

Best Practices for Onboarding New Retail Banking Customers

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Effective Onboarding Requires Special Attention

Deposit accounts make up roughly 9% of a retail bank's assets and 60% of the profits, and 10% of these customers often drive 90% of the value. Additionally, customers are the most at risk for attrition in the first 60 days of the relationship, and the attrition rate for new customers is double the rate of customers with tenure greater than 6 months. Couple this with the fact that 75% of all cross-sell activity occurs within the first 120 days of the relationship and the importance of paying special attention to on-boarding high value customers carefully and effectively during the first 120 days as a customer becomes clear.

However, many banks are spending significant dollars on sales training for branch personnel, rather than focusing on direct channels that appeal to many customers. Generation Yers are adults now and have adopted the Web as a mainstream financial services channel. Consider the fact that within the last 12 months 41% of young consumers (ages 18-21) that opened a deposit account did so online and 65% who applied for a credit card did so online.

Allant's Onboarding Recommendation:

Banks need to consider a specialized set of activities designed to optimize the value of newly acquired customers during their first 120 days as this is foundational to the future growth and retention of the high value accounts that comprise a bank's financial foundation. Effective onboarding requires:

- Carefully interpreting and responding to specific web behaviors including new sales, inquiries, and abandoned sales efforts
- Analyzing and executing "next best product" offers systematically through the optimal combination of channels for each new customer segment
- Moving new accounts post this initial 120 day "critical" period into ongoing marketing systems with the relevant behavioral data that will inform and optimize future marketing programs, effectively applying the learning's acquired during this highly active period

Getting the Job Done

Identity resolution on the Web, next best product modeling and a contact strategy execution capability that enables quick turnaround times for campaigning are core to creating a specialized system enabling highly effective, new account onboarding. And all sales activity is highly measurable to ensure that performance results can quickly be reported on and applied to future campaigns.

The number one inhibitor to success for banks is the inability to move quickly enough to execute well defined and effective onboarding programs. Often this is due to the siloed nature of products and channels within the organization. With boomers nearing retirement and pulling money out of their deposit accounts, effective onboarding of new deposit customers is a critical, highly specialized function that requires special attention.