



Examining Customer Onboarding Drop-off in **Online Gambling**

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Introduction

Customer onboarding and KYC is a significant point of loss for every operator. Having enticed customers to the top of the funnel with advertising and bonus offers and affiliate programs to get them through the door, if they suddenly fail to get customers across the onboarding finishing line then it's costly marketing spend wasted.

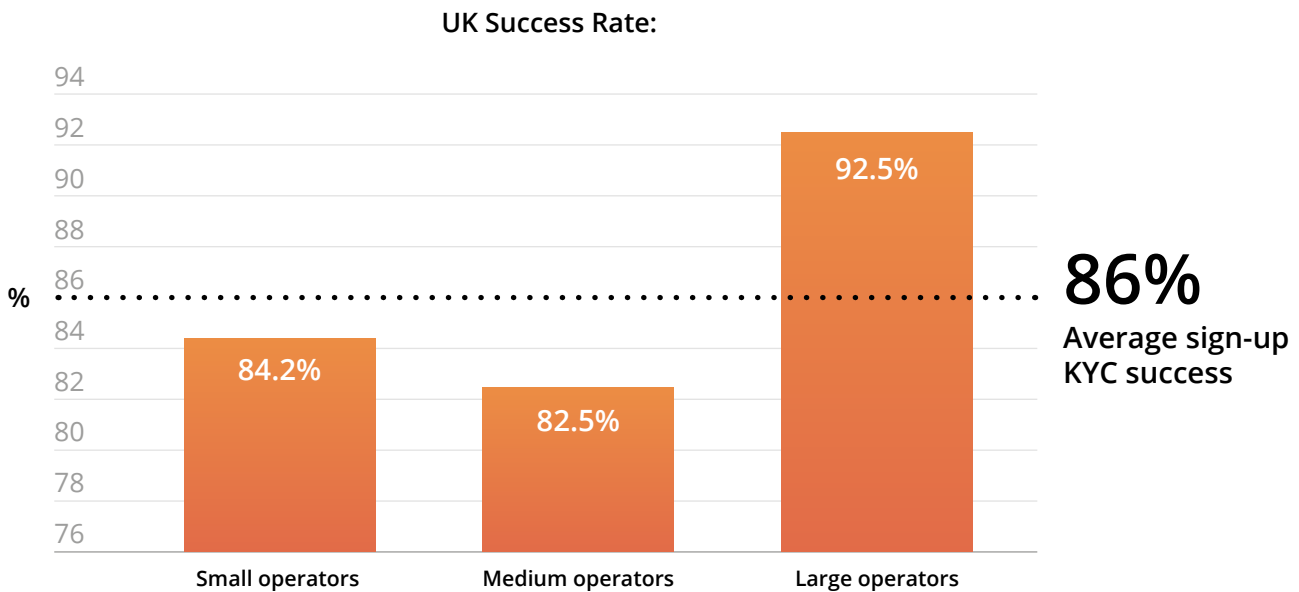
A smooth Know Your Customer journey is a vital element of the customer onboarding experience. At HooYu we have compiled this research to discover why and at what stage drop-off occurs – isolating and solving the reason for customer drop-off could see drastic improvements to the KYC journey and result in tens of thousands more successful sign-ups.

Research methodology

HooYu engaged researchers to interview ten gaming operators, from smaller operators to full spectrum gaming providers who supply services both in and out of the UK. We did this to understand the differences in customer onboarding across the operator size and scale and the impact of customer geography. The survey data was gathered anonymously to ensure accurate responses.

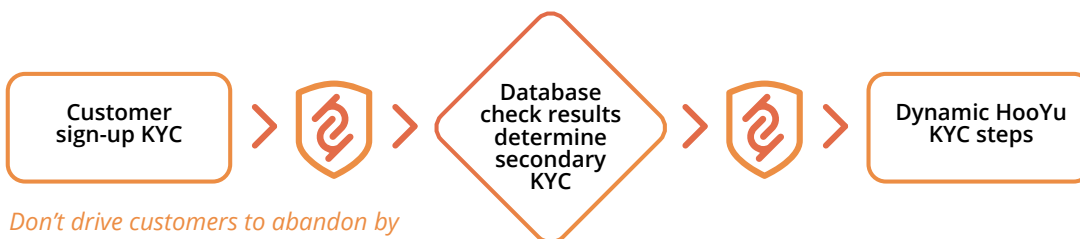
What % of online gambling sign-up processes pass KYC?

The answer is that on average 86% of UK customers pass KYC at sign up, meaning that 14% of potential UK customers arriving at the top of the funnel fall by the wayside. Some of this may be fraudsters who bail when they see the robust defences that the gaming industry has in place, but even so, a significant percentage of potential revenue is being lost.



Large Operators Win the KYC Journey

- Large gaming operators tend to do better at moving their customers along the KYC funnel. That shouldn't come as a surprise given that they have more people dedicated to smoothing the onboarding journey and squeezing as much value as possible out of the traffic they drive to the top of the funnel.
- However, there are sharp drop-offs for medium and small operators. 92.5% of all potential customers in the UK who begin an onboarding journey with a large operator make it through the KYC journey and become legitimate customers.
- That's an increased success rate of 9.3% compared to small and medium operators who average 83.2%.



Don't drive customers to abandon by asking them to fulfil templated and unnecessary KYC effort!

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Ask us about our KYC logic steps

When building a UK KYC journey it's important to have logic steps between the database check and any necessary ensuing KYC process.

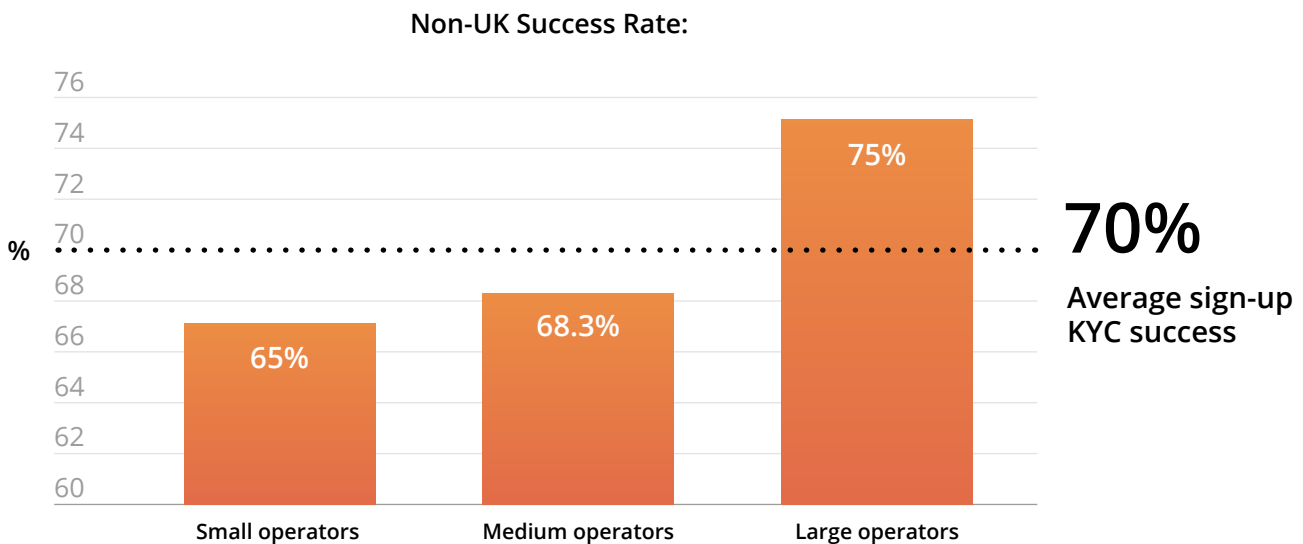
If there is no match from identity database checks then a fuller ID document and proof of address journey should trigger. However, if there's a partial database match then the subsequent KYC steps should be limited to gathering and validating an ID document.

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What about outside the UK?

Outside of the UK, KYC success drops to 75% for large operators, 68% for medium operators, and 65% for small operators.

On average, gaming operators are getting 70% of their non-UK customer sign-ups through KYC, losing a hefty 30% of revenues.



- The fact that the UK is blessed with robust identity check database sources certainly contributes towards higher performance in UK vs non-UK onboarding.
- Greater abandonment is also driven by longer KYC turnaround times by operators due to the wide range and complexity of official documents across many markets.
- However, large operators still tend to do well, managing to onboard 15% more of their potential non-UK customers compared to medium and small operators.
- This is likely to do with larger operators having more local language pages, support and staff to welcome customers across many markets.

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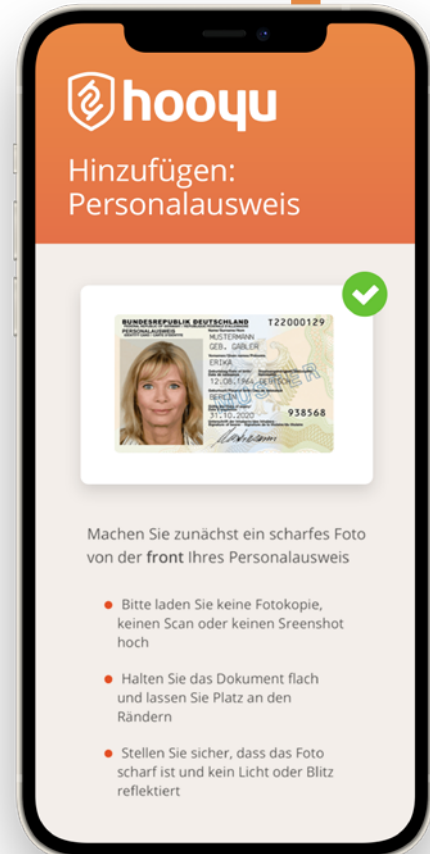
Ask us about KYC localisation tools

At HooYu we help gaming operators design and deploy digital KYC journeys that help the user to get across the KYC finishing line.

An example of this is how the HooYu UI can be presented in most languages so that it's easier for the customer to understand what KYC tasks they have to do before they can get on and place that bet.

Make it easier for your customers by giving them KYC guidance and messaging in their preferred language

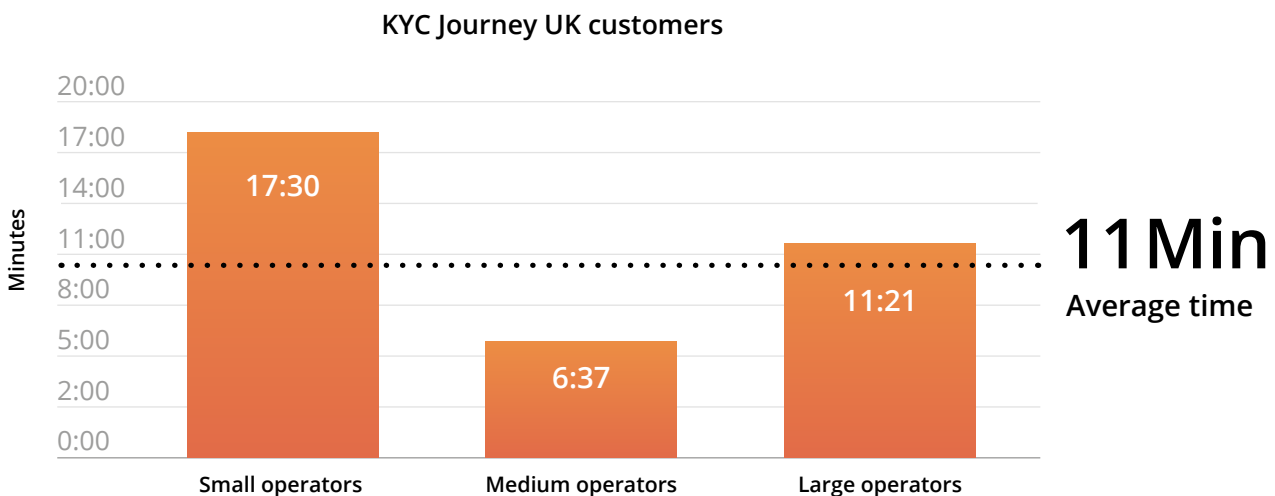
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How long do KYC processes take to complete before the customer can wager?

How long the prospective customer is forced to wait before KYC is secured is directly correlated to abandonment rates. We asked operators to tell us how long it takes them to perform KYC when database checks are not available or have yielded no match.

Where the database check fails, operators are taking on average in excess of ten minutes to get a UK customer through KYC. This is hardly the smooth digital customer journey that bettors have come to expect from such a high-tech industry.



- Medium-sized operators are the fastest at onboarding customers with an average journey of 6 minutes and 37 seconds, nearly twice as quick as large operators.
- Medium-sized operators also perform better than small operators when it comes to the time it takes to get customers through KYC. On average medium operators are nearly 11 minutes quicker than smaller operators.
- Medium-sized operators seem to be in the goldilocks zone of being hungry to grow their customer-base as well as having the resource to source the right KYC supplier and cater to the permutations of different customer journeys as they seek to break into the ranks of the big operators.

What about outside of the UK?

The time taken to perform KYC is significantly longer for non-UK customers. Across all operators interviewed the average response was up to half a day. Across all operator sizes, performing KYC on non-UK customers is a uniformly challenging task. Larger operators are no quicker at it than smaller operators. More developed yet agile medium sized operators aren't finding an edge here either.

20%
of operators take
30-60 minutes

50%
of operators take
up to half a day

30%
of operators take
take up to a day

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KYC on non-UK customers can take up to half a day although it can be quicker in some markets such as Sweden

Operator B

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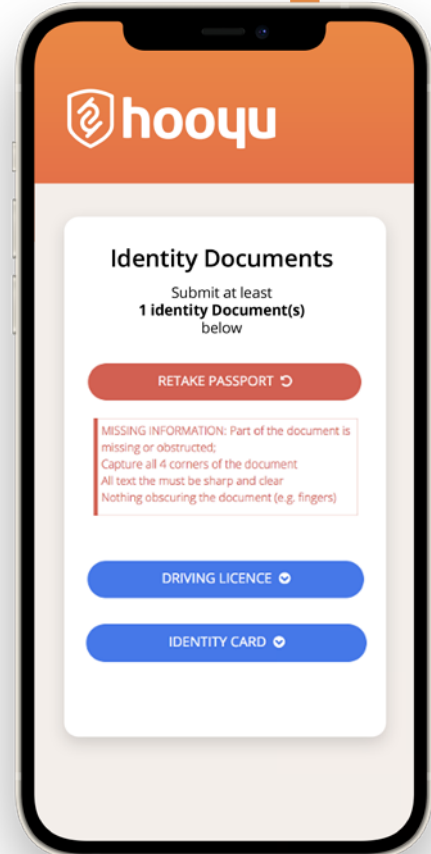
How dynamic user feedback and messaging helps cut the time taken to reach the KYC finishing line

Our dynamic user feedback tools alert the customer during the journey if the document image they supplied isn't going to make the grade or if it has the wrong address, or date or name on it.

The HooYu journey also includes customer SMS and email messaging outreach tools to remind the user to finish their KYC tasks and to tell them where they went wrong with any documents they have submitted.

Don't let customers slip through the net, help them get across the KYC finishing line with automated feedback and messaging.

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Where in the KYC process do operators experience dropout?

We asked operators about the drop-out rates they experienced at different stages of the process. As with previous answers, the drop-out rates for KYC on non-UK customers was higher.

Customer geography	KYC stage		
	Proof of ID avg drop-out rate	Proof of address avg drop-out rate	Proof of Source of Funds
UK	20%	20%	35%
Non-UK	40%	34%	
Average	30%	27%	35%

- Drop-out rate for providing an ID document was 50% higher in non-UK markets compared to UK
- Drop-out rate for providing an address document was 41% higher in non-UK markets compared to UK

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UK drop out for address docs is about 10% - this has remained stable for some time but international is 30-40%... fortunately in some markets an ID card is enough

Operator E

Source of Funds remains a contentious issue for customers during the onboarding journey, on average across all operators, 35% of customers dropped out when requested to present Source of Funds.

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Source of Funds remains the biggest friction point and drop out area for us

Operator H

The reason for drop out at the Source of Funds stage can be twofold. Firstly, customers often don't wish to share that information. Personal financial positions are often considered to be intimate information and not something to be shared with others lightly by many potential customers.

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Some people do not want to provide documents about their source of funds even if they are legitimately earned

Operator D

The other reason customers abandon the journey at the source of funds stage is that the money is criminal. It's good that these people exit as they're not customers the industry wants to be doing business with.

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There are people who would prefer to play with an unlicensed operator, even in the UK. Some people do not want others to know their fiscal position

Operator E

Commentary from the operators we surveyed echoed this opinion that there are a small number of customers who will try gambling with less reputable sites to evade the need to provide Source of Funds evidence.

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Some people who cannot complete electronic checks are put off and try their luck elsewhere hoping another operator has less stringent processes in place

Operator D

Some abandonment is inevitable

It's important to acknowledge that some abandonment is inevitable. Some abandonment is simply people that wanted a quick flutter but could not be bothered to prove their identity. Some abandonment is probably people being too lazy to create an account and set a password! Some abandonment is certainly due to manual processes where an operator has limited internal resources or understanding around the complex minutiae of non-domestic documents.

However, some abandonment is also the regulated sector doing its job and keeping crime out of gambling.

Abandonment at the Source of Funds stage often results in customers switching to a different gaming operator, but with standards harmonising across the sector this strategy will soon be closed off to criminals and they will hopefully be squeezed out of the space.

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We ask them for [Source of Funds] data and if they do not want to share it then they often move to another operator, but eventually they will run out of operators. We estimate that in approximately two years' time, with everyone working towards the same goal of affordability that players will not be able to switch as easily

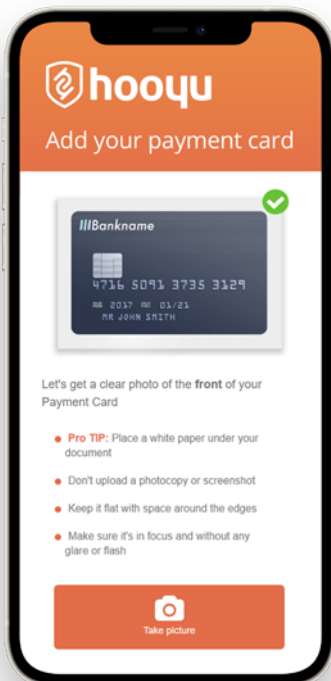
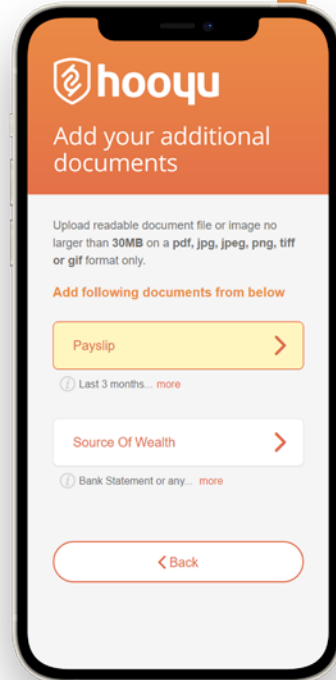
Operator E

HooYu KnowHow

how to create a smooth journey for Source of Funds and pay out AML controls

Facilitating the proof of funds process by educating customers on why it is necessary will drive a reduction in dropouts. Transparency around why your business needs this data will only serve to build and reinforce trust.

The HooYu journey can be used to reach out to customers and ask them to upload attachments such as bank statements, payslips or other documents for SoF.



The AML checks at payout on the card being paid out to can also be automated.

Card Check improves the pay out journey through payment card referencing, guiding the user to provide an image of their payment card to help prevent account takeover and money laundering at pay out.

Don't let customers slip through the net, help them get through Source of Funds or payout controls with HooYu

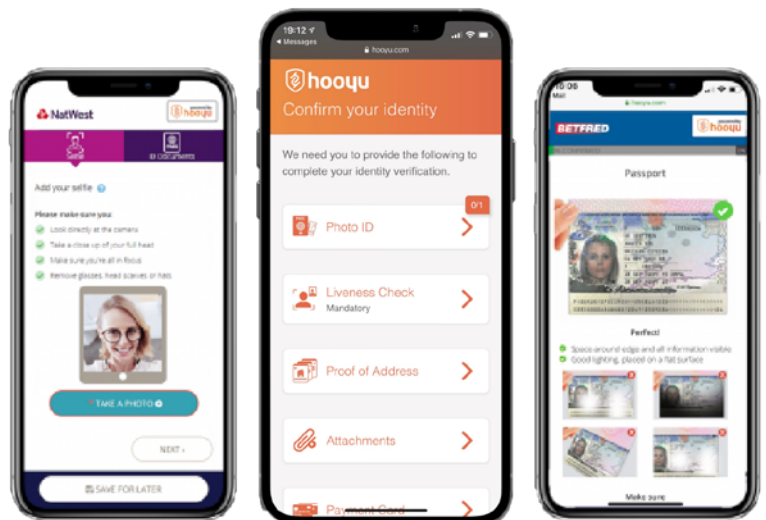
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About HooYu & Customer Onboarding

HooYu is a global customer on-boarding platform that provides UI & UX tools to deliver customised mobile or desktop digital journeys. HooYu is engineered not only to increase the integrity of KYC processes but to maximise the percentage of customers that can be successfully on-boarded.

The HooYu digital on-boarding journey combines clever UI & UX with a range of KYC tools. Key UI & UX considerations such as dynamic customer prompts, device language detection, reminder messages, white label customisation, logic steps to reduce friction, and customised journeys all help to maximise the success of customer account opening processes.

To increase the integrity of KYC processes, HooYu is the first identity platform to blend ID document validation, digital footprint analysis, geo-location and facial biometrics with traditional database checks and PEPS & sanctions screening. Behind all our proprietary KYC technologies is an identity confidence scoring engine that enables regulated entities to use HooYu on a Risk-Based Approach. In this way, high-risk customers can be mandated to offer more evidence of identity than low risk customers.



HooYu is used by tier one banks such as NatWest, leading online gaming operators such as Betfred, challenger banks such as Countingup & many regulated firms across online gaming and financial services

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