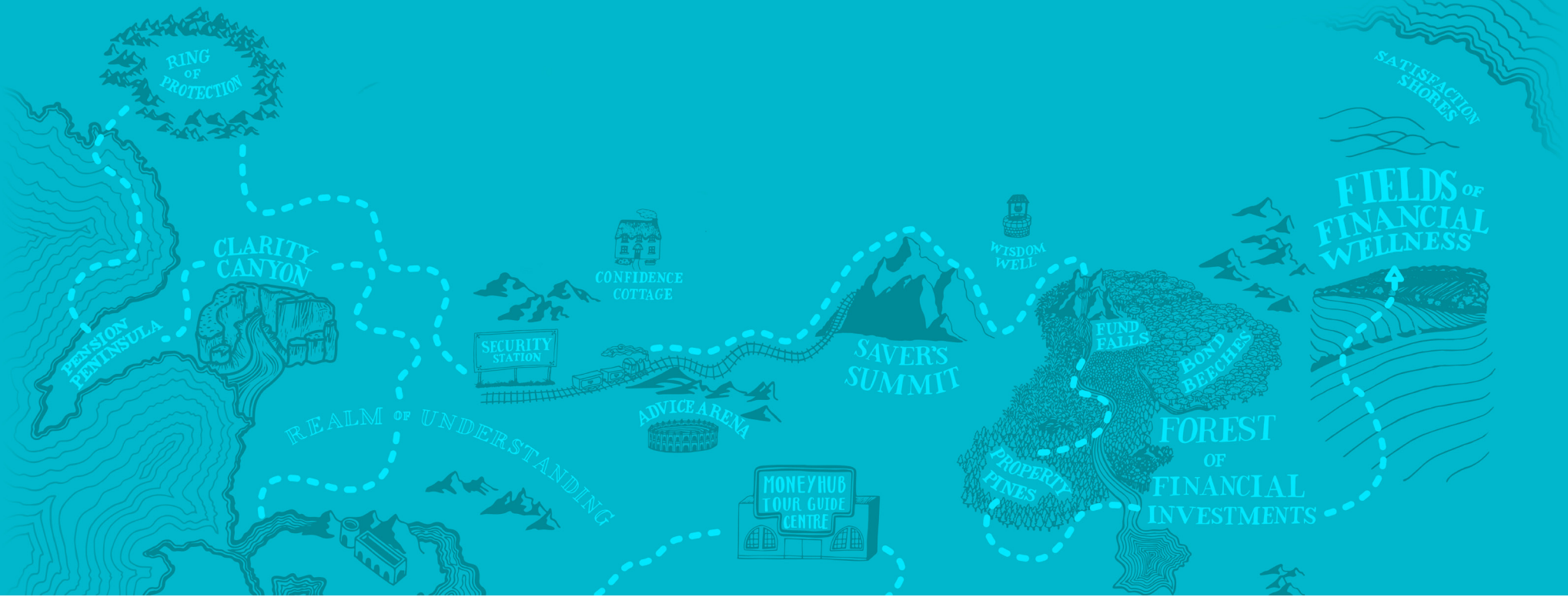


Need to mitigate the risk of harm and evidence good outcomes?



Moneyhub's Open Data platform powers vulnerability & capability, affordability, suitability or eligibility checks and provides strategic and behavioural insights into customers' needs, characteristics and objectives



In a nutshell

Moneyhub's Open Data Platform helps firms comply with the FCA Consumer Duty



Use Open Banking and Open Finance to access your consumers' transaction data to power processes that identify and monitor vulnerability & capability, affordability, suitability or eligibility. Our data lake helps firms segment and understand their customers' needs, characteristics and behaviours including how and why customers use (or fail to use) financial services.

The FCA has described the Consumer Duty **as a significant shift in what it expects of firms**. In response, firms must use new sources of data when designing products, services and customer journeys to define, measure, monitor and mitigate foreseeable harm in real time.

Moneyhub can identify real time changes to consumers' actual financial circumstances such as overindebtedness or reduced ability to bear loss, or inferred changes to circumstances such as a change of employment or moving home, at both at a cohort and individual level. The data can be used to trigger communications, offer support or nudge consumers with the right information, at the right time and in context to help them make informed decisions.

Firms that fail to evidence their compliance with the Consumer Duty may be subject to FOS complaints, FCA sanctions or even collective actions seeking compensation for harm done. However, **Consumer Duty is also an opportunity**. Moneyhub's Open Data Platform can help you comply with the Consumer Duty by powering lifelong customer journeys that increase engagement, grow revenues, reduce costs and enhance risk management.

Purpose

What was the first financial product you remember buying?

A savings account for your pocket money? A current account for your first paycheque? Maybe a mortgage as a first step toward home ownership?

Do you remember how you felt? Apprehensive? Probably. A little fear? Possibly. Overwhelmed? Perhaps.

In September 2022 FCA Executive Director Sheldon Mills gave a speech in which he remembered his excitement upon opening his first bank account aged 7. He recalled being satisfied and confident that his needs had been met. The FCA’s new Consumer Duty is designed to address situations where firms fail to create satisfied and confident consumers. It also provides a fairer basis for competition, the flexibility of an outcomes-focused approach to regulation and a boost to growth and innovation.

At Moneyhub we believe that the Consumer Duty is a win:win for firms and consumers. Our Open Data platform gives you the data you need to build new, customer centric products & services, customer journeys and communications whilst evidencing that you’re able to comply with the new Principle 12, the Three Cross Cutting Rules and the Four Customer Outcomes. We can augment the data you already have and guide you to new sources of customer data you need.

“While our core supervision activities will remain, our approach will evolve. The data we collect will be focused more on consumer outcomes and we will be looking at the whole product life cycle. We will be seeking evidence from firms of what consumer outcomes are being achieved, and how firms are assuring themselves that they are meeting these outcomes”

FCA Director Sheldon Mills - September 2022

Users' Problems

Principle 12 reflects the overall standard of behaviour the FCA wants from firms in respect to its dealings with retail customers. It requires a higher and more exacting standard of conduct than existing Principles 6 (TCF) and 7 (clear, fair and not misleading).

The Three Cross Cutting Rules set the expectations for firms' conduct. They set the overarching requirement of how firms should ACT to deliver good outcomes. The three rules inform the four outcomes.

“As we transition towards becoming a more data-led regulator we will increase our focus on data, not limited to regulatory returns. The data we receive from firms helps inform us on potential for harm and identify areas where supervisory resources should be allocated”.

FCA: Dear CEO Letter - June 2022

FIRM'S RELATIONSHIP WITH CONSUMERS

MONITORING CUSTOMER OUTCOMES



ASSESS



TEST



UNDERSTAND



EVIDENCE

4X

OUTCOMES

A collective view of customers' needs in the target market

Governance of product & services

Price & value

Consumer understanding

Consumer support

Dealing with individual customer's needs and characteristics

FIRM'S RELATIONSHIP WITH THE FCA

3X CROSS CUTTING RULES

Act in good faith

Avoid causing foreseeable harm

Enable customers to achieve financial objectives

CONSUMER PRINCIPLE

Requires firms to 'act to deliver good outcomes for retail customers'

Monitoring Outcomes

The Four Customer Outcomes set detailed expectations about key elements of a firm's relationship with its customers

All four outcomes apply to a firm's view of its whole customer base and target markets. The Customer Understanding and Customer Support outcomes also apply to a firm's relationship with individual customers.

How do I identify and mitigate new or existing harms in a way that creates value for my firm and my customers?

The FCA expects firms to use data, in real time, to monitor and improve their products, distribution strategies, customer journeys and communications, for example: Using customer account and spending data to prevent poor outcomes by providing automated alerts or support when income falls or expenditure increases; generating MI that tracks and compares outcomes and behaviours for groups of customers to initiate a review of products and services; or capturing data about customers' needs to personalise communications or switch products or services when their circumstances change.



Monitoring Outcomes



The Product & Services Outcome



The Price & Value Outcome



The Consumer Understanding Outcome



The Consumer Support Outcome

The Four Customer Outcomes



Monitoring Outcomes

What it is...

Firms assessing, testing, understanding and being able to evidence the outcomes customers, or groups of customers, are receiving, and taking appropriate action to rectify the causes of the poor outcomes

Challenges for firms...

- Continuously learning from their focus and awareness of the outcomes in practice
- Adapting and changing products and services, or policies and practices
- Preventing recurrence of poor outcomes in future



The Product & Services Outcome

What it is...

Designing and distributing products to customers with defined needs, characteristics and objectives

Challenges for firms...

- Sufficiently granular description(s) of target market(s)
- Identifying customers' needs, characteristics and objectives in sufficient detail
- Identifying and foreseeing the risk of harm
- Distributing products only to those customers for whom they were designed



The Price & Value Outcome

What it is...

Ensuring the price the customer pays for a product or service is reasonable compared to the overall benefits

Challenges for firms...

- Understanding how (and why) customers use products and their features



The Consumer Understanding Outcome

What it is...

Customers making properly informed decisions by being given the information they need, at the right time and presented in a way they can understand

Challenges for firms...

- Monitoring communications (written and verbal) at every stage of the journey
- Identifying changes in customers' circumstances to prompt additional communications
- Monitoring the impact of communications on customers' decision making



The Consumer Support Outcome

What it is...

Enabling consumers to realise the benefits of the products and services they buy, pursue their financial objectives and ensure that they can act in their own interests without facing unreasonable barriers

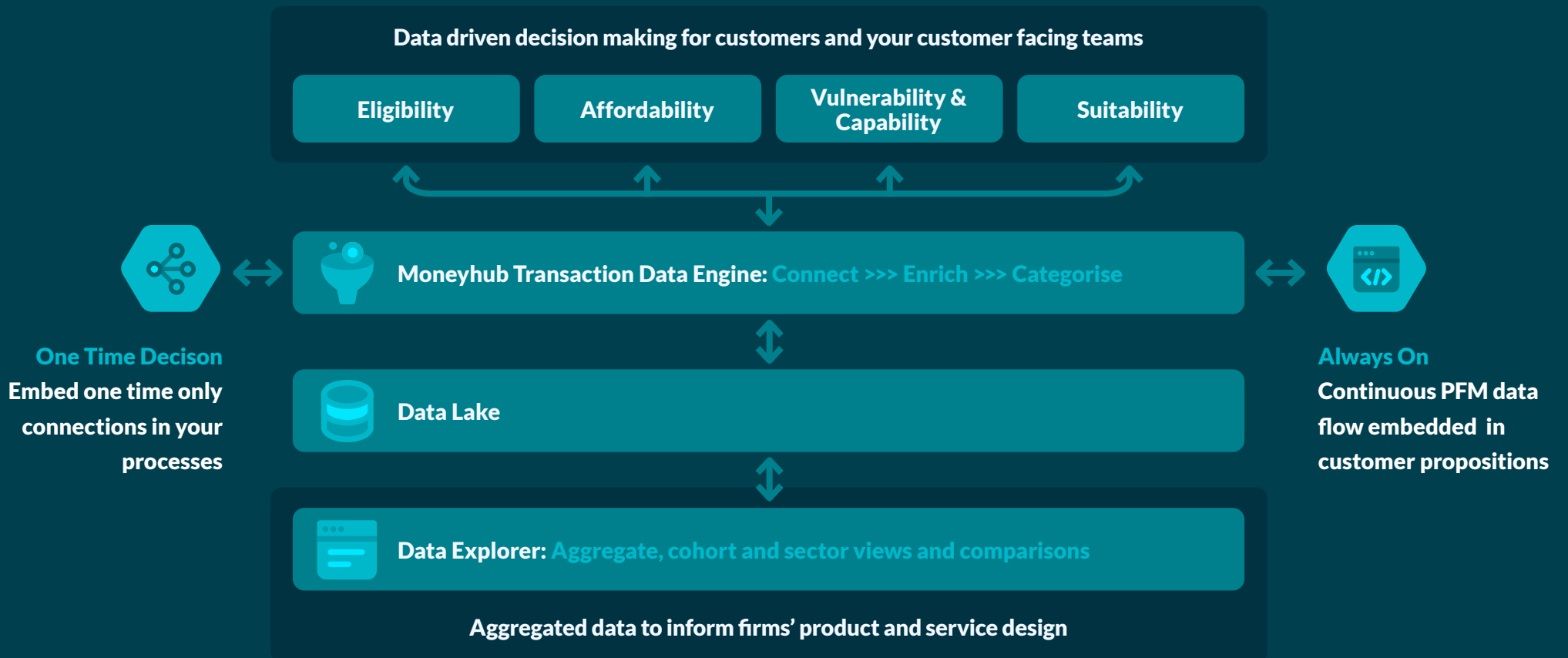
Challenges for firms...

- Designing journeys that mitigate the risk of harm
- Understanding consumers' behaviour throughout the lifetime of the product
- Enabling customers to get what they paid for without unreasonable barriers

Moneyhub's Solution

Moneyhub's Open Data platform helps you to comply with the Consumer Duty by giving you access, with their consent, to your customers' transaction data.

Whether it's powering one time only checks, initiating targeted communications, reviewing a change to customer's circumstances or using data strategically to inform segmentation, distribution strategies or product design, Moneyhub's platform helps you turn Consumer Duty from a burden to an opportunity.



Moneyhub’s Solution

Moneyhub believes that Data’s role at the heart of Consumer Duty is the culmination of a strategy

GDPR, PSDII, Open Banking, Pensions Dashboards and ongoing consultations on Open Finance and Smart Data... the FCA’s message appears to be that “We’re giving you the tools, now go and use them to deliver better outcomes”. Firms must ask not ‘what data do we have?’, but ‘what data sources do we need?’ to be able to comply.

GDPR means banks no longer ‘own’ customers’ transaction data. PSDII means individual consumers can choose 3rd parties to use that data so that they can provide data driven products and services on their behalf. Open Banking provides a secure, consent-based framework that allows apps and websites regulated by the FCA (or European equivalents) to access customers’ transaction data from dozens of banks, building societies and financial institutions.

“Once the Duty is in force, we will use data and insights to identify outliers and poor practice”

Consumer Duty Policy Statement PS 22/9: July 2022

Which gives you access to 2 things:



Deep insights into **WHAT, WHEN** and **WHERE** your customers or potential customers are spending, saving or investing their money



The underlying context for those decisions and a **holistic view of their entire financial and lifestyle circumstances, at both individual and cohort levels**

Which means you can use Open Banking and Open Finance to evidence your firm’s compliance with Consumer Duty. It also means your competitors have access to the same data about your customers which creates a risk to firms that don’t adapt to the new data landscape.

How it works

Firms need to evidence that they are delivering good outcomes and mitigating foreseeable harm



With individual customers when making decisions **pre-sale or at point of sale**



With individual customers throughout the lifetime of the firms' relationship with the customer, especially when **something has changed** or new decisions are required



Strategically, by using data to **inform product and service design, distribution strategies, and firms' overarching performance in delivering outcomes**

Data powered solutions - it's all about the 'ilities'

Categorised transaction data, such as is available through Open Banking and Open Finance, can help firms power processes to identify vulnerability & capability, affordability, suitability or eligibility. It can help firms understand their customers' needs, characteristics and behaviours including how and why customers use (or fail to use) financial services. It can identify real time changes in consumers' circumstances, such as a change in employment, increasing exposure to debt or inability to bear loss at both a market level and individually. It can be used to nudge consumers at the right time and in context and evidence that those nudges were read and understood.

The Product & Services Outcome

Design & distribute products & services for customers sharing common features characteristics, needs and objectives

Challenges & opportunities for firms

Moneyhub's data powered solutions

Value creating use cases

Identify common characteristics, needs & objectives



Data Lake & Data Explorer
Granular data for segmentation and market needs analysis

Leverage your own customers' data (not proxy data sources) to enhance your segmentation by using detailed I&E, A&L and product holding insights

Identifying target market(s) at a sufficiently granular level



One-time dashboards, always on PFM
Help customers share their information

Identify life events or power predictive models by embedding our PFM, Affordability, Vulnerability, Suitability and Eligibility data sources in your application, fact finding and customer management journeys

Take active steps to encourage consumers to share information about needs & circumstances



Partner & distributor sub-tenancies
Many partners & distributors, one data ecosystem

Differentiate and / or enhance your products and services for distribution partners by adding a branded PFM to help refine and compare segmentation by distributor

The Price & Value Outcome

The price paid is reasonable compared to the overall benefits

Challenges & opportunities for firms

Moneyhub's data powered solutions

Value creating use cases

Outcomes achieved from comparable products supplied by competing firms



Aggregated data
Understand target customers' actual product holdings

See your target markets' use of competitors and alternative products including BNPL, pensions, insurance, banking and investments. Build propensity or 'look-a-like' models

Monitoring customers' usage and behaviour



Connections & transaction categorisation
Consented, personalised transaction data

Build propositions and processes to evidence fair value such as personalised, contextual quotes, suggested alternative products and easy switching or consolidation journeys

Differentiating product benefits



Behavioural insights
Customers' behaviour in context

Measure share of wallet, cancellation, renewal and pricing of competitors' products in your customer base to develop new risk, usage and behaviour-based benefits and charging structures

The Consumer Understanding Outcome

The right information, at the right time, presented in a way that is understood

Challenges & opportunities for firms

Moneyhub's data powered solutions

Value creating use cases

Right time + understood = effective decisions and good outcomes



Contextual, Actionable, Smart Insight Nudges
Tailor your communications to meet consumers' information needs

- Layer: Sequential nudges
- Engage: Embed quizzes to check understanding
- Relevant: Compare cohorts, see what works
- Simple: Add Document Store and Comms Hub
- Timely: Product AND Customer triggers

All communications, written & verbal



Automated Fact Finder, Pensions Dashboard and Modellers
Be certain about your customers' Income & Expenditure and Assets & Liabilities, powered by data

Avoid human bias & omission when fact finding or selling products. Personalise quotes, product maturities or renewals to uplift response

Changes to customer circumstances and knowing when to intervene



In the customers' shoes - our PFM enables life event focused triggers
Prompt customers in real time when their circumstances change

Identify deteriorating financial health, resilience or capability. Design new customer comms journeys to mitigate missed payments, arrears and collections costs

The Consumer Support Outcome

Consumers can realise the benefits of products and services, pursue financial objectives, act in their own interests

Challenges & opportunities for firms

Design & delivery of customer journeys to mitigate harm

Enable customers to get what they paid for without unreasonable barriers

Inadvertently miss consumer support issues which are missing from product data

Moneyhub's data powered solutions



Data Lake: Benchmark your outcomes
Go beyond your own product data to benchmark your product journeys vs. peers



Embed PFM, Alerts & Nudges in your journeys
Use lifestyle triggers to prompt product use, engagement or claims



Open Banking & Open Finance Connections
Identify customers at risk of harm who don't or can't engage with you

Value creating use cases

A whole market view of your competitors' product holdings in your customer base. Measure product persistency, repeat sales, and share of wallet vs. competitors

- PAYE to Self Employed: Review PHI eligibility, cover or premium
- Large purchase: Increase insurance cover
- Improved LTV: Offer transfer to a lower APR

- Always on data
- Measure financial vulnerability or capability in real time
- Augment segmentation and identify cohorts at risk (e.g. impact of the rising cost of living)

Key Features



Faster, more accurate

Fact finding, suitability, affordability, eligibility or identification of vulnerability without human bias



Data Lake

Moneyhub's strong consent model means you can have confidence in transaction data's fitness for your purpose.

We sanitise the data, cleansing and filtering it so that it's safe and easy to work with right from the outset



Data Explorer

A custom built data visualisation tool designed to work for Open Banking, Open Finance and Open Data to bring your users' data to life

Infinitely customisable to suit your needs

Fast and easy access to aggregated and anonymised reports about cohorts and segments of your customers, their transaction data and their behaviours



Nudges

Nudges and their onward journeys can be selected and customised based upon your users' needs and your commercial goals

Design and generate bespoke nudges including filtering target users, specifying the design and the delivery method(s)



One time only

Connect customers' accounts to automate processes and dashboards



Always-on

Embed our PFM in your relationship proposition to create an always-on data flow for ongoing monitoring of consumer outcomes and identifying changes to customers' circumstances



A range of tools

Companion app, dashboards or APIs



Aggregated, categorised data

Benefit from community-based knowledge derived from years of machine-learning to continually refine, improve and clean transaction data

Key Benefits

Transaction data can power a range of use cases that enable and evidence Consumer Duty compliance and create value for your firm



Win:Win Your customers get better experiences and good outcomes.



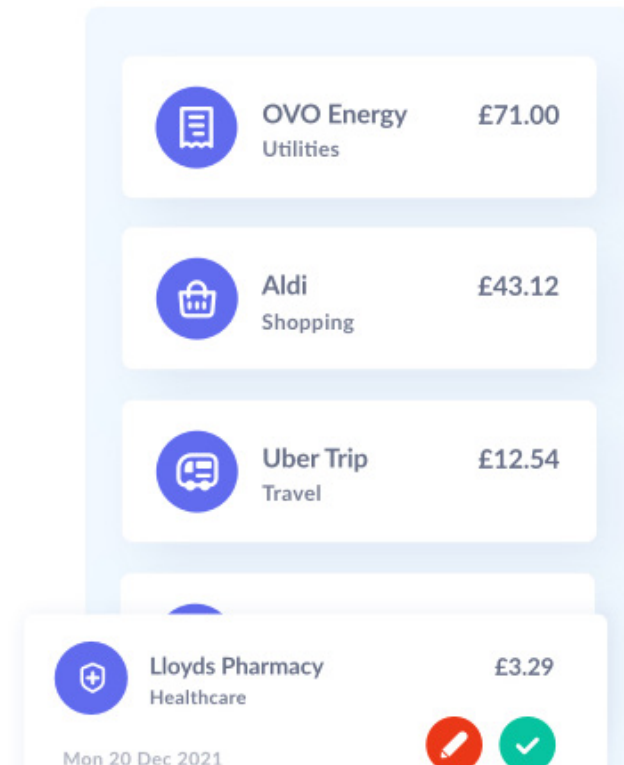
Reduce risk: Avoid censure, fines, complaints or compensation claims



Build brand: Personalised journeys and tailored messaging increase product engagement and usage



Grow: Create revenue opportunities by identifying x-sell and up-sell opportunities



Key Benefits

The Product & Services Outcome



- **Target market research:** Reduce customer acquisition costs or product cancellations by refining your segmentation based on your customers' holdings of financial products and services
- **Define outcomes:** Improve operational planning by understanding the prevalence of lifestyle factors that contribute to poor outcomes in your customer base such as exposure to debt, gambling or low financial resilience
- **Governance:** Demonstrate to your board that evidence of outcomes flows through the organisation and is being used to change and drive better behaviours

The Price & Value Outcome



- **Benchmark:** Access market intelligence in real time based on the products and services your customers hold with competing firms. See how much they spend, with whom, persistency rates, renewal and retention...amongst a range of metrics
- **Lifelong monitoring:** When a product or its features are no longer suitable, offer alternatives or provide your customers with the data they need to seamlessly transfer or switch

The Consumer Understanding Outcome



- **From product focused, to 'customer' focused:** Increase response rates by augmenting your new business, renewal or maturity communications by using a customer's data to personalise and add context
- **Avoid human bias:** Advisors or support staff don't always ask, and customers don't always tell you the information you need to communicate effectively or assess customers' needs and characteristics
- **Context:** Communicate your product features and benefits in context of a customer's circumstances
- **Automate:** Fact finding or suitability reports based on a holistic, accurate profile of your customers' circumstances
- **Evidence:** Support 1st and 2nd line risk management. Data Lake is a rich source of data to help demonstrate the impact of your communications on customers' outcomes

The Consumer Support Outcome



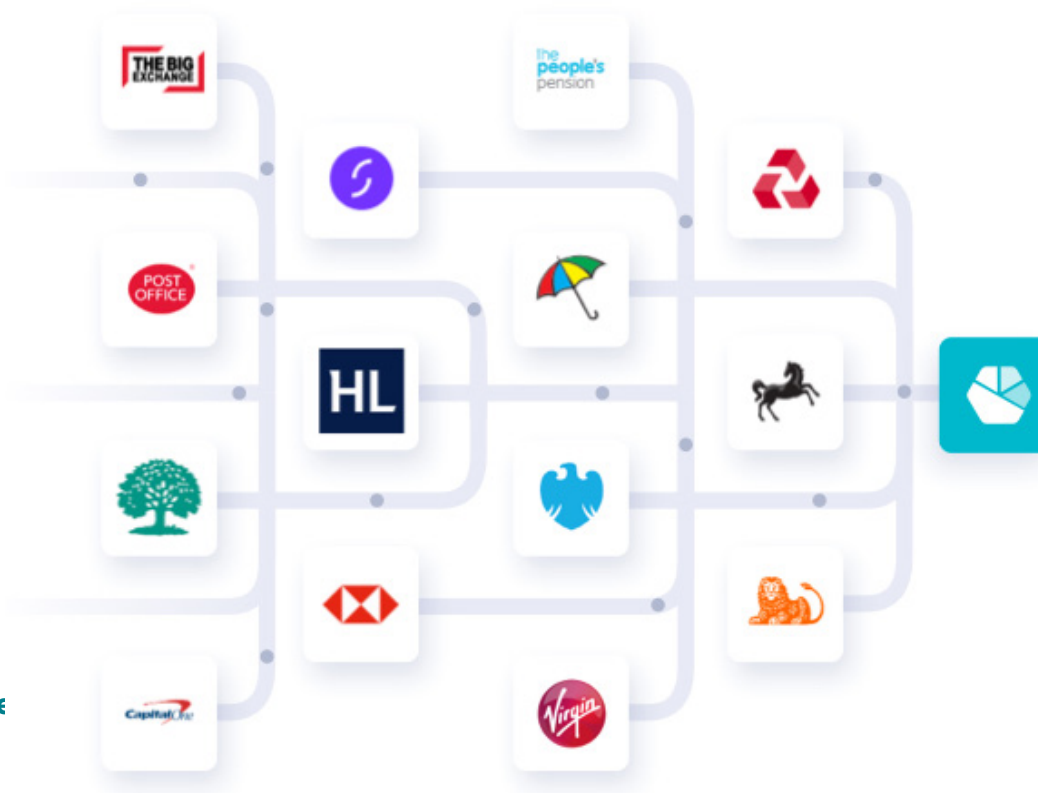
- **Simplify onboarding:** Replace 3rd party datasets or external calls to simplify your journey flow and reduce acquisition costs
- **Support for those who need it:** Identify those in most need, saving time and enabling support resource to focus on the most important queries
- **From passive, to active monitoring:** Customers' financial circumstances change. Spot increased vulnerability or reduced affordability amongst those customers who don't contact you
- **Onward journeys:** Use data to power onward journeys. Sweep funds, make a payment, consolidate products or switch. Customers' transaction data can be used to the remove barriers to the delivery of good outcomes

Case Studies

When clarity and confidence about what your customers really need and want is in short supply, we give you the tools you need to deepen relationships with your customers, increase share of wallet and grow your business.

In this section we've detailed just a few of the ways we can help with the consumer outcomes element of Consumer Duty regulation.

Banks, building societies, leasing companies, pension providers, insurers, wealth managers, and asset managers, trust Moneyhub to help them unlock the value in their customers' transaction data. Your challenges will be unique to you, so our consultants, data developers and financial experts will listen and work collaboratively to define solutions that enable your business to thrive.



Outcome - An adequate income in retirement

Our solution: Pensions Dashboard

Pensions providers' communications fail to recognise the impact of multiple pots on customers' retirement understanding and decision making, which drives disengagement and poor outcomes.

When you communicate to your customer it's more effective to acknowledge when your product is part of a whole. Open Finance and our Pensions Dashboard give you that context. Our accumulation and decumulation modellers, powered by customers' actual income and expenditure data, provide personalised communications to alert customers to the impact of insufficient or excess saving before retirement, or excess withdrawals and expenditure after retirement.

Evidence of...



Consumer understanding

Give your customers the information they need, at the right time, and presented in a way they can understand



Consumer Support

Help your customers realise the benefits of the products and services they buy



Outcome - Reducing the cost to borrow

Our solution: Affordability, plus Best Day to Pay

Use transaction data in your lending affordability assessment and at the same time, identify the best day on which to set up a loan repayment on the days when the customer is forecast to have available funds.

Go further and use Open Banking Variable Recurring Payments to give consumers confidence that they know exactly how much they will pay and for how long. Monitor vulnerable or high-risk customers' cash flow, alert them to a repayment's due date and nudge them to set aside funds for the payment if there is a risk of non-payment.

Evidence of...



Product & Service Design

Products are designed to take in to account increased risk of harm for those with irregular or uncertain incomes



Avoiding foreseeable harm

Map the customer journey end to end and use data to power processes that mitigate harm



Outcome - Avoid unaffordable loss from retail investments

Our solution: Point of sale suitability check

A wealth management firm manufactures and distributes a product that could cause an unaffordable loss if purchased by consumers outside their target market.

It sells the product online without providing advice, but this process includes an online eligibility test where consumers are required to click a button to self-certify that they are part of the target market, which is clearly explained. Customers may not be able, or willing, to make a reasonable judgement about the risks being presented so a reliance on self-certification is a risk to both the consumer and firm. Using Open Finance, the consumer can be asked to consent to a one-time suitability check to demonstrate their ability to bear loss and the product's fit with the customer's overall financial circumstances.

Evidence of...



Consumer understanding

Helping your customers make informed decisions about financial products and services



Supporting customers to pursue their financial objectives

Whilst also distributing products only to those for whom they were designed



How Moneyhub can help

Our products can help your business in all aspects of Consumer Duty compliance and ongoing customer engagement and support



Categorisation Engine

Work with and gain insights from your existing data to improve customer outcomes.



One-time Checks

Augment manual processes to reduce harm through error or omission.



Affordability Checks

Data-powered financial insight to help your business make faster, automated lending decisions.



Vulnerability Checks

Confirm indicators of vulnerability using a customer's real-time data, and detect issues early to prevent harm.



Suitability Checks

Always-on checks to support your customers' in-life journey and encourage lifetime customer engagement.



Eligibility Checks

Instant, accurate, low-cost eligibility checks for social tariffs and grants, with easy implementation.



Always-on Monitoring PFM

Product agnostic financial customer comms platform to evidence that comms have been read and understood.

Moneyhub is a data and payments company that develops ISO 27001 certified software for Open Banking, Open Finance, and Open Data applications. Its FCA-regulated Open Data platform enables companies to quickly and easily transform data into personalised digital experiences and initiate payments. Its APIs and fully customisable platform provide data aggregation, insights, notification nudges, and payment systems. As a result, clients have the consent-driven data and analytics they need to create super-personalised offers, products, and services. Hundreds of organisations, spanning finance to media and retail, rely on Moneyhub's award-winning technology.

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For more details, visit www.moneyhub.com/contact-us



READY TO GET STARTED?

For information about how Moneyhub's Decisioning products can help support your business in Consumer Duty, email decisioningsales@moneyhub.com

For information about how Moneyhub's Personal Finance technology can help support your business in Consumer Duty, email sales@moneyhub.com

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