

Today

1. Customer satisfaction vs. Treating Customers Fairly – what's the difference?
2. Institutional and Social logic of the Firm – does it weaken or strengthen the economic logic of the Firm?
3. FSA work on Treating Customers Fairly (TCF) and how we can use it
4. TCF in the context of Financial inclusion
5. The India of the future to gear up for – separating myth from reality

Customer Satisfaction

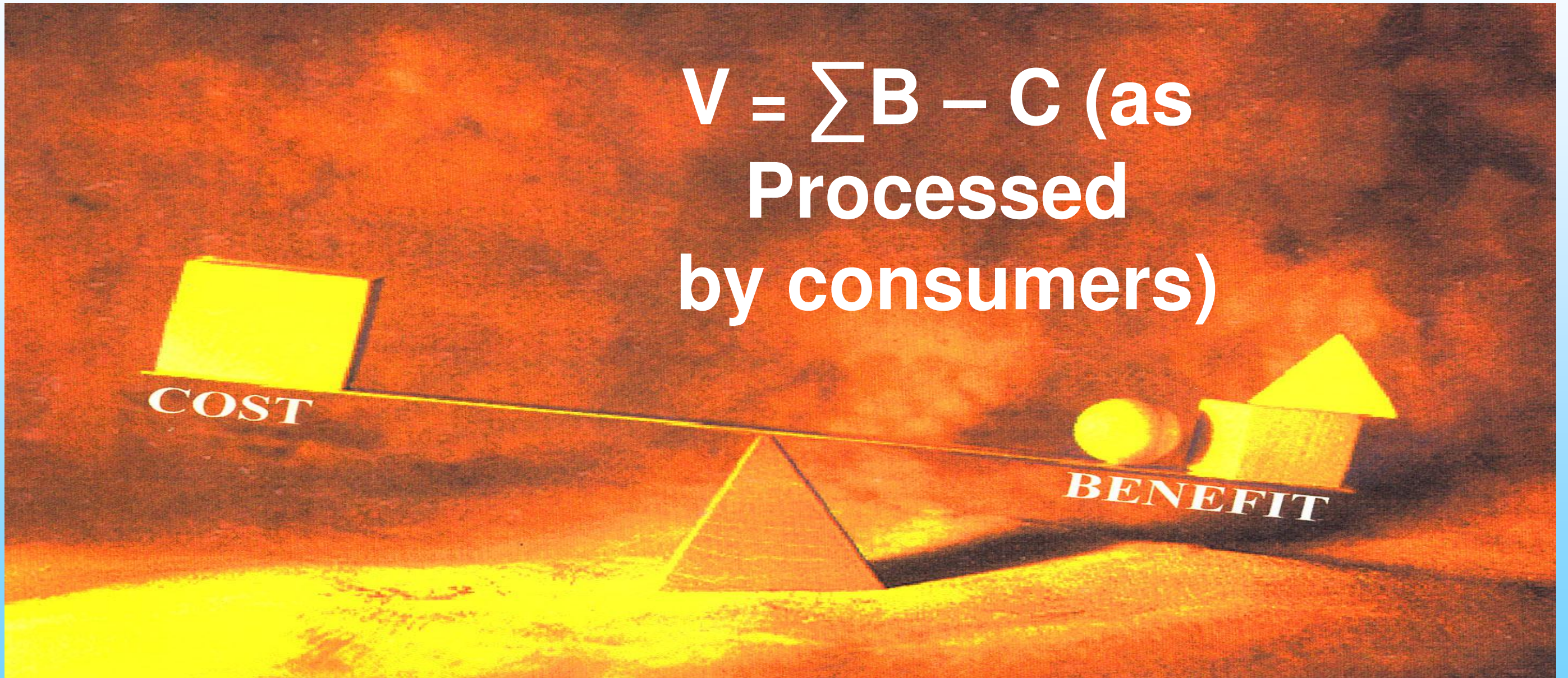
- Customer expectations versus perceptions of service delivered
- Expectations based on external communication and personal needs and attitudes
- Satisfaction process is based on Management decisions on what to offer; translation into service specs; ensuring delivery according to specs; customer perception of what they got and what they wanted

C –SAT parameters

- Tangibles
- Accuracy
- Reliability
- Responsiveness
- Empathy
- Bonding / advocacy

Let's shift the paradigm to **ADDING VALUE To Customers**

$$V = \sum B - C \text{ (as Processed by consumers)}$$



Shift to Customer Perceived Value Advantage (Ohmae's Strategic Triangle)



But this is not “fairness”

Why don't customers complain ? Why do we have a large silent majority? How do people know what they don't know? Is it about whether THEY think they are getting a fair deal or whether WE are delivering fairness?

What complaints?

- Omissions? Or just commissions?
- Expectation vs Actual? (Transparency/ communication gap)
- Promise vs Delivery? (Performance gap)
- Discrimination?
- Fairness

What complaints get captured?

- Fairness
- Non Discrimination
- ‘Reasonableness’
- Non exploitativeness
- Responsible, Lending / selling
- No Miss selling

“Silent Majority + Power” Effects

Is the ‘enablement’ of complaints sufficient?

TCF: Treating Customers Fairly

Fairness is more than satisfaction.

“Satisfied customers may not be treated fairly”

6 TCF outcomes for Customers

- Outcome 1 : Consumers are confident that fair treatment is central to corporate culture
- Outcome 2 : Products & Services are designed to meet needs of identified consumer group and targeted fairly
- Outcome 3 : Provided with clear information and appropriate updating
- Outcome 4 : Consumers receive suitable advice.
- Outcome 5 : Products perform as consumers have been led to expect (th
- Outcome 6 : No unreasonable post sale barriers imposed to change or switch or complain or claim (no hostages, no stacked deck)

Things that struck me in the FSA papers

Sensible steps for consumers

- Read and understand (firms: make it easy please)
- Regularly view financial needs and planning, raises questions to better help you understand
- Complain when needed (Firms: please make it easy to complain)

TCF Journey Challenges

- Senior management and culture driven, not compliance staff taking lead
- Cultural and Process Issues trip u up
- Embed TCF in activities across life cycle
- Enable consumers to be able to demand fair treatment
- Find new metrics for TCF including % of complaints

To think further....

- Move from rules based to principles based
- TCF across life cycle – product and sales design, indentifying target markets , marketing and sales promotion, sales and advice , after sales, complaint handling
- TCF is not a one size fits all.. Each firm must determine what TCF means to them

The TCF Journey Cycle

- Define Fairness
- Review fairness levels
- Do Gap analysis
- Plan strategy to fix gaps
- Implement with resources, targets, responsibilities
- Embed, monitor, report
- Set benchmarks, include in KPIs of entire organisation, board comp committee review

TCF in context of financial inclusion

CHALLENGES IN FINANCIAL INCLUSION FROM FORMAL BANKING INSTITUTIONS:
B.O.P. LENDING AND MSME LENDING



Today

1. Customer satisfaction vs. Treating Customers Fairly – what's the difference?
2. Institutional and Social logic of the Firm – does it weaken or strengthen the economic logic of the Firm?
3. FSA work on Treating Customers Fairly (TCF) and how we can use it
4. TCF in the context of Financial inclusion
5. The India of the future to gear up for – separating myth from reality

Large economy of modest income people – for a long time to come

← PPP →

Country	Population Rank	GDP Rank	GNI Per Cap Rank (% of USA)
China	1	2	130 (12%)
India	2	4	165 (6%)
Brazil	5	9	109 (21%)
Russia	8	7	73 (32%)
USA	3	1	11 (100%)

The hard facts

- No regular income
- Hierarchical society trying to decrease its power distance
- Spectacular failure of public goods
- Low trust atmosphere
- Society in churn
- Unfair treatment will blow up today more than ever before