# sandstone
## TECHNOLOGY

# How to win more home loan customers:
## Acquisition strategies for the digital age

In days gone by, converting a home loan customer was simple. Your bank would tell customers the rate and they'd ask where to sign. Customers had their favourite bank and they'd go in to their local branch to kick off the biggest purchase of their lives.

Now it's all very different. Competition is fierce, the banking industry has been buffeted by the winds of royal commissions and inquiries and most customers will kick off the biggest purchase of their lives from their couch, while Netflix is on in the background.

We are living in the digital age and that means customers want to have a digital home loan application experience. Your brand, rate and offer may get them to your website. But how many of them go on to apply, be approved and then settle is dependent on much more than what drove them to consider you in the first place.

The digital age brings with it expectations, even demands, of speed, simplicity and entertainment. Customers don't just want to fill out a form and be a number to their bank. They want to be engaged. They want to feel like the bank cares about their plans – even without ever meeting any actual humans who work at the bank. They want an approval decision in an instant. They want to be kept informed about their application. And, they want to do it all quickly.

That's why, without focusing on a complete digital acquisition strategy – from the first time they visit your website, all the way through to settlement – your bank will be losing customers.

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You could be losing as many as 85% of those who initially visit your website, according to McKinsey. And as many as 50% of those being lost between the time a customer starts an application form to completing it.

Now is the time to make a change to stop the flow of potential customers streaming away from your bank.

Sandstone Technology's Digital Acquisition Strategy is the answer. In this Thought Leadership Article, we'll delve into Sandstone's key Digital Acquisition Strategy pillars and how you can apply those principles to improve your home loan conversion rate.

## Today's complex digital banking environment

Old-school banking was traditional and straightforward. Customers usually took out a home loan with the financial institution they already banked with. Sometimes they were lured to a different bank by posters or flyers offering a more competitive rate.

Regardless, once the customer stepped into the branch to enquire about a home loan, the bank's best sales staff would be there to convert the lead into a sale.

The digital era has changed all that.

Today's consumers want to apply for a home loan the way they do their online shopping – from the comfort of their couch. And thanks to the internet, consumers can access information from anywhere at any time. By the time a potential customer decides to apply for a home loan, they will have already researched your bank's deals and compared them with what your competitors are offering. They're ready to sign up.

But if your bank's website simply gives prospective home loan customers a number to call, or requests they fill out some details so someone can call them, well, they're likely to move on to a bank whose digital communications offer an immediate and more engaging home loan experience.

It's not just about having an intuitive, bells-and-whistles website either. There might be an online home loan application form, which the potential customer spends time filling out – only to be told they have to wait for the bank's decision.

Research shows that 85% of customers who visit bank websites find the process so frustrating that they drop out before they've even completed the application form.

Digital customers are overloaded with information. They just want the process to be simple. At the same time, the process needs to give them everything they want and need.

## So how do banks meet these consumer expectations?

Sandstone Technology believes that banks need a Digital Acquisition Strategy. One that puts the customer first – taking them from that first click on your website right through to settlement.

Until your bank has that Digital Acquisition Strategy in place, you'll be losing customers at every digital touch point.

With Sandstone Technology's Digital Acquisition Strategy, banks can follow a clear path to improving their conversion rates. The strategy is based on six core tenets or 'pillars'. Whether you put these in place yourselves, or work with a trusted, experienced partner like us, you'll start to see improvements to your acquisition conversion and the corresponding significant improvements to your bottom line.

## Pillar 1: Balancing consumer vs lender needs

What does the prospective home loan customer *really* want? It's not a home loan, it's their dream home with a big backyard and swimming pool. They want their financial institution to give them a decision NOW and help them achieve that dream. They want a simple, smooth application process.

However, increased legislation and restrictions on banks – especially in relation to home loans – means that lenders have to be careful and responsible. Banks need to check that the supplied information is correct before they give a credit decision. That involves checking with outside agencies, such as credit bureaux, identity databases etc.

So how do banks strike a balance between their customer's wants and the myriad of legal and regulatory requirements? While banks need to ensure the customer is who they claim to be, and that they can adequately service the loan, the process should be seamless for the customer.

The right technology, such as Sandstone Technology's suite of Digital Acquisition tools, can help make this happen for you.

## Pillar 2: Need for speed

In the digital age, the acquisition process must be fast. For the prospective home loan customer, everything needs to happen quickly. That includes locating the application form on your website, filling it out and getting the bank's decision. The customer then needs to be kept up-to-speed throughout the settlement process until completion.

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Don't forget: a customer isn't truly a customer until they've settled.

Up until then, they can pull out at any time. Every aspect of the acquisition process needs to be sped up as much as possible to keep the customer engaged and entertained.

## Pillar 3: Minimisation of repetition

Remember: the prospective home loan customer wants their dream home, not to have to fill out their employment details three times.

So, maximise the re-use of data when it comes to form-filling. If a customer has entered their name once, don't make them have to do it again. If the applicant is already one of your customers, don't make them enter details that you, as their bank, already know.

Also, maximise integration with the back-end – map in your back-end systems to the acquisition process so it's sped up and so that manual handling and the potential for human error are reduced.

## Pillar 4: Digitisation of manual elements – for both the customer and the bank

Take a look at how much of your bank's processes involve manual handling. Are there any that can be automated?

For example, does your bank currently ask the customer to scan and email in their paper documents (ID etc)? Maybe they even have to post them in?

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How do you ask the customer to capture hard copies?

How is the application processed after that?

Remember, anything that stops a seamless process frustrates your potential customer and can make them click out of your website and onto a competitor's.

## Pillar 5: Being responsible

This pillar harks back to the lender needs mentioned earlier under Pillar 1. Has the bank verified that all the customer-given information is correct? Have assessments been made correctly against lending criteria? And has the customer been encouraged to act responsibly and honestly?

Having the right technology in place, such as Sandstone Technology's suite of Digital Acquisition tools, helps you meet these needs. When the tools, your systems and external systems are all connected, you can ensure you're being responsible in a heartbeat. Rather than having your team manually check everything and risk human error, the right technology will do this all for you automatically.

## Pillar 6: Bank-in-Control

This pillar involves looking at Digital Acquisition holistically, and ensuring it not only meets current customer needs, but is responsive and dynamic enough to evolve with future customer expectations as well. Consider questions such as:

- Is the Digital Acquisition experience customisable so your bank can consider the nuances of your target customers?

- Are detailed analytics captured to enable your bank to measure, verify, learn and improve using data, rather than opinion?

- Can your bank make changes to your own Digital Acquisition process so it benefits your prospective customers faster, without having to rely on your provider for every little change?

# The Solution: Putting the customer first

In the past, banks have designed their acquisition process from the 'inside-out'. They worked out what was needed to meet their obligations before adding a customer-facing process to gather the required information.

Today, though, the acquisition process needs to be designed from the 'outside-in'. The customer must be the focus of the acquisition process, with seamless applications running in the background to synergise the bank's processes.

In other words, your bank needs a speedy process that keeps the customer engaged and happy, while at the same time allowing you to do all the necessary background checking and meet your legal responsibilities. Not to mention, your Digital Acquisition Strategy, and the tools and processes that support it, must be in your bank's own control. Having to rely on a 3rd party for changes, customisations or updates to suit your customers is costly and timely. Working with a trusted partner who wants to put your bank in control is the ideal state.

With all that in mind, you need a partner who can give you:

- Technology that's easy for you to use and customise yourself, without having to rely on your provider for every little change.

- Strategic advice and planning, driven by their considerable insights into online buyer psychology (especially in relation to banking products).

- Processes and tools underpinned by their understanding of the regulatory environment banks must operated in.

# How Sandstone Technology can help

Sandstone Technology have years of experience working with financial institutions across three continents. Their strategic insights (based on online consumer psychology) and unique tools and platforms (LARA, Apply, Tracker) have helped increase conversion by up to 21% in many banks.

Getting all your bank's teams – not just the digital team – on board with a Digital Acquisition Strategy is the only way to convert those website clicks into a flow of customers.

## Want to increase your bank's conversion rates?

Connect with Sandstone Technology today.

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Building better banking

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