ORACLE

Onboarding and Originations – From Process to Experience

Leveraging customer experience driven onboarding and originations to deliver successful outcomes

DISCLAIMER

This document is provided for information purposes only, and the contents hereof are subject to change without notice. This document is not warranted to be error-free, nor subject to any other warranties or conditions, whether expressed orally or implied in law, including implied warranties and conditions of merchantability or fitness for a particular purpose. We specifically disclaim any liability with respect to this document, and no contractual obligations are formed either directly or indirectly by this document. This document may not be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without our prior written permission.

TABLE OF CONTENTS

INTRODUCTION

Effective onboarding and originations play a key role in laying the foundation to a long lasting and profitable customer-bank relationship. However, more often than not, onboarding and originations are viewed as just another set of routine processes, resulting in higher drop-offs, attrition and a loss in business and revenue.

In this whitepaper we will study how banks must rethink onboarding and originations and how a shift from a process centric to an experience centric approach can deliver revenue growth, deepen customer relationships and help drive competitive advantages.

BUSINESS IMPACT

More than ever before, customers are flooded with a choice for products and services from a multitude of financial services firms ranging from incumbent banks, to fintechs and many others. With the cost of switching financial service providers being lower than ever before, customers are more than willing to switch or shop for the most personalized products and best offers from different banks and firms.

Customers are also busier than ever and expect frictionless and convenient experiences when they make enquiries and/or sign up for a particular product or service. New technologies and pervasive connectivity are changing the way customers search for and sign up for financial products and services as well. Evolving data protection and privacy regulations also give customers the power to decide when and how they are engaged with how their data is used. Additionally, the intangible and often complex nature of financial products and services reinforce the need for personalized customer onboarding and product/service originations.

Most onboarding and originations processes however are often confusing, unclear and time-consuming. They span multiple siloes and stakeholders and involve a lot of manual processing, excessive paperwork and often repeated steps resulting in frustrated customers and high drop off rate/attrition.

Customer Attrition within One Year

20 to 40%

Finastra, 2018

In fact, according to research by Finastra, approximately 20% to 40% is the average customer attrition rate within the first year in the top 100 banks across the globe. Further, according to KPMG research, increasing customer retention rates by just 5 percent can increase profits by 25% to 95%.
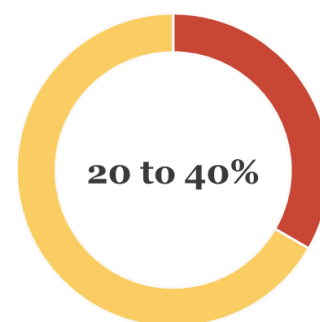
High attrition rates therefore represent a large missed business and revenue opportunity for banks, something that can hardly be neglected, given the ever increasing competition from both traditional as well as nontraditional firms.

CUSTOMERS WANTS

Customers more than ever before expect banks to offer a superior onboarding and originations experience.


- **User Experience:** As customers enquire about a bank or research and apply for products, they expect the whole experience to be relatively simple, clear, user friendly and intuitive. They also expect the process to be completed in a time scale of hours to a few days instead of weeks.
- **Information Flow:** One of the key aspects of onboarding is the voluminous information and data requirements. Customers expect banks to simplify the way this data can be captured. They do not want to type in too much of information and expect technology to be able to scan and populate information from pictures or scans. Equally important is their requirement for not having to provide the same information repeatedly at different stages of the onboarding or originations process.
- **Personalization:** Customers today expect advice and guidance to be provided to them as they make product or service enquiries. They also expect the advice and guidance as well as the products and offers to be personalized to their specific wants and needs.
- **Omni channel:** Customers expect a seamless experience that transitions seamlessly between different physical and digital channels. Right from when they show interest through a mobile, to filling up information online to having a detailed discussion with a

banker on the details of the loan, customers want the process to move seamlessly irrespective of the channel they use to engage with the bank.

- **Transparency:** Customers expect information and offers provided during the onboarding to be fair and transparent. They also want to be able to know the status and details thereof of their applications at any given point in time during the experience.

FROM PROCESS TO EXPERIENCE

The way customers search for products and services today span multiple stages that can potentially start from something completely un-related to banking e.g. seeing a social media post about a friend that has moved into their new home and can span multiple stages, diverse touchpoints and different channels of the bank and through partners. It is more akin to a journey that is tied to either the customer meeting a life goal like buying a house or managing finances or meeting daily financial needs like paying bills.
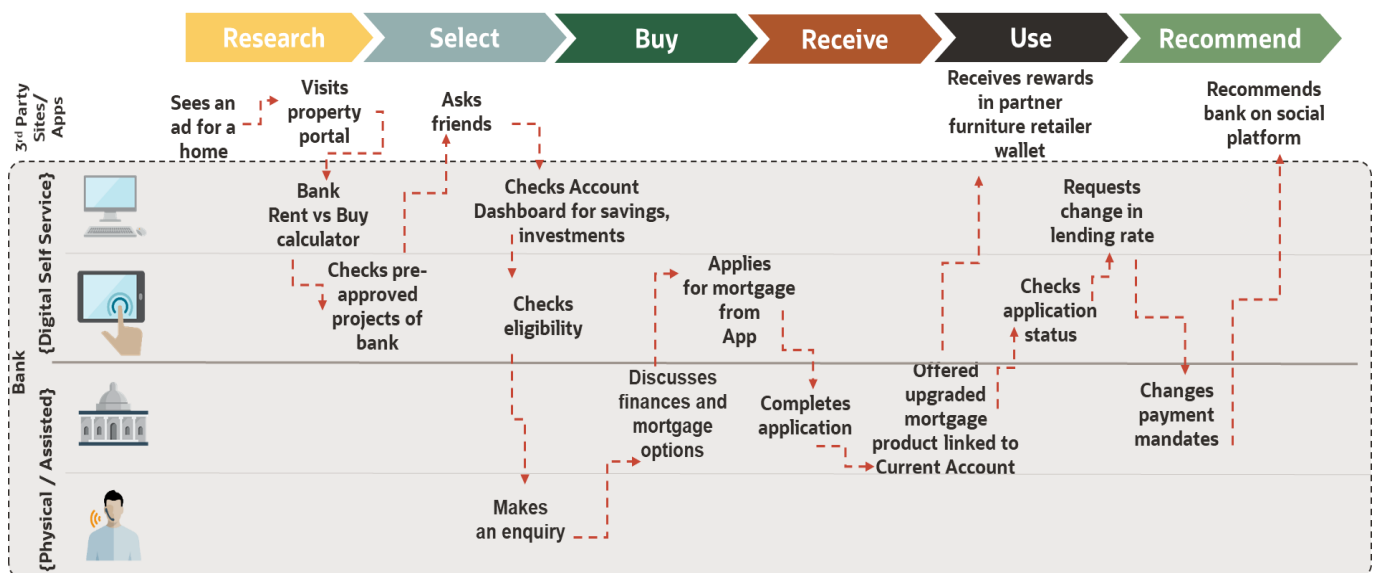
It is therefore imperative for banks to consider the entire customer journey where an account or a loan is one of many steps that go towards helping a customer achieve a goal or a need. This necessitates a shift in approach, for example from focusing on just the process of selling a mortgage to a customer to working with the customer throughout the entire journey of helping the customer own a home. Banks must then create an onboarding and originations experience that spans the entire journey of the customer across channels and touchpoints.

Each point in a journey will involve distinct activities and engagement by or with the customer. Engagement for some points is best implemented using digital channels of the bank or a partner for maximum convenience and efficiency. Certain other points and activities, however, will need face to face engagement for maximum effectiveness and

revenue potential. A successful strategy must ensure that digital and face to face engagement play distinct and reinforcing roles that synergize with minimal overlap. They must blend seamlessly at relevant touch points to help maximize value to the customer as well as for the bank.
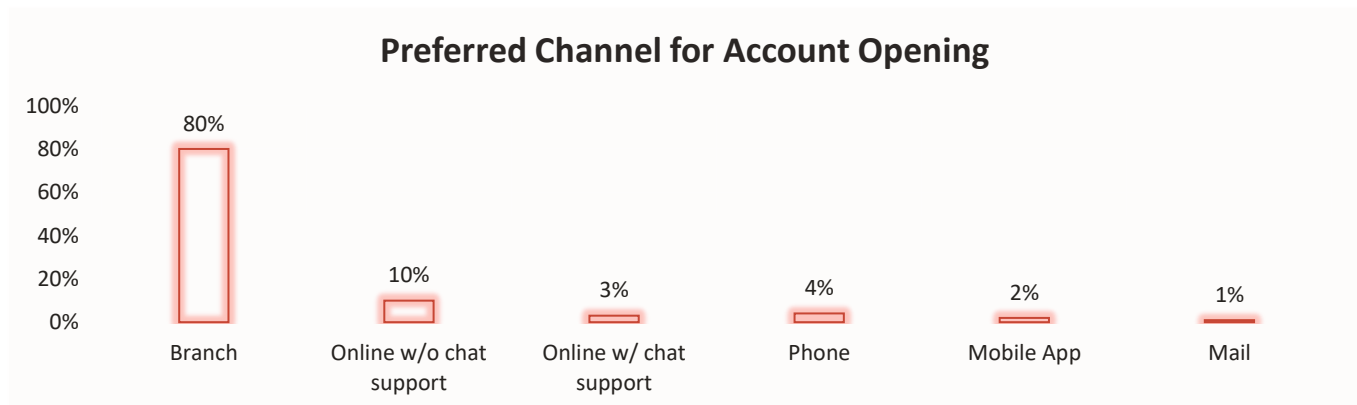
Digital Onboarding

Digital channels must be designed for customer self-service that maximizes convenience in the onboarding and originations journey. They must enable customers to do what they want by themselves, whenever and wherever. These self service capabilities must be seamless across different digital channels, contextual and secure. For example, customers must be offered the capability to upload KYC documents which can automatically scan the same and generate data and information critical to the onboarding process, saving customers time and effort. In another example, a customer thinking about owning a home must be offered relevant self-service tools like a 'rent vs. buy' calculator, approved real estate projects of the bank, dashboards to check their financial position and calculators to check their eligibility to afford a home. Additionally, a bank must extend relevant banking services into adjacent value chains like real estate services or in any other journey like shopping, vacations, eating out, transportation etc.

Face-to-face Onboarding

Face to face channels continue to play a critical role in onboarding and originations experiences. In fact, according to research from the Asian Banker, the dropout rate for onboarding on digital channels can be as high as 80% compared to 15-20% for in-branch sales. Face to face engagement by a banker or a relationship manager during onboarding can help
- Explain how a banks product/service works
- Set the right expectation of what the product/service does
- Explain the real value of the product/service in relation to the personalized and contextual needs of a customer

Preferred Channel for Account Opening

| Channel	Percentage
Branch	80%
Online w/o chat support	10%
Online w/ chat support	3%
Phone	4%
Mobile App	2%
Mail	1%

J.D. Power & The Financial Brand, 2019

Face to face engagement during the onboarding and originations is critical to mitigating drop-offs or attrition and driving end customer satisfaction. Research by the Financial Brand and J.D. Power shows that the branch still is the most preferred channel for account opening, underlying the importance of face to face engagement in onboarding and originations. Additionally, the branch channel scored the maximum for customer satisfaction during onboarding when compared to other channels. Face to face onboarding must:

- Enable bankers to give **meaningful guidance**
- Simplify and improve **the onboarding experience**
- Quicken **engagement and** maintain **service accuracy and quality**
- Empower bankers to provide **insights, advice**
- **Deepen relationships** with customers

To achieve this, banks must invest in onboarding solutions that empower bankers with next generation capabilities to drive elevated onboarding experiences.
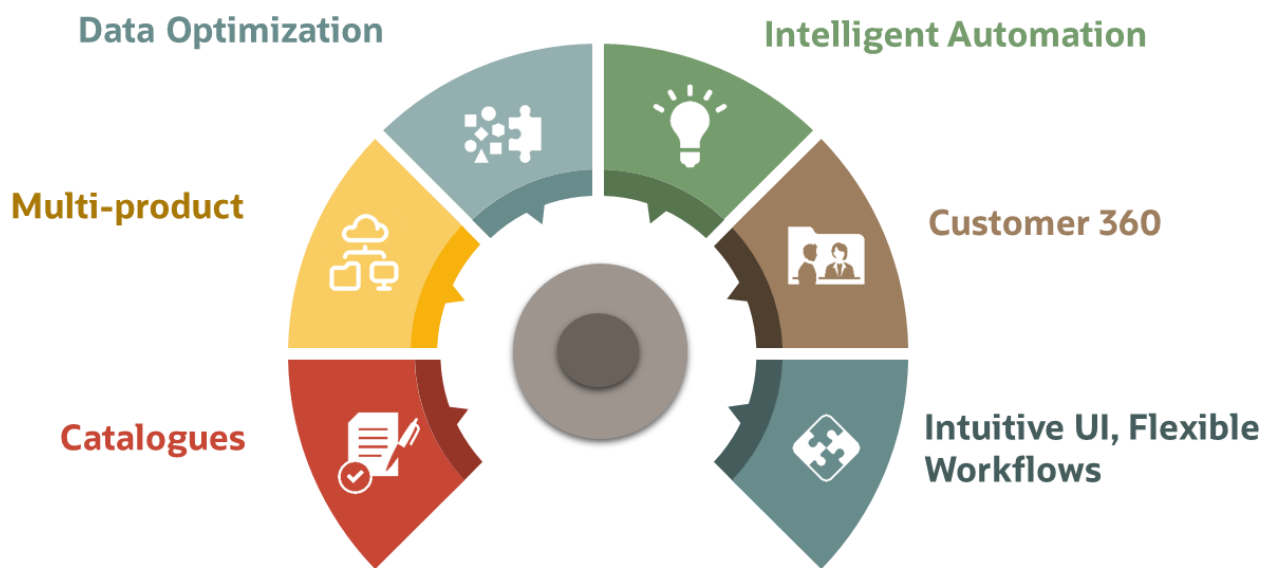
- **Catalogues:** Product catalogues and the easy management of related content can help bankers easily group related products and leverage content as they engage with customers to advise and guide them on what would be best suited to their needs and wants.
- **Multiple products:** Capabilities that help bankers originate multiple products using experiences similar to e-commerce can help bankers easily cross and up sell relevant products to customers while ensuring that the customer does not have to repeat the same steps of the experience for each product.

- **Data Optimization:** Capabilities that ensure the capture of information and data only once and not repeatedly during the process enhances the experience and speed of onboarding significantly for both customer and banker.
- **Intelligent Automation:** Automated scoring algorithms can help simplify decision making for bankers as they evaluate and assess risks.
- **Customer 360:** Complete customer 360 degree views that are enhanced with additional features like house hold views and balances, help bankers understand customers better and enable them to provide personalized engagement.
- **UI/Workflows:** Intuitive UI and flexible workflows help banks design optimized onboarding and origination experiences for customers and all other relevant stakeholders.

CONCLUSION

It is evident that successful onboarding and originations play a key role in laying the foundation for a long lasting and profitable customer-bank relationship. Banks must shift from a process centric to an experience centric approach for onboarding and originations, with a special focus on face to face engagement. This approach will enable banks to successfully onboard customers or enroll customers to specific products, supported throughout by an engaging experience that focuses on the customer.

CONNECT WITH US

Call +1.800.ORACLE1 or visit oracle.com.
Outside North America, find your local office at oracle.com/contact.

blogs.oracle.com   facebook.com/oracle   twitter.com/oracle