

Beyond defining vulnerability

The latest Digital Banking Club (DBC) for Collections Live Debate, powered by Intelligent Environments, focussed on the role that digital can play in identifying and helping vulnerable customers. CHRIS FARNELL reports

Arguably the single greatest challenge of the conduct revolution has been the drive to define and better accommodate the concept of customer vulnerability.

Since the beginning of the conduct revolution, one of the biggest challenges facing creditor organisations of all kinds has been the obligation to define, identify, and meet the needs of vulnerable customers.

This challenge was the focus of the DBC for Collections Live Debate on October 18, where experts from the Citizens Advice Bureau and Money Advice Trust spoke with leading figures from collections, analytics and financial services organisations such as Capquest, Barclaycard and Experian.

What is vulnerability?

Before they could address the best way to identify and meet the needs of vulnerable people, however, it was necessary to agree on what vulnerability actually is. This question becomes more complex when you look at the issue across multiple industries.

As Chris Fitch, vulnerability lead at the Money Advice Trust, explained: "If you look at Ofcom's definition it's all about avoiding isolation and loneliness, and then you go to the FCA definition with its three strands, it's confusing. There's one consumer but 50 definitions of what vulnerability is, making it difficult for industries to talk to each other about solutions."

As Rachel O'Connor, senior commercial manager for distressed and vulnerable customers at Barclaycard, pointed out, if you're trying to compare vulnerable customers across different industries it

"There's one consumer but 50 definitions of what vulnerability is"

Chris Fitch, Money Advice Trust

can create a mismatch. A customer who appears vulnerable to an energy company might look fine from a financial services perspective. This is an obstacle that will need to be overcome to build a unified strategy.

But Fitch argued that the solution to this mismatch is not more definitions.

"There's one consumer, one experience of vulnerability," he said. "It would be easier if we aligned the definitions and stopped talking about it. If we could just get over that. We've had three years since the FCA paper, we just need to move on and not repeat that cycle again."

Identifying the vulnerable

The discussion quickly moved on from the semantics of what constitutes a "vulnerable" customer to the much more practical concerns around how to identify and open a dialogue with vulnerable customers.

This is an area where digital solutions have already been able to make a lot of headway. Jake Beavan, policy manager at the Citizens Advice Bureau, took us through a number of technological solutions that are already being implemented. These included smart meters that digitally record the amount of energy someone's using, which can be a huge resource for identifying and understanding vulnerable consumers. He also talked about a private service register tool that can help people notify various utility companies at

once about their vulnerabilities.

"Talking to colleagues in other policy teams; there are some cross sector themes in this policy area and huge opportunities with improved data flows between customers and companies that digital can provide," he told us.

Those solutions bring their own challenges with them, however, as Beavan was quick to point out: "One thing energy companies say to us is; once you've identified and understood the circumstances, how do you then have that conversation without it feeling intrusive or judgemental?" he said. "There's also the various privacy issues and potential for data to be misused."

Digital often offers a unique and revealing perspective on customers, but that information needs to be used carefully.

"When you can observe the actions of someone going through a digital journey it can uncover things you'd never see if you were having a conversation with them," O'Connor pointed out.

Bill Hill, senior consulting client partner at Experian, said: "Ultimately, to make a digital channel work effectively you have to provide a comprehensive view of that customer and their position, their social and domestic situation, and external profile and behaviours.

"A 360-degree understanding of customers is key. You should already know, when they open an account with you, something about their levels of vulnerability. You can't treat everyone as potentially vulnerable, but everyone starts in that position. So you need to be able to adapt and flex how you deal with that customer."

While Hill was clear that treating all

customers as potentially vulnerable is impractical, he also points out that many of the qualities we would want from vulnerable customer care are just 'good customer service'. The digital customer journey would ideally be clear, simple and concise, regardless of their vulnerability.

The anonymous touch

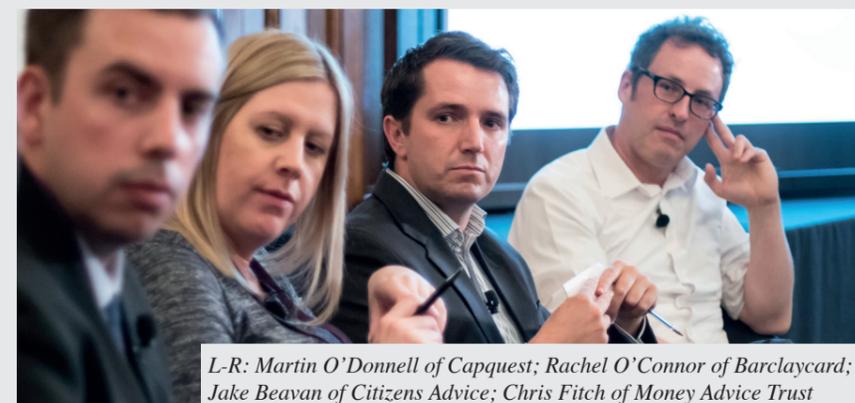
As with the DBC for Collections previous debate on the role of digital in the collections industry, nobody at the table believed digital technology was a substitute for the human touch. However, there was a great deal of discussion around how it could augment it.

As Beavan pointed out: "At Citizens Advice our USP is the value of face to face, but those preferences can flip round in certain situations. We've done work on mental health and people can find explaining their situation on the phone and face to face to be really distressing and off-putting. Digital channels can help them communicate without them feeling put under pressure. But there's no substitute for a well trained call centre person who's taken all our trust's advice on how to show empathy and understanding."

As Fitch pointed out, the relationship between human and digital interaction is a symbiotic one: "Humans design computer programs and computer programs help humans."

He argued that, while the human element was important, the anonymity that digital can provide can be essential in getting customers to engage, particularly when you need to engage with them over sensitive issues such as gambling addiction.

"How can we give someone that



L-R: Martin O'Donnell of Capquest; Rachel O'Connor of Barclaycard; Jake Beavan of Citizens Advice; Chris Fitch of Money Advice Trust

nudge? People like those 'back seat of the taxi' conversations, where you're never going to see them again," Fitch pointed out.

This way, a lot of people instinctively avoid using websites that ask you to "set up an account"- we know that's a commitment to a relationship and, more often than not, a large number of marketing emails. Services like webchat that don't require a sign in allow vulnerable customers to dip their toe in the water.

"If I've got myself into a situation, I'm nervous about how I'll get out of it. I want to play in the sandpit and look at what I could do next before engaging in that formal journey," Hill pointed out. Of course, if customers don't sign in that deprives you of more data relating to that customer, but you can still amass a valuable collection of anonymised data.

"It has a confessional element, blinded on both sides," Fitch said, while still reminding the audience that these approaches need to be thoroughly tested to yield useful results. "Because it's built on data, we can test some of these hypotheses. To run some RCT or quasi-experimental

procedures we can see if these things actually work. We do a lot of benchmarking, because sometimes even the best ideas just don't work in practice."

Some effective digital solutions can be as simple as a message on a website.

Everyone at the debate was familiar with the stigma and negative press that surrounds the collections industry, and how this can make many customers reluctant to engage. Just by explicitly stating on your website that you're here to help, can do a lot of good for customers.

"It's a good first step for people looking online wondering 'what's going to happen to me'? Now when they put it into Google they can see from their own banks that they want to help," O'Connor pointed out.

Simply showing understanding like this can go a long way, because whatever definition of vulnerable you use, sooner or later we will all fall into it.

"Ultimately everyone is vulnerable," Hill said towards the end of the discussion. "It's about where are you within that scale today?" CS