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Innovate Finance and LSB registered firms' roundtable discussions: summary and outcome

Following the launch of the Standards of Lending Practice, we have continued to seek and gain further insight from our registered firms and the wider industry on aspects of the customer journey which we feel could be enhanced. One of the areas that continues to evolve is vulnerability and in particular how firms are able to identify and support vulnerable customers through digital channels.

In collaboration with Innovate Finance, we hosted the first of two roundtable events on this topic and sought the views and opinions from a wide range of representatives from FinTechs firms. Highlights from the debate included:

- There was widespread agreement that the first requirement is to focus on understanding customers' needs and wants, rather than focusing purely on commercial goals. By getting to know the customer, firms can focus on building tools and solutions to suit them.
- The 'basic' products, such as current accounts, should be available to all customers. Linking these with financial education and wellbeing tools allows the customer to improve their access to additional services, for example, lending products.
- FinTech firms felt that the more that customer data was available to them, the more services could be tailored to the benefit of the customer. However, the information held by mainstream banks was not easily accessible although it was acknowledged that Open Banking will improve data accessibility.
- In relation to vulnerability, co-operating to share customer data to improve a vulnerable customer's service could be of great benefit. Defining where the line on information sharing should be will be the challenge, to ensure that customer privacy is respected, whilst using APIs and technology to achieve better outcomes.

A second roundtable discussion, attended by a number of our registered firms, followed. Insight and feedback from FinTechs was shared as we built on previous discussions around the same topics. Highlights from the debate with our registered firms included:

- It is not helpful to categorise types of vulnerability or to try to define vulnerability; instead the focus should be on delivering the best outcome for the customer, based on the interactions that the firm has with them. High quality training is, therefore, essential.

- Firms are excited about the development of their digital offerings, whilst appreciating the work involved in ensuring no customers are left behind. As with FinTechs, there was agreement that financial education is a key part of the offering and it opens and facilitates access to products and services, by all customers and especially those in vulnerable circumstances. Training staff to help customers use technology is also an important part of this strategy.
- The need for digital services to be flexible when the customer journey requires it, for example in the case of bereavement or financial difficulties, was emphasised by both FinTechs and mainstream providers. How vulnerability affects the use of technology needs to be considered from product design to implementation. Monitoring usage, queries and complaints when a product is live will assist businesses in continually improving their digital offerings. There was a consensus that more co-operation between firms in suggesting the best way to identify and address vulnerability would be beneficial to both customers and the industry.
- Across providers, it was clear that dealing with customers in debt and financial difficulties in the digital space is a challenge and how firms need to find ways to build trust with customers who may be disillusioned with traditional banking.
- Providing responsible and effective ways for customers to assess income and affordability, allowing them to put in place plans that stick, also needs further development.
- Establishing a process to share digital information and transfer accounts to debt collection agencies smoothly is an important step.

As we heard from all those attending, there are opportunities and challenges in the digital space to exploit technology as part of a multi-channel approach to best serve the customer and provide sustainable products that are adaptable to customers' circumstances.

We are always keen to hear from our firms and the wider industry about the challenges and opportunities they face when it comes to digital offerings. We will continue to hold insightful discussions and encourage debate around this theme, sharing ideas and best practice along the way, to help ensure financial product providers always deliver fair customer outcomes.

Lending Standards Board