

# Assuring good customer outcomes in a digital world

JULY 2018

Online banking is fast becoming the norm and brings with it many benefits. However it is not without risk. How can firms ensure that customers are being best served by these new ways of transacting?

## Benefits, but not without risk

Digital banking has many benefits. For customers they can instantly manage their finances from any location using an 'always-on' service. For firms, they can scale, gain reach, save cost, capture data more easily and build loyalty. However digital is not without risk. The same risks of mis-selling, poor servicing and inadequate complaint management are still present; albeit in different ways. Control frameworks need to be in tune with these new ways of interacting with customers. The FCA is clear that good customer outcomes should always result, regardless of the channel.

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Research from Forrester indicates that rather than undergo a re-design, many products have simply been migrated online. Products designed for sale in branch or by telephone may not be suited to online. Digital demands an alternative way of thinking. When using an electronic interface, customers behave differently than when talking to an adviser. Natural cognitive biases go unchecked and people may be prone to making rushed and less optimal decisions.

## Digital readiness demands more

Provider side, digital typically tends toward a pre-occupation with optimising conversion rates. Less attention can be given to end-to-end service design and compliance. Digital readiness means more than having high performing front-end interfaces. It also demands the right back-end processes, policies and controls. Without this good customer outcomes can easily be compromised.

As with most sectors, omni-channel experiences are standard. Customers will switch from one channel to another throughout their journey and firms need to ensure continuity. Typically, this demands good CRM processes so that customers are treated consistently and appropriately at all touchpoints.

Given the risks inherent with digital, a thorough testing programme is recommended. This provides assurance that each channel is working; and where not gives the insight needed to put things right.

**The five key risks of digital >>>**

# The five key risks of digital

Risks in digital may manifest in different ways to other channels.  
Here are the most critical areas where good customer outcomes need to be assured.



**1.**

## Buying the right product

Without an advisor to carry out a thorough needs assessment, and then recommend products, customers may select products that are not best suited. Online journeys need to guide customers through a process that is easy to follow and provides them with a good match to their needs and circumstances.



**2.**

## Disclosure

Effective disclosure is particularly problematic in digital journeys. Customers may overlook important information and be prone to over-confidence in financial decision making. It is important that digital journeys provide clear, unambiguous and impartial information. Firms need to be sure that customers fully understand the risks, and this understanding needs to be complicit and tested.



**3.**

## Decision making

The data that customers provide needs to be adequate, appropriate and verified. In addition, the decision-making processes used need to be made clear. This is so customers understand how their information is being used and the terms by which they have been approved, or denied, at any stage.



**4.**

## Product servicing

During the life of the product, service must be effective. Documentation, account servicing, complaints, cancellations and renewals all need to be readily available and compliant. There also needs to be integration with other channels, so where need be, customers can rely on human advice to help them achieve good outcomes.



**5.**

## Vulnerable customers

Firms need to ensure that vulnerable customers are supported and neither disadvantaged or marginalised by digital. Some are unable to access online services, or to use them effectively. The same levels of service must to be available offline, either for the whole or part of the customer journey. In addition, firms need to consider how vulnerability is identified in an online environment, and then provide appropriate treatment to ensure good outcomes.

### Technology vs. humans in a digital world

The industry is already speculating on how technology can be used to improve compliance. The first steps are simply to optimise existing sources of data so that it can be used for analysing compliance performance. More sophisticated approaches, such as applying voice recognition and semantic technology, will only be a matter of time. However, humans are far from redundant in this.

Humans can spot patterns and anomalies in ways that have not yet been coded, and humans are also capable of moral and ethical judgements that machines are not. Machines also need to be taught, calibrated and checked, a task that needs 'real' input and intervention.

FCA concerns over robo-advice shows that we may have gone too far in putting all parts of a process to machines. Instead a balance is needed that incorporates the best of technology and the best of people.

For the time being, at least, people still have a place in ensuring good customer outcomes.

### Supporting you with digital outcome testing

We can help firms determine whether existing products sold online, and the channels used, are meeting customer expectations and securing fair outcomes. We can perform outcome testing for each stage of the digital customer journey, assessing the five key risks of digital.

1. Are customers buying the right products?
2. Do customers know what they are buying?
3. Is the decision-making process transparent?
4. Are customers getting good value and service?
5. Do vulnerable customers get fair treatment?

We can design a customer contact programme, based on detailed 'outcomes' related questions to test understanding of products bought and whether the digital channels facilitated or hindered understanding. This is relevant for digital propositions which give customers the opportunity to buy products quickly and easily but can lead to poor customer decision-making if controls are not in place.

Where testing identifies any unforeseen outcomes, we will work with firms to enhance their digital propositions to ensure customer satisfaction and fair outcomes.



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