

WHITE PAPER

Digital Banking

Driving Customer Growth: 5 Myths of Online Account Opening





Give Consumers What They Want: Easy Online Account Opening

Consumers who can buy anything with one swipe of their finger are demanding more responsive digital experiences from their financial institutions, including easy-to-use online account opening. Yet creating and leveraging effective online account opening functionality – a potentially powerful sales and marketing tool – remains elusive for many banks.

Today's customers prefer to open bank accounts online – fully 70 percent of consumers who are likely to open a checking account prefer to submit a digital application, according to Digital Banking Report.¹ But banks continue to encounter barriers to providing the smooth, Amazon-type experience that consumers have come to expect. This creates an expectations gap, where banks strive to meet consumers' needs, but all too often fall short.

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of consumers who are likely to open a checking account prefer to submit a digital application.¹

However, by understanding five of the most common myths about online account opening, banks can break through many of these barriers and use online account opening to drive customer growth while cutting acquisition costs, cross-selling products and services, and increasing revenue. Online applications can also link to core bank systems and provide analytical data that banks can use to better understand consumers, build deeper relationships with them, and inform marketing efforts.

**Myth 1:**

Most banks already have effective online account opening processes.

Fact:

Few banks offer a completely digital online account opening process, much less one that is mobile responsive.

The price for failure of the online account opening process is high. McKinsey estimates that 85 percent of customers who initially visit a bank website fail to convert to an actual bank customer, versus 45 percent who initiate by phone and 15 percent who visit a branch.²

Customers who report dissatisfaction with online account opening describe the process as too complex, too involved, and too long. Fortunately, banks can optimize the online account opening experience and mitigate customer concerns by including functions such as:

- Ability to complete the account opening process in minutes with e-signatures, real-time account funding, and core system integration
- Ability to save and resume applications
- Ability to upload documents from any device
- Application pre-fill, such as automatically filling in an application with information from a driver's license photo
- Real-time identity verification and qualification

**Myth 2:**

Customers are gradually increasing their use of mobile devices to open accounts.

Fact:

Mobile device usage is exploding.

Within Bottomline's network of more than 500 banks, the percentage of online account opening activity on a mobile device has grown from 18 percent in 2013 to more than 38 percent in 2015. Of mobile applicants, one fourth of the applications are filled out on tablets.

Mobile consumers tend to have a short attention span, resulting in higher abandonment rates if an account opening process is protracted or they hit a snag. They expect the speed and convenience of digital banking within a wrapper of the personalized experience offered by traditional banking.

Providing mobile-responsive design, mobile photo upload, and application pre-fill are keys to success with this demographic.

**Myth 3:**

Banks cannot offer a frictionless process without increasing risk.

Fact:

Banks can manage risks in the digital channel just like they manage risk in branches.

There's no doubt that risk and fraud are legitimate concerns for banks venturing into digital banking and online account opening. However, financial institutions can minimize risk while offering robust digital functionality by using:

- **Enhanced identity verification:** Banks can leverage multiple identity verification providers to ensure that legitimate consumers can open accounts while denying the applications of potential fraudsters.
- **Monitored account activity:** A solution that tracks account application activity from many banks can provide alerts based on suspicious activity across institutions.
- **Market-proven provider:** Affiliating with a company that has a history of proven capabilities with a large number of banks can reduce risk.

**Myth 4:**

Abandonment rates are the most important metric to measure success.

Fact:

The key to assessing value is the average cost to acquire a new customer, a metric banks often overlook or don't measure.

Abandonment rates most likely reflect how easy a bank's online account opening process is, but they don't capture customer acquisition costs or revenue per customer, metrics that demonstrate the true value of an online account opening process and justify continued investment in your digital channel.

According to a survey of consumers in North America by Accenture, more than half want their bank to proactively recommend products and services that would help meet their financial needs.³ An attractive, convenient, and optimized account opening offering provides a rich opportunity for banks to cross- and upsell, maximizing the benefit of each new account opened.

**Myth 5:**

The larger the bank, the more online applications they will process.

Fact:

At Bottomline, we've found no correlation between bank size and the number of online account applications.

The number of online account applications is related to factors such as marketing efforts that support online account opening and a seamless online account opening process.

To increase the amount of successful online account applications, banks should consider:


- Creating marketing campaigns to drive traffic to bank websites, increasing the return on investment
- Emphasizing “Apply Now” in the creative design of the bank’s website to increase the number of account applicants
- Re-targeting campaigns to consumers and customers with abandoned applications
- Employing analytic tools in their online account opening solution to support a “test and learn” approach to gain real-time feedback on pricing, messaging, and product offer approaches



The Future: Digital Account Opening

Customers who seek a truly seamless online account opening experience will find it. Banks that don't offer it may get left behind in the race to acquire new customers and retain current customers.

With a better understanding of these five common myths, banks can optimize their online account opening performance. A frictionless account opening process is rapidly becoming a necessity for banks to grow their customer base, cut customer acquisition costs, and increase revenue.



Banks that don't offer a **seamless online account opening experience** will find themselves left behind in the race to acquire new customers.

About Bottomline's Digital Account Opening for Consumers:

Our fully customized, branded, convenient, and speedy experience designed for the modern banking customer minimizes the friction that causes customers to abandon the online account opening process. Learn more by visiting <http://www.bottomline.com/us/products/bottomline-online-account-opening-for-consumers>

About Bottomline Technologies

Bottomline Technologies (NASDAQ: EPAY) powers mission-critical business transactions. We help our customers optimize financially-oriented operations and build deeper customer and partner relationships by providing a trusted and easy-to-use set of cloud-based digital banking, fraud prevention, payment, financial document, insurance, and healthcare solutions. Over 10,000 corporations, financial institutions, and banks benefit from Bottomline solutions. Headquartered in the United States, Bottomline also maintains offices in Europe and Asia-Pacific.

SOURCES:

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