DIGITAL ONBOARDING IN THE TURKISH BANKING SECTOR

An ebook to help you understand the process of digital customer onboarding in the banking industry, and why it is so relevant for organizations in the Turkish market.

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ABOUT THE DIGITAL CUSTOMER ONBOARDING PROCESS

Technology advances are shaping our world, making it more competitive and accelerated than ever. It has become essential for the banking sector to focus on a practical digital customer onboarding experience to facilitate every step of the operation and increase profitability while reducing costs.

That is why it is so important to start considering the need for a digital onboarding process in the Turkish banking sector.

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A BRIEF CONTEXT OF THE CURRENT TURKISH MARKET

Turkey has a population that is young and tech-savvy when compared to the EU average - Turkish people are using smartphones and the Internet as main enablers in their daily lives – leading to the appearance of innovative players as neobanks.

Currently, Turkey already has four neobanks, out of 54 financial institutions, challenging the status quo and offering digital-first experiences. For the traditional banking sector, the message is very clear: they need to react and start their digital transformation path to offer their clients what they desire.

THE TURKISH MARKET

01 US$ 717 bn of GDP

02 84.3 M of population

03 2.83 cards per capita

04 69% bank account owners

05 83% of Internet penetration

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But how is the banking ecosystem really changing and why?

The digital-oriented players are driving the landscape shift while enjoying the impact of several key drivers within the macroeconomic situation. On one side, traditional players sit on a brick & mortar approach and leverage their branches as main touchpoints; on the other side, digital-first banking challengers are being more effective by showing a more client-centric approach.

It is important to understand the entrance of these new digital players mainly because of four key drivers:

- E-commerce growth
- New digital onboarding legal frame
- Banks within digitalization crossroad
- Shift within banking-client behavior

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Those factors sustain the privileged positioning that these digital-first banking challengers are taking while setting the perfect timing for traditional banks to evolve and react. And as Turkish e-commerce is lagging, youngsters' need for digital experiences is enabling digital challengers to tackle the unified commerce trend. Some key aspects that help understand this are:

- The acceleration of the e-commerce segment due to the COVID-19 pandemic, which increased the number of online purchases.

- The expectation of growth in the Turkish e-commerce market at a compound annual growth rate of 14%, one of the highest predictions in the countries of the region.

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However, Turkey is still behind regarding the transaction value per capita, which means that driving up basket values and encouraging citizens to buy more non-essential goods online will be important to the sustained growth of the market.

These are the movements that will encourage more digital players to appear and help the younger generations within the unified commerce and its omnichannel experience to an always-connected banking experience.

To sustain all the ecosystem, from a legal perspective, the existing digital transformation within banking starts within **digital onboarding**.

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But why should banks pay attention to digital onboarding within Turkey?

The Banking Regulation and Supervision Agency issued new legislation allowing digital onboarding under the following requirements:

- Video call between the customer and the bank employee
- Identification is done by different bank employees
- The procedure made in real-time without interruption
- Customers authentication with a one-time password (OTP) sent by SMS

Having that as the cornerstone, banks should also ensure that they comply with the best practices, such as the screenshot of documents and liveness detection.

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WHAT ARE TURKISH BANKS DOING REGARDING DIGITAL ONBOARDING?

Despite the decent level of digitalization, only four out of the top ten banks in Turkey are implementing a fully digital onboarding experience. In 2020, there were 66 million active customers in digital banking, a 6% increase in the volume of online banking transactions, and a 99% increase in the volume of mobile banking transactions.

So how are banks answering this demand of their customers without doing digital onboarding as the first step when engaging clients? And what does the common Turkish banking client desires? Does he really want a digital banking experience and onboarding?

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By analyzing the outcomes of a recent banking report, it is possible to infer that banks must react to this new need and gap of value proposition, having into account their customers' expectations regarding digital banking experiences starting with the onboarding.

More than 97% of customers want to open an account digitally, 69% request a credit card, and they also feel that should be able to provide their proof of identity, residence, or even to perform a biometric scan digitally.

97% of customers want to open an account digitally

69% of customers request a credit card

68% fill a personal loan

% OF THE SURVEYED PEOPLE BELIEVE THAT THESE TASKS CAN BE PERFORMED DIGITALLY

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SO, HOW CAN BANKS AND OTHER FINANCIAL INSTITUTIONS TACKLE THIS, REACT, AND BECOME DIGITAL ENABLERS?

The turning point for the traditional banking sector is to adopt a digital path with a partner that understands not only digital but also is regulatory compliant, such as **LOQR.**

LOQR is a **key enabler of financial institutions** within their digital path that can provide **turnkey journeys-as-a-service (JaaS)** through a **journey-builder platform**.

We are subject matter experts on AI and compliance, with the mission of helping our clients to empower their customers' digital lives through certified turnkey journeys that are regulatory compliant - we never failed an audit from a central bank - and delivered within an end-to-end platform.

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CONTACT US AND FIND OUT MORE ABOUT OUR JOURNEYS.

LOQR can help you build a digital path and a compliant environment to empower your customers' digital lives.

It's all about JaaS.

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