Transform In-Branch Check Buyers Into Online Check Shoppers
FORWARD

This study, sponsored by the Deluxe Corporation, explores the motivations and barriers for consumers' check ordering channel preferences, as well as financial institutions' (FIs) attitudes toward the various channels. It also examines how FIs are impacted, including from a revenue perspective, when consumers shift from ordering checks in a branch channel to an online channel. This study and whitepaper were independently produced by JAVELIN.

JAVELIN maintains complete independence in its data collection, findings, and analysis.
OVERVIEW

This study explores the motivations and barriers of consumers’ channel preferences for check ordering. It also explores the attitudes of financial institutions (FIs) toward the various check-ordering channels, and the strategies employed to maintain revenue and their relationships with customers while keeping errors at a minimum.

As the digital banking channel becomes the “go-to” channel for more consumers every day, FIs will need to reconsider the role of the traditional brick-and-mortar branch channel in how checks are ordered (and reordered). While many traditional products, such as paper checks, continue to play an integral role in the financial lives of consumers, how they are sold and serviced will need to change in the face of the growing consumer demand for digital servicing. In categorizing consumers by their preferences of banking behaviors (e.g., “branch first,” “online first,” “mobile first,” etc.), FIs and Deluxe can begin to develop strategies to optimize the check-ordering process for each channel. By transforming check orders in the digital channels from being a basic banking transaction to a delightful shopping experience, the FIs will begin to see higher value check reorders with fewer errors and reorder costs. Also, FIs will need to consider using digital tools in tandem with their tellers and customer service agents in order to empower their more traditional branch customers to use new channels.
KEY FINDINGS

The convenience of reordering, simplicity of the process, and not having to interact with a bank agent are the top motivations for consumers preferring to use online self-service channels for ordering checks. Over 7 in 10 customers (72%) cite the convenience of the reordering process as the motivation for using a self-service channel, making it the No. 1 overall factor behind choosing self-service. The second overall factor is simplicity, with 67% of customers reporting it as a key reason motivating them to choose self-service. Not having to interact with people is the third most reported factor behind self-service motivation, with approximately 1 in 3 customers citing it. This reflects the notion that many consumers feel that basic servicing activities such as reordering checks do not require any human interaction.

Cost efficiency and reduction of errors remain important for financial institutions (FIs) when promoting self-service channels. Manual intervention for check ordering is prone to errors and also cuts into FIs’ revenue as there is a desire to minimize changes to an existing customer preference. All of the FIs interviewed noted that Deluxe (or its competitors) already having the customers’ order history and personal information greatly reduced the possibility of errors. FIs also believe that customers using the self-service channel for check ordering is the best scenario in minimizing errors since the customer knows exactly which changes need to be made (e.g., name, address, etc.). Furthermore, this minimizes incremental cost that a branch may incur due to teller error and the resulting customer dissatisfaction in having to correct an error.

While FIs struggle with the loss of personal interaction when they send their customers to order checks online vs. the branch, they do see the benefit of shorter teller lines as a time-consuming task that has been moved to a self-service channel. They also realize that the banking channels are evolving and that’s what customers want to do. All of the banks interviewed did report that the loss of customer interaction is a clear drawback to sending people to digital
servicing channels. In fact, they all stated the importance of catering to longtime customers who use the branch to order or reorder checks. However, FIs also noted that the impact on frontline staff is minimized as a time-consuming task was moved to an online self-service channel. This resulted in shorter wait times to speak with a teller. Also, this allowed branch staff to spend more time on higher priority branch relationship business. Finally, FIs do see the clear trend of their customers wanting to do more self-service via online or mobile channels and the need to cater to these demands. They also recognize that that they will need to increasingly cater to Gen Y consumers as they move into their greatest earning potential ages since they are digital natives with a strong appetite for online and mobile banking.

Consumers who use the online self-service channel report strong appreciation for the benefits of ordering checks online, in particular the ability to comparison shop various purchase options. By being able to compare different purchase options, it transforms the check-ordering process into a shopping experience. Because ordering online mimics other e-commerce shopping experiences, the consumer goes from conducting a typical bank transaction to browsing and shopping, which will increase the likelihood of higher average order values (e.g., by adding more items in the shopping cart). Of all customers who ordered checks online, over 3 in 5 stated that ordering checks online enables easy comparison of different available options. Several banks supported the idea that online banking should be separate from check ordering so that the customer is no longer banking but shopping.

FIs know that part of their long-term goal is to drive customers toward their integrated online /mobile banking platform for check ordering. The rapid adoption of new digital tools has helped open the financial services model to disruption, creating new opportunities in how consumers can be serviced and cross-sold. FIs understand that in order to capitalize on these opportunities, they will need to migrate check ordering to digital channels. The FIs that have already done so are clearly reporting economic benefits from the online check ordering/shopping experience.
RECOMMENDATIONS

Optimize the digital shopping experience for ‘online first’ bankers. For consumers who prefer using online channels for their banking needs, the ability to purchase checks should be integrated within the website and needs to be actively promoted, not hidden or buried several pages or “clicks” deep. The FIs need to either integrate check ordering into their online banking platform or provide a link for their customer to access check ordering. While the optimal scenario is to have check ordering seamlessly integrated into online banking, the next best scenario is having optimal placement for the check order link. That is, the link needs to be easily found, for example, on the landing page and preferably displayed in the upper one-third of the screen to where a consumer’s eye is drawn. Finally, transform check ordering from a banking to a shopping experience. This gives consumers more choices for check personalization and increases revenue potential for FIs.

Leverage the ‘branch first’ customer experience to engage with online check ordering and even online banking, coupled with monetary and non-monetary incentives for added motivation to consider changing behaviors. For consumers who prefer to visit a branch for their banking needs, the experience can be used to introduce online check ordering and online banking. FIs can use both monetary and nonmonetary incentives to encourage this transition behavior. For example, the bank can provide a coaching session to walk customers through an online ordering process where they may not be comfortable or are not currently signed up for online banking. An example of monetary incentive could be in the form of free check monogramming. This may have the added benefit of encouraging some consumers to purchase additional check upgrade options while ordering online. At a minimum, it can be used to reinforce online banking for basic banking needs such as check ordering since most consumers, including “branch first,” already bank online. Since bankers report costly errors from transcribing handwritten check orders placed at the branch, bankers should consider offering a dedicated kiosk or terminal for check ordering. Tellers can assist first-time users in filling out their online order. These users can also be onboarded to online banking at the
same time. Personal interaction is not compromised, and some of the friction associated with online banking is removed. This would overcome one of the key barriers identified in the research: ordering checks online takes away from personal relationships in the bank. It also provides an opportunity for the teller to “debunk” some of the myths or excuses consumers give for preferring off-line channels. For example, 27% of off-line customers said shipping costs are cheaper when using off-line channels, and 28% said free checks are available only through off-line channels.

**Target multichannel banking consumers with a long-term goal of mobile integration.** Since the rise of mobile banking usage over the past few years, FIs need to integrate the check reorder process into the mobile experience. While customers tend to have a specific channel preference for conducting bank transactions and servicing, the reality is that most consumers use multiple channels such as online, mobile, ATM, branch, and IVR. For the multichannel customers, building a new routine for check ordering can be easily established by promoting the ability to order checks online or through mobile banking.

**Enable ‘mobile first’ bankers to leverage their channel of choice.** For consumers whose first preference is to use their bank’s mobile online or mobile app for their banking needs, the experience must cater to their smaller screens. Use responsive design and enable full “online” capabilities, so it is not a watered-down buying experience. Provide a “buy button” to reorder checks on a bank client’s mobile app so as to allow a consumer to easily and quickly reorder checks. This will mimic typical mobile shopping experiences. Since these “buy button” mobile capabilities already exist in the market today (e.g., Deluxe), FIs need to rapidly adopt/integrate them into their platforms to better cater to the needs of the growing tide of “mobile first” bankers.
CONVENIENCE AND COST-EFFECTIVENESS: SELF-SERVICE CHANNELS ARE PERCEIVED AS CLEAR WINNERS

Despite a plethora of payment options available to consumers, paper checks still remain an important option for bill pay.\(^1\) However, with the steady increase in past 90-day usage of online banking from 84% in 2014 to 86% in 2015,\(^2\) it is hardly surprising that consumers look toward self-service channels when it comes to shopping for paper checks. Moreover, perceptions toward self-service channels are similar across all check-buying customers. Over 7 in 10 customers (72%) site the convenience of the reordering process as the motivation for using a self-service channel, making it the No. 1 overall factor behind choosing self-service. The second overall factor is simplicity, with 67% of customers reporting it as a key reason motivating them to choose self-service. The third most-cited motivational factor behind opting for self-service, with 1 in 3 consumers reporting it, is not needing to interact with an agent when ordering checks. This is an important

Convenience and order process simplicity attract customers to the online channel in greater scale.

Figure 1: Motivations for Using Self-Service Channels

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The process is very convenient</td>
<td>72%</td>
</tr>
<tr>
<td>The process is simple</td>
<td>67%</td>
</tr>
<tr>
<td>I didn’t feel the need to interact with agents</td>
<td>34%</td>
</tr>
<tr>
<td>I get better prices online</td>
<td>28%</td>
</tr>
<tr>
<td>I was able to consider and compare multiple options before placing my order</td>
<td>23%</td>
</tr>
<tr>
<td>This channel is more secure</td>
<td>20%</td>
</tr>
<tr>
<td>My checks are free using this channel</td>
<td>16%</td>
</tr>
<tr>
<td>I get free upgrades to my check order using this channel</td>
<td>9%</td>
</tr>
<tr>
<td>I wasn’t aware of any other way to order my checks</td>
<td>9%</td>
</tr>
<tr>
<td>The type/quantity of checks I needed was not available any other way</td>
<td>3%</td>
</tr>
</tbody>
</table>

Base: Respondents who ordered checks via online channel

\(^1\) Retail Point-of-Sale Payment Forecast: The Mobile Payment Square-Effect and Prepaid Card Popularity Drive Cash Down by 10%, Javelin Strategy & Research, May 2014.

\(^2\) REB Spring Consumer Data, Javelin Strategy & Research, May 2015.
finding since consumers are clearly establishing when they feel they need to interact with agents and when they do not. Providing them with an option to circumvent human interaction for easy or low-value servicing activities can free the FI to concentrate on more high-value interactions. The fourth factor, reported by 28% of customers is that they get better prices online. Finally, rounding out the top 5 factors is that 23% of customers report the ability to consider and compare multiple options before placing a check order as a key motivator for online self-service (see Figure 1).

Both FIs and consumers are aligned when evaluating the cost-effectiveness of self-service channels. Half of all customers, who order online, consider self-service channels to be more cost-effective compared to off-line channels (see Figure 2).

In conversations with FIs, all executives agreed that self-service channels save them labor costs (the time that tellers need to input check orders) and are less prone to errors due to manual entries, compelling them to push self-service channels.³

**Ability to compare options and save time are key benefits of online self-service.**

Figure 2: Benefits of Ordering Checks Using Self-service Channels

- Ordering checks online enables easy comparison of different available options 61%
- Ordering checks using off-line channels (visiting a bank, by calling or mailing) takes way more time than ordering through online channels 57%
- It is more cost-effective to order checks online (bank’s or bank-recommended company’s website) 50%

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Base: Respondents who ordered checks via online channel

³ Qualitative interviews with FIs

“I don’t see any drawbacks to the online system at all. It’s streamlined and easy for the customer and less error-prone. … The key is to make the process easier. … Do it in two clicks vs. 10.”

- Large bank

“We receive less revenue when customers order checks in branch, from a staff impact and time commitment cost perspective.”

- Credit union
CONSUMERS AND FIS ALIKE STRUGGLE WITH THE TRADE-OFF BETWEEN CONVENIENCE AND MAINTAINING PERSONAL RELATIONSHIPS WHEN IT COMES TO THE SELF-SERVICE CHANNEL

Javelin’s research found that nearly 3 in 4 consumers (72%) do not usually like to bank online with their primary FI because they prefer dealing with people. In addition, 44% of consumers stated selecting a primary bank based on superior customer service and 31% stated selecting a primary bank based on personalized service from the bank. However, not all bank activities are alike. For example, opening new accounts or engaging in complex transactions tend to drive consumers into the branch or to the phone channel vs. more basic activities such as bill pay and check ordering, which tend to drive them to the online channel. In fact, remote deposit capture (RDC) by mobile phone, which was virtually unheard of 10 years is now a common feature on mobile banking apps and which also experiences high consumer usage – a clear testament that when consumers are given an opportunity to self-service for basic banking activities using digital channels they will quickly adopt it. As previously mentioned, 86% of consumers have used online banking in the past 90 days, so there is a proportion of consumers who use multiple channels for their banking activities.

In fact, a majority of consumers who use online self-service for check ordering see strong value as it enables easy comparison of all available options, with over 3 in 5 customers who order online stating this as a benefit (see Figure 2). Additionally, 57% of customers who order online state that ordering checks using an off-line channel “takes way more time than ordering online.”

^ REB Spring Consumer Data, Javelin Strategy & Research, May 2015.
^ Ibid.
^ Ibid.
Some of the biggest barriers impeding off-line customers adopting the online channels are common misperceptions echoed by the interviews conducted. They include the belief that checks are free in the branch with 28% of customers reporting this myth as why they order through off-line channels. Part of this misconception could be related to the process of ordering checks online, which requires the overt step of paying with a credit card or checking account. In comparison, when ordering in a branch, the teller deducts the cost from the customer’s checking account, making it appear seamless. Overall, the biggest barrier reported that customers who order through off-line channels believe is that switching to online ordering would take away from the personal relationships they have established at the bank with 35% of customers reporting this factor. Roughly, 1 in 4 off-line customers believes that shipping costs are cheaper through off-line channels. Finally, 1 in 5 (19%) customers believe that ordering checks online is very confusing (see Figure 3).

The perception of higher shipping costs when ordering online vs. in a branch is a key barrier to self-service adoption for off-line customers.

Figure 3: Barriers to Ordering Checks Using Self-Service Channels

<table>
<thead>
<tr>
<th>Perception</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordering checks online takes away the personal</td>
<td>35%</td>
</tr>
<tr>
<td>relationships established with the bank</td>
<td></td>
</tr>
<tr>
<td>Free checks are only available through off-line</td>
<td>28%</td>
</tr>
<tr>
<td>channels</td>
<td></td>
</tr>
<tr>
<td>Shipping costs are cheaper using off-line</td>
<td>27%</td>
</tr>
<tr>
<td>channels</td>
<td></td>
</tr>
<tr>
<td>Ordering checks online is very confusing</td>
<td>19%</td>
</tr>
</tbody>
</table>
FIS CAN BENEFIT BY SHIFTING CUSTOMERS TO ONLINE CHANNELS, EVEN SATISFIED OFF-LINE CUSTOMERS

FIs that encourage online check ordering see shorter teller lines from the elimination of a time-consuming branch task and higher revenues from consumers “shopping” (i.e., spending more on check personalization).

FIs that encourage online check ordering have discovered an unexpected branch benefit: shorter wait times to speak with a banker because that banker no longer needs to spend time on in-branch check ordering.7 This allows the banker to spend more time with customers on other activities, further cultivating the personal relationship some branch customers deeply desire.8 Also, as mentioned earlier, executives have reported higher revenues and minimized errors by having their customers move to an online check-ordering process.

Interestingly, 3 in 6 FI executives remarked on the value of “shopping experience” when ordering checks online. They noted that their customers who ordered checks online, on average, had higher order values because of two key reasons. The first is personalization: They could more easily get a personal design or add a cause related check that reflected their character, order special lettering, etc., which would incrementally add more value. The second is shopping experience: The online banking experience was transformed into a shopping experience where a consumer would be able to conveniently browse and add products to their cart with little impediment from a busy teller waiting to complete an order. By creating a shop/browse experience, the consumers spend more time evaluating and buying more profitable products. The experience transcends banking and becomes something more indulgent. Executives interviewed perceive check ordering via self-service channels as a shopping experience for customers and would promote them as such.9 Instead of relegating it to an ordering process, they prefer to elevate it to an online shopping experience for consumers, thus enhancing their overall value and building better customer relationships.

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7 Qualitative interviews with FIs
8 Ibid.
9 Ibid.
FiS have a varied approach to promoting check ordering off-line and online.

Three in 6 FI executives report activities that range from passive marketing to active online encouragement. In fact, one FI that actively encourages online ordering uses Deluxe-branded materials in the branch and on its website. The remaining executives acknowledged the decline in check usage and maintained that encouraging customers to order checks both online and off-line is not a high priority.

While overall customer satisfaction is high — 89% of customers report satisfaction with the check-ordering process (both online and off-line) — there is an opportunity to move a portion of these off-line customers as well as customers who are “neutral” to online self-service channels (see Figure 4). By promoting the convenience and shopping experience of the online channel, where 86% of consumers report having banked in the past 90 days,10 there is an opportunity to convert servicing from a branch experience to an online experience.

Customers are satisfied with the current ordering process, yet an opportunity exists to drive online self-service since 86% of customers have banked online in the past 90 days.

Figure 4: Satisfaction With Current Channel and Likelihood to use the Same Channel for Next Order10

<table>
<thead>
<tr>
<th>SATISFACTION WITH ORDERING PROCESS</th>
<th>LIKELIHOOD TO USE SAME CHANNEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>Likely</td>
</tr>
<tr>
<td>89%</td>
<td>86%</td>
</tr>
<tr>
<td>Neutral</td>
<td>12%</td>
</tr>
<tr>
<td>Not Satisfied</td>
<td>3%</td>
</tr>
</tbody>
</table>

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10 REB Spring Consumer Data, Javelin Strategy & Research, May 2015.
APPENDIX

Mobile banking adoption is rising and needs to be addressed in servicing channels.

Banking is no longer somewhere consumers go, but something that they do. Banking has become an integrated platform of digital money management where consumers can access their accounts wherever they are, regardless of the device. Smartphone adoption has reached saturation, and more consumers are not only comfortable but also rely on their ability to access their accounts on their smartphones. In the past seven years an increasing number of consumers have conducted mobile banking with their primary FI in the past 90 days. In 2009 only 18% of consumers reported they conducted mobile banking in the past three months while in 2014 almost 50% of all consumers (46%) reported conducting mobile banking within the past 90 days (see Figure 5). This number will only increase over time as mobile devices become more pervasive and mobile banking platforms become more robust.

Mobile banking usage is rising.

Figure 5: Consumers Using Mobile Banking in Past 90 Days, 2009–2014

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As technology advances and becomes more user-friendly, mobile devices are evolving from a convenience item to a necessary tool for consumers’ daily life. The dramatic growth behind the rise of consumers using mobile banking is being driven, in-part, by the increase in smartphone and tablet ownership. In 2015, 75% of consumers reported owning a smartphone and 57% reported owning a tablet. This is a significant increase from 2013, when 59% of consumers reported owning a smartphone and 41% reported owning a tablet (see Figure 6). It will be critical for FIs to understand how this rapid consumer adoption of mobile devices is creating an opportunity in how they provide their customers with self-service options for basic banking functions such as check ordering.

**Consumers are adopting more mobile devices than ever.**

Figure 6: Percentage of Smartphone and Tablet Owners

![Figure 6: Percentage of Smartphone and Tablet Owners](image-url)
CONCLUSION

There are three distinct opportunities:

First, there is an opportunity for FIs to promote the ordering of checks online in order to capitalize on the consumer move to digital (online and mobile) banking channels for self-service and transactions. By promoting the check-ordering process in digital channels, FIs will be able to convert multichannel bankers to online, self-service channels for check ordering.

Second, by transforming the online order process from a basic bank transaction to an online shopping experience, FIs will be able to delight and indulge their customers while increasing the average check order transaction value.

Third, there is an opportunity to transform the branch experience. The importance placed on human interaction and personal relationships desired by branch-preferring customers (“branch first”) can be used to convert traditional branch ordering into a digital experience by using kiosks or dedicated online banking terminals with assisted teller operation. To stay cost-effective and competitive in the market, FIs need to be cognizant of the pressures on their employees to keep orders error-free and avoid lost revenue due to manual processing. By transforming the branch experience from a manual entry to an assisted online entry, FIs can drive incremental value, reduce errors, and maintain the human interaction desired by off-line customers.
METHODOLOGY

In July 2015, Deluxe retained Javelin to conduct an independent study on consumers’ check-buying channel preferences and financial institutions’ motivations and barriers to encourage self-service channels for check ordering.

Javelin conducted an online survey of 600 Deluxe and non-Deluxe customers classified as follows:

- 103 Deluxe customers using self-service channels for check ordering
- 197 Deluxe customers using off-line channels for check ordering
- 96 non-Deluxe customers using self-service channels for check ordering
- 204 non-Deluxe customers using off-line channels for check ordering

In addition, qualitative data in this report are based on information collected from six in-depth interviews with executive decision makers at financial institutions. This included three major banks, one regional bank, one community bank, and one credit union. Insights were collected and analyzed from interview recordings and transcripts. Five respondents were representative of the Deluxe customer base, and one respondent was a non-Deluxe customer.
ABOUT JAVELIN

JAVELIN, a Greenwich Associates LLC company, provides strategic insights into customer transactions, increasing sustainable profits and creating efficiencies for financial institutions, government agencies, payments companies, merchants, and other technology providers. JAVELIN’s independent insights result from a uniquely rigorous three-dimensional research process that assesses customers, providers, and the transactions ecosystem.

Author: Michael Moeser, Director of Payments, Retail and Small Business

ABOUT DELUXE

Founded in 1915, Deluxe is a growth engine for small businesses and financial institutions. Deluxe serves 5,700 financial institution clients and more than four million active small businesses. Its financial institution clients range from some of the largest in the country to thousands of community banks and credit unions. Deluxe delivers a range of FinTech solutions that drive profitable growth for FIs through payments, marketing services, risk and performance management, digital channels and loyalty. From connecting operations with clear ROI to bridging the gap between marketing and technology, Deluxe’s best-in-class solutions help clients acquire, engage, grow and retain lucrative long-term relationships.