

# Final Report: Customer Funnel Drop-Off Analysis for a Digital Finance App

## 1. Executive Summary

This report presents an in-depth analysis of the onboarding funnel for a digital finance product conducted as part of a company-wide growth initiative, the analysis identifies critical user drop-off points from signup through to first transaction, and provides actionable recommendations for improving conversion and engagement.

The core objective is to identify where users are dropping off in the onboarding process, and understand why so the company can reduce friction, increase conversions, and grow activation rates.

The funnel is structured into five stages:

- Account Created
- Email Verified
- KYC Submitted
- KYC Approved
- First Deposit
- First Transaction

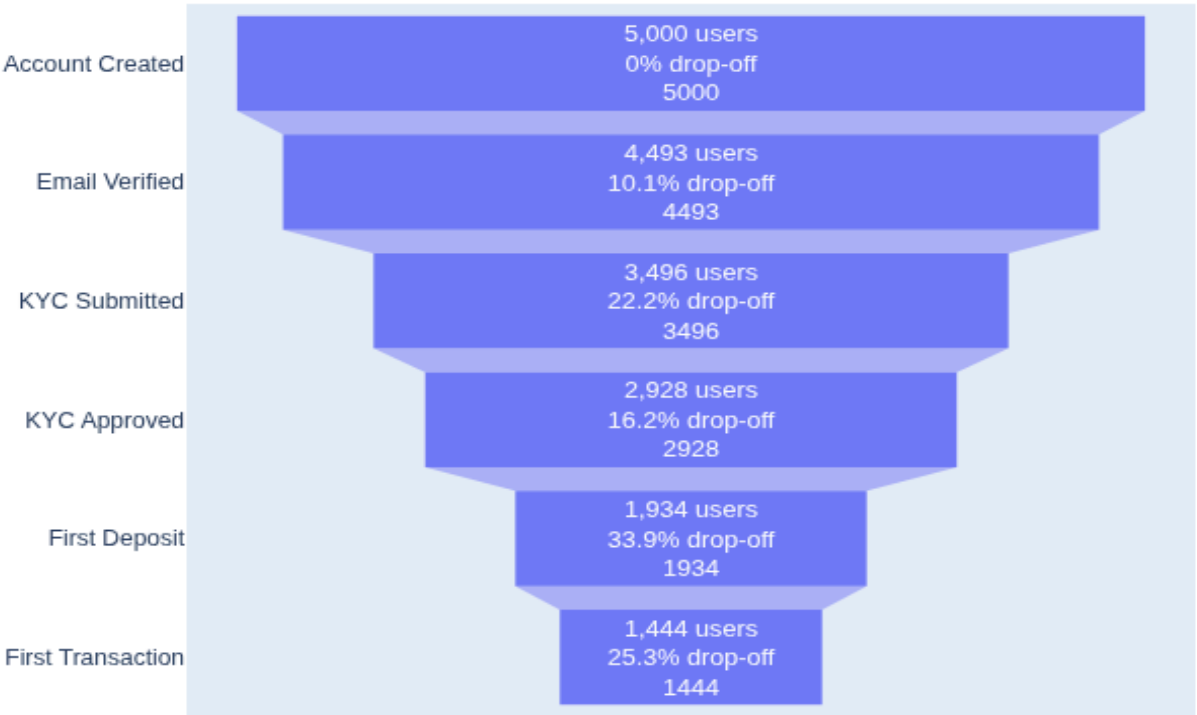
Each stage serves as a potential conversion barrier. Identifying patterns of user attrition enables better decision-making across growth, product, and operations.

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## 2. Overall Funnel Metrics

The chart below visually represents the stage-by-stage conversion and drop-off across the onboarding funnel. The table also presents the total number of users completing each stage and the corresponding drop-off rates from the previous step:

User Funnel with Drop-Off % (Inside Each Stage)



Funnel transition	Users entering stage	Users Progressing	Dropped users	Drop-off rate (%)	Total conversion rate (%)
Account Created → Email Verified	5 000	4 493	507	10.14	89.86
Email Verified → KYC Submitted	4 493	3 496	997	22.29	69.92
KYC Submitted → KYC Approved	3 496	2 928	568	16.25	58.56
KYC Approved → First Deposit	2 928	1 934	994	33.95	38.68
First Deposit → First Transaction	1 934	1 444	490	25.34	28.88

### Key observations:

- The largest absolute drop occurs between **KYC Approved** and **First Deposit**: nearly 1 000 users (34 %) who passed KYC never deposit. This stage also has the lowest running conversion rate (66.05 %), making it the biggest bottleneck.
  - Roughly **77.8 %** of users who verify their email submit their KYC documents. The remaining 22 % do not take the next step, indicating that KYC submission is another significant drop-off point.
  - About **28.9 %** of sign-ups ultimately perform a first transaction. Thus, three out of four users never complete a transaction after creating an account, underscoring the importance of nurturing users beyond the initial deposit.
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### 3. Segment-Based Drop-Off Patterns

#### 3.1 Conversion by country

We calculated running conversion rates for the KYC Approved → First Deposit step by country and filtered out countries with fewer than 50 conversions. Five countries met this criterion. Ordering by conversion rate (ascending) yields the table below:

Country	Conversion Rate (%)	Drop-off Rate (%)
UK	64.39	35.61
France	64.80	35.20
India	66.10	33.90
Nigeria	66.67	33.33
Germany	68.28	31.72

#### Insights:

- **Germany** shows the highest conversion (68.28 %) and lowest drop-off. **UK** users have the lowest conversion (64.39 %) and highest drop-off (35.61 %). Addressing friction points specific to UK and French users (e.g., payment methods, communication) could raise conversions.
- The range of conversion rates is relatively narrow (about 64–68 %), suggesting that fundamental issues (e.g., deposit UX or trust) impact all markets rather than being entirely country-specific.

#### 3.2 Conversion by acquisition channel

The data also grouped users by acquisition channel and analysed the KYC Approved → First Deposit step:

Acquisition channel	Running conversion rate (%)	Drop-off rate (%)
Organic	64.37	35.63
Social	66.19	33.81
Referral	66.48	33.52
Paid	67.23	32.77

#### Insights:

- **Organic traffic** exhibits the worst conversion from KYC approval to deposit, losing more than a third of users (35.6 %). Investigating why organic users hesitate to deposit (e.g., unclear value proposition or lack of trust) could yield quick gains.
- **Paid** campaigns perform best, with a 67.23 % conversion rate and the smallest drop-off (32.77 %). Scaling successful paid tactics or applying similar messaging to other channels could improve overall performance.

### 3.3 Impact of KYC approval delay

The time between KYC submission and approval was computed in hours and binned into categories. Only buckets with data are listed below:

KYC approval delay bucket	Conversion rate (%)	Drop-off rate (%)
1–6 hr	67.17	32.83
6–24 hr	65.78	34.22
1–3 days	65.44	34.56

#### Insights:

- Shorter approval times correspond to marginally higher deposit conversion rates. Users approved within 1–6 hours convert at 67.17 %, whereas approvals taking 6–24 hours convert at 65.78 %. Although the differences are modest, the pattern aligns with industry observations that lengthy manual verification causes abandonment.

- There were no users in the dataset with approvals <1 hr or >3 days, so the effect of very fast or very slow approvals remains unclear.

### 3.4 Impact of sign-up to KYC submission delay

The delay between account creation and KYC submission was also binned. Two buckets had no data (<1 hr and >7 days), so they are omitted. Conversion from KYC approval to deposit was used again as the success metric:

Sign-up → KYC submission delay	Conversion rate (%)	Drop-off rate (%)
1–6 hr	64.71	35.29
6–24 hr	52.90	47.10
1–3 days	55.23	44.77
3–7 days	55.89	44.11

#### Insights:

- Users who submit KYC within the first day convert to deposit at much higher rates. Those waiting 6–24 hours convert at 52.90 %—a drop of more than 11 percentage points compared with the 1–6 hour cohort. Encouraging immediate KYC submission (e.g., via nudges or streamlined KYC flows) could materially improve conversion.
- Conversions recover slightly when KYC submission is delayed to 1–3 days or 3–7 days (~55 %), but still remain below the 1–6 hour benchmark.

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## 4. Recommendations

1. **Target the largest bottleneck** – The KYC Approved → First Deposit stage has the lowest conversion and highest drop-off. Simplifying the deposit process, offering more payment options or clarifying incentives (e.g., welcome bonuses) could reduce friction. Industry research shows that complex account-funding processes cause customers to abandon accounts before funding them, so streamlining the deposit flow is essential.
2. **Encourage rapid KYC completion** – Users who complete KYC quickly are more likely to deposit. Sending immediate reminders after email verification or offering a progress

indicator could motivate users to submit KYC promptly. Limiting manual steps and making the KYC submission interface intuitive will also help. Manual, non-intuitive processes are associated with high drop-off rates.

3. **Optimize for organic traffic and lagging countries** – Organic users and users in the UK and France have the highest drop-off rates. Investigate whether marketing messages set proper expectations; adjust onboarding content or local payment methods; and test targeted interventions to address their concerns.
4. **Measure and iterate** – Regularly monitor drop-off rates and conversion by segment. External guidance stresses that tracking drop-off at each stage is vital for discovering where the funnel is leaking. Deploy A/B tests on onboarding flows and deposit interfaces to identify improvements.

## 5. Conclusion

The analysis reveals that while the majority of sign-ups verify their email and pass KYC, nearly one-third of verified users fail to make a first deposit, and roughly three-quarters never complete a first transaction. Reducing friction at the deposit step, encouraging quicker KYC submission, and tailoring interventions for specific segments (countries and acquisition channels) are the most promising levers to improve conversion. Continuous measurement of drop-off rates is essential for diagnosing bottlenecks and iterating on the user journey.