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Improving account opening processes to increase customer loyalty

Whenever a customer opens a consumer or commercial account at a bank or a brokerage house, the company has an excellent opportunity to cross-sell and upsell additional products and services to increase share of wallet. However, most financial institutions are not currently able to benefit from this opportunity because their account opening processes are confusing and frustrating for clients (as evidenced by the high abandonment rates for online options) and inefficient for the institutions themselves, due to the slow and error-prone data-entry tasks involved and back-end applications that are not set up to open multiple accounts together.

To build long-term profitable relationships with clients, financial firms must therefore find ways to streamline account opening processes. This paper examines three key areas where banks and brokerage houses can have the greatest impact:

- Creating engaging interfaces to help customers select and apply for appropriate products
- Increasing productivity for brokers and advisors to help position themselves as preferred providers
- Improving process efficiencies to eliminate costly delays and errors

The paper then illustrates how Adobe solutions for account opening can enable financial institutions to achieve these objectives to strengthen customer relationships for increased loyalty and profitability.

The current situation

Opening an account—such as a checking, merchant, trading, retirement plan account—is often the first interaction a bank or brokerage firm has with its clients, so this process is clearly an important one when it comes to acquiring new business. If a common process such as this proves to be confusing or time-consuming, there's a good chance that the client will never return to that institution. So if users who start to open a bank account online end up abandoning the process midstream because they're frustrated, that translates to an enormous long-term opportunity cost for the institution.

But perhaps more important is the effect on customer retention, since most institutions realize that their highest profit margins come from increasing share of wallet. With people more willing—and easily able—to diversify their money across multiple institutions, finding more effective ways to cross-sell and upsell additional products and services is critical to reducing turnover. And with each of these new products and services comes the need to open a new account: checking account customers open an overdraft protection line of credit; employees who contribute to their 401(k) plan may open a separate trading account for nonqualified stock transactions; companies begin with a merchant account for customer payments and then decide to set up a separate money market account to manage funds for future growth.

For individual institutions, then, the key to ensuring that existing clients continue to open new accounts is to make the experience as easy and convenient as possible. After all, if it's just as difficult to open a new account with their current bank as with one they have no relationship with, what incentive do they have to stay with the current one, especially when the one down the street may be offering better interest rates or lower transaction fees?

Unfortunately, the truth is that most companies today have not made it easy or convenient for their clients to open new accounts and are thus risking the loss of highly profitable customers. A 2006 Forrester report found that opening a bank or investment account can take as long as 45 minutes*. And anecdotal evidence suggests that the time period can even extend to several weeks for certain types of accounts, such as commercial lines of credit that may require more supporting documentation. Some of the common process issues include:

- **Lack of awareness of clients' needs**—Most bank Web sites have a comprehensive list of all the products and services they offer. Only a fraction of these may be appropriate for any given client, yet there's no easy way to determine which those are, other than to read through all the documentation or contact a service representative. Not only is the latter option more expensive for the bank, but often the bank's representatives are not educated enough about all the available offerings to provide adequate assistance.
- **Lack of consistency or visibility across product lines and channels**—In many financial firms, the various lines of business have grown independently, and each one has developed its own process for opening a new account, so employees and customers are usually starting from scratch with each one. The problem is exacerbated when you factor in all the various channels as well—online, call center, in-branch—all of which have their own variations on the process. And, since policies and procedures change frequently due to organizational requirements or regulatory mandates, it's virtually impossible for staff to even know what the current correct process is.
- **Incompatible data silos**—Just as processes have been developed independently across product lines and channels, so have the back-end systems used to store the data required for these processes. And because most legacy systems can't talk to each other without expensive programming resources getting involved, data on existing customers isn't available to the person trying to open an additional account, leading to the dreaded—and frequent—complaint, “But I've already given you that information.”
- **Inefficient application procedures**—Studies estimate that the number of account applications that are deemed not in good order (NIGO) can range from 25% to as high as 80%. Typical problems include errors made during manual data entry, inability to read a customer's handwriting on a faxed application, incomplete information or missing signatures, and outdated forms. Every time one of these problems occurs, the company must go back to the customers—sometimes even requiring them to begin the process from scratch—resulting in additional time, costs, and frustration.

Then there are the hard costs of processing applications, such as printing, storing, and mailing forms, and hiring people to rekey data from the paper forms into back-end systems. Eliminating these costs can have an immediate—and dramatic—impact on the bottom line.

- **Concerns about security**—With reports of online security breaches seemingly growing every day—from missing laptops that contain millions of customer records to highly sophisticated phishing and spoofing scams—clients have become justifiably concerned about the security of their personal or corporate data. At the same time, governments are instituting stricter requirements for financial institutions to prove that they are doing everything possible to protect that information. Companies must therefore find a balance between providing convenient and easy-to-use online services and strong security controls that will ease clients' concerns and meet regulatory mandates.

*Pilecki, Mary. *Financial Institutions: Fix Account Opening*. October 4, 2006.

“Nearly three-quarters of cross-sales from a retail checking account relationship occur within 90 days of account opening.”

P. McAdam and A. Nagarkatte,
The Ninety Day Window of Opportunity,
Bank Administration Institute, 2003
Download this research brief at www.bai.org/ed/pdf/Ninety_Days_Brief.pdf.

- **Accounts that are never activated**—People often open a new account and never fund them. In these situations, companies have incurred the cost of opening the account but never realize any returns from it. The key here is for institutions to make it as easy as possible for customers to access and interact with their new accounts, such as being able to transfer money from a checking account to pay off a credit card or enabling a brokerage account to draw cash for trading requirements from a money market fund.
- **Difficulties personalizing communications**—To build long-term, profitable customer relationships, financial institutions must proactively educate clients about additional products that can improve their portfolios. The key is delivering highly targeted and relevant messaging to each individual customer, both at the time of opening the account and over time, as clients’ goals and assets change. However, most companies’ current processes don’t allow for this level of personalization.

What firms need to do

When it comes to opening accounts, financial services institutions can differentiate themselves from their competitors and reduce turnover by focusing on three main areas of process improvement: creating engaging customer experiences; boosting productivity for employees, brokers, and advisors; and driving process efficiency.

Provide convenient and engaging options for opening accounts

As stated earlier, clients have many choices when it comes to the banking and capital markets industries. Therefore, companies must give their clients compelling incentives to continue to do business with them. While offering discounted fees or higher interest rates may provide some incentive, a more profitable approach is to add value for clients in the form of saving them time and effort. When it comes to account opening, firms can most effectively help their clients by:

- Working with them to determine their short- and long-term financial goals and then suggesting the types of accounts that are most appropriate for them
- Providing easy-to-understand gap analysis and what-if scenarios
- Offering personalized, real-time help from online advisors regarding account types and available options
- Allowing clients to apply for accounts through their preferred channel
- Simplifying and accelerating the information collection process
- Protecting sensitive and confidential data from unauthorized access or alteration
- Completing the transaction with a personalized welcome package that clearly explains the terms of their accounts and includes compliance disclosures and tips for working with their accounts more effectively
- Maintaining ongoing, proactive, and personalized communications that provide recommendations for additional relevant products and services as clients’ assets and portfolio mix change over time

Make it easier for employees, brokers, and advisors to transact business

In addition to their in-house customer service representatives, many financial institutions also rely on an extended network of brokers and advisors to sell and service their products, so it’s every bit as critical—if not more so—to make it as easy for all these parties to process transactions as it is for the clients themselves. Successful banks and brokerages make all the same options available to their employees, independent brokers and advisors that they offer to their direct customers (such as helping them select the most appropriate products from the lengthy list of options), which also eliminates the need to build separate systems. However, when it comes to their employees and partners, institutions must also think about:

- Providing a central point of access to essential tools, including forms, marketing materials, and news flashes, for helping clients open accounts
- Making it easier to initiate, follow up on, and complete transactions

- Providing access to these tools even when a representative or advisor is disconnected, which enables them to assist clients from any location, such as a customer site
- Offering ongoing training in a convenient format to educate employees and partners about new products, policies, and procedures

Improve efficiencies to eliminate costly delays and errors

While the front end of the account opening process should be designed to engage the customer, employee, broker, and advisor, once the client's data has been captured, the institution needs to focus on processing the request as quickly and efficiently as possible. Not only will this increase client satisfaction, but it will also enable company employees to use their time for more valuable activities, such as assisting customers or analyzing reports, rather than simply entering data into systems. The key priorities for process improvement are:

- Developing automated processes with built-in intelligence to enable straight-through processing for routine requests, while still allowing for exception handling
- Using rules to drive processes, which improves response times and increases process consistency and transparency
- Supporting the ability to choose between digital signatures and wet signatures without interrupting the processing of the application
- Incorporating Business Activity Monitoring (BAM) to provide visibility into where processes can be improved

Adobe solutions for account opening

Adobe has worked with leading financial institutions around the world to understand their requirements and, as a result, has developed solutions for account opening that can easily integrate with firms' existing infrastructure. These solutions are also flexible, allowing them to be implemented in stages so companies can see early results for their most pressing problems while providing a solid foundation for long-term process improvements.

Engage customers to increase satisfaction and strengthen relationships

Clients who wish to open an account online using an Adobe solution will begin by accessing a rich Internet application (RIA) via their browser that will help them through the process. The RIA may also be used by an employee at a branch or call center or by an advisor or broker working on behalf of the client. In all cases, parties could be looking at the exact same interface and documents to ensure a consistent approach with the client.

The RIA would initially offer a product optimizer that leads the client through a concise series of questions and, based on the responses, suggests the products best suited for that client. The application bases its recommendations on several factors such as the client's financial goals, current portfolio, and service requirements and preferences (for example, unlimited free checking for individual customers or accepted credit cards for corporate clients). It can also provide the client with enhanced financial planning tools, such as gap analysis to help clients determine what they might be missing in their current portfolio, as well as what-if scenarios, allowing clients to see how even small adjustments could impact their finances. A typical example of this would be when a client is trying to choose between a checking account that charges monthly vs. per-transaction fees.

Behind the scenes, the RIA is narrowing down the list of the institution's hundreds of forms to select only the ones required for the chosen products and services. The application converts these forms on the fly to a dynamic, user-friendly interface that guides the customer step-by-step through the information collection process. This can be especially valuable for commercial clients, where the person filling out the application may not have all the company's financial data on hand. The RIA is able to pull data from multiple legacy systems across product lines so fields are prepopulated with all the customer's known information. Additionally, customers enter new data only once, even if it's required for multiple forms. The application can even be proactive in providing assistance by recognizing how long clients are taking on a specific area and then popping up a chat screen asking if they need help (while being careful not to become overly intrusive).

Adobe's technology platform

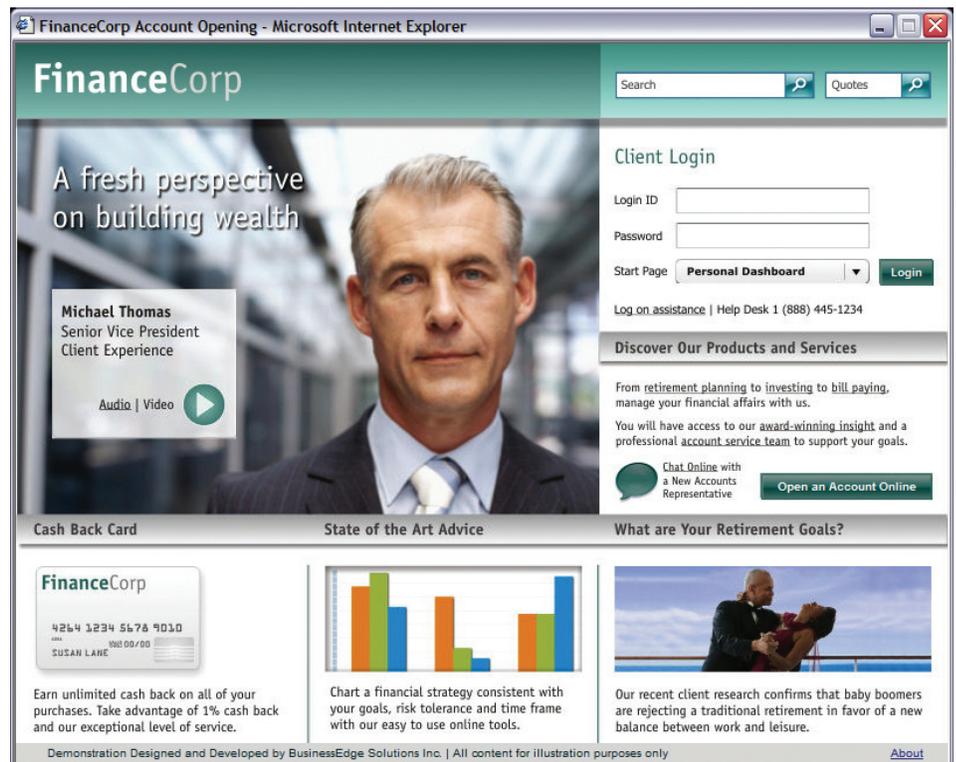
Adobe solutions for account opening are powered by Adobe® LiveCycle® ES (Enterprise Suite).

Adobe LiveCycle ES can help you:

- Build more engaging experiences that scale from paper forms to rich and interactive online applications
- Reduce development time with intuitive and integrated developer resources
- Protect sensitive information to inspire confidence on both ends of a transaction
- Extend your enterprise with new applications that span data capture, process orchestration, and document generation—inside and outside the firewall.

To learn more about LiveCycle, visit www.adobe.com/products/livecycle.

Users who prefer to fill out forms that look like the paper versions they're used to—for example, experienced advisors who don't need the additional assistance—can choose to work with PDF forms that contain fillable form fields.



Sample of an Account Opening application. Directly from the main page there are two ways to open new accounts, either as a brand new customer or an existing customer.

In either case, if a customer needs to interrupt the process at any time—for example, to track down additional required information, such as a spouse's social security number—the data is saved in its current state, and no work is lost. The application or PDF forms can also be saved locally so users can fill them in offline, and the data will automatically sync back up with the institution's servers when the user is back online. These capabilities enable clients to complete forms where they may not have Internet connectivity and to continue from where they left off rather than starting the process from scratch again. By offering clients the ability to conduct business transactions in the manner that best suits their specific needs, institutions can better position themselves as being customer-focused, strengthening their brand and increasing loyalty.

As the RIA captures data, it can use that information to suggest additional products and services that complement the account currently being opened, including products across business units. For example, a client who opens a brokerage trading account may also want to open a high-interest savings account for cash holdings, or if a client lists a spouse as a beneficiary for his retirement account, he may be prompted to consider term life insurance. If the customer selects any of these products, the RIA simply adds on any necessary incremental questions.

Once the questions have all been answered, the system can create a personalized information package that can be generated in PDF or printed for distribution and filing purposes. The latter option may apply in a case where a call center representative at a brokerage has taken the information over the phone and then e-mails the PDF file or mails a hard copy to the client to review before signing.

The RIA can then offer clients the option to digitally sign the forms, if the institution is set up for that, and submit the data electronically, or to print out the forms, apply a wet signature, and mail or fax the documents back to the company.

After the forms have been processed internally, the Adobe solution can automatically generate a personalized welcome package containing all the relevant account information and disclosures, as well as marketing materials containing offers tailored to the client based on the accounts opened. This same capability can be used for follow-up communications with the client to help promote long-term customer loyalty.

Throughout all these steps, Adobe solutions incorporate standard security protocols, such as encryption, certified documents, SSL, and digital signatures, so customers can validate the authenticity and integrity of information they receive and be confident that their private or corporate financial data will be protected from unauthorized access.

Demonstrate commitment to channels for increased loyalty

Just as customers have a lot of choices when it comes to selecting financial institutions, so do brokers and advisors. Therefore, firms must make it as easy as possible to do business with them.

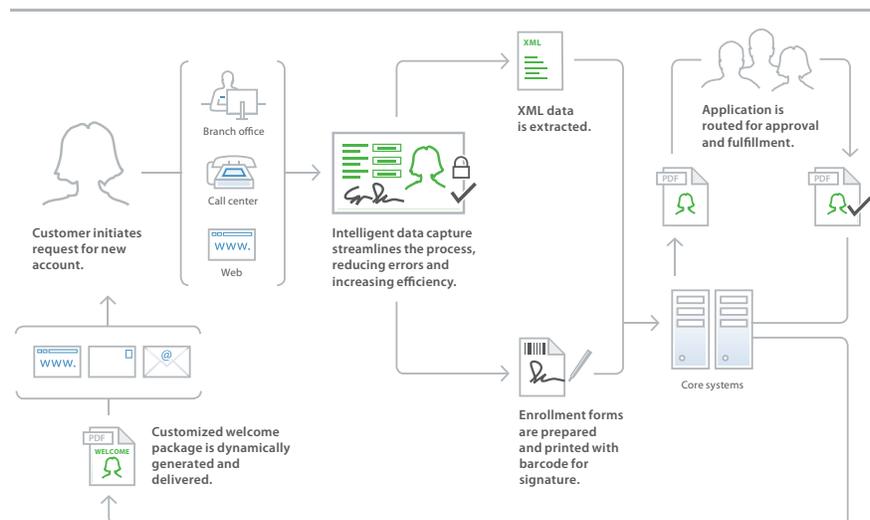
In addition to providing all the same benefits that clients receive, Adobe solutions can be used to create portals that provide a single point of access to all the information and materials that brokers and advisors need to help them build their own businesses, such as a fully searchable inventory of forms for opening the various accounts and training modules to educate advisors about new policies, procedures, and products.

Partners can also use these portals to order marketing materials that not only contain product information, but can also be personalized and branded with their own logo, company information, and current offers for clients. These customized documents are generated in real-time by merging data stored in the financial institutions' back-end databases with highly formatted templates, so the cost of personalization is negligible to the bank, the brokerage, or their partners.

The solutions also enable advisors to work from wherever is most convenient. Because the clients for RIAs and PDF forms are free Adobe Flash® Player and Adobe Reader® software, the solutions are supported by every major operating system and device, from computers and tablets to mobile devices.

The benefits provided by Adobe solutions can be a major differentiator for brokers and advisors when choosing whose products and services to recommend to their own clients.

Account opening



Whether a customer opens an account at a branch office, by phone, or online, Adobe solutions make data capture and processing quick and accurate. Once the account has been created, the customer can automatically receive a package of account information.

Addressing the NIGO problem

One of the major problems institutions face in their account opening processes is the number of applications that are designated not in good order. NIGO applications occur when errors are made on manual forms, when employees can't read the handwriting in a faxed document (a frequent occurrence with merchant accounts) or when the wrong form was used. As a result, the institution has to go back to the client for more information or clarification. With Adobe solutions, clients fill out forms electronically, taking advantage of built-in business logic and data validation capabilities, and then submit them either electronically or as hard copies with a 2D barcode that contains the digital data. This significantly reduces the NIGO rate, which in turn increases processing efficiencies.

For example, a leading brokerage firm had a 60% NIGO rate, which required it to dedicate 12 full-time employees to handling these applications. After implementing an Adobe solution, the NIGO rate was reduced to almost zero, enabling the company to redirect those employees to other activities that contributed more value to the firm.

Automate and streamline internal processing for greater efficiencies

Simplifying the process of opening a new account is important, but if there are problems or delays during the internal processing of the request, financial institutions still risk losing valuable clients. Adobe solutions offer firms several methods for improving efficiencies, which increase customer satisfaction by shortening processing times while reducing operational expenses.

The solutions use a rules-based engine that supports straight-through processing when appropriate. For instance, when a customer fills out an application for a credit card, the captured data is evaluated based on the firm's organizational policies, and if the client meets all the predefined criteria, the request is automatically approved and triggers the next steps, such as mailing the card and PIN number to the client.

At the same time, the solutions also allow exception handling. A good example is when the client's credit score doesn't meet the minimum threshold for automatic approval. Because the solutions are linked to the back-end systems housing all the existing data for that customer, the process recognizes that the person is a long-time client of the bank and routes the application to a credit manager for review. That gives the manager several options: verify the credit score doesn't have any mistakes on it, approve the application if the clients' score is only slightly under the threshold, or approve the application with higher interest rates. By being made aware of the situation, the manager can take control, preventing an automated rejection that may have caused the client to take his business elsewhere.

Rules can also be built into the process that help prevent applications from falling through the cracks by adding in deadlines that automatically flag an employee that action is required and include escalation procedures if that action is not taken in time. The processes will also define employees based on roles, rather than individual names, so if one manager is out of the office, the application will be routed to another manager who performs the same role, ensuring the client will receive a timely response.

Another major advantage of Adobe solutions is that the rules can be defined, monitored, and optimized by line-of-business managers, so firms don't have to wait for the availability of busy IT personnel to implement updates that reflect changing processes due to new organizational requirements.

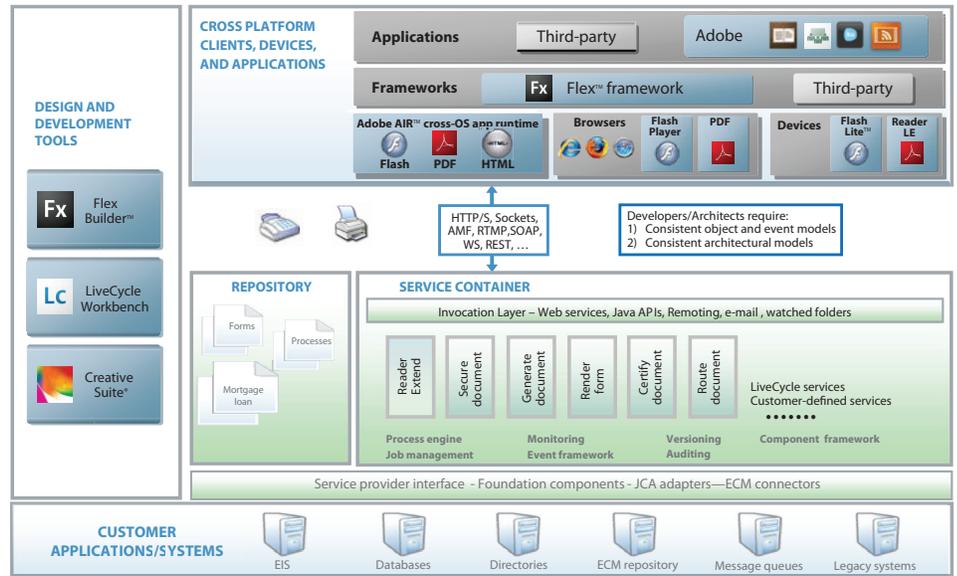
The solutions also offer companies the ability to automate processes, even when wet signatures are required, either because of company policies or customer preference. The client still enters all the data online through the RIA and when the PDF form is generated for printing and mailing, it contains a 2D barcode that contains all of the captured data. When the company receives the form, it scans the barcode to integrate the data—with 100% accuracy—into the back-end systems so that the processes continue exactly as if the forms had been submitted electronically with a digital signature.

Another key to improving efficiencies is to be able to recognize where there are breakdowns in the existing processes. Adobe solutions include capabilities for sophisticated BAM to help identify where clients may be confused and when they abandon the application. Firms can then perform macro analysis on the data collected so if it turns out, for example, that a certain percentage of users are abandoning the process after filling out the first two screens, they have the opportunity to quickly make changes to solve the problem.

By improving process efficiencies, Adobe solutions enable firms to better serve their customers, increasing long-term loyalty.

Key technology elements of Adobe solutions

- Rapid development environment
- Ubiquitous clients: Adobe Reader, Adobe Flash Player, browsers
- Rich Internet applications
- PDF forms
- Service-Oriented Architecture
- XML-based data exchange
- Rules-driven engine
- Business Activity Monitoring
- Automated document generation
- Digital signatures
- Certified documents
- 2D barcodes
- J2EE foundation



How Adobe LiveCycle ES fits into the IT Stack. Adobe LiveCycle ES enables organizations to more efficiently capture, process, and archive information. LiveCycle is designed to streamline and automate business processes by helping people interact with information more effectively. It does this by combining robust process automation with electronic forms and business process management (BPM) functionality, information assurance, and document generation capabilities in an integrated set of products that work inside and outside the firewall, online or offline.

The bottom line

By implementing Adobe solutions for account opening, banks and brokerage houses can increase client loyalty and profitability by engaging customers more effectively, improving employee and channel productivity, and driving process efficiencies.

Adobe solutions can be extended and applied throughout the customer lifecycle. To learn more about solutions for account servicing and maintenance as well as additional solutions such as eMortgage enablement, branch automation, and correspondence management, visit www.adobe.com/financial.

