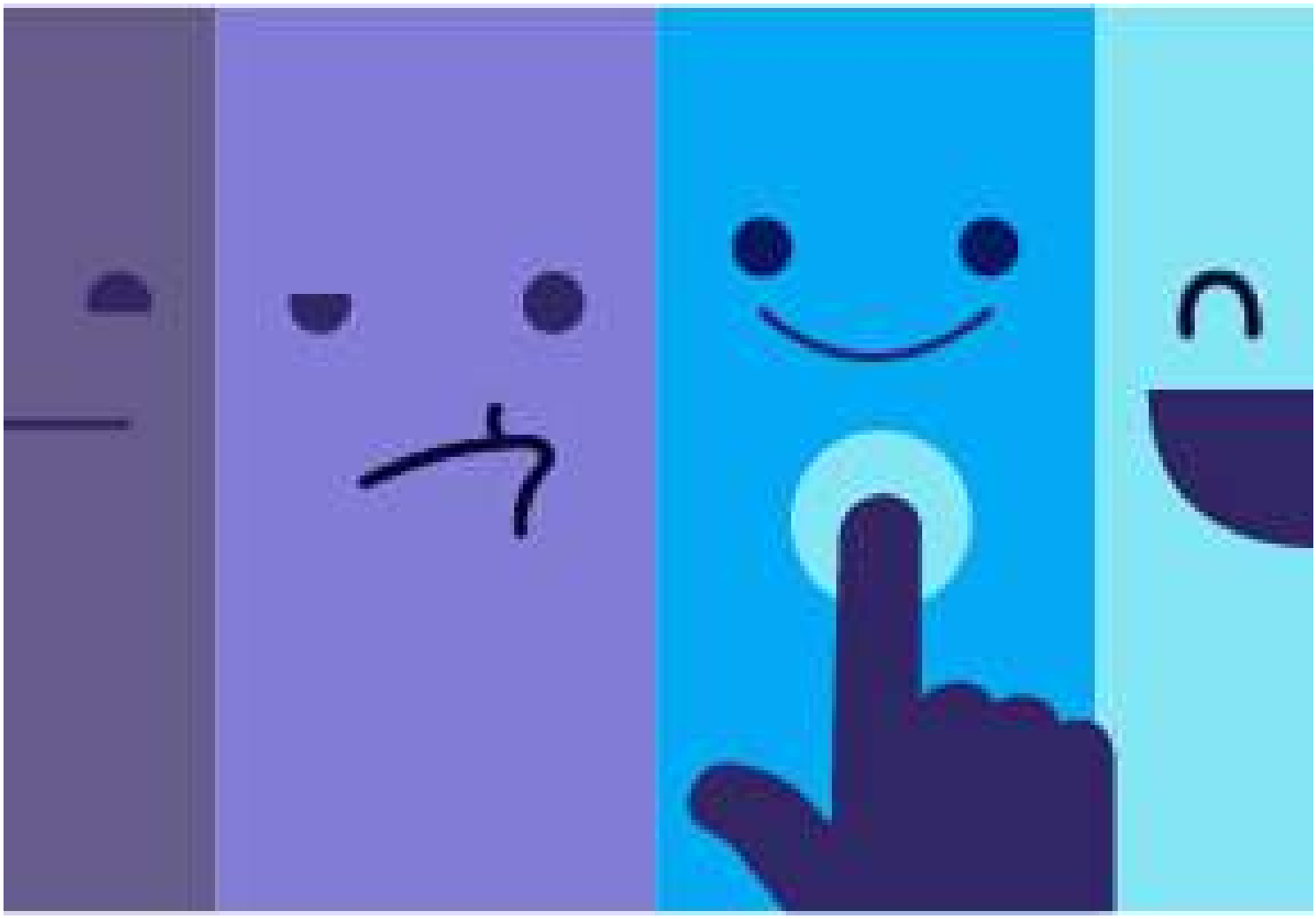
HOW COGNITIVE COMPUTING CAN HELP IN ACHIEVING COMPLAINTS EXCELLENCE

MAKING THE COMPLAINT PROCESS MORE EFFICIENT AND RESILIENT

COGNITIVE VIEW



The unprecedented technological disruption we are seeing across both the financial services and utilities marketplace means there are now more providers for customers to choose from, providing realistic alternatives to traditional services that didn’t exist even just a few years ago. Digital innovation and new 'disruptor' businesses are making it easier than ever for customers to change provider, making it even more important to build deeper relationships with customers through the complaints journey.

Financial firms have long used complaint-management programs to resolve customers’ grievances about products and services. Such programs are critical to customer retention: When firms respond quickly and appropriately to complaints, customers become more loyal. When firms do not, even long-time customers might withdraw their patronage.

Complaint-management programs help firms address the complaints of individual customers, but they can also provide insight into product and service improvements and identify broader issues with compliance programs, internal controls, communications, and processes.

In recent years, financial firms have enhanced the use of complaint-management programs to identify systemic risks and inform strategy decisions at the business and corporate levels.

To effectively pinpoint and remediate systemic issues, however, firms must be able to separate low-frequency, high-risk complaints from the vast amount of data they receive.

Such complaints can reveal issues that exist in corners of the organization and go undetected for months or years before suddenly mushrooming into a full-blown crisis.

Identifying and remediating them are a tall order — and an industrywide challenge.

Based on the latest round of research on complaints management, it was found that many firms are meeting the vital regulatory requirements but are failing to keep up with customer expectations

THE POTENTIAL OF COGNITIVE COMPUTING IN COMPLAINT MANAGEMENT

In the coming years, challenges posed by high-risk, low-frequency complaints could be addressed by cognitive computing. After all, firms in other industries have already begun using cognitive computing with artificial intelligence and analytical software to manage and glean insights from massive, complex data sets.

Cognitive technologies are capable of analysing semantic features of text input, and therefore have the potential to decipher high-level concepts; interpret emotion and sentiment through specific target phrases, entities, and keywords; and recognize relationships and patterns — in essence, to understand natural language in context. When used with machine-learning functionality that automates analytical-model building, these technologies also have the potential to learn iteratively and source insights without being programmed or instructed where to look.

While these innovations are still under development, by combining natural-language-processing and machine-learning capabilities, engineers aim to design the next wave of cognitive technologies to compile and analyse data from a variety of unstructured sources, give advice and offer guidance, make hypotheses, and build cases upon evidence-based reasoning, among other capabilities.

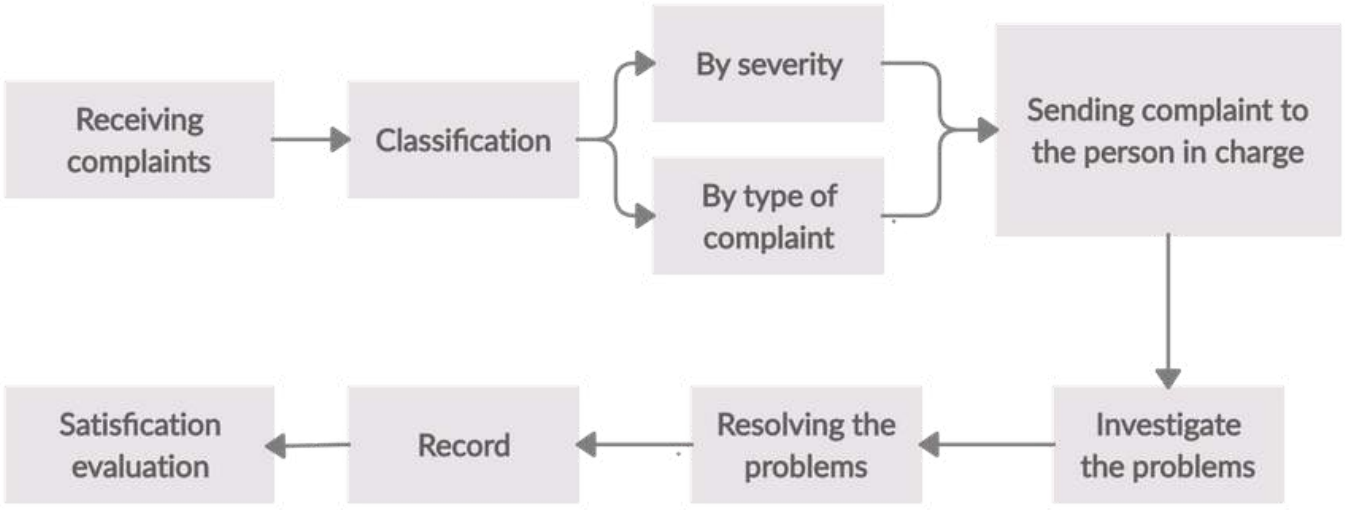
For instance, a financial firm could teach a cognitive solution its definition of a complaint and then use it to identify high-risk language patterns and themes in complaint data across different mediums — including emails, call logs, and social media platforms — in near real time.

It could also use the technology to categorize complaints according to criteria such as issue type, level of possible severity, products and services mentioned in the complaint, employees and locations mentioned in the complaint, possible financial impact to the firm, and even the likelihood of customer attrition.

Accurate, well-organized data would, of course, yield deeper insights from analytical activities. Most importantly, however, cognitive technologies could help financial firms eliminate current manual processes and support the consistent identification and categorization of complaints according to their level of risk, irrespective of their frequency.

DISCOVERING THE SOURCE OF THE COMPLAINT ISSUE

Complaint management process is a set of operations that used to handle complaints in organizations in order to resolve problems. A typical procedure for handling complaints are as follows



It is essential to have sufficiently granular understanding of the complaint caseload by classifying it on severity type and type of complaint, which allows to conduct root cause analysis and to identify whether there are systemic issues that need to be addressed. From such regular reviews, it becomes possible to consider whether there are mitigations that can be put in place.

Analysis using cognitive technology can:

- identify the root cause, not just the symptom
- assist in creating a culture of identification and rectification before problems escalate
- helps the organization to focus on size, likelihood and impact

Consider a scenario in which 1 million customers are inadvertently affected by an operational error that miscalculates the reward points for credit card usage over a period of several years. A fraction of those customers identifies the error and complain directly to the bank, which receives just a few hundred complaints about the issue each month.

One of those customers might call the bank and say to a representative, “I’m not receiving all my credit card points.” Another might call and say, “I should be getting cash back with every purchase, but I’m not.” Still another might email the bank, insert “rewards” in the subject line, and write in the body, “I calculated my rewards balance for my credit card to be around 50,000 points, but I’m short.” And so on.

Through the application of cognitive technology, this firm could understand that the customers are complaining about the same issue, even though the language each customer uses is somewhat different.

In addition, if the firm were to consider the issue “high-risk,” a cognitive solution could tag it as such and immediately escalate it for root-cause analysis and remediation. Given the relatively low number of complaints the firm received about the issue, its chances of finding the problem using traditional analytics would be limited.

VULNERABLE CUSTOMER IN COMPLAINT HANDLING

The 2017 Royal Commission into Banking, Superannuation and Financial Services Industry found that, among other issues, vulnerable customers were not being treated fairly by financial services providers.

As a result, they were being placed at an even greater risk of financial and other detriment:

- Financial detriment arising from debt and impact on credit history; inadequate breadth of choices, higher prices, or inappropriate purchases due to mis-selling.
- Emotional aspects such as stress, embarrassment and anxiety and corresponding inability to cope and function.
- Loss of trust in service providers, leading to avoidance and withdrawal from financial services completely and consequent exposure to risk e.g. keeping large amounts of cash at home.
- Reduced ability to obtain justice and amends, and wasted time spent in resolving issues.

While this broad definition of consumer vulnerability reflects the complex reality of consumers' experiences, it poses a key challenge for designers of complaint handling systems.

How vulnerability is handled by firms predominantly falls at the feet of frontline employees, and their key challenge is their ability to identify and deal with vulnerable customers in a way that recognises individual needs.

Thus, it is important that firms prioritize the early identification of signs of vulnerability in their customers and provide tailored customer service with appropriate levels of care, effectively preventing their mistreatment and reduction of complaints.

Of course, cognitive technologies could yield insights from any kind of customer interaction. Their potential is not restricted to identifying complaints that highlight regulatory risks.

For example, firms could also use cognitive technologies to evaluate inquiries or other customer contacts. By gaining a deeper understanding of customer issues and needs, firms could make improvements to any number of products, services, and processes, further increasing loyalty and goodwill.

- Definitions of vulnerability used by firms vary but putting a strategy into practice is the most important aspect.
- Vulnerability involves the interplay between individual circumstances, situations and market factors.
- A consumer's state of mind can have a major impact on behaviour and decisions.
- A change in circumstances, and multi-layered risk factors, are particular flags for potential vulnerability.
- A risk factor approach can be used to help firms spot vulnerability
- The number of people involved is large and rising. Prioritisation is vital to achieve a realistic approach.

BENEFITS

Potential benefits from using cognitive technologies for complaint management include:

Deeper Customer Insights

- Enhanced customer satisfaction, experience, and customer churn
- Improved insights into processes and product/service design

Early Identification of Complaints

- ·Early identification of complaint gives an opportunity for the organization to handle it efficiently
- Prevent the complaints ending with social media, regulator or ombudsman

Better Risk Management

- Improved data integrity by reducing need for manual complaint categorization and data input
- Enhanced complaint insights and analytics
- Faster identification and remediation of issues

Direct Cost Reduction

- Increased efficiency across customer-facing platforms (call centres, chat functions, email intake)
- Increased efficiency across business lines and corporate complaint functions
- Reduced oversight and quicker resolution

CONCLUSION

Every firm needs to ensure that its handling of customer complaints, and ombudsman cases is fit for purpose. There are significant reputational and customer satisfaction issues involved – not to mention significant costs.

Whether you are a consumer credit firm, a high street bank or an energy supplier, one fundamental principle is likely to be the same: you want to treat your customers fairly and achieve good outcomes. Automation leveraging AI can be used to reduce the number of complaints from occurring in the first place.

Technology exists that can interpret unstructured language, through voice or text, and identify not only what customers are wanting to achieve but also how they are feeling.

This advanced technology opens new possibilities for triaging customers directly to people who are able to help.

It also serves to prioritise channels of communication based on the individual customer's needs, even identifying where vulnerability might become a concern.