



# Complaints

**Prevention is better than cure**

20 November 2019



# Welcome

**Dwayne Price**  
**Partner, Grant Thornton**

# Today's Agenda

- Opening remarks and welcome
- Towards a consumer-focused culture in financial services – Best practice insights
- Complaints: The opportunity. Redefining the operating model and making better use of data analytics
- Complaints: What are we missing? A Behavioural economics view
- Questions and answers

# Today's Panel



Gráinne McEvoy  
Director of Consumer Protection  
Central Bank of Ireland



Brian O'Dwyer  
Head of Financial Services Consulting  
Grant Thornton Ireland



Paul Willis  
Head of Insight & Peer Analysis  
Grant Thornton UK



Mark Molloy  
Behavioural Economist  
Behavioural Works



Towards a  
Consumer-focused  
Culture in Financial  
Services – Best  
Practice Insights



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem



## Towards a Consumer-focused Culture in Financial Services – Best Practice Insights

Gráinne McEvoy, Director of Consumer Protection, 20 November 2019

## It's a Wonderful Life!

George Bailey uses savings earmarked for his honeymoon to keep his bank solvent. He wants to protect his depositors and keep the bank afloat so he can continue to fund home ownership in his home town



James Stewart And Donna Reed in 'It's A Wonderful Life.' Source Getty Images



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# Sectoral Risk Analysis

## Wealth of Information

- Our supervisory work
- Analysis of consumer data
- Market research and analysis
- European/international developments
- Advice from Consumer Advisory Group
- Stakeholder engagement

## New This Year - Meet the Boss



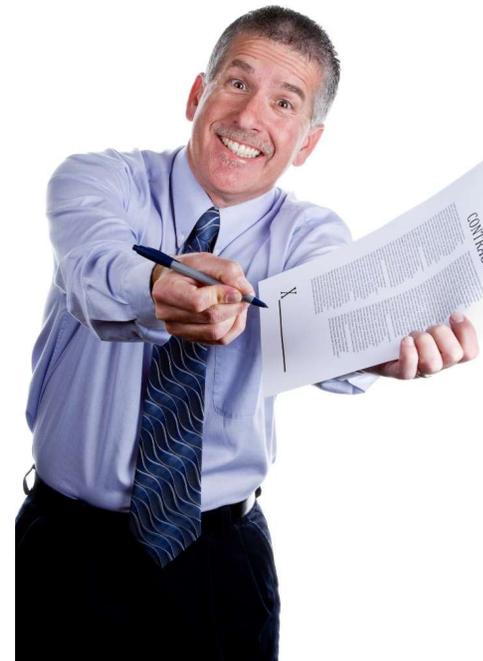
Central Bank consumer engagement session 2019.



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## Priority Risks 2019-2020

- Brexit risks if UK firms can't honour commitments to Irish consumers
- Ineffective disclosure to consumers
- Poor information technology and cyber risk management
- Irresponsible unsecured lending
- Poor governance/oversight of outsourcing
- A lack of a consumer focused culture



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## Getting the Culture Right- Some Examples

- Firms have a set of values and behaviours that clearly articulate the intended culture
- Leadership team is visible in championing the desired values and conduct
- Accountability for consumer protection at board/committee/individual level
- Promotion/remuneration designed to encourage employees to be consumer-focused
- Employees are not assessed on short-term performance and financial metrics only
- Disciplinary processes promote behaviour consistent with the firm's values
- Robust 'speaking up' policies an important aspect of an effective culture
- Find out more in our [Consumer Protection Risk Assessment Guide](#) on our website



## Promoting a Culture of Transparency in Insurance

**Consumers to benefit from new insurance transparency rules**  
01 November 2019 • Press Release



- Enhanced measures increase transparency of information provided to customers.
- Insurers must provide more information on renewal of motor insurance, including the premium paid in the previous year.
- Renewal notification period increased to give policyholders more time to consider options.

New rules being introduced by the Central Bank today mean that insurers must now provide their customers with more information when renewing their motor insurance policies. The measures provide greater transparency to customers and will help them to make a more informed decision when purchasing insurance.

22 November 2018

**Re: Thematic Inspection of Gadget Insurance**

Dear CEO,

The Central Bank of Ireland (the "Central Bank") has today published the findings of its thematic inspection of the sale of gadget insurance. Gadget insurance was identified as a priority risk for a number of factors, but most notably as it is generally sold as an add-on when buying a new mobile phone. Consumers often agree to add-on insurance at the point of sale due to emotional and situational factors that can prompt decision fatigue. This limits a consumer's ability to fully understand the terms and conditions, e.g. if an excess applies, and the overall cost of the insurance<sup>1</sup>.

**Scope**  
The thematic inspection examined the manufacturing and distribution of gadget

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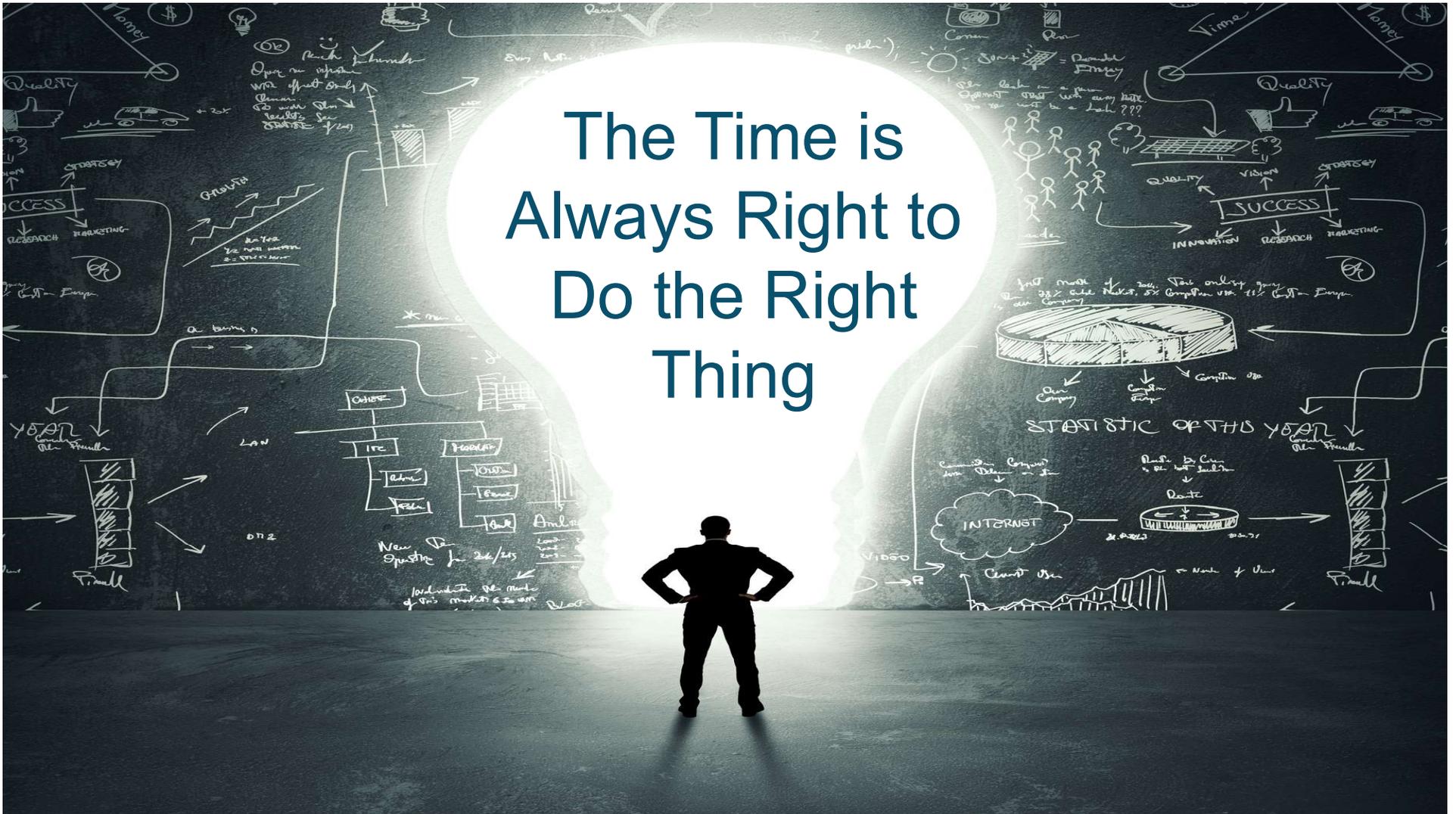
Eurosystem

## Individual Accountability is Key to Culture Reform

- Clear and Enforceable Conduct Standards
  - Acting with honesty, integrity, due skill, care and diligence
- A Senior Executive Accountability Regime
  - Firms and senior management to set out where responsibility and decision-making lies
- Enhancements to the Fitness & Probity Regime
  - Onus on firms to proactively assess people taking up certain senior positions
- A Unified Enforcement Process
- We are actively engaged with the Department of Finance on the scope and development of these provisions

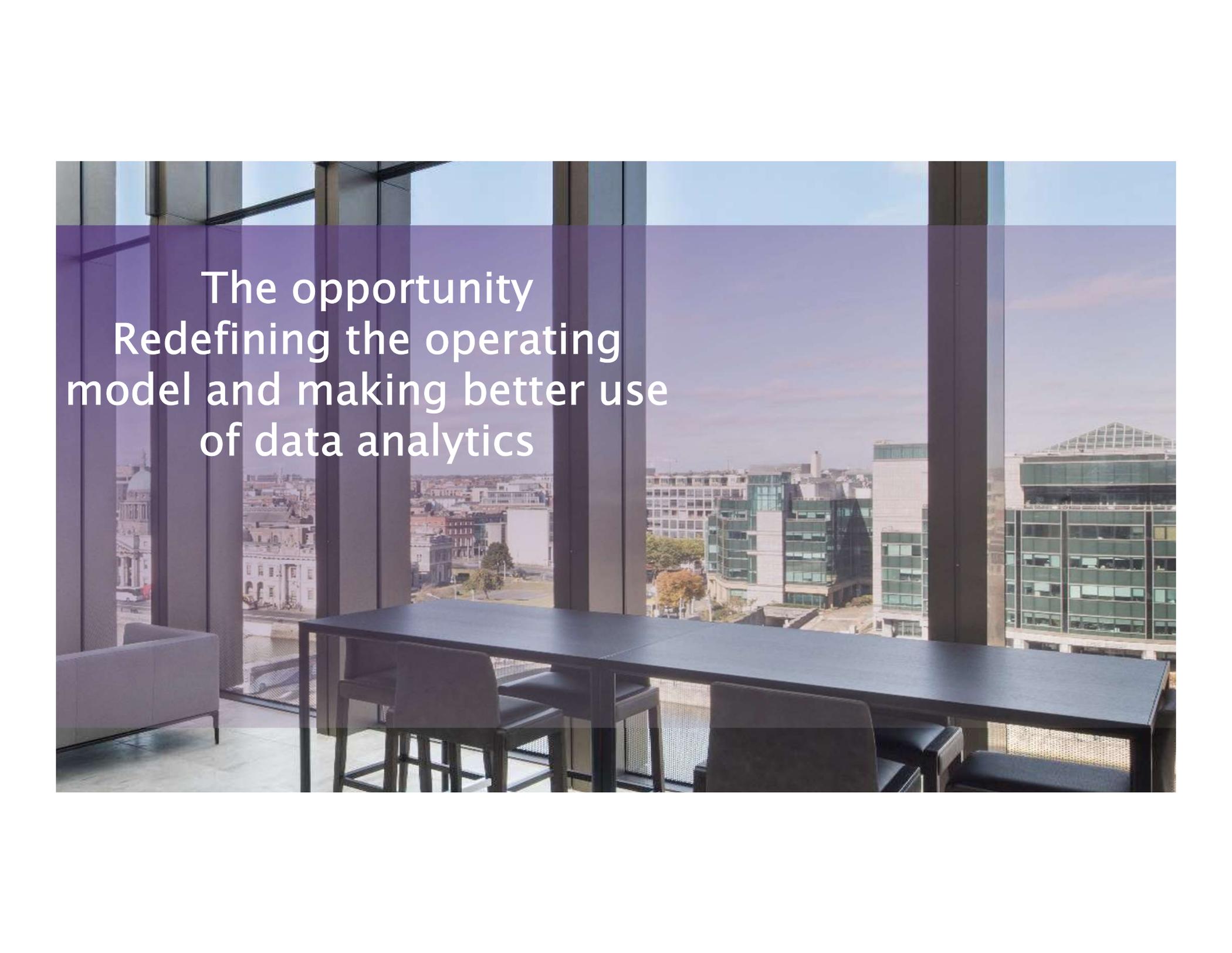


The Time is  
Always Right to  
Do the Right  
Thing



**Brian O'Dwyer**

**Head of Financial Services Consulting  
Grant Thornton**

A photograph of a modern office interior. In the foreground, there is a long, dark, rectangular table with several black chairs tucked under it. To the left, a portion of a grey sofa is visible. The background is dominated by large floor-to-ceiling windows that offer a panoramic view of a city. The cityscape includes various buildings, some with glass facades, and a prominent building with a glass pyramid roof on the right. The sky is clear and blue. A semi-transparent purple rectangular overlay is positioned in the upper left quadrant of the image, containing white text.

The opportunity  
Redefining the operating  
model and making better use  
of data analytics

# Strategic drivers



## Bank Strategy & Culture

The organisation's strategy must place the customer at the centre of everything they do i.e. customer centricity is key. Strategy must acknowledge the value of customer complaints / feedback.

A proactive complaints management culture delivers considerable business benefits as future issues are uncovered and resolved before they cause reputational damage. This creates long term customer loyalty.



## Customer Expectations

Customer expectations are changing and the financial market is becoming more competitive. This puts a lot of pressure on traditional banking institutions to stay relevant in the modern world. With the rise of the Fintech sector and now also Techfin, Pillar Banks need to listen and respond to consumer demands.

# Complaints management

## Three building blocks

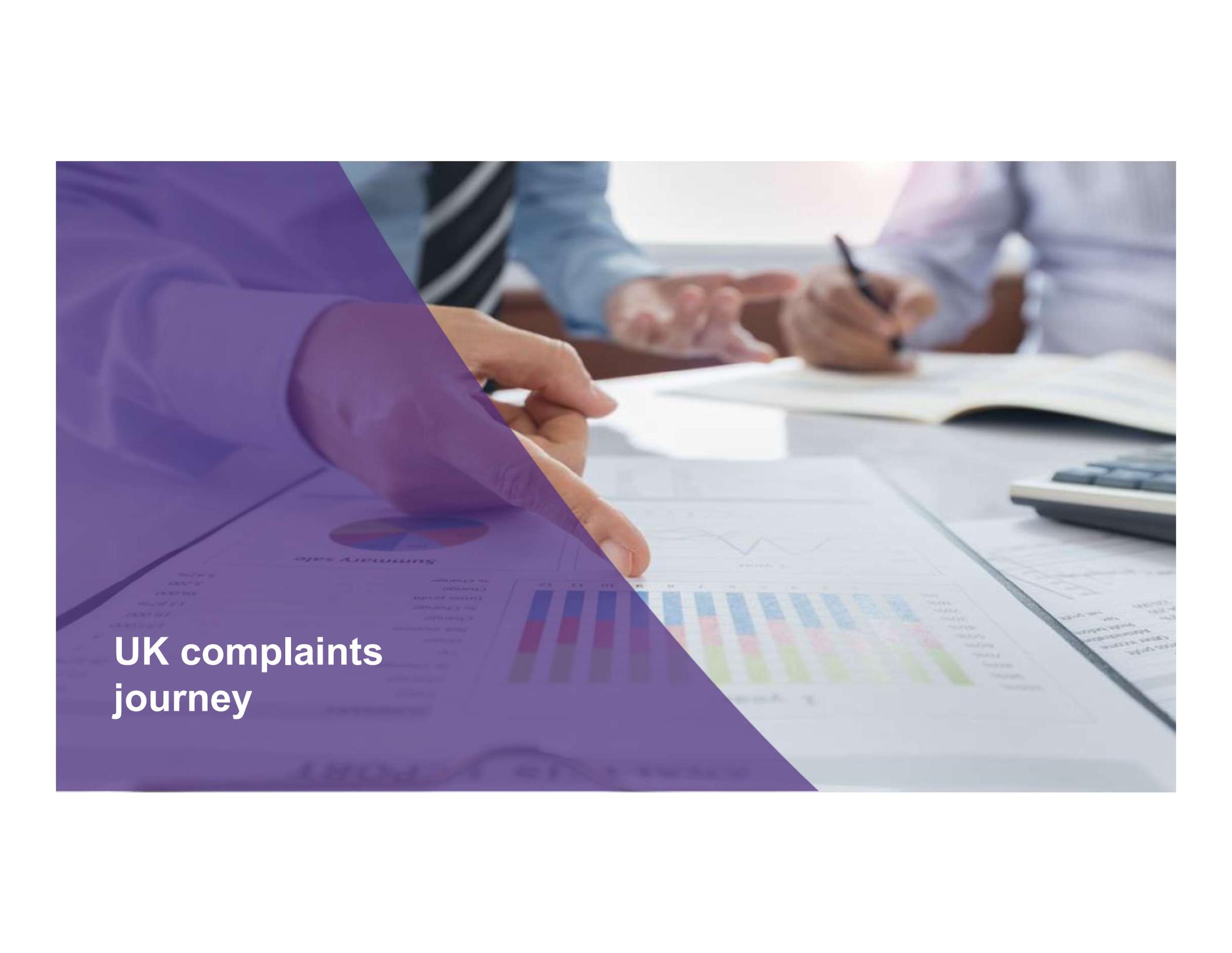
*“On too many serious issues - such as tracker mortgages, non-performing loans, some Brexit preparedness issues - the Central Bank has had to push too many retail banks too hard over too long to actually put your customers first”*

Ed Sibley, Deputy Governor, Prudential Regulation, Central Bank of Ireland – November 2019



**Paul Willis**

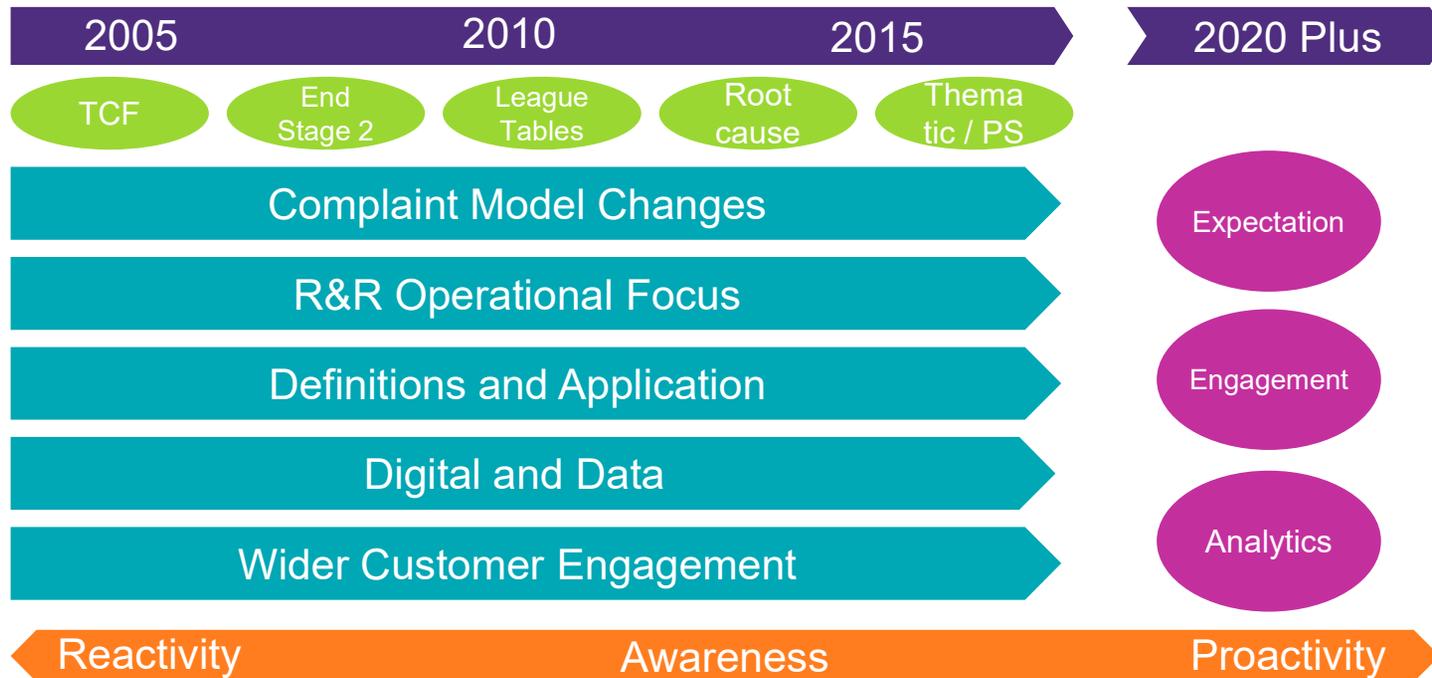
**Head of Insights & Peer Analysis  
Grant Thornton**

A photograph of a business meeting. In the foreground, a person's hand in a purple sleeve points to a document with various charts, including a pie chart and a bar chart. In the background, other people are seated at a table, one holding a pen and another gesturing. The scene is brightly lit, suggesting a window in the background. A purple diagonal overlay covers the bottom-left portion of the image.

# UK complaints journey

# UK complaint journey

## The road to prevention



# Customer expectation has risen

## In 2019 the 'experience' provided fell

Customer Loyalty & Experience (CLIX)



4 years



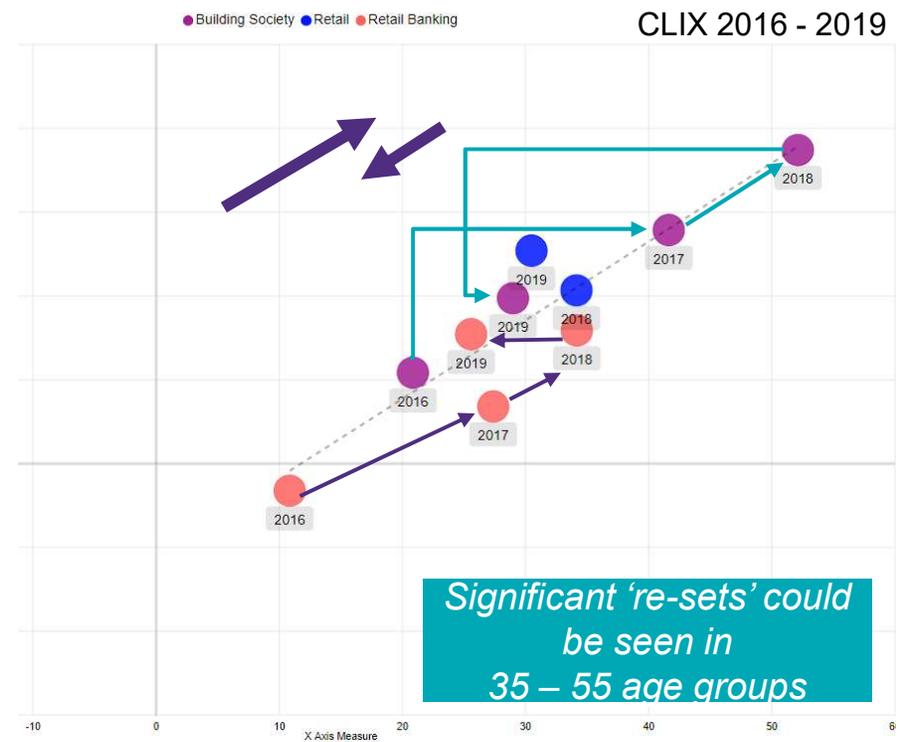
100,000 Customers



100 Brands

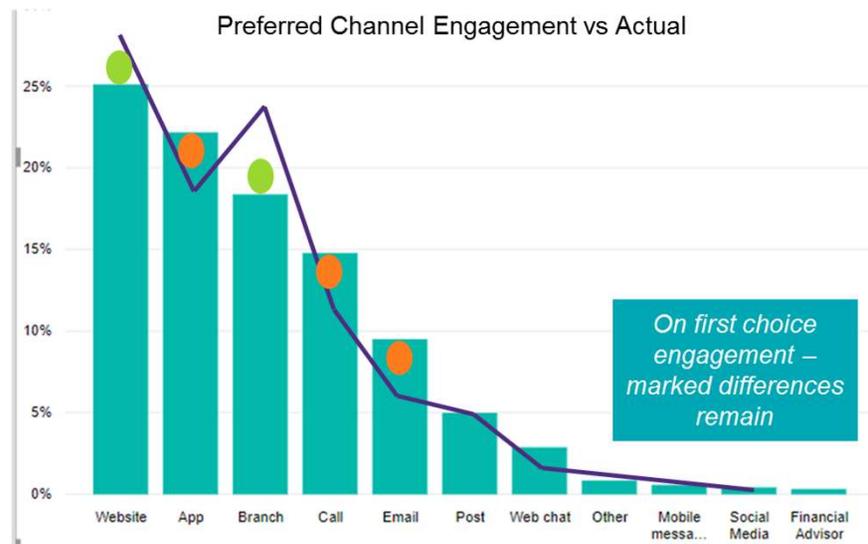
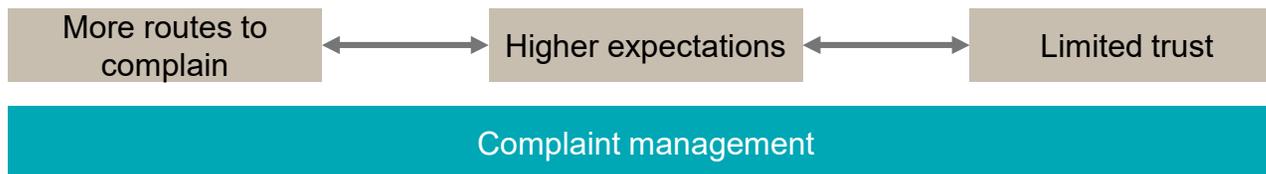


7 sectors



# Customers wish to engage differently

## Service and complaint functions must adapt



Strong evidence of success when:



Service / engagement is aligned



Complaints handling is aligned and reinforced



# Four simple questions

1. How to ensure the complaints and business models are aligned to act on insights and findings and target complaint hotspots?
2. What are the most appropriate ways to engage with your customers (and at which touch points)? – this might not fit into a traditional segmentation model
3. How can customer's expectations be managed appropriately through their complaints journey?
4. How can your data be used to stop complaints occurring at all (the Nirvana)?



**Complaints:  
What are we missing?  
A Behavioural  
Economics view**

# Complaints: what are we missing?

November 2019



Grant Thornton

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## Behavioural Works

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Mobile: +44 77 4780 2951



# Agenda

1. What is Behavioural Economics?
  2. LUAS case study - using a complaint to power a campaign
  3. MTR engagement case study
  4. Which bias might be hurting our ability to respond to complaints?
-



## What's wrong with “normal” economics?

- Assumes Strictly Rational behaviour
  - Humans always act in their own best interest, there are no issues with self control
  - Decisions take place in a vacuum - what others do is irrelevant
  - Information is persuasive
-



## Some fundamentals of BE

- We're much more similar than we want to believe
  - We all take mental shortcuts
  - We can be easily swayed or 'nudged'
  - We are highly influenced by what others are doing
-



## What BE is NOT..

- It's not about segmentation
- It's not tricking customers (it's the opposite)
- Not voodoo





## Some core concepts

- Social Proof
- Fairness (a big driver of complaints)
- Licensing



# Fare evasion – a behavioural case study

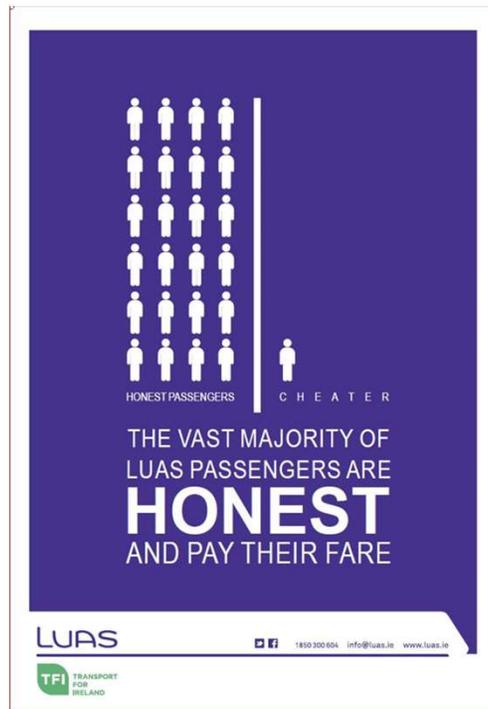




## The Solution

- 2,000 customer interviews
  - Rebrand fare evasion as “cheating”
  - Influence the public perception of frequency of cheating
-

# Social Norms campaign





Dear <FIRST NAME>,

**THE VAST MAJORITY OF PEOPLE WHO USE THE LUAS SYSTEM TRAVEL WITH A VALID TICKET. ON <DD/MM/YYYY> YOU WERE NOT ONE OF THEM.**

You were issued with a Standard Fare Notice Number <xxxxxxxx> because you failed to present a valid ticket whilst travelling on the LUAS at <TIME> on <DD/MM/YYYY>.

**What happens next depends on you**

If you do not pay your Standard Fare Notice you may be summonsed to appear at Dublin District Court. Current Bye laws allow for fines of up to **€1000** for failure to produce a valid ticket while travelling on the LUAS system.

The Standard Fare Notice is **€100.00** but if you pay by <TIME> on <DD/MM/YYYY> LUAS will accept **€45.00**. This means that you have <XXX> days remaining to benefit from this reduced rate.

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### **What happens next depends on you**

Travelling without a valid ticket on the LUAS system is cheating and you may be summonsed to appear at Dublin District Court. Current legislation laws allow for fines of up to **€1000**. Details of the District Court that you might be required to attend are included overleaf together with a map.

You can avoid a potential court appearance as long as you pay the Standard Fare Notice of **€100**.

Details of how to pay the Standard Fare Notice can be found below.

If you fail to pay by <TIME> on <DD/MM/YYYY> we will assume that you have made an active choice to steal from LUAS and its honest paying passengers.





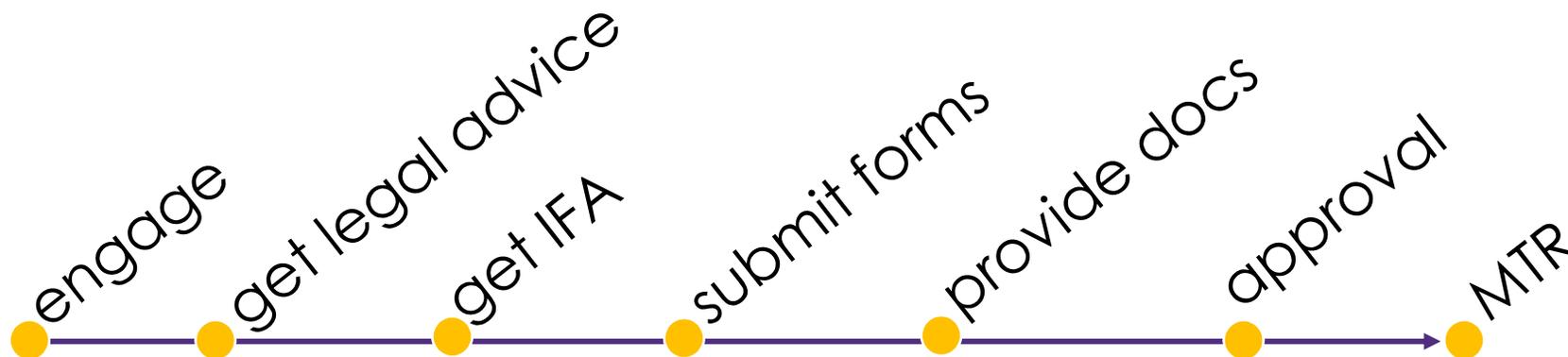
## MTR engagement for retail bank

**The challenge:**

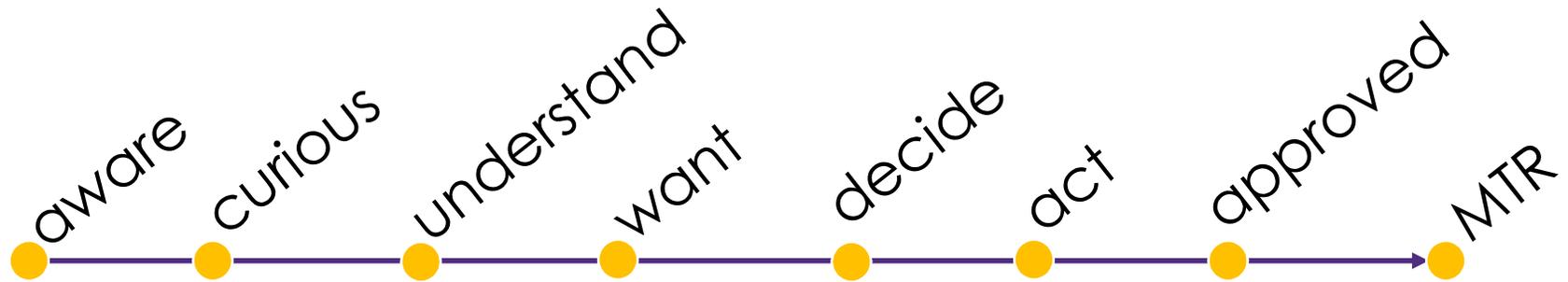
***How do we get more customers to sign up to a program that could keep them in their home?***

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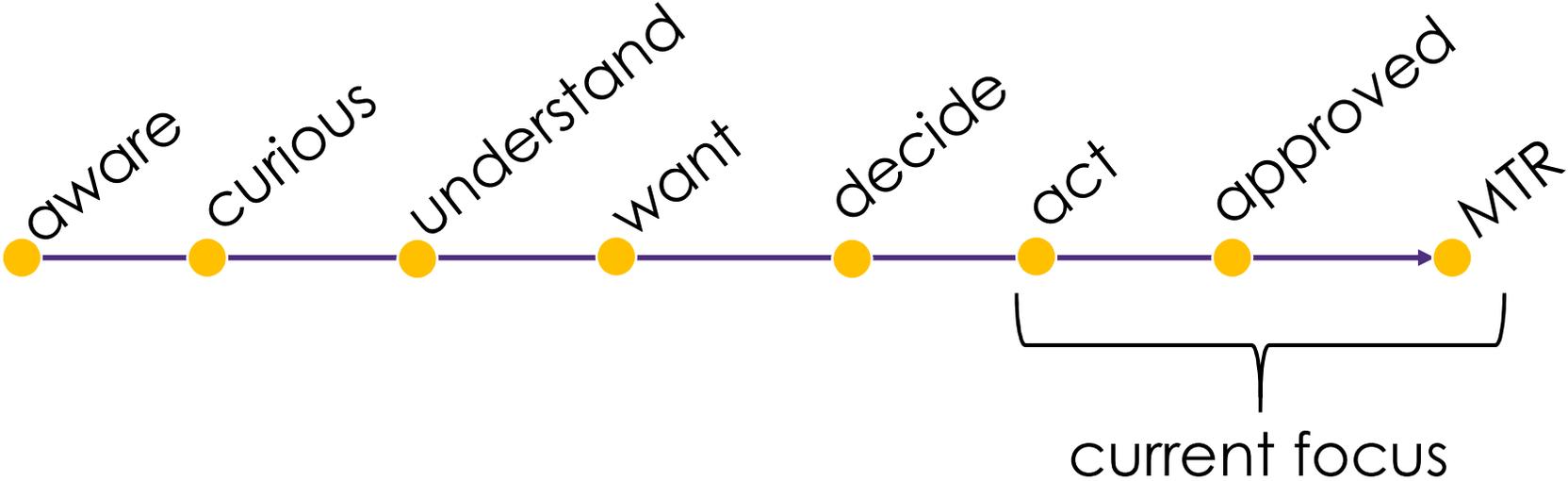
# Journey from bank perspective



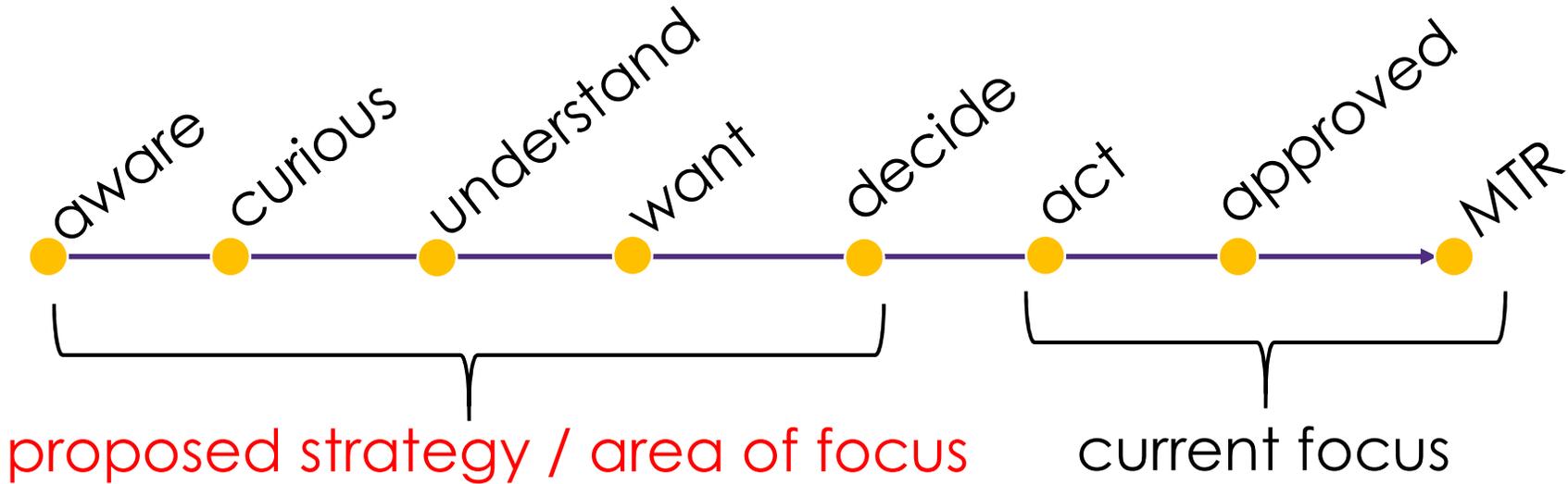
# Journey from behavioural perspective



# Journey from behavioural perspective



# Journey from behavioural perspective





## Cognitive barriers

- Bank was talking a foreign language
  - Letters were just pages and pages of regs  
(some were 16 pages long)
  - Confusion + anxiety = inaction
-



Mr Frank Sample  
10 Samples Street,  
Samples Lane  
Co Dublin

12 January 2018

Dear Frank,

We are contacting you personally as we have had an increased number of people calling us about Mortgage to Rent. This is an initiative to help customers in financial difficulty remain in their homes. As a result of the increased demand, we want to tell you about some changes we have made to make things easier:

- We listened to customers who have already successfully completed the Mortgage to Rent scheme. We used their advice to make the process easier.
- We now have in place extra staff to assist those who wish to know more.
- We have worked with the [REDACTED] who have also increased their capacity to handle Mortgage to Rent cases.

Briefly, the Mortgage to Rent scheme is a government initiative to help customers in financial difficulty remain in their homes. Our Mortgage to Rent solution now has the following main features:

- Stay in your home
- Payments you can afford
- Your mortgage debt resolved

Once we have the necessary documents, we pause your legal proceedings and appoint a dedicated person to help you. If the Mortgage to Rent scheme is not suitable for you, there are other options that we can discuss.

The options for debt resolution may be subject to change in the future. We are advising our customers to act now.

We are ready for your call, on 1800 [REDACTED] or alternatively on [REDACTED], 9am until 8pm Monday to Thursday, 9am to 6pm on Friday and 9am to 1pm on Saturday.

We look forward to hearing from you.





**What behaviours of ours are  
standing in the our way?**

**Are we talking professional-ese?**

---



“The property to which this Declaration relates is ALL THAT AND THOSE the hereditaments and premises now known as (“the premises”)”

“...aforesaid premises for the liability period”

---



Assistance

Help

Commence

Start

Enable

Let

---



Ensure

Make sure

Furthermore

Also

However

But

---



In order to

To

Obtain

Get

Provide

Give





Query

Question

Request

Ask

Require

Need

---



Resolve

Fix

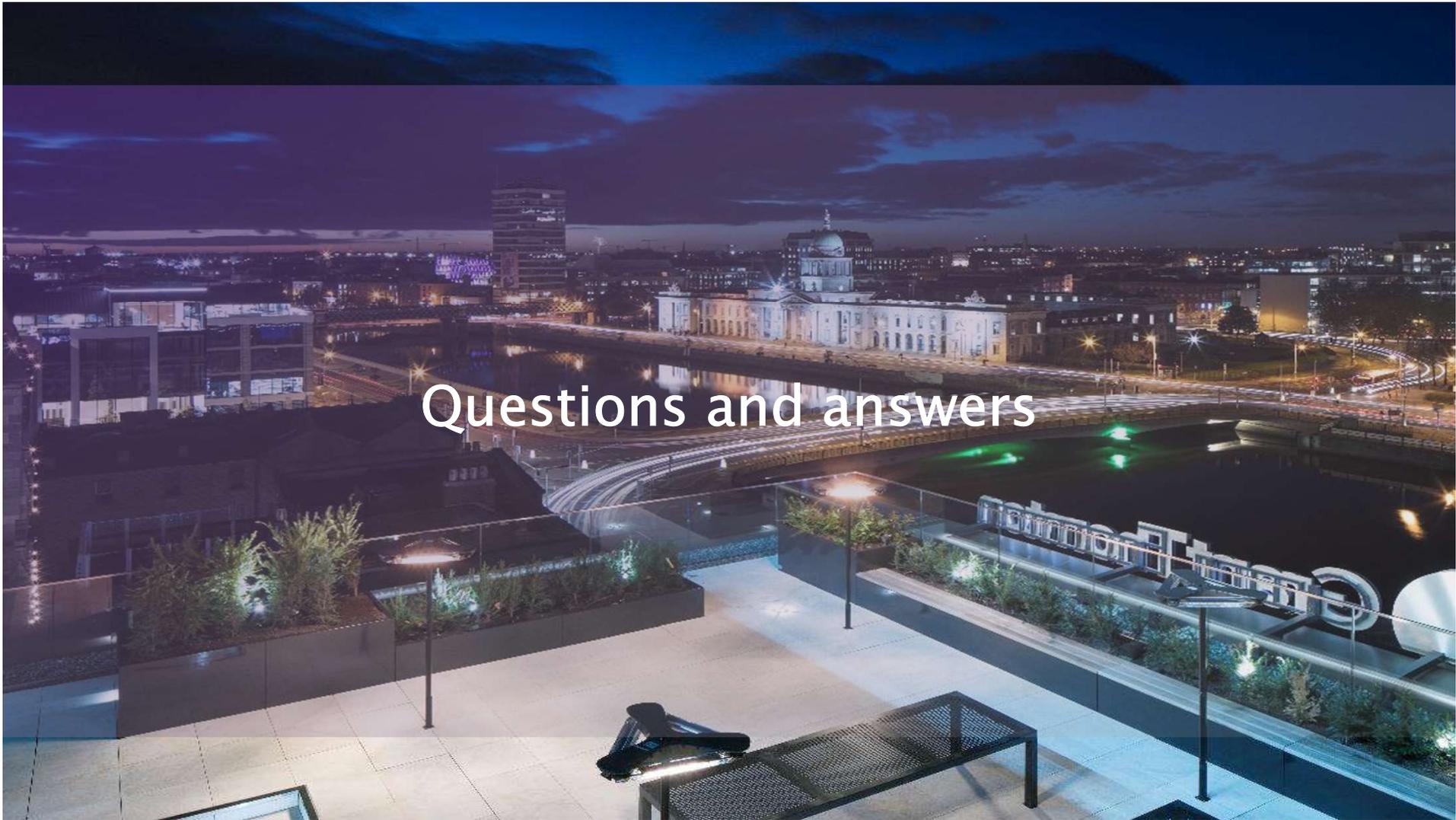
Therefore

So

Utilise

Use





Questions and answers