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Operational resilience: communicating with your customers in a regulated environment

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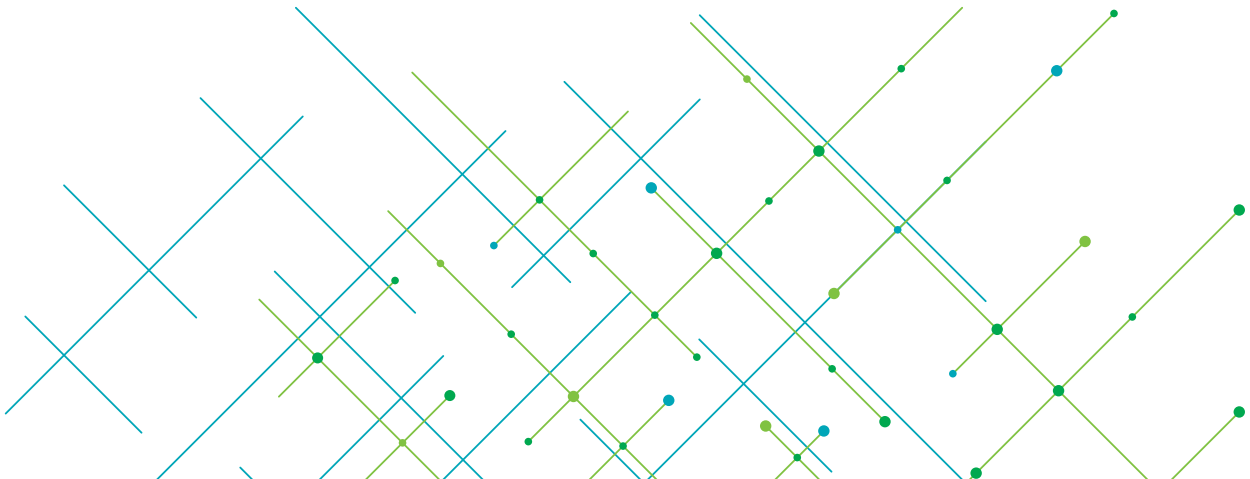
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Introduction

In today's highly regulated Financial Services (FS) environment, maintaining operational resilience is crucial for organisations to effectively manage, support and communicate with their consumers. Specifically, within FS, the operational resilience policies and the new Consumer Duty (PS22/9) emphasise the importance of being prepared to handle planned or unplanned spikes in call volumes, always putting the customer experience and outcome first.

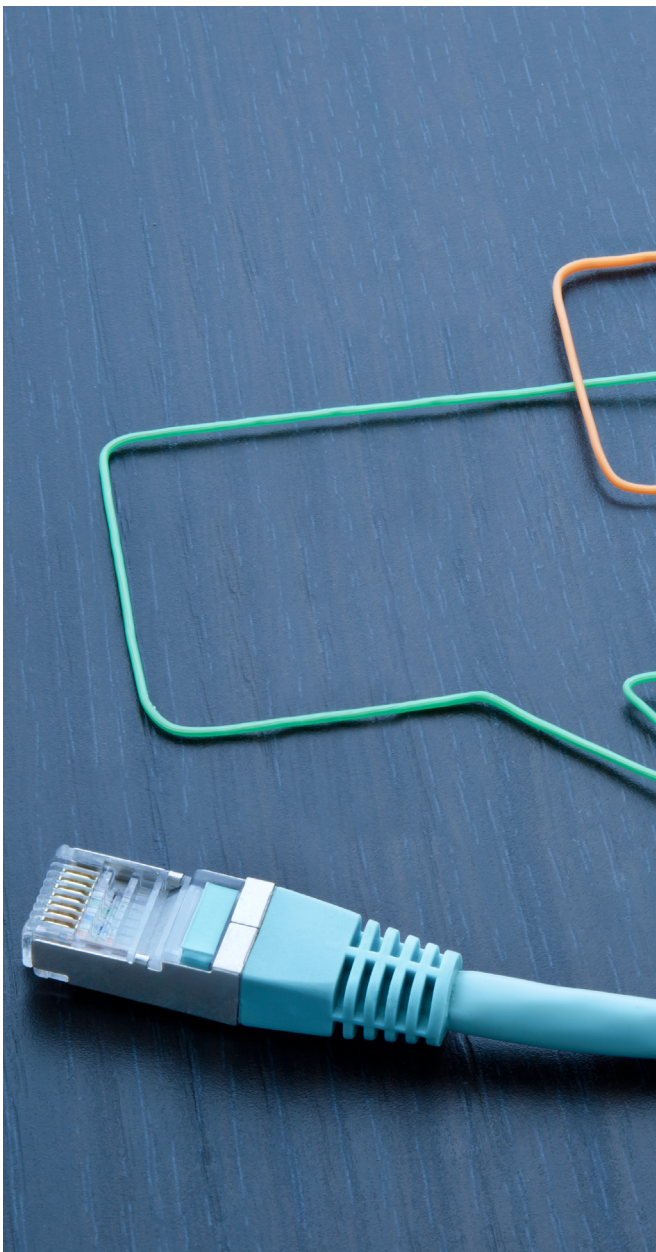
We explore the operational significance of key regulations and why it is important to retain surge capacity contact centre agents, not only to uphold quality customer communication, but to support with regulation compliance and to drive overall operational resilience across an organisation's important business services.

The regulations

Operational resilience[1,2]**:** A shared policy statement has been published between the supervisory authorities, the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA), which outlines insights, action and regulations for FS firms to follow. Firms will need to be compliant by March 2025. The paper is underpinned by the FCA's PS21/3 policy statement and the PRA's SS1/21 supervisory statement, which both mandate that firms must identify and map their **"important business services"**, outline impact tolerance levels and then demonstrate that those tolerances can be met through severe but plausible scenario testing.

Consumer Duty[3]**:** The FCA has updated legacy policies to set **'higher standards'** to put consumer needs first across retail financial markets. The regulator focuses on improving outcomes in four areas, the most pertinent for the topic of this paper being **'consumer support'** - looking to increase **'good customer service'** leading to a reduction in upheld complaints. Specifically, the guidance asks whether post sale communications with customers are as clear and as high-quality as any pre-sale communication.

"The Consumer Duty represents a step change in the regulatory framework for consumer-facing firms."[1]



[1] PS21/3 PS21/3: Building operational resilience: Feedback to CP19/32 and final rules (fca.org.uk)
[2] SS1/21 SS1/21 – Operational resilience: Impact tolerances for important business services | Prudential Regulation Authority Handbook & Rulebook (prarulebook.co.uk)
[3] PS22/9: A new Consumer Duty | FCA

The two regulations discussed demonstrate that FS authorities are leading organisations towards improving the service and support offered to customers, back to levels seen pre-COVID-19 pandemic.

This could cover the channels available to customers, customer wait time and quality of support. Consumers must be put first, both in terms of their experience and output, whether operating business as usual (BAU) or during any planned/unplanned circumstances that might drive an increase in volume or a shift in the chosen media of communications.

It is very important for organisations to then recognise the potential financial implications of non-compliance.

Fines and penalties can vary depending on the specific circumstances and the discretion of regulatory authorities.

However, it is crucial to prioritise compliance with the operational resilience regulations and the consumer duty, to mitigate the risk of financial penalties and reputational damage.



"To deliver operational resilience, firms need to ensure that they have sufficient resources to meet current demands and potential future peaks in demand."[4]

[4] Next steps in building operational resilience in financial services firms | Deloitte UK

What customers expect?

Critical to any business is its two-way communication channels with customers. Furthermore, not only must an organisation provide the ability for a consumer to contact them about an existing product or service, but the support must be high-quality and be looking to resolve the matter, the FCA states.

Many firms have reduced the number of inbound communication channels available to customers and subsequently the number of reachable agents as part of either a) "streamlining" and cost-cutting, or b) embedding changes in technology like artificial intelligence (AI) driven dynamic interactive voice responses (IVR), intelligent chatbots or agent assist software. This has left some organisations in a situation where minimum agent coverage is in place, pushing callers down self-service and digital communication channels in times of high demand. The risk with this is that the customers lose the ability to "speak to a human" which can lead to frustration, unresolved interactions and a dissatisfied customer.

32% of customers would stop doing business after a single poor customer service interaction.[5]

With lower permanent headcount across many contact centres, new operating models are being sought after to bridge the gap toward new expected standards across BAU communications during a crisis and during unplanned outages of important business services.

We're also seeing a decrease in the number of permanent agents in call centres due to the strategic drive for incorporation of generative AI (GenAI), replacing resources as a more efficient customer touchpoint.

Meanwhile, there is evidence that some callers are looking for less IVR driven conversations, less forced communication to digital channels and decreased wait times in queues, as highlighted in Contact Babel's "Exceeding UK Customer Expectations"[6] report. In the report 85% of respondents stated that "queue time was too long very often or fairly often" and that "this has got considerably worse in recent years and is something that the industry needs to deal with urgently". The same survey identified that across all age ranges, up to 71% of callers required human support as they were unable to resolve their issue through alternative self-service routes like web chat, chatbots or portals.



[5] pwc-consumer-intelligence-series-customer-experience.pdf
[6] Exceeding UK Customer Expectations | ContactBabel

Operational resiliency – focus on agents

Most contact centre platforms across the sector are fully scalable and cloud-based, meaning that the technology is not often the only cause for concern. A genuine fragility comes from the number of agents available and the speed of which those agents can be mobilised to meet inbound or outbound demand. In a new world of GenAI, many firms are looking to technology to bridge those agent resourcing gaps during surges. This can prove highly effective if embedded in the appropriate areas of the operation, but it is not always the right answer for the customer experience and for first point of contact resolution, as highlighted by Contact Babel's report[6].

The ability to call upon a pool of agents who can rapidly mobilise to support surges, ramping up and down in line with customer demand for temporary periods of time, could strike the right balance.

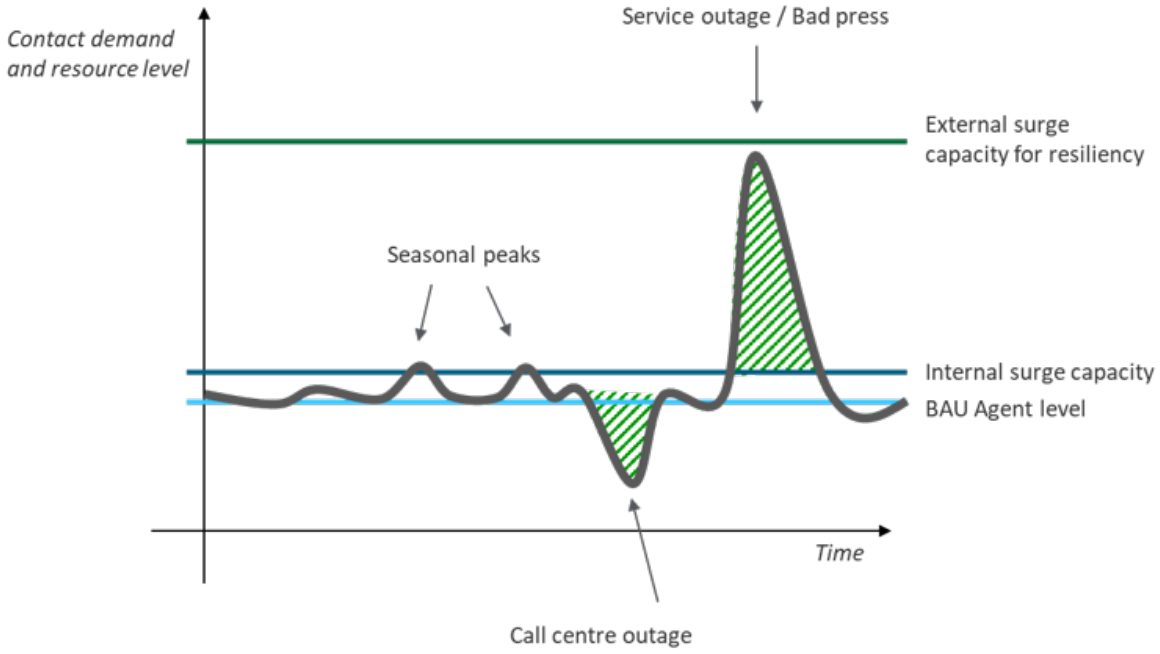


Fig 1. Managing peaks and troughs in demand

This option would enable an organisation to operate at a minimum level to support BAU, knowing it can quickly onboard agents for peaks or outages.

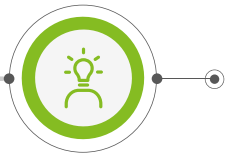
Retaining surge capacity contact centre agents would allow organisations to provide uninterrupted customer communication and support. During times of increased call volumes, customers may have urgent queries or require assistance with critical matters. This capability rarely sits in-house.

Of course, alongside any such retained capacity brings with it the need for regular scenario testing and rehearsal to understand its limitations and contingencies. The ongoing process should assess whether that capacity and parameters (e.g. speed, skills, volume, ability to integrate) still match "severe but plausible" scenarios, thereby reducing the risk of falling outside impact tolerance limits.

"It is critically important for firms to understand the services they provide and invest in their resilience to protect themselves, their consumers and the market."[1]

[6] Exceeding UK Customer Expectations | ContactBabel
[1] PS21/3 PS21/3: Building operational resilience: Feedback to CP19/32 and final rules (fca.org.uk)

Conclusion



Operational resilience and effective customer communication are key considerations in a regulated business environment. The Consumer Duty and operational resilience policies and statements highlight the importance of being prepared to handle fluctuations in customer contact volumes and prioritise customer interests. Retaining surge capacity contact centre agents is a crucial tool to support tech enabled options for seamless customer communication and compliance with these regulations. Organisations are already looking at their communications channels with a focus on:

- Evaluating their current capacity and identifying gaps in surge capacity for contact centre agents, or to confirm other methods of communication needed to support customers in a time of crisis.
- Developing plans to remediate identified gaps and vulnerabilities, including scenario stress testing.
- Developing and implementing a robust customer contact plan, which includes business continuity and disaster recovery, to retain or have access to additional trained agents to handle planned or unplanned spikes in call volumes.
- Regularly reviewing and updating their operational resilience strategies to align with regulatory requirements.
- Conducting regular drills to scenario stress test the effectiveness of their surge capacity and overall operational resilience including business continuity.

By following these steps, organisations will enhance their operational resilience, maintain compliance with regulations, and provide seamless customer communication even during times of increased call volumes.

"89% of Chief Risk Officers (CROs) surveyed in a Deloitte study stated that operational resilience is a key priority for their organisation."[4] - Deloitte CRO Survey

[4] Next steps in building operational resilience in financial services firms | Deloitte UK

How can Deloitte help?

We support our clients with Rapid Response Customer Support (RRCS) – a turnkey solution which retains contact centre agents and associated technology ready for rapid deployment, offering built in operational resilience.

We support our clients through an up-front readiness program to help prepare for surges and incidents; the product of which is an end-to-end playbook. This document outlines the required processes, procedures and deliverables to be used in the event of a business-impacting incident. Regular drills and scenario testing ensures plans are relevant, up to date and appropriate.

All technology is scaled, configured, and partitioned appropriately, and phonelines are on standby. If invoked, agents are mobilised in short time frames, which are contractually guaranteed.

Get in touch with us to discuss how we can help you build and maintain operational resilience.



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