



Visa Consulting & Analytics (VCA)

# How to create a standout digital onboarding process for SMBs

Identifying and benchmarking  
best practices from around  
the world



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# Identifying and learning from global best practices

## Why the SMB digital onboarding experience matters

The small and micro business (SMB) segment is one of the most promising sectors of today's digital payments market. However, the sector also has high expectations. As a consequence of rapid digitalization, today's SMBs have become accustomed to using digital apps created by accomplished technology companies. These generally benefit from an elegant user experience (UX), and put an emphasis on a seamless, digital-first onboarding experience.

And, with regards to financial services and payments, SMBs are being actively targeted by a new breed of neo or digital-only banks and fintechs – that have had the luxury of designing an all-new digital onboarding process from the ground up.

For any service provider, the digital onboarding experience has therefore become a critical consideration. As well as saving time and money for the organization itself, it plays a pivotal role in converting an interested prospect into an actual customer, and sets the tone for the relationship that follows.

## Three reasons why today's SMB market is so significant



### It has significant scale

In any market, most companies are SMBs, and they tend to account for a large proportion of economic activity



### It is rapidly digitizing

Irrespective of their line of business, SMBs are typically adopting digital technologies across their operations



### It has plenty of cardable spend

In most cases, SMB payment behaviors are consumer-like and well-suited to card payments, both in terms of making and receiving payments

## Our definition of SMBs

### SMB stands for small and micro business.

The exact definition can get a bit blurred, depending on geography. In some regions, such as some parts of Central Europe, Middle East and Africa, Europe and North America, it can cover anything from sole traders and micro-businesses right up to enterprises with several hundred employees. In others, such as some parts of Asia and North Africa, it can mean businesses with fewer than 50 employees.

At Visa Consulting & Analytics, we generally think of an SMB as a business that, due to its size, has different banking and payment requirements from larger enterprises, with fewer people and resources (if any) dedicated to banking and payments, and no specialist payments knowledge. It therefore requires super-simple products and propositions, that are easy to understand, easy to acquire, and easy to use.

Because they make up such a large proportion of any region's economy – typically +90 percent of all companies and +50 percent of private sector employees – SMBs represent a large and attractive sector, but one with specific needs and high expectations (based on various subject matter experts).



## Understanding global best practices

To help clients better compete in the SMB market, Visa Consulting & Analytics set out to:

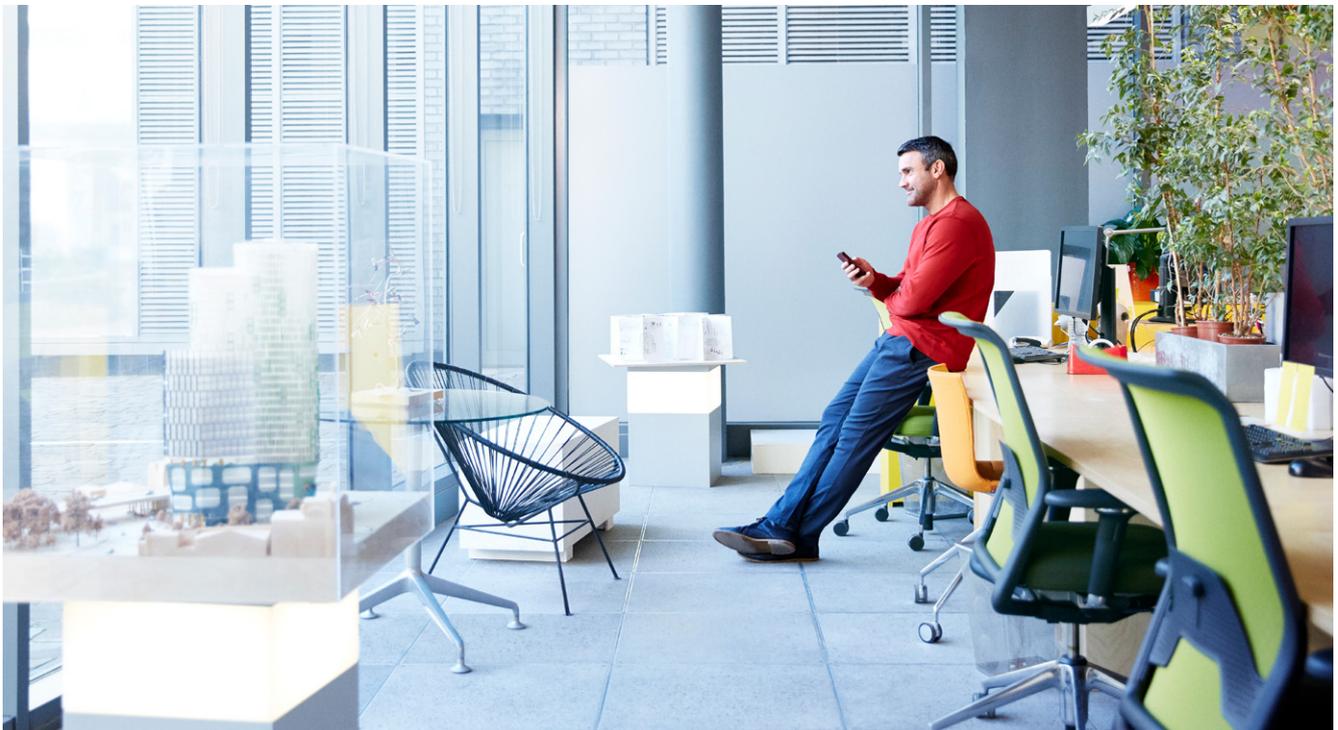
- Identify and benchmark global best practices, zeroing-in on forward-thinking banks, neobanks and fintechs
- Understand the characteristics of a best-of-breed digital onboarding service
- Deduce the impact of the digital onboarding process on customer satisfaction

The results are intended to guide clients, helping them to appreciate what they need to do to compete more effectively in this sector, and also understand where and how there could be opportunities to outcompete the wider market - by differentiating their onboarding process.

We looked, not just at business card issuance, but also at business bank accounts and acquiring solutions - because a SMB may typically be looking at all three, view them as being related, and see a strong rationale for acquiring them all through a single provider.

## Clear opportunities to compete, and to differentiate

The study reveals that, yes, a high bar has been set by forward-thinking banks, neobanks and fintechs. But, overall, it's a realistic standard for other financial institutions (FIs) to reach. Also, there are some areas of white space - that is, potential features of the digital onboarding process that are not widely offered and may provide FIs with opportunities for differentiation.



## Our areas of focus – the what, the who, and the how of digital onboarding

In conducting the study, we wanted to focus on the approaches being taken by the world’s most accomplished banks, neobanks and fintechs, identify standout digital experiences, and understand opportunities for differentiation. These aims determined the design of the study.



### What

A deep analysis of the digital onboarding services provided by best-of-breed neobanks and fintechs. We began with a long list of 65 cases, all of which offered a SMB-specific current account. Based on customer ratings and comments on the main app stores, these were whittled down to a shortlist of 24. Then, drawing on public recognition from forums and award programs, as well as demonstrable business success, we arrived at the final selection – 14 providers, respectively headquartered in Brazil, Egypt, Germany, Kazakhstan, Saudi Arabia, Singapore, Ukraine, UAE, UK and USA.



### Who

In conducting the analysis, we assumed the perspective of a new SMB customer, adopting the persona of someone from the micro-business sector, such as a self-employed professional or the owner of a company with just a handful of employees. For each of the 14 selected providers, our analysts attempted to apply for and enroll in the services offered.



### How

A step-by-step journey, through the entire onboarding process, covering business bank accounts, business cards, and acquiring services offered by the 14 selected providers. This was done using all available digital channels (PC and mobile) and, each click or swipe of the way, we evaluated the quality and characteristics of the service. In total 36 application journeys were assessed.

## About the selected providers



### What they offer

All of the surveyed cases offer an SMB-specific current account – most of them also offer an SMB-specific card offer and an acquiring offer.



### Where they are headquartered

Brazil, Egypt, Germany, Kazakhstan, Saudi Arabia, Singapore, Ukraine, UAE, UK, USA.



### App store ratings

Typically +4.8 for the iOS app (although the Android rating was often a little lower).



### Demonstrable business success

Significant numbers of enrolled users and high market valuation (of at least US\$0.7 billion, extending to more than US\$95 billion).



### Public recognition

Prestigious awards, as well as frequent ratings and mentions in discerning forums/media.



## Our top-line findings

The study confirmed that a seamless and comprehensive digital onboarding process tailored to the needs of SMBs is a must for acquiring new customers. Global best practices include:

- Providing a quick and easy onboarding experience
- Making use of digital verification and biometrics
- Delivering consistency across web and mobile platforms

In some cases, an end-to-end digital process is not feasible, and potential customers need to be redirected to a physical branch (e.g., for verification due to regulatory requirements). But as much of the process as possible is handled online, the offline aspects of the experience are made as painless as possible, and there is good integration between the two realms.

Apps are generally characterized by a good user experience, high-quality graphics, a well-designed flow, and an avoidance of collecting the same data twice.

In terms of data collection, there is a strong preference for 'select and confirm' processes using drop-down menus, which keep things quick and simple and minimize the scope for data errors. Also, the SMB-specific apps and services tend to be closely integrated with the retail offer (e.g., prospective clients need to have a retail account).

In addition, there is an emphasis on speed as well as simplicity – to the extent that, in many cases, products and services are made available for immediate use.

The study also confirms and reinforces the strategic benefits of delivering a standout digital onboarding experience to SMBs, including:



**In some cases, an end-to-end digital process is not feasible, and potential customers need to be redirected to a physical branch**



### Boost your competitive position

A slick digital onboarding process helps you keep abreast of the latest market trends and enables your organization to rapidly deliver innovative solutions – giving you a competitive edge.

### Enhance your customer experience

An elegant digital onboarding experience gives new and prospective customers a first glimpse of what they can expect from your organization – and how easy and smooth it is to bank with you.

### Increase your operational efficiencies

Through a digital onboarding process, you can improve your workflows, reduce the time and cost spent on paperwork, achieve scale economies, and experience the benefits of wider digitalization.

### Improve your risk performance

A robust digital onboarding process can open the door to enhanced security checks and controls throughout the acquisition process, as well as new customer authentication tools and systems.



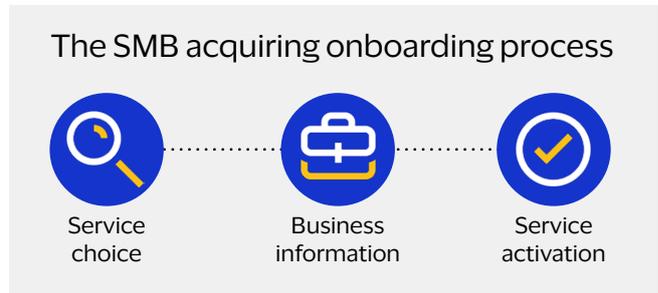
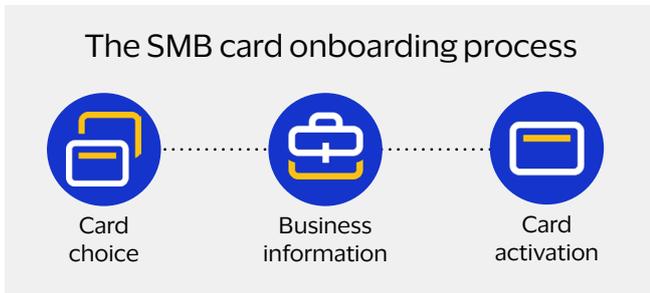
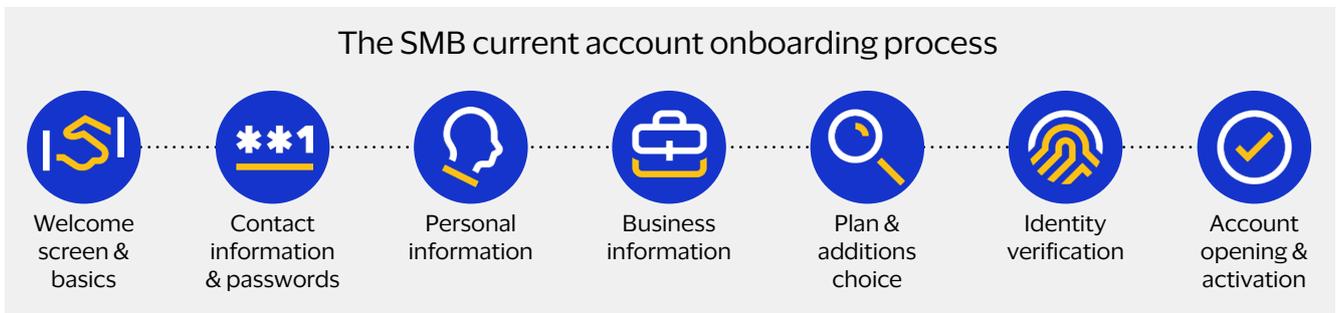
# The key findings

Although we set out to identify and assess the world’s very best digital onboarding experiences, several of them were far from flawless. Across the 14 cases we analyzed, there were big differences in the quality of the user experience, and the level of customer satisfaction.

The study therefore shows us what FIs should aim for, while also demonstrating that, in some ways and across some dimensions, the leading providers are not unassailable – there is clear white space and definite opportunities for FIs to differentiate and compete.

## An overview of the onboarding process

For all providers, the onboarding process for the current account comprised of seven main phases – although the sequence varied a little from provider-to-provider.



## Best practice for the onboarding process

Across the 14 cases, the best in class providers achieved:

5 min to complete the process.



8 steps to complete the process.




### The SMB onboarding process for current accounts – selected best practices

	Digital identity verification		More than one plan available
	Free trial option		User can instantly top up account

### The SMB onboarding process for cards – selected best practices

	Separate card application		Card can be added to digital wallet
	Free virtual card issued		Active touch ID / biometric payments
	Choose card pin		Option to order physical card

### The SMB onboarding process for acquiring services – selected best practices

	Different acquiring tool option		Immediate product activation
	Data auto-filling option		Use of open banking for digital id
	Application process guide i.e. chat bot		Overdraft limit right after onboarding



## The three hallmarks of a world-class onboarding experience

Through the study, we identified three hallmarks of a world-class onboarding experience – that is, characteristics or qualities of the user journey and experience that have the greatest impact on the effectiveness of the onboarding process and, ultimately, the level of new customer acquisition. We term these hallmarks as:



### Engaging & Consistent

The process is easy-to-understand, easy-on-the-eye, and easy-to-complete – the customer doesn't get bored, or confused, and always knows where they are in the journey.

- **It's easy to understand**  
The customer always knows where they are and what to do.
- **It's obstacle-free**  
The customer knows what's entailed before they begin.
- **It's never tedious**  
The customer doesn't feel bored, fatigued, or irritated.
- **It's aesthetically pleasing**  
The process is on brand, and follows corporate design styles.



### Customized & personalized

The customer is pleasantly surprised by the speed and simplicity of the process – its tailored to their circumstances, and there's no need for human interaction.

- **It's 100% digital**  
There's no need for any human or physical interaction.
- **It's relevant and specific**  
The process follows clearly articulated customer needs.
- **It's super-fast**  
The process is fully automated, saving time and effort.
- **It's easy**  
All available digital tools are used and data is auto-filled.



### Comprehensive & immediate

There are options for the user to trade up to additional products or services, their account is ready for instant use – and they are encouraged/incentivized to begin immediately.

- **It's ready-to-use**  
The new account is ready and available for immediate use.
- **It builds stickiness**  
The customer can upgrade to related products and services.
- **It builds attachment**  
The customer is steered toward using the account ASAP.
- **It removes financial barriers**  
Core functionality is free – or available as free trial.

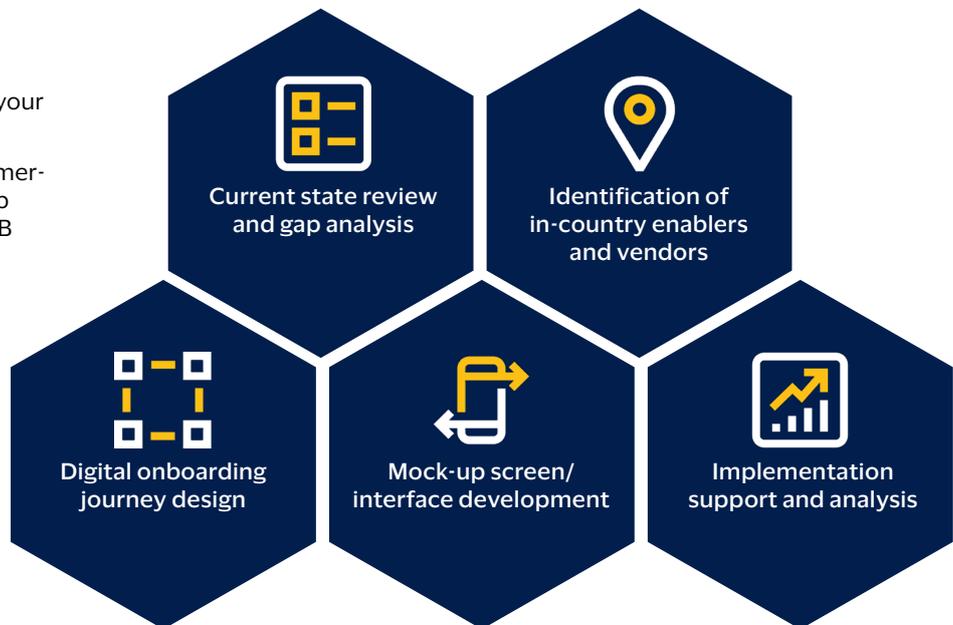




## How Visa Consulting & Analytics can help

Visa Consulting & Analytics is equipped to help in several ways, connecting our digital, SMB, and strategic planning specialists with your internal teams.

Also, a range of data-driven, customer-focus solutions are available to help you optimise your approach to SMB digital onboarding, including:





# About Visa Consulting & Analytics

**We are a global team of 1000+ payments consultants, data scientists and economists across six continents.**

- Our consultants are experts in strategy, product, portfolio management, risk, digital and more with decades of experience in the payments industry.
- Our data scientists are experts in statistics, advanced analytics, and machine learning, with exclusive access to insights from VisaNet, one of the largest payment networks in the world.
- Our economists understand economic conditions impacting consumer spending and provide unique and timely insights into global spending trends.

The combination of our deep payments consulting expertise, our economic intelligence and our breadth of data allows us to identify actionable insights and recommendations that drive better business decisions.

To find out more about how to enhance your digital onboarding process, and boost your position in the SMB market, please reach out to your Visa Account Executive, who can schedule time with a VCA team member.

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