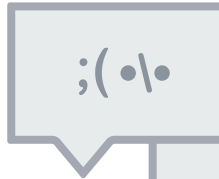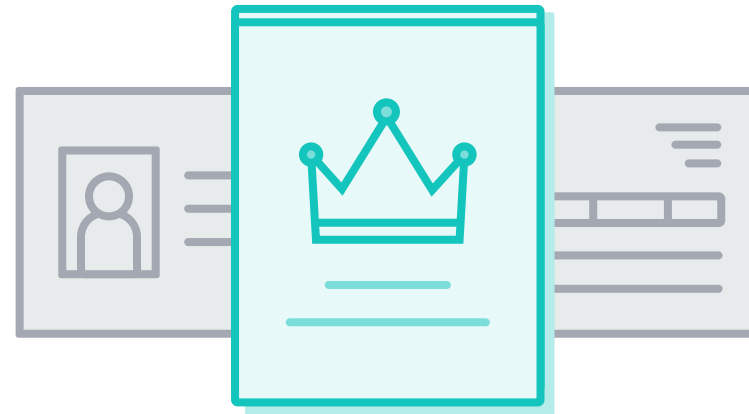# How to Reduce Financial Application Abandonment

A UX Perspective

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Introduction

A worrying statistic from Forrester suggests that 54% of people filling out financial application forms abandon prior to completion[1], and on top of this, a recent study by SaleCycle saw financial abandonments reach an average of 76%.[2]

It's well documented that online application abandonment is higher in the finance sector than most. This is mostly believed to be down to the sheer length and complexity of the process. In fact, the average application form takes 147 seconds to complete, but this number can also be as high as 251 seconds in some cases[3]. When we consider that the average, modern-day consumer is time-strapped, it is easy to see why such a high percentage of users abandon their application.

Complicated products such as mortgages, or business loans, naturally require rigorous assessment before approval and processes such as Know Your Customer (KYC) & Anti Money Laundering (AML) processes all require the user to enter a fair amount of personal data. However, there are many ways to speed up this onboarding process.

But is the problem really just down to the length of the process, or could financial services be doing more to manage customer expectations? Everyone working in fintech should know that reducing friction at key transactional points in your user journey is critical for adoption, conversion and repeat long-term use. Having said that, your users don't necessarily understand the ins and outs of why the finance industry has to do some of the things it does, they just expect it to be necessarily complex and difficult.

When you have a new idea or project, it's easy to get lost in the excitement of working the details out, and to forget the building blocks of a great User Experience (UX). We're going to outline the key things you can do to ensure that your next great innovation isn't clouded by user frustration.

54% of financial applications are abandoned

Explain the purpose

Privacy is an increasingly hot topic for internet users. Some more savvy customers who have a variety of financial products may be aware of the need to provide certain details for KYC and AML processes.

However, those that are not aware may be left questioning why you want a specific piece of information. This question can sow seeds of suspicion and ultimately derail a registration process.

Clearly setting out the reasons you are asking for certain pieces of information, at the right point in the process, can reassure users that you are doing it for their security and ultimate benefit - understanding that a company is taking the time to protect your identity and fight fraud is actually a customer experience win.
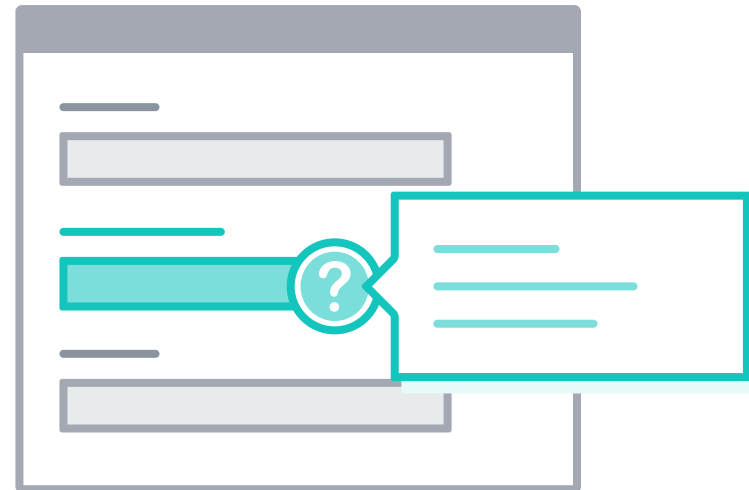
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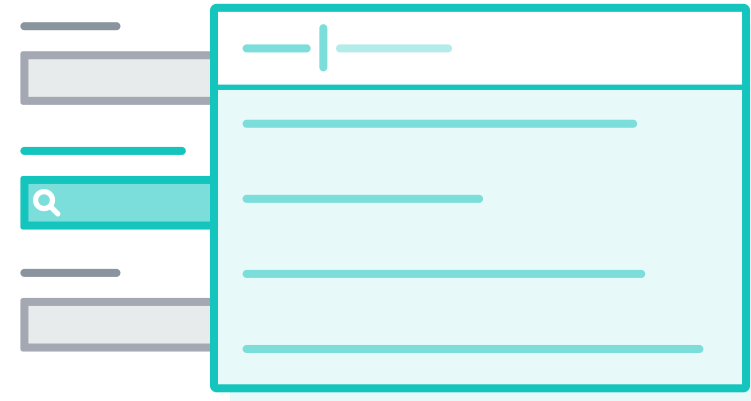
Quick, convenient data entry

As we know, one of the biggest barriers in the world of finance is all the data you have to gather about your customers. Reputable financial firms are obliged to gather such information by regulators.

Compounded by overly cautious compliance teams, this can make forms up to 3-4 times as long as people are used to in other industries. This in turn can make registration or application processes frustrating, and even seem like they're not ultimately worth the effort.

Streamlining data entry using third party tools can greatly reduce the amount of time spent on data entry, and increase accuracy at the same time - useful for subsequent KYC and AML process. Address lookup and validation allows users to search for their address from various postal databases, reducing the time and keystrokes required to enter the data,

as well as the number of fields required on the form, making it look less intimidating. Given that a number of users will have to provide several years of previous address history as well, it can make things vastly easier for those who have moved around a lot, speeding up entry and allowing the user to find the address with only partial details (we've all forgotten a postcode now and then).

In fact, 84% of consumers preferred this type-ahead method of address search over other address entry methods in a recent study, also citing the technology as a reason for a more positive overall impression of the companies that employed it.

84% of consumers prefer type-ahead address validation.

Create a human experience

When a user is faced with a financial application form, it can often be a daunting process. Information provided can seem overly complicated and users can feel confused.

Due to this, it is crucial to ease form anxiety by ensuring the language you use is comprehendible to all, and able to effectively put across the message you want to deliver.
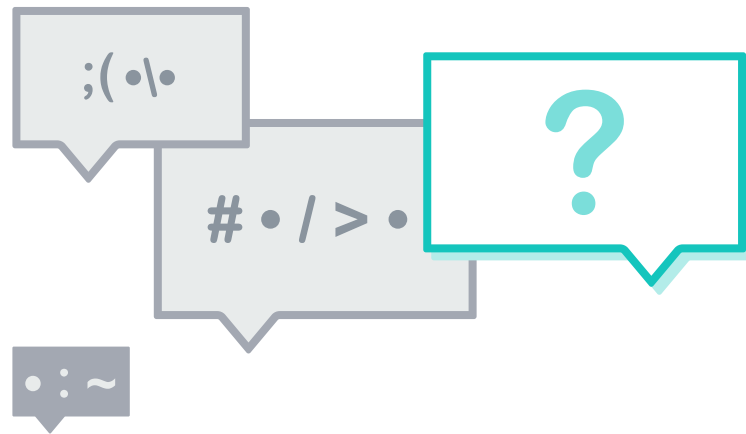
Key messages can sometimes be lost in translation.

There are certain situations in which consumers may feel vulnerable. They require information in order to complete the task at hand, but key messages can sometimes be lost in translation.

Jargon that you as a fintech professional use on a daily basis can be completely foreign to a user who is visiting your site for the first time. With this in mind, it is vital to ensure that the messaging on your forms is professional but still simple enough for all users to understand.

Set expectations

We've already explored why applying for a financial product or service online might not be as easy as opening a Twitter account, and in a lot of cases this means delay – waiting for a step in the process to happen behind the scenes before a user can progress further. Waiting for a credit card to be printed and delivered is one such example, manual KYC is another.

Both online and offline, setting clear expectations about how long something should take is useful, and again gives users peace of mind in terms of the time they invest thinking and doing.

First, tackling form length. Having a consistent number of fields on each step helps users to gauge the time and effort required. If you've done dry runs or user testing, you can even tell them how long you think it should take them.

Second, when there are manual steps like KYC involved, set a clear timeframe in which the process should be complete (or require further action), otherwise some users will have it on their minds, and may even become impatient.

Finally, letting people know before they begin the process what documents they might require (e.g. passport or ID documents) can also save time and keep them from having to leave their computer in search of these documents.

Use technology for convenience

With the best preparation in the world, sometimes people will get distracted, or have to leave the computer. A brief absence isn't usually a problem with shorter forms, but with the longer forms endemic in the world of finance and the strong security measures required, it can mean that sessions expire and users lose their progress.

This can be really enraging, especially if you're quite a way through the form, and sometimes the thought of having to go through it all again is just too frustrating, causing drop-off.

This is something that clever ordering of the information you request and judicious use of technology can save the day. If the user's email address is one of the first things you ask for, you can save the session data from fields being filled out in real time against an incomplete application in

Expired sessions can cause drop-off on longer forms.

your database. If the process is abandoned prematurely, you can then send the customer an email letting them know that their progress isn't lost, and they can recover and complete their application using a secure link, protecting their details.

The fact that you've considered this eventuality can help turn the tables on extreme frustration and transform it into gratitude and even long-term customer loyalty. Furthermore, using technology to capture and populate details can take a huge amount of effort off the user's shoulders. For example, scanning identity documents from a mobile phone camera and using character recognition to convert and pre-populate fields with data can greatly speed up the process at the same time as covering off some KYC requirements.

Add progress indicators

It can often be difficult for users to gauge exactly how far through the application process they are, which can lead to confusion and frustration. This can be easily remedied by adding a progress bar or an estimate for the amount of time it will take to complete the application form.

By providing an indication of how far through the process they have come and how much is left to complete, the user can visualise the end result, allowing them to persevere.

However, without progress bars, they are left in the dark, wondering how much more of their time is required of them. Clearly labelling the progress bar also enables users to see what the next few steps are, giving them a better idea of their journey ahead.
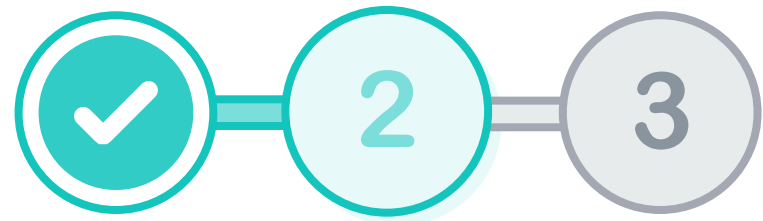
Without progress bars, users are left in the dark.

Key takeaways

While the figures regarding application abandonment are not inspiring, it is important to remember that there are several things you can do to make some essential improvements to the UX of your application forms.

- Explain the purpose
- Use quick, convenient data entry
- Create a human experience

- Set expectations
- Use technology for convenience
- Add progress indicators

- Employ trust signals

World-class data quality for financial services

"We've seen an increase of 2.4% in successful form completions, which amounts to tens of thousands of dollars in revenue each month."

Mark Durrand, CTO, TotallyMoney

For more information visit: loqate.com

Citations

Source 1: Solving online application abandonment, Forrester, 2009
Source 2: Why do people abandon financial applications online? SaleCycle, 2019
Source 3: Credit card form insight, Formisimo, 2017
Source 4: How to improve speed, accuracy and the customer   experience in your checkout, Loqate, 2017