eBOOK

Q2

Onboarding in the Digital Age

Rethink Engagement to Win More Primary Banking Relationships

Digital facilitates intelligent, easy engagement that's far more scalable than anything brick-and-mortar ever promised.

Over the last decade, and especially in the last few years, digital has changed everything. To survive, community banks and credit unions had to become, to some degree, technology companies—or give their account holders the impression that digital was in their wheelhouse.

Now, every FI has a digital presence. The remaining challenge for many FIs is to move beyond just adopting digital technology to build a cohesive strategy around it—because, while initially disruptive, digital ultimately presents a huge opportunity. Digital facilitates intelligent, easy engagement that's far more scalable than anything brick-and-mortar ever promised.

But this opportunity can't be stumbled into accidentally. It takes a strategic and comprehensive approach. And it starts from the moment the consumer clicks into your digital branch. From that initial win, subsequent onboarding, and ongoing service, it's possible to create a cycle of engagement that builds beneficial relationships and helps your FI grow its presence in your account holders' lives.

In this eBook, we'll look at the ways digital has changed onboarding, how it empowers engagement, and how to build a comprehensive strategy to enable profitable primary banking relationships in your digital channel.

CHAPTER 1

Digital Is Your Brand

First, the challenge:

Roughly half of U.S. consumers bank with multiple financial institutions and 20% bank with three or more FIs.[1] Half of new checking accounts go inactive in the first 90 days and a majority of consumers cite "inertia" as the main driver for choosing their primary FI.[2] In other words, they aren't given the experiences or tools required to engage early in the relationship, so they simply coast—and become a cost center.

The good news is that, while their engagement might be scattered, consumers trust FIs. A 2021 survey revealed that consumers trust traditional FIs well more than they trust fintechs, government agencies, and big tech companies like Apple, Google, or Amazon.[3] Over 70% of consumers feel their FI has their best interest in mind. And a similar percentage believe their FIs served them well during the pandemic, resulting in 30% feeling more loyal to their FIs post-pandemic.[4]

While digital innovation has thrown countless financial point solutions into the market, with a strong focus on self-service, consumers still need a source of advice, access to expertise. And, because they trust FIs, they want their bank or credit union to be that source. They're ready for engagement—and this engagement will happen in your digital channel.

Three years ago, there were more than 160 million consumers banking digitally in the US, up 20% from five years prior.[5] Even before the quarantine accelerated digital adoption, online and mobile were taking off. Now that number is approaching 200 million.[6] In practical terms, this means that digital is where your customers do everything. It's where they live. More than any branch or billboard **digital is now your brand**. It's where consumers search for products, providers, apps, and expertise. Every interaction builds that brand. It's safe to say that, if you can't grow digitally, you can't grow. Period.

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FIs can connect and engage digitally at a scale and pace beyond what physical branches ever allowed.

The trust FIs have earned with consumers has to be translated—even amplified—over the digital channel. This will come from delivering online and mobile experiences that meet their current expectations of the digital channel—expectations that have often been set by larger technology companies with significantly larger budgets for developing user experiences than the average community FI. It is possible, though, to meet and even exceed these expectations with the right strategy—and to turn an "inertia"-based relationship into deeper engagement, deeper trust, and a mutually beneficial partnership.

They key may lie in redefining what comprises a primary banking relationship. In what follows, we'll unpack the current commonly held definition and offer some ways to rethink consumer relationships to create faster, deeper engagement.

CHAPTER 2

Rethinking Primary Relationships

An ecosystem has emerged full of point solutions designed to address very specific problems. Consumers use Venmo to pay their babysitter, Mint to manage their finances, Acorns to invest, and they have one FI for savings and checking, another for their auto loan, and so on. In this landscape, it's difficult to define primary relationships—much less win them.

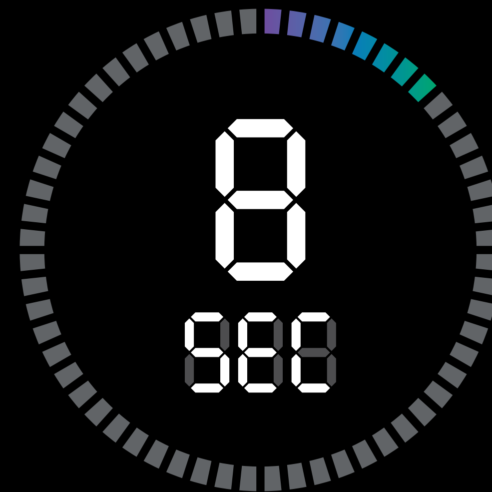
At the most tangible level, consumers' primary banking relationship is with their smartphone. Being able to interact with them on mobile devices in a way that they consider relevant to their needs and integral to their life is step one to becoming anything close to primary.

Making matters worse, attention spans have been fragmented in the digital age. Some research asserts that the human attention span has shriveled down from 12 to 8 seconds in recent years. In reality, attention spans are more complicated than a static number of seconds for every single task or engagement. Consumers' ability to maintain focus depends on what they're bringing to the engagement, and how relevant it is to their needs and interests.[7]

The point being, you've got to engage them quickly and in ways that matter to them from their first interaction, and you've got to carve out a path that will keep them coming back to your FI.

What does this have to do with banking primacy? Historically, primary banking relationships have been based on a handful of factors: an open account, recurring deposits, and a number of transactions per month. The exact number may vary between FIs—what matters is that they're consistent. And, traditionally, these relationships began at a somewhat slow pace: Account opening required trips to branches, copies of multiple types of identification, and then a wait for checks or cards in the mail. Engagement took the form of a printed packet of materials, likely filed away or discarded—either way, out of sight.

But FIs have adapted, adopted digital technology, and most of these processes have been updated. But digital transformation has never been a one-and-done situation. Technology continues to change, expectations continue to adapt, and the process of engaging at onboarding has to change as well.



Human attention span has shriveled down **from 12 to 8 seconds** in recent years.

At its most basic, the current model of onboarding is made up of three pieces:

1 Winning/Acquiring – Successfully marketing to prospects isn't easy, but it gets easier with data and with a fully digital process. The reality is that most consumers shop for FIs online these days. Clicking an obvious "sign up" button that's been effectively targeted to their needs is how they begin banking relationships.

2 Account Opening – In-branch visits should be optional at best. Branches shouldn't even be mentioned in a digital workflow—it shouldn't include any step or screen that isn't necessary or that might slow the process down. If your account holders aren't done with their end of the process in three to five minutes, something's wrong. And their attention will likely waiver.

3 Deposits/Payments – Your new account holders should leave the process with the ability to make transactions—meaning they need a virtual card. But to ensure long-term engagement, you really need to capture any recurring direct deposits that they receive. Where their money lives is where they'll engage. This used to take a fairly long time and require employer involvement, but this process can be automated now. All told, from initial application to switching their direct deposits to a new account, your new account holder should be done in ten minutes or less.

But, while onboarding sets the stage for account holder relationships, there's more to building those relationships than the above steps. The new primacy paradigm requires two more pieces:

4 Digital Engagement – Consumers' digital lives, financial and otherwise, are expansive. Remember they want someone to trust, they need advice and expertise—and they likely want it digitally. By offering tools for financial wellness, integrating with credit rating vendors, or allowing data from external accounts, you can benefit the customer and your FI. They'll get a better, more holistic view of their finances and you'll get a much richer understanding of their needs and how you might be able to engage and serve them.

An important addendum is that the services and products you offer don't have to be limited by traditional FI offerings. It's growing easier to integrate with a large number of third-party consumer applications. Some technology platforms offer an "app-store" marketplace experience that allows account holders to purchase and use financial software directly through their digital banking login. By offering these within their banking experience, you can bring consumers into your digital branch more often, keep them there longer, and become a fully integral part of their financial lives.

5 Long-Term Profitability – Every FI knows the dangers of slow, unsuccessful onboarding. Acquiring new account holders is costly. A significant ROI comes from deeper engagement, avoiding idle accounts, and successfully offering new services and products to consumers as need arises. A consumer that trusts and regularly engages with your FI for their financial wellness needs, savings goals, and other basics is more likely to seek you out when they need a mortgage or auto loan.

There are a lot of moving parts to the above five items but, drilling down a bit, there are four big pieces necessary to make all of it work together.

1 **Data** – Know why a prospective account holder is clicking onto your site or app; get access to information that allows you to pre-fill forms and applications; have a means of distilling customer data into knowable motives and preferences; and be able to act on data to make relevant, timely offers and tailor account holder experiences.

2 **Automation** – Remove manual processes and paper forms, and rethink workflows to allow onboard faster; this can include third-party providers for know-your-customer (KYC) validation or funding; and the capture of direct deposit or payments information.

3 **Integration** – If none of the above pieces connect, the experience is ruined. Making integration a priority allows your data to span the entire customer relationship, it lets you automate more effectively with different systems and third parties, and gives you the ability to aggregate relevant experiences and services into your digital branch.

4 **Repetition** – Engagement shouldn't end. Everything about your onboarding process should be applicable to future engagement. The data gathered during initial account opening should help inform and pre-populate additional offers and applications. Their initial account opening should be quick, but the next one even quicker.

CHAPTER 3

Questions to Ask

Get the conversation started and start looking for ways to fine-tune user experiences, integrate new strategies, and reduce friction

Given the above, FIs hoping to build fully primary relationships should start asking some questions about their current technology and capabilities. These include:

1. How have you been defining primary relationships? Are these accounts profitable?
2. How long does it take the typical consumer to open an account? Can they do so fully online or via mobile?
3. What percentage of account openings are also capturing direct deposits?
4. Is your current onboarding process scalable? Even if you were able to start winning more accounts, would your back office be equipped to handle increases.
5. What roadblocks are slowing down onboarding processes? Compliance concerns? Can workflows be adjusted to improve experiences while maintaining compliance?
6. Do you require re-keying of information for existing account holders?
7. What strategies do you have for making your FI's card top of wallet?
8. How are you using data to onboard and create engagement?
9. Are you able to aggregate external accounts to provide a full view of consumers' finances?
10. Is your current technology helping our hurting you create a holistic, end-to-end onboarding journey that seamlessly leads to further engagement?

The above list isn't comprehensive—and a lot of these questions will invite additional ones. The point is to get the conversation started and start looking for ways to fine-tune user experiences, integrate new strategies, and reduce friction. Even if you already have a solid and quick workflow, ask yourself how you can engage and reduce abandonment—for example, by adding progress bars or showing steps remaining in the process.

The answers to these questions and ideas spawned by them will help you understand what you're already doing well and where there are opportunities to optimize your onboarding to create more primary banking relationships.

CONCLUSION

From Cost Center to Revenue Creator

There's no reason in the digital age for your onboarding to be less than quick and comprehensive. Three-minute, mobile account opening has been a standard among most tech-savvy financial account providers for some time. Direct deposits—a huge dependency for being primary—can be automated. The same goes for recurring payments and card adoption. The technology exists. What remains is to turn these piecemeal solutions into a comprehensive, strategic process that feeds into your engagement pipeline.

Net new acquisition may still prove challenging. When a consumer already has three apps from three different banks, how do you motivate them to add a fourth? A streamlined experience and a reputation for innovation is a start. But this challenge makes it that much more important to make the most of the customers or members you win. With the right technology employed strategically you can turn your too-often cost center consumer accounts into the profitable primary relationships that create revenue and drive growth.

About Q2

Q2 is a financial experience company dedicated to providing digital banking and lending solutions to banks, credit unions, alternative finance, and fintech companies in the U.S. and internationally. With comprehensive end-to-end solution sets, Q2 enables its partners to provide cohesive, secure, data-driven experiences to every account holder—from consumer to small business and corporate. Headquartered in Austin, Texas, Q2 has offices throughout the world and is publicly traded on the NYSE under the stock symbol QTWO. To learn more, please visit **Q2.com**.

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