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What You Need to Know About Customer Complaints Management in Financial Services



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By Karen Oakland, VP of Financial Services Marketing at Smart Communications

Complaints management can be a costly affair, especially for regulated industries like financial services and insurance. Support staff and call centers are expensive, which is why improving digital self-service capabilities is an important priority for many financial institutions. Meanwhile customer expectations for fast response time and personalized attention are higher than ever.

Apart from managing customer service costs, businesses now need to factor in the cost of reputational damage when customer complaints are aired in the digital arena. No company wants to be “flamed” online. Yet the trend has been for customers to voice complaints on social media rather than through traditional channels like contact centers or complaint letters, particularly among younger generations.

In financial services, customer complaints management is drawing the attention of federal and regional regulators. In Australia, regulators are taking a stronger approach to consumer protections that sets a precedent for rules makers in other countries, such as the Consumer Financial Protection Bureau (CFPB) in the U.S., and the Financial Conduct Authority (FCA) in the U.K.

Here’s what you need to know, and some tips for how your business can more effectively manage complaints and credit disputes (even if you’re not operating Down Under).

What are the Key Provisions of Australia's RG271 for Complaints Management?

In Australia, financial services institutions (FSIs) are regulated by the Australia Securities and Investments Commission (ASIC), which acts in partnership with Australian Prudential Regulation Authority (APRA). In October 2021 ASIC issued [Regulation Guide 271 \(RG271\) for Internal Dispute Resolution](#), or IDR.

Some key provisions of RG271 include:

- Expanding the definition of "complaints" to include dissatisfaction with a company, its staff, products or services
- Expecting financial institutions to proactively address complaints, even those expressed on social media and not submitted directly or in writing
- Ensuring ease of complaint filing for customers and providing clear communication about the complaint process
- Requiring financial institutions to acknowledge a complaint within 24 hours
- Mandating a written response with the outcome of the IDR process to be delivered within 30 days (reduced from the previous 45-day timeframe)
- Requiring FSIs to record all complaints and regularly report to the company's board and senior management
- Introducing a new IDR data reporting framework, necessitating the [submission of reports to ASIC](#) every six months on complaints handling starting in 2023

Different timeframes apply for resolving certain types of complaints, including those related to superannuation (or retirement fund) death benefit distributions; credit-related complaints involving default notices; and those involving hardship notices or requests to postpone enforcement proceedings.

While these requirements may seem straightforward with the advancements in digital technology, regulators believe that many banks and other FSIs struggle due to inadequate capacity and resources to investigate and resolve customer complaints promptly.

In fact, the [ASIC found late last year](#) that 20 percent of all superannuation funds were still not meeting the regulatory requirements for communicating with customers as part of a dispute resolution process. And it said that 80 percent of the funds were poorly managing systemic issues around complaints management. Most failed to ensure all complainants were kept informed within the required time frame. If your business wants to improve in this area, here are three areas to consider.



[1 in 5 super funds fail to adhere to ASIC's dispute resolution guidelines - InvestorDaily](#)

How to Ensure Compliance with Complaints Management Regulations

The Smart Communications Conversation Cloud™ (the combination of our cloud-based customer communications management solution, SmartCOMM™, and forms automation solution, SmartIQ™) platform offers capabilities that can help your organization achieve RG271 compliance for IDR in Australia, or simply enhance the effectiveness of your customer support operations, in the following ways:

1. Rethink your use of traditional forms to capture data on complaints. For many customers, forms are frustrating and mind numbing. Moreover, they often require manual work for internal employees to process and retype data into other systems. Our SmartIQ forms automation software supports digital and mobile interactions, while making it faster and easier for FSIs to process the information with connection to employee task dashboards and workflows. This type of guided interview can elevate your customer self-service and can be used in internal contact centers to improve efficiency. And with a low-code architecture, you minimize the burden on IT. (Take a closer look within our [Ultimate Guide to Digital Forms Software](#).)
2. Utilize customer communications management (CCM) software to centralize your templates for complaints communications across output channels. [SmartCOMM, our cloud customer communications management \(CCM\) solution](#), enables FSIs to be confident that every message and document is compliant, from automatic acknowledgements to IDR responses to regulatory reporting. Cloud-native, SmartCOMM provides prebuilt integrations to CRM, intelligent automation and ECM archives, giving you even more cost efficiency and flexibility to design the best customer journey. If you use a process automation solution like Pega or Appian, for example, you can use those solutions to trigger these dynamic communications to be sent via the customer's channel of choice. With our [Pega connector](#), customer service representatives have the ability to create ad-hoc letters and correspondence from within that user interface.
3. Improve insights into complaints using content intelligence. With our built-in content intelligence capabilities, you can understand where customers are missing questions in a complaint interview, or where customer communications can be improved across the lifecycle. With our [Content Intelligence module](#), you can evaluate the readability, sentiment and tone of communications to make sure they are both empathetic and effective.

At its core, resolving complaints and disputes requires a two-way conversation between the customer and your support team. Resolving them quickly means re-imagining that conversation in a digital-first world, improving the ability to self-serve. By leveraging the power of composable, cloud-based software platforms, you can connect all your touch points and remove points of friction.

Case Study: Digitizing Credit Card Dispute Resolution for Improved Complaints Management

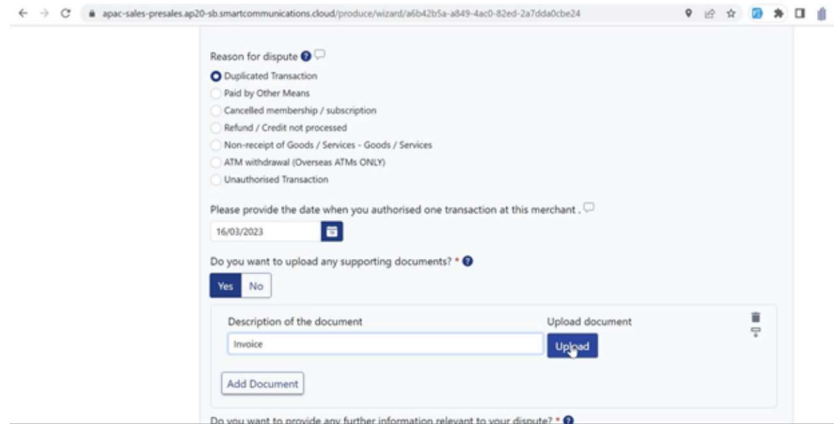
Here's a real-life example that illustrates this new way of thinking. We're working with one of our largest banking clients in Australia to re-imagine the customer experience and digitize the process of resolving complaints such as credit card disputes. Like many services requests, the resolution process requires the customer to submit a form to start the process.

Historically, that form was only available as a blank PDF the customer was required to download and complete on paper. Why was this a problem?

- It wasn't an easy experience – and not mobile friendly
- The burden was on the customer to complete it correctly
- It required an employee to rekey data into another system – with the risk of NIGO errors
- That data needed to be input into another system before any process automation could begin

With SmartIQ, the bank is now able to provide branded, device-responsive digital interviews from within its secure customer portal. Integrated with the bank's CRM system, these guided "forms" are prefilled, making it easier for customers to complete and reducing errors thanks to real-time data validation.

In addition, the data automatically generates acknowledgements and other customer communications as required by regulators – all integrated seamlessly with the bank's e-signature and document archiving solutions. The incoming data further triggers automated processing via Appian, ultimately speeding up compliant resolution time and improving customer experience.

A screenshot of a web browser displaying a dispute resolution form. The browser's address bar shows a URL from 'apac-sales-gresales.ap20-sb.smartcommunications.cloud'. The form is titled 'Reason for dispute' and has several radio button options: 'Duplicated Transaction' (selected), 'Paid by Other Means', 'Cancelled membership / subscription', 'Refund / Credit not processed', 'Non-receipt of Goods / Services - Goods / Services', 'ATM withdrawal (Overseas ATMs ONLY)', and 'Unauthorised Transaction'. Below the options is a text input field for the date, with '16/03/2023' entered. A question asks 'Do you want to upload any supporting documents?' with 'Yes' and 'No' buttons. Below this is a document upload section with a text input for 'Description of the document' containing the word 'Invoice', an 'Upload document' button, and an 'Add Document' button. At the bottom, another question asks 'Do you want to provide any further information relevant to your dispute?'.

Enable customers to easily upload supporting documents and switch between mobile or desktop.

Resolving Customer Complaints Faster Has Long-Term Impact

Beyond the regulatory “bite” of potential fines and penalties, improving the way you manage complaints and disputes can deliver results in terms of greater efficiency and customer loyalty scores. Many organizations today are adopting the use of “Customer Effort Scores” as a key measure of client satisfaction, in addition to traditional churn metrics, according to [analysts like IDC](#).

Our [benchmark research](#) reveals that 81% of global consumers consider the communications they receive as important to their overall experience with a company. The increasing number of communication channels, coupled with customers’ ever-changing expectations, is putting more pressure than ever on financial institutions to keep pace across every interaction, not only in complaints management.

At the same time, you’re continuing to face cost pressures and need to squeeze efficiencies out of every process to stay competitive in a volatile economy. Servicing is still primarily a cost center, not a profit center. That means it’s more important than ever to automate and streamline your complaints management processes while deploying your staff where they provide the most value.


If you’d like to talk about ways to take your complaints and disputes management process to the next level, [reach out and talk with us](#).

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