

CX Excellence for the Vulnerable: Better Financial Services Experiences for All



Few could have predicted that the world would bear witness to a global pandemic which would trigger financial and social shock-waves across whole swathes of society. With some countries currently in a third lockdown – and indeed, a massive proportion of populations having been subject to restrictions for much of 2020 – it’s likely that the numbers suffering financial and mental distress will only have grown. The global pandemic carries lasting implications – not only for customers, but also for the industries that serve them¹.

Little wonder that MarketforceLive’s 2021 survey, conducted in association with Smart Communications and Pegasystems, finds a financial services industry that is keenly aware of what is at stake if they fail to step up their game when it comes to delivering CX excellence for the vulnerable. Encouragingly, protecting reputation and doing right by customers are seen as far greater motivating factors than pressure from the regulator:

Significant Motivating Factors

Reputational risk	90%
Customer engagement and retention	88%
Social purpose and avoiding poor outcomes for customers	83%
Minimizing financial losses for the organization	64%
Pressure from regulator	57%

¹Smart Communications, 5 Key Trends Transforming Customer Conversations, 2021

More to be Done in the Management of Risk

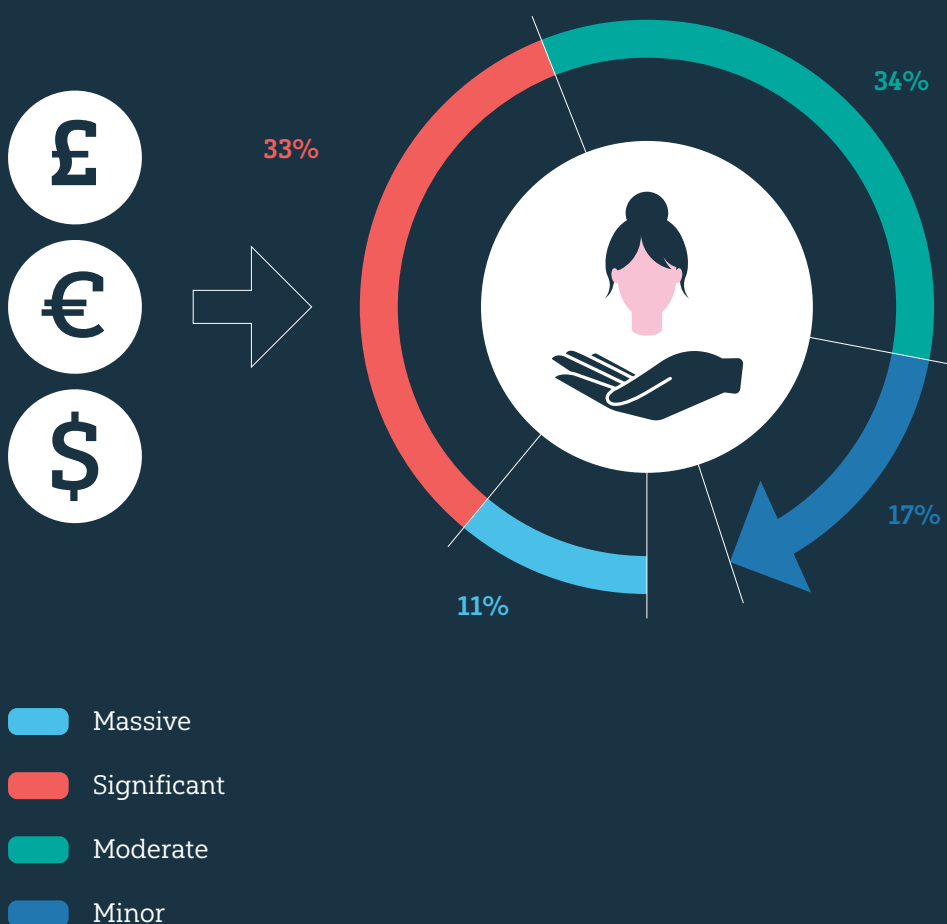
If companies are to succeed in delivering an excellent experience to vulnerable customers, they will need to be able to manage a myriad of risks; after all, vulnerability is by definition wide-reaching, encompassing a broad range of circumstances from bereavement to physical and mental disability.

Alarmingly, our survey finds that across financial services, the majority of respondents think that there is a need for firms to improve how they manage the risks associated with different kinds of vulnerability. Most notably, more than half of respondents think that significant improvement is required when it comes to managing the risks associated with capability-based vulnerability, such as poor language skills. Furthermore, 82% think that at least moderate improvement is required when it comes to risks associated with social vulnerability. Given the widespread social isolation that has persisted throughout 2020 and 2021, there is clearly more to be done.

	Significant improvement required	At least moderate improvement required
Life-events-based vulnerability (e.g. bereavement, divorce)	50%	81%
Capability-based vulnerability (e.g. poor language skills, low financial competence)	52%	78%
Social vulnerability (e.g. loneliness or addiction)	48%	82%
Resilience-based vulnerability (e.g. low emotional resilience, erratic income)	50%	83%
Health-based vulnerability (e.g. dementia, physical disability, poor mental health)	48%	78%

Our survey finds that technology is seen as an integral part of the solution, as the evolution of AI, machine learning and data analytics has continued to unleash new capabilities for identifying and managing risk. Indeed, 96% expect their firm to increase its investment in technology solutions in the next two years, to address the risks associated with vulnerable customers. Even more encouraging: 44% expect that increase to be significant to massive.

Expected investment in technology solutions in the next two years to address the risks associated with vulnerable customers:



Vulnerability Is Going Unidentified

In 2016, a study of 2000 adults commissioned by the Mental Health Foundation found that the average adult would say “I’m fine” 14 times a week, though only 19% really meant it. In a faceless and transaction-led environment, it comes as no surprise that vulnerability is continuing to go unidentified. Our survey finds an environment in which placing onus on the customer to self-identify as vulnerable leads to blind spots; 88% agreed that over-reliance on customers declaring themselves vulnerable creates a risk of the majority of vulnerabilities remaining unknown to customers’ financial services providers. In fact, there was unanimous agreement that customers themselves often do not even know that they qualify as vulnerable.

75% of vulnerable customers are not known to be so by their financial services provider.

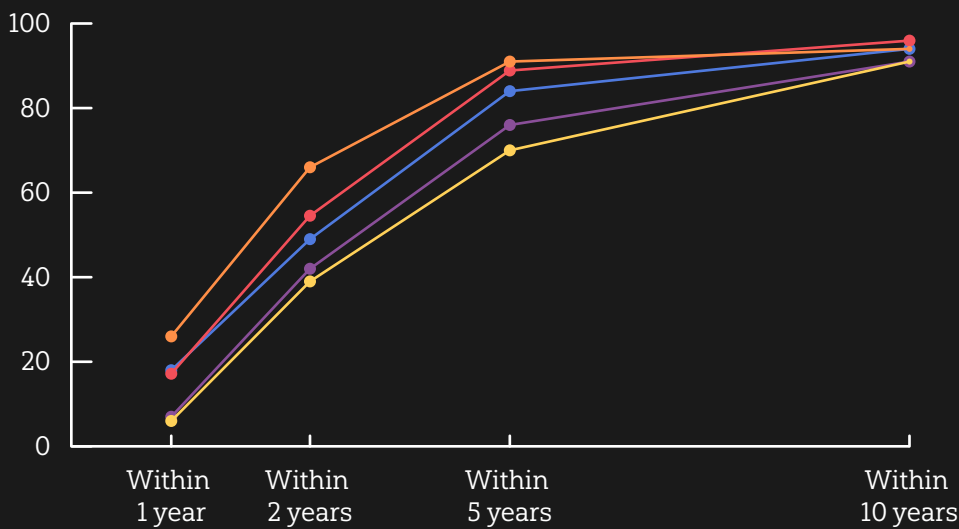
Our respondents estimated that, at any given time, 75% of vulnerable customers are not known to be so by their financial services provider. Speed of identification is also found to be an issue, as 65% thought that at least half of all cases of sudden or temporary vulnerability are identified too late to avoid the risk of a negative customer experience.

Vulnerability is both fluid and transient: if financial firms are to create an excellent customer experience for vulnerable customers, they will need to utilize real-time data to offer timely support and guidance. Unsurprisingly, our respondents agree that advanced analytics will play a crucial role, with the majority anticipating future mainstream deployment. Most notably, tone/ linguistic analysis is set to undergo the most substantial growth, with 39% expecting most firms to have deployed it to help identify vulnerability by 2023. This is an almost sevenfold increase from 2022.

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Beyond identification, data analytics is expected to play a growing role in helping organizations to determine their strategy to address vulnerability. Within five years, 90% of respondents expect the majority of financial services firms to be using digital behavior analytics to reveal patterns of engagement, and 76% expect firms to be using linguistic sentiment analysis to gauge positivity of reactions.

When are the majority of financial services firms expected to use the following to identify customer vulnerability?



- Banking and payments data to identify financial vulnerability
- Big data analytics to spot life events that may trigger vulnerability
- Linguistic capability analytics to identify poor language skills
- Digital behavior analytics to identify confusion
- Tone/linguistic analytics to understand the customer's emotional state

Personalizing Channels: The Panacea for Poor CX

From mobile apps to voice, the growth of digital touchpoints has created new possibilities for delivering personalized, timely and meaningful communications. Never before have financial providers sat so closely to the consumer, privy to data that can inform a truly convenient, proactive and tailored customer experience.

When it comes to delivering the best outcomes for vulnerable customers, personalization will undoubtedly play an integral role; tailoring channels to individuals will enable firms to cater to the individual's needs and target relevant support and guidance. Encouragingly, more than three-quarters of respondents expect to have digital channels tailored to serving different types of vulnerable customers within two years.

Moreover, the industry clearly recognises the opportunities made available from the rise of digital, as 79% expect that within the next two years, the majority of financial services firms will replace paper forms and post with guided digital forms when serving the vulnerable. In this new world, companies would have a real chance of delivering more streamlined and timely communications.

Beyond improving the customer experience, there are gains to be made in efficiency. Indeed, 87% believe that using machine learning to tailor self-service channels to manage specific customer vulnerabilities is likely to be more cost-efficient than training human agents in these specialized areas.

The Rise of Self-Service and the Role of AI

It's a mistake to assume that human agents are the preferred method of communication for vulnerable customers. In fact, our survey finds that the rise of self-service channels creates new opportunities for ensuring privacy and discretion. This is confirmed by six in ten of our respondents who believe a significant proportion of financially-vulnerable customers would prefer the privacy and convenience of dealing with a competent and easy-to-use virtual agent, rather than a human being.

3/4 agree that, when powered by advanced analytics, virtual agents have the potential to achieve speedier and more appropriate solutions for vulnerable customers than human agents can achieve alone.

In fact, three-quarters agreed that, when powered by advanced analytics, 'virtual agents' have the potential to achieve speedier and more appropriate solutions for vulnerable customers than human agents can achieve alone. Furthermore, the same proportion believe that AI-powered digital interactions have the potential to create deeper relationships with customers by providing highly personalized support and advice.

Meanwhile, the opportunities for AI exist outside of self-service: within two years, AI is expected to be in widespread use to help staff support vulnerable customers. While it comes as no surprise that the overwhelming majority (95%) of the experts we surveyed think using automation to free staff to concentrate on delivering human empathy and attention is an effective way for their organizations to ensure they show empathy with the vulnerable, more significantly, 93% see a similar effectiveness in real-time messaging on self-service channels so that organizations respond to vulnerabilities in an individually personalized and empathetic way.

Whatever channels firms offer, AI will need to be a central role to ensuring meaningful communication and if financial services companies are to retain vulnerable customers, they will need to invest. Failure to do so could lead to them losing the customer interface to nimble new entrants, who are more able to meet their needs; in fact, nearly 60% of customers indicated that they would abandon an interaction if a company has an inefficient process for collecting information². Furthermore, our study finds that 91% foresee that, as the ecosystem of chatbots and APIs expands, intermediaries specializing in specific vulnerabilities will enter the market with digital services that deal with multiple organizations on the customer's behalf.

87% of survey respondents believe that the solutions that enable better customer experience for vulnerable customers can be easily repurposed to deliver better CX for all.

One thing is clear: doing right by vulnerable customers will mean doing right by every customer: 87% of survey respondents believe that the solutions that enable better customer experience for vulnerable customers can be easily repurposed to deliver better CX for all.

In the end, utilizing AI, machine learning and advanced analytics to improve levels of personalization, proactivity and timeliness will improve customer retention and engagement levels.

²Smart Communications, Customer Conversations in 2020

Viewpoint from Smart Communications and Pegasystems

2020 was an unprecedented year, with the impact of the coronavirus pandemic wreaking personal, medical and financial havoc worldwide, forcing financial institutions to put even more emphasis on supporting vulnerable customers. Encouragingly, our survey finds an industry that is aware not only of the social and moral imperative, but of the impact that failure to act will have on reputation and customer retention.

Delivering an excellent service for vulnerable customers will lead to better outcomes for all; improving identification of customer needs and deepening levels of personalization and proactivity will result in greater customer satisfaction across the board. Digital is the only answer to this problem, with data analytics, machine learning and AI playing a crucial role in delivering convenient and accurate communications to the customer. What's more, our survey finds that technology will be central to freeing up human agents so that they can provide the empathy and judgement needed to deal with customers in distress.

Financial services companies are making good progress now, building on the momentum of last year and increasing investment in transformative technologies such as cloud and AI. Now is the time to continue this good work and not shy away from technologies which have the potential to enable companies to better identify customer needs and tailor the customer journey to the individual.



Smart Communications is a leading technology company focused on helping businesses engage in more meaningful customer conversations. Its **Conversation Cloud™** platform uniquely delivers personalized, omnichannel conversations across the entire customer experience, empowering companies to succeed in today's digital-focused, customer-driven world while also simplifying processes and operating more efficiently. Smart Communications is headquartered in the UK and serves more than 650 customers from offices located across North America, Europe, and Asia Pacific. Smart Communications' Conversation Cloud platform includes the enterprise-scale customer communications management (CCM) power of **SmartCOMM™**, forms transformation capabilities made possible by **SmartIQ™** and the trade documentation expertise of **SmartDX™**. In 2021, the company acquired Assentis, a leading European software solutions provider specializing in customer communications management (CCM) with a focus on the financial services industry.

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