



2020: The Year in Insight

Overview

2020 will be a year forever associated with the impact of coronavirus. Every industry and individual has been affected in one way or another and the LSB is no different. Like our registered firms, the LSB had to adapt to the challenges posed by COVID-19. When the pandemic hit in March, we made it our priority to help firms support their customers through these challenging times and have continued to do so throughout the year.

As a result, Insight & Support issued a number of thought pieces over the year focused on coronavirus, including a series looking at the impact on vulnerable customers, scams and financial difficulties, and a thought piece about 'life after lockdown.' We have also recently released a piece focusing on the risk of problem gambling and how it could increase during the pandemic. This Year in Insight review provides a summary of the key insight themes that we wrote about over 2020.

Despite coronavirus taking centre stage of both the news and public consciousness, we were very aware that the everyday vital interactions and business completed by registered firms did not come to a halt. The oversight of the Contingent Reimbursement Model Code (CRM Code) has been a central part of the LSB's work this year and to support this we delivered a thought piece for registered firms on understanding the customer's situation when assessing a claim.

We also delivered a research report on the life experience of customer contact agents and how this affects customer outcomes. This was completed by getting the views of three of our registered firms and provides a number of considerations, including risks and benefits, relating to the life experience of staff.

If you have any questions about anything we have produced over the year or if there is any way Insight & Support could assist you or your firm at this time, please do get in touch.

Key themes

The key theme running throughout our work in 2020 was the need for firms to identify and adapt their processes for those who need additional support during their customer journey. As highlighted in the FCA's recent consultation on vulnerable customers¹, COVID-19 has resulted in an increase in the number of customers who may require additional support. The financial impact on many individuals and businesses has also meant that customers who in normal circumstances would not have faced financial difficulties may now do so. Firms therefore need to be confident that their approach to identification and support is fit for purpose and that the new ways of working brought about by coronavirus are robust.

Identification

The pandemic has forced firms to think differently about how to identify potentially vulnerable customers and those needing additional support. For example, during the initial lockdown in March, many elderly customers had to 'shield' themselves at home. This limited their opportunity to shop or carry out everyday transactions (such as visiting a branch) and also meant that they were away from regular personal contact and support.

In our coronavirus series, we noted how customers over 70 may not be routinely considered as potentially vulnerable unless they also display other triggers or require additional assistance. With the requirement to stay indoors as much as possible, we considered whether firms should ask questions about the wellbeing of any customers making contact above 70. This was a clear example of COVID-19 impacting customers and firms needing to adapt their processes to suit the situation.

Alongside identifying potential vulnerability, firms needed to be on the lookout for customers experiencing financial difficulties. For individuals, there were many potential financial stresses as a result of being either unable to work during lockdown, losing their job, or being subject to the furlough scheme. These financial implications would have been unforeseeable at the beginning of the year and firms could expect to see a great rise in the number of customers

¹ FCA, [GC20/3: Guidance for firms on the fair treatment of vulnerable customers](#)

in financial difficulties. For SME customers, the impact on businesses has been dramatic, with some sectors being unable to trade due to coronavirus and the steps taken to combat it.

In relation to financial difficulties, we wrote about how one major challenge facing both individuals and businesses was uncertainty. For many customers, this uncertainty makes it difficult to plan their finances into the future and could lead to ancillary problems, such as increased levels of anxiety or other mental health issues. We highlighted that to address this, firms need to have confidence in their approach to identifying pre-arrears, including working with customers for whom the near future is uncertain. This involves establishing the situation as it is, seeing what can be done to help at the time, and then scheduling regular reviews. It could be that even though the customer is yet to miss a payment, there are forbearance options available that can help and that the customer may be unaware of.

Support

Firms need to know that their processes and staff are equipped to help customers identified as needing support. This can only be achieved by regularly reviewing how both vulnerable customers and those in financial difficulties are being supported and assessing whether good outcomes are being reached. Where they are not, firms should be analysing what went wrong to understand if it was a failure of process or a training need that should be addressed.

Firms will want to be able to help their customers as much as possible, however, there will be times when specialist third party support is more suitable. For this reason, having staff who are trained and equipped to signpost properly is key. Signposting featured strongly within our 2020 insight work due to the importance of getting signposting right.

Signposting is only possible if first line staff understand the options that are available for customers and can properly 'sell the benefits' of seeking assistance. Staff can then listen to a customer's situation, help where they can from the banking and finance perspective, and then signpost to suitable support. Any resource or training provided to staff should ensure that it covers the customer types the firm serves, so that the most appropriate organisation is signposted towards. The support required by personal and business customers will sometimes differ due to their different structures and the potential challenges they face, so any signposting should be tailored with this in mind.

In order to support customers during the pandemic, firms also had to think about how they deal with an increased demand on specialist resources. We wrote about the potential increased demand on Credit teams and their important role in supporting SME customers in financial difficulty. To manage the amount of customer accounts being passed to Credit, we looked at how SMEs in financial difficulties could be triaged on the first line.

Triaging is achieved by having relationship managers and other business banking colleagues who understand what they can do to assist a customer in financial difficulties. Training and resources can equip staff to help SME customers, for example, using forbearance measures, signposting, or other tools, without the need for Credit. Firms can also review the policy and processes that exist in relation to referrals to Credit, to ensure that this specialist resource is available to assist those customers who cannot be helped elsewhere. By completing customer journey reviews of SMEs who have gone through financial difficulties, firms can see if their approach to triaging and Credit referral is working and that customers are receiving the appropriate level of support dependent upon their situation.

New ways of working

All registered firms have needed to adapt their operational approach to comply with the rules relating to coronavirus and this has led to ways of working that previously may have been thought of as unachievable. Few would have predicted that 2020 would see most firms having their staff (including first line teams) working from home. The quick change from business as usual practices to remote working meant that firms had to be flexible and creative when considering how to ensure their teams could operate effectively.

With this in mind, over the year we looked at a number of areas and risks in relation to remote working and good outcomes. When writing about business relationship managers, we highlighted the importance of ensuring training that develops the skills needed to engage and support customers remotely rather than in-person. Whether contact with customers is done more frequently using video conferencing, telephone calls, live chat or another channel, the priority should be on ensuring good conversations are had with customers. This means relationship managers engaging with the customer to understand their situation and any needs they have.

It may be that the skills required to have good conversations from a distance are different to those needed for in-person meetings. For example, staff may find it harder to build a rapport with a customer and ask probing questions over video conferencing or the telephone than when in a face to face meeting. Alternatively, email contact may be being used more frequently in an effort to reach customers in need. Firms should consider whether channel specific training would be beneficial in upskilling staff to use a new technology when carrying out their role.

In our research on the life experience of customer contact agents and the impact on outcomes, we wrote about the thought firms need to pay to the wellbeing of their staff and the support networks available whilst working remotely. Of course, it is vital to pay close attention to the wellbeing of staff in all roles. However, it is especially true for first line staff who will be interacting with customers and may be dealing with particularly challenging situations.

For contact centre roles, a difficulty of home working can be that those in a position to offer help to agents are physically separate from their teams. In most centres, teams are arranged in a way in which a difficult call could be overheard by a manager or colleague, or monitoring may raise an assistance flag with a manager only a short walk away. Firms need to be confident that the equivalent support is available for those working remotely, with thought given to the live monitoring and contact that can be made whilst an agent is on the phone.

For example, firms should consider that if a customer threatened to end their own life (tragically a number of those interviewed for the research said this had occurred), how would the call be flagged and assistance given to the agent in the live environment. For examples that are less extreme but still challenging, such as dealing with an irate customer making a complaint, firms should consider how management would be able to check on the agent's wellbeing at the end of the call.

The year ahead

The recent welcome news about the success of a coronavirus vaccine has given hope that there may be a return to some type of normal in 2021. This may be the case in terms of being able to lessen restrictions on social distancing or lockdowns in the future. However, registered firms will understand that the longer-term impact on individuals and businesses will only just

have started to come to light. Even without coronavirus, Britain's exit from the European Union may well have a great affect on certain industries and customers. Firms will need to be wary of the many ways that events could unfold in 2021 and continue to show flexibility and good judgment in addressing these.

In order to successfully deal with the challenges of the year ahead, firms should review the actions taken to address the early stages of the coronavirus pandemic. By critically assessing what went well and where, with the benefit of hindsight, a different strategy may have been more effective, firms can make better informed decisions for the future. When reviewing the success of any strategy, the whole customer and product journey should be considered to ensure that any risks or opportunities are identified and addressed.

Firms need to be confident that their oversight and assurance framework is operating well within any new strategy. Oversight or the three lines of defence model should be just as effective remotely as within the 'BAU' process. If there are any areas which are less effective in the new process compared to the old (for example, in relation to delivering feedback in person), firms should consider how to mitigate this and share examples internally of what is working well in relation to quality and assurance.

As always, there must continue to be a focus on customer outcomes and there are going to be some big questions as to the best way to do this. For example, firms will have to work with those customers who may have been on payment holidays to decide on the next course of action for them. This will involve assessing the customer's current situation as well as what their future looks like in terms of work and finances. This is no easy task given the uncertainty around both jobs and sectors due to the impact of coronavirus.

Operationally, firms will likely already be considering their longer-term plans in relation to home working or getting staff back to the office. Any such planning should consider both the impact on the business and staff, along with how such a change or return to business as usual will affect customers. Getting the views of staff and understanding how their wellbeing has been affected during this period may influence those future decisions. Listening to staff helps promote the right culture within the firm, one where there is an expectation of active listening and respect shown not just to customers but employees. Firms may also consider how staff

expectations can be managed about any return to work in order to not give misleading impressions about the permanency of any current arrangements.

By using the knowledge gained throughout this turbulent year, firms will be able to make the most of the challenges and opportunities presented to not only support customers but improve outcomes. At the LSB and within Insight & Support, we will continue to work with our registered firms to help them achieve this.

If there are certain areas that registered firms believe we should look at in the year ahead, or if there is any particular support that we can offer, please let us know on the details below.

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