

Enterprise Learning QA Benchmarking research results: Most Firms are changing their approaches to monitoring customer outcomes

Is your QA framework as rigorous as other firms in your sector? Does it reflect best practice and meet the FCA's expectations?

Quality Assurance (QA) is critical in achieving consistent, fair outcomes in sales, customer services, complaints management and other regulated operations.

We identify good and poor practices across nine key categories (see Figure 1) that we believe drive effective QA to ensure a 'suitable' customer outcome. We used this as the basis for research with QA departments in 16 large firms from across the financial services spectrum to benchmark against these factors and identify best practice.

More than 50% of firms are changing their QA approaches

56% of participating firms report that they have changed their QA frameworks in the last two years. In particular, firms have been focused on improving:

- The content of the QA assessment, to ensure it is centred on the outcome for the customer rather than prioritising operational or procedural failures

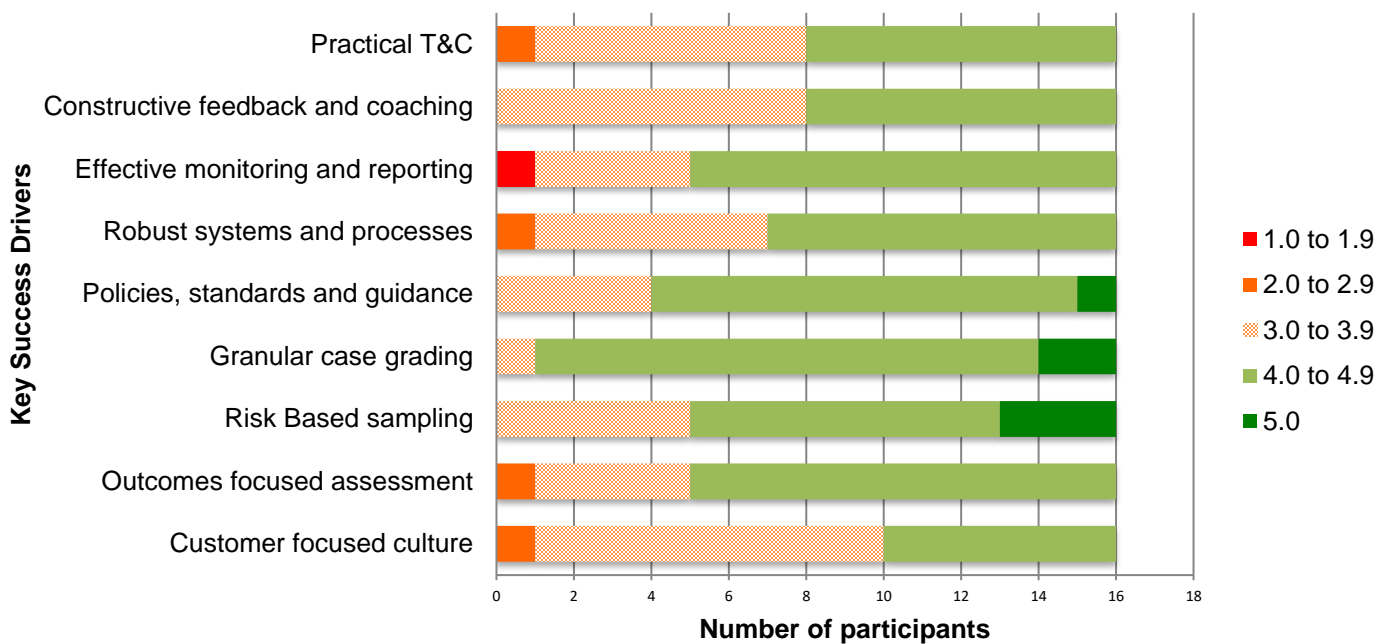
- Ensuring their sampling methodology is risk-based.
- Ensuring monitoring and reporting to ensure MI is sufficiently granular to allow issues to be identified, escalated and managed appropriately.

Other areas for continued concern among the research participants were:

- **Culture** – ensuring that good customer outcomes sit at the heart of management decisions and behaviours
- **QA Feedback** – ensuring that feedback from the QA assessment is constructive and supported by effective coaching
- **Training** – ensuring a consistent understanding of how quality standards should be applied
- **QA efficiency** – ensuring that QA becomes more efficient and thus reducing the cost burden.

Figure 1 below illustrates how the research participants scored each of the nine key categories in our Questionnaire.

Figure 1. Range of scores for each of the nine key categories

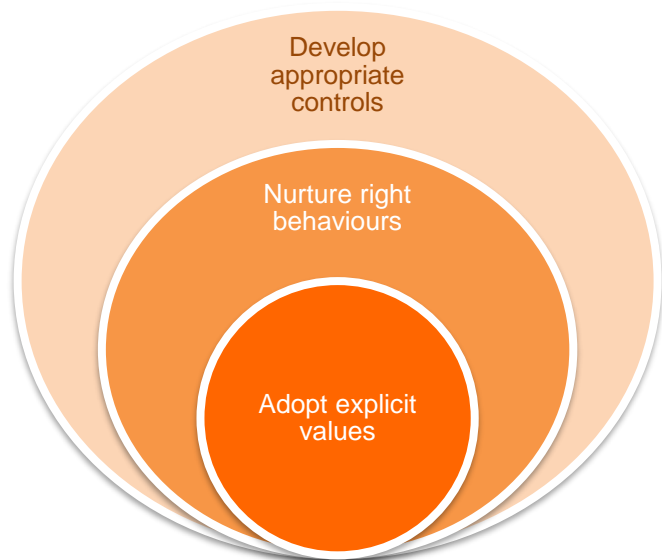


However strong your systems and controls, and the underlying policies and procedures, a culture that does not have customer outcomes at its heart may undermine your efforts.

Increasingly, regulators recognise that culture can be a main enabler, or blocker, of quality outcomes for customers and are making real efforts to assess this as part of their audits of firms.

Our findings, both from the Questionnaire responses and interviews, indicate that, whilst the culture in firms seems to have improved in recent years, respondents believe there is still much to do, particularly in aligning values with behaviours.

Figure 2. Aligning your customer centric culture

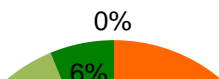


Over 62% of the respondents are concerned that there is insufficient focus on customer outcomes within the culture of their firm.

One of the research participants referred to senior management “talking about putting customers first” but that there was little evidence demonstrating this in practice - when decisions were required, often the strongest driver continued to appear to be sales and profit.

50% concerned about Root Cause Analysis and continuous improvement

Figure 3. Firms' self-assessment of their Continuous Improvement culture



The main area of concern was learning lessons from failures and making subsequent improvements to support the quality of customer outcomes.

Less than 1/3rd of participants responded positively stating that this is prioritised, in place and working well. The remaining **2/3rds stated that there is little evidence of this working in practice and they see examples of repeated mistakes or lessons not learned.**

50% of responses indicated that root cause analysis is limited and feedback loops are not comprehensive or fully effective. This is partly due to a lack of appropriate systems that support the production of meaningful management information.

This raises the question as to how root cause analysis and continuous improvement is prioritised within the firm.

Education and coaching a key weakness

Training & Competence (T&C) and feedback and coaching relating to QA outcomes were also identified as needing improvement.

50% want to improve feedback and coaching

It is vital that results from QA are fed back to the in a timely and effective way. Staff should receive further coaching/training where appropriate, to ensure that lessons are learned to improve the quality of the customer interaction and outcome.

50% of respondents identified ‘Feedback and Coaching’ as an area of weakness.

Many felt that feedback provided by those conducting QA, is often inconsistent and only highlights errors, rather than providing positive feedback.

They also felt that feedback was communicated in a way that did not allow questioning or challenge. The need for improved communication between QA and the business is clearly a priority.

50% have concerns about competence assessments and CPD

Training & Competence frameworks are a key control for firms to ensure that people are competent to perform their regulated roles to the required standards.

50% of participants stated that competence-based assessments lack clarity and/or are inconsistently applied.

Our experience supports the lack of effective competence based assessments within the sector. Often we see firms rely on multiple-choice tests, which are usually focused on assessing knowledge rather than the ability to apply this in their job.

ongoing competence and that training needs are not always effectively met.

We also see training activity being focused on the front-line roles (advisers and call centre agents) rather than roles such as first and second-line managers, QA teams and training specialists.

However, QA is the firm’s safety net and a key control for ensuring that customers receive fair outcomes and therefore it is vital that those involved also receive appropriate training and assessment.

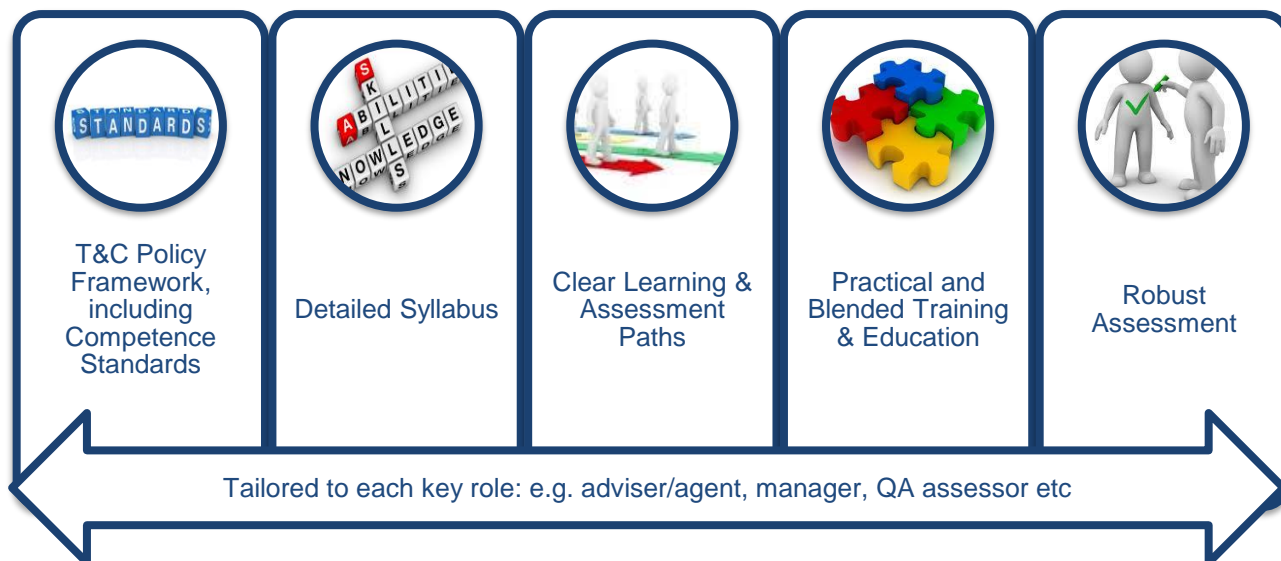
QA Efficiency

A key challenge for many of the people we interviewed, and the firms with which we work, is how to conduct QA efficiently and to maximise the resource available.

One important way of helping to improve efficiency is to incorporate a risk-based model, where the risk of all the various products, services and customer interactions is assessed.

The more effective the risk-based model, the better able the firm is to target resource, with a clear and robust rationale supporting its approach.

Figure 4. Essential components of Training and Competence for regulated roles



50% also responded that learning paths are mainly for initial training of front line staff, rather than

Benchmarking your QA framework

Our Benchmarking Guide provides a practical overview of key success criteria for effective QA.

The principles apply across the full spectrum of the financial services sector, from the provision of non-advised, general insurance telephone sales to the more complex wealth management face-to-face advisory services.

The guide can be downloaded from our website <http://www.enterprise-learning.co.uk/toolkits.html>

We have also developed an online diagnostic tool to assist firms in benchmarking their QA frameworks and practices against the standards contained within this guide.

For access to the online diagnostic tool, please visit <http://qa.enterprise-learning.co.uk>.

How can Enterprise Learning help?

We offer a facilitated, diagnostic, workshop for our clients, who have found the independent view and challenge beneficial in assessing the strengths and areas requiring improvement in their QA framework.

We can also conduct a full review of your QA framework and practices and provide you with a detailed report of our findings and recommendations for improvement.

Please contact info@enterprise-learning.co.uk if this is of interest to you.

Enterprise Learning specialises in Regulated Business Transformation. We blend financial services and operational expertise together with risk management, regulatory capability and process & people change skills to provide a 360' service for regulated businesses.

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Does your firm have...



Customer outcomes that are at the heart of leadership strategy & behaviour?



QA assessments that are focused on ensuring a suitable customer outcome?



QA samples that are selected via a risk-based analysis, which is regularly reviewed?



QA grades that identify outcomes with sufficient granularity to distinguish between unsuitable outcomes, those lacking clarity and those with documentation/procedural errors?



Clear quality principles and standards, with specific guidance on how to apply them, focused on the customer outcome?



Robust QA systems that are bespoke to the Firm's procedures and required outputs/MI, enabling an effective, streamlined QA process?



Appropriate systems and controls in place to identify, monitor and manage risks?



QA feedback that clearly provides the rationale supporting the assessment made, including both positive and negative factors?



A clear and comprehensive T&C scheme, detailing the supervisory model and monitoring activities?