



Three Steps To Optimal Digital Onboarding

by [Steve Brown](#)

Summary: Digital account opening is not just for consumers. In fact, one community financial institution reported a 100% increase in the number of business customers using digital account openings during lockdown. This trend is expected to continue, especially among younger bank customers. Here are three steps to optimize the digital onboarding customer experience.

In the words of Barbra Streisand as Broadway's Fanny Brice in *Funny Girl*, "*People need people.*" While this still rings true generally, more businesses are opting not to need people when opening a bank account lately.

According to a recent interview with a top executive at one Southwest community financial institution (CFI), consumer online enrollment increased by 47% during lockdown (as compared to the four months prior), while business customer online enrollment jumped more than 100%. Business customers have a clear appetite, not only for digital banking and payments, but also for account onboarding digitally.

While many CFIs offer digital account access, bill payment, and even online financial advice, CFIs have long considered that a business customer's first interaction with the institution should typically happen in-person at a branch. Some CFIs may even consider the traditional onboarding experience a value-add, an area where they can outshine their larger or online-only competitors.

But as times change, CFIs may want to reconsider their position on digital account opening (DAO). Research from BAI uncovered that [37% of Gen Z want to use their phone to open a deposit account](#), with millennials following closely behind with 31%. Twenty-four percent of Gen X preferred DAO. Even though only 4% of baby boomers preferred this method, younger generations will come to expect it.

With that in mind, here are **three steps to optimize the digital onboarding experience.**

1. **Make first impressions count.** A recent Deloitte study found that nearly four out of 10 people [38%] believe their initial experience with the institution is the most important consideration in picking their financial institution. A full 71% prefer to open accounts digitally. So, CFIs must offer the option of DAO, but they are also under pressure to make it a good experience right out of the gate. You may want to set up time with a consultant to better understand what the market wants. Or have in-house focus groups to test your DAO process. Possibly, the best option would be to allow a pilot group of customers to use it before you fully roll it out and give you feedback.
2. **Ensure a compliant encounter.** Regulation is an omnipresent concern for financial institutions, especially when it comes to new accounts — where CFIs must comply with know-your-customer, anti-money-laundering, Dodd-Frank, and other proofs of legitimacy. Having to demonstrate that the CFI has done its due diligence digitally could present new potential challenges, especially since many CFIs have previously depended on in-person signatures and ID verification. Using AI-driven digital authentication technologies, customers could send a selfie along with a picture of their ID. With this quick and secure process, CFIs can meet the regulatory standards of in-branch onboarding, while making the process easy for the customer.

3. **Make the process fast & easy.** Along with using online identification verification, digital documents, and electronic forms technology (alongside electronic signatures) allows CFIs to create an overall faster, smoother experience. Making forms interactive and auto-fill enabled can save time for the customer and increase the chances that a customer will complete the account opening process. If there is an issue and the customer is prompted to chat with a banker online, ensure that the staff member understands where the customer is in the process and can easily advise and guide them. Likewise, if the customer calls your institution for additional help, that person should be able to easily pick up the ball. If the onboarding process isn't fast enough, it can [cause a 40% abandonment rate](#).

With business customers opening new accounts online in droves, ensuring that your DAO process is flawless is key. New customer acquisition costs 6x more than retaining one. But, with careful planning, customer targeting, and the regular review of your digital onboarding process, you can make it worthwhile.

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Treasury	Yields	MTD Chg	YTD Chg
3M	0.05	0.01	-0.04
6M	0.06	0.00	-0.03
1Y	0.07	0.00	-0.03
2Y	0.21	0.00	0.09
5Y	0.78	0.01	0.42
10Y	1.32	0.01	0.41
30Y	1.94	0.01	0.30
FF Market	FF Disc	IOER (Interest on Excess Reserves)	
0.08	0.25	0.15	
SOFR	Prime	OBFR (Overnight Bank Funding Rate)	
0.05	3.25	0.07	

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