



The customer journey in a digital world: innovation and good outcomes

Workshop date: 28 January 2021, 10:00 – 12:30

Innovation and the pace of change in financial technology means more choice and greater access for customers. There are also risks, with new products and offerings being introduced which, without proper consideration, could lead to unintended consequences. By thinking about the customer journey in the digital space, firms can consider how to tailor their products and services to ensure good customer outcomes.

Later this month, the LSB is holding a workshop on the customer journey in the digital world. The workshop will focus on product design, product sale and ongoing account management. Attendees will gain insights from both the LSB and other participants (including from digital providers, fintechs and banks) on the opportunities and risks in the digital space and how to address these. It will help challenge some of the common perceptions and misconceptions around the digital customer journey and highlight examples of best practice in relation to the Standards of Lending Practice (the Standards).

If you have any questions about the session or want to highlight any topics for inclusion, please contact us at insight@lstadb.org.uk.

Product design

Firms of course want to attract and retain customers by developing products that are accessible and effective. This is especially true in relation to products in the digital space, with users placing a premium on attractive and intuitive designs that can be used at speed.

For financial service providers, these customer demands must be balanced with other requirements, for example, those relating to regulatory or best practice standards. Products must also be designed with all potential customers in mind. This means considering products

with an inclusive perspective and thinking about if there are groups of customers who may not be able to use certain parts of the product or service.

Vulnerable customers need to form an important part of this thinking. For example, when looking at the design of a new app, firms should consider whether the language and information provided is suitable for the likely audience and, if a customer had questions about the product, how would they access help. Assistance should be available in more than one form, in case a customer had a requirement that meant they could not access a single contact point (for example, how could a customer with hearing challenges seek help if there was only a telephone number).

The design stage should take into account all of the different stages of the customer journey to ensure that each is effective and delivers for the customer. By customer journey, we mean all of the stages the customer could experience, from taking out the product to ending the relationship with the firm (from application, through to managing the account, potentially encountering financial difficulties or vulnerabilities, to closing the account).

To use the example of a loan that is offered through an online journey, the designing firm should consider the steps a customer could take if they were to enter into financial difficulties in the future. These questions could include:

- Is it obvious how and where a customer can raise a future payment problem or where they can seek help from an adviser?
- If contact is made about a financial difficulty via a messaging service (for example, when a customer is logged onto the firm's website or app) are firms confident the information would be reviewed and contact with the customer made in time to take proactive forbearance measures?
- Is there enough information and guidance available on the website to help customers seeking to learn more about their options when in difficulty?

These are just some examples of the questions that could be asked in the design stage to avoid any unintended consequences before a product is rolled out. Involving specialists from different parts of the customer journey (such as colleagues responsible for vulnerability or

financial difficulties matters) can help design teams see their product from different customer perspectives.

The process of reviewing and considering the product's design should be continuous, with regular product reviews in place to see how it is working in practice. This could involve reviewing customer feedback (for example, through sites such as TrustPilot) or by reviewing complaints. This helps identify areas that are working well and where further development may be required.

Firms also need to have a robust change management process in place to ensure that any changes made in the live environment do not adversely affect customers. Without such a process, changes could inadvertently lead to a negative impact elsewhere in the customer journey. This does not mean slowing down the ability to evolve or improve the product offering. Change can still be done at pace but firms should be sure that the right people are involved in any change process, that the steps taken are documented and that future product reviews take a risk-based approach. This means that reviews may focus on recent changes to key journey stages (for example, to collections) to see if they are working as intended.

Product sale

In a streamlined digital journey, firms may be wary of bombarding the customer with too much written information or putting it in a manner that the customer will simply scroll past or ignore. However, there has to be a balance between having a journey where the customer can quickly reach the outcome they want and providing the right information for them to make an informed decision.

If we consider a customer applying for a credit card, it may be tempting to have the application process as fast as possible, from the customer identifying the product, to completing the necessary checks and having the card approved. But friction points may be needed to allow the customer to read and understand what they are signing up to and how to access further information.

How this information is presented is a choice for the firm to make. The Standards are not prescriptive precisely because we understand the need for firms to develop and innovate in

a manner that best suits them. However, there are considerations that firms should make when looking at the information presented during the product sale. For example:

- Is the information clear to the customer and does it highlight the key elements of the product?
- Was the information reviewed and approved internally prior to going into the live environment to check it is clear to all customer types?
- Is the customer provided with copies of the information they are agreeing to and can this information be readily accessed (for example, via email or an app)?
- If an application is declined due to information obtained from a credit search, how is this communicated to the customer and are they provided with details on how to access information held about them from the relevant Credit Reference Agency?

Firms may believe it is a challenge to present this information in a way that is engaging to the customer and fits with the style of the digital channel being used. For example, if a loan application is being made through an app, the information needs to be presented but a wordy statement may not be appropriate as key information could be missed. This is why the design stage and customer experience testing is so important. This can help the firm test out different ways of presenting information and identifying the best method for the product in question.

It may be that the customer has questions during the digital application. When completing an application with an individual, whether it be in branch or on the phone, it is easier for the agent to check the customer's understanding or answer any questions that arise during the process. On a digital journey, there is no one physically present for a customer to ask and so firms should think about what alternatives there are. For example, firms may decide to have a telephone contact number prominently displayed or a chat function that allows customers to ask for help.

There may be the opportunity for proactive measures to be taken, for example, an adviser asking through a chat function if there are any questions at key stages. Firms can then use any insight gained from customer questions to design and signpost towards a 'Frequently Asked Questions' section of the website.

Firms can also learn from the product sale section of the journey, to consider where there may be areas for improvement. For example, if analysis shows that customers are clicking through the key information stage at too fast a rate to take in the detail, should there be friction put in place to highlight the importance of it?

Ongoing account management

Once the customer takes out a product, it is up to the firm to ensure that they have monitoring measures in place to identify opportunities where the customer may need additional support. This ongoing account management phase may involve looking out for signs of financial difficulty or dealing with arrears, supporting customers with vulnerabilities, or helping them to best utilise the product.

There are a number of considerations for digital providers in relation to account maintenance. These include:

- How do firms identify any divergence from the customer journey (for example, if a customer were to become vulnerable or face financial difficulties) and what is then done to support the customer?
- Firms may wish to have a contact channel where customers can feedback on any issues or areas for potential improvement. This can then influence the continual development process.
- What information is provided through the website or app to tell the customer about the support that is available to them? Is this regularly reviewed to ensure it is accurate and accessible?
- How is important account information (for example, a customer's monthly credit card statement or information relating to the ability to opt-out of an unarranged overdraft) displayed to customers? Is this information consistent across all channels?

For fintechs or other digital providers, there may be the challenge of not having regular touchpoints with the customer once the product is taken out. Without regular telephone contact or branch visits, firms may find they have less opportunities to ask the customer about their situation or identify where further support may be required. For this reason, it is important that providers consider the data that is available to them in terms of management

information or other insight. This can then be analysed to identify opportunities for early customer engagement.

An example of this could be thinking about how firms address pre-arrears. This is the stage where customers are experiencing the early stages of financial difficulties but are yet to miss a payment. By engaging with a customer in the pre-arrears stage, firms are able to proactively put in place measures to help the customer and lessen the risk of arrears crystallising.

For firms that are unsure how they could best assist customers at the pre-arrears stage, it can be valuable to conduct customer journey reviews of accounts that have gone into arrears. By reviewing the data that was available before the missed payment and considering other elements of the journey (for example, did the customer contact the firm beforehand or frequently change payment dates?) firms can see if there were missed opportunities to contact the customer and discuss potential forbearance measures or other options. This insight can then influence the continuous improvement and development of the pre-arrears process.

If there is a reliance on one particular channel for customers to use during the customer journey, digital firms should have plans in place should that channel become unavailable. For example, if the main website is used to log in and make payments, what planning is in place should the website go down or require maintenance? Such planning may include:

- The communication methods that would be used to inform customers of the alternative contact channels.
- What would be done should a customer be negatively impacted by a channel being unavailable?
- If channel disruption affects a customer at the point of sale, what is done to tell the customer about the status of their application?

Finally, firms should think about any limitations to a digital approach and what these might be. This could include the potential stages of the customer journey where digital interaction alone might not suffice.

To continue the example of financial difficulties, a key stage of assessing customer affordability is completing an income and expenditure assessment (I&E). Firms should consider if it is possible to complete I&Es digitally or if an agent would complete one through a different channel such as a phone call. If this is the case, firms must be confident that their staff are trained to deal with any customer interactions across all channels and that oversight measures are in place to ensure good customer outcomes.

The Standards and innovation

Fintechs and other digital providers can be assured that the Standards were designed with all channels in mind, providing the flexibility to design products and services that best serve the customer and encourage innovation. The LSB supports registered firms to deliver the best outcomes for their customers through both oversight and insight offerings. Registered firms have access to thought pieces, training and other ways of sharing insight and best practice, all with the purpose of improving outcomes through the application of the Standards.

If you have any questions about this piece, wish to attend the workshop or if we can help you or your firm, please contact us at insight@lstdb.org.uk.

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