MAKING SENSE OF COMPLIANCE: WEBINAR SERIES
Consumer Vulnerability, Regulatory Requirements and How to Comply

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Making Sense of Compliance

Consumer vulnerability issues, requirements and technology implications

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A vulnerable consumer is someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care.
Regulators are taking a broad approach to vulnerability

What creates vulnerability?

- Vulnerability may be driven by situation, circumstances or events
  - Bereavement
  - Sudden diagnosis of serious illness
  - Job loss
- Risk factors extend beyond obvious cases
  - Not just health/age
  - Low income
  - Financial hardship
  - Low basic skills
- It is can be a temporary/cyclical issue
What are key issues in dealing with vulnerable customers?

Core issues include:

- Vulnerability can be exasperated by business practices
  - Complex marketing / product information
  - Communications (internet-only, IVR, premium rate)
  - Rigid ID requirements
- Standardised processes are built for ‘typical’ consumer
  - Overzealous use / lack of understanding of rules
  - Refusal to work with third parties, e.g. PoA, carers

Case study example – rigid processes

- A customer awaiting surgery for cancer was expected to make a full recovery, but would miss work for three months as a result.
- The customer contacted their bank to discuss options to manage the temporary loss of income.
- The bank refused to consider any options as no payments had yet been missed,
- And told her to call back when in arrears.

Inconsistency in response and treatment
We call it call centre bingo! We often advise people to just call back straight away if they don’t get the response they are looking for from one person. More often than not, if you give it a few tries, you get someone who is a bit more understanding.”

Consumer organization
Consumer Vulnerability Occasional Paper February 2015
With regulators increasingly focused on outcomes

**PhonepayPlus Vulnerability Code of Practice**
- Previously focused on providers taking intentional advantage of vulnerable consumers.
- From July 2015, the new Code provision requires providers to exercise reasonable foresight
  - as to who is likely to use their service
  - all reasonable steps to ensure that these customers are not at significant detriment.

**Financial Conduct Authority**
- Policies still in work stream stage
- But implicit already within Treating Customers Fairly requirements
- Requirement for necessary policies
- But focus is on execution
- And delivering good customer outcomes

Responsibility is shifting to firms to identify and treat appropriately to ensure good outcomes
Key requirements in dealing with vulnerable customers

Core steps

1. Quality of identification and initial response by front-line staff
2. Appropriate treatment of vulnerable customers
   - provision of suitable products
   - access to support
   - specialist help
   - protection (e.g. scamming/fraud)
   - dealing with authorized third parties
3. Evaluation and monitoring procedures to drive ‘positive outcomes’ for customers.

Not just corporate policy; Implementation & outcomes are focus now
How can technology help?

1. Design products & services to support vulnerability
2. Omni-channel is important
   - Use digital channels/ new communications (e.g. video) to enhance not inhibit
   - Visually impaired/ hard of hearing
3. Staff training/ coms/ information portals
   - Access to expert staff on demand
   - Support service guideposts
4. Monitor and analyse
   - Call recording analysis
Barclaycard Vulnerable Speech Analytics Update
February 2017
Vulnerable Customers

**Business analysis Vulnerable Customers**

1. High-Risk Vulnerable
2. Short Term Vulnerable
3. Long Term Vulnerable
4. Accessibility Vulnerable
5. Mental Health Vulnerable

*Five Categories built and validated by Verint Consulting team*
Interaction Screen

Quickly access calls related to a specific topic; i.e. Short term vulnerable customers.
Summary

• Vulnerability regulations are far reaching
• The definition and scope of “Vulnerable” is broad and business dependant
• A clear strategy for how to treat vulnerability is needed
• It impacts all channels and requires management across existing silos
• Training is required to support the consistency required
• The flexibility needed increases risk and monitoring requirements
• Tools such as Speech Analytics can help identify and manage vulnerability
http://info.verint.com/making-sense-of-compliance

**Consumer vulnerability, regulatory requirements and how to comply**
Tuesday 14th Feb, 10:00 GMT
*Dan Mayo, Chief Analyst, Ovum, Tina Grainger, Barclaycard & Robert Barnes, Global Vice President Product Strategy, Verint*

**PCI Best Practices for Compliance and Corporate Governance**
Tuesday 21st Feb, 10:00 GMT
*Rik Turner, Senior Analyst, Ovum and Kristyn Emenecker, Global Vice President, Product Strategy Group, Verint*

**Understanding MiFID II and its implications for Financial Trading**
Tuesday 28th Feb, 10:00 GMT
*Rik Turner, Senior Analyst, Ovum and Andy Davies, Head of Financial Compliance, EMEA*

**GDPR the new regulations and its implications**
Tuesday 7th March, 10:00 GMT
*Rik Turner, Senior Analyst, Ovum and Robert Barnes, Global Vice President Product Strategy, Verint*

**MiFID II and its impact on retail financial services**
Tuesday 14th March, 10:00 GMT
*Dan Mayo, Chief Analyst, Ovum and Alex Fischer, Director Enterprise, WFO Practice, EMEA, Verint*
Thank You

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