Stem the **Tide** of Walkaway Customers

How to retain more customers while reducing costs and increasing compliance

KOFAX
from Lexmark

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Profitability

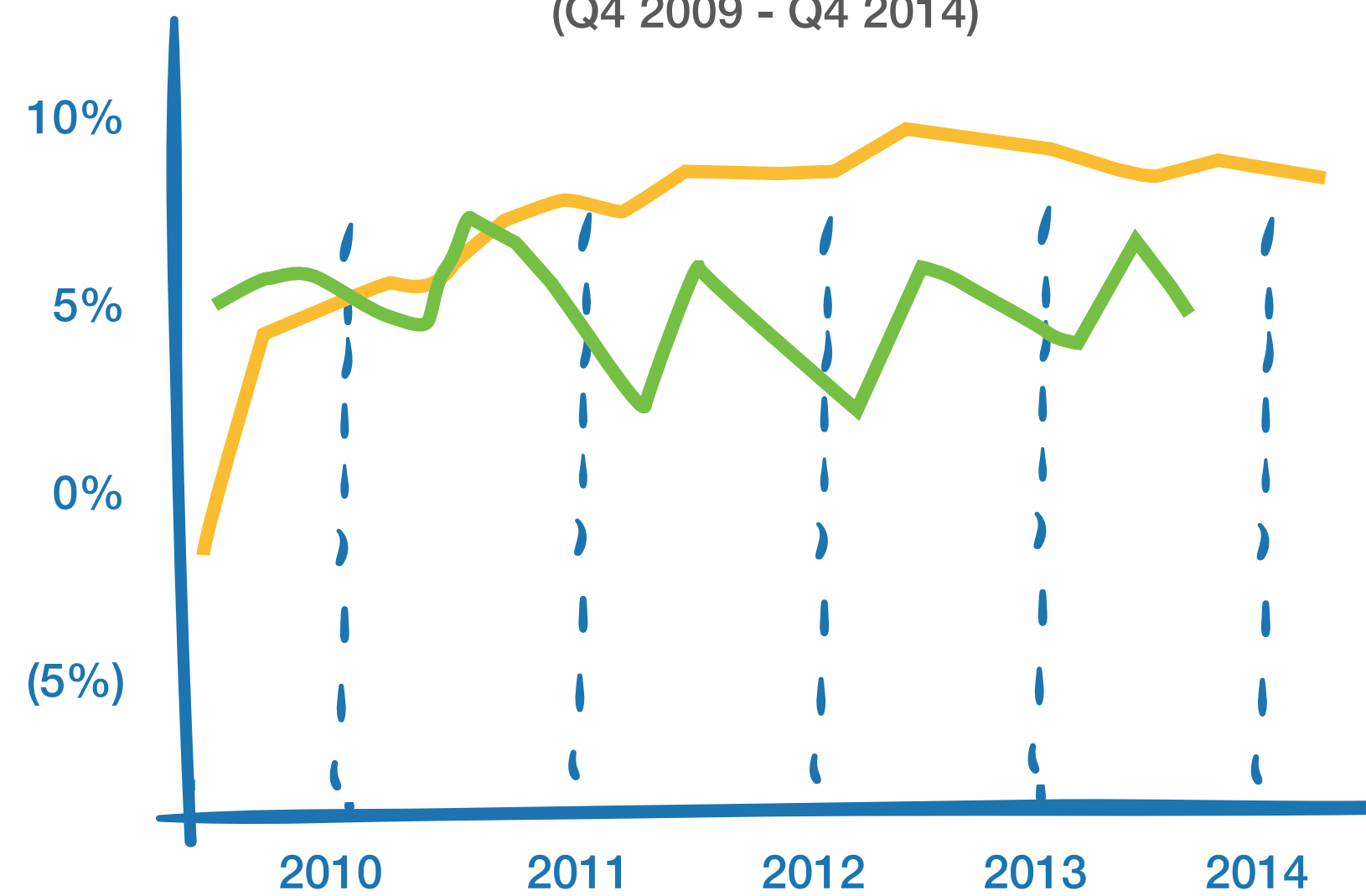Regulations

Customers

Processes

Challenges in the Financial Services Industry

Challenges in the Financial Services Industry – *Profitability*

Financial services organizations have been challenged since the 2008 crisis with achieving revenue and profitability targets in a low-growth economic environment.
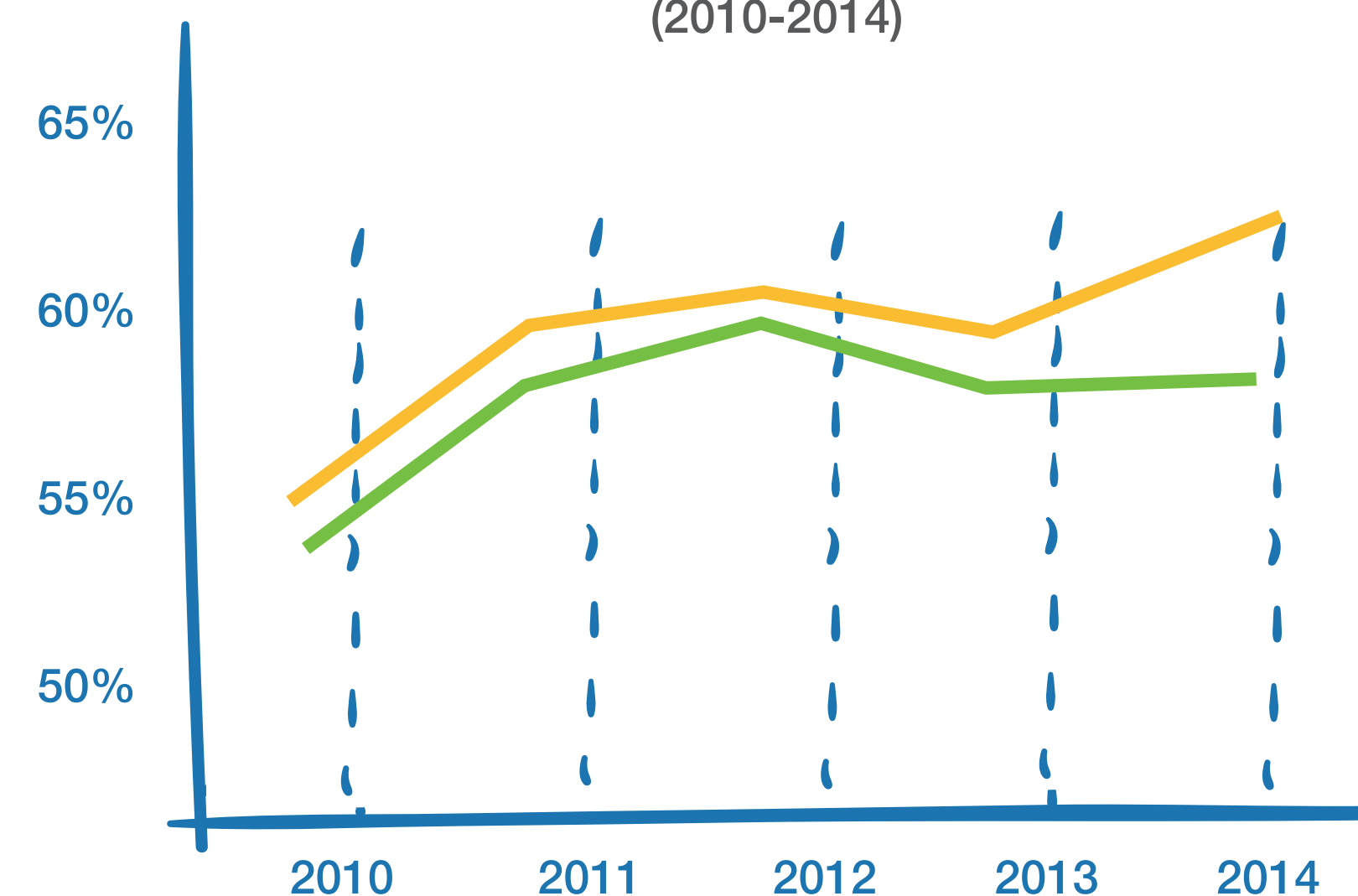
Profit Recovery is Stalling

**Average Return on Equity
of European Union and United States Banks
(Q4 2009 - Q4 2014)**

Expense Efficiency Worsening Again

**Average Efficiency Ratio
of European and US FDIC-Insured Institutions
(2010-2014)**

— United States   — European Union

Source: European Banking Authority, FDIC

Challenges in the Financial Services Industry – *Profitability*

Manual, paper-based onboarding can cost up to 20 times more than automated systems

When it comes to opening a new account or applying for a mortgage, customer information comes in from multiple channels, multiple devices, and in multiple formats. If your processes are manual and/or outdated, they add unnecessary cost to operating expense and are a drain on your net income.

Manual, paper-based onboarding is prone to delays and errors

Limited process visibility can result in potentially orphaned action items and major delays in servicing your customers. Process errors can lead to incomplete information that is critical for maintaining regulatory compliance. Regulatory non-compliance can result in heavy fines and damage your reputation.

Things Customers Like to Hear

"You'll find we meet your expectations for quality service and timeliness."

Millennials make up
1/3 of the Global Population
over 80 million of them live in the U.S.

1 in 3 **are open to switching banks in the next 90 days**

Source: Scratch, an in-house unit of Viacom and GS Report on Future of Finance
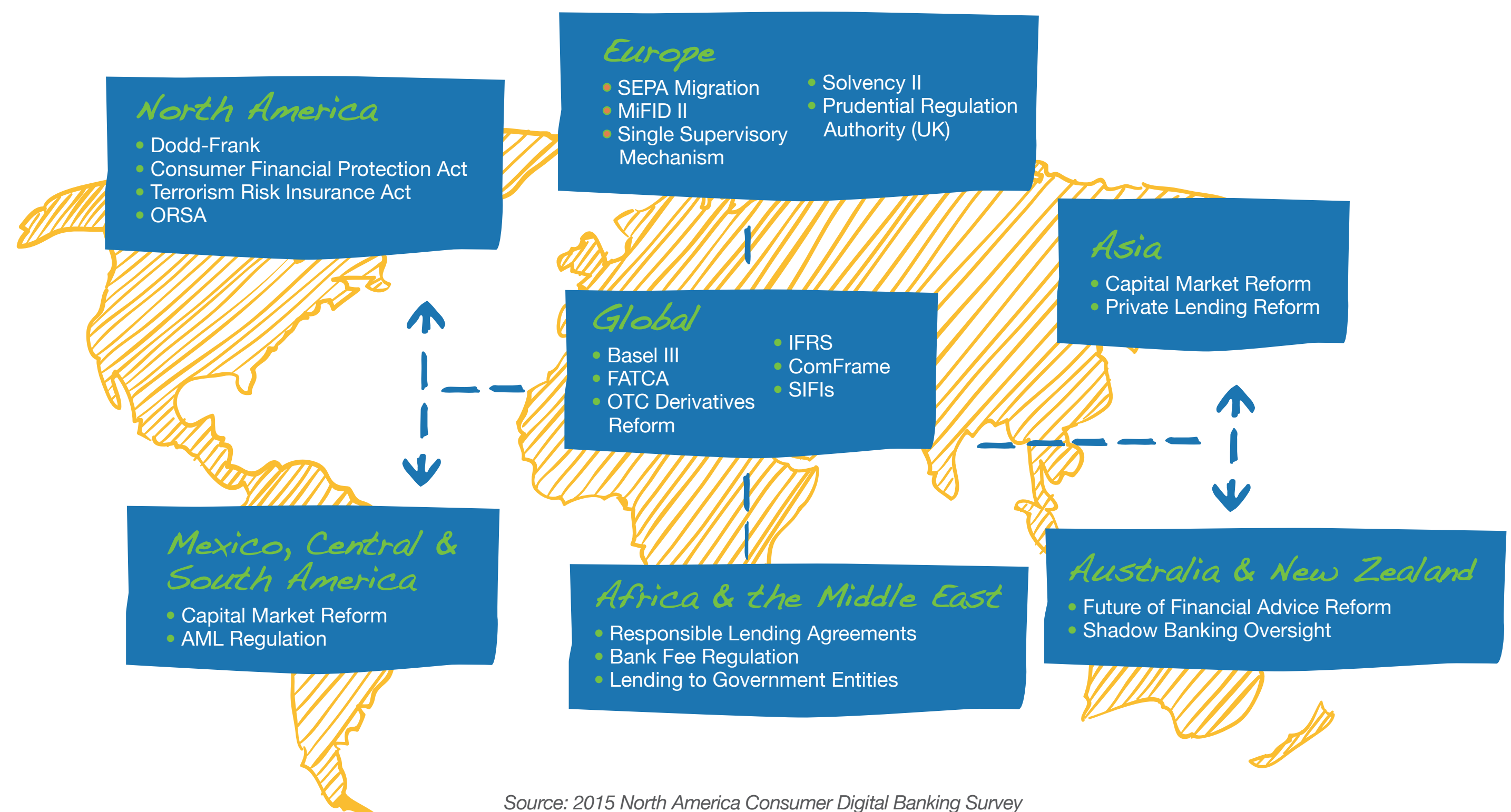
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Challenges in the Financial Services Industry – *Regulations*

Regulatory compliance continues to be a critical business imperative for financial services companies

18% of Millennials switched their primary bank within the past 12 months

compared to **10%** of customers 35 to 54

and **3%** of people 55 and older

Source: "Balancing Regulatory Pressure and Customer Centricity" 2015 CEB Financial Services Technology Summit

Top-of-Mind Regulatory Concerns by Region

North America
- Dodd-Frank
- Consumer Financial Protection Act
- Terrorism Risk Insurance Act
- ORSA

Europe
- SEPA Migration
- MiFID II
- Single Supervisory Mechanism
- Solvency II
- Prudential Regulation Authority (UK)

Asia
- Capital Market Reform
- Private Lending Reform

Global
- Basel III
- FATCA
- OTC Derivatives Reform
- IFRS
- ComFrame
- SIFIs

Mexico, Central & South America
- Capital Market Reform
- AML Regulation

Africa & the Middle East
- Responsible Lending Agreements
- Bank Fee Regulation
- Lending to Government Entities

Australia & New Zealand
- Future of Financial Advice Reform
- Shadow Banking Oversight

Source: 2015 North America Consumer Digital Banking Survey

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The regulatory burden puts revenue, efficiency, and adaptability at risk

Tighter government and industry regulations designed to protect consumers and curb fraud have increased the complexity inherent in information gathering, document verification, and fact-checking during the account opening process. Process errors can lead to regulatory non-compliance, which can lead to heavy fines and a blemished reputation.

While necessary, the new verifications and document checks complicate and lengthen the onboarding experience

86% of consumers trust their bank over all other institutions to securely manage their personal data

Source: 2015 North America Consumer Digital Banking Survey

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Things Customers Like to Hear

"We make it easy for you to do business with us. Simply use our mobile app to submit your information."

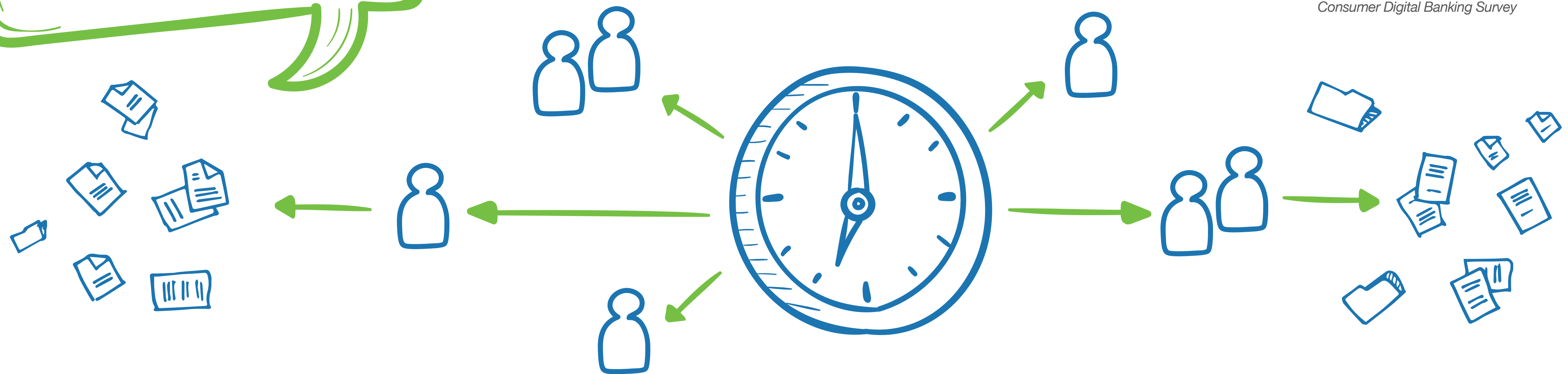## Customers are sophisticated, connected, and empowered

Financial services organizations of all types must contend with customer demands that have grown in both scope and complexity. More and more individuals require that their banks provide them with the flexibility to carry out transactions around the clock. They also expect adaptability to their specific needs, ease of use, and a maximum level of confidentiality and data security.

79%

of consumers consider their banking relationship to be transactional – up 8 percent since 2014

Source: 2015 North America Consumer Digital Banking Survey

Customer onboarding is one of the most important events in the lifecycle of a banking customer, setting the stage for the entire relationship going forward

➤ Customers are more likely to be attentive to new products and services within the first year of switching banks, so it's critical to engage them immediately following account opening*

➤ Customer engagement is achieved through targeted campaigns and initiatives to drive adoption of online and mobile banking, direct deposit, bill payment, financial alerts, and personal finance management tools

➤ You can easily adopt these value-add services which encourage primary financial institution status and provides immediate value to the financial institution that builds over time
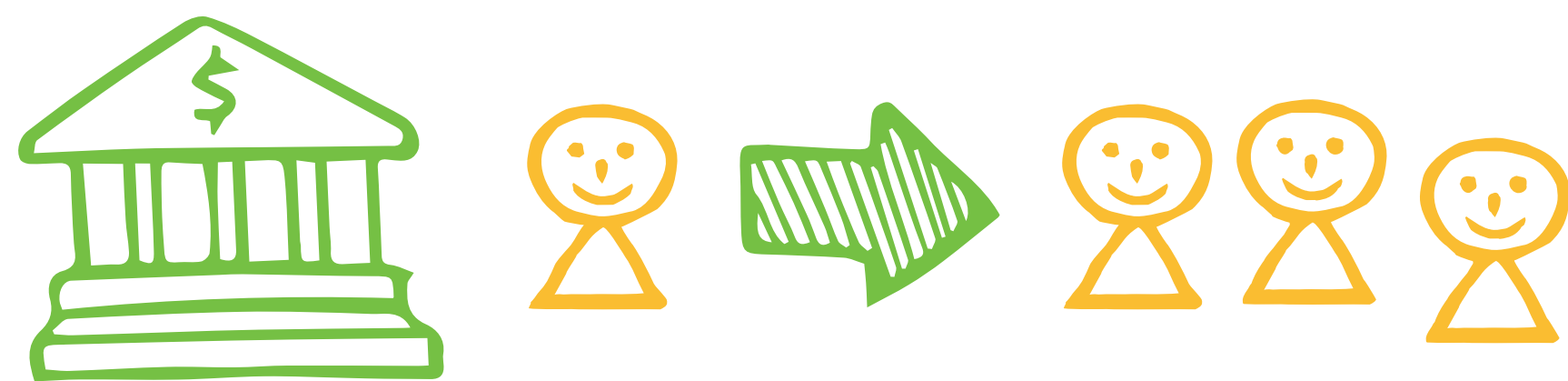
Things Customers Like to Hear

"We care about our customers. That's why we've developed a suite of online tools designed to make YOUR life easier."

Effective onboarding and activation that emphasizes customer engagement can help you

Boost Profitability by $212 per Customer

Source: "Convert `Silent Attrition' into Banking Engagement and Profits," 2015, Javelin Strategy & Research

Challenges in the Financial Services Industry – *Processes*

Customers who consider the initial onboarding and activation processes to be too difficult or time-consuming are more likely to walk away

In fact, 90% of new customers abandon account applications before they are completed.* Even if they stay, first-time customers who have a bad experience with your initial onboarding process will be reluctant to conduct more business with your firm after the first account setup or loan approval.

Source: "Convert `Silent Attrition' into Banking Engagement and Profits," 2015, Javelin Strategy & Research

Every customer lost represents $400 in revenue

Source: Cornerstone Advisors

In addition to customer onboarding and compliance management, the following processes pose significant challenges:

⇒ Mortgage lending and servicing
⇒ Customer correspondence
⇒ Check processing
⇒ Branch capture
⇒ Lockbox services
⇒ Trade confirmations
⇒ Credit card services

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Customer needs should be driving business processes and systems.

By restructuring your business would enable you to deliver superior customer service, highly efficient onboarding, and greater business insight—all while reducing costs and maintaining regulatory compliance.

However, due in large part to limited technology budgets, too many financial services organizations structure their customer interactions to match their existing set of business processes and information systems.
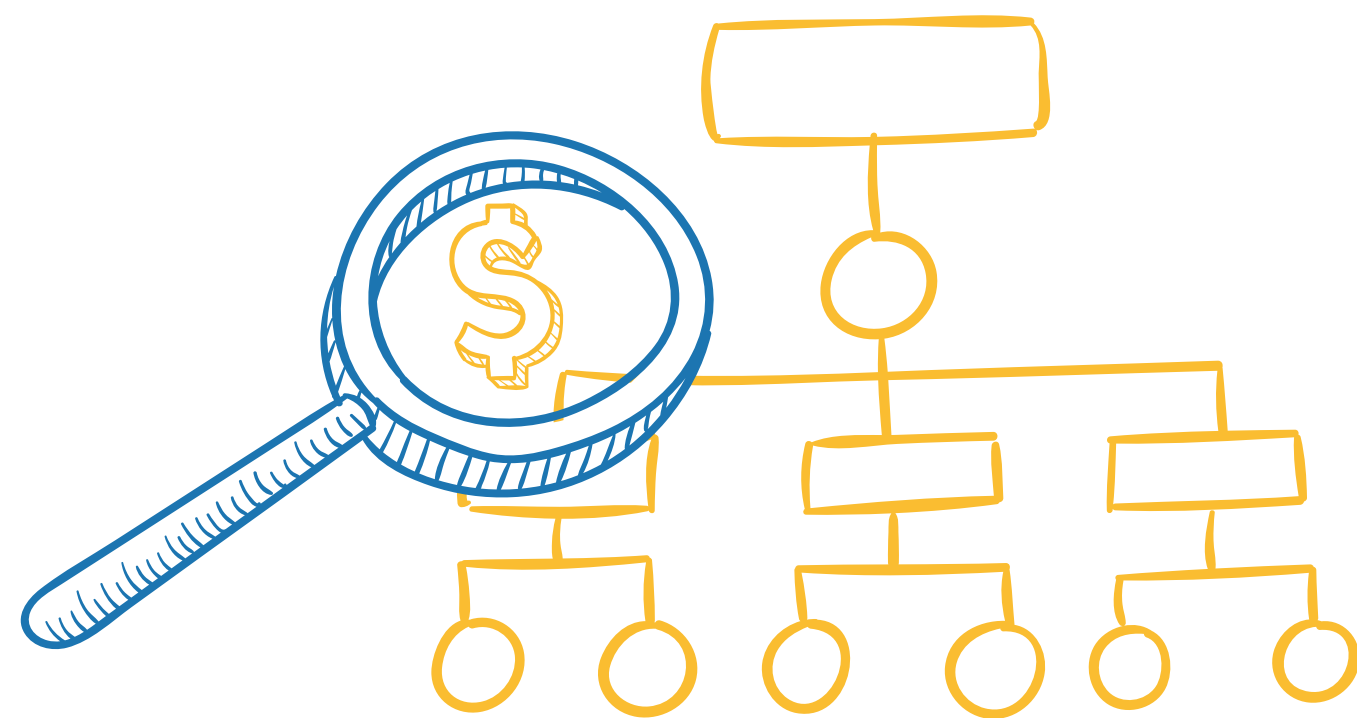
The Solution:
Simplify the Complexity

With automation, your organization can:

⇒ Improve the client experience
⇒ Meet regulatory requirements
⇒ Reduce operating costs

Customer-centric technology can empower your company to manage information with unprecedented speed and accuracy, and to harness it in new ways to drive growth and profitability. Accelerate the critical initial onboarding process – along with a variety of other information-driven business processes – all on a single, unified platform.
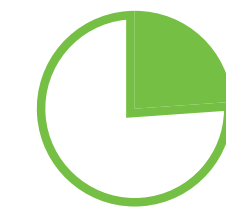
**Stem the tide of walkaway customers while meeting regulatory requirements AND reducing operating costs**
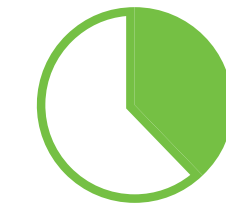
Key Benefits

1 Accelerate the Onboarding Process

2 Increase Efficiency and Decrease Costs

3 Mitigate Risk and Promote Compliance

4 Enhance Customer Communications

5 Seize More Business Opportunities

24% increase in scan and data validated closer to the customer
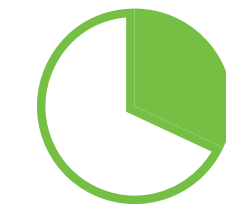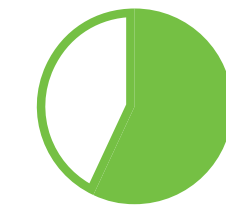
32% reduction in misplaced documents

38% savings in storage, transportation and handling costs

8% increase in feedback/approval rating while customer in store

57% end-to end process time reduced

14% lower cost of equipment than centralized scanning operations

9% fewer staff needed for head-office processing

Source: Survey of more than 200 financial services companies, Kofax
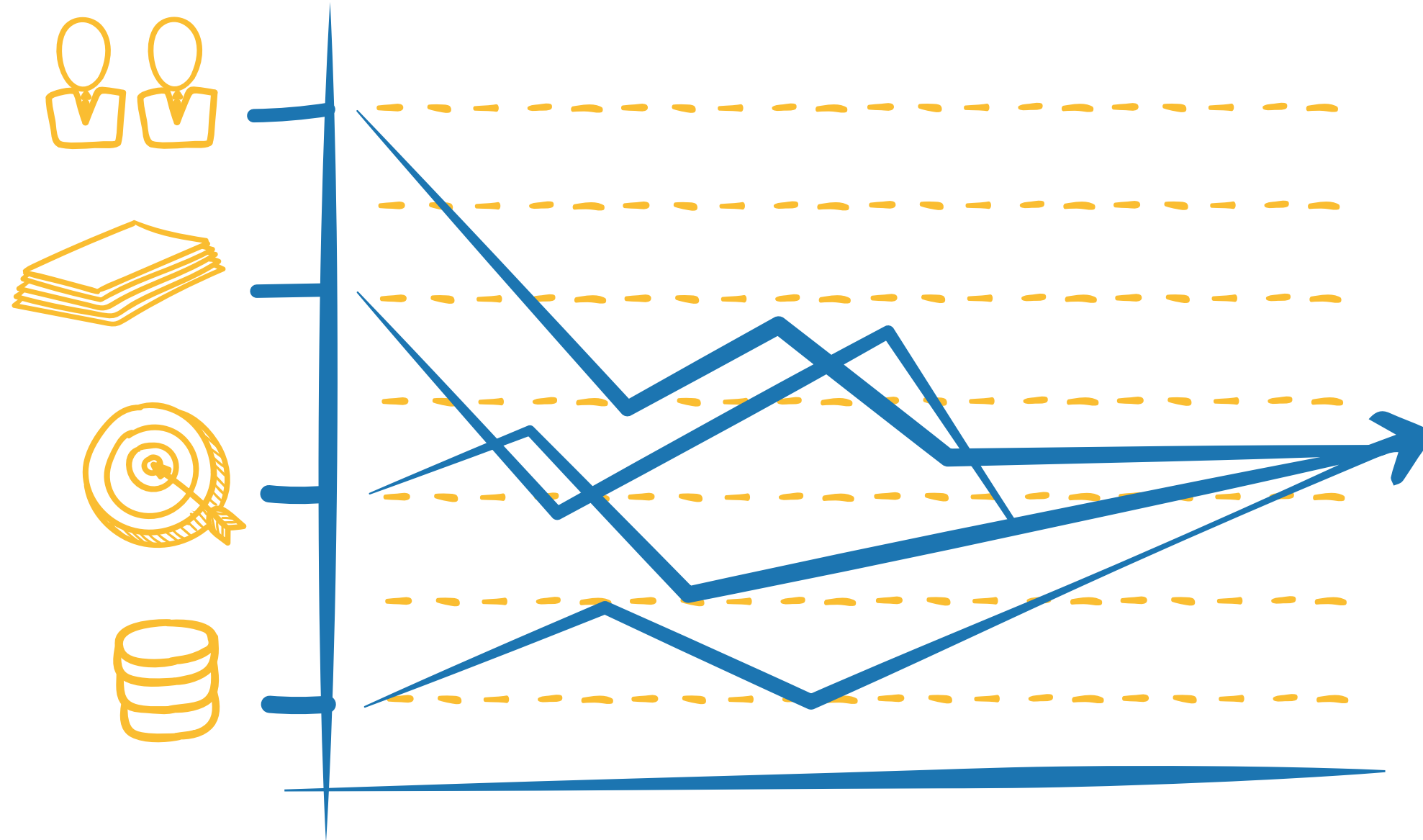
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#1 | Accelerate the Onboarding Process

Impress customers and spark sales with fast, hassle-free account openings

➡ **Improve customer satisfaction** with a fast, personalized onboarding experience, along with timely follow-ups, through the customer's preferred method of communication

➡ **Enable your customers to use their channels of choice** (mobile, web, walk-in, email or postal mail) to provide documents and other information critical to the new account opening process and provide near real-time visibility to all your process stakeholders

➡ **Expedite the routing of digital, process-ready information** through multiple departments as needed for faster customer onboarding and more responsive customer communications

➡ **Discover errors, regulatory risks, and sales opportunities within minutes** of submitting client information. This efficiency can enable your firm to migrate from an account-centric onboarding process to a relationship-focused onboarding process that can adapt to meet the needs and expectations of each of your individual customers

Things Customers Like to Hear

"There's no need to print out and mail signed paper documents. Just scan and send them back using your mobile device."

Simplify and streamline information-intensive processes

Enhance your bottom line with streamlined business flows that reduce costly, labor-intensive customer onboarding tasks

Securely shred paper documents, significantly reducing paper-related costs such as photocopiers, filing systems, physical shipping and storage

Utilize best-practice workflows to guide your sales representatives and self-service customers from application through account/loan signing to speed processing and close business faster

Quickly drill into, filter, and otherwise investigate operational data to discover bottlenecks and diagnose problems to improve performance and reduce costs

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#3 | Mitigate Risk and Promote Compliance

Reduce the risk of fraud, identity theft, data breaches and lost documents

➤ **Systematically track documents and data** from the moment they enter your organization to final archive to facilitate efficient audits and compliance with financial regulations

➤ **Ensure data accuracy, quality, and security** with seamless information transfer between business applications, limited or no manual handling of documents, elimination of physical document storage and controlled access to electronic documents

➤ **Automatically monitor document access, transaction processing, fraud and compliance issues** in real-time through a completely transparent view of your entire environment

➤ **Use compliance initiatives as a means to build trust with your customers** by highlighting efforts to treat customers' personal information with respect and confidentiality while protecting their best interests
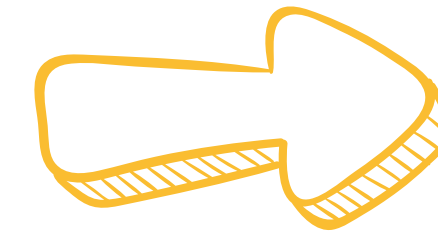
Financial services companies have reported a **20-60%** decline in document error rates after deploying capture-enabled onboarding solutions that minimize manual work

*Transforming the First Mile™: Kofax Customer Onboarding for Financial Services, 2013, Kofax.*

Things Customers Like to Hear

"Your application is already being processed, and you can check the status 24/7 using our secure, online customer portal."

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#4 | Enhance Customer Communications

Build customer satisfaction and loyalty with world-class responsiveness

➭ **Optimize communication channels** to reach your customers and prospects where they are, in the manner in which they prefer to communicate

➭ **Equip customer service reps with the information they need** to answer phone queries with authority

➭ **Create highly personalized customer communications on demand and in real-time** by using client information to drive content selection while still following all guidelines set by your organization

➭ **Easily edit customer communications** to produce correspondence for different brands or labels or to preempt market, legislation/regulatory, and/or internal policy or corporate brand changes
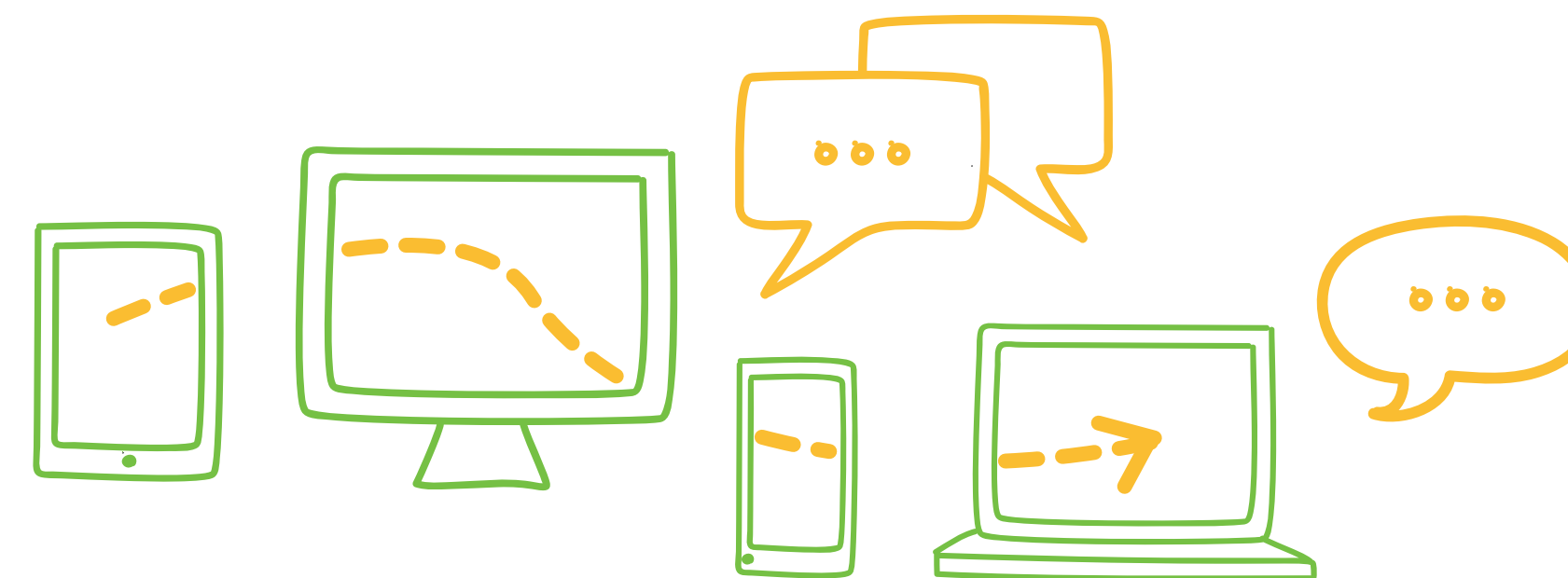
"Customer expectations have changed. They used to be more understanding if certain features weren't part of your mobile app, but now they expect you to do whatever they want, whenever and wherever they want to do it."

Andres Wolberg-Stok,
Global Head Emerging Platforms and Services, Citi

Things Customers Like to Hear

"Because you are a valued customer, we wanted to reach out personally to extend this exclusive offer."

Recommend the best offers based upon the account holder's unique needs

➪ **Give managers a 360-degree view of operating performance** across your entire business process to leverage capacity and capabilities, to aid in making fact-based and timely decisions, and to ensure market competitiveness

➪ **Equip your sales agents with a comprehensive overview of every account holder** across multiple business functions, systems, processes, and channels so they can recommend the best offers based upon the account holder's unique needs

➪ **Set up best-practice rules** to guide your sales agents, customer service representatives, and self-service customers through offers and applications to efficiently close more business
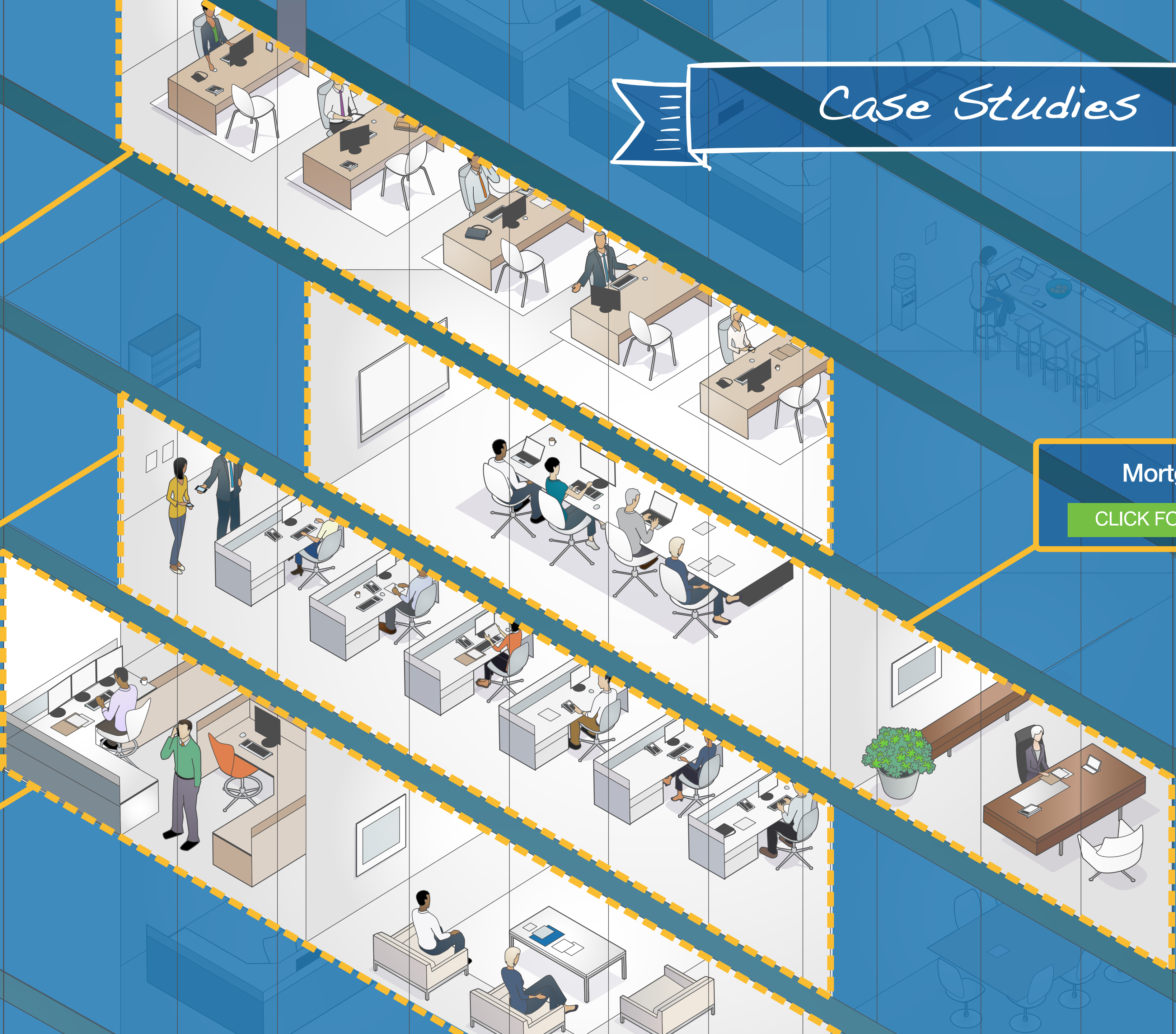
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Case Studies

Commercial
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Mortgage
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Retail
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Wealth Management
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ING-DiBa AG Turns Its Customers' Smartphones into Document Scanners

ING DiBa
Die Bank und Du

THE CHALLENGE - - - - - - >

With more than eight million customers and a keen focus on customer satisfaction, Germany's third-largest retail bank, ING-DiBa set a goal to become "the leading digital bank." To achieve that goal, the leadership at ING-DiBa AG sought to expand the number of banking transactions customers could perform with a smartphone – from money transfers to paying a bill, all the way through to submitting documentation.

THE SOLUTION - - - - - - >

ING-DiBa AG created a smartphone app that allows customers to use their smartphones like document scanners to submit digitized documents. Integrated into the app are Kofax Transformation Modules™, which automatically classify, index, and extract the information from the electronic documents and then forward the data to the bank's document management system for easy, end-to-end processing.

THE RESULT

Since the launch of the new app in December, 2014, ING-DiBa has seen significant results:

➡ **Number of users and processed documents has risen substantially since launch**

➡ **After just 3 months, 3,000 documents per day were already arriving at the bank through the new conduit**

According to Thomas Lingenfelder, Head of Document Services/IT Business Services, "The new functions sum up ING-DiBa's three central marketing statements: ING-DiBa's offerings are simple, fast, and convenient for our customers."

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Case Studies

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Zions Bancorp Improves Workflow and Drives Greater Profitability

"Kofax was the only solution that could completely meet its criteria and offer a rapid return on investment."

– Rachel Becker, Manager of IT Business Consulting, Zions Bancorp

ZIONS BANK®

THE CHALLENGE → THE SOLUTION → THE RESULT

THE CHALLENGE

Zions Bancorporation is one of the premier financial services companies in the U.S. When Zions' customers open a new account, a signature card is created, and it becomes the lifeline of all deposit relationships. Despite their critical nature, these cards were often manually handled multiple times within Zions' affiliate banks. In addition, signature cards would not be electronically accessible for up to 14 days, posing security and compliance concerns.

THE SOLUTION

The Zions Technology, Operations & Support (TOPS) team deployed a combination of Kofax Capture™ and Kofax Transformation Modules™ to securely automate the handling of signature cards as well as the hundreds of thousands of other documents flowing through Zions' banks and branches.

THE RESULT

Zions' automated solution intelligently captures, extracts, indexes, and classifies data from a high volume of documents. The solution enables:

➯ Ease of use: Customer service and back-office personnel find the solution very empowering and easy to use

➯ Faster processing and improved service: With documents scanned at Point of Origination™, Zions branches have more control; branch employees know immediately when documents enter the ECM system, and there is a much faster turnaround time on exceptions

➯ Reduced costs: Zions expects to save more than $700,000 over five years

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Barclays Improves the Client Experience

BARCLAYS

THE CHALLENGE ----→ THE SOLUTION ----→ THE RESULT

THE CHALLENGE

With more than 300 years of history in banking, Barclays moves, lends, invests and protects money for 48 million customers and clients worldwide. In 2013, Barclays had aggressive plans to reduce annual operating expenses by 2.6 billion USD. Barclay planned to achieve some of these cost savings by increasing its customers' ability to service themselves through client-friendly tools and applications available across channels (mobile, tablet, phone, and branch).

THE SOLUTION

Barclays deployed a new customer onboarding system in more than 800 sites in Africa. The new system automated previously manual processes, including identification and verification, biometrics, image and workflow, and document validation. In Europe, Barclays deployed an instant, iPad-based account opening process to open accounts with less staff involvement.

THE RESULT

The new customer onboarding system in Africa:

➡ Shortened home loan approval cycle from 13 days to 4 days

➡ Reduced general customer onboarding from 5 days to 12 minutes

➡ Effected a 92% reduction in back-office document validation times

The new European instant account opening initiative:

➡ Decreased onboarding cycle time from 90 minutes to 30 minutes (20% of accounts opened within 15 minutes and 95% in less than 30 minutes)

➡ Reduced paper use by more than 75% and account opening FTEs by 80%

➡ Is estimated to generate up to US $60 million in cost savings

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Case Studies

Kofax Mortgage Agility™ Is a Game-Changer for Waterstone Mortgage

THE CHALLENGE ----→ THE SOLUTION ----→ THE RESULT

As one of the largest mortgage lenders in the country, Waterstone Mortgage needed to convert several error-prone, paper-laden processes into nimble, automated ones. On top of modernizing processes, Waterstone Mortgage needed a solution that would accommodate the stringent guidelines of a highly regulated industry, both now and in the future.

Thomas Knapp, Senior Vice President and CIO at Waterstone Mortgage, described the challenge of customer expectations: "We need to meet them where they are – which is most frequently on their mobile phone." Waterstone Mortgage soon joined the Lighthouse Account Program, helping to address process challenges while simultaneously giving important feedback to help shape the development of Kofax Mortgage Agility.

Kofax Mortgage Agility was implemented at Waterstone Mortgage to provide a frictionless customer experience while helping Waterstone close quality loans faster and at a lower cost. Kofax Mortgage Agility transformed and simplified the mortgage process by:

➡ **Making the application process easier and more satisfying for borrowers**

➡ **Providing mobile access, thereby accelerating the application process and increasing customer convenience**

➡ **Extracting business-critical content and checking for missing or inconsistent information**

➡ **Providing both Waterstone Mortgage and applicants with continuous, real-time loan visibility**

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Final Thoughts

As consumer preference for conducting business via mobile devices continues to grow, financial services organizations must empower their customers with the ability to perform real-time transactions wherever they are and whenever they want to engage, using their preferred channel.

Customer-centric technology solutions from Kofax enable organizations to speed time-to-market with mobile apps, achieve substantial cost savings, make better-informed decisions to drive incremental revenue and free themselves from the undesirable vendor dependencies associated with alternative approaches.

Click Below to Access Additional Resources
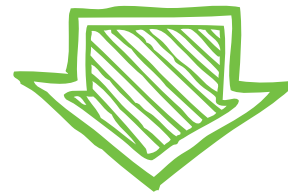
WHITE PAPERS

Transforming the First Mile: Kofax Customer Onboarding for Financial Services

Choose the Right Digital Transaction Management Solution for your Organization
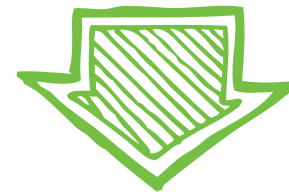
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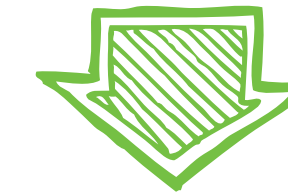4 Pillars of Mortgage Innovation to Achieve Operational Excellence

Marketforce Presents: Digitizing the Customer Experience in Banking

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Customer Testimonial TD Bank

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