Consumer Duty

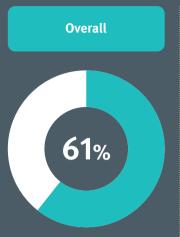
A long and winding road. Reflections on industry progress.

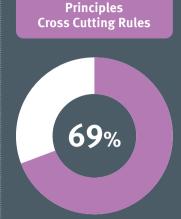
Altus Consulting launched the Consumer Duty self-assessment tool to create an industry benchmark in the absence of a firm view on 'what good looks like' under the principles and outcomes. Post the open book implementation deadline, we share the insight and findings from the aggregated data. Far from the beginning of the end, it is the end of the beginning as firms need to continue to enhance their capability over the longer term.



How are the scores from the Consumer Duty Assessment Tool calculated:

The tool comprises 50+ questions on an organisation's capability relating to Consumer Duty. The questions have four multiple choice responses, representing a low to high capability related to the question, which facilitates scoring the user's assessment as a percentage out of 100.

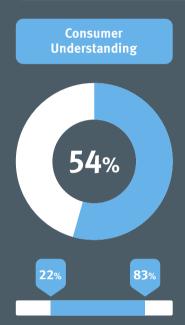






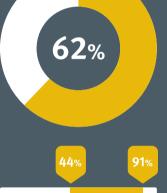
The industry has made good progress to reach an average overall score of 61% in the year since the final guidance was released, while the Principles and Cross Cutting rules look more embedded than any of the four outcomes at 69%, which elevates the overall average. The average of the four outcomes stands at 57%. The data evidences that approaches and progress vary with a wide range of capability scores in all metrics.

The 'four outcomes'



Consumer Understanding ranks lowest of the four outcomes. Looking through the data, firms are grappling with how to structure communications across the customer journey and to quantify the benefits and risk of the product or service, and subsequently evidence customer understanding. Consumer Understanding also has the widest variance, with scores from 22% - 83%.





The governance of Products and Services looks to have benefited from prior regulation governing these, such as PROD. Target market definition and product reviews drive the highest score among the four outcomes. Firms do need to improve their capability to mitigate the consumer impact of withdrawing, or closing to ensure it is parable to the onboarding experience.

Consumer Support



Monitoring of support, service and staff knowledge appear high, while closure/exiting, non-standard service issues and managing the experience when the operation is partially or fully outsourced, are areas that require further work. The identification of data to monitor service performance is more complete than industry predictions. The outcome had the lowest range suggesting a closer alignment of interpretation.

Price and



Price and value comes out higher than perhaps expected based on industry conversations, as firms try to make the subjective, objective through a robust value for money framework. Evidencing the total cost across the value chain and that clients could not pay less for the same outcome, both internally, or externally, look to be the key areas of concern.

Consumer Duty **Trends**

Consumer Understanding

Consumer
Understanding
ranks lowest of
the four outcomes.
How can you build
a process to evidence
Consumer Understanding
when the average reading age
is 8-9 years old and financial
engagement and literacy is
so low.

Outsourced Operations

Consistently lower scores are evident where firms need to work with third parties such as outsourcers and with partners across the value chain. Sharing of data and the total cost to the consumer are primary issues, combined with evidencing compliance where part of the service is outsourced.

Closing and Transferring

Consumer Duty has a focus on the outcomes from closing and exiting to ensure they match the onboarding experience. Data from the tool suggest firms are still struggling to make this a reality.

Customer Vulnerability

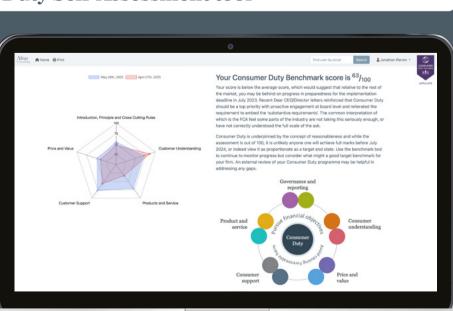
Two years plus following the final guidance paper on vulnerable customers, ensuring good outcomes for vulnerable customers remains an area firms struggle with, potentially due to renewed focus under Consumer Duty.

Altus Consulting Consumer Duty Self-Assessment tool

The Altus Consulting Consumer Duty selfassessment tool is a free-to-use tool, available online for financial services firms to assess their progress and capability around Consumer Duty vs. a common

industry benchmark.

The assessment can be done today, or based on the future state, once a programme of work is complete. It can be repeated to provide an audit trail of progress over time, completed by different business units internally to identify any delta in best practice, and be used as part of governance and audit. Altus Consulting are happy to engage with users and offer a view of their progress relative to the market.



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Want to find out more about our Consumer Duty consulting services? Click here to contact our team enquires@altus.co.uk