

Process Audits Reduced Barriers to Joining Fossil-Free Financial Institutions

ideas **42**



Helping conscious consumers make a positive impact on the environment through banking

A growing number of financial institutions offer deposit accounts that do not fund fossil fuel activities and infrastructure, and consumer demand for these financial products is largely untapped. However, opening a new deposit account is a hassle-filled process, taking time and input of personal information. In 2019 and 2020, with support from the Hewlett Foundation, we conducted process audits on the customer conversion funnels of two financial institutions. We identified quick wins through these audits that resulted in more users applying to open climate friendly accounts as well as depositing more money into them.

What is a process audit?

Through process audits, we attempt to experience processes the way an actual user would. We use checklists of common behavioral barriers to identify opportunities for improvement.

Problem

Climate change is our reality. But despite increasing recognition and concern, it is difficult to align our everyday decisions and actions to create positive impact—or avoid negative impact—on the environment. One important area where many socially and environmentally minded consumers don't consider the impact of their behavior is their personal banking.

In the United States, many people are aware of sustainable investing, or choosing to buy stock in companies that are committed to positive social and environmental impact. However, the money in deposit accounts—checking, savings, money market, and certificates of deposit—affects the world beyond the bank vault. Banks leverage these deposits to make loans to various corporations, including fossil fuel companies. U.S. banks are the biggest lenders and underwriters of fossil fuel projects globally.¹ Continued use of existing fossil fuel infrastructure imperils the Paris Agreement goal of keeping warming well below 2°C, and financing new fossil fuel exploration and infrastructure virtually ensures the U.S. will exceed that limit.²

Focusing efforts only on sustainable investing not only excludes many people from the conversation, it also misses an opportunity to tap into consumers' demand to use their daily decisions to address the climate crisis. By switching to bank accounts that don't finance fossil fuel projects, people can send a

Highlights

- ▶ Personal banking choices impact the environment in ways people often don't know about.
- ▶ Bank accounts are sticky and users might not manage to bridge the intention-action gap to actually switch to sustainable accounts.
- ▶ Understanding the challenges and offering behavioral solutions can help more people choose a bank account that aligns with their values.

¹ Ran.org. 2020. Banking on Climate Change: Fossil Fuel Finance Report 2020. March 18. https://www.ran.org/wp-content/uploads/2020/03/Banking_on_Climate_Change__2020_vF.pdf (March 18, 2020).

² Tong, D., Zhang, Q., Zheng, Y., Caldeira, K., Shearer, C., Hong, C., ... Davis, S. J. 2019. Committed emissions from existing energy infrastructure jeopardize 1.5 °C climate target. *Nature*, 572(7769), 373–377. <https://doi.org/10.1038/s41586-019-1364-3>

clear message to banks urging them to transition to a clean economy. The opportunity to encourage consumers to switch bank accounts is large: 93% of US households have a checking or savings account, while only 52% own stock.³

However, deposit accounts are extremely sticky; once a customer opens an account, chances are good that they'll keep that same account for some time. The average age of a checking account in the U.S. is 16 years.⁴ This stickiness poses a challenge to the growing number of financial institutions offering deposit accounts that do not fund fossil fuels.

The challenges users face when attempting to open new accounts reinforce this stickiness. Even potential customers who know about sustainable banking options and intend to switch might not manage to bridge the intention-action gap to actually switch accounts. When signing up for and funding a new deposit account, they can experience a number of barriers: finding and remembering personal information, remembering to return to the funnel if not completed in one go, trepidation when seeing information about fees, recalling login information to their current deposit account(s) to transfer funds, uncertainty about the environmental and social value of switching, limited time, and more. Many of these hassle factors—seemingly minor inconveniences—cause even highly motivated users to drop out of the process.

Solution

As part of a larger initiative (see [sustainable banking](#) and [bankforgood.org](#)), ideas42 worked with two financial institutions—a West Coast based credit union with approximately 175,000 members and an online-only financial institution with more than 1.5 million customers. We conducted process audits of their customer conversion funnels—the journey a user takes as they sign up for an account. Through process audits, we attempt to experience processes the way an actual user would. We use [checklists](#) of common behavioral barriers to identify opportunities for improvement. While we conducted a process audit largely due to time constraints that made a full diagnosis infeasible, process audits are also well suited for online conversion funnels, allowing us to carefully examine each step in the funnel and look for common pitfalls and behavioral remedies.

We conducted process audits over periods of several weeks aiming to increase the number of accounts opened and, as a secondary priority, the amounts of initial deposits. Using the process audit checklist, we were able to diagnose barriers and provide recommendations. The below table shows a selection of the diagnoses and recommendations offered.

³ Burhouse, S., & Osaki, Y. (2014). FDIC National survey of unbanked and underbanked households. Federal Deposit Insurance Corporation. Retrieved December 14, 2019.

⁴ Dixon, A. (n.d.). Survey Finds Americans Stay Married To Banks For Many Many Years | Bankrate.com. Retrieved October 14, 2019, from Bankrate website: <https://www.bankrate.com/banking/best-banks-consumer-survey/>

	Behavioral Barrier(s)	Specific Recommendations
RECOMMENDATION THEME: Motivate progress	<ul style="list-style-type: none"> ▶ <i>Users do not feel endowed progress, a sense of advancing towards the goal, when filling in account information.</i> ▶ <i>Lack of deadlines to finish account sign up processes limits momentum.</i> ▶ <i>Value identity (e.g. that of an environmentalist) is not reinforced throughout conversion funnels.</i> 	<ul style="list-style-type: none"> ▶ Instill a sense of accomplishment and progress as users move through the funnel. ▶ Impose a sense of urgency or desire to return to the website through a deadline, and potentially, pair an incentive with this deadline to complete the signup process. ▶ Reinforce a strong identity and values congruence between users and the sustainable financial institution through methods like converting dollars deposited into a tangible metric like tons of carbon offset or showing the collective impact of all recent deposits. ▶ Add whimsical, playful, engaging elements of joy on the landing page and throughout the sign-up process, such as application buddies, animations, and page interactions. ▶ Select illustrative testimonials from current customers and members highlighting community development stories and local impact.
RECOMMENDATION THEME: Identify and address hassles	<ul style="list-style-type: none"> ▶ <i>Users who intend to return forget to do so, plan to finish later but keep pushing it off, or do not schedule enough time to complete the process later.</i> ▶ <i>Users lose momentum to finish creating an account when prompted for information they don't have on hand (e.g. social security number).</i> ▶ <i>Moving money to a new account feels risky when an existing account doesn't have much money in it.</i> ▶ <i>Users experience choice overload when seeing a wide set of account options and delay opening a new account.</i> 	<ul style="list-style-type: none"> ▶ Collect contact information earlier in the process to reach users who drop out of the funnel. ▶ Include a way for people to indicate interest in opening an account without having to sign up on the spot. ▶ Make it clear what pieces of information (ex. ID, proof of address, etc) people will need to open an account at the start of the process. ▶ If users drop off on a page where they need to input information from their existing bank, send them tailored email reminders to reset their password for their primary deposit account. ▶ If users leave the funnel, help them make a plan and/or set a reminder for themselves to return to the site—either on the site itself or via email. ▶ Send users reminder emails to make a deposit around common pay days, like the 1st and the 15th of the month. ▶ Provide a simplified overview of account options and respective features.

RECOMMENDATION THEME:

Tailor the experience based on the user's attributes and actions

- ▶ *Mentions of minimum deposit amounts anchor users to these amounts, lowering their initial deposits.*
- ▶ *Users feel less inclined to open accounts that don't feel like their own.*
- ▶ Do not anchor users to a low minimum deposit amount. Better yet, suggest an opening deposit amount, ideally, tied to the amount within users' existing accounts.
- ▶ Emphasize customizable account features that allow users to make an account their own.

Results

Our partners implemented several of these recommendations. Through A/B testing—comparing the performance of new, behaviorally informed versions of web pages and emails against the existing ones—the partner financial institutions were able to assess the impact of our recommendations on user conversion and initial deposits.

We highlight key findings below, with some of the descriptions intentionally broad, so findings cannot be connected to a specific financial institution. All percentages reported are increases or decreases over a baseline.

- ▶ Reducing the overall number of steps in the funnel increased conversion rates (i.e. signing up for an account) by more than **6.7%**, resulting in an average weekly deposit revenue increase of over **\$100,000**.
- ▶ Removing language about a minimum deposit amount increased average opening deposit amounts by **45%**.
- ▶ Suggesting deposit amounts based on the size of users' existing accounts increased median account funding by **25%**, and **40%** more customers made initial deposits of more than \$100.
- ▶ Moving initial deposit information to the top of the page (as opposed to below the fold) increased on-page conversion by over **3.6%** and overall account sign ups by more than **1.2%**.
- ▶ Creating stand-alone pages for entering social security numbers that emphasize trust increased account sign ups by more than **4.3%**.
- ▶ Simplifying signup pages by reducing copy, page length, and the amount of information required increased conversion by **more than 1.6%**.
- ▶ Creating two customized landing pages decreased bounce rates by more than **34.95** percentage points and **22.2** percentage points, respectively, and increased the average time a user stayed on the page by three minutes (note: the Bank for Good campaign ran concurrently during this time period, which may have impacted results).

Takeaway

The data demonstrates that even quick, relatively simple interventions can result in significant behavior change. Process audits, grounded in behavioral science best practices, can play a significant role in behaviorally augmenting processes, making user journeys easier (and, hopefully, more enjoyable). Process audits cannot always replace full behavioral design processes, but they do offer a way to quickly and effectively improve a range of existing tools and processes. From education data platforms, vaccination appointment sign ups, and donation requisitions to fossil-free financial account signups, process audits can smooth bumps in the road to users' goals. In the sustainable finance space, process audits can help ensure that consumers' values, not obstacles, drive their choices.