**Enhancing Consumer Understanding throughout all customer journeys**
**Challenge Statement**

**How could financial services firms better embed technology including AI, within digital customer journeys to evaluate, improve & evidence customer understanding**

**Background**

Ensuring customer understanding of their financial services provisions is essential because it enables consumers to make informed decisions and reduces the risk of misunderstandings and sub optimal outcomes. Research indicates that citizens across the UK have significantly varying degrees of reading and numeracy skills and therefore financial literacy.

Providing and demonstrating good customer outcomes are equally important, combined they show a firm is meeting its obligation to act in the best interests of consumers, avoid foreseeable harm, and deliver fair value. Together, these in turn foster trust, enhance customer satisfaction, and ensure compliance with regulatory expectations.

**We are interested in:**

- Indicators of customer behaviour through digital journeys that may point to vulnerability
- Capabilities which can improve customer comprehension at each stage of digital interaction
- Ways of evidencing that customers have actively understood the information presented to them
- Tools and mechanisms that can be embedded in customer journeys to demonstrate impact on decision making

## Data collection, aggregation and insight to optimise decision making and enhance outcomes
## Challenge Statement

**How could financial services firms optimise Timely indicators, MI and Reporting at aggregate Customer & Product Levels to Enhance Data Insights and Decision-Making across customer channels and organisations?**

### Background

Optimizing timely MI and reporting is crucial from a Consumer Duty perspective. because it ensures firms can monitor, identify trends, spot potential issues, evaluate, and respond to customer outcomes in real time.

This supports better decision-making, enabling firms to deliver fair value, improve customer understanding, and ensure customers receive the support they need. Enhanced insights also help firms demonstrate compliance with Consumer Duty obligations and foster a culture of accountability and transparency

### We are interested in:

- Advanced Analytics: The use predictive analytics, machine learning, and AI to forecast trends and identify patterns at both the aggregate and individual levels.
- Behavioural Analytics: Tracking customer interactions to better understand their journey and optimize outcomes.
- Natural Language Processing (NLP): Using NLP to analyse customer feedback and interactions, giving insights into consumer understanding and support levels.
- Data Visualisation and Dynamic Reporting: The use of technology to create insightful, transparent & interactive reporting.

# Identifying opportunities to improve Customer Outcomes
## Challenge Statement

**How might we use emerging technology Machine Learning and GenAI to detect inconsistent customer outcomes for identified customer groups and provide controls and calibration for the customer groups identified?**

## Background

In the financial industry, ensuring fair and consistent outcomes for all customer groups is essential to maintaining trust and regulatory compliance. However, identifying and addressing inconsistencies in customer outcomes can be challenging due to the complexity of customer data and the limitations of traditional assessment methods and the volume of metrics. This can lead to issues such as bias, discrimination, and regulatory non-compliance, which can have serious consequences for both customers and financial institutions.

## We are interested in:

- Data Analysis & Machine Learning: Leveraging algorithms, machine learning, and GenAI to analyse customer data, predict behaviours, and identify discrepancies in customer outcomes.
- Automated Controls & AI Transparency: Developing automated controls, ensuring fairness in outcomes, and use explainable AI for transparent insights.
- Ethics & Compliance: Incorporating ethical principles to avoid bias, protect privacy, and maintain regulatory compliance.
- Tools & Alerts: Creating automated tools and visualizations to streamline assessments, with alert systems for timely notifications of inconsistencies.

**Tracking Progress Towards Consumer Duty Outcomes**
**Challenge Statement**

**How could Financial Services firms better utilise emerging technology and advanced data solutions to streamline and accelerate tracking and reporting of progress towards Consumer Duty Outcomes?**

**Background**

Effective tracking and reporting of Consumer Duty obligations is crucial for financial services firms to ensure regulatory compliance, protect consumers, and enhance customer outcomes. It enables firms to demonstrate accountability, identify and mitigate risks, and build trust with both regulators and customers, ultimately supporting long-term success.

Reporting progress on Consumer Duty obligations is not just about regulatory compliance; it's a strategic tool that helps financial services firms deliver better outcomes for their customers and maintain sustainable, long-term success.

**We are interested in:**

- Automated tools that can streamline data and report management
- Tools that accelerate data collection, management and insight generation
- Tools that enable metric development and tracking

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## Understanding evolving customer needs Challenge Statement

**How can Data and AI be applied to better inform a consumer's current and future financial standing, recognising their specific circumstances to help ensure proposed / current products best meet / continue to best meet consumers' needs?**

### Background info:

For a business delivering and evidencing good customer outcomes in an non advisory context to ensure that it is acting in the best interest of consumers, delivering fair value etc. Across financial services (and Retail as a whole) the need for trust, transparency and customer satisfaction is essential to comply with regulatory requirements.

The need for a business to understand their customers circumstances and act accordingly in the provision of products / services is a fundamental - this reduces the risk of mis-selling and potentially placing a consumer in some form of vulnerability.

### We are interested in:

- Tools and techniques that can be applied at the point of origination / account management to denote "product suitability"

- Consumer engagement model / communication that clearly informs product terms / features

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## Optimisation of Timely & Quality Decision Making

## Challenge Statement

**How Financial Services best harness emerging or established technologies (analytic techniques i.e. AI / ML) to ensure the sector drive to fully automate consumer decisions delivering effectiveness and efficiency gains does not generate unintended consequences that are counter to recognised regulatory requirements e.g. model bias?**

**Background info:**

Across financial services delivering fair and consistent outcomes for all customer groups is essential. The need for transparency in decision making is essential for consumer trust and regulatory compliance. The advancements in modelling and analytics techniques has the potential to withdraw the individual from the decision making placing greater reliance on statistical techniques. This can present a risk that greater "automation" may introduce some form of bias or discrimination in lending outcomes.

**We are interested in:**

- Data Creation / Sample - how are datasets created to best inform good outcomes for consumers and the business
- Tools and techniques (analytic) - what algorithms can be used to alert variances in outcomes for different sub populations
- AI and ML - what new techniques (open source or other) can be applied to display outcome variances
- Compliance - provide solution(s) that support improved internal and external model oversight
- Reporting - what visualizations and reporting techniques can be applied to present timely alerts for investigation and resolution

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