

Harnessing social media insights for greater visibility into Consumer Duty monitoring

2023



An untapped data resource

As financial services considers how to evolve approaches to Consumer Duty, there is an untapped resource at their fingertips. One that, despite being noted by the FCA as a valuable source of customer data, has yet to be used to its full extent.

Social media platforms operate in real-time, reflecting individual opinions, preferences, and actions. Its organic and unfiltered nature can provide valuable insights into emerging trends, interests, and sentiments long before they manifest in traditional data sources.

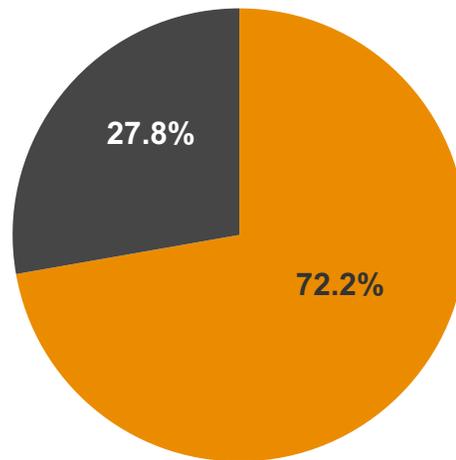
Social media offers a vast data pool which can be structured and analysed in real-time. It delivers immediate feedback to firms about the key themes and issues driving both negative and positive interactions with consumers, and the resulting customer sentiment. Although, as with any data source, it is not without limitations or challenges.

Mapping social media data to consumer duty outcomes

PwC has collaborated with social analytics company, DataEQ to explore the role social media data can play in consumer duty. We did this by looking at the social conversation and complaints from 15 major UK insurers between January and March 2023.

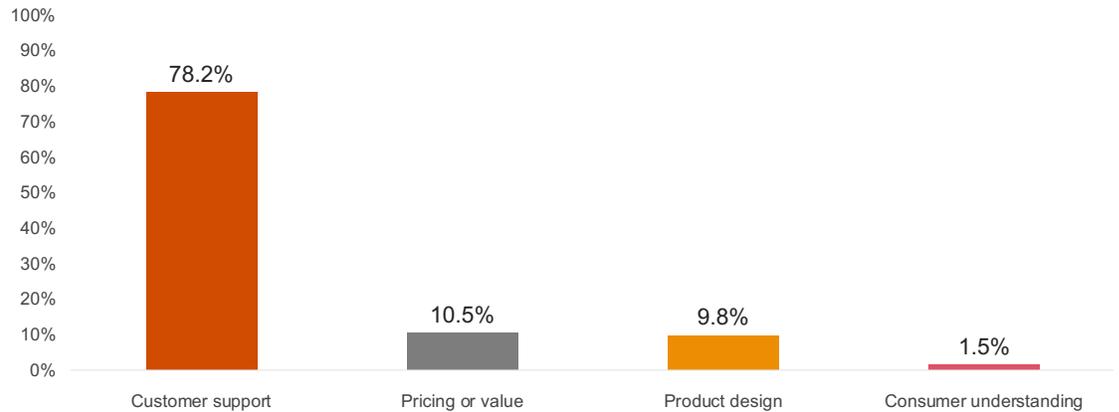
Almost three-quarters (72.2%) of the 14,341 sentiment-bearing posts we reviewed referenced content that could be relevant to a Consumer Duty outcome. We've categorised these below with some observations on how this insight could be used.

Proportion of Consumer Duty mentions



■ References Consumer Duty ■ Doesn't reference Consumer Duty

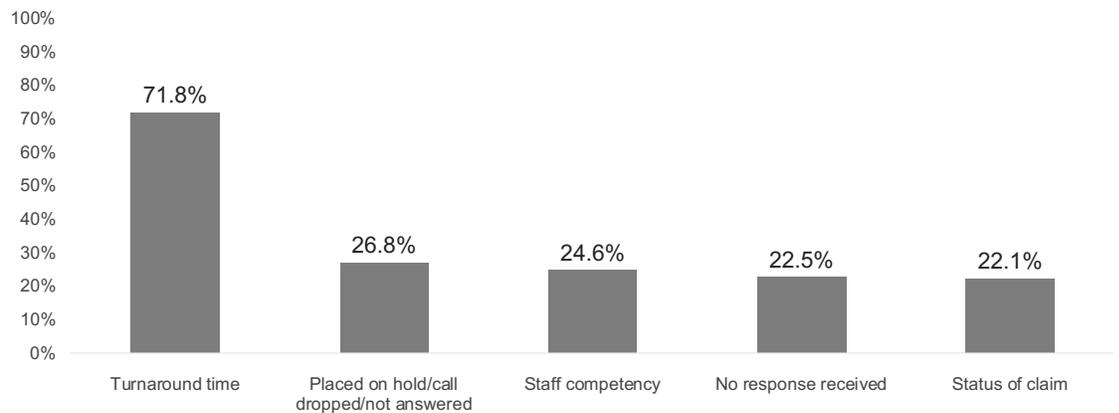
Consumer Duty outcome proportions



1. Consumer support: A strong source of real-time feedback

Perhaps unsurprisingly, the bulk (78.2%) of social media conversation related to the consumer support outcome. And across all the outcomes, the data on consumer support is probably the most usable in its own right. In particular, when identifying where foreseeable harm may be about to occur due to struggles customers are experiencing with accessing support.

Customer support complaints: top 5 drivers



A clear theme is communication – or a lack thereof. Key issues were slow turnaround time, delayed responses, being put on hold, calls dropping or not receiving a response at all. All of these have an impact on claims pay-outs and issue resolution potentially putting customers (especially vulnerable customers) at risk of a poor outcome.

Exploring the role of social media in Consumer Duty monitoring

2023

Considering that social media is often used as a last resort, this offers a valuable view of other service and support channels that are failing to deliver. For example, although websites and email did not emerge unscathed, the channel that was referenced most frequently was the call centre. While this may not come as a surprise, it offers concrete, real-time feedback around the issues customers experience when trying to get in touch over the phone. This is a particularly important channel for many customers who have complex support needs, are vulnerable or who do not have access to the Internet.



Call centre



Website



Email



Some customers complained about access and communication issues, which could suggest vulnerable customers struggle to engage. Older customers were struggling with email and there was a general demand for expedited channels to assist them and cater better to their areas of vulnerability. Given how challenging it can be to identify vulnerable customers and their experiences, this additional data source is one that is worth considering. It may help better understand where processes may be falling down and what improved support may be required.

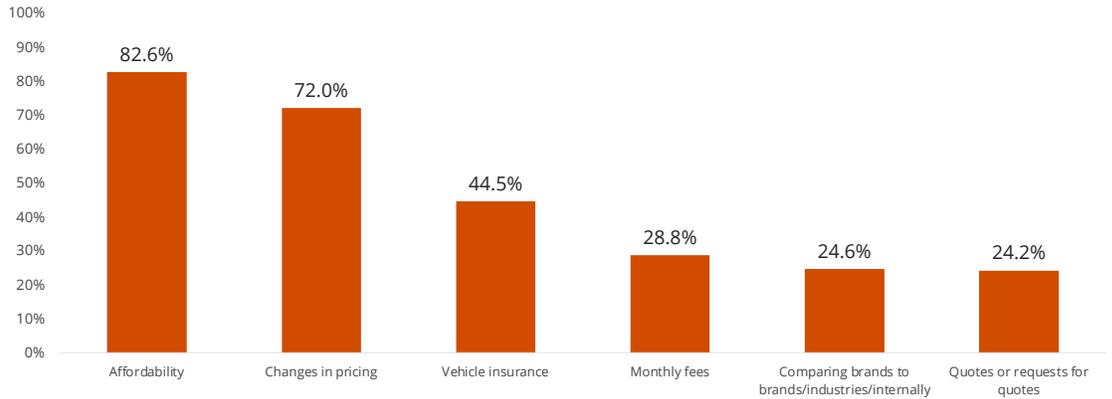
The volume of explicit vulnerability indicators is low (2.8%), but this is still valuable data. Especially when that data is cross analysed against other identified issues - for example claims of unfair pricing.

2.8%

Volume of explicit vulnerability indicators

2. Price and value: A strong voice, but proceed with caution

Pricing or value complaints: top 5 drivers



Complaints in the price and value category often co-occurred with a perception of unfair treatment and exploitation. But this doesn't mean every comment on price increases raises a fair value issue. The FCA has itself recognised that customers are not always the best judges of the value of their financial services products.

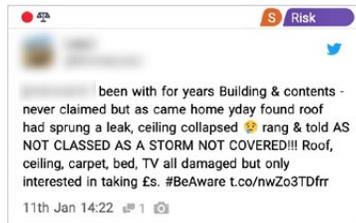
Price increases on renewal was a common theme. The issue of firms not valuing their long-term clients was raised frequently, with some customers noting that it would be cheaper to cancel their contracts and restart them. Given the FCA's interventions on the respective pricing of new and existing customers, social data may provide insurers with another check on whether this is in reality playing out in their pricing for all groups of customers alongside existing fair value assessments.

Where it is worth looking more closely is when customers who complained or questioned their premium increases got discounts which they would have otherwise not been offered. This could indicate a process that would result in vulnerable customers paying more because they are not able to pursue these discounts - which would be an issue under consumer duty. Cross checking social data on this topic with indicators of vulnerability in the posts could be useful for insurers.



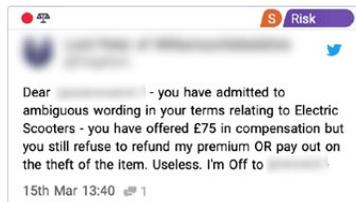
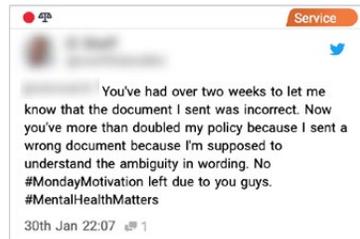
3. Product and services: Supplemental insights

Given the smaller volume, social media data around products and services will need to be considered alongside other sources. But there are meaningful insights that can be found around where a product is not meeting the needs of its target market - or being sold outside of its target market. Another key theme is where insurance does not provide expected or meaningful cover. There is potentially overlap here with consumer understanding.



4. Consumer understanding: Spot issues early

Social media data can provide feedback on the effectiveness of communications - whether written, online or verbal. It can also be an additional live source beyond customer testing data. In the data we assessed, examples largely talked about communications being ambiguous or unclear. In some cases incorrect information was identified as being provided. This could provide a useful additional mechanism for firms to identify where changes are needed to their communications outside of a testing cycle.



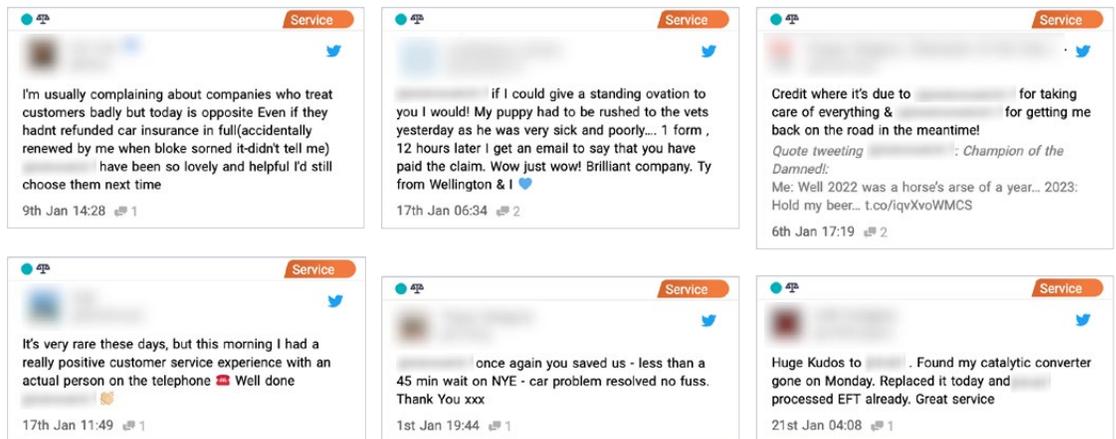
How to effectively incorporate social media into your monitoring strategy

Given the nature of social media in terms of both what gets posted and what gets amplified, it's important to flag that social media should not be the sole - or even the prominent - source of data. It leans heavily towards customer support and does not always provide a representative view of the entire customer base, which can introduce potential negative biases.

It is also important to think carefully about existing data capabilities, accounting for limitations in data quality and linguistic complexity. Firms should look at how technology – or a third-party data analytics company – can improve the quality of their social media insights.

That said, firms cannot afford to ignore social media as a data source for Consumer Duty monitoring. The regulator has identified it as a valuable source of customer feedback and is actively monitoring social platforms as part of their data-driven compliance measures.

But it's not just about compliance - there's opportunity here too. A small portion (8.8%) of the data we analysed contained compliments. For the most part, these compliments came from customers who used social media to thank their insurers for good service or support.



This points to an opportunity for firms to proactively drive more positive sentiment on social platforms and build trust in the public eye over time. It can also play a role in demonstrating where good outcomes are being achieved, a key requirement under consumer duty.

When effectively utilised social media data may enable more rapid actions to be taken, especially around consumer support. Quicker impact analysis can lead to a data led approach to improving processes.

Social media can form one component of a comprehensive monitoring strategy. Insurers should supplement it with other data sources and feedback channels to ensure a holistic understanding of their customers' experiences. By doing so, they can enhance their compliance with the Consumer Duty, foster trust and deliver better outcomes for their customers. Firms who get the use of social data right will not only enhance their consumer duty understanding, but can improve customer service in a world where consumers are becoming more discerning.

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Thank you

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