



# Rolling Out the Welcome Mat for Online Banking Customers

**Banks can drive up their online banking ranks and optimize cross-sell opportunities by streamlining the account opening process, collecting the right customer data early and actively following up with customers who don't see the process through to the end.**

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Online account opening can provide myriad benefits to banks, including processing efficiencies and improved cross-sell ratios. But often, banks never realize these gains because potential customers abandon the account opening process before completion.

Financial institutions lost at least \$873 million in potential revenue last year to online abandonment, according to an October report by [Javelin Strategy and Research](https://www.javelinstrategy.com/research) (<https://www.javelinstrategy.com/research>) (Pleasanton, Calif.). The report -- which collected data from more than 5,000 consumers and examined online account offerings at the 10 largest U.S. banks, as well as at five "technologically oriented" smaller banks and credit unions -- pointed out that just 53 percent of consumers who started the online account opening process were able to complete it and fund their accounts. Seventeen percent were able to open an account but couldn't fund it, 25 percent abandoned the process entirely before opening an account and 5 percent were rejected as unqualified.

One of the main reasons for such high rates of abandonment is that consumers often don't know what information they will need before beginning the process, says Mark Schwanhausser, senior analyst, multichannel financial services, Javelin. For example, many consumers might not have a spouse's Social Security number on hand when trying to open a joint account and subsequently will stop the process. "Banks should make it clear what you will need to complete the process before you begin," Schwanhausser says.

Similarly, many potential customers are frustrated by the identity verification required to open an account. "There's a variety of identity verification methods a bank can use to determine the person opening and funding the account is who they say they are," Schwanhausser explains. But these methods might require the consumer to disclose personal information, such as a current bank account number, that applicants may be reluctant to provide. "Many people don't feel comfortable sharing this information," Schwanhausser says. "A lot of times they get frustrated and stop."

Though resistance to some of these measures may be unavoidable, sometimes, Schwanhausser adds, abandonment is simply a matter of a bank choosing to invest its resources in areas other than improving the online account opening process. "The question sometimes is, 'What's the best investment for my limited resources?,'" he relates. "Perhaps putting money in making online banking

more effective -- focusing on the day-to-day transaction capabilities, rather than making opening the door easier -- is what they decide."

## Adding a Human Touch

By investing in the online account opening process, however, **Androscoggin Bank** (<http://www.androscogginbank.com/online-banking.aspx>) (\$700 million in total assets) in Lewiston, Maine, was able to significantly increase **the percentage of consumers who completed it, from (the percentage of consumers who completed it, from )** 55 percent in 2010 to more than 70 percent after the changes were made, reports Christine Conrad, the bank's chief customer officer. **Androscoggin (Androscoggin)** reexamined the entire process in partnership with its account opening vendor, **Andera** (<http://www.andra.com/solutions/account-origination/account-opening.aspx>) (Providence, R.I.), using advanced analytics and customer feedback to determine at what points people were abandoning the process, she relates. "We have always looked at our process critically," says Conrad, "and we got a lot of customer feedback."

According to Conrad, the bank wanted to make sure customers could complete the entire process online. "We didn't want to have them start it online and then do a mailing or have them come into the branch to complete it," she says. "The primary reason people open an account online is they want to get it done fast, and get it done right then."

Nonetheless, **Androscoggin realized that adding a human touch could make a big difference. (Androscoggin realized that adding a human touch could make a big difference. )** Based on its analysis, Conrad says, the bank was able to determine that many potential customers abandoned the process or were denied because they were not able to answer one or several of the out-of-wallet questions used to verify the account, even though the bank lets consumers know at the beginning of the account opening process all of the information they will need handy to complete it. "A lot of times people were denied and didn't know why," Conrad explains. "So what we've done is put in a review process where a real person can review those applications and call and follow up with the person and ask them additional questions to verify the account."

## Converting Opportunity Into Wallet Share

But getting consumers to complete the online account opening process is only the beginning, suggests Randall Barker, director of channel strategy for the banking group at Falls Church, Va.-based CSC. Many banks, he insists, are focused solely on opening the account and miss out on cross-selling and up-selling opportunities.

According to Barker, CSC recently worked with a top 10 bank on its online account opening process. The bank was focused on improving conversion ratios, but it wasn't doing a good enough job of collecting customer data early in the process, he relates. "The emphasis at this bank was just to get it opened," Barker says, "and they found the account balances were usually pretty small."

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Without enough information on these new customers, the bank wasn't able to strengthen its relationships with them, Barker notes. While it is critical for banks to follow up with those consumers who abandon the process, he adds, it is equally important to reach out to customers who have completed the process to tell them about the bank's other financial products. Otherwise one of the biggest potential benefits of online account opening is lost.

## **Addressing Window Shoppers**

Despite efforts to streamline the online account opening process, there is one reason for abandonment that banks often are hard-pressed to stop: Some people begin the process simply to research potential new banks and have no intention of opening the account at that time, says Elana Anderson, executive director, enterprise marketing management, IBM (Armonk, N.Y.). Many banks, she notes, have "buried" this information on their sites or in their applications, and customers have to go through a significant portion of the process to uncover it.

Anderson suggests that banks feature information about their offerings prominently at the beginning of the process. And like the other experts interviewed for this article, she also says banks should contact consumers who leave the process midway -- to ask them if they need any help and to offer further information about the bank's products.

Meanwhile, some banks simply seem to miss the point of online account opening altogether, according to Sam Kilmer, VP of market development for Lake Mary, Fla.-based Harland Financial Services. He says some institutions treat the online account opening process the same as if someone walked into a branch looking to open an account. "Online account opening should be a straightforward and elegant process, but a lot of banks use branch tactics online for account openings," Kilmer notes. If a typical account opening process takes 30 minutes in a branch, he contends, it should take only 10 minutes online. Then the bank can focus its efforts on cross-selling and other value-added propositions.

In the end, adds CSC's Barker, "The process should be as simplistic as possible while still getting the data you need."

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