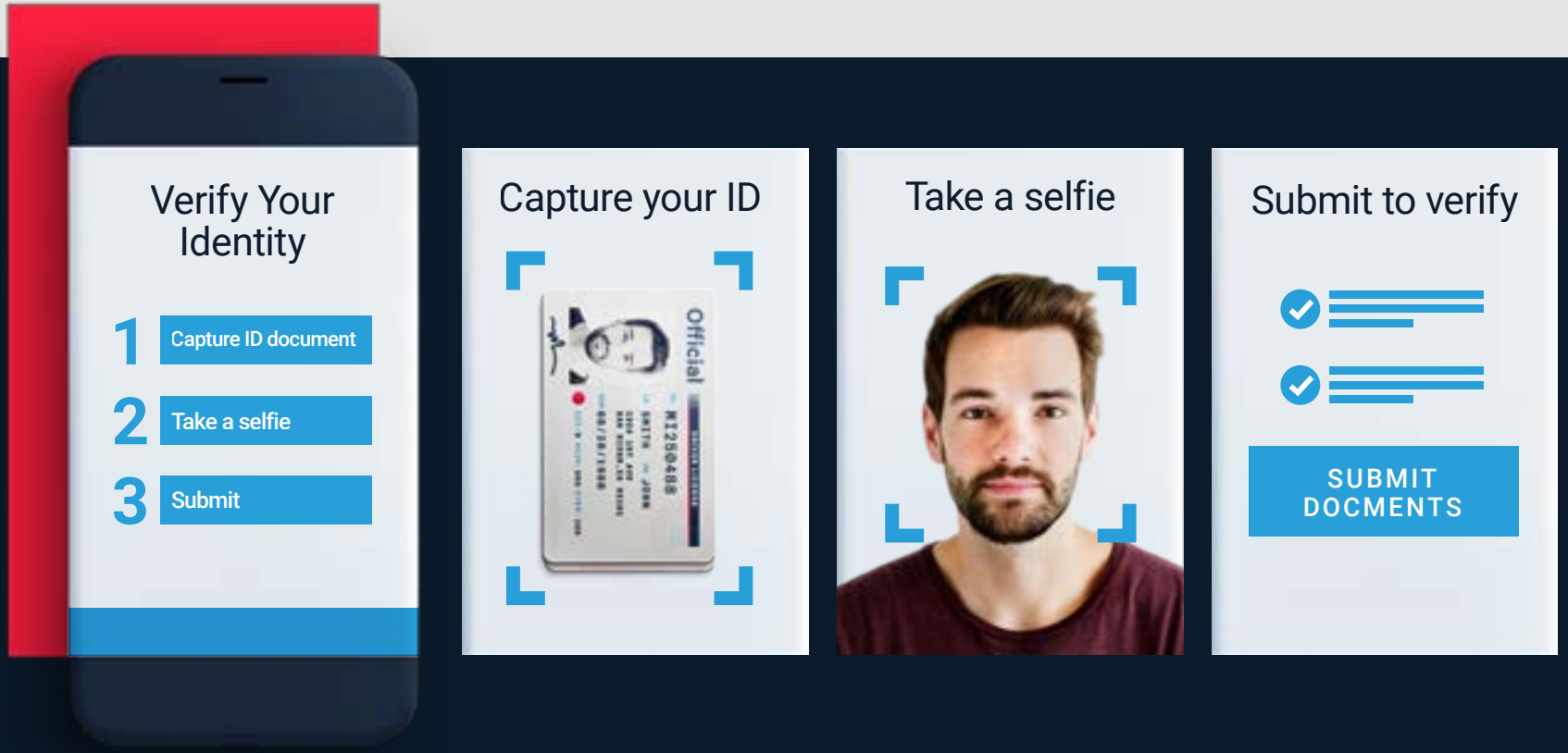
Mitek

REPORT

Digital onboarding

Moment of truth: why digital onboarding is a make or break event



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Moment of truth: why digital onboarding is a make or break event for today's companies

Onboarding sets the tone of an organization's brand and services for customers. This report discusses the critical need to invest in an innovative onboarding platform, along with three real-world onboarding use cases from today's successful companies

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Well before the pandemic accelerated the movement to digital relationships, demand was growing for 100% digital onboarding. When consumers open new accounts and engage online/mobile services, they want the process to be fast, frictionless, and secure. Expectations for all organizations are continuously reset by fintech and online marketplace innovators, with some today promising sign-up time in seconds.

The last year has shone a stark light on which companies actually have 100% digital onboarding and which don't. One estimate shows that 40% of European consumers couldn't access financial services during the lockdown—presumably because branches were closed and digital onboarding was less than easy.

While digital onboarding has been on company roadmaps for years, it's now top of mind and capex as a critical component of doing business. Of all the "moments of truth" in customer experience digital onboarding may be the most momentous. It's when people decide if a company is for real about keeping the promises it makes. Here's why...



90%

OF COMPANIES WANT DIGITAL ONBOARDING

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Digital onboarding is more than the start of a relationship. How you do it affects whether your customers like and trust you, and how much of their time and money they spend with you.

Onboarding used to be primarily a sales function. Today it's something the entire organization thinks about. During the onboarding process, customers experience and judge all of the things they value most: convenience, personalization, the brand, security and service. It's the moment when they say to themselves, "this is what it's going to be like with this company."

Sections

- More or less prepared
- "Welcome to our world"
- Onboarding design
- Use cases in Innovative onboarding

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More or less prepared

When the pandemic hit, a common reaction from companies was "thank goodness this didn't happen ten or even five years ago when financial institutions (FIs) were not as set up for digital interactions and there weren't as many online marketplaces and services." We are much better prepared now, right?

More or less. Here are some research findings from when 2020 started.

57% BAI Banking Outlook found that while 57% of consumers preferred to open deposit accounts online (57% for loan applications)

34% only actually did (29% for loans)

WHY? **Nearly half of FIs surveyed did not provide 100% digital onboarding.**

A Temenos study of large and mid-size banks in North America, Europe and Australia found that

75% Personal accounts could be opened online.

50% From a mobile device

Mobile device opening for wealth management and small business accounts was at 43% and 33% respectively.

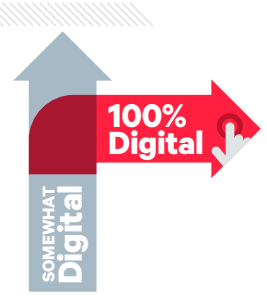
An Arizent study commissioned by the *Credit Union Journal* and American Banker put the number of US FIs at **30%** **with digital-first enterprise-wide capabilities**

What's driving the changes? A key factor is the abrupt change in consumer behavior: Fidelity National Information Services, which works with 50 of the world's largest banks, reported a 200% jump in new mobile banking registrations, and an 85% jump in mobile banking traffic in early April alone. **And now there may be no going back;** a Mastercard study found that 7 out of 10 consumers believe the shift to digital payments is permanent.

And while the appeal of in-person services like bank branches endures (with some reports showing Gen Zers like them even more than Millennials and Baby Boomers), overall the data underscores value consumers place on a personalized service. Attitudes toward branches also reveal how much room there is to improve digital customer experience; according to the J.D. Power 2020 U.S. Retail Banking Satisfaction Survey, digital-only customers have the lowest levels of satisfaction. Meanwhile, for mobile apps generally, one in four users never get beyond their first session.

These numbers are changing fast this year, partly out of necessity. It's not just traditional FIs being challenged to create better digital experiences. With the pandemic-accelerated rush to digital and the fraud that comes with it, fintechs, online marketplaces and sharing economy businesses are struggling to craft onboarding processes that meet customer demands for both convenience and security.

There doesn't have to be a tradeoff. Digital transformation can lead to more personalization and more service, not less. But companies have their work cut out for them. Read on to learn important *Onboarding design principles* to establish a solid digital foundation, and see how today's successful companies operate in *Use cases in innovative onboarding*.



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“Welcome to our world”

These days onboarding isn’t simply about signing up for services, it’s about joining up with a brand that resonates. It is now common practice the first time a purchase is made online, or even if an email is provided in exchange for a discount without a purchase, companies often send consumers a “Welcome to [company name]” email. Like they’re part of an exclusive club.

In a way, they are. Ever since the first iPhone users fell in love with the product and brand, providers of digital experiences have been working hard to woo customers by creating a brand they want to be associated with and a world they want to be part of.

What makes consumers want to join up?

COOL FACTOR

A big part of the enticement is cachet—a distinctive, engaging brand personality. That’s essential for sales, of course, and it absolutely needs to carry over into onboarding and beyond. If not, what a letdown.

ME FACTOR

No company is so cool today it can succeed just by imposing its own style and values. Savvy consumers want to know the providers they choose see and value them. Onboarding must be fundamentally customer-centric, meaning not only convenient, but proceeding in a logical way from the customer’s point of view. Ideally, you’re also providing useful information and the first bits of service to customers as they go through the process.

TRUST FACTOR

The second annual Salesforce State of the Connected Customer study (based on 2018 data) reported that 95% of customers said they are more likely to be loyal to a company they trust. The third edition of the study (2019 data) found that 73% of consumers said trust in companies matters more than it did the year before, and 54% said it’s harder than ever for a company to earn their trust. Onboarding is the first opportunity to demonstrate a company is trustworthy—and it’s a moment when consumers are likely to be receptive to security measures. The 2019 Experian Global Identity and Fraud Survey found that consumers have a strong preference for companies that provide visible signs, such as identity verification (IDV), of protection.

FLOW FACTOR

Successful onboarding has momentum. Everything that happens is part of the flow, like a conversation. So even though onboarding generally comprises multiple steps and security checks performed by different software components, it should feel to customers like one thing naturally leads to another. It’s today’s business imperative to find onboarding technology that’s completely customizable to its own model, brand personality and customer characteristics. In other words, you need to be able to freely design your own approach to onboarding.

> *The future of customer experience: Personalized white-glove service for all.*
>
> McKinsey & Company
> June 2020

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Onboarding design principles

While design thinking is in the DNA of fintechs and online marketplaces, it's a new approach for many traditional banks and other FIs. That's one reason brand consciousness is a surprisingly weak market factor. In fact, Deloitte's 2019 US Consumer Banking Survey found that less than 5% of respondents consider brand an important choice driver. A whopping 75% say they think products and services are the same across all banks.

It's not that fintechs and marketplaces have onboarding and every other aspect of customer experience figured out. Whether the interaction is actually taking place via mobile app, mobile web or online, designing great digital CX isn't easy.

According to Localytics, which conducts an annual study of mobile app user retention, in 2019, 25% of users abandoned apps after a first session. (That trend, which had been improving in recent years, is back up to its 2015 level). Meanwhile the app retention rate (11+ sessions) fell to 32%, the lowest level in seven years.

Though it's difficult, when onboarding design is done well it can be extremely rewarding. Good flow design leads users to experience value sooner, improving customer satisfaction; good flow design also allows companies to verify their customers as real people, establishing trust and security consumers want.

Extrapolating from the use cases in the following section, here's three important design principles on how today's successful companies design their onboarding processes:

- **Ease of integration**
- **Infintely scalable**
- **Linked and layered approach to fraud**

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Ease of integration: how a consumer goes through the onboarding process has impact far beyond first impressions. Information and guidance provided during onboarding helps customers become more frequent and successful users. Information they provide (preferences, permissions, use context, behavioral and other profile characteristics) helps a company shape subsequent interactions to build on the initial positive experience. As Thomas Rodde, marketing research analyst at Localytics says, "App users who feel listened to based on their data are much more likely to continue launching the app."

Infinitely scalable: Onboarding technology should be nimble, where today's successful companies adapt on the fly in order to capture quickly changing consumer and business trends. The potential ROI from a scalable onboarding design is also supported by research ProfitWell did across 500 different B2C and B2B software products and nearly 25,000 customers. They found that customers with a positive perception of a company's onboarding process had up to 21% higher willingness to pay than the median, and had much less drop off in the first 21 days.

Linked and layered fraud tech that works in the background. Experts believe that U.S. losses from COVID-19 fraud and identity theft total nearly $100 million YTD. As the volume of users leveraging digital channels increase, companies need increased certainty they're interacting with real people in order to prevent losses to fraud. But increased friction can affect the brand design and flow. One solution: verification technology that blends into the company's design and brand, working in the background to fight fraud. As a user works through the onboarding flow, things like document verification technology can authenticate a user's identity while they continue to onboard unimpeded. If more assurance is required, linking and layering fraud checks with artificial intelligence and human verification specialist expertise can perfectly balance assurance and friction. But that assumes the chosen identity verification tech is customizable, enabling the company's design to remain in the forefront.

> *Customers want the same experience from their banking platforms they get from digital lifestyle applications offered by BigTech players.*
>
> *Superior customer experience is now a must for banks, as design-centric technological innovation gains widespread industry acceptance and adoption.*
>
> Capgemini Top Trends in Retail Banking: 2020

> *Nobody cares about the thing you've designed, unless you can get them past the beginning.*
>
> Julie Zhuo
> Former VP of product design, Facebook

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Use cases in innovative onboarding:

how leaders are using Mitek's SDK to create outstanding customer onboarding experiences.

Mitek's Software Development Kit (SDK) is a set of 100% customizable screens and workflows for designing and building app-level identity verification functionality. Using the SDK, fintech, banking and online marketplace innovators embed a touchless and guided capture experience for ID documents and selfies, powered by Mitek MiSnap™, into their unique, fully branded onboarding journey.

After the client information has been captured, client onboarding processes receive document authentication results from Mitek's Mobile Verify® APIs. Biometric comparison of the faces in the ID and the selfie adds only about 1/3 of a second.



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ANNA Money

ANNA Money is a mobile business account that acts as a 24x7 assistant for small and medium enterprises (SMEs). The hybrid AI-driven/human-supported digital service handles administrative tasks—like banking, invoicing, expense management and tax filing—so clients can focus on their core business.

What really defines us is that, unlike many other digital providers, we're using technology to provide access to more service, not less.

Andy Moore, Design Director
ANNA Money

Mitek saves us time and money by providing excellent verification results, allowing for automated onboarding and reduced manual interruption. In short, Mitek exceeds all expectations from providers.

Sergey Fedorov,
Head of Customer Support
Performance and Onboarding

CX differentiator

The ANNA customer experience is entirely chat-based. To open an account, SMEs download the ANNA app, which immediately opens up a chat stream with the ANNA bot. Everything, including identity verification (IDV), service delivery, notifications, reporting and assistance from human agents when requested, takes place within that conversational stream.

Onboarding design principles

Start with IDV. ANNA product designers used the Mitek SDK to create an outstanding onboarding experience, which flows out of IDV. Initially, IDV happened mid-way through onboarding. By moving it up to step 1, the company can use the SDK's APIs to use information auto-extracted from snap shots of government-issued IDs for prepopulating fields and initiating background checks. Applicants don't have to provide addresses and business designations (such as limited company or sole trader). Instead ANNA fills in the blanks and asks: "Is this correct?"

Create and maintain a strong brand look and feel. Working with the Mitek SDK, ANNA UI designers have been able to 100% customize IDV, giving it a strong ANNA personality, indistinguishable from the rest of their onboarding process. Customers are more comfortable providing information when asked in the context of a conversation and when they feel they're interacting with a single, seamless trusted entity.

Focus on the essential. ANNA customers are smart people, but their minds are, rightly, focused on bigger things. Aligned with the ANNA mission of simplifying business life, designers minimize the need for reading and thinking during onboarding. They boil the UI down to what's most important, and they're constantly tinkering with choice of words and syntax to communicate faster and more clearly. Explanations, such as why a selfie is requested, are available as pop-ups, to avoid slowing down those who just want to move on.

Fun is good business. ANNA style combines absolute competence and reliability with a serious fun factor. For example, using the Mitek SDK, the company's UI designers have added tips, pictures and humorous animations to guide applicants through the IDV process. Over time, as trust grows and the relationship strengthens, ANNA works even more fun into the ongoing conversation.

Success metrics and learning cycles

High-level metrics include numbers of:

- New customers opening accounts
- Applicants successfully completing onboarding.

ANNA designers also constantly tinker with granular parts of the process, measuring what happens. When a test on a small percentage of new applicants delivers a significant improvement, it's rolled into the next ANNA app update, which generally happens weekly.

Forward vectors

With the ANNA chatbot constantly engaged in conversation with customers, and human ANNA agents joining the chat occasionally as well, the company has a rich stream of data, analytic insights and anecdotes about the challenges SMEs are dealing with and what they care about. Moving forward, ANNA Money has its sights on additional ways to offload administrative burdens and support customers in making their businesses successful.

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Digital bank

Mitek works with this digital bank with over a million customers. One of the company's differentiators is a focus on younger consumers with limited work and credit histories. For this market, powerful identity verification and risk analytics need to work in the background as much as possible—because customer experience is overwhelmingly important.

Cultural considerations—how people want to interact with systems—are always top of mind for me. I'm constantly doing research, and here's something I've learned: customers don't mind security when it's natural.

Fraud Strategy Leader
from the Digital Bank

CX differentiator

This digital bank promises its customers a "happy, helpful and human" experience.

To deliver it, the company has become an industry leader in taking a design approach to every aspect of brand, products and interactions. The Mitek SDK has enabled this innovative digital bank to make sure identity verification is an integral part of that design—for an onboarding experience that looks, feels and acts 100% on brand for this bank.

Onboarding design principles

Use technology to approve more applicants. Up to a third of this banks applicants can't be identity-verified by the system that initially attempts IDV. Turning away all that business would put an unnecessary brake on the company's growth. So these cases are immediately passed to Mitek Mobile Verify®, which is able to save 57% of those applicants from being auto-declined. With a higher percentage of verified identities, the bank has a larger pool of candidates for risk decisioning, and so is able to increase its acceptance rates and welcome more new customers.

Keep the flow going. The bank's design philosophy is that all aspects of security, including IDV, should be built into the natural flow of the mobile app or mobile web experience. Applicants need to feel they're being asked the right questions at the right time and guided to take actions. If they want to know why they need to take a photo of their ID or what the bank is going to do with their selfie, simple, clear explanations are available. And the company makes the experience enjoyable by filling momentary processing time with fun bits of money-related trivia.

Choose passive over active methods wherever you can. Unique to this company, they make maximum use of security processes that can go on in the background without applicants having to do anything or even be aware of what's happening. For instance, once applicants submit the snapshot of their ID and a selfie, an army of Mitek AI bots check tiny details to verify that the ID is genuine and belongs to the applicant. That all happens imperceptibly, in an instant. At the same time, the information auto-extracted from the ID can be used in the background by othersecurity processes to perform additional checks.

Success metrics and learning cycles

KPIs from this bank include:

- 5 second average IDV processing speed—compared to 10 minutes at some banks using comparable digital verification solutions, and up to 24-hours for those relying on traditional methods
- 57% identification rate for riskiest 25-30% of applicants

Forward vectors

The Fraud Strategy leader's plans include moving IDV into the flow for all lending applications and using it to lift account restrictions and suspensions. The company is also exploring the use of IDV for P2P money transfers. Above all, the company is committed to continuing to use rich data on its customers in interesting, innovative ways to create an unparalleled digital experience that's unique to their company.

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Car sharing

This Marketplace tech company is one of the world's largest car-sharing marketplace. The global community of more than 14 million members enables guests to book any car they want from a trusted host. Trust is a two-way street, however. Because this company facilitates sharing of a wide variety of vehicles (850 unique makes and models), ranging from ordinary wheels to classics, exotics and luxury, identity verification of everyone registering as a guest is also essential.

The mobility landscape has evolved significantly in the last 10 years. The reason? Users.

Car-sharing companies often depend on their community of drivers and riders as the driving force of success.

CX differentiator

The customer experience blends ease and speed with security measures aimed at building trust and the feeling of being part of a safe community.

Onboarding design principles

Onboard only the eligible. Mitek IDV is used as the first step in onboarding to quickly verify the age of the registrant. Ineligible individuals are filtered out from the beginning, so this tech company doesn't waste any time and effort on unnecessary onboarding.

Make it easy for registrants, and it will be easier for operations. With this tech company's previous IDV vendor, registrants struggled to submit ID snapshots and selfies that could be successfully verified. Inadequate user guidance on how to adjust lighting conditions, for instance, caused many submitted ID images to be blurry, and information on ID documents was often unreadable. As a result, many users had to be sent up to manual review by the tech company's onboarding team, causing lag times of several minutes. Switching to Mitek, the company cut average processing by more than 80% while substantially reducing the workload on manual review teams.

Choose passive over active methods wherever you can. Unique to this company, they make maximum use of security processes that are active in the background without applicants having to do anything or even be aware of what's happening. For instance, once applicants submit snapshots of the front and back of the ID, Mitek's AI compares the license barcode to data on the front in order to confirm the ID is legitimate. How long does that take? It's faster than turning firing up the engine on a newly rented car.

At the same time, that same information auto-extracted and compared from the ID can be used in the background by other security processes to perform additional checks.

Success metrics and learning cycles

KPIs include:

- <30 seconds average processing time (down from several minutes)

Based on the results of other ridesharing marketplaces, the company can also expect faster, smoother onboarding to deliver secondary benefits. Another car-sharing company, for instance, achieved a 36% increase in rental days.

Forward vectors

More growth, more choices for guests, more opportunities for hosts to turn their vehicles into assets that generate not just expenses, but earnings.

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Mitek Systems, Inc. (NASDAQ: MITK) is a global leader in mobile capture and digital identity verification built on the latest advancements in computer vision and artificial intelligence. Mitek's identity verification solutions enable organizations to verify an individual's identity during digital transactions to reduce risk and meet regulatory requirements, while increasing revenue from digital channels. More than 7,000 organizations use Mitek to enable trust and convenience for mobile check deposit, new account opening and more. Mitek is based in San Diego, California, with offices across the U.S. and Europe.

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