

# State of Digital Sales in Banking

# 2018

Annual Report



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# State of Digital Sales in Banking 2018

Each of the past three years Avoka has conducted research to answer the question: Are banks ready to capitalize on transforming their customer acquisition into a digital experience? In this 2018 version of the annual Avoka State of Digital Sales in Banking report, a change is starting to emerge.

Avoka's third annual report measures the digital account opening capabilities of the 50 largest banks in three regions: North America, Europe, and Australia. It ranks and compares their offerings across geographies, products, and features, both in breadth and quality of the offering. As used in this report, the term "digital account opening capability" refers to the ability to apply online either on a desktop or mobile device.<sup>1</sup>

The largest banks worldwide have heard the demand from their customers and the results are starting to show. Importantly, the shift to mobile engagement for customer acquisition journeys is clear. But questions still loom.

Can the largest banks transform their entire customer engagement across all product lines including personal, business, and wealth, or is it limited to a marquee demonstration for just a few consumer products? Can banks create a cohesive experience that connects their branches, advisors, and their new digital investment?

## Sales in the Customer Journey

The customer journey is well-documented from many sources, spanning the path from awareness through account servicing. However, no matter how well a bank's marketing works, a critical transition must take place from being a prospect to becoming an onboarded customer. For banking, this is **digital sales**. Marketing and awareness were the first parts of the journey to be transformed with website and email offers. Digital banking and account servicing came next and are a must-have for any bank today. It is only in recent years that sales has emerged as the remaining hot spot in the digital transformation of the customer experience.



## The 2018 Study

To objectively evaluate the quality and quantity of digital sales capabilities of the largest banks, Avoka commissioned a research team to evaluate each of the products visible on a bank’s website. The team looked at two factors for every product:

1. Could the product be applied for from desktop and mobile devices?
2. Did the application have the basic features necessary to ensure success?

In addition, the team evaluated Ease of Use for the most prominent deposit product on the website, using Avoka’s **Transaction Effort Score™** ranking system to measure the degree of friction in the customer experience.

Results and progress were compared for the 2018 study versus results gathered in past years. This report summarizes the results of the study — covering both desktop and mobile aspects of digital customer acquisition — and offers some key takeaways for banks.

## 2018 Progress Highlights

**42%**

For their marquee deposit products, nearly half of the banks have reached the Digital Promised Land, a significant improvement led by the US and Australia.

**69%**

Online account opening for personal banking products jumped to 69% of all products worldwide, more than double where it was two years ago.

**50%**

Mobile sales readiness jumped 50% in the US and Australia in the past year. The biggest players in these regions are taking swift action on mobile, while European counterparts moved much more slowly.

# Digital Sales Summary

Banks progressed rapidly on some fronts, but many opportunities to differentiate based on digital sales still remain. For banks that have yet to digitally enable all of their products, new data shows that it has become a competitive necessity.

## During 2017, banks doubled their progress

Progress across the board during 2016 was slow, as large banks still had not committed to a broad digital sales transformation. The recent results show they doubled their worldwide increase of digital sales enabled accounts of all types in 2017, with an 82% year over year increase that far surpassed the prior year.

## Digital CX improved significantly

The 2018 Digital Sales Readiness matrix, mapping both quantity and quality of the sales experience, showed that now  $\frac{2}{3}$  of the personal banking products rated are in the upper quadrants, reflecting better quality experiences overall.

## Business Banking took a leap forward

While still lagging far behind Personal and Wealth Management, Business Banking units woke up, with worldwide increases of 300% for online sales readiness. The Business Banking race is on.

## Mobile vs. Desktop

Mobile also took a big step forward, closing the gap with online desktop account opening that was in the range of 50% or more in prior studies. Today that gap has been reduced to approximately 20%.

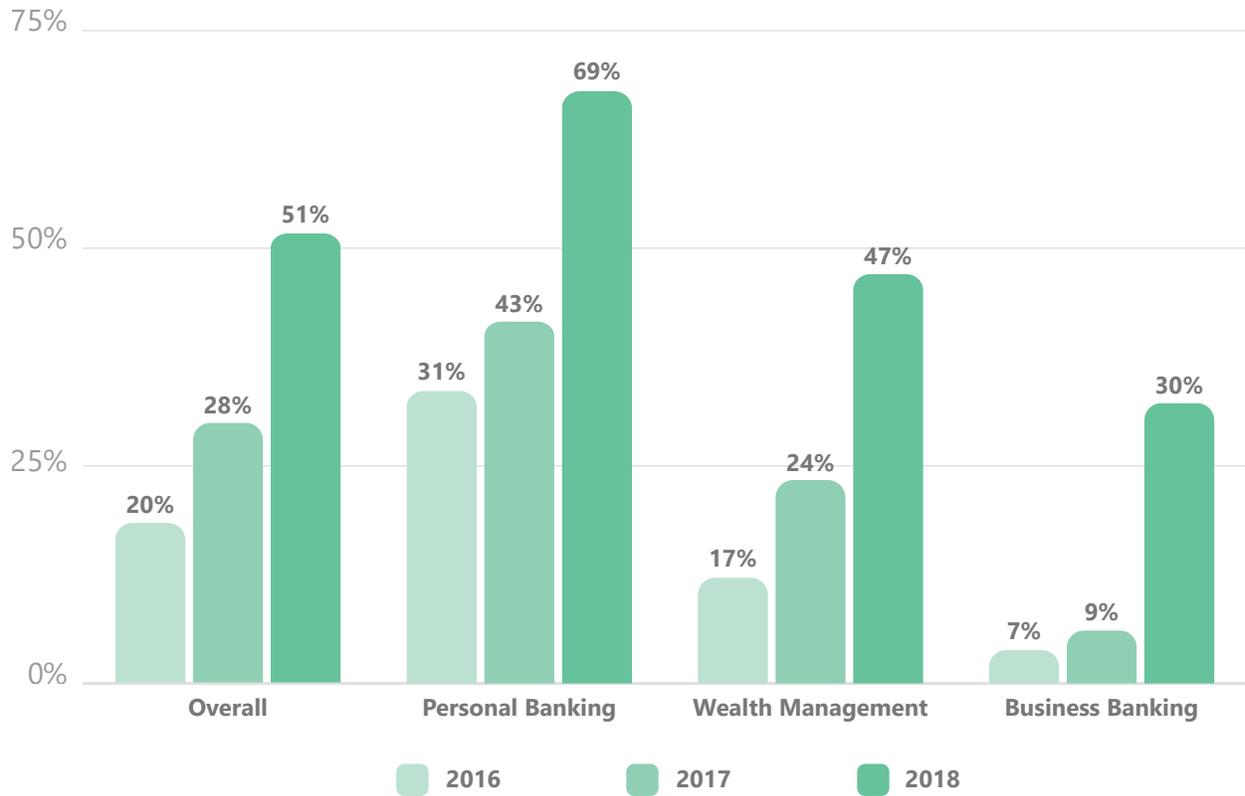
## Europe vs. NA and AUS

Geographical changes stood out this year, with North America overtaking Europe in overall digital sales capability, as well as momentum of the regional leaders. Expanded coverage highlighted country differences in Europe, with banks in certain countries hampered by regulatory constraints. But even for banks in prior years studies, the trajectory in Europe was flat. Consistent with prior years, digital readiness in Australia leads them all.

## Omnichannel

Finally, the advanced features, such as Save and Resume, that enable omnichannel sales, have not increased in availability. For three years now, banking omnichannel technology has not shown an increase.

## Year Over Year Comparison of Digital Sales Capabilities



# 2018 Digital Sales Readiness Matrix

Avoka's quantitative evaluation of digital sales enablement and customer experience across three global regions.

For the second time, Avoka has published its **Digital Sales Readiness Matrix**, a proprietary tool that quantifies and scores each bank's digital capability on two key measures:

1. Quantity: The score of personal banking products that can be opened on a mobile device (x-axis).
2. Quality: The ease of use of the digital experience for customers who wish to open a basic deposit account online (y-axis)

The intersection of these two scores becomes a plot point in one of four quadrants. Banks in the upper-right quadrant, i.e., scoring highly on both, have reached the "Digital Promised Land." Digital readiness **Quantity** was measured by completing a portion of the account opening process for each personal banking product listed on a bank's website. To determine the **Quality**, as measured by banks' customer Ease of Use score, we employed **Avoka's Transaction Effort Score™** (TES), which measures the effort required by a prospective customer to apply for a basic deposit account online.

## Digital Promised Land

Banks in this segment have the majority of their personal banking products available for digital account opening, lending applications, and onboarding. They are ready for digital sales. At the same time, their most prominent personal banking product was evaluated for ease of use, scoring above average. This indicates both aggressive deployment of digital sales capabilities, as well as skilled use of the technology for at least their flagship deposit account to deliver an experience meeting customer expectations.

## Under Achievers

These banks score highly in ease of use for a flagship product but have yet to deploy digital sales systems for the majority of their products. They have demonstrated the skill, but have yet to scale.

## Digital Dreamers

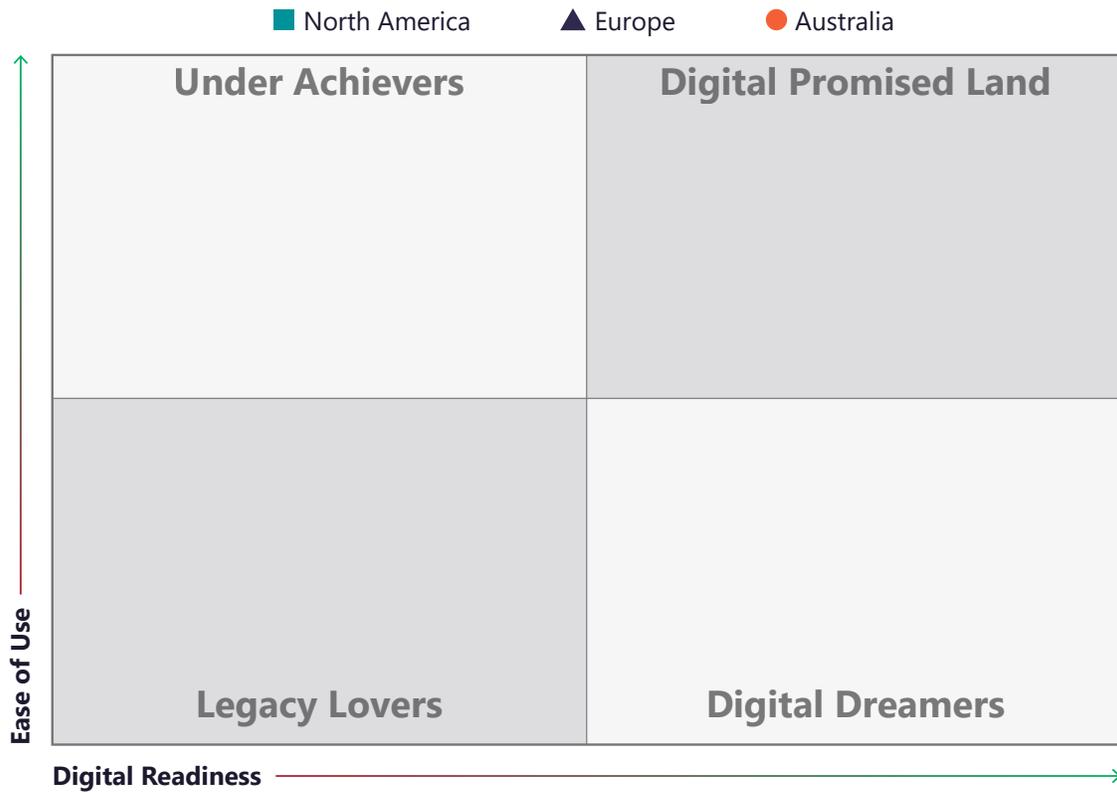
Digital Dreamers have made progress on quantity, if not quality. They are rolling out digital sales capabilities but their user experience falls below their peers for their flagship product, indicating they have not yet achieved the digital customer experience they are seeking.

### Legacy Lovers

Legacy Lovers fall into the lowest-ranking quadrant. These banks still rely on analog channels, like branches and call centers, for new customer acquisition. Those that fall in the “Legacy Lovers” quadrant have a low

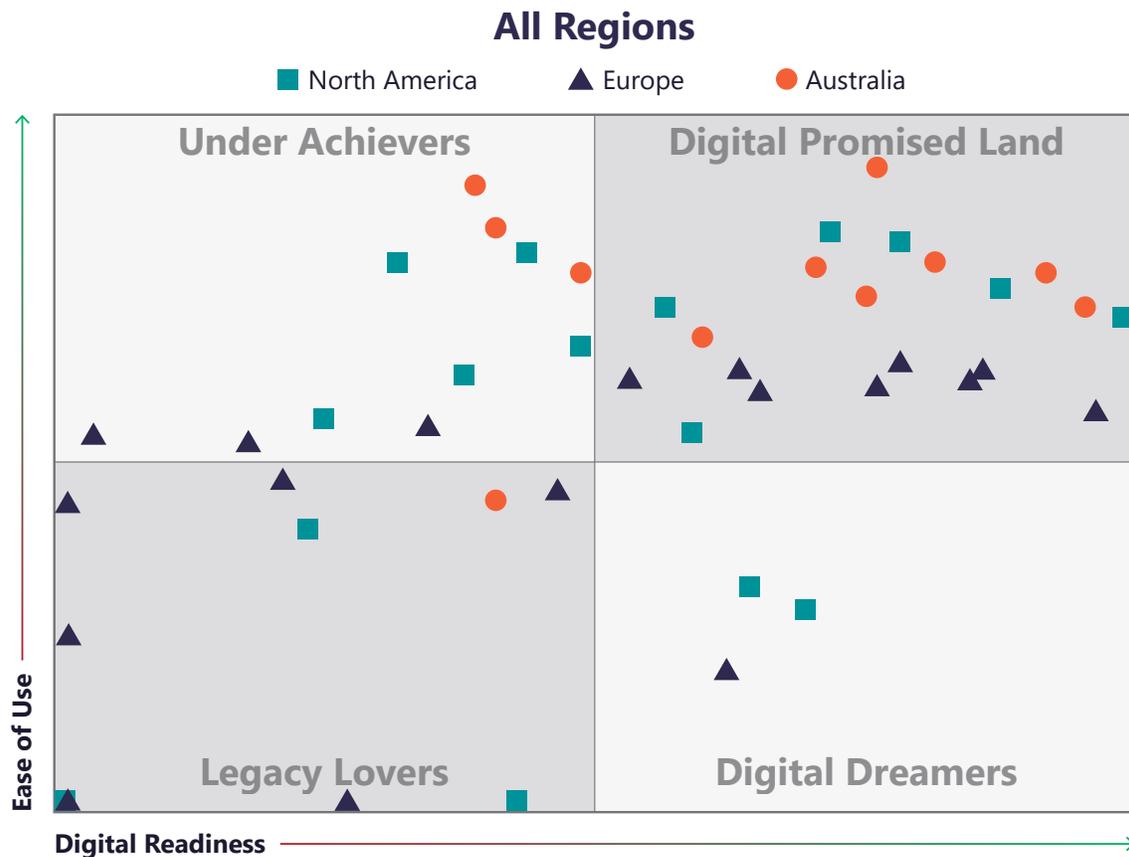
percentage of personal products that can be applied for on a mobile device, and poor ease of use to apply for their flagship personal product. Legacy Lovers are still living in a non-digital world.

### All Regions



# Sales Readiness Matrix Results

2018 results show significant improvement in both scope and quality of banking digital sales.



The largest banks have shown they are working hard to answer the call for superior digital customer experience. 2018 results show a shift up and right, with 42% of flagship accounts now in the Digital Promised Land. For banks present in our prior studies, the shift to quality and readiness is more pronounced. For those banks present in prior years, fully 58% are in the upper right

quadrant, indicating a majority leading digital sales position.

Note that this year’s study increased the number of banks and countries covered. Many of the new entrants scored poorly, making the 2018 distribution look less promising than it otherwise would have been.

# North America Regional Analysis

2018 results show significant improvement in both scope and quality of banking digital sales.

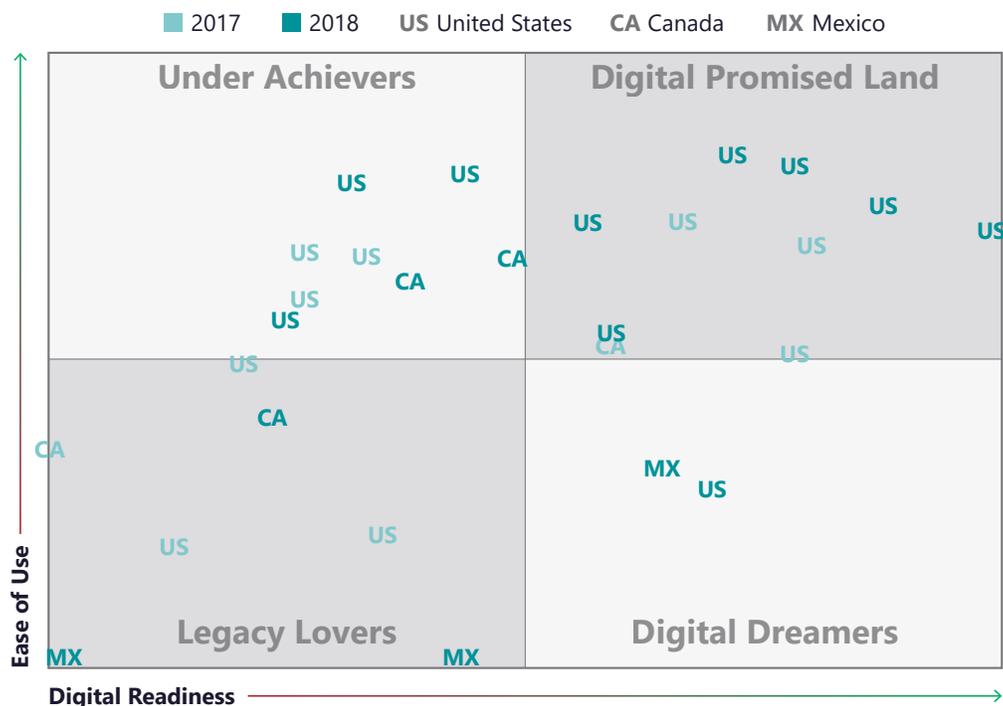
North American banks showed the largest year over year improvement of the global study, led strongly by the US. In 2018, the number of US and Canadian banks measured was expanded and a small number of Mexican banks were added.

Data reveals that in 2018, the number of US banks in the Digital Promised Land quadrant doubled, reflecting the efforts that large US institutions are applying to digital sales. This is becoming the norm for the US. Any bank

that wants to compete will need a digital sales program that covers the majority of its products and offers a high quality digital experience.

Canadian banks did not show any progress and a number of new banks came into the report with low readiness rankings. The addition of Mexican banks skewed the results toward the lower boundaries, as Mexican regulations have made it very difficult for online account opening to be accomplished, with account opening requiring a branch visit.

## North America Year Over Year



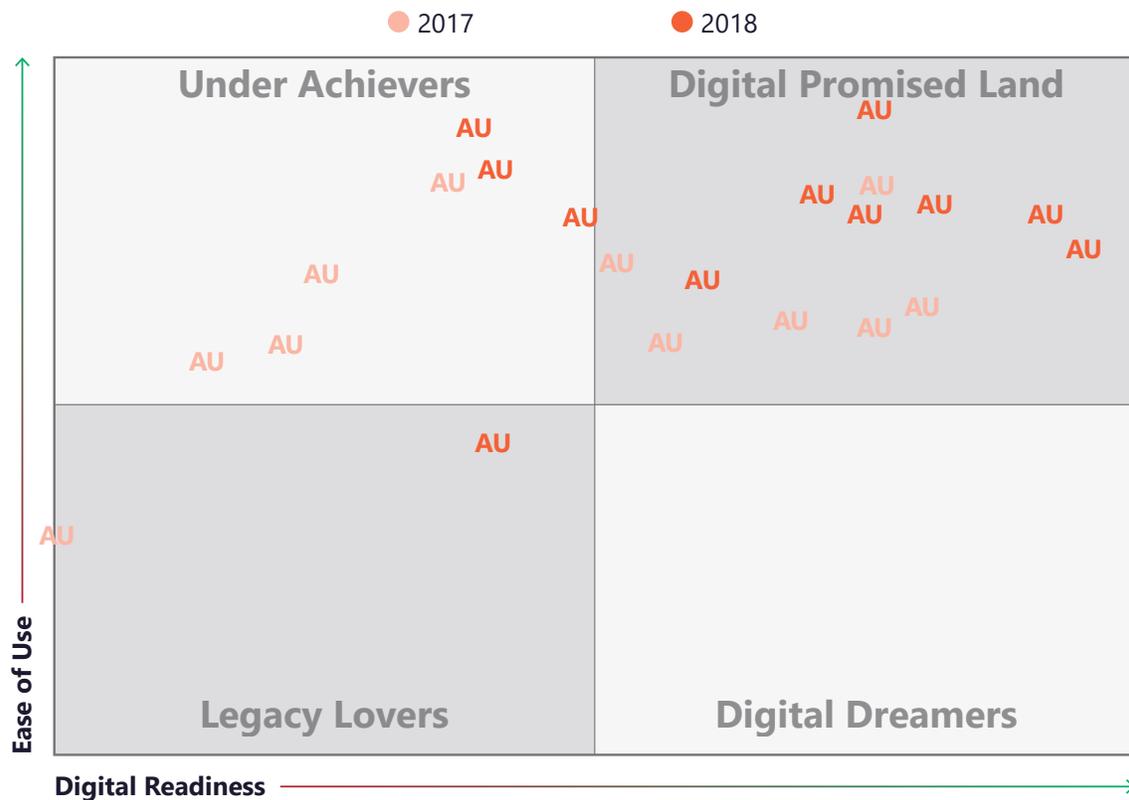
# Australian Regional Analysis

Australian banks continue to rank the highest in both quantity and quality of their digital sales experience.

Australian banks have led their global counterparts in offering digital sales in the past and this leadership continued in 2018. For personal banking, nearly every flagship product ranks high in quality of experience.

The proportion of digitally-enabled products continues to move up, with 7 of the 11 banks placing in the Digital Promised Land quadrant. As in the US, this becomes a basic capability required to compete in the space.

## Australia Year Over Year





## FINDING #1

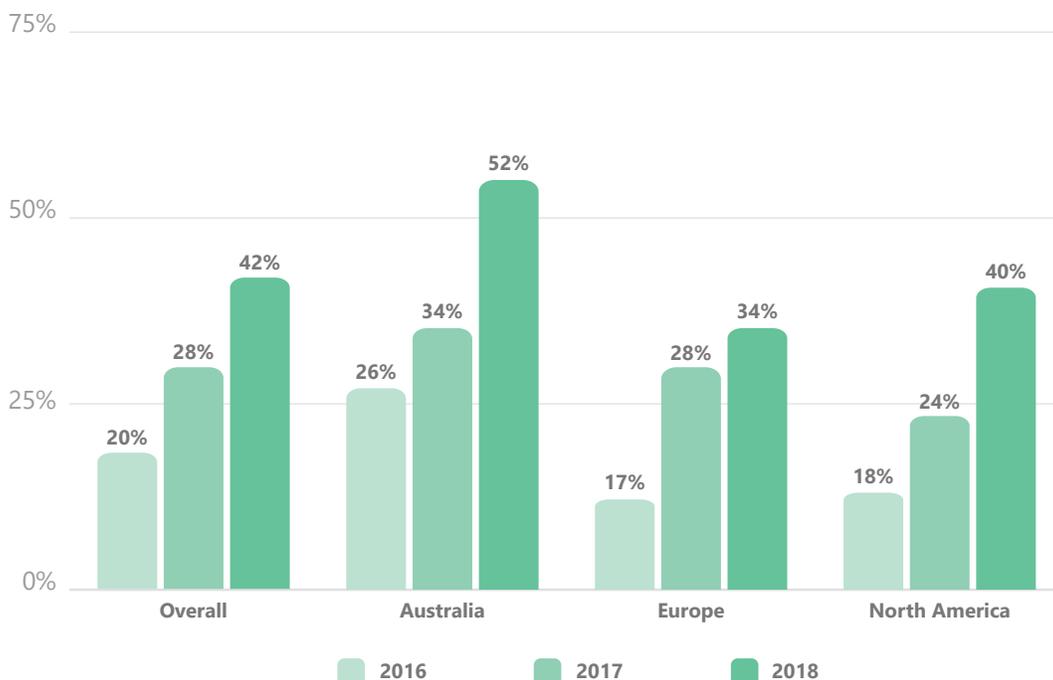
# Personal Banking Products Accelerate on Mobile

Mobile account opening accelerated strongly in 2018, particularly in Australia and the US, where it is now the standard for large banks. Had it not been for several new, slower moving countries in the study, overall results would have been more dramatic.

The category that showed the most activity in our 2017 report accelerated its growth in 2018. Mobile account opening is now available for over half the banking products of all types in Australia, and nearly 40% in North

America. Had there not been new entrants in North America and Europe, the increases would have been even more startling. Mobile account opening is becoming the norm for personal, wealth, and business accounts.

**Changes Year Over Year: Apply on Mobile (Overall)**



## Mobile Readiness by Product Type

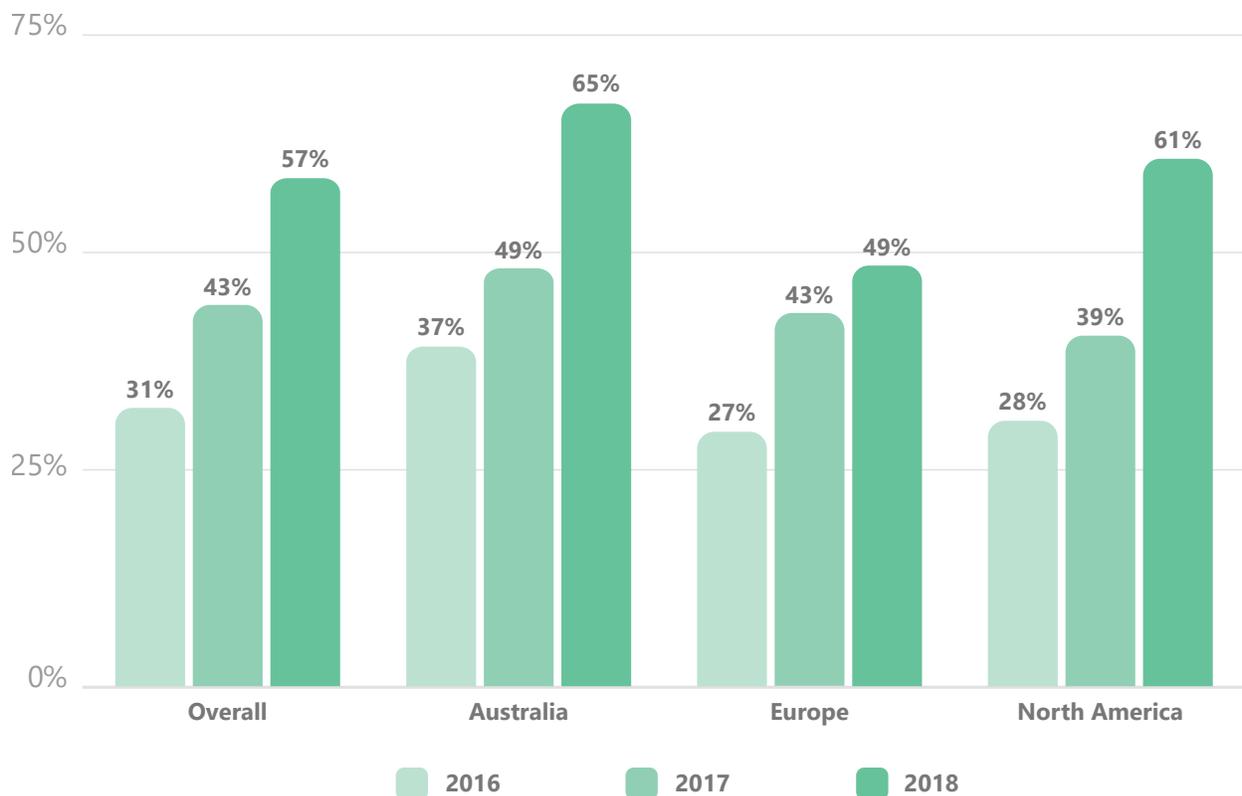
Was the growth consistent across all product lines? There were certainly differences, but also surprising progress in some areas.

### Mobile Opening for Personal Banking Products

Unsurprisingly, Personal Banking products remain in the lead, and the numbers are

notable. Now over 65% and 61% of products in Australia and the US respectively have the capability. That is double where it was two years ago. We'll soon be reaching the limit and the category will be complete with at least basic mobile account opening capability for every product in the leading banks. Banks that do not yet have it will be forced to catch up. The differentiation will be on quality of the CX and on features like transparent omnichannel capability.

### Personal Banking: Applying for Products on Mobile Devices



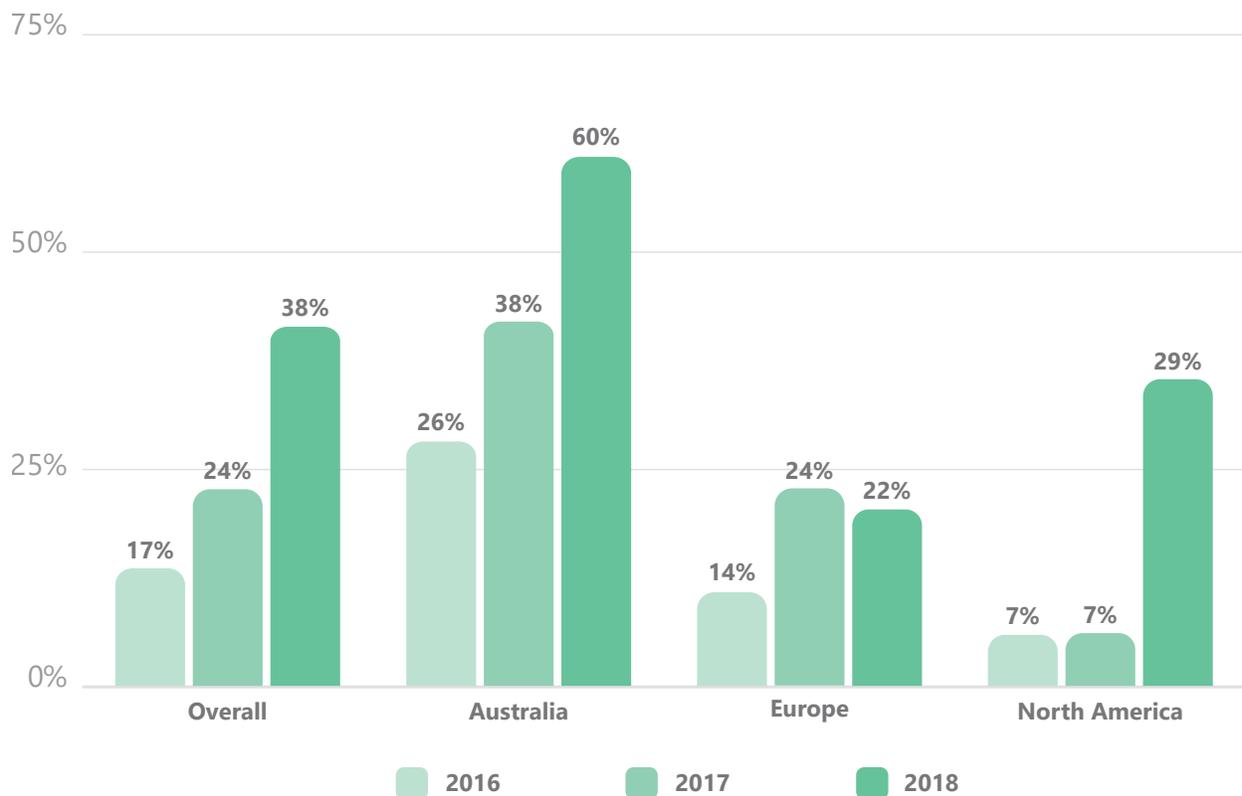
### Mobile Opening for Wealth Management Products

Wealth Management took big leaps in Australia and North America. From a relatively low base, mobile availability increased 50% in Australia. In North America, coming from a tiny base of 7%, it increased 300% to 29% of available products. The progress

in Personal products are starting to spill over into Wealth Management.

European progress stalled this year. Even without the addition of new entries, the existing UK banks did not make progress in new-to-bank account initiation for Wealth products. Clearly the focus was elsewhere.

### Wealth Management: Applying for Products on Mobile Devices

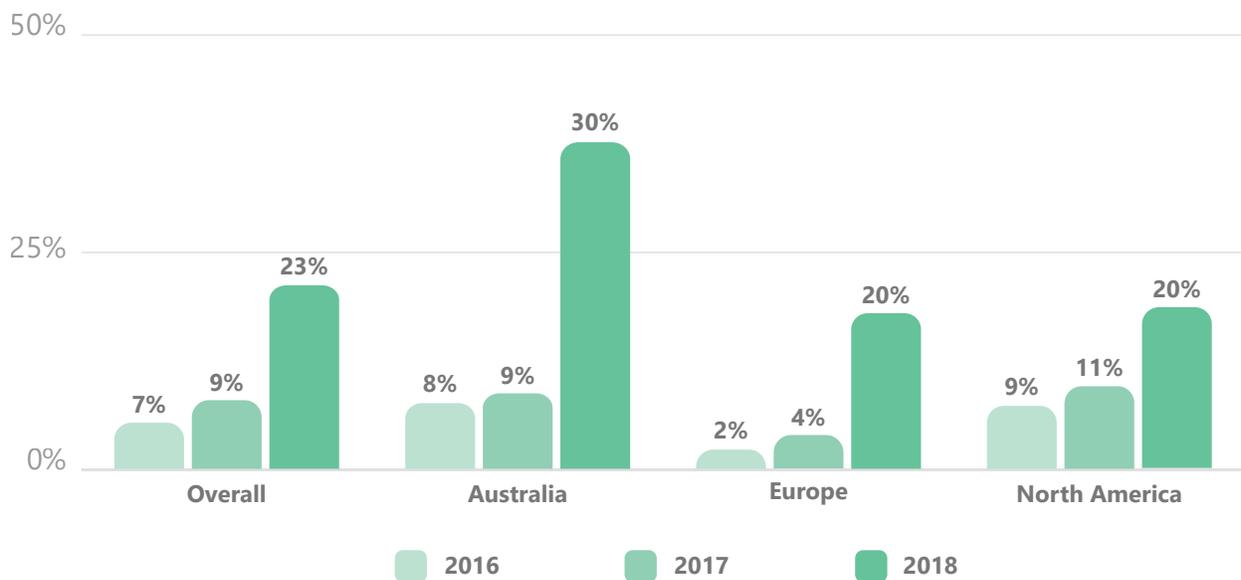


### Mobile Opening for Business Banking Products

Every region made noticeable progress on Business Banking, the most profitable and possibly most complex of all the product lines, with its inherent compliance requirements for Know Your Customer (KYC) and Anti-Money

Laundering (AML). While stagnant in other categories, Europe showed growth over a nearly non-existent base. Australia still leads, but the other regions are catching up. Business Banking offers the best unexploited opportunity for digital leadership and improvement of customer experience.

### Small Business Banking: Applying for Products on Mobile Devices



## FINDING #2

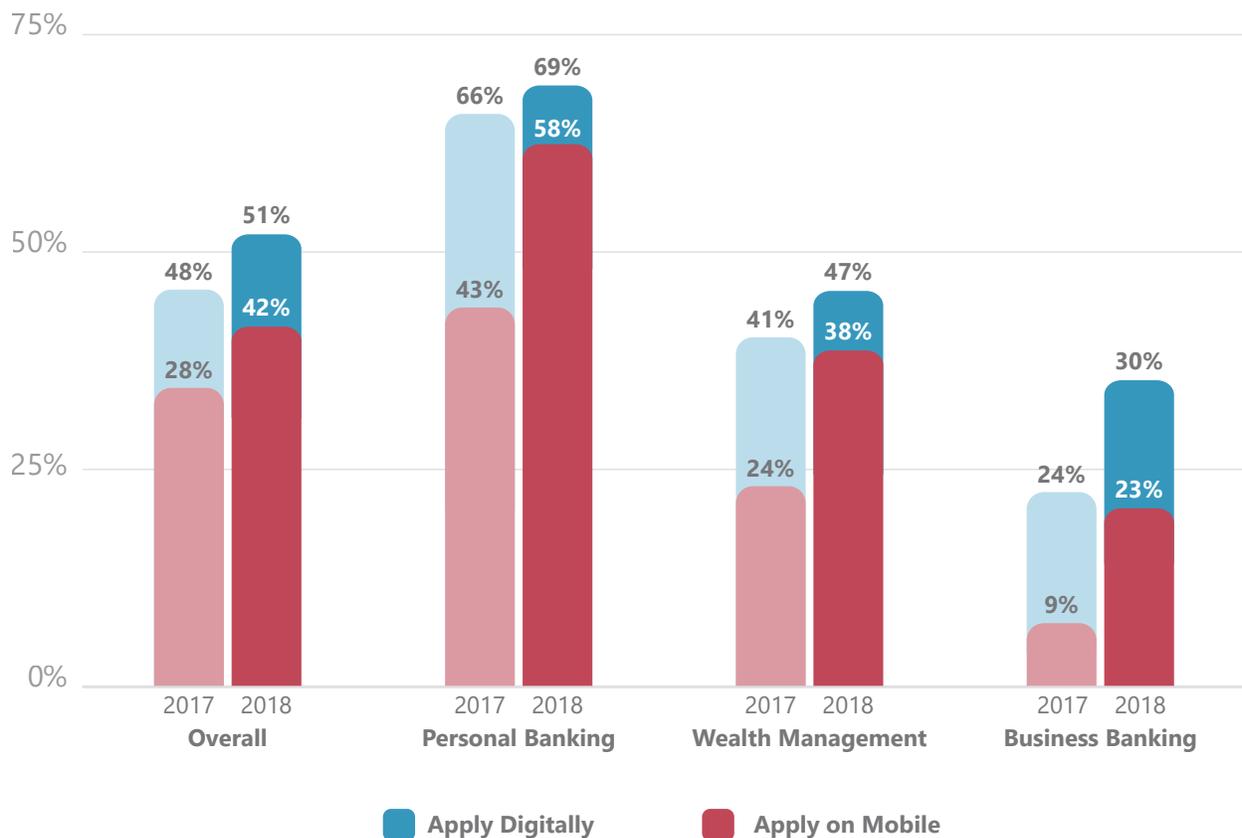
# Mobile Catches Up

Mobile has caught up with desktop digital to become the standard for measuring digital sales capability.

In past year's reports, a marked difference was evident between the mobile and desktop digital capability. With the emphasis on "mobile first initiatives", 2018 results show that

mobile has caught up significantly in most categories. The expectation is now that as digital sales capability grows, each product will deliver a quality experience on any device.

### Digital Sales for Banking: Year Over Year Growth



## FINDING #3

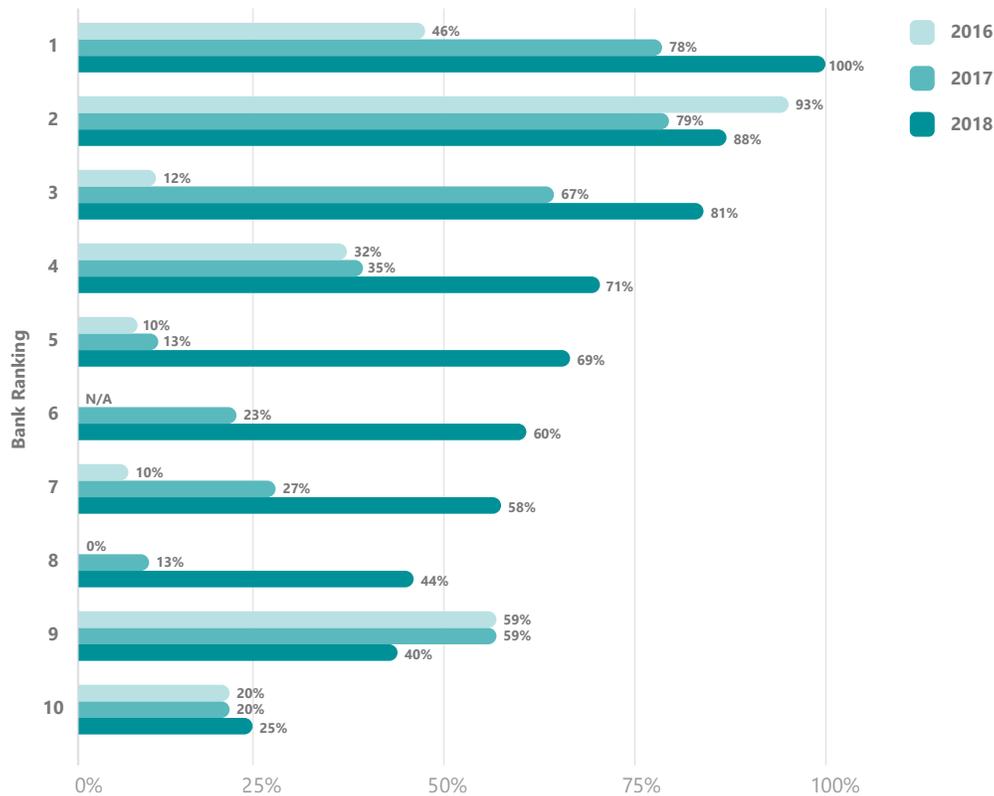
# More Digital Leaders Emerge

The largest banks in each region achieved success in the 2018 study, reinforcing their strength across each geography.

The current results illustrate how the largest banks, with concerted emphasis on digital sales, have achieved coverage across their entire product line. Notable in 2018 is how the leaders in each geography have rapidly

improved their breadth of coverage for Personal Banking products, leaving their peers behind. In one North American bank, every one of the 22 Personal Banking products visible on the website were mobile-enabled.

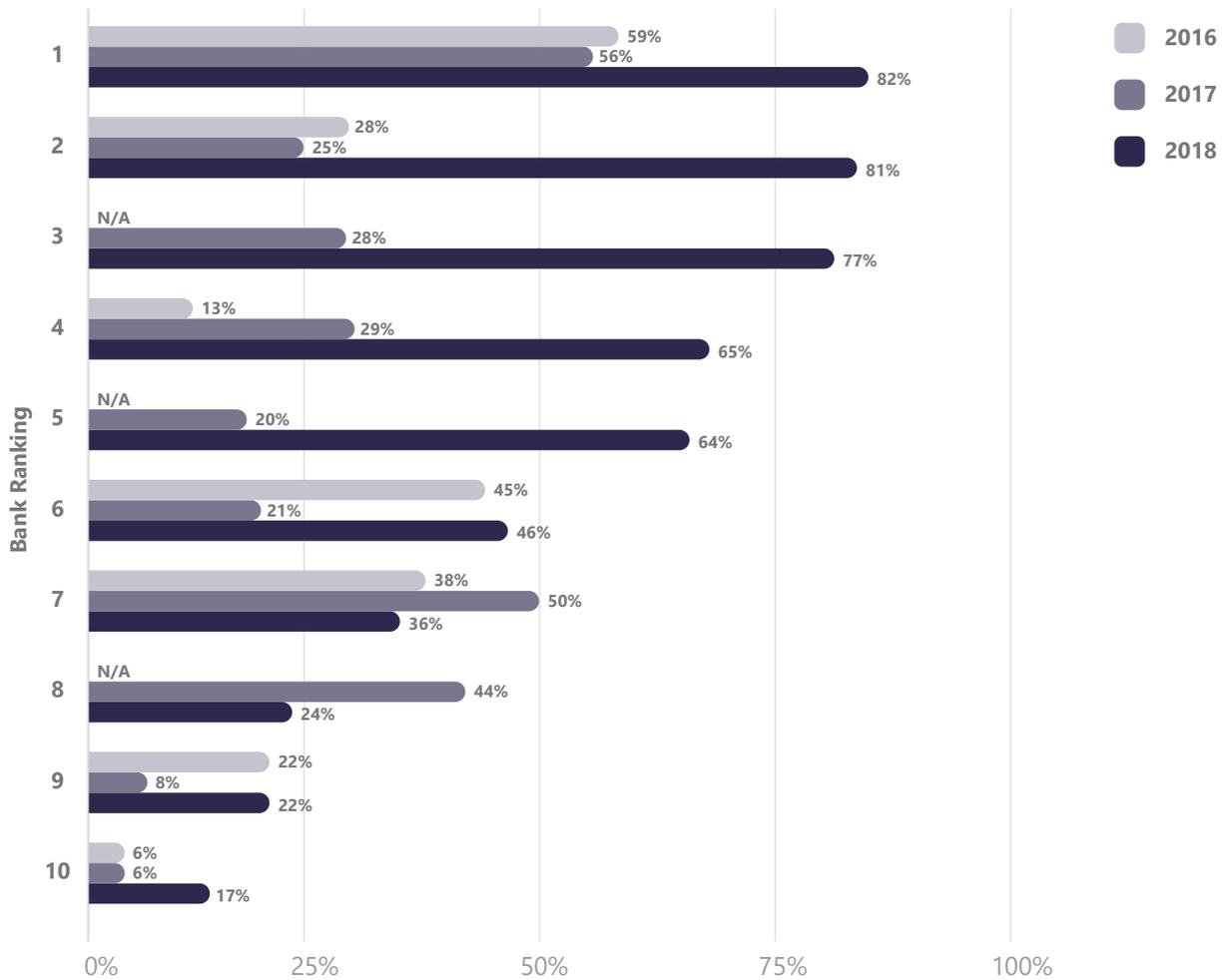
**North America Mobile Readiness Improvement  
(Personal Banking)**



In the European market, five of the largest banks in the UK and Germany achieved substantial gains in 2018 and have significant mobile product coverage. Behind them are

the remaining five European banks from the prior year studies. New entrants in the 2018 study fared poorly and their year over year trajectory will be examined in 2019.

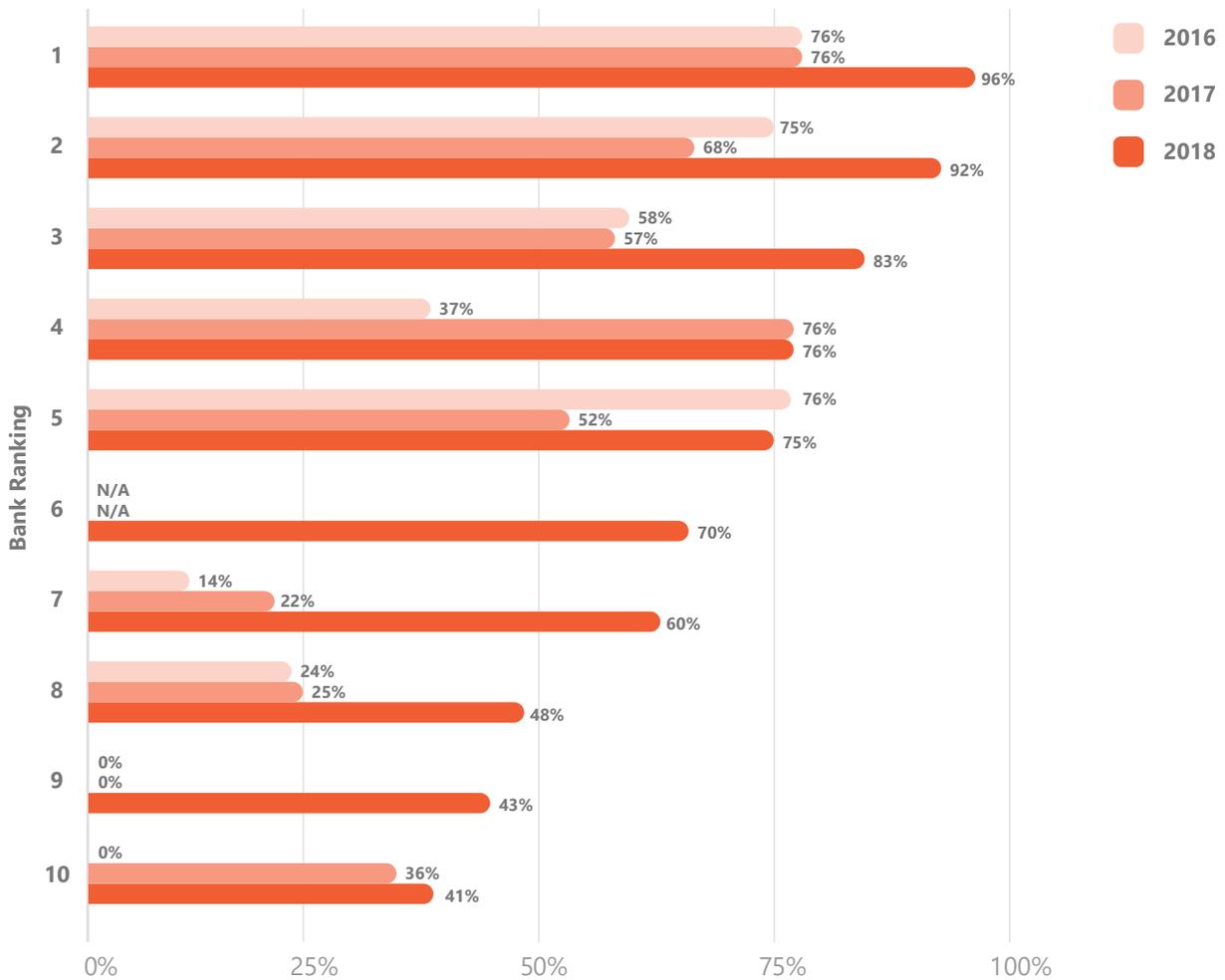
### Europe Mobile Readiness Improvement (Personal Banking)



Australian banks show the highest overall maturing of digital sales for Personal Banking products. Six banks are near complete. Of the

four with fewer than half their products mobile-enabled, only one did not show a substantial trajectory.

### Australia Mobile Readiness Improvement (Personal Banking)



## FINDING #4

# Omnichannel Advanced Features Have (Still) Not Improved

Despite increased availability of basic mobile account opening, use of advanced features to enable omnichannel account opening and optimize the customer journey has not expanded.

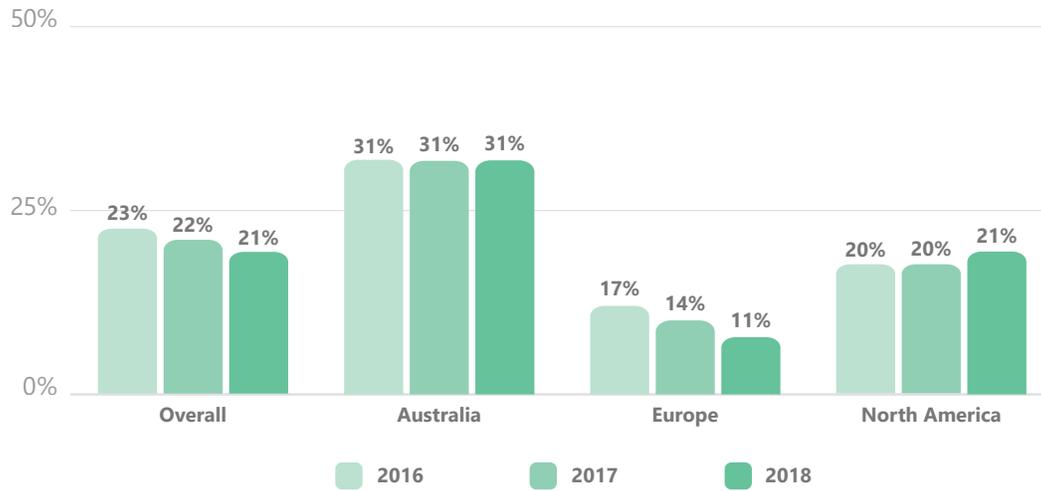
In addition to basic account opening capabilities, the 2018 study tracked accounts where advanced features identify an omnichannel account opening experience. Omnichannel account opening and onboarding refers to beginning the process on one channel, such as mobile, and completing it elsewhere or at a later time. Examples include starting an application on mobile, losing coverage, and completing it later on WiFi without loss of data; beginning an application on mobile, then passing it to a spouse at home for completion and signature; or starting a digital application at home, then finalizing with help from a bank representative in a branch.

Save and Resume is an essential feature indicating omnichannel account opening

lending capability. The test looked for the ability to save a partially-completed form as an anonymous visitor, with no login and password. While a current customer will already have credentials established for digital banking access, a new prospect will typically not complete the sign up process if it requires creating a new login and password prior to application submission. Lack of Save and Resume is a primary driver of high levels of abandonment.

2018 results show that not much has changed for omnichannel account opening over the prior two years. All three geographies show low availability of the feature across all product lines, with Australian banks in the lead at 1/3 of all account openings omnichannel enabled.

### Year Over Year: Account Openings That Include Save and Resume



# Is Your Bank Digital Sales Ready?

Benchmark your digital sales readiness with a thorough assessment. As the data shows, there's plenty of room for improvement in digital sales, especially for Business Banking, Wealth Management, and advanced features.

## Competitive Divide

For those banks not already on a trajectory to have all personal banking products mobile sales enabled, the large gap up to the leaders is widening. Institutions of all sizes that do not have a product-wide digital sales strategy now find themselves at a competitive disadvantage.

Giving customers the option to use a mobile device for account opening and onboarding is imperative to satisfy their increasing expectations for simple, frictionless transactions. Digital sales drives customer acquisition and increased revenues. The time to improve your digital sales is now.

Avoka can help, with a comprehensive and confidential assessment of how your bank compares to others in your region and globally.

We'll benchmark your current digital sales process on multiple factors then, help you understand what improvements to make and how they'll affect revenue and customer acquisition.

- > [Contact us to learn how you can get those results, too.](#)
- > [Get an Assessment of Your Bank's Digital Readiness](#)



## About Avoka

Avoka Transact is a software platform dedicated to delivering outstanding customer acquisition and onboarding journeys in banking. It increases speed to market, addresses compliance and risk, and improves bank customer satisfaction for applications such as account openings, loan applications, or business onboarding.

By focusing on the customer-centric portion of digital banking transformation, Avoka applies its

years of knowledge gained in creating customer experiences for personal banking, business banking, and wealth management clients.

Avoka has digitized over 100 million transactions spanning more than 16,000 sales and service projects worldwide.

The company was founded in Sydney, and is now based in Sydney, NSW Australia; Denver, CO United States; and London, England.

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