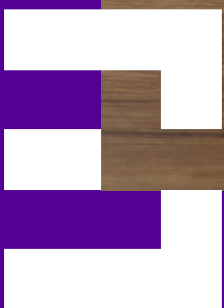


# Ongoing Onboarding: The Antidote for Disengaged, Unprofitable Customers



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## Foreword

This report, sponsored by Digital Onboarding, Inc., maps out how banks and credit unions can use digital channels to provide best-in-class onboarding that leads to profitable primary financial institution relationships. The report was independently produced by Javelin Strategy & Research. Javelin maintains independence in data collection, findings, and analysis.

## Overview

In a simpler time, traditional onboarding relied on an outreach campaign in the first few weeks after a customer opened a new account—online banking enrollment, a debit card PIN, and a welcome email. That sort of old-school onboarding isn't going to cut it anymore in a mobile-first era when customers are comfortable spreading their financial lives across multiple banks, credit unions, and tech companies. Best-in-class onboarding requires an ongoing effort to enroll customers in engagement-building digital services and ultimately maximize status as the primary financial institution (PFI).

Distilling more than 50 digital banking habits among U.S. consumers into a single indicator of their engagement level, Javelin's Digital Engagement Index paints a detailed picture of the digital activities that ultimately determine which institution wins PFI status, where consumers turn for additional financial products, which card wins top-of-wallet and top-of-phone status, and other key indicators of a profitable relationship. Best-in-class onboarding is no longer simple and straightforward. Today, Javelin's seven-step model for successful ongoing onboarding drives PFI status by prioritizing objectives that matter to Fully Engaged customers and an FI's bottom line.

# The Challenge: Turning Account Openers into Profitable Relationships

Many banks and credit unions struggle to expand deposit- and loan-only relationships. Although they succeed at acquiring more accounts, many of those customers don't fully engage with all the features an FI offers, and many turn to neobanks and other institutions when additional financial needs arise. What's going on?

In the race to roll out digital account opening, banks and credit unions have poured resources into accelerating and streamlining the journey from "apply now" to "funds accepted." Applicants now expect to complete a checking account application in a single five- to 10-minute session. But in their haste to usher new customers to the finish line, many financial institutions fail to plan beyond the initial transaction.

What happens immediately after accounts are opened? Only a few years ago, the traditional onboarding checklist focused on sending a welcome email, making a phone call, establishing a debit card PIN, and enrolling new customers in digital banking, thus leaving people on their own to discover the potential breadth of their new banking relationship. That strategy won't cut it anymore—certainly not in a mobile-first era when apps and digital banking are packed with features designed to deepen banking relationships.

## Onboarding **THEN & NOW**

There was a simpler time when onboarding to win primary-FI status relied on a narrow, traditional marketing outreach campaign in the first months after a customer opened a new account.

### THE THREE PRIMARY MILESTONES

- 1** Switch the direct deposit

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- 2** Enroll customers in online banking

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- 3** Establish a debit PIN

Source: Javelin Strategy & Research, 2024

It's more complicated in the mobile-first era, simply because customers have far more digital options. Today, best-in-class onboarding must continually reinforce the value of the go-to digital banking relationship.

### TODAY'S ONBOARDING CHECKLIST

<input checked="" type="checkbox"/> Switch the direct deposit	<input checked="" type="checkbox"/> Engage personal finance features	<input checked="" type="checkbox"/> Switch over bill pay
<input checked="" type="checkbox"/> Dominate the digital wallet	<input checked="" type="checkbox"/> Switch over subscriptions	<input checked="" type="checkbox"/> Win pole position for P2P
<input checked="" type="checkbox"/> Deepen digital habits	<input checked="" type="checkbox"/> Position FI as a financial partner	<input checked="" type="checkbox"/> Cross-sell credit card
<input checked="" type="checkbox"/> Aggregate external accounts	<input checked="" type="checkbox"/> Participate in rewards programs	<input checked="" type="checkbox"/> Fire up alerts and notifications

Optimizing the new customer or member onboarding process is the next frontier in building profitable primary financial institution (PFI) relationships. After the initial excitement of a swift account opening fades, it's the journey that unfolds next—ongoing onboarding—that truly sets the stage for establishing deep customer relationships. This continuous engagement process must extend far beyond mere account setup, which too often results in new customers falling into inactivity and silent attrition.

Best-in-class onboarding involves an ongoing process that's not just about earning PFI status—it's about maximizing it. It leverages a tailored digital experience to elevate customers to the ranks of the Fully Engaged, which promises a multidimensional financial boon. Digital engagement drives PFI status, which drives profitability.

Notably, customers who are Fully Engaged digitally:

- Hold an **average of 3.5 financial products** at their PFI, which is **40% higher** than those who remain digitally Inactive.

---

- Swipe their PFI's debit card at **more than twice the rate** of digitally Inactive customers.

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- **Direct deposit their paycheck** at their PFI at a rate of **87%**.

---

- Demonstrate a **stronger propensity to recommend** their PFI to friends and family.

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- Maintain a portfolio of valuable financial products at significantly higher rates than their less-engaged counterparts, including **credit cards (54% higher), mortgages (165%), auto loans (229%), and HELOCs (119%)**.

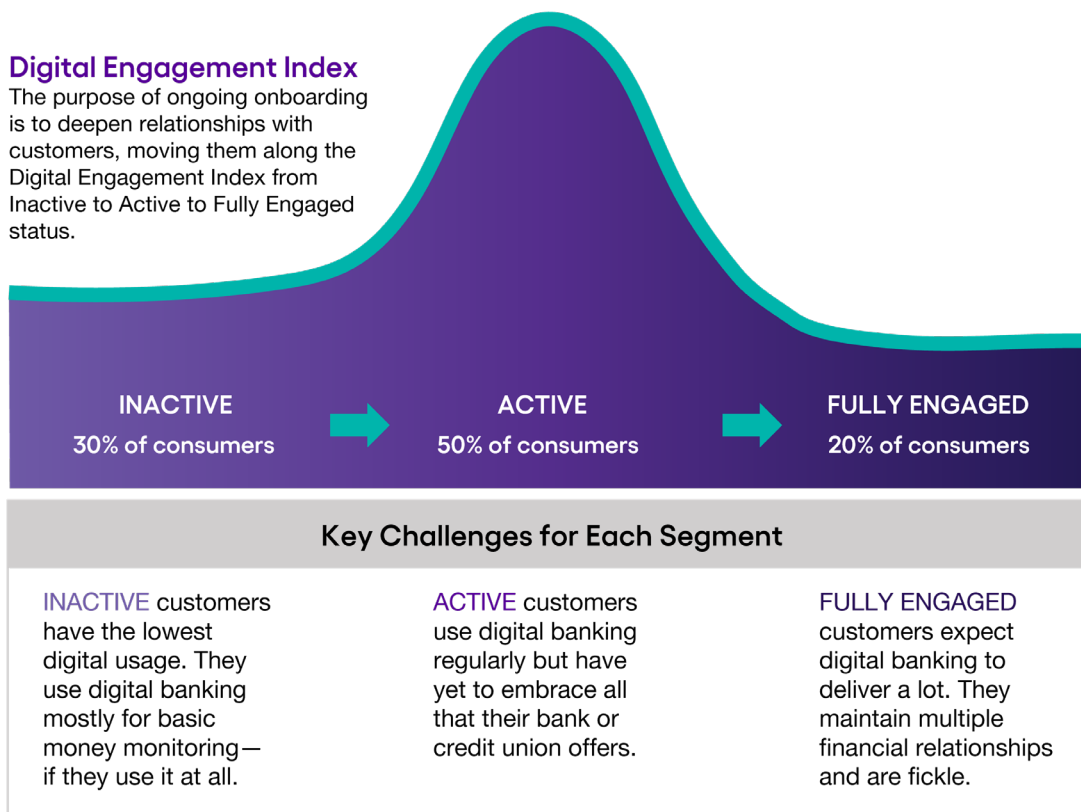
These insights into the connection between digital engagement and profitability are derived from Javelin's newly unveiled Digital Engagement Index, which distills more than 50 digital banking habits among U.S. consumers into a single indicator of their engagement level.

The index paints a detailed picture of the digital activities that ultimately determine which institution wins PFI status, where consumers turn for additional financial products, which card wins top-of-wallet and top-of-phone status, and other key indicators of a profitable relationship.

Javelin's Digital Engagement Index classifies Fully Engaged customers as those residing in the top 20% of digital usage. They are incredibly valuable to banks and credit unions, but they also present a challenge because of their propensity to maintain multiple banking relationships and their fluid loyalty.

On the other end of the spectrum, Inactive consumers reside in the bottom 30% of digital usage, using online and mobile banking for basic money monitoring tasks, if they log in at all.

The middle 50% are considered Active. They show signs of regular online and mobile banking usage but have yet to fully embrace their primary FI's spectrum of digital services. (For details, see the *Methodology* section on page 15.)



Source: Javelin Strategy & Research, 2024

This segmentation—Fully Engaged, Active, and Inactive—not only pinpoints the impact of digital engagement on PFI status and profitability but also reveals that the table stakes for onboarding have risen considerably.

When digital account opening was in its infancy, merely enrolling applicants in online and mobile banking was considered a meaningful step toward building digital relationships. Today, fostering digital engagement extends far beyond establishing digital access.

True digital engagement encompasses a wide array of services, such as:

- Switching direct deposits
- Transferring payment card information at retailers and recurring billers
- P2P payments
- Personal finance management features
- Chatbot interactions
- Mobile deposit capabilities
- Participation in rewards programs
- Confidence in digital customer service
- Account aggregation
- External transfers
- Alerts

Ultimately, successful onboarding requires a level of personalization that is largely unheard of in traditional processes.

Just as important, onboarding isn't a temporary initial phase; it requires constant management and vigilance to develop Fully Engaged relationships.

This concept of ongoing onboarding is a critical strategy for FIs aiming not only to attract customers but also to retain and deepen existing customer relationships. Instead of offering a brief, impersonal process in a few hurried minutes after account funding, best-in-class onboarding takes customers on a personalized journey that unfolds over time, continually exposing relevant features and tailored content that resonates with each customer's particular financial needs and preferences.

Conventional welcome kits, phone calls, mailers, and emails in the weeks after account opening are no longer sufficient. When done right, ongoing onboarding maximizes the impact by continuously targeting customers with data-driven, timely, and targeted insights delivered with every log in, at relevant moments, and across digital and offline channels.

Best-in-class onboarding aims to prioritize seven objectives that matter to Fully Engaged customers—and an FI's bottom line:

1. Capture paychecks from the start by expediting direct deposit switching.
2. Incentivize customers to update stored card information across major merchants.
3. Initiate conversations through alerts and push notifications.
4. Deepen digital habits to expand the foundation for engagement.
5. Win pole position for bank P2P.
6. Dominate the digital wallet.
7. Position the FI as a financial hub and long-term partner in the customer's financial success.

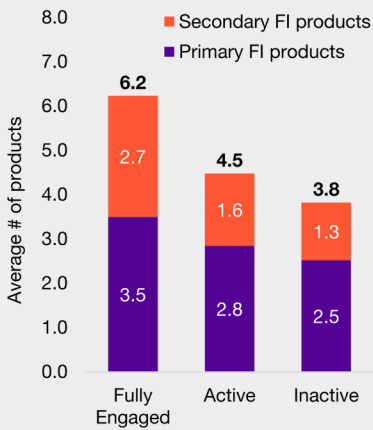
By embracing these strategies, FIs stand to transform Inactive customers into Active digital banking users and elevate Active customers to the level of Fully Engaged partners in the relationship. This evolution from mere transactional interactions to deep, meaningful digital engagement is essential for unlocking greater product adoption, higher customer satisfaction rates, and, ultimately, a substantial increase in long-term profitability.



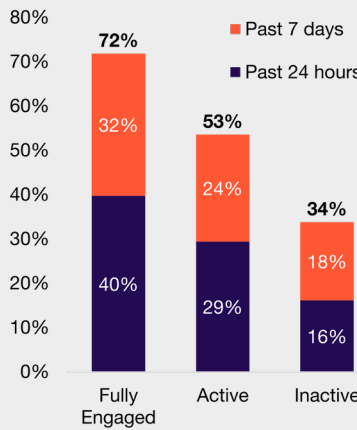
# ONGOING ONBOARDING SETS THE HOOK WITH HIGH-VALUE CUSTOMERS

Although a swift account-opening process opens the door, it does not guarantee that new relationships won't go fallow or remain transactional. Ongoing onboarding is the key to unlocking deeper activity, more satisfying relationships, and greater profitability—especially with prized Fully Engaged customers.

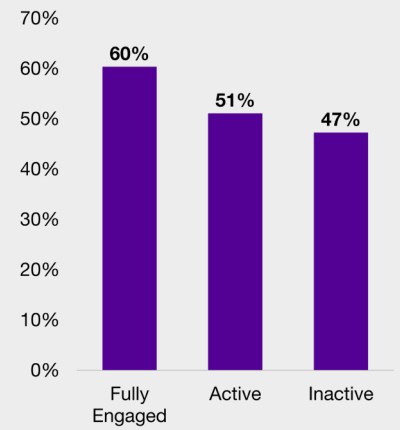
## Fully Engaged Customers Are Prized Because...



**They own more financial products at their primary FI.**  
Successful FIs stand to win a bigger share of a bigger pie.



**They swipe their primary FI's debit card more frequently.**  
Opportunities for interchange grow when customers reach for your card first.

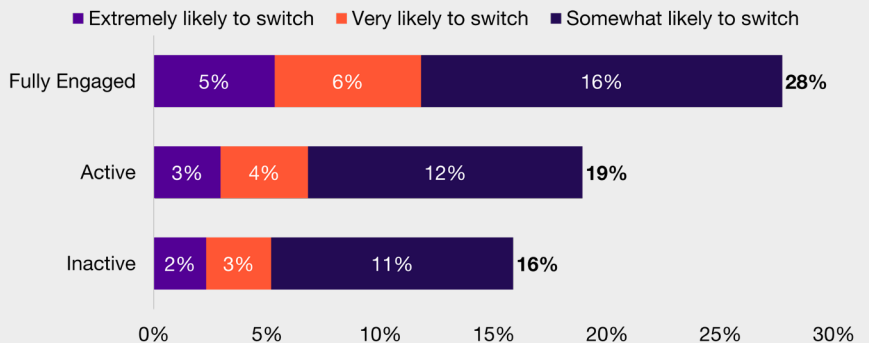


**They are more likely to recommend their primary FI.**  
Satisfying these customers leads to positive word of mouth.

## But Retaining Them Is the Big Challenge

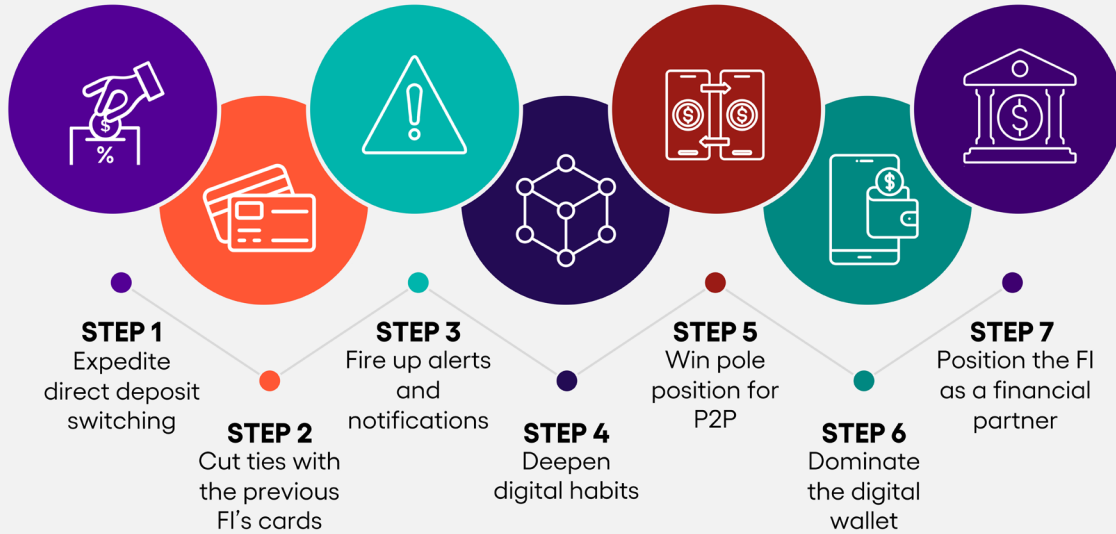
### Fully Engaged customers are demanding and fickle.

They have relationships with more FIs than less active customers—and more than 1 in 4 warn that they are risk of switching to a new primary bank or credit union.





# The New 7-Step Model for Successful Ongoing Onboarding



Source: Javelin Strategy & Research, 2024

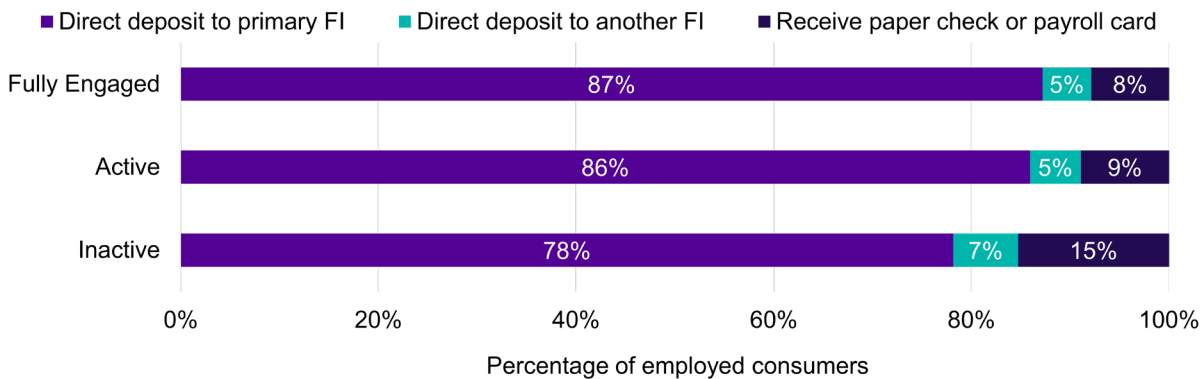
## 1. CAPTURE PAYCHECKS FROM THE START BY EXPEDITING DIRECT DEPOSIT SWITCHING

Even when consumers switch to a new FI, many fail to shift where their paycheck lands. This is a tremendous lost opportunity for the new bank or credit union. Direct deposit is one of the most important indicators of primary FI status, as well as long-term deposit and relationship stickiness. Among paycheck recipients who were Fully Engaged, 87% received their direct deposit at the primary FI, compared with 86% of Active consumers and 78% of Inactives (see Figure 1).

### Digital Engagement Translates to Direct Deposits

Figure 1. Direct Deposit Behavior

Transitioning direct deposit can pose a significant hurdle because it requires applicants to log into an employer payroll



Source: Javelin Strategy & Research, 2024

site or to submit physical paperwork to their employers. For the former case, the key is to enable digital banking customers to link to payroll sites of large employers and to shepherd them through the process expeditiously. For the latter paper-based process, many FIs offer only a blank PDF form and expect customers to take the initiative to switch. The key to direct deposit success is to provide clear step-by-step guidance or short tutorial videos as part of the post-application or ongoing onboarding flow, and to ensure that customers have ready access to their account/member number, the new FI's address, and its routing number.

Additionally, institutions should give customers incentives to switch their direct deposit. These can come in the form of a one-time cash payment after a certain time period, discounts on account rates and fees, better pricing on credit cards or loans, and any number of other relationship- or product-based financial incentives. A newer product incentive is early wage access. Many neobanks, and now traditional FIs, offer early wage access to attract young customers and provide an alternative to unsound financial products such as payday loans when customers need extra cash before their paycheck lands. During onboarding, FIs can position early wage access not only as a relationship-building benefit but also as a reason to transfer direct deposits to the new FI.

Finally, institutions should encourage customers to use direct deposit as an automatic savings tool. By encouraging customers to allocate a portion of their paycheck directly into savings accounts—the powerful “pay yourself first” financial principle—FIs can demonstrate their commitment to supporting their customers' long-term financial health. This approach simplifies the act of saving, turning it into a set-it-and-forget-it habit, and aligns with customers' interests by helping them build a sustainable financial foundation from the outset of their careers. Moreover, direct deposit as a savings tool allows consumers to adjust their savings rate automatically with salary increases and bonuses, or when they feel financially secure to save more. Once established, this habit can lead to more sophisticated financial behaviors with FIs, including investing.

## 2. INCENTIVIZE NEW CUSTOMERS TO UPDATE STORED CARD INFORMATION ACROSS MAJOR MERCHANTS

In the pivotal window after a checking account is opened, debit card issuance offers a chance to capture interchange revenue from major merchants where consumers frequently spend. With proactive nudges and digital tools that remove friction, FIs can win share of wallet by motivating new accountholders to cut ties with the previous FI by substituting the new FI's card details across their numerous retailers and billers.

Winning top-of-wallet status requires a blend of education, technology, and incentives.

- **Leverage educational materials** within the onboarding flow to guide customers through the process of updating their payment information across major retailer and biller websites.
- **Minimize effort** by linking directly to a merchant's payment settings, providing a tool or checklist that tracks which merchants have been updated, and adding a layer of gamification and progress tracking.
- **Offer tangible incentives** such as cashback rewards for each merchant update completed within an introductory timeframe.

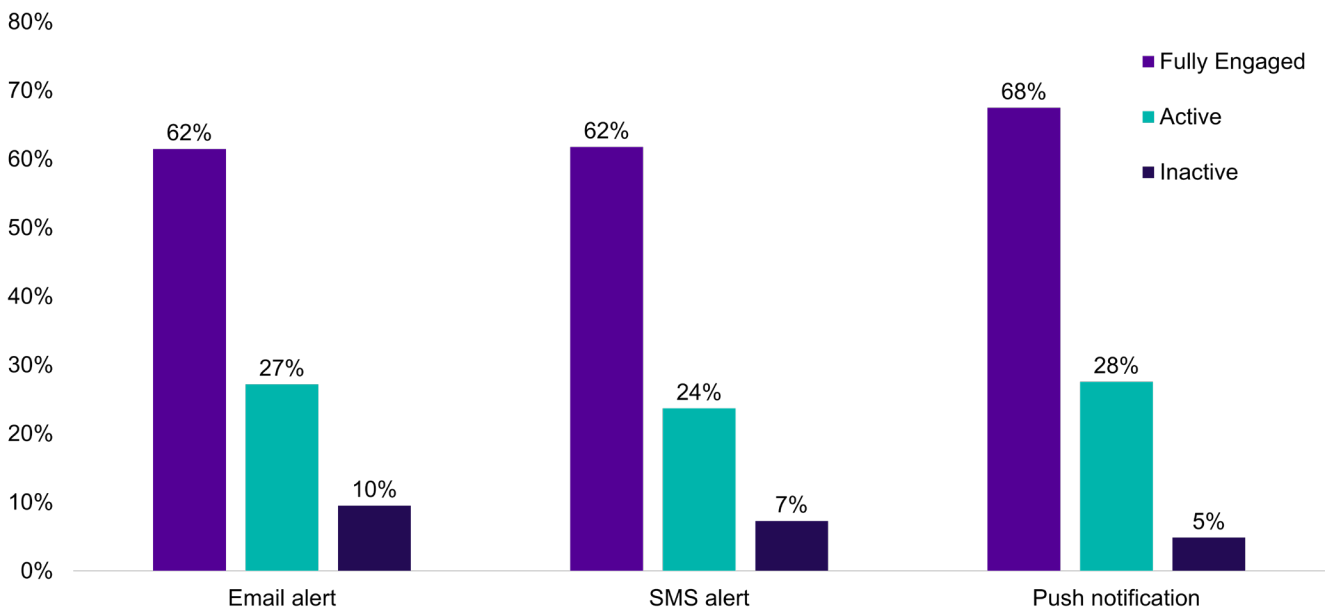
The ultimate goal is to remove as much friction as possible from the updating process while making it rewarding for the customer. By doing so, FIs boost their interchange revenue and lay the groundwork for a stickier relationship by positioning their card at the top of the customer wallet.

## 3. INITIATE CONVERSATIONS WITH ALERTS AND PUSH NOTIFICATIONS

Alerts and notifications play crucial roles in actively engaging customers: More than 60% of Fully Engaged customers recall having received an email, SMS text message, or push alert in the past 30 days from their primary FI, compared with roughly 25% of Active customers and 5% to 10% of Inactives (see Figure 2). The upshot: Fully Engaged customers watch their finances much more closely, and that attention opens the door for FIs to initiate conversations rather than serving customers reactively.

**Fully Engaged Customers Enroll in Alerts at Far Higher Rates**

Figure 2. Alerts Adoption at the Primary FI, Past 30 Days



Source: Javelin Strategy & Research, 2024.

One onboarding hurdle is that the adoption of account alerts often depends on how effective FIs are at persuading customers to share contact information for email and SMS text message alerts and to grant smartphone permissions for the FI to send push notifications. This creates a crucial need to effectively communicate the value of alerts during account setup or the initial app login. FIs traditionally have used alerts to provide real-time updates on account activity, fraud alerts, and balance notifications. Although those remain important messages, the next frontier is to initiate a growing range of conversations with Fully Engaged customers about financial fitness, linking to insights on spending, saving, and debt.

To simplify the enrollment process, offer preset topical bundles of alerts that cover customers’ most common concerns and interests, allowing for an easy opt-in experience. Bundles might include overarching topics such as account security, bills, spending insights, and credit scores. Additionally, educate customers on how alerts can serve as a tool for better financial management, help avoid overdraft fees, monitor for fraudulent activity, and keep track of spending.

**4. DEEPEN DIGITAL HABITS TO EXPAND THE FOUNDATION OF ENGAGEMENT**

The limited engagement of the Active segment offers proof that FIs will struggle to deepen digital relationships if

customers perceive that digital banking is mostly just a convenient way to monitor balances and move money safely. Changing that perception—and increasing customers' reliance on their bank or credit union—requires showcasing the availability and value of additional features such as bill pay, mobile deposit, automatic loan payments, and electronic statements.

For Fully Engaged customers, the integration of these digital habits into their daily lives is a baseline expectation. They are more motivated to hunt for the features and capabilities they desire. But the bigger onboarding opportunity lies in showcasing these valuable features to less engaged customers, with the potential to transition users from Inactive to Active and Active to Fully Engaged.

The transition from paper to digital, from manual to automated, represents more than just a convenience. It's about embedding the FI in the customer's daily financial management. That transition begins by boosting the adoption of transactional tools that build the foundation for a holistic view of the customer's finances. Bill pay, often seen as a commoditized digital service, triggers steady, repeated digital engagement, provides customers with greater oversight and control, and sets the stage for FIs to expand the conversation to Zelle, financial fitness, and related features. Mobile deposit and automated loan repayments can transcend mere transactional convenience by providing insights into spending, paying off debt, and building borrowing power. Similarly, electronic statements not only reduce clutter and save customers time and money but also provide immediate access to financial information to enable better tracking and management of personal finances.

Adoption of each of these transactional tools remains a pervasive challenge for FIs. To overcome it:

- **Employ a multifaceted approach** that incorporates digital nudges and financial incentives.
- **Provide digital tours** within the banking app to introduce customers to a suite of tools that will save them time and allow for a single consolidated view of their finances.
- **Target nudges** via email or in-app alerts to emphasize the value proposition of each feature individually and together as a way to simplify financial management.
- **Provide financial incentives** such as fee waivers, better rates on loans and cards, and rewards to motivate accountholders to adopt digital habits. For customers who came to the FI initially through a credit product, integrate financial incentives for electronic statements and automatic payment enrollment directly at the point of loan disbursement or account opening.

## 5. WIN POLE POSITION FOR BANK P2P

The popularity of third-party P2P services such as Venmo and Cash App offers evidence that consumers have rising expectations that money can and should move instantly—including at their bank or credit union. This makes it an onboarding priority to demonstrate why bank P2P offerings such as Zelle are superior to third-party alternatives. This is especially true for FIs that seek to engage younger consumers, who currently prefer third-party platforms when they send money to friends and family. The key for FIs is to highlight the unique benefits of bank P2P, starting with real-time transfer capabilities that don't require an additional withdrawal step, as well as tight integration that makes it easier to manage cash flow and track spending.

Enhance the value of bank P2P by offering features such as categorization of P2P transactions for budgeting purposes and by tightening the integration between the P2P and checking account ledgers. Selling these benefits will likely not occur during the initial post-application onboarding but rather as part a longer-term campaign within digital

banking to encourage more frequent usage of bank P2P.

One critical challenge during initial onboarding is to transition new customers away from their previous FIs by shifting their Zelle profile. For the vast majority of Zelle users who switch FIs, that means providing FAQs and customer support to transfer the profile to the new account smoothly. Proactively communicate during the onboarding process to assure customers that switching their P2P service will be hassle-free and will not disrupt their payment habits. This is especially critical for customers who use Zelle or other P2P services to pay rent or other bills.

## 6. DOMINATE THE DIGITAL WALLET

Winning share of wallet often begins by winning share of mind. To ensure their card is not only top-of-wallet but also top-of-phone, FIs must actively encourage customers to add their new debit and credit cards to popular mobile wallets such as Apple Pay, Google Pay, Samsung Pay, Walmart Pay, and PayPal.

During initial onboarding, provide a comprehensive checklist or guide that highlights mobile wallets that are compatible with their bank cards. Detail the step-by-step process of adding a card to each mobile wallet and underscore the benefits of features such as contactless purchases and enhanced spending insights.

Financial incentives can also play a significant role in encouraging mobile wallet adoption. A one-time bonus, reduced fees, or deals for customers who use their card with a mobile wallet can create a compelling reason for customers to act. These incentives foster a habit of using the bank's card for digital transactions, which can be even more pivotal than in-person card usage in encouraging stickiness and relationship depth.

## 7. POSITION THE FI AS A FINANCIAL HUB AND LONG-TERM PARTNER IN THE CUSTOMER'S FINANCIAL SUCCESS

The banking industry has long debated how to balance immediate cross-selling during the account opening and onboarding process that generally is designed to encourage digital behaviors and dialogue that will lead to longer-term engagement. The process can seem extremely impersonal regardless of where FIs land on that spectrum. In fact, many applications have a dedicated page effectively titled "Tell us about yourself," but the interaction is limited to basic information such as the applicant's job and home address.

The counter to this problem is to use onboarding to initiate a meaningful conversation with new customers about their financial well-being and goals. This approach can certainly feed cross-sell efforts—at initial onboarding or later—by enabling the FI to tailor product offers to the customer's financial life stage.

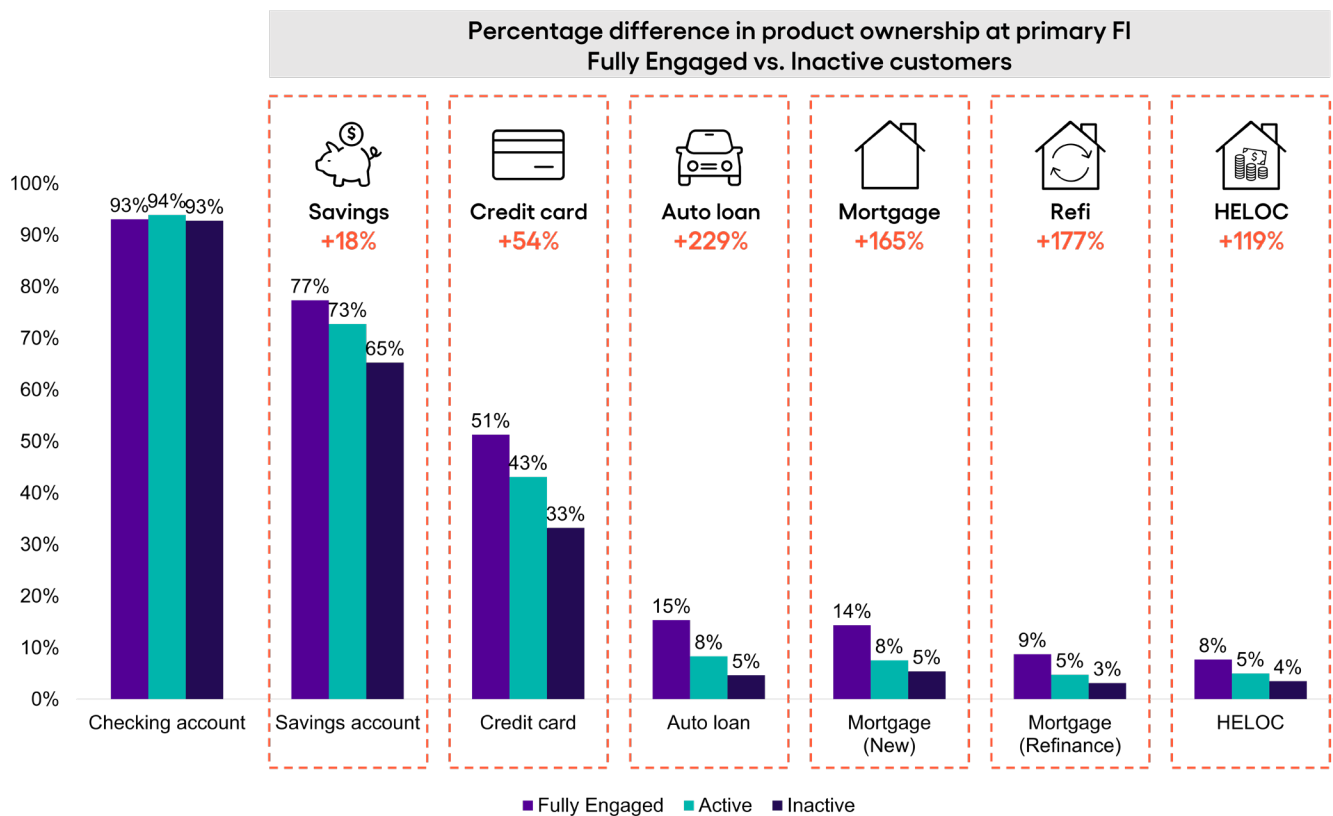
Fully Engaged customers are far more likely to own nearly every account and product at their primary FI, an indicator of the greater breadth of their financial life and the primary FI's ability to maximize its central position and earn new products (see Figure 3).

But onboarding can also drive conversations about how the FI can help the customer save for a rainy day, make decisions about which debts to pay off first, effectively manage personal and business finances, establish a college fund, or any number of topics that have no immediate payoff for the FI but demonstrate that the FI is a partner in the

customer’s long-term financial success. During initial and ongoing onboarding, invite customers to conduct a needs assessment in the form of a five-minute questionnaire within digital banking, with the express goal of better tailoring customer service and product offerings.

### Fully Engaged Consumers Hold Many More Products and Accounts at Their Primary FI

Figure 3. Product Ownership at the Primary FI



Source: Javelin Strategy & Research, 2024

# Methodology

Consumer data in this report is based on a random-sample survey of 10,607 U.S. adults conducted in June 2023. The survey collected data on consumers' account and product ownership at each of their bank and credit union relationships, self-identification of the primary FI relationship, as well as a range of digital banking and payments habits and preferences.

Javelin's Digital Engagement Index was developed from this survey data. It incorporates dozens of data points, including:

- Recency of online and mobile banking log-in
- Adoption of various online and mobile banking and payments behaviors such as bill pay, P2P, transfers, and credit score monitoring
- Channel preference for various financial activities
- Usage of digital customer service tools such as chatbots and virtual assistants
- Usage of financial alerts (email, SMS text message, push notification)
- Usage of personal finance management tools

Javelin weighted behaviors and preferences in the index according to the relative level of digital engagement they reflect. The three segments were generated as percentages of the population along the spectrum of engagement: Fully Engaged represent the top 20% in the index, Active are the next 50%, and Inactive are the bottom 30%.

## About Digital Onboarding, Inc.

Achieve primary financial institution status with the Digital Onboarding engagement platform. It turns account openers into fully engaged relationships by motivating people to use their accounts and open additional products. They can enroll in direct deposit in seconds, update default payments at multiple merchants simultaneously, adopt eStatements without logging in, retrieve account and member numbers, take action on multiple expiring CDs or loans, and much more. <https://www.digitalonboarding.com/>

## About Javelin

Javelin Strategy & Research, part of the Escalent family, helps its clients make informed decisions in a digital financial world. It provides strategic insights to financial institutions including banks, credit unions, brokerages and insurers, as well as payments companies, technology providers, fintechs and government agencies. Javelin's independent insights result from a rigorous research process that assesses consumers, businesses, providers, and the transactions ecosystem. It conducts in-depth primary research studies to pinpoint dynamic risks and opportunities in digital banking, payments, fraud & security, lending, and wealth management. For more information, visit [www.javelinstrategy.com](http://www.javelinstrategy.com).

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