

A black and white photograph of an elderly person's hands, which are wrinkled and resting on their lap. They are wearing a checkered shirt. The image is partially obscured by a dark blue geometric shape on the left side of the frame.

HOW FINANCIAL SERVICES FIRMS CAN ENSURE THE FAIR TREATMENT OF VULNERABLE CUSTOMERS



IS YOUR FIRM ACTIVELY MAKING VULNERABLE CUSTOMERS' LIVES **WORSE?**



Joseph Twigg
CEO, Aveni

As someone in the financial services industry, if you're asked the question above, your answer would likely be a swift 'no'. You have an excellent staff training programme, a department dedicated to your most vulnerable customers and robust control frameworks to ensure fair treatment of all customers. But let's ask another question:

How do you know your business isn't negatively contributing to the lives of its most vulnerable customers?

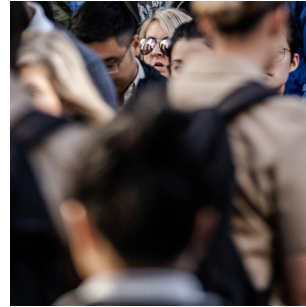
This is an altogether more complex question to answer, and unless you're

monitoring and analysing every customer interaction, it's one you'll never be able to answer accurately.

How a company treats its customers, especially its most vulnerable, should be an integral part of every business' operating model regardless of the fact that the FCA recently published its finalised [guidelines](#) on the fair treatment of vulnerable customers. These guidelines have far reaching consequences for the way firms operate making it essential to; show they're identifying vulnerable customers accurately and consistently, treating them appropriately, ensuring the

best and fairest outcomes for all and, importantly, understanding the changing needs of customer vulnerability over time. The guidance has implications for every part of a firm's operating model from how you hire and train staff to capturing customer information, surfacing insights to inform products and services and adapting to constantly changing customer needs. For companies to get this right, a quick fix control review won't cut it. You'll need to take a holistic, deeply embedded approach across multiple business functions, pulling in technology, people and processes to make a lasting and effective change.

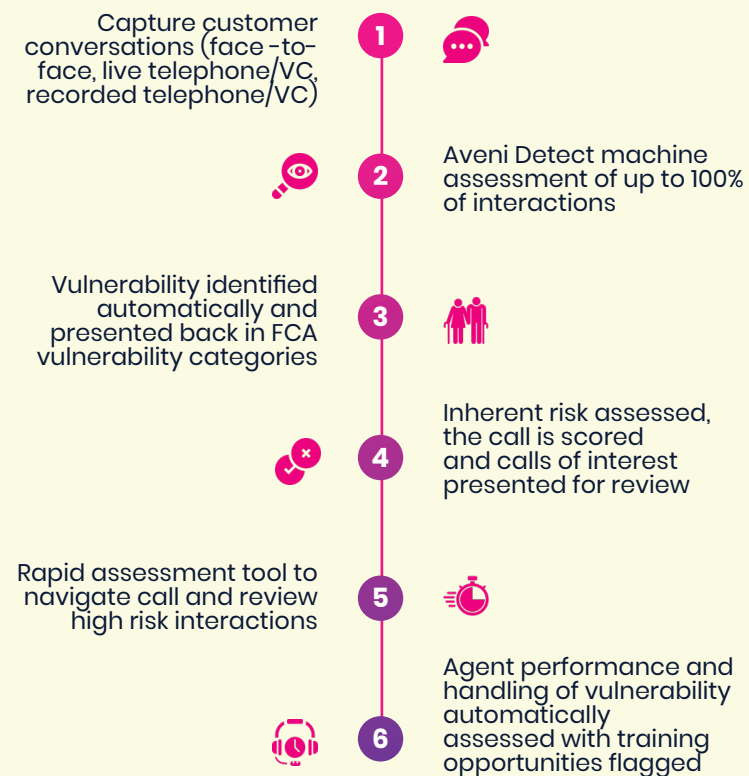
The FCA's guidance also makes it clear that it's not about an initial assessment of a customer, a cursory flag of vulnerability and one-size-fits all approach to management. This is about fully understanding a customer's needs now and how they change over time. It's also about understanding the needs of a *population* and how these change over time too. The only effective way of achieving this level of understanding is analysing every customer interaction which, currently, is often done manually, is not consistent and only addresses between 1-2% of calls. As a senior manager overseeing a team dealing with, say, 10,000 calls a month, how do you even begin to get oversight of 100% of interactions?



“WE’VE EMBEDDED THE FCA’S GUIDANCE INTO OUR PLATFORM ENSURING FIRMS CAN MAKE GOOD ON THEIR PROMISE TO TREAT EVERY CUSTOMER FAIRLY.”

The most effective way is to adopt a technology that can identify and understand if a customer is vulnerable, present insight and information back into the business that drives decision making across product, service and customer processes. The answer is also to use this technology to target staff training, ensuring high risk customers have been dealt with appropriately. That’s the only way to get assurances that you’re monitoring and assessing 100% of interactions.

And this is where AI-driven Natural Language Processing (NLP) solutions such as [Aveni Detect](#) is a game-changer for firms wanting to turn their commitment to the fair treatment of customers into action. We’ve embedded the FCA’s guidance into our platform ensuring firms can make good on their promise to treat each customer fairly.



ENSURING FAIR TREATMENT WITH VOICE AUTOMATION AND INSIGHT



The FCA recently released its final [guidance](#) for firms on the fair treatment of vulnerable customers. Whilst this guidance has been widely welcomed as a long overdue step in the right direction to better identify, protect and serve all customers, in particular the most vulnerable within our society, it has got the Financial Services (FS) industry scrambling.

One FS firm we spoke to clearly understood the importance and need for such guidance but indicated the costs to ensure full compliance would run into the millions. This firm was also unsure as to how they would meet the guidance and what technologies, processes, checks, measurements and reviews should be put in place to ensure requirements were met.



As FS firms look to overhaul their internal controls, we turn to tech to show you how NLP and AI could hold many of the answers to firms' challenges. Here are 8 ways our platform ensures companies can adhere to the FCA's latest guidance:

01 **Identification of a vulnerable customer**

The FCA guidance states 'firms must understand the characteristics of vulnerability of their target market/ main customer base and ensure staff, products and services meet their needs.' In order to do that, firms must be able to accurately identify which of their customers are in fact vulnerable. And they need to do this consistently and continually.

Only [12%](#) of advisers say it's easy to spot a vulnerable customer. So it's reasonable to assume that there is currently a high percentage of vulnerable customers who are not being identified and treated as such. The FCA

highlights a number of ways firms might be able to spot signs of vulnerability including '...heightened stress, increased 'pre-occupation', lack of perspective, change in attitude towards risk.' But how easy are these signs to spot?

Our NLP platform has been trained to identify specific patterns in conversations that accurately identifies vulnerable customers. It can do it for 100% of calls and monitor 24/7 giving firms complete coverage. [Aveni Detect](#) also enables consistency, a real challenge for large customer facing teams. All machine assessments are fully transparent, we pinpoint the



exact areas within a call where a vulnerability assessment has been made, enabling efficient review and quality assurance (QA).

We adapt our models to your business requirements. Our baseline FCA models can be modified to meet the needs of your business, products and customers whilst satisfying FG 21-1 requirements. Whether that's introducing bespoke risk scoring, new risk categories or agent performance criteria.

For example, the majority of customers at an equity release firm may be 70 years or older. Age may be an indication of potential vulnerability at your standard bank but for an equity release firm, they may set their parameters of vulnerability much higher, say at the 80 year old mark.

02 Understanding vulnerable customers' needs

As stated in the previous point, the FCA guidance requires firms to identify vulnerable customers '... and ensure staff, products and services meet their needs.'

Our platform lets firms gain a deeper, richer understanding of all their customers and can be trained to identify the needs of those specifically



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identified as vulnerable. By analysing 100% of calls, both recorded and live, firms are able to uncover patterns and trends across their population. For example, it could be found that amongst those deemed vulnerable because of a lack of financial resilience, 70% prefer to deal with agents on the phone vs. digitally, 80% experience better outcomes when offered product x and 60% report better customer experience scores when certain unnecessary processes are removed such as repetition of security data.

This is just one example of the many insights firms could uncover when using NLP to better understand their customers. A firm might then conclude that for a certain type of vulnerability, they may need to make access by phones easier, they need to train agents to offer product x to this profile of customer and they may decide to change their processes, removing certain steps in the security process.



03

Continuously and consistently treating customers fairly

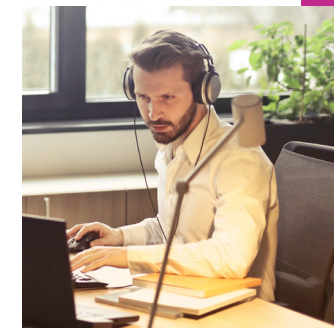
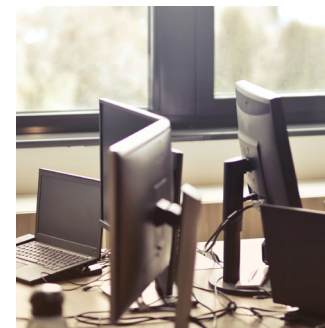
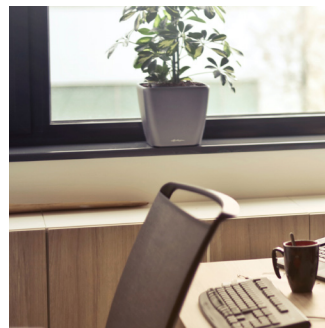
Consistent outcomes for customers, whatever their circumstances, is at the top of the FCA's vulnerability agenda. The question is, how can consistency be achieved when businesses operate with large customer facing teams. Also the subjective and sensitive nature of determining some vulnerabilities can lead to two well trained professionals assessing the situation differently.

By having a view of 100% of vulnerabilities, firms can understand where there has been a difference in customer treatment. Machine based assessment also ensures consistency and removes the unintended consequences of subjective identification, review and treatment of customers.

04

Real time measures to ensure fair treatment

When it comes to agent conduct, the FCA states in its guidance that 'we may use the Guidance and supporting materials to help us assess whether it could reasonably have been understood or predicted at the time that the conduct in question fell below the standards the Principles require.' For agents to understand that their conduct may be falling short during a call requires some means of real-time monitoring.



Aveni Detect can be deployed in [real time](#), live in conversation to help firms reduce exposure, supporting agents immediately. It moves second line control to AI-driven detection and prevention at the point of service. This means that it'll flag a warning to an agent or manager in real time during the conversation if conduct is found to fall short. This increases the likelihood of better treatment of vulnerable customers and reduces the risk of poor conduct, customer experience and outcomes.

Reducing the exposure time of any issues in the treatment of vulnerable customers is essential both for the well-being of the customer and reputation of the firm. Aveni Detect can monitor live calls, flagging to agents where vulnerabilities emerge and to supervisors when critical issues are discussed in call. This represents a fundamental shift from second line detection to prevention at the point of service.



05

Ensuring agents have the right skills to identify and serve vulnerable customers

The FCA wants firms to ensure their staff have the right skills and capability to recognise and respond to the needs of its vulnerable customers. As we mentioned before, only 12% of advisers find vulnerable customers easy to identify which means better agent training and identification methods need to be found.

Our [Agent Performance](#) solution not only helps agents identify vulnerable customers but can align multiple metrics to agent interaction to ultimately surface specific traits of conversational excellence. This means vulnerable customers will not only be identified at a significantly greater rate, but the experience they'll have will also be improved.

Connecting machine driven assessment of what vulnerability looks like with Learning & Development can significantly drive agent performance. For example, automating the assessment of an agent and how they manage a customer, then linking that back to training materials for self-service development can enable more effective and continuous improvement of your agents. Importantly, all of this activity can be recorded and tracked providing evidence that you're creating the right environment and offering resources to agents for them to enhance their service.

06

Ensuring compliance with data protection when someone else is required to act on behalf of the vulnerable customer

In their guidance, the FCA highlighted a case study about the difficulties vulnerable customers may have when appointing someone to act as an advocate for them, for example during a period of time when they may have been suffering from a serious mental health issue or during a hospital stay. Issues that arise range from having to repeat information, being able to prove you have the authority to speak on behalf of another person, risk of coercion, financial crime and ensuring data compliance.

Firms clearly need to make sure they've got the right protocols in place when dealing with someone who might be acting as an advocate or power of attorney for a vulnerable customer, or if indeed the third party is a vulnerable person

themselves. However, they can also streamline checks and ensure compliance 100% the time by monitoring and analysing calls through Aveni Detect. The platform can be used to ensure agents are adhering to regulated scripts every time. It can also check agents are going through the right procedures from a data protection perspective and that the correct process is followed and actions are taken in highly sensitive scenarios.

07

Demonstrating you're monitoring and analysing the data

This is where speech analytics solutions like Aveni Detect really come into their own in terms of productivity and value. Currently, processes only see a direct assessment of 1-2% of customer interactions. By using Aveni Detect, firms can show they're monitoring and analysing 100% of their customer calls, whether they're classified as vulnerable or not.

Aveni Detect also provides insight across the whole population enabling assessment teams to test calls of high interest and assess whether agents have handled the calls appropriately. Resources can be directed toward themes and trends that emerge from the data, making sure there's a rapid response to any issues that emerge treating the vulnerable.



08

Embedding the fair treatment of vulnerable customers as part of a healthy culture throughout firms, not just on the front-line but also in areas such as product development

As we just mentioned above, Aveni Detect provides insights across not just individuals but across a population, such as those classified as vulnerable. This means firms can use these insights to inform other areas of the business including product development, marketing, customer service and customer experience, sales and operations.



For example, these insights might uncover that across a population with specific age and cognitive related vulnerabilities, 73% find identification and verification processes confusing and stressful, especially when it comes to a set of 3 complex questions. This might lead the customer experience team to rethink the ID&V process, making it easier for this specific vulnerable group to progress through, whilst still being compliant with the firms security protocols.



THE DAWNING OF A **NEW, FAIRER** **ERA** FOR FINANCIAL SERVICES

If the last year has taught us anything, it's that people's personal and financial situations can change quickly so having the systems and processes in place to understand vulnerabilities are essential to not just adhering to FCA guidance, but form an essential core of a firm's ethical and social responsibility to its customers.

The consequences for a company of not doing anything can not only result in irreparable brand damage and crippling fines but also enforcement action taken against those deemed not to be treating customers fairly. It's each company's responsibility to ensure that every one of its customers are treated fairly, that the

best outcomes are achieved and that they understand how customer vulnerability can change over time. The only way this can happen is by fundamentally changing the way technology, processes and staff work together and turning to innovations in NLP and AI to secure the coverage and insights needed to affect such change.

Perhaps the FCA's guidance has been the catalyst needed for the industry to take better ownership of its actions but ultimately, we believe it to be the dawning of a new, fairer era for financial services, one that treats all customers - especially the vulnerable - better and in a more equitable, ethical way.





Aveni is an award-winning technology company that specialises in Natural Language Processing for Financial Services firms. Our team of world-leading scientists and engineers have developed a proprietary NLP pipeline that extracts context from customer conversations. This powers a range of transformative product features, including automated compliance monitoring, the identification of vulnerable customers and performance management of call centre agents and advisers.



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