

CELENT

THE US OPEN

LOOKING AT MOBILE ACCOUNT OPENING AT US BANKS

Stephen Greer and David Himmel
10 September 2018

This report was created by Celent for the exclusive redistribution by OneSpan. It is an excerpt of a larger report published by Celent in September, 2018.

CONTENTS

- Executive Summary 1
 - Key Research Questions 1
 - Key Findings 2
- Introduction 4
- The Account Opening Process 6
 - Provide Access and Guidance on Account Types 7
 - Capture Data 7
 - Verify 8
 - Decision and Approve Account 9
 - Provide Disclosures, Obtain Consent 9
 - Fund Account 9
 - Fulfill 10
- Methodology 11
 - Personal Demographics 11
 - Preferences and Target Account 11
 - Banks Assessed 11
- Comparison of Bank Account Opening Processes 12
 - Assessment of Steps in Account Opening Process 15
- Recommendations 16
- Leveraging Celent’s Expertise 18
 - Support for Financial Institutions 18
 - Support for Vendors 18
- Related Celent Research 19

EXECUTIVE SUMMARY

KEY RESEARCH QUESTIONS

- 1** *How should banks think about the mobile account opening experience?*
- 2** *What is it like to try to open a checking account through a mobile app?*
- 3** *How should banks approach mobile account opening?*

Celent has evaluated the mobile account opening experience at some of the top banks in the US. Celent’s goal was to open accounts entirely through a mobile device. We evaluated mobile account opening experiences solely from the point of view of the customer, irrespective of the underlying legacy or regulatory challenges to delivering a modern customer experience.

We started with a selection of 19 different banks or neobanks which represented three different segments of financial offerings: **traditional banks**, **direct banks**, and **neobanks**. Only four did not support initiating account opening through the app on a mobile device.

Table 1: Banks Assessed in Account Opening Exercise

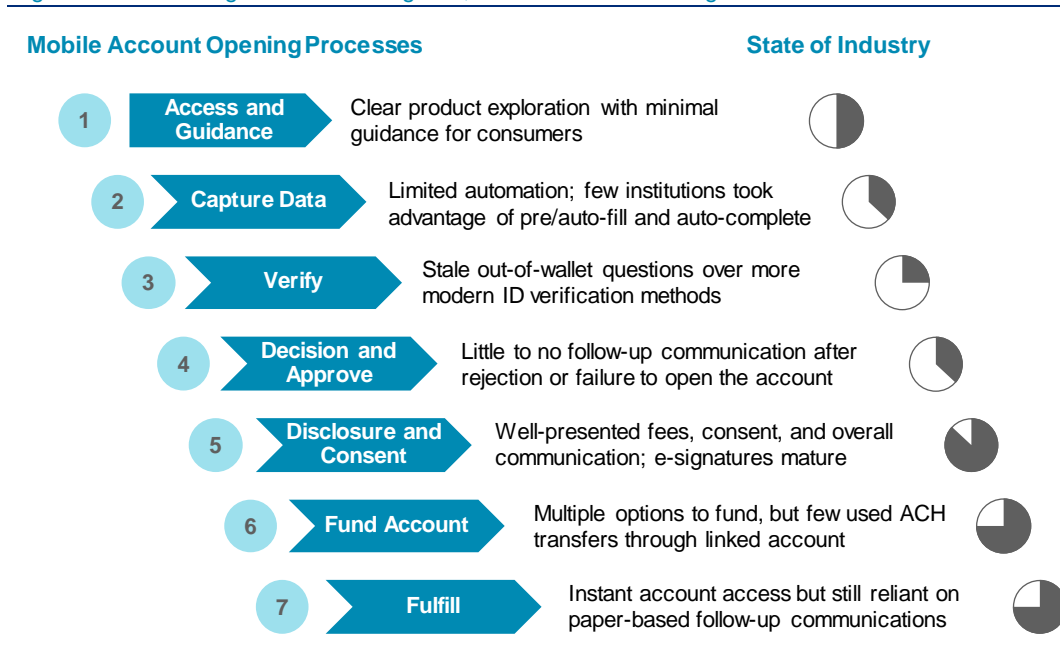
TRADITIONAL BANKS	DIRECT BANKS	NEOBANKS
Bank of America	USAA	Finn by Chase
Wells Fargo	Ally Bank	Varo Money
Citibank	Charles Schwab	Moven
JPM Chase	MemoryBank	Simple
US Bank	Discover	GoBank
TD Bank		Chime
PNC		
Capital One		

Source: Celent; Supported; Supported but not authors were not eligible; Not supported

KEY FINDINGS

Celent found that experiences varied considerably and the type of institution was no indication of the strength of its offering. Figure 1 provides an overview of key findings based on account opening workflow. The banks in this report represent some of the leading institutions with the broadest support for mobile account opening. Still, however, there is significant opportunity to grow. Substantial progress has been made over the last couple of years, but mobile onboarding is still in its nascence.

Figure 1: The leading banks are doing well, but still have room to grow



Source: Celent

Some additional insights:

- **Glitches were surprisingly common:** The stability of some applications created issues. Mobile web crashed, unidentifiable error messages appeared, and multiple time fields just simply didn't work. At best, it would create frustration; at worst, it caused the application to fail.
- **Almost none of the banks offered options to save or resume in another channel:** Institutions did not offer the ability to save the application to finish later. While mobile account opening is supposed to be fast, the inability to save progress was a frustration in multiple instances of glitches or app crashes. For the institutions where we were unable to open an account, none offered the ability to instantly resume in another channel.
- **At institutions where we failed to open an account or stalled in the process, none followed up:** In every instance where we failed opening an account, either from frequent glitches or issues verifying identity, institutions failed to follow up. We never even received a generic email reminder! This is surprising, especially since in every case we also had gotten far enough in the process to provide contact details.
- **Knowledge-based authentication and out-of-wallet questions are still widely used by traditional banks:** While traditionally effective, out of wallet ID verification is outdated. In fact, 80% of the questions asked were likely to be attainable through social media information. None of the direct banks or neobanks we tested used these to verify ID.

- **Most banks use KYC processes which struggle with recent moves:** From a bank's perspective, this is an understandable hurdle due to how customer identity information is matched to public records or credit bureau data. From a customer's perspective, this is a source of frustration, especially as younger consumers (i.e., those most likely to open an account through mobile) are the most likely to have recently moved.
- **There's no clear preference for mobile web vs. native:** The approach will depend on the priorities of the institution. Mobile web offers the ability to roll out changes without a new app release, but it lacks many of the native device capabilities that enhance the experience. Native apps are more expensive, but tend to be more secure and easier to use. None of the neobanks used mobile web, but it was a 50/50 split across traditional and direct banks.
- **Institution type was no predictor of app strength:** The experience varied significantly, even within institution type. Some neobanks and digital/direct institutions we thought would have a great experience relied on manual processes or were frustratingly unstable. There's still a significant opportunity to improve the experience.
- **Risk tolerance dictates a lot of the onboarding workflow:** It's the classic push and pull between creating a seamless user experience and considering risk and compliance priorities. There were features like taking picture of the ID which tripped additional verification requirements. Some accounts were explicit around fees and minimums/maximums for funding and money movement. Some were not explicit at all.
- **Very few banks offered funding through linked accounts:** Using account aggregation APIs, modern financial offerings are allowing users to log in with existing bank credentials and permission an ACH transfer to the new account. Almost no institution supported this.

Banks are eager to move customers to lower-cost self-service channels; however, sales opportunities are still primarily branch-based. Celent thinks there is an opportunity for institutions to significantly reduce load on higher-cost channels by creating a better sales experience through mobile. Significant opportunity still exists, and this report should offer some guidance on how to raise the bar.

INTRODUCTION

Key Research Question

1

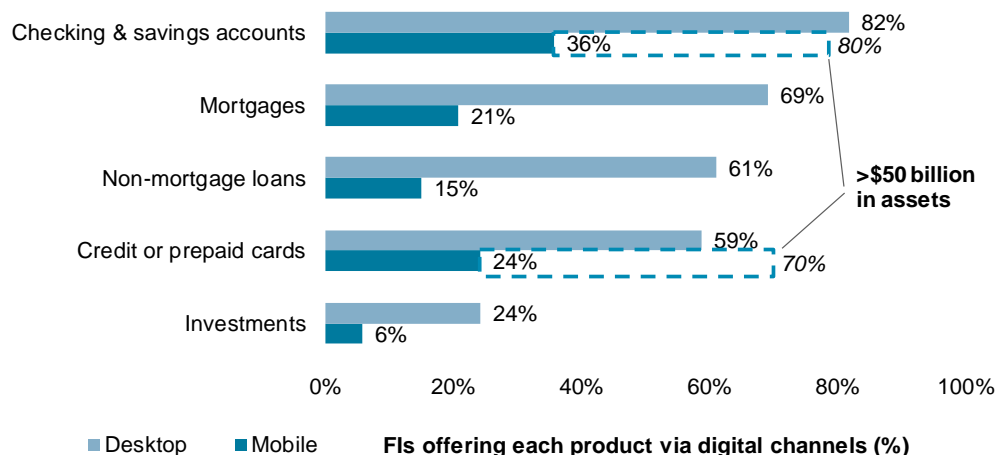
How should banks think about the mobile account opening experience?

The mobile device is the first impression for digitally oriented consumers opening an account through a phone. It's an opportunity to set the right tone for the relationship.

Mobile is much more than just a self-service channel; it's a critical point of interaction between the bank and its customers. Banks are looking at growing top line revenue, and mobile customer acquisition is a significant strategic opportunity.

Mobile account opening is in its infancy, and banks are trying to grapple with competing priorities and new challenges. As shown in Figure 2, large banks far outpace the industry in support for mobile sales, specifically for checking, savings, credit, and prepaid. Regardless, just supporting mobile onboarding does not mean the experience is pleasant. Improving or offering mobile account opening should be a strategic objective for all institutions that believe digital is a competitive necessity.

Figure 2: Large banks support mobile onboarding; few small banks do



Source: Celent NA FI Survey, December 2016, n=87, Q: Is your institution selling and originating new products digitally? Select which options below are available to your customers.

Banks need to not only be thinking about how to extend the reach of onboarding to new channels, but also how to do it effectively. As more consumers choose branchless or digital-first relationships with their banks, how an institution onboards a new customer will have an outsized impact on how it's perceived. Modern digital onboarding starts by

asking some questions and exploring the existing onboarding workflow. Is the experience pleasant? Do we *actually* need to ask every traditional question? Will other technologies be able to automate the process or do it faster? Do our own internal policies around risk and compliance reflect the current best practices based on advances in technology?

Institutions implementing mobile account opening or reexamining what they offer today should use this report as a guide. The following concrete examples will seek to provide insight into what the largest or most progressive institutions are doing and open the door to the art of the possible.

THE ACCOUNT OPENING PROCESS

Key
Research
Question

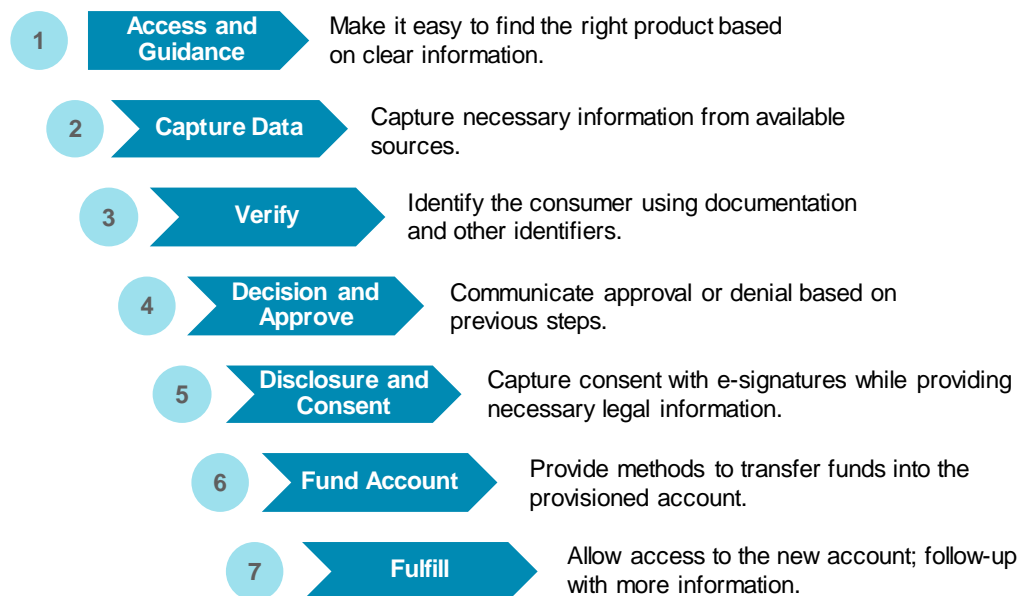
2

What is it like to try to open a checking account through mobile?

Mobile should offer a relatively easy way to open a new account, but most banks have not fully realized its potential and continue to rely on legacy processes.

Account opening follows a similar workflow no matter the channel, as outlined in Figure 3.

Figure 3: The Account Opening Process



Source: Celent analysis

In the following sections, we'll outline specifics around each of these seven stages, offering suggestions and concrete examples. While there are standard workflows for onboarding, processes can be implemented in a variety of ways and through a myriad of channels. We found significant variability, and banks are still largely approaching mobile account opening with a bank-first or legacy design. Celent sees substantial opportunity to get the most out of mobile onboarding by leveraging some of the emerging best practices in the space.

PROVIDE ACCESS AND GUIDANCE ON ACCOUNT TYPES

We opened basic checking accounts, but noticed where institutions provided more information or suggested alternative account types.

Our assessment of the guidance portion includes the following elements:

- **Provide quick and intuitive navigation to account opening page.** Pre-login, is there an obvious button for new users to start the onboarding process? At the very least, there should be information on how to open an account.
- **Provide account selection / comparison tool.** This is harder to do on a mobile device, but offering questionnaires or short selection surveys can make it feasible.
- **Explain fees and communicate clearly.** Are fees and other stipulations laid out clearly up front? Are fee-waiver qualifications easily accessible and comprehensible?
- **Provide chat / communication features.** Can a user easily reroute to a representative or chatbot to find out more information? Chat is tricky to execute within a mobile onboarding workflow, but offering ways to contact the bank is a must.

Mobile generally isn't the right form factor to offer an extensive selection of account types or detailed information. Information on alternative accounts is typically minimal in a native environment, mostly due to the effort required to make changes. Mobile web allows institutions to offer more information since changes can be made without a new release.

CAPTURE DATA

We looked at how easy and seamless it was for a customer to enter their personal information within a mobile onboarding workflow. This includes level of detail and delivery methods.

- **Ask gating questions early (e.g., ZIP code).** Despite the prevalence of mobile banking, many banks will still only serve specific boundaries for a variety of reasons. The earlier the question to weed out non-qualifying customers, the better.
- **Ask if current customer.** Does the bank ask if the applicant is a current customer, thereby saving them time and effort by avoiding data re-entry?
- **Use auto-fill, pre-fill, and auto-complete to make the process easier.** Can the workflow automate the entry of data? Mobile offers less real estate, so it can be difficult to manually key in data. IDs, MNO data, or even social media plugins can hasten the process. Addresses should all offer auto-complete through Google Maps. This also reduces manual input errors.
- **Use the camera where possible:** Users should have access to camera features which automatically capture information like current address and ID. Using the camera to simultaneously verify ID and prefill data or leveraging existing accounts (either social media or external bank accounts) are more advanced capabilities that vendors and banks are looking at implementing.
- **Mask sensitive information.** The mobile phone is naturally a sensitive device, and given that some consumers are likely to be in a public place, it makes sense to offer the option to hide sensitive data.

- **Leverage integration.** Integration into external sources like public record and external accounts can help capture much more information automatically. Big platforms like Google make this easy.

Banks are increasingly able to automate customer data gathering, although most applications are manual.

VERIFY

The growth of mobile onboarding challenges banks to meet often stringent identification standards dictated by regulations around Customer Due Diligence, Know Your Customer (KYC), and anti-money laundering (AML). Internal risk practices mean that the workflow behind verification is by no means homogenous. Too many banks approached verification from a bank-centric risk and compliance perspective, rather than trying to make the compulsory steps as customer-centric as possible. In the age of digital onboarding, there are numerous options to consider, but some of the modern approaches allow verification certainty without introducing friction into the onboarding experience, while simultaneously meeting compliance requirements and avoiding fraudulent account opening.

- **Using the Camera for IDs.** The MOBILE Act of 2017 authorizes banks to use scanned images of IDs to record personal information and customer data. All banks should be using the camera where possible to either verify identity or capture/pre-fill personal data. Optical character recognition (OCR) technology is nothing new, but vendors like Mitek are extremely adept at making it work within an onboarding process. IDs also use a bar code which can allow banks to gather the information without needing to analyze the image.
- **Knowledge-based authentication (KBA) / out-of-wallet questions.** Out of wallet questions are designed to test whether the applicant can answer questions that wouldn't be known to someone who has stolen a credit card or other identification materials. These are commonly used among traditional banks today, and have an effective track record, but the emergence of social media has made general personal questions easier to find online. These types of questions are increasingly risky.
- **Mobile network operator (MNO) Data.** Carrier data comes at a (sometimes steep) fee, but banks can run personal data against records held at with major network operators. Advanced implementations can match the phone used for onboarding to the data, adding another layer of security. This is proving to be an effective way to verify identity and match data.
- **API-based Authentication.** Many of the aggregation API providers like Yodlee and Plaid offer identification and authentication APIs which allow the user to provide login credentials at third-party institutions for verification. This can also be used to pre-fill customer data.

To the compliance department at a bank, the mobile channel represents a point of increased risk. Using a mobile device will often automatically increase a risk score and potentially trip additional verification steps, such as a branch visit or sending more documentation.

Sometimes banks apply strict verification standards through mobile which can result in frequent failures.

DECISION AND APPROVE ACCOUNT

Most of the mobile decisioning was done instantly, with the bank either approving the account based on information given or requiring additional steps. In a couple of instances, there was a waiting period.

We assessed two key steps.

- **Ability to give definitive approval.** Did banks provide immediate approval? For a bank account, this is going to be less of an issue than for something like a credit card, but on a mobile device and with automation technology this should be near real-time.
- **Clarity in communicating when approval will come; when, and by what method.** Clear communication around approval and decisioning is crucial to ensuring customers don't drop off. Text, email, or phone should be available options for more information.

Much of the inability to approve an account comes from issues related to fraud or verification from the previous step.

PROVIDE DISCLOSURES, OBTAIN CONSENT

Regulations require clear disclosures from the bank, and consent from the consumer to the bank. In this report, we focus on the process rather than the regulation, looking at it from the consumer's perspective. Communication was a major consideration.

- **Use e-signature.** Within the context of mobile, checking a box to accept the terms and provide a signature was typically all that was required. Capabilities present in a mobile onboarding process can be used to establish identity and validity of a signature. None of the institutions we looked at required a wet signature.
- **Clearly explain/offer overdraft.** Overdraft is a major revenue stream for institutions, but a traditionally unpopular part of having a bank account.
- **Outline fees/minimums/maximums.** How clearly are fees and other account limitations expressed? In a few different instances, it was not at all clear that deposit and withdrawal limitations were tied to how much money was held in the account or the frequency and size of deposits.

While it's unlikely the vast majority of customers read the disclosures, some banks make you scroll through them, while others give you the option of either checking a box or simply moving on.

FUND ACCOUNT

Once the application is approved an account needs to be funded. We looked at the types of funding options available and whether they were convenient for the consumer. Our order of preference was to fund by linked external account, credit card, debit card, and lastly manual ACH (providing a routing and account number).

Providing more funding options is ideal, as flexibility reduces abandonment. There's a risk that consumers required to come to the branch simply don't. This also becomes expensive and a potential fraud risk for the institution, because there is an unfunded and unused account sitting on the books. The institution generally needs to follow up and investigate, costing time and money.

- **Method of funding (Debit, Credit, ACH).** Does the bank provide multiple funding options? Which ones are provided?
- **Immediacy of funding.** How quickly are funds available?
- **Length of time between debiting funding source and making funds available.** Is there any lag between the source account being debited and the new account being credited? Most banks will be constrained by the limitations of existing payments infrastructure.
- **Funding through linked accounts.** More modern approaches are to link accounts directly through account aggregation providers. Customer authorization to initiate a money transfer to the new checking account only requires credentials (although some banks use Two-Factor Authentication [2FA] before establishing the link).

FULFILL

After the process is complete the next step is getting consumers to actually use the account. Banks want active customers. Each institution did this a bit differently, but there were some key areas we examined.

- **Mobile-first familiarization.** If a consumer opened an account on a mobile device, then mobile will likely be the preferred engagement method. Did the institution provide more information on mobile capabilities?
- **Ability to instantly provision account.** If a consumer is instantly approved, how quickly can they begin using the account? Neobanks and some traditional banks allow consumers to immediately start linking external accounts for funding purposes and for analyzing spending and financial wellness.
- **Receiving debit card / additional materials.** Aside from the debit card, what else will arrive by mail? How clear is the communication around this? A couple of institutions show progress bars before tracking the arrival of the debit card.
- **Cross-sell (types of accounts, aggressiveness).** Cross-selling may occur at different points in the process. Once the account is opened, are there other attempts to cross-sell, whether online or via follow-up emails or postal mail?
- **Follow-up (mail, phone, email).** How does the institution follow up after the account is open? Traditional institutions used traditional post more often than the neobanks.
- **Account Setup:** Some banks insert account setup questions during the account opening process, although they should be the final step. This includes overdraft, debit card design, setting a password, etc. Alerts, accessing contacts, and other permissions should also be switched on at appropriate times.

METHODOLOGY

PERSONAL DEMOGRAPHICS

A team of two analysts opened the accounts in this report. One of the analysts was located in Boston, while the other was located in New York. Surprisingly, we had relatively few existing relationships with the institutions in this report (only Schwab for banking and Chase for credit cards).

Incidentally, however, we had both recently moved apartments at the time of writing. While our financial and personal profiles are nothing to warrant any suspicion, this could have been a factor in a few different instances where additional steps were necessary to verify identity.

PREFERENCES AND TARGET ACCOUNT

Our goal was to open accounts entirely through a mobile device. No branch visits, no online banking, and minimal call center interactions (unless necessary to obtain additional information, as you'll see later).

We were both using iPhone 7 mobile phones running iOS 11.3.1. Mobile web or native mobile apps were both acceptable ways to apply for an account, but the onboarding process needed to initiate from the app itself. Using mobile web to access online banking, even if responsively designed, was out of scope.

BANKS ASSESSED

We started with a selection of 19 different banks or neobanks which represented three different segments of financial offerings: **traditional banks**, **direct banks**, and **neobanks**.

Of the 19 banks we looked into, only four did not support initiating account opening through the app on a mobile device. For USAA and US Bank, we were unable to meet geographical or membership requirements.

Table 2: Banks Assessed in Account Opening Exercise

TRADITIONAL BANKS	DIRECT BANKS	NEOBANKS
Bank of America	USAA	Finn by Chase
Wells Fargo	Ally Bank	Varo Money
Citibank	Charles Schwab	Moven
JPM Chase	MemoryBank	Simple
US Bank	Discover	GoBank
TD Bank		Chime
PNC		
Capital One		

Source: Celent; Supported; Supported but not authors were not eligible; Not supported

While we had a chance to open accounts at 13 different institutions, a number of them failed on technicalities or barrier like glitches, broken apps, or extremely lengthy identification requirements.

COMPARISON OF BANK ACCOUNT OPENING PROCESSES

Figure 4 provides a high-level assessment of each bank where we successfully opened an account.

Figure 4: Account Opening Summary

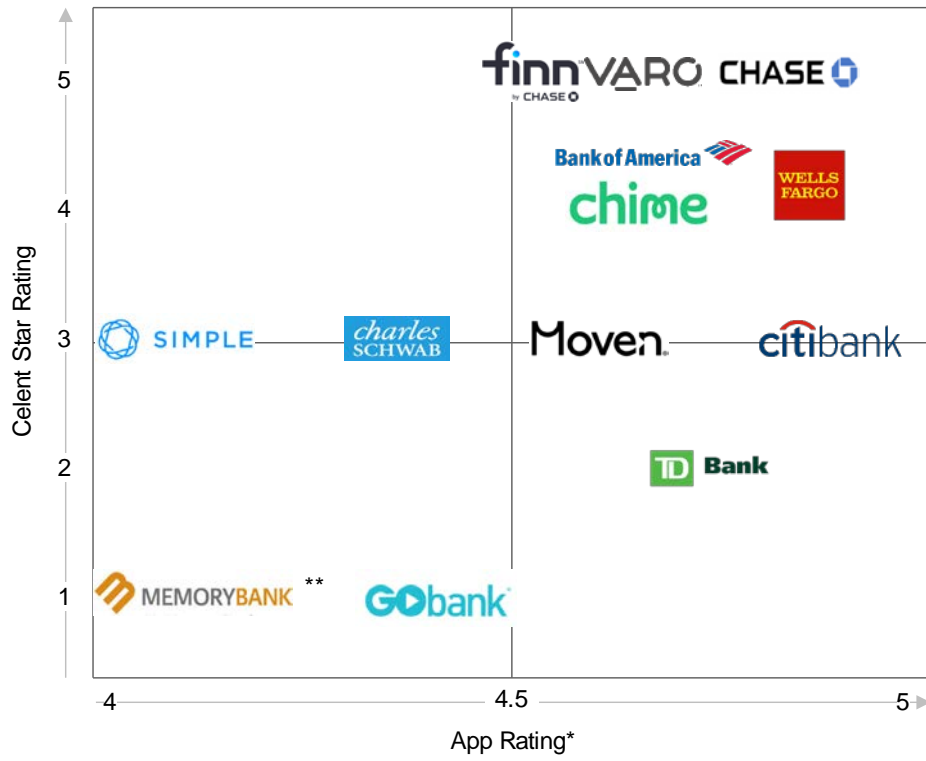
BANK	OVERALL RATING	TOP FEATURE	ACCOUNT OPENING SUMMARY
BANK OF AMERICA	★★★★	Product marketplace is well designed	Modern user experience and great use of native mobile tools and practices. Knows applicants with limited credit history give it difficulty, but needs to pick them up earlier in the process.
WELLS FARGO	★★★★	Use of integrated external data to identify; live chat	Speedy account opening process aided by external integrations with ID verification providers and the use of camera to prefill data, all in a mobile web user interface.
CITIBANK	★★★	Non-account holder registration	Great user experience for first time users with a modern user experience and time-saving features. However there seemed to be inconsistencies and technical issues with the app itself which hampered our success.
JPMC	★★★★★	Prefill account info	Chase provided a relatively painless account opening process which, while it did not use many native phone features, prefilled customer information from existing records.
US BANK	NA	Product recommendation survey	NA
TD BANK	★★	Prefill account info	TD's website says you can't open an account on a phone; the app says otherwise. The application process is uneven; the application can prefill and minimizes free form text, but verification and funding can barely be done via mobile. Feels unfinished.
SCHWAB	★★★	Bank and brokerage account integration	Streamlined application and funding, and clear communication in the app and with CSRs. The cross-sell messaging for the brokerage account was overbearing, though, and the author was notified via snail mail that a phone call was necessary to finish verification — not an optimal use of channels.
MEMORYBANK	★	Bill pay enrollment directly from app	Impressive digital offering launched by a community bank, although lacks some of the bells and whistles common in the onboarding experiences of its larger competitors.
FINN BY CHASE	★★★★★	Instant credit report if rejected	Comprehensive product. Great UX, integrates customer support with JPMC, minimal information required, and easy to fund.

BANK	OVERALL RATING	TOP FEATURE	ACCOUNT OPENING SUMMARY
VARO MONEY	★★★★★	Automation capabilities (prefill, auto-complete, etc.)	Excellent experience built with a clean UI and underpinned by clearly communicated security. Employed numerous time-saving features such as auto-fill, prefill, and auto-complete for otherwise tedious inputs.
MOVEN	★★★	Short application process	Though quick, a confusing experience with inconsistent communication. Pushes financial management features quite hard at account opening. Must offer support for applicants during application process.
SIMPLE	★★★	Camera features	Great user interface leveraging native mobile features and very easy-to-understand communication. However, poorly executed identity verification stymied the process.
GOBANK	★	Short application process	Minimal data collection and short application were nice. Communication, however, was muddled throughout, and funding options were severely limited, dragging out the process.
CHIME	★★★★	Debit-card status tracker	Fast account opening and clear communication. User interface lacked some of the design features present in other similar offerings.

Source: Celent; ★ = Opportunity for improvement ★★★★★ = Best in class

In Figure 5, we look at institutions based on app rating and Celent's star rating. Generally, there was a minimal but not insignificant correlation between app rating and the strength of a bank's onboarding capabilities. Banks investing in digital are also investing in capabilities like mobile customer acquisition.

Figure 5: App Rating to Celent Star Rating



Source: Celent

*App ratings are dated 08/16/18.

**Memory Bank did not have any ratings at the time of this report.

ASSESSMENT OF STEPS IN ACCOUNT OPENING PROCESS

Table 6 looks at the variation in how well each institution covered the seven account opening steps.

Table 4: Assessment of Steps in Account Opening Process

BANK	PROVIDE ACCESS AND GUIDANCE	CAPTURE DATA	VERIFY	DECISION AND APPROVE ACCOUNT	PROVIDE DISCLOSURES, OBTAIN CONSENT	FUND ACCOUNT	FULFILL
Bank of America	●	◐	◐	○	●	X	X
Wells Fargo	●	◐	●	◐	◐	◐	●
Citibank	◐	●	●	X	X	X	X
JPMC	◐	●	●	●	◐	●	●
TD Bank	●	◐	○	○	●	X	X
Schwab	◐	●	◐	◐	●	◐	◐
MemoryBank	◐	○	○	X	X	X	X
FINN by Chase	◐	●	◐	◐	◐	●	●
Varo Money	◐	●	●	◐	●	●	●
Moven	◐	◐	◐	◐	◐	X	X
Simple	●	◐	○	○	●	X	X
GoBank	○	◐	◐	◐	●	○	●
Chime	◐	◐	●	◐	●	●	●

Source: Celent analysis

Note: applies only to *de novo* relationships.

Key: ● = relatively excellent; ○ = relatively lacking; X = unable to evaluate

RECOMMENDATIONS

Key
Research
Question

3

How should banks approach mobile account opening?

Banks need to start by asking the right questions around current processes. Is the experience pleasant? Is the current process efficient?

Every institution will approach mobile account opening differently based on culture, risk tolerance, resource availability, regulatory requirements, and strategic priorities. Customers, however, are still comparing their bank relationship with other industries.

Celent's recommendations are based on opportunities we saw after opening accounts at some of the largest or most tech-savvy banks in the US. The importance of digital means all aspects of a mobile onboarding experience should be best in class. Whether your institution is just starting or revisiting the onboarding workflow, these best practices offer a good place to start.

Assess eligibility early in the process

Some banks did this, others did not. Banks, especially credit unions, state charters, or regional institutions, often have eligibility requirements to join. Credit unions and banks like USAA will have specific requirements, often employee-based, while most of eligibility tends to be geographical. Branch proximity is the most common, and this should be done in the very beginning with one or two simple questions, e.g., ZIP code.

Ask for contact details early in the process

Organic growth in retail banking has been difficult to come by, especially for institutions outside of the top tier. Asking for contact details early in the process allows the bank to follow up. At the very least, if abandonment occurs the bank should be sending out automated reminder emails. These are commonplace in e-commerce; banking should be no exception. Surprisingly, none of the banks we failed to open accounts at followed up with us.

Tell the consumer exactly which documents they need to apply

Banks should design the onboarding process so that consumers know exactly the kinds of materials they will need before beginning the process. Having to go grab a passport or alternative form of identification increases the risk of abandonment. While retail deposit accounts might not require extra documentation, issues with KYC will require them, and certainly more complex products, like loans, will necessitate a broader list.

Automate wherever possible

Automation carries myriad benefits for onboarding new customers. It can save a significant amount of time, pulling in data from external sources like bank accounts and social media profiles or from IDs captured with the camera. Automating processes also reduces errors, reducing customer acquisition costs and attrition from failed account

opening (e.g., errors result in mismatched records). Auto-complete addresses and prefill or auto-fill wherever possible. Differentiate by using the camera (surprisingly few banks do). Banks should think about social media profile plugins, integrations with Google maps for addresses, using the camera for IDs, carrier data, etc.

Allow a customer to save, resume, or finish in another channel

Mobile phones can be susceptible to glitches or other issues. Multiple times during our applications we had issues that required us to restart the process. In one instance, the glitch resulted in us not being able to restart. These issues could be mitigated by simply saving the user's progress.

Explain why and offer alternatives if the account opening fails

None of the banks which rejected us gave any specific reason. Failures were usually the result of ID verification issues, but there was no clarity as to which aspect of the ID failed (mismatch of records, bad ID picture, etc.). None of the banks followed up after to try to finalize the account opening, and very few suggested alternatives. Banks should be able to achieve visibility into the mobile account opening process, otherwise abandonment and dropoffs will continue to be issues which plague the channel.

Use additional sources to validate ID

With numerous data breaches, identity theft is a major risk, and banks have seen their fair share of fraudulent accounts opened with stolen identities online. There are resources that banks can leverage to counteract these attempts. Simple steps like email or SMS verification can be cost-effective barriers. More expensive but secure methods include using carrier data or another bank (through external account aggregation) to validate customer information.

If in doubt, find a vendor provider

Mobile account opening is an entirely new use case which presents different questions that risk and compliance and product teams need to figure out together. Vendors providing account opening solutions live and breathe onboarding. It comes at a cost, but these providers know the security needs and regulatory requirements, and have benchmarks to measure the success of a deployment.

Service quality is more important than application length, to a degree

There's a lot of emphasis placed on the time to open an account. While expediting onboarding can reduce abandonment, there are diminishing returns to this approach. Banks with good experiences often offered access to customer service, alternative ways to complete the process, and frequent communication/status updates. In our opinion, this reduced friction more than 30-second account opening.

Mobile account opening is in its infancy, and banks are still trying to grapple with competing priorities. Statistically, consumers are still more likely to open an account in the branch, but Celent thinks that's because the mobile experience has so far been lackluster. Banks need to be thinking about how to extend the reach of onboarding to new channels, and there are plenty of experiences and recommendations to guide the way.

Was this report useful to you? Please send any comments, questions, or suggestions for upcoming research topics to info@celent.com.

LEVERAGING CELENT'S EXPERTISE

If you found this report valuable, you might consider engaging with Celent for custom analysis and research. Our collective experience and the knowledge we gained while working on this report can help you streamline the creation, refinement, or execution of your strategies.

SUPPORT FOR FINANCIAL INSTITUTIONS

Typical projects we support related to account opening and customer experience include:

Vendor short listing and selection. We perform discovery specific to you and your business to better understand your unique needs. We then create and administer a custom RFI to selected vendors to assist you in making rapid and accurate vendor choices.

Business practice evaluations. We spend time evaluating your business processes. Based on our knowledge of the market, we identify potential process or technology constraints and provide clear insights that will help you implement industry best practices.

IT and business strategy creation. We collect perspectives from your executive team, your front line business and IT staff, and your customers. We then analyze your current position, institutional capabilities, and technology against your goals. If necessary, we help you reformulate your technology and business plans to address short-term and long-term needs.

SUPPORT FOR VENDORS

We provide services that help you refine your product and service offerings. Examples include:

Product and service strategy evaluation. We help you assess your market position in terms of functionality, technology, and services. Our strategy workshops will help you target the right customers and map your offerings to their needs.

Market messaging and collateral review. Based on our extensive experience with your potential clients, we assess your marketing and sales materials — including your website and any collateral.

RELATED CELENT RESEARCH

Delivering Excellent Customer Service: When and How Consumers Prefer In-Person Engagement and What it Means for Banks
June 2018

Delivering Excellent Customer Service, Part 2: Why Digital Engagement Will No Longer Be Optional
June 2018

The Acutely Digital Bank
November 2016

A Misanthrope's Journey: Assessing the US Online Account Opening Experience
August 2015

Banks' Emerging Views on Digital
July 2015

The Acutely Digital Bank: Mechanisms for a New Reality
August 2015

What App, Doc? An Evaluation of Mobile Banking at the Top Latin American Banks
February 2015

Retail Banking Channel Systems in North America: The Quest for Omnichannel Continues
January 2015

Copyright Notice

Prepared by

Celent, a division of Oliver Wyman, Inc.

Copyright © 2018 Celent, a division of Oliver Wyman, Inc., which is a wholly owned subsidiary of Marsh & McLennan Companies [NYSE: MMC]. All rights reserved. This report may not be reproduced, copied or redistributed, in whole or in part, in any form or by any means, without the written permission of Celent, a division of Oliver Wyman (“Celent”) and Celent accepts no liability whatsoever for the actions of third parties in this respect. Celent and any third party content providers whose content is included in this report are the sole copyright owners of the content in this report. Any third party content in this report has been included by Celent with the permission of the relevant content owner. Any use of this report by any third party is strictly prohibited without a license expressly granted by Celent. Any use of third party content included in this report is strictly prohibited without the express permission of the relevant content owner. This report is not intended for general circulation, nor is it to be used, reproduced, copied, quoted or distributed by third parties for any purpose other than those that may be set forth herein without the prior written permission of Celent. Neither all nor any part of the contents of this report, or any opinions expressed herein, shall be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other public means of communications, without the prior written consent of Celent. Any violation of Celent’s rights in this report will be enforced to the fullest extent of the law, including the pursuit of monetary damages and injunctive relief in the event of any breach of the foregoing restrictions.

This report is not a substitute for tailored professional advice on how a specific financial institution should execute its strategy. This report is not investment advice and should not be relied on for such advice or as a substitute for consultation with professional accountants, tax, legal or financial advisers. Celent has made every effort to use reliable, up-to-date and comprehensive information and analysis, but all information is provided without warranty of any kind, express or implied. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been verified, and no warranty is given as to the accuracy of such information. Public information and industry and statistical data, are from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information and have accepted the information without further verification.

Celent disclaims any responsibility to update the information or conclusions in this report. Celent accepts no liability for any loss arising from any action taken or refrained from as a result of information contained in this report or any reports or sources of information referred to herein, or for any consequential, special or similar damages even if advised of the possibility of such damages.

There are no third party beneficiaries with respect to this report, and we accept no liability to any third party. The opinions expressed herein are valid only for the purpose stated herein and as of the date of this report.

No responsibility is taken for changes in market conditions or laws or regulations and no obligation is assumed to revise this report to reflect changes, events or conditions, which occur subsequent to the date hereof.

For more information please contact info@celent.com or:

Stephen Greer

sgreer@celent.com

AMERICAS

USA

200 Clarendon Street, 12th Floor
Boston, MA 02116

Tel.: +1.617.262.3120
Fax: +1.617.262.3121

USA

1166 Avenue of the Americas
New York, NY 10036

Tel.: +1.212.541.8100
Fax: +1.212.541.8957

USA

Four Embarcadero Center, Suite 1100
San Francisco, CA 94111

Tel.: +1.415.743.7900
Fax: +1.415.743.7950

Brazil

Av. Doutor Chucri Zaidan, 920 –
4º andar
Market Place Tower I
São Paulo SP 04578-903

Tel.: +55.11.5501.1100
Fax: +55.11.5501.1110

Canada

1981 McGill College Avenue
Montréal, Québec H3A 3T5

Tel.: +1.514.499.0461

EUROPE

France

28, avenue Victor Hugo
Paris Cedex 16
75783

Tel.: +33.1.73.04.46.20
Fax: +33.1.45.02.30.01

United Kingdom

55 Baker Street
London W1U 8EW

Tel.: +44.20.7333.8333
Fax: +44.20.7333.8334

Italy

Galleria San Babila 4B
Milan 20122

Tel.: +39.02.305.771
Fax: +39.02.303.040.44

Spain

Paseo de la Castellana 216
Pl. 13
Madrid 28046

Tel.: +34.91.531.79.00
Fax: +34.91.531.79.09

Switzerland

Tessinerplatz 5
Zurich 8027

Tel.: +41.44.5533.333

ASIA

Japan

The Imperial Hotel Tower, 13th Floor
1-1-1 Uchisaiwai-cho
Chiyoda-ku, Tokyo 100-0011

Tel: +81.3.3500.3023
Fax: +81.3.3500.3059

China

Beijing Kerry Centre
South Tower, 15th Floor
1 Guanghua Road
Chaoyang, Beijing 100022

Tel: +86.10.8520.0350
Fax: +86.10.8520.0349

Singapore

8 Marina View #09-07
Asia Square Tower 1
Singapore 018960

Tel.: +65.9168.3998
Fax: +65.6327.5406

South Korea

Youngpoong Building, 22nd Floor
33 Seorin-dong, Jongno-gu
Seoul 110-752

Tel.: +82.10.3019.1417
Fax: +82.2.399.5534