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Delivering excellence for vulnerable customers in banking and insurance



Banks and insurance companies have been striving to help vulnerable customers for many years but the Covid-19 pandemic has created a new urgency to this important work. As panelists at the Connected Customer session *delivering excellence for vulnerable customers in banking and insurance* made clear, it's not just that the crisis made it more important than ever to work with vulnerable customers, but that suddenly a whole new swathe of customers moved into the vulnerable category.

The first thing to recognise, said Laura Tough, Head of Member Vulnerability, Access and Inclusion at Nationwide Building Society, is that there are a wide range of factors and circumstances that can render a customer “vulnerable” and that these can change over time.

“There is no such thing as a typical vulnerable customer”

Laura Tough, Nationwide Building Society

“There is no such thing as a typical vulnerable customer,” she said. “It can be a result of disability or physical health, life events such as job loss, bereavement or a relationship break down, or the person could have low resilience to financial or emotional shocks, or lower level of capability in literacy and numeracy, financial capability and digital skills. And these circumstances may be permanent, temporary or fluctuating and will vary with life stages.”

“More than 50% of the UK population may be exposed to one or even several recognised vulnerability drivers”

Neil Greathead, Smart Communications

Neil Greathead, Chief Customer Officer at Smart Communications, put some numbers around this. “More than 50 per cent of the UK population may be exposed to one or

even several recognised vulnerability drivers,” he said. “Up to 50 per cent of adults have a numeracy attainment age of 11, five million adults in the UK have never used the Internet and 16 per cent of the working age adults have a disability.”

“Vulnerability can be a pretty broad church so you don’t want to have a one size fits all approach”

Marcelino Castrillo, NatWest

Marcelino Castrillo, Managing Director of Customer Engagement and Distribution at NatWest, said it was important that banks and financial services providers know how to identify vulnerable customers. “Vulnerability can be a pretty broad church so you don’t want to have a one size fits all approach,” he said, highlighting NatWest’s Bank My Way service which allows customers to share any specific support they may need and signpost simple adjustments the banks can make for them. “Banking is becoming more digital but we still talk to the best part of 150 million customers every year, so having well trained staff that can identify vulnerability is critical,” he said.

Laura Tough of Nationwide agreed with this, stressing the importance of ensuring customer-facing staff are trained to recognise words and behaviours that could be indicators of potential vulnerability and then have skillful conversations to uncover the additional needs a member may have.

Technology: a key tool

Technology is making it easier to identify and support vulnerable customers. “At the height of the first lockdown, we did undertake data analysis to identify our older and most branch-dependent members that would most likely struggle to continue their banking behaviours the way they had been doing before the pandemic, so we could reach out to them and offer support,” said Laura Tough of Nationwide. “I would caution,

however, that your analysis is only ever as good as the data you have access to, and that's inevitably never the full picture of someone's life, so the risk of false positives can still remain quite high."

"What if you uncover something about a customer that they don't want you to know about them or that perhaps they haven't even recognised themselves? There is a risk that you could quite quickly cross that line into Big Brother territory."

Laura Tough, Nationwide

She also raised an ethical question: "What if you uncover something about a customer that they don't want you to know about them or that perhaps they haven't even recognised themselves? There is a risk that you could quite quickly cross that line into Big Brother territory. Just because something is possible in data science doesn't mean it's the right thing to do."

Marc Andrews, VP, Financial Services and Insurance Industry Market Leader at Pegasystems, agrees AI and machine learning has a clear role to play in helping banks be more empathetic and better serve their vulnerable customers. He said this really came to the fore during the first wave of the pandemic when banks were struggling with call volumes from distressed customers and faced an unprecedented surge in demand.

"NatWest was one of the banks that did this really well, using data to identify certain types of individuals that could struggle with their next mortgage payment, based on their occupation, their transactions and other history," he said. "That meant they could reach out proactively, actually offering to reduce rates on their mortgages and offered to automatically defer payments without them having to call into the call center. It not only made them look very proactive but it also reduced the volume of calls that were coming in to help relieve some of the pressure on the bank."

“AI and Machine Learning has the ability to work at scale and accelerate the identification of vulnerable customers...but it’s only as good as the data that you have”

Neil Greathead, Smart Communications

Neil Greathead of Smart Communications said there is no one size-fits-all solution to this problem and that it takes a blend of technology and human empathy to provide the best service. “AI and machine learning can absolutely play a role, with that continually evolving analysis looking at sentiment and emotional language that customers are using to engage with us to help the business make good decisions,” he said. “It has the ability to work at scale and accelerate identification of vulnerable customers. But it’s only as good as the data that you have so you also need a dedicated vulnerable customer team that step in when the technology puts in triggers to say you need to look at this customer and make a judgment decision.”

And those human agents need good training, often in partnership with specialist organizations. Marcelino Castrillo said NatWest has worked with domestic abuse and gambling addiction charities so frontline staff know what to look for and how to support customers. “It’s also great for our colleagues because they can do more for their customers and that’s great for their motivation and engagement.”

Inclusion in mind

“If data is the new oil, then insurers are like supertankers and I think they could really help by using that information and data to help vulnerable customers...make choices about their risks and their lives”

Melissa Collett, Chartered Insurance Institute

Melissa Collett, Professional Standards Director at the Chartered Insurance Institute, said her organisation provides guidance and training to help insurance professionals recognise vulnerabilities and design and deliver products with inclusion in mind. “We’re also going to be recommending documentation has a reading age of 13 or lower,” she said, adding that insurers are well placed to provide additional support and protection to vulnerable customers. “If data is the new oil then insurers are like supertankers and I think they could really help by using that information and data to help vulnerable customers, whether it’s by sharing publicly available data around the risks of burglary at certain properties or whether it’s health data captured from customers’ fitness trackers. This kind of data could really help customers make choices about their risks and their lives.”

Inclusion also means products and policies that are accessible to all. Melissa Collett of the CII said the insurance market, for example, has “the capacity to cover every conceivable risk, the problem is finding the right provider”.

“There’s a real role for professional intermediaries and specialist advisors, and that’s why the CII supports the Access to Insurance Initiative for people with pre-existing health conditions, and it also supports the sign-posting work of the Find Insurance service from the British Insurance Brokers’ Association , which helped more than half a million customers access insurance in 2019 who previously couldn’t find it,” said Collett. “In our time of Covid, when there are more vulnerable customers than ever, sign posting can really be a lifeline for those in need.”

Data, privacy and difficult conversations

Financial services organisations often know more about a customer’s private life than their family or friends – and this can create some challenging issues. Laura Tough of Nationwide said it was important to be wary of crossing privacy boundaries.

“There is a delicate line where we can see data that relates to a customer’s financial situation and possible difficulties, perhaps where they are spending heavily on gambling, alcohol or strip clubs,” said Tough, who pointed out these were all legal activities even if some people find them unsavoury. “It’s the customer’s right to spend how they want. Do we reach out and intervene on the basis of those sorts of behaviours? Or would that constitute financial services making a moral judgement rather than a legal or regulatory one? For me, that’s quite a strong indicator of the line.”

Marc Andrews of Pegasystems, however, pointed out that customers are increasingly comfortable with companies using their personal information. “In fact, what we’ve seen is that banking customers actually expect their banks to know more about them, and sometimes they get frustrated when you ask them for information because they think you should already know what they’re spending their money on and owe on their mortgage,” he said.

Channels choice

Our panelists agreed that channel choice can influence how well customers receive interventions from their financial services provider. “Banks are learning that they need to be able to tailor and learn which channel is best for which type of communication with a customer,” said Marc Andrews of Pegasystems.

“Banks need to be able to handle the different types of issues that are going to surface and that requires more guided customer service”

Marc Andrews, Pegasystems

He stressed there was a need for banks to ensure staff had access to the tools and training to deal with a wide range of vulnerability-related issues. “Banks need to be able to handle

the different types of issues that are going to surface and that requires more guided customer service,” said Andrews. “One of the challenges that banks had going into this crisis was that their policies were not necessarily codified into their system, so there was a set number of people that knew how to handle bereavement issues, for example, versus mortgage servicing issues versus collections issues. What we’re seeing now is an effort to enable more cross-training and systematize the policies of the bank and provide more guided processing so that you can have more flexible operations, shift work in a more seamless way across different operations teams, and build up that expertise.”

“Help your existing customers and keep them loyal because when we get through this, they’re the customers that are going to be the backbone for you to move forward again”

Neil Greathead, Smart Communications

Neil Greathead of Smart Communications advised those financial services organisations on a journey to offer excellence to vulnerable customers should think about three things. “One, understand your customer base to make sure you’re focusing the right energy in the right places. Two, get feedback from your customers so you really clarify what are they trying to do when they engage with you and you don’t just assume you know the answer because that leads to bad experiences. Three, when you’re creating your communication strategy, create channels of conversation, so it’s not one way, it’s two way. It’s not about using channels to upsell and grow the customer base but using them to protect and help your existing customers and keep them loyal because when we get through this, they’re the customers that are going to be the backbone for you to move forward again.”

One thing, it seems, is clear. As the pandemic moves into its second wave, these strategies and tools for serving vulnerable customers will be put to the test as never before.



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