uniphore

BANKING ON TRUST:

A GUIDE TO LEVERAGING CUSTOMER COMPLAINTS FOR VALUE CREATION

Go from Managing Complaints to Building Trust with Real-time Conversational AI

CUSTOMER TRUST: A KEY DIFFERENTIATOR

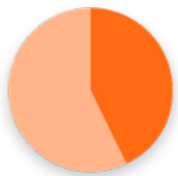
Financial institutions today are in a tough spot. Customers who have grown accustomed to digital interactions are losing trust in traditional banks, seeing them as interchangeable providers rather than valued financial advisors. In fact, a recent report by Accenture found that only 43% of consumers trust banks to look after their long-term financial well-being.

At the same time, new disruptors are eating into the banking market by delivering what traditional financial institutions can't: an emotion-rich experience that prioritizes customer interests over cold profit. Today, nearly 19% of U.S. financial institutions are new players in the market. What's more, they have managed to capture approximately 4% of total banking and payments revenues.

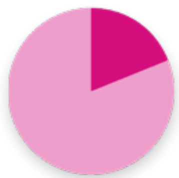
How can traditional banks regain consumer trust and win back lost market share? By reprioritizing their customer experience. Research by Accenture found that banks that build high-energy relationships with customers can boost revenue by 9%. They also routinely score higher on Forrester's CX Index.

To truly build a better experience, however, banks must first tackle a sensitive subject: customer complaints. Fortunately, conversational AI and automation can turn costly detractions into value-rich insights that drive higher revenue and cost savings.

TOP CHALLENGES FOR FINANCIAL SERVICES



43%
of consumers trust banks to look after their long-term financial well-being



19%
of U.S. financial institutions are new players, who have captured 4% of total banking and payments revenues

9%
growth in long-term average revenue for banks that increase their advisory trust and enable the improvement of their customers' financial well-being

Source: Accenture Research

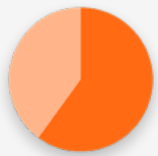
THE IMPORTANCE OF COMPLAINTS

Complaints management and analysis is a critical component of any trust-building effort. According to a 2022 study by CCW Digital, 60% of consumers would consider switching to a competitor after two or fewer bad experiences. The same study found that 17% considered leaving after a single bad interaction. Bottom line: banks that ignore customer complaints do so at their own peril.

This is especially important in an environment where digital challengers have driven up the cost of customer acquisition. It costs much less to market products and services to existing customers who trust the brand than to new ones.

When leveraged effectively, consumer complaints can pinpoint areas for improvement and identify processes that can be optimized. While an effective complaints management workflow translates to better margins and customer loyalty, a mismanaged complaint can cost financial services companies a lot more than a lost customer – it can expose the company to legal or regulatory enforcement action as well as reputational damage.

In the race to build trust, an effective complaints management program can solidify customer relationships, reduce turnover and increase profitability. It enables the bank to utilize complaints as an opportunity for betterment, discovering potential weaknesses in a company's risk management practices, as well as highlighting a specific issue pertaining to a product, service or department. Additionally, complaints can provide valuable insight into consumers' understanding of financial products and services – a veritable goldmine of data – if defined, categorized and analyzed effectively.



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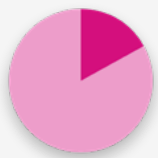

17%

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THE STATE OF COMPLAINTS MANAGEMENT

Despite their best efforts to manage and resolve complaints, banks are finding it difficult to meet their customers' expectations. While financial institutions have led the way in driving self-service rates for everyday banking services, and related customer service interactions, complaints management continues to be an effort-intensive endeavor for most customers, requiring multiple follow-ups and the filing of formal complaints with regulatory agencies.

According to the 2022 J.D. Power U.S. National Banking Satisfaction Study, customer satisfaction has decreased by 4 points from 2021 and has decreased by 9 points from 2020. The study details that the largest retail banks are failing to meet the expectations of younger customers in terms of effective complaint resolution, exposing the need to re-tool or upgrade complaint management systems to better meet their expectations.

Customers expect transparent, fast and fair resolution. To meet customers where they are, banks should examine their complaints management workflows and explore ways to improve their listening, categorization, redressal and monitoring capabilities.

Banks that are failing their customers are also losing out on additional revenues by not taking advantage of the considerable volume of complaint data available, which can be utilized to discover gaps or trends that might benefit the organization. Unmined information is a missed opportunity to improve customer understanding and glean insights into the company's internal processes, products and services.

From October 2021 to September 2022, the Consumer Financial Protection Bureau (CFPB) in the US received nearly one million complaints. The agency ordered $1.8B in civil penalties as a result of enforcement actions that benefitted 175M people.

In the UK, the number of Financial Conduct Authority (FCA) fines handed out nearly tripled in 2022, rising from 10 in 2021 to 26 last year.

The Australian Financial Complaints Authority (AFCA) reported a 3% increase in complaints filed in 2022 compared to 2021, and nearly $195M paid to complainants in 2022.

THE PROBLEM WITH CHASING COMPLAINTS

Frustrated customers are losing trust in the complaints management practices of the financial institutions they work with and escalate their complaints to the regulatory authorities.

In fact, 94% of complaints filed with the CFPB had been previously brought to the attention of the original financial institutions. It is also an open secret that customers are likely to get more attention from their financial institutions if they were to file a complaint with a regulatory agency rather than waiting patiently for the firm's resolution of the complaint.

Many financial institutions have elaborate processes to record, analyze and manage complaints. Before we explore ways to improve complaints management, it is important to note the challenges of the current system. Financial services firms can find themselves unable to meet customers' expectations for the following reasons:

Lack of real-time guidance. Conversations involving complaints require more time, effort and empathy from customer service representatives. In most contact centers, customer service representatives must rely solely on their own judgment to diffuse customer tensions and resolve their grievances—or risk them turning over. Unsurprisingly, this unassisted approach often results in long average handle times (AHT), poor customer satisfaction (CSAT) scores, more repeat calls and a higher complaint rate.

Manual notetaking is insufficient and inconsistent. Recording complaints manually is a time-consuming task with customer service representatives having to capture the details of each complaint and select from multiple drop-down lists along the way. This process also increases the likelihood of reporting inconsistencies—sometimes with serious repercussions. For instance, when borrowers express concern about their ability to repay a loan but have difficulty getting through to a service representative, it constitutes two issues that need attention. Misidentifying these issues frustrates the customer, driving them to escalate the complaint.

Back-office calibration costs time and money. In several cases, the back office may need to relisten to calls to extract relevant data for audit logs as well as to identify complaint categories. Operational expenses go up as a result, with a large front office and back office engaged in repetitive monitoring, tracking and documentation tasks.

Ineffective root cause analysis. Many financial institutions still perform root cause analysis and remediation manually—an inefficient process that's out of sync with today's customer expectations and available technological capabilities. Without real-time analysis and best practice automation, the root cause of an issue (e.g., aggressive selling practices or opening accounts without consent) may be misidentified, leading to insufficient and/or untimely remediation.

Inability to avoid the same mistakes. Financial institutions today have limited tools to quickly implement and monitor process improvements that they may have identified through their complaints management framework. Traditional training, coaching, and knowledge management practices inject delays in implementing changes to processes followed by employees and suffer from significant blind spots that further limit the risk management team's ability to preemptively avoid mistakes and mitigate compliance risks.

Inefficient customer communication. Customers expect to be notified of the progress in complaint resolution and receive quick responses when they are not satisfied with the process. When customers feel that company communication isn't forthcoming, timely or transparent, they are more likely to file a complaint with regulatory agencies. Conversely, companies that communicate proactively about a sensitive issue can help change the customer's opinion, resulting in a positive experience.

> The CFPB's 2021 Consumer Response Annual report highlighted concerns about market participants giving consumers the runaround, particularly when it comes to new products and services. Consumers reported issues with digital assets such as mobile wallets, including fraudulent activity on their accounts. They also reported difficulty in getting a response from companies when they raise these issues.

THE OPPORTUNITY TO PREVENT COMPLAINTS

With AI analytics and automation, financial services companies can move towards an ecosystem of complaint prevention. By providing consumers with access to a quick and efficient process for resolving complaints, banks can promote trust and confidence in their institution.

Each point of interaction serves to build the "bigger picture" of what customers need, and what they expect from their bank. This is not only important for meeting regulatory requirements, but it can also help banks manage reputational risk and improve the customer experience significantly. By effectively preventing a situation that might lead to a complaint being raised, banks can demonstrate their commitment to customer satisfaction and build stronger relationships with their clients.

Today's AI cannot only identify, categorize and log complaints with unparalleled accuracy and consistency, it can also automate much of the complaints management workflow. This gives customer service representatives better bandwidth to focus on issues of greater complexity that require their attention. It also reduces front office costs and speeds up resolution times.

Financial institutions that augment their complaints management systems with conversational AI can overcome the customer expectation challenges with:

Real-time guidance. Real-time guidance helps customer service representatives take control of conversations by offering solutions and next-best actions—including empathy cues—that alleviate customer pain points and de-escalate emotionally charged interactions. It can also automate time-consuming manual tasks that compete for customer service representatives' attention and prolong call times.

Automated notetaking and classification. Advanced AI technology, in conjunction with robotic process automation (RPA), eliminates the need for human customer service representatives to identify, classify and log complaints, creating greater record consistency with significantly fewer human errors. And because the technology is infinitely scalable, it can slash AHT by up to two minutes per call, reducing both front-office costs and customer frustration.

No back-office calibration needed. Because machines—not error-prone humans—capture and record relevant complaint data, there is no need for backend call calibration or compliance auditing. This not only reduces the operational costs of doing double work, but also accelerates resolution timeframes for customers.

Actionable insights. AI can process large amounts of unstructured data from customer interactions and provide valuable insights that can help organizations discover the underlying reasons for complaints, identify patterns in the types and frequency of complaints and examine the connections between complaints and potential risks related to revenue, regulations and reputation. Armed with this information, organizations can take proactive steps to reduce risk and work towards increasing NPS scores.

Compliance automation. Compliance teams can work hand in hand with operations teams to implement process and conversation triggers that ensure adherence to best practices in real-time. By listening to conversations and monitoring employees' interactions with customers and systems in real-time, AI can intervene when needed to explain products and policies, secure customer consent and ensure that employees are building trust and mitigating risk in every customer interaction.

Proactive communication through IVAs. Automated workflows can ensure that the customer is kept in the loop through the various stages of complaint remediation. With an intelligent virtual assistant powered by conversational AI and automation, financial institutions can proactively deliver updates on open disputes and complaints—without any effort from a human customer service representative.

Capture complaints in real-time

Real-time complaints capture can mitigate risks and de-escalate conversations through empathy coaching. At the same time, automated complaint summary can save AHT and simplify remediation.

Complaints Capture

- Complaint Classification (L1-L2)
- Automated Complaint Summary
- Complaint Severity
- Resolution Status
- Agent Summary

Complaints Coaching

- Empathy Coaching for Agents
- De-escalate Conversations
- Complaints Capture Support
- Real-time Resolution Guidance
- Complaints Inquiry Support

Complaints Cases

- RPA for Desktop Context Capture
- Review After Call Summary
- Create Case for Remediation
- Look up Cases (re: Complaints)

Unlock complaints insights

Complaints insights sheds light on conversations in which your customers express dissatisfaction. It classifies dissatisfaction into categories of complaints tracked by the consumer financial protection agencies. With insights into the customer experience and industry benchmarks, it helps you mitigate regulatory, reputational and revenue risks.

Complaint Scoring

- Complaint Classification
- Contact Reason / New vs Inquiry
- Complaint Severity
- Complaint Summary
- Resolution Status

CX Scoring

- Customer Sentiment
- Customer Tonal Emotions
- Customer Effort
- Promises Made vs Promises Kept
- Agent Interaction Handling Skills

Complaints Analysis

- Agent Coaching Opportunities
- Benchmark Analysis
- Compliance Risk
- Propensity to Escalate
- Propensity to Churn

Guide customers to better complaint resolutions

An intelligent virtual agent can keep customers informed of the dispute/complaint process, reducing escalations and preventing callbacks and complaints. It can also send proactive updates and answer questions on inbound voice and digital channels through automation.

Dispute Guidance

- Digital-First Dispute Capture
- Dispute Inquiry Support
- Reminders
- Proactive Updates
- FAQs for Disputes

Complaint Prevention

- Automated Complaint Capture
- Trigger Review & Remediation
- De-escalate Conservations
- Complaint Inquiry Support
- FAQs for Complaints

Omnichannel Support

- Inbound & Outbound ready
- Integrates with Existing Channels
- Easy Access to Agents

BANK ON THE VALUE OF CONVERSATIONS

From complaints management to compliance to revenue generation, learn how conversational AI and automation can create a better—and more valuable—banking experience.

Download the Banking 2-Pager

ABOUT UNIPHORE

Uniphore is the global leader in conversational AI and automation solutions. The Company's vision is to disrupt an outdated customer service model by bridging the gap between human and machine using voice, AI and automation to ensure that every voice, on every call, is truly heard.

Uniphore enables businesses globally to deliver transformational customer service by providing an automation platform where digital agents take over transactional conversations from humans, coach agents during calls, and accurately predict language, emotion and intent. All in real-time. With conversational AI and automation solutions, enterprises can now engage their customers to effectively build loyalty, improve customer experience and realize operational efficiencies.

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