



# Your Digital Front Door Is Broken





## **Your Digital Front Door Is Broken**

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## Dear Financial Institution Leaders,

“Your Digital Front Door Is Broken” is designed solely for you. At Narmi, we believe financial institutions are leaving deposits and customers at your doorstep...simply because they can't get in! And in a world where we value strong sustained growth, we took it upon ourselves to dive deeper into the impact of offering a best-in-class account opening experience – which we know is the solution to this massive problem.

Our goal with this whitepaper is to show that implementing such a solution is incredibly straight-forward, and the return on investment is quick and measurable. Having spoken to thousands of financial institutions, I've been able to see a few patterns in our industry which tie in directly with a strong account opening program. If we keep these patterns (listed below) top of mind, then we can focus most on how to strengthen them through account opening from a process and a technology standpoint.

- An unwavering desire to help their community, both from a consumer and business perspective.
- A need to deliver technology to impress account holders and drive differentiation.
- An obligation to maintain robust risk processes including BSA and AML programs.
- A prioritization of aggressively lending in strategies that match the financial institution's risk tolerance and strategy.
- A passion to grow organic core deposits and keep cost of funds low.

The beautiful part of digital account opening is that it supports progress in all of these categories. Every single one of them. To show you how, we've organized this whitepaper into four main chapters:

1. Current State of Digital Account Opening: designed to help you understand how to evaluate and understand the status-quo
2. Benefits of Zero Friction Account Opening: explains the benefits of strong account opening both from a customer standpoint and a back-office standpoint
3. Identity Verification: getting identity right is table stakes with any account opening program. In this section, we show you how.
4. Implementation & Go-Live: the beauty of good account opening is that you can go live in as little as 90 days. Learn how we've made this a reality.

I'm confident this whitepaper will be read and referenced for years to come; simply because I believe financial institutions will always be perfecting the strategies outlined above, and a robust account opening program will always be a way to execute on these strategies.

I invite you to dig in and enjoy this whitepaper the team at Narmi worked incredibly hard and cross-functionally to put together for the people we care about most—you!

Welcome your existing and new communities at your new digital front door!

Warmly,

**Nikhil Lakhanpal**  
Co-Founder | Narmi



CHAPTER 01

# The current state of digital account opening

# 01



# The current state of digital account opening

Through all of our conversations with banking leadership teams and industry experts, we've gained insight into the challenges that stand in the way of implementing a best-in-class digital account opening experience. Despite an industry-wide recognition that digital account opening is table stakes for banks and credit unions—and remains at the top of their list of digital improvements to implement—there are lingering obstacles that stand between financial institutions and successful digital deposit growth.

Banks and CUs consistently rank consumer digital account opening as the #1 system to add or replace year-over-year.



“In the ‘What’s Going On In Banking’ study, [Cornerstone Advisors] asks about 40 different systems and applications to gauge the extent of how many banks and credit unions plan to make an investment, either in terms of enhancements or new systems, selections or replacements in the upcoming year. Digital account opening, on the consumer side at least, has been number one. It’s not unusual to see between 20-30% of financial institutions say they’re going to select a new digital account opening system in the coming year. This is great news for vendors like Narmi, but at the end of the year, the vendors always report that they didn’t see anywhere near that number happening.”

Ron Shevlin  
Chief Research Officer | Cornerstone Advisors

With a consistent industry acknowledgment that digital account opening is a top priority, we wanted to critically look at what stands in the way for financial institutions, and attempt to answer the question: **Why don’t all banks and credit unions have a best-in-class digital account opening solution already?**



## Challenges that stand in the way of offering best-in-class Digital Account Opening

First, let's start with the recognition that any change within a financial institution comes with the expectation of obstacles. As an industry that must consider risks in the impact of change, it's not altogether unexpected that a highly desired improvement could sit at the top of the "to-do" list year after year. And like typical adoption trends of any new technology, there are bound to be more laggards to digital account opening than early adopters.

There's also a degree of convincing that needs to occur within the industry before we see mass adoption—especially since fears of fraud and distrust in technology have dominated much of the industry conversations around digital banking over the past decade.



### 5-second summary

We've pinpointed 3 main roadblocks that are standing in the way:

1. **Internal blockers**
2. **Poorly designed digital experiences**
3. **Fears of fraud-risk and implementation hiccups**

In this section, we'll unpack each of these 3 main roadblocks to understand their root pain points and take note of the factors contributing to the obstacles. And in doing so, highlight what financial institutions can do to avoid or correct these roadblocks.

### Internal blockers

Our position as an external vendor partnering with many different financial institutions gives us an advantage in spotting common pitfalls when it comes to embracing new technology. At the same time, it can also cloud our perspective and cause us to gloss over factors that contribute to slow digital adoption. Factors that when given credence and addressed internally often benefit banks and credit unions in the long run. But, it can be difficult to know where to start.

There are common internal blockers that are worth making a priority to address early on when developing a plan for more digital deposit growth.



## 1. Misperceptions of cost & value

### When does this present?

When comparing a traditional in-branch mindset for growth to an approach that favors innovation.

When we asked panelists at our Digital Account Opening Summit in 2020 what the biggest blockers to adopting digital account opening were, we resoundingly heard then that “legacy mindsets” were the main culprit. At that time, with pandemic-fueled shutdowns forcing every industry to become digital-first, experts were sharing that many banking leaders were still thinking about digital account opening the same as in-branch account opening.

The task of building a new digital account opening solution is made even more difficult when bankers hold on to what the experience is like in other channels, and attempt to mirror that in digital. As Aite Group’s Senior Analyst Tiffani Montez posed back then, “Can we get away from thinking about account opening the way that we have for the last 10 years, and change our mindset in a way that allows us to create new experiences?”

Fast forward two years, and we see that institutions that haven’t evolved their mindsets around digital experiences have broad misperceptions of the costs and value of digital account opening. This is particularly true when banks and credit unions try to compare the efficacy of in-branch to a poorly designed digital counterpart. Even when financial institutions have a digital front door, if the experience isn’t optimized for digital (and in most instances mobile) users, they won’t be able to see much return on their digital growth investment.

The branch model for growth is known and easy for bankers to predict. And since physical branches serve more functions than just account opening, investing in a physical branch might on the surface seem like a better long-term investment. This mindset though, is what Cornerstone’s Ron Shevlin described to us as a “chicken or the egg” problem: “There’s a lot of internal resistance in a lot of financial institutions because they



**“The decision to open a new branch, which I’ve done many times in my career, was a \$3 or \$4 million decision. The decision to have the very best consumer and business account opening solution is a decision of less than 10% of that. So why is that decision potentially so hard?”**

Kirk Wycoff  
Managing Partner | Patriot Financial Partners

see the percentage of accounts that are being opened in the branch and say, ‘Well, why would we put this money into digital account opening if we’re seeing it all in the branch?’ But that’s because they don’t have a good process from the online or mobile perspective to do it.”

Following this thought process, it’s easy to explain why some financial institutions have de-prioritized improvements to their existing digital account opening process or haven’t yet added a digital front door. Doing so, though, leads to low pull-through on started digital applications, fewer data points, and reinforces the misperception that in-branch is a better driver for their growth.

#### Factors that contribute to two main blockers:



Misperceptions of cost



Allowing rigid checklists & RFPs to eliminate innovative solutions





## 2. Relying heavily on checklists and RFPs can eliminate innovative vendor solutions

### When does this present?

When there's a lack of executive-level support at financial institutions.

A tale as old as time, a song as old as rhyme; rigid RFPs.

Whenever there's internal unwillingness to see workarounds to traditional processes, the risks increase for project setbacks and delays. The main culprit we regularly see for this rigidity is placing more importance into finding a digital vendor who "checks all the boxes" instead of one that empowers institutions to hit their growth goals.

Lengthy RFPs and checklists are important for comparing potential technology partners, but losing sight of the larger goals can lead to teams pushing for unnecessary features and functionality—potentially shifting focus from the benefits that come with digital channels and automating processes.

Without strong executive leadership and a shared vision for the digital transformation, individual departments can stand in the way of innovative vendors bringing new solutions to old problems. This point was echoed by Berkshire President and COO Sean Gray when talking about the role finding aligning between departments played in their digital transformation success:



**"So many times I see independent goals for risk management or compliance or deposit operations, and when that happens, you start to get conflicting opinions. A successful digital account opening program is going to be compliant and is going to be a best-in-class experience. You have to have shared goals that define success."**

—  
Sean Gray  
President & Chief Operating Officer | Berkshire Bank



When those shared goals are championed at the executive leadership level, the benefits gained from breaking with conventional can outweigh the potential risk being mitigated—like how automating aspects of the KYC/KYB process can actually block fraud attempts in real-time, and reveal new data points for improving future fraud prevention efforts.



## Poorly designed digital experiences

### 1. Bad user design through the account opening experiences causes application abandonment and low completion rates

#### When does this present?

When digital application experiences aren't designed for speed and ease-of-use.

Clunky and confusing product design creates a poor user experience, and can trigger hesitation in how much trust people place in your institution's services. When you lose this trust during the digital application, before people have had the opportunity to become customers and members, they're unlikely to return.

As financial institutions look for ways to change their legacy mindsets and create new experiences, prioritizing speed and convenience for users goes a long way. "You really have to look at it down to the totality of the experience," says Sean Gray, "how the customer is engaging with you, the time it's taking, and the experience—because a lot of times that's the first chance a customer has in forming an opinion and a relationship with your bank."

Suppose we apply this thinking to the experience of having to upload a series

of additional verifying documents, or having to go into a branch to complete the process. In that case, it's easy to see how requiring more manual steps introduces more friction and frustrations at the start of the relationship.

And unfortunately, as Alloy Co-Founder and Chief Revenue Officer Laura Spiekerman highlighted for Narmi recently, there's a misconception in the industry that banks and credit unions have to introduce friction to reduce risk and make the process safer:

**"I think we're seeing this natural tension that exists between being safe, secure, making sure that you're making the right decisions and not taking on a bunch of fraud or compliance risks, and giving that user a really easy [onboarding] experience they want."**

### 2. Difficulty building strong relationships with business clients through digital

#### When does this present?

When overlooking the unique experiences businesses need through digital channels.

A poorly designed onboarding experience can negatively impact a financial institution's relationship with business clients. Unnecessary friction at the start of the digital experience can add injury to insult when business owners are asked to provide additional information and complete extra steps to get their account open.

Identifying areas where friction can be reduced, and including helpful information,

tips, and guidance through the application process at known sticking points for businesses goes a long way for building trust. And once that trust is established digitally, business owners are better set up to get the most benefit from your banking services. Business owners can become aware of new assistance and financing programs as they become available. In turn, financial institutions can

#### Contributing factors to poor user experience:



Bad user design



Difficulty building strong relationships

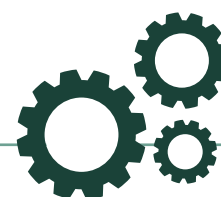


better keep their business clients informed and have more data points to determine a business's credit-worthiness.

Traditionally though, the in-branch experience has been seen as the only channel for connecting and serving businesses.

In order for the digital channel experience to be as comparably valuable to business clients as in-branch, banks and credit unions need to rely on the strengths of digital: **speed** and **ease of use**. If business

owners can take action and get set up with new business banking accounts in under 10 minutes with minimal friction, institutions start building the type of trust and confidence that leads to long-term value. Because if opening a bank account digitally was a smooth process, why wouldn't applying for a loan digitally or handling cash flow management through the mobile app be just as easy?



**“Too often we get hung up on the design, right? Does it look pretty? But it's really about the experience. Is it easy? Is it frictionless?”**

—  
Stephen Gates  
Stephen Gates | Global Design Leader

## Fears of fraud-risk and implementation hiccups

### 1. Misperceptions around fraud risks and the fear of auditors creates hesitation to try anything new

#### When does this present?

When compliance and regulation team members aren't brought into innovative projects early and often

We've come to expect a certain degree of skepticism at the start of any new conversation with financial institutions when we boast application completion rates and initial funding trends that shatter industry standards—all while simultaneously improving fraud prevention. For banks and credit unions that have been plagued with fraud in the past, it seems too good to be true!

Letting go of manual review processes for digital account opening—especially when that's been the standard practice for decades and checks all the CIP boxes—feels like a risky move. These fears, however, are easy to address and



**“Banking is about risk mitigation, risk management, not risk aversion.”**

—  
Jill Castilla  
Citizens Bank of Edmond | President

reassure leading up to, and throughout the implementation process.

By involving compliance and regulations teams early and often, institutions can “stay frosty” to fraud attempts while re-imagining what the account opening experience can be in a digital environment.

#### Contributing factors to fears around fraud:



Misperceptions around fraud risks



Poor project management



Ultimately though, switching from manual review of applications and documents to a fully automated account verification and creation process takes a leap of faith. Financial institutions shouldn't have to take this leap alone. Building confidence in this new approach requires a digital fintech partner willing to provide

the resources, trainings, and patience necessary for successfully going live with digital account opening.

Arrowhead CU's VP of Operations Theresa Hainsworth explains how seeing fraud being blocked in real-time converts even the biggest skeptics:



**“Because our old system was so manual and we got to see the change ourselves, there was a bit of nervousness, feeling like we had to check things and make sure they were right. Because, we have been riddled with fraud. We’ve seen an account open up and 30 days later, find it’s identity theft. We’ve seen it all, and the fact that we don’t have it anymore has created less time in our account admin area, but also in loss prevention. We had to learn to just trust the system.”**

—  
Theresa Hainsworth  
VP of Operations | Arrowhead Credit Union

## 2. Poor project management & disconnected internal teams can stand in the way of a smooth & fast Digital Account Opening implementation

### When does this present?

When digital vendors aren't working as partners with their customers to educate and guide them through implementation.

The choice to partner with fintech vendors is obvious for many credit unions and banks hoping to gain access to the same innovation happening at the big banks. Being able to rely on their teams of technology and implementations experts grants access to otherwise out-of-reach digital solutions.

But in order to see signs of success, project management becomes mission-critical when working with fintechs. Approaching a new digital project with an ordered and clear plan—whether it's a new integration or converting from a legacy system—can make the difference between a smooth implementation and

a nightmare scenario for your customers and back-office teams.

At a high-level, financial institutions that make project communication and management a priority across every department are able to innovate digitally and go-live with new technology with greater success. This is also true with fintech vendors, and any vendor your financial institutions partners with should be able to show a proven and repeatable approach to implementations. By working with your teams to educate and guide them through the process, fast go-lives become a reality.



## The challenges of unlocking digital growth with businesses

Digital channels provide many new opportunities for building strong relationships with business clients. But to see significant digital growth with this market, financial institutions must understand the current challenges business owners face, and get out of their own way when opening digital business accounts.



### 5-second summary

In this section we look at the current headwinds facing businesses, the struggles they encounter when opening new banking accounts, and why it's difficult for banks and credit unions to support digital business client growth.

- With rising interest rates, more businesses will be willing to move their core deposits to a new financial institution.
- The traditional approach to business account opening is time-consuming and tedious for back-office teams.
- Today's business owner expects a digital-first onboarding process that meets their digital-first needs.

### Current challenges for business owners

In spite of the relentless waves of change small and medium-sized business owners have had to endure over the last few years—reacting to multiple global crises, pivoting to digital, and growing more comfortable with uncertainty—their steadfast spirit continues to fuel the majority of our economy. But as interest rates rise in attempts to cool the US economy and discretionary consumer spending decreases, businesses that were recently able to rely on borrowing to fortify are now bracing for new headwinds.

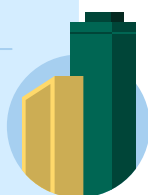
With a slow-down in their cash flow and limited ability to reinvest into growth, business owners will be looking for new ways to balance their losses. This creates an opportunity to attract and build new relationships with business clients. By providing incentives like higher interest rates on core deposits, financial institutions have the potential to grow their business portfolio while helping businesses weather the storm.

If banks and credit unions want to seize this opportunity, however, they need to first address the existing obstacles in their digital business banking offerings. Chief among them is the obstacle of **not being able to quickly & securely open accounts for new businesses digitally.**



## Top of mind challenges for businesses

- Not knowing which documents and information is required to open a business account.
- Having a complex ownership structure or multiple shareholders that create onboarding confusion.
- There's often a significantly steeper learning curve for first-time business owners.
- Digital banking experiences for businesses rarely meet their digital-first needs.



## Top of mind challenges for financial institutions

- Traditional business account opening can take weeks, or even months.
- Collecting all the necessary paperwork and signatures is tedious and time-intensive.
- Business accounts come with their own compliance and KYB complexities.
- Compliance officers absorb more work if not all documents are collected.
- The relationship with businesses struggles to get off the ground.



## Understanding the account opening pain points of businesses

The small and medium-sized business market has been vastly underserved through digital banking. On the account opening side, the reality is that most financial institutions are unable to directly open accounts digitally, resulting in a slow process that can take days or even weeks to finalize.

### Areas to improve the account opening experience for businesses:



#### More automation.

Automating more of the identity verification & onboarding experience upfront cuts down on the number of manual steps for both businesses and back-office teams. The end result is a better user experience and more opportunities to create a strong digital relationship with business clients.



#### More info on what's required.

Before starting an application, businesses want to know what steps they should anticipate, and the required documents they'll need.



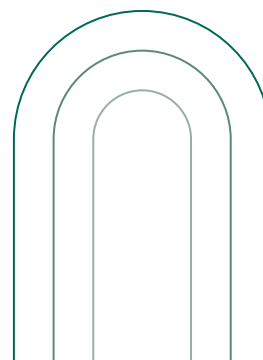
#### More guidance and assistance.

An application process packed with unfamiliar terms and jargon is overwhelming. Without assistance, many businesses abandon their applications.



#### Less time in the application process.

Businesses are left with a lengthy application that they often need to come back to finish.





## The broken back-office process for opening business accounts

The big question on the minds of banks and credit unions serving businesses: How do they make the process easy for the business to get an account opened digitally while also ensuring KYB compliance requirements are being met?

To get a business account successfully opened through the traditional approach, it requires both KYC and KYB validation. So it's understandable that many banks and credit unions struggle to see how they can automate the experience for both end-users and staff, while also ensuring all compliance requirements are being met. Too often, they see no other option but to rely on a time-intensive, in-person/in-branch interaction.

This manual process leads to frequent bottlenecks that strain multiple teams involved. Businesses also suffer as a result of being left to play the waiting game on top of their already busy schedules running a business. Getting this first interaction right is critical to growing and maintaining business customers.

### Areas to improve the account opening experience for the back-office:



#### Less reliance on in-branch interaction.

Without a digital solution, Financial Institutions are losing out on a number of potential business customers who do not have the time to go in-branch.



#### Less manual hand-off and human error.

Data management is a whole process on its own. Once the business client fills out the intake form and submits all the required documents, the financial institution staff needs to manually enter the information, scan and upload any support documents, and finally inform the compliance team that a new application has been received and have them conduct a verification.

This hand-off process greatly increases the time it takes to get the account opened and also increases the possibility of error in the process.



#### Less delays in completing paperwork.

The process is lengthy with multiple systems and hand-offs to various teams. Often the customer might not have the required documents with them. In that case, the back-office staff or compliance officer spends additional time tracking down the business to get that information.

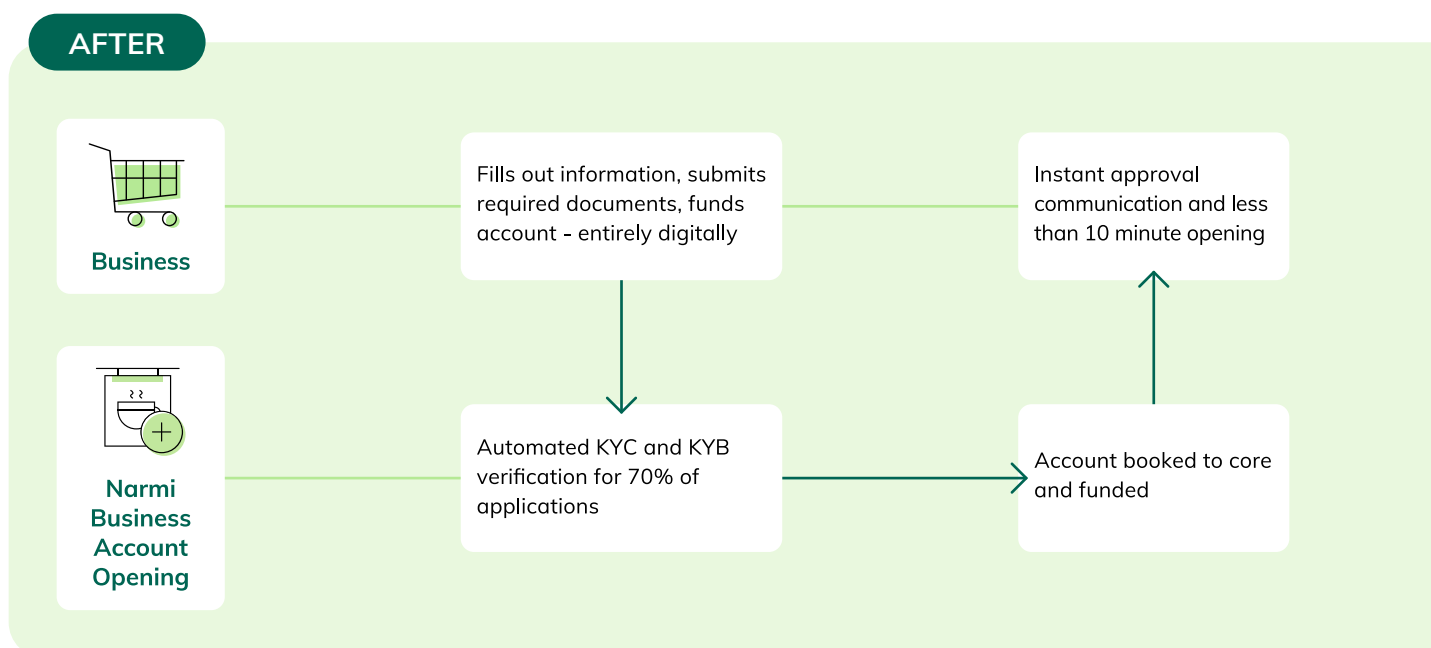
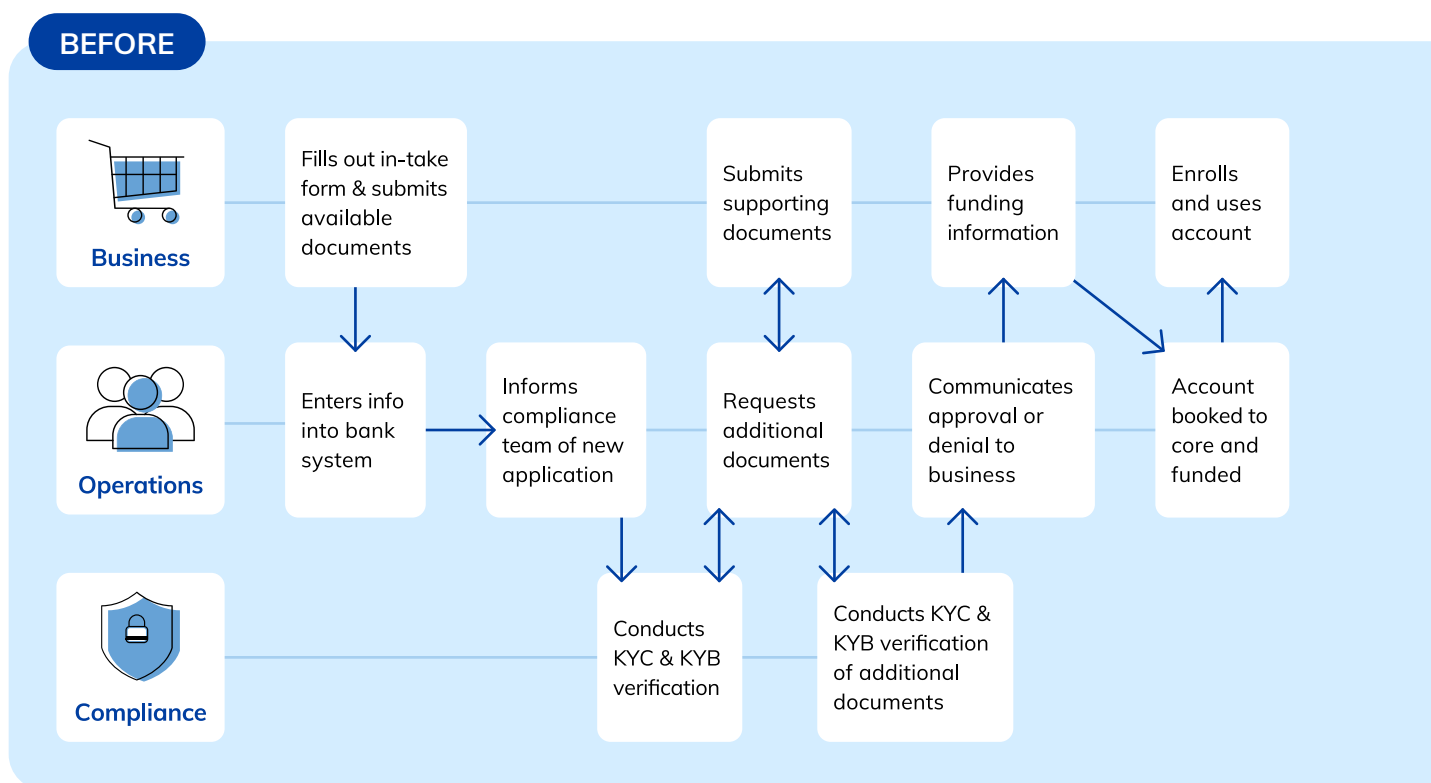


#### More time to establish a strong digital relationship.

Businesses are left with a lengthy application that they often need to come back to finish.



Getting this first interaction right is critical to growing and maintaining business customers. In fact, Gartner research shows that over 96% of customers become disloyal after having a high-effort interaction. It's only logical to assume that the more obstacles that are thrown in front of today's business owner, the less likely they are to stick with your financial institution.







## Assessing the health of a digital account opening strategy

When data is your “single source of truth”, it’s easier to assess the effectiveness of an onboarding and deposit growth strategy—and cut through the noise of facts vs. fears.

As you’re considering taking a new approach to digital account opening, we first recommend taking stock of where your institution is right now. Is your financial institution’s digital account opening strategy where it needs to be? How far away is it from the goals of the institution? And most importantly, how can you tell?

The following list of key performance indicators can help assess the health of your digital account opening process and see where improvements and updates should be made.

Use the included checklist to assess your DAO process.



### Success indicators of account opening processes:

#### 1. Visitor-to-applicant conversion

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The ratio of visits to applications started measures your bank’s ability to make a good first impression with customers. If you’re seeing a high volume of traffic but the rate of application is low, something is turning applicants away.

Your focus should shift to conversion. Look at your site through the eyes of a potential new customer to identify areas that are confusing or distract from starting an application. Counting the number of clicks it takes to start an online application is a quick way to evaluate your marketing site’s ability to convert visitors.

$$\text{Started applications} / \text{total site traffic} = \text{visitor to applicant conversion rate}$$

#### 2. Application start-to-completion

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On average, roughly half of all online applications for deposit accounts are abandoned before completion. That’s why it’s key to have a frictionless digital account opening process, and also ensure that your mobile option is as equally accessible and intuitive as your web option.

If your institution is seeing high abandonment rates, something is going wrong and enthusiasm is turning into discouragement.

Identifying pain points will reveal necessary user flow improvements and make the overall experience faster and more satisfying, leading to a greater percentage of completed applications.

$$\text{Completed applications} / \text{started applications} = \text{completion rate}$$



“There are some very high level key performance indicators that we believe every financial institution should think about when looking at digital account opening. Number one in our minds is completion rate. If 10 people click ‘open an account,’ how many ultimately hit ‘submit’? That’s a very important statistic you should be focusing on. The industry average right now is 20-30%. Narmi’s average is at 80%. You literally get four times the amount of customers without spending a single dollar of extra marketing spend, because in order to get the same applicants at a 20% completion rate, you have to get four times the volume to get those eight people in the door.”

—  
Nikhil Lakhnarpal  
Co-Founder | Narmi

### 3. Resume rate on abandoned applications

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The probability of a customer restarting an online application they’ve abandoned drastically decreases as more time passes. You can assess your potential customers’ excitement about opening accounts by measuring how many of them pick up where they left off and the amount of time they take between sessions.

Of course, providing a quick and intuitive experience that eliminates the friction causing applicants to leave means less effort trying to get applicants to come back. And in cases where applications are left unfinished, consider implementing automated reminders similar to the approach e-commerce brands take with abandoned shopping carts.

$$\frac{\text{Number of applications resumed}}{\text{Number of applications abandoned}} * 100 = \text{Application resume rate}$$

### 4. Total time to completion

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The more time a person has to take to open an account, the more likely they’ll give up.

Many banks still struggle with this: 80% of banks say it takes longer than five minutes to open an account online, and nearly 30% take longer than 10 minutes. At these lengths, the potential for abandonment is very high.

A simple way to see how customers are experiencing your digital application process is to measure the amount of time it takes (including multi-session openings) to open an account—and then streamline your process.

$$\text{Average time elapsed from start to finish of an application}$$



## 5. Percent of accounts funded

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A key factor in how active someone will be when opening a new account is whether they choose to initially fund their account or not. Financial institutions have multiple options for encouraging initial funding, but it's imperative to have options that are stress-free and take minimal steps.

Requiring trial deposit verification for linking an external account, for instance, is a time-consuming multi-step process that's likely to deter people from funding their account. Offering fast and secure methods of funding, like instant account authentication, improves the funding experience and the likelihood of new users staying active.

$$\text{Funded accounts} / \text{completed accounts} = \text{funding percentage}$$

## 6. Percent of accounts opened

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When manual intervention by a customer service rep is required to verify and open accounts, it's time-consuming and expensive. Even with some automation, an overzealous flagging process can create bottlenecks as applicants wait longer and back-office teams are bogged down with manual review.

Financial institutions should look at the amount of manual review needed, how much time is being spent on flagged applications, and the number of bad actor accounts actually being filtered out.

Ideally, new online accounts should be automatically opened on the core without any manual intervention—something accomplishable with powerful non-document based verification methods.

$$\text{Auto-opened accounts} / \text{all applications} = \text{percent auto-opened}$$

## 7. Fraud rate over time

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If a high percentage of opened accounts display alarming behavior, it means there may be a weakness in your account opening process fraudsters are exploiting. To assess your ability to catch fraud, measure how many approved accounts turn out to be fraudulent, and how long it takes for those accounts to start behaving badly.

The most important thing for financial institutions to do is to make sure they can detect it early. Using multiple verification processes is a great way to filter out fraudulent account applications at the outset and avoid headaches and loss later.

$$\text{Accounts with flagged behavior} / \text{all opened accounts} = \text{fraud rate}$$



## Digital account opening health check

To understand how effective your digital account opening strategy is, it's important to first assess your financial institution's ability to identify and measure key performance indicators. We've put together this self-assessment checklist to help you get a pulse on your strategy and quickly see where there's room to improve.

### HOW TO USE

#### Step 1

As you go through each question, check "No" if you're unsure of the answer. This will give you an honest evaluation of the gaps that exist in your digital account opening strategy, and where you should focus your investments.

#### Step 2

Set up a discovery call with one of Narmi's digital account opening specialists at [www.narmi.com](http://www.narmi.com). Together we can help your institution identify the right solution for its needs.

QUESTION	YES	NO
Are you currently tracking the amount of website traffic you receive?		
Do you know how much you're currently spending to attract visitors?		
Do you know which of your marketing channels are the most effective?		
Are you currently measuring your average cost to acquire new customers or members?		
On your website, does it take more than one click to start an online account opening applications?		
Do you currently track application drop-off?		
In the digital application process, are you able to see where applications are getting stuck or abandoning their applications?		
Do you have a process for re-engaging applicants when they abandon their application?		
Do you know how long it takes on average for a digital application to be completed?		
Do you use a non-document based identity verification system for online applicants?		
Are you tracking the amount of time it takes to manually review and approve documents?		
Can you automatically open accounts on your core without any intervention from your staff?		
Are you currently offering multiple ways for applicants to initially fund new accounts?		
Do you know the average funding amount for new accounts opened digitally?		
Are you able to automatically flag potentially fraudulent digital applicants?		
Are you measuring the percentage of accounts opened that turn out to be fraudulent?		



CHAPTER 02

# Universal benefits of zero friction account opening

# 02



# Universal benefits of zero friction account opening

Removing friction from the account opening and onboarding process can be truly transformational for banks and credit unions. Unfortunately, many fintech vendors promise financial institutions that purchasing their software will directly result in a “digital transformation” of the institution, but fall short of delivering.

In the case of creating a new digital front door that drives growth, however, the combined benefits of a frictionless account opening experience can actually transform a bank or credit union mired in tradition into a modern, digital-first institution.



**“We feel that, if done successfully, digital account opening really can drive an entire banking relationship with customers. It really becomes the gateway. We’re experiencing strong conversion rates, way over the industry with the product, and close to a hundred percent funding levels, which was far better than what we were experiencing in the past.”**

—  
Sean Gray  
President & Chief Operating Officer | Berkshire Bank



## 5-second summary

With this chapter, we aim to highlight the tangible benefits financial institutions can look forward to with best-in-class digital account opening and how it results in a win-win-win for financial institutions, their customers, and their balance sheet.

- Improving onboarding UX for individuals & businesses is crucial for building strong digital relationships from the start.
- Modernizing the back-office frees up time to focus on providing quality support, addressing more complicated issues, and even delighting customers and members by going above and beyond.
- With a 4-month average payback period, financial institutions can benefit from a fast return on investment with a modern digital account opening approach.



## WIN FOR CUSTOMERS AND MEMBERS

# A product experience that starts the banking relationship on the right foot

You only get one opportunity to make a first impression. When the goal is building strong relationships with new digital banking users, that opportunity comes when they decide to start a digital application.

Even with the best product offerings, branding, and marketing campaigns, if prospective users take action and start a digital application only to be met with a slow and poorly designed process, they'll leave. You've made an impression alright, but not a good one.



Main benefits being highlighted:  
Speed and how that aligns with digital expectations.

**80%** completion rates (vs. 30% industry)  
\*Using our recommended flow

**2min 13sec** Consumer Digital Account Opening

**Under 10min** Completion Business Account Opening

To help new customers, members, and business clients see the true benefit of digital account opening, it's critical not to pollute their digital experience. Asking too many unnecessary questions or being overly aggressive with a variety of products gets in the way of what really matters: **high application completion rates.**

Narmi has found that the most powerful lever for consistently high application completion rates is an onboarding flow designed for **speed**. Let's unpack how user expectations towards digital have changed to understand why speed matters.

## A rewired process to meet rewired user expectations

Outside of the banking industry, there are countless examples of positive, even rewarding, onboarding experiences that exemplify making a good impression. And with the rapid acceleration of digital over the past few years, expectations for the role digital plays in nearly every aspect of daily life have changed—a point that was summarized by Global Design Leader Stephen Gates at Narmi's 2022 DAO summit.



**"Your competition isn't another bank, it's the last app they opened and the experience they had there. People want the design and the experience to be as easy and intuitive as possible."**

Stephen Gates  
Stephen Gates | Global Design Leader

Amazing digital-first solutions are now table stakes for users.



And yet, many bankers are still hard-wired to see the relationship with new customers the same way they did before the emergence of digital banking: as an opportunity to collect as much information as possible and sell the most products instead of providing a fast and frictionless experience.



**“What I think people don’t understand quite yet is that the account opening process from today to 25 years ago is totally reversed.”**

—  
Kirk Wycoff  
Managing Partner | Patriot Financial Partners

By collecting only the most important information, automating the identity verification process, and narrowing product selection to the most common account types, new customers and members can complete their applications in less time it takes to load the dishwasher, or make a cup of coffee.

That speed allows people to take action in the moment and cross finding a new bank or credit union off their list—on their terms. And as Kirk so aptly reminds us,

“Today’s customers, when they come to your virtual branch to open an account, they’re not coming in to tell you their life story. They’re coming in to open an account.”

“It was different in the ‘90s and the early 2000s. When you got a customer in the branch in front of the CSR to open an account, the number one thing we trained our people to do was not let them leave. After they had opened the account, we wanted to ask them 12 to 14 questions about their financial situation,” Patriot Financial Group Managing Partner Kirk Wycoff shares, “We wanted the account opening process to take as long as possible to set the stage for as much cross-selling as possible because we wanted those sticky relationships with four, five, or six products.”







## Building trust from the start with business banking clients

Having the ability to start a relationship with new business clients on the right foot through a digital channel is game-changing. Meeting their expectations with an approachable and efficient account opening process goes a long way in building trust that your institution will be there for the business when they need it the most.

A strong digital start to the relationship with businesses gets them in the door and using key services faster. In particular, a great onboarding process:



**Builds trust** that businesses can turn to their bank or credit union's digital channels down the line when borrowing becomes more attractive.



**Sets an expectation for convenience.** When business owners do turn to digital lending, there's an expectation that they'll be approved for a loan faster and funds will be available to them faster.



**Supports the needs of new business owners** by being a trusted partner from the start, and giving the guidance they need to feel successful.





## Designing an account opening flow tailored to the business owner

Knowing that businesses have different needs than consumers when it comes to opening a new bank account, the Product Design team at Narmi spoke with business owners to develop a new approach for Business Digital Account Opening. In addition to speed being a key factor for reducing their friction, we also found that uncertainty is a big contributor to why applications are abandoned.

To help reduce the stress and uncertainty business owners feel when choosing a new digital banking, the Narmi product design team homed-in on these four principles:

### Product Design principles that build trust with SMBs



#### Set expectations.

No one likes a last-minute surprise that can hold up progress, so make sure prospective business banking customers know exactly what they'll need in order to get through the account opening process from the outset.



#### Offer guidance.

Because of the complexities inherent to business banking, many people, especially first-timers, will need guidance. Using tooltips and checklists is a great way to be that source of guidance for them.



#### Reduce time.

Business account opening will typically be longer than individual account opening, but it doesn't have to be interminable. Reducing steps and automating where possible meets busy businesses where they are, and signals that you have their best interests at heart.



#### Make completion the goal.

Keeping the account opening process to one session, with easy methods for uploading documents goes a long way in reducing the stress and friction businesses have come to expect from banking interactions.

### Narmi's tips for building great digital relationships with businesses from the start.

#### TIP 1

Set expectations for the application process.

#### TIP 2

Offer helpful guidance and information.

#### TIP 3

Save time by cutting out unnecessary steps in the process.

#### TIP 4

Make application completion during one digital session the goal.



## WIN FOR STAFF

# How automation is improving the life of your staff (and your customers)

Take stress out of the equation for your staff and your customers, embrace self-service and customization, and keep compliant without the confusion. In this section we explore how automating more of the digital account opening process reduces busywork and delivers a win for your back-office.

## A staff portal designed to eliminate busy work

As we explored in the first chapter, inefficiencies in the back-office can create serious headaches for banks and credit unions. Increased manual errors, greater training costs and back-office expenses, and a subpar customer service experience for account holders can all be attributed to over-reliance on paper-based processes and poorly designed staff portals.

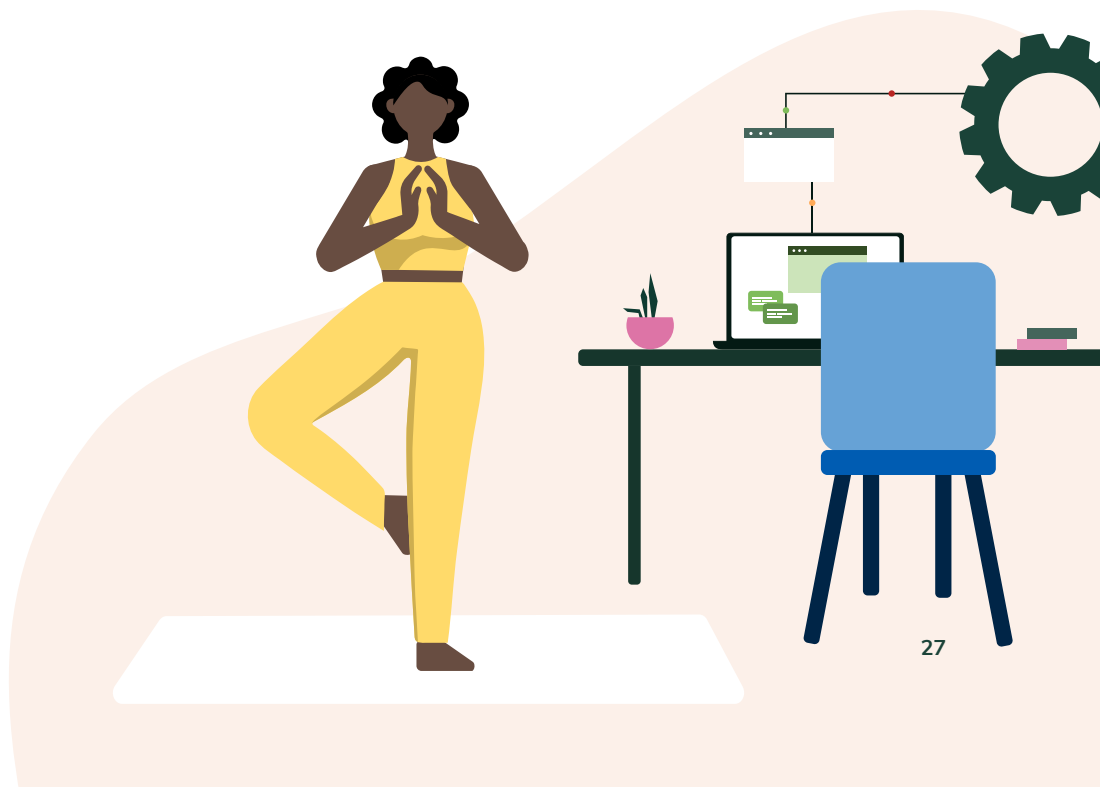
It only makes sense that by reducing the opportunities for confusion and human error, banks and credit unions can significantly transform their operational efficiency in the back office. But what does operational efficiency look like in practice? When customer and member service reps are supported with better staff tools and more automation, they're able to spend more time building lasting relationships with account holders.



**“What you’ll see at your organization, is once you’ve streamlined the process, you’re going to free up resources. And then you can have a lot of fun in determining how and where to deploy that capital to have the greatest impact on your customers.”**

—  
Sean Gray  
President & Chief Operating Officer | Berkshire Bank

Transforming the back-office approach to account opening frees up time to focus on providing quality support, addressing more complicated issues, and even delighting customers and members by going above and beyond.





## Greater flexibility and customization through the admin platform

As a fintech vendor, Narmi has the benefit of being able to build products that push the industry forward and assert a particular point of view on how those products and experiences should behave. But at the end of the day, our approach to product design is bound by what's going to work best for our customers.

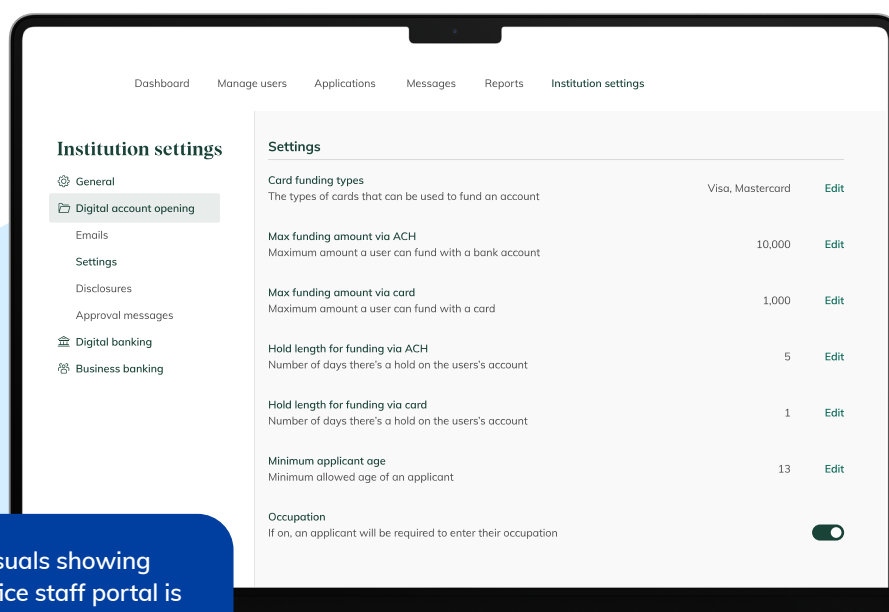
By exposing a wide range of settings through the admin portal, institutions

have greater control to adjust limits, and customize aspects of the digital account opening process to meet their unique needs. This layer of flexibility also allows back-office teams to be more self-serving and make the necessary changes to react and adapt to shifts in regulations and fraud tactics faster—and on their own terms.



**“Where Narmi excelled was the flexibility in being able to change things immediately. I have to adjust an institution setting? Done. I have to update a deny list? Done. Some of the fraud we’re experiencing is happening so fluidly, I don’t have time to wait a week, I don’t have time to wait for programmers, I don’t have time or resources to take the losses we were getting. So the fact that things are in our hands and we can do them at our pace and things are flexible, that made a huge difference.”**

Theresa Hainsworth  
VP of Operations | Arrowhead Credit Union



Narmi product visuals showing how the back-office staff portal is designed to give greater flexibility and customization.





## Staying compliant, without the complexity

Combining greater flexibility through the admin portal with a modern automated approach to identity decisioning puts banks and credit unions in the driver's seat for managing risk. But relying on automation to know who you're allowing through your digital front door can feel intimidating for compliance teams entrenched in traditional KYC/KYB workflows. This mindset, though, is one

that fraudsters have been successfully exploiting for decades.

In order to stay ahead of ever-evolving fraud tactics, banks and credit unions must evolve their fraud prevention technology architecture.

By partnering with global identity verification platform Alloy, Narmi is able to help compliance teams configure their KYC/KYB verification workflows, incorporate their chosen data sources in the order they like, and fully automate the identity verification process by scanning and combing through 50+ data sources in less than 10 seconds.

On top of this completely transforming the way applications are reviewed, it also transforms the level of transparency into where fraud attempts are coming from and blocks them before they can get through the front door.



**"It's really about changing your mindset. Getting away from your legacy mindset about what an application process should look like, and really focusing more on what information do you need to make a good quality decision about an applicant while minimizing your risk, but also makes it quick and easy for them to apply. And I think it's finding that balance that's challenging."**

Kirk Wycoff  
Managing Partner | Patriot Financial Partners



### Security and peace of mind:

Up to  
**100%**  
automated  
decisioning

Up to  
**99%**  
reduction  
in fraud

### Operational efficiency:

As high as  
**50%** reduction in  
staff time

Data source: Berkshire Bank case study



## WIN FOR THE BALANCE SHEET

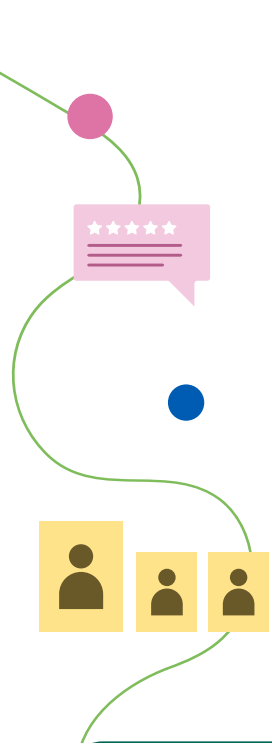
# How Digital Account Opening transforms the approach to growth and acquisition

Fixing your financial institution's digital front door can have a big impact on the balance sheet. Not only does a streamlined digital account opening strategy pay for itself quickly, it also lowers acquisition costs over time and enables more scalable marketing opportunities. Plus, good digital account opening experiences will make a positive impression that increases the lifetime value of your customers and members.

## 4-month payback period. The fastest return on investment you'll ever see.

One beautiful aspect of a strong digital account opening strategy is that, when done correctly, the return on investment can be both obvious and fast. Narmi has found that by combining product design that prioritizes user experience and speed with intelligent automation for identity verification, we can enable our customers to grow at 4x the pace.

Coupling this with a fixed annual platform and per application fee, our customers on average are able to pay back the costs associated with digital account opening through realized revenue in just 4 months.



### Let's do some simple math on account opening fundamentals using industry standards

1000 applications x 30% completion rate = 300 submitted apps  
300 x 30% approved = **90 new users**

### Let's try again with Narmi

1000 applications x 80% completion rate = 800 completed apps  
800 x your approval rate (industry has it at 30%) = **560 new users**

That's a net increase of **470 new users** by simply making it possible for more people to get through your digital front door.



## The drivers of growth

In addition to improving the efficiency of back-office operations to reduce costs and hit growth goals, banking leaders are keenly focused on increasing efficiency around acquiring new users.



**“A bank that advertises on TV saying they’re all about convenience and then has a two- to three-week account opening process is not supporting its marketing and positioning statements.”**

Ron Shevlin  
Chief Research Officer | Cornerstone Advisors

During high growth cycles, this means keeping the costs to acquire new deposits as low as possible.

Of course, the first step to lowering acquisition costs is having a clear understanding of how much it costs to acquire new users and identifying where improvements should be made. And since the industry has relied on traditional in-branch acquisition for so long, this growth strategy is often falsely seen as the more cost effective approach to attracting new deposits.

The other elephant in the room, as Cornerstone Advisors Chief Research Officer Ron Shevlin points out, is the belief

that an expensive physical branch is an effective way to advertise a financial institution:

But as Ron explains, as impressive as a big sign can be, a great product experience is a more powerful way to cut through the lip-service and make a lasting brand impression: “What I think a lot of bankers still don’t get today is that the digital account opening experience is a marketing experience, and a positioning. The ability to open that account in two to three minutes is as much a marketing statement as having that “big ass sign” in some town somewhere. It signals, ‘Hey, we’re here to make your life easy. And we don’t just say it, we enable it.”

Where the logic behind the branch as the primary growth channel really starts to break down is when we look at how effective the digital channel is at scaling. Advertising through digital allows banks and credit unions to reach markets they otherwise wouldn’t be able to reach with a physical branch.

And unlike traditional advertising with billboards (or a big sign) digital advertising allows marketers to dig into the data and adjust tactics around what they see is working.



**“I think a lot of bankers, even today, still would not think of branch opening and digital account opening products as competing investments because they look at the opening of a branch as more than just the ability to open an account. They look at that as a kind of advertising and positioning because they now have a physical presence in a community. I remember one CEO when asked what his bank’s branch strategy was said, ‘BASTL.’ What’s BASTL? He explained, ‘It’s an acronym for ‘Big A\*\* Sign, Tiny Lobby.’ The point being that it signaled the presence and it was as much a marketing investment as it was an operational investment.”**



## The power of DAO to dramatically lower acquisition costs

Providing best-in-class digital account opening doesn't eliminate the need to spend on marketing to grow deposits, but it does change how budgets can be spent and how much is needed to acquire new users.

Let's take a look at how this works.



### More people can get through your digital “front door”

As we highlighted earlier on in this chapter, by improving the digital account opening process banks and credit unions start to see drastically higher application completion rates. This added efficiency unlocks growth at a larger scale without any changes in marketing tactics or budgets.

Effective digital onboarding naturally drives down acquisition costs compared to traditional in-branch acquisition.



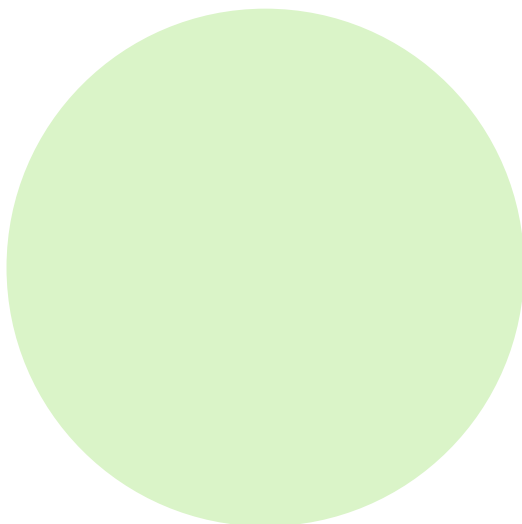
### Less need to offer rewards for opening new accounts

It's become a common practice for financial institutions to offer incentives for opening new accounts—oftentimes in the forms of cash rewards. Even when this tactic is effective at generating interest for new deposit accounts, it comes with a hefty price tag. But, with a more effective digital onboarding process, banks and credit unions can let their product benefits speak for themselves and save money on incentive programs.

Or offer growth incentives that reward customer and member loyalty, like a reward for referring friends and family members.







## Putting marketing budgets to better use

After the digital front door is fixed, financial institutions have more opportunities to grow by putting their marketing budgets to better use. With Narmi's digital account opening, financial institutions are able to access more data on their marketing efforts. And when marketing teams are better informed, they can make better marketing decisions that lead to more digital growth.

### Top-of-mind goals for digital banking marketers

- ✓ **Increasing top of funnel**  
Letting more people know that you have a digital front door
- ✓ **Better targeting to yield a higher conversion rate**  
Are the right people being brought to your digital front door?
- ✓ **Building trust through digital**  
When someone is brought to your digital front door, does it match their expectations and encourage them to enter?
- ✓ **Encouraging word-of-mouth**  
Is it easy for your new customers and members to spread the word and bring in their network?



## Digital marketing strategies banks and credit unions can implement once they have fast and effective digital account opening

### Invest in the digital acquisition tactics you can accurately measure and know work

Digital advertising removes some of the guesswork from marketing efforts while enabling banks and credit unions to reach a larger audience. Not only are they able to see much higher conversion rates on completed applications, financial institutions can also collect data and run tests with a variety of audiences.

Having the ability to test marketing tactics, and see what works through the data, gives banks and credit unions a method of staying competitive and reaching new users without excessive spending. Marketing budgets can be used to support the strategies and tactics that actually “move the needle” on digital growth. That’s something traditional forms of advertising, like print or billboards, simply can’t compete with.

### Provide the information people are looking for / turn their Google search into a marketing opportunity

Think about any big purchase you’ve recently made. Chances are you did some sort of internet research before you made the decision to buy. Your prospective customers and members are doing the same thing when searching for a new digital banking option, and content marketing tactics is how they’ll find your institution.

Content marketing allows prospective users to do their own research on what your bank or credit union has to offer, so providing reliable original content is a great way to market yourself. But before you start developing a plan for a series of expensive videos or industry-leading blogs, there are smaller steps your institution can take to stand out in a big way.



#### PRO TIP:

About pages are a great place on your website to tell your audience what makes your financial institution unique and showcase stories of how your institution helps customers and members.

## Getting started with Content Marketing

### Brand messaging on website

Your institution’s website is a great place to start when thinking about improvements you can make to your content marketing program. It’s where new visitors will learn about the brand, what differentiates it from competitors, and how the different products being offered will benefit them. All of the messaging on your site should be easy to understand and be consistent with your brand identity.

### Website optimization

On-page technical improvements to your website can have a big impact on your website’s ability to appear in search results. For instance, ensuring that each page on your website only has one <H1> headline, and the rest of the headlines are tagged as <H2> allows Google to crawl your website easier. Using commonly searched keywords relevant to your product offering is also an excellent way to improve your search ranking.



## Make use of your data to target the right audiences

Digital marketing allows marketers to see the direct impact of channels and tactics. If a prospective customer clicks on an ad, there's a digital trail that leads to them starting an application. Following this trail gives financial institutions insight into the demographics and behavioral trends of the people who end up becoming customers and members. By coupling this top-of-funnel data with the data your institution can collect once they're using digital banking tools, you can better inform your marketing efforts.

Having consistently collected and readily available data on the habits of users gives institution's a leg up on how to best interact with them. This data can also indicate any gaps in your product or platform that would otherwise go unnoticed.



**"Having a platform for assessing all of the digital activity happening in digital banking is really the meat and potatoes of how you're going to intelligently market to someone. What are they transacting on? How are they engaging with their mobile banking app? How often do they log into digital banking?"**

**It's really important to look at your digital products' data, export that list, and funnel that into your CRM and your email marketing platforms to send very segmented, targeted campaigns based on the interactions happening in digital banking."**

Audrey Song  
Senior Product Marketing Manager | Narmi

## Create a brag-worthy referral loop

Often regarded as the most cost-effective form of marketing, referral marketing allows your most loyal and active users to drive growth. Word-of-mouth recommendations are also more trusted and seen as less risky because they've already been vetted through a trusted network. On top of that, referred customers and members are also more likely to engage with your digital products at a higher rate, and have a greater lifetime value.

See next page for tips for creating a brag-worthy referral loop.





## Tips for creating a brag-worthy referral loop:



### Make referring easy

Provide referral codes or links that users can share through their preferred digital channels, like email and social channels. For greater ease-of-use, consider giving customers and members pre-filled suggested text when sharing their referral codes ie. "I love banking with \_\_\_\_\_. I think you will too! Use this link to get started."



### Reward their loyalty

Gifts and incentives for referring new customers and members go a long way. They indicate that your financial institution values the loyalty being shown when people refer their friends and family, and can be a great way to reaffirm what your existing users love about your financial institution.



### Time referral marketing efforts around user milestones

People are more likely to refer a product to their friends and family immediately after they've had a positive experience with the brand. Timing your referral program outreach to align with positive user activity, like successfully applying for a loan, is helpful for reminding people what they love about your product—and why the people closest to them should be banking with your financial institution.





## UNDERSTANDING THE ROI OF DIGITAL ACCOUNT OPENING

# How to think about the ROI of better digital account opening

So, what's the return on the investment for digital account opening? It's simple.

### **Accelerated, low-cost deposit growth.**

The transformative benefits of being able to go-live in 90 days with digital account opening designed for speed, automation, and fraud prevention are obvious.

## The drivers of growth

There are two groups to consider when thinking about the value of digitally driven account growth.



### **Users**

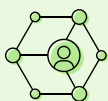
The number required to achieve your growth target, the number of deposit accounts each user opens, and applications required to open those accounts.



### **Staff**

The number of new account applications reviewed and associated costs to review them.

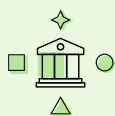




## The return from prioritizing users' product needs

Customers often look to their financial institutions to understand what products meet their needs. Digital account opening processes with upfront product recommendations and selection results for customers to more easily open multiple products at a single time. This makes upfront product research easy for users and allows users to feel that they've completed their due diligence all before providing a single piece of personal information.

More accounts opened per user means the number of users required to hit the desired deposit target are lower. The average deposit balance used includes both low (checking, savings) and high (money market) balance accounts that are offered at most institutions. High performing digital account opening solutions can help you achieve your deposit goal faster by requiring significantly less users.



## The return from prioritizing user experience

Once customers have completed their research and selected product bundles, in their minds the hardest decision has been made and they expect the rest of the application process to be simple.

By prioritizing user experience with minimal required inputs, zero out of wallet questions, and offering multiple funding methods, users feel confident that they can complete their application in a single sitting. A frictionless digital account opening process makes it almost impossible for users to abandon their application. High completion rates mean institutions require less started online applications to achieve their target users and thus target deposits. Fewer started applications seems counterintuitive for growth, but a strong digital account opening product makes this a reality.



## The return from greater speed and automation

We've talked about the value of automated processes, including identity decisioning, funding, and opening on the core banking system. Partially manual processes are blockers to deposit growth. Digital account opening, when done well, should create back-off efficiency and lower staff costs by reducing the amount of time spent on said actions.

Staff can spend more time on complex banking transactions, relationship building, and other value accretive tasks. Per app staff costs can vary throughout the industry; however, the true driver here is the percentage of auto-decisioned applications (e.g., submitted applications without manual intervention / total submitted applications) and thus auto-opened and funded accounts. Financial institutions with high performing digital account opening solutions can achieve their growth targets with less overhead.



CHAPTER 03

# How to do identity verification the right way

# 03



# How to do identity verification the right way

Beyond the obvious role banks and credit unions play in our economy—safeguarding deposits and reliably lending money—these institutions have also excelled in a less obvious role: fighting criminal financial activity.

This role was codified by Congress in 1970 with the Bank Secrecy Act (BSA), defining the actions financial institutions must take to help in the fight against bad actors. Initially designed to prevent money laundering and illicit behavior from organized crime, the set of laws that make up the BSA has evolved over the decades to cover new threats like the funding of terrorism and digital financial crimes.

What has not shifted over the past 50+ years, however, is the onus placed on financial institutions to keep up with the tactics of fraudsters. And with recent updates to the BSA, regulators are directly acknowledging the increased role technology and innovation play in combating financial crimes.



## 5-second summary

In this chapter, we'll take an honest look at the **current state** of identity verification, **the challenges** that come with digital IDV, and **what banks and credit unions need** to grow digitally while staying compliant.

## The current state of Identity Verification

Established industries commonly see technology innovating rapidly as a disruptor to their status quo. Even when change is necessary and the benefits are obvious, fears exist around trying something new that will potentially cause more trouble than good. In the fight against financial crime, it's true that the innovations in identity authentication and verification have been disruptive over the past decade. The industry being disrupted, however, is the digital banking fraud industry.

Fraudsters are continuously finding new weaknesses and attack vectors for defrauding financial institutions of all sizes. A very recent, and costly, example of this can be seen in the PPP fraud cases that are estimated to total around \$76 billion.

Keeping up with these bad actors is a grueling and often overwhelming task for community banks and credit unions. But as the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) emphasizes in their recent report summarizing nearly two years of Innovation Hours discussions with industry innovators, plenty of solutions currently exist for them.





The [Innovation Hours] Program has confirmed there are various solutions already available for many of the AML/CFT challenges that financial institutions face— particularly supporting compliance with existing funds transfer and recordkeeping requirements for convertible virtual currency exchangers and administrators or use of digital identity solutions for customer identification program (CIP) requirements.

—  
FinCEN Innovation Hours Report—March 2021

## Challenge 1: The fear to try something new

The challenge FinCEN found, however, is that financial institutions are often unaware that these solutions exist. And when they do discover the fintech partners who could help, there's lingering hesitations and fears of regulatory consequences that prevent many financial institutions from modernizing their approach. As the FinCEN report notes, "**concerns** among client financial institutions often revolved around how their federal or state examiners or their own internal or external auditors would react **to attempts to try something new.**"

In other words, it's now easier than ever for those financial institutions who've recently started down a path of digital growth to confidently move away from time-consuming manual

methods of identity verification in favor of more automation.

But in order for this to happen, they need to shift their mindsets around trying new things, and see partnering with fintechs as an opportunity to innovate at their own pace with vendors who have their best interest at heart.

Another major challenge that exists acutely at community-based financial institutions is **a fear that going digital will dilute their personal relationships with their community.** However as Alloy's Head of Product Parilee Wang reaffirmed, when the digital account opening experience is easy and frictionless, it can be a gateway to those more personal experiences:



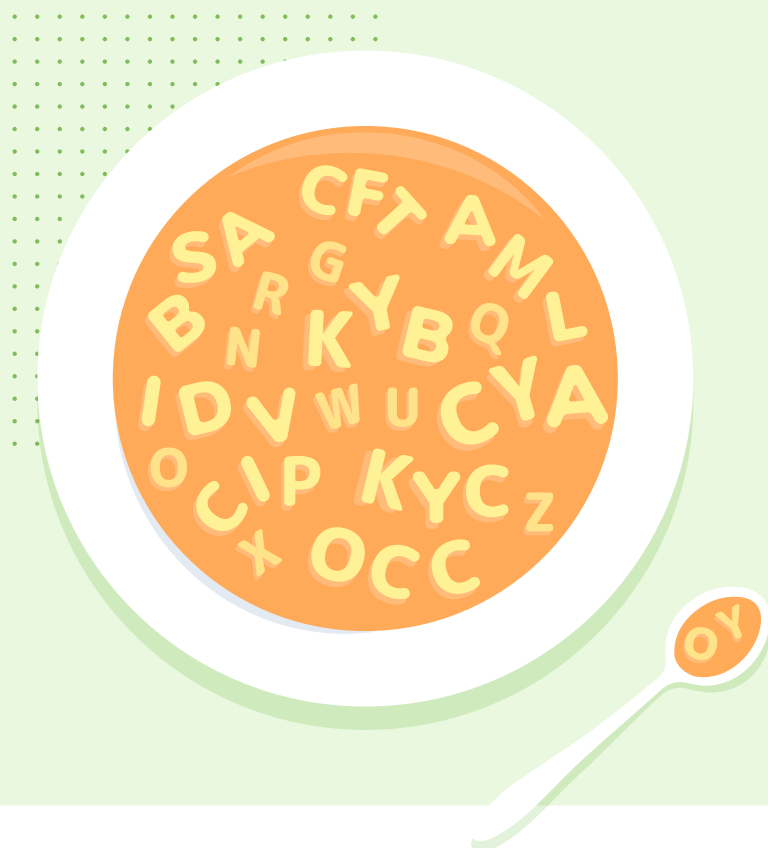
"How do you make it personal? I would say you have to know who they are, and that's a big piece of why you need identity well-solved in the mix. To create the same personal experience that you tout in person, you've got to really understand identity online and digitally so that you can be equally personal—albeit digital."

—  
Parilee Wang  
Head of Product | Alloy



## The acronym soup sowing confusion

Another factor that may contribute to the confusion around what's required to develop a modern program for identity and business verification is the abundance of related acronyms.



- BSA** Bank Secrecy Act
- AML** Anti-Money Laundering
- CFT** Combating the Funding of Terrorism
- KYC** Know Your Customers
- KYB** Know Your Businesses
- IDV** Identity Verification
- CIP** Customer Identification Program
- OCC** Office of the Comptroller of the Currency
- CYA** Cover Your A\*\*

### Challenge 2: More information than humans can process

The other challenge banks and credit unions face with identity decisioning is navigating the sheer volume and complexity of data needed to accurately verify someone digitally. As Socure Founder, President and CEO Johnny Ayers shared with us recently, in the fight against digital fraud it's not realistic to expect community financial institutions to have the internal infrastructure they would need to protect against every attack: "It's an interesting challenge because a lot of the community banks and credit unions just don't have the technology and analytics and operational teams to truly scale to be able to handle the complexity of every different type of attack that they're going to see. They don't have

the technology infrastructure to be able to make the complex decisions that have to be made over the entire life cycle."

A major vulnerability fraudsters like to take advantage of is being able to sneak through upfront identity controls with real, but stolen, personal data to open as many accounts as possible.

Safeguarding against this type of attack requires more than introducing friction at the start of the digital application process. It requires being able to understand a large amount of complex identity and behavioral data across many different networks to develop machine learning algorithms.



“It doesn’t matter if you have best in class upfront controls because they can just find another attack vector. And so I think what community based banks and credit unions need to think about is how do they go out and procure and acquire all of the necessary providers to be able to actually deliver on these things for them.”

—  
Johnny Ayers  
Founder, President and CEO | Socure

## Why there’s a need for a modern approach to Identity Verification

When fraudsters evolve, financial institutions have to as well.

As is evident in how the BSA has evolved and expanded over the years, fraud and illicit activity has become more sophisticated and harder to identify and track. Because of this, it’s important to constantly evolve to stay ahead of bad actors.

In particular, if we look at how the industry has evolved **over the last 4 years**, Johnny Ayers points out that there’s been a shift from legacy ops approaches, like the reliance on document-based verification, to a much more mathematical approach that **relies on much larger data sets**.



“Over the last four years [in identity decisioning] we’ve seen a shift away from traditional ops. Folks that were in law enforcement, as an example, move to people with mathematics and physics and hard science backgrounds that can utilize enormous data sets to build machine learning models to determine patterns of risk.”

—  
Johnny Ayers  
Founder, President and CEO | Socure

Along with this trend, Johnny notes that the industry is expanding beyond using credit data as the main source of identity. A big reason behind this shift is that credit data is vulnerable to attack and theft, not to mention that credit bureaus are legally allowed to sell this data. Other sources of ID verification are often necessary to ensure the header information is not being used fraudulently.

When this is the case, back-office teams are stuck with the onerous task of having to manually review additional documents provided by the applicant, like property tax records, utility records, and mobile provider data. While these documents do help establish a map of a person’s life and verifies who they claim to be, this process can easily be automated—lifting the burden of review from back-office teams.



## Digitally verify identities with more confidence

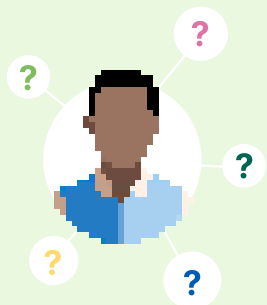
### Legacy Verification

**Provided:**

- SSN
- DOB
- Address

Low Confidence

Manual verification is required.



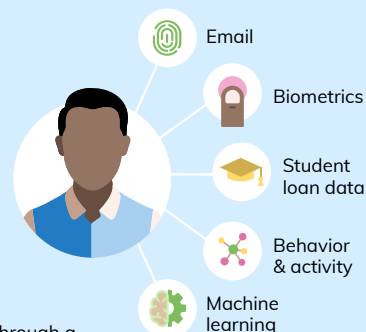
### Modern Verification

**Provided:**

- SSN
- DOB
- Address

High Confidence

Instantly verify identities through a network of personal & behavioral data.



## Getting your Fraud Prevention plan in place for digital

The reality is that fraud will never stop being an issue. There have always been bad actors, and there always will be, so financial institutions must be ready to continue evolving to keep their customers and members—and themselves—safe.



“We think about it as agility. Yes, you want to have the right foundation in place, and then you want to optimize for agility because the fraudsters will keep innovating. The attack vector of two years from now is not going to look like the attack vectors we have today, but that doesn’t mean that fraudsters won’t stay creative.”

—  
Parilee Wang  
Head of Product | Alloy

It might sound like a never ending battle, and in some ways it is. But, the good news is that for every new attack vector, there swiftly comes a new way of blocking it. That also means financial institutions must be open to embracing new ways of verifying and onboarding customers.

See next page what IDV improvements can be unlocked.





## What IDV improvements can fintech partners unlock for financial institutions?



### Spotting the bad actors faster

New technologies create the means to more accurately segment customers by risk, enabling lower-friction digital experiences (and higher satisfaction levels) for low-risk customers. Meaning, the easily verifiable applicants can sail through the process, providing more time for back-office teams to review more suspicious applicants.



### Guidance while making the switch

Fintech partners can help take a lot of the risky guesswork out of updating or implementing a new CIP for banks and credit unions. And since fintech vendors serve a wide variety of financial institutions, many are able to provide templates as a starting point and consult on a wide-array of compliance best practices. Ultimately, a good fintech partner can give teams the extra muscle they need to innovate while taking into consideration the unique challenges and quirks institutions may have.



### Being able to “future-proof” with agility

Being ready for evolution is a must in the digital world. With the right digital partners, new technology and fraud-fighting tactics can be integrated behind-the-scenes resulting in a no-code method of staying ahead of the curve.

Stable, regular, and incremental updates mean that your platform will stay consistently current. It also positions institutions to be able to handily adopt new protocols, practices, and technology as they emerge.



### Intelligent automations

Automating IDV opens up a vast universe of data that can help financial institutions make smarter, more accurate decisions. Banks and credit unions can tap into a vast network of data that goes beyond the standard credit information.

These data sets can be massive, though—too massive for a team whose time would be better spent helping customers and members in a personalized, human way. That’s where machine learning can come in. AI-driven models can take on these huge data sets for faster, more efficient decisioning, leaving only the edge cases to be assessed by human eyes.



## Following the paved path of automation

Placing trust in automated application review can be a big leap of faith when migrating from legacy paper-based processes to digital ones. We've found that by involving compliance and regulatory teams in the account opening process design from the very beginning, it's easier to create more internal confidence and ensure all concerns are being properly addressed. These teams can also point out needs and gaps before they become an issue and slow the process down.



**“It’s really about changing your mindset. Getting away from your legacy mindset about what an application process should look like, and really focusing more on what information do you need to make a good quality decision about an applicant while minimizing your risk, but also makes it quick and easy for them to apply. And I think it’s finding that balance that’s challenging.”**

—  
Tiffani Montez  
Senior Analyst | Aite Group



### Compliance conversation “ice-breakers”

Involving your internal compliance and risk management teams early in the process of redeveloping an identity verification program—especially when adopting new automations for digital growth—can save time and heartache for everyone involved. Not only can they help identify compliance gaps early, they can utilize their expertise to find workable solutions to difficult problems.

Use these conversation “ice-breaker” questions to deepen a partnership with your internal compliance and risk management teams:

- Are these digital application questions required to make a quality decision?
- Will asking these questions or introducing more friction reduce a significant amount of fraud risk?
- Can we ask these in one question?
- What technology can we utilize to get the same information while also reducing friction?
- What are the boxes we absolutely must check through this process?



## Taking the first steps on the path of automation

### What's required to drive automation?



**“You have to have algorithms that can work at a larger, faster, more efficient, more accurate scale than humans can. And in order to build those systems and determine which systems to procure, there has to be some analytical muscle.”**

Johnny Ayers  
Founder, President and CEO | Socure

When thinking about taking the first steps towards more automation, your financial institution should first identify the challenges trying to be solved through automation. For many we speak with, their main issue is identity decisioning in regards not only to filtering out fraudulent accounts, but also reducing time and friction to account opening and funding. A robust automation system can solve both of these issues.

However, despite how it sounds, automation isn't simply a switch to flip, but rather a process that should be woven into the existing protocol. That way, the transition is easier for staff and customers alike, and it can be tailored to meet a financial institution's specific needs.



During the process of adding in automation, it's also a good idea to still have a manual review process until you're fully comfortable with the new automation. This allows teams to ease into the new system, make tweaks, and build operational controls around the automation in a way that works for them.



## Identity Decisioning done the right way

Adding automation doesn't remove back-office teams from the equation—it gives them a better look under the hood.

Having greater transparency into how automated decisions are made provides more opportunities to see macro trends. Banks and credit unions can better monitor the impact of marketing campaigns, gauge the quality of applicants, and see fraud attempts being blocked in real-time. And with color-coded decision results, busy teams can stay informed of trends and literal red flags at a quick glance.



**“The color coding means we can see exactly what’s wrong and identify the issue. It takes the ‘oops’ out of automation.”**

—  
Theresa Hainsworth  
VP of Operations | Arrowhead Credit Union

## How Narmi Makes Your Life Easier When Decisioning Applicants

**John Dough** Under Review

Personal Confirmation

● Social security number match

● Phone number match

● Date of birth match

● Email address under review

● ID breach database flag

Location Confirmation

● IP address match

● Address under review

● Zipcode out of area





CHAPTER 04

# Solving the problem via better implementations & go-lives

# 04



## Why we're passionate about faster implementations & go-lives

### Intro from Larisa Hendrick, Director of Implementations at Narmi

We know tech implementations can be a headache for banks and credit unions; significant time and internal resources must be dedicated to managing project requirements, new software must be learned, and customer support teams must be mobilized.

And without a clear plan, projects can come off the rails and create costly delays. All this can leave institutions at risk of failing to meet commitments to stakeholders and customers and prevent them from seeing the expected benefits.

To address this common pain point felt across the banking industry head-on, Narmi uses a client onboarding tool that enables complete transparency on all project tasks and timelines—plus real-time updates, centralized communication, and automated task management. This means financial institutions are able to maintain confidence and trust with a clear and organized project plan. With this proven approach, it's been possible to develop a consistent, repeatable process for onboarding our customers.

And the result is that customer financial institutions can move faster than ever before, getting digital account opening live in as little as 90 days.

We've worked with a variety of institutions, including many that are new to digital account opening entirely. We understand it's a large shift away from traditional account opening, and moving into automation can leave many banks and credit unions with a sense of unease about risk and regulatory concerns. Narmi supports that transition in a holistic way by providing training on how the platform works, demystifying non-documentary CIP for KYC and KYB requirements, and highlighting the advantages of automation for operational teams.

Narmi's implementations and customer success teams are also highly knowledgeable and experienced in both finance and technology. Because of this, we provide a true partnership mentality for banks and credit unions, supporting them with comprehensive guidance and training throughout their implementation, and a dedicated team for continued support once their project is complete. Our customers also have access to insights from other institutions who've made the move to Narmi, ensuring that each new customer is set up with best practices to help them find success beginning on day one.

It's a real pleasure working with financial institutions to implement Narmi, especially when we can help them see significant growth alongside a decrease in the internal operational lift it takes to combat fraud. And by continuing to build upon the onboarding process through implementations, we're investing in the success of our current and future customers.



**“We provide a true partnership mentality for banks and credit unions, supporting them with comprehensive guidance and training throughout their implementation, and a dedicated team for continued support once their project is complete.”**

Larisa Hendrick  
Director of Implementations | Narmi



## 5-second summary

In this chapter you'll learn how prioritizing project management, communication, and partnership is key in quickly going live with best-in-class digital account opening. Plus, read about how Narmi brought two customers live, Arrowhead CU and Berkshire Bank, and how a smooth implementation process helped reduce fraud and improve conversion rates from the start.

# How we've made a 90 day go-live a reality for Digital Account Opening

Seamless, scalable, and repeatable: it's what everyone wants in an implementation experience, but it's often easier said than done. When considering partnering with an external vendor for an implementation, these qualities should be considered table stakes.

Every financial institution will come with nuances and variables specific to that bank or credit union. And while it's not possible to create a template for every possible scenario, a fintech vendor that prioritizes project management and efficiency throughout the implementation process will be able to navigate obstacles by planning for the unknown. And with each new go-live, vendors should be able to learn from the experience and understand how to apply those learnings to the next implementation.

Through this process, Narmi has developed a proven and repeatable formula for implementing digital account opening, enabling us to help customers start seeing results in as little as 90 days. We saw firsthand proof of this when working with Arrowhead, a credit union based in Rancho Cucamonga, California. Narmi Implementation Project Manager Teresa Herman explains that, "because we were able to show them we had a system in place and were confident in that system, the people at Arrowhead were able to feel similarly confident and were excited to learn more and be receptive to the process."

Narmi's engineers also keep abreast of the risk variables that can impede the process, including the financial institution's core, any technical requirements specific to institution, and any complexities from their unique product offerings. That's why they run a battery of test scripts to see how different scenarios play out, and where potential pain points might be lurking.



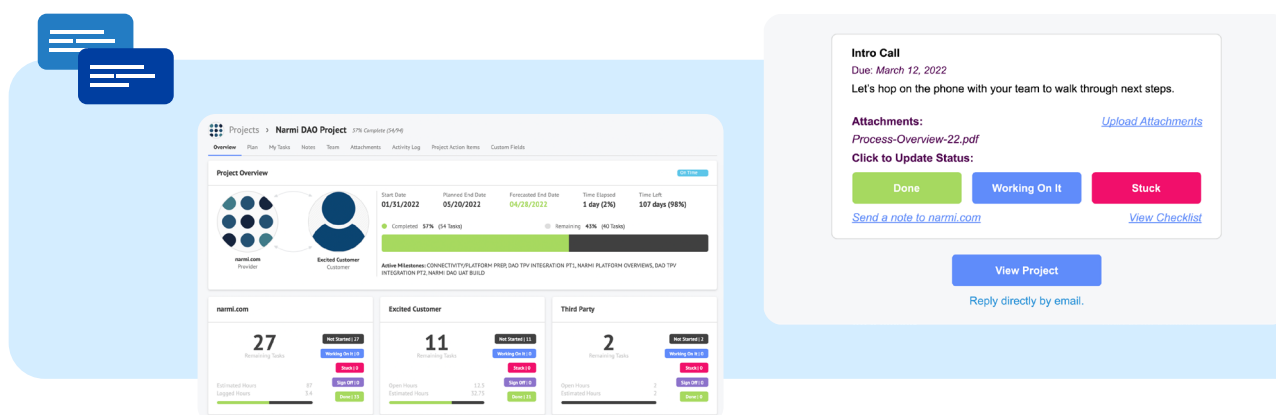


## Setting banks and credit unions up for success

A client onboarding platform is a powerful way to facilitate transparency and communication for project tasks and timelines. Staying organized and up-to-speed on the progress being made on the project plan is made easier with real-time updates, centralized communication, and automated task management.

Additionally, it can help customers create new working protocols as they move from familiar legacy systems to new ones—eliminating unnecessary confusion, wasted time, and stress. We consider a tool like GuideCX as our single source of truth throughout implementations.

Prior to implementing a client onboarding platform, Narmi found that most financial institutions struggled with streamlining and organizing their internal project processes.



Legacy systems and lack of a consistent approach led to redundancies and gaps, as well as project bottlenecks causing staff to feel overwhelmed. There was also an inability to understand the entire project lifecycle end to end, with lack of clarity on what was coming next and when key milestones were expected.

As a result, every team suffered and important customer needs went unfulfilled. By prioritizing the client onboarding experience, Narmi enables implementation teams to arrange project outlines and to-do lists, leave notes, assign tasks, and collaborate in an orderly and seamless way. And with the addition of time tracking within our onboarding platform, leaders gain insight into project and team efficiencies and more transparency into overall project health.

This approach to implementations is also a way to give customers a seat at the table and establish an ongoing collaborative relationship. At the start of each implementation customers are invited to our client onboarding platform and assigned tasks—providing clear expectations of roles and responsibilities while giving our customers agency to get started on their own time. They can see everything they need to know about projects, from the due dates to the details, and also see the overall progress being made.

And while learning a new platform can be daunting, GuideCX is proving to be the opposite for Narmi's customers. That's partially thanks to our "Welcome to Narmi" onboarding task that organizes key stakeholders while also introducing



the platform and collaborative approach. Automating these “getting started” tasks frees up more time to work with customers to provide ongoing training, check-ins with customer success teams to review and benchmark performance, and stay up-to-date with a library of resources.

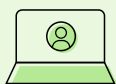
Overall, it’s an extremely user-friendly, fullyautomated approach that provides a centralized hub for communication, and eliminates the time-consuming issues that all too often accompany implementation projects.



**“No one group can run it all. It has to be an integrated strategy across the entire bank. I think one piece of critical advice is that you have to set up goals for each group and goals on the totality of the success of the project as a whole. It takes a village.”**

—  
Sean Gray  
President & Chief Operating Officer | Berkshire Bank

## Additional tools to help your team



### Ongoing training & support

We offer regular training and support sessions with your team to streamline operations.



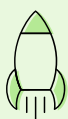
### Ability to try and test

We offer A/B testing of our decisioning criteria so you can identify a workflow that works best for you.



### KYC/AML guidance

We provide you with guidance on KYC/AML and what we’ve seen across our customer base.



### Always current

We will work with you to stay up-to-date with any regulatory compliance changes.



## Defining success through implementations

Success for a financial institution means efficiency, convenience, and safety—all at the same time. Being able to open an account in just 2 minutes and 13 seconds shouldn't mean that security measures are sacrificed, and with Narmi, it doesn't. Banks and credit unions can easily spot and root out fraud in real-time while allowing legitimate applications to sail through the process unencumbered.

Success also looks like reinvigorated relationships between the financial institution and the community. With the more tedious and time-consuming tasks automated, people can spend their time establishing a personal connection with their banker.

Narmi customers, Berkshire Bank and Arrowhead Credit Union, both found that customer engagements soared after implementing Narmi DAO—creating more opportunities for growth and freeing time to tackle more advanced issues.

“Our staff really do look forward to interacting with our customers on a personal level or adding value and helping them reach their financial goals,” Sean Gray says. “We found by repurposing our staff and leveraging the streamlined, best-in-class offering, that staff could create additional opportunities.” Similarly, Theresa Hainsworth, VP of Operations at Arrowhead, says, “We want to be financial partners for our members, and we want to help you, whether you're in your jammies at 2am or standing on a line somewhere.”

See next page for real-life stories from Narmi customers.





Here are some real-life stories from Narmi customers who saw their customer engagement increase while fraud rates shrunk.



**Location:**  
Southern California

**Asset Size:**  
\$2.2B

**Narmi Products:**  
Digital Account Opening

## Arrowhead Credit Union

**Arrowhead**  
credit union

Arrowhead Credit Union, located in southern California, needed to replace their underperforming legacy digital account opening experience. Knowing their legacy provider would soon be “sunsetting” their current onboarding platform, Arrowhead worked with Narmi to overhaul the way new members could enroll digitally. And with Narmi’s proven and repeatable approach to integrations, Arrowhead successfully completed the conversion a full month ahead of their original deadline.



**“The whole credit union came together, not just one or two departments. Teamwork really made the dream work.”**

Theresa Hainsworth  
VP of Operations | Arrowhead Credit Union



### Beating fraud in real-time

Fraudsters are great innovators: constantly evolving tactics to exploit weaknesses they discover at financial institutions. Going up against this threat can be daunting, and to combat it Arrowhead had been relying on laborious and error-filled manual reviews. And when fraudulent accounts inevitably slipped through, identifying and catching the bad actors was a time-consuming investigative process.

Arrowhead Credit Union needed a digital account opening program that would allow it to grow membership while dramatically improving its ability to block fraud attempts and spot where the threats were coming from.

Automating the application review process resulted in a faster, more efficient experience for new members, and the Arrowhead CU staff. It also started blocking fraud right from the beginning. Before, the back office was limited in what they could cross-reference, but switching to auto-decisioning allows them to access far more criteria so nothing goes undetected. In one early instance, 6 separate applications that appeared valid were flagged because they all shared the same IP address. That’s insight they would never have had before, and now can see in real-time to identify suspicious activity, and shut the door on fraud.

The process was so efficient and impressive to the Arrowhead team that Theresa remembers the staff almost being alarmed: “They kept asking, ‘Is that it? Really?’ And it really was!” And within a few days of learning to trust the process, the whole Arrowhead team was delighted at the time, money, and energy saved. “It’s saved us tenfold. It almost makes me giddy,” she says, “Our past solution would have seen 4 cases of identity theft in 2 months, and now we’ve seen none.”



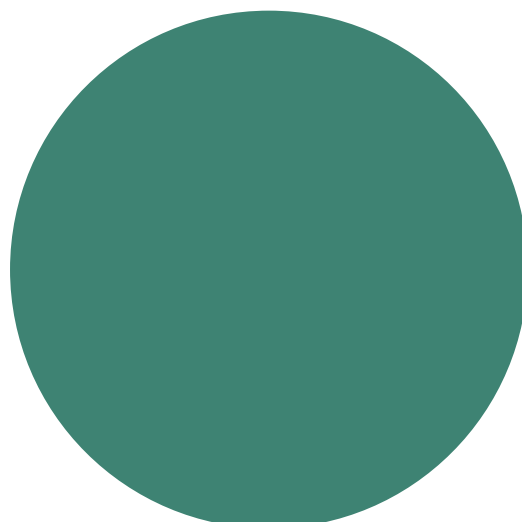
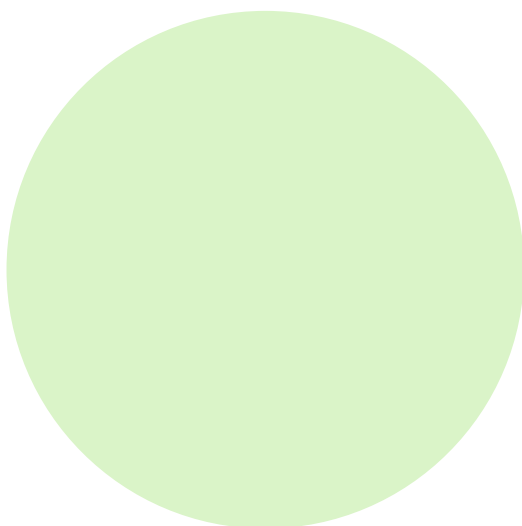
### A platform that represents Arrowhead

Arrowhead's legacy solution was outdated and overly complex, something that didn't represent their brand. "It felt like a DMV form," recalls VP of Marketing Chris Anderson.

The online experience, which lacked a mobile option, was something the Arrowhead team didn't feel confident marketing and directing potential members to. In addition, the lack of a usable online option meant Arrowhead still needed to rely on physical branch locations to grow membership, severely curtailing its reach for new members.

Once fully integrated, Narmi's platform brought an immediate change. An upward swing in the rate of opened and completed accounts gave Arrowhead proof that new members found the process much more inviting and enjoyable. What's more, the mobile option combined with the auto-complete feature on many mobile devices allowed users to open, fund, and engage with their accounts in significantly shorter times.

The speed and efficiency gains from digital account opening are helping Arrowhead evolve and embrace the next chapter of their digital growth—with a digital experience that better matches their brand identity and is secure and robust enough to scale up.







**Location:**  
Boston, MA

**Asset Size:**  
\$11.9B

**Narmi Products:**  
Digital Account Opening

## Berkshire Bank



Berkshire Bank was struggling with high fraud rates and poor conversion, and needed a way to get new applicants in the door while also maintaining a high safety standard for all.



**“Narmi’s digital-first and innovative account opening experience drives organic growth in new accounts while delivering a best-in-class customer and staff user experience.”**

—  
Sean Gray  
President & Chief Operating Officer | Berkshire Bank



### Secure and smooth identity decisioning

Berkshire saw that more than half the accounts opened online were fraudulent, and the vetting process was an arduous manual one that ate up a lot of time for customers and back office employees alike. If they were going to boost online applications, Berkshire Bank would also need a robust automated IDV system.

Narmi was able to provide Berkshire Bank with a toolkit that made them completely confident in automated identity decisioning. Not only did it slash fraud rate from **55% to less than 1%**, but it helped qualified applicants get through faster while also alleviating stress from the back office. Without the need to manually review every applicant, Berkshire Bank’s employees could turn their focus to even more innovation for their customers and community.



### Conversion rates of prospective applicants

Due to a lengthy, clunky legacy platform, prospective applicants were taking their business elsewhere, discouraged at the time and inconvenience of the process. “Customers and clients need and want a simplified, incredible experience when they’re opening an account. They don’t want to dread the process,” Sean Gray explains. What’s more, only about half of new accounts were ever funded thanks to an outdated system.



**“If we can create a user-friendly, simplified experience with all of the appropriate digital tools, we community banks can continue to compete on the quality of our people, the quality of our service, and really sustain independence. But we have to reshape how we think about risk: it’s the risk of doing nothing versus the risk of growth in digital transformation.**

**Narmi’s frictionless account opening, which included an intuitive funding flow, saw an immediate increase in conversion and boosted account funding by 100% thanks to completing the account opening process and getting applicants on the core in just 2 minutes and 13 seconds. The key was automation of the review, verification, and approval processes.”**

—  
Sean Gray  
President & Chief Operating Officer | Berkshire Bank



Learn more about Digital Account Opening from Narmi at [www.narmi.com](http://www.narmi.com).

## About Narmi

Narmi is how community financial institutions unlock the very latest capabilities in digital banking and account opening—so they can move faster, tap new growth opportunities, and be where banking is going.

Changes in consumer expectations are outpacing most digital banking platforms. And their complacency comes at a big cost to you, as this legacy tech slows your growth. To be where banking is going, financial institutions need to offer an experience that is always effortless, always current, and always dependable. Narmi finally makes this doable. That's why Narmi customers are seeing results like 3X account growth in less than 30 days, 4X deposits growth in 90 days, and 100% on-time, seamless implementations. And it's helping them win awards like Bankrate's 2020 Best Online Bank and Nerdwallet's Best Bank of 2021 for Online Experience.

## About the authors

**Ryan Donaldson** has led content marketing at Narmi since 2020, and is passionate about demystifying digital banking innovations and creating valuable resources today's banking leaders need.

**Laura Caseley** is a content writer for Narmi where she contributes well-researched articles and empowering customer stories for Narmi's Insights Blog.

## Dedications

A very special thank you to all of our quoted industry experts: Ron Shevlin, Kirk Wycoff, Tiffani Montez, Sean Gray, Laura Spiekerman, Stephen Gates, Jill Castilla, Theresa Hainsworth, Parilee Wang, Johnny Ayers, and Chris Anderson.

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