

**Why is ‘improving  
conversion rates’  
on new account  
opening so  
important?**



# How to read this document

This document is organized into 3 sections (SCR):

1. **Situation:** *Where the industry is today in relation to the topic*
2. **Complication:** *What are the factors that inhibit organizations from changing*
3. **Resolution:** *A proven approach to improving the current situation that takes the complications into account*

If you are short on time, the document's key message can be consumed by reading the short SCR pages and then reading the Headings of each subsequent details page.

The content on each details page below the heading is designed to support the message in the heading. If you read the heading and agree, there's no need to read the details below. If you need convincing – that's what the detailed content is designed to provide.



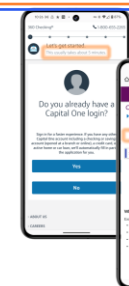
## Heading content

Digital Account Opening for retail (consumer/personal) bank accounts typically requires over 5 minutes to complete the 30+ fields of information required.

Some banks recognize that the time to open a bank account can feel excessive for consumers. As a result, they will advertise if their account opening is 5 minutes or less.

Many banks incorrectly believe the current level of friction in account opening is justified and will not cause them to lose customers. Quotes from bank executives:

- "Opening a bank account is important – people are happy to invest the time it takes." The 40% completion rate indicates otherwise.
- "If a customer chooses to bank with us and can't complete it online, they'll visit one of our 1,200 branches." This bank cross-referenced incomplete online account opening (using Full Name) with accounts opened in the branch within 30 days and saw just 13% of online 'abandoners' turn up in branches.



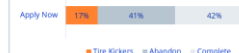
There is a direct correlation between "time to complete" and "completion rate" for online bank account opening and across 50+ separate engagements, RCG typically observes a 42% completion rate

RCG has worked with clients ranging from Citi and HSBC to credit unions and regional banks and consistently observed account opening completion rates between 25% and 47% with the average around 42%.

We categorize applicants into 3 broad groups

1. **Tire Kickers** – Never really intended to open an account (c. 17% of Apply Now volume)
2. **Abandons** – Couldn't or Wouldn't complete the online application (c. 41%)
3. **Complete** – Submitted a complete application to the bank / CU for processing (c. 42%)

When clients have focused on reducing the time to complete the application, RCG has observed that the completion rate improves.



## Detail content

## SITUATION:

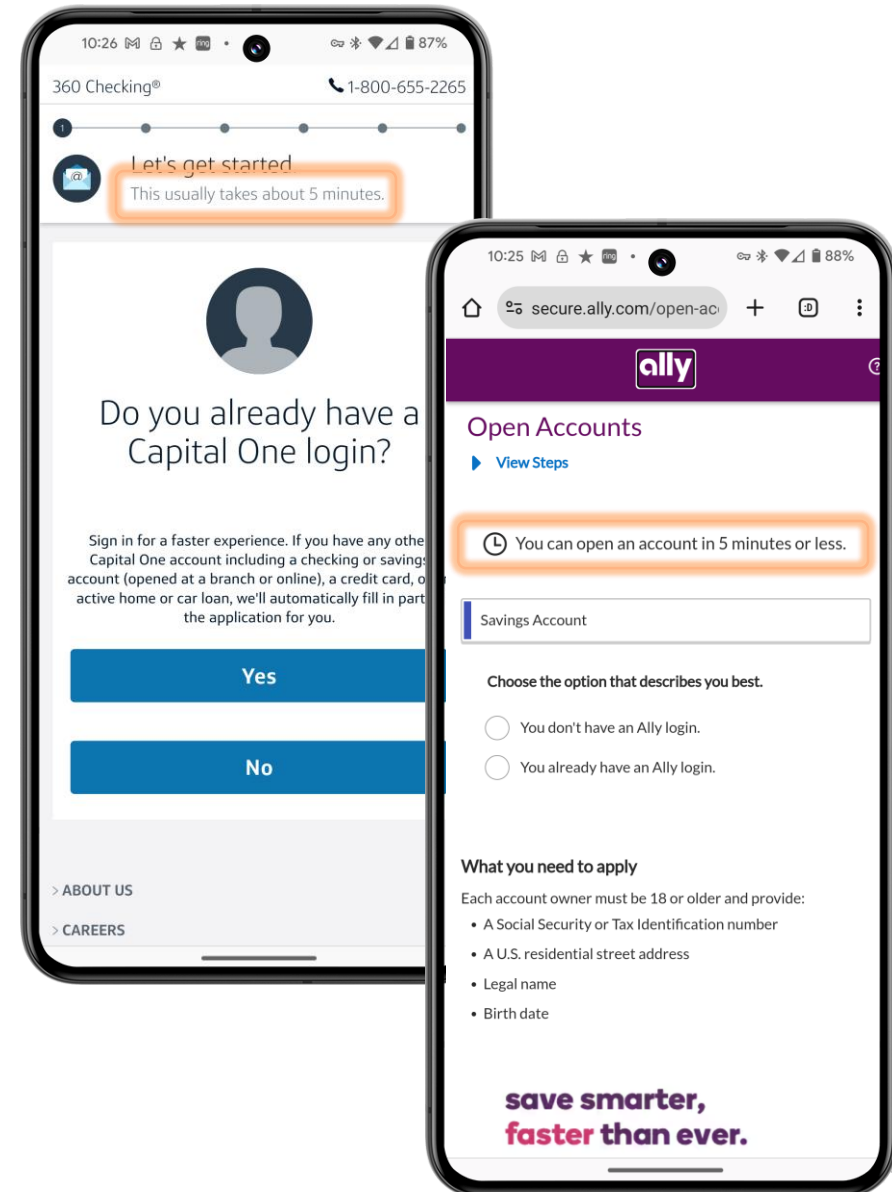
The average completion rate for new Deposit Account opening (new-to-bank) hovers between 37% and 42%.

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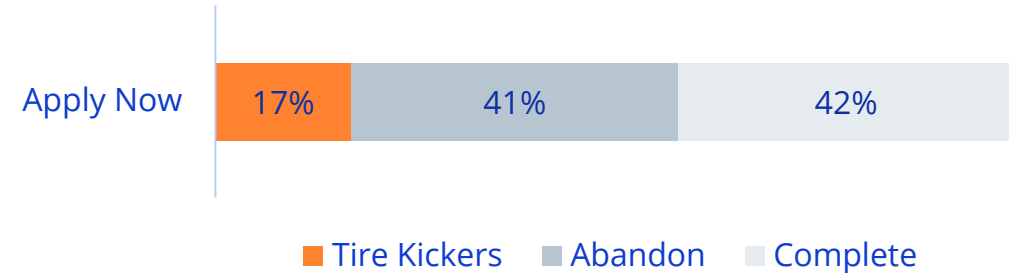
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Survey's have highlighted that overall friction in the account opening process (time, information required, need to visit a branch) contributes significantly to the high abandonment rate.

Several independent surveys have been completed to understand abandonment in digital account opening. The survey results always point to “too hard” as the primary reason:

- Took too long
- Didn't have the required information
- Couldn't complete online, so needed to go to a branch
- Etc.

#### What was the primary reason for opening an account with a Fintech?



#### Reasons why banking consumers abandoned an online application

It took too long to complete

15%

Too much personal information was required

13%

I changed my mind

12%

I needed to go to a branch or send personal info through the mail

9%

The language used was too confusing

4%

<https://thefinancialbrand.com/news/bank-onboarding/online-banking-account-opening-abandonment-58469/>

## COMPLICATION:

But to meet regulatory requirements for KYC and AML, banks are required to collect a significant amount of information from clients and verify that information is accurate and consistent. This creates friction, resulting in high 'abandonment' rates.

# The average account opening application (Personal Checking Account) requires between 28 and 38 fields to be completed.

## Typical requirements for a US deposit account:

- Name
- Address (+ Previous / Mailing Address)
- Date of Birth
- SSN
- Email
- Phone
- Identity Document
- Employment Details
- Attestations
- Disclosures
- (Joint Applicant Details)
- Account Configuration
- Account Funding

RCG worked with a large bank (including Legal & Compliance) to reduce the account opening experience from 36 fields to 23.

*Example of a Regional Bank Checking Account experience*

The image displays a sequence of four overlapping screenshots from a web-based account opening application. The first screenshot, labeled 'Progress - Step 2 out of 5', shows the 'Personal Information' section with fields for First Name, Middle Name, Last Name, Suffix, Date of Birth, Gender, Mother's Maiden Name, and Social Security Number. The second screenshot, 'Progress - Step 3 out of 5', shows the 'Home Address' and 'Contact Information' sections, including fields for Address, City, State, Zip Code, Home Phone Number, Email Address, and a confirmation of whether it's a cell phone. The third screenshot, 'Progress - Step 4 out of 5', shows the 'Identification Information' section with fields for ID Type, ID Number, ID Issue Date, ID Expiration Date, and Place of Issue. The fourth screenshot, 'Progress - Step 5 out of 5', shows the 'Terms and Conditions' section with a list of terms and a 'Next Step' button.



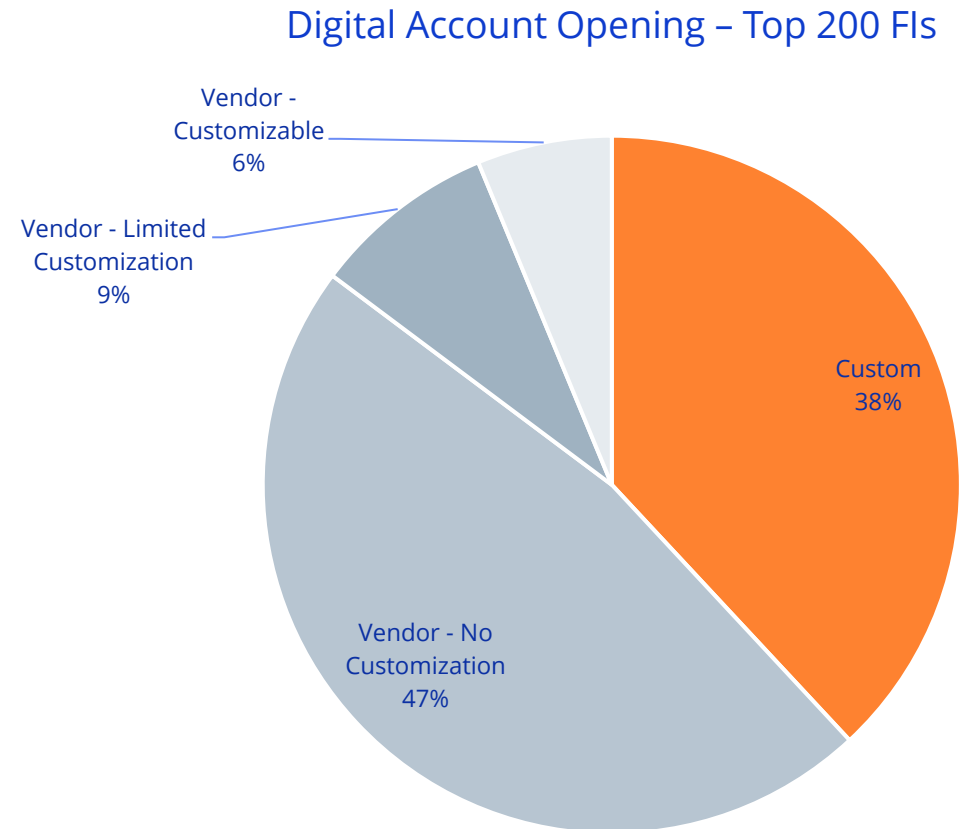
**Many banks leverage commercial off-the-shelf solutions for Digital Account Opening that offer little or no customization of the application experience, affording the bank no opportunity to tailor the experience.**

In a survey of the Top 200 banks and credit unions (by AUM) in the US, RCG identified that

- 38% have developed a custom experience
- 47% leverage a vendor that offers no customization
- 9% leverage a vendor with limited customization
- 6% leverage a vendor that allows for a full custom CX

56% of the top 200 FIs have limited or no ability to improve the customer experience for account opening (47% + 9% from the adjacent chart) and are forced to accept the average conversion rate (42%).

Developing Digital Account Opening from the ground up always takes longer than expected – beyond the Application Form, the development needs to deal with Fraud, KYC Services, AML Services, Account Funding, Save & Resume, Multi-Party Applications, Document Upload, Core Integration, Digital Banking Integration, ...



## RESOLUTION:

Removing friction from the client experience in account opening through a Custom Developed Solution or Fully Customizable Platform can deliver conversion rates that are 50% better than the industry average, significantly improving FI growth and liquidity without compromising regulatory compliance or fraud controls.

# A truly customer-centric design to account opening that leverages fintech services for prefill can reduce the time to open an account to under 2 minutes and increase completion rates by 50% or more.

MidWestOne (\$7B Iowa bank) implemented a new digital account opening experience with RCG that leveraged Temenos and [www.prove.com](https://www.prove.com) to prefill the form with mobile carrier verified data (which also assists with ID verification).

The account opening experience (up to funding) is 9 screens. But the last 4 screens require no data entry.

The results are as follows:

- **Time To Complete:** Avg. 2 minutes (Half the average)
- **Completion Rate:** 63% (50% higher than the average)
- **Mobile A/C Opening:** 66%
- **Fraud Instances:** Reduced
- **Digital Accounts:** Doubled



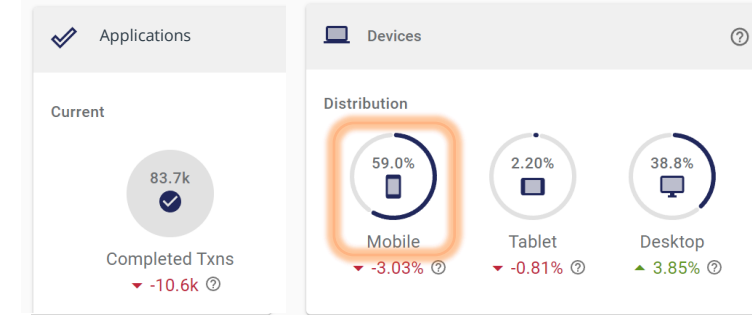
And experiences should be designed ‘mobile first’ as the majority of new account opening transactions are being initiated and completed on cell phones.

- 2018 – 2020, c. 25% of Account Opening was mobile
- 2020 – 2022, c. 50% of Account Opening was mobile
- **2024, c. 65% of Account Opening is mobile.**

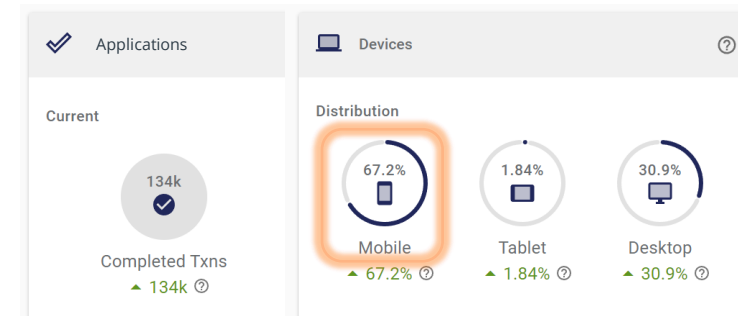
Designing for a mobile-first or specific mobile optimized experience is imperative. However, we advise against designing an Onboarding Experience that requires the download of a Mobile App to apply. This was proven to be a mistake by Chase with the launch of Finn in 2018 (Apply through Mobile App for 6 months, then pivoted to optimized Mobile Web). Mobile App download is perceived as ‘friction’ by consumers.

The following represents analytical data from clients RCG works with.

- The first shows 59% Mobile Account Opening across 83,700 applications



- The second shows 67% Mobile Account Opening across 134,000 applications



RCG has developed an extensive set of 20 ‘best practices’ for digital onboarding that encapsulate years of experience across client projects and can inform a project to improve conversion rates for account opening that can be used to help design an onboarding experience with higher completion rates.



Don't make me THINK!



1 Think of your onboarding like a Sales Funnel and widen every stage



2 Different paths to purchase for different customer scenarios

I want a bank...

Needs Analysis – Demographics, Financial Position, Goals, ...

Product Recommendations

Product Application(s)

Next Best Action...

I want a product...

I've done my research... just let me have it

(Lead) Name, Email, Phone

Rest of application, verification & approval

I'm still shopping Or price sensitive

Minimal information to provide a price

(Lead) Name, Email, Phone

Rest of application, verification & approval



3 Put the "Apply" button on your home page (or 1 level down)



4 Reiterate the features of the product



5 Nurture leads (because life gets in the way).

40% ...conversion rate following up Loan applications by phone

9% ...of saved applications completed within 12 hours after 1 email reminder



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## BUSINESS CASE:

Many financial institutions already have digital account opening and question the benefit of replacing their existing solution in the face of competing priorities.

However, the business case for improving Completion Rates in digital account opening is compelling as shown on the following graph.



# Estimated improvement in Revenue and Deposit Balances based on improving completion rates for Deposit Account Opening

- Using data from US Deposit Account consulting firm Strategy Corps, RCG prepared a calculator based on industry metrics to calculate the incremental Revenue and Deposit balances that can be generated across Unprofitable (40%), Profitable (50%) and Super Profitable (10%) customers at a typical bank.
- The incremental improvements are based on a range of annual Application Volumes (1,000 to 50,000 pa) and assume a 62% Approval Rate based on completed applications.

Incremental Revenue and Deposit Balances resulting from Increasing Completion Rates from 41% to 63%

