

# RESOLUTION 2025

## GETTING TO THE FUTURE

This section of the Resolution 2025 project explains the core five stages of the research process and the techniques used in developing the key project themes and conclusions; including the Future Foundation's own proprietary trends database, future forecasts and provocative scenarios used to engage stakeholders.

**It is inevitable that the landscape within which both businesses and consumers will find themselves in 2025 will be different from what we see today.** Some of the differences will stem from events and developments that we cannot currently foresee – new miracle technologies or natural disasters, for example. But many of the changed characteristics of tomorrow's landscape will have their roots in the just-emerging and expanding consumer trends of today and in innovations whose advance guard are already with us. In this section we describe how we built on our analysis of the present to create the future scenarios for the project.

Several techniques exist to generate scenarios and we selected a well-established method which results in a range of contrasting narratives. There were several components to this process, including a thorough consumer trends analysis, a review of the future nature of interaction between financial services firms and consumers and a consideration of the determining forces inherent in business imperatives in the market. These ensuing scenarios were designed not as an end in themselves or as predictions for the future, but as the basis for consultation. Stakeholders held very different views about the desirability and likelihood of the different scenarios, but they are a highly effective way of communicating complex themes and ideas in a condensed and comprehensible fashion and therefore work well to stimulate thinking about what the most important themes to think about are.

### **Six major themes describe future consumer demands**

The future is shaped by many interacting factors moving at different speeds across different levels of society. Therefore it is vital to any analysis of the future that the speed and extent of the influence of a particular trend can be properly assessed. Future Foundation trends are broadly categorised into three types.

**Contextual driver:** These are long term, deep rooted and certain.

**Established trend:** These are more recent and currently in the process of becoming mainstream over the coming years.

**Emerging trend:** By definition these are newly identified but with sufficient interest and potential to warrant further investigation. The nature of evidence is more qualitative and speculative.

All futures projects require the discipline of prioritising the most significant factors shaping a particular market. So selecting from the Future Foundation's proprietary database of some 90 consumer trends, over 40 relevant trends were assessed on two criteria. The first was their likely impact on customer behaviour in all areas over the next decade and the second was their relevance to financial services.

This firstly enabled a relative prioritisation of the trends and then, by looking for patterns within the subset of trends deemed to be crucial for either the industry or the consumer or both, the identification of six key themes that are shaping the future of customer experience, dissatisfaction and complaints.

Below (page 4) we summarise the six themes and briefly highlight what each means for the future of dissatisfaction and complaints.

### **Technology is already transforming the future environment and innovations will continue**

A further core component of our analysis into what the world of 2025 will look like was the creation of a futures timeline. It visualises the potential technological advancements that will affect how customers can express issues and dissatisfaction, monitor complaints and achieve satisfactory resolutions. The timeline also looks at the probability of these events. The longer the future time horizon, the more difficult this

judgement call is to make, but over a ten year period we can make some sensible judgements.

## Building the Timeline

The final timeline (see page 6) has drawn upon a huge quantity of Future Foundation knowledge in order to determine the most important future events between now and 2025, with streams of research from a myriad of sectors. Also recognised are the unlikely, yet consequential, unknowns.

We have also included findings from our ongoing nVitro Scan – a process of investigating embryonic technologies and scientific developments – to explore the new innovations likely to enter the consumer's life in the medium and longer-term futures.

We have categorised each event to show whether it will impact upon the future causes of disputes, the future interface/communication between invested parties or the future resolution of disputes. The X-axis represents both the likelihood of an event and the proportion of the population likely to be affected by it. The Y-axis represents time, showing the number of years in the future

### Technology's unstoppable march

A simple reading of this will show that by 2025 our forecasts predict that 82% of UK consumers will have smartphones, and 95% will have access to 4G mobile internet. Moreover, we expect 80% to be frequent social networkers, with half in the UK also following brands on social media. At the same time the number of letters is forecast to fall from 14bn to 8bn.

Less certain, but possibly more potentially transformative, are the five following factors.

- 1. Full Personalisation:** products, media and services that respond to individual need. But as goods and content become fully personalised, it is unclear how consumer expectations will shift – will consumers' tolerance for error diminish, making complaints more likely? Or is personalisation itself a route to mitigating complaints before they materialise?
- 2. Natural Language Recognition:** computers and programmes that are able to comprehend human language promise much for the complaints handling process, but Natural Language Recognition will also help establish the consumer mood in a much wider sense. Companies will be able to scan social media for mood and emerging problems just as they will be able to provide customers with semantic interfaces.
- 3. Self-Healing Systems:** the self-diagnosing system has been with us even longer than auto-update. These technologies will evolve into something approaching a self-healing system – a platform able to diagnose its own problems, design a solution, and then implement it.
- 4. Avatars:** already, customer service interfaces have seen artificial intelligence personalities – or avatars – lighten the burden on human representatives whilst borrowing some of the latter's human touch. Avatars are set to improve in scope just as they are likely to get ever more convincing and, in doing so, could form a part of many customer service chains.
- 5. Always-On Listening:** devices and environments are coming equipped with the power to monitor their vicinities. The usefulness of such technology is likely to be in pre-emptive response – your TV, for example, acting on your anger because it has heard you rather than because it has been told.

# SIX THEMES

## MORE NOISE, BETTER SIGNALS

Social media will be widely accessed and used, with a broader range of focused networks, evolving to connect and facilitate communities of different kinds. The value of sharing gripes and broadcasting issues experienced with products and services will increase for 'performative' consumers whose real lives will be intertwined with the virtual, creating much more data for brands to work with, analyse and respond to.

**Implications for future complaints:** As social media continues to grow, but also consolidates into smaller more focused groupings, we can expect this to be the basis of temporary networks around specific issues but this is unlikely to occur spontaneously without an organiser of some kind.

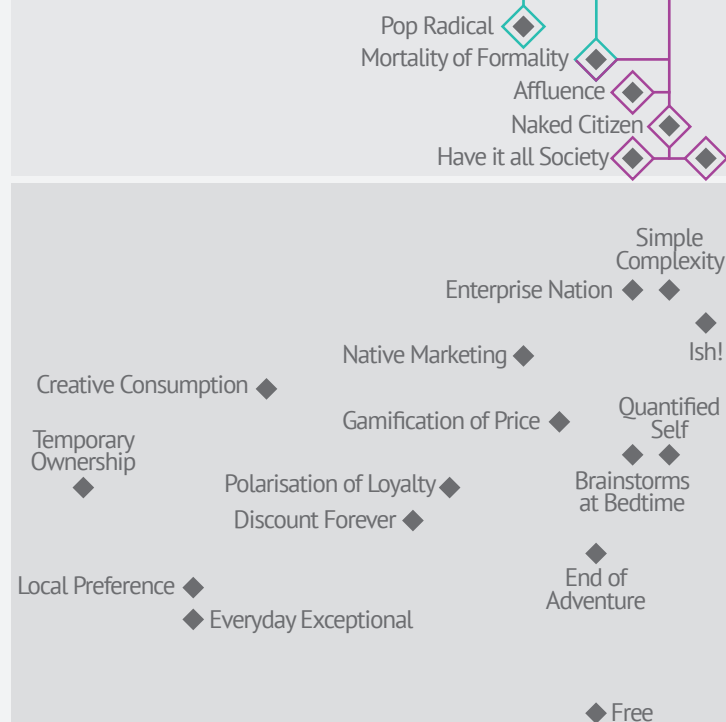
## GETTING EVER EASIER

Ubiquitous automatic interactive technologies in all areas of the customer's daily lives will multiply the volume and speed of feedback and engagement at every stage. Whichever vision of the future we embrace, we believe that:

- The vast majority of consumers will be equipped with mobile, interactive, always-on, smart devices and will use these seamlessly throughout their daily lives to access goods and services;
- This will include access to and use of digital wallets and cashless payment options that, on a day-to-day level, will reduce reliance on, and reference to, traditional financial service providers, but will not fundamentally transform the market or the necessity for ownership of loans, protection and investment services;
- Technological interfaces will mean that the speed of interaction between organisations and customers can be instantaneous in multiple channels.

**Implications for future complaints:** As communication between customer and brand becomes immediate and independent of place, it is likely that expectations of dispute resolution will similarly quicken. We may even see the emergence of predictive or pre-emptive dispute resolution as algorithms become adept at guessing which customers are on the verge of complaining.

Impact on Consumers: **HIGH**  
Relevance to Financial Services: **LOW**



Impact on Consumers: **LOW**  
Relevance to Financial Services: **LOW**

# EMPOWERMENT RISING

Long term economic forecasts, global competition and rising education, irrespective of the outcome of future elections, will continue to emphasise self-reliant citizenship in which individuals must plan and manage their own financial futures

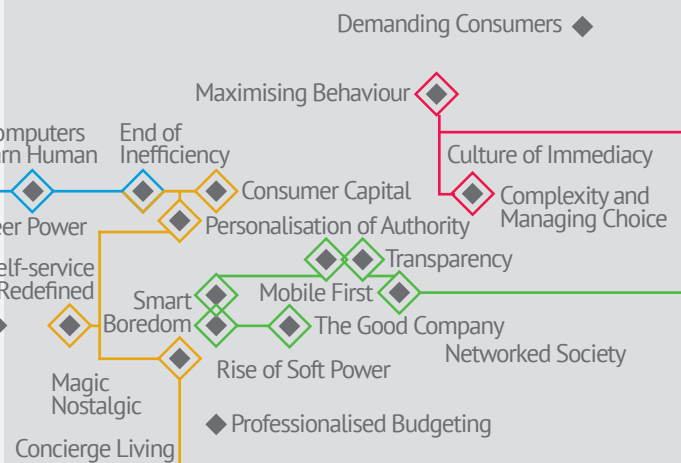
**Implications for future complaints:** While customers will want to take control of their own lives and destinies, they will appreciate any help that brands can give them to make it easier.

# NO LET OFF

Consumer expectations will continue to evolve and intensify, driving demand for immediate and immaculate service provision across the board.

**Implications for future complaints:** Consumers will continue to demand ever more from the products and services they use. Brands will be more and more likely to fall short of consumers' increased expectations, producing more and more opportunities for potential conflict. Consumers will also expect more accessible, friendly, fast and efficient mechanisms for handling and resolving complaints when they do arise.

Impact on Consumers: **HIGH**  
Relevance to Financial Services: **HIGH**



# PRESSURE NOT TO QUIBBLE

Irrespective of the progress of regulation, organisations will be required to behave better and more transparently in the area of issues and complaints as in all others.

**Implications for future complaints:** Consumers may not be satisfied with even positive resolutions of disputes based solely on recompense. Instead the *tone* of dispute resolution will become an additional metric by which organisations are judged. Speed of response will become increasingly important.

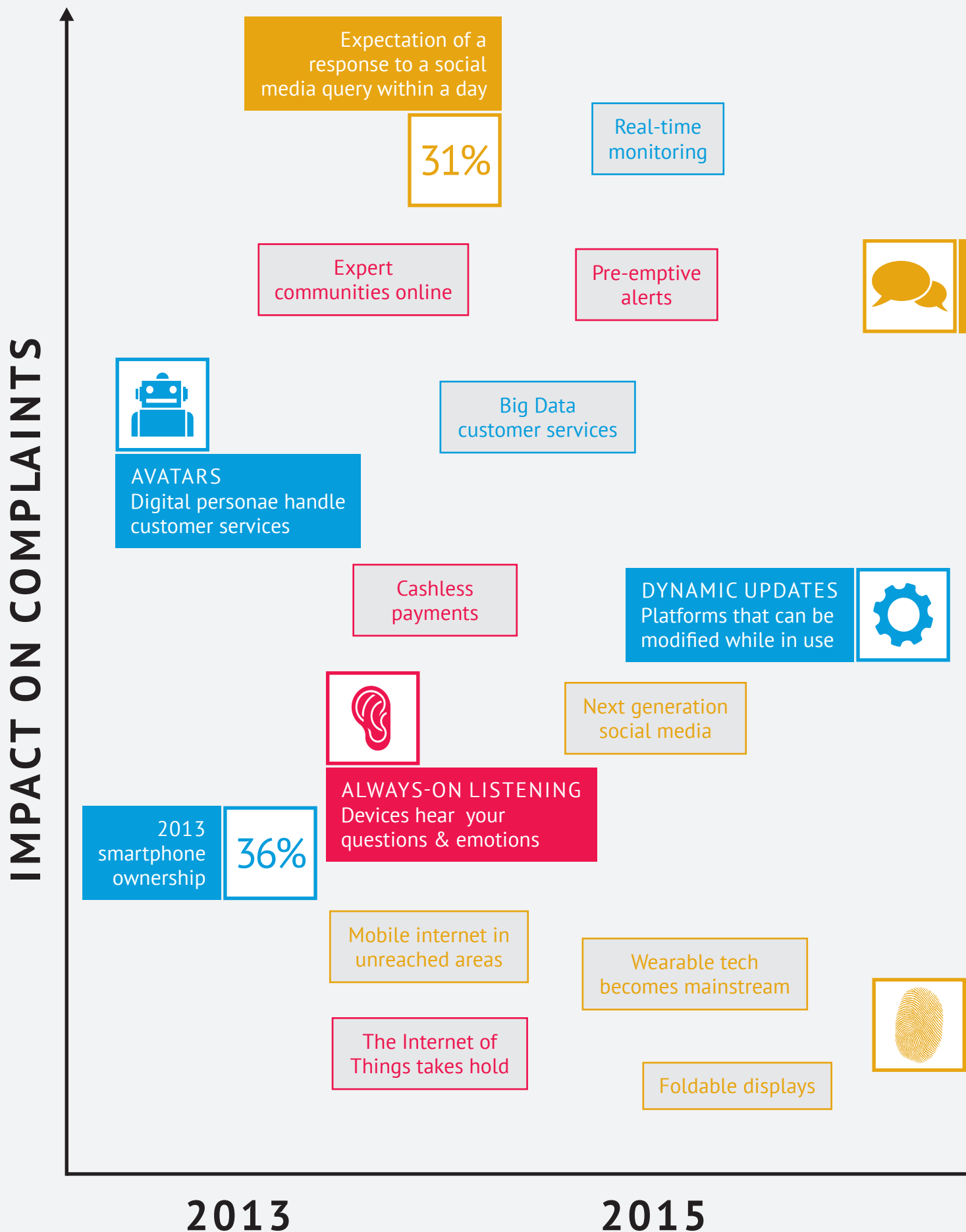
# HUMAN MATTERS

Whilst technology will mediate more and more of the interface, the desire will be for the experience of the human touch, whether real or simulated, to deliver emotional reassurance and trust.

**Implications for future complaints:** Consumers will discourage businesses from depersonalising their relationship management programs and look not just for personal but personalised interactions. We're not talking about the return of the bank manager who knows each of his or her customers but, instead, about the creative and seamless application of personal history data into ongoing conversations.

Impact on Consumers: **LOW**  
Relevance to Financial Services: **HIGH**

# THE TECHNOLOGICAL BACKGROUND



# TO COMPLAINTS IN THE FUTURE



## SELF-HEALING SYSTEMS

Automated resolution of reported problems

Remote diagnostics

2023  
smartphone  
ownership

82%

## NATURAL LANGUAGE RECOGNITION

Computers understand human languages

People following brands on social media: 50%

EU data protection laws

Real-time translation tools

FULL PERSONALISATION  
Products, media and services respond to individual need

TURING-TEST AI  
Computers can respond to any human query



Machine learning



Nearly 100% internet use

95% of UK covered by 4G

80% UK social networkers

DEATH OF PASSWORD  
Digital identity supersedes the "log in"

50 billion connected devices worldwide

CAUSES  
INTERFACE  
RESOLUTION

2020



## The World of Financial Services in 2025 and Beyond

Having established the major themes and likely technological developments in store, we have integrated this thinking with the Future Foundation's Beyond 2020 strand of longer term analysis, to describe some of the specific ways in which these trends will affect the financial services marketplace by 2025. Of course a constant debate in futures work is the degree to which things will really be that different. Here it is a fine call. Many transformative technologies are with us already.

So despite all the changes we can foresee, it is worth considering that in many ways financial services in 2025 will look much as it does today. Inertia will continue to be potent force. Nevertheless, there are three specific factors which we believe will bring significant changes in the financial sector and its operating environment as we approach 2025.

### The end of financial inefficiency

Doubtless we will see the emergence of more smart tools and services which

promise to make the best decisions on our behalf – with algorithms mining data in ways that no human could replicate.

There will be some areas where consumers will want to retain control. But in transactional settings where price is the dominating influence on consumer choice (perhaps such as in utilities and so on) we imagine that many will willingly surrender a degree of power and allow third-party services to select the best providers for them – automatically switching their savings between accounts depending on the most attractive terms available at any given moment, for example. Price comparison websites have already started this journey.

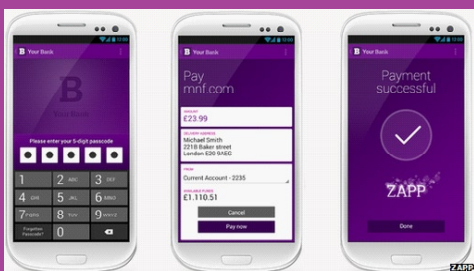
With the rise of these smart tools and devices creating new intermediaries between the customer and brands, the implications for brand loyalty (and our future scenarios) cannot be over-estimated. There will be a greater blurring of the lines in terms of who is responsible for resolving a problem where an intermediary is processing payment, or selling a rebranded financial product.

## ZAPP

### UK banks introduce secure mobile payment technology

In January 2014, 5 UK banks – Nationwide, HSBC, First Direct, Metro Bank and Santander – announced they were introducing Zapp technology to their smartphone and tablet applications.

When Zapp users approach the check-out in a store that accepts the payment mode, they will be sent a special code which invites them to confirm and transfer the correct payment amount with a simple tap.



## NUTMEG

### Service which chooses “optimal balance of investments”

Nutmeg positions itself as an “online investment manager that makes it simple to put your money to work in an intelligent way”.

According to the website: “Whether you have a specific goal in mind, or you’re just saving for a rainy day, simply tell us: What is your aim? How much would you like to invest? And what level of risk are you comfortable with? Based on your answers, we’ll choose the optimal balance of investments for your circumstances and invest on your behalf”.





## OCTOPUS MOBILE PAYMENT SERVICE

**Octopus payment comes to NFC-enabled handsets**

Octopus is a popular cashless payment card in Hong Kong and has been widely adopted by inhabitants as a means of payment in restaurants, convenience stores and on public transport.

In October 2013, the Octopus Mobile Payment Service was introduced, enabled by the Octopus Mobile SIM – a sim card linked to the Octopus service that allows phone handsets to make payments via NFC technology.

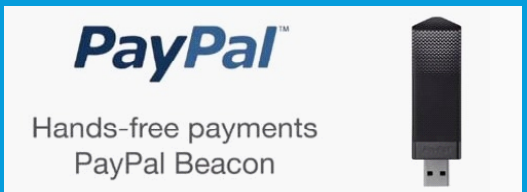


## PAYPAL BEACON

**Device facilitates in-store hands-free payments**

In autumn 2013, PayPal announced details of its Beacon payment tool.

According to the website: “PayPal Beacon is a Bluetooth Low Energy device to connect to a customer’s PayPal app when they enter a store. With one vibration or sound on your phone, you’ll know you’re checked in. And when you’re ready to make a purchase, all you have to do is say you’re paying with PayPal and the transaction is automatically completed: no cash, cards, taps, or signatures required – all hands free.”



### Rise of the Cashless Society

Cashless payments will be the absolute norm in the next decade and beyond – significantly reducing the consumer’s reliance on ATMs and physical money while virtually eliminating one of the main reasons for visiting the bank branches of old (paying in/withdrawing funds).

Smartphones and mobile devices will have reduced not just our reliance on carrying currency on our person but also challenging the role of credit and debit cards. Indeed, by the 20s many will view their mobile as their wallet – long since having been convinced by the water-tight security procedures (such as biometrics) and responses in place by then should it be mislaid.

Some cash payment options will of course remain, particularly for those segments of UK society where technological uptake has been slower, such as older demographics. But the key point here is that there will be ways in which payment will increasingly bypass classic “financial services” completely – for example Starbucks Square, PayPal and other direct payment options.

### Remote banking becomes ubiquitous

By the 20s, day-to-day financial affairs will increasingly be managed remotely using self-service methods – a result of near universal internet access both at home and on-the-go.

Impressive in-home security measures (such as iris-scanning, voice recognition and “bio-aware” software) as well as new communication methods (e.g. HD-quality video-feeds to customer service video centres) will see more complex administrative tasks being handled remotely.

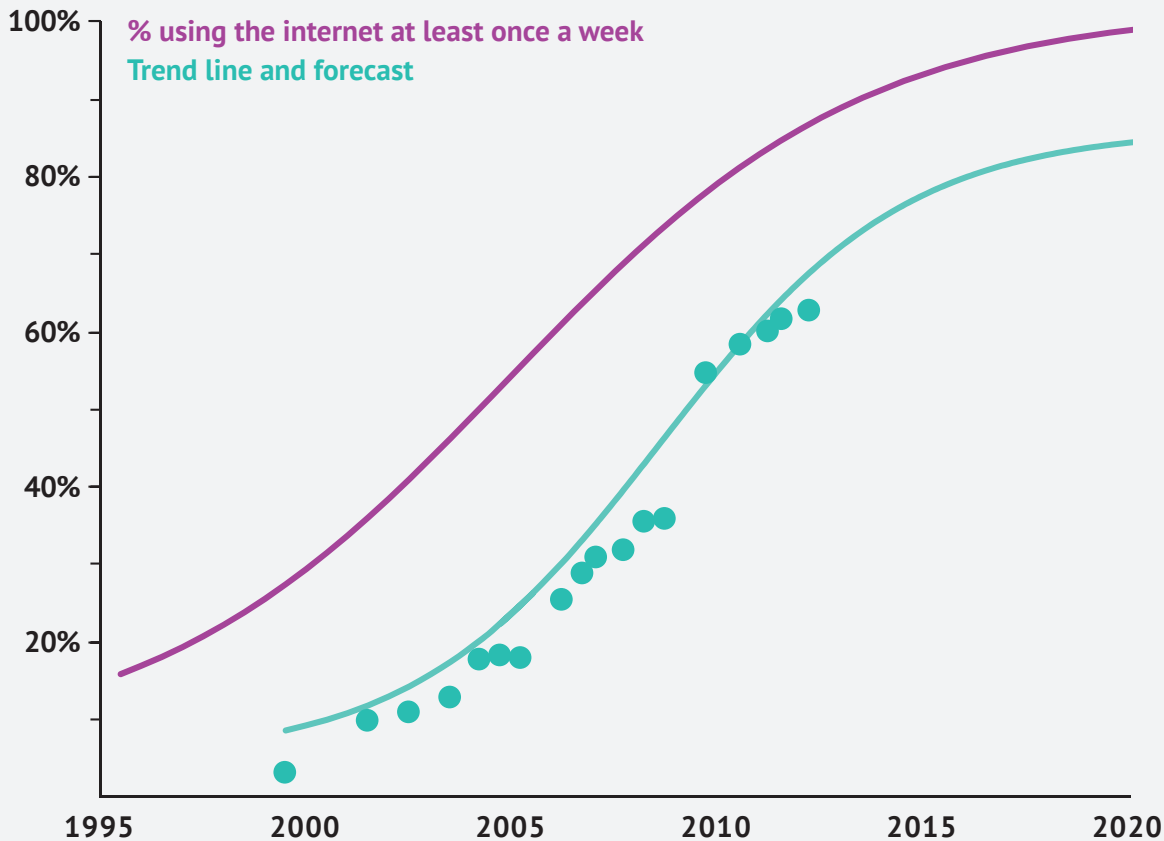
The use of physical banking paraphernalia – such as the cheque – will have long since disappeared and consumer demand for regular physical contact with bricks-and-mortar bank branches will lessen, at least for relatively mundane purposes, although we can envisage a new breed of financial centre or shop with self-service kiosks and staff focussing on key emotional factors such as giving advice and handholding where required.

The overall picture is one of consumer convenience as predicted by many of our trends, heightening consumer expectations around the provision of the services they receive.

# INTERNET BANKING: TREND AND FORECAST

% who do at least part of their banking via the internet | November 2012 forecast

Source: nVision Research | Base: all individuals 16-74, UK



At the same time, the widespread use of smart tools/devices and the move towards cashless payments also suggests that we are moving towards a future of near perfect info-retrievability, where no transaction or commercial activity is forgotten. Such trends will have clear ramifications for how the financial sector can streamline its dispute resolution services for consumers.



These predicted changes will create some specific challenges that need to be addressed – greater blurring between providers and technology specifically in the area of payments; new questions of responsibility for decisions (if computer programmes are responsible for switching); and the degree to which providers from other sectors will be able to move faster into this territory.

## The commercial imperatives

However much change seems inevitable when we consider these powerful consumer trends, fundamental to any question about the actual shape of the environment is an analysis of what the business response will be. We have to balance these two perspectives to create a realistic view of what is likely. One of the biggest challenges within this study is ascertaining how much change within financial institutions will occur over the next decade and this is a question

that we put to the various stakeholder groups with varying results.

### Commercial demands will continue to drive industry transformation...

Whilst many financial service companies acknowledge these shifts and invest heavily in consumer insight in order to anticipate, and deliver according to, future service requirements, there remains a fundamental mismatch between the demands of the external environment and how business actually

responds. This is due to the pressures of delivering profits, the inflexibility of legacy systems and the straight-jacket of a regulated marketplace. Even with the best will in the world, large organisations cannot change as fast as the world around them.

Commercial imperatives have been the most widely cited brake on financial services becoming genuinely more responsive to changing consumer needs, with the implication being that it can only be the bottom line that will determine how much investment in improving this area in the future is likely.

### **But a sluggish response will open up new opportunities for nimble new competitors**

This received wisdom, in our view, is too simplistic an approach and proposes a ‘business as usual’ view that doesn’t confer any greater responsiveness to the changing consumer demands of 2025. If this were the case, unless regulation specifically intervened, it would then be down to the consumer to drive change, possibly aided by intermediaries that would emerge or evolve to fill the ever-greater mismatch. This includes existing players like Financial Advisers.

“ **The future of financial advisers could go one of two ways if financial institutions fail to respond – whether they get caught up in the general distrust or they become more trusted as they can deliver a service based on relationships and knowing the clients rather than an impersonal technology-driven interaction.**

Clare Griffith, Association of Professional Financial Advisors (APFA)

”

### **Explicit strategies to engage with dissatisfaction will also be key**

Much of what we see on the ground today is not the result of a conscious philosophy towards customer engagement. The opportunity for the future must surely be for all organisations to consider these issues as being core to future strategy, and consider the implications of different stances on future commercial success and customer satisfaction.

Importantly, a decision to adopt a more outwardly focussed ‘soft power’ approach does not have to be incompatible with commercial imperatives and place structural pressure on business performance. What is required is the adoption of a longer term perspective in which it would be possible to plan a move from one model to another, and develop new instruments to monitor and measure the positive business contribution this will make. We have already examined the threats to providers from ossification of the status quo.

Early adopters of an integrated customer experience model often had to rely on a leap of faith, but are now established as market leaders that many want to emulate (such as John Lewis, Sainsbury’s, Virgin and Mini). With more and more brands following their lead there is a growing body of hard business evidence that it works, which will become increasingly persuasive to the laggards. However, the question remains as to whether genuine business transformation is more difficult in the financial services sector than others.

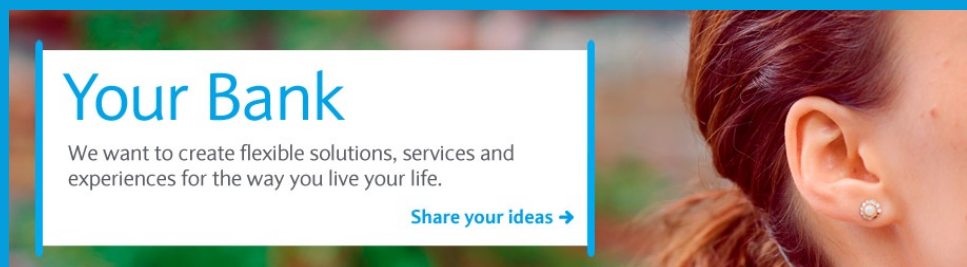
There have been a few shining examples of businesses in the financial services sector that have a customer centric approach and whilst many have borrowed elements from these over the years, few have made the kind of commitment required to radically change their business model and restructure their entire business. Many stakeholders had an ambivalent view of regulation in this context – with some seeing a risk that it will stifle innovation and slow progress, and with others believing that it will force organisations out of the status quo.

## “BUILD YOUR BANK” FROM BARCLAYS

### Customers invited to submit ideas for improving services

Launched in September 2013, “Your Bank” is a scheme from Barclays which encourages customers to submit ideas about how it can improve its banking services, products and customer experience credentials.

According to a spokesperson: “The ‘Your Bank’ platform represents a very public commitment to listening to our customers and showing how we are going to act on change, big and small, which can make their lives easier.”



? What is required to create the wholesale change in attitude and operation enabling financial firms to be creators of positive change, rather than reacting to external forces and adopting a de minimis approach in response to ever more draconian regulation?

We think that the scenarios that follow should prove to be valuable fuel to that debate and persuading the sector to be more innovative around customer needs rather than commercial returns.

### Scenarios designed to differentiate a range of future options

Having examined the trends in consumer behaviour, the impact of technology, and the commercial context, we moved on to developing scenarios for the future that would help us stimulate debate and crystallise the implications of these glimpses into the future. We decided to use a classic two-way scenario grid in order to create distinctly different and contrasting futures which we felt would be most suitable for the consultation process with stakeholders. Building on the identification of the themes describing the direction of consumer’s future needs, the key was to isolate the most critical uncertainties. These had to be influential in shaping the future landscape but uncertain in terms of their evolution and totally independent of one another.

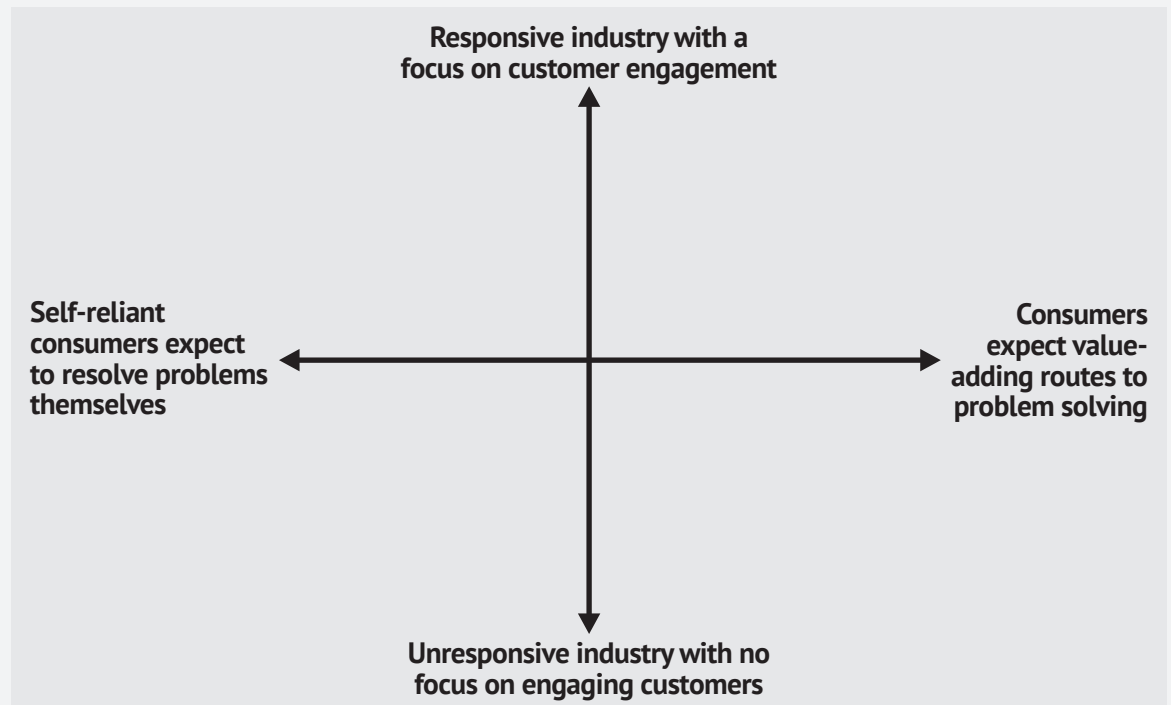
This resulted in grid with one axis representing the corporate dimension and the other the consumer dimension, creating four alternative scenarios.

#### **The critical uncertainties: consumer self-reliance and customer focus in business**

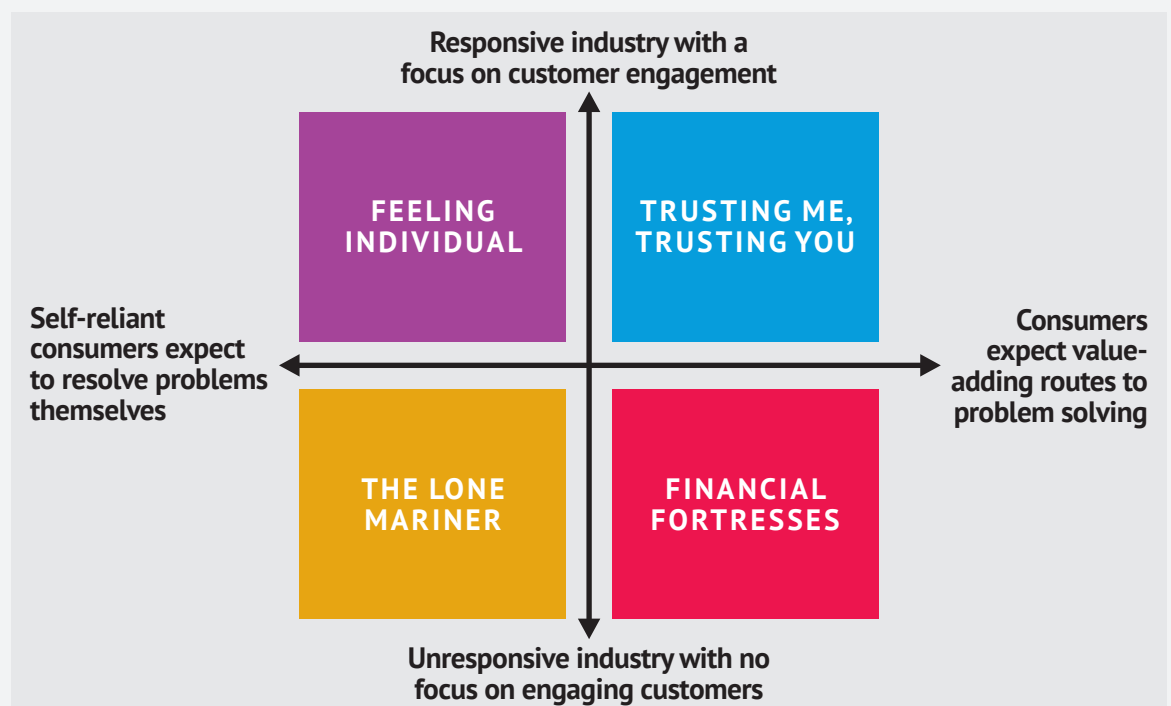
On the corporate axis a consensus emerged that the fundamental uncertainty – as explained above – is the extent to which the sector will put customer responsiveness at the centre of their business models. The scenarios therefore reflect a contrast in 2025 between a highly responsive, consumer focused financial services sector, and a more unresponsive sector that is dominated by short-term commercialism.

Our consumer trend analysis leaves no doubt that customers will continue to demand more from companies and therefore the critical uncertainty on this axis was to whether they would want to solve problems on their own or whether they would seek out third parties either to help navigate the world of issue resolution or to outsource the handling

of their dissatisfaction completely. At one end we foresee a self-sufficient consumer (this is the “Empowerment Rising” theme), keen to engage directly with providers and on their own behalf, and at the other end an expectation that any problems will be solvable via value added services and third parties of some kind – effectively outsourced problem-solving (consistent with some of the ideas within the “More Noise, Better Signals” theme).



Having created this framework, a series of projective techniques were used to bring the scenarios to life. This resulted in four distinct landscapes describing how customers of financial services would experience dealing with an issue in the future. These were characterised with a descriptive title and visualised to make them easy to communicate, memorable and distinguishable from each other.

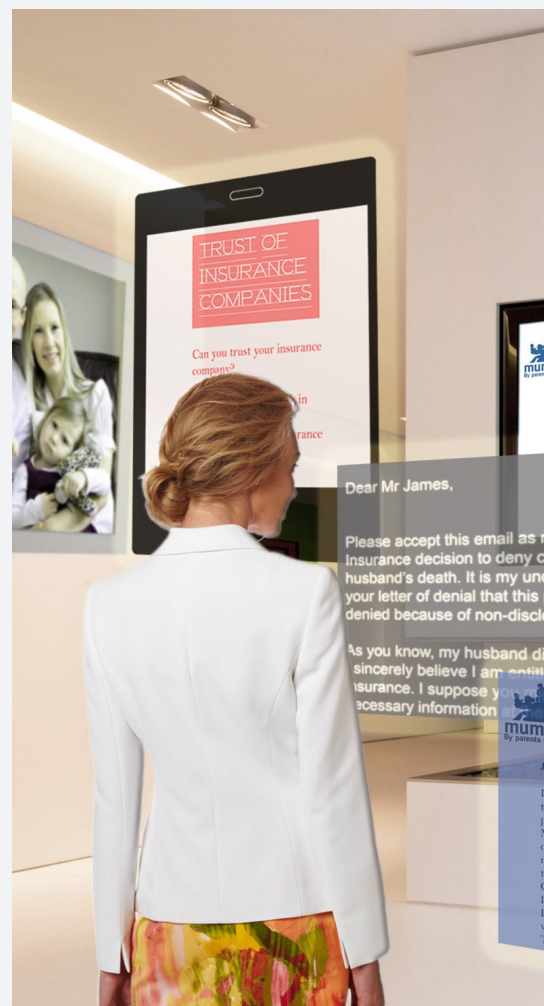




Further details of the four scenarios are described below:

## SCENARIO A: FEELING INDIVIDUAL

In this world, financial services are transparent and open and consumers self-reliant and willing to address problems that arise, not least since these will be fewer and/or will feel less significant due to product innovations and better communication. The flow of data and communications will be instantaneous and effective, with the consumer able to employ specialist apps and interfaces to register and resolve issues directly with providers. Emotional support and recognition becomes the most important component of the interaction, since problems when they happen and are escalated will be bigger and data flows will be captured and interpreted to facilitate successful resolution. Trust is stronger and built through a raft of crowd sharing and sourcing platforms, providing instant rating systems that facilitate the reality of the wisdom of crowds.

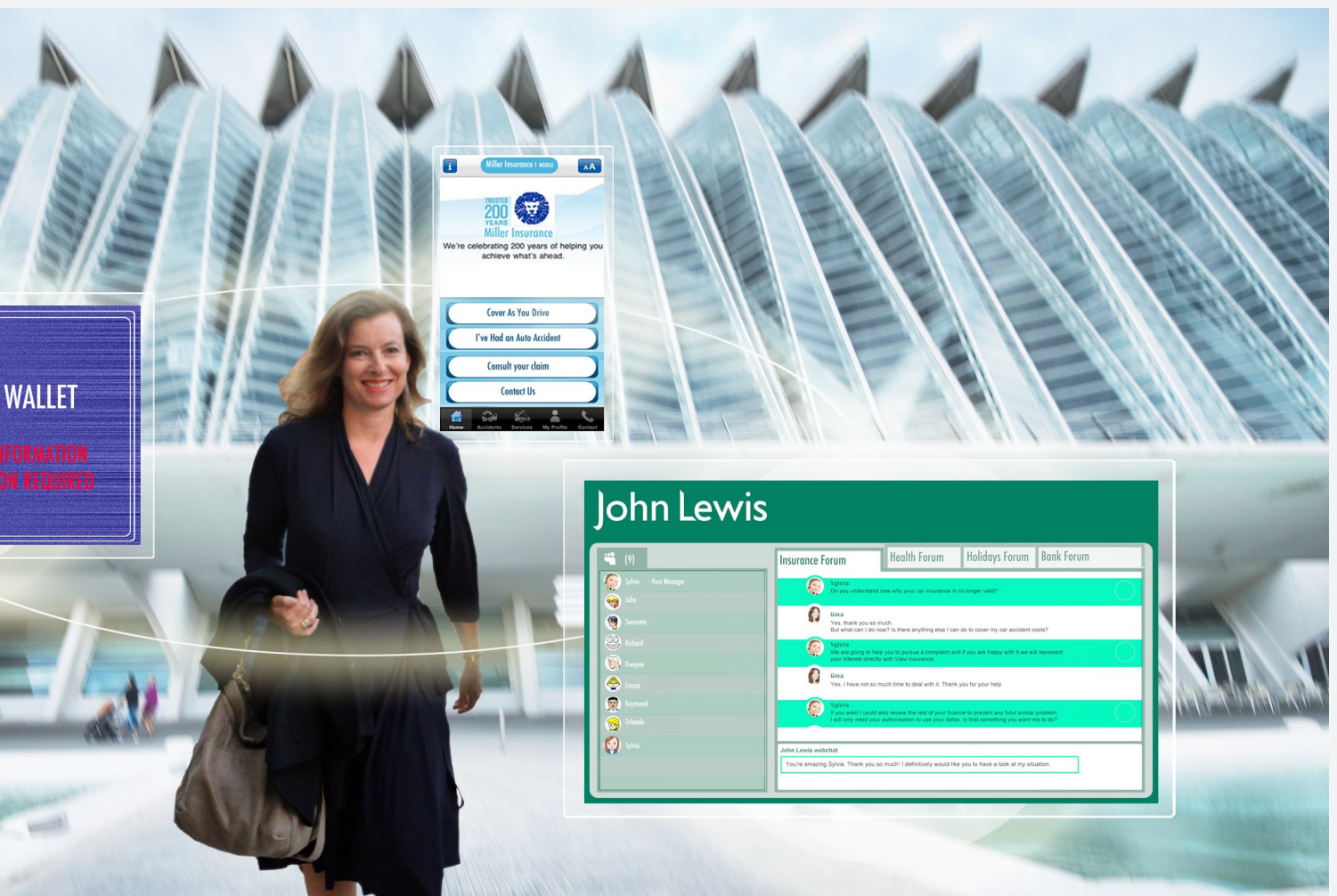


In this world emotional reconciliation becomes a commercial priority; there is a growing market of 'wraparound' consumer brokers – reliant on soft power – that double as data interpreters and issue resolvers. With transparent and open financial providers and a strong eco-system of specialist problem resolution services that interact effectively to deliver the best solutions possible, trust is generated by and with the 'soft power wrapper' which may or may not itself be a financial brand. These are synched with the customer's digital wallet and records to ensure perfect up to date knowledge is used in the process. The best wrappers charge a premium and the market is necessarily segmented with fast track, highly emotionally literate service providers at one end and less concierge, more collective service providers working in product areas, or for tranches of customers, with less individual margin.

## SCENARIO B: TRUSTING ME, TRUSTING YOU















## SCENARIO C: FINANCIAL FORTRESSES

In a world where financial services remain entrenched in an unresponsive mood, and the consumer has learned from other sectors that collective input and concierge services offer new and better ways of resolving issues and creating new solutions, there is a profound mismatch between the two. Technology is ubiquitous and is deployed by financial service providers to keep dissatisfied customers at bay and deal with them in rapid and automatic ways – but with the weighting always towards ‘computer says no’ thus creating the acceleration of discontent. There is a hardline approach to small print and rules, and no emotional literacy. Faced with these unassailable fortresses, consumers will be attracted either to new collective routes to redress – which can be highly creative and noisy around specific issues – or commercial third parties who will intervene on their behalf. Trust is in freefall, and customer switching (or, conversely, consumer inertia) may be a growing reality.



Consumers are on their own in a world where the financial services don’t care – a double whammy of isolation and lack of support from a consumer perspective that means only the most serious cases will get pursued. Litigation will grow on the one hand while less serious issues will generate social media noise but no satisfaction. Process is queen and outsourced customer interfaces deploy the latest technology to keep costs down and customers away from taking up costly staff time. Not only does the computer say no, it says it faster too. Trust is very low across the board including in third party resolution options who are tarred with the same brush. Consumers are more likely to outsource decision making to third parties such as price comparison web sites, and look for the few financial providers who will offer a more consumer focussed approach.

## SCENARIO D: THE LONE MARINER



## Stakeholder engagement with the scenarios

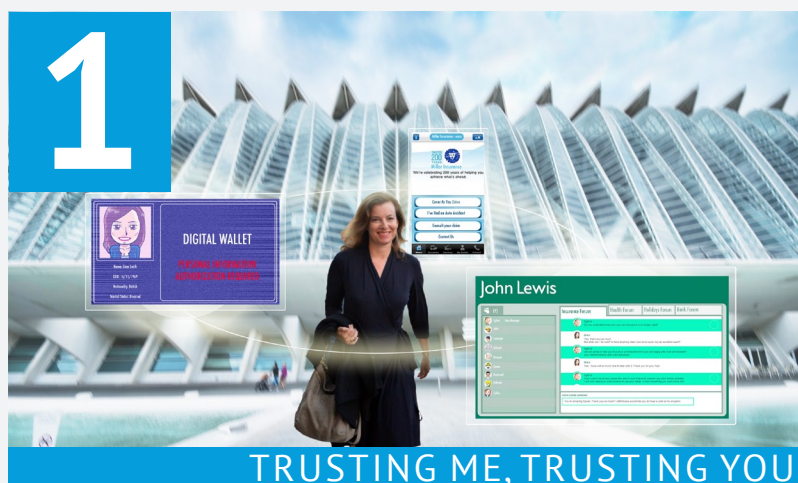
As we emphasised before, the scenarios were conceived primarily as an engagement device, in order to propel stakeholders into a range of future alternatives and inspire creative responses and discussion. The project entailed a number of stakeholder workshops in January and February 2014, drawn from representatives of key stakeholders for the Ombudsman. Together they covered the following groups:

- Customer Service and Customer Experience Directors and Managers from a broad range of Financial Services Providers (including HSBC, Direct Line, Nationwide, Aviva, Co-operative Bank, Lloyds Bank)
- Representative bodies within Financial Services (ABI, FBA, and others)
- Consultants with expertise across service and customer experience design
- Bodies specialising in complaints in other sectors (FRSB, MDU)
- Consumer Representative Bodies and NGOs (Which?, Scope, Mybnk, MoneySavingExpert.com, Fairbankng Foundation)
- Brands and businesses from other sectors (such as Scottish Power, National Rail, Etihad)
- Staff from the Ombudsman

The illustrated scenarios were used as the starting point and basis of a highly interactive series of exercises conducted at each of the workshops. Their function was to propel participants into the ten year future time horizon as quickly and efficiently as possible and provide a description of a logically consistent but radically different world from today. First, delegates were asked to rank the scenarios in terms of likelihood.

Teams were then required to develop a new “start-up” enterprise designed to capitalise on the opportunities created in

## SCENARIOS LIKELIHOOD RANKING



# SCENARIO AND PERSONA MATCHING

Challenge: Match future scenarios with specific consumer personas

## SCENARIO A: FEELING INDIVIDUAL

**Persona selected:**

Ageless but Aging/Starting Out

## SCENARIO B: TRUSTING ME, TRUSTING YOU

**Persona selected:**

Mass Affluent

## SCENARIO C: FINANCIAL FORTRESS

**Persona selected:**

Starting Out/State Supported

## SCENARIO D: THE LONE MARINER

**Persona selected:**

State Supported

their allocated scenario and also, where time allowed, they were then tasked with working out what the ecosystem created by the previous exercise would mean for different types of future consumer. Clearly many factors, including personality, life stage, disposable income and experience will determine their behaviour in the future as now.

Individual evaluations of the scenarios were also filled out by attendees and proved to be a rich source of additional insight into responses to the world proposed by the scenarios.

The workshop process worked to generate a wide range of creative and thought provoking responses that have inspired our thinking and helped to identify many pertinent and useful implications for the future operating environment.

They also provided some valuable additional insights into participants' views of the future, both in the specific context of financial services, but also more broadly in other sectors. Stakeholders from other sectors reported that the scenarios worked as well in relation to issues being faced in quite different areas of operation, such as utilities, government and manufacturing. We examine the detail and implications of these views in six separate reports on the key outcomes of the project (see [www.resolution2025.com](http://www.resolution2025.com)) but there

were some common approaches across the scenarios that are worth noting.

### **A consensus view that financial services will be more consumer-focussed by 2025**

The results of the ranking exercise demonstrated that, by and large, attendees were optimistic about the ability of financial services to become more open and responsive to consumers in the decade ahead. As with the scenarios themselves, the acid test is not the veracity of these evaluations, but what they tell us about how people are thinking about the future and their view of how much can change in ten years. One of the reasons for working with a ten-year time horizon in this way is that it can liberate people to think beyond current realities. But is this optimism realistic?

Only a few groups felt strongly that this would not be the case, and the two scenarios 'below' the horizontal axis ("Financial Fortresses" and "The Lone Mariner"), would be most likely on the basis that financial services firms, faced with continuing pressures to deliver profits and dividends in the short term would not have fundamentally changed despite the threat from intermediaries, competition, or steadily increased regulation and oversight from the FCA and others. Whilst we deliberately excluded regulation as a primary driver from the scenarios as being beyond the control of the sector or indeed the Ombudsman, it

also tells us that there is a minority view that whatever regulation does come into force in this time period is unlikely in itself to force a wholesale change in the environment and make firms genuinely responsive to consumer need.

### **A more trammelled and segmented future**

The most common comment to emerge from this process was that, in reality, at least elements of more than one scenario would co-exist in the world of 2025. This would be underpinned by continuing polarisation across the UK population in this time period, and result in more highly segmented and tiered service offerings for different groups. Without intervention or new services, “Trusting Me, Trusting You”, would be the preserve of the affluent who could afford to pay extra for the concierge services that would ease their lives and streamline dispute resolution. By the same token the most negative future, “The Lone Mariner” would inevitably be the world facing the poorest, least educated and excluded sections of the population – on their own and unsupported by third parties of any kind.

This was tested out in subsequent exercises and produced a consensus view of which scenarios would most likely match which segments.

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**“ The Lone Mariner and Financial Fortress scenarios imply that access to appropriate and affordable financial products and services for disabled people will be even more difficult to access. The market will not necessarily provide for this group and could be shut out of services altogether.**

Ruth Marvel,  
Head of Innovation and  
Foresight, Scope

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### **Scenarios as a developmental narrative**

Another way of characterising the scenarios that emerged from the workshops that stimulated debate was whether they could be better seen as a set of interlocking, interdependent outcomes that could either describe different stages of a customer’s life – starting off as “The Lone Mariner”, but progressing through third party support and greater affluence to the world of “Trusting Me, Trusting You”. Others felt this could describe the learning curve of the financial institutions themselves, from below the line through to an appreciation of the value of consumer responsiveness.

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**“ The potential for the scenarios to exist concurrently (i.e. Some ‘premium’ and some ‘basic’ services) raises the question of how we ensure all consumers are engaged in the feedback/complaints system.**

Phillida Cheetham, Which?

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Interestingly the question of individual preference and personality was also raised – maybe some customers would actively prefer to sort out their own problems as posited by “Feeling Individual”, whilst others would be more inclined to want, and if necessary to pay for, the privilege of being looked after in the future world of friendly soft power wrappers.

**There will be gaps in the market – and opportunities for newcomers to fill them.**

The most striking aspect of the stakeholder consultation was the imaginative and vigorous way in which all groups responded to the opportunity to create a new enterprise in the context of the future scenarios. The range of radical new business ideas created has strongly informed our thinking about a number of key factors:



- How very different the shape of the future complaining 'ecosystem' might be in 2025
- The plethora of emerging commercial opportunities that could emerge if both financial services and existing third parties (including ADR providers) don't fill the emerging vacuums themselves
- The degree to which new technology is creating new ways in which both consumers' interests and business service developments can flourish, beyond the current preoccupations with social media in this area
- Several of the ideas identified the opportunity for genuinely cross sector intermediaries to develop, not just focussed on financial services suggesting even further blurring of the boundaries in the future

? Could some financial services firms decide to focus just on providing the core products and outsourcing the rest? Recent moves by retailers such as M&S and John Lewis to really push in this territory would point in this direction.

## BUSINESS PROPOSALS

### D+ (Datamatch)

#### FINANCIAL FORTRESS:

D+ is a crowd sourced start up, offering personalised financial service products based on knowledge of both the market, and consumers' willingness to optimise pricing by sharing data. Aggregating consumer data and bundling consumer requests means D+ can also leverage better deals with financial service providers and optimise prices with banks.

### Complaints Direct

#### LONE MARINER:

Independent of regulators and organisations, Complaints Direct is a commercial organisation which acts as a concierge for complaints. It seeks to provide an accessible service to help those who are less able to succeed in complaints disputes, and also uses aggregated consumer data to influence future policy and build trust in particular brands.

### Cash4complaints.com

#### LONE MARINER:

Cash4complaints.com uses a real time pricing model to buy complaints from consumers, which are collated and used to bargain for dispute resolution with individual service providers. The consumer is then advised on better suited financial products and providers, encouraging a meritocratic market approach that enables market diversity.

### Consideritdone.com

#### FEELING INDIVIDUAL:

A lifestyle support service, or a 'mass concierge', joining together related but fragmented services such as energy providers, insurances and house purchases. Consumers and industry are advantaged by economies of scale, and there is a view to sell consumer data and involve targeted advertising in the future.

### Rapid Resolve

#### FEELING INDIVIDUAL:

Rapid Resolve is a fast and pragmatic alternative to Financial Ombudsman Service, acting as a business-to-business mass complaints mediator. This process proves cheaper to business by taking advantage of economies of scale, and benefits consumers by reducing barriers to entry and speeding up complaints resolution.

### Feedback.com

#### FEELING INDIVIDUAL:

This is a cross-sector non-profit, which harvests feedback and complaints information to transmit to clients via consultation, as well as using collected information to lobby for industry change. The business is industry funded, as stakeholders are incentivised by the incidental market benefits; and companies can pay to voice their opinions.

Several new models for the future emerged, best described by selecting one of the entrepreneurial ideas devised at one of the workshops:

1. **Big Data-based:** D+ (Data Plus)
2. **Concierge Services:** Complaints Direct
3. **Buying and trading complaints as currency:** Cash4Complaints.com
4. **Universal Fixers, all sectors:** Consideritdone.com
5. **Shared knowledge and transparency:** Feedback.com
6. **Alternative resolution services (social enterprise):** Rapid Resolve

Importantly, whilst a common theme in all of these was their ability to speed up and streamline the identification and resolution of customer issues in a seamless, helpful and time saving way for the consumer, each could find ways in which their newly created intermediary would improve results and operational efficiency for the businesses that they would work with too, largely on an outsourced basis. In most cases, the picture was a powerful win-win.

### **The emerging ecosystem for customer issues and future resolution options**


Returning to our core theme, discussed above, it is clear from the combined process of scenario generation, consultation and subsequent analysis that whilst many elements will be familiar it is most likely that there will be a very different ecosystem for customer dissatisfaction in financial services by 2025. If existing providers and alternative dispute resolution

“ **Businesses will need to decide what they want to be and what their key strengths are, shedding what they are poor at and outsourcing to third parties – ecosystems will develop below brands to deliver new, seamless experiences to customers.**

John Hereward Shaw,  
Head of Innovation,  
Direct Line

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services fail to adapt with the right speed and to the right depth, there could be huge potential for a new set of organisations to spring up and fill the void in ways that will ensure customer satisfaction, help businesses resolve issues, and make life simpler on both sides. Envisaging the potential components of this ecosystem formed a powerful starting point for assessing the future impact on the Ombudsman and other third party resolution services that exist today, as well for the consumer and financial institutions themselves.

The main message is that the current trends and underlying drivers identified and used in the scenario generation are creating a bigger gap between consumer needs and wants and the ability/desire of business to satisfy these needs cost effectively and satisfactorily. Thus a growing opportunity will exist which, if not grabbed by existing players, will be fair game for new types of enterprise, whose raison d'être will be to anticipate, identify and resolve problems, perhaps even before they arise. 



This report is one part of a much wider project conducted by the Future Foundation for the Financial Ombudsman Service.

For a full overview of all aspects of the Resolution 2025 project, please visit:  
[www.resolution2025.com](http://www.resolution2025.com)

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