payments and crypto network

Consumer Duty

A series of guides addressing the subject of Consumer Duty for UK authorised Electronic Money Institutions ("EMI") and Payment Institutions ("PI").

Guidance is provided for firms and is not intended as legal advice.

Guide 4: Measuring FCA Consumer Duty Outcomes

This guide provides examples of quantitative and qualitative measures that could be developed by firms to monitor whether they are achieving the FCA's four Consumer Duty 'Outcomes'. Example measures are described below for each separate Outcome.

Outcome 1: Products and Services

Objective: Products and services are designed to meet the needs, characteristics, and objectives of consumers.

Quantitative measures:

- Percentage of product, service, functionality reviewed and updated annually based on customer feedback and market analysis.
- Product cancellation rates (e.g. within the first 30, 60, and 90 days) as an indicator of potential product misalignment with the target market.
- Percentage of complaints related to product / service design, features, or suitability.
- Customer satisfaction scores for specific products / services (e.g. as measured through customer surveys).
- Service downtime (e.g. a percentage measure over a defined reporting period).

Qualitative measures:

- Customer feedback analysis and surveys on product / service features and their perceived relevance.
- Regular review of product / service design to ensure alignment with target market needs.
- Analysis of case studies where products / services did not meet target market customer expectations.

- Focus group discussions or customer interviews to assess perceived product suitability.

Outcome 2: Price and Value

Objective: Products and services should offer fair value, ensuring a reasonable relationship between price and benefits received.

Quantitative measures:

- Ratio of average customer cost to perceived value (e.g. using measures based on Net Promoter Score or Customer Satisfaction Index).
- Frequency of price complaints or disputes as a percentage of total customer interactions.
- Benchmarking of pricing against industry standards or similar products / services.
- Percentage of refunds initiated due to perceived poor value.
- Percentage of customers not using their account.

Qualitative measures:

- Customer sentiment analysis and surveys regarding perceived value vs cost.
- Internal audits / reviews of pricing strategies to identify any potential excessive charges.
- Assessment of communication clarity around pricing and fees (e.g. hidden costs, transparency assessments).
- Review of pricing policies to ensure fair value and avoidance of exploitative practices.

Outcome 3: Consumer Understanding

Objective: Information is clear, timely, and tailored to the target audience to support informed decision-making.

Quantitative measures:

- Percentage of customers who correctly answer key questions about their products / services (e.g. via knowledge checks or surveys).
- Customer drop-off rates at key decision points (e.g. during application, sign-up, or checkout).
- Percentage of support enquiries related to unclear product information or terms.
- Number of queries regarding a particular communication (or percentage-based measure)
- Analysis of complaints received regarding misunderstanding or misinterpretation of product / service features.

Qualitative measures:

- Content review to assess clarity and comprehensibility of marketing materials and product descriptions.
- Feedback from user testing or mystery shopping exercises to evaluate communication effectiveness.
- Analysis of customer journey mapping to identify where information gaps or confusion might occur.

payments and crypto network

- Customer interviews to gauge understanding of key terms, product features, and conditions.

Outcome 4: Consumer Support

Objective: Support provided enables consumers to act in their own best interests without facing unreasonable barriers.

Quantitative measures:

- First contact resolution rate for customer support interactions.
- Average response time and resolution time for customer support queries.
- Percentage of complaints related to poor support or difficulty accessing support.
- Customer support channels uptime measures.
- Customer satisfaction scores specific to the support function.

Qualitative measures:

- Analysis of support scripts and training materials to ensure alignment with Consumer Duty principles.
- Review of escalation processes to identify potential barriers to effective support.
- Customer feedback analysis to identify recurring customer support issues.
- Regular testing and "mystery shopper" assessments of customer service channels (e.g. phone, email, chat) to assess accessibility and responsiveness.

payments and crypto network