

WHITEPAPER

Putting the right Business Transformation Strategy in place for Redress



The world is how we shape it

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Introduction

The role and expectations of the Financial Services industry in society has fundamentally shifted over the last decade with an increased focus on consumer protection, corporate culture and ethical decisioning.

This has been driven through a combination of increased regulatory scrutiny, changes to consumer behaviours and the need to adapt traditional business models as a result of the digital technology revolution currently taking place.

Key to success in this new and complex landscape is embedding a data-driven operating model that drives ethical decision-making, individual accountability and the consistent delivery of fair consumer outcomes. In practice this continues to be a genuine challenge for the Financial Services industry. Especially when applying this to customer redress which cost the UK Financial Services industry £4.8bn in 2018 according to the FCA.

Delivering customer redress effectively is far from easy. A successful redress programme requires a high level of practical and tangible experience to enable organisations to be able to effectively foresee and navigate these challenges.

In this paper Sopra Steria's consultancy experts discuss how you can put the right business transformation strategy in place to ensure the effective delivery of customer redress. The suggestions made and processes identified will help banks, building societies and insurance organisations to deliver the right redress programme outcomes for their businesses and the customers they serve.



Understanding redress challenges and their business impact

The creation of customer redress programmes has become a prevalent feature of a regulatory regime that has placed conduct issues at its core.

Political pressures, regulatory demands, public scrutiny and the many claims management companies have made sure redress will be a focus for the foreseeable future for financial institutions. At Sopra Steria it is evident to us that the customer redress function often struggles to keep costs contained, utilise its skilled resources as effectively as they can be, make informed decisions quickly, and simplify what can often be a 'traditional' and inflexible process.

Recent reviews of these programmes which have included pension switching, interest rate hedging products, ensuring the fair treatment of customers in arrears, payday lending and Payment Protection Insurance (PPI), have not delivered successfully on time or budget. The knock-on effect of this has seen costs spiralling, with redress and operational costs amounting to billions of pounds.

Some of the most significant challenges that redress programmes have faced include poor data access and quality, communication with customers who have been affected, and how to manage an end to end redress programme of work when legacy IT systems are involved. Quite often these challenges are exacerbated as many financial services organisations do not have a joined up view of their customers. By not being able to access customer journeys, create personas or carry out operational reviews with the right data and analytics tools on current data sets, the delivery of optimal redress programme performance is significantly diminished.

Additionally, the lack of agility and flexibility combined with an inability to scale and execute at pace in current redress programmes, means many existing operating models which have been put in place for redress are simply not fit for purpose, as demonstrated by the PPI crisis.

Only by building a culture of continuous improvement, can a redress Centre of Excellence be built where the optimal processes, training materials, and subject matter experts can be aligned into Business As Usual processes.

Our Approach

At Sopra Steria we understand each customer redress programme will be different and have a range of changing requirements.

Key to success is establishing a redress Centre of Excellence which is integrated within your Business As Usual operating model. We can help you examine your existing redress function and re-imagine, shape, and run the underpinning operating model.

Leading with a business transformation mind-set from the outset is crucial. Business Transformation can present a seismic shift in the way that a business operates. Essentially it stems from an organisation's need to make significant changes to its underlying processes, culture and ways of working.

This transformation can occur over an entire organisation or across defined parts within it. Our approach to facilitating this activity is absolutely critical to ensure that any change is delivered successfully from the view of the business, employees and customers.

First of all we make sure activities in the redress programme are aligned to three key areas;

- Processes
- People and Organisation
- Technology and Digital

whilst always ensuring an overarching customer lens is applied.

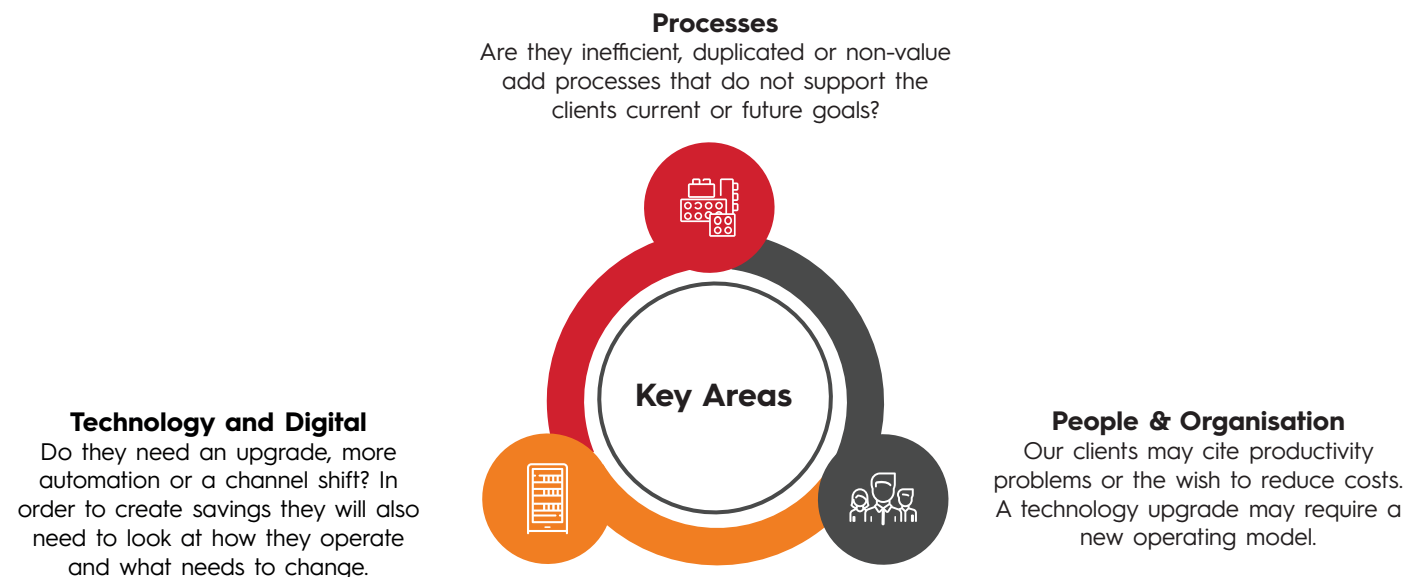


Figure 1 - Making sure activities in the redress programme are aligned to the business

We then create a Business Change Programme and governance model comprising of customer redress departmental change champions, Sopra Steria change consultants and key stakeholders from across your business functions. Our end to end delivery approach is underpinned by robust delivery, communication, governance and change management methodologies and frameworks to ensure success.

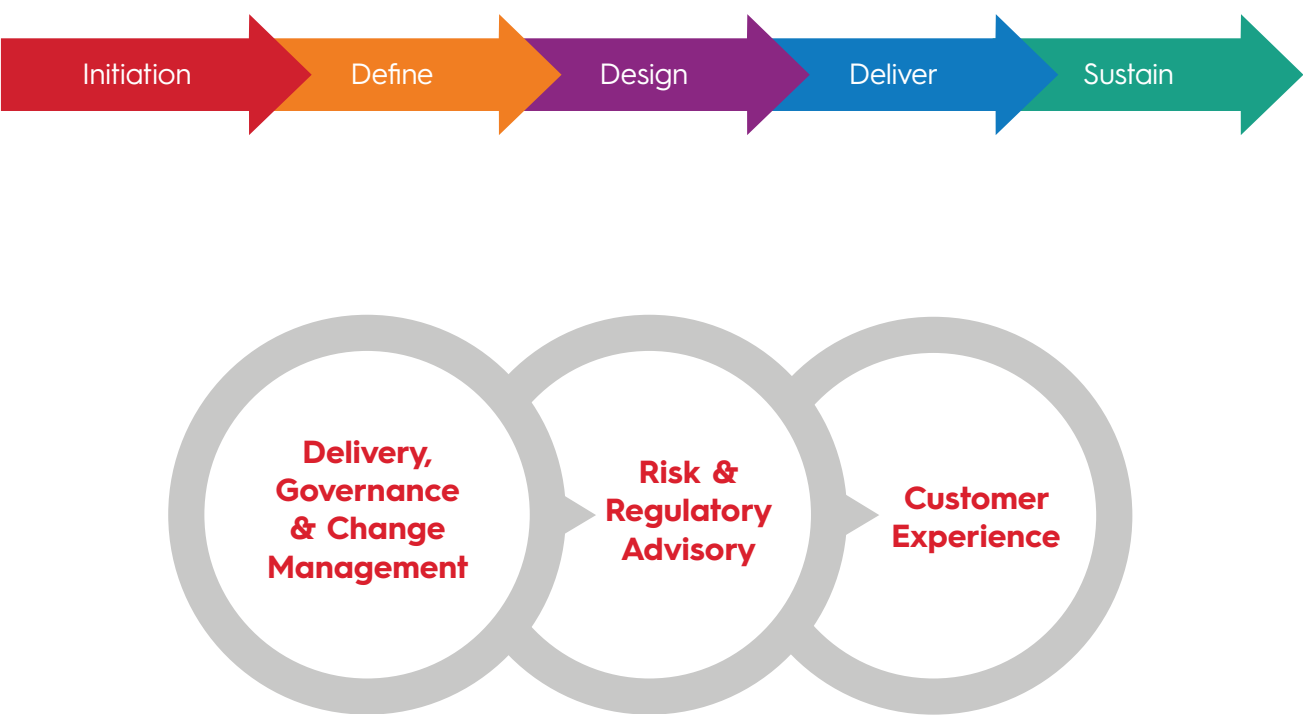


Figure 2 – Suggested business change programme and governance approach

During initiation and discovery, we will undertake a current state analysis of key processes and operating models and work with our clients to identify high impact areas that can speed up customer redress delivery. A key outcome of this initial activity is to define and agree a shared ambition which has been translated into clearly defined success criteria and key performance indicators (KPI's) for the redress portfolio/programme which is underpinned by a robust benefits management approach, customer experience strategy and customer redress design principles.

Design Phase

Creating the right customer redress process, programme and team for each area of work will underpin redress success.

Many redress teams only plan for the present, where in actual fact a future state view, supported by a change strategy, with prioritised scenarios for each area/team is required.

Once the process, programmes of work identified and desired team is in place a detailed change delivery/roll-out programme of work needs to be created, including realigning and building new processes using automation where applicable, communications plans ensuring engagement throughout, and change readiness assessments to identify sources of resistance. By creating a change impact assessment to determine the impact on the user community and ways of working managers of redress programmes can design a target operating model that aligns with the business vision and outcomes.

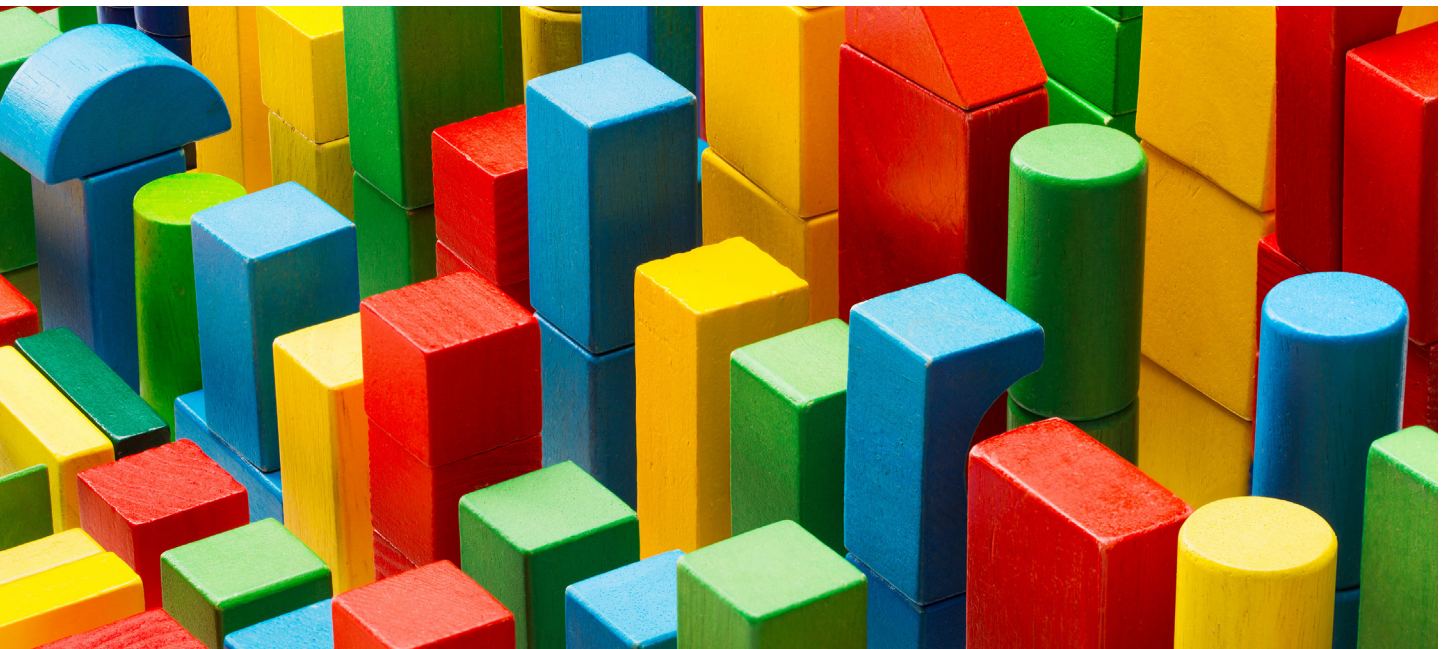
When designing your redress Centre of Excellence for every principle, framework or process you should always ask yourself the question – “What does this mean for my customers?”

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At Sopra Steria we firmly believe in embedding customer centricity in design and bringing our practical experience to bear to help mitigate the common customer pain points.

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This impacts all aspects of customer redress from the design principles within the portfolio through to the execution of a payment for an individual customer. This approach not only enables you to future proof your business from future redress, ultimately it can act as an enabler for growth through deepening client relationships.



Deliver Phase

During delivery it is critical that organisations “right size” their customer redress delivery capability and embed a flexible resourcing model.

In practice this will always be a blended team of internal resources, contractors and consultants. However, the key is to make sure that the core team is built using predominantly internal resource as ultimately the business is accountable.

Subject Matter Experts (SME's) - legal, consultancy, regulatory compliance need to be available at short notice and by establishing an advisory panel early on made up of 2/3 suppliers for each capability area can help mitigate procurement delays and instil a sense of “healthy competition”.

A common mistake is to stand down the delivery engine programme / project managers, file reviewers, Data and Analytics resource in periods of down time. The key is to enable an “on-demand” approach which can be achieved by integrating this resource within your BAU delivery teams. This agility in design should also be brought into the operational execution to enable effective delivery across multiple programmes and to optimise the use of resources and skills.

Sustain Phase

Successful redress programmes are not simply those that deliver on time, to budget and to the desired quality.

One of the most important outcomes of a customer redress programme is that the organisation learns from the mistakes of the past and puts in place measures to ensure this does not reoccur.

At Sopra Steria we support our clients to achieve this through building a proactive risk control framework. This horizon scanning through enhancing our client's KRIs, whole-system root cause analysis capability and risk modelling & reporting.

Benefits from using Sopra Steria Business Transformation services for redress

- Enhance delivery flexibility, agility and ability to scale at pace
- Improve data quality and access
- Put in place robust governance, decisioning, auditability and risk controls
- Embed horizon-scanning/early warning into risk controls
- Improve customer outcomes through use of data and analytics, automation and intelligent decisioning
- Enhance risk modelling and measurement for improved auditability
- Deliver consistent optimised customer outcomes
- Embed customer-focused design principles in end-to-end delivery
- Use of customer insight-driven decisioning and lessons learned



Why Sopra Steria?

1. **We have lived and breathed redress** – our customers value our experience, they welcome our ability to inject real-life insight, and recognise we have lived through similar pain points to themselves.
2. **We know how to simplify and automate your existing business** – Business Transformation and Change is what we do. Supporting clients to grow and remain relevant is our mission.
3. **We see pace and value as inseparable** – investments realised quickly and often lead to rapid adoption, value at scale, and outcome industrialisation.
4. **We are valued technology partners** – whether software Robots or emerging technology such as Machine Learning or Intelligent Analytics, we partner with the best in the market.
5. **We support and empower** – Our clients appreciate a long-term partner ethos and desire to hand back knowledge and ability to them.



Conclusion

Without the correct approach, successfully delivering business transformation into redress programmes can be a challenge. At Sopra Steria we have the experience and expertise to support, drive and guide your business transformation activity from point of initiation through to transition to Business as Usual.

At Sopra Steria, we offer a combined team of experienced regulatory experts with a focus on Transformation. They have experience of providing independent oversight and challenge to a firm's redress programme, helping to ensure that it is delivered efficiently, to regulatory deadlines and standards and that customers are treated fairly.

Our approach and areas of focus around redress such as the delivery, governance and change management, risk and regulatory advisory and customer experience elements work hand in hand to ensure success.

The question remains, can you afford to carry on with the way you are doing redress or is it time for a change in approach?

For more information about redress best practices and how Sopra Steria can help your financial services organisation achieve its redress objectives please email PSComms@soprasteria.com and one of our redress experts will be in touch.