

Internet Banking Commentary

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Best Practices in Account Opening: Leveraging Your Internet Channel to Increase Deposits, Lift Completion Rates and Reduce Expenses

As the banking industry continues to undergo enormous change, financial institutions of all sizes are looking for ways to operate more efficiently, effectively and securely—while keeping consumer satisfaction levels high.

Consumers are also exploring their financial options and the Internet is clearly a major source for their information. According to Forrester Research, in a survey of consumers who used the Internet to research a financial product, 40 percent said they did so for checking accounts and more than 60 percent for credit cards. However, only a fraction of these products are actually being acquired online.

Forrester predicts that in the next five years, the rate of checking accounts that are opened online will double to 35 percent. Savings accounts will nearly reach the 40 percent mark. The potential is vast for acquiring new customers

or additional accounts from existing customers through the Internet. For this reason, financial institutions are looking to web-based account opening tools that promise to increase deposits, lift application completion rates and reduce expenses.

Online account opening has enabled many of our community bank and credit union clients to acquire new customers for demand deposit accounts and savings accounts. In addition, they have been able to sell additional products and services, such as loans, to existing customers to increase household relationships. These financial institutions have also been able to achieve higher completion rates through customized workflows and robust administration tools to capture abandoned applications. Further, clients have been able to reduce expenses by delivering a secure, self-service tool that leverages their existing Internet channel.

continued on page 7

BEST PRACTICES

Best Practices in Account Opening: Leveraging Your Internet Channel to Increase Deposits, Lift Completion Rates and Reduce Expenses 1

TRENDS

Pew Report: Americans Using More Mobile Devices 2

HUMAN RESOURCES

Untapped Potential: Half of Female Executives Feel Insufficiently Challenged 3

REGULATORY AFFAIRS

OCC Proposes Changes to Bank Secrecy Act Implementation Regarding Confidentiality of SARs 4

NEW PRODUCTS

Keynote Ranks the Online Best Practices of 26 Leading Banks 5

MARKETING

Leveraging Green Practices and Messaging to Maximize Your Marketing Budget 6

Mobile Providers Gain Revenue Through Mobile Banking in Latin America 8

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Account Opening

(cont. from pg. 1)

Drivers of successful online account opening services vary from institution to institution, but we have found our most successful clients have followed these best practices:

Meet the customer's expectations. If it's online, it should be fast and convenient. Most consumers expect the online application experience to be easier than going to a branch or making a phone call. They also expect rapid decisions. For this reason it is critical to have an account opening service with an integrated consumer application workflow. This feature enables the financial institution to customize a workflow that fits its specific business needs. In some cases, financial institutions use the implementation of the account opening service to re-examine their application processes and then tailor the workflow accordingly. In turn, the account opening service will be programmed to present only the options that are relevant to the consumer that is applying, enabling a personalized and streamlined user experience.

Provide funding options to close the deal. If consumers reach a stumbling block when it comes to funding the account, the application is likely to be abandoned. Ensure successful completion by offering multiple funding options, including secure electronic funding, ACH trial deposit, ACH funding or check/cash received.

Make your staff part of the success. Staff involvement is crucial in boosting completion rates. The key to their involvement is the administrative back-office module that supports the online account opening service. This module should enable staff to easily track and process applications using a defined queue management system. The module should include an abandoned application queue that staff can use for

follow-up, or that may be provided to an outsourced call center for follow-up.

Ensure security for you and your customers. Compliance and risk management should meet the institution's needs while enabling instantaneous pass/fail decisions to meet your customers' expectations. The account opening service should minimize risk by seamlessly integrating with trusted third-party verification services, including OFAC and credit reporting agencies. This allows for quick applicant ID verification, fraud assessment and real-time compliance with the PATRIOT Act. The service should also support an e-Signature process to further reduce paperwork and streamline processing, along with paper form image mapping.

Promote, promote, promote. As with most new technologies, promotion drives acceptance. Account opening service providers should be able to arm financial institutions with a comprehensive marketing plan that will help them quickly broaden markets online. For example, the entire online channel should promote the availability of the account opening service, including within online banking and bill payment. Statement inserts should note the service for existing customers, along with traditional in-branch and automated marketing for existing and new customers. It should be included in search engine optimization as well.

Given today's economic environment and consumers' continued movement to the Internet to research financial products, online account opening represents an enormous opportunity to help increase deposits, lift completion rates and reduce expenses. Financial institutions can leverage their Internet

channel to provide self-service solutions to efficiently and effectively expand their market presence online, gain new customers and build existing relationships.

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Critical Components of Online Account Opening

