

Q2

PART 1

Building Digital Commercial Relationships

How to Fix Treasury Onboarding

It's no trade secret that for most banks – and more credit unions than ever before – commercial banking is one of the key means of growing deposits and generating income (of both the interest and non-interest varieties). Increasingly tight consumer regulation and an entrenched, commoditized retail market means few opportunities to gather deposits or earn money from retail customers.

And yet so much of financial institutions' (and their vendors') digital strategies have been focused primarily, if not exclusively, on digitizing retail over the last 20 years.

If commercial relationships are more critical now than ever, and digital is more critical now than ever, what's going on here? Where should commercial bankers (and their technologist peers) focus their energies to gain any traction?

The reality is that technology has massive untapped potential to transform the commercial banking model, helping bankers find, win, and extend more commercial relationships – including those with under-served small and medium-sized businesses – more efficiently than ever before. In this content series Q2 will explore a few key factors hindering the current situation in commercial banking – and potential remedies. Our findings and assessments are based on hundreds of interviews with our strategic bank and credit union customers – who collectively support more than one million business customers.

“The biggest friction is the amount of time it takes to open a DDA and tie it to the underlying treasury services where a client can truly be using the services. Clients get frustrated when they must sign agreements during DDA opening and then again days/weeks later when they must sign treasury documents, while having to talk to multiple people throughout the process.

Another frustration is lack of self-service; today, clients must go through a bank contact to make changes, and that process takes days or weeks.”

– Commercial Banking Executive,
Community Bank



Your business customers
are asking...

**“Why does
this have to be
so difficult?”**

Starting the Relationship on the Right Foot – Treasury Onboarding

While the first step of a commercial relationship is the sales process, which we will explore in a future series, we're going to start with something that's been even more top of mind for us and our clients: treasury onboarding, or the process of actually beginning a relationship with a recently converted commercial client.

If you agree that commercial banking is critical to long-term growth, it stands to reason that the commercial experience your clients have is one of the most important components of your FI's brand today. The first interactions a commercial client has with you reflect what they can expect from doing business with your bank or credit union. And no part of their experience is more critical than when you turn them into a customer during the onboarding process.

The problem is that the commercial onboarding process remains almost completely manual, paper-driven, and labor-intensive for both the commercial operator and the client. And believe it or not, just about every business owner and employee are consumers too – they're accustomed to Amazon, Netflix, and other modern retail user experiences, and those expectations are increasingly influencing the way they make buying and partnership decisions.



Convenience is the new loyalty, so fast and digitally enabled experiences are what is expected for commercial banking too.

Most banks and credit unions are challenged to provide such an experience for commercial prospects during the onboarding process: on average, treasury onboarding takes between two and four weeks to complete. This problem is compounded by the fact that onboarding a new client is one of the best opportunities to engage with them. Not meeting their expectations can mean missing a cross- or upsell opportunity, delaying agreed-upon loans or deposits, or souring the relationship beyond the initial opportunity.



Transforming the Onboarding Process for a Digital World

The first and most obvious opportunity for improving onboarding is to make the process as digital as possible. And this may not sound novel on its surface: many financial institutions are somewhere in the process of digitizing treasury onboarding. But with cobbled, siloed solutions that have been accumulated over the years and bolted together, there are often massive data and experience gaps affecting clients and bank staff alike. Lots of banker intervention is still required in areas that are intended to be “self-service” for clients. Data has to be entered and reentered from the FI’s Core, CRM, positive pay, ACH processing, and more – erasing any potential efficiency gains from implementing these technologies in the first place.

The result is that it still takes most clients between 15 and 30 business days to complete their treasury onboarding process, a poor first impression for the client and an untenable time to revenue for financial institutions.

It’s important to acknowledge that effectively “digitizing” treasury onboarding requires more than simply taking what is done in branches, offices, and on paper and putting it into online and mobile channels. Too often we’ve made this mistake in the digital banking space – merely porting the “customer experience” components of a product or service into the digital channel. Technology affords us the ability to rethink the very business processes that define and regulate how products are designed and delivered. To accomplish meaningful improvement of the treasury onboarding experience, FIs and their vendors must dig deeper than digital as merely a delivery channel, and instead begin to rethink the onboarding process with a digital-first perspective.

Of course, this is much easier said than done, so where to start? Let’s define the pieces of the current process that are broken – or at least those parts we’d do differently if we had the chance to build them from scratch – with all of the advantages of technology at our disposal.





Data collection and persistence.

Today, because so many independent systems (e.g., core, CRM, commercial payments, etc.) are part of the treasury onboarding process, an FI's treasury staff have to key and rekey data both to and from those systems constantly. Manual entry not only extends the duration of the onboarding process, but it can also be fraught with errors and inconsistencies.



Sales process management, incentives, and referrals.

Most FIs have a small treasury sales team and rely on channel sales and incentivizing branch staff for referrals. The problem is these incentives are difficult to manage and maintain visibility into, and they don't always create high-quality opportunities for sales staff to convert into long-term business.



Approvals.

Multiple approvals by multiple people are required throughout the onboarding process, and today this is mostly executed via email and phone calls. This makes the process slow, cumbersome, and difficult to track – not a great experience for clients, staff, and certainly not for examiners.



Back-office workflows.

At Q2, one of our core beliefs is that FI staff are users too – which means we push ourselves to consider the experience they have on the FI-facing side of the products you offer, the systems you manage, and the processes that define your business. There's no question that a streamlined back-office workflow that takes into account the cumbersome daily activities discussed will make it easier and faster to manage the onboarding process. This in turn makes your treasury teams more efficient while creating a vastly smoother experience for new clients.

The fact is, treasury onboarding is complex: it depends on many data sources and technology systems, spans across various departments of FI staff, and touches on many elements of the client lifecycle. A bolted-together set of disparate systems doesn't bring the speed that a single system and source of truth can. This begs the question: does a single system that addresses every step of the massive treasury onboarding process exist? One that can centralize referrals, digital signatures, opening DDAs, entitlement and limit assignments, and upsell capabilities?

**There is one.
Q2 offers it.**

**Does a single system
that addresses every step
of the massive treasury
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Turning Treasury Prospects into Treasury Customers


When it comes to creating sales activity in the treasury space, there are two common challenges we hear from most FIs.

The first is the limited capacity of a treasury sales team. Many FIs have a much larger commercial opportunity than their small treasury teams are able to convert. And while there are worse problems to have than a big market opportunity, we haven't spoken to a bank or credit union yet that wouldn't love to get their teams more at-bats. We believe that by simply streamlining onboarding into a single, integrated system, FIs can double the efficacy and throughput of their treasury teams without adding headcount.

The second challenge is that the free-for-all of email, phone calls, paper forms, and multiple technologies makes identifying and converting upsell opportunities almost impossible for already-slammed treasury teams. And when you consider that selling to an acquired customer can be up to five times cheaper than selling to a brand-new customer, that free-for-all becomes a pretty significant impediment to margin and growth.

However, doing so in a targeted manner that's likely to lead to sales when you're trying to synthesize in-branch, phone, and digital interactions into a cohesive client view is almost impossible.

Creating a central view of the commercial client as they are onboarding can create a tremendous lift in identifying and winning cross-sell and upsell opportunities, particularly when you combine it with the ability to offer new products directly in the digital experience. But to get to that central view of the client and truly understand their needs, interests, and predispositions, there must be a central source of data and truth for commercial clients and a delivery tool that does some of the "smart" recommendation work on your bankers' behalves. Most financial services marketing tools are too static to make behavioral assumptions and turn them into recommendations, much less take data from your other treasury systems in real time to inform those recommendations.



**Putting it plainly,
commercial onboarding
is one of your best
opportunities to upsell
banking and business
services to clients.**



**Speed &
Convenience
is your
competitive
advantage**

Can Digital Onboarding Technology Materially Impact Your Business?

We've covered the underlying issues that make commercial onboarding slow and clunky, and you can relate. So, what do you stand to gain by investing in improving and digitizing this experience?

The short answer is *speed and convenience* is the new currency with today's commercial clients. Based on findings from Q2's commercial teams, smoothing onboarding with an integrated technology solution can decrease onboarding time by 80 percent – a material improvement in time-to-revenue that, when extrapolated across a commercial portfolio, can make a big difference. And your clients will thank you with repeat business if you can make the act of becoming a client painless. For community and regional FIs doing battle with the money center banks, this first impression couldn't be more important. The importance of making the right first impression takes on even more importance as Amazon, Google, and other digital experience providers inch closer to becoming next-generation banks.

80%

**Reduction in
Onboarding
Time**

2x

**Increase in
Treasury
Sales/Adoption**

An improved recommendation and purchasing experience matters to clients too. We've all shopped on Amazon, most of us much more frequently than we'd like to admit (every one of us seems to have a growing mountain of cardboard in our garages). We've seen how Amazon makes next-best-product recommendations to us throughout the purchasing journey; these recommendations are meaningful and valuable because they're informed by our needs in that moment, and the purchasing behaviors of other buyers with needs like ours. It's almost easy to forget that all they're doing is marketing to us in these moments, and it's all because they're offering us value instead of blindly marketing things that they want us to buy whether we need them or not. And many of us have grown to respect Amazon's brand enough to use more and more of their services.

Now imagine that, the moment you've approved a new treasury client for an operating account, you can instantly present an offer for overdraft protection, ZBA sweeps, or other accounts payable and receivable products.

We believe that if commercial bankers can use technology to create this kind of experience, they can rapidly increase treasury sales and adoption. And for Q2 customers, they're achieving this commercial banking growth now.

Read more Q2 eBooks on commercial banking such as [The Battle for the Small Business Customer](#) or [Uncovering the High Cost of Digital Lending](#) in the Resource Library found on our website.

About Q2

Q2 is a financial experience company dedicated to providing digital banking and lending solutions to banks, credit unions, alternative finance, and fintech companies in the U.S. and internationally. With comprehensive end-to-end solution sets, Q2 enables its partners to provide cohesive, secure, data-driven experiences to every account holder – from consumer to small business and corporate.

Headquartered in Austin, Texas, Q2 has offices throughout the world and is publicly traded on the NYSE under the stock symbol QTWO. **To learn more, please visit [Q2.com](#).**

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