

Battle to Onboard 2022:

The Growing Power of Consumer Demands



There is no “single Europe” when it comes to attitudes to onboarding

Introduction

It took a global pandemic, but the futurists that predicted a workplace revolution have been proved correct—even the most reluctant among us have had to embrace digital technologies, remote working, and services at a distance. People now demand a digital experience.

Some parts of our lives are better prepared than others. Across Europe, many providers and countries have been creating digital identity schemes and the supporting infrastructure that will enable remote services—and make meeting Know Your Customer (KYC) regulations simpler.



The reality is far messier than anyone could predict.

More than two thirds of consumers have abandoned financial service applications in the last year, up slightly from our 2020 Battle to Onboard report, and there is no simple relationship between digital identity maturity and levels of abandonment.

But with these schemes at different levels of maturity across Europe, we may expect some countries to cope better with this change than others. The more mature the digital identity ecosystem, the happier consumers should be, with fewer abandoning applications for services.

What we are seeing is more nuanced. As digital identity schemes mature, consumers enjoy a better onboarding experience. As a result, they demand more. We have described this as the “expectation paradox”.

The 2022 Battle to Onboard report tells us:

- ➔ More mature digital identity schemes can lead to consumers being more demanding, and less likely to tolerate a bad experience.
- ➔ Privacy is a growing concern for consumers. The financial services industry is unique in its demands for customer data to meet regulations, and it needs to do better at allaying concerns.
- ➔ Local knowledge is key. Providers need to work with partners with local expertise, helping to navigate what makes each market unique.

Europe is a fascinatingly diverse continent full of unique cultures and quirks, as well as different laws and regulations. This is reflected in its attitudes towards financial services—there is not one single European approach for verifying a customers' identity for onboarding, but many different markets, refusing to conform to a single standard.

Financial service providers that tailor their onboarding experience to meet the nuanced demands of consumers will reduce abandonment and boost customer acquisition—digital identity is key, but also just a part of the puzzle. Then there's plain old fraud. Any company in any industry can be a victim of fraud. In consumer business, one customer might not be able to commit a large-scale fraud, but in business to business the opportunities and risks that come with each customer are much higher, making proper identification extra important.

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Key findings

Our research revealed
5 distinct findings





Financial service providers still aren't getting onboarding right

The last two years has seen more people using digital services than ever before. When it comes to onboarding, financial services providers have not taken full advantage of this opportunity. 68% of consumers have abandoned an application in the last year, up from 63% in our last report.



Mature digital identity schemes do not automatically lead to happier consumers

A pattern we have identified in previous reports is back again: well-used and popular digital identity schemes increase expectations from consumers, whereas those countries where digital identity is newer have lower expectations.



Digital identity beyond borders

New onboarding technologies are not universally popular in every country, and there are some surprising results that show that assumptions could be dangerous—especially in the countries that lie in the middle ground between the most and least mature when it comes to digital identity.



Take data protection to the bank

Consumers care about the security of their data, and the amount of data they are required to share with a provider when completing an application. There's a need to explain why it's needed—if it is needed—or risk mistrust and abandonment.



Digital Identity in the COVID-era

The effects of the pandemic have touched every industry and every business. Financial service providers have had to adapt to the changing needs of consumers. However, some consumers found that they were unable to access services at the height of the pandemic.

Explore each country in detail

Signicat has compiled the results of the Battle to Onboard into a series of factsheets for each country surveyed. As well as specific survey results, our experts have added their insight into digital identity nuances—how mature the market is, what eIDs are available, quirks that may not be obvious.

Onboarding Gone Wrong

Financial service providers still aren't getting onboarding right

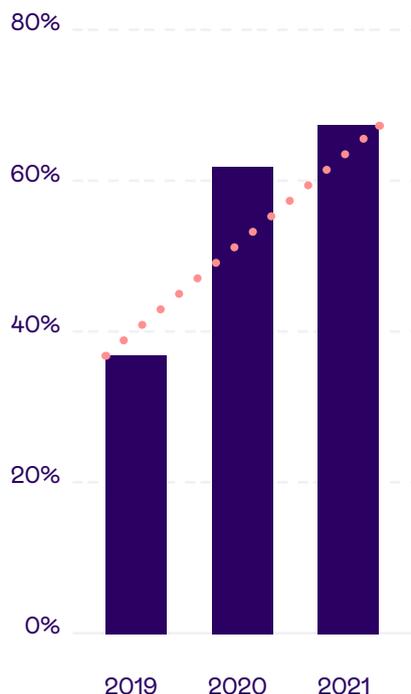
People are changing how they work and live—more remote working, more services at a distance than ever before. This could be good news for providers of financial services who have invested so much in digital transformation and would want to spend less on local branches. Unfortunately, this shift has not been reflected in the Battle to Onboard, where abandonment of online applications has actually increased.

68%

of consumers have abandoned an application in the last year.



And it's getting worse



abandoned an application in 2021. This is up from 63% in our last report, in 2020. And it continues the unfortunate upward trend, that we have seen since 2019.

Another interesting finding is the correlation between abandonment rate and age. Our survey shows younger people (18-44 years) tend to have a higher likelihood to abandon the application process. Abandonment goes down with age. Research shows that many young people have less perseverance when it comes to tackling unexpected onboarding challenges. If an onboarding procedure doesn't work the way they expected, they simply abandon and move on.

Gen Z, now the frontline of customer acquisition, are the generation traditional providers should worry about going forward— Gen Z are not prepared to compromise. They will demand choice without complexity, and simplicity without loss of security. 100% digital onboarding for these new customers is now a must and should be as simple as a social media login.

Abandonment rate & Age



There are **three main reasons** for application abandonment:



21%

They simply changed their mind

21%

The process took too long to complete



21%

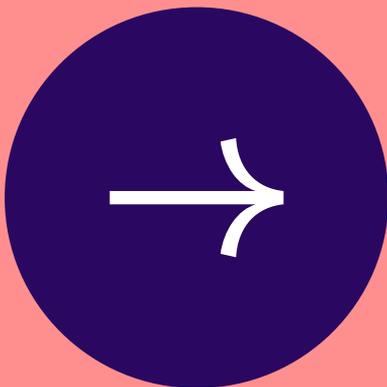
They were asked for too much personal information



Over a third of consumers have abandoned an application for a financial product because they did not have the right identity credentials—whether digital username-password or a document such as a passport. It's therefore still important to offer a range of identity solutions. Consumers still demand a range of onboarding methods, even where digital ID is widely accepted. See detailed country view (Page xx)

Differences across regions

Among Western, Northern, and Southern European respondents, those who quit the application process mostly did so because the process took too long to complete. In contrast, respondents from Eastern European countries did so because the process asked them to provide too much personal information, or they simply changed their mind about the application.

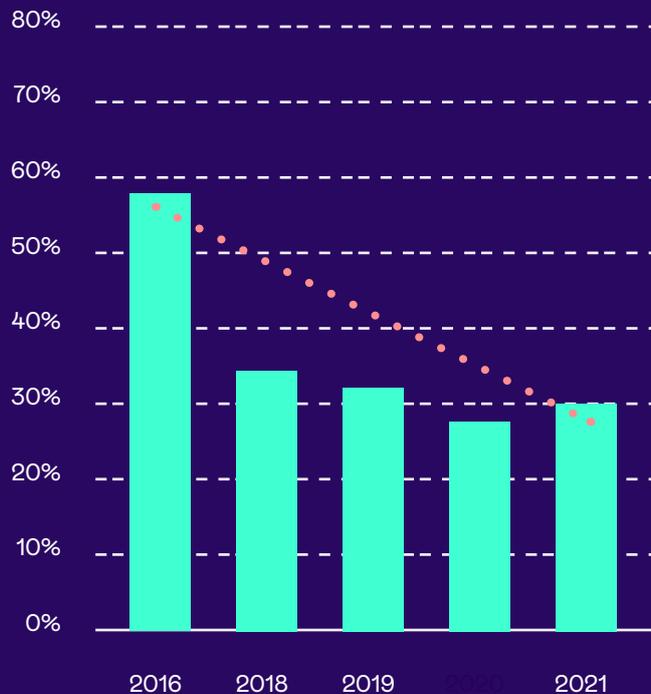


By a mature digital identity scheme, we mean one that has stood the test of time and is well-used and accepted in that country. It's tricky to quantify this exactly, but the European Commission (EC) has an index with many countries included.

How long are applications taking?

The average time that an application process took was perceived by end-users to be around 15 min and 34 seconds long. This is down from 20 minutes from last year's market research. Although there are perceived improvements in onboarding processes in terms of the time it takes to apply for a financial service since 2016, end-users still remain unsatisfied where "it took longer than expected" compared to Signicat's market research in 2020.

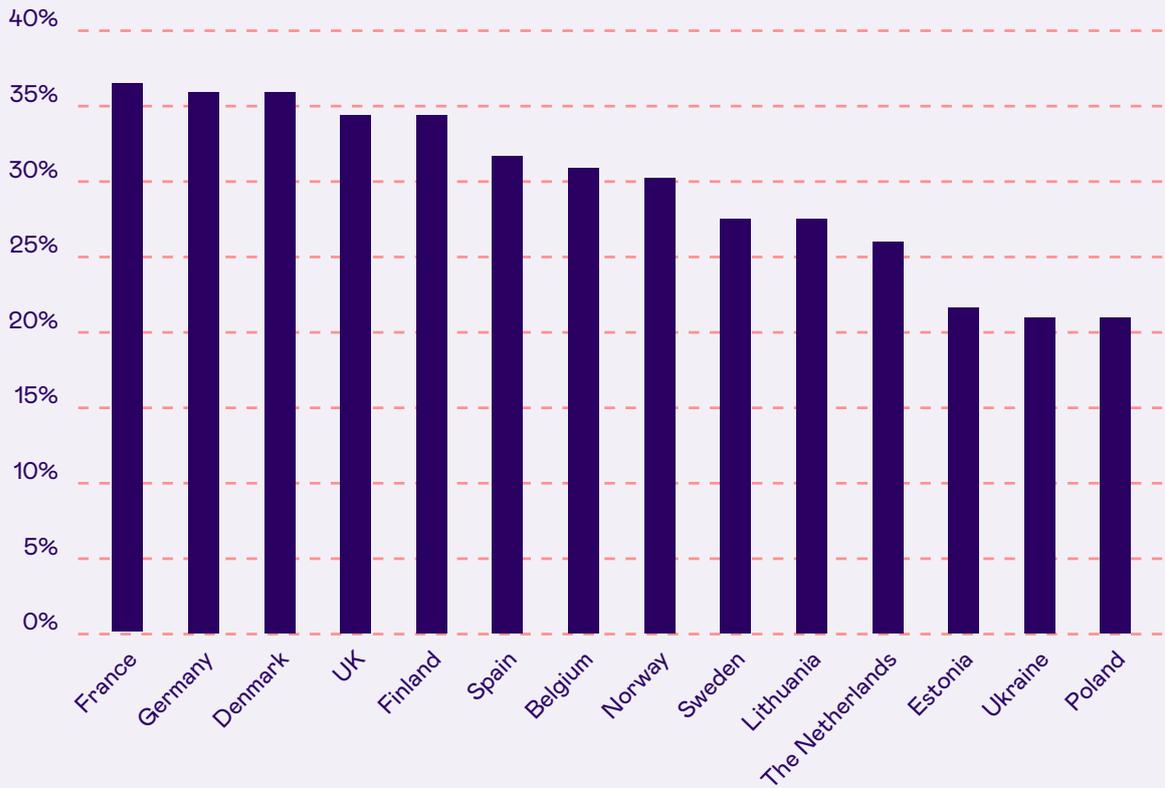
Yes it took longer than I expected



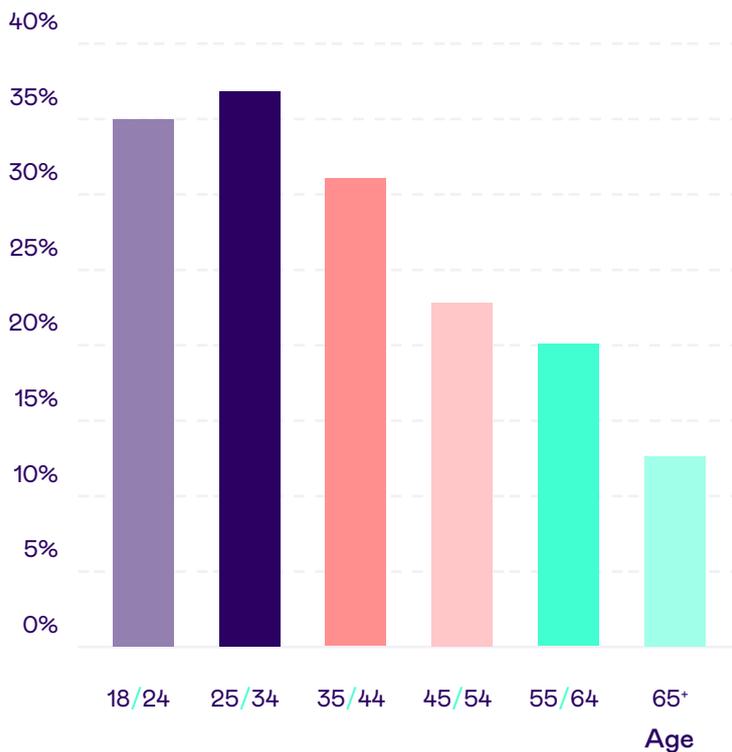
Signicat.com

Over a quarter (27%) of end-users surveyed found that the onboarding process took longer than what they expected. This was particularly evident in France, Germany and Denmark where more than 30% of participants reported it taking longer than expected. Five of our surveyed countries came in at less than this time: The Netherlands, Norway, Sweden, Lithuania and Estonia.

Yes it took longer than I expected



Yes it took longer than expected



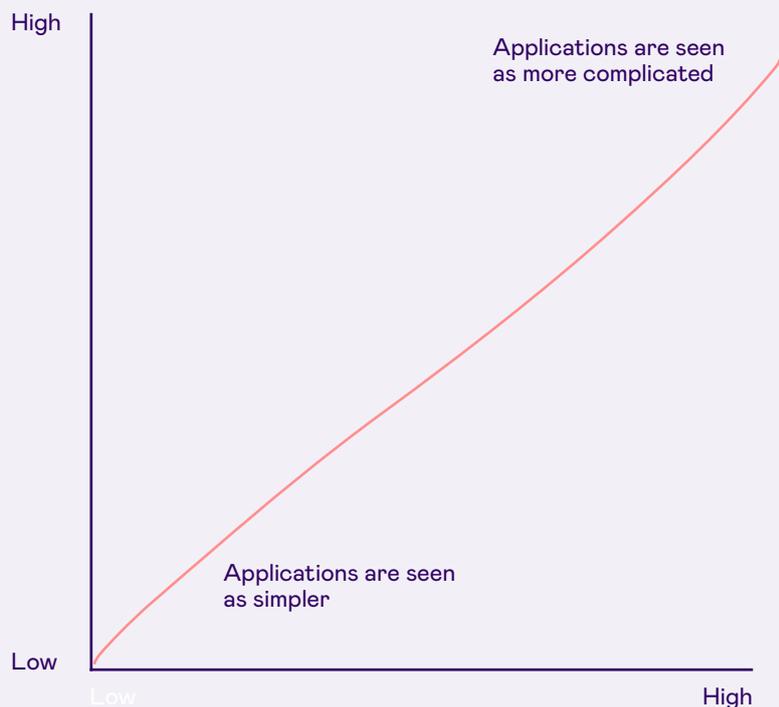
The younger generation were less satisfied with lengthy onboarding processes compared to the older demographics who might have adopted to “learned helplessness” which was a theme of last year’s report.

Digital Maturity vs. Expectations

The Expectation Paradox

„With more mature digital identity schemes, consumers are demanding a better onboarding experience. We call this the Expectation Paradox.”

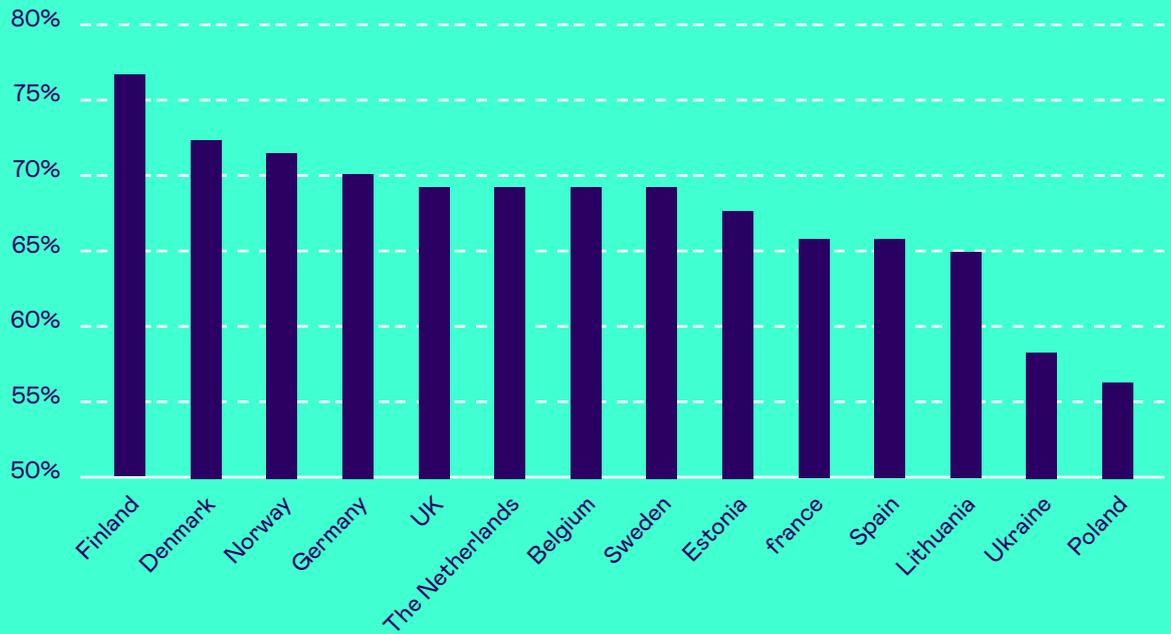
A pattern we have identified in previous reports is back again. If a country has a well-used and popular digital identity scheme, it tends to increase onboarding expectations from consumers. The countries where digital identity is newer, have lower expectations when it comes to onboarding.



The expectation paradox is clear. In mature markets, where customers have the highest expectations, applications are seen as complicated. Whereas where markets are arguably less mature, expectations are lower and applications are seen as simpler. As markets mature, applications don't become more complex, people just expect things to be simpler. Abandonment in the Nordics is the highest, despite widespread use of eIDs.

Providers need to understand how expectations will shift in these markets. Increasing fintech and digital ID maturity can quickly lead to dissatisfaction if expectations aren't met.

Abandonment rate across 14 markets



Expectation paradox - The link between ease and time
It is not as obvious as it first appears—short and simple are not the same but consumers may see long (if simple) application processes as complex. Lots of simple questions could be as frustrating as a short application with difficult questions. There is a clear link between ease and time.

88%

of those who said they found their last application easy, took less than 10 minutes to complete it.

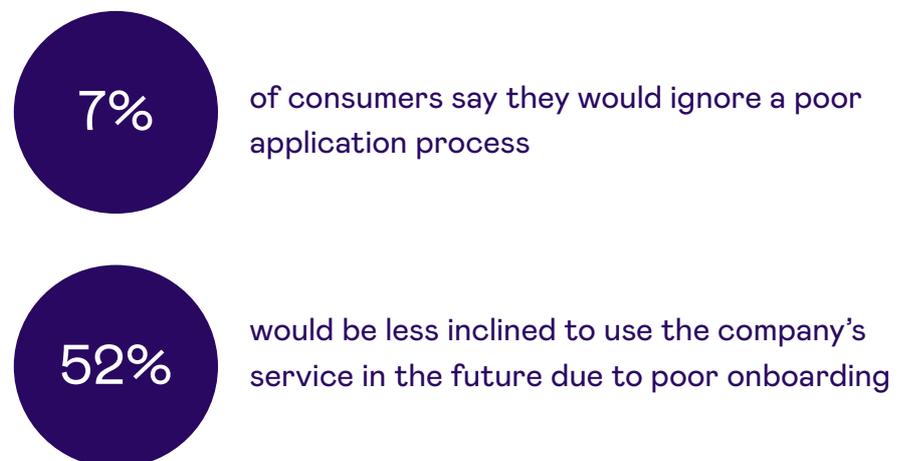
Does the onboarding process stop people from switching providers?

Ironically, the onboarding process can impact the likelihood of consumers shifting to another financial provider. Our result shows, that 42% of respondents have considered switching their current account but had been put off because of the effort and paperwork involved in proving their identity to a new provider.

This is less true in Ukraine, Lithuania and Estonia, with less than 1/3 saying they had been put off. In Ukraine and Lithuania, this is likely because providers are meeting expectations, and there is less desire to switch. This will change as the market matures. In Estonia, switching is simple, so consumers are not put off.

Providers cannot be complacent in markets where expectations are low. The expectation paradox means this will change i.e. as markets mature in usage of digital identity schemes, it will increase the onboarding expectations from its consumers.

A poor onboarding can also have other longer-term consequences for financial service providers:



Identity beyond borders

Differences between countries requires local market knowledge

Identity technologies are a huge market opportunity in the digital economy yet, the market is complex. There is a fragmentation of identity solutions available on the market and standards across jurisdiction, which creates friction for businesses.

As more and more of our lives play online, interoperability is becoming essential in a globalised world, where customers must be served seamlessly across physical and digital borders. A digital business with a manual identity verification process will therefore not scale, only yield frustration for the customer and slow down customer acquisition for businesses.

Too often banking processes and technologies are not built for this modern world. Financial institutions struggle to build, launch and change products fast enough. Instead of coding and building identity solutions themselves, financial institutions should configure and integrate to identity providers with local market expertise and breadth of technologies that meet those local market needs. In this way, businesses leave the complexities to the experts and can accelerate their go to market ambitions.

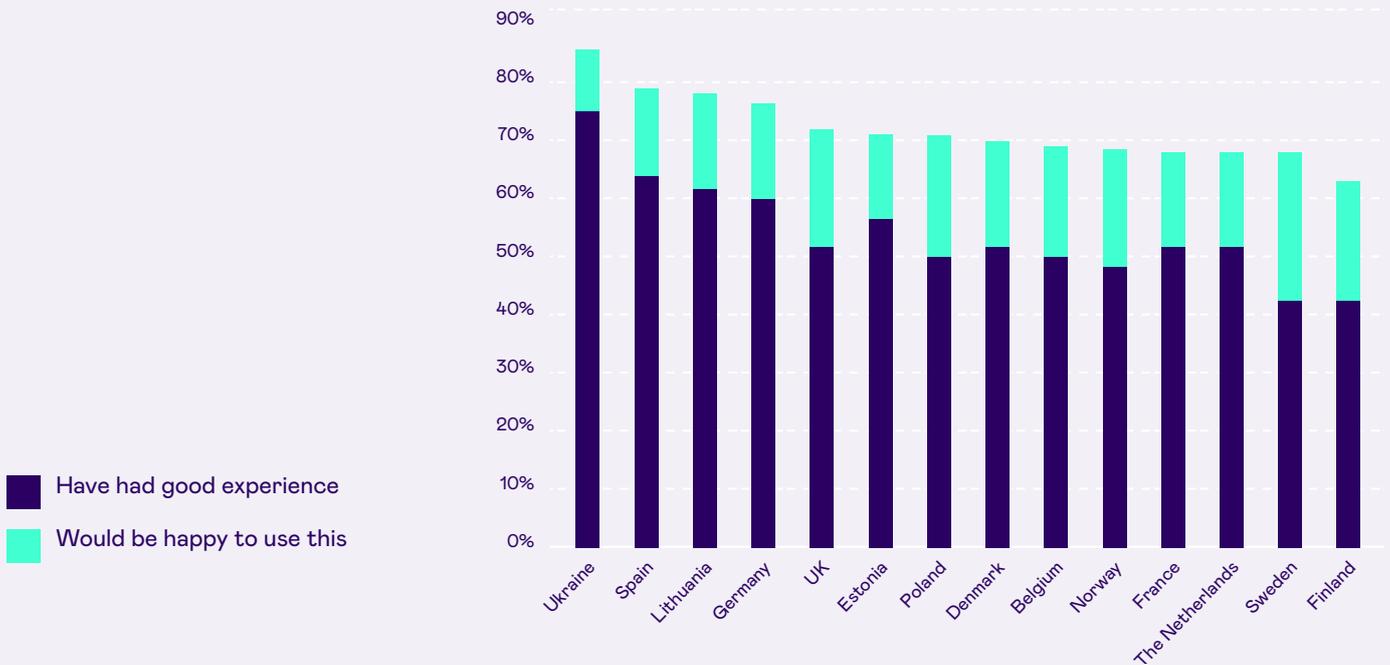


We have researched the consumers' usage and satisfaction with 4 different digital identification methods.

- Physical Identification
- NFC Identification
- Video Technology Identification
- Digital Identification

Physical Identification Method

Scanning of physical identity documents by mobile camera or using webcam



People are broadly happy to use mobile cameras and webcams to scan physical media like passports. In the Ukraine this is most popular, with over 70% of respondents having a good experience with this technology already. Even Finland, the least positive towards this idea, had nearly two-thirds of people in favour.

55%

(person)

had had good experience with scanning physical identity documents

10%

(person)

have not used it, and would rather not

NFC identification Method

Near Field Communication (NFC), a method used to upload document information as part of the onboarding process. Passports and other ID documents contain a readable chip that smartphones can read. Reliable and fast.



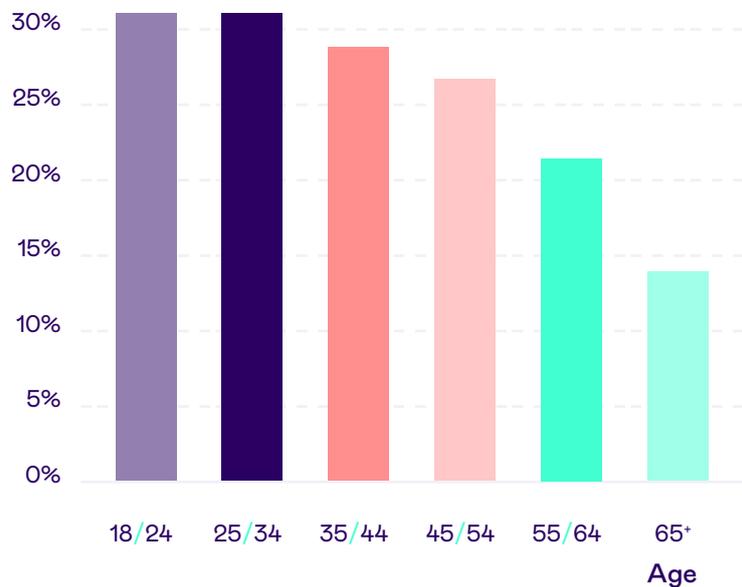
Only 29% had had good experience with using NFC, while only



of the 65+ have had a good experience

Using NFC reading was less popular, but not yet unpopular, with Lithuania and Ukraine the most positive and France the least negative, with just under half happy to use this technology.

Have had good experience



Video technology identification method

Video calls and recordings are not desperately unpopular, but neither are they popular. Even in Germany, where they are a common way to onboard customers, this method is not much more popular than elsewhere. The outlier is Poland, where people seem very keen on the idea.

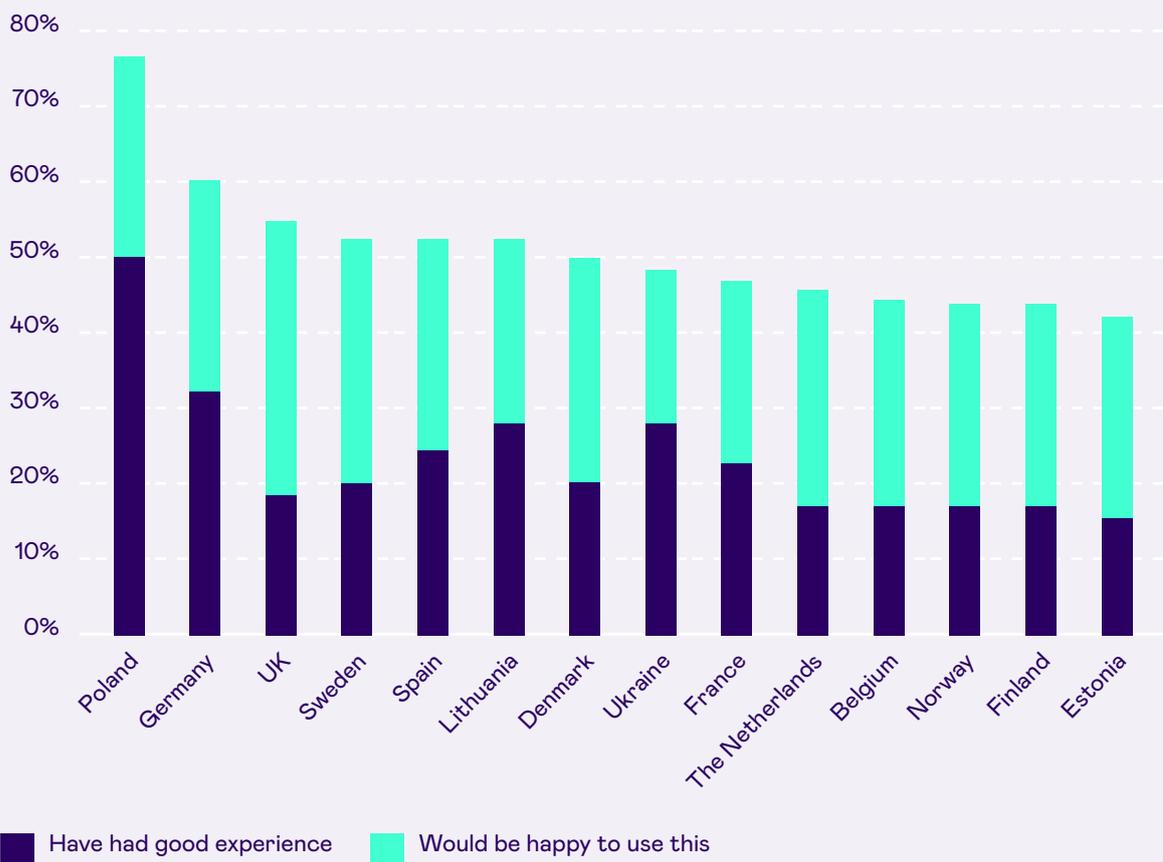
34%
(person)

have recorded a video to prove who they were, and only

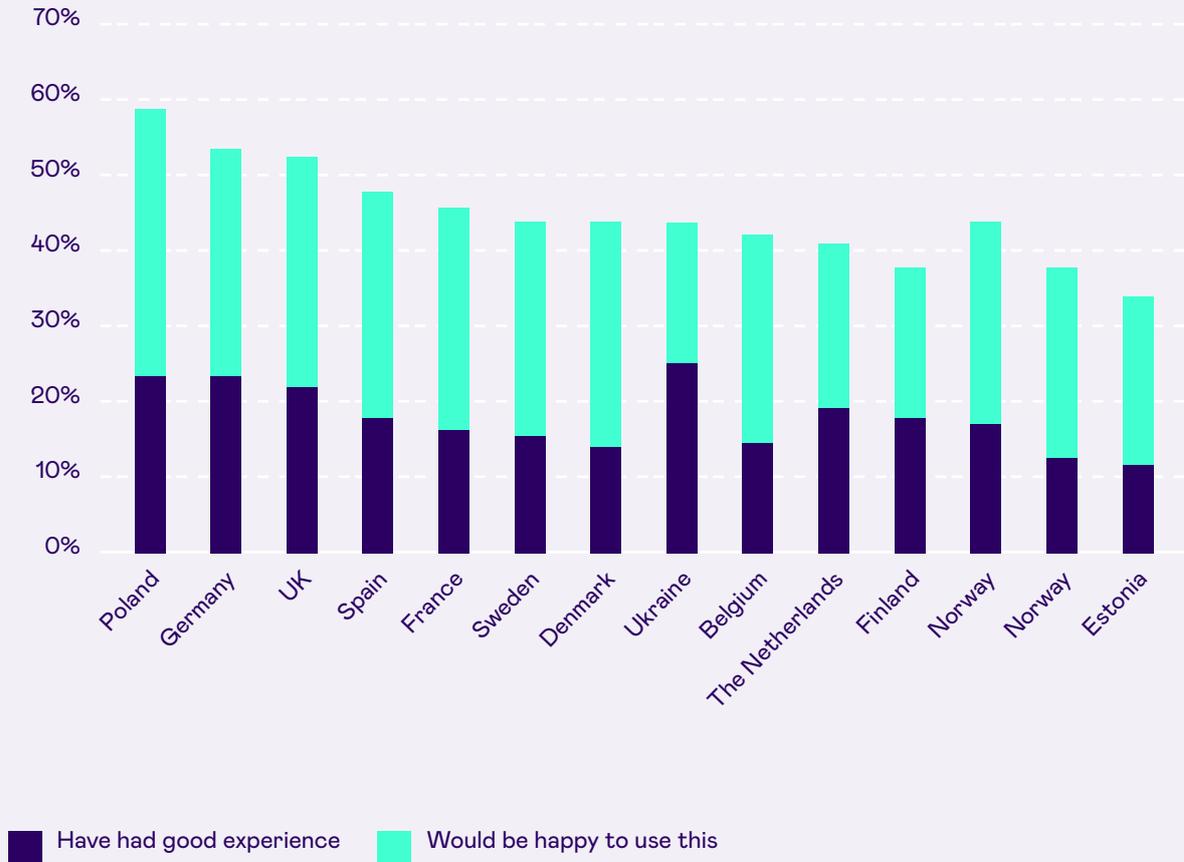
50%
(person)

have had a good experience with this

A live video interview with a customer service agent



Scanning of physical identity documents by mobile camera or using webcam



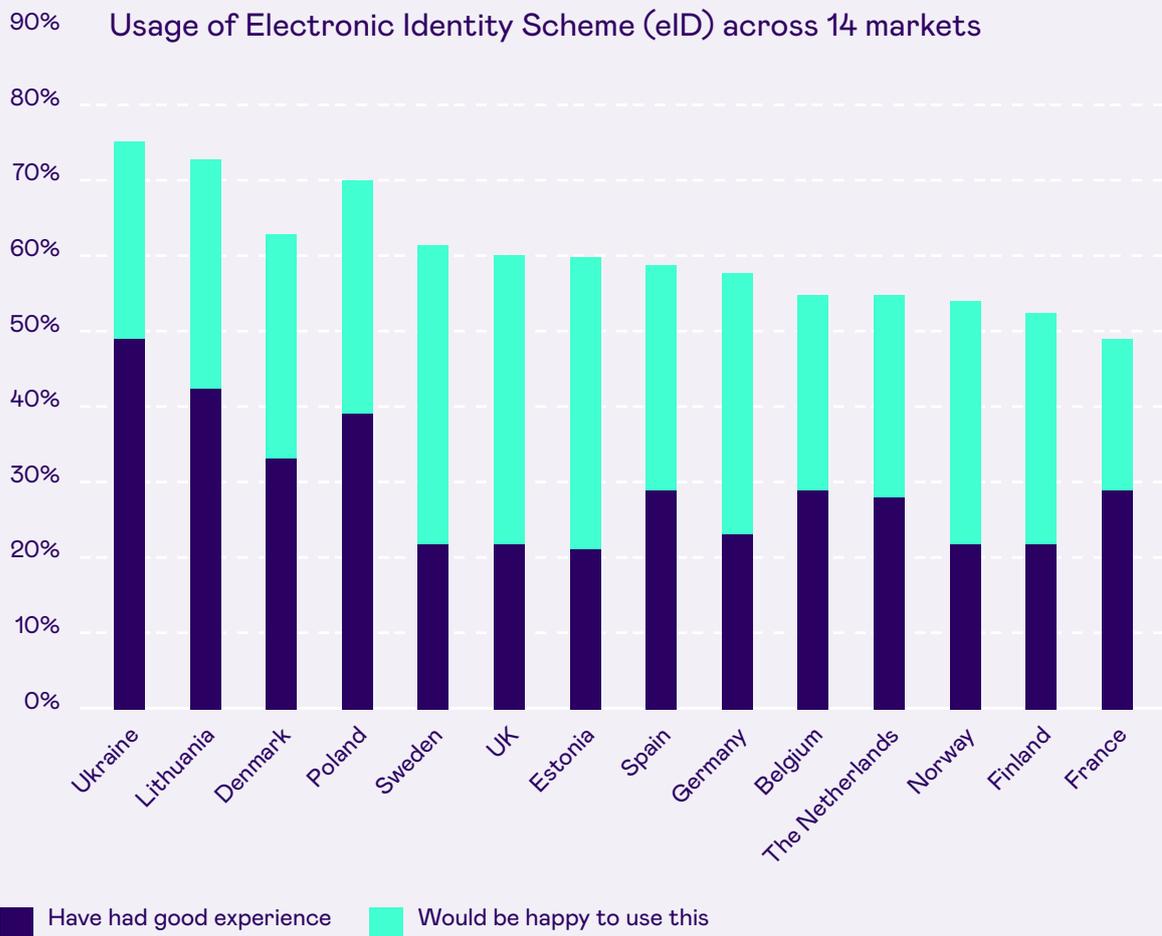
What is perhaps surprising about this is that many of us have had a great deal of time to get used to being on camera, whether it's for our jobs or making personal calls. Whether its fatigue or reluctance, we generally don't want more video calls in our lives.

Digital identification method

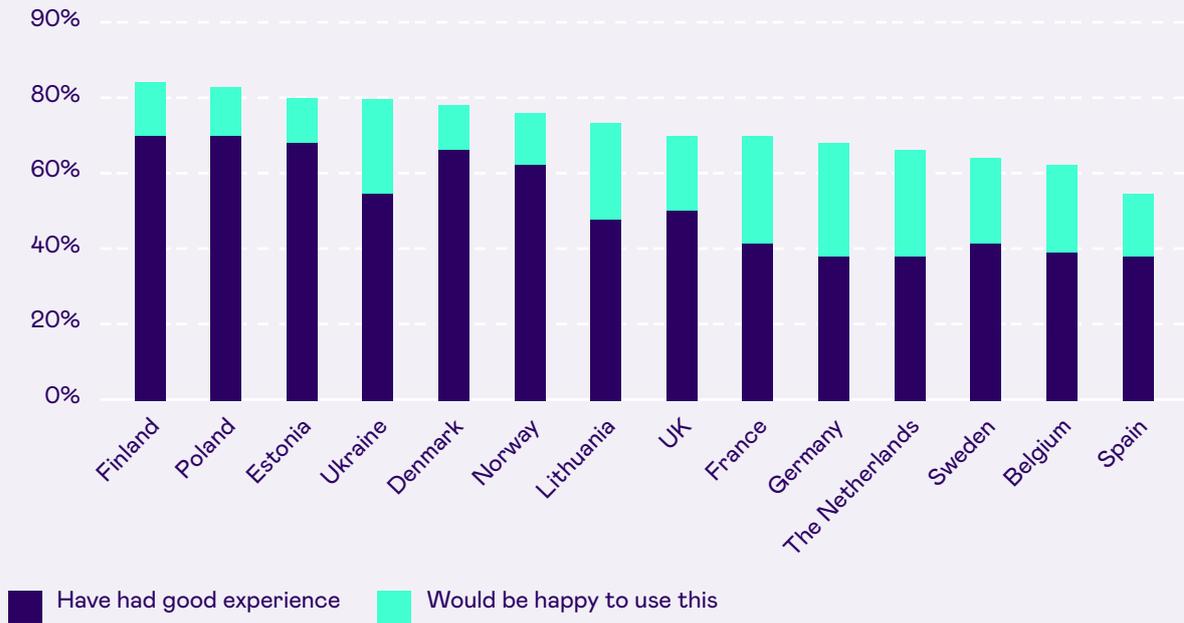
Digital identity in the form of an eID scheme is almost universally popular. Unsurprisingly, the Nordics and Baltics top the list of those who has used eID. 9% had never used eID, and would not want to use it.



had never used eID and would not want to use it



Electronic Identity Scheme (eID)



In the markets where an electronic identity scheme is well-established, such as in the Nordics, consumers are happy with it and “have had good experience” with it. In countries such as Germany, The Netherlands and Belgium, consumers “would be happy to use this” more compared to the other markets. Results might be indicative that although eIDs are available in these respective markets (nPA, Verimi, yes® in Germany, iDIN in The Netherlands and Itsme in Belgium) they are not as widely adopted yet with there being less respondents answering “have had good experience”. UK remains an outlier however, with a less established eID system, and thus sheds light that the various interpretations of eID must be taken into consideration when digesting the data.

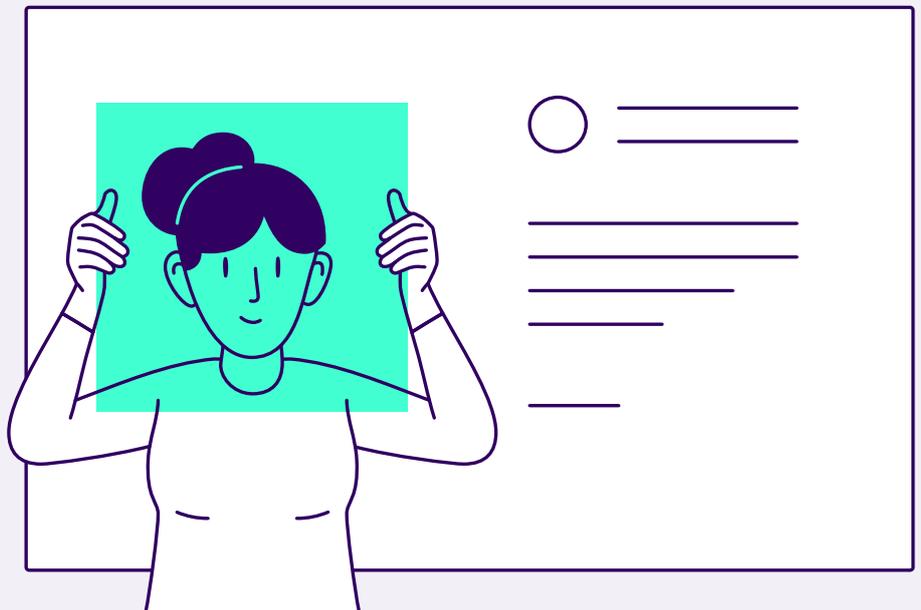
Cross-border interoperable identity is a must



Only 28% of overall respondents reported it being either not very important or not important.

While differences between nations and across borders do persist, the expectation for a cross-border identity has reached a tipping point. 64% of respondents want the identity credential that they use to apply for financial services applications to be re-used across borders – with Spain (76%), Lithuania (72%), Ukraine (71%), France (68%), and Belgium (65%) as high runners.

For financial service providers, offering the eID schemes that those consumers want to passport into new markets is critical to attracting customers across those markets.



60%

trust the bank to keep their data safe, with the Germans topping the list at 65% and Spain & Ukraine on the bottom with 55%.

65%

believe their banks are doing a sufficient job in protecting them with Germany at 72%. Particular the younger generations have the highest.

Trust, data & privacy

Consumers are protective of their data

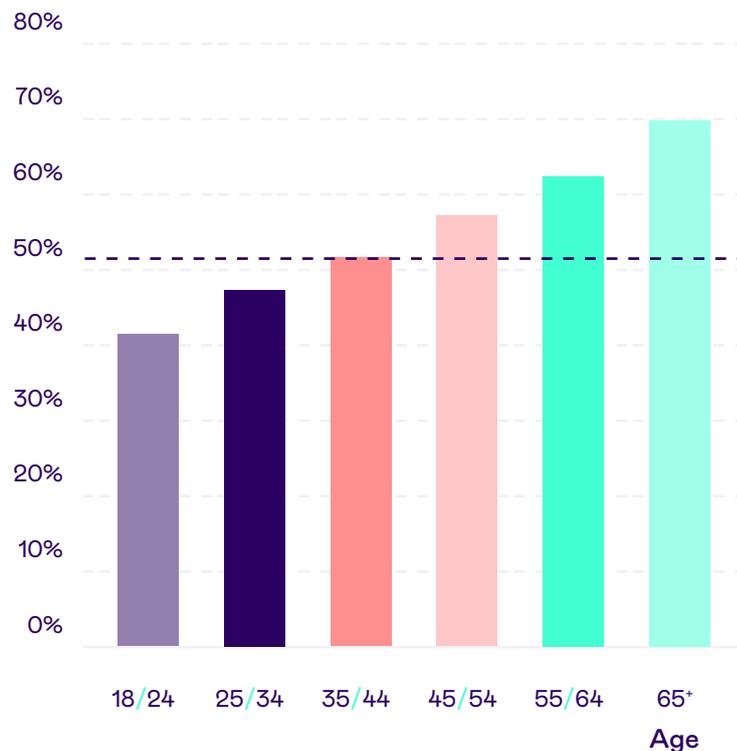
There is Trust....

Consumers, in general, trust their banks to safeguard their data and to respond effectively when it is fraudulently used.

More than a quarter (26%) of respondents have experienced a fraudulent transaction or security breach in the last year. The younger generation have experienced more fraudulent transactions.

Of those having experienced such a breach, 59% rated the provider's response Excellent to Good and 65% believe their provider did enough to protect them.

Reducing fraud makes complex onboarding acceptable

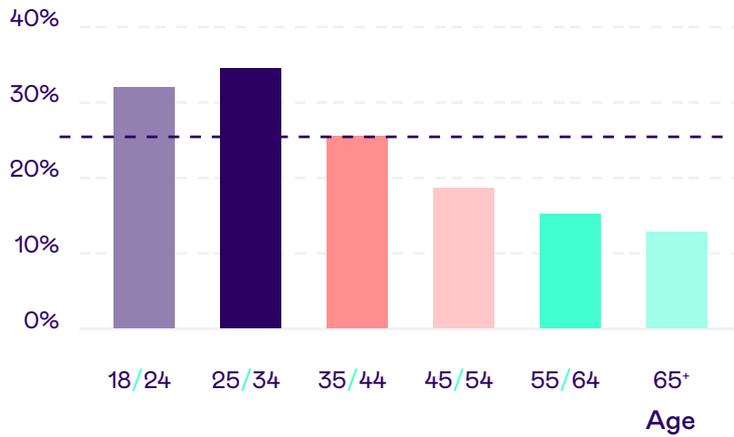


51%

agree that reducing fraud is an acceptable reason for a more complex financial application with the older generation being more accepting than the younger

But also concerns....

Financial service providers are attentive to the importance of data privacy and have worked earnestly to safeguard their customer's data. But there remains fundamental concerns from a large portion of consumers about the security of their data and the amount of data they have to share with an institution when completing an application.

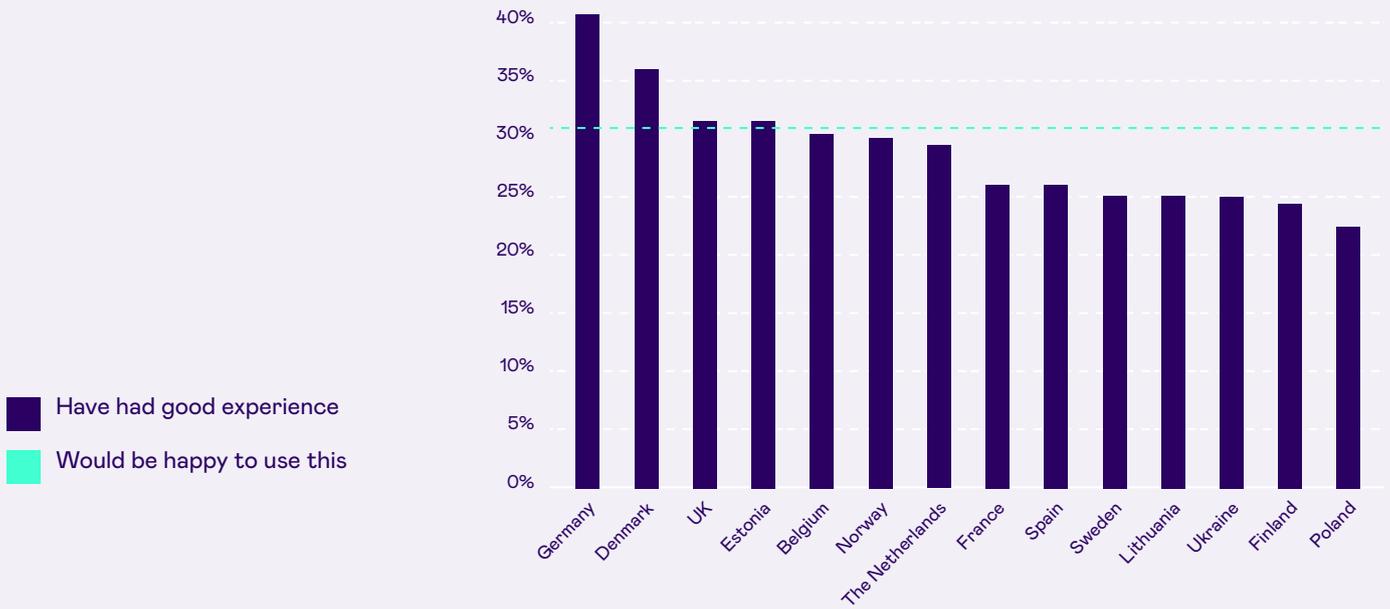


Concerned with sharing data



- Have had good experience
- Would be happy to use this

Acceptance of anonymous data sharing



- Have had good experience
- Would be happy to use this

51%

- 21% abandoned because they had to provide too much personal information
- 21% do not trust their financial service providers from keeping their data safe from breaches

92%

are concerned about the amount of data they share with the bank when completing an application.

33%

are happy with the bank sharing limited anonymous data

Financial service providers cannot easily get around this problem. Digital identity is a part of the solution, but the bigger issue is likely educational. Consumers need to know why financial service providers need information to meet anti-money laundering and anti-terrorism regulations. Education is necessary to retain trust.



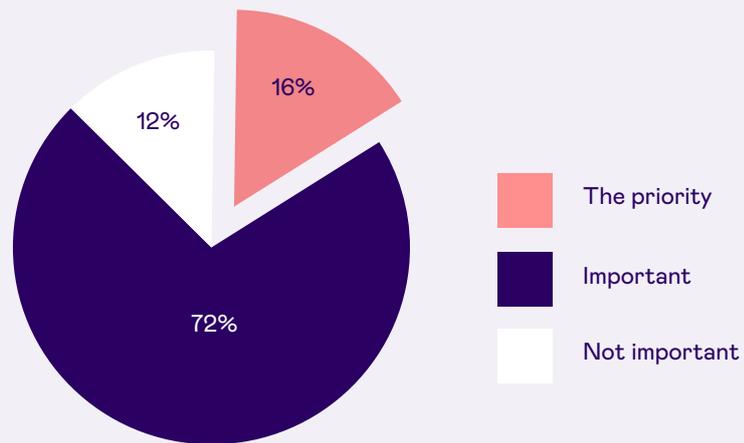
28% thinks that Covid-19 has changed banking permanently

Digital Identity in the COVID-era

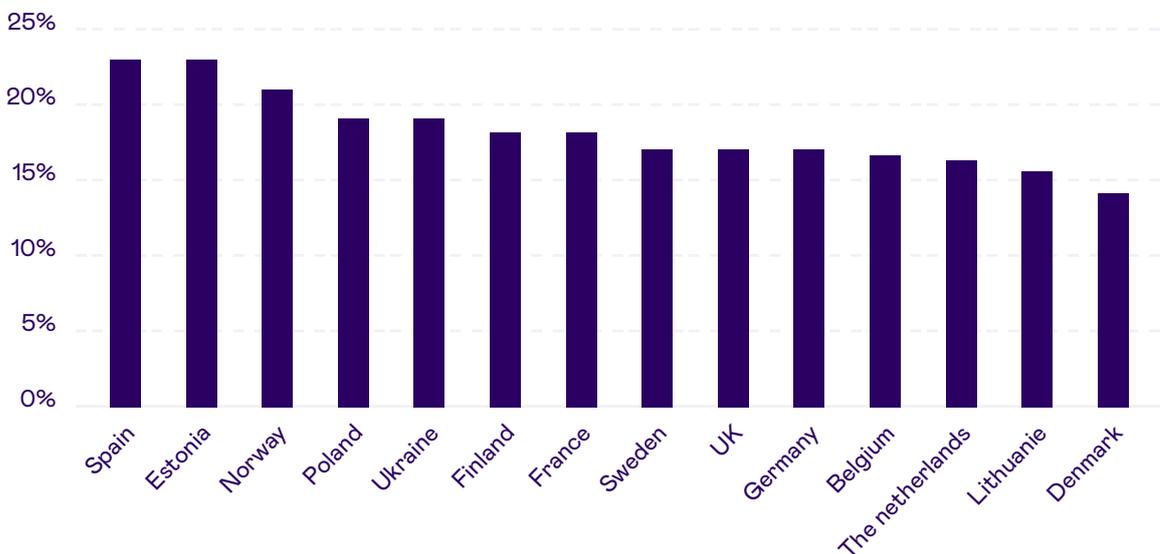
The ongoing effects of COVID-19

The effects of the pandemic have touched every industry and every business. And like many others, financial services providers have had to adapt to the changing digital needs of consumers. As might be expected, financial service providers that have a strong digital offering are better positioned to serve their customers now and beyond the pandemic.

16% states that the priority for financial institutions should be to become 100% digital



Making 100% digital a priority



However, the results also show that universal digital access to financial services are not in place yet.

42%

found they were unable to access essential financial services as they were either inaccessible or unavailable digitally

31%

do not think that their main financial provider has done enough to make sure they could use their services over the last 18 months

Belgium had the highest percentage of respondents unable to access, at 59%. The Netherlands, France, and Ukraine all also had over half of respondents having trouble.

The markets with the least difficulty in meeting their customers' needs, Sweden and Norway, are both leaders and pioneers in digital identity. Sweden's mobile BankID has near 100% adoption and is widely used for peer-to-peer payments, in-app authentication and tax refunds. Norway's BankID, created in collaboration between different banks, is used to interact with financial and government services, similarly well-used.

The last couple of years with the pandemic have boosted digitalisation. Video meetings and work from home, which used to be for a limited number of people, are now a commonality. People expect to do everything digitally, and they become more and more demanding regarding the user experience. This may another reason for the increasing abandonment rates. The user experience has not become worse, but it has become a lot harder to keep up with users' expectations.



Lessons learned and how to improve onboarding

We've been asking consumers about their onboarding experiences since 2016. As shown in this report, the results are not getting better over the years.

With the world being more and more digitalised, you would expect more focus on the users and the user experience. But the abandonment rates keep going up, it takes longer than the users expect, and the experience is still painful for many users.



What is Onboarding?

While many service providers may see onboarding as becoming a customer, most customers don't think the onboarding is completed until they have transferred their accounts, credit cards, and loans from their existing provider. In countries with a working eID, you would assume it is not hard to become a customer. You sign up using your eID and can perform necessary background checks. But if transferring for example a loan requires a physical meet-up in a branch, people will be turned off and consider this a bad onboarding experience.

Sometimes the user is required to provide more information. This is especially true in countries that do not have NIN (National Identity Number), making the above more complicated.

AML and KYC compliance

An increasing number of businesses must comply with KYC practices (Know Your Customer) and AML regulations (the Anti Money Laundering directive). AML requires the service provider to perform:

- A thorough identity check (is this a real person, and is this person present right now?)
- A background check (where do the funds come from, and which business affiliations does the user have?)

Explain WHY you collect information

Service providers are generally not very good at explaining WHY they must collect a lot of information about users. There is a big gap between “regular” online services and an AML regulated business. With regular online services, the only thing you need to provide is an email address and possibly a phone number. With services of an AML regulated business, you must fill out forms, upload your identity document, and take a selfie.

People are becoming more aware of data leaks and GDPR and are wary of sharing too much information, which is a reason for abandonment. Financial service providers need to be better at explaining the reasoning behind collecting all the information.

Manage and meet your customers’ expectations to improve their user experience

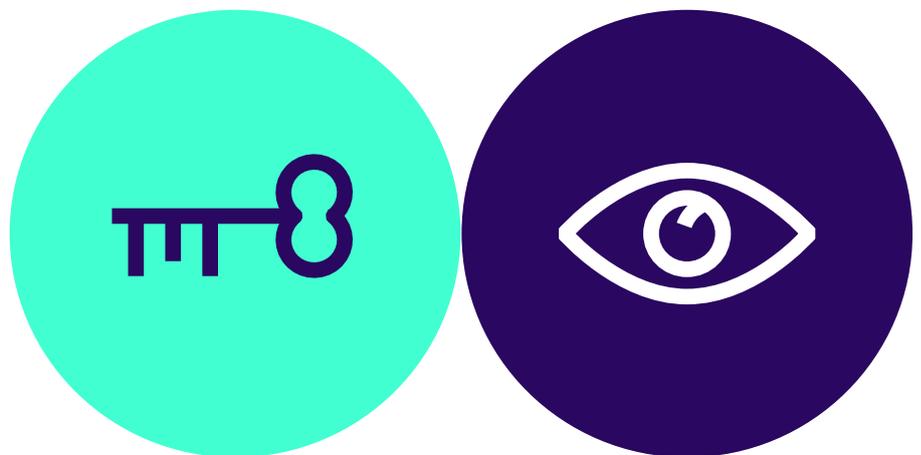
Service providers should also improve the user experience, especially by giving the user some indication up-front of what is required and how much time it takes. This will set the user expectation, and fewer people will consider the process painful.

The last couple of years with the pandemic have boosted digitalisation. Video meetings and working from home, which used to be for a limited number of people, are now a commonality. People expect to do everything digitally, and they become more and more demanding regarding their user experience. This may be another reason for the increasing abandonment rates. The user experience has not become worse, but it has become a LOT harder to keep up with users’ expectations.

Primarily since regulations, solutions and expectations from customers differ per country.

What solutions should businesses consider to improve onboarding?

- Do not reinvent the wheel, and don't be an identity provider. There are many trust service providers that can help you with your identity challenges, including Signicat.
- Integrate with existing eIDs if available. This relieves you of worrying about KYC/AML processes that were already conducted while creating the eID either through a bank or public sector entity.
- Manage and meet the expectations of your (international) customers
- Where possible, give your (potential) customers a choice of different identification methods.
- Integrate electronic signatures into your business processes. These electronic signatures are not only legally binding and more efficient but also more sustainable.
- Keep your eyes open for technological developments such as decentralised identity and web 3.0. Let us know if you would like to learn more about this.



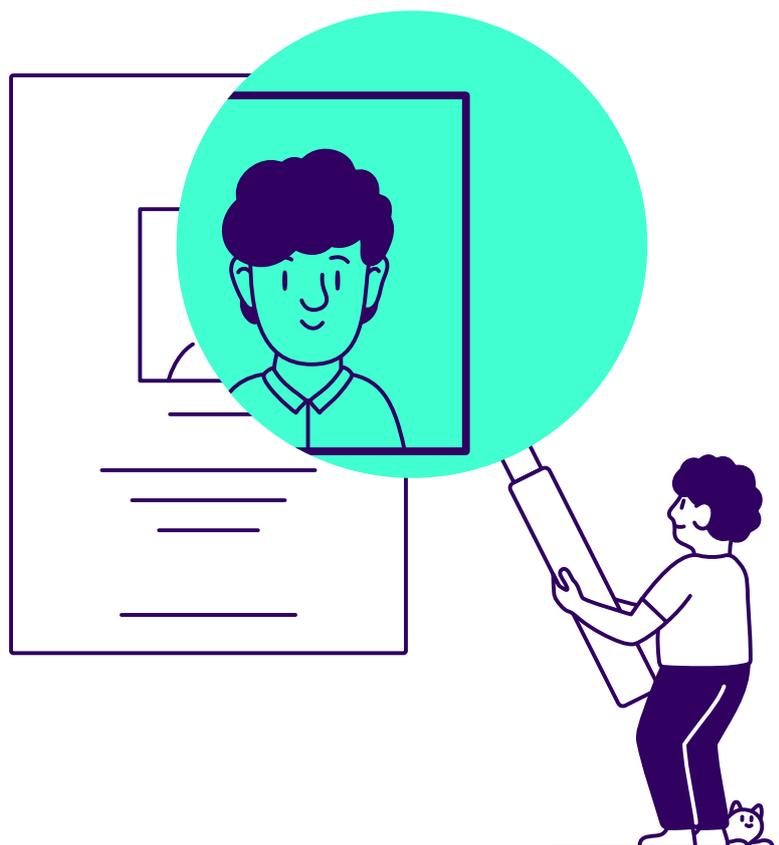
About the Battle to Onboard

The Battle to Onboard is Signicat's regular report into digital identity and consumer attitudes towards onboarding across Europe.

Since 2016 we have asked consumers how they feel about the application processes offered by financial services providers—are they simple or frustrating, do they make good use of available technologies, and how many have simply given up part way through an application process?

Our most recent report is also our biggest, looking at more countries than ever before. Independent research provider Sapio Research surveyed over 7600 consumers across 14 European countries; Belgium, Denmark, Estonia, Finland, France, Germany, Lithuania, the Netherlands, Norway, Poland, Spain, Sweden, the UK, and Ukraine* for this report.

Our aim is to go beyond the usual stats of digital identity, such as usage and penetration, to better inform financial service providers how they can improve the onboarding experience from what consumers demand.



*this research and report was made before the Russian invasion of Ukraine

Schedule a chat with an identity expert to learn how we can help solve your onboarding challenges.

[Get in touch with an expert](#)

