

Small Screen, Big Possibilities

Banking for digital-first
customers

ABBYY

Table of contents

The rise of the digital banking customer

Keeping up with the competition

Onboarding: winning customers at the most fragile touchpoint

The customer perspective: first impressions matter

Escalating costs and regulatory risks

The mobile device: your most important branch

6 keys to successful mobile onboarding

The future of onboarding is now

The rise of the digital banking customer

Generations who grew up surrounded by digital technology—Millennials and Generation Z—now make up nearly half of the U.S. population, giving rise to a new breed of digital-first consumers. At the same time, brands born in the digital age have elevated expectations of service providers across the spectrum—from e-commerce (Amazon) to health and wellness (Fitbit, Apple Health) to financial services. Today's consumers demand the services they need to be immediately available 24 hours a day, seven days a week across all their devices, and they expect instant feedback on all their interactions.

While keeping up with technological advances may have been a challenge in the past, banks and other financial institutions must now compete in an environment where customer expectations are escalating daily—expectations that newer, more agile organizations are ideally positioned to meet.



2030

Financial institutions have until the year 2030 to adjust their offerings.

7%

Banks can handle only 7 percent of products digitally from end to end.

Keeping up with the competition

In addressing the needs of the digital-first customer, newer banks and financial technology (“fintech”) companies have a technical advantage—and customers are responding. According to a recent study, **fintechs account for 13 percent of new bank accounts**, one-fourth of which are opened to be used as main current accounts.

As a result, more established banks are facing the need to play catch-up with their younger counterparts—or risk the consequences. **Gartner predicts that between now and 2030**, the key to survival for financial institutions lies in how well they adapt to new competition, changing customer behavior, and advancements in technology.

While many traditional banks now offer some digital and mobile services, gaps in the online customer experience remain. According to a report by Bain & Company and SAP, banks **can only handle 7 percent of their products digitally from end to end**. If more established financial services organizations are going to compete, offering customer self-service and end-to-end online capabilities is a must.

Onboarding: winning customers at the most fragile touchpoint

A bank's onboarding process for new clients is one of the most pivotal—and fragile—phases in the customer journey. A positive, streamlined experience cannot only earn customers for life, but also benefit your bottom line ... while a clunky, disjointed, gap-riddled process can drive customers away, run up your costs, and even place you at risk for regulatory violations.

By making it easy and convenient for new customers to register and create an account, you can begin laying the foundation of a positive—and lasting—customer relationship.



The customer perspective: first impressions matter

Today's online banking customers expect the same rapid service they receive from digital-first providers like Amazon, Uber, and Grubhub, and banks that fail to deliver place themselves at a competitive disadvantage.

Repetitive requests

Disjointed onboarding procedures can result in potential customers being asked multiple times for their address, Social Security number, and other basic information, adding to their frustration level.

Limited channels

Many banks still design their online onboarding process based on the assumption that customers will access them via desktop computers, addressing mobile as an afterthought if at all.

Delayed responses

If a problem arises with their account application or if additional paperwork is required, customers expect to be notified immediately—not two or three days later.

Native-app-only onboarding

If you require new customers to download your native app to set up an account, you add another barrier that gives them a reason to walk away.

Does all this really make a difference in consumer behavior? According to Deloitte, the answer is an emphatic “yes”: 38 percent of new banking customers will abandon the onboarding process if they think it's taking too long or requires more information than they are willing to disclose, and 26 percent cite “easy enrollment and login” as the most important criterion in choosing a bank.

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The abandonment rate for online account opening is 19%, and abandonment rates increase significantly as the time required to complete an application increases.

↳ Harland Clarke's Digital Banking Report

Escalating costs and regulatory risks

According to a benchmarking study by Bain & Company, it costs up to **\$5,000 to onboard a single client**—and delays in the process can run the costs up to \$25,000 or more. Any improvements that can streamline the process can not only make customers happy, but also benefit the bottom line.

Regulations such as Know Your Customer (KYC) and other Anti-Money Laundering (AML) measures not only contribute to the growing costs of onboarding in the form of additional requirements, but also add pressure to perform reliable online identity verification and to avoid errors and omissions. Between 2008 and 2018, **\$27 billion in fines** were levied against financial institutions for AML and KYC violations.

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The mobile device: your most important branch

In today's business environment, no organization can afford to ignore the huge and growing market of mobile-first consumers. In a recent study, 89 percent of respondents—and 97% of millennials surveyed—said they use mobile banking.

What does this mean for banks seeking to elevate their digital onboarding process? It means that a **mobile-first approach** is essential. By designing an end-to-end experience specifically for mobile users first and using it as a starting point for building their desktop interface, financial institutions can ensure their onboarding platform is optimized for all users across all devices.

6 keys to successful mobile onboarding

In designing (or re-designing) their mobile onboarding platforms, financial organizations have a wealth of features and functions to choose from. The most successful platforms have six offerings in common:

1 **Designed for mobile**

Forcing new customers to download an app before they do business with you creates an unnecessary barrier during the most fragile phase of the customer journey. When users have the option to complete onboarding seamlessly through a mobile browser, they are more likely to complete the process and to come away with a favorable impression of your organization.

2 **Intuitive guidance through the process**

If users have to hunt around for the functions they need—or if they have to guess what those hyperlinks or button labels really mean—they're more likely to abandon the onboarding process. By taking the time to conduct testing with real users and adapting your platform to their expectations, you increase your chances of offering a successful onboarding platform.

3

Minimum manual effort

From the user's personal standpoint, there's a huge difference between having to enter their ID document information by hand and being able to scan the document and have the information automatically populated.

4

Streamlined compliance checks

Mobile onboarding applications can perform ID verification checks to ensure the process complies with Know Your Customer (KYC) and other regulations.

5

Fool-proof document submission

Mobile onboarding applications can capture images instantly and offer immediate feedback to the user, avoiding frustrating delays due to bad image quality—a must for any successful onboarding platform.

6

Gateway to a complete mobile-first customer experience

A streamlined mobile onboarding experience can help you gain new customers and lay the foundation for solid customer relationships. And that's just the beginning.

The future of onboarding is now

For traditional banks and financial institutions, the question of offering a streamlined mobile onboarding process is not one of “should we?” but “how soon can we?”

If banks can surprise and delight consumers at this most sensitive stage of the customer journey, they will be well positioned to win the loyalties of even the most demanding digital consumers.

Transform your mobile customer touchpoints today

Request a trial

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For more specifications, visit www.abbyy.com.
If you have additional questions, contact your local ABBYY
representative listed under www.abbyy.com/contacts

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