

Responsible Banking: Bank's Perspective

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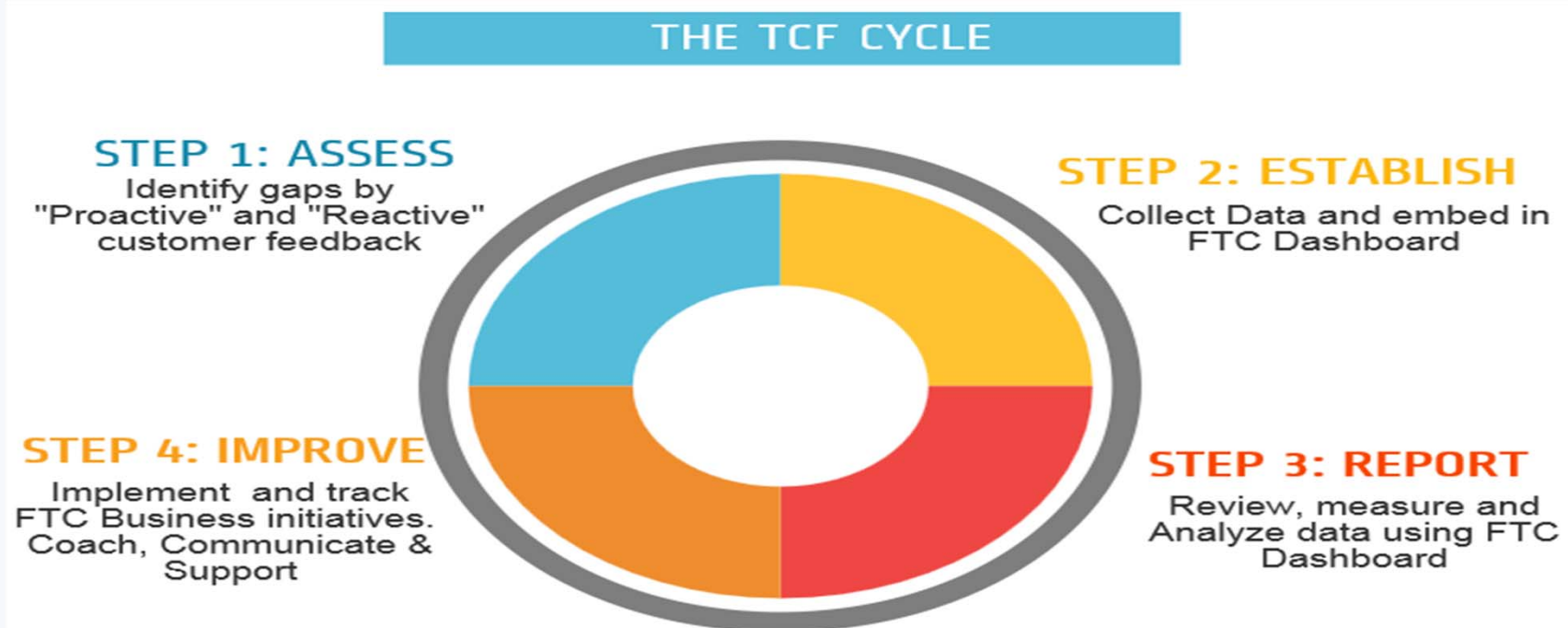
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What Can We Do? - The Fair Treatment of Customer (FTC) Cycle

Fair Treatment of Customer is a cultural issue and needs to be driven from the top. So we look to senior management to lead the process and to ensure that high-level commitment to FTC translates to good outcomes for consumers.

Most financial services firms assert that they are already treating their customers fairly, but few have solid evidence to support such claims. Only those that possess the right tools and adequate information system can prove that they are treating their customers fairly.



Above is the recommended FTC Process cycle which can enable an organization to drive FTC initiatives in true spirit.

Challenges & Best Practices

Business Strategy

In general, banks in Pakistan lack provisions for FTC in its corporate culture, vision, and strategy as the results of same it is difficult to build service culture and accountability in our organizations.



CEO / Independent Group Head should be appointed as **FTC Champion**

Banks should articulate a clear vision featuring fair treatment of customers. It should be part of Bank's **vision and mission statement.**

FTC principles should be embedded in **RCA (Risk Control Assessments)** of each and every unit of the bank

Challenges & Best Practices

Management Awareness

Senior Management lack access to the Customer Insights of the organization due to which they are not aware of the real problematic / focus areas.



Complaint Escalation

Report should be circulated to the senior management on weekly basis. Complaint Escalation Report must contain top complaint trends, root cause along with the responsible areas, recommendations for the fixtures of the issues, complaint resolution performance.

Senior Management should be well aware of the **PIR (Problem Incidence Ratio)** and **Uphold Ratio of the Bank**. Senior Management inquiry on the escalated complaints made a lot of difference in resolution of complaints.

An independent research function should exist to gauge the **satisfaction ratio / Net Promoter Score (NPS)** of the bank and all products.

The **customer insight surveys should be conducted on regular basis** and presented to senior management. Customer feedback helps management to identify the core bleeding issues as well as key strengths. Feedback responses help in flagging risks for the bank to consider.

Challenges & Best Practices

Staff Awareness

Lack of customer handling and fair treatment trainings



Banks should have aggressive training models to enhance staff awareness of the Fair Treatment of Customer. **Annual FTC attestation** should be taken from all staff.

FTC should be embedded with **Code of Conduct** and forms part of **induction trainings** for new staff.

New hired staff should not start their interaction with the customers unless they are fully trained with product, process and FTC.

Existing staff should be regularly trained on techniques on customer handling, grievance handling, communication skills and grooming.

Challenges & Best Practices

Customer Awareness

Lower Literacy rate in Pakistan especially in the financial sector is the major reason for customer mistreatment and fraud.



Banks should design their **Marketing Campaigns** and **Literature** in such a manner that it should be clear (multi lingual), legible, transparent and useful for the target audience. Especially: Pricing Structures (i.e. fees, interest rates etc.) and complaint handling channels and process.

Complaint awareness brochures should be sent to customer along with every communication which is sent to customer.

Banks should aggressively **use print and social media platforms to create customer awareness** and increase financial literacy in the country.

Road shows should be conducted in schools / colleges to create financial awareness in youth.

Pricing Structures should be transparently communicated to customers via at least 2 channels, ideally with product application, welcome pack (Key Fact Sheet -KFS) or a follow up Customer Awareness Call from an independent unit.

Challenges & Best Practices

Product Design and Governance

Flaws in the product design and offerings eventually lead to attrition.



New product Approval (NPA) governance process, policy, and committee should be in place. The NPA process should also have **mandatory FTC checklist** and compliance to same should be mandatory of any product approval.

Customer proposition and strategies should be designed in accordance with the need and risk profiles of the **target market**.

Pricing should be in line with similar competitive offerings in the market. **Competitive Scan of the industry should be conducted** via the relevant product team to gauge the fair pricing.

Awareness calling and **mystery shopping** should be conducted to gain insight into customer experience and to verify that our sales and advice processes comply with the FTC principles.

Focus Group and **Customer perception survey** should be conducted while designing / updating a product / service.

Complaint Management Unit contact details should be mentioned **on the visiting cards of all the sales staff** for customer awareness.

Challenges & Best Practices

Service Performance Monitoring Tools

Quantifying conduct related attributes is the biggest challenge

Various exercises line independent VoC, Mystery shopping and KSI monitoring tools can be implemented to quantify the conduct related attributes and scores / ratings should be allocated accordingly.



Banks should develop a comprehensive **in-house VoC platform** to enable the business to deliver relevant, market-leading and cost efficient products and services. The platform should deliver insight on:

- Satisfaction
- Psychographic Insight
- Anti-attrition analysis
- Net Promoter Score

Start of Day Checklist (SOD Checklist): A daily check performed by the front end staff at the start of day that will enable the entire branch network in achieving consistency in customer service levels. This list sets the bare minimum and non-negotiable requirements that need to be in place for customers and must be met fully by each branch.

Physical Mystery Shopping should be performed to gauge the physical look and feel of the branch. Various set of attributes which impacts customer experience should be measured during the visit to the branch.

Complaint Drop Box Mystery Shopping is performed to check the timely checking and action the letters dropped in the complaint drop box.

Correspondence Mystery Shopping is performed to gauge the timely acknowledgement of emails and queries received from customer.

Key Service Indicators Monitoring: Key operational processes impacting customer experience should be regularly monitored against the SLA.

Telephonic Mystery Shopping is performed to gauge the Telephone handling etiquettes and Product/process knowledge

Challenges & Best Practices

Rewards and Accountability

Lack of rewards or accountability results into repeated service issues which eventually leads to reputational and financial losses.



FTC principles should be embedded in staff **annual performance assessment** in a quantifiable manner via **Service Score Card**. Service Score Card is a tool to monitor the entire customer experience. It provide a transparent service rating and monitoring method which builds in accountabilities and ownership at the relevant levels.

Sales incentive structure

should not encourage misselling.

- For credit products: ensure sanctioning team compensation structure is not influenced by approval rates.
- For investments products: minimize misselling risk via appropriate variable pay structure, mitigate residual misselling risks via broad-reach post sales awareness calling with penalty claw backs and disciplinary actions.

All the valid customer dissatisfaction regarding staff behavior and competence highlighted via surveys should be formally **counseled by relevant HR.**

Celebrate and highlight the acts of superior service which creates a moment of delight for any customer via publishing **WOW Stories.**

Clear HR Policy should be in place for handling the staff that is highlighted via valid complaints pertaining to Misbehavior, Misselling and Miscommitment.

In order to strengthen a service culture, **Service Reward Program** for staff who demonstrate that they have extended outstanding service to the customers.



Thank you