REVAMPING CUSTOMER ONBOARDING

Digitally improving customer experience and generating better outcomes

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Onboarding is the first taste of the support and experience customers can expect from an organization, making it essential for companies to create a strong early impression.

Crafting an intuitive onboarding process can be a challenge in itself. Disruptive Fintech companies are putting pressure on incumbents in the struggle for millennial and tech-savvy consumers, a challenge additionally compounded by increasing customer expectations for onboarding to be a fast, easy, frictionless process. Complex, ever-changing compliance requirements for regulations such as Know Your Customer (KYC) and Anti-Money Laundering (AML) often cause onboarding delays while finance organizations verify various customer credentials, financial statements, and other documents.

To overcome these obstacles, companies must implement intelligent operation combining advanced analytics and digital, lean processes. By gaining a solid understanding of the onboarding process, insights on its challenges, strategies for improving customer retention, and knowledge of how digital solutions can help, companies can improve customer experiences while improving revenue and reducing risk.

What the Industry Faces

- Faster, more efficient digital interactions with other companies have changed consumer expectations
- Manual processing during onboarding results in a high customer acquisition cost
- Long onboarding cycle times and rework creates poor experiences, lost revenue, and fewer customers
- Regulatory compliance adds additional costs from implementing operational changes and potentially from fines for non-compliance
- Balancing customer experience, revenue growth, and risk reduction is challenging

Top Finance Industry Onboarding Challenges

- A variety of challenges can cause a 15%–20% increase in overall onboarding costs:
- Digitally disruptive Fintech companies driving increased expectations for better customer experience and quicker turnaround times
- If poorly planned, organizational spend on digital transformation can impact profit margins
- Updating process to comply with changing regulations can cause delays
Addressing These Challenges

Various onboarding interventions including analytics, business process management (BPM) workflow solutions, robotic process automation (RPA), optical character recognition (OCR) and intelligent character recognition (ICR), chatbots, and natural language processing (NLP) can generate significant improvements. A transformed customer-centric onboarding operation with an improved human and machine interface can continuously provide better customer insights, improved customer experience, revenue growth, and reduced risk.

- Using advanced analytics on customer population provides intelligent insights to improve sales performance and onboarding cycle times
- OCR/ICR can significantly automate forms processing and mailroom operations, reducing rule-based manual tasks and data entry processes
- Using RPA for KYC checks can automate data collection and aggregation from various public and private sources
- Integrating BPM or transaction management solutions with automation provides increased operational transparency and customized status updates.
- Chatbots, NLP and analytics-enabled automated processing enhances customer experience and reduces call volumes by transforming contact center operations
- Right-first-time supporting document and client information collection avoids rework and improves customer satisfaction

Integrating assisted and non-assisted machine learning (ML) into the KYC process can potentially optimize data quality reviews and customer profile information validation. Human interventions during client data screening can provide feedback to machine learning models in order to reduce manual efforts. This brings continuous improvement into the customer due diligence (CDD) and enhanced due diligence (EDD) process.

- Leveraging OCR/ICR, automated information extraction, RPA, NLP and embedded analytics in checking customer credit worthiness significantly improves efficiency and accuracy when rendering a loan or line of credit to retail or corporate clients, and helps improve the overall credit risk profiles

19% of customers are lost due to lack of timely follow-up/comments

10% of customers lost due to ineffective operational controls and technology issues

13% of customers are dissatisfied with the lack of visibility on application status

92% of customers are dissatisfied with KYC process and multiple document requests

92% increase in overall onboarding costs driven by:

- Extended onboarding process
- Delayed or loss of revenue
- High operating costs
- Diminished competitiveness
- Increased exposure to regulatory risk
Key Digital Trends
The future model of client onboarding continues to transform. Several innovative technologies will soon help companies improve their customer profiling and onboarding processes:

ARTIFICIAL INTELLIGENCE
AI will continue transforming customer profiling and fraud monitoring. Behaviors such as fraud or credit defaults will be caught in real time, or even proactively, by AI-based models.

BLOCKCHAIN
Distributed ledger technology, such as blockchain, will transform KYC. This technology will enhance user convenience and security when managing their digital identity, while also enabling institutions to easily and reliably manage customer data. While some banks have formed consortiums to build and deploy prototypes of a blockchain-based KYC solution, it will require much global adoption and regulatory intervention before DLT-based technology gains momentum.

DATA COLLABORATION
Banks will continue to integrate some or all of their anti-fraud and (AML) systems into a single technology environment in order to gain greater insights about clients by combining internal and external data.

BIOMETRICS
Some large banks have introduced account security features based around biometric data including iris scanning, fingerprinting, voice recognition, and facial identification to varying degrees of consumer adoption. It will most likely take some time before these technologies gain widespread customer acceptance across the banking sector.

Digitally Transforming Onboarding
When transforming onboarding processes, financial organizations must take an approach combining design thinking, Agile, and lean principles. EXL’s Digital BluePRINT methodology combines these strategies while also ensuring results by generating insights using the right context from data expertise and domain experience, orchestrating various interventions including analytics, RPA, ML, and AI with human talent, and focusing on achieving outcomes that drive better customer experience, efficiency and revenue growth while reducing risk.

DISCOVERY AND PLANNING
- Understand process and performance
- Identify improvement opportunities
- Prioritize and make recommendations
- Finalize location strategy
- Identify resource requirements
- Staff and train

**KEY DELIVERABLES**
- Identify source of issues and qualify extent of issues
- Detailed project plan
- Training and staffing plan
- Process design with implementation of process improvements

IMPROVE AND GO LIVE
- Identify and automate tasks using EXL’s process Excellence and analytics capabilities
- Develop relevant process controls to identify and prevent compliance insufficiencies
- Go-live with the trained CoE teams and document best practices
- Constant monitoring/oversight to ensure seamless operations

**KEY DELIVERABLES**
- Process control design
- Controlled go-live
- Plan for full roll-out

MAINTAIN AND MONITOR
- Put in controls to error-proof process and monitor data quality as BAU process
- Generate alerts to highlight misses and inefficiencies
- Identify KPI and SLA
- Design and set up MIS structure

**KEY DELIVERABLES**
- MIS reporting for ongoing monitoring
- Continuous improvement programs to ensure operational efficiencies
Digital Client Onboarding: The Possibilities

Digital onboarding processes need to be reimagined around three core elements:

• 1. Ease of doing business
• 2. Cost of compliance
• 3. Speed of service

EASE OF DOING BUSINESS
The most important characteristic of a successful client onboarding process is the ability to enhance and sustain the client experience. All factors, such as long wait times, repeated requests for the same information, and poor communication, can make it difficult for customers to do business with a financial services organization, leading to potential reputation damages and revenue loss. A seamless onboarding process should keep the customer’s interests at heart and be flexible enough to meet changing regulatory and client needs. Key features to meet this goal include:

• Real-time progress reporting
• Error deflection
• Multi-channel support
• Seamless workflow allocation and management

COST OF COMPLIANCE
Compliance is a vital part of any process. It is also the most expensive component to maintain due to frequent changes and amendments to regulations. Financial services firms must make sure that the organization is compliant, as well as flexible enough to quickly adapt and institutionalize any necessary changes required to meet these shifting regulations. For instance, compliance requirements around preventing cyber threats, such as data breaches, now pose a challenge. While remaining adaptable, businesses must still handle existing requirements to record and track transactions to prevent money laundering and fraud. The cost of implementing an effective structure to meet all these needs can be expensive.

In order to maintain compliance while controlling costs, companies should consider:

• Agile design
• Proactive controls for preventing money laundering and fraud
• Automated auditing
• Replace paper evidence with reliable information sources

SPEED OF SERVICE
The traditional relationship-centric approach to banking has been disrupted. Fintech companies and digital-embracing customers are now putting a premium on the speed finance organizations can provide services. Legacy systems must now make way for platforms that use AI, ML and NLP to manage multiple client interaction channels, connect external and internal data sources to make intelligent assessments and decisions, and transform the onboarding process. Organizations must implement platforms that provide flexibility to making changes with minimal cost, enable customer self-service, and, and track performance. In order to improve the speed of service, organizations should focus on a few key features:

• Data extraction, analysis and utilization
• Multi-system support
• Self service
• Data protection and theft prevention
Digital Solutions for Customer Onboarding

EXL’s digital customer onboarding consulting solution provides banks with an end-to-end suite of solutions to transform the onboarding process for retail and corporate customers. This enables finance organizations to take a comprehensive, outcome-driven approach towards ensuring compliance, enhancing customer experience, and speeding up onboarding.

Targeted AI, automation, and process improvements targeting common issues lead to reduced onboarding times, better customer satisfaction and retention, and decreased duplicate efforts and rework.

EXL’s extensive experience in change management means clients achieve their desired operating model and deploy digital initiatives while ensuring compliance minimizing disruption to their operations. Limited IT infrastructure changes are required, allowing the solution to easily interface with any application without complex integration efforts.

Post-BluePRINT™ Support such as Center of Excellence deployment and available global resources leads to increased savings and efficiencies. This can be accomplished through embedding automation in support functions and processes in a scalable manner, enabling increased efficiency, allowing sales teams to focus on core business functions and generating new business.

Better data and reporting including granular process modeling that enables easy auditing for compliance, as well as providing support for document verification and collection. Automation enables data quality checks and cleansing, and information is captured and managed for all process operations.
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