



Evidence Based Compliance

Design brilliant financial products
that make your customers and the
regulator happy

Compliance versus Innovation

The product development challenge is as tough as ever. Every financial services firm wants to design commercially successful products that meet customers' needs. But regulations intended to protect customers can stifle innovation.

The Financial Conduct Authority (FCA) does not issue guidelines on how to interpret its rules, and the penalties for falling foul of FCA regulation – whether will fully or through error of judgement – are severe.

The lack of clarity about what is, and is not, acceptable from a regulatory perspective can cause problems for companies developing products and services that need to be compliant.

One consequence our clients describe is a contest between commercial and compliance teams. A tension based on the prevailing view that the success of one means the failure of the other.

Essentially, it can feel like a tug of war.

“

We're now dealing with more regulatory change than we ever have done. It's easier to open up a gambling account in the UK than it is an ISA.

”

- CHIEF DIGITAL OFFICER

FTSE 100 WEALTH MANAGEMENT COMPANY

“

The compliance challenge goes across everything. And therefore you end up gold plating everything to try and make it as safe as you possibly can. Things take longer, things cost more and you're getting in the way of the customer.

”

- UK MARKETING DIRECTOR

GLOBAL INSURANCE COMPANY

“

Striking a balance between commercial, compliance and customer focus is extremely difficult in our business.

”

- PRODUCT MANAGER

LEADING UK MORTGAGE BROKER

It can feel like a tug of war

The FCA has a customer-centred focus. So something is wrong when risk-assurance focuses on rule-bound rather than customer outcomes.

“

Our aim is to regulate in a way that adds the most benefit to those who use financial services.

THE FCA'S MISSION

”

So why do commercial and compliance teams feel like they're pulling in opposite directions? If the FCA gives feedback following a product or service launch, it is probably going to be negative – the FCA doesn't say, “well done”. And so compliance teams often, and understandably, adopt a defensive, risk-averse stance that can easily constrain innovative commercial options. But it doesn't have to be like that.

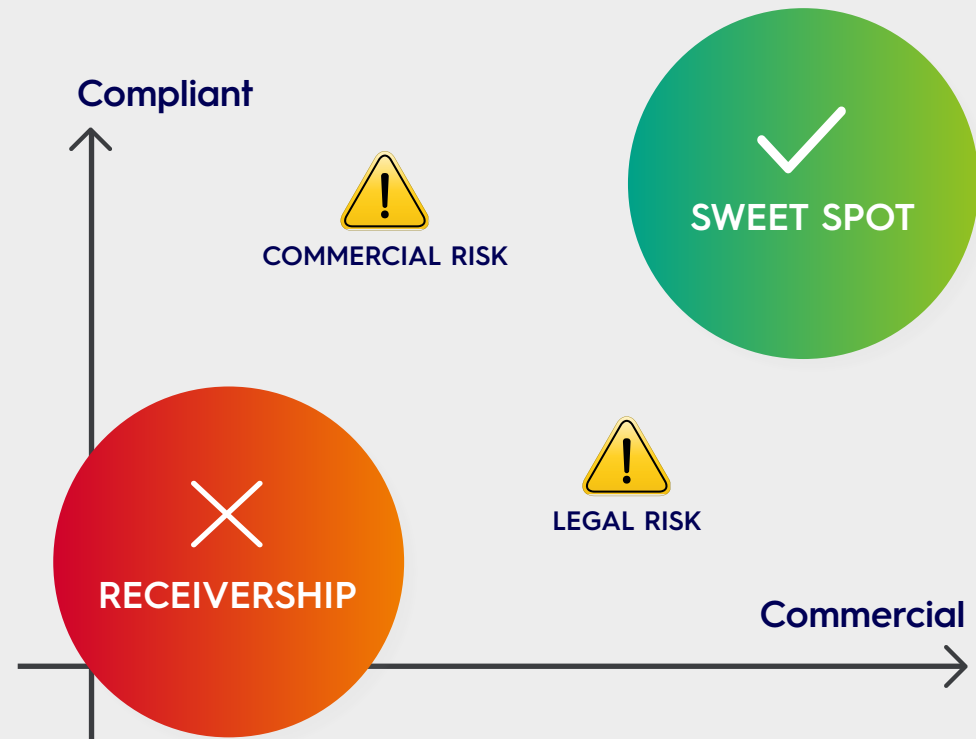
Considering the FCA's objective of acting in the best interests of consumers, we have to ask, who is championing the customer's interests?

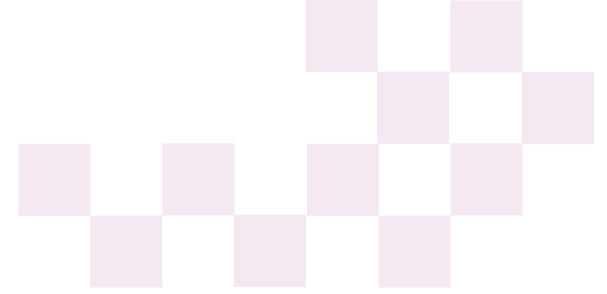


Evidence Based Compliance

By putting customers first, there is a way to achieve win-win results for commercial and compliance teams.

Evidence Based Compliance (EBC) is a collaborative, customer-centric design methodology that puts the customer at the heart of the process. EBC aligns organisations and teams with the FCA's mission – and results in financial products that people need, value and buy.





Benefits across the business

EBC treats compliance and product development as a collaborative, problem-solving design exercise. It leads to fast turn-arounds, better business performance and happier customers.



It's customer-centred

- Designs based on credible customer insight
- Great customer experiences that build trust in your brand
- Create products that customers understand, value and buy



It provides assurance

- Compliance with the spirit and the letter of the regulation
- Clear rationale and demonstrable evidence of positive customer outcomes
- Consistent with the Senior Managers and Certification Regime (SMCR)
- Helps to build trust with the FCA



It delivers better commercial results

- Improved, quicker, cost-efficient product innovation
- License to explore wider opportunities
- Higher conversion rates and sales

At a glance

Traditional Assurance



- Focuses on internal risk
- Opinion-based decision making
- Overly cautious, limiting
- Reactive, driven by fear of being penalised
- Focus on the letter of the regulation
- Rules, not actions
- Siloed thinking
- Disjointed, delayed delivery
- Win-lose mindset

Evidence Based Compliance



- Focuses on the customer
- Traceable design rationale from real customer data
- Supports experimentation and innovation
- Proactively builds confidence and trust with the regulator
- Focus on the letter and the spirit
- Validated working solutions
- Alignment and collaboration
- Fast, nimble, cost-effective
- Win-win outcomes

“

If you see compliance as a point of view – a tick delivered by an external body that confirms you have followed the rules to the letter – your capacity for product and sales journey development is limited. Rather than seeking opportunities to enhance the customer experience and outcome, your goal becomes avoiding the attention of the regulator. That moves the notion of what is ‘good’ towards risk avoidance and away from the customer.

Embrace compliance as a process that exists to make things better for the customer, and everything changes. Evidence Based Compliance is an approach which frees up organisations to be more proactive. It is a product definition, design and delivery process that brings products and services to market that are commercially successful, demonstrably compliant, and which deliver great customer experiences.

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MARK HICKS

EXPERIENCE STRATEGY DIRECTOR,
CXPARTNERS

With EBC delivered by Sopra Steria and cxpartners you can



Evaluate

A compliance and commercial health check gives you the intelligence you need to identify opportunities to improve.

- Distill the spirit and the letter of the regulation into testable outcomes
- Validate an existing product or service with customers and expose any compliance and commercial gaps
- Secure internal alignment and develop an agreed plan



Innovate

Reimagine your products and services with confidence.

- Bring better products to market by truly understanding your customers
- Create an evidence trail with proof of positive customer outcomes
- Build trust with the regulator by demonstrating a proactive approach to emerging issues



Embed

Adopt this new way of working to meet regulatory standards across your business.

- Receive expert input, tools and skills transfer
- Evolve risk management models
- Own a platform built on customer insight
- Become a truly customer-centred organisation

Compliance is a process, not just a point of view

Here is how EBC works in a typical project to test or create new products.

1. Define outcomes

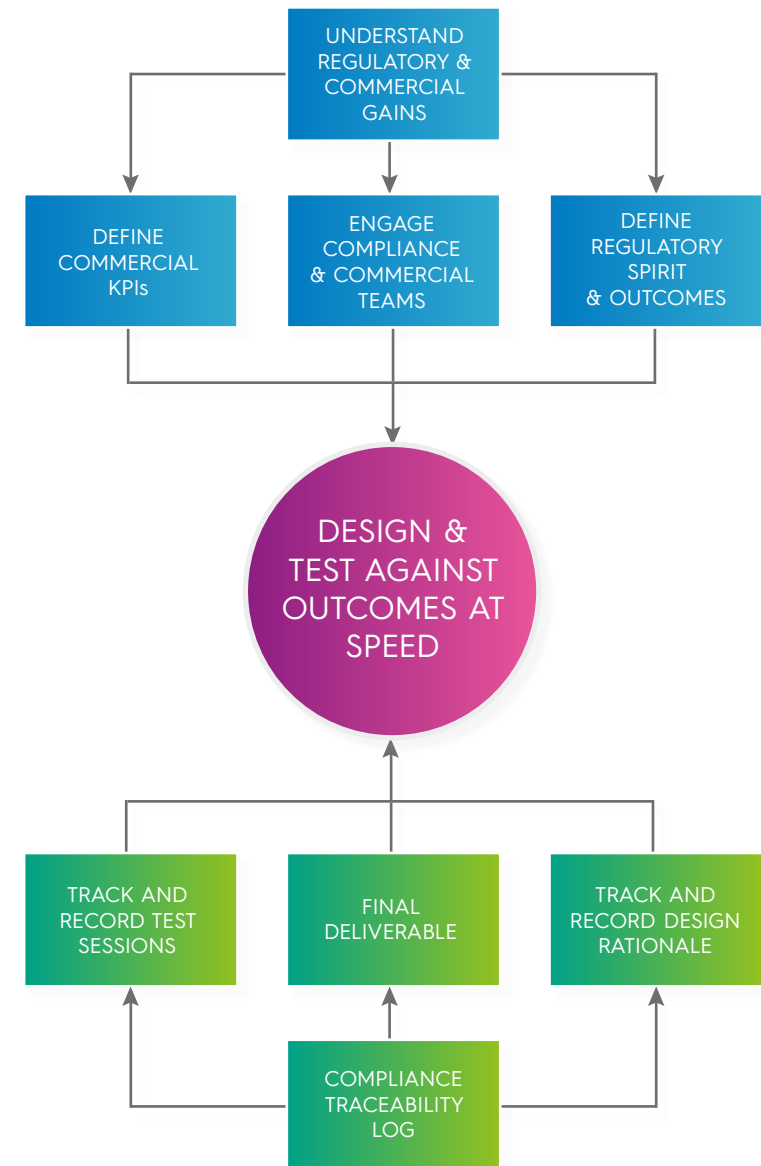
At the start of the project we encode the spirit and letter of regulatory controls into outcomes that we can test with customers. Doing this collaboratively with compliance and commercial teams ensures alignment. It means we have shared agreement on what the goal is and what 'good' looks like from everyone's perspective before we start design work.

2. Design and test

Using the outcomes defined in stage one as design parameters, we create new or update existing journeys which we test with customers. During testing we check for compliance, comprehension and appropriate ease of use – all important factors in commerciality too. Through iteration, at speed, and without over-investing in producing assets, this customer-centric process will yield one or more optimised customer journeys for release.

3. Capture evidence

We create accessible, structured documentation that describes the rationale for all decisions, together with an evidence trail showing how we delivered positive, compliant outcomes. This 'insight bank' typically includes key findings and recommendations that are traceable back to video recording and transcripts from primary research.



Delivering results for the RAC

Compliance and conversion by putting customers first

We guided the RAC through a regulatory minefield, creating an evidence trail that demonstrated positive customer outcomes and a significant uplift in revenue.

With the FCA's new Insurance Distribution Directive (IDD) looming, the RAC needed to demonstrate that their breakdown cover was being sold appropriately online. They came to cxpartners because of our expertise in financial services and asked us to design a new customer-focused and compliant sales journey.

Insights and rationale from our customer research gave the RAC's commercial and compliance teams the confidence to launch a notably different journey that delivered better results.

The RAC logo is displayed in orange text within a thin orange rectangular border.

“

Through an exemplary focus on regulatory compliance and customer outcomes, cxpartners helped us achieve improvements in commercial performance.

”

- THOMAS FOSTER

DIRECTOR OF ACQUISITIONS, RAC

Putting customers at the heart of The Co-operative Bank

An innovative focus on ethics and honesty delivered dramatic results.

The challenge: alignment

From the outset of this project to transform The Co-operative Bank's online customer experience, *Head of Digital Martin Sheerin believed that things go better when you align your organisation with your customers' needs.* Amazing for us to hear! But customer-centricity is hard to enact when teams work in silos.

The bank had also experienced reputational difficulties and our project attracted a lot of internal attention. **Early on, three hygiene principles emerged from the intersection of our customer research, the bank's values and the spirit of the FCA's mission:**



Transparency



Simplicity



Reassurance

The **co-operative** bank



The solution

To deliver an experience which embodied these principles, we worked with Martin to align commercial, product and compliance teams. Using our evidence-based design process we made decisions rapidly and demonstrated the validity of our approach to senior stakeholders.

We knew our work was successful when customers described the new journey as transparent, simple and reassuring, and conversions increased beyond expectation after launch.

90%

Increase in
credit card
applications

325%

Increase in
current account
page visits

NPS

Increased by +5.9
(21 points above
expectation)

We can prove that what's best for your customers is
what's best for your business.



“

We've had fantastic feedback from our customers and business, for whom this project will provide ongoing value.

”

- MARTIN SHEERIN

HEAD OF DIGITAL, THE CO-OPERATIVE BANK

Sopra Steria and cxpartners: measurably better

We design and build exceptional financial products and services that deliver what people need, when they need it. Our financial services team engages with compliance, customer and commercial teams in tightly regulated markets around the globe on a range of customer-centred projects which deliver positive results, quickly.

Together with our clients in banking, wealth and insurance, we have been developing, testing and refining our customer-focused Evidence Based Compliance methodology – and we know it works.



We created a tool that enables better conversations between branch staff and customers,
in 1/2 of the time and 1/8th of the cost
quoted by their incumbent supplier



The increase in engagement from our natural search for Public Health England was equivalent to
saving £2.4m per year on AdWords



Our redesign delivered
66% increase in online sales



More Information

By working with Sopra Steria and cxpartners to overcome the challenges related to Customer Experience, Financial Services organisations can unlock their potential and provide a Customer Experience which truly differentiates them from the competition.

If you would like to discover more about our Customer Experience services please contact one of our specialists below:

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We look forward to working with you.