Consumers will expect greater proactive anticipation and response to their needs and are likely to want it to be subtle, seamless and automatic. Third parties and ADR service providers will need to use their expertise, knowledge and access to customer data to develop a more proactive/preventive role. This report provides a full examination of the findings on this key theme.
As implied by the reports on Fairness and Big Data (see www.resolution2025.com), but not explicitly defined in either, is a fundamental shift in approach with regard to customer dissatisfaction, issues and complaints. Greater prevention of disputes through better advice, sales practice, product design and more proactive resolution will create a world in which there are fewer issues and complaints and more investment in advice and education, perhaps moving to more of a ‘health check’ model of financial services.

This would represent a significant rebalancing of power and also implies the ability of customers to take sufficient interest in being properly informed and educated about the products and services they buy. Possibly they will outsource this to third parties on their behalf.

Behavioural economics suggests that there are many inherent biases in consumer decision making that will make this challenging but that applying such insights to product design and service provision will be the key to preventing mis-selling and indeed, mis-buying by irrational, ill informed consumers.

The service should utilise the ‘wisdom of crowds’ aggregating and publicly sharing customer knowledge to help consumers avoid issues and also ‘nudge’ the financial service providers to improve the quality of their products in future.

Ivo Vlaev, Health Economist, Imperial College

What it means for consumers
- Consumers may expect greater proactive anticipation and response to their needs but are likely to want it to be subtle, seamless and automatic.
- They will respect brands that work to prevent customer issues and maximise customer satisfaction at every point by proactively intervening to improve service.
- Many consumers may not want to spend more time learning about financial services and thus empowering themselves to make the right decision. Money is an emotive area and many find it difficult to think about rationally. But tailored services and clear consumer-focussed information may result in more time and energy being spent assessing providers before entering into arrangements and allow expectations to be mutually understood earlier in the process.
- Consumers will gravitate – albeit slowly – to those who they feel can understand them and anticipate their needs. They will enter into these relationships with less scepticism of the provider and issues will be diminished substantially as a result.

What it means for financial services
- Part of building reputation in any sector, but particularly financial services, will be an investment in better upfront design of service delivery and an avoidance of products that can cause consumer problems. Financial providers will be expected to develop better designed, fairer, more transparent and clearer products for all financial needs – this requires a major investment.
- T&Cs must be simple, easy to understand and fair. Customers will become more cautious and fine-print literate before signing up to anything that the financial services industry puts in front of them. Alternatively, they may use real or virtual intermediaries to check the fine-print on their behalf.
Even the best resolved of disputes will still require significant consumer time and effort and consumers will use providers’ “dispute records” (which are analogous to airline safety records) as a way of selecting who to form relationships with.

There is space for new types of bodies to provide advice and education services and these could be funded by the financial sector itself to enhance its reputation.

Alternatively, more overt support of current not-for-profit bodies to maintain and expand services at the time of government cuts could be valuable win-win strategy.

**What it means for intermediaries**

- Third parties have a real opportunity to use their knowledge and access to customer data to move into a more proactive/preventative role and to act and aid earlier. A key question is whether existing organisations can provide this by extending their current areas of operation or whether others will emerge in the ecosystem.

- They can become use better technology, data and information to help consumers avoid problems, protracted disputes and get the right redress. They will need to take a similar approach to their own service design. They could likewise use their know-how to become advisers to businesses in the sector to help them shift to a more preventative role.

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**KEY IMPLICATION**

The obvious way for genuinely preventative and more proactive services to emerge is in the form of new intermediaries and education/advice based third parties, given the current product/sales model of financial institutions. Existing third parties and ADR providers could have some natural strengths to build on this area, and forward thinking organisations such as Which? are already capitalising on this.

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In a world of automation, systems not people will require the regulation. This could be done proactively as opposed to reactively.

Ed Beard, Digitas LBI

As products become more homogenous across banking, experience becomes the product and any failure to deliver excellent service will be acted upon.

John Sills, HSBC