



Key considerations for building  
an inclusive **Digital Banking  
Experience** fit for the Future

*Rob McElroy, CEO, Sopra Steria Financial Services*

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# Introduction

**Digital is a considerable driver for change in Financial Services. One of the biggest challenges facing the sector is building a digital experience that is accessible, inclusive and responds to the needs and personal circumstances of individual customers.**

Prior to the pandemic, many financial service providers struggled to drive digital uptake across all their customer segments. However, since Covid-19 forced out face-to-face interactions, customers have had no choice but to grapple with the digital solutions replacing them. Understandably, most financial service providers adopted a 'one-size-fits-all' approach to the digital customer journey because of the urgency to provide services to their customers. For many of these customers, these digital solutions will not be fit for purpose in the long term. As the world begins to return to normality the rate of digital adoption is expected to fluctuate based on individual customer needs at different times/moments in their lives.

Financial service providers continue to develop a service that is '*digitally excellent*', but are currently unable to better identify and adapt at pace to the individual needs and circumstances of their customers. The sector must continue to incorporate a hybrid approach to their service enabling customers to speak to a human at any time of their choosing throughout the digital journey. For many customers, a digital journey may never be appropriate.

## So what do we mean by this?

*The FCA Guidance report on Treating Customers Fairly published in February this year estimates a staggering 27.7m adults in the UK were displaying characteristics of financial vulnerability during the pandemic. The finalised guidance from the FCA on the fair treatment of vulnerable customers requires that all providers must consider whether a customer is in, or about to be a vulnerable situation and respond appropriately, ensuring that each customer has the opportunity of a good and fair outcome.*



# Identifying customers in vulnerable situations

**The hardest part is in identifying the characteristics, or reasons why, a customer may be in, or about to be in a vulnerable situation. A specific situation may make one customer vulnerable, but not necessarily another.**

For example, two separate customers with the same level of affordability applying for a mortgage may require different repayment terms based on the regularity of their income. One customer is paid regularly on the first of every month, whereas the other is paid every six weeks. The second customer may find themselves in a vulnerable situation due to the misalignment in the timing between their income versus their outgoings. This may present a risk of harm to the second customer, and as a result the mortgage provider must either adapt their service to offer solutions such as offering flexible repayment dates, or build in a service which offers a *'floating cash buffer'* to protect against late payments.

**It is important to not only understand the specifics of a situation but also the context surrounding the situation for each individual customer.**

An experienced colleague in a call centre will be able to identify when a customer is in a vulnerable situation and engage appropriately around the sensitive topic. The colleague has the ability to make certain judgements around the needs of the customer and adapt the service accordingly. This becomes a lot more difficult in a digital environment.

**The FCA has defined four key areas of vulnerability, across which careful consideration must be applied for each individual customer. These include a customer's resilience, their capability, their financial and health-wellbeing, and whether there are any life events that must be taken into account.**







**There are two ways organisations can work to build up an overview of a customer’s vulnerability characteristics in a digital environment.**

Firstly by asking them directly through the digital journey to self-identify whether they have personal circumstances which may indicate they have the characteristics of being in a vulnerable situation. Some characteristics can be more obvious than others, for example a recent death in the family or job loss will represent a life event which put the customer in a vulnerable situation. Other characteristics might need additional consideration, for example where a customer has admitted to not fully understanding the key features of a product or are first time borrowers. This may suggest that they have a lower resilience or capability and should be presented with additional support and education to mitigate against a potential vulnerability.

The second area is data. Data is another way to identify when a customer has characteristics of vulnerability and can also be used to predict future potential risk of harm. As an example, transactional data from open banking can provide insight into a customer’s spending patterns and warn them against late payments, or expensive overdrafts. At an aggregated view, data could identify a provider’s customer base with low-income households and therefore potentially at risk of suffering from poverty premiums.

**Once providers have a deeper understanding of the individual characteristics surrounding their customer’s personal situation they can adapt their products and services to provide a suitable, fair and good outcome for each customer.**



# Where should financial service providers start to ensure an inclusive experience?

How can banks and building societies create this inclusive digital banking experience ready for the future? Here are five key considerations:



## Understanding customer diversity

Providers need to take the time to really get to know their customers and identify how they interact with their services. It is no longer good enough to apply blanket personas across a specific age group or demographic. Each customer's needs and personal preferences must be considered in isolation and in turn presented with a service that meets their specific circumstances.



## Provide any-help, any-way, any-time

Providers must be able to support and present the same information via in person, mobile, and online channels allowing customers to pick a support mechanism, format and time that suits them best. Banks should take a proactive, preventative approach and adopt the attitude that if the customer asks for information, it is probably too late.



## Inclusive design

Banks need to make sure products and services are open to all customers, regardless of age, disability, background, or intellect. This will ensure everyone can receive the same positive outcomes across any channel they choose to interact with.





## Accessibility

Digital has provided increased access to products, services and support to many customers, but at the same time introduced new ways to exclude others. What was a positive move to a cashless society has given rise to a large community of vulnerable customers who now find themselves financially excluded. Algorithms in digital journeys and online decisioning tools can lead to providers inadvertently excluding others from certain products or presenting higher lending terms. Financial service providers need to review their ethical principles and identify where potential biases may exist. The more banks understand about their individual customers, the more they can measure the impact of their accessibility policies, and will be able to uncover whether a product or service is truly accessible via digital, phone or in person channels.



## Building community and leveraging the SME/FinTech market

Banks and Building Societies who are open to collaboration and building their eco-system of partners are able to present digital tools or micro-services to certain customer groups and offer a more rounded, specific service offering to meet their needs and engage at the appropriate level. This can avoid a one-size-fits-all approach and means that the service and product offering can evolve over time in parallel to the customer's individual needs.



# Final thoughts

For much of the population, the pandemic has caused significant concern around personal health, emotional and financial well-being. Moving forward an incremental approach to improving accessibility to products and services combined with a supportive partner ecosystem should be adopted. This will enable customer experience to become better over time and consider the different digital adoption needs of individual customers.

***Ultimately, those banks and building societies who take the time today to examine their customer base and think about how they can deliver true personalised customer journeys aligned to their digital banking ambitions will find they are well placed for the future.***





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## More Information

At Sopra Steria we provide a bespoke range of Consulting, IT and Business Process Outsourcing services to Public and Private Sector organisations across the UK.

**For more information on the customer experience and technology services we provide to Banks and Building Societies please contact us or visit us at the details below:**

**E:** [pscomms@soprasteria.com](mailto:pscomms@soprasteria.com)

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**We look forward to working with you.**