Digital conversion guide: Supporting customers from apply now to submit

Fueled by lower margins, new fintech market entrants, rising consumer expectations, and economic uncertainty, banks and credit unions are continually seeking to marry digital initiatives with growth goals. Getting this right demands a considered understanding of consumer expectations, particularly those that drive conversion.

Today, digital channels have become the de facto method by which consumers interact with their financial institution. In fact, 92% of financial institution leaders listed digital channels as one of the top three trends that will have the greatest impact on the customer experience.

Research from BAI in 2019 showed that while three-quarters of Millennials and two-thirds of Gen Xers prefer digital channels for opening deposit accounts, only three of five consumers who wanted to open accounts online actually followed through via these channels. This illuminates a prevalent pain point

Discover the fundamental components that support better digital self-serve application submission rates.

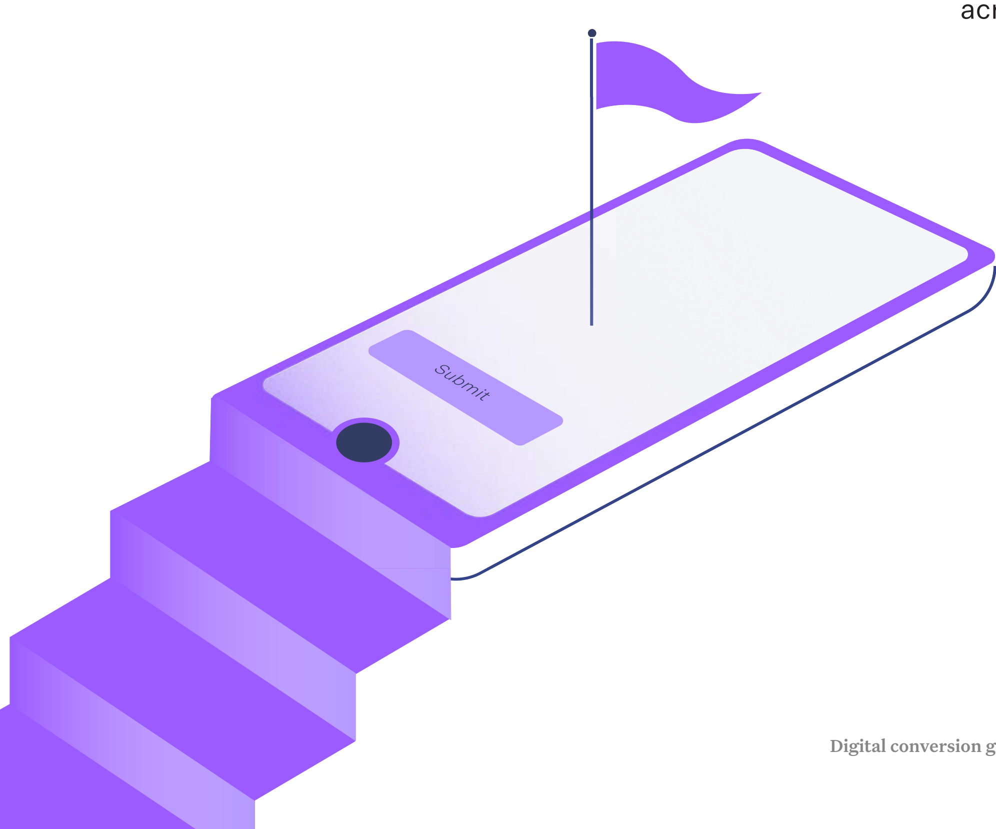
that impacts the entire revenue funnel: application submission rates.

According to Jim Marous, publisher of the Digital Banking Report, "the abandonment rate for online account opening is 19%." Frustration is natural when the time and resources driving traffic to digital application experiences are culminating in visitors dropping off at a rate of one in five.

As financial institutions strive for sustained attention, getting applicants quickly and efficiently to a compelling pre-approval or a completed application may make the difference between a new lifelong customer and another abandoned app.

Application submission rates are, of course, only one piece of the puzzle. An excellent consumer experience — one that drives converted and closed loans — is a multi-step process, of which the initial submission is just one step. Ideal solutions are those that inherently take into account the whole customer journey, facilitating ease of submission while also providing additional benefits all the way through to closing a loan or opening an account, including: applying decisioning criteria, supporting instant pre-approvals, incorporating digital closing and esignatures, and so on. However, the application submission step sets the tone for how the remaining process will unfold, and it is natural to begin problem resolution there.

Discover the fundamental components that support better digital self-serve application submission rates. We'll reveal a simple rubric for evaluating your existing digital experience to start the right conversations. You'll also learn how a commitment to customer-centric principles can help support application submission improvement across all products.



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Positioning application submission rates in a framework of digital maturity

Today, advancements in technology allow financial institutions to engage with customers in new and better ways across the entire customer journey. By examining your financial institution's current digital application experience, you can identify the amount of opportunity and potential revenue gain from improvement. Here we'll explore three basic levels of digital self-serve maturity, while keeping in mind there can be degrees of variability in between.

1. A minimal digital application experience

The first level of maturity is ultimately a digital facade. These experiences are built on minimal website landing pages with a bit of information about consumer offerings. Some provide the option to get in touch via a traditional method such as a phone call or a branch visit. Others feature a form that requires hand-holding and follow-up from a branch representative in order to complete the application.

Common features of this experience include:

- → **No ability to complete an application online**
- → **A digital "skin" covering analog processes, such as:**
  - **A button that says call us**
  - **A prompt to visit in person**
  - **A basic form that collects basic information and requires follow up from a banker**

59 PERCENT

of consumers will not do business with a financial institution that doesn't offer digital or mobile banking services.

Ultimately this experience doesn't perform well across devices and often requires the customer to repeat actions. Unfortunately for financial institutions that are clinging to this model, an Adobe survey reports that nearly 59% of consumers will not do business with a financial institution that doesn't offer digital or mobile banking services. This is particularly true of Millennial and Gen Z consumers. Given the new levels of personalization possible, this experience falls short.

2. A basic digital application experience

The second level of maturity is an application experience that has been implemented but not maximized. Often these are web or mobile experiences that don't meet common standards being set by other consumer-facing industries like shopping or media. As an indicator of its prevalence, nearly two-thirds of consumers using traditional institutions' digital pathways consider the experience to be just average when compared with the digital experiences they have with other types of providers.

In some cases, one product line may have a great digital experience, but the lender hasn't kept the experience consistent across channels or integrated it properly with other systems. In other cases, lenders have "translated" a standard written application into a digital format. The result is clunky, inefficient, and slow — not a recipe for high conversion rates.

Common features of this experience include:

- → **Digital recreations of paper experiences**
- → **False starts, with processes starting digital but ending analog**
- → **Delayed timelines due to manual effort**
- → **Mismatched levels of digital nativity product by product**
- → **Initial optimism but eventual disappointment**

Today's customers expect banks and credit unions to learn about them over time and to meet them on their desired channel. They expect communication to be personalized and to occur in real time. Although a basic digital experience may be enough to satisfy simple needs, it pales in comparison to what is available elsewhere, even within the lending industry.

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High-converting digital application experiences prioritize ease of application submission. Helpful features support flexibility of use, rate of completion, and a differentiated perception for the lender.

3. A high-converting digital experience

The third level of maturity goes beyond the bare minimum to facilitate something more delightful for consumers. These self-serve experiences are designed by taking the point of view of the whole customer journey, focusing on speed, user-friendliness, and consistency without sacrificing compliance requirements.

These experiences prioritize ease of application submission. Helpful features support flexibility of use, rate of completion, and a differentiated perception for the lender.

Already there are numerous institutions featuring these high-converting, mobile-friendly application experiences for their retail products. These banks and credit unions put the customer in control through a presentation that is personalized, connected, and in real time, similar to what customers have come to expect from digital-first companies in other industries. This commitment to meeting the customer wherever they are not only eliminates typical barriers to hitting submit, but also enhances the overall customer journey.

Common features of this experience include:

- → **A quicker, more effortless application flow**
- → **Ease of switching from mobile to desktop to branch**
- → **Receiving a pre-approval in a single session**
- → **Connecting directly to asset, payroll, and tax accounts instead of manually uploading documents**
- → **Mobile-optimized from start to finish**
- → **The ability for a banker to virtually assist a customer by co-piloting the application**
- → **The ability to e-sign**
- → **Easily seeing outstanding tasks and loan status**

You know your organization's digital maturity impacts conversion. But as Celent analysts Bob Meara and Stephen Greer readily admit, "to say 'This is easier said than done' would be an egregious understatement — particularly for large organizations running multiple, intractable legacy systems."

There's no time to delay. Banking is in the middle of a multiwave trend focusing on optimizing current products and services on digital. According to PWC, "Enhanced data capture and analysis [are already] begin[ning] to drive more targeted customer offerings and improved services. Mobile banking will increasingly disrupt distribution models and the payments industry ... Technology is making it easier for customers to switch banks, making relationships much less sticky."

Financial institutions face a challenge: how to navigate factors in and outside of their control that are dictating the need to have excellent application experiences. Despite the challenge, there are many potentially successful paths forward.

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02

What impacts digital application submission rates?

Although application submission is a simple concept, the components that affect it are more complex. Here, we'll explore five of the many factors that influence conversion.

5

factors that influence conversion

1. **Applicant fatigue**
2. **Ineffective user design**
3. **Ease of omnichannel interaction**
4. **Interconnections between products and tech stack**
5. **More competitive environment**

In short, human beings are fickle. It can help to assume that at every given opportunity, applicants prefer to abandon the process.

1. Applicant fatigue

Applications are in many cases not one coherent entity, but rather a series of mini-journeys. Not only are there decision points in the marketing process that funnel customers to the application itself, but in addition, customers must navigate several checkpoints ahead of hitting submit.

When you add in the realities of day-to-day life, there are plenty of opportunities for customers to get discouraged.

Abandonment can happen because too much personal information is required and customers don't have the necessary documents handy. Or because of form field fatigue. Or because the application doesn't work on their preferred device. Or because the commercial break ended. Or because they didn't understand the way that question was phrased.

In short, human beings are fickle. It can help to assume that at every given opportunity, applicants prefer to abandon the process.

2. Ineffective user design

An outdated and poorly designed user experience makes it difficult to qualify customers. Many applications feature long forms, hard credit pulls, asks for information the lender already has, and manual documentation validation. Generalized slightly, we find that many applications fall short on three variables: clarity, speed, and ease of use.

The main clarity issues that cause confusion for customers include language usage, question resolution, and progress tracking. When customers can't understand the actions they're supposed to take and how to proceed to the next step, they're unlikely to keep trying. In addition, as customers navigate the process, unanticipated questions can easily become roadblocks.

Finally, customers' uncertainty regarding how much more of their time or how many steps until the application is finished can also cause confusion that leads to abandonment.

Speed is another common user experience concern. According to the Digital Banking Report, "Abandonment rates increase significantly as the time required to complete an application increases." Requiring customers to input unnecessary information can hinder submission rates; not only does it create a lengthier process, when the lender already has access to some or all of the information, frustration may win out.

Finally, the user-friendliness of the application's design impacts submission rates, as today's customers expect to be able to jump into a process and succeed without having to waste time being taught. In the same way that a consumer can simply sign up for a

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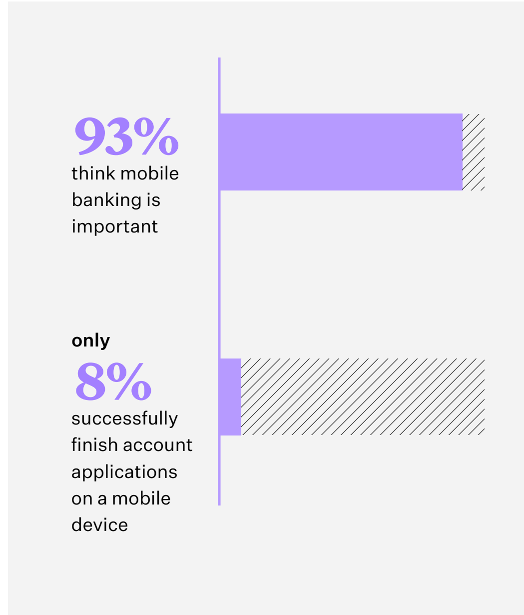
social media service without sitting through a seminar, consumers expect to navigate your application process without required coaching. Trouble locating the application, non-obvious ways to begin, multiple clicks on every page, and unintuitive flows where it's not clear what information is still missing can all prevent customers from hitting submit.

The ways that an application experience falls short on clarity, speed, and user-friendliness offer a tremendous opportunity to improve submission rates and position your brand as an experience leader.

3. Ease of omnichannel interaction

New channels have introduced submission complexity. The ubiquity of mobile devices is changing the nature of banking across all stages of the consumer journey. For example, 93% of respondents to a Celent Retail Banking Technology Importance survey indicated that mobile banking channel development is important. But research from Javelin Research shows that only 8% of successful account applications are completed start to finish on a mobile device.

Today's customers are used to getting things done whether they're waiting in line at the grocery store or sitting at their desk in the office. Customers will likely want to access applications across devices, starting in one channel and picking back up on another, right where they left off. If a customer assumes this is an option but ends up losing their progress, it is unlikely they will make the effort to begin again.



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4. Interconnections between products and tech stack

Overall submission rates are also influenced by the extent to which different products do or don't work together. Many banks and credit unions are reliant on patch-worked legacy technology, which can result in a disconnected customer experience. Further exacerbation may be expected, given that in 2022, North American banks are expected to spend nearly one-half of their total information technology budget on new technology.

More than 60% of millennials use peer-to-peer payment services. Therefore, if lenders aren't meeting this online standard, they're likely to suffer from lower than expected submission rates.

Disconnection can make it impossible to bring together application flows for different products. For example, while a consumer is applying for a loan, a credit union may require a separate flow to become a member. Or a bank might not be able to offer a seamless credit card sign up off of a consumer loan because the credit card is offered through a separate service.

5. More competitive environment

Today's consumers have been primed to expect one-touch conversion experiences regardless of industry. Fintech and neobank competitors know this, and they are increasingly providing hard-to-beat rates offered through top-notch digital experiences across channels, just to make things even more challenging.

Not only are standards being raised by new lender entrants, but ancillary financial products are also bleeding into the traditional lending space. More than 60% of millennials use peer-to-peer payment services. Therefore, if lenders aren't meeting this online standard, they're likely to suffer from lower than expected submission rates.

It's clear that the influences on digital applications are vast, which means the opportunity for improvement is ripe. By making an impact on any one of these factors, you can differentiate your digital self-serve experience and delight customers.

03 Tackle submission problems with five customer-centric principles

Although the various technical hurdles impacting application submission rates can feel daunting, recentering the challenges on something you know well — the customer — can help. By supporting customers anytime and anywhere, creating experiences that delight, and revealing an intuitive understanding of their needs through every interaction, financial institutions can make significant progress toward the gold standard of consistently high-converting experiences.

5
principles for customer conversion

1. **Support customers wherever they are**
2. **Respect consumers' time and attention**
3. **Make customers feel known**
4. **Align processes with the stop-and-start realities of daily life**
5. **Provide a guiding hand, digital or otherwise**

Over the years, we've paid close attention to the moments that deliver something special for consumers. The following five principles shape the way we design our digital lending platform.

1. Support customers wherever they are
Because customers expect to be able to get things done on their mobile devices as well as on their computers, implementing channel flexibility signals to them that you care about their demands.

One of the best paths to channel flexibility is responsive web design. This type of design makes websites look good on all devices by taking the customers' screen size, platform, preferences, and environment into consideration, adapting the design to fit these specific conditions. According to Celent this approach both simplifies

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application maintenance and can outperform offering a dedicated mobile app.

Bob Meara, the report's author, noted that, "Most significantly, HTML5 browser-based designs can effectively accommodate the growing bevy of devices with a single code base and without compromise ... Most consumers do not want to have to download and install an app as a prerequisite to establishing a new banking relationship."

Delighting customers with this level of convenience across channels and at every touchpoint can create an overall positive brand image that builds loyalty beyond the application.

With applicants entering a lender's system from multiple devices across many channels, it can be difficult to audit what is and what isn't working. Adopting technology that provides a core integration to tag management systems helps lenders see through the noise. This allows lenders to understand the pathways that drive the highest level of submitted applications, supporting more intelligent ROI decision making and an increased understanding of consumer preferences.

2. Respect customers time and attention

People are feeling more pressed for time than ever. Real-time, swift interaction is the new expectation. To see the level of impact this can have, look no further than this example of a company that "lost $12 million per year by asking one additional question (company name) in their booking form," according to Venture Harbour. Reducing your application form length by even one field could increase submission rates while keeping customers happy.

One way to address this is by creating variable form lengths for certain products that can support flexibility. For example, you might choose to have your standard HELOC application omit asset-collection steps and have a different HELOC application flow with asset fields intact targeted at borrowers who have large assets and low income.

Forms can be further simplified by keeping the design de-cluttered and marking optional form fields to help with clarity. It can be easy to overlook just how much of an impact choosing the right field types can have on the number of clicks required. Tapping into psychology reveals additional tips, such as splitting forms into a few short steps to make the first impression less intimidating.

Consider asking for sensitive information, such as a social security number, in the later stages of a multi-step form when customers are more likely to finish because they're invested.

Taking these simple steps to speed up the application process for customers can improve the chance they finish, and ideally, make them more likely to begin another application in the future.

3. Make customers feel known

Consumers don't want to waste time re-telling you things they think you should already know. They expect your organization to learn about them over time and to ensure all areas of the institution are in the loop. Imagine needing to re-introduce yourself to your dentist each time she began cleaning a new tooth.

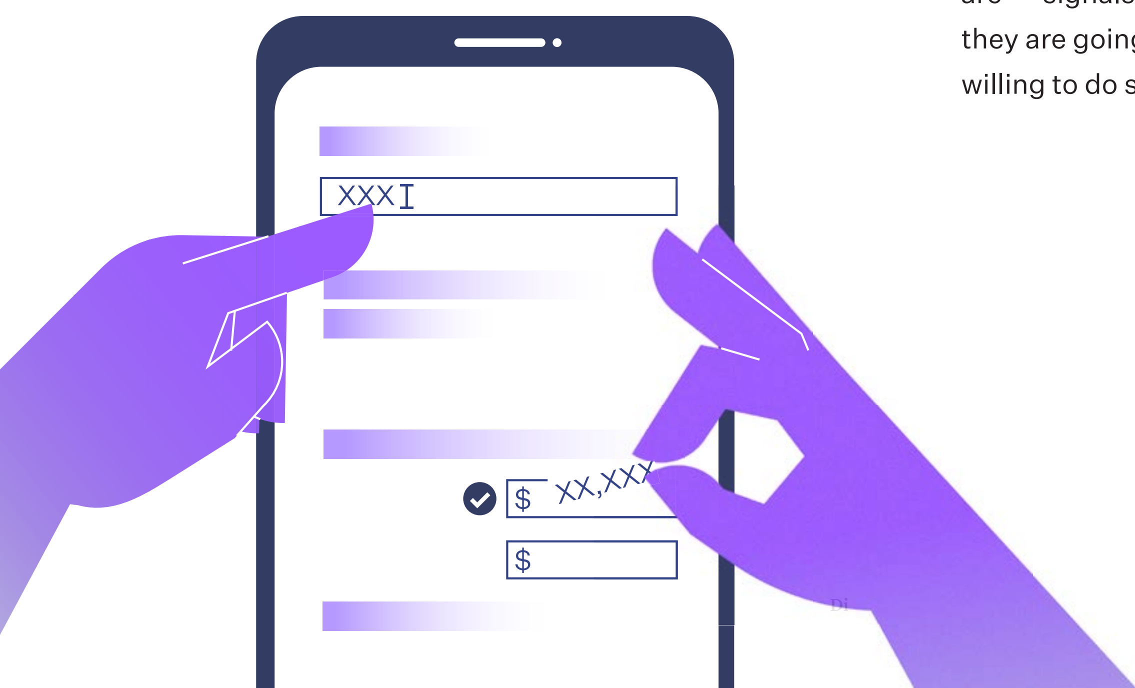
Automation, ranging from data deduplication to connections to financial accounts, helps make customers feel valued by reducing the effort needed to complete the application.

Customers likely feel excited when previous answers are populated using previously provided information. Not only does it feel a bit like magic, but it also signals to them that you have been paying attention.

By using automation, you can impress customers with a more seamless experience and a stronger personal connection.

4. Align processes with the stop-and-start realities of daily life

Consumers are busy. Amidst hectic schedules and non-stop working, it can be difficult to complete an application and the required follow-ups all at once. Overarching strategies that are supportive of daily realities — including providing what customers need right at their fingertips, no matter where they are — signals that you understand what they are going through and that you're willing to do something about it.



Customers are responsive to the ability to complete an application on their schedule. But they may also need a reminder that there is still work to be done. CRM integrations allow lenders to send automatic messages to someone who abandons an application part of the way through. These gentle reminders provide a guiding path for customers caught up in day-to-day activities.

In addition, the required information collection that may seem simple to lenders can feel overwhelming for customers, especially because daily life is so busy. In the same way that pre-filling information makes them feel known, providing the ability to connect directly to financial accounts (tax, payroll, assets) signals that you anticipate their frustrations and can solve them. The experience is complete when stipulation requests automatically surface issues and let the customer know immediately what additional documentation is required. Anyone who has survived the incessant back and forth of email document follow-ups will likely be extremely grateful.

A conscientious tech approach helps customers feel understood, fueling positive brand association while also increasing the likelihood that they'll start and finish.

5. Provide a guiding hand, digital or otherwise

Lending experiences are simultaneously nerve-wracking and overflowing with excitement. Financial institutions have an opportunity to minimize doubt and maximize positivity by acting as a guiding force through the process. Providing a clear path to completion up front with helpful visual cues and all the online and offline support needed indicates that you're in this together, just as it should be.

Guidance doesn't always require personal engagement — a persistent progress bar on every application page highlights for customers what step they're on can also do the trick. For example, providing a panel on the left-hand side showing each section and checking it off as a customer moves through not only provides a clear signal, it offers a little tick of reward for each step forward.

In addition to automated progress tracking, there is also an opportunity to offer more direct hand-holding. Features such as live chat, the option to schedule a call, an always-on help center, or digital co-piloting offer customers a lifeline when the process begins to feel overwhelming.

By providing the continuous support customers need to make progress against their goals, you'll keep them motivated to finish.

04 The next steps on a journey toward better submission rates

By driving continuous digital improvement, financial institutions can not only meet new consumer demand for a more streamlined and personalized customer experience but also create a beloved brand.

However, achieving a high-converting application is a process, especially as technology and consumer preferences rapidly change. To unlock revenue, banks and credit unions may need to consistently audit and optimize their applications to provide a great experience. Market research, user experience testing, and change management are all important.

Banks and credit unions can also partner with providers who can build high-conversion customer journeys all the way from the application through to close. Partners like Blend.

You'll find that Blend's design is customer-first. We understand submission rate best practices because we help financial institutions process more than $3.5B in loans per day.

Position your financial institution for growth by getting in touch with Blend for an application audit today.

Checklist for improving application submission rates

- [ ] Deploying a digital technology for managing applications from start to submit across any device
- [ ] Using the same platform across products
- [ ] Pre-filling applications
- [ ] Using dynamic forms to minimize the amount of info you need to collect
- [ ] Using flexible forms to move some questions later in the flow, like SSN
- [ ] Using chat and click-to-call to answer questions in real time
- [ ] Using co-pilot to guide someone through an application
- [ ] Using pizza trackers to show progress
- [ ] Using CRM to follow up on abandoned applications
- [ ] Using tag management to optimize marketing spend

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Powered by Blend

Blend helps lenders maximize their digital agility. We streamline the journey from application to close for any banking product across every channel. Our Digital Lending Platform is used by Wells Fargo, U.S. Bank, and over 250 other leading financial institutions to acquire more customers, increase productivity, and deepen customer relationships.

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