DIGITAL ONBOARDING

Turning Account Openers into Engaged Relationships

Navigating 4 Phases of the Journey

Introduction

Far too often, banks and credit unions focus almost exclusively on new customer or member acquisition and cross-selling.

This approach can be problematic. Institutions that focus on the beginning and the end of the customer and member lifecycles are ignoring the critical middle stages that ultimately determine long-term success.

It's important to recognize that the process for achieving primary financial institution status is a multi-step journey with four stages:

1. **Account Opening**
2. **Confirmation & Welcome**
3. **Product & Service Utilization**
4. **Relationship Growth**

In this e-book, we'll discuss ways to optimize your success by adopting strategies and best practices at each stage.

1

Account Opening

Speed is key

ACCOUNT OPENING: SPEED IS KEY

In the early 2000s, a Rhode Island technology company named Andera introduced the first platform that enabled credit unions & banks to open deposit accounts online.

Fast forward to now, where the percentage of institutions that offered online/website and mobile new checking account opening in 2020 reached 82% and 38%, respectively.

We've come a long way, right? Sort of.

The good news is that most banks and credit unions *offer* online account opening. However, there's still work to be done.

Digital applications are notoriously tedious and abandonment rates are high. The biggest culprit? Lengthy application processes. If you think applicants will invest more than 10 minutes opening an account online, you'd be wrong in plenty of cases.

If your online application takes 10 minutes or longer to complete, account openings can be impacted by as much as 40%.[2]

Many financial institutions calculate "abandonment rates," a simple formula that divides the number of completed applications submitted for a final decision by the total number of applicants. However, abandonment rates are often grossly underreported.

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The issue lies in the way "total applicants" is calculated. With many online account opening platforms, applicant information isn't saved until an initial set of required fields are completed. Until that's done, applicants aren't counted in the denominator.

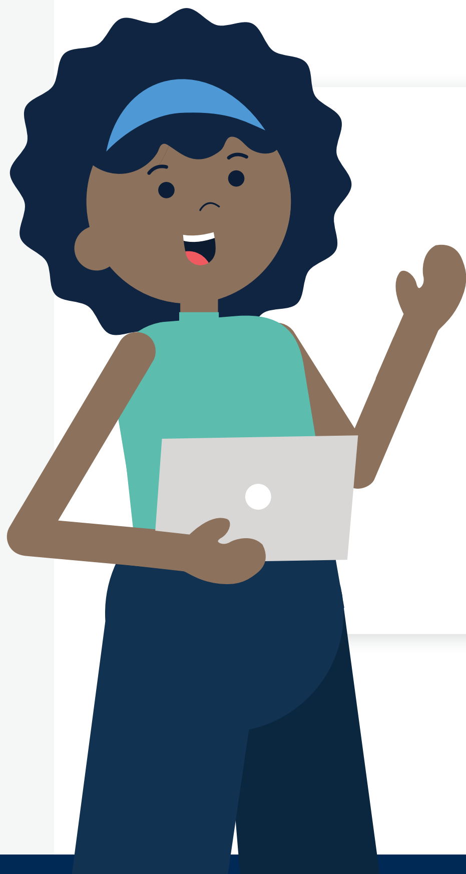
The true abandonment rate equals the percentage of online applicants that clicked an apply now button on an institution's website but quit the process before their application was processed.

In our experience with hundreds of institutions large and small, **it's not uncommon for 70 to 90% of applicants who clicked "apply now" to abandon** the process before their applications are submitted for a decision.

What are you doing to bring them back?

It's a lot easier and cheaper to re-engage someone who already expressed interest than it is to attract someone new. Retargeting abandoned applicants pays huge dividends. By capturing and immediately saving applicants' names, email addresses, and mobile numbers, banks and credit unions can send instant email and SMS reminders that motivate abandoned applicants to come back and open their accounts.

Typically, abandoners have to remember their application ID numbers to resume saved applications. For retargeting campaigns to succeed, make sure that people can recover their application IDs within seconds.



REMEMBER THIS:

1. Ensure that your online account opening process can be completed in fewer than 10 minutes.
2. Immediately retarget abandoned applicants to motivate them to finish the process.
3. Give people an easy way to recover their application IDs before friction gets in the way again.

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Confirm & Welcome

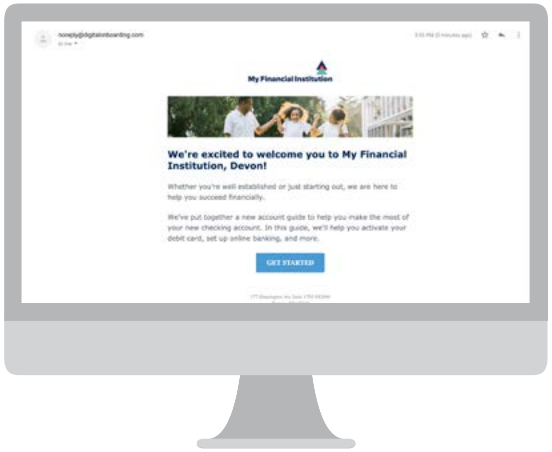
Don’t keep them wondering

Waiting a few days to follow up with new account openers can mean the difference between a fully engaged customer and an inactive one.

Consider this: If you buy a package of paper towels on Amazon®, you receive an instant receipt. **If you open a bank account online, it can take days to receive an acknowledgement.**

When someone opens their first account at your institution, it's your earliest and best opportunity to thank them for their business and make them feel good about their decision. This is *not* the time to start cross-selling additional products. Engage them and build a relationship first.

How is your institution welcoming people that opened accounts in a branch? Are they receiving a personalized email or SMS message from the person that opened their account? Or are they walking out of the branch with an armful of brochures and disclosures?



How are you welcoming people that opened accounts online? Are you automatically sending them a message thanking them for their business or are you sending a paper welcome kit that will take days to arrive?

The first message after account opening typically has an extremely high engagement rate. A prime example: A credit union in the Northeast sees a 90% open rate and an 81% click through rate for the first email message it sends after checking accounts are opened.

If done right, your first message will get a lot of exposure. Make sure it's welcoming and sets expectations for what's to follow.

REMEMBER THIS:

1. Instantly confirm account openings and welcome everyone that joins your institution. Thank existing customers and members for the additional business.
2. Don't ruin the moment by bombarding new account openers with piles of paper.
3. Wait until new account openers are engaged and using their new accounts before you cross-sell.

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Onboard & Engage

Make it easy to get started

Most banks and credit unions open a new account and call it a win. However, the only thing they've won is the chance to make money or to lose it. When accounts stay open but aren't used, it negatively impacts the bottom line.

If a checking account holder considers your institution to be their primary provider, **they're four times more likely to turn to you when additional financial needs arise[3] and will deliver an average of $212 in incremental profit each year.[4]**

This is why it's so critical for proper onboarding to build early engagement.

Warning: If a new account opener doesn't engage and start using their new account in the first 90 days, they probably never will.

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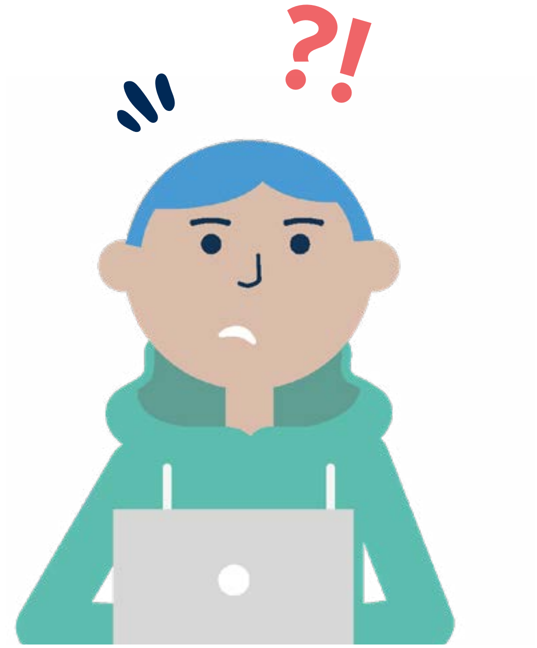
When someone opens a new checking account, they have a lot to do:

- ✓ Switch their direct deposits
- ✓ Activate their debit card
- ✓ Enroll in online banking and/or download the mobile app
- ✓ Figure out how digital banking works
- ✓ Update automatic payments
- ✓ Sign up for eStatements
- ✓ Update their digital wallet
- ✓ Understand P2P payments options
- ✓ Learn about a rewards program
- ✓ And the list goes on ...



Banks and credit unions need to make it as easy as possible for new account openers to start using their new accounts immediately. This includes communicating early and often, as well as offering tools and tips to make things easier.

Communicate early

When institutions wait a few days or more to communicate with new account openers, the chance of engaging them falls significantly. A best practice is to trigger an instant welcome email or SMS message after account opening. If your systems don't support real-time communication, try to deliver the first message within 24 hours while you work to improve your technology.

Remind them often

JD Power & Associates reported that new account openers should receive five to seven communications from their financial institution in the first 90[5] days. Yet, most banks and credit unions don't communicate often enough.

We recommend that banks and credit unions concentrate their early engagement efforts on the first 30 to 45 days. Instead of relying on snail mail, institutions should leverage personalized email and SMS communications for a timelier outreach.

Before sending a reminder message, confirm whether the customer or member has already taken the required action. If they have, remind them of the next most important action they need to take and suppress any further reminders for the completed actions.

82% of consumers open every text message they receive.[6]

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Here’s our best-practice new account opener messaging cadence:

EMAIL & SMS MESSAGES
DAYS SINCE ACCOUNT OPENING

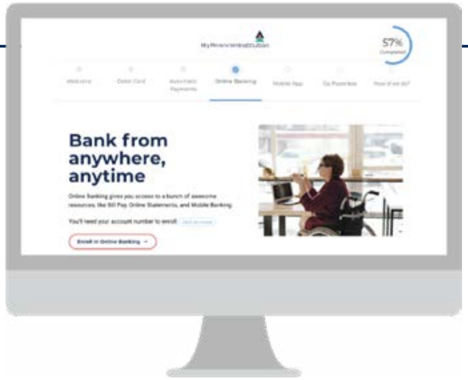
PERSONALIZED MICROSITE

DAY 0

Confirmation & Welcome

DAY 3, 10, 15, 20, 25, 35

Determine which reminder message to send based on the objectives the customer or member has not completed



Note: As customers begin utilizing their new accounts, they wouldn’t need to receive this full set of reminder messages. Messages later in the cadence would apply to customers who haven’t yet:

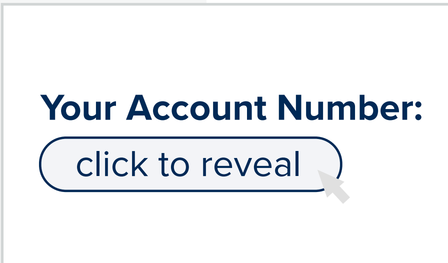
- Enrolled in online banking
- Switched direct deposits
- Taken other actions needed to fully utilize their new accounts

Basic emails and SMS messages are not enough to get people engaged. It’s important to link your messages to personalized, step-by-step guides and tools that make onboarding tasks easier.

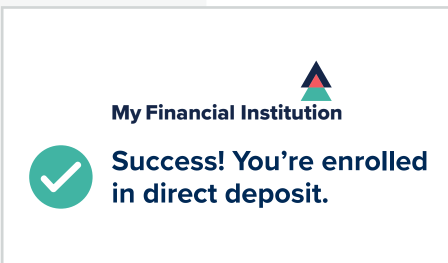
JUMP TO:

Offer some help

Educate new account holders on what actions that they need to take and do what you can to make tasks easy to complete. It’s all about removing friction.

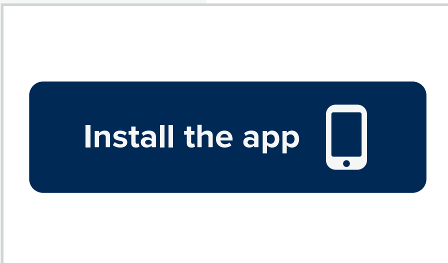


Share member and account numbers securely: These numbers are typically required to enroll in digital banking and direct deposits. But when someone opens an account online, the information flashes on the screen and doesn’t always get recorded. You could mail the information to new account holders, but the letter will take days to arrive. To drive early engagement, find a secure way to deliver sensitive information immediately upon request.

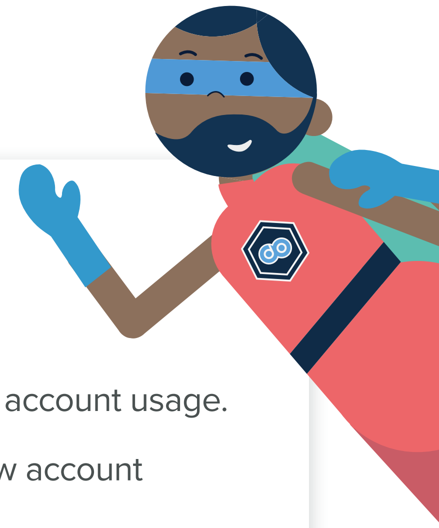


Help them enroll in direct deposits: Direct deposit is a main driver of primary financial institution status. Too often, institutions provide a PDF form and ask customers and members to complete it and give it to their employers. This may have been fine 20 years ago, but there are better ways to be supportive. Eliminate forms and invest in technology that enables people to switch their direct deposits in minutes.

Simplify the process of updating default payment methods: When someone gets a new debit or credit card, they face the daunting task of compiling a list of all the merchants where they've stored a card on file so they can visit each merchant's website to update their card information. It's a tedious process. If you provide digital tools that enable cardholders to update their payment information easily, you can grow transactions and maximize interchange revenue.



Make it easy to download the mobile app: There are thousands of banks and credit unions in the United States, and many institutions share similar names, which can confuse new account holders. Give new customers and members a simple way to download the right mobile banking app for their devices.



REMEMBER THIS:

1. Deliver the first message within a day of account opening.
2. Send frequent reminders in the first 30 to 40 days to encourage account usage.
3. Provide digital tools that remove friction and make it easy for new account openers to adopt account-related services.

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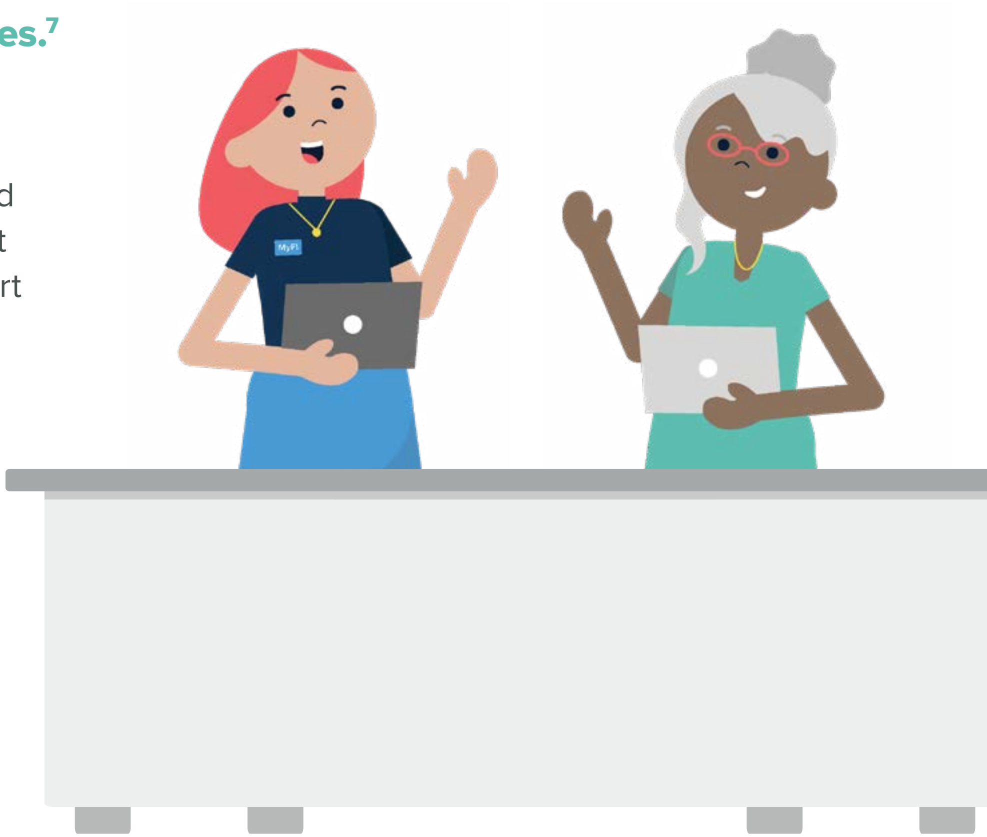
Deepen Relationships

Boost profitability and retention

For most institutions, checking accounts aren't wildly profitable but are still considered the key to the household relationship. As we noted in the previous section, when a checking account holder considers your institution to be their primary provider, they're 4x more likely to turn to you when additional financial needs arise.

Cross-selling not only impacts relationship profitability, but also impacts retention. When a customer or member moves from having one product to three, **their probability of switching decreases by 10 times.**[7]

Banks and credit unions often miss cross-sell opportunities by not delivering proactive and personalized offers. In fact, we've found that about one-third of banking customers report opening an additional product at a competing institution.

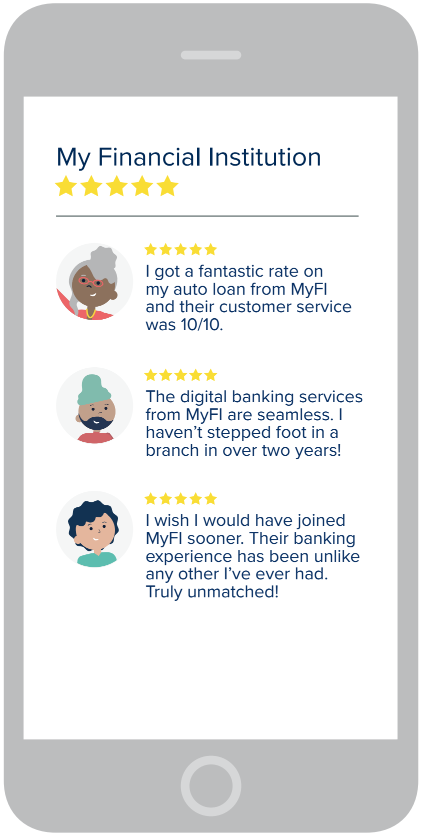


Educate customers and members on what you offer

Once customers and members have been properly onboarded and are actively using the products they opened, it's time to start educating them about other ways your institution can help with their finances.

- Do you offer excellent auto loan rates?
- Do you offer a frictionless mortgage process?
- Do you offer a bank account that helps teenagers responsibly manage their money?

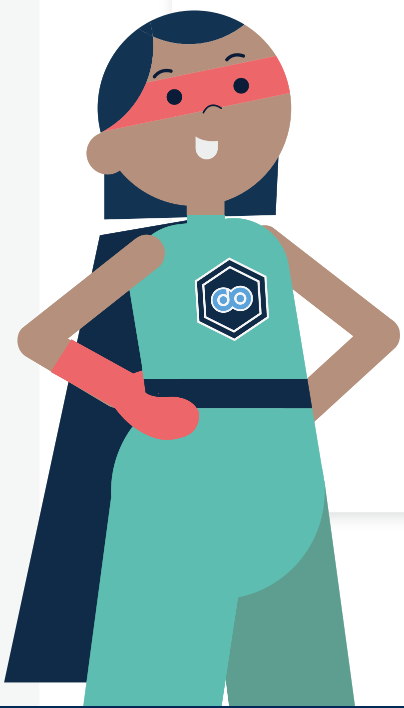
Sharing ratings, testimonials, and awards also goes a long way towards building credibility. Feature quotes and stories about how you've helped other customers and members. Include them on your website and in other communications to solidify how relatable and trustworthy your institution is.



Cross-sell before they go elsewhere

One out of three banking customers who opened a new product purchased it from an institution other than their primary one.[8] Why are your customers and members opening credit cards with competing institutions? Why are they getting mortgages through Quicken Loans®? When a new need arises, people suddenly tune into advertising and special offers. How your institution can help may not occur to them when they have needs to solve.

While you can frequently ask customers about their needs, it’s more effective if you can identify when a new need arises. Leverage third-party data to identify customers and members as soon as they begin shopping around (e.g., people listing their homes for sale, shopping for a car, etc.) Not only does cross-selling increase customer and member profitability, but it also has a massive impact on retention rates. **Moving from one product to three decreases the probability of switching institutions from 50% to 5%.**[9]



REMEMBER THIS:

1. Don’t assume that customers and members will turn to your institution when new needs arise.
2. Leverage third-party data to identify customers and members that are shopping around so that you can make proactive offers.
3. Cross-selling additional products not only improves your bottom line, but it also has a massive impact on retention rates.

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Conclusion: Meet Customers in the Middle

Financial institutions have spent too long focusing on the beginning and end of customer and membership lifecycles. The answer to longevity, improved retention rates, and customer loyalty lies in the work you do to engage customers and members in the critical middle stage.

Standard email systems and marketing automation systems can work well for acquiring new customers and members. But deeper relationships in the middle and later stages of the customer journey require a platform that enables growth.

This growth platform should support instant welcomes for new customers and members and consistent, personalized communication during this middle stage and beyond.

With a growth platform to help you improve these strategies, your customers and members will continue to rely on you as their financial institution of choice for years to come.

DIGITAL ONBOARDING

ABOUT DIGITAL ONBOARDING

Digital Onboarding Inc. is a SaaS technology that offers a fully automated digital engagement platform that is purpose-built for financial institutions. The platform enables banks, credit unions, credit card companies, and investment management firms to create personalized emails, texts, and step-by-step digital guides to optimize customer lifecycle communications at every stage. Unique platform features make it easy for customers and members to view sensitive data securely, update default payment methods, switch direct deposits, get the right mobile banking app for their devices, and more.

SOURCES

[1] The Digital Banking Report
[2] The Financial Brand
[3] Digital Onboarding
[4] Javelin Strategy and Research
[5] The Financial Brand
[6] The Financial Brand
[7] Frederick Newell, The New Rules of Marketing
[8] Bain & Company, "Customer Loyalty in Retail Banking: Global Edition 2013"
[9] Frederick Newell, The New Rules of Marketing

Want to talk to someone about increasing engagement with your accountholders?

See the platform in action.

Our demos are customized to fit your specific business needs.

Book a demo (724) 593-1989 sales@digitalonboarding.com

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