

CAPCO

MANAGING COMPLAINTS:

ONE OF THE PILLARS OF IMPROVED CUSTOMER EXPERIENCE



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*Listen to the customer's complaint
— and act fast*

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— Sir Richard Branson is the founder of the Virgin Group

More customers of all types are turning to digital platforms as the primary way to interact with their bank. Banking's digital adoption has increased **35-50%**, while branch traffic has dropped by more than **30%**. Further, banks have long held loosely structured “systems” for recognizing and responding to complaints from specific channels — in-branch and via contact center. While these systems may be effective with small complaint volumes, the shift of interactions to digital channels has left many banks needing process improvements to ensure timely resolution of issues raised via digital channels.

In this competitive world of financial services — one that is focused on customer experience more and more-- inaction on complaints works against foundational banking strategy. Inaction due to layered organizational design to receive, ineffective internal systems to handle, not lack of resourcing to field are not considerations customers care about. They expect their feedback to land, matter, and be resolved.

Regulators, too, are zeroing in on customer complaints as a measure of service integrity offered by banks through a myriad of channels. Truly, the key agencies in government are watching — and comparing — banks' service levels with a keen eye to enforcement action. Unlike many banks, regulators have embraced the online channel for collecting, recording, and reporting complaints. Indeed, the regulator's “scorecard” is built upon complaint data, and complaint data is a regulator's most rapid and powerful tool to prioritize action.

Is now the time to fortify your complaint tracking and resolution efforts? We believe it is. The value proposition for implementing

a complaint tracking and resolution function exhibits a solid ROI and a substantial risk-avoidance factor. Aside from the direct cost reduction tied to resolving complaints before they become matters for regulators, robust complaint analytics are a critical means to monitor trends in consumer sentiment and root out products or processes are unsatisfactory in their present state.

HOW TO DRIVE CHANGE

Anchor on customer experience — We recommend considering three components to simply anchor a complaints management program around the customer:

- **Recognition** of the complaint, especially through digital channels, should be a priority.
- **Routing** content to SMEs ensures the appropriate response is generated.
- **Resolution** should be well documented and tracked, whether the complaint originated via the CFPB or the Main Street branch.

Apply best practices to the unique setting which exists.

Capco's experience shows most clients manage and approach complaints in custom ways given the shift in siloed business practices coupled with the emergence of digital banking capabilities. Whether centralized, decentralized, handled by the first line, or a dedicated team, tactics vary. Best practices do apply regardless of the current state. Navigating these prominent hurdles help move a bank up the maturity scale:

First is defining an enterprise-level complaint strategy: a framework that aligns the relevant stakeholders, governance, and tactical approach may hinder even the most customer-oriented team. A solid strategy solves for alignment with the bank's broader initiatives. An example: supporting limited English proficiency as part of your customer service scheme not only improves customer experience, but also demonstrates a proactive approach to evolving regulatory guidance.

Second, aligning key stakeholders (business, technology, operations, legal, compliance, etc.) to solutions and identifying gaps which take significant effort to close. Unaddressed, the

gaps become taxing on your complaint team and lead to attrition and slower response times. Further, the bank's shift to digital interactions with customers is often not well supported by back-office facilities. The bank is hindered to respond quickly when the same digital channels produce complaints at volume. Keeping pace with government and competitive initiatives are accelerating the need to take action to address gaps.

Third, collaborate with data and technology partners within the organization. Collection, interpretation, and dissemination of information underpins the complaint management process.

Complaint research and resolution requires not only coordination with bank personnel, but the multitude of systems that support various products and lines of business. Each bank's ensemble of solutions differs greatly, but what is universal is the need for each organization to be tactical in its understanding of what data is needed to support the resolution of complaints, as well as what complaint process meta-data is needed to inform the bank's risk remediation efforts.

Root-cause analysis opportunities are also a welcomed by-product of efficient complaint management schemes. When any one product originates an outsized number of complaints, it reveals fallacies causing customers to fret. Likewise, any policy changes that generate a fair amount of angst should be examined. An example here is the imposition of a new paper statement fee where none had existed before.

Automation creates operational efficiencies and corresponding cost reduction. Many banks already have the tools to create an end-to-end process largely augmented by workflow software, document capture utilities, as well as government risk and controls (GRC) suites favoured by compliance teams. **Yet, integration is needed** – connections and data exchange dictated by documented workflows to capture and resolve complaints efficiently are not currently functioning on an end-to-end basis. And mature organizations make this connection into their GRC (Governance, Risk Management and Compliance) systems suited to document outcomes and reporting to regulators on an individual complaint basis.

Lastly, **extensibility** of any complaint management program must incorporate multiple components to serve customers well. This typically begins with customizations to software tools already in use (to create a "behind the firewall" program across **all** channels). Complaints resolved via empowerment closer to the customer interaction point are more likely to satisfy. Those that need extensive review and approvals tend to disappoint customers.

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A complaint is a unique opportunity to strengthen the relationship with the client.

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– Kevin Kelly is author of DO! The Pursuit of Xceptional Execution

In the current environment, banks are wise to focus resources and efforts on modernizing their complaints management function. The business case is compelling, customers expect it, and competition is acting to create an edge in the marketplace. When regulators come knocking, it's best to have progress underway which logically aligns to how they are seeing the environment, too. Ramifications of inaction will likely go beyond customer attrition risk, to tangible punitive financial risk.

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ABOUT CAPCO

Capco is a global technology and management consultancy dedicated to the financial services industry. Our professionals combine innovative thinking with unrivalled industry knowledge to offer our clients consulting expertise, complex technology and package integration, transformation delivery, and managed services, to move their organizations forward.

Through our collaborative and efficient approach, we help our clients successfully innovate, increase revenue, manage risk and regulatory change, reduce costs, and enhance controls. We specialize primarily in banking, capital markets, wealth and asset management and insurance. We also have an energy consulting practice in the US. We serve our clients from offices in leading financial centers across the Americas, Europe, and Asia Pacific.

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