

# Next Generation Customer Onboarding

Driving an Automated, Integrated Multi-Channel Onboarding Strategy

SOLUTION PAPER:

**FINANCIAL SERVICES**



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## ABSTRACT

FEW INDUSTRIES WERE HIT AS HARD DURING THE ECONOMIC DOWNTURN AS FINANCIAL SERVICES. TODAY, FINANCIAL INSTITUTIONS HAVE STARTED THE PROCESS OF RECOVERY, AND ARE LOOKING FORWARD TO FUTURE GROWTH. WITH SLOW GROWTH IN THE HOUSING AND JOB MARKETS, FORECLOSURES AND BANKRUPTCIES REMAIN HIGH PUTTING A CONTINUED STRAIN ON THE INDUSTRY. ADD TO THAT, NEW REGULATORY OVERSIGHT REQUIRES FINANCIAL INSTITUTIONS TO STRENGTHEN BOTH CONTROLS AND COMPLIANCE REPORTING. AS THE RECOVERY CONTINUES, FINANCIAL INSTITUTIONS LOOK TO IMPROVE THEIR EFFICIENCY RATIO AND CROSS-SELL AND UP-SELL OPPORTUNITIES, WHILE INSTITUTING SUCCESSFUL PROCESSES TO BRING AND KEEP CUSTOMERS ONBOARD. IN EACH OF THESE CASES, THE KEYS TO SUCCESS ARE TO GROW REVENUES AND DEPOSITS WITHOUT ADDING EXPENSE, WHILE OBTAINING AND EXTENDING CUSTOMER SATISFACTION AND LOYALTY.

FINANCIAL INSTITUTIONS MUST DEAL WITH YET ANOTHER ASPECT OF THE ECONOMIC FALLOUT – CUSTOMER SATISFACTION. THE GLOBAL BANKING LANDSCAPE HAS BEEN FOREVER CHANGED BY THE EVOLUTIONARY CREDIT CRISIS, LEAVING ISSUES OF TRUST, CUSTOMER ATTRITION, BRAND LOYALTY, AND THE RESULTING REVENUE DECLINES TRAILING IN ITS WAKE. TO ENSURE SUCCESS, FINANCIAL INSTITUTIONS, WHILE MARSHALLING RESOURCES TO RAISE CAPITAL AND CUT COSTS WHERE POSSIBLE, MUST NOT OVERLOOK THEIR LIFEblood - ONGOING ACQUISITION, OPTIMIZATION, AND RETENTION OF CUSTOMERS. THE BOTTOM LINE IS THAT FINANCIAL INSTITUTIONS MUST IMPROVE THE CUSTOMER EXPERIENCE TO KEEP CUSTOMERS HAPPY, SATISFIED, AND LOYAL.

# ACTIVITIES PERFORMED IN THE FIRST 90 DAYS ARE PARAMOUNT TO THE SUCCESS OF THE CUSTOMER RELATIONSHIP

## Overview

Nearly 75% of all cross-sell opportunities occur within the first 90 days. A robust onboarding process enables financial institutions to take control, from initial enrollment through welcome kits and subsequent cross-sell and up-sell activities. To succeed, financial institutions must start with an accurate, comprehensive view of customers and use high-quality data to improve the customer experience across the enterprise and via every mode of data intake and delivery.

An effective customer strategy is crucial to gain an edge over the competition, and in both the minds and hearts of customers. It is a fairly simple formula – customers want to feel known and wanted by their financial institutions, while financial institutions want to know their customers to increase effectiveness, retention, and promote cross-sell and up-sell opportunities. As every financial institution can attest, it is much cheaper to retain good customers than to acquire new.

## Understanding the Lifecycle of a Customer

The customer lifecycle can be divided into three functional areas – acquire, optimize, and retain.

The acquisition phase consists of market research and customer onboarding. It is critical for financial institutions to maximize the relationship with the customer. Acquisition is the opportune time to determine not only the best customers, but what they need and how to cross-sell. In fact, activities performed in the first 90 days are paramount to the success of the customer relationship.

Next is the optimization phase, which consists of customer profitability, event-based marketing, cross-selling and up-selling, and channel network optimization. After the 90 day onboarding period, it is important

to determine how to maximize and optimize networks, processes, and communications to best serve those customers and keep them loyal.

The final phase, the retention phase, entails implementing effective retention and rationalization programs based on accurate customer profiles. It is advantageous for financial institutions to fully understand the identities of their two types of customers – their best and their less-than-best. These two customer groups are easily differentiated – the best are the high-yield clients that the financial institutions strive to retain, while the less-than-best are those low-yield, high-maintenance clients that the institution would benefit from either divesting or rebuilding effective relationships.

## Onboarding Challenges

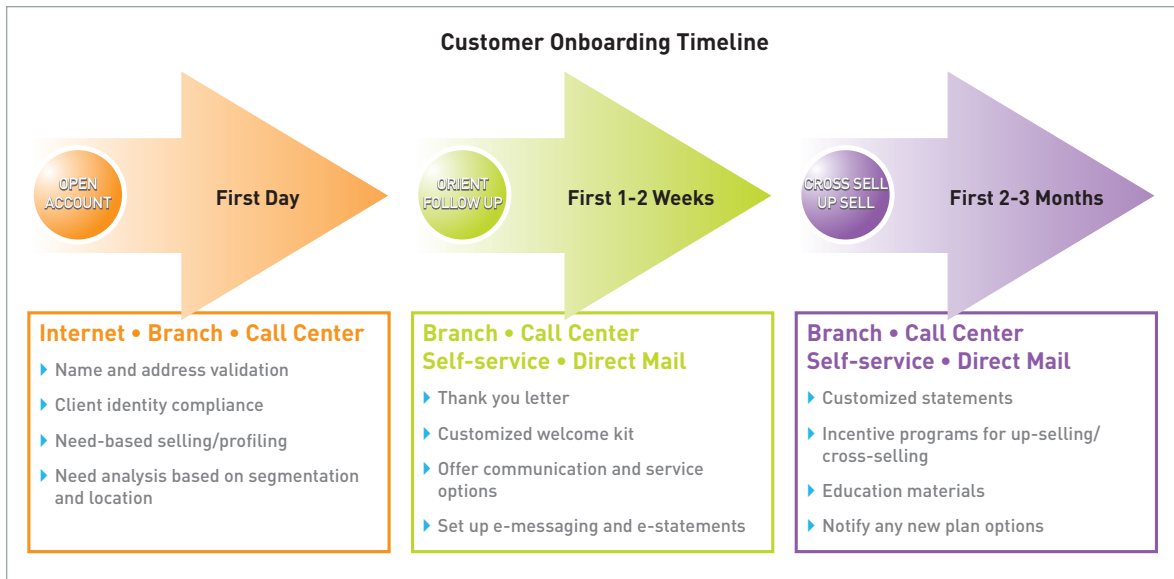
A robust onboarding process enables financial institutions to proactively take control of the customer experience during the critical first year. By offering the products and services best matched to the customer's needs, financial institutions not only satisfy account holders' desires, but reduce attrition while improving sales and marketing campaign effectiveness. First, financial institutions must understand and fully grasp the onboarding challenges they face in today's market. In fact, denial or lack of understanding of both the challenges and the solutions can potentially spell disaster.

So, what is the recipe for overcoming the onboarding challenges? It consists of a multi-step solution that includes the following:

- Name and address validation
- Customer identification and identity compliance
- Requirement based cross-selling and up-selling
- Effective communication

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These items represent the fundamental challenges faced by every financial institution looking to successfully implement a customer onboarding process. To succeed, institutions must address the following five areas:

- Ensuring good data
- Securing identification and compliance
- Validating the address
- Personalizing customer communications
- Delivering targeted communications via the customer's preferred channel

### Ensuring Good Data

Bad data behaves like a virus. In fact, an institution is only as good as its data. In today's electronic world, there are a multitude of data entry points. Many financial institutions allow customers to enter their information online and, while this provides the utmost convenience,

it also provides a portal for erroneous or fraudulent information to enter into enterprise-wide databases. If this entered information is not validated at the source, it replicates itself throughout the organization and causes problems.

Financial institutions begin the customer onboarding process by gaining a full 360° view of their customers with clean, accurate data. This is critical as they must learn how to uncover and then maximize their most valuable asset: tremendous amounts of customer information. Securing this foundation is necessary not only to successfully identifying the customer through accurate data, but by understanding their needs and preferences. Clean data is the essential first building block upon which a successful strategy can be built.

To get clean, high-quality customer data, financial institutions must start by matching and consolidating

## IT IS PARAMOUNT FOR FINANCIAL INSTITUTIONS TO CENTRALIZE AND MAINTAIN NOT ONLY HIGH DATA QUALITY, BUT STRINGENT VALIDATION STANDARDS

existing data into a single, comprehensive customer record. This can provide the insight needed to enhance customer loyalty and lifetime value. Processes used within a customer onboarding solution can take a myriad of information from multiple customer touch-points; update, link, and consolidate the data; then transform it into enterprise-wide business intelligence.

Down the line, this rich customer information can help financial institutions reap further benefits such as:

- Increasing customer loyalty through targeted communications
- Generating revenue with more effective cross-marketing, cross-selling, and up-selling
- Boosting campaign effectiveness through consolidated customer profiling and householding
- Reducing marketing costs by eliminating redundant mailings

### Securing Identification and Compliance

Just as an institution is only as good as its data, data is only as good as its validation. In today's volatile environment, and with increased governmental reporting and disclosure requirements, it is paramount for financial institutions to centralize and maintain not only high data quality, but stringent validation standards. Institutions must ask themselves, "Do I know the identity of my customer?" and "Can I validate that identity?"

For financial institutions with millions of customers, compliance with major regulations, such as the Bank Secrecy Act (BSA), Anti-Money Laundering (AML), the USA Patriot Act, and Know Your Customer (KYC), requires complete transparency and consistency in the data

transformation and validation driven by automated data quality processes.

To successfully secure client identification and validation, while ensuring absolute compliance, financial institutions must enact the first line of defense, which consists of automating validation steps during the account opening process. By doing so, financial institutions ensure that the customer information being fed downstream into enterprise AML and other compliance solutions has been validated. Additionally, it ensures that the customer information entered into enterprise data management systems has been cleansed prior to entering and possibly corrupting master data sources. These defensive processes include universal addressing, universal naming, global, automated watch-list monitoring, and credit and out-of-wallet checks.

Universal addressing captures, validates, and corrects addresses for the United States, Canada, and over 220 countries worldwide.

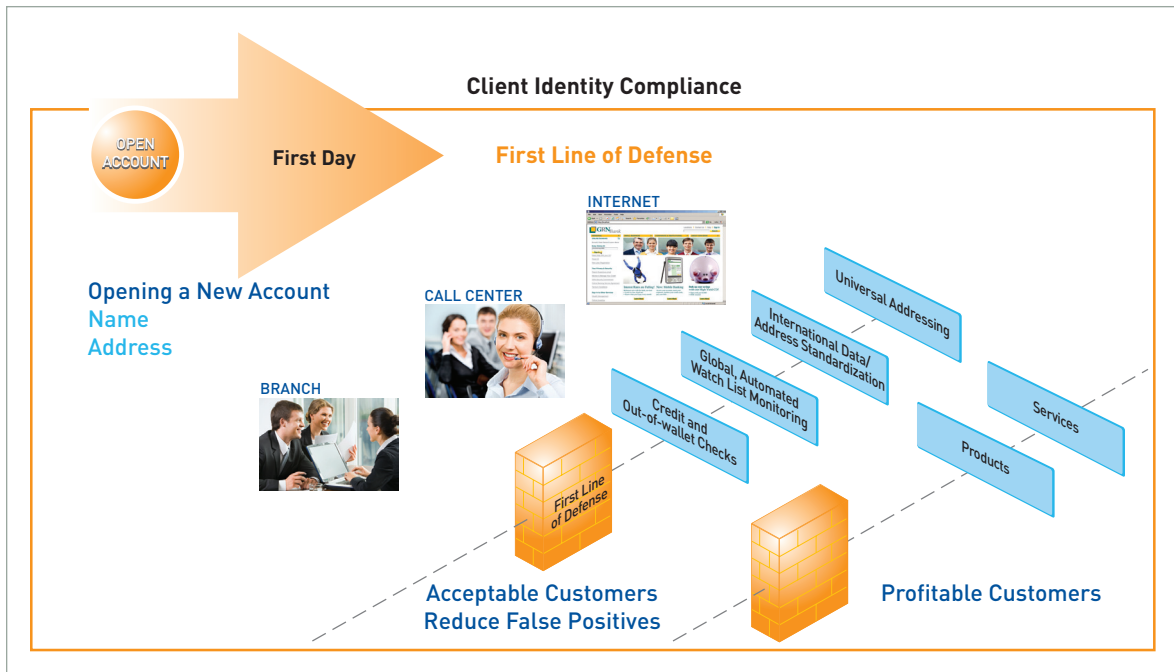
Universal naming provides flexible and global name knowledge across many cultures, with parsing capabilities and gender and ethnicity appends, to better segment and target the customer base while matching, standardizing, analyzing, and consolidating complex records with confidence.

Global, automated watch-list monitoring protects financial institutions against fraudulent individuals and organizations by monitoring incoming transactions and identifying hits to international watch lists.

Credit and out-of-wallet checks peruse credit bureaus and instantly returns consolidated profile results with approved or rejected responses and reason codes.

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By enacting the automated first line of defense, financial institutions protect themselves and their customers, while confidently securing client identification and governmental compliance.

### Validating the Address

As previously stated, financial institutions are under increased pressure to deliver exceptional and personalized customer service and communications. The foundation of these communications, and the counterpart of good, clean data, is accurate and deliverable customer address data. Because, no matter how good the data, if the address is incorrect or undeliverable by the United States Postal Service (USPS), the communication is irrelevant.

Financial institutions must address the underlying address validation challenges to ensure that their communications reach their intended destination – the valued customer. These challenges include:

- Ensuring that addresses, including secondary address elements such as apartment, suite, and zip code, are complete, valid, and consistent with increasing USPS compliance standards
- Recognizing and addressing high customer mobility, and the resulting delivery failure
- Dealing with high costs and change restrictions to incorrect customer data once entered into internal systems
- Accessing uniform, organizational data across all customer collection points, in real-time

## TARGETED CUSTOMER COMMUNICATIONS ARE VITAL ELEMENTS TO PROVIDING QUALITY SERVICE



- Implementing a repeatable and auditable change process when new data is available
- Increasing legal exposure for non-compliant processes

To address each of these challenges, financial institutions must implement an address validation solution. A successful address validation process uses a key identifier to index the customer. This identifier ensures that transactions are posted to the correct account, communications have the highest chance of reaching the customer, and legal exposure is minimized due to delivery failure and privacy breaches. As a critical channel for these communications, the USPS insists on an index – or unique delivery point – to be able to deliver the communication quickly and accurately. The USPS maintains over 147 million delivery points in its system

and the communication success of the financial institution is based on the accurate and current assignment of delivery points during the validation process.

Additionally, an effective address validation solution will enhance customer data quality, reduce postage costs, increase delivery rates, and decrease returned mail.

### Personalizing Customer Communications

Having successfully implemented the processes needed to obtain clean, accurate customer data, secure customer identification and identity compliance, and validate the customer address, the next step is for financial institutions to implement capabilities that extend customer onboarding by enabling effective marketing through personalized and targeted communications.

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These effective, cost-efficient communications provide customers with the right message, via the right channel, delivered at the right time.

These daily targeted customer communications, including customized welcome kits, thank you letters, emails, notices, alerts, and confirmations, are vital elements to providing quality service, boosting the customer experience, and improving loyalty and retention rates.

But, delivering personalized communications, such as customer correspondence, requires more than just manually tailoring a document template. Unfortunately, this is the method many financial institutions currently have in place, contributing to the following results:

- Lack of control in the content that is delivered to the customer
- Lack of consistency in the messaging that is delivered to customers across channels, or between branches
- Lack of integration with internal CRM, legacy, or onboarding systems
- Lack of automated services, relying instead on time consuming manual data entry and manipulation

By implementing an automated enterprise customer communication management (CCM) solution, financial institutions will benefit from increased control and consistency of all communications across a variety of distribution channels. This significantly reduces the amount of time customer services representatives (CSRs) and bankers spend on the transaction by automating interactive document generation through integrating online services to the bank's chosen onboarding platform. Most enterprises investing in an advanced CCM system will realize a return on investment (ROI) within one year by increasing compliance, improving process efficiency, and reducing costs.

An effective, enterprise-wide CCM solution centrally manages all types of communications – high volume, on-demand, and interactive documents, delivered across multiple channels.

High volume or structured communications are normally processed in batch, pushing high transaction rates.

Examples of high volume communications include:

- Banking and investment portfolio statements
- Financial product bills (home equity, consumer finance, etc.)
- Marketing materials using offset and digital print runs

On-demand or hardened communications are created with available external data, and delivered in real-time via online services. Examples of on-demand communications include:

- Account notices
- Online quotes
- Point-of-service customer documents
- Order confirmations

Interactive communications are individualized, ad-hoc documents that require real-time information and a human touch to complete. These communications are delivered either in real-time or batch, and include:

- Welcome kits
- Business correspondence
- Negotiated documents
- Retirement and benefit manuals
- Group insurance policies
- Technical authoring
- Case/issue management notifications



## RESEARCH SHOWS THAT ORGANIZATIONS USING AN INTEGRATED, MULTI-CHANNEL COMMUNICATIONS ONBOARDING PROCESS CAN SIGNIFICANTLY IMPROVE RESULTS



Leveraging a single, integrated, high performance and intuitive CCM solution makes it simple and cost-effective for financial institutions to easily create engaging, compliant, and unified communications of all types, across the enterprise.

The final step in the CCM solution is not actually a type of communication, but a method of delivery. The ability to offer customers multi-channel delivery is critical in the quest to achieve the utmost satisfaction. Delivery method preferences vary greatly from customer to customer, so ensuring that processes are in place to deliver communications via traditional print/mail, email, SMS, online, and fax, is important for financial institutions. Research shows that organizations using an integrated, multi-channel communications onboarding process can significantly improve results. Delivering relevant, early, and persistent communications through multiple channels is critical to onboarding success.

In addition, financial institutions can leverage intelligence beyond the capability of creating targeted marketing, to learn more about the needs, desires, and spending habits of customers. This insight provides the ability to create marketing messages that are just as personal and relevant as the transaction information enclosed in the statements. Marketing team members, CSRs, branch employees, and other business users can easily create and deliver relevant statements with high-impact transpromotional (transpromo) marketing messages. According to analyst research, transaction documents represent 31.9 billion customer touch points that are rich marketing opportunities. By using statements as strategic documents, financial institutions can develop communications that recognize and act upon specific opportunities to increase customer value and long-term profitability.

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By employing the right solution to manage an integrated onboarding communication strategy, financial institutions can enable one-to-one marketing by composing, delivering, and coordinating their choice of print, electronic, email, or mobile marketing campaigns through a central source. Institutions can maintain brand consistency across channels, reduce duplicate efforts, consolidate disconnected systems, and most importantly increase the ability to provide customers with the personalized financial guidance they desire.

### Delivering Targeted Communications

As the final aspect of the customer onboarding solution, it is important to understand how enabling technologies, empowered by a 360° customer view, will improve the delivery of targeted communications.

Direct mail contact with customers via monthly statements and account updates can, of course, create huge postage and mailing expenditures. But by having targeted communications that utilize clean, validated customer and address data, financial institutions can enhance marketing response rates, drive mailing efficiencies, and hold down related costs. In addition, insert, pre-sort, and delivery solutions can increase efficiencies, improve customer communications, and maximize postal savings.

Ultimately, financial institutions can use their data to better target marketing campaigns, sending finely honed messages to customers via their preferred channels – be it print, online, email, or SMS. Not only will the marketing message be delivered, institutions can alert the right departments and sales staff when customer communications are received, enabling appropriate and timely follow-up.

Together, these capabilities ensure cost-efficient delivery of the very messages that will optimize both customer satisfaction and loyalty.

### Pitney Bowes Business Insight Leads the Way

Pitney Bowes Business Insight offers an end-to-end solution that helps maximize customer onboarding and the related efforts. Pitney Bowes Business Insight offers solutions – from both a technology and consulting perspective – to help every step of the way.

Pitney Bowes Business Insight's innovative solutions provide financial institutions with the insights needed to make more informed decisions on critical aspects of the business – exactly what is needed in the never-ending quest for sustained profitable growth and customer satisfaction.





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