

OPTIMA PARTNERS

TREATING CUSTOMERS FAIRLY PROGRESS ASSESSMENT TOOL

Introduction

As the December 2008 deadline for embedding Treating Customers Fairly (TCF) approaches, it is clear that TCF will be at the centre of the FSA's regulatory agenda in 2008 and 2009. In its latest update published on 30 June 2008, The FSA stated that only a minority (13%) of relationship managed firms met the March deadline to have in place the necessary MI to measure fair customer outcomes. This led them to conclude that there is a clear risk that many firms will not meet the December 2008 deadline, and that they expect all firms to undertake a significant amount of further work and to focus urgently on meeting the deadline.

The Optima Viewpoint

The FSA have made it clear that there will be a regulatory dividend for firms who can demonstrate that they are consistently treating customers fairly. This dividend will take the form of less close supervision, which should bring firms efficiency gains.

We believe that there is also a much bigger prize. The processes and practices which underpin the six customer outcomes are exactly the same as those required for effective customer management and best practice marketing. There is a real opportunity for truly customer focused organisations to embrace the principles underlying the desired outcomes and thereby achieve a competitive advantage.

Putting the customer at the heart of the product development process, having clarity on discrete customer segments, and implementing clear contact strategies across the lifetime of the customer relationships are key elements of best practice customer management and the TCF agenda.

The Optima Approach

We believe that it is vitally important that firms have an independent and objective view of the current state before developing their TCF change programme. An independent view will:

- Identify areas requiring further work
- Provide reassurance to Senior Management and The Board that that you are on track to meet the FSA's end 2008 deadline
- Act as a dry run for any FSA visit. Our tool reflects the approach adopted by the FSA in their TCF visits. We interview a range of individuals at different levels of the organisation to assess consistency of message and delivery
- Identify opportunities to grow your business through the implementation of effective customer management

We have therefore developed a TCF progress assessment tool which will deliver the following:

- Detailed independent report providing an assessment of current state measured against each of the key themes within each Customer Outcome.
- Specific prioritised recommendations on key areas requiring improvement.
- Implementation plan detailing key actions and milestones.

Overview of the Tool

The tool is based on a semi structured questionnaire, consisting of around 50 questions, between 8-10 questions for each of the six outcomes. The questions for each outcome are grouped around three or four key themes. For each of the questions, respondents are asked to what extent the desired practice is in existence across the organisation. Most importantly it is necessary to provide evidence to support the response. The assessors scoring against each practice will be determined by the quality of the supporting evidence.

Why Optima

We have put together a team of experts which we believe contains a unique combination of experience and expertise in financial services marketing, customer management, TCF and consulting. Crucially, our team contains individuals who have held responsibility for both TCF and Customer Management in a major financial services firm during 2007.

The TCF work within our Financial Services Practice is being led by Martin Slater. Martin recently joined Optima from his position of Marketing Director at Standard Life, where he had both Marketing and TCF responsibilities.

Optima Partners has consultants from established consulting and blue-chip marketing backgrounds all with over 15 years experience of working in marketing and customer management. We have a track record of providing customer management solutions to clients such as RBS, Dell, Standard Life and BSkyB.

Appendix One – Key Themes

The assessment questionnaire is structured to enable exploration of the following key themes within each outcome.

OUTCOME	THEME
Outcome 1: Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture	Theme 1: Brand Theme 2: Internal Communications Theme 3: H.R. Practices Theme 4: Customer Information
Outcome 2: Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and targeted accordingly	Theme 1: Product development process Theme 2: Consumer research and segmentation Theme 3: Marketing communications approach and practice
Outcome 3: Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale	Theme 1: Pre sale communication Theme 2: Communications round the sale Theme 3: Post sale communications
Outcome 4: Where consumers receive advice, the advice is suitable and takes account of their circumstances	Theme 1: Advice process Theme 2: Internal monitoring procedures Theme 3: Consumer feedback
Outcome 5: Consumers are provided with products that perform as firms have led them to expect and the associated service is both of an acceptable standard and as they have been led to expect	Theme 1: Setting expectations Theme 2: Measuring and expectations and outcomes Theme 3: Service expectation and acceptability
Outcome 6: Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaints	Theme 1: Switching Theme 2: Claiming Theme 3: Complaining