

Customer Outcomes and Vulnerable Customers



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Risk Awareness Promoter

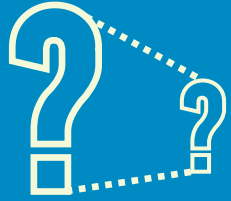
#unexpectedjobs

Brexit crisis

Covid crisis

**Cost of living
crisis**

What's next ?



Bad payers are no longer the banks biggest threat.

“Time to relax. No need to answer the phone.

After a busy day, we know you don't want to be answering phone calls about your account, which is why we won't be calling you”

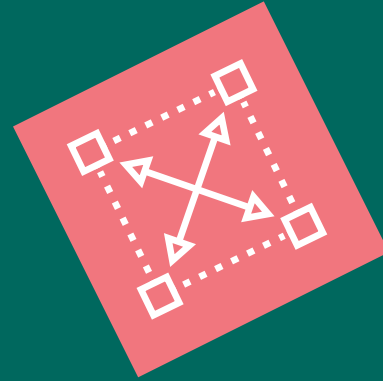
But we did want to remind you that the self-service portal is available anytime, so you can manage your account at a time and in a place that works for you”

« Approach each customer with the idea of helping him or her solve a problem or achieve a goal, not of selling a product or service. »

Brian Tracy



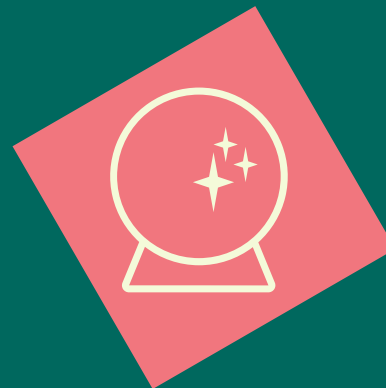
New regulations can be an opportunity to foster a customer centric culture and to streamline our approach.



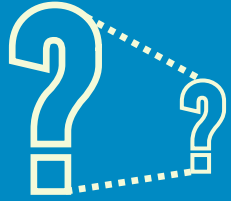
How to provide a holistic approach to foster a positive customer outcome throughout the business ?



How can we measure and report the customer outcome across the customer's journey ?



Can we rely on advance data analytics to improve our compliance framework ?



A brief overview of asset finance in BNPP Leasing Solutions

- We provide finance to businesses (small businesses, SMEs, and Corporates) to acquire assets through manufacturers and partners and to help them grow their activity.
- We provide products focused on the usage (Finance and Operational Lease, Pay per Use)
- We manage end of contracts (repossession and remarketing of the assets)

Our activity focuses on 9 core markets and sectors.

 <h2>EQUIPMENT AND LOGISTIC SOLUTIONS</h2>					 <h2>TECHNOLOGY & LIFECYCLE SOLUTIONS</h2>			
 <p>Food Equipment</p>	 <p>Agricultural Machinery</p>	 <p>Construction Equipment</p>	 <p>Commercial Vehicles</p>	 <p>Materials Handling</p>	 <p>Print and Document Management</p>	 <p>Specialised Technology</p>	 <p>IT & Telecoms</p>	 <p>Healthcare</p>

A new consumer duty : overview

Consumer Duty

- Principle 12
- A firm must act to deliver good outcomes for retail customers
 - Effective since July 2023

Cross-cutting rules

- Act in good faith towards retail customers.
- Avoid foreseeable harm to retail customers.
- Enable and support retail customers to pursue their financial objectives.

Consumer Duty is a major shift in the context of the retail finance industry

PRIVATE RIGHT OF ACTION

PRICE/VALUE

MORE CLARITY ON SCOPE

“ALL REASONABLE STEPS”

DISTRIBUTION CHAIN

Product and service : in which ecosystem our business is operating ?

Manufacturer

Firm that creates, develops, design, issues operates/under writes

- More than one firm can be manufacturer
- Intermediary can be manufacturer, if they set parameter of product or commission for a product produced by other
- A firm can be both manufacture and distributors

Distributor

A firm that offers, sells, recommends, advises on, proposes or provides the products

Price and Value : requires to embed requirements in our governance moving forward

price

total price paid by the customer over the life of the product

income/profit generated from minority of customers

cost incurred by the firm

economies of scale/market rates

value

benefit derived by the customer

quality / barriers

characteristics of the product or ongoing support

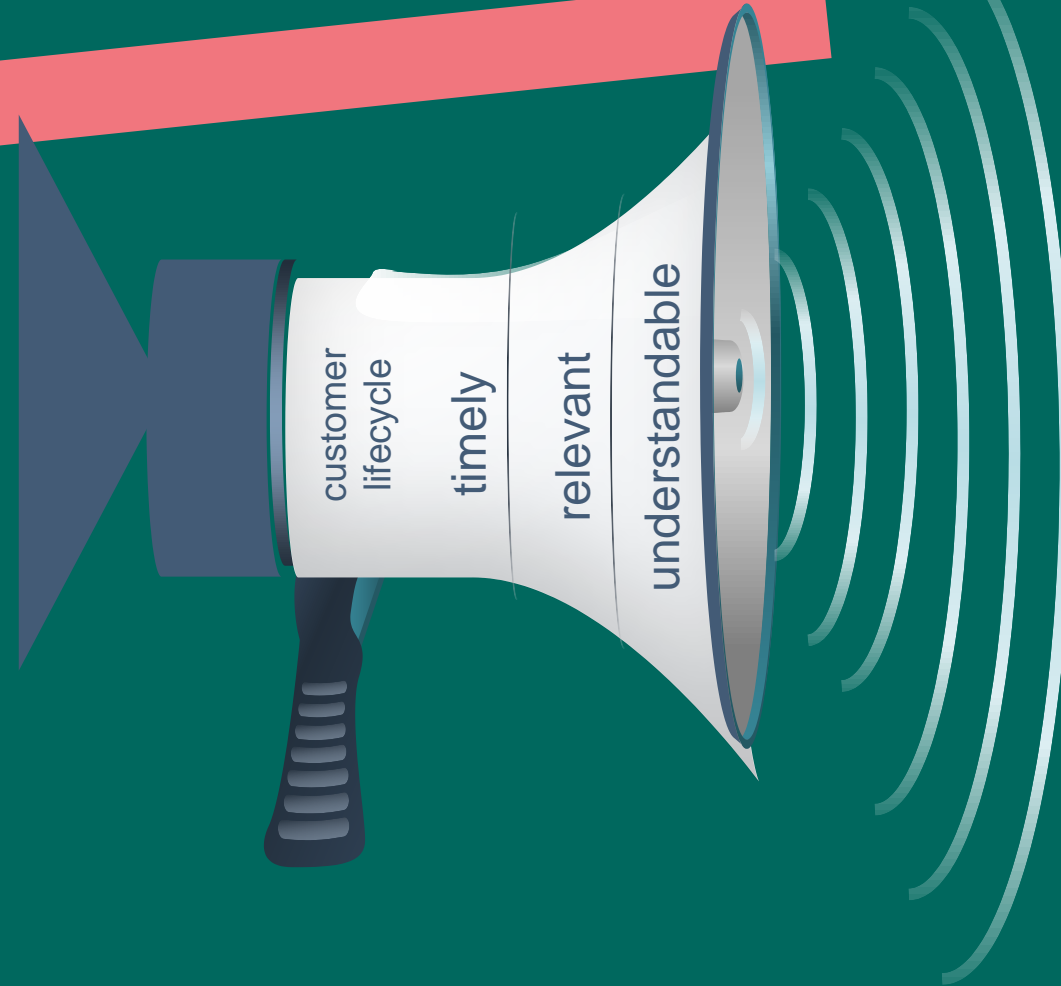
similar products

FAIR VALUE

Consumer understanding : monitor, gather and analyse structured and unstructured data

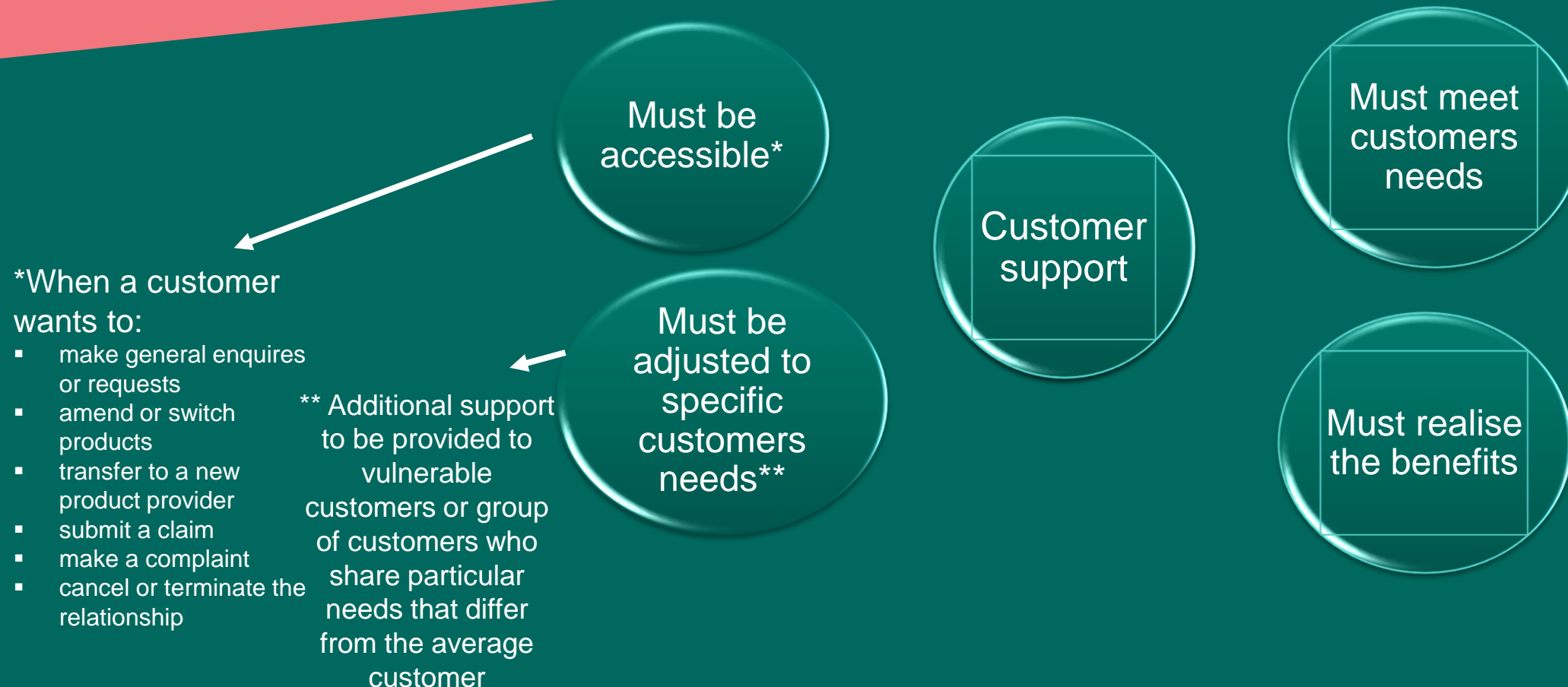
All communications
throughout a firm
interactions with
customers
irrespective of
channel use

All firms involved in the
production, approval or
distribution of
communication irrespective
of whether they have direct
relationship with the
customer



Enable
customers to
make
effective and
timely
decisions
and to realise
the benefits
of the
product

Consumer support : measure and monitor the customer's outcome



How to foster a holistic approach across the customer journey (1/5) ?

Build a dedicated governance and spread the culture across internal teams and partners

Governance sponsored by the Board of Directors

Invest in training – and be able to demonstrate the upskilling

Define key touchpoints and Build KPIs across the whole customer lifecycle (Operations, Credit, Collection and Recovery)

How to foster a holistic approach across the customer journey (2/5)?

The product alignment

Align the product policy

Fair Value Assesement

Consistency of communication channels
Accessibility of the product

Consumer Duty by Design

How to foster a holistic approach across the customer journey (3/5)?

Define a shortlist of key touchpoints as a result of the complaints monitoring

Risk Assessment over key touchpoints

Valuate incidents and assess the intrinsic and residual risk

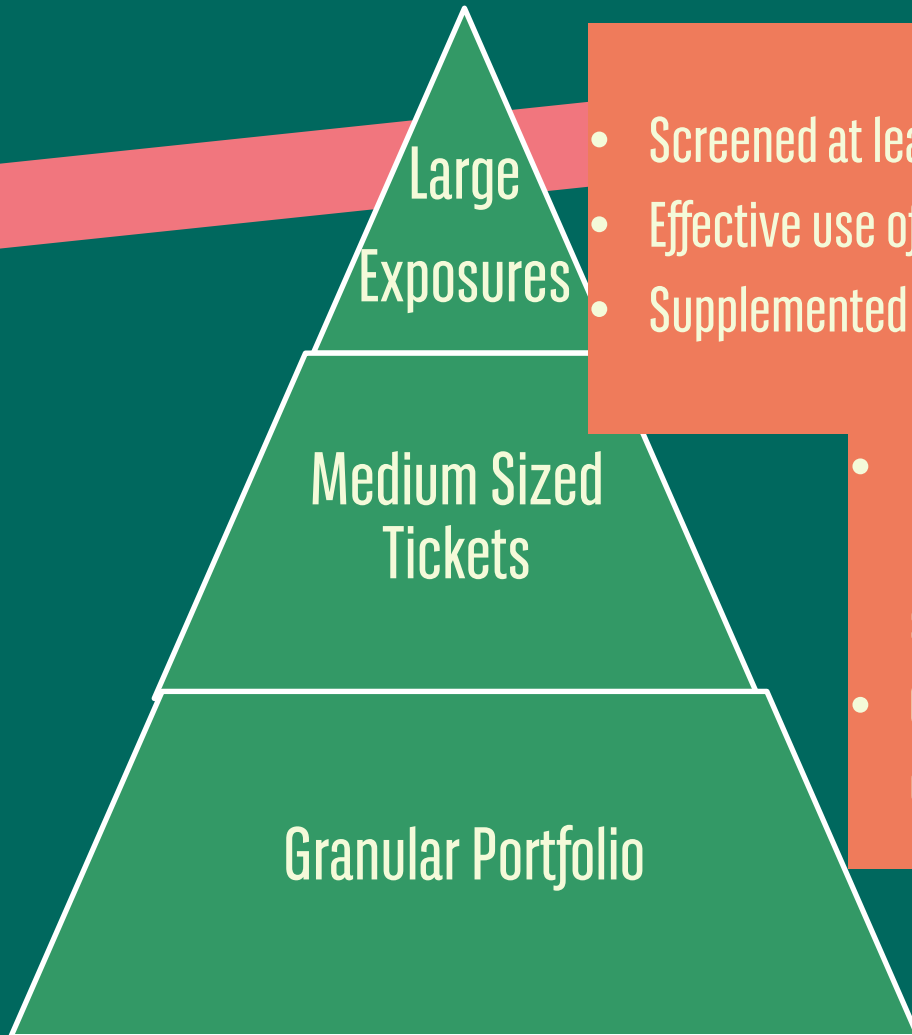
Touchpoints	Assessment	Action envisaged
Settlement quotes	High residual risk	Modify the wording of the contracts to ensure the modalities are well understood.
Fees	High intrinsic risk	
Third Party Agents costs		
Financial promotions		
Vulnerable customers		
Commissions structure and disclosure		

How to foster a holistic approach across the customer journey (4/5)?

Focus on affordability and vulnerability

Focus areas	Challenges
Review and update affordability rules at granting	Protect the interest of the customer in the context of inflation and cost of living challenges.
Vulnerable customers	Change the company's culture and define processes for specific needs.
Collection and Recovery	Work on delegation to grant the ability to agree payment plans and reschedulings.

How do we detect nuanced aspects of vulnerability within our customer base through portfolio monitoring ?



Large
Exposures

- Screened at least once annually through the annual review process.
- Effective use of 'real time' data such as Current Account information.
- Supplemented with commercial news agency alerts

Medium Sized
Tickets

- Portfolio screening, via a monthly batch file to the credit bureau, for deterioration in key metrics : Commercial Cash Flow, Financial Distress/ Strength and Credit Risk scores, plus payment behaviour data.
- Customers in financial difficulty are escalated to the LoD2 for manual and to consider of adding to the Watch list.

Granular Portfolio

- Internal suite of Risk indicators reviewed regularly .
- Higher risk portfolios receive monthly monitoring.

How to foster a holistic approach across the customer journey (5/5)? Reinforce the appropriate culture and governance.

Focus areas	Challenges
New product and activity governance	Upskill teams to implement the Consumer Duty by design.
Annual report to the Board of Directors	Build relevant ascendant information and be prospective.

How can we measure through data the customer's outcome throughout their journey (1 / 2) ?

A new type of data needs to be gathered and available to the staff

Qualitative input from internal and external stakeholders directly managing the customer

Internal customer's segmentation

Gather data publicly available in order to amend the customer's profile

How can we measure through data the customer's outcome throughout their journey (2/2) ?

Product Sales Data
Volumes, Pricing, Fees

Underwriting Data
Affordability, Scoring



Enquiries data
Complaints, Requests for
clarification

Collection data
Forbearance, Payment
Plan

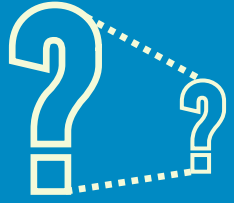
What are the advanced techniques that could be used to improve our compliance framework?

Enhance data management

Algorithms to manage the customer's segmentation

Implement collection scoring systems

Screen customers communication with natural language processing



Any questions ?