

How quickly can you open a bank account?

SPEAKERS:

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Manoj Menon

Hi, and welcome to this episode on CX benchmarks of India's top neobanks. We continue the conversation with Varnika Goel, lead analyst with Twimbit, who carried out this extensive study, reviewing 13 of India's leading neobanks. How easy or difficult it was to open a bank account with these neobanks? Today, we are going to address a single question - how fast is it to open a bank account with any of these neobanks in India? So Varnika, welcome. You know what - I remember opening a bank account way back, you know, I should not tell you which year. But it took a long time. I had to get my dad's friend, he had to recommend. In fact, he accompanied me to the bank (account), and it was a pretty long process. Not something anybody would look forward to. Is it much simpler today? Is opening a bank account as easy as signing up for twimbit.com?

Varnika Goel

Thank you, Manoj. It is not that easy. Honestly, it takes a little bit of time it, it still definitely more from the traditional structures of going to the branch, having a recommendation reference, and then going through the entire physical process of opening an account. But now you can do it digitally, thanks to these neobanks in India. However, it is not that easy that we get it as we sign onto Twimbit. It takes about 15-20 minutes at least to register for an account, activate an account, at least from a limited standpoint. If you've done a limited Know-Your-Customer (KYC) remediation, you'll be able to activate a limited transaction limit account. However, not a full account, but it is still much, much easier from the traditional ways of opening an account.

Manoj Menon

So the limited-KYC - 20 minutes. The full-KYC, much longer?

Varnika Goel

Much longer. Yes. So, I won't say it is still those days where a full-KYC will be a day-long process or a week-long process or more than that. It is still a few minutes process. If it's done within the app itself,

it is happening, the government has regulated that you can do an in-app video KYC. So, if you're doing that, it's few minutes, but as few additional minutes along with the 20 minutes that you take to complete your journey, of filling out your information and activating your account.

Manoj Menon

So if you were to break down the steps. When you look at the entire step - how many steps are there, and where is that point of friction or the biggest points of friction. So, in opening and getting the account activated?

Varnika Goel

Definitely. So it takes about on an average from 8 to 12 steps, the maximum that you can reach out is 14 to 15 steps. After studying all these 13 banks, what we realised was, the average of pulling all your information, doing your limited-KYC is not more than 8 to 12 steps. However, there are certain banks, I will bucket them into two categories. The one which are limited-KYC neobanks, who like to create the engagement for the customer first. Open a zero-balance account, give them the feel of their interface, give them the flexibility of playing around with the bank account a bit, and then go ahead and ask them to do a full-KYC if they exceed their transactions more than two lakh. But then there are some, again, a traditional infrastructure a little bit and going a little safer, which is the banks who want to conduct the full-KYC first and then start the customer journey. And then there are exceptions to this, which are likes of Airtel and Payment who gave the option of both, that you can first play around, but you can also do a full-KYC. So depending upon what type of bank account you want to open, they give them an option for a limited or a full KYC

Manoj Menon

So where is the biggest point of friction? Is it really the KYC part, which is the biggest point of friction and therein lies the opportunity to innovate as well?

Varnika Goel

Definitely. So we feel that both from a limited standpoint and from a full-KYC standpoint, they both have their sets of friction. What I feel is that full-KYC involves more friction as compared to the limited one, because in the limited one we just need to upload your documents. Verify yourself through a selfie or a biometric, a fingerprint and then it moves on. But for a full-KYC, you need to wait for first booking yourself for a video KYC, the executive will call you. You have to wait for the line to be available, there might be longer waiting lines over there, or you ask a person to come home, which takes about one to two business days for a person to come home and conduct their verification. Or finally, you have to either visit any dedicated centre to conduct your verification. In all, there is a chance that you will be increasing your time to activate an account from more than two

hours to two days or five days, depending upon the availability, right? If you're opting for somebody to come over, or you're planning to go to a dedicated centre to conduct your KYC. So that's where the banks need to really innovate. And even, I feel that in this case, the government also has to come up with a more relaxed form of KYC, or maybe a more inclusive policy, where the KYC is - the full-KYC can be done sitting at home through the application in a less frictionless manner, where the consumer does not have to wait for a too-long line to conduct the video KYC, if that has to be as mandated. And for the limited one, what I feel is that because the opportunity lies in actually accessing all that information, it's a centralised information of the consumer. That is, it's a unique identification number for the consumer, the Aadhaar number is available in the central database. The PAN card is available. Why don't the bank and the government allow pulling out that information from that central database and getting verified from the customer, either through biometrics or using your OTP or from an Aadhaar-enabled OTP, which comes from the government itself. And remove the friction of the customer, adding all that information, uploading the documents. I think that will reduce the time taken to actually open a limited-KYC account. Maybe people will be able to open account in less than 20 minutes.

Manoj Menon

Yeah, I think it can really open up the way for a large part of unbanked India, to get banked and start using banking services a lot. So Varnika based on everything you have done. So, who are the absolute winners in terms of the fastest to open a bank account?

Varnika Goel

See, I think all the banks were giving the opportunity to the customer to open a limited-KYC account, which is the likes of Walrus, Slice, Finin and Fampay. These guys are winners for me because they give the option to the customer to play around with their application. Get comfortable with their interface, see how they're enjoying their interface and experience the transaction, the services what all is there in their purview. And then get into the concept of, if the customer is engaged with the bank, it will definitely go ahead and do the full-KYC, because they want to stay and they want to continue the relationship with the bank. So for me in that case, definitely these guys become the winners. But it is also the choice, sometimes, of the customer who wants safety before and wants to go full-out and use all the features of the bank. And in that case wants to go ahead and do the full-KYC. And I think in that respect, the Paytm & Airtel are the clear winners, because even though they have more options of offline remediation, the video-KYC option is much more robust as compared to the likes of any other neobank that we saw, where we couldn't get through their video-KYC option.

Manoj Menon

Great, Varnika, I think that's a very comprehensive, clear view on what is best in class. So, what is the future? Now, how should opening a bank account be, according to you? As you look into the future? What should be that ideal process? What is the desired state?

Varnika Goel

I think for me, that desired state would be moving away from all these 14 steps or 12 steps or eight steps, it should be as easy as signing on to Twimbit. We do a single sign-on, we add our email ID, whether it's linked to LinkedIn or our Gmail. And that's it. And all that information that is regarding us is verified through the central database. And we can authenticate that using our biometrics. I think biometrics is one of the safest methods, whether you're recognising it through your facial biometrics or through your fingerprint biometric. You do that, and you at least are able to start transacting and then it's more about exploring the application. Exploring what types of services you have, what kind of third-party services you can redeem, what kind of discounts, rewards, all that kind of customisation, hyperconnectivity starts coming in.

Manoj Menon

Thank you very much, Varnika, for that very insightful conversation on how fast you can open a bank account. **So, the answer is guys - 20 minutes to open with limited-KYC. And maybe a little longer for that full-fledged KYC full-service account.** So that's great, I think, do look up our previous two episodes, where we talk more about the specific benchmarks.

In the next episode, we will talk about **“What does it take to be the digital bank of tomorrow”**. We'll do some provocatively challenging thinking and brainstorming on what can we expect? Where can we expect these banks to be, five years from today? How seamlessly will they integrate into our daily lives? With that, thank you and goodbye.

Varnika Goel

Thank you.

Thank you