A BEGINNER'S GUIDE
TO BUILDING A BANK OR CREDIT UNION ONBOARDING PROCESS

A COLLABORATIVE EBOOK BY:

CUGROW
Digital Marketing Simplified

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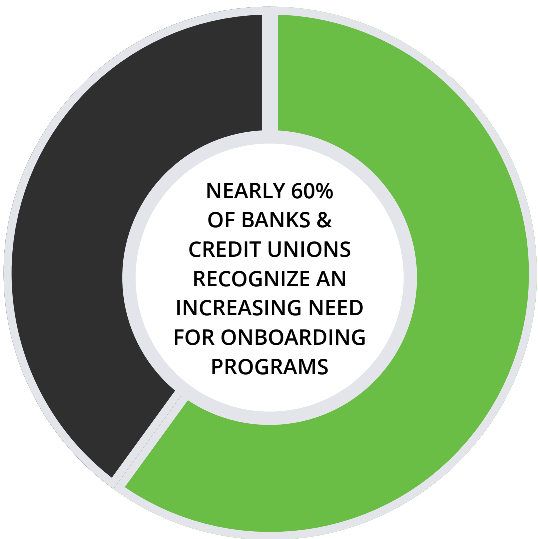
AN INTRODUCTION TO ONBOARDING

AN ONBOARDING PROCESS is one of the best ways to expand the relationships that you have with both newly acquired customers as well as current account holders. It is far easier to sell products and services to existing customers than to someone you don't have a relationship with.

According to the Financial Brand, almost 60% of financial institutions recognize there is an increasing need for onboarding programs.



However, a study from Deluxe found that less than half of all financial institutions have the basics of a successful onboarding program currently in place.

It is not enough to just send a welcome email or make a phone call thanking the new customer.

And while email may be a central focus of your onboarding efforts, this channel alone is not enough. The best results come from an onboarding process that uses a multi-channel approach.

Without a well-defined onboarding process, your bank or credit union is missing out on key growth opportunities. According to Javelin Strategy, the revenue difference between an inactive customer and one that actively uses their checking account is over $200.

Your onboarding process must also go beyond the popular, but inaccurate belief that if you communicate too frequently with new account holders, they'll get annoyed and leave your institution. What frustrates customers much more is receiving irrelevant messages.

Research from Gallup revealed 66% of fully engaged account holders felt the most recent offer they received from their bank was very general and could have applied to other account holders. Gallup defined these banks' fully engaged account holders as "those who are rationally and emotionally connected to the bank" and "are the group that is most likely to be put off by these 'one size fits all' marketing offers."

An effective onboarding process includes developing content for specific audiences.

Furthermore, Marquis found an inverse correlation between the number of products an account holder has with the probability of them leaving the financial institution over the next 12 months. In other words, the more products a consumer adopted, the less of a chance they had of abandoning the bank or credit union a year later. Increasing products per account holder can be facilitated through

a well-planned onboarding process.

While onboarding is often thought of as an activity only for new checking accounts, which is a result of banks and credit unions wanting to trim costs and streamline processes, this limited approach leaves money on the table.

Some of the most successful onboarding results are found in programs that go beyond welcoming those who have just opened a new checking account. These more advanced on boarding programs are optimized for other products, such as credit cards, auto loans, and mortgages.

While the onboarding process, communication workflow, and messaging may be different, it is possible to achieve a positive return on investment when building onboarding programs with customized content that has been optimized for specific product lines and key consumer segments.

WHAT EXACTLY IS AN ONBOARDING PROCESS?

AND HOW DO you actually build this "onboarding process?"

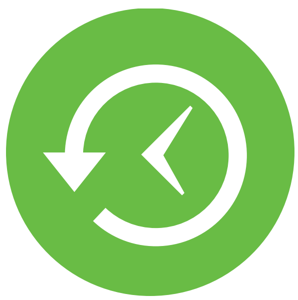
In case you've heard the term but are unfamiliar with what an onboarding process consists of, the framework is pretty simple. Think of this process as a way to first welcome new customers to your bank or credit union and then recommend additional products and services to grow share of wallet over time.

At its most basic level, onboarding consists of three actions:

WELCOME

Make the customer feel good about their decision.

FOLLOW-UP



Make sure that the customer has everything they expect and need.

CROSS-SELL

Make the customer aware of other products that may help.

Although the onboarding process looks simple at its most basic level, there are some components of the process you need to know a little more about before you get started.

After working with a number of financial institutions to help automate their onboarding processes, we've identified five key elements related to building a repeatable onboarding process.

Let's look at them in detail.

STEP #1
MAKE ONBOARDING SOMEONE'S JOB

HOLD SOMEONE ACCOUNTABLE FOR YOUR ONBOARDING PROCESS

FOR AN ONBOARDING process to have the possibility of being successful, someone must be responsible for the program.

The good news is an onboarding program doesn't need to be robust from day one. You can start small and build over time, which may be a great option if you are resource constrained. One recommendation to starting small is to assign this program as an additional duty for an individual who has a cross-functional view of the organization.

This could be someone in the marketing department or someone from retail or even lending. Do what makes the most sense in your organization.

As a general guideline, the Financial Brand states, "This person should manage the budget, goals and measurement of program success, and should be the liaison between product, channel and marketing departments."

> **"Unless commitment is made, there are only promises and hopes; but no plans."**
>
> *Peter F. Drucker*

The main point is that someone needs to be held accountable for the onboarding program. Otherwise, the process will fall apart completely.

WHAT QUALITIES SHOULD YOU LOOK FOR IN AN ONBOARDING MANAGER?

The basic characteristics you should look for in an individual in charge of your onboarding process include:

- An ability to interpret trends from data
- A capacity to map and document processes
- A willingness to experiment and take calculated risks
- A natural curiosity with a focus on driving results

There isn't a "one size fits all" onboarding process you can purchase, implement once, and guarantee great results. Because your onboarding program, like any other digital marketing system, must be reviewed and optimized over time.

The person you put in charge of your onboarding process must be able to identify trends and patterns and ultimately thrive in uncertain conditions.

HOW SHOULD YOUR ONBOARDING MANAGER BE MEASURED?

As you build an onboarding process, metrics should revolve around discovery, as well as return on marketing investment.

It can be argued that immediate impact to the bottom line is less important than building a data informed culture. Two questions to ask early on, in order to gauge the program's success, include:

- How frequently are we able to generate insights about your consumers?
- How quickly can we turn an insight into a test marketing campaign with a segment of your consumers?

If you believe the process of generating insights and testing results will ultimately lead to revenue, then it's better to measure your onboarding manager on those two metrics.

This will also align the onboarding manager's incentives with the organization's incentives and allow them the freedom to discover opportunities you may not have imagined.

A true onboarding and cross-sell process is focused on discovering the types of products and services that appeal to specific consumer segments. As with anything in digital marketing, you're not always going to get it right, and that's ok. The process, and learning from the process, is what's important.

HOW FREQUENTLY SHOULD YOU REVIEW THE ONBOARDING PROCESS?

When beginning to implement an onboarding program, we recommend weekly reviews and updates to allow everyone to keep track of the various components as the process begins. There will be numerous ideas on the table, so setting aside time to prioritize is important. Once the process has been reviewed and optimized over time, monthly reviews should suffice.

Even if you start out small, your onboarding manager just won't have the time to do everything. This isn't a bad thing. A time constraint is a great way to ensure that only the most important customer segment is addressed first. Embrace your constraints and focus on what matters.

As you start to see results over time, you can always add additional resources to your onboarding process team to take on more work.

STEP #2
SELECT A SPECIFIC AUDIENCE

CHOOSE AN AUDIENCE THAT WILL HELP ACHIEVE ORGANIZATIONAL GOALS

YOU HAVE DECIDED you want to start an onboarding process, and you've empowered someone in the organization to make it happen. What do you do now?

Create content for a specific audience.

An audience is any group or segment of consumers that you want to communicate with in a specific way. Audiences can be general (e.g. all new indirect auto loan customers) or specific (e.g. customers with $1,000 balance in a consumer checking account AND $5,000 or more in a savings account OR an auto loan greater than $20,000).

You will communicate with an indirect auto loan customer who has no other accounts with the financial institution differently than a high net worth individual who does a lot of business with your bank or credit union.

If you communicate to both of these audiences the same way, one segment is bound to feel unappreciated, which will damage the relationship with your bank or credit union.

A key component of developing an effective onboarding program is providing personalized messaging to your newly acquired account holders.

HOW DO YOU GET STARTED?

You will start with an overarching strategy and organizational goals for growth. The goals of your financial institution will drive your onboarding process.

If you are looking at building an onboarding program, it's safe to say that you are looking to grow share of wallet with newly acquired customers. But what specifically does this look like?

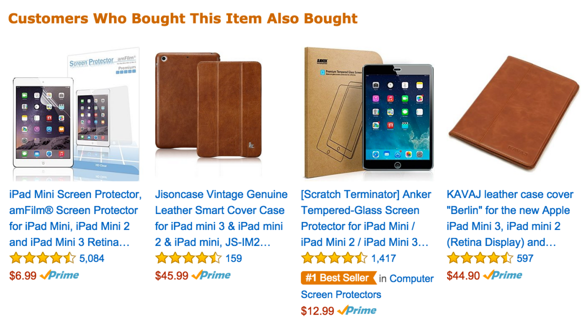
For example, you might have a primary goal to grow loans by X% through indirect auto loans and also have a secondary goal to get new CD customers by offering better rates. A great compliment to the primary goal is to onboard and cross-sell these new customers with a higher rate CD.

> **"Efforts and courage are not enough without purpose and direction."**
>
> *John F. Kennedy*

As another example, you may have a goal of increasing average products per household from X to Y over a period of time. To support this goal, you will find complementary products that customers seem to adopt around the same time of conversion.

To get a better understanding of how other organizations cross-sell, let's look outside the financial services industry.

Think of the last time you were looking at a product on Amazon.com. In the middle of each product page is the “Customers Who Bought This Item Also Bought” section.



These are cross-sell offers, and they’re created by looking at purchasing and adoption behavior.

It is possible for your bank or credit union to implement a similar approach.

Start by reviewing all of the products that people have and look for complementary products.

Then, identify trends between the products and the people who have adopted them.

For example, if your bank or credit union provides mortgages, what other complementary products or services does your financial institution have to offer that would be relevant for consumers in the market for a home?

Maybe you have an insurance policy or maintenance warranties you can offer to these consumers.

You may have to run reports to find audiences like these or you may have a system in place that has done all this for you.

The important thing to remember is the audiences you create should be tied to something important to the organization.

If you are looking to start small in your onboarding process, start very broad with the intent to create specific messages for each of these identified audience over time. This approach will provide leeway to search for audience insights that lead to revenue.

STEP #3
MATCH CROSS-SELL OFFERS WITH AUDIENCES

ANALYZE WHAT'S ALREADY HAPPENING TO FIND RELEVANT CROSS-SELL

THE IDEA OF identifying relevant cross-sell offers with specific audiences sounds like it should be pretty straightforward.

However, it's at this step where some data analysis happens.

By now you have an onboarding manager and a strategic goal built around a specific audience. Next, you need to uncover any trends and patterns that may already exist among this audience in your current account holder data.

Let's build on the indirect auto loan scenario from Step #2.

First, generate a report to identify account holders with indirect auto loans and any additional products they may have already adopted.

Next, calculate each additional product these account holders have adopted.

PIVOT YOUR DATA

An easy way to determine this is to build a PivotTable in Microsoft Excel, which allows you to evaluate data so that it's more useful. A PivotTable can do in seconds what it may take hours to do manually.

In this example, you can use a PivotTable to quickly pull together a record of the products that have been adopted by account holders with indirect auto-loans. This will provide you with exactly the products you should consider cross-selling to new consumers of this audience.

The next step is to calculate the total number of account holders with each product in a separate column. Then, review the profitability of each of those products and put a ranking next to them in an additional column.

Now, sort this spreadsheet based on likelihood of adoption and profitability to determine your own cross-sell priority list.

To further understand the behavior of your account holders, we recommend selecting your top three cross-sell offers for this audience and then surveying the account holders that have adopted them.

> **"The most difficult thing is the decision to act, the rest is merely tenacity."**
>
> *Amelia Earhart*

This will help you to identify buying behavior and allow you to begin to make valid assumptions as to why they chose each product. You'll also start to understand what is valued to these account holders, and you can use this information when creating marketing messages that you will send to new account holders.

Another option is to perform A/B testing of these various cross-sell offers and marketing messages to a small sample of account holders.

An A/B test, or a split test, is when you compare two different versions of an offer to the same audience segment.

The goal of A/B testing is to determine which version leads to a higher conversion rate.

Once the results of the testing have been analyzed, expand the most popular offer(s) to everyone.

IS THERE AN EASIER WAY?

If you have onboarding software, reporting software, or an MCIF, then you can use these technologies to perform a similar analysis.

Anyway you slice this data, you're going to learn a lot about your existing account holders, which will help you in developing an effective onboarding process for both current customers and future prospects.

STEP #4
BUILD A COMMUNICATION SCHEDULE

DETERMINE THE FREQUENCY & TIMING OF YOUR COMMUNICATIONS

You now have a list of cross-sell offers that you want to send out to a specific audience when the time is right.

So when is the time right?

There are quite a few things to consider when building out communication schedules.

NUMBER OF COMMUNICATIONS

90 days is generally considered “the onboarding period” and it’s a critical time for a new account holder. A recommended onboarding process for banks and credit unions typically consists of five to seven communications within the first 90 days of a new relationship.

But you don’t have to stop at the 90 mark of the relationship. An onboarding process can easily extend to the account holder’s first anniversary with the financial institution.

If you want to start slow, a typical manual onboarding process consists of three communications in the first two months.

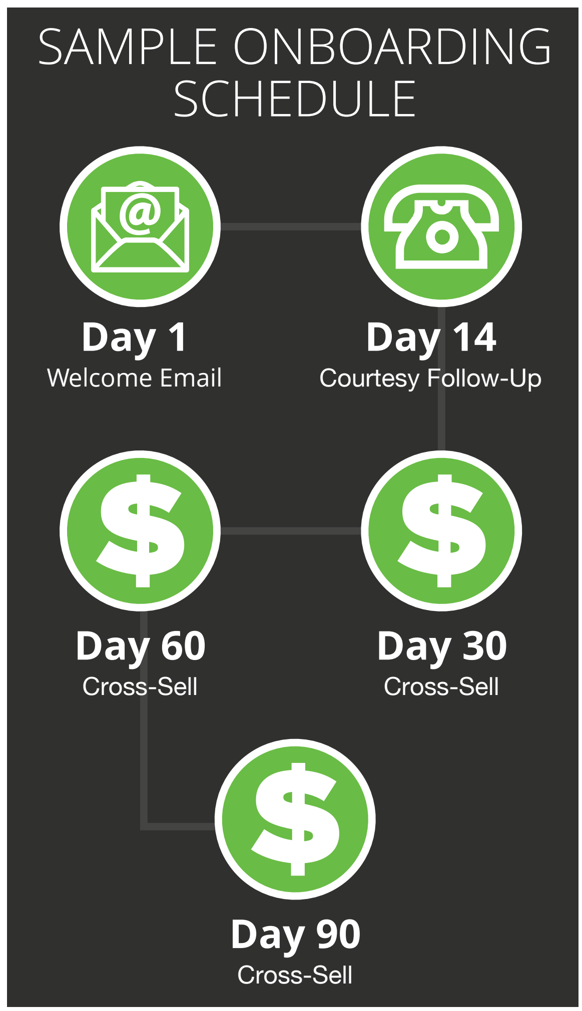
The process is referred to as the 2/2/2 method and generally follows this pattern:

- 2 days after open - Welcome letter
- 2 weeks after open - Follow up call
- 2 months after open - Cross-sell offer

FREQUENCY OF COMMUNICATIONS

The earlier you can communicate with newly acquired account holders, the better. This will express your gratitude to them, helping you to continue to build on your existing relationship with said account holders.

If you want to have five communications within the first 90 days that could look something like Day 2 - Day 14 - Day 30 - Day 60 - Day 90, where days 30, 60 and 90 consist of cross-sell offers.



METHOD OF COMMUNICATION

When starting out, it's recommended to communicate in a way that is already easy for you. Do you already have a call center? Is sending emails the easiest communication method?

You know your FI's strengths and weaknesses, so play to your strengths.

> **"Words are, of course, the most powerful drug used by mankind."**
>
> *Rudyard Kipling*

At this point in the process, you're just trying to build momentum, so start simple and add additional communication channels as you go.

To build a personalized experience for individual account holders, we recommend capturing their preferred communication channel during account opening.

However, if you ask for this information, incorporate these account holder preferences in the actual onboarding process.

It is a common mistake for both banks and credit unions to ignore the account holder's preferred channel of communication, frustrating the end user.

SENDER OF COMMUNICATION

Some financial institutions want to provide a personal touch by sending communications from the account holder's assigned relationship.

If your onboarding program is a manual process, this means a bit more work in making sure communications are sent on time from the correct individual.

You may want to consider using templates as a starting point to frontline staff's onboarding communications with consumers.

If you run tests and track results over time, you will know if personalization is worth the effort.

Once you have figured out optimal communication timing and frequency with consumers, you'll have an onboarding schedule to go along with your audience and cross-sell priorities.

STEP #5
REVIEW & REFINE THE PROCESS

MEASURE THE PROCESS TO FIND OUT WHAT WORKS AND WHAT DOESN'T

AFTER YOU CONNECT your account holders to cross-sell offers and a communication schedule, stop and reflect on the results you're after.

To do this, you just need to establish a timeframe and conversion count/percentage that would make the test a success. This is called a hypothesis, and it becomes your threshold for determining whether or not your campaign was a success.

A successful test is worth pursing further. An unsuccessful test is not.

Write it down this hypothsis so that you can compare the actual results to the predicted results after the test.

An example would be to hypothesize the percentage of indirect auto loan consumers who adopt a checking account within 90 days of opening their account.

> **"Simplicity is the ultimate sophistication."**
>
> *Leonardo da Vinci*

In this example, you may determine that if 10% of indirect auto loan customers open new checking accounts after receiving three cross-sell offers over the course of 90 days, that the onboarding program was successful.

Knowing that a 10% conversion rate is your success threshold before you gather results will help you identify which onboarding efforts are worth pursuing and which ones are not.

Conversion tracking may be difficult to pull together without an automated report or software solution, but this is a necessary step in evaluating the success of your onboarding program.

You're going to want to track whether or not account holders are adopting the products you're offering them within X number of days of receiving the offer.

For starters, you should measure total conversions and conversion percentage within this set period to understand how effective communication is at increasing consumer adoption around a specific offer.

As you track these results, you will start to learn from the data. This allows you to run experiments around the timing and messaging of your communications to see if you can improve conversions.

- Do these modifications in the onboarding program improve conversions?
- What messages resonate more with these account holders?
- Does timing impact the way account holders behave?

ANALYZE YOUR RESULTS

The best part about setting a hypothesis before you gather results is that you now have a baseline to compare your results to, your initial thoughts on what would be a favorable outcome.

Evaluating your results against your hypothesis will result in one of three outcomes:

- **You estimated high:** If your hypothesis was tied to a conversion rate that was needed for the effort to be profitable but the actual results came in below these expectations, you should alter your messaging and timing OR transition your onboarding efforts towards a product or service that may be more profitable.

- **You estimated low:** If your hypothesis is lower than your actual returns, then you either excelled and should move on to expand this process OR you need to set higher expectations for yourself.

- **You were right on:** Congratulations because this never happens. Take the rest of the day off and buy a lottery ticket. Come back to work and expand and/or automate the process.

When measuring results, always remember to keep follow-up actions simple and controlled.

There are quite a few knobs and levers to pull if cross-sell adoption isn't initially meeting expectations. Just remember to document everything, and try not to go overboard switching things around too much. This will end up being counter-productive in the end.

Always try to keep things simple, and you'll be on your way.

SUMMARIZING THE ONBOARDING PROCESS

STEP #1: MAKE ONBOARDING SOMEONE'S JOB
Delegate the onboarding process for accountability and program ownership.

STEP #2: SELECT AN AUDIENCE
Different messages resonate with different account holders. Therefore, produce communications according.

STEP #3: MATCH CROSS-SELL OFFERS WITH AUDIENCES
Analyze existing data to identify patterns and cross-selling opportunities with specific audiences.

STEP #4: BUILD A COMMUNICATION STRATEGY
Outline the onboarding process to determine quantity, frequency, and channel for distribution.

STEP #5: REVIEW & REFINE THE PROCESS
Optimize the onboarding process with monthly reviews of conversion metrics.

ABOUT THE AUTHORS

We are on a mission to simplify bank and credit union digital marketing to CU GROW through training, planning and implementation. And since, 2002, we have guided over 420 banks and credit unions to success while sharing research and insights that are frequently published in leading industry publications. Our leadership has also spoken at over 120 global events to thousands of financial executives around the world.

Onovative is not your typical banking software company. We don't believe in making customers sign long-term contracts or pay exorbitant fees in order to benefit from great software. Community banks and credit unions deserve software that is simple to use and affordable. Our company is focused each day on helping you grow your financial institution's customer base and profit.

ADDITIONAL RESOURCES

ALL ABOARD: DELIVERING THE ONBOARDING EXPERIENCE CUSTOMERS DEMAND
PwC

WARM WELCOME: START SIMPLE WITH ONBOARDING STRATEGIES & BUILD AS YOU GO
CUES

21 STEPS TO ONBOARDING SUCCESS IN BANKING
THE FINANCIAL BRAND

5 SECRETS TO ONBOARDING SUCCESS
THE FINANCIAL BRAND

CONTENT MARKETING FOR BANKS & CREDIT UNIONS
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COMMUNICATION ONBOARDING SCHEDULES
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