



# CONSUMER DUTY: WHY TURNING TO TECHNOLOGY IS THE ONLY WAY TO MEET DUTY OBLIGATIONS

*The tools and technologies financial services firms can implement to meet the FCA's Consumer Duty requirements by July 2023.*



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# 01. INTRODUCTION



**Joseph Twigg**  
CEO, Aveni

The [FCA's Consumer Duty of Care \(CDC\) proposals](#) to set a higher standard of consumer protection in retail financial markets is being hailed as the biggest shake up in the industry's responsibility to their consumers in years. The Duty is far reaching and will call for a complete overhaul of not only processes, communications and how firms access and use their data, but also training and culture throughout financial services firms.

While the Duty is welcomed by customers and considered long overdue by consumer rights groups, it's a daunting task for firms who don't have long to comply. By July 2023, companies will be required to implement the new rules





and guidance and evidence the fact. If they're to meet the deadline, firms need to act decisively, and act now so by July, they're in a strong position to not only to prove their compliance but also future proof their business for the long term as it relates to consumer care.

Whilst a flurry of reports have been created off the back of the Consumer Duty by analysts highlighting key findings, what is lacking for the industry are clear recommendations of exactly how companies should

meet Duty requirements and what practical steps, tools and technologies they can implement to be compliant.

It's my belief that technology will be the key driver to the Consumer Duty conundrum. For firms to show that they're:

- Achieving fairer outcomes for their customers
- Designing new products and services and adjusting old ones to better meet needs
- Reducing complaints around

switching, cancellation and service level

- Improving communications and consumer confidence
- Overhauling culture, coaching, learning and development

...they'll need a wide reaching, robust technological solution to achieve it.

Firms will need a reliable, cost efficient way of monitoring all of their customer communications across all channels, not just a small portion of them. They'll need significant improvements in their



Quality Assurance (QA) processes to ensure any interesting or high risk interactions are analysed and the outcomes handled properly. They'll need a way of drawing out insights and trends from customer communications to shape better products and services and give firms a deeper understanding of the causes behind complaints. They'll also need quick ways to improve training and developing staff to ensure the highest levels of customer service and engagement. It's a tall ask for any one solution.

The past two years' of accelerated digitisation across the industry and exciting advances in machine learning and Artificial Intelligence (AI) has meant the conditions are ripe for customer service technology platforms to not just meet these needs but exceed them. In this report, we'll detail how speech analytics can be practically applied by firms to achieve their Duty requirements and transform multiple areas of their business by enabling automation, surfacing valuable insights and trends and providing actionable outcomes for specific business functions.

## 02. CONSUMER DUTY: AT A GLANCE

### What is the FCA's Consumer Duty of Care guidance?

Before we go into how companies can meet Duty requirements, it's worth reviewing what the Duty is. The FCA describes it as a package of measures, comprised of:

**A new Consumer Principle:** 'a firm must act to deliver good outcomes for retail customers'

**Cross-cutting rules** setting out how firms should act, requiring them to:

- Act in good faith;
- Avoid foreseeable harm; and
- Enable and support retail customers to pursue their financial objectives.

**Four Outcomes:** which detail expectations across the key elements of the firm-consumer relationship:

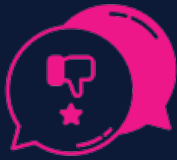
Products  
and  
services

Price and  
value

Consumer  
understanding

Consumer  
support





## Complaints are on the rise...

Almost 300k complaints to the financial ombudsman between 2020–2021

Complaints have increased 58% compared to previous year (2019–2020)

171k complaints about banking and credit

*Annual Complaints data and insight.  
Financial Ombudsman Service.*

### How will success be measured?

The FCA will use data from a variety of sources to measure success, including a firm's Management Information (MI) and complaints data. They want to see clear improvement in the below outcomes:

#### Fair value

Poor value products and services are removed from markets leading to fewer complaints

#### Products and services

Consumers are sold and receive products and services that have been designed to meet their needs resulting

in fewer complaints about products and services not working as expected

#### Treatment

Customers receive good customer service leading to a reduction in complaints about switching, cancellation and service levels and customers having higher levels of satisfaction with the level of service they receive

#### Confidence

Consumers increase their confidence in financial services markets as a result of the above and are equipped with the right information to make effective, timely and properly informed decisions about their products and services.





## 03.7 CRITICAL ACTIONS FOR FIRMS AND HOW TECHNOLOGY CAN ACHIEVE THEM

Given the wide scope of the Consumer Duty, there are many actions firms need to consider taking as soon as possible. Narrowing them down so they're realistically achievable before the July 2023 deadline is challenging. [Deloitte](#) recommends the following critical actions as a priority and we address how speech analytics can be used to achieve each of them:

### **1. Compliance and consistency throughout the distribution chain.**

The FCA says firms are generally responsible for their own activity and not of those in their chain. However, responsibilities of firms throughout the chain are complex and need to

be considered. The FCA states, "...if a firm chooses to outsource elements of its consumer support to a third party, it is responsible for ensuring the support provided meets the Duty standard. The firm should have systems and controls in place to monitor this and provide assurance that it is meeting its regulatory obligations."

### **Where Aveni can help**

By enabling firms to monitor 100% of their customer interactions, they can keep tighter control over the services provided by entities within its distribution chain. Not only will firms be able to monitor and maintain more consistency throughout the





***“The data you need to meet the Duty is held within your customer conversations. If you don’t currently record them, that’ll become a growing problem for your firm. The good news is, solutions exist that not only record all interactions but automatically process and present a dashboard designed around Duty requirements on top of driving greater efficiency and sales.”***

chain but they’ll also be able to do this within their own omni-channel communications ecosystem which has been a challenge long before the Duty came about.

Implementing a powerful platform like Aveni Detect may sound daunting to firms, with the expectation of heavy technical requirements and disruption, but the reality is very different. From a practical standpoint, all firms need to do is upload recordings of their calls to the platform or use an MS Teams integrated solution where the calls are run through a series of processes that do things like turn speech to text, automatically monitor the call for complaints, expressions of dissatisfaction, sentiment towards a particular product, service or price, customers’ personal circumstances and so on. The outputs of this analysis are presented on a clean,

intuitive dashboard for QA assessors or management to use. We’ll see some practical examples of these uses in some of the following actions.

## **2. Applying the Duty to existing products and services.**

The FCA expects the Duty to apply to all existing products and services on a forward looking basis. Firms will need to amend terms and conditions and all products and services will need to be reviewed which will be a significant undertaking for firms who provide a large range of offerings.

### **Where Aveni can help**

In a bid to apply the Duty to all products and services, firms will need to do a number of things, including:

- Ensuring any information communicated to the consumer about a particular product or service is updated and compliant



- Improved agent training so any new, required information is properly communicated to customers in calls or meetings
- More efficient monitoring of communications to ensure the right information is being imparted

Speech analytics can be used to monitor if certain product changes have been mentioned by the agent or acknowledged by the customer or even prompt customer service representatives during a call to mention specific information especially if there's new information to include for every product or service sold. During long and relatively structured calls such as mortgage meetings, speech analytics can be used to assess script adherence which will be important when there are script changes as a result of the Duty.

Given the expected changes across the whole product and service set, agents, especially those used to selling them a specific way for a long time, will need support to change their behaviour. Speech analytics can pick up any instances where either compulsory scripts weren't used or the right information wasn't provided to the customers. These instances can be flagged for QA assessors to review and for Learning and Development (L&D) departments to use to improve the agent's performance.

### 3. Consumer understanding.

Firms will need to take measures to ensure that consumers achieve the best outcomes and have better understanding throughout the journey. Firms should begin to develop a risk-based approach to testing and reviewing consumer communications, focused on the type and channel of communication, the needs and characteristics of the recipient and the potential for harm.

#### Where Aveni can help

Trying to measure or accurately gauge the understanding of customers throughout their journey is difficult and can only really be achieved by analysing each interaction of a customer and digging into the detail of which circumstances or factors resulted in good understanding and outcomes, to a breakdown of understanding, and to complaints, dissatisfaction or poor outcomes for the customer.

Firms need to be able to overlay situational factors such as channel of communication (web chat, phone call, mobile message etc) or information provided with things like the characteristics of a customer, their vulnerability status and so on, to be able to get a deeper understanding of customers and how to improve their experiences and outcomes.

Aveni's platform can help firms overcome each of these challenges. By monitoring all customer interactions, it'll not only make testing significantly more efficient and effective but it'll help uncover the insights firms need to drive improvements in the customer journey. For example, we have

**WE HAVE EMBEDDED  
THE FCA'S GUIDANCE ON  
THE FAIR TREATMENT OF  
VULNERABLE CUSTOMERS  
WITHIN OUR PLATFORM**



embedded the FCA's guidance on the fair treatment of vulnerable customers into our platform. This means that calls are automatically monitored and categorised into the FCA's vulnerability categories. They're also ranked and presented to assessors in order of importance making the QA process much more targeted.

Being able to monitor 100% of interactions also gives firms the ability to better track the outcomes of customers and deal with misunderstandings or expressions of dissatisfaction earlier on before it escalates into a full blown complaint. When it comes to assessing channel effectiveness, you can directly compare customer outcomes or satisfaction by channel or combinations of channels.



By monitoring all interactions, regardless of channel, firms will be able to see which form of communication is most effective, which is most effective given different situations, what communications are least effective, or worse, most complained about. By having a more comprehensive picture, firms are empowered to make more effective decisions on the way they interact with their customer and in doing so, meet Duty expectations.

#### 4. Senior managers and staff need to comply with stricter conduct rules.

This means they'll need to act in good faith towards retail customers; avoid foreseeable harm; and enable and support customers to pursue their financial objectives. Firms will have to refresh training to ensure that staff at all levels of the firm understand their obligations under the Duty and the individual conduct rules. Senior Managers will

**Calls** Upload

Assignee Call Status Upload Date Risk Score: Grouped Call Type Duration More Filters Search

**High Risk**

File	Duration	Risk Score	Risks	Questions	Interruptions	Insights	Sentiment	Pace	Clarity	Talk time	Assignee
NES_001.mp3	01:22	6 High	9	2	2	2	Green	Orange	Orange	2	David Hasselhoff
long_call_5minute_loop.mp3	06:16	5 High	9	2	2	2	Green	Red	Orange	2	Pierce Brosnan
NES_001.mp3	01:22	6 High	9	2	2	2	Green	Orange	Orange	2	David Hasselhoff
long_call_5minute_loop.mp3	06:16	5 High	9	2	2	2	Green	Red	Orange	2	Pierce Brosnan

**Medium Risk**

outbound-authentication-failure.mp3	27:59	4 Medium	9	2	2	2	Orange	Green	Green	2	Ben Keogh
outbound-authentication-failure.mp3	27:59	4 Medium	9	2	2	2	Orange	Green	Green	2	Ben Keogh
outbound-authentication-failure.mp3	27:59	4 Medium	9	2	2	2	Orange	Green	Green	2	Ben Keogh
outbound-authentication-failure.mp3	27:59	4 Medium	9	2	2	2	Orange	Green	Green	2	Ben Keogh

**Low Risk**

outbound-authentication-failure.mp3	27:59	0 Low	9	2	2	2	Orange	Green	Green	2	David Hasselhoff
NES_001.mp3	01:22	0 Low	9	2	2	2	Green	Orange	Orange	2	Matt Thornhill
outbound-authentication-failure.mp3	27:59	0 Low	9	2	2	2	Orange	Green	Green	2	David Hasselhoff
NES_001.mp3	01:22	0 Low	9	2	2	2	Green	Orange	Orange	2	Matt Thornhill

1-50 of 3,479 calls



need to revisit their reasonable steps frameworks to ensure they can evidence compliance with the Duty proportionate to their role and seniority within the firm.

The Duty also has an impact at board level. Currently, Boards only receive very high level information about consumer duty related performance. Given the changes, they now have a vested interest to be a lot closer to the day-to-day operations of the firm and how activity is evidenced. Boards should want to know how issues are recorded, what improvements are being made in staff training and so on.

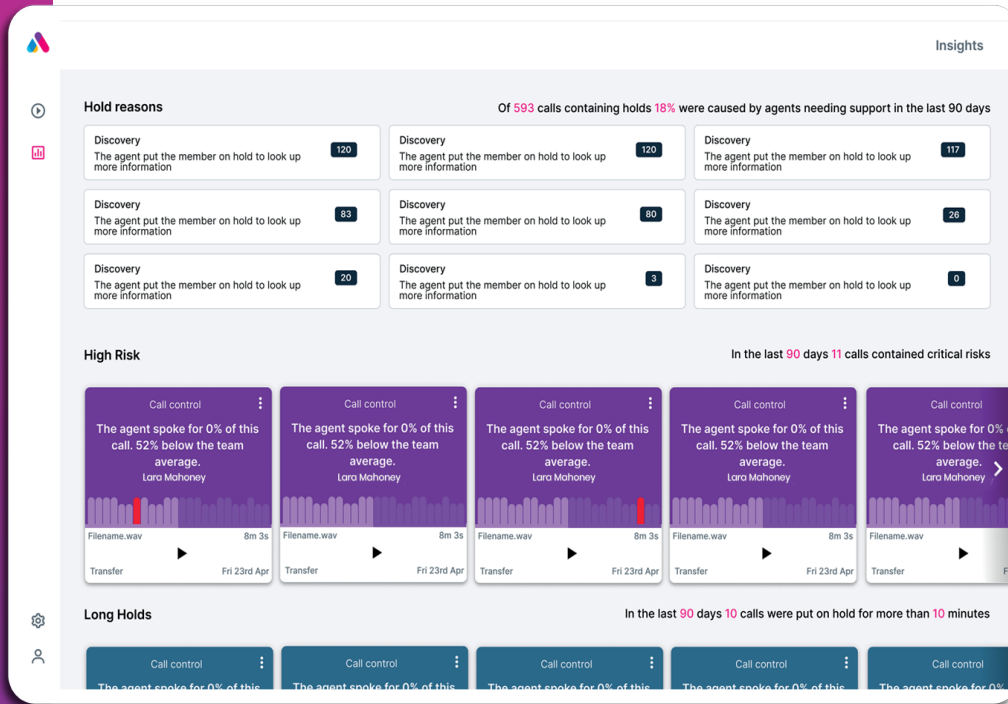
#### **Where Aveni can help**

Assessors can ensure all managers and staff are complying with stricter conduct rules by analysing all

customer interactions and flagging any calls where the conduct of customer representatives might be called into question. For example, if under the Duty, a product or service requires staff to ask specific questions or to adhere to a specific script, machine monitoring of calls can ensure this happens and, if not, that the call is flagged and the member of staff can undergo additional training.

Speaking of training, Aveni can uncover targeted training opportunities for specific members of staff as well as provide managers a clearer picture of how their teams are performing as a whole and on an individual basis. The Duty expects a much higher level of performance from customer-facing staff ensuring customer experience and outcomes

are elevated to a new level. Our platform can analyse the way customer service reps interact with customers, create more engaging coaching



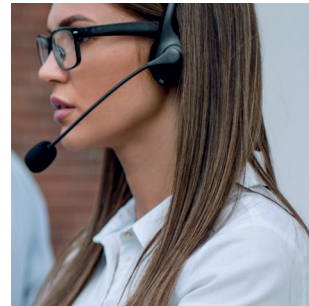
experience, give firms a better understanding of what conversational excellence looks like and raise the level of staff performance through a combination of a more personalised as well as data-driven approach.

### 5. The concept of reasonableness.

The assessment of reasonableness is often quite fact-specific with individual cases turning on their own facts rather than providing very clear and specific obligations that would apply in all circumstances. This may create uncertainty for firms and they will need to exercise far greater judgement in determining how their actions, behaviours, policies and processes deliver fair outcomes for consumers.

### Where Aveni can help

The challenges that come from the subjective interpretation of reasonableness can be overcome if all interactions are monitored and searchable transcripts allow assessors to pinpoint exactly what was said and how the situation developed. The concept of reasonableness is a difficult thing for firms to interpret and translate into action to meet the Duty but a sensible first step would be to surround all disputed incidents of reasonableness with as much factual information as possible.



# FIRMS JUST AREN'T ABLE TO MONITOR ENOUGH INTERACTIONS MANUALLY TO UNCOVER THE DATA THEY NEED TO DRIVE IMPROVEMENTS IN ACTIONS, BEHAVIOURS, POLICIES AND PROCESSES. **HOWEVER, SPEECH-DRIVEN ASSESSMENT AND AUTOMATION COULD.**

This will help firms surface trends and data that they could apply to all similar circumstances.

When it comes to exercising greater judgement in determining how firms' actions, behaviours, policies and processes deliver fair outcomes for consumers, again, machine analysis of all interactions would allow firms to do this, and do it efficiently. Existing QA processes, to some extent, address this challenge but coverage is a substantial blocker. Firms just aren't able to monitor enough interactions manually to uncover the data they need to drive improvements in actions, behaviours, policies and processes. However, speech-driven assessment and automation could.

To illustrate this, consider a customer calling in to complain that a product they were sold didn't meet their needs, and even worse, believes that the customer representative that they dealt with misled them. They go on to say they've tried calling multiple times but keep on getting transferred from one department to another and no one seems to be able to help them. Currently, it is a matter of pure luck as to whether a call like this falls on the lap of a QA assessor to review. Using Aveni, a call like this would be immediately analysed and flagged to an assessor as a priority. The actionable



outcomes Aveni's platform would enable include:

- Automatic QA form fill to optimise assessment efficiency
- Clear understanding of the weak links in this customers journey (multiple call transfers, poor understanding of the product and/or poor selling by the agent)
- Flagged coaching opportunity for teams as well as specific customer reps
- Potential change in policy for selling this specific product if there were multiple complaints and similar incidences
- Potential re-design of the product and communications processes based on the reasons vocalised by multiple customer complaints

### **6. Monitoring customers' outcomes.**

Under the Duty, supervisors will focus increasingly on the outcomes being experienced by consumers. The FCA is clear that firms will need to demonstrate how they are monitoring the outcomes their customers receive and address any issues they identify. The Board will need to sign off, at least annually, an assessment of whether the firm is acting to deliver good outcomes for customers.



### **Where Aveni can help**

Currently, the way firms monitor customer outcomes is with a mix of QA monitoring and consumer feedback. As we've mentioned previously, these forms of monitoring are costly, time consuming, inefficient and often not joined up so outcomes from one source might not be combined with outcomes of another, providing firms with, at best a fractured view of what customers experience and at worst, a completely inaccurate understanding of their journey.

Firms can evidence that they're monitoring the outcomes of customers by showing governing bodies that they're able to analyse all forms of consumer interaction. Each of these valuable interactions can be used to build a picture of what factors affect customer outcomes, for example, the skills and abilities of customer reps, the channel and content of communications, the way and speed at which complaints are dealt with and so on. These insights can provide



# THE FCA IS PARTICULARLY CONCERNED ABOUT POST-SALE

## PROCESSES, SUCH AS SWITCHING, CLAIMING AND COMPLAINTS

companies with the evidence they need to show they're proactively acting to deliver good outcomes for customers as per Duty requirements.

### **7. Identify any sludge practices.**

Processes or practices likely to be deemed 'sludge practices' (excessive friction that prevents consumers from making decisions in their interests) should be identified. The FCA is particularly concerned about post-sale processes, such as switching, claiming and complaints, and wants these to be as smooth as sales processes. A comparison of the two should highlight the most prominent issues.

### **Where Aveni can help**

We can identify and flag any incident, regardless of whether it's pre- or post sale, that contains an expression of dissatisfaction, high levels of friction such as holds or multiple transfers, as well as complaints. Not only that, our platform can be trained to pick up incidents relating to firms' specific products or processes by being trained on that company's unique data.

Clear comparisons can be made between pre- and post sales processes more efficiently using speech analytics because it'll automatically surface trends and insights based on the type of call. For example, it might uncover that in a pre-sales process, customers are never transferred and the average on hold time is less than a minute. However, a post-sales call might be transferred up to 3 times and hold times average 15 minutes. It might also show that there is a very low level of complaints around agent availability during pre-sales interaction but post-sales, there are significantly more complaints around the difficulty in speaking to an agent to amend, discuss or complain about a sold product.

Without significantly more coverage and a less siloed approach to QA feedback that solutions like speech analytics brings, firms will be unable to effectively demonstrate to the FCA that they understand which practices need to be stopped or improved.

## 04. NOW IS THE TIME FOR ACTION

The Financial Services Industry is well aware of the ramifications of the FCA's Consumer Duty of Care guidance and the short timeframe in which it has to act. The challenges around meeting the Duty in time could have a paralysing effect on firms resulting in a 'let's do the bare minimum to achieve compliance in the short term' attitude. But this Duty is not going to disappear. If anything, the responsibility of firms to the duty of care to retail customers is only going to grow. The impact of the pandemic, on-going energy crisis and growing numbers of customers finding themselves in vulnerable situations means consumer duty of care has never been more important.

PWC [comments](#), "It can often be most cost-effective to wait for a final outcome from regulators before embarking on changes. But I'd argue the Consumer Duty proposals require a different approach, for several reasons. Waiting until the policy statement in July 2022 will leave an implementation period of just nine months. For many this is unlikely to be sufficient given the wide reach of the proposals, which will require firms to review their entire product suite and end-to-end customer journey, not to mention make

*other changes such as altering their Senior Managers & Certification Regime frameworks."*

Not only would inaction mean a much more challenging implementation timeframe but it could also mean lost opportunity for firms. Rather than seeing the Duty as a challenge to overcome, firms could look at





it as an opportunity to improve sales conversations and customer understanding, elevate the experiences of their customers, to set themselves apart from the competition in the market, to position themselves as leaders in customer service and outcome and to drive loyalty and, ultimately profitability for the business in a more ethical, beneficial way for all.

By implementing a speech analytics solution like Aveni Detect now, firms can get a head start on the competition because the benefits are cumulative over time. The earlier you roll-out the solution, the more time it has to be trained on your specific data and the more effective it will be. Through the continuous learning nature of speech analytics,

the more it is used, the more value in terms of accuracy, outcomes and insight the platform will deliver. For firms to simultaneously meet the Duty and drive business profitability whilst doing so, Aveni believes turning to technology is the only way this can be achieved. In a digitised world where customer expectations are higher than ever before and their patience for high friction experiences is low, we believe that the Duty represents an opportunity for firms to revolutionise the way they treat consumers, to change the reputation of retail finance and to make a positive impact on their bottom line at the same time. They simply need the right technological tools to achieve it.



Aveni is an award-winning technology company that specialises in Natural Language Processing (NLP) for regulated industries such as Financial Services and Utilities. Our team of world-leading scientists and engineers have developed a proprietary NLP pipeline that extracts context from customer conversations. This powers a range of transformative product features, including automated compliance monitoring, the identification of vulnerable customers and performance management of call centre agents and advisers.

 [aveni.ai](https://aveni.ai)

 [hello@aveni.ai](mailto:hello@aveni.ai)

 [linkedin.com/company/aveni-ai/](https://www.linkedin.com/company/aveni-ai/)