

## CASE STUDY

# HSBC: COREDOCS DIGITAL TRANSFORMATION OF GLOBAL BUSINESS ONBOARDING

WINNER OF CELENT MODEL BANK 2018 AWARD FOR  
COMMERCIAL ACCOUNT ONBOARDING

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24 April 2018

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## CASE STUDY AT A GLANCE

FINANCIAL INSTITUTION	HSBC
INITIATIVE	HSBC CoreDocs: Digital Transformation of Global Business Onboarding
SYNOPSIS	Digitization and replacement of complex, paper-based onboarding and KYC process for relationship-managed commercial clients across 26 countries
TIMELINES	<ul style="list-style-type: none"><li>• Project launched in May 2016</li><li>• CoreDocs launched in top three markets in July 2016</li><li>• 36 countries went live from January to August 2017, covering 90% of global volume and benefits</li><li>• Global rollout completed in 44 markets in March 2018</li></ul>
KEY BENEFITS	<ul style="list-style-type: none"><li>• A globally consistent customer onboarding experience across 40+ countries, through a digital portal integrated with other internal systems. The system offers client-friendly conditional navigation with prepopulation of fields when possible, to make it consistent and easier for clients to complete, with a voice of the customer feedback capability.</li></ul>
KEY VENDORS	Avoka

## CELENT PERSPECTIVE

- As discussed in *Onboarding in Transaction Banking: Prioritizing Investments for Reducing Friction*, August 2016, implementing transaction banking services in an efficient, timely, and transparent manner can be a key demonstration of a bank's commitment to client-centric innovation. HSBC's project to digitize and replace complex, paper-based onboarding and KYC processes demonstrates the bank's prioritization of client-centric technology investments.
- During onboarding, HSBC required its multinational clients to complete a largely manual paper process with no automation and with different forms across multiple countries, causing inconsistency when processing applications. By digitizing and automating onboarding processes for access on desktop and mobile devices, HSBC radically improved the customer onboarding experience for its relationship-managed segment. By adding data validation at the front end of the process, the bank considerably enhanced application checking.
- HSBC sought a commercially available onboarding platform with the flexibility to support HSBC across its broad geographic footprint. The Avoka Transact platform helps HSBC to acquire more customers through an easier, faster experience and to increase throughput and revenue by improving efficiency with an end-to-end digital experience. HSBC CoreDocs allows the bank to seamlessly onboard clients across all its customer-facing channels by providing the same consistent application form.

## DETAILED DESCRIPTION

### Introduction

Founded in 1865 to finance trade between Asia and the West, today HSBC is one of the world's largest banking and financial services organizations serving around 38 million customers worldwide. HSBC serves customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. HSBC's aim is to be acknowledged as the world's leading and most respected international bank. Headquartered in London, HSBC operates through long-established businesses and a global network of around 3,900 offices in 67 countries and territories in Europe, Asia, the Middle East and Africa, North America, and Latin America.

Table 1: HSBC Bank Snapshot (as of 31 December 2017)

HSBC	
YEAR FOUNDED	1865
REVENUE	US\$51.4 billion
ASSETS	US\$2,522 billion
GEOGRAPHICAL PRESENCE	Headquartered in the United Kingdom with 3,900 offices in 67 countries
EMPLOYEES	229,000 Full-time equivalent staff
OTHER KEY METRICS	38 million customers served by an international network of 3,900 offices in 67 countries and territories
RELEVANT TECHNOLOGIES AND VENDORS	Avoka

Source: HSBC Bank

The HSBC Commercial Banking (CMB) group serves approximately 1.7 million customers in 53 countries and territories. CMB customers range from small enterprises focused primarily on their domestic markets through to corporates operating globally. Services provided include working capital, term loans, payment services, and international trade facilitation, among other services, as well as expertise in mergers and acquisitions, and access to financial markets.

By digitizing complex paper onboarding and know-your-customer (KYC) processes for access on desktop and mobile devices, HSBC radically improved the customer onboarding experience for its relationship-managed segment of corporate customers.

### Opportunity

HSBC's mission is to grow their international commercial client network, but the onboarding process was impeding growth. The onboarding journey for commercial clients was proving extremely costly and having a painful impact on their clients' experience and perception of the bank. For clients looked after by relationship managers, in most countries, it was primarily a manual, paper-driven process with no automation and with different forms across multiple nations, causing inconsistency when processing applications. Clients had to often complete

several forms with the same information. The process for clients was complicated and lacked transparency, causing frustration with continuous back-and-forth communications between the client and their relationship manager. The challenging onboarding process meant that it was taking from 40 to 90 days for HSBC to set up new accounts and services for both domestic and international clients.

To solve the onboarding problem, HSBC needed a system that could deliver globally harmonized onboarding across the CMB group's geographic footprint of 40 countries and territories where HSBC services clients with dedicated CMB systems. The system would replace paper-based application forms; have a consistent "look and feel" for clients; and offer client-friendly conditional navigation with prepopulation and validation of fields where possible. The goal was to provide clients a consistent user experience across diverse countries with different requirements and regulations and to gather customer feedback for continuous improvement. The system also needed to be omnichannel in nature, reflecting differences in markets where mobile devices were more prevalent than desktop computers.

Internally, the target audience for the onboarding solution included front office relationship managers and back office operational staff, two key groups who needed to efficiently manage the onboarding journey of their clients and ensure accuracy and compliance of onboarding packages and processes. Externally, users would be commercial banking customers, including business owners, officers, and finance staff.

## Solution

In May 2016 HSBC launched the ambitious digital transformation project with the internal name "CoreDocs." The internal name came from the concept of having "Core" forms (documents) that would be globally applicable no matter where the applicant was and separate "Addenda" forms which would collect locally required regulatory data.

The approach was to build a tailored onboarding experience on top of a commercially available platform. The platform would serve as a dedicated system for data gathering to support onboarding and KYC processes, then serve as a gateway to push onboarding data to existing HSBC systems.

The bank identified several priorities for the new platform:

- An improved client experience, with friendly navigation and conditionality to reduce client effort and unnecessary data input.
- A globally harmonized onboarding solution with a unique look and feel for clients and a consistent set of questions delivered through a digital portal to replace the paper-based forms.
- Prepopulation of fields when possible.
- A continuous feedback loop on the customer experience to drive continual improvements.
- Time to market. The aim was to be in as many markets as possible within a few months.

HSBC chose a customer onboarding platform, Avoka Transact, as the basis for their global commercial onboarding project. Avoka was founded in 2002 in Sydney Australia, and now has operations across Australia, North America, and Europe. Avoka has digitized over 100 million transactions for more than 100 clients. The company has won numerous industry awards for its customer experience solutions. The Avoka Transact Platform supports an omnichannel account opening and onboarding experience across sales, support, and customer-facing digital channels (Figure 1).

Figure 1: Avoka Transact



Source: Avoka

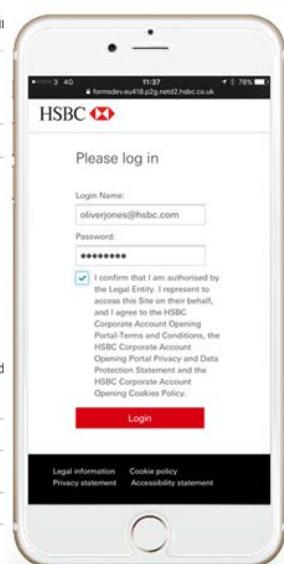
Avoka Transact provided HSBC with the prebuilt capabilities to redesign the customer experience, manage security, support omnichannel accessibility, handle prefill from internal data sources, and deliver resultant documentation to both customers and bank systems. The platform allows a tailored data flow and visual experience unique to HSBC. Importantly, it enables the creation of common business processes, with design customization, for each of the initial 26 (and soon to be 40+) different local markets.

Figure 2: HSBC CoreDocs



#### Request to Add and/or Remove Signatories from an Existing Mandate

<b>1. GETTING STARTED</b>	<b>2. BASIC DETAILS</b>	<b>3. BUSINESS DETAIL</b>
<hr/>		
Select your business type. We will be unable to process this form if an incorrect selection has been made.		
<input type="checkbox"/> Limited company registered in the UK		
Does your current mandate allocate individual signing limits to named signatories?		
<input type="radio"/> Yes <input type="radio"/> No		
Does your current mandate cover all accounts held now and in the future?		
<input type="radio"/> Yes <input type="radio"/> No		
In case we need to contact you about your application, please provide your name and preferred contact d		
First name/names <input type="text" value="oliverjones@hsbc.com"/> <small>Feedback</small> <input type="text" value="oliverjones@hsbc.com"/>		



Source: HSBC Bank

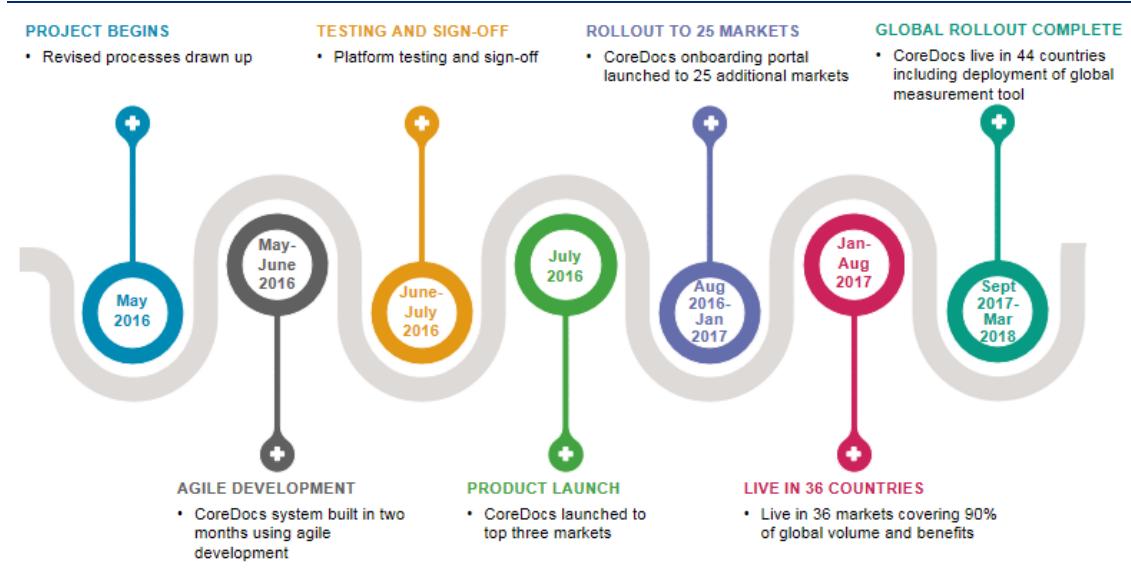
The CoreDocs project was extremely complex due to the nature of commercial customer onboarding with its wide array of documents, approvals, and identity challenges; along with differences in requirements and language across global markets. Most banks struggle to digitize commercial onboarding for one country and in one language. With CoreDocs, HSBC simultaneously tackled processes and compliance in 40 countries, with languages as varied as English, French, simplified and traditional Chinese, and Vietnamese.

Accelerated development was made possible by universal mechanisms prebuilt into Avoka for features like security, save and resume, form prefill, mobile responsiveness, and receipts and copies of completed documents. The team then developed a core set of common data elements and business processes for universal use. The CoreDocs team then used the prebuilt mechanisms, common data set, and universal processes to localize the solution across geographies, incorporating local market practices, regulatory and compliance requirements, and language differences. This approach enabled the project team to manage CoreDocs as one project with 40 variations, rather than 40 separate efforts.

## The Project

HSBC set up a global agile development team with Avoka in May 2016. The joint team developed and built a purpose-built onboarding solution on the Avoka platform within three months, beginning initial rollout in July 2016. As shown in Figure 3, the bank substantially completed the global rollout in March 2018 with 44 countries, although it plans to add a few more countries to ensure consistent coverage.

Figure 3: HSBC CoreDocs Project Timeline



Source: HSBC Bank, Celent analysis

The Avoka platform enabled HSBC to come to market rapidly with the right solution, avoiding the potentially high cost and high-risk in-house development of a new application from the ground up. With core capabilities of transaction management, scalability, and security built into the platform, HSBC worked with Avoka to create a tailored customer experience on the Avoka platform that matched their internal requirements.

Avoka's strengthened its relationship with HSBC by being on site with the HSBC team, enabling close working partnerships to be more easily formed. Agile-oriented scrum teams built out the product in a series of four- to six-week sprints. Due to the team's geographical dispersion, the "stretched" agile team consisted of HSBC staff in London, Buffalo NY, Hong Kong, and China. Daily "stand-up" meetings by teleconference facilitated project governance, increased efficiency, and adherence to project milestones. All key decision-makers took part in the daily scrum meetings, allowing the project to move quickly, and making quick decisions as needed.

#### About Scrum

An increasing number of banks are using Agile software development along with scrum as a framework for managing development projects. In scrum, each team is cross-functional, with everyone on the team contributing to feature definition and development. During each development sprint, the scrum team takes a small set of features from idea to coded and tested

Avoka worked collaboratively with HSBC's other key partners, integrating KYC services for identity and financial history validation, and focused on ensuring positive dynamics between parties. Team enthusiasm and a common goal helped to make the overall project a success.

## Results, Lessons Learned, and Future Plans

The strong partnership between HSBC and its technology partner, Avoka, enabled rapid development and deployment of the onboarding solution. Quantitative success metrics include:

- Real-time detailed analytics, helping the bank to identify application steps that clients struggled to complete.
- In November 2016, a revised domestic account opening survey with a "five-star" feedback score launched. Measured in 26 countries, scores were extremely positive, with the proportion of responses scoring 4 (Good) or 5 (Excellent) stars as follows: UK 73%, Hong Kong 73%, and China 81%. Positive customer feedback frequently highlights onboarding case managers as a significant decisive factor.
- Digitizing the process eliminated substantial manual paper processing and application rework. (An associated process redesign program that leveraged CoreDocs also helped generate cost saves in the end-to-end process. Actual cost saving figures are confidential.)
  - Significantly improving the quality of the customer data collected, due to up front validation and clear explanations to the applicants when filling in the details.

Qualitative success metrics include:

- For internal users, including relationship managers and staff running the onboarding and KYC effort, this project eliminated weeks of paper process and duplicate documentation.
- For the first time, HSBC now has a globally consistent customer onboarding experience for relationship-managed applicants, improving data quality as rule-based validation replaces manual paperwork in the digitized front end.
- The bank now onboards clients seamlessly across customer-facing channels, including mobile and desktop.

Three innovation elements led to the project success:

1. HSBC started with a purpose-built platform, rather than undertaking in-house development and building the transaction, security, and integration infrastructure from scratch. The purpose-built platform allowed the project team to focus their development on value-added features to enhance customer experience. The overall approach allowed a far faster time to market than using a ground-up development approach.
2. The bank created a global, agile development team. It enlisted its experts in local market requirements and staffed the teams with key decision-makers, allowing rapid

design decisions and working prototypes. The cross-functional team contributed both to an accelerated global time to market and to simultaneous compliance with diverse local requirements.

3. From a client perspective, the most innovative feature is omnichannel access to the onboarding portal. The portal creates collaboration between HSBC relationship manager and their commercial clients. The bank jumped from repetitive paper forms to a single view of the entire experience across mobile phone, desktop computers, and branch personnel.

Most important for HSBC is the improvement in customer experience delivered by the CoreDocs project, eliminating a tedious process for the customer and improving the quality of service offered by their bank. In support of ambitious goals for increasing the number of commercial clients, the project gave a rapid boost of service where it was needed most. By eliminating friction and time delays from the commercial onboarding process, the project supported the goal of aggressive and efficient global expansion of HSBC's global commercial customer base.

Following on from the global rollout, the bank expects to commercialize the product further to eventually process 80% of onboarding cases using the platform, potentially serving 400,000 relationship-managed commercial customers.

Going forward, HSBC plans to continue to enhance the customer journey by making the forms as easy to use as possible. It is looking at tooling to prefill more fields, embedding digital signatures (where regulators allow), and exploring deeper integration with in-house legacy systems.

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## About Avoka

Avoka creates customer acquisition and onboarding journeys in financial services, government and other industries. For account opening, lending applications, and business onboarding, Avoka Transact creates outstanding experiences that accelerate customer acquisition and time to market. Avoka was founded in 2002 and has digitized over 100 million transactions for 150+ global clients. Avoka is based in Denver, CO; London, England; and Sydney, Australia.

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