

Answering the call

How call recording and speech analytics can enhance regulatory compliance and redefine the customer experience

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Transforming compliance and customer centricity with call recording and speech analytics

Financial institutions are facing some of their toughest challenges yet as they contend with increasing regulation, growing competition, and more demanding and savvy customers. Now, as companies look for ways to drive long-term value amid this new landscape, they're finding that a renewed focus on the customer experience is a powerful strategy to distinguish their organization and grow wallet share.

But delivering a differentiated customer experience hinges on understanding customers' wants and needs — an elusive goal, especially in today's environment. Customers have grown more financially and technologically sophisticated, they have more choices, and their loyalty is often fleeting. And as service delivery has expanded across multiple channels — including branches, call centers, the Internet, and mobile channels — the business of serving customers, not to mention delighting them, is particularly complex.

Putting the customer experience front and center is not only an area of regulatory focus, it's also a powerful strategy to differentiate your organization and grow wallet share.

Today's call recording technology can help financial institutions achieve these strategic objectives.

A game changer: call recording and speech analytics

Searching for new ways to achieve customer centricity, financial institutions are finding that the advanced speech analytics capabilities in today's call recording technology can unlock a wealth of insights that are shared by customers every day through their call centers. Now, companies can not only listen to their customers, they can also really *understand* their needs and begin making significant inroads to deliver a defining customer experience.

What's more, the focus on the overall customer experience is in line with regulatory expectations. Regulators have asked some financial institutions to demonstrate that they're recording and storing a larger sampling of inbound and outbound customer calls to monitor adherence to consumer protection rules. Speech analytics can help companies comply with regulators' expectations of customer treatment as well as systematically mine customer sentiments that, until now, have been largely out of reach on such a large scale. For instance, speech analytics and emotion detection can provide call center agents with real-time prompts to allow them to better comply with regulatory requirements or to help them deliver a stellar customer experience on the spot. They can also be used for post-call analysis, providing deeper insights into customers' wants and needs.

Yet speech analytics offers advantages beyond today's pressing needs. In the near future, we believe that leading financial institutions will be those that have gained an edge in redefining the customer experience. Speech analytics is an integral tool that can help achieve this strategic goal.

In this paper, we'll discuss how financial institutions can use call recording and speech analytics to deliver long-term value in the following three areas:

- Strengthening regulatory compliance
- Improving the customer experience across all channels
- Enhancing fraud detection and prevention

How call recording and speech analytics work

Speech analytics technology can systematically scan all customer calls to spot trends across the call center, flag individual calls for real-time action, or send targeted calls to QA for monitoring.

Call recording software typically plugs into an organization's telephony environment and records voice interactions into playable sound files. Call recording's speech analytics capabilities have progressed quickly in recent years. Speech analytics uses automated methods to analyze spoken words and extract useful information about the interaction, not only detecting what customers say but also the intent behind the words. This technology can recognize key words, phrases, and variances in the pitch and tone of a customer's voice that could indicate signs of dissatisfaction. Based on the key words a company chooses, speech analytics technology can systematically scan all customer calls to spot trends across the call center, flag individual calls for real-time action, or send targeted calls to quality assurance (QA) for monitoring.

It can also turn voice calls into data for post-call analysis. This capability can transform an abundance of information that currently exists in an unstructured format into valuable insights that can be fed back to the appropriate department or channel in order to improve its products, services, and strategies.

Three areas of focus: Using call recording and speech analytics to add long-term value

As regulatory and consumer demands evolve, financial institutions are facing growing challenges. Call recording and speech analytics can not only help address these demands, but also add significant value in an increasingly competitive environment. Below, we explore three ways financial institutions can leverage this capability for long-term value.

1 – Strengthen regulatory compliance

Because so many customer interactions occur through the call center, it's advantageous to use call data to monitor adherence to consumer protection rules. As regulators request access to more customer recordings during on-site exams, it's also a proactive step in demonstrating compliance.

Today, many companies monitor a random sampling of recorded calls to gauge compliance; some also monitor 100% of select interactions, such as product/service cancellations or sales calls. But neither approach efficiently accomplishes the goal of monitoring for regulatory compliance. Random sampling could overlook instances of noncompliance. On the other hand, having a QA agent monitor all calls is costly and is subject to human judgment and error.

Filter out higher-risk calls to improve effectiveness of monitoring

Speech analytics can monitor all calls, either in real time or after the fact, and flag those that should be reviewed by a QA agent based on key words or voice patterns. Companies can program the system to detect key words or phrases that could indicate a possible consumer protection infraction or noncompliance with internal customer service standards. For instance, such phrases as "must purchase," "not optional," or "mandatory" in the context of a product or service offering could indicate a possible consumer protection violation. If detected, the system would send these calls to QA for review.

The system can also identify groups of customers who require specific regulatory disclosures — such as active military personnel or customers entering bankruptcy — and tag these recordings for review. And this analysis isn't restricted to the voice call. Desktop recording analytics can detect lack of procedural compliance by evaluating whether an agent used the required systems and websites during a customer interaction. With a more meaningful set of calls to monitor, companies can more effectively analyze patterns and institute operational changes if the data shows areas of deficiency.

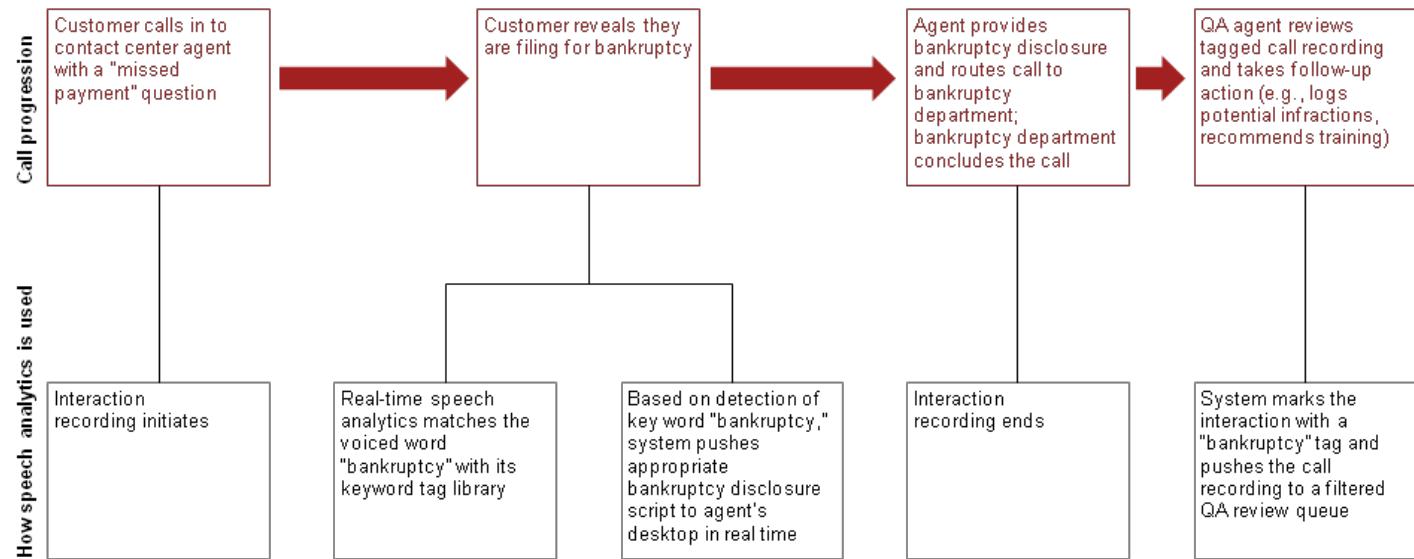
Enhance real-time compliance

Speech analytics can also help improve real-time agent compliance with internal policies and examiners' expectations. For instance, if the word "bankruptcy" is detected, a dialogue box with the required scripting can appear on the agent's desktop to facilitate proper disclosure of information. And the technology can instantly alert supervisors to initiate real-time intervention if it detects phrases that indicate an agent is violating a company's regulatory compliance procedures.

Companies can use speech analytics to help improve real-time compliance. For instance, if the word "bankruptcy" is detected, a dialogue box with required scripting can appear on an agent's desktop to facilitate proper disclosures.

Figure 1 illustrates a sample customer interaction and how speech analytics can enhance a company's compliance with internal and regulatory expectations.

Figure 1: Speech analytics process flow for real-time and post-call action



Achieve greater agent compliance

Finally, if agents know their employers record and analyze most of their calls based on key words and voice patterns, they're more likely to comply with internal policies and expectations. They will realize that every call counts in performance evaluations.

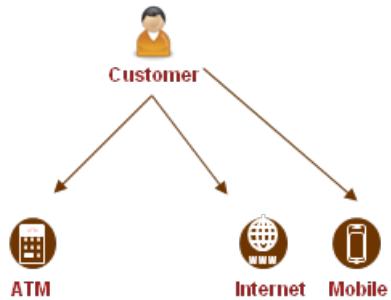
2 – Improve the customer experience across all channels

With advanced speech analytics, financial institutions can, for the first time, systematically tap into customer insights from one of the richest sources of interaction — customer phone calls. This "big data" holds the potential to unlock hidden information that can be used to improve the customer experience across all channels, including branches, the call center, the Internet, and mobile channels (see Figure 2). Because customers have an unprecedented array of choices in financial services providers, these insights can provide an edge in an increasingly competitive market.

In the future, leading financial institutions will be able to harness their cross-channel view of their customers to improve service. For instance, they'll know that a customer went to a branch to inquire about a home equity loan, and that this same customer looked at home equity rates online before calling in to an agent. This combination of digital and voice insights will provide companies the means to redefine the customer experience.

Figure 2: Using call recording and speech analytics to gain a cross-channel understanding of customers

Before call recording and analytics:
Customer interactions visible across ATM, Internet, and mobile channels



After call recording and analytics:
Customer interactions visible across all channels



Below, we examine some of the ways companies can begin using speech analytics to enhance the customer experience across all of their channels.

Speech analytics can detect key phrases and changes in customers' pitch or tone that indicate dissatisfaction. It can then push these calls to supervisors for real-time resolution.

Improve the customer experience in real time

Companies can program speech analytics technology to recognize such words and phrases as “supervisor,” “not fair,” or “cancel” in combination with elevated emotions and speech patterns that indicate customer dissatisfaction. The system can then push these calls to supervisors’ desktops so they can listen to the call and determine whether they need to provide real-time guidance to the agent, join the call to help resolve a problem, or provide agent coaching after the call.

Along with improving the customer-agent experience, the system can detect key words that indicate a customer might need a particular product or service, and then prompt an agent with the appropriate scripting. If a customer, for instance, mentions a life change such as a marriage, birth, or retirement, the system can push a script to the agent’s desktop to offer a product that would meet a typical need in each instance, such as a college savings plan for an expectant parent. Information pertaining to these life-event triggers can also be fed into the customer relationship management system to enhance future interactions. Listening to the customer and proactively offering solutions that they really value — in place of some of the more traditional strategies that leave customers feeling “sold to” — can go a long way toward pleasing customers and winning their loyalty.

Technology can identify trends, providing management with a real-time portal into unfolding issues, such as problems with a new fee policy or statement design.

Understand why customers are calling — and correct emerging issues before they escalate

Speech analytics can identify trends across the call center to understand why customers are calling, providing management with a real-time portal into unfolding issues. For instance, are a certain percentage of callers citing a problem with a new fee policy, product, or statement design? Are they referencing a competitor’s offer? Understanding these trends can help you to quickly analyze customer sentiment and correct emerging issues before they cause widespread customer dissatisfaction.

This information can also be used to identify operational issues that require immediate attention. For example, a sudden increase in call volume related to new account applications could be caused by higher pending rates from a malfunctioning interface with third-party agencies. Or a series of calls related to debit card transaction declines would prompt quick action to investigate and correct any operational issues that are causing the problem. Companies can notify customer service agents of the issue and the response plan so the agents can address customer concerns. Imagine the service experience when a customer calls in with a problem and they're told that a resolution is already under way. Depending on the problem, companies could also choose to proactively notify customers and save them the time and effort of calling at all.

Incorporate the “voice of the customer” into long-term strategies

Customer calls are a great source of insight that companies can use beyond contact center management and customer servicing. The “voice of the customer” that exists in the form of unstructured feedback provided during conversations with call center agents can now be captured and transformed into data for detailed analysis. Financial institutions can use the findings to shape distribution channel redesign and operational improvement strategies. For example, call analytics can pinpoint areas for improvement, such as simplifying bill payment options online, improving routing through the interactive voice response tree, or even changing the messaging in a client onboarding and welcome package. For instance, consider the invaluable insights a statement design team could gather by listening to a sampling of calls in which customers expressed frustration with their statements.

Marketing and product development teams can use data to understand how customers are reacting to campaigns, and make adjustments early on.

Enhance sales initiatives

Innovative organizations are recognizing the wealth of data that can be fed back to marketing and product development teams across all channels to help them better understand how customers are reacting to their campaigns. For example, companies can program an outbound calling campaign to pick up key words such as "expensive" or "not interested." They can then use this information to make changes to scripting or Web content early in the campaign to improve outcomes. They can also flag calls that contain feedback on a particular product offer, such as a checking account, and provide these insights to the appropriate product team to make enhancements.

Call center interactions can also provide valuable insights into customers' wants and needs. For example, understanding how customers are using their discretionary cash, or feedback on rewards programs, can help companies design products or services to meet those needs that have a strong customer interest.

3 – Enhance fraud detection and prevention

The cost of fraud

**\$3 billion –
US mortgage industry losses
in 2011**

**\$18.5 billion –
Financial institutions' credit
card losses globally in 2012**

**Leading companies are using
voice printing to help detect
and prevent fraud in the call
center channel.**

Fraud costs financial institutions billions each year. The FBI estimated that fraud took a \$3 billion toll on the US mortgage industry in 2011.¹ In 2012, first-party credit card fraud resulted in an estimated \$18.5 billion in credit card losses from financial institutions around the globe.² And as fraud incidents — such as identity theft — continue to grab headlines, the public is well aware of the potential price they could pay if fraudsters target companies they do business with. Leading companies are using advanced technology to help detect and prevent fraud in the call center channel.

One such technology is voice printing. Customers enroll in “phone banking” by creating a voice print following a routine customer-agent interaction. The voice print is then stored for future verification. The voice print may include physical and behavioral factors unique to the customer, providing a reliable and highly accurate basis for verification. Combined with speech analytics, keyword and emotion patterns, call data, and cross-channel historical behavior, the customer interactions are assigned a weighted risk score, often in real time, to determine the relative probability of fraud. Rules engines may further alert agents and notify supervisors of interactions exceeding predetermined risk thresholds or exhibiting specific patterns consistent with suspicious behavior.

Companies can also use voice printing to identify known fraudsters who call a contact center by matching these individuals' voice prints to a watch list. If the system detects a match between the caller's voice print and the watch list, it can provide the call center agent with instructions on how to escalate the issue in real time. Because fraudsters constantly evolve their schemes, moving between channels and products, voice printing is most effective when it's used across the enterprise.

Voice printing is currently used in the credit card industry when callers are disputing transactions or requesting changes to their profile. The call recordings are used as formal acknowledgment from the cardholder of the transaction in dispute or for requested profile changes. Another current practice is to use voice printing for suspicious credit card transactions. The transaction is tagged and the customer is called to voice authorize the transaction.

¹ MBA National Fraud Issues Conference 2012, *Mortgage Fraud Schemes Every Lender Should Know*, FBI Mortgage Fraud Trends presented by Christa Lynn Greco, FBI Senior Intelligence Analyst, April 23, 2012.

² Aite Group, *First-Party Fraud: The Global Battle Against Diabolical Charge-offs*, October 2012. First-party fraud is defined as “incidents involving individuals who enter a financial relationship with the intent to defraud.”

How to prepare your organization

Call recording with speech analytics offers compelling benefits as a compliance enabler and a business differentiator. With the right approach, you can harness the value of this advanced technology in a way that's cost-effective and operationally efficient. We've identified three key components that will help companies implement a successful program: (1) determine a cost-effective approach, (2) institute changes to enhance regulatory compliance, and (3) implement operational changes to achieve the business benefits of advanced call recording and speech analytics.

Determine a cost-effective approach

Key considerations:

Cost is a primary consideration in any technology implementation. Not only do companies need to determine how to cost-effectively implement the technology, they should also consider the costs of increased call storage.

Recommended approach:

Conduct a cost-benefit analysis

The price of any new technology should be appropriately set off by the benefits it delivers. For instance, today's call recording technology includes advanced data compression capabilities that lower the cost of storing a call. Additionally, the expected business benefits received from advanced customer insights, such as increased customer retention, stronger sales results, or decreased fraud, should be factored into the overall cost of ownership. A cost-benefit analysis will help guide organizations to the decision that's most appropriate for their strategic needs, and will help determine the technology solution that can provide the best return on investment.

Choose the right technology

Following are the key aspects that companies should take into consideration when choosing call recording technology:

- **Cost efficiency** – Consider the total cost of ownership (TCO) when evaluating the overall cost of technology. TCO includes software licenses, professional service fees, and the hardware used to deploy the technology and store relevant data.
- **Storage requirements** – Choose technology that's scalable to accommodate the possibility of increasing storage needs. The technology should also be able to store recordings for as long as needed and compact the files for cost-efficient storage. Support for virtual servers, cloud-based storage, and off-site data centers are becoming increasingly attractive to reduce the hardware storage component of TCO.

- **Integration with existing systems** – Choose a technology that will seamlessly integrate with your existing systems. Consider how the technology will work with current desktop systems, telephony, and data architecture. Also take into consideration how the technology will need to be installed. For instance, many solutions, while offering browser-based access, still require certain proximity to the call center technology.
- **Cross-enterprise implementation** – Call recording and speech analytics provides the greatest return when it's applied across the entire enterprise (for instance, sharing fraud voice prints or providing a single view of the customer across business lines). The same applies to the hardware investment. Many departments are leveraging small percentages of available storage capacity or have initiatives under way to evaluate long-term hardware needs. Involve those groups in the evaluation of any technology solution.
- **Telephony considerations** – The call recording solutions that are available often depend on a company's telephony environment. For example, some solutions have not been voice over Internet Protocol (VoIP) certified and therefore can't adapt to an IP-based telephony infrastructure. Others require complex server access, administrative server rights, or do not support certain hardware manufacturers.
- **Future expectations** – Anticipate potential expansion to non-phone channels and look into technology that has the capability to record, analyze, and store customer interactions from e-mails, chats, and other avenues.

Institute changes to enhance regulatory compliance

Key considerations:

One of the potential benefits of implementing call recording and speech analytics technology is improved adherence to regulatory requirements. There are several operational components that will enable a smooth transition and enhance the compliance process.

Recommended approach:

Monitor for regulatory compliance

Increased call recording could provide a massive amount of data for review — significantly more than many organizations are processing now. Companies should design monitoring processes to proactively prevent, detect, and address customer interactions that violate regulatory expectations. This includes determining key words that could indicate a compliance issue; analyzing the newly expanded volume of call recordings for compliance with regulations; reporting the findings for follow-up action, such as training, coaching, or scripting; and governing the overall process.

Design reporting

We recommend creating a compliance reporting process in line with existing governance reporting for the C-suite and regulators. Include trends that point to a risk or an existing issue, along with the actions taken for mitigation or resolution. These open risks and issues should be tracked to resolution.

Protect consumer information

With more sensitive information in storage, financial institutions should regularly test their security systems and processes as well as maintain a readily available policy to address information security practices. Some call recording and speech analytics tools have the capability to automatically mask text and voice information that's not relevant to an agent's interaction with a customer.

Implement operational changes to achieve business benefits

Key considerations:

As financial institutions amass customer data, they'll need to determine how to analyze this information and communicate findings to the appropriate area of the organization to turn these insights into actions. These changes will also impact staff, who will need processes and training to successfully carry out new expectations for monitoring, call analysis, and follow-up. And because call recording and speech analytics technology can deliver benefits across all customer delivery channels, organizations will need to make these changes through an enterprise-wide lens.

Recommended approach:

Take an enterprise-wide view

Companies should consider how to strategically implement call recording and speech analytics across the enterprise for a holistic view of customers and potential fraudsters, and determine how to leverage and share these insights across all channels. Technology implementations should also follow an enterprise-wide approach to keep costs down. This will entail working across business lines and functions and, for some, shifting from a business-unit view to an enterprise-wide view.

Determine rules based on strategic goals

Call recording and speech analytics follows a set of rules determined by each organization. Companies select key words that the system flags based on the specific analysis, service issues, or product feedback desired. They then decide what thresholds qualify for call escalation — including when to push calls to a supervisor, fraud agent, QA, or other area for follow up or analysis. These decisions should link to the company's overall objectives and strategic goals. For instance, the key words chosen to detect customer experience opportunities and the follow-up actions that result will be driven by each company's unique customer experience goals. These decisions will also help control costs by identifying the right subset of calls for monitoring.

Determine the process to analyze data and act on findings

Companies will need to create an operational flow and processes for the various types of analyses they want to conduct. For instance, will they use the data to enhance marketing and sales efforts, prevent fraud, and/or improve the customer experience? Each of these analyses will require different internal processes to flag the appropriate calls, conduct root cause analyses, incorporate the data into the “voice of the customer” program, liaise with internal departments, and determine the appropriate actions.

Identify process owners

Historically, QA departments have managed call monitoring. But with a renewed focus on customer insights and root cause analyses, a centralized group with a strategic vantage point and skill set may be a better fit for managing the overall process; establishing enterprise-wide procedures, such as communicating insights to the appropriate departments or channels for further action; setting thresholds; and producing reports.

Prepare for additional skill development

With greater insights into customer needs and agent performance, employee feedback and training will likely increase. Agents should be prepared to receive increased coaching, both in real time and after the fact. Supervisors and training staff should decide how to deliver this information in a way that best facilitates learning and development.

Additionally, companies will need to identify individuals who have the skills to conduct root-cause analyses and develop a team of people to perform this function.

The right strategy now, and in the future

Call recording and speech analytics can help create an advantage in an environment with a newly emerging customer experience paradigm.

Financial institutions are facing two concurrent challenges: complying with a growing slate of complex regulatory requirements and competing in a tightening race for customer wallet share. Harnessing the power of advanced speech analytics is a strategy that addresses both of these demands, enabling proactive adherence to regulatory expectations and providing a cross-channel view to understand the wants and needs of customers.

Looking to tomorrow's challenges, the competition for customer market share will grow increasingly difficult as customers continue to expect more real-time, highly personalized, and on-demand products and services. Call recording and speech analytics can open up a new set of possibilities, offering immense potential to create an advantage in an environment with a newly emerging customer experience paradigm.

How PwC can help

PwC can collaborate with you to help you determine the most effective and efficient compliance approach and additional opportunities that you can glean from advanced call recording and speech analytics.

We can help clients:



Design

- Create a business case for call recording and speech analytics technology
- Determine operating model implications to define the call recording and speech analytics strategy
- Develop risk models to inform targeted monitoring, identify key words, and determine threshold levels
- Build customer-centric models

Implement

- Assist with vendor evaluations and help select an appropriate vendor that can meet your strategic objectives
- Implement a call recording and speech analytics strategy
- Implement a complaints management program

Analyze

- Incorporate speech analytics into the “voice of the customer” program and contact center quality management processes
- Incorporate call recording and speech analytics into compliance, customer experience, and fraud prevention strategies

Report

- Create reporting and compliance dashboards

To learn more, please contact:

Dean Nicolacakis

Principal

(415) 498-7075

konstantinos.v.nicolacakis@us.pwc.com

Martin Touhey

Principal

(617) 530-7447

martin.e.touhey@us.pwc.com

K.P. Parekh

Director

(646) 471-8745

ketan.parekh@us.pwc.com

Brian Stein

Director

(646) 471-2915

brian.m.stein@us.pwc.com

Daniel Garcia

Manager

(312) 298-5214

daniel.b.garcia@us.pwc.com

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