



# Leveraging technology to empower financial consumer alternative dispute resolution (ADR)

**3 June 2021**



# Good consumer ADR and relevance of technology

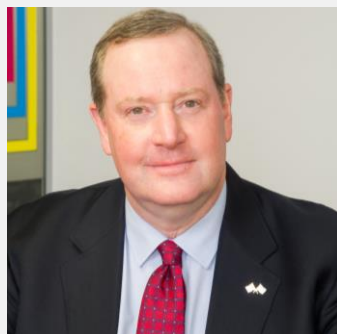


# Moderator and presenters



**Gian Boeddu**

Senior Financial Sector Specialist – Financial Inclusion and Consumer Protection Team, World Bank



**Douglas Melville**

Channel Islands Financial Ombudsman and former Canadian Ombudsman for Banking Services and Investments



**Nicola Sladden**

New Zealand Banking Ombudsman and executive member of Australia and New Zealand Ombudsman Association



**Lu Xiang**

Deputy Director - Financial Ombudsman Service Shanghai



# Agenda

- Technology for consumer ADR
  - The present
  - The future
  - The challenges
- ...with international examples
- Deep dive: The experience in New Zealand
- Deep dive: The experience in China
- Q&A

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# **The present, the future and the challenges**

# Empowering ADR through technology

## The Present

- Empowering Accessibility
- Managing Data and Work-flow
- Enabling Process Management and Reporting

## The Future

- Robotic Process Automation (RPA)
- Online Dispute Resolution (ODR)
- Better Complaint Management Systems

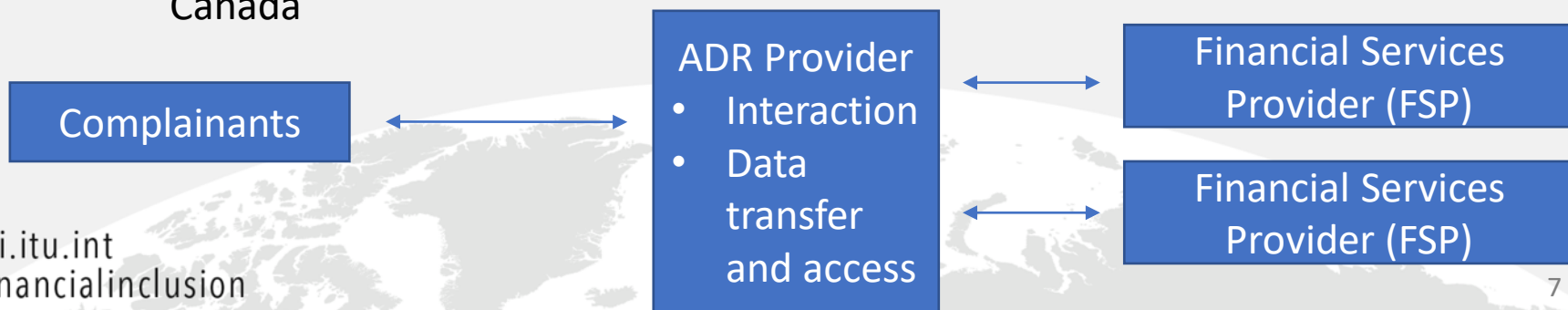
## The Challenges

- The Personal Touch
- Cybersecurity
- Cost & Complexity vs. Scale

# The Present

## Empowering Accessibility

- Accessibility is a key component of an ADR provider (INFO Network fundamental principles and World Bank good practices)
- Technology bridges the gap between complainants and the ADR provider
  - Broadened number of access channels (awareness, finding ADR provider when needed, initial and ongoing contact, live chat/chatbots e.g., AFCA Australia)
  - Communication with ADR provider (email, phone, videocalls, data / file transfer) for both parties e.g., Russian Federation enabling 1<sup>st</sup> contact via videocalls
  - Language of interaction (almost real-time oral and fast written translation)
  - Enables broader range of service options for complainants (and global reach) e.g., CIFO in Channel islands
  - Can provide easy access via portals to relevant information for both parties to a complaint (complainants and their financial services providers) e.g., OBSI Canada



# The Present

## Managing Data and Work-flow

- Enables the paperless office for ADR providers (but are we letting go of paper?)
- Complaint Management Systems (CMS)
  - The case file record, not the material provided by the parties
  - Most adapted from sales support customer relationship management CRM applications
  - Attempts at bespoke applications for complaints handling and ADR have mixed results
  - Doing it yourself is complex and expensive (UK, Australia, Canada, Channel Islands) – New schemes go shopping for tech solutions early
  - Small-scale ADR providers have few viable off-the-shelf options (reco start with Excel or MS Access and learn 1<sup>st</sup>) – drive development from learning
  - Integration to your own workflow is the biggest source of complexity and expense as it diverts away from shared application code
  - Good workflow integration is the key to data quality and efficiency, but comes at higher implementation cost and risk



# The Present

## ADR Work-flow Complexity (simplified)



# The Present

## The Common Three-Way Solution

**Query: Where is the single true data repository for each case file?**

Individual case file records for complainant and financial service providers.

Complaint Management System - CMS (increasingly MS Dynamics)

Many data file types from documents to call recordings to photographs.

Email (frequently MS Outlook)

Case File (frequently MS SharePoint)

Mixed internal and external emails...filed or tagged?

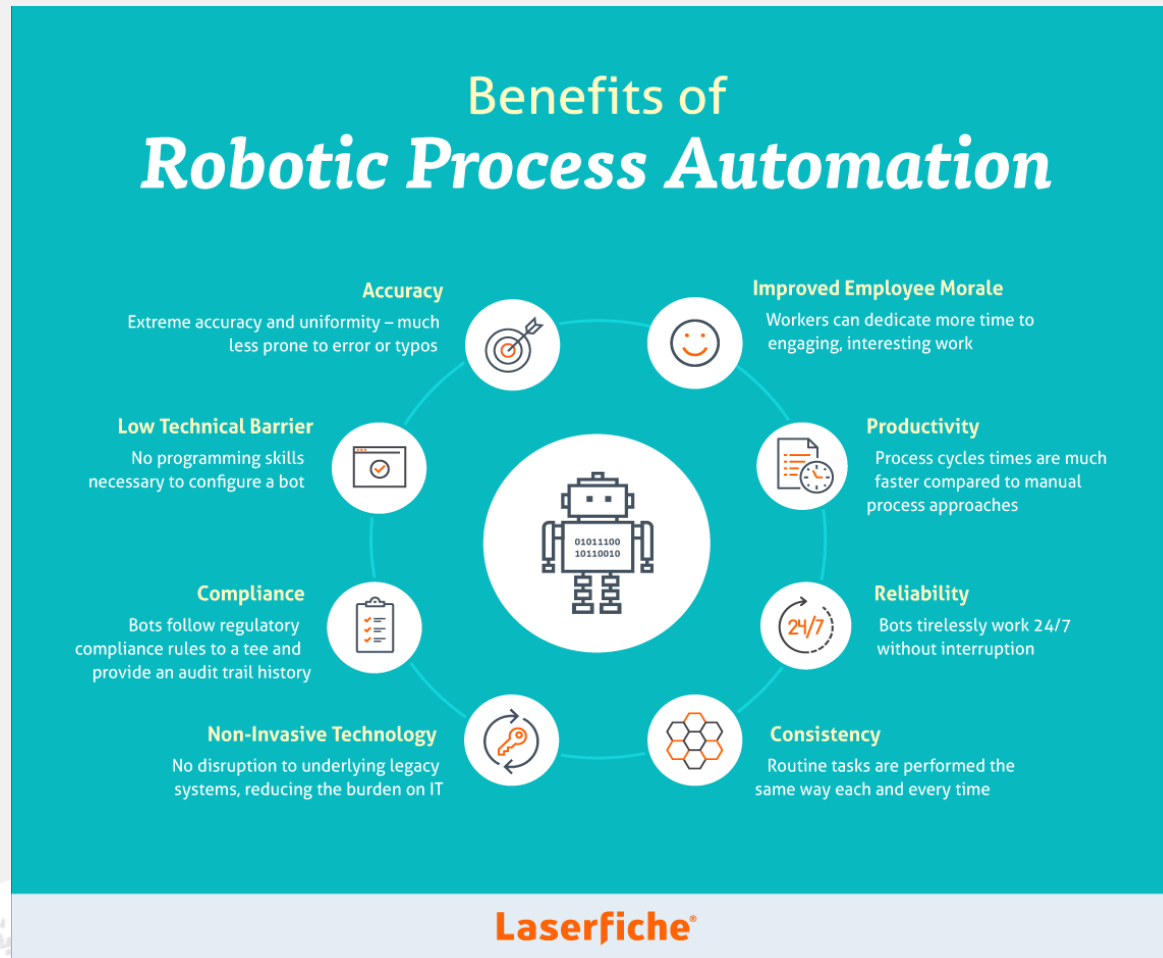


# The Present

## Quality Control - Process Management and Reporting

- Technology enables efficient and accurate repeatability of discrete tasks performed by staff, sometimes automated
  - E.g., auto-confirmation of email receipt, complaint submission, etc.
- Technology enables access to information to support complaint analysis
  - E.g., providing templates, searchable access to previous decisions or case studies, legislation, regulation, and other reference material, etc.
- Technology can consolidate different types of data / file material and can consolidate data from multiple platforms, applications, file formats
- Tracking of operational performance against service standards, quality control-checking (“you get what you measure”)
- Bespoke queries and standardised reporting to empower transparency, performance management, and continuous operational improvement

# The Future Robotic Process Automation (RPA)





# The Future

## Robotic Process Automation (RPA)

- RPA enables the application of IT (virtual robotics) to discrete human tasks to achieve higher speed, quality and efficiency
- Eliminates human error on tasks once “the bot” is programmed correctly to do each task
- Frees up staff capacity for higher value-added, bespoke and less repetitive tasks like communicating with the parties and case file analysis
- Simple applications could include case file creation and filing of evidence and correspondence in various formats, file assembly, automated standard confirmations or update communications, report generation
- Provides an audit trail of tasks performed by “the bot”
- Can work with most existing IT so lowers cost / risk associated with new developments affecting core platform(s) – “works with what you already have”
- Can align to existing process workflow and be easily adapted if workflow changes

# The Future

## Online Dispute Resolution (ODR)

- ODR has been commonly misunderstood
- Not merely the online enablement of ADR providers
- Replacement of, or supplementation of ADR provider with self-driven dispute resolution between the parties enabled by technology promoting:
  - Direct communication between the parties
  - Sharing of perspectives on the issue
  - Expression of what is wanted to resolve the issue
  - Settlement offer and acceptance
- Does not provide the cathartic experience, translation role, and balancing of information asymmetry associated with an ADR provider
- May prove useful for low complexity complaints such as misunderstandings or basic service dissatisfaction issues

# The Future

## Better Complaint Management Systems

- Common “pain points” expressed by ADR providers are generating a response from IT providers
- Focus on improvements to CMS design, functionality and workflow alignment rather than simply enhancing existing CRM applications
- Struggling to provide the single access source integrating all case file information and platforms
- Could drive down cost of better CMS applications for smaller ADR providers
- Would require ADR providers to cut-over from legacy systems which has cost and risk implications as well as potential reputational (sunk cost)

# The Challenges

## The Personal Touch

- Complainants feel the need to be heard
- A key part of the role of an ADR provider is translation of the complaint into language and concepts the financial services provider can understand and respond to
- Technology can support ADR professionals, can empower access to ADR professionals, but it cannot replace ADR professionals
- Focus on technology can detract from the development of critical personal skills for ADR provider teams (telephone skills, interviewing skills, analytical skills, writing skills)
- Technology tends to be applied to the process, not the complainant experience
- Costs and case file backlog issues are driving technology adoption in ways that may detract from the complainant experience if not handled carefully





# The Challenges Cybersecurity

- Cybersecurity risk threatens ADR provider, industry and jurisdiction reputation
- The problem of unsecure email is causing complaints and affecting our ability to resolve them (many unknown complainants with many known financial services providers make email encryption solutions more challenging)
- Guarding your core systems while providing accessibility – the need for selective real-time duplication and highly secure access authentication
- Websites as the point of entry / point of exposure mean that most are stand-alone with limited interaction with core systems (e.g., complaint submission via website)
- Portals to share and access complaint-related information offer tremendous potential value to complainants, financial services providers and broader stakeholders, but security and information privacy are key risks
- Moving target with high investment costs required to remain current
- Independent external certification becoming a requirement for ADR provider credibility

# The Challenges

## Cost and Complexity vs. Scale

- Hard for small offices to afford in-house IT capability, especially for advanced applications
- Business requirements expertise lacking in many ADR providers to support IT developments
- External IT capability is expensive and may be difficult to reliably source, especially for smaller ADR providers and in some markets
- Suppliers unfamiliar with ADR business needs and applications...paying to train them about you or to adapt their products (e.g., CRM to CMS)
- Off-the-shelf technology tends to drive your process design, not serve your designed process
- Variety of applications in use by industry for videoconferencing, secure file transfer, email and data encryption

# ADR at an Inflection Point?

## Has the Innovation Curve Flattened Out?

- Ever-increasing:
  - Public expectations re responsiveness
  - Cost pressures (can depend on who is funding the ADR)
  - Complexity across varied ADR providers and parties to complaints
  - Wide range of IT applications and platforms in use by parties
  - Cybersecurity considerations

All have driven rapid change

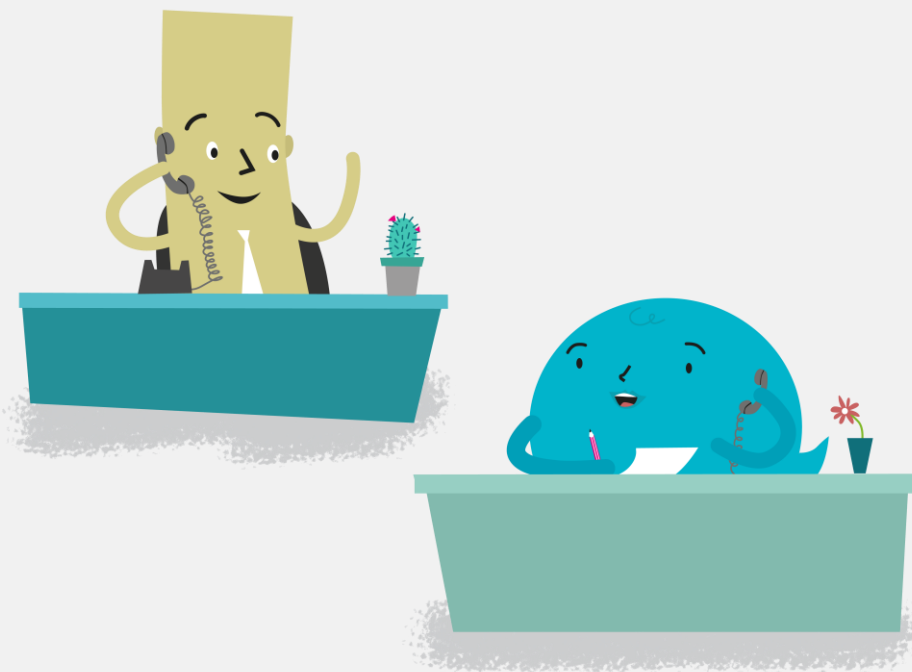
- What more can we do given the constraints?
- How can small-scale ADR providers cope?
- Opportunities for shared costs and infrastructure (development, platforms, some services like call centres, websites, portals)?

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# **Technology for consumer ADR – the experience in New Zealand**

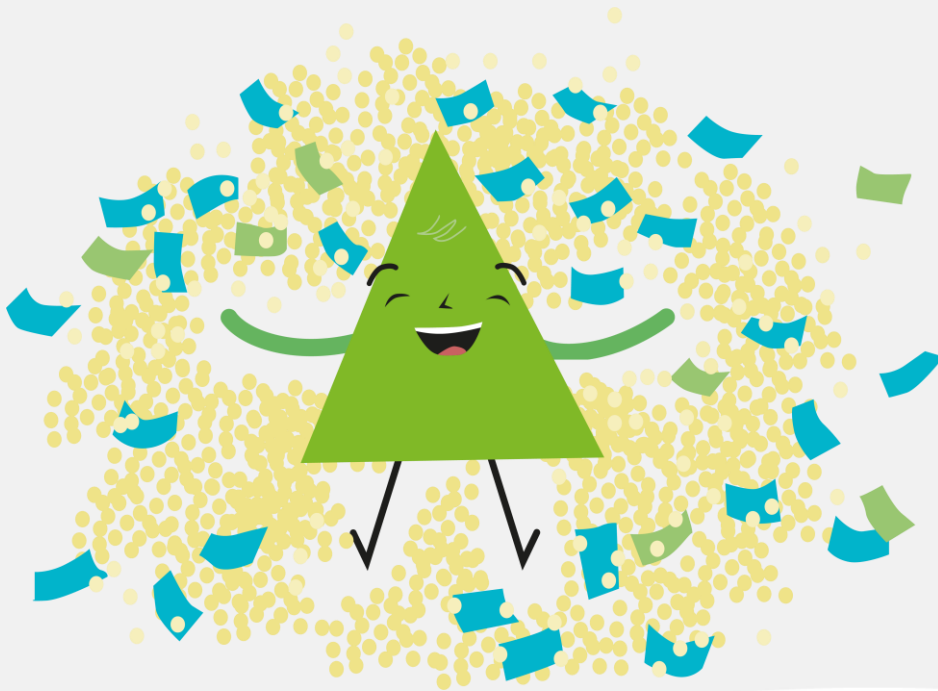
# Why does it matter

- Accessibility and effectiveness are key ADR principles
- An unknown remedy is no remedy at all – consumers need to know about us
- ADR schemes need to remain credible, connected and relevant





# Technological strategies to enhance accessibility and effectiveness



...members promote  
(online and apps)

...website

...social media

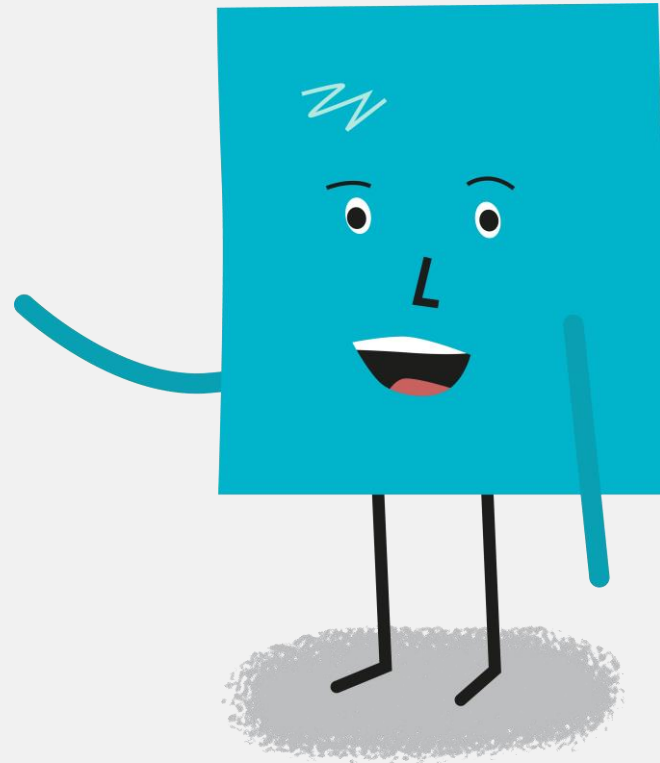
...sector-wide  
complaints dashboard

# Strategy #1 - members need to promote our scheme online

A criteria for belonging to the ADR scheme

We have used technology to reach new audiences and connect with more people

We expect banks to promote us online, through apps and websites, as well as have our brochures in branches



# Strategy #2 - website as a shop window

- We revamped our website
- Previous version was text-heavy and hard to navigate
- Homepage needed to decluttered and be more welcoming
- Complaint form needed to be simplified – so people could complete it in about 30 seconds







# Better Banking

[Make a complaint](#)



## We'll help you resolve complaints

**1**

### You make a complaint

We listen to your side of the story and gather the facts.

**2**

### We'll look into it

We talk to the bank and others and gather more information.

**3**

### We report back to you

We try to come up with an outcome agreeable to both you and the bank. If not, we formally investigate and make a decision.

[More on what to expect](#) →



# Website use increased

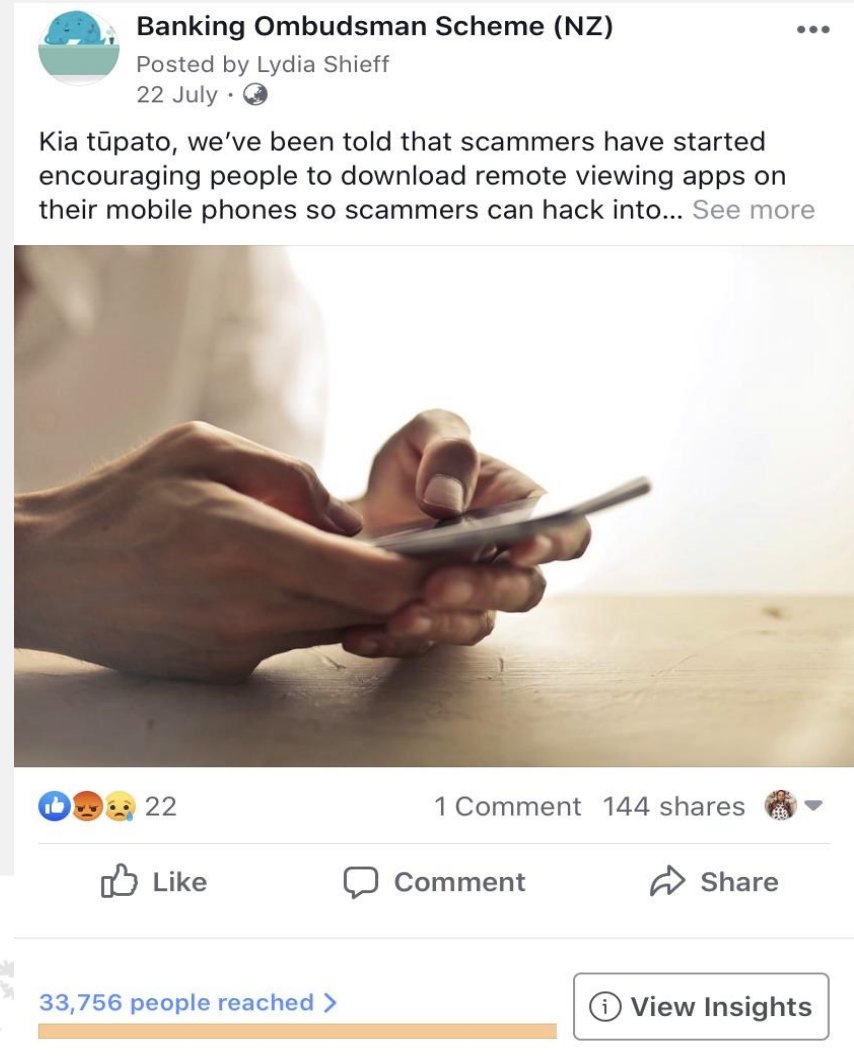
“I love the revamped website because:

- it tells me who you are
- it tells me what you do
- it's friendly, approachable and easy to understand.”



# Strategy #3 - Social media

Social media can be a good way to share tips & alerts for the public

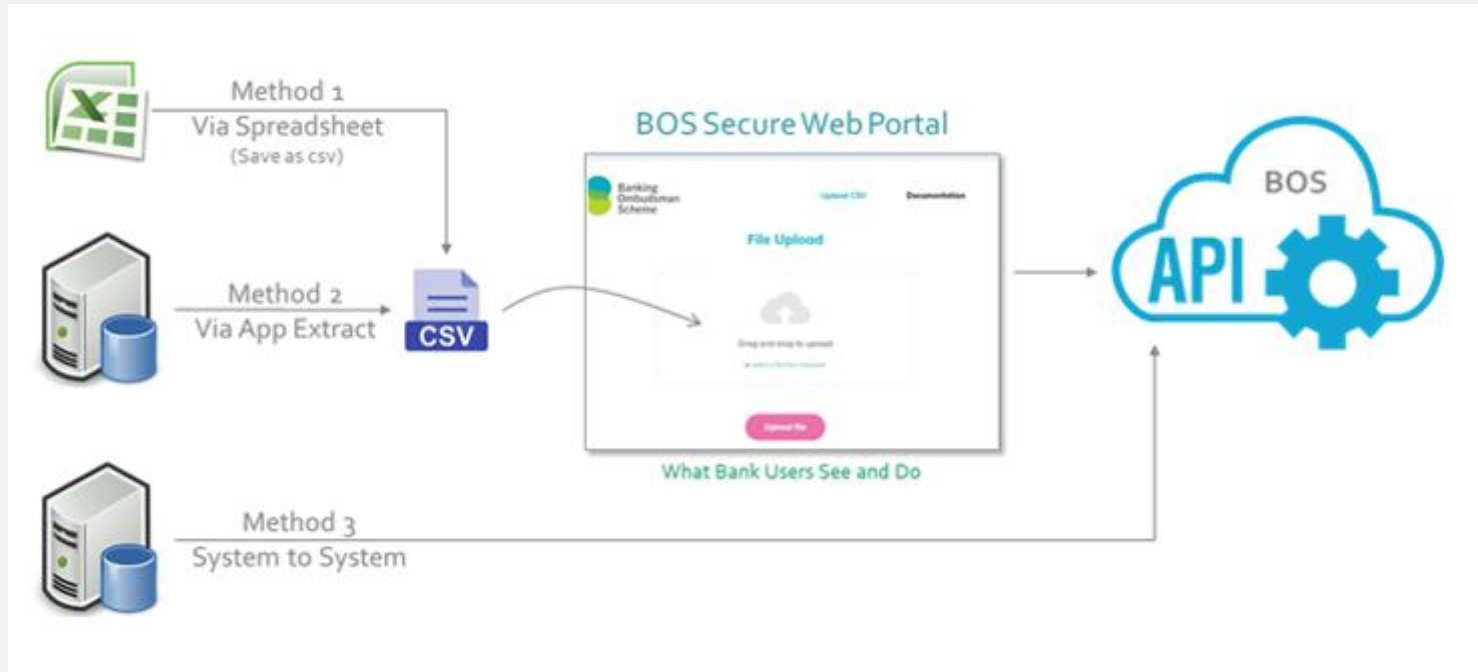


# Social media

But it can also provide a platform for challenging consumer behaviours...



# Strategy #4 – Online complaints dashboard



# Complaints dashboard

01 Oct 2020 to 31 Dec 2020 - Qtr 4

## Complaints at a glance

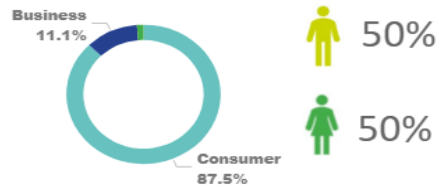
Complaints received this quarter

01 Oct 2020 to 31 Dec 2020  
**27,836**

Since previous quarter  
**3.4%** ▲

Current calendar year  
01 Jan 2020 to 31 Dec 2020  
**100,043**

Who complains



Outcome

Resolved  
**98%**

Average time to resolve  
**3.3 days**

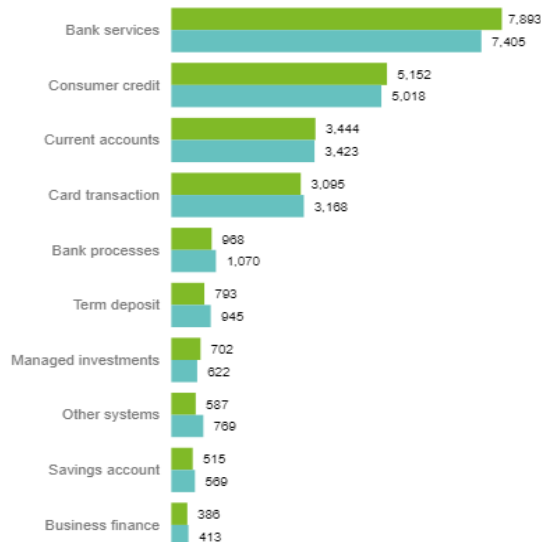
● Financial remedy ● Non-financial remedy

26.6%

73.4%

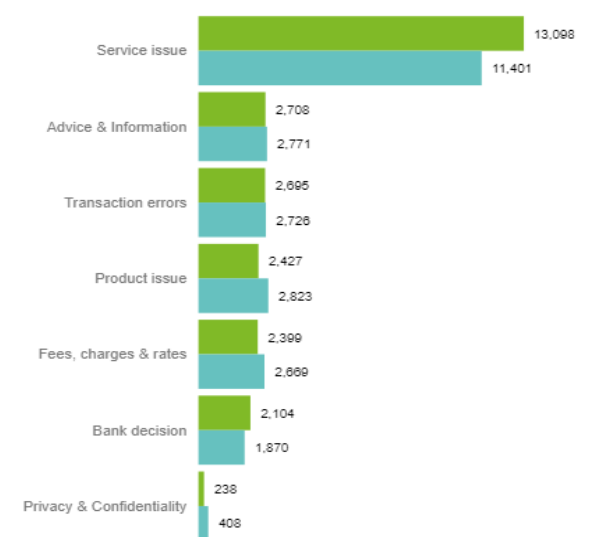
What complaints are about

Products & services



● This quarter ● Previous quarter

Issues



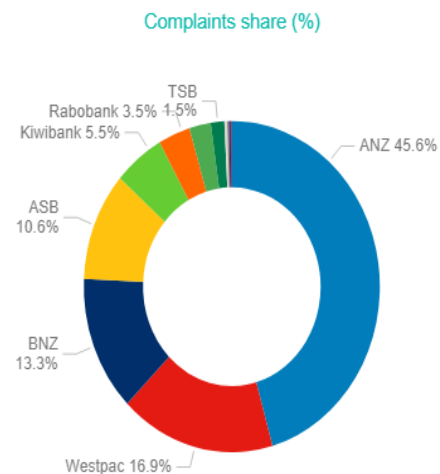
● This quarter ● Previous quarter

# Complaints dashboard

## Complaints by bank

Bank: 
 Bank size: 
 Quarter: 
 Year:

Bank	Bank size	Complaints	Complaints share (%)	Market share (%)	Average days to resolve	Resolved (%)
ANZ	Large	12,685	45.6%	29.6%	2.7	99%
ASB	Large	2,953	10.6%	19.0%	4.5	96%
BNZ	Large	3,690	13.3%	18.8%	2.8	100%
Kiwibank	Large	1,540	5.5%	4.2%	4.8	98%
Westpac	Large	4,711	16.9%	18.6%	3.5	99%
Heartland Bank	Medium	41	0.1%	0.7%	3.3	88%
HSBC	Medium	88	0.3%	1.2%	4.5	100%
Rabobank	Medium	969	3.5%	2.9%	1.5	98%
SBS Bank	Medium	31	0.1%	0.9%	3.8	94%
The Co-operative Bank	Medium	653	2.3%	0.5%	6.6	94%
TSB	Medium	411	1.5%	1.4%	6.2	96%
Bank of China	Small	11	0.0%	0.6%	19.9	100%
Bank of India	Small	0	0.0%	0.0%		
ICBC	Small	0	0.0%	0.4%		
Nelson Building Society	Small	53	0.2%	0.2%	2.3	96%
<b>Total</b>		<b>27,836</b>	<b>100.0%</b>	<b>99.0%</b>	<b>3.3</b>	<b>98%</b>



Revealed: How many complaints your bank has received

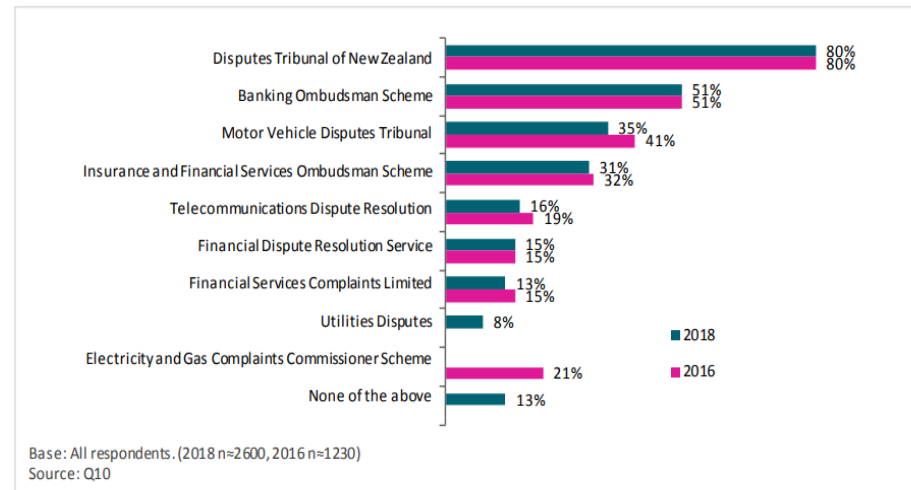


# The impact of using new technologies

- Increases our visibility and productivity
- More people are seeking our help
- More responsive and transcends distance e.g. during COVID lockdown
- More relevant and connected to the public

There is high awareness of the Disputes Tribunal of New Zealand (80% are aware), and over half (51%) are aware of the Banking Ombudsman Scheme. There is lower awareness of all other listed dispute services and 13% of consumers reported not being aware of any.<sup>6</sup>

**Figure 7: Awareness of dispute resolution services**



# NZ Banking Ombudsman Scheme contact points

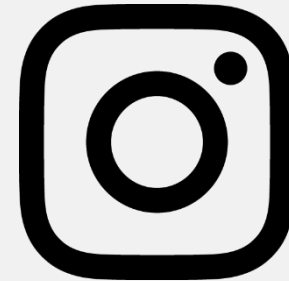
0800 805 950

[help@bankomb.org.nz](mailto:help@bankomb.org.nz)

[www.bankomb.org.nz](http://www.bankomb.org.nz)



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# **Technology for consumer ADR – the experience in China**



# Video presentation



## *Shanghai Financial Ombudsman Service*

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**Questions?**



# Thank you!

**Leveraging technology  
to empower financial consumer alternative  
dispute resolution (ADR)**

**3 June 2021**