



Managing the Complex Modern Compliance and Risk Environment

How to do right by your customers
while meeting increasing global
regulatory demands



Learn why CallMiner was named
the Leader in The Forrester Wave™:
Conversation Intelligence for
Customer Service, Q3 2023



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Introduction

The compliance and risk landscape for organizations has become increasingly complex when it comes to consumer protections. Today, there are many factors that are driving global regulatory demands.

First, vulnerable customers are on the rise. In May 2022, the UK's Financial Conduct Authority (FCA) reported that **nearly 25 million adults** in the UK displayed one or more characteristics of vulnerability (mental and physical handicaps, long-term illness, age, socio-demographic characteristics, behavioral characteristics and personal situations, among others). And the current economic crisis is making the issue of vulnerable customers even more urgent.

Second, customer complaints are rising to record levels. The UK's Institute of Consumer Service (ICS) estimates that complaints cost businesses **£9.24 billion every month** in worker hours covering complaint handling. McKinsey data shows that **61% of customer care leaders** report a growth in overall call volumes, with more than half of leaders anticipating even further growth in the next 18 months. This is putting increased pressure on already resource-strapped customer service teams.

And finally, new global regulations are driving newfound transparency of consumer issues in the marketplace. For example, regulators are now publishing scorecards for organizations, as well as complaints from customers, to provide more awareness around business practices.

"Organizations navigating the modern compliance landscape often face challenges themselves, chief among them is needing to do more with less during a period of economic uncertainty," said Frank Sherlock, VP of International at CallMiner. "Many are managing a remote or hybrid workforce, with ongoing impacts of the pandemic. However, when compliance obligations and risks are managed effectively, it can both increase team efficiency and have a positive impact on the bottom line."

Organizations can't address these compliance issues fast enough. Many currently leverage manual quality assurance (QA) involving omnichannel customer interaction reviews, which only goes so far. Often, listening to a call takes approximately three times the length of the call itself. To objectively analyze, score and report against call outcomes takes an hour for a 20-minute call. With a manual approach, it takes three times the people listening to calls vs. those handling calls in the first place. This practice is not scalable.

That's where conversation intelligence can help teams scale to meet ever-increasing compliance demands. This guide is intended to explore how technology can help teams deliver the right outcomes for customers, treat them fairly, be responsible and responsive to the needs of vulnerable customers, and remedy complaints. All of this can be done while improving the bottom line by increasing efficiency and mitigating the risk of costly fines.

Key areas customer-facing teams must consider for compliance and risk

Complaints

The problem

Many organizations log customer complaints through agent disposition codes. This is the agent's interpretation of what happened after a customer call took place. Disposition codes are highly subjective and susceptible to human error. As a result, the under-logging of complaints is common.

If there is an increase in complaints, organizations are subject to regulatory review, as well as potential fines and public scrutiny if regulators publish complaints online. In addition, unresolved complaints can lead to escalations to management, increasing cost and burden on the contact center.

How conversation intelligence can solve it

"Even if customers leave happy, a conversation must be logged as a complaint," said Sherlock. "AI-powered conversation intelligence analyzes 100% of omnichannel customer interactions, interpreting whether there's complaint language at any point in the conversation."

For example, one organization thought they had a complaint rate of 1% by viewing disposition codes alone. After they leveraged conversation intelligence, they realized their complaint volume was actually three times higher than the reported amount. Now that the company is analyzing conversations appropriately, they can take action to effectively address complaints – instead of treating complaint logging as a box-checking exercise.

Another important role for conversation intelligence is to coach employees on how to handle dissatisfied customers before they escalate to formal complaints. This coaching can come in the form of either real-time alerts that guide agents, or as post-call analysis, where managers and/or supervisors can address any issues agents have with managing complex scenarios through targeted coaching. A proactive approach to AI-driven coaching in these areas can also reduce average handle times (AHTs) and customer effort.

Vulnerability

The problem

Recently, many global governments have stepped up efforts to protect **vulnerable customers** in the face of economic uncertainty. Slow pandemic recovery, an unstable economy, rising inflation and other factors have led to a spike in vulnerable customers. Finances are one of the top causes of vulnerability. The cost of nearly everything has increased – from **food**, to **fuel and energy**, to housing and government benefits. Cost of living surges are putting pressure on low-income workers, in particular.

However, not all vulnerability is economic. According to the FCA, a **vulnerable consumer** is someone who, due to their personal circumstances, is especially susceptible to detriment. The four drivers of vulnerability are:

- Low resilience
- Low capability (e.g. digitally vulnerable people who may not be able to leverage digital communications for customer support)
- Suffering a negative life event
- Having an ongoing health condition

Similar to complaints, many organizations don't have the capabilities to identify vulnerable customers at scale. Regulatory bodies such as the FCA and others have doubled down on protecting vulnerable customers, **publishing guidance** for organizations on how to treat this population fairly. However, it can be hard to follow that guidance if you don't know which customers are vulnerable in the first place.

Analyzing only a sample of conversations makes it difficult to recognize trends in vulnerability across the customer base, identify individuals in crisis, and establish strategies for how to best serve these customers.

“Organizations need to listen closely, pick up on contextual clues, analyze sentiment and learn from past experiences to determine and act on vulnerable customers’ needs,” said Sherlock. “From there, it’s critical to service every vulnerable customer through appropriate channels.”

Organizations can use conversation intelligence to follow a customer’s journey and repeat contacts regardless of what communication channel is used – from call to email and chat – and extract insight that can be used to improve processes, performance, and decisions.



Five effective customer vulnerability strategies

- Monitoring for and flagging specific words and phrases that insinuate vulnerability, with close attention to hardships such as job loss, illness, unemployment, and abuse.
- Screening for non-compliant language such as harassing statements, raised voices, and other risky behavior that depicts emotional instability.
- Looking for signs of stress and agitation in consumer and employee voices to help confirm vulnerability using best judgment.
- Benchmarking the common elements that signal vulnerability, so you can more quickly and accurately identify vulnerable customers in the future.
- Deploying a real-time alerting system that automatically informs employees when they are dealing with a vulnerable customer.

Process Adherence

The problem

Both regulated industries (e.g. healthcare, financial services/ collections, energy, insurance, and more) and certain disciplines (e.g. sales) must adhere to certain processes when handling customer interactions. Employees must follow compliance frameworks and disclosures, in the right order, to avoid potential fines and legal or reputational damage for their organizations.

For example, collections agents in the U.S. must read customers **Mini-Miranda rights** before attempting to collect a debt. In addition, certain sales professionals, including in the UK, must disclose terms and conditions in a way customers can clearly understand. There are many other industry-specific regulatory processes organizations must follow.

It can be challenging for organizations to understand whether processes are being followed at scale. QA protocols like random sampling only check on a fraction of interactions. These reviews are manual, labor-intensive and highly subjective.

How conversation intelligence can help

Using AI-powered conversation intelligence, organizations can monitor whether processes are followed, and in the right order. The system can inform QA teams of any red flags on agents' calls. From there, QA teams and supervisors can drill down into these red flags, and provide coaching and education opportunities to drive improvement.

"Conversation intelligence helps organizations scale their QA capabilities and monitor process adherence more effectively," said Sherlock. "It's a win-win for both QA teams and agents alike. Agents get much-needed feedback to improve performance and QA teams can ensure compliance regulations are being enforced appropriately, with data to back it up."

Sampling of global regulators and laws protecting consumers

- **U.S.:** Individual states have their own consumer protection/ privacy laws, increasing the complexity of the regulatory landscape. However, The Federal Trade Commission (**FTC**) **Bureau of Consumer Protection** website and this **list of US consumer protection laws** and regulations are good resources to learn more.
- **UK and Republic of Ireland:** The **FCA** and **Consumer Duty** ensure that "consumers should receive communications they can understand, products and services that meet their needs and offer fair value, and they get the customer support they need, when they need it." Specific public works are also regulated by entities such as **Ofgem** for energy and utilities and **Ofwat** for water. Many other industry-specific regulations exist, increasing complexity.
- **South Africa:** The main consumer protection agency in South Africa is the Consumer Goods and Services Ombud (**CGSO**). The **Consumer Protection Act of South Africa** established standards for consumer protection starting in 2008, and prohibits unfair marketing and business practices.

Doing more with less, while doing right by customers

Monitoring and analyzing 100% of omnichannel conversations (not just phone calls) is critical to maintaining compliance and doing right by customers. Managing customer complaints, vulnerability, and process adherence effectively can help resource-strapped contact and customer service centers do more with less, managing costs in a difficult economic climate.

“The bottom line is, you can’t fix what you don’t know,” said Sherlock. “And in the event that a regulator did flag an issue, it can be difficult to produce evidence and documentation without a system like conversation intelligence in place.”

Maintaining compliance is not just good for customers, it’s good for employees and businesses as a whole. Leveraging conversation intelligence technology can promote a culture of continuous improvement, where agents are well-trained and prepared to deal with complex issues, improving customer satisfaction and long-term loyalty. In addition, organizations reduce their risk of fines, legal and reputational damages in the process.

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About CallMiner

CallMiner is the global leader in conversation intelligence to drive business performance improvement. Powered by artificial intelligence and machine learning, CallMiner delivers the industry's most comprehensive platform to analyze omnichannel customer interactions at scale, allowing organizations to interpret sentiment and identify patterns to reveal deep understanding from every conversation.

By connecting the dots between insights and action, CallMiner enables companies to identify areas of opportunity to drive business improvement, growth and transformational change more effectively than ever before. CallMiner is trusted by the world's leading organizations across retail, financial services, healthcare and insurance, travel and hospitality, and more.



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