

CENTRAL BANK OF EGYPT  
Egyptian Banking Institute



البنك المركزي المصري  
المعهد المصرفي المصري

# CURRENT TRENDS

July 2021

Customer Onboarding in banking

MOVING FORWARD WITH CONFIDENCE...

## Concept

Customer onboarding is the process a bank undertakes when bringing a new business customer onboard. Onboarding new customers involves gathering vital information on the customer and conducting identity checks to comply with KYC regulations. Customer onboarding is the first step in the customer journey and the most important one.

Customer onboarding is an essential process for many businesses, and especially banks and financial institutions as establishing strong relationships with customers is vital in banking both today and in the future. Also, onboarding offers an excellent chance for both parties to get to know one another.

Customer onboarding also refers to the process banks use when assimilating new customers & guiding them through the bank's products & services to get them started and stay engaged. It's the approach defining how bank's products and services work, how consumers can derive value out of them, and it's also showing how banks should interact with customers. Accordingly, if banks implement this process efficiently, it can result in a long-term and mutually-beneficial relationship.

## Importance of Customer Onboarding

- **Keep customers engaged** & helping them clearly understand the value they'll get from using the bank's products & services.
- **Increase the bank's revenue** through improving trial conversions, as if a bank offers a free or discounted product trial, customer onboarding is where your trial users get to experience the worth of your products, which will make it more likely they'll convert into paid customers.
- Customer onboarding processes encourage banks to develop their digital operations and remain competitive.
- **Increasing customers retention**, as adopting a transparent and customer-centric client onboarding process provides an enhanced user experience which helps to boost customer satisfaction and ensure that customers do not switch to another bank.
- **Streamlining know your customer (KYC) onboarding improves efficiency** and helps to speed up the process, meaning banks can successfully onboard more customers in a shorter space of time.
- **Customer onboarding processes reduces costs** by digitizing & eliminating slow paper-based processes.

• **Digital client onboarding in financial institutions also helps banks reach a global approach to Client lifecycle management (CLM)** as this digital format helps banks reach customers' needs through the customer's information gathered by the bank during the onboarding process, that helps in increasing customers' satisfaction, gaining their trust & maintaining a strong relationship with them in the future.

## Customer Onboarding Best Practices: Steps to improve customer onboarding process

• **Put someone in charge of onboarding:**

Leadership is vital for developing any process. Therefore, financial institutions must identify a leader who will set goals, manage progress, and accept responsibility & be ready to support any user that isn't following the onboarding process, or has got stuck somewhere along the line, having someone in charge to reach out to customers & support them, can really make the customer feel valued & appreciated.

• **Establish a strong digital connection with new customers:**

There is no better time to establish a digital connection with new customers than when they first sign up to the bank's services, as creating a positive first impression is essential to build customer's trust.

• **Create personalized messages/ e-mails that answer common questions & deliver those messages within a secure channel:**

Personalization is the best way to engage customers, as it makes them feel that the message is addressing just for them, and meant to solve their needs. Delivering personalization, however, requires a secure and compliant channel that's still easy for customers to access, & delivered at the right time and in the right format.

Also, it's important to include a **"thank you" message/ e-mail** whether the customer opened an account or only paid a visit to the bank's app or website.

• **Understand your customers:**

Consider things from customer's perspective & identifying which issues the customer is trying to address. Therefore, banks should accurately collect customer's data at every touchpoint to enhance understanding customers' needs.

• **Develop an omni-channel experience:**

Through creating a presence on every platform customers use, as it's critical for the bank brand's survival through expanding communication to other channels. For example, placing a link to the bank's Facebook page in an email, inviting a customer to follow the page for updates. Also, consider text messaging, mobile app notifications, and other channels.

- **Collect, measure, and test:**

Throughout the entire customer onboarding process, banks will **collect** much data, that leads to **measure** that some methods result in more positive feedback (such as customer's reviews after downloading a bank's mobile app). Therefore, it's necessary to **test** different methods & approaches to find out the most effective one.

- **Integrating Human touch:**

Without the human touch when interacting with customers, digital onboarding for banking can face the risk of seeming detached. For example, instead of a generic message like "Processing payment," consider one with a little more human touch, such as, "*We're working on your payment now. Hang tight!*" This kind of communication can help make the onboarding process feel less robotic.

- **Customer onboarding outsourcing:**

Developing this process from scratch with only in-house resources can be expensive and time-consuming. Many financial institutions choose to outsource their onboarding development to companies who specialize in fintech products and solutions. so, they can mix and match elements to find the right solution for their institution.

- **Ask for feedback**

Prompting customers to provide feedback via sending a quick survey once they have completed a particular process, to help gather insights about how well your solution is living up to their expectations.

## Challenges of customer onboarding

- **Complex legacy systems and technologies:**

'Seamless' customer onboarding experience fails once integrate it with old systems, that's why many banks are trying to overcome this by building new customer bases away from their core legacy platforms.

- **Conventional mindset within many leadership teams:**

The traditional pursuit of profit and process efficiency over customer experience is the ultimate obstacle in 'customer onboarding'. Hence, designing processes to enhance customer's experience requires a fundamental shift in mindset & culture.

- **Frequent Changes in Regulations:**

Banks witness changes in regulations on a monthly or even on a weekly basis. Therefore, banks must continually adapt their systems in accordance with the regulations to assure compliance. It can be challenging for banks as they have to explain the changes to the customer as well as ensure that such changes in regulations are amended in the onboarding process, which require banks to revisit their current processes/operations.

- **Demand to Access Banking Services via Smartphones:**

After the COVID-19 pandemic, an average customer expects to access all the banking services on their smartphone instead of visiting bank branches. For banks that continue operating on the traditional systems, providing end-to-end digital experiences will be a great challenge for them.

- **Manual and Time-Consuming Processes:**

Customers will give up on the onboarding process if it is too time-consuming or asks for too much information. Features that eliminate manual data entry are helpful. For example, offering customers the option to scan a photo of their ID instead of manually entering the information. Also, enabling autofill fields and saving any information previously obtained, are other ways to reduce the time the customers spends entering data.

- **Security:**

Banks will need to ensure their platform has high-end encryption and compliance with KYC and AML. Also, consider using two-factor verification to ensure authorized access. Additional way to address security through onboarding include using video identification technology, this method uses live chats to verify customer's identity.

- **Data Management:**

Banks should be upfront with their clients about the kind of data they will be collecting and why they're doing so. This kind of notifying customers may help them be more patient with providing data. The data collected should also integrate well with the bank's backend systems. For some legacy institutions, this can be a difficult task, but knowing how to manage data is very important.

## Practices in Financial Sector

- **Onfido and Avoka** are two examples of fintech startups that are fulfilling KYC requirements. Through their mobile apps, they facilitate instant verification of government-issued documents (like a passport or a driving license), from around the world simply by taking a photo for the required documents & upload it on the app.

- **Atom Bank**, uses face and voice recognition for customers to login to their accounts.

- **Royal Bank of Scotland (RBS)** have used fingerprint biometrics as part of their mobile banking app for customer's verification.

- **HSBC** has recently launched voice recognition and fingerprint security enabled by Nuance, a technology provider company.

- **Standard Chartered Bank (Hong Kong):**

With the launch of its Mobile app, customers can now complete the entire account opening process including e-KYC and form completion fully digital in less than eight minutes. After download the app, a voiceover guide will lead the customers to scan the different angles of their ID and take a live selfie by blinking two times to ensure the ID's liveness, ID information

will then be captured automatically via **Optical Character Recognition (OCR)**<sup>1</sup>, as well as an additional **SMS one-time password (OTP)**<sup>2</sup> will be sent to verify customer's ownership of the mobile number.

Lastly, the customer can select their choice of account type and card shape by their own preference. They can also have a choice to resume the application within seven days. Once the whole process is completed, a physical ATM card is delivered via mail which may be activated online for immediate use.

- **Liv by Emirates NBD (UAE):**

In 2018, Liv., Emirates digital banking arm, became the fastest growing financial service player in the UAE, onboarding customers from the most remote areas of the western regions of the UAE. While most banks in UAE take about eight to 12 steps for instant account opening, Liv. does it in six steps **by downloading the app, enter email and mobile, create a password, answer a few profile questions, and scan national ID**. Once this is done there is an online guided journey which asks for the user's lifestyle preferences.

In addition, customers are offered to set up a "saving goal account", **for example**, a customer can determine how much per day, week or month he or she prefers to save according to a goal amount set, then customers can set a target date, amount and frequency of saving, and the system calculates how much needs to be transferred from the main Liv account to the "saving goal account" to reach the target. Also, each time funds are added to the main Liv. account, a percentage of it, chosen by the customer, transfers to the "saving goal account", which strongly contributed to an increase in the overall deposit rates of Liv.

- **Revolut:**

UK based mobile payments application, performs KYC checks digitally, so they can make sure the applicant is the same as the person on the documents. The result is that it only takes about six minutes for a customer to open an account and receive an account number from Revolut's partner banks. To make onboarding easier, Revolut divided clients into segments based on the data collected and came up with persons in charge for different customers behaviors, in addition to finding solutions to what exactly customers need, proactively and reactively, using analytics, AI and other tools that predict the best solutions for the customer.

- **Kredivo by FinAccel (Indonesia):**

Kredivo by FinAccel, a Singapore headquartered digital lending company. Kredivo's success is based on addressing several fundamental problems hindering Indonesia's retail financial services industry, which is access to credit & speed of onboarding. By addressing those challenges, Kredivo creates higher customer retention and engagement rates.

To apply for a digital credit card through Kredivo, it takes few minutes to purchase an item on its e-commerce platform. The onboarding experience is 100% digital from downloading the app, to digital document upload, and OCR detection. After the customer signs with digital signature, the account is automatically opened.

- **Bank Danamon**

The first bank in Indonesia that offers digital current account opening in January 2019, with the verification process through in-app video calls with the customers.

---

<sup>1</sup> **Optical Character Recognition (OCR):** It is a technology that recognizes text within a digital image. It is commonly used to recognize text in scanned documents and images.

<sup>2</sup> **SMS one-time password (OTP):** An SMS OTP (one-time password) is a secure authorization method where a numeric or alphanumeric code is sent to a mobile number. This password is an added layer of security used to verify a user's identity when logging in online or confirming an action.



HOTLINE  
**15200**  
*One number to better serve you!*

**Headquarters – Nasr City**

22 A, Dr. Anwar El Mofty St., Tiba 2000

P.O.Box: 8164 Nasr City, Cairo, Egypt

**[www.ebi.gov.eg](http://www.ebi.gov.eg)**



**Like us on**

[facebook.com/EgyptianBankingInstitute](https://facebook.com/EgyptianBankingInstitute)



**Follow us on**

[twitter.com/EBItweets](https://twitter.com/EBItweets)



**Join us on**

[linkedin.com/company/egyptian-banking-institute](https://linkedin.com/company/egyptian-banking-institute)



**Watch us on**

YouTube Channel: Egyptian Banking Institute (EBI)