'Friendly Friction'
The guide to optimizing onboarding

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Contents

3 key takeaways

1 Friction exists for a reason

It's neither realistic nor right to aim for a completely frictionless experience. You users want to onboard quickly – but they also need to feel secure.

2 Balancing scale and security depends on your risk-based approach

Add more security, and you inevitably impact convenience. Building according to your risk appetite can help strike the right balance between the two.

3 You can't change regulation - but you can change perception

While you can't get rid of friction entirely, you can change the way your users feel about it. Adding simple features or reorganizing your workflow can transform they way they see wait time.

The scale vs security trade-off

Tools that make your life more convenient also tend to make it less secure. Technologies that make you more secure are also generally inconvenient.

Think about your house. If there were no door and you could just walk in, it'd be very convenient – but not very private. And if there were a door but no lock, it'd be private, but not secure. So we add doors and locks. It makes things less convenient, but it's an acceptable balance. Nobody complains about having to close and lock their door.

We haven't yet achieved that equilibrium in the digital world. When it comes to user onboarding, there's still a tension between onboarding users quickly and keeping compliant. Failure to meet with KYC requirements can result in crippling fines, with $26 billion in fines issued for AML sanctions and KYC non-compliance in the last ten years. But giving your users too much to do will mean they go elsewhere. As many as 45% of users will drop off if they have a bad experience.
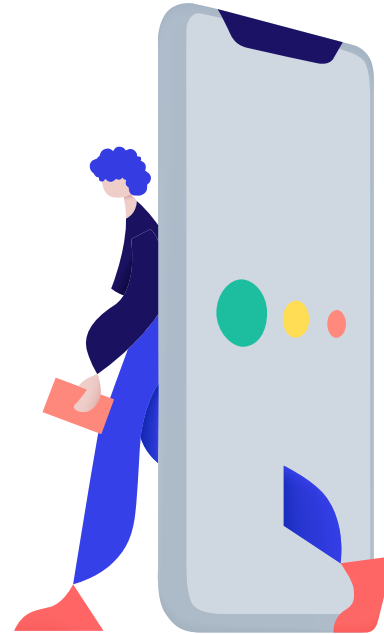
For many of us 'friction' is a dirty word, but aiming for a total absence of friction is unrealistic and could do you more harm than good. Instead, adding the right friction in the right way can help you optimize your user experience and unlock growth. We call this "friendly friction".
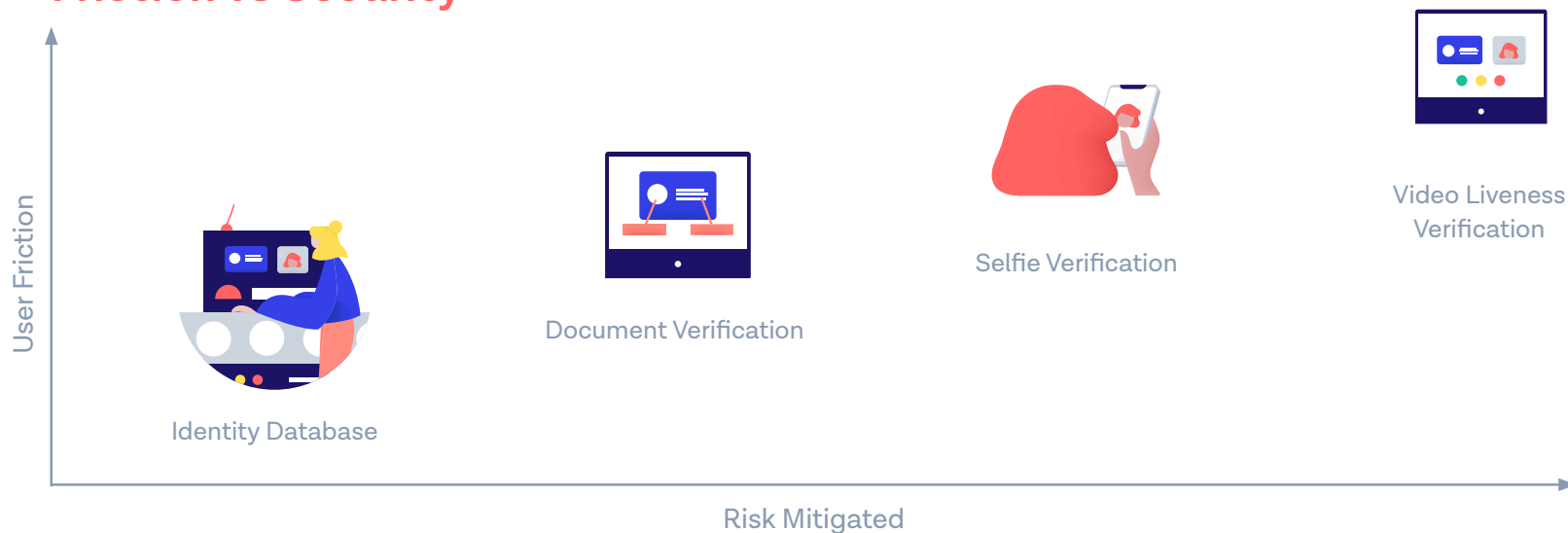
Taking a risk-based approach

For product professionals, adding friction feels counter-intuitive. But not only is friction not bad, it's sometimes necessary. That's because it makes your users feel safe. Friendly friction is about finding the optimal way to ensure that your customers feel secure, without preventing them from joining your platform.

There isn't a one-size-fits-all way to optimize your user onboarding. Your risk-based approach will determine where on the spectrum of scale vs security you land. How you build that might depend on the product you're building, the industry you operate in, and the region your business is based in. Though regulated businesses might be required to meet a 'gold standard' security level, applying it to every use case might not be appropriate or necessary.

When it comes to identity verification, there are lots of different approaches. Each of them offers a different balance of friction and security. An identity database check offers the lowest level of friction, for instance – but since identifiers like SSNs are now so readily available on the dark web, only mitigates a small amount of risk. The further up the curve you travel, the more risk you mitigate – but it comes with extra friction.

Friction vs Security

User Friction →

Identity Database

Document Verification

Selfie Verification

Video Liveness Verification

Risk Mitigated →

Fortunately, you don't have to use all these features at once, or for every user. Depending on your risk-based approach, you may be able to layer on more levels of security as particular trigger points or risk signals are reached. Rather than proofing a user for every service you offer, you can tailor this cascade

according to which product line, industry or regulatory region they are in.

The key considerations in building out your risk-based approach are the value of your product and the cost that makes sense for your business. If customers have a low lifetime value and regulatory

requirements are minimal, your risk-based approach will be different to that of a highly complex, fraud-prone, highly regulated product. If customers already use one of your other products, or a partner product, you might only need to re-verify them, rather than start the whole process from scratch.

5 ways to make friction friendlier

However you manage your risk-based approach, KYC processes will inevitably add some friction for your user. They involve parting with personal data, and can require an identity document that they may not have available. And at the end of the day, your users don't want to go through these processes – they just want to start using your platform.

So inevitably, secure onboarding will add some inconvenience. But there are ways to make those layers of friction friendlier.

1

Optimize your workflow

Asking for identity information at the start of an onboarding flow can be a big request for users who may not be sure whether they want to use your service yet.

We helped one eCommerce client add substantial revenue by moving the verification page to after checkout. It meant buyers could proceed with their purchase smoothly, but payments were held until the verification was complete.

It's a common method among FinTechs looking to reduce customer churn. They'll offer a prepaid card, but wait until a user tops up by a certain amount or tries to pay before triggering identity verification. Understanding at which point you can add friction so it's the least burdensome, and re-ordering your workflow accordingly is key. For many businesses, that will mean offering access to the platform first; if your users are already onboarded, engaged and seeing value, you're less likely to lose them when you add in the friction of KYC.

2

Set Expectations

How you introduce identity verification and set a user's expectations is crucial. But their pain points might not be where you think they are.

When we first launched our SDK, we focused on the number of clicks it would take a user to complete the process. We wanted them to move through the process as quickly as possible. After user testing, we found this wasn't their main concern. Carefully worded instructions was.

The most important thing for your users is that they understand the journey they're about to go through. Surprise users by asking them for additional information, or not explaining why you need it, and

you'll lose them. Set them up for success: make clear it clear upfront exactly what information they'll need with them. Tell them what they'll be asked to do and when. Offer prompts and guidance at every step. You'll find that not only do successful users pass through the process more easily, the number of users having to repeat the process will also shrink.
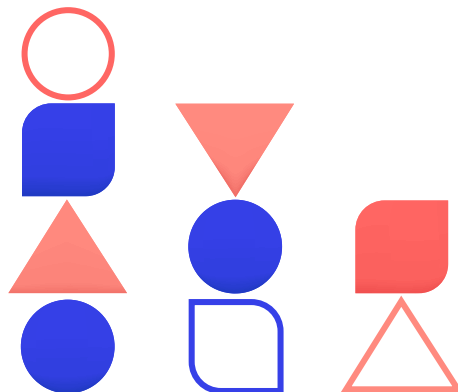
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Manage perceptions

Tolerance and perception are two different concepts. While you might not be able to change how long certain processes take, you can change your user's perception of that time, and thereby increase their tolerance of necessary friction. In 2001 , Amazon.com was rated the fastest site by users, but actually had the slowest download time. How?

One easy way to make friction friendlier is to underscore the value of a process and make it clear to your users why it's worth the wait. This is particularly true in situations where a user is sharing their personal data. If there's too little friction, it can actually give the impression that a process or platform is less secure.

Facebook used this approach with their privacy settings. They can crunch your data in milliseconds - the interface just takes longer to load so it appears more secure.

Providing context on what's happening and why it's important not only increases tolerance, but also builds better trust with your brand. In the context of greater security, an extra minute or two at onboarding won't hurt – you just need to make it clear why it's needed.

4

Keep users busy

Let your users do something else while you're onboarding them. We often see businesses stop users progressing until they've received a positive result on all their security measures. But this isn't always necessary. Instead, you can use this time to expose them to more of the app, albeit in a limited capacity.

Try adding a short video or other marketing content during wait time to educate users about the brand or app, and increase engagement and loyalty. You have a captive audience – so be creative, and see this as an opportunity, not a restriction.

Put the time it takes for an answer to be returned for your own risk assessment to better use. Simply notify users with a vibration or sound when the checks are completed and they need to return to the workflow.
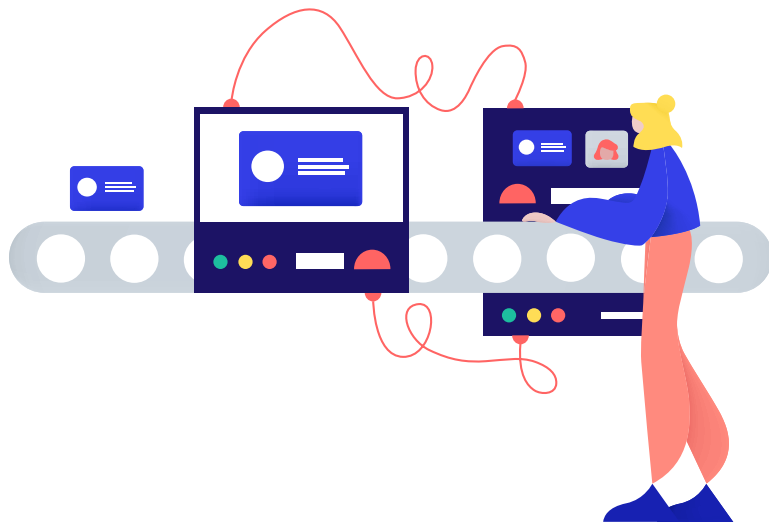
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Remember some users ARE risky

There's a reason you ask users to go through security measures at onboarding. Though you want to make things as easily as possible for the majority of legitimate users, you do still need to keep the risky ones out.

In these scenarios, how you choose to message and escalate risk signal will depend on your risk-based approach, and how strong that signal it is. But if you're worried about the behaviour of a particular user, there are ways to make this friction friendlier, too.

Instead of locking an account, ask the user for more information, or cascade to another of the features listed above. If that doesn't work, ask them to contact support. You'll find that most bad actors won't bother – and it's a softer approach for those users you actually want to keep.

If there's uncertainty, you can be sensitive about both the action you take and how you communicate it to the user. In some cases, you may find that a user isn't actually harmful, but doesn't understand what they're supposed to be doing.

This brings us back to point 2. But building a process that requires time investment means that bad actors who do want to abuse your platform are discouraged from doing so.

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