



Work Like Tomorrow.™

Take Banking Customers Where They Want to Go

7 Steps for Better Customer Onboarding

KOFAX

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First Impressions Make a Lasting Impact

Onboarding is your most important customer engagement.

If you work in a financial institution, you may be in the midst of transitioning to digital processes and services, including customer onboarding.

Digitization gives companies the flexibility and power they need to create easy and satisfying interactions for their customers.

Customers get their first experience of working with your bank during onboarding. Onboarding should be as flexible and frictionless as possible. When customers see the speed, ease, security and convenience you demonstrate during onboarding, their positive perception of your brand—as well as the likelihood they will join your bank—is reinforced.

Clearly, onboarding is a prime opportunity to show customers how easy it is to do business with you, and digital is playing a bigger role. Sixty percent of banks have closed or shortened hours at branches as a result of the pandemic. Many are turning to new digital options, with 34 percent adding digital processes for account opening¹.

¹Digital Banking Maturity 2020 - Deloitte





One Second Is the New One Minute

Seamless onboarding helps your bank stand out.

In the banking industry, customers are at the center of business disruption, and organizations like yours are scrambling to meet their demands. It's easier than ever for customers to shop for competitive offers, and a recent report found that 81 percent of consumers are willing to switch from their traditional bank to a new-age financial provider for easier access and more flexible banking options.²

Your customers now expect the same convenience and contextually relevant communication from your bank that they enjoy in other areas of their lives. They hold your organization to equally high standards for premium digital experiences.

Success lies in setting your bank apart with advanced onboarding functions like mobile-enabled digital processing and the ability to gain insights into real-time customer data.

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² World Retail Banking Report 2021 - Capgemini and Efma

³ What Do People Really Want from Banks? - FICO



“Seventy percent of banking customers say they would be ‘likely’ or ‘very likely’ to open an account at a competing bank if it offered products and services that address their unmet needs.”³



Maximize Your Onboarding Investment

Many banks use multiple core, legacy platforms in their struggle to deliver more consistent customer experiences, but these outdated and disconnected platforms just can't keep up. Perfecting the onboarding experience requires more than just rethinking your business processes. In order to succeed, your underlying technology must support continued innovation of front, middle and back office processes. Improving these processes makes it possible to provide the experiences customers want.

In addition to end-to-end bank process improvement, the onboarding solution you choose must have the flexibility to integrate with existing systems.

Q&A: CFOs Often Ask This

"How can we reduce the cost of the manual processing needed to validate and maintain regulatory compliance?"

As regulatory mandates continue to grow in complexity and importance, you'll want a digital onboarding platform that's designed from the start to work alongside existing systems, while being flexible and powerful enough to keep up with changing compliance requirements.

4 US Consumer Survey: Digital Account Opening - FICO

Did you know?



71%

of U.S. respondents to a FICO survey reported they are willing to open an account digitally, and 62 percent expect to be able to prove their identity digitally.⁴





7 Ways to Assess Your Bank's Current Onboarding Capabilities

Insight into your current process is the foundation of a solid onboarding plan.

Use the information on these pages to see how your onboarding process compares to banking industry benchmarks. You can then check the referenced pages for more information. If you don't have the answers to some of the questions, that's okay. You'll likely gain valuable insight just from gathering the information described here.

This questionnaire is designed to help you begin planning now. Type your answers to each question in the box(es) provided.

1. Attrition Rate

The average first-year attrition rate for the top 100 banking institutions is 20%-40%.

What's the first-year attrition rate at your organization?

Answer here

For more information, please turn to [page 8](#).

2. New Customer Acquisition Cost

Acquisition costs for banking customers vary widely. Financial institutions can invest anywhere from a few hundred dollars to more than \$20,000 for each client they onboard.

What's the average cost for your organization to acquire a new customer?

Answer here

For more information, please see [page 10](#).

3. Average Time to Onboard a New Customer

Onboarding new banking customers can require days or weeks, depending on process capabilities.

On average, how long does your onboarding process take?

Answer here

To learn more, turn to [page 12](#).

4. Business Bottlenecks

People, processes, underlying systems or data cause business bottlenecks. Prioritize who or what causes bottlenecks in your organization, with 1 being the most likely cause, and 4 being the least likely cause.

<input type="text"/>	People	<input type="text"/>	Data
<input type="text"/>	Processes	<input type="text"/>	Don't know where the bottlenecks are
<input type="text"/>	System		

For more information, please turn to [page 14](#).

5. Where Does Your Customer Start Onboarding?

Primary channels for banking onboarding include a mix of computer, mobile, in-person and paper. Please mark the channel most of your customers use to begin their onboarding process.

<input type="text"/>	Computer	<input type="text"/>	Paper
<input type="text"/>	Mobile	<input type="text"/>	A combination of any of the above
<input type="text"/>	In-Person		

For more information, please turn to [page 16](#).

6. Where Does Your Customer Complete Onboarding?

Please mark the channel most of your customers use to complete their onboarding process.

<input type="text"/>	Computer	<input type="text"/>	Paper
<input type="text"/>	Mobile	<input type="text"/>	A combination of any of the above
<input type="text"/>	In-Person		

For more information, please turn to [page 16](#).

7. Measuring Customer Onboarding Satisfaction

Getting an accurate measurement of customer satisfaction is a key goal for most financial institutions. Leading financial organizations use analytical tools such as a net promoter score, straight-through processing rates and not in good order (NIGO) resolution to measure customer satisfaction.

On a scale from 1-10 (with 10 being high), how would you rate your organization in its ability to assess customer onboarding satisfaction?

For more information, please turn to [page 17](#).

7 Steps for Better Customer Onboarding

Now that you've answered the questions from previous pages, you should have a good idea of where your bank is on its journey to digitization. Use the seven steps in this section to start developing a successful digital onboarding strategy.

Step 1: Curb Customer Attrition Rates

Research reveals a global increase in overall customer willingness to change banks. This is particularly true for the Millennial and GenZ segments, who have only known a digital world. They understand how easy it is to switch loyalties and don't see any reason they should treat your bank differently than another service provider.

Given this pressure to reduce attrition rates, the onboarding process is that much more pivotal. Out of the 70 percent of U.S. consumers who are willing to open a bank account digitally, only 21 percent said they would complete the process if they were forced to move outside of the digital channel.⁵

⁵ US Consumer Survey: Digital Account Opening - FICO

⁶ Consumer Banking and COVID-19 Survey - PWC



“14% of consumers are considering switching their primary bank in the next six months, and 43% of those potential switchers are looking to make the switch in the next 90 days.”⁶

Make Onboarding Easy for Your Customers

It's important for your customers to see onboarding as a single process, no matter how many channels they use. To avoid losing customers, your onboarding strategy must offer leading-edge experiences that:

- Are consistent across multiple channels
- Avoid repeatedly asking customers for the same information
- Are near-real time and reliably accurate
- Keep customers informed

Multichannel Consistency

Give your customers the choice of interacting via any channel, at any time. Customers who experience "anywhere" onboarding with consistent information across channels are reassured that this convenience will extend to their day-to-day experience.

Enter Information Once

Banks still require duplicate entry of information, even when a customer is buying a new product from the same financial institution. To reduce frustration, customers should never have to enter information more than once, especially when switching from one channel to another.

Reliable Accuracy in Near-Real Time

Large financial organizations struggle to arrive at "one version of the truth." Ensuring information is up-to-date and in sync across channels reassures customers that they have anywhere-access to always-accurate data.

⁷World Banking Report 2021 – Capgemini and Efma



“On average, 80% of banking customers demand an omnichannel experience, yet 44% report medium to high friction in their interactions.”⁷

Step 2: Reduce New Customer Acquisition Costs

Onboarding costs can vary widely from bank to bank, but there's no doubt that reducing these costs can make a big impact on your bottom line.

Customers are more likely to stay once you acquire them. But to get there, banks often spend anywhere from several hundred to thousands of dollars for each customer gained.

Although many bank legacy systems function well, other systems tend to be inefficient, inflexible and expensive to support. A recent analysis identified the top four challenges banks face in legacy customer onboarding, which results in customer loss: 1) Untimely client follow-up 2) Ineffective operational controls and technology issues 3) Dissatisfaction with a lack of visibility into application status 4) Dissatisfaction with the Know Your Customer (KYC) process and multiple document requests. Additionally, outdated processes result in an overall increase in onboarding costs resulting from a lengthy onboarding process, lost revenue, higher operating costs, decreased competitiveness and increased exposure to regulatory risk.⁸ The investment in legacy systems isn't paying banks back in customer retention or the bottom line, and the solution may not be able to meet future technology needs.

Q&A: CFOs Often Ask This

“Do we have a consistent way to ensure business strategies are incorporated into our client monitoring and selection?”

It's vital that your business strategies cascade down into all processes, including onboarding. This approach helps ensure applicants meet your bank's specific criteria for becoming profitable banking customers, with minimal acceptable risk.

8,9 Top Trends in Retail Banking: 2020 - Capgemini



“Faster and more efficient customer onboarding experiences from new-age technology firms such as Facebook and Amazon have changed customers' expectations.”⁹

Paperless Customer Acquisition Costs Less

If you want to reduce new customer acquisition costs, begin by digitizing your paper-based processes. Start with those processes that require your customers to deliver, fax or mail physical paper forms. Reduce the cost of new customer acquisition even more by providing:

- A single-vendor, integrated platform that flexes to meet new requirements without disrupting customer transactions
- Multichannel onboarding capability (especially mobile) that provides pocket-friendly banking
- Onboarding transparency that reduces the need for customer support calls

A digitized onboarding process that connects customers and internal teams can yield significant savings, including a 15 percent reduction in the cost per customer and a 20 percent reduction in the time it takes to onboard.¹⁰

¹⁰ How Digital Collaboration Helps Banks Serve Customers Better - McKinsey

¹¹ Reimagining Customer Engagement for the AI Bank of the Future - McKinsey

Did you know?

Banks with the highest degree of reported customer satisfaction saw deposits grow 84% faster when compared to banks with the lowest customer satisfaction ratings.¹¹



Step 3: Accelerate Average Onboarding Time for Your Customers

When onboarding takes too long, your customers will seek other solutions. In fact, half of all customers will abandon the digital onboarding process if they have to answer more than ten questions.¹²

So what slows down onboarding enough to frustrate customers? You guessed it: legacy systems that still require manual intervention and paper-based interactions. You can reduce the time it takes to onboard new banking customers by:

- Eliminating disconnected, manual processes in favor of integrated, automated processes
- Offering customers their choice of onboarding channels
- Providing customers with process transparency

Q&A: Audit Committees Often Ask This

“Are you satisfied that important processes are effective in ensuring efficient and compliant operations at your bank?”

The right onboarding solution helps you customize processes so they adhere to regulations and legislation across regions, boosting compliance.

¹² US Consumer Survey: Digital Account Opening – FICO

¹³ World Retail Banking Report 2021: Capgemini and Efma



“To deliver enhanced CX, banks must:

- Cultivate a data ecosystem by:
 - Capturing data
 - Managing data via data management platforms
 - Analyzing data via AI/ML/Analytics
- Reimagine branches as experience centers
- Implement a digital CX layer to integrate all ecosystem player¹³

Automated and Integrated

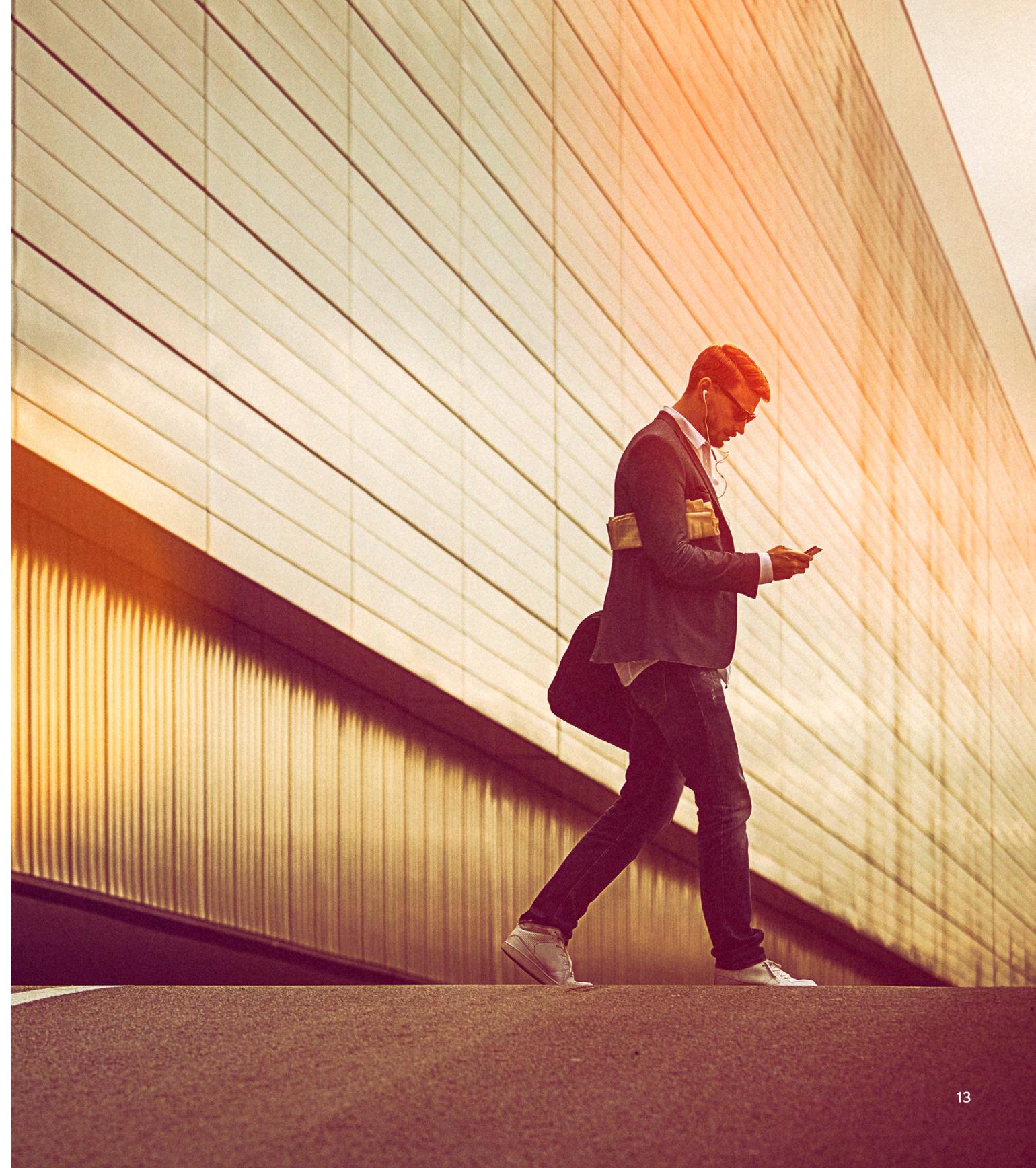
The first “easy win” for shortening onboarding time is to use automated versus paper-based processes. This change alone greatly reduces onboarding time for your customers. For best results, your automated processes should leverage an integrated platform instead of multiple, separate tasks and apps.

Customer Channel of Choice

When your customers are enthusiastic about making a purchase or submitting an application, the last thing you want to do is make them wait until they’re in front of their home computer to complete the necessary steps. Consider ways to make it easier for your customers to exit the process from one channel and enter from another, picking up where they left off.

Now You See It

Any-channel access to application status and timely, relevant updates are must-haves for consumers accustomed to full transparency in other digital experiences. Once onboarded, customers also expect to receive relevant communications as they begin a relationship with your bank.



Step 4: Identify and Eliminate Business Bottlenecks

Many banks don't have visibility into where bottlenecks exist or what's causing them. Without full visibility, you can't see the gaps in your onboarding process. Leading onboarding platforms help you pinpoint processes and tasks that need to be streamlined.

For example, nearly one in four customers says it's too difficult to transfer their other accounts, such as mortgages, to their new financial institution. When your onboarding process gives them easy ways to add other accounts and services, they're much more likely to become active customers who use your institution as their primary bank.

Did you know?

The 5 Whys

Industrialist Sakichi Toyoda developed the "Five Whys" technique for solving business problems. The idea is that when you trace back the "whys" of what happened, you'll discover the source of the problem.

1. The loan customer is calling and complaining. **Why?**
2. They received their funding three days later than promised. **Why?**
3. They were mailed a paper check instead of receiving the funds electronically. **Why?**
4. A staff associate misunderstood the instruction he received and mismarked the application as "paper check." **Why?**
5. This is part of a process that isn't automated. It's confusing and requires manual intervention. **Why?**

When you ask enough "whys," you'll soon discover the key "why" that, once unlocked, reveal the original misstep. In the above example, the fifth "why" uncovered a process anomaly that, once corrected, will avoid manual processing errors, helping future applicants receive payment in the manner requested.

Guidelines for Solving Bottlenecks

Though it may be tempting to put client onboarding in the “important but not urgent” category, this is a mistake, because onboarding can be a make-or-break moment in every customer relationship.

People

To eliminate a bottleneck caused by people, review each person’s role and responsibilities. Meet as a group to learn where process gaps are and get the team to agree on the specific changes that need to be made to correct the problem.

Processes

To gain a fresh perspective, view the entire process from the outside-in, starting and ending with the customer experience. This way, you’re not forcing customers to comply with the limitations of existing processes. Instead, you’re showing them what could be.

System

Implement a flexible, scalable IT platform that supports more than just onboarding. Systems stay in sync and you can customize the user experience to keep up with customer expectations.

Data

Avoid housing information in multiple silos so you don’t end up with different versions of the same document. Consider creating a single place to store client data and let everyone know this is the single, reliable source.

14 Top Trends in Retail Banking: 2020 - Capgemini



“With many banks facing customer retention challenges, a less-than-stellar onboarding experience may significantly impact customer loyalty and referrals—and bank profitability.”¹⁴

Step 5: Let Customers Choose Their Channels

When customers have positive experiences engaging with your bank, they tend to buy more of your products. Therefore, you want to make it easy for them to bank anytime, using any channel or device, in the ways they prefer.

Offering multiple channels—such as PC, mobile, in-person, paper and call center—helps you increase customer satisfaction and grow your business.

A recent forecast report predicted the development of five key banking channels in the U.S. between 2020 and 2024: physical branches, digital platforms, smartphones, call centers and ATMs. Nearly 4 out of 5 account holders are expected to be using digital banking on a monthly basis by 2024, as mobile apps, e-bills and online deposits become the preferred methods.

Physical branch penetration will **decrease** from 70.1% in 2019 to 62.3% in 2024.

ATM penetration will **remain steady**, increasing slightly from 71.2% in 2019 to 71.9% in 2024.

Digital banking penetration will **increase** from 66.9% in 2019 to 79.3% in 2024.¹⁵

No matter what the channel mix may be, frictionless onboarding is the goal. That means giving customers the flexibility to set aside their onboarding process in one channel and subsequently pick up where they left off in another channel.

¹⁵ US Banking Channel Forecast - Insider Intelligence

¹⁶ Reimagining Customer Engagement for the AI Bank of the Future - McKinsey



“By reimagining customer engagement, banks can unlock new value through better efficiency, expanded market access, and greater customer lifetime value.”¹⁶

Step 6: Measure Customer Satisfaction During Onboarding

A critical measurement of onboarding success is completion. Most banks see a completion rate of about 30 percent for new account opening and 10 percent for loan applicants. Streamlining onboarding can improve completion rates, as well as provide other insight into customer satisfaction.

To measure and monitor your onboarding process, you need a platform that provides information not only about past performance, but also about current processes and how to improve them. Look for:

- Customizable dashboards that provide key performance indicators and metrics
- Reporting and analytics that are tailored to facilitate faster, more informed decision making

In this way, you can engage and learn from your customers in near-real time, using their feedback to continue to refine the onboarding process.

Q&A: CROs and Risk Committees Often Ask This

“Are processes in place where issues affecting overall risk—including reputational risk—are getting appropriate attention at the highest levels of the organization?”

Without instant visibility, senior management must often sift through complex, static reports to gain process insight.



Step 7: Gather Resources and Compare Solutions

Customer onboarding is just one part of a company's effort to digitize from end to end. Plan ahead to make sure you have the best platform in place, as well as the team support you need to improve the onboarding experience for your customers.

Seek Internal Support

Identify individuals within the organization who have the capability, time and talent to help you develop and implement your plan. Make sure to include management from relevant business groups in your onboarding team. Leverage this team to help you trace where problems tend to occur, where SLAs exist, where corporate governance comes into play and where fines have been assessed.

Ask Management These Questions

1. What innovations to the onboarding process would be helpful to our business?
2. Where can our business make more money (such as new business ventures)?
3. Where does our business need more visibility and advanced warning of service level risks?



Review Third-Party Tools

Review solutions across the company to assess how well they're working, and whether they can (or should) be simplified or replaced.

Partner with the Right Solution

It's important to select an experienced partner with a proven track record. Solutions such as **Kofax TotalAgility®** can reduce onboarding time and complexity. Kofax TotalAgility delivers a unique mix of mobile access, omnichannel document capture and extraction, workflow automation, e-signature integration capabilities and leading analytics.

Kofax TotalAgility helps you onboard new customers quickly while you deliver consistent processes across channels. Customers get the experiences they expect, and your costs and complexities are reduced.



Summary

Use the tools in this guide to get a clear picture of how well your current onboarding process works, and what tasks you need to automate in order to attract and retain new customers. We have solutions to help you:

- Reduce onboarding time and complexity
- Minimize disruption to your ongoing business operations
- Empower user self-service, reducing customer abandonment
- Save time and money and minimize digitization risks



Are you ready to digitally transform your customer onboarding experience?

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