VULNERABILITY CONFERENCE
Financial Services for all – no one left behind

WIFI DETAILS
USERNAME: XXXXXX  PASSWORD: XXXXXX
Opening remarks from the Conference Chair

Stephen Gay, TISA
Darren Cornish
Group Director of Systems Thinking and People Services
Customer Principles

Do the right thing
Make it easy
Know me
Empower me
Delight me
Know me

Tailored
Tone
Relevant
Prioritising change given what matters to our customers

What matters to our vulnerable customers

- Health: 29%
- Money Worries: 24%
- Communication: 11%
- Life Event: 9%
- Mental Capacity: 2%
- Fraud Concerns: 3%
- Third Party: 2%
Our Approach

- Leadership & Strategy
  - Vulnerable Customer Team and Steering Committee

- Supporting our People
  - Training and Champions Network

- Understanding Customers
  - Management Information
    - Speech Analytics
  - External Expertise

- Tools and Knowledge
  - Internal Awareness and Support
Treating vulnerable customers fairly: The FCA’s approach

Nisha Arora, Director, Consumer and Retail Policy, FCA
An introduction to

Vulnerable Customers - Capability Maturity Assessment Tool

Jonathan Warren
Consultant
How did we get here: A regulatory history

2015
Occasional Paper No.8: Customer Vulnerability

2016
Smarter Consumer Communications

2017
Financial Lives Survey

2018
Our Approach to Consumers
Automated investment services – our expectations

2019
Our Business Plan 2019/20
Guidance for firms on the fair treatment of vulnerable customers
Treasury Select Committee: Consumers’ access to Financial Services inquiry

Treating Customers Fairly, 2006
Cracking the vulnerability perception

Financial Lives Survey

50%

or 26.2m people in the UK display characteristics of vulnerability
Cracking the vulnerability perception

Percentage of scam victims in the digital environment

- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65-74
- 75+
Factors influencing vulnerability

- Capacity
- Health
- Life Events
- Resilience
The scale of the challenge

1 in 8 adults provide unpaid care for family and friends

1 in 6 over 80 have dementia
The scale of the challenge

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1 in 4 In any year, will experience at least one mental disorder
The scale of the challenge

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2 min
someone in the UK is diagnosed with cancer
The scale of the challenge

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17%
of adults in the UK have low financial literacy
The scale of the challenge

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someone in the UK is diagnosed with cancer

17%
of adults in the UK have low financial literacy

1/2
of adults have a numeracy age of 11 or below
The scale of the challenge

- 17% of adults in the UK have low financial literacy
- 1/2 of adults have a numeracy age of 11 or below
- 20% of over 75s live with sight loss
The scale of the challenge

1/2 of adults have a numeracy age of 11 or below

20% of over 75s live with sight loss
The scale of the challenge

- Potentially
- Transient
- Actually
- Permanent
What can be done: Guidance Consultation 19/3

**Products and Service Design**
- Inclusive and accessible
- Factored in at all stages of development
- Focus groups, stress testing

**Customer Service**
- Front-line staff discretion
- Pay and reward structures
- Prevent repeat disclosure
- Some scenarios out of scope

**Communication**
- Clear, easy to understand and free of jargon
- Braille, large print, sign
- Multi-channel, configurable

**Monitoring, Learning & Evaluation**
- Test and learn
- Periodic reviews of products and customer use
Offering homeless people access to a bank account
Supporting Vulnerable Customers

EValue
HSBC
STARLING BANK
moneyhub
moneyhub
My share and care app
Supporting Vulnerable Customers
STARLING BANK

Introduction of gambling blocking technology
Supporting Vulnerable Customers
EValue

Pension statement videos
What can be done

Write a policy
What can be done

People, Culture and Trust
What can be done

Data & Systems
What can be done
What can be done

Charity Partnerships
What can be done

Training
What can be done

Collaborate
What can be done

Audit, Assessment and Action Plan
Vulnerable Customers - Capability Maturity Assessment Tool
Thank you
Any questions?
Refreshments & Networking

10.20 – 10.50
Panel discussion - Learnings and benchmarking

Anthony Scammell, UK Operations Director, Old Mutual Wealth (Moderator)
Damian Bowden, Investor Complaint Process Specialist, M&G Investments
Vanessa Hudnott, Vulnerable Customer Strategy Manager, Aviva
Fermin Martinez de Hurtado Yela, Sustainability Strategy Manager, Santander
Dimpel Patel, Head of Client Services, Brewin Dolphin
Panel discussion - Things that make all the difference

Callum Heckstall-Smith, Head of Communications and Marketing, British Dyslexia Association
Kirsty Hunt, External Training and Consultancy Manager, Cruse Bereavement Care
Morven Lean, Strategic Change Manager (Vulnerable Customers), Alzheimer's Society
Nick Wilkinson, Head of Access Solutions, Action on Hearing Loss
Lunch & Networking

12.30 – 13.30
Financial resilience

The Baroness Drake CBE
SECTION 1

FINANCIAL RESILIENCE – AND WHY IT MATTERS
Financial Resilience

The ability to cope financially when faced with a sudden fall in income or unavoidable rise in expenditure
Examples of Financial Shocks

- Job loss or reduced hours
- Sickness absence
- Relationship breakdown
- Bereavement
- Stopping/reducing work to become a carer
- Essential repairs to house, contents, car
- Jump in housing costs
- Earnings volatility
- Taking on new family responsibilities
Prevalence of Shocks

• Four to six million a year from sickness, job loss, relationship breakdown, bereavement, caring.

• Seventy per cent of those in regular work face income volatility
Aids to Resilience

• Employment benefits – sick pay, redundancy pay, bereavement payments.
• State Welfare system
• Savings and assets
• Insurance
• Affordable credit
• Partner, family, friends
• Financial Capability & Low debt
Why Resilience matters

Low resilience can lead to:

• Problem debt
• Health problems – esp. mental health
• Hardship for families
• Relationship difficulties
• Housing problems
• Reduced productivity & costs to employers
• Costs to landlords, utility providers and financial institutions
SECTION 2

TRENDS IN FACTORS AFFECTING RESILIENCE
Changing Labour Market

• More people working – esp. women, older age groups, people with disabilities
• Self-employment risen to 5 million
• Most private sector employees work for SME’s
• 1 worker in 12 lacks standard protections
• These factors combine to increase exposure to income shocks
Occupational and State benefits

• Long term decline in employer provision for sickness
• Means-tested benefits fallen in real terms
• Help with housing costs restricted
• Duration of some contributory benefits reduced
Household Finances

• Many adults lack savings – nearly 11 million have less than £100
• Insurance take up is low – 3% for Income Protection; 4% for mortgage protection
• Owner-occupation declining amongst working age population
SECTION 3

MEASURING HOUSEHOLD FINANCIAL RESILIENCE
The Case for an Authoritative measure

- Data shows there are resilience problems – but picture is too fuzzy to inform action
- Low resilience harms individuals, families, society – and challenges social & financial stability
- Falls in resilience have been an unintended consequence of socio-economic or policy change
- An authoritative measure can inform policy making and drive effective action
What a Resilience Index would do

- Map the level of resilience in UK households
- Allow changes in resilience to be tracked
- Highlight segments of our society where action is most needed to improve resilience
- Improve understanding of the underlying causes and drivers of low resilience
- Be a useful tool for all organisations and agencies seeking to improve financial resilience
- Provide a basis against which proposed policies or actions could be tested so that unintended impacts can be identified in advance
Access to data

• An initial version drawing together existing data streams together would be a good start.
• We show how remaining data gaps could be filled
• And how use of a micro-simulation model could provide sharper focus and be used as a tool for impact analysis
• Access to administrative data could provide a sharper and faster picture in due course
Who would use the Index?

• Financial Services companies
• Government Departments, and the Devolved Administrations
• Charities
• The Money & Pensions Service
• Employers, employer organisations and Trade Unions
• The Financial Conduct Authority
• The Bank of England
• Think tanks and research institutions
• Local authorities and housing providers
Our recommendations

1. A Resilience Index should be established along the lines set out in Chapter 5.

2. The Index should be developed and maintained under independent and expert governance. We believe the ONS to be well placed to play this role.

3. MAPS should promote the importance of household resilience within its forthcoming national strategy to improve financial capability.
Carers perspective

Ruby Peacock, Head of Policy and Public Affairs, Carers UK
TISA Vulnerability Conference

External perspective:
The value of understanding the ‘lived experience’ of customer vulnerabilities

Jan Levy and Michael Hilton
“It’s an advanced product that has become part of the culture of the business.”
POST SURGERY BRAS

Our post-surgery bras have hidden prosthesis pockets for a natural shape - plus, we'll donate 10% to Breast Cancer Now when you buy one.
Customers with a cancer diagnosis

The world of cancer is changing, with more people living longer with cancer. For some it is more of a chronic condition than a critical illness. When designing our life and critical illness products, how can we ensure that we really understand and respond to the circumstances and challenges faced by those with a cancer diagnosis?
Customers withdrawing pension funds

More and more people are withdrawing their whole pension pot at the age of 55. We want to help customers make choices that will serve them well in the long-term – but to do that we need to understand much more about their motivations for cashing in early, the vulnerabilities that might impact their decision-making and the vulnerabilities that might result later in life.
Older people and digital banking

Banking is going digital. Older people are our more affluent customers – but the least likely to want to go digital. How do we make digital banking work for older people?
LEARNING FROM LIVED EXPERIENCE

Four levels of outcomes

1. A shared mindset, a new way of thinking, new perspectives

2. Better communications with customers – including more empathy

3. Ideas for new or enhanced customer journeys and solutions

4. An innovation – bringing something new to market
THINGS TO GET RIGHT

A great deal of care is needed...

- A focused problem statement
- Valuing the charity partner
- Creating the right environment and well-designed interactions
- Logistics!
- It’s not just about the insight – it’s what you do with it
A FINAL THOUGHT

From vulnerable customers...

...To social innovation
Any questions?
We apply the Three Hands mantra of creating business value and social value, hand in hand, to customer insight and innovation. We believe that inclusive business means products, services and customer experiences that work for everyone; and that ‘vulnerable customers’ is far from a niche customer group.
Conference Chair's summation

Stephen Gay, TISA
Closing remarks from the host

Nadia Starky, Vulnerable Customer Strategy Manager, Aviva
THANK YOU

Please join us for the drink’s reception