

Achieving good customer outcomes also demands an external view

Terry Flowers



Customer outcomes are a critical indicator of conduct and culture. The regulator now expects firms to prove that they are acting in their customers' best interests. This means being proactive in seeking out the cause of poor outcomes and addressing them to avoid detriment and promote fair treatment. Further to regulatory expectations, treating customers fairly also helps to meet commercial goals; by increasing trust and advocacy and developing a sustainable brand for the future.

As well as scrutinising internal processes, through an independent customer lens such as Outcome Testing, firms should be considering external factors that can result in detriment.

Customer outcomes serve as an indicator of the strength of an organisation's policies, governance, systems and controls. With increasingly complex product sets, and multiple distribution channels, a business should be reviewed holistically to ensure it is protecting its customer base. Failure to do so increases the risk of poor outcomes and regulatory intervention.

Digitalisation is driving change across Financial Services. As banks look to reduce their cost base, and maximise the data available to them, customers increasingly expect a seamless digital service. This service can all too often replace human interaction and rely entirely on algorithms to address personal circumstance. As we've previously covered in our piece [Assuring good customer outcomes in a digital world](#), balancing the benefits of digitalisation, with the inability to tailor service and products to personal circumstances, and to meet the requirements of principles-based regulation will prove a challenge for the foreseeable future. The same potential 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 result regardless of the channel.

Internal factors such as digitalisation can be easier to monitor and remediate, but how much time is spent focusing on external factors, and using insight to proactively support a customer's journey before complications set in? As well as building knowledge of the broader cultural shifts that happen over longer time frames, firms should also be scanning for significant events that change lives in the near term. For example, the closure of Honda's Swindon car plant in 2021 could exceed 7,000 job losses in the area. This external event could see many adults becoming vulnerable, either temporarily as they seek new employment or longer term as they find difficulty in transferring their skills. Pre-empting customer's circumstances in this way prepares firms for times when customers may be more prone to detriment.

Establishing such an effective customer strategy demands a cycle of continuous improvement and Outcome Testing. While responding proportionately to historical findings is important, forward looking and predictive methods are now needed for more advanced strategies. Particularly as the rate of change accelerates and customer expectations heighten.

Firms may be motivated to conduct reviews, remediation and testing, only after a particularly damaging case raises concerns of systematic issues. But this only takes a view of what is directly within a firm's control. Organisations often discover that poor journeys and outcomes have resulted from a lack of customer knowledge. Being cognisant of wider events should also feature in customer journey mapping and the efforts firms take to ensure good customer outcomes.

RFS are expert in helping firms develop Outcome Testing strategies. We have designed, implemented and operated the largest Outcome Testing programmes in Financial Services. We can help you to future proof your processes, operate more proactively and ensure you keep in step with changing customer circumstances.

CONTACT

Terry Flowers
CLIENT PARTNER
07702 833 383
tflowers@rfs.co.uk

