The customer journey in a digital world: part two

The level of innovation and pace of change in digital means that new challenges and opportunities may arise that differ from those faced in 'traditional' non-digital channels. With this in mind, the Lending Standards Board (LSB) is continuing to work with firms in the digital space to share examples of best practice relating to delivering good customer outcomes. This work includes supporting those firms who offer digital only services and those who provide digital alongside other channels.

In January we released a thought piece and held a workshop on the digital journey across product design, product sale and account management. This piece follows on with some key topics discussed during the workshop and in other LSB forums. The purpose is to continue engaging on the topic of digital to promote best practice, something that the LSB's Insight & Support team will be doing over 2021.

Below we consider the importance of testing and feedback, presenting key information, and disclosure and digital. If you have any questions on the topics raised or are interested in how the LSB could support you or your firm, please contact us at insight@lstdb.org.uk

Testing and feedback

Testing and learning from feedback is key when developing engaging and innovative digital products. Testing mitigates risks that could arise through the development process and gives firms confidence about how customers will use and react to the product. By utilising different feedback mechanisms when the product has gone live, firms can see if the product is working as intended and continually develop areas that may be lacking.

When developing products and channels, some firms create customer research groups or use third party research agencies to gather insight on customer wants and needs. When soliciting or reviewing customer input and feedback, it is valuable to think about the sort of customers who are providing it. For example, it may be that there is a selection bias in play that means that only the more technologically involved and interested are feeding back to the firm. This could lead to developments that are beneficial to those who are tech savvy and educated but that are less useful to other users. By being aware of this, firms can get feedback from a wide range of potential customers including those who are reluctant or new digital customers.

There is often a great demand on product development teams in relation to both implementing new products and developing those already in place. In addition to this, development teams sometimes need to make changes due to new regulatory requirements. Because of the potential legal and regulatory impact of not adapting products or channels to address regulatory change, these often need to take priority. To prioritise workstreams, some firms consider the ‘effort versus benefit’ of developing or changing products. This means trying to think about, amongst other things, the number of customers who will benefit from a change before beginning work on it. However, this may sometimes be inappropriate. For example, there may be a need to adapt a process for an accessibility need that, although critical for some, will not affect the majority of users.

Once live, firms can use insight gained from a variety of different methods to consider if the product is working as intended. These can include reviewing comments or feedback received over social media channels, customer review sites, and reviewing any complaints received. By completing analysis based on the insight received from sources like these, firms can then target improvement work where it is most needed.

Presenting key information

One challenge facing digital providers is the need to provide key information to customers whilst keeping the process smooth and accessible. Without personal interaction during a sale, for example, from an adviser over the phone or in branch, firms also need reassurance customers have read and understood key information. This challenge is not unique to digital channels. Even with advisers present, making sure a customer takes onboard and understands such information is difficult. For other non face to face sales, such as card applications done by post, firms also have to consider how to best present key information.

There have been initiatives to help with this. For example, saving summary boxes were mentioned during January's workshop as a good example of key information being presented in a consistent way across an industry. We understand there is interest from some firms for increased industry alignment in relation to how certain key information is presented, particularly when selling a product digitally. However, in the same way that any industry approach would be agreed, individual firms need to now consider the best way to present key information digitally. By getting early engagement between product development, design, and legal and compliance teams, firms can establish what should be presented and the best way to do so. Firms should also consider what they can do to promote the reading and understanding of that information by the customer.

Building friction points into the journey can be beneficial when aiming to present key information in a way that gets the customer's attention. These friction points should be added at times that add the most value and mitigate risk for the customer. As an example, this is likely to include when information about costs and charges are highlighted, to ensure the customer understands what they are signing up for. We know that firms are currently using various methods to see whether those friction points are working. Examples of this include using average reading times to consider if customers are reading terms and conditions or key facts documents thoroughly. We recognise there should be a balance between designing friction points and keeping the journey attractive and efficient, so as to not discourage customers from using digital channels.

If a customer does want to ask a question during the sales process, it should be clear where they can do so. This may include having a live chat option for customers to use or advisers who 'appear' on live chat if a customer is on a key page for more than an average length of time. This could help prompt the customer to engage on any subject they are unsure about. We heard how some firms' product teams are tracking tickets to customer service to understand the levels of queries or any issues with the product. This insight can then be used to create FAQs and other documents or to direct customers to information to improve the customer journey. Such steps could be taken to improve the information presented at the point of sale to pre-empt customer queries on common issues.

Disclosure and digital

Regardless of whether a 'traditional' or digital channel is used, it is important that customers can easily tell firms about any financial difficulties or vulnerabilities they may be facing. Firms should encourage customers to tell them about any such difficulties. This is to counter the reasons that a customer may feel uneasy about disclosing information relating to a vulnerability or financial difficulty. These could include worries that the disclosure could affect their relationship with the provider (for example, fear of losing a credit facility), a feeling of personal embarrassment (for example, if disclosing an addiction) or the customer may not realise the need and potential benefits of informing the firm.

In relation to the initial disclosure, firms should make it clear to customers how, when, and why they should tell the firm about any change in their circumstances. Having sections of the website or app that are dedicated to additional support and financial difficulties can make it easier for customers to find any information they are seeking. Firms should consider how information relating to disclosure is presented, to make it as accessible and effective as possible. For example, text heavy information may not be suitable for all customers and videos or other media may be better at explaining the purpose and importance of disclosure.

An explanation of why disclosure is important should also feature within any information about how to disclose. It is likely customers will disclose if they see the potential benefit to them. For example, customers may be unaware that if they are concerned about entering financial difficulty (such as if they are made aware of a future redundancy), the earlier firms are told the more they can do to help. This help may involve working out payment plans, repayment holidays, or other forbearance measures. Without the customer disclosing, that support cannot be offered and the firm will only be made aware once the customer first enters arrears.

Digital providers should consider how a customer in different stages of the journey may inform the firm. By looking at the journey as a whole, it is possible to identify risks that could arise in the disclosure process. During the workshop, we heard an example that some customers disclose information during live chats with advisers which then require follow up contact with a specialist team. When this happens, there can be a time delay between the initial disclosure and the follow up contact. This can pose risks, especially in relation to vulnerable customers or financial difficulties, where a customer may need an issue resolving immediately or may have a change of heart about disclosing at a later date.

We understand some providers believe that purely digital disclosure poses challenges, particularly in relation to gathering all the information needed to assist the customer. Although the customer may be able to tell the firm digitally, a follow up call could be required to speak to the customer directly. This can hamper having a purely digital only approach when it comes to disclosure and may not appeal to customers who want digital only communication. For example, some customers may only want to engage and disclose information digitally as they find it easier to do so than in person or on a call. Firms need to consider how best to approach this and make risk-based decisions which balance any desire to have a single channel approach with the need to engage effectively with customers in difficulty.

Conclusion

By considering testing and feedback, presenting key information and customer disclosures, firms can mitigate some of the risks and maximise on the opportunities presented by digital. Customers will continue to want to engage digitally for a variety of reasons, whether it be personal preference or necessity (for example, for customers who cannot travel to branch or use the telephone). Firms should ensure that regardless of the channel used to offer their services, there should be a focus on delivering good outcomes.

Customers should always receive a consistent level of treatment from a firm regardless of whether interacting in-person, over the phone or digitally. This is a relevant consideration not just for those firms offering digital as part of a multi-channel approach. Digital only providers must also be confident that their customers are never disadvantaged by being single channel. For example, digital providers' ability to gather important customer information must be just as effective as it would be in-person or using a contact centre.

At the LSB, we will continue to work with firms to deliver good customer outcomes and promote fair lending by sharing insight and examples of best practice in the digital space. This will be designed for all firms, whether offering digital services alone or as part of a multi-channel approach.

If there is any way that the LSB can assist you or your firm, or if you want to discuss the Standards and digital further, please contact us at insight@lstdb.org.uk or using the details below.

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