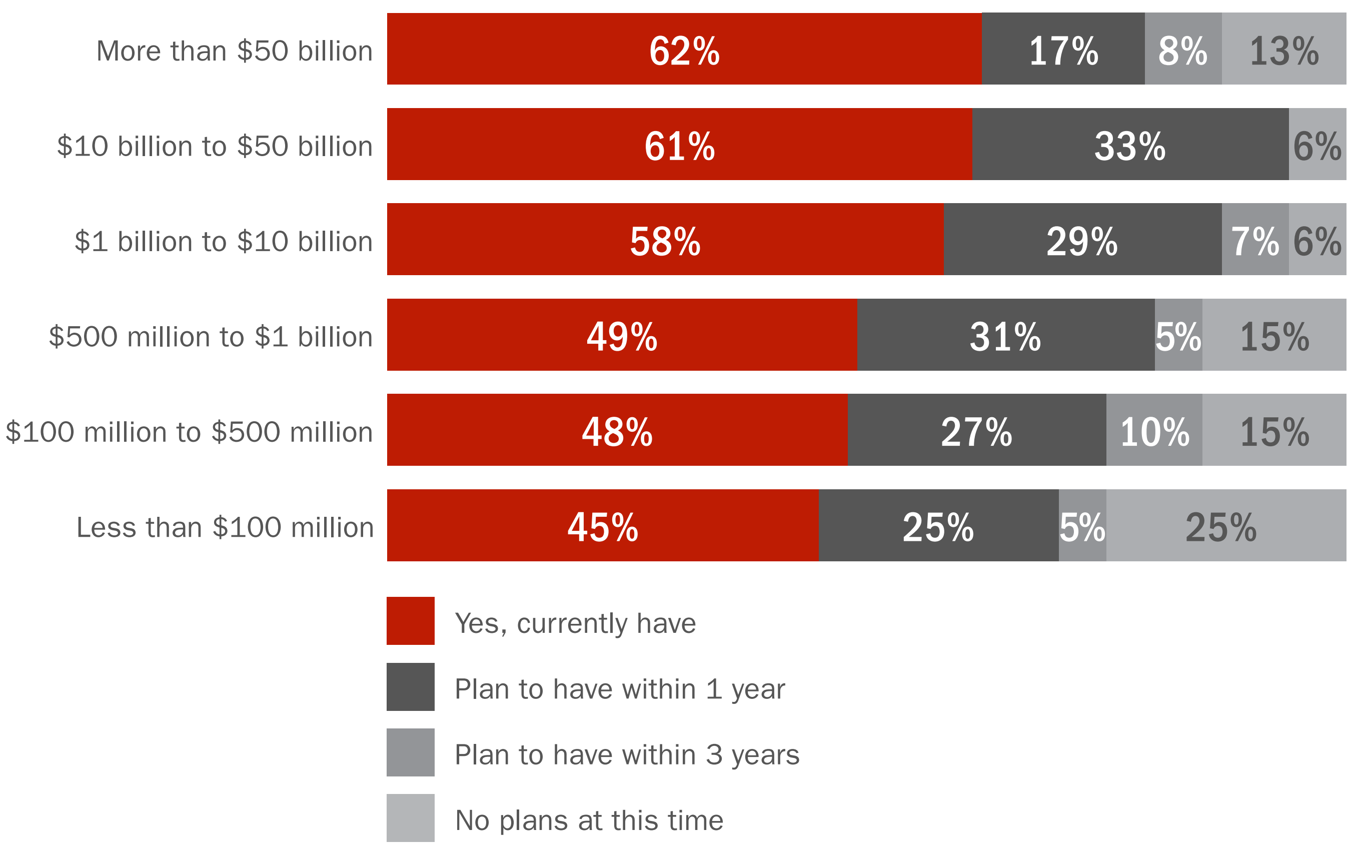


Source: Digital Banking Report © July 2016 Digital Banking Report

When we look at the responses by size of organization, the largest financial institutions seem to have an edge in the implementation of a new customer onboarding solution (albeit showing that 38% of the largest organizations worldwide still do not have a formal onboarding program.)

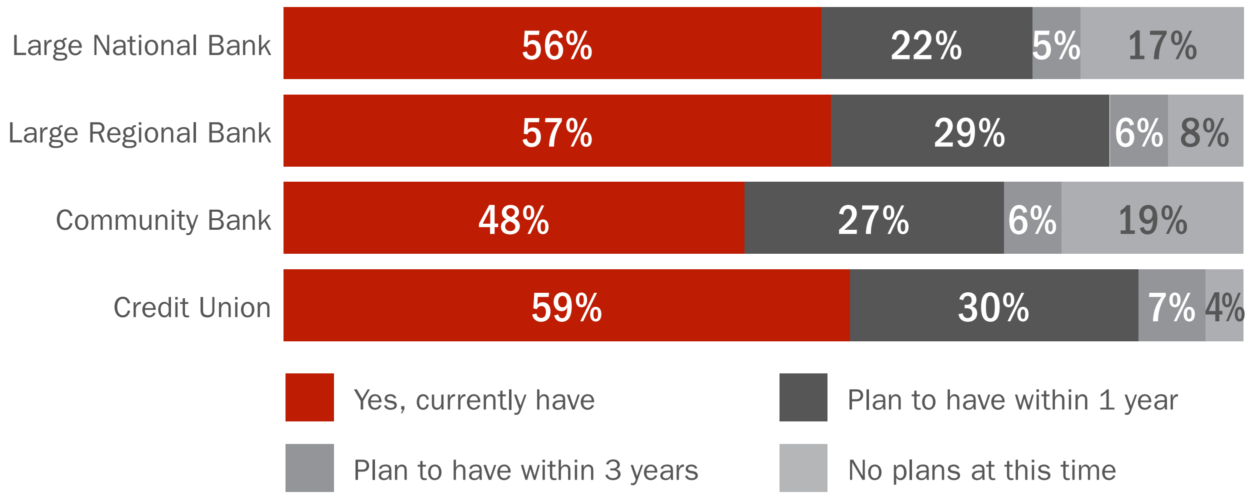
When we look at the implementation of a structured onboarding program by type of organization, there is not much difference between the implementation rates, except that community banks don't seem to be drinking the "importance of onboarding" Kool-Aid. Alternatively, the credit union segment definitely is committed to onboarding, with the implementation and planning to implement rates being the highest of any segment.

CHART 30: DOES YOUR ORGANIZATION CURRENTLY HAVE A STRUCTURED POST NEW CONSUMER CHECKING ACCOUNT OPENING ONBOARDING PROCESS (SELLING PRODUCTS/SERVICES USING NON-BRANCH CHANNELS)? BY SIZE (n=294)



Source: Digital Banking Report © July 2016 Digital Banking Report

CHART 31: DOES YOUR ORGANIZATION CURRENTLY HAVE A STRUCTURED POST NEW CONSUMER CHECKING ACCOUNT OPENING ONBOARDING PROCESS (SELLING PRODUCTS/SERVICES USING NON-BRANCH CHANNELS)? BY TYPE (n=299)



Source: Digital Banking Report © July 2016 Digital Banking Report

Channels Used in Onboarding Process

To get onboarding right, build a plan that takes advantage of all available channels you believe could impact the new customer. Beyond direct mail and email, organizations have very successfully improved results by integrating outbound phone, SMS texting, online banking messages, mobile banking messaging, statement inserts and even personalized in-branch messages prompted by in-branch sensors.

Once you identify all the potential channels of engagement, your next step is to build customer journey maps and test different combinations of channels to determine the most effective mix for each product sale. While this may appear to be highly complicated (it is), new marketing communication software makes this test and learn process within the reach of most financial organizations. The key is to build the correct communication for the right channel. Obviously, what works in an email, may not work within a mobile banking platform.

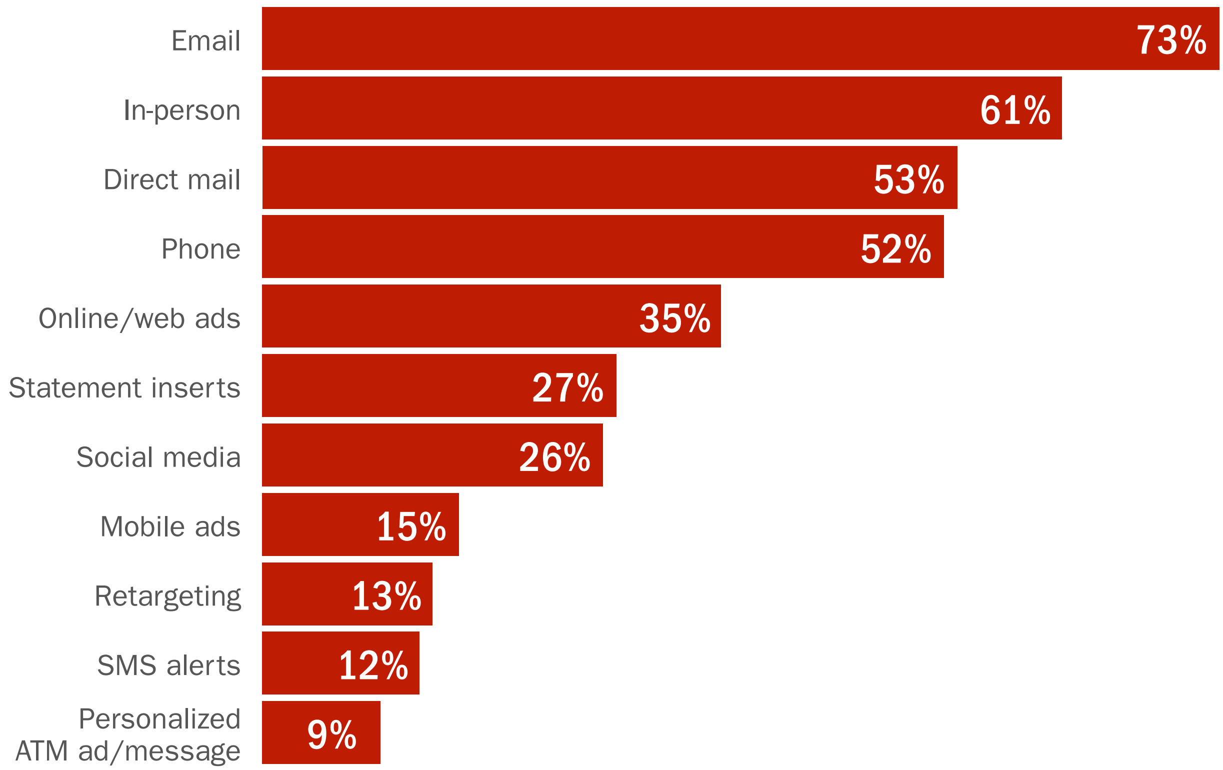
It is also important to understand the way consumers absorb different communications. For instance, the majority of consumers open their emails on their mobile device. So, make sure your emails can be read easily on a smartphone and that any links, videos, tutorials, etc. can be easily watched and processed on a mobile device.

When we asked about the most used communication channels used for the onboarding process, email is the most used channel (73%), followed by direct 1:1 communication (61%), direct mail (53%) and phone (52%). This channel usage is aligned with most studies we have done around effective onboarding.

Somewhat surprising is the very low usage of mobile ads, retargeting and SMS texts given the very personal and powerful effectiveness of these channels.

Some of this hesitancy to use these channels could be caused by the lack of advanced analytics used by most organizations, creating the challenge of delivering highly personalized messages.

CHART 32: WHAT CHANNELS ARE USED IN YOUR ONBOARDING EFFORTS (FOR NEW CHECKING ACCOUNT CUSTOMERS)? (n=171) (Mark all that apply.)



Source: Digital Banking Report © July 2016 Digital Banking Report

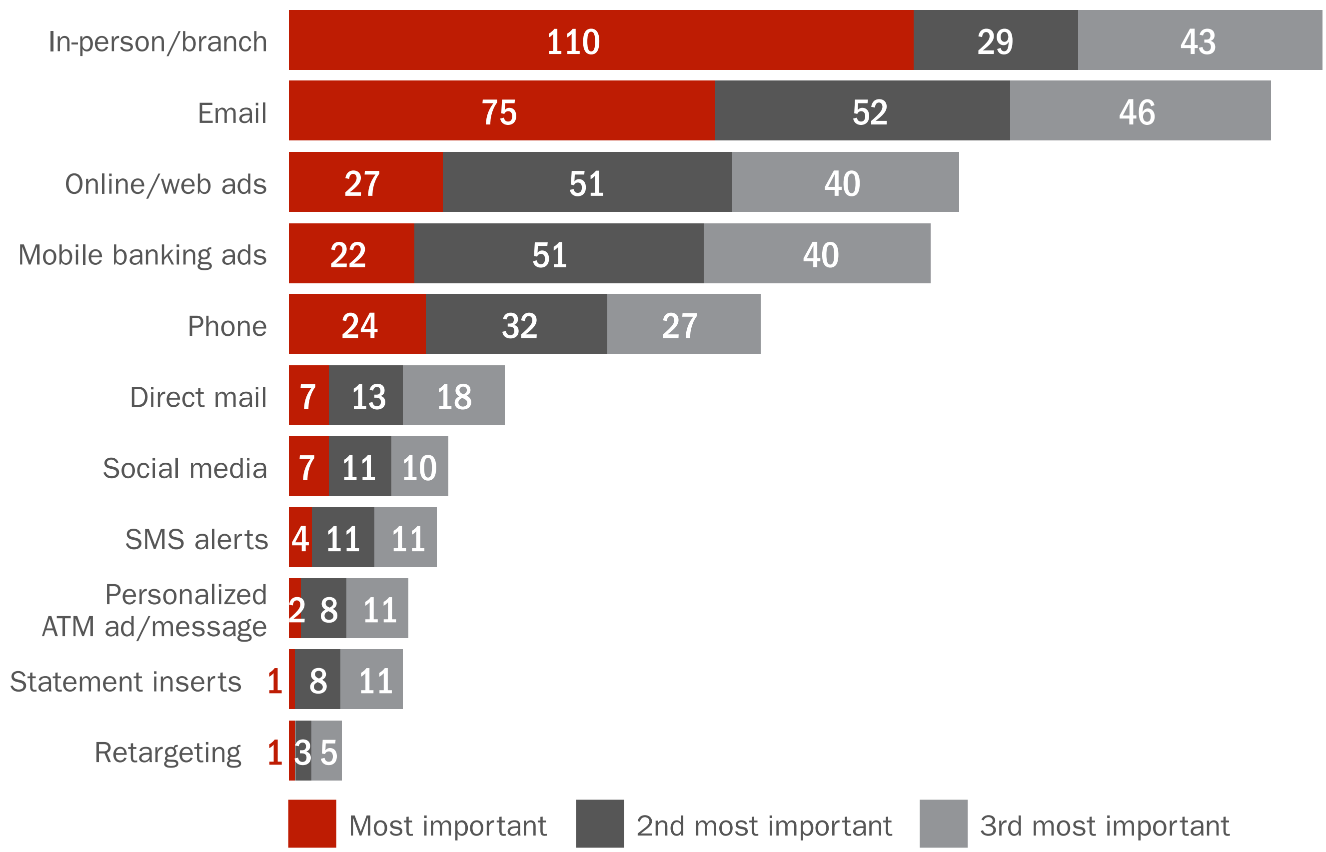
Note: The lower response to the above question, compared to other questions in the survey was caused by an error in response options provided when the initial survey was administered. For this question only, we needed to resend the question to those who responded to the overall survey.

When we followed up the channels used question with a question regarding the effectiveness of different communication channels, the responses were very aligned with other research the Digital Banking Report has done regarding channel effectiveness. Based on both cost and results, the initial branch engagement (and even subsequent engagement) with the customer drives the best results. The use of human resources already committed is a great way to increase results.

It was interesting to note that mobile banking ads were noted to be highly effective despite the lack of overall use. It is believed that the low responses regarding the effectiveness of SMS alerts and retargeting are caused more by lack of use than by results that are measured. Both of these channels should be included in any advanced onboarding process.

CHART 33: PLEASE RANK YOUR TOP 3 MOST EFFECTIVE CHANNELS FOR ONBOARDING (n=282)

(Please mark one in each column.)



Source: Digital Banking Report © July 2016 Digital Banking Report

Frequency of Contact in Onboarding Process

Popular belief holds that if you communicate too frequently with new customers they'll get annoyed and potential leave your institution. Nothing could be further from the truth.

In fact, research indicates that poor quality – irrelevant offers and lackluster communication – is more negatively impactful than delivering a high quantity of communication. Multiple studies show consumers actually *want* frequent, quality communications from their FIs, especially during the early days of the relationship.

The customer who has just purchased a product or service with your organization is the most likely customer to expand their relationship. They want guidance and recommendations for how to make the relationship more valuable.

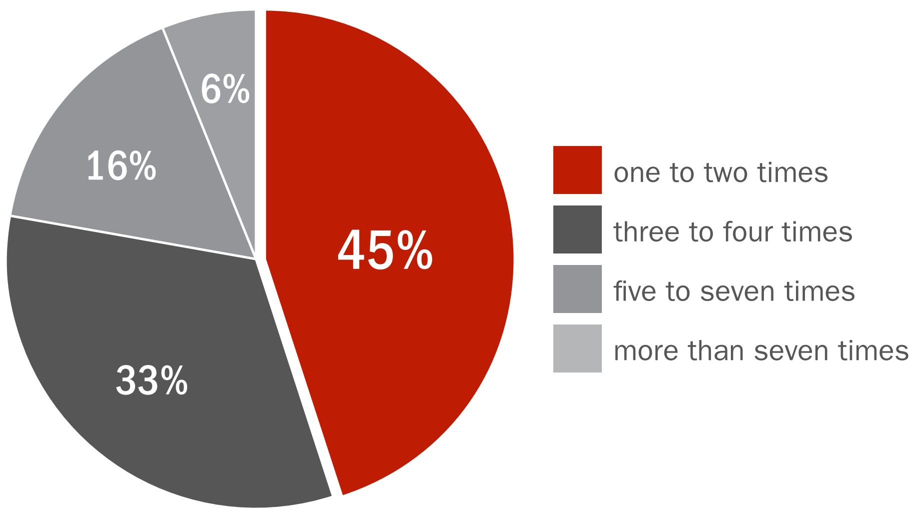
A 2015 study from **J.D. Power** shows that customer satisfaction actually increases as the number of communications from a financial institution increase. Unfortunately, only 5% of households remember receiving the optimal number of messages (5-6). As mentioned, most households don't remember being contacted at all (which may be the result of not having an onboarding process or not reaching the household).

With the need to communicate often during the initial 6 months as a backdrop, we see that almost half of the institutions that have onboarding programs (45%) only connect with their new customers 1-2 times. We believe this is a very lack-luster commitment to saying "Thank You" to consumers who have made a commitment to a significant financial relationship.

In fact, we can find an abundance of examples in other industries where the number of communications significantly exceeds this number, despite the value of purchase being much less. Given the value of retention and growth of a banking relationship, the fact that 78% of the institutions that have an onboarding program contact their new customers less than once a month in the 6 months after purchase is unacceptable.

Only 6% of organizations surveyed connect with their new customers at a level found to be optimal by JD Power.

CHART 34: HOW MANY TIMES DO YOU CONTACT NEW CHECKING CUSTOMERS DURING THE FIRST 6 MONTHS? (n=288)

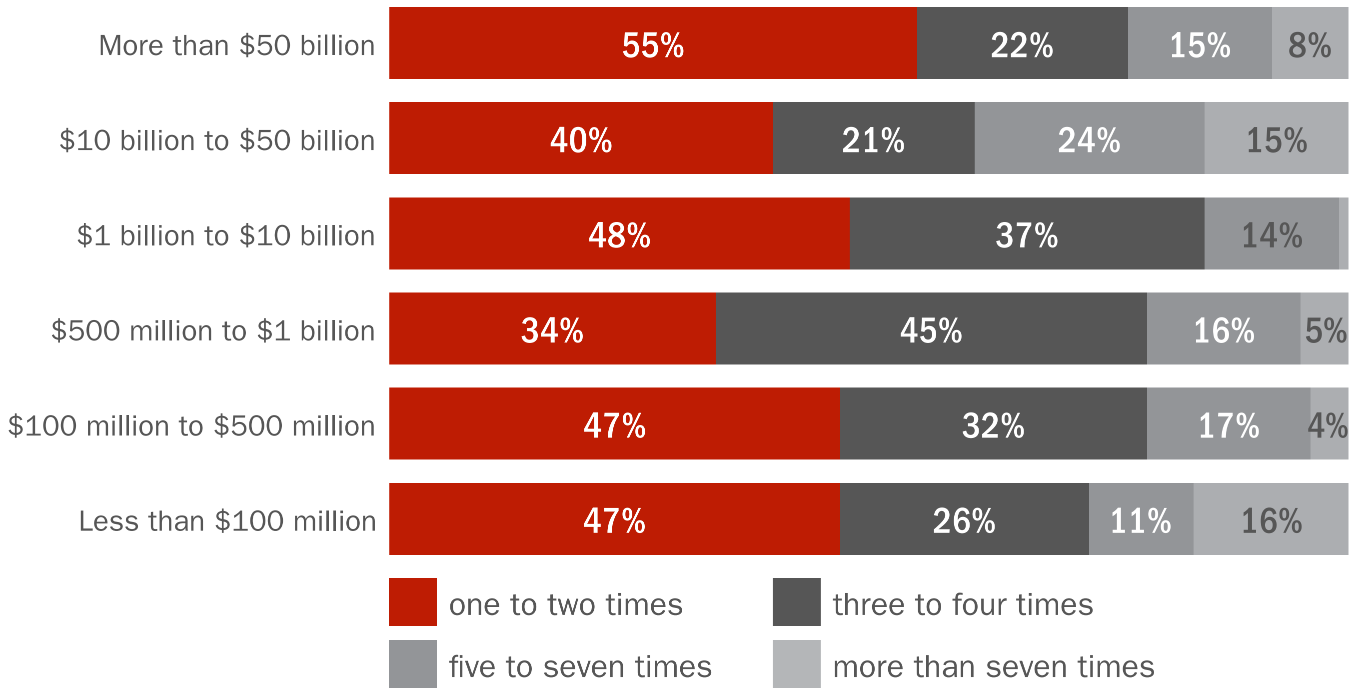


Source: Digital Banking Report © July 2016 Digital Banking Report

When we looked at the number of times a new customer is contacted by size and type of institution, we see that the second tier of organizations by size (assets of $10 - $50B) contact their new customers the most often, with 39% communicating five times or more during the onboarding process. The smallest organizations (assets of less than $100M) also communicate more aggressively, with 27% communicating 5 times or more. Both of these asset class organizations definitely understand the power of building the new relationship as quickly as possible.

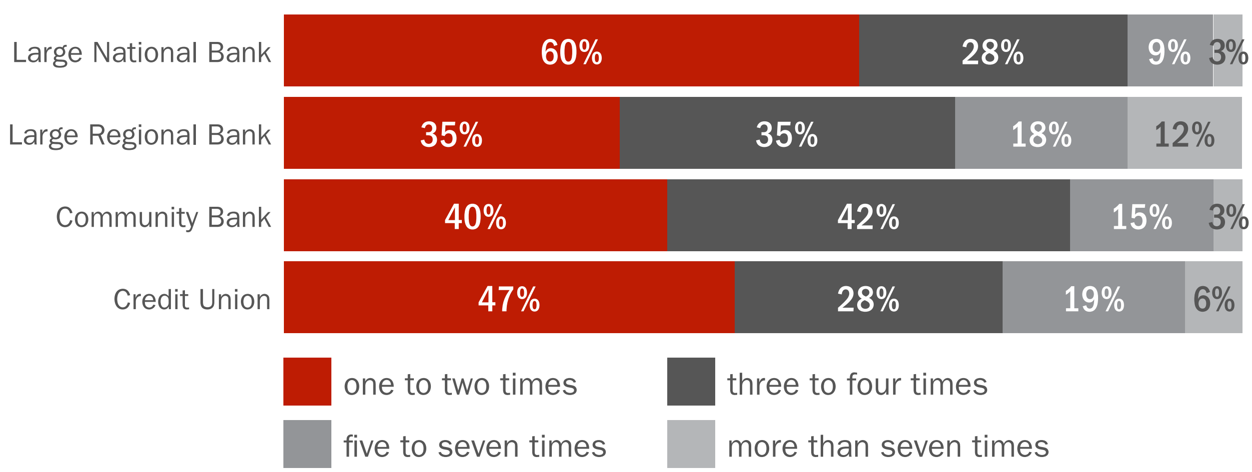
When we looked at the type of organization, the largest organizations either take the new relationship more for granted than other types of organizations (not likely) or do the vast majority of cross-selling at the new accounts desk (more likely). Wells Fargo is the most noted example of a large organization that is committed to not letting a new customer leave the new accounts desk without a 'fully loaded' relationship.

CHART 35: HOW MANY TIMES DO YOU CONTACT NEW CHECKING CUSTOMERS DURING THE FIRST 6 MONTHS? BY SIZE (n=283)



Source: Digital Banking Report © July 2016 Digital Banking Report

CHART 36: HOW MANY TIMES DO YOU CONTACT NEW CHECKING CUSTOMERS DURING THE FIRST 6 MONTHS? BY TYPE (n=288)



Source: Digital Banking Report © July 2016 Digital Banking Report

Services Sold During Onboarding

In the past, most financial institutions thought that the only ‘engagement services’ were online banking, direct deposit and online bill pay. As channels and digital services have expanded, so have the ways in which a new customer can become more engaged with their new product.

For instance, while getting a new customer signed up for online banking is definitely a goal, getting the new customer to sign up for (and use) mobile banking may be a more effective engagement tool. Remember, we want the new consumer to access their new account as frequently as possible early in the relationship. So even the checking of balances on their mobile device (and potentially seeing a targeted message for an additional engagement service) is important.

Beyond these easily identified engagement services, other important engagement tools include sign-up and use of a debit card, ATM use, the customization of alerts, participation in a rewards program and attaching an overdraft protection relationship on the account. We have even seen mobile deposit capture and P2P payments be effective in solidifying a new customer relationship.

CHART 37: ENGAGEMENT SERVICES SOLD BY TOP BANKS DURING ONBOARDING

	Online Banking	Online Bill Pay	Mobile Banking	Debit Card	Branches ATM	Alerts	Direct Deposit	Rewards Incentives	Overdraft Protection
Bank of America	✓	✓	✓	✓	✓	✓	✓	✓	
CHASE	✓	✓	✓	✓	✓	✓	✓	✓	
citibank								✓	
PNC	✓	✓	✓	✓			✓	✓	
TD Bank	✓	✓	✓	✓		✓	✓	✓	
WELLS FARGO	✓	✓		✓	✓	✓	✓		✓

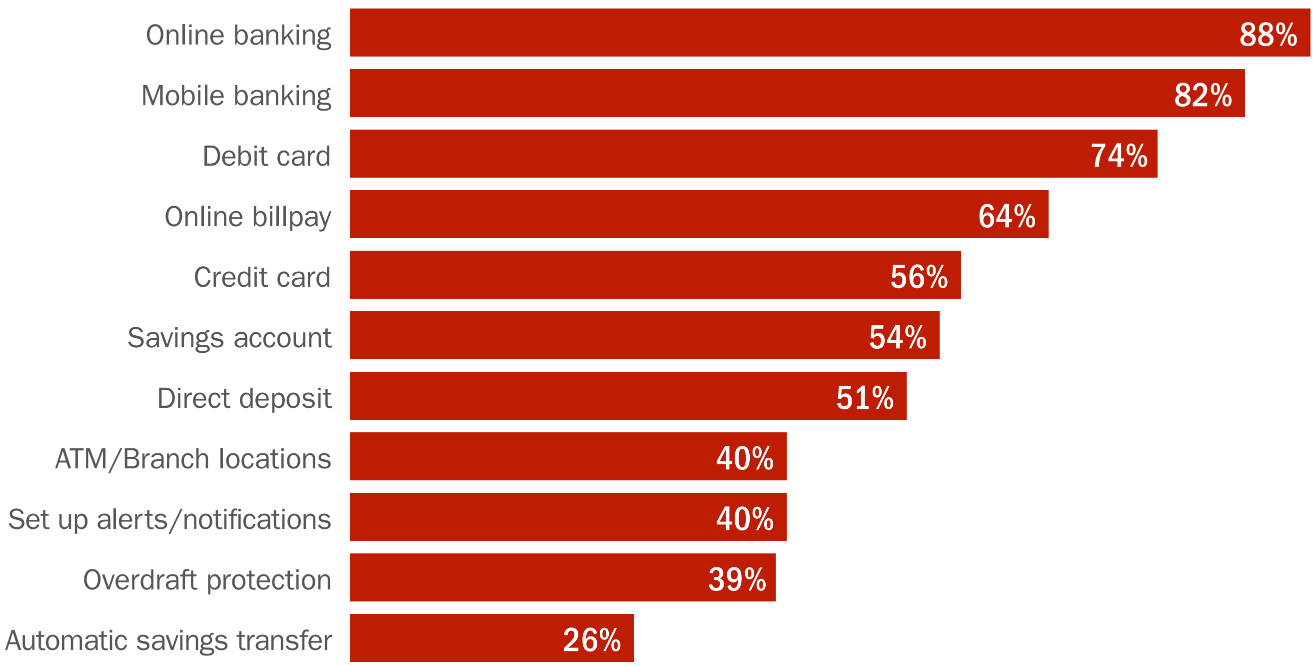
Source: Mintel Comperemedia © July 2016 Digital Banking Report

When we asked financial institutions which services were sold during the onboarding process, the top three services mentioned were online banking (88%), mobile banking (82%) and a debit card (74%). Most likely these three services are 'sold' at the new account desk or are integrated in the online and/or mobile account opening process.

The next most likely services to be integrated into the onboarding process are online billpay (64%) and direct deposit (51%). Given the importance of direct deposit to making the new checking account the primary account for a customer, it is surprising that just over half of institutions with an onboarding process include this important engagement service.

CHART 38: WHICH SERVICE(S) DO YOU SELL DURING THE ONBOARDING PROCESS? (n=285)

(Mark all that apply.)



Source: Digital Banking Report © July 2016 Digital Banking Report

When we asked how the services sold were determined, the answer most provided was that the services were already pre-determined for all new checking customers. This indicates a lack of personalization and targeting during the onboarding process by 39% of those responding.

The good news was that 33% of those surveyed indicated that the offers communicated were personalized on the customer level. Close to a quarter (23%) indicated some form of 'next most likely product' selection criteria.

CHART 39: HOW DO YOU DETERMINE WHICH PRODUCT/SERVICE IS MARKETED TO THE CUSTOMER? (n=282) (Check only one.)

Determination	% of Respondents	# of Respondents
Set services marketed to all new checking consumers	39%	111
Next most likely product sequence based on segment determination	23%	66
Personalized offers based on customer-level data	33%	94
Other	4%	11

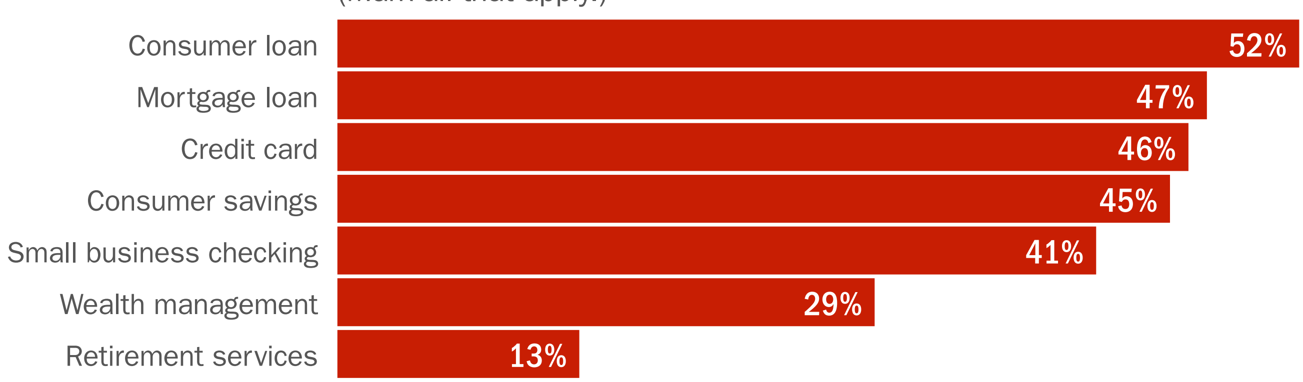
Source: Digital Banking Report © July 2016 Digital Banking Report

Onboarding Beyond Checking Customers

Given that only 55% of financial institutions had a structured onboarding program for new checking account customers, we were pleasantly surprised that the onboarding of other new accounts was almost on par with checking account onboarding. In fact, 52% of new consumer loan customers and more than 40% of mortgage loan (47%), credit card (46%), savings account (45%) and small business customers (41%) were included in an onboarding process.

CHART 40: BESIDES NEW CONSUMER CHECKING CUSTOMERS, DO YOU HAVE AN ONBOARDING PROGRAM FOR OTHER SERVICES? (n=282)

(Mark all that apply.)



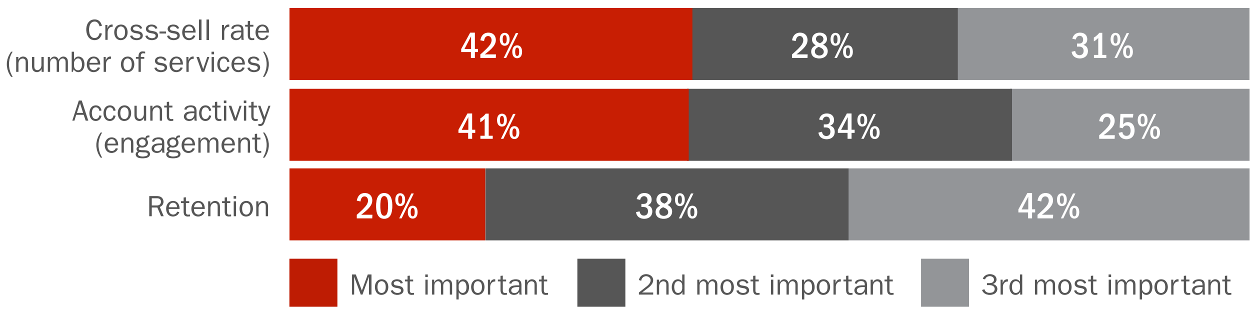
Source: Digital Banking Report © July 2016 Digital Banking Report

Onboarding Benchmarks for Success

When asked to provide a prioritization of success metrics for onboarding programs, account activity received the most first and second place designations (75%) with cross-sell rates getting a slightly lower ranking of top votes (70%). This may be an indication of ease of measurement of account activity, even though we have not often seen organizations measure retention of new households. Instead, most organizations measure overall retention, masking the impact of early attrition.

CHART 41: PLEASE RANK THE MOST IMPORTANT BENCHMARKS OF SUCCESS FOR YOUR ONBOARDING PROCESS? (n=282)

(Mark all that apply.)



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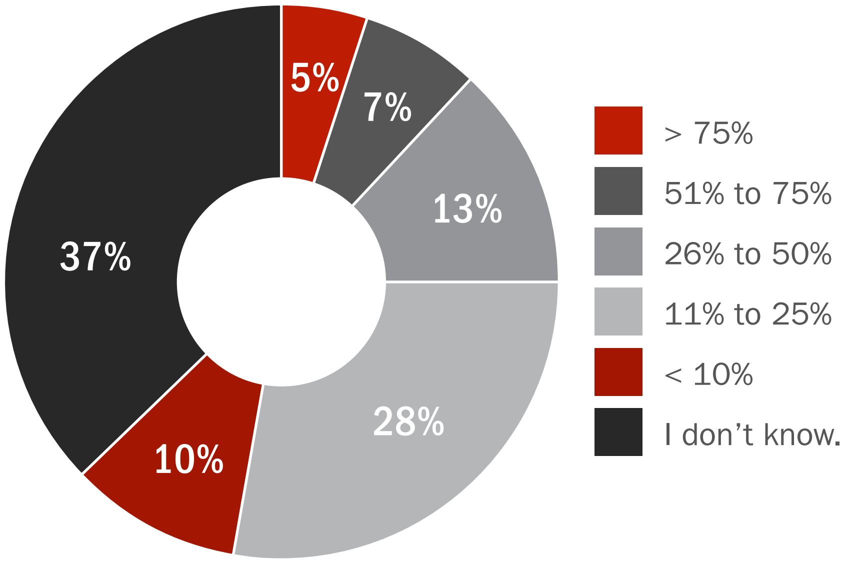
When we dug a bit deeper into the effectiveness of onboarding efforts, 37% did not know how well their programs were performing. This is most likely a result of who responded to the survey as opposed to a lack of measurement.

Of those who did know results, only 25% of those responding said that they were over 50% successful in cross-selling one additional services after the account was opened. Given that 45% of those with an onboarding program only contacted new households 1-2 times in the first 6 months, the low number of cross-sales is not surprising.

Only 38% of those responding indicated that they were successful in selling one additional service 25% of the time or less.

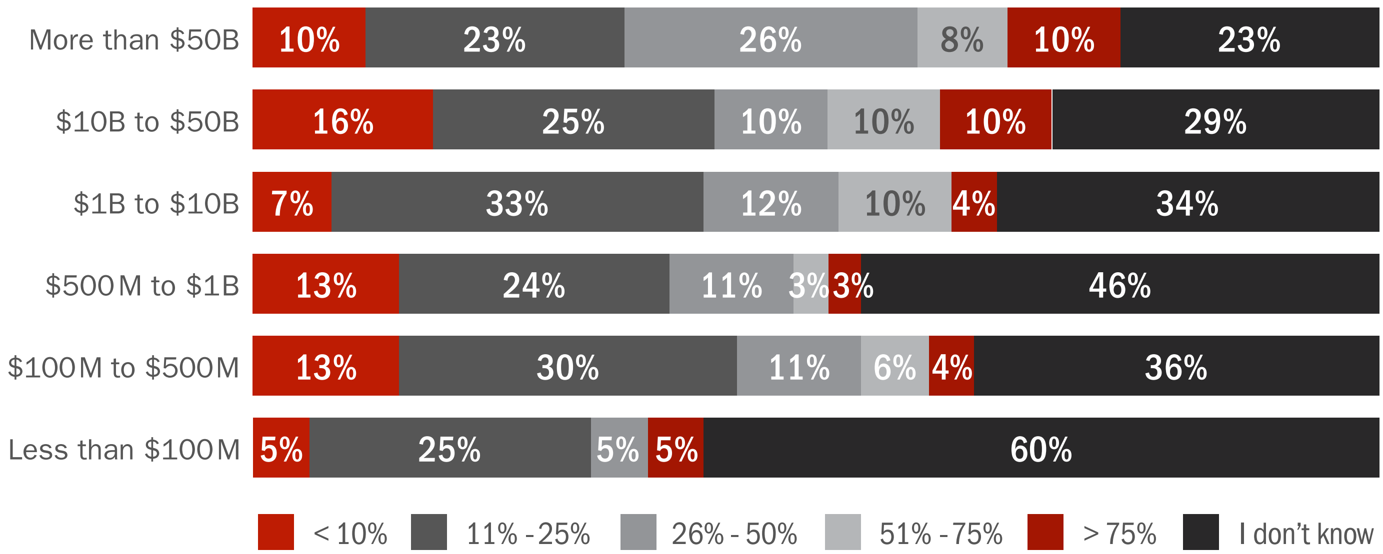
CHART 42: WHAT PERCENTAGE OF NEW CONSUMER CHECKING ACCOUNT CUSTOMERS ADD AT LEAST ONE PRODUCT OR SERVICE AS A RESULT OF YOUR ONBOARDING EFFORTS? (n=148)



Source: Digital Banking Report © July 2016 Digital Banking Report

While admittedly not the easiest chart to absorb, the largest organizations in assets seemed to be more successful in cross-selling during the onboarding process. Fully 44% of institutions exceeding $50B in assets were successful in selling one additional service more than 25% of the time compared to only 13% of those organizations with less than $100 million in assets.

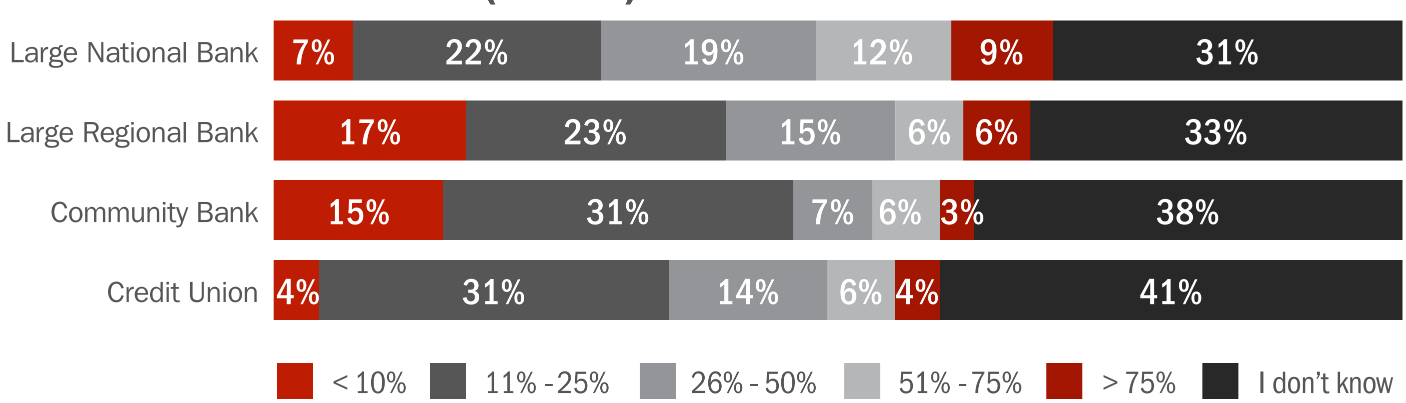
CHART 43: WHAT % OF NEW CONSUMER CHECKING ACCOUNT CUSTOMERS ADD AT LEAST ONE PRODUCT OR SERVICE AS A RESULT OF YOUR ONBOARDING EFFORTS? (n=278)



Source: Digital Banking Report © July 2016 Digital Banking Report

When we looked at the type of institution, the large national and regional banks were the most effective, with the community banks being significantly less successful than the larger banks or the credit unions.

CHART 44: WHAT % OF NEW CONSUMER CHECKING ACCOUNT CUSTOMERS ADD AT LEAST ONE PRODUCT OR SERVICE AS A RESULT OF YOUR ONBOARDING EFFORTS? (n=283)



Source: Digital Banking Report © July 2016 Digital Banking Report

When asked what services were usually held after six months, organizations indicated the most success (>50% success) in selling debit cards (55%), online banking (41%), mobile banking (26%) and savings accounts (23%). A tremendous (and powerful) opportunity still exists in selling advanced alerts/notifications (only 13% indicated > 50% success), automatic savings transfer (4% success) and ID/fraud protection (7%).

CHART 45: AFTER 6 MONTHS, WHAT PERCENTAGE OF YOUR CONSUMER CHECKING ACCOUNT CUSTOMERS OWN THE FOLLOWING PRODUCTS/SERVICES? (n=275)

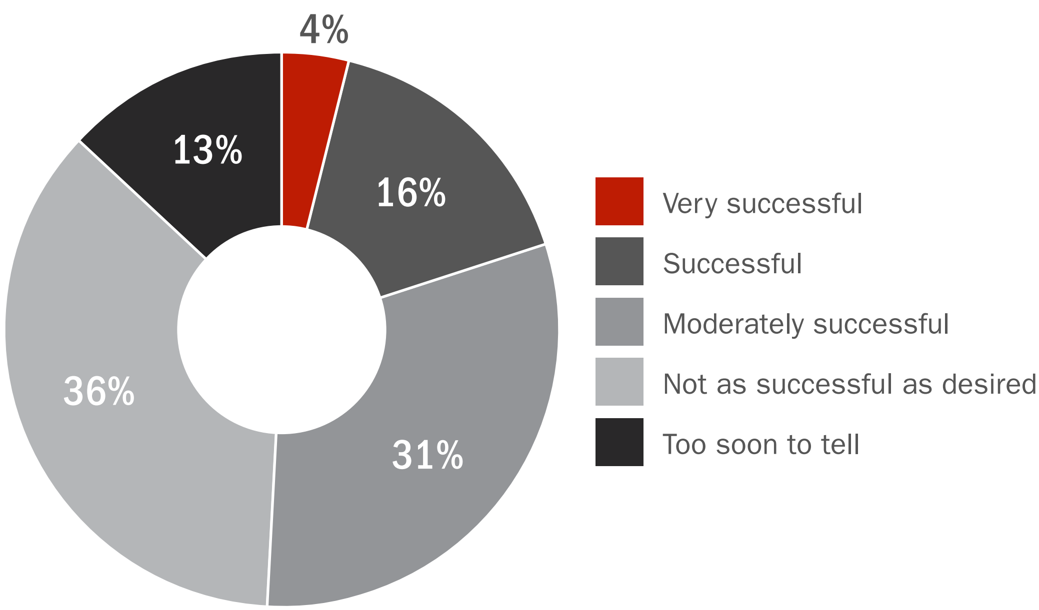
	< 10%	11-25%	26-50%	51-75%	>75%	I don't know
Debit Card	1%	3%	6%	10%	45%	34%
Online Banking	2%	8%	17%	18%	23%	32%
Mobile Banking	6%	14%	20%	18%	8%	34%
Savings Account	8%	13%	15%	10%	13%	41%
Set up Direct Deposit	9%	7%	19%	15%	5%	46%
Online Billpay	11%	20%	14%	8%	7%	39%
Set up Alerts/ Notifications	13%	16%	11%	6%	7%	48%
Credit Cards	23%	16%	10%	7%	3%	42%
ID/Fraud Protection	18%	8%	5%	4%	3%	63%
Additional Overdraft options	15%	16%	11%	5%	1%	52%
Automatic Savings Transfer	20%	11%	10%	3%	1%	56%

Source: Digital Banking Report © July 2016 Digital Banking Report

Despite what many might call lackluster levels of sales (most likely caused by a lack of commitment to a strong sequence and cadence of communication) 20% of those with onboarding programs considered them to be 'successful' or 'very successful'. Another 31% found their programs to be moderately successful, indicating that slightly more than 50% feel their program is making an impact. There is obviously room for improvement, however, with 36% saying their program was not as successful as desired.

As noted in the Digital Banking Report, *Guide to Multichannel Onboarding in Banking*, success would be much stronger if the communication was done more frequently and used more channels.

CHART 46: HOW WOULD YOU CATEGORIZE THE SUCCESS OF YOUR CURRENT ONBOARDING PROGRAM? (n=285)

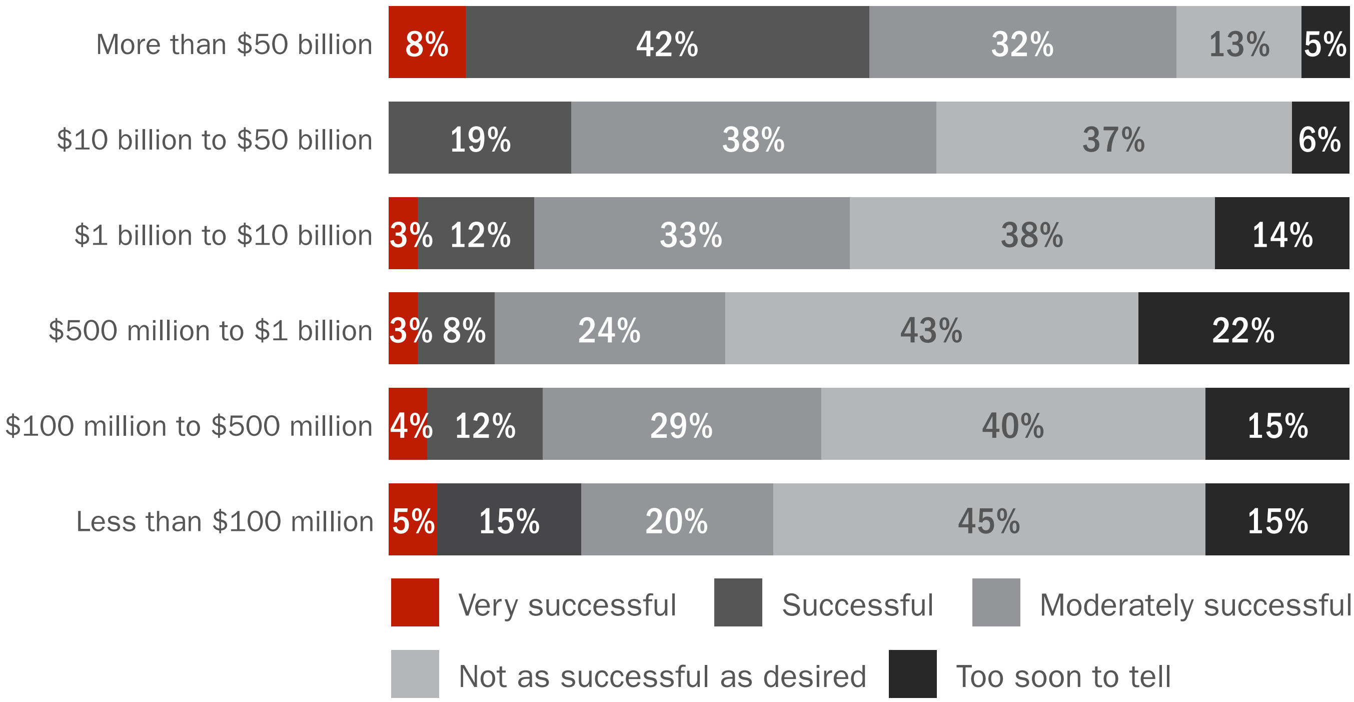


Source: Digital Banking Report © July 2016 Digital Banking Report

When we broke down the responses by size and type of organization, we found the most successful programs to be implemented by the largest organizations. In fact, only 13% of the very largest organizations (over $50B in assets) thought their program was not as successful as desired.

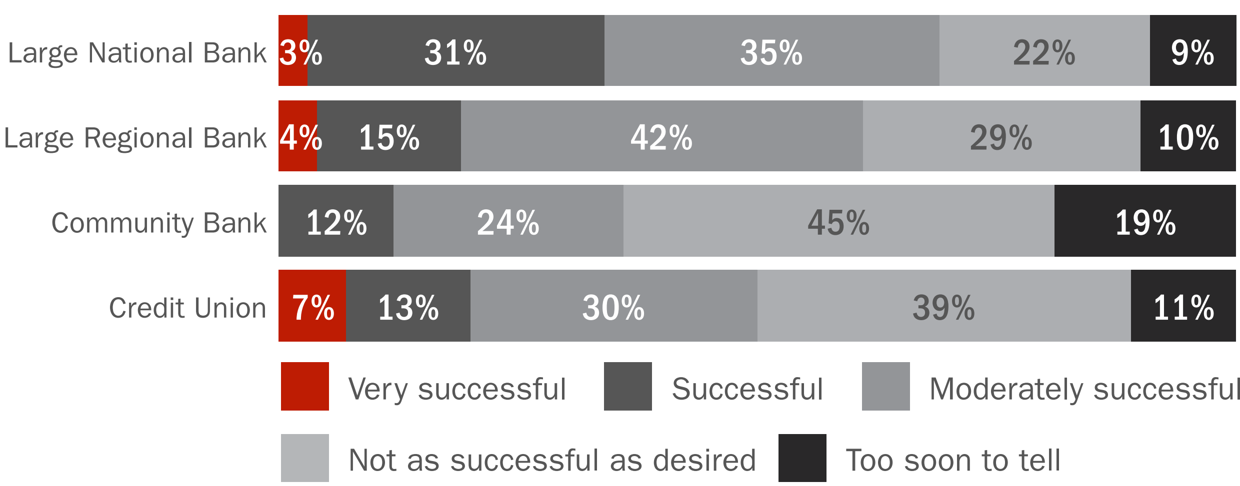
The large national and regional banks also indicated success with their programs followed by credit unions. Again, community banks, despite their close relationship with their communities and clients they serve, were the least satisfied with their onboarding efforts.

CHART 47:
HOW WOULD YOU CATEGORIZE THE SUCCESS OF YOUR CURRENT ONBOARDING PROGRAM? BY SIZE (n=281)



Source: Digital Banking Report © July 2016 Digital Banking Report

CHART 48:
HOW WOULD YOU CATEGORIZE THE SUCCESS OF YOUR CURRENT ONBOARDING PROGRAM? BY TYPE (n=285)



Source: Digital Banking Report © July 2016 Digital Banking Report

Digital Cross-Selling

As banking shifts from a product-driven model to a demand-driven orientation, the focal point becomes the consumer. Financial services firms need to change their cross-selling strategies to align with this new reality. Leveraging expanded data insights and a customer-first positioning will enable a more compelling customer experience resulting in greater sales, loyalty and share of wallet.

According to a *Gallup study covered by The Financial Brand*, financial marketers need to improve cross-sell communications with current customers. In the research, it was found that 66% of 'fully engaged' customers felt the offers they receive were 'general' in nature, 41% found the offer annoying, and stunningly, 53% of customers already had the product being promoted. Of significant concern is that the most engaged customers (the ones most likely to buy) felt they were targeted worse than those who were less engaged.

In another study done by **Deloitte** that was analyzed by The Financial Brand, *Banking Needs to Reassess Cross-Selling Efforts*, it was concluded that banking needs to go beyond demographics and understand the behavioral and attitudinal traits of the segments to redesign their channel strategy and communication plan. Now, more than ever, banks have the ability to leverage enhanced data analytics to provide offers based on customer attitudes and perceptions.

So, how can your organization go beyond traditional cross-sell strategies?

A successful cross-sell program has to be part of the corporate culture with aggressive share of wallet and relationship growth goals that are communicated, tracked and accountable across the organization. Cross-sell absolutely has to be a holistic approach across all channels – including online – as well as part of the front line CRM platform to truly reach peak effectiveness.

It is always advisable to combine response models (who is most likely to respond) with targeted creative messaging and offers developed for specific customer segments (what they are most likely to respond to).

There also needs to be more refined strategies and targeted execution of cross-selling programs. Banks and credit unions must develop and execute holistic strategies to ensure communications are consistent across multiple channels using targeted, but still direct, methodologies such as variable-data printing, IP-driven online advertising that pairs with print, and coordinated email outreach.

Upgrading Your Cross-Sell Process

To upgrade your current cross-sell strategy, start with the following steps:

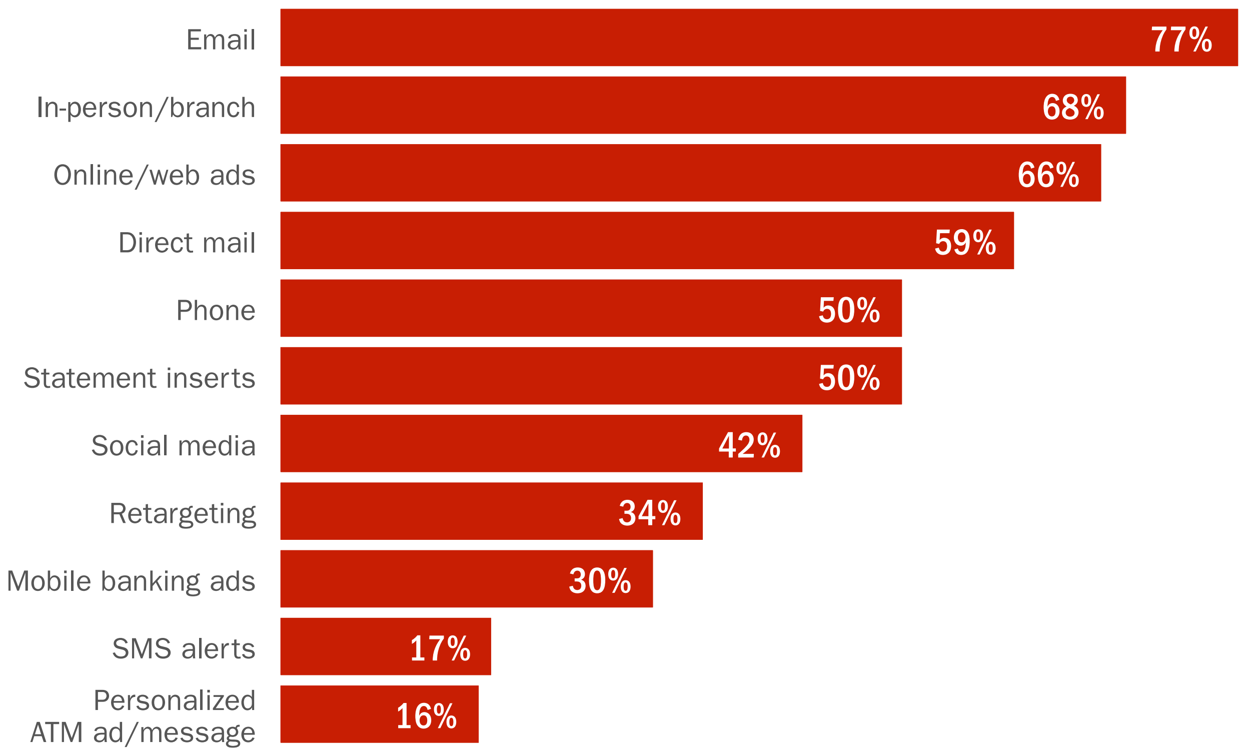
- Establish realistic but aggressive goals for: share of wallet, top of wallet, products per household, household profitability and retention. Establish key metrics and benchmarks.
- Develop customer segmentations that leverage demographics/attitudinal data, transactional/product ownership data, life stage, and lifecycle (new, mature, attriting, and lost).
- Build holistic product offerings around the customer segmentation.
- Build a strong value proposition for all products in the cross-sell program.
- Integrate both response modeling (who is most likely to respond) and customer segmentation driven creative (what are they most likely to respond to).
- Utilize consistent, coordinated cross-sell campaigns across all channels including online and through your CRM at branches and call centers.
- Engage customers before selling customers.
- Train/educate all staff in these goals, strategies, and initiatives.

Cross-sell is at the core of building lasting relationships, and growing household profitability. An approach that lacks customer insight and commitment results in customer churn. A cross-selling program that finds an analytic-driven cross-sell initiative at the forefront of customer retention efforts will breed customer lifetime value, brand loyalty and retention for years to come.

In our survey, email was the most used channel (77%), with branch (in-person) contact (68%) and online/web ads (66%) being used heavily as well. While email is considered a 'digital' channel by some, other digital channels (social media, mobile banking app and SMS alerts) were used much less frequently. This is a missed opportunity.

CHART 49: WHICH CHANNEL(S) DO YOU USE FOR CROSS-SELLING PRODUCTS AND SERVICES AFTER THE ONBOARDING PROCESS (n=286)

(Mark all that apply.)



Source: Digital Banking Report © July 2016 Digital Banking Report

When we looked at the channels used by size of organization, we find that the largest organizations are more likely to use direct mail (70%) and digital channels (mobile banking ads, SMS alerts).

By category of financial institution, large national banks are less likely to use email (potentially a reflection of strong in-branch sales) and web ads. Credit unions appear to be strong users of all channels (except SMS texts) compared to the norm, especially social media.

CHART 50: WHICH CHANNEL(S) DO YOU USE FOR CROSS-SELLING PRODUCTS AND SERVICES AFTER THE ONBOARDING PROCESS? BY SIZE (n=282) (Mark all that apply.)

	More than $50B	$10B to $50B	$1B to $10B	$500M to $1B	$100M to $500M	Less than $100M	All
Email	68%	82%	81%	76%	77%	60%	77%
In-person	76%	65%	67%	66%	73%	65%	68%
Online/ web ads	65%	68%	67%	71%	67%	60%	66%
Direct mail	70%	59%	62%	53%	58%	35%	59%
Statement inserts	54%	62%	41%	58%	60%	35%	50%
Phone	54%	38%	64%	50%	40%	15%	50%
Social media	38%	35%	34%	47%	54%	60%	42%
Retargeting	41%	41%	34%	32%	29%	35%	34%
Mobile banking ads	46%	44%	23%	34%	25%	20%	30%
SMS alerts	32%	32%	13%	11%	10%	10%	18%
Personalized ATM ad/ message	27%	21%	13%	21%	13%	5%	16%

Note: Green indicates a variance of +10%, with red denoting a variance of -10% from average.

Source: Digital Banking Report © July 2016 Digital Banking Report

CHART 51: WHICH CHANNEL(S) DO YOU USE FOR CROSS-SELLING PRODUCTS & SERVICES AFTER THE ONBOARDING PROCESS? BY TYPE

(n=286) (Mark all that apply.)

	Large National Bank	Large Regional Bank	Community Bank	Credit Union	All
Email	63%	87%	74%	82%	77%
In-person	61%	68%	71%	69%	68%
Online/web ads	56%	68%	61%	78%	66%
Direct mail	51%	60%	57%	66%	59%
Statement inserts	42%	49%	40%	65%	50%
Phone	49%	49%	51%	50%	50%
Social media	36%	40%	37%	52%	42%
Retargeting	36%	40%	27%	37%	34%
Mobile banking ads	42%	32%	17%	34%	30%
SMS alerts	42%	28%	6%	8%	18%
Personalized ATM ad/message	24%	26%	9%	14%	16%

Note: Green indicates a variance of +10%, with red denoting a variance of -10% from average.

Source: Digital Banking Report © July 2016 Digital Banking Report

Mobile Banking In-App Selling

In-app marketing delivers highly personalized product or service-related content and messaging directly to a consumer's device within the mobile banking application. When using this model, financial marketers can leverage the vast amounts of insight already collected on the customer to deliver highly targeted offers and then closely monitor customer interactions to gain insights and feedback for future communication. The power of this form of marketing is the ability to offer the right product, at the best time, within a mobile banking application already heavily accessed.

Despite the potential power of this marketing strategy, many financial services organizations fall short – either by not using this channel at all, or by making in-app marketing an obtrusive selling tool that can limit the uptake of additional features and services, frustrate customers and lead to less than stellar product experiences. To be successful, in-app marketing must leverage customer insights to make any communication personalized, contextual and easy to consider and buy.

Existing mobile banking customers who are active users are open to well-timed, well-executed communications, and can help increase share-of-wallet and revenue when they purchase related offerings. According to research from **Cognizant,** organizations can effectively reach out to current customers via complementary products or services the following ways:

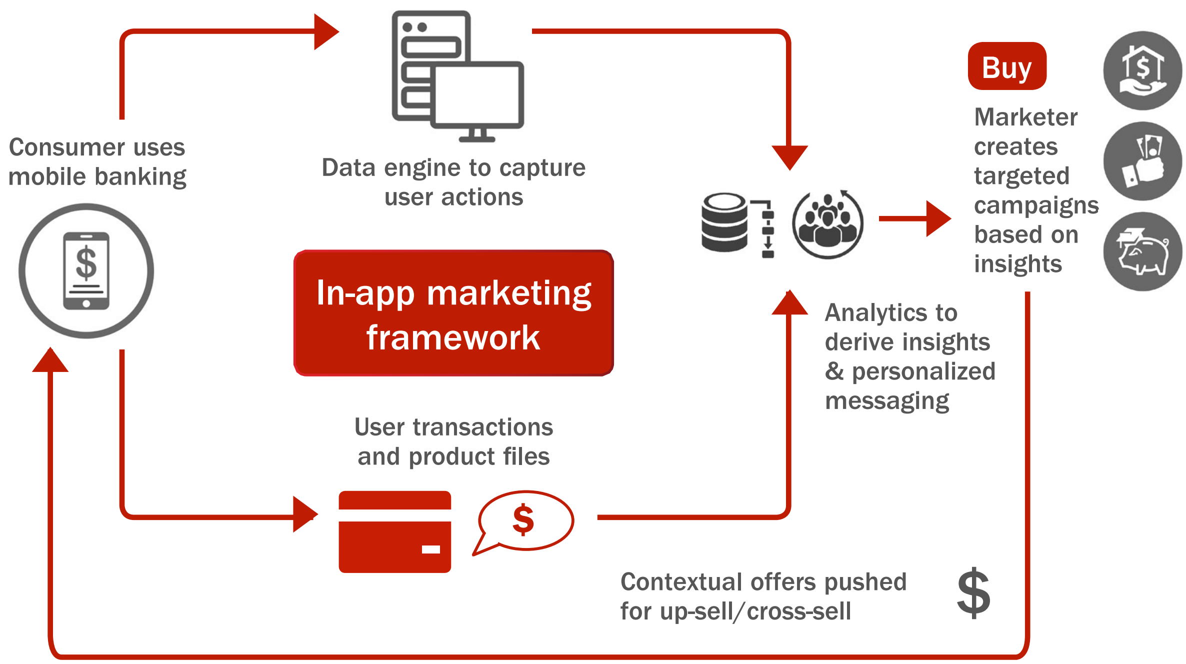
- Introduce a mobile-ready promotional video illustrating product benefits.
- Include a special offer/free trial exclusively for existing mobile banking customers.
- Launch an A/B test campaign to determine the effectiveness of messaging and conversions.

In-app mobile banking marketing works well because it combines the power of rich customer insights already on file with location data, which allows a bank or credit union to better understand context and increase engagement. So, while the best financial marketing can leverage both internal and external insights such as demographics, account ownership, balances and behaviors, in-app mobile banking marketing can add an additional data layer that can be delivered at the exact time of need.

Moreover, in-app mobile marketing also improves tracking, attribution and targeting, since a marketer can pinpoint exactly when and where an offer was clicked as well as what occurred before and after the engagement. This insight can be used to improve the offer selection and delivery via the mobile channel while also helping the targeting of other digital and traditional channels.

Finally, unlike most other channels, financial marketers can use in-app mobile marketing to determine if the digital sales process is overly complicated, causing abandonment of engagement and the loss of a potential sale. By understanding the stage of the sales process that causes abandonment, marketers and product managers can simplify the process and improve sales effectiveness.

CHART 52: IN-APP MARKETING FRAMEWORK



Source: Cognizant © July 2016 Digital Banking Report

According to the Insight Series Report, *Sales Opportunities in Mobile Banking,* done by **Mapa Research**, which researched 44 banks and 8 other financial service institutions across 8 countries, there are many places within a mobile banking app where marketing can occur. Some brands use the pre-login area for promotional messages, while the activity in the post-login space appears to have more potential with more variety of engagement tools.

Done well, in-app mobile banking marketing can become the most successful channel from an ROI perspective, with customers appreciating the proactivity of their financial institution. Done poorly, mobile banking satisfaction scores can plummet and customers may even stop using their mobile app.

The key success factors for in-app mobile banking marketing are:

- Advanced analytics: Use analytics to determine the right offers to make and the best timing of these offers. This should take into account the demographics of the customer, past product purchase histories and an analysis of customer journeys. When fine-tuned, a deeper analysis will provide answers as to multi-channel effectiveness and attribution models.
- Offer development: Determination of the best offers to use to drive action and the best way to present these offers to the consumer. Should short-form videos be used? Should the objective be a sale or a referral? What is the best timing for the offer and sequence of offers to drive action?
- Messaging: Should the messaging goals be based on sales or the recognition of interest by the mobile banking customer? How can the customer take action? How can they opt out?

- Ease of sale: Since the targeted audience is already a customer or member, how can you make the initiation of a sale as easy as possible? Since the platform is a mobile device, the ability to take action must be close to instantaneous. Requiring the movement to another channel (online, branch) is the pathway to failure.

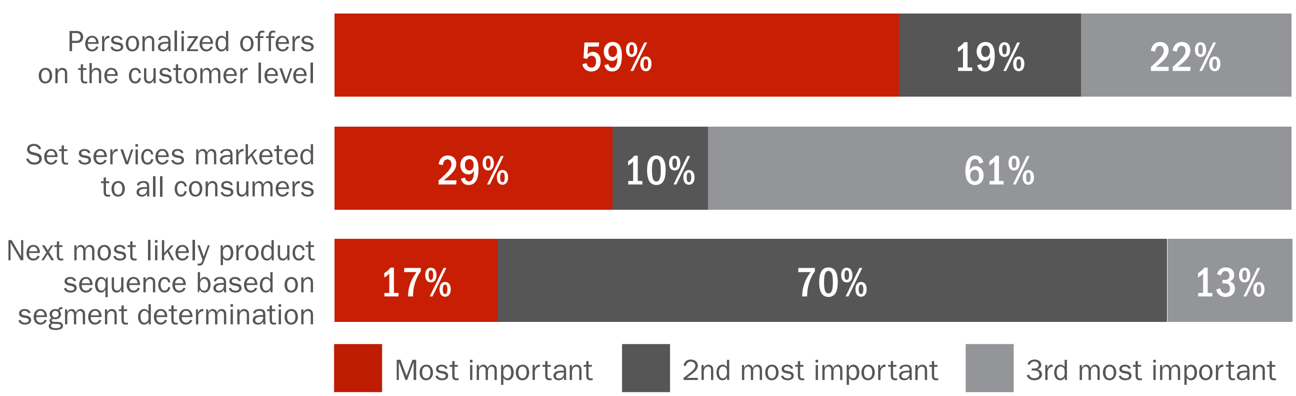
Done effectively, selling within the mobile banking app dramatically reduces the inconvenience of applying for financial products or services through other channels, meaning that the number of customers that abandon the process and 'quit before the check-out' is lessened considerably.

While we did not ask whether the organizations surveyed used in-app mobile banking promotions, the number of responses were roughly one-half of those who responded to the previous and following set of questions. There was significant variation as to how the selection of offerings was made for the mobile app customer.

While close to 60% stated that personalization was done on the customer level, models based on 'next most likely product' were also prevalent. The good news is that for those organizations who currently use the mobile banking app to sell services, very few market the same service(s) to all customers.

CHART 53: IF YOUR ORGANIZATION USES ADS WITHIN YOUR MOBILE BANKING APPLICATION, RANK THE IMPORTANCE OF THE FOLLOWING METHODS OF PERSONALIZATION (n=129)

(Rank all that apply.)

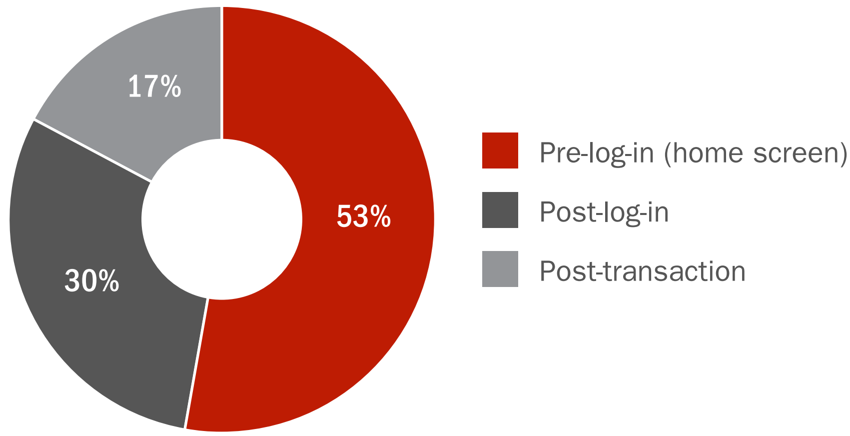


Source: Digital Banking Report © July 2016 Digital Banking Report

Slightly more than half (53%) of those who responded promoted services at the pre-login stage. The next most likely time was post log-in (30%), with some organizations (17%) promoting services after the transaction is completed. While less obtrusive, post-transaction is also by far the least effective time of engagement.

CHART 54: IF YOUR ORGANIZATION USES ADS WITHIN YOUR MOBILE BANKING APPLICATION, WHEN DO THE ADS APPEAR? (n=131)

(Check only one)

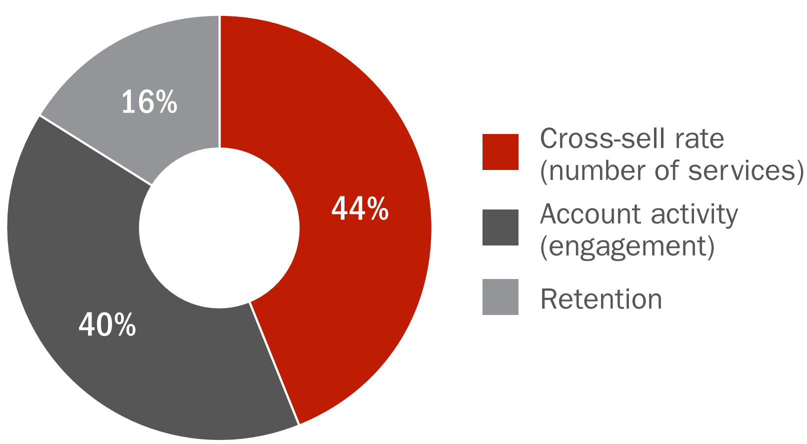


Source: Digital Banking Report © July 2016 Digital Banking Report

Digital Cross-Selling Benchmarks for Success

Similar to the benchmark for success in onboarding, which is often based on cross-selling and engagement, the benchmark for cross-selling success for banks and credit unions is the cross-sell rate (44%), engagement levels for the account (40%) and retention (16%). While organizations state these as being the benchmarks for success, the *2016 State of Financial Marketing* report indicates that the 'intention to measure' is significantly higher than the actual measurement of results.

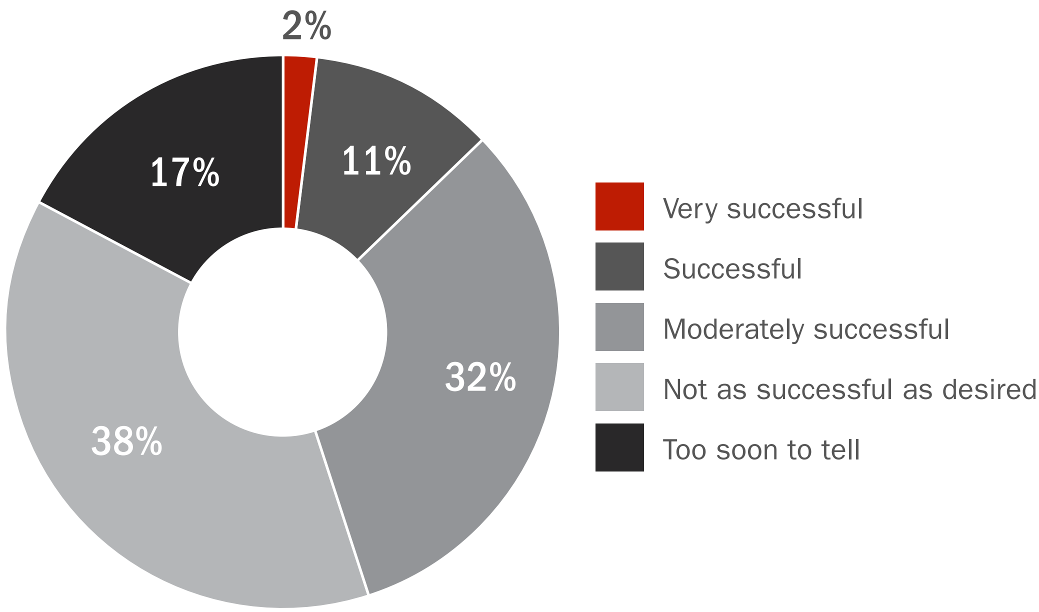
CHART 55: WHAT IS THE MOST IMPORTANT BENCHMARK OF SUCCESS FOR YOUR DIGITAL CROSS-SELL PROCESS? (n=249)



Source: Digital Banking Report © July 2016 Digital Banking Report

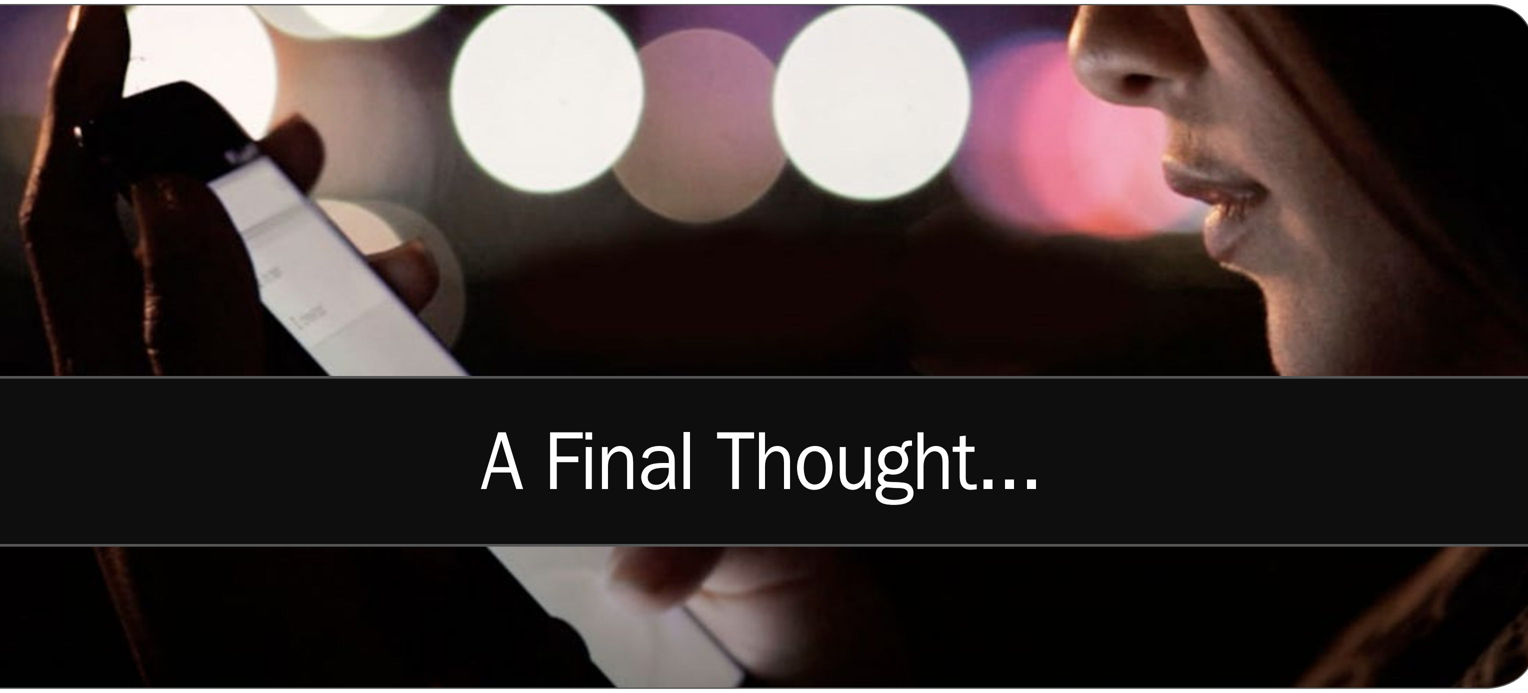
Similar to the onboarding survey results, we find that, while many organizations believe their programs are successful, there is significant room for improvement. In fact, close to four in ten organizations (38%) state that their cross-sell efforts are not as successful as desired.

CHART 56: HOW WOULD YOU CATEGORIZE THE SUCCESS OF YOUR DIGITAL CROSS-SELL PROGRAM? (n=256)



Source: Digital Banking Report © July 2016 Digital Banking Report

With the cost of acquiring new retail, small business or commercial customers being five to ten times the cost of retaining an existing one, and with the average spend of a repeat customer being 50% – 100% more than a new one, *financial marketers need to remember that the most efficient investment of marketing funds is to market to customers that already bank with you.*



A Final Thought...

Mapping your customer's financial product purchase journey is key to knowing where, when, and how to market to them. The traditional marketing funnel is dead. Access to more insights than ever, and increased mobility, result in well-informed consumers with high expectations.

We used to think we had it all figured out with the marketing funnel. It was simple. Consumers moved logically through the stages of the funnel from awareness to familiarity then consideration, purchase, and finally loyalty. Marketers spent their time on figuring out how to move consumers through the funnel. They knew what to do in each phase to push them along. Life was simpler then.

The fact is that brands and consumers are engaged (or should be) in a continuous exchange of information and experiences. How well a bank or credit union maintains its authenticity – or put in simpler language – how well organizations do what they say, and truly listen to the feedback of their customers and members, is dictating the future success of growing and retaining a client base.

Consumers are informed, demanding, and have increasingly raised expectations about the type of experience they have with your products and services. Access to information and mobility enables your customers and prospects to form well-developed opinions and perceptions about your brand and what to expect.

Alarmingly, consumers are also taking the advice of complete strangers through online forums and other social media channels, from individuals with no substantive credentials regarding financial services as opposed to actual employees of a bank. So the game has changed for marketers and now the focus is on understanding the entire journey, and most importantly, determining the points of influence where a brand can be most impactful.

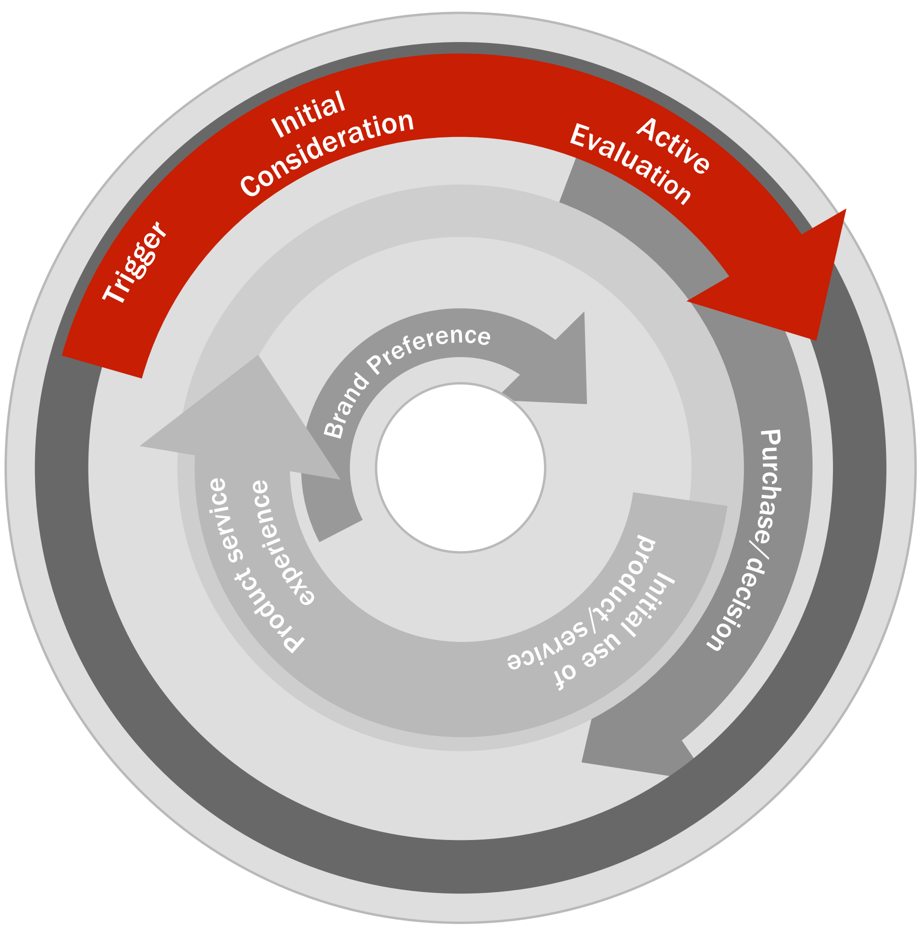
Where Does the Journey Begin?

The journey is more complex than the funnel because it is non linear. Additionally, great experiences with other brands — not just other brands in financial services, but from completely different industry verticals — are informing the opinion of your customers on what to expect from you. The bar of expectations will only continue to increase.

It is therefore important to understand how your customers are thinking and feeling, as well as what they are doing when something triggers the need or desire for financial services.

The journey starts with an event or situation that triggers a potential need or desire. This impetus could be a life event, such as having moved out of their current bank's footprint or something seemingly benign as being disappointed with mobile app functionality. Regardless of the trigger, it gets consumers thinking about their financial service needs.

CHART 61: THE CUSTOMER JOURNEY



Source: The Adcom Group © July 2016 Digital Banking Report

Is Your Organization on the Short List?

When this impetus occurs, there are banks, credit unions and other financial organizations that are already in the consumer's mind. These are the ones that are considered first. They may be there because the consumer was influenced by recent advertising, or has simply been exposed or been influenced by the brand in the past. If this past experience was positive, they are often more than likely to be a brand enthusiast.

Next the consumer explores these 'top of mind' organizations, as well as others. At this point, the consumer is in active evaluation. It's important to be a top of mind brand because you have a better chance of being chosen during the explore phase.

During active evaluation, the consumer has a very short list and they choose to validate one or more brands before committing to choosing a winner. This can happen a number of ways, including peer reviews online or talking to family and friends. So, by the time a potential client walks into your branch or goes online to open an account, they have already narrowed down their choices tremendously, or as in most cases, have already made the decision to open their account. At this point, they are now looking for validation of the brand experience they believe will be delivered.

Is Your Messaging and Experience Aligned?

Although the actual account opening process could take the least amount of time, the experience is critical. The guidance, support, and timely communication during the onboarding phase can easily dictate whether you will have a long-term relationship with your client or if they will just end up being part of your attrition statistics.

During this initial use of your products and services, your new customer is forming strong opinions with every interaction. These opinions factor into the next time a financial institution is chosen. This is very critical because they are measuring their expectations of your brand, what you said you will do, how it will make them feel, and seeing if it matches up to reality.

If the experience falls short of expectations, you will lose this customer. The highest rate of attrition is within the first year of a new relationship, and most concentrated within the first few months. So, the question is, how well have you aligned your onboarding practices to the transactional metrics that help create a stickier and more profitable customer, and how well have you customized your onboarding to the messaging and the promised experience you have communicated?

You want brand enthusiasts, which is why every interaction in every channel matters. Your new customers, particularly those in the Gen Y and X segments, are sharing these experiences with their friends and family, and increasingly through social media. Make the most of every single touch-point with a client.

Does Your Organization Show Up at the Important Moments?

During each phase, a consumer is interacting with a variety of channels and sources to move from phase to phase. It may be a website or a relationship manager, or even seeing a news story. It is important to combine these channels with the points of influence throughout the journey to determine your marketing messages.

Where can you interrupt the journey and get your brand in front of the consumer? Is your bank or credit union showing up during those points of influence when decisions are being made? Do you know how to best message your clients with the right content through the right channels?

These are all important questions to consider as you map your journey to your specific consumer segments.

Contribution from Dean Ilijasic, Co-Founder of **Long & Short of It.**

Appendix: Survey Response Audience

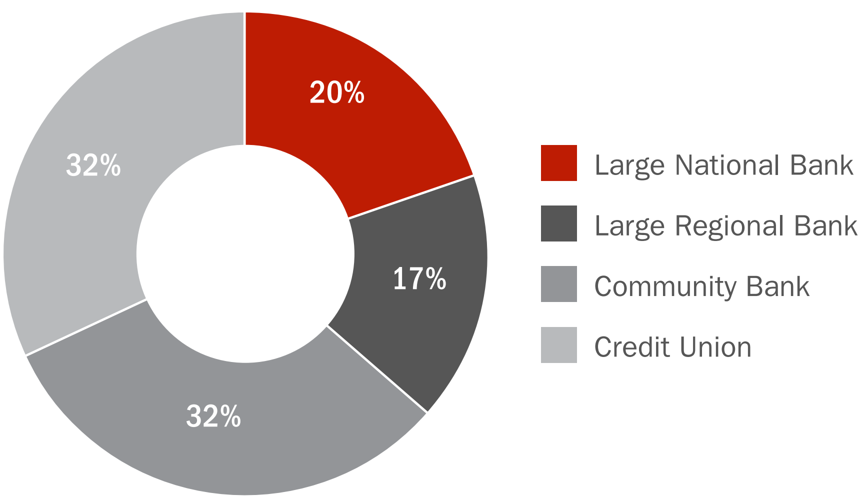
Methodology

The analysis in this report is based on the Summer 2016 Digital Banking Report/ The Financial Brand survey of global banks and credit unions. The survey used the subscriber lists of both organizations, which includes organizations of all sizes. No responses from non-financial organizations were included in the results, and the responders were self-selected after receiving a nominal incentive of raw survey results.

Among survey respondents, 37% are from large national or regional banks, 32% are from community banks, and 32% are from credit unions. (There is a heavy skew of international organizations in the 'Large National Bank' category.)

CHART 57: RESPONDENTS BY TYPE OF FI

What type of financial institution do you work for (n=333)

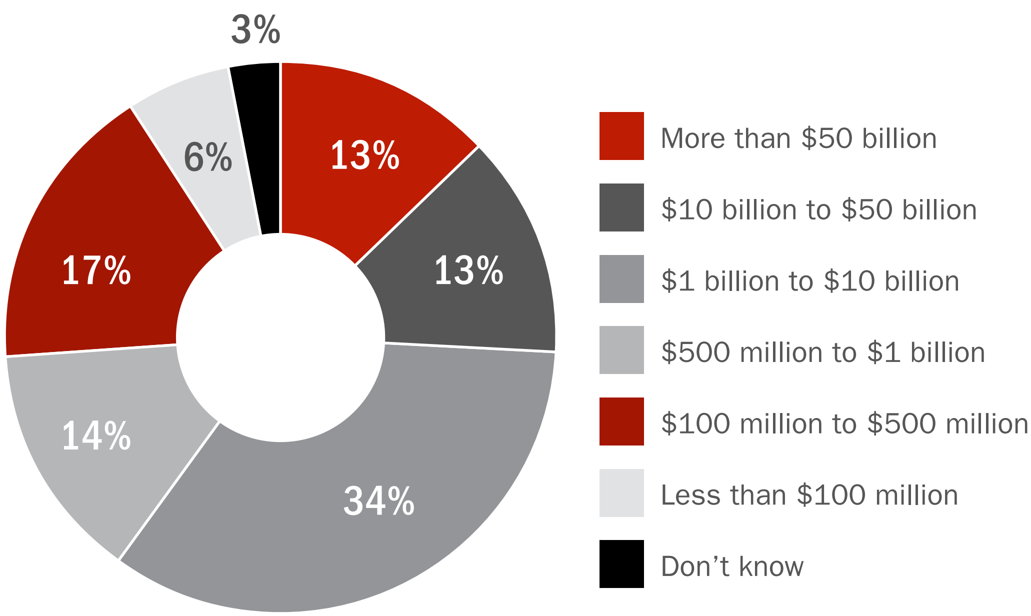


Source: Digital Banking Report © July 2016 Digital Banking Report

Roughly 28% of respondents are from FIs with more than US$10 billion in assets, with 34% having US$1 billion – US$10 billion in assets and 37% representing firms with less than US$1 billion in assets (Chart 58).

CHART 58: RESPONDENTS BY TYPE ASSET SIZE (n=333)

What is the asset size of your institution (in US$)?



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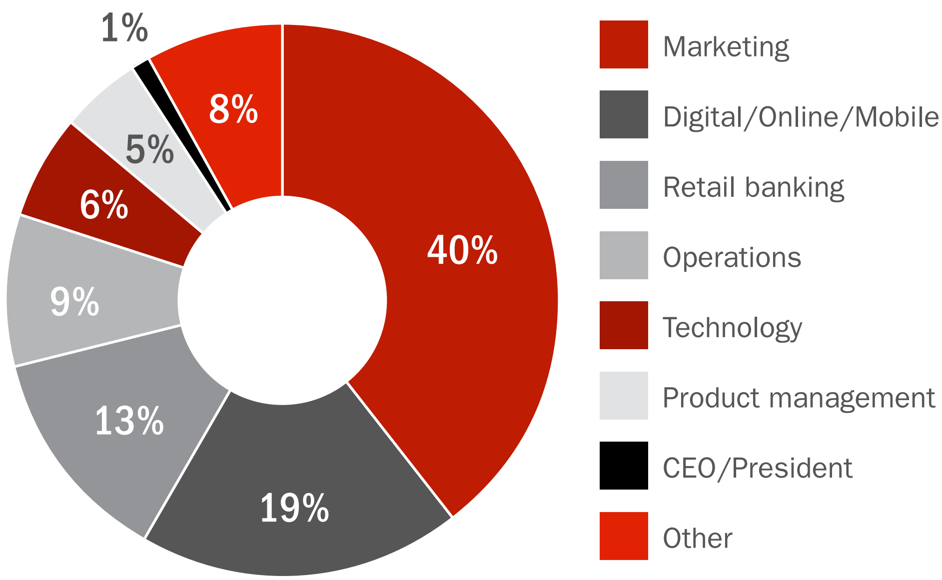
When we looked at the role/department of the respondents, we found significant diversity of results. A total of 40% of the respondents were marketing executives, with 19% owning the digital/online/mobile channels. Another 13% were in charge of the retail banking area, with the remaining respondents being from multiple areas of the organization.

CHART 59:
RESPONDENTS BY ROLE/DEPARTMENT (n=333)

Which of the following best describes your role at your financial institution?



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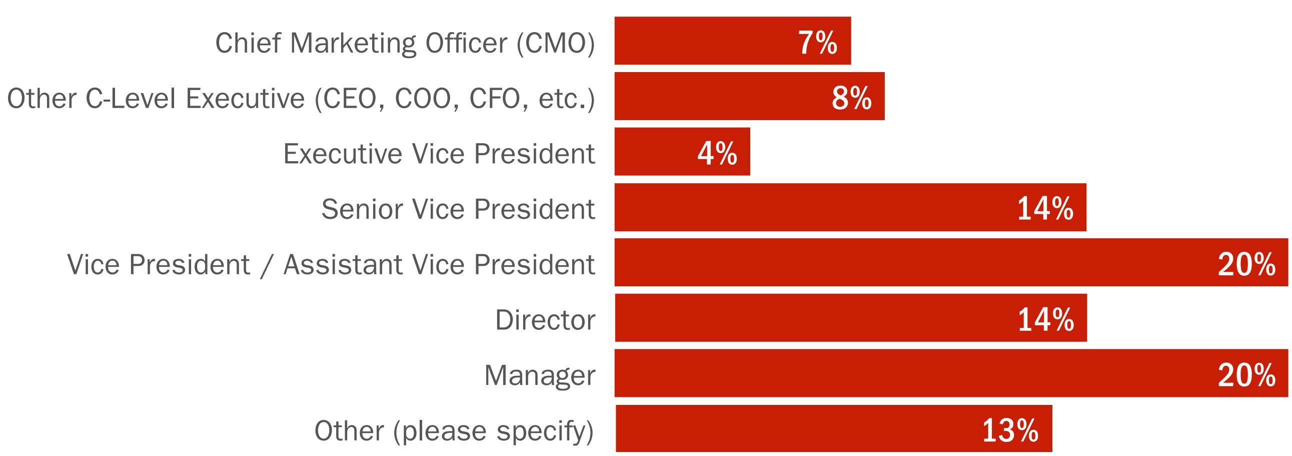
Finally, 19% of the respondents were CMOs, executive vice presidents, or another C-level executive. In addition, 34% were an assistant vice president, vice president or senior vice president, while 34% were either a director or manager.

CHART 60:
RESPONDENTS BY POSITION/TITLE (n=332)

What is your position/title?



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