Financial Services

Moving the trust dial through Life-Centred Design

Trust in the Financial Services remains low, a characteristic of an industry unable to shrug off the past and in need of a shake-up.

The Edelman Trust barometer, a survey completed across 28 countries with 32,000+ respondents, shows that Financial Services is one of the least trusted industries, followed only by Social Media. It highlights that **only 38% of respondents believe that Financial Services companies serve the interests of everyone equally and fairly.**

Millennials and Gen-Zs make up half of the world population and while these consumers have embraced the convenience of digital technology to access their services, we are now seeing the emergence of trust and privacy concerns around their data – it is imperative the Financial Services act upon these concerns to maintain trust.

There is also a record-high income-based trust inequality, with those on lower-income trusting the Financial Services significantly less compared to those on higher income.

This lack of trust can have significant repercussions for businesses in the Financial Services. It can lead to reduced investment, increased regulatory scrutiny, and ultimately impact growth. So, what can be done to turn the tide and regain customer trust? Perhaps the answer lies in a new approach to the way organisations think and deliver financial solutions?

This leads us to explore a few key topics:

- What is causing the erosion of trust in Financial Services?
- What has changed to recover the trust in the industry?
- What more can we do to move the dial from 'not trusted' to 'highly trusted'?

What has caused the erosion of trust in Financial Services?

To be able to recover trust, it's important to explore what caused its decline. While it's a complex subject and there is no one thing that led to the general social perception, there have been a number of events in the past that were the drivers of mistrust, such as the 2008-2009 financial crisis and the mis-selling of Payment Protection Insurance (PPI) during the turn of the century. And in more recent times, the rise of 'Greenwashing', where organisations make misleading sustainability-related claims to investors or consumers, usually to boost their reputation and bottom line.

According to a report published by RepRisk, an ESG Research provider, the number of instances of greenwashing by banks and Financial Services companies around the world rose 70% in the past 12 months from the previous 12 months. '

> **"Over 50% of these climate-specific greenwashing risk incidents either mentioned fossil fuels or linked a financial institution to an oil and gas company."** RepRisk

Such misleading communication impedes progress towards collective goals and damages customer confidence in investment products that may actually drive sustainability.

These damaging events have led many to believe the system is biased against the regular people and in favour of the rich and powerful. This has also resulted in significant reputational and financial cost to the Financial Services industry with the impact illustrated below.

The great recession

£133 billion

of taxpayers' money pledged in support of UK banks during the government bail-out (with a proportion recouped in the years since).

Source: Taxpayer support for UK banks: FAQs – National Audit Office

The PPI scandal

£38.3 billion

Compensation paid to people by the banking industry for mis-selling Payment Protection Insurance.

Source: PPI Complaints / FCA

Greenwashing

£25 million

A fine imposed on a major banks Asset Management subsidiary by the US Securities Exchange commission for greenwashing

Source: Reuters

What has changed to recover the trust in the industry?

Over the years there have been efforts to regain trust in the industry. The regulators introduced a number of measures to make the Financial Services system more resilient, secure and fair. Some prominent examples in the UK, EU and Globally include:

New regulatory framework in the UK

In 2013, the Financial Services Act came into force which created a new regulatory framework for financial services aimed at ensuring financial services organisation treat customers fairly, encourage innovation and healthy competition, and help identify potential risks early so they can take action to reduce the risks.

New directives in the EU

The European commission administered the EU Payment Services Directive (PSD2) to regulate payments service providers throughout the European Union and the European Economic Area. The PSD aims to level the playing field by harmonizing consumer protection and the rights and obligations for payment providers and users.

Among other things, banks must provide access to current account data to providers through application programming interfaces (APIs), allowing third-party developers to create new products and services that make banking more convenient for consumers.

Emerging global environmental, social and governance (ESG) regulations and standards

While the ESG approach globally is fragmented, the regulatory reform is on the horizon. The Securities and Exchange Commission (SEC) has already approved a final rule targeting greenwashing in investment funds and imposed a number of fines on major Financial Services companies. Other countries, such as Netherlands, Germany, France and Singapore have published reporting guidance and standards, and new rules on sustainable disclosures are expected.

While these standards, guidance and rules are welcome, there is more that could be done to establish proactive initiatives by Financial Services companies which could remove the need for regulator intervention in the first place.

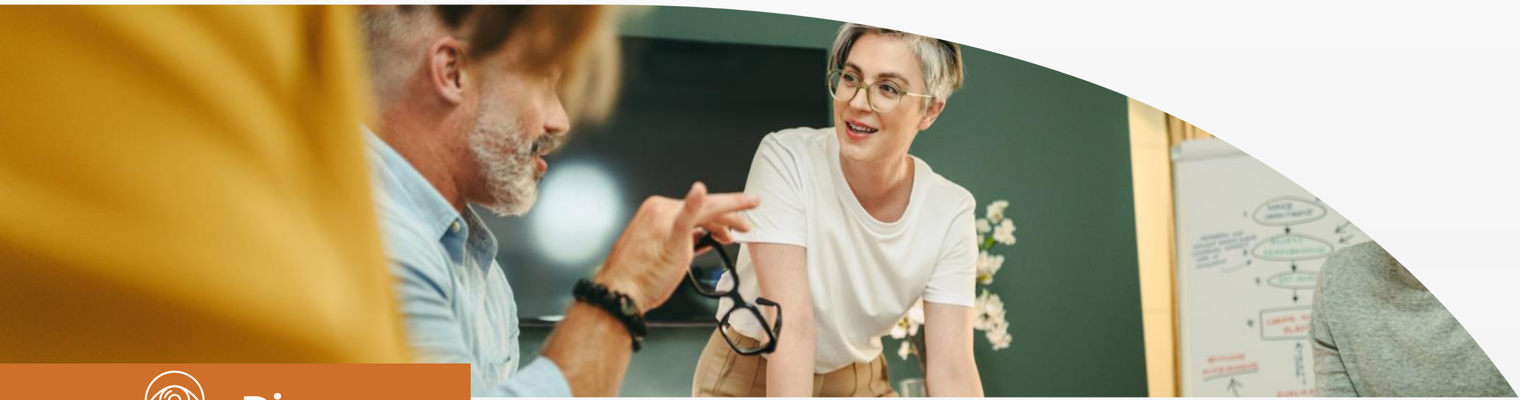
What more can we do to move the trust dial?

Hindsight is a wonderful thing, and given the complexity of financial products and services, it can be hard to predict unintended consequences that they may drive. Many organisations have already started adopting the guidance and standards introduced by the regulators and reap the benefits of increasing trust. That said, more can be done to win the hearts and minds of people in organisations to drive integrity and shift the importance of ethics to the forefront.

One way to achieve this is by adopting the **Life-Centred Design (LCD) framework** as part of product and service delivery. It's an emerging approach and philosophy that takes a longer-term perspective and goes beyond human needs to consider sustainability, environmental, and social concerns. LCD is not about removing humans from the core of the design, however, it's about extending the use of tried and proven design thinking practices in a mindful way.

By adopting this approach, organisations can help clients reduce potentially adverse impacts of their products and services by driving systematic change in how they think about and create services and how best they should be consumed by customers.

The following is an example approach of the activities that you may consider adding as a standard into your existing design thinking framework.



Discover

Inclusive research:

Understanding and representing a diverse range of experiences from different groups. Embedding an understanding of these differences in the analysis and evaluation conducted to support decisions.

This includes using relating under-represented groups, whose views are less likely to be heard by decision-makers through traditional methods.

Non-Human and Non-User Personas:

Based on classic target user personas, creating non-human and non-user personas.

These are fictional characters used to represent the stakeholders we usually ignore-the environment and people indirectly impacted by your product or service any stage of its lifecycle.

Treatment of customers in vulnerable circumstances assessment:

Assessing whether you have means to understand the needs of this customer base, your staff have the right capability to recognise and respond to those needs and monitor performance against meeting those needs, with treatment strategies in place.

Define

Desirability, Viability, Feasibility & Ethics assumption mapping:
for decades, organisations narrowed down the opportunity and solution scope by finding a sweet spot across the three lenses:

Desirability:
do users (and your organisation) want it?

Viability:
does it make business sense / deliver sustainable return on investment?

Feasibility:
is it technically possible?

We propose looking at an additional dimension:

Ethics: Just because we can, should we?

This prompts the designers to think about the social or economic implications of design, even if the opportunity seems lucrative otherwise.

Develop

Consequence Scanning:
allows you to proactively scan for unintended consequences of your service or product to the society, such as erosion of trust, displacement and societal shifts and benefit imbalance. This can help you ensure that the products or services you are developing are aligned with organisation's values and culture.

Life-cycle assessment:
a systematic analysis of environmental impact over the course of the entire life cycle of a product or service. It helps guide the design of new products or to assess the impact of existing ones from where materials are sourced to product breakdown into the natural world.

The Data Ethics Canvas:
A tool that helps you evaluate data practices with the potential to adversely impact on people and society – in data collection, sharing and use. It allows you to identify and manage ethical issues – at the start of a project that uses data, and throughout.

Deliver

Security-by-design:
is the process of incorporating security into a service or product from its very inception, rather than relying on patches or other updates. It's about designing security features into the system and protecting each component separately so that if a breach occurs, damage is limited.

Privacy-by-design:
means privacy is seamlessly integrated into the very fabric of products, services, and system designs. It makes protecting customer data a guiding force in the user experience, taking the same level of importance as functionality, and can apply to entire information processes.

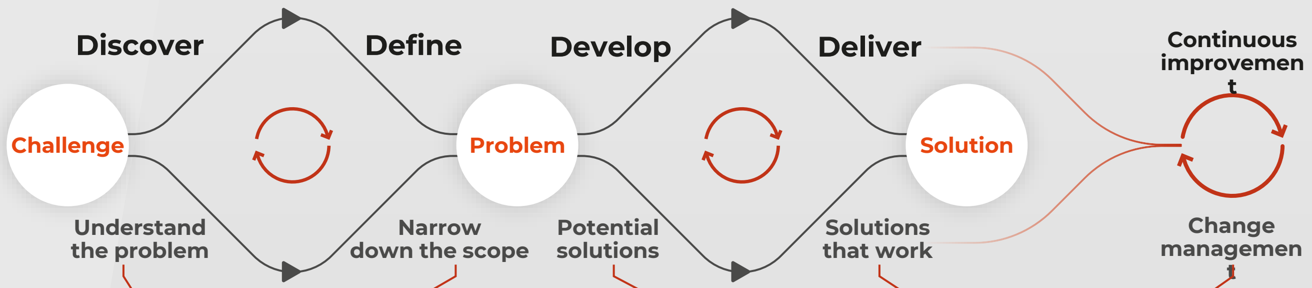
Accessibility assessment:
a practice of making your web and mobile interfaces usable to as many people as possible, including those with disabilities, such as vision impairment, hearing disabilities, and other physical or cognitive conditions. This should be completed before releasing your minimum viable product and whilst scaling and adding additional features.

Measure

ESG measurement frameworks

While typically organisation measure experience, service level agreements and change adoption, we would recommend incorporating ESG measures into the overall measurement model. This includes tracking factors that are relevant for your service, for example the environmental impact of your product, employee compensation to ensure fair pay, and accounting integrity and transparency.

The image below demonstrates how these tools can be incorporated alongside your existing practices, using the common double-diamond approach in service design.



Discover	Define	Develop	Deliver	Measure
Market research Target user research (interviews, observation, empathy mapping) Technology and process research User journeys and personas	Information analysis and synthesis User-need hierarchy Opportunity prioritisation and framing Desirability, viability, feasibility assumption mapping	Ideation and sketching Low- and high-fidelity prototyping User testing Review and improvement Effort vs impact modelling	Minimum Viable Product (MVP) definition Final testing MVP launch Product scaling Feedback and improvement	Experience measures (CSAT; NPS; CES) Operational measures (SLAs/KPAs/OLAs) Change adoption Feedback loops and improvement

Life-Centred Design Practices

+	+	+	+	+
Inclusive research Non-human and non-user personas Customer in vulnerable situation treatment assessment	Desirability, viability, feasibility and ethics assumption and mapping	Consequence scanning Life-cycle assessment from production to waste The Date Ethics Canvas	Security-by-design Privacy-by-design Accessibility testing	ESG measurement frameworks

The conclusion

The Financial Services industry remains in a struggle to overturn the impact from past mistakes, with customer trust directly impacting business success. To move the trust dial in the industry, a systemic and proactive change in the way organisations think about and deliver financial solutions is needed.

While this change will not happen overnight, Life-Centred Design can provide the framework to build holistic, ethical and responsible products and services that rebuild trust, boost customer confidence and ultimately secure long-term growth. It's an opportunity businesses cannot afford to miss.

To learn more about Life-Centred Design and to understand how it can help your organisation, register for our free lunch and learn session.

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