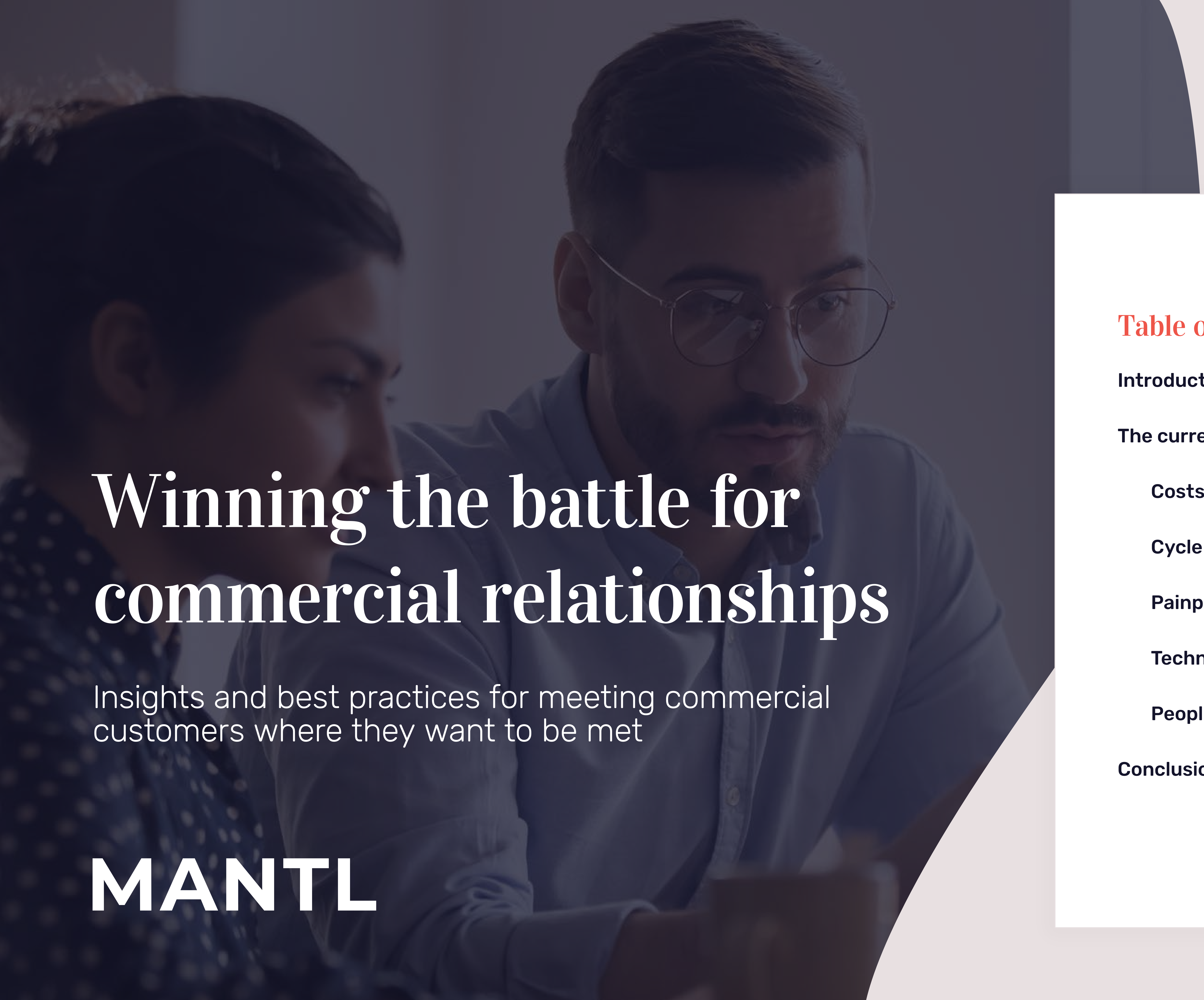

Winning the battle for commercial relationships

Insights and best practices for meeting commercial customers where they want to be met

MANTL

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INTRODUCTION

In an age of uncertainty, one thing remains clear: your bank's commercial relationships grow more valuable — and more vulnerable — by the day.

The reason is simple: the battle for commercial customers no longer involves just competing against other banks. Large, technology-driven platforms and providers are increasingly competing for the business that banks alone have traditionally provided. Fighting back — and competing successfully — will require you to meet commercial customers where and how they want to be met.

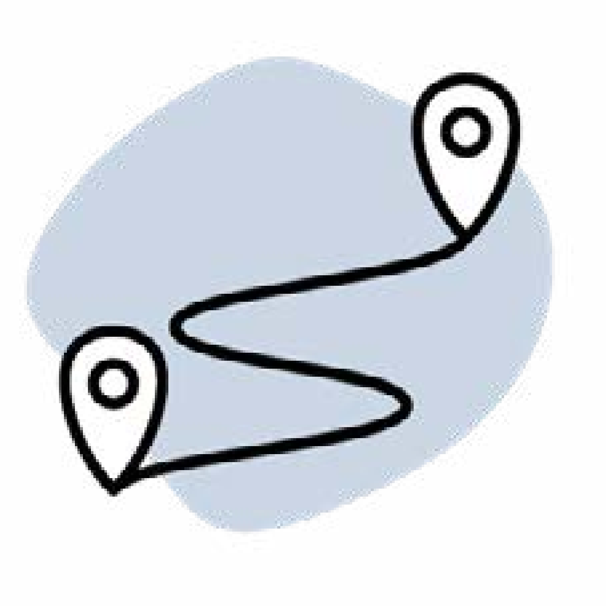
Consider this: according to Cornerstone Advisors, 38% of banks rank large commercial deposits as a top priority.

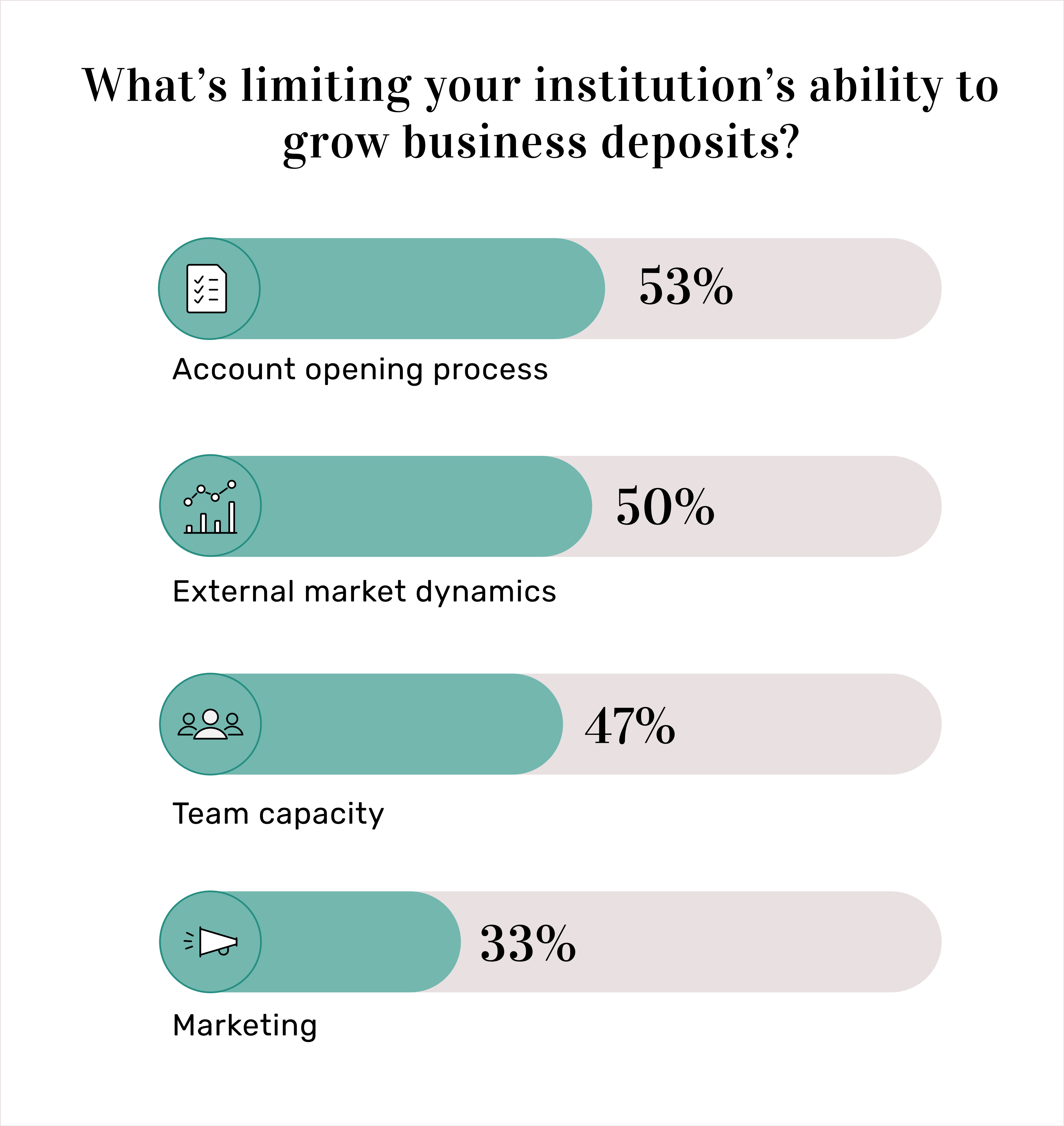
Yet more than half (53%) say their commercial account opening process limits their ability to grow. A whopping 40% rate their application process as "somewhat or very poor." Only 25% rate it as "good," and just 3% are willing to call it "great."

What is it about banks' account opening process that hampers their ability to grow? The answer is simple: just about everything.

In this white paper, we'll reveal:

- The true cost of legacy commercial account opening processes
- Practical steps you can take to digitize and improve those processes so you can eliminate barriers to growth





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The current state of commercial account opening

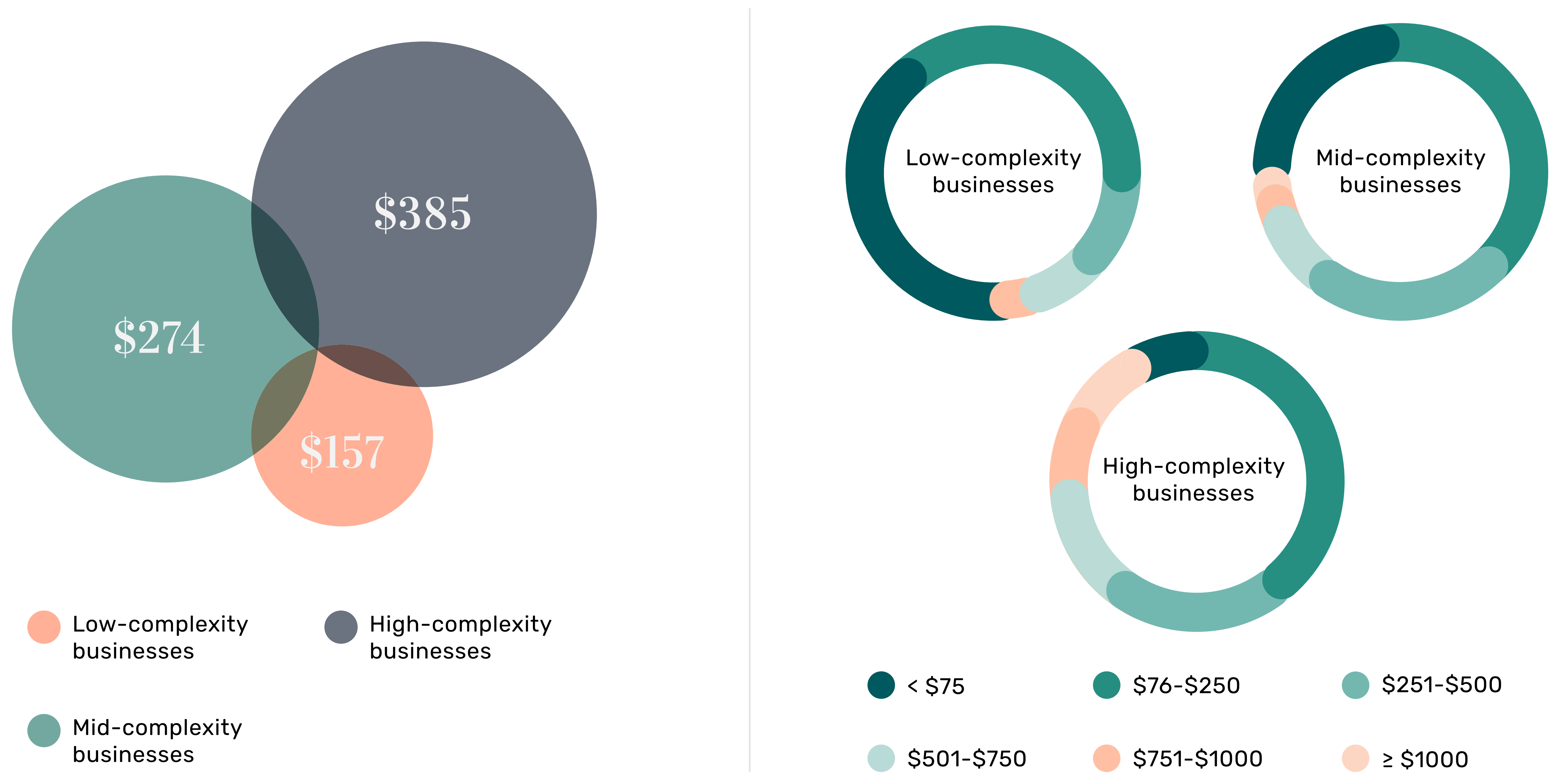
This section will look at the costs, cycle times, pain points, technology, and people involved in today's commercial account opening processes.

Costs

Sadly — but not surprisingly — many banks don't know how much it costs them to open commercial deposit accounts. Among those that do know, the averages range from $157 to open an account with a low-complexity business to $275 for a moderate-complexity business and up to $385 for a high-complexity business.

The averages mask the wide variation in costs across banks. At roughly four in 10 banks, the cost to open a deposit account with a low-complexity business is less than $75. At 20% of the banks, however, the cost is between $250 and $1,000. Similarly, about half the banks say it costs no more than $250 to open an account with a high-complexity business, while almost 20% say it costs more than $750.

What does it cost your institution to originate a commercial deposit account?



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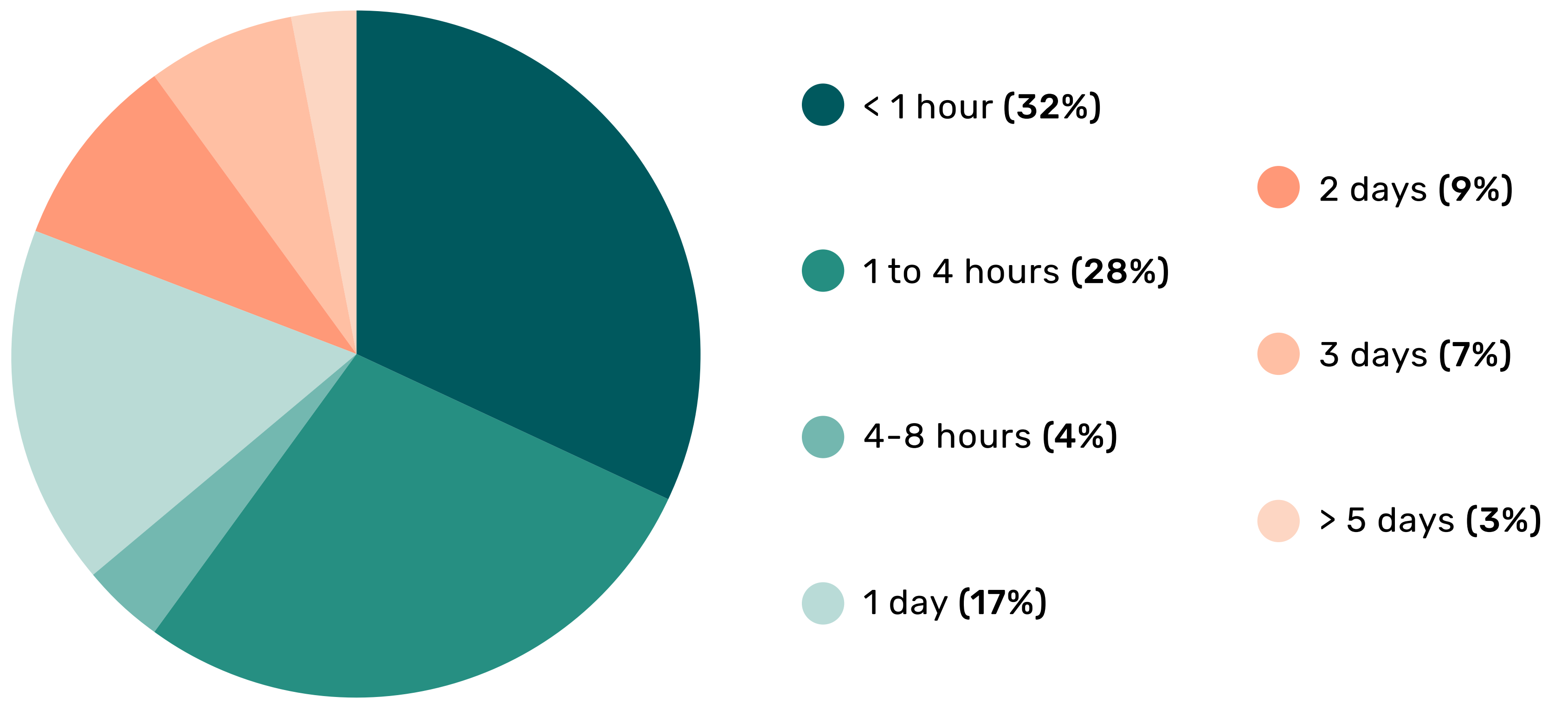
Cycle times

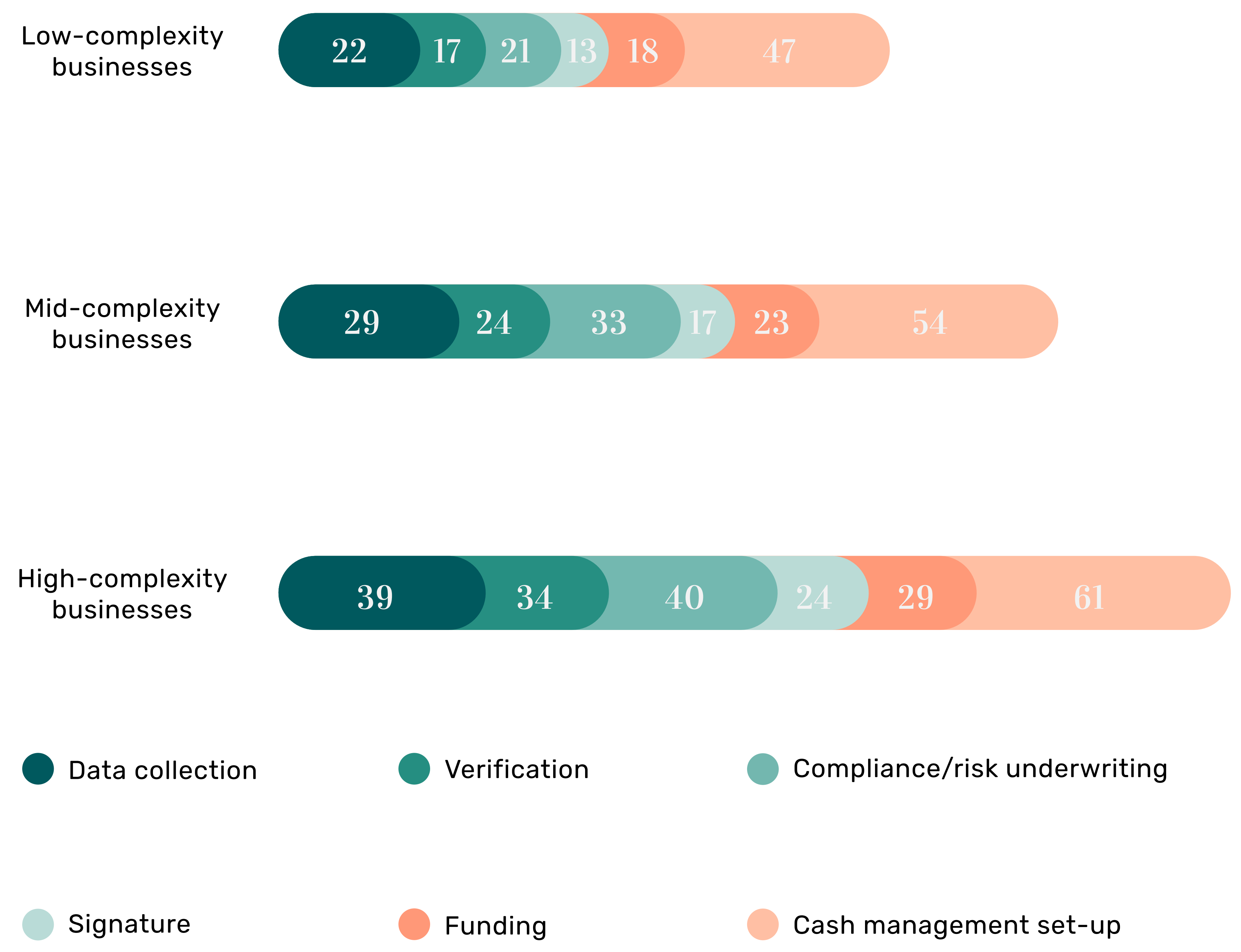
Roughly one-third of banks can open a small business deposit account within an hour. Another third can do it in less than eight hours. Nearly one in five banks, however, needs two or more days.

Cash management setup is the most time-consuming part of the onboarding process, ranging from an average of 47 minutes for a low-complexity business to just over an hour for high-complexity businesses. In many of the steps of the process, the high-complexity accounts take twice as much time as the low-complexity accounts do.

For new small business customers, what is the elapsed time from when a deposit account application is started to when the account is ready to be used?



When onboarding new commercial customers, how long (in minutes) does each process step take?



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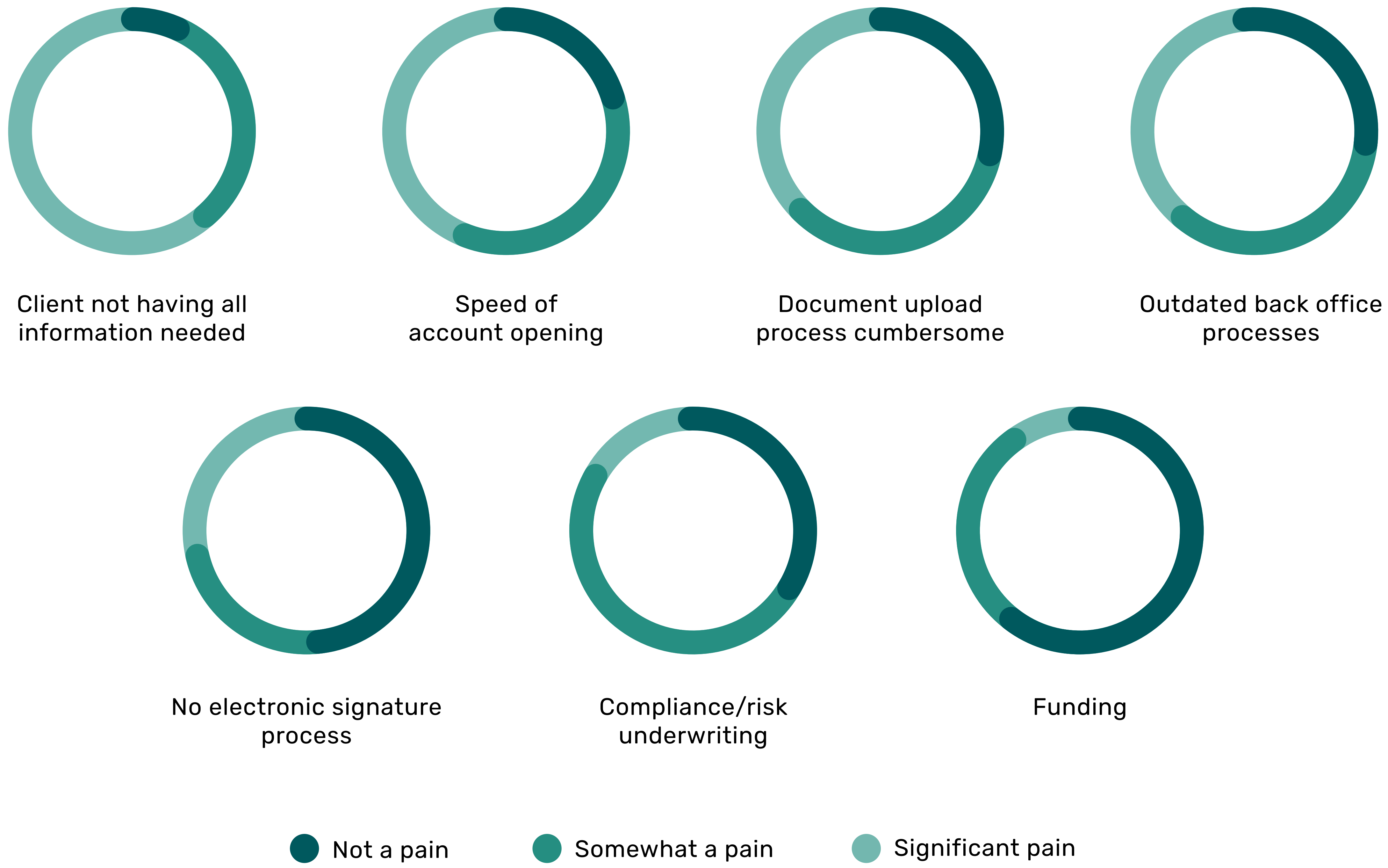
Pain points

Banks struggle to onboard commercial customers digitally because it's a slow, expensive, multi-phase process. Not only is there significant friction in most banks' processes, but there is also added cost for the banks that have to dedicate resources to resolving issues manually when technology falls short.

Clients not having all the information they need tops the list of pain points that banks experience in the commercial account opening process. Speed of account opening — or the lack thereof — was the second most-often cited pain point, with eight of 10 respondents rating it at least "somewhat" of a pain.

To what extent are the following aspects of the commerical business account opening process a "pain point" from a cost/efficiency perspective?



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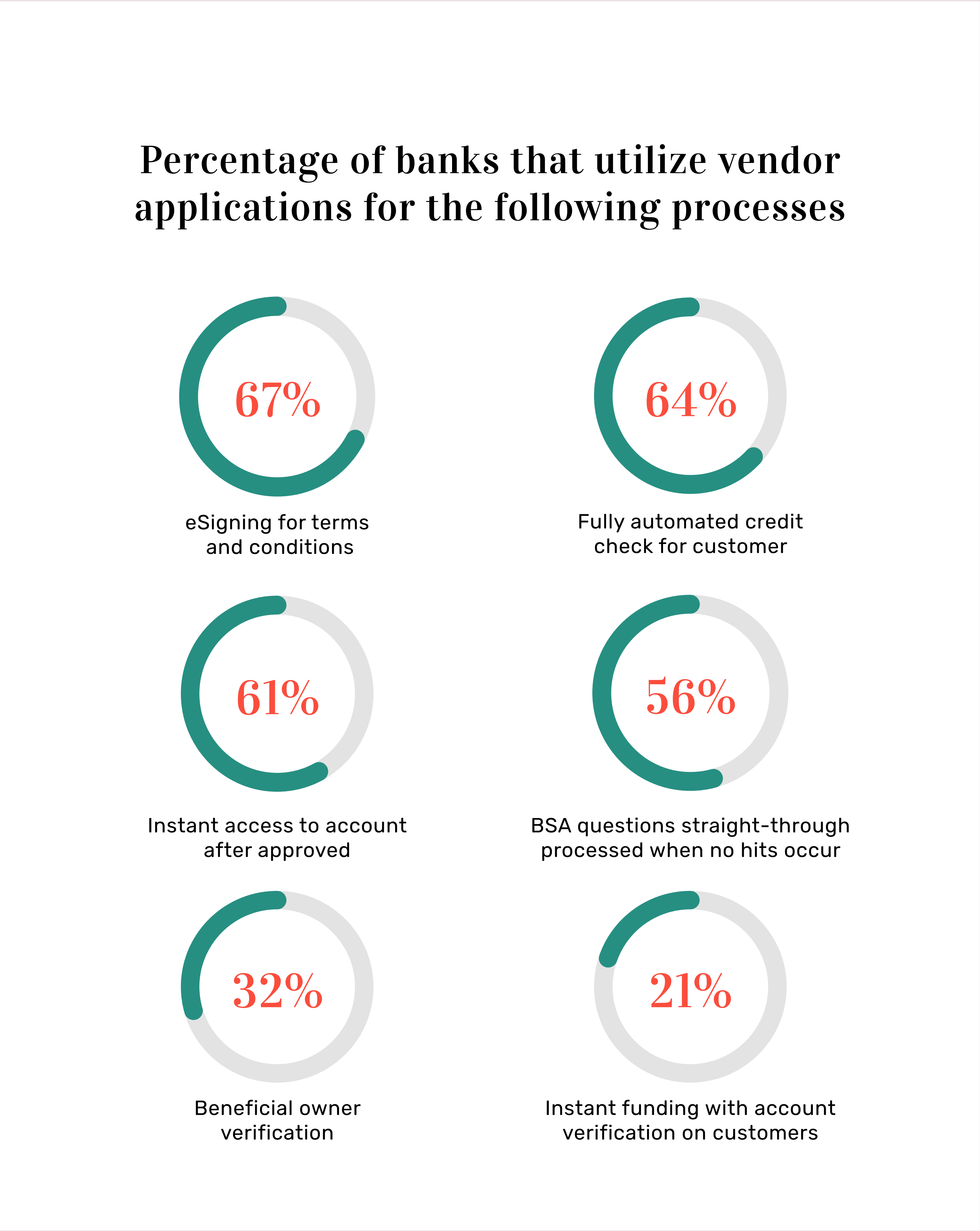
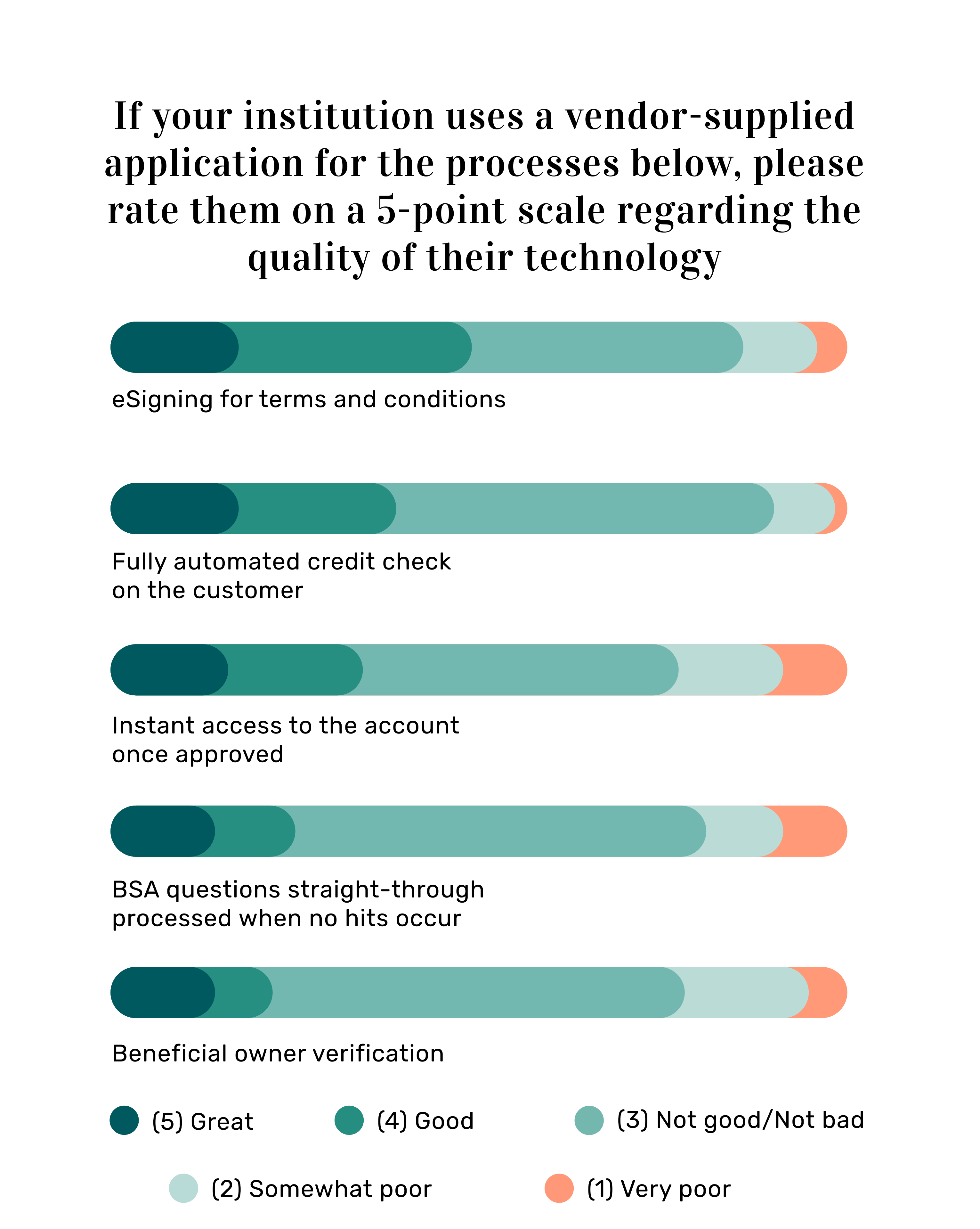
Technology

More than six in 10 banks are using vendor-provided tools for eSignature, automated credit checks, and instant access to accounts.

However, banks' satisfaction with the vendor technology used in the account opening process is lagging. No more than 47% of respondents rated the quality of the applications used to support the account opening processes as "good" or "great."

That said, the blame can't always be placed on the vendor. Instead, problems can arise from the manual processes that caused the pain. Issues with fully automated credit checks often arise from manual reviews, which are often done because bank execs don't use the technology in place. And as long as new clients not having all the necessary information is a pain point, instant funding will continue to be a problem area.





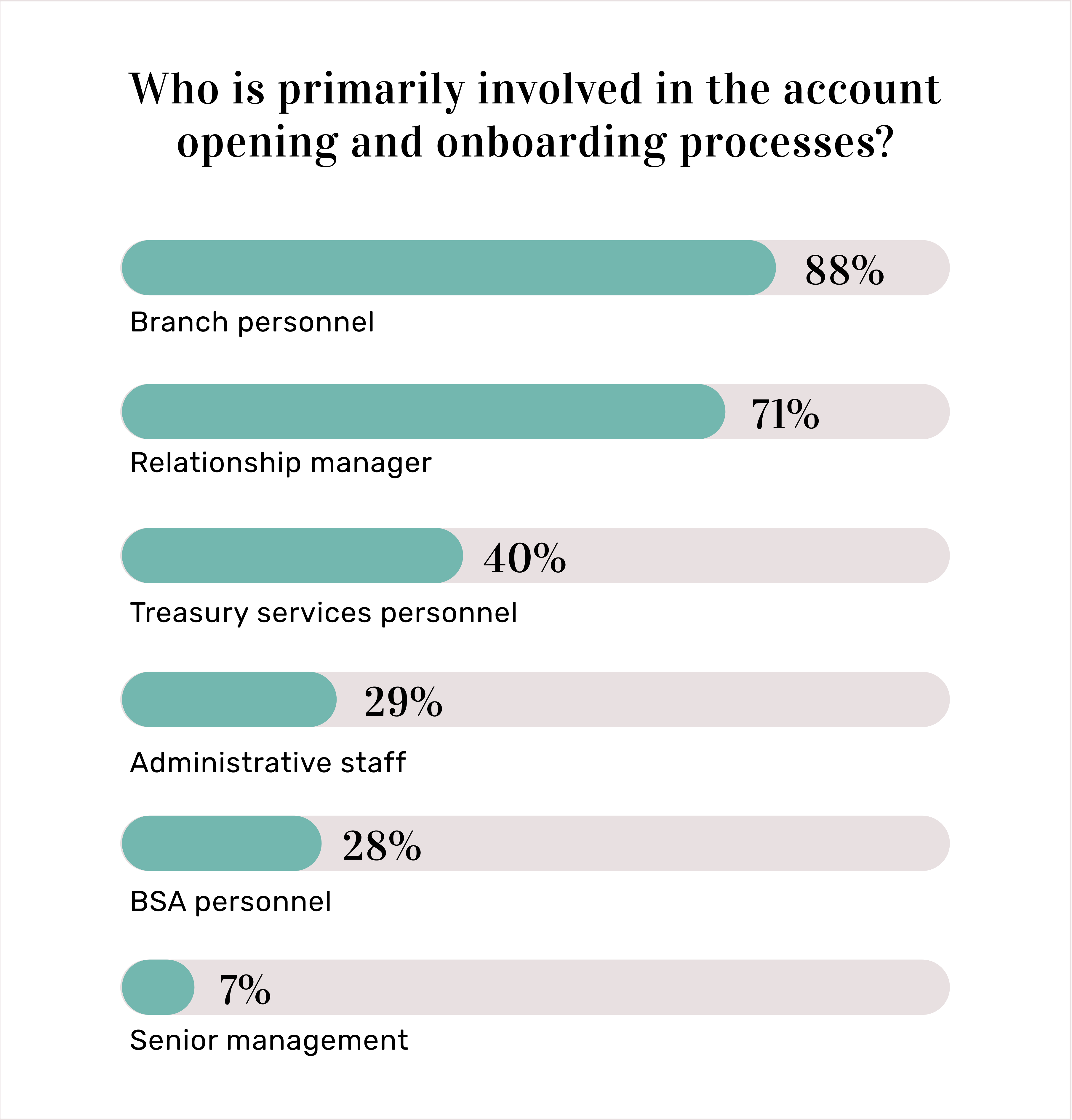
People

With an overwhelming majority of commercial account openings occurring in branches, it's not surprising to find that branch personnel are involved in the account opening and onboarding process at 88% of banks. Relationship managers are involved at 71% of banks. Specialized personnel like treasury services representatives and BSA specialists are involved in fewer institutions (40% and 28% respectively).

Most bank employees want a new commercial customer to have a good experience with the institution. Sometimes, however, that comes in the form of "we can't charge our client to use treasury — that's ridiculous."

Employees often resort to either waiving fees if the treasury team doesn't stick to its fee structure, or customers are put into a digital consumer solution that doesn't have the full capabilities that a commercial enterprise needs.

This may put your institution at risk because the terms and conditions for the consumer platform don't cover commercial accounts.



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Conclusions and recommendations

If today's banks want to win more commercial accounts, they need to build a better process for commercial account opening. Here's what you need to do to achieve that goal:

Get a handle on the cost of account opening.
Financial institutions that don't know the cost of onboarding new commercial customers should be embarrassed. It may seem trite to say that "time is money," but it's applicable here because a higher-than-average cost to onboard likely means the process is slow and cumbersome. If an institution doesn't know the cost of the process, it can't identify and eliminate the bottlenecks, handoffs, and other unnecessary steps in the process.

Don't find the needles in the haystack — knock the haystack down.
There's a tendency in many financial institutions to map out the (so-called) customer journey, find the components of the process that take too much time or cause customers (or applicants) too much trouble, and fix that component. It's the wrong approach when moving to digital account opening and onboarding. Moving to a digital process requires a complete re-thinking of the process.

Don't fall into the compliance trap.

Don't worry—we're not going to tell financial institutions they can ignore compliance when migrating to a digital account opening process. But banks don't have to move to a compliance-first process. Designing a successful account opening process requires some out-of-the-box thinking. According to Chris Nichols at CenterState Bank in San Francisco:

"If you ask bankers what it takes to satisfy the regulations to open an account, they will give you a long list of items including signature verification, multiple forms of identification, etc. The reality is that it takes very little information to get an account open. **The risk for opening up a deposit account isn't for bad actors to move money in, but to move money OUT.** As such, if you restructure your process to allow for the simplest account opening and funding possible, you can now go to work to reduce risk and satisfy the regulation. In other words, break the process into two or three steps, and get the account open as fast as possible."

Focus on the account opening "moments of truth."
The digital account opening and onboarding process will be comprised of many steps, but there are five things banks and credit unions must get right:

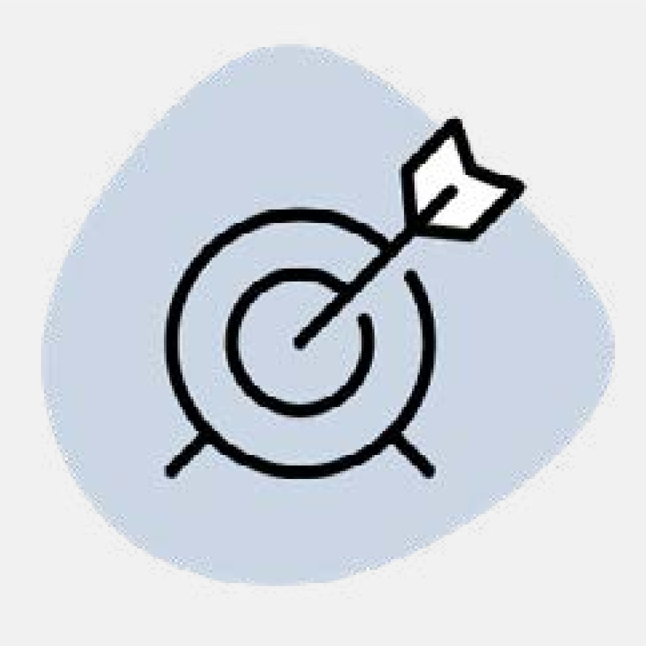
- Minimize customer data entry requirements
- Create a one-step process for account funding
- Prevent application abandonment by providing digital and human support at every point in the process
- Provide eSignatures and paperless document delivery
- Enable accounts to be opened and available for use immediately upon application completion

Establish an effective performance management system.
Financial institutions should track and measure a number of performance metrics as part of their digital account opening efforts including (but not limited to):

- **Completion rate.** The completion rate is calculated by dividing the number of submitted applications by the number of started applications. On mobile devices, a completion rate of more than 50% is excellent, and between 30% and 50% is acceptable. But a completion rate below 30% is a warning sign of a complex process that has too many steps, takes too long, or requires data not readily available.

- **Time to complete.** The average time for a successful digital application submission varies by type of product. For checking accounts, a process that takes more than 15 minutes is a signal that extraneous information is being collected.

- **Resume rate.** The resume rate is the number of successful resumptions divided by the number of incomplete applications. Frequently, a multichannel account opening application is not resolved in one session but is split across multiple sessions or devices. Generally, the longer the application, the more likely it is to be stopped or abandoned. The resume rate is an indicator of how successful the institution is at resuming the application at a later point.



About MANTL

MANTL is a banking technology firm offering the leading account opening software. Our platform empowers regional and community banks and credit unions to grow up to 78% faster. These institutions play a critical role in our economy and we're passionate about preserving that. MANTL's customers have raised billions in core deposits to date. Founded in 2016, MANTL is a privately held company headquartered in New York with the backing of prominent venture capital investors.

Visit mantl.com or contact sales@mantl.com to learn more.

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