

MALG



**Mike Havard**  
*Chairman & Founding Director  
Ember Group*

# Conduct Has Got Personal

*This makes us all vulnerable*

6<sup>th</sup> February 2020

# Good to meet you

## Mike Havard

*Founding Director, Ember Group*



- ☰ 30+ years in customer management, strategy, operations, tech and service leadership
- ☰ Advising champion brands globally, as well as Governments, NGO's and the public sector
- ☰ Originally in cosmetic science research

M&S



John Lewis

BBC

OSOS  
discover fashion online



# Agenda

- ☰ A bit about Ember
- ☰ A bit about Conduct rules
- ☰ A bit about pigs
- ☰ A bit about customer value
- ☰ A lot about vulnerability
- ☰ A bit about what to do about it
- ☰ A few questions



# Customer Engagement, CX and Digital Specialists



Customer  
Engagement  
Consulting



Insight &  
Analytics



Delivering  
Change &  
Transformation



Learning,  
Leadership &  
Coaching



Executive  
Search &  
Recruitment

# Conduct Has Got Personal

New SM&CR\* obligations are here

- ☰ One of the most personally impactful pieces of regulation ever introduced to the UK financial services sector.
- ☰ Focuses on requiring firms of all sizes to maintain and foster a culture of compliance and effective governance to **protect consumers**
- ☰ Puts the responsibility for compliance directly on named **senior managers**





## Are you ready for the Senior Managers & Certification Regime?

And What does this mean for your customers?

Does your business as a whole have the capability to adhere to conduct rules, in relation to senior managers?

Is your approach efficient for your business and its operations?

Is it proportionate, or excessive?

Are you sufficiently aware of what you are required to do – and the consequences of a breach?

Have you done enough to meet FCA requirements?

# What does SM&CR Regime mean for your organisation?

## Limited Perspective

**a burden**  
**a restriction**  
**a problem**

**OR**

## Sound Principles

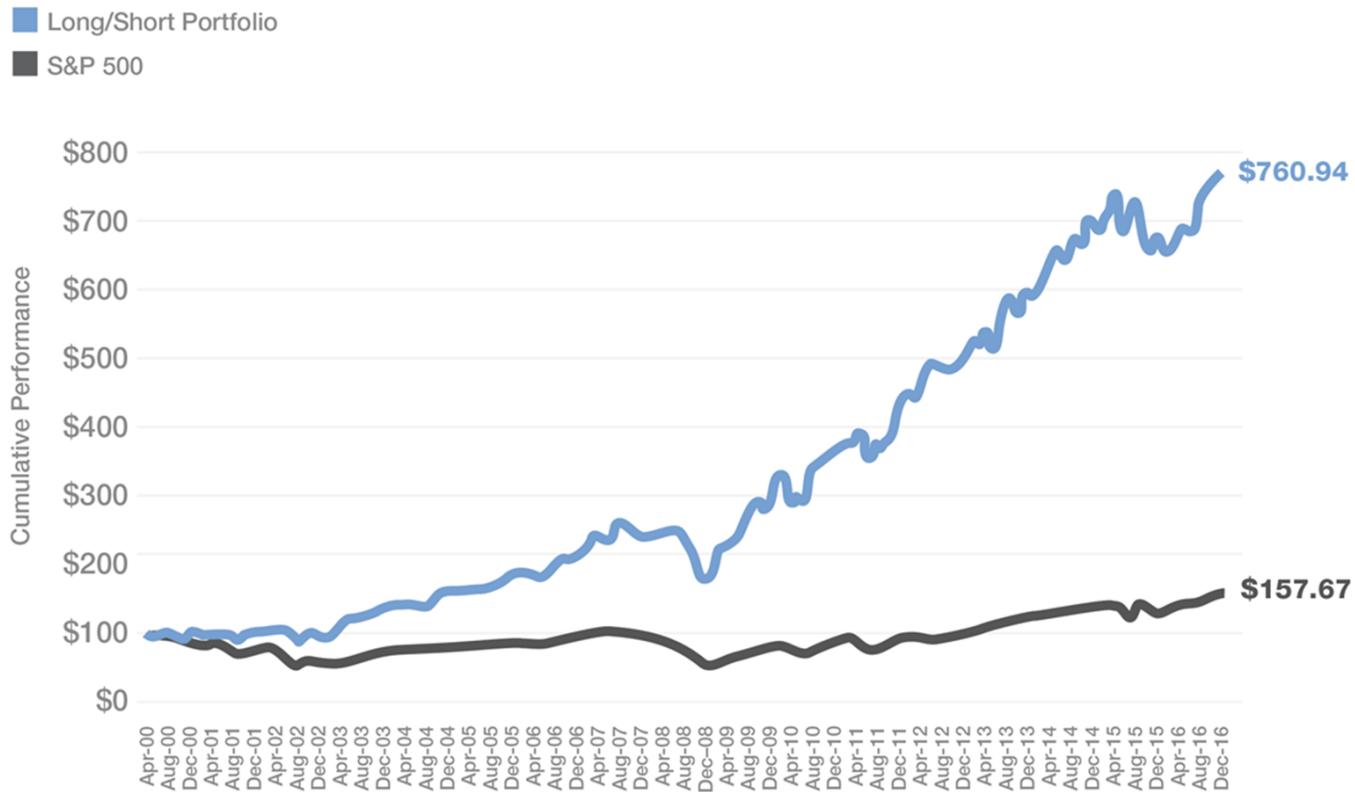
**Focus on Customer Value**

**Opportunity to treat customers fairly from initial marketing and promotion, through sales, service and complaints handling and ensuring all customers obtain the right outcome specific to their individual circumstances.**

# There is value in this...

## Annual Returns: Long/Short Portfolio vs. S&P 500

April 2000 (Inception) – December 31, 2016



Delivering on service 'excellence' (and being recognised for this) **drives 4.8x** the value for organisations than the average.

Source: ACSI / S&P 500 2017

Ember white paper: 'What does it take to create a champion service brand?' available now at [www.emberservices.com](http://www.emberservices.com)





And there is value in  
understanding  
**vulnerability**

I think I understand what vulnerable means...



I think I know what vulnerable is...





**SHALL WE DRAW A PIG?**

# What your drawing reveals about you

If the pig is drawn towards the top of the paper, you are a positive & optimistic person

If the pig is drawn with many details you are analytical, cautious and distrustful

If the pig is drawn towards the middle of the page, then you are a realist

If the pig is drawn with few details, you are emotional, naïve, care little for detail, and take risks

If the pig is drawn towards the bottom of the page, you are pessimistic and may tend to behave negatively

If the pig is drawn with four legs showing, you are secure, stubborn and stick to your ideals

If the pig is facing left then you believe in tradition, are friendly, and you remember dates and birthdays

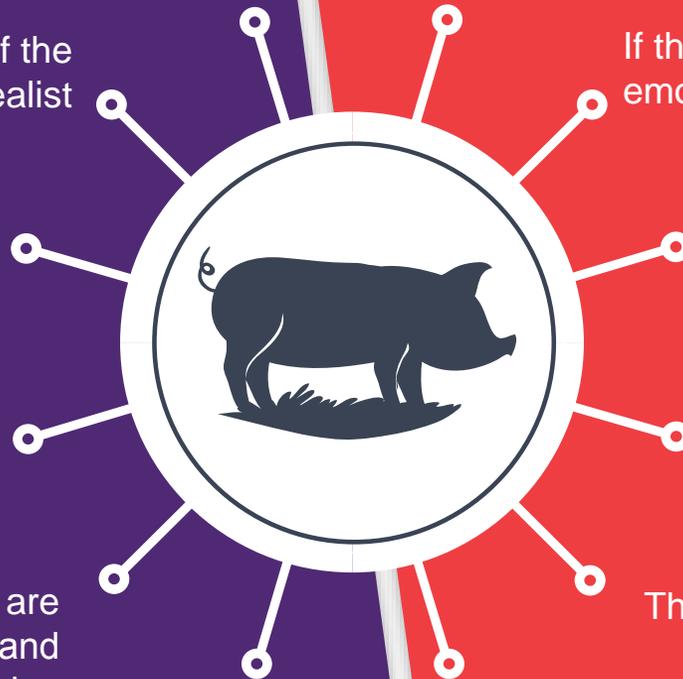
If your pig is drawn with less than four legs showing, you are insecure or are living through a period of change

If the pig is facing forwards (towards you), you are direct, enjoy playing the devil's advocate and neither fear nor avoid discussion

The larger the pig's ears, the better the listener you are

If the pig is facing right, you are innovative and active, but have neither a sense of family, nor remember dates

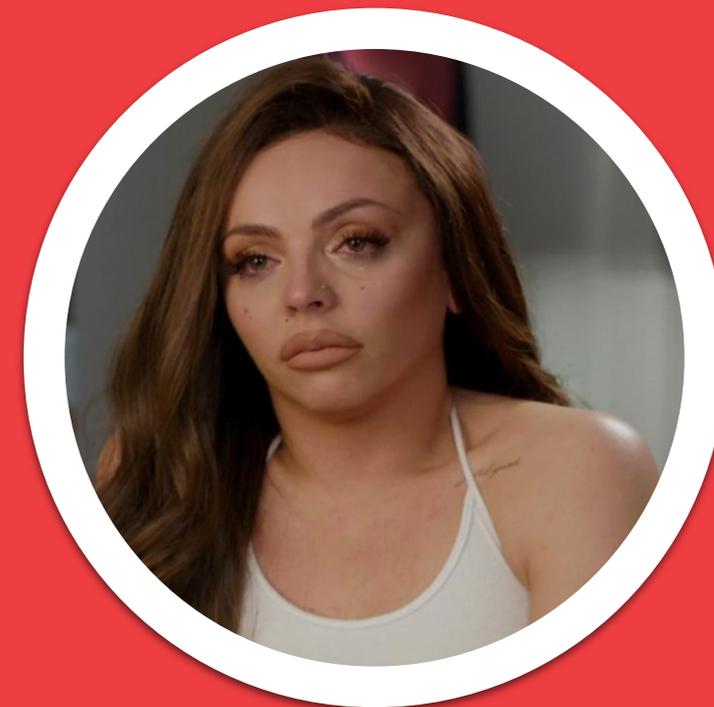
And at last but not least... the longer the pig's tail you have drawn the more satisfied you are with the quality of your sex life



# A growing issue – or just growing awareness?



The Papyrus-Ember Summer Ball – helping to prevent teenage suicide



Jesy Nelson from Little Mix on her BBC documentary 'Odd One Out' about online bullying

# Definition



A vulnerable customer 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.

*FCA.org.uk*



# The Facts...



**5,821** people intentionally took their own lives in the UK last year, each one having a devastating effect on their family members, friends, colleagues and communities left behind – meaning most of us in the room will be impacted at some point.

# The Facts...



**1 in 20** adults in the UK report having **suicidal thoughts** and those that do make an attempt on their own life, usually do so in the first 12 months of such thoughts.

# The Facts...



**7 in 10** young people have experienced **online bullying**.

# The Facts...

**26%** of young people who have been bullied online report **feeling suicidal.**



# The Facts...



In financial service call centres, **1 in 4 front-line staff** have reported speaking in the last year to one customer they thought might kill themselves – highlighting the **serious connection between problem debt and suicide.**

# The Facts...



Front-line staff also say they are  
**“unclear on how to respond to this”**

or

**“don’t know what organisational policy to follow”**

and

**“haven’t received any training”.**

# Customer Journey

## Example #1

A customer changes their address for the fourth time in 18 months due to difficult financial and personal situation.



Current process is automated for customer in order to prevent contact.



Due to this, the company do not know the customer's situation, which may lead to missed payments, loss of custom and even fines from the FCA due to lack of conduct.



# Customer Journey

## Example #2

A customer changes their address for the fourth time in 12 months, due to difficult financial and personal situation.



Document sent encouraging the customer to call if their situation has changed

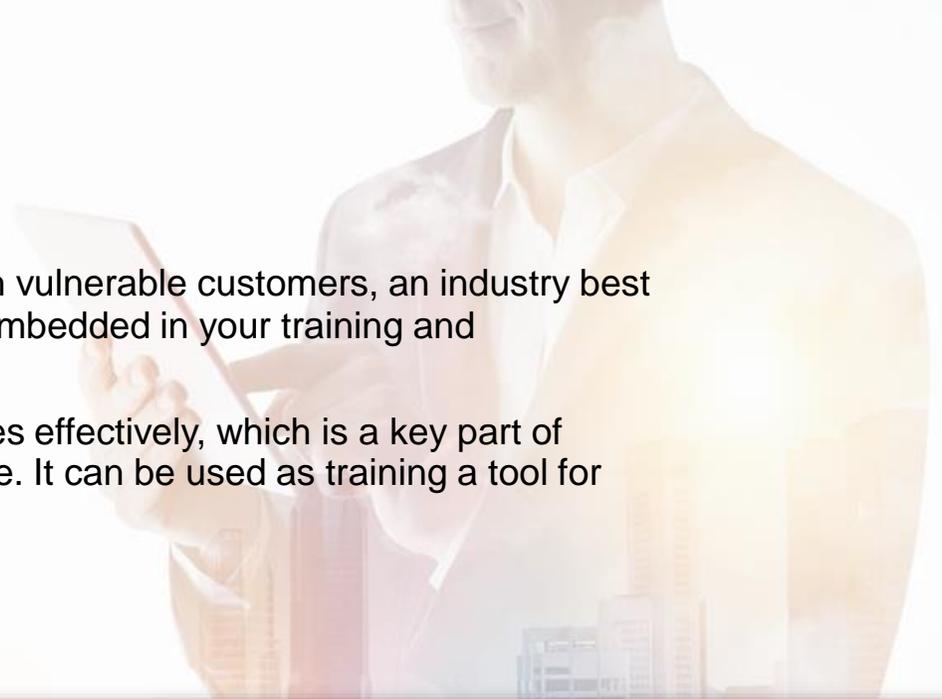
Upon receiving the call, the agent provides a human touch and follows TEXAS\*, noting the circumstances.



Options are offered to customer based on situation, specific circumstances and cases to be dealt with by internal SST (Specialist Support Team) who maintain a portfolio of vulnerable customers, maintaining consistent dialogue.



# Training Tips



**TEXAS model** is: a structured five-step approach to work with vulnerable customers, an industry best practice, recommended by The FCA and can be developed and embedded in your training and procedures.

The TEXAS protocol can help all front-line staff manage disclosures effectively, which is a key part of creating an organisation where customers are confident to disclose. It can be used as training a tool for managing initial conversations.

*The five steps are:*

## T

**Thank them** (what they have told you could be useful for everyone involved) “Thanks for telling me, as it will help us deal with your account better”

## E

**Explain** how their information will be used. This includes why the information is being collected, how it will be used to help decision making, and who the data will be shared with/disclosed to.

## X

**eXplicit** consent to the use of their data. Ask the individual for their permission to use their information in this way

## A

**Ask** three key questions

1. Does your situation/mental health problem make it difficult to repay your debt? If so, how?
2. Does your situation/mental health problem affect your ability to deal or communicate with us? If so, how?
3. Does anyone need to help you manage your finances such as a carer or relative? If so, how?

## S

**Signpost** to internal or external help, where this is appropriate

# Interaction Analytics

Using analytics overlaid with human eye is the best way to monitor and improve customer conversation experience

## Building categories to identify:

Change of address (multiple times  
in 12-24 months)

Change of payment details  
(multiple times)

Declined card payments

Missed payments

Asking if a third party can make  
payments

Redundancy/job loss

Bank account being frozen

Changing banks

Mention of disability

Bereavement

Illness/mental illness mention

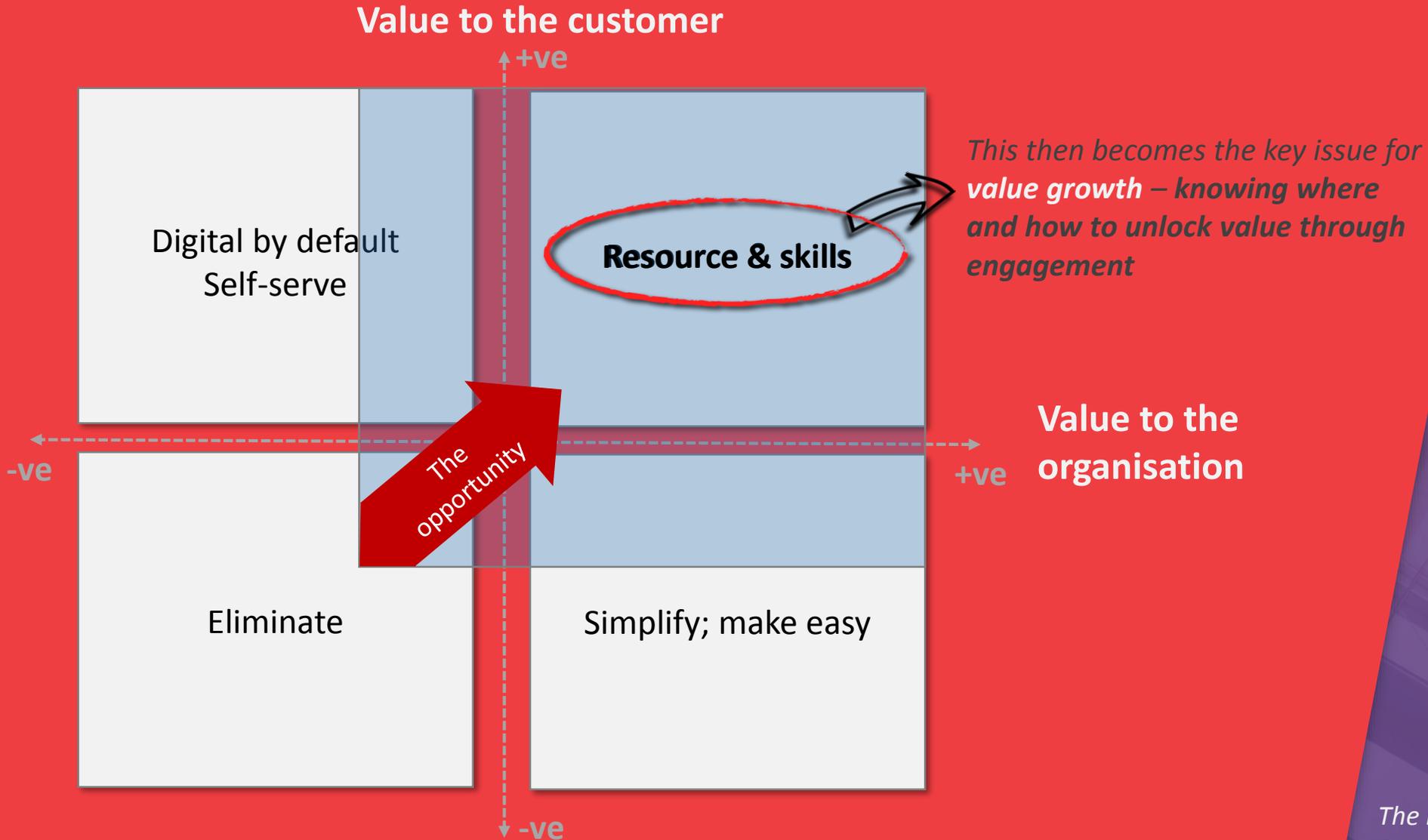
Mention of being on benefits

Accident

Injured

Disability

# Understanding the *value of customer demand*



# Process vs Human? Machine vs Mind?

*Just because we can, doesn't mean we should.*

Maybe **add friction** back into our sales and service journeys.

Balance transformation with care because it is the right thing to do – and will drive loyalty and reputation.

Small talk saves lives. Humans with EQ can hear what **isn't said** and can feel and empathise. Recruit for EQ not just IQ.

Ask yourself *“How can I overlay the human touch on top of the data in the right moments?”*

Even after we have automated, we have to be able to put people back into the conversations at critical points.

“How do you  
plead with an  
algorithm?  
How do you  
get it to see  
extenuating  
circumstances?”



Boris Johnson, UN, September 2019

**TOP TIPS**  
Train your teams  
to....



# Improve how you identify and support vulnerable customers

- ③ Operational audit and redesign
- ③ Interaction analytics
- ③ Digital learning modules
- ③ Workshops & coaching
- ③ Onboarding review and enhancement
- ③ Reinforce, remind and sustain





# Improve Conduct At All Levels

- ☰ Are you confident you have met the requirements for your firm type?
- ☰ Are you confident that your senior managers understand their duties?
- ☰ Are you confident that your senior managers understand the personal risks to them?





# Improve Conduct At All Levels

- ⊞ Do you have all the documentation and evidence you need to demonstrate compliance?
- ⊞ Do you use automated interaction analytics technology to monitor and report quality and compliance?
- ⊞ Have you trained your whole team in the revised conduct rules?





# Improve Conduct At All Levels

- ⊞ Have your compliance efforts shortened customer journeys or eliminated complexity?
- ⊞ Have you trained your staff and introduced or revised processes for supporting vulnerable customers?
- ⊞ Are you confident knowledge is being retained and used effectively?





# Improve Conduct At All Levels

- ⊞ Do you have robust processes for complaints management?
- ⊞ Are you effectively supporting vulnerable customers?
- ⊞ Are you meeting timelines and targets for complaints resolution?



# An important principle...



*“The consumer isn't an idiot;  
she is your wife.”*

*Agilwyz*

# Two little stories...

*Vitality*

Automating the compliance and QA processes to enable the business to focus on managing what matters, not merely monitoring.



Having a 'North Star' and clear service design principles that are relevant and motivating – and help staff do the right thing.



# Can Ember help you...



- ☰ Achieve compliance and maintain compliance
- ☰ Drive quality improvements and monitor their impact
- ☰ Apply fast fixes and long-term cultural change
- ☰ Meet customer needs and build customer value
- ☰ Have independent perspective, focused on your priorities
- ☰ Equip your people and find you access to our experts





*Thank you.*

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