Unlocking the value of complaints:
Improving the complaints management process as a strategic source for insights
The current state of complaints management

In the past decade, regulators and consumers have recalibrated their expectations around how organizations, both within financial services and beyond, should handle customer complaints. Across some sectors, it is now an understood regulatory expectation that organizations holistically focus on customer outcomes, be it through their direct interactions or how their products and services are offered. Significant consumer-centric reform, our instant ability to reach a wide audience through channels such as social media, and a number of very public consumer-focused regulatory actions all point to a clear need for all consumer-facing organizations to ensure they are acting in their customers’ best interest, which includes the way in which they address their customer complaints.

Complaints management within most service-driven industries is not new. Many major organizations have formalized their complaints management program, which often contains several steps (refer to figure 1 below).

Figure 1. The customer complaint management life cycle (Illustrative)

Getting started: The complaints management maturity model

Through our work with executives undertaking the journey to develop capabilities to more effectively manage their organizations’ complaints processes, we have identified five distinct maturity stages, increasing in level of overall structure, proactive management, and use of technology and data analytics.
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Moving up the maturity curve
Understanding where your organization falls on the maturity curve is the first step toward developing an optimal and intelligent complaints management program. Executives should look at their complaints management process and system across three general dimensions (people, process, and governance) to determine their current state. After determining the current state, it is imperative to understand the desired future state to identify needed enhancements.

• **People:** Leaders should define the roles and responsibilities of everyone involved in the complaints management process to understand the skills, knowledge, and training that will lead to better outcomes. By thinking critically about the relevant skills necessary for complaints management, leaders will be better equipped to put the right people in the right roles. For example, someone in a call center should have training and skills that include empathy, active listening, and the ability to accurately transcribe and document the issue, whereas the staff resolving the complaint should have additional skills such as conflict resolution, negotiation, and a deeper understanding of policies and applicable laws. It’s imperative, too, that these groups

While many organizations in the United States have implemented elements of a complaints management program which could be considered elements of formal and structured (stage 4) and even optimal and intelligent (stage 5), there are very few organizations (or industries) that can lay claim to achieving a stage 5 maturity level. As organizations move up the stages of the maturity curve, the more proactive they are in being able to resolve customer complaints (including the ability to preemptively identify and resolve issues). These organizations often capture and leverage data and use more advanced technologies.
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work together to provide a seamless complainant handoff. Leaders also need to define how their people’s performance is measured. Performance indicator(s) and incentives should be aligned to encourage teams to resolve complaints while focusing on the customer.

- **Process**: Leaders responsible for handling complaints should analyze their processes, systems, technology, and infrastructure to understand where there might be gaps, breakdowns, or failures. Key questions to consider include:
  - Can our systems distinguish between customer dissatisfaction and a formal complaint?
  - How formalized is our complaints and allegations management processes?
  - What timelines, guidance, and policies do we have in place?
  - How is our process articulated to the customer, and what are we doing to ensure their expectations are met?

A complaints management process should be formulaic and well-understood across the organization. Consistency in complaints management matters; outcomes should be consistent for customers when they raise similar issues. The processes should also be flexible and smart enough to triage complaints based on urgency, prioritization, and categorization. Embedding technology that can automate this with robotic process automation (RPA), machine learning, and advanced analytics can be a major leap forward for many organizations. Regardless of how organizations implement their process, it is imperative that they meet applicable regulations for their industry.

- **Governance**: Executives need to think critically about what they report out and to whom their reporting goes. Complaints management has historically been an afterthought and not seen as a value driver. The right governance and robust analytics and reporting as part of their management information systems (MIS) can change the conversation from complaints being a necessary afterthought into a real-time view of how an organization is performing in a certain area. A technology stack that categorizes complaints using natural language processing and then aggregating complaints in realtime can lead to quicker solutions and risk mitigation. For example, if 100 people in one geography complain that they received an incorrect balance transfer interest rate, this type of system can alert the appropriate person, who can then proactively resolve these complaints while working on a longer-term solution to remediate the issue. These sorts of proactive, customer-centric responses can quickly turn a complainant into an advocate while informing the organization of issues they need to resolve.

By targeting actions, processes, and systems within the complaints process, resulting in a move up the Complaints Management Maturity Curve, organizations can expect to unlock increasing value, such as:

- Increased structure and efficiency, driving more transparent and timely outcomes
- Increased levels of customer satisfaction while improving the overall customer experience
- Increased risk- and issue-sensing ability; proactively identifying potential noncompliance and hotspots to manage complaints
- Reduced longer-term cost through decreased operational, legal, regulatory, and compliance risk(s)

**How leaders are unlocking the value of complaints through improved technology and data analytics**

Leading organizations are investing in advanced complaints management capabilities to improve process efficiency, proactively understand issues communicated by customers, and unlock value from captured complaints data. As a result, complaints are no longer just a cost of doing business, but can also be a strategic source of insights to improving the overall customer experience, help support business decisions, and influence brand reputation. Across industries, leading intuitions are making significant investments in:

- Centralized complaints handling through the creation of centers of excellence and shared service centers
- Integrated enterprise case management systems with complaint, inquiry, and allegation-specific workflows deployed across lines of business to drive efficiency
- Common complaints and allegations taxonomy and a common data model to aggregate data related to employee misconduct
- Improved end-to-end reporting capabilities providing a comprehensive view of the complaint life cycle, from intake through research and response
- Heightened security standards for protecting customer data, for both allegation handling and the complaints themselves
- Strong early warning systems that proactively identify risk within complaints and allegations
- Predictive analytics capabilities that integrate text, voice (customer sentiment), and digital data to proactively reduce resolution time, decrease escalation to regulators, and enhance predictive accuracy
- Robust text and voice analytics that enable complaints that might otherwise fall through the cracks to be identified for investigation, and quicker identification of potential issues

Figure 3 illustrates the areas and types of technologies that can be leveraged to unlock robust complaints insights within a complaints management system.
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Layering algorithms for broader insights
The underpinning data for a more mature complaints management program may have value far beyond the better management of customer complaints. By layering additional algorithms that tie into other data sets, organizations can use the complaints data to better monitor and address potential personnel issues at their organization. For example, an organization can layer a second algorithm that ties into their whistleblowing programs to proactively identify and address potential sales misconduct issues.

Data privacy regulations affect complaints management
The promulgation of data privacy rules, such as the European Union's General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA), is forcing organizations to have more sophisticated methodologies and policies for capturing and storing customer information. Technology may allow organizations to do this better by both meeting the regulators’ requirements and providing the capability to perform analyses on the data.
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US regulators are also leveraging technology to better monitor the overall complaints environment, gaining better insights across their own data sets. These insights can allow regulators to build a more complete picture of potential risks and issues for organizations they regulate than what some organizations already know, which may pressure these organizations to play catch-up. Examples of these technology-based solutions include:

- The Consumer Financial Protection Bureau (CFPB) uses customer complaints and companies’ responses in a nearly real-time manner to understand the challenges that consumers are experiencing with financial services and products and how companies are responding to those challenges. The CFPB used a variety of approaches to identify trends and possible consumer harm on more than 350,000 complaints received in 2019, including, but not limited to:
  - Reviewing complaints and responses to assess accuracy, completeness, and timeliness of responses.
  - Visualizing data to highlight patterns and trends, particularly from a historical and geographic perspective.
  - Conducting text analytics and natural language processing (NLP) to identify themes and patterns in its public Consumer Complaint Database, identifying prevalent and emerging issues within individual organizations and across the financial services industry.
- The Office of the Comptroller of the Currency’s (OCC) centralized Customer Assistance Group (CAG) has established intake processes for national bank- and federal savings bank-related consumer complaints, inquiries, and appeals to ensure customers receive fair and expeditious resolution of their complaints.

- With more than 37,000 cases received from consumers in 2019, the OCC’s complaints management processes and analytic techniques enabled the identification of specific regulatory compliance risks by bank product(s), resulting in restitution of $5.7 million to consumers.
- The National Highway Transportation Safety Administration (NHTSA) uses analytics in early warning reporting that incorporates text analytics to analyze vehicle safety complaints, such as vehicle owner questionnaire (VOQ) records.
- The Food and Drug Administration (FDA) applies analytics to complaints, reports of adverse events, and other comments from the public to identify potential safety and quality issues.

Advanced complaints resolution techniques are also changing customer expectations for how complaints should be resolved. Manual and often delayed interactions (such as acknowledgment of a complaint) that were satisfactory a few years ago may now be seen as nonresponsive (in an environment where many organizations provide automated acknowledgment responses).

Identifying technology solutions that meet consumer expectations is made more complex given the multitude of channels through which complaints are filed. Customers have different expectations on what level of response is needed, and how fast they receive it, based on whether they use social media or contact the company directly to voice their complaint. As a result, many organizations are proactively leveraging technology-enabled solutions for early detection of risks and improved operational efficiency.

Common pitfalls and challenges

Developing a more robust, technology-enabled complaints program is no easy task. In our experience, companies that attempt to move along the maturity curve from a basic, disconnected, and reactive complaints management program to an advanced and integrated one face several common pitfalls and challenges, including:

- A lack of a standardized format to capture complaints across various source channels
- Believing keyword searches are sufficient to identify potential complaints for further review (these can produce a high proportion of false positives and can also miss evolving ways complaints can be stated)
- Not matching complaints up against other relevant data points to gain a fuller picture of the underlying risk or opportunity (such as customer history, performance metrics for implicated employees or attributes of the product or service that is the subject of the complaint)
- Lack of prioritization of complaint intake channels (Organizations should consider starting by piloting one or a handful of intake channels and then assessing whether the intake channel contains public complaints, is monitored by regulators, is of high quality, or addresses a broad cross-section of products or services)
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The path ahead
In this environment, organizations should be taking stock of their current approach to complaints handling and, where necessary, they should be updating current practices to be more in line with what is expected. The focus should be on understanding and addressing inefficiencies across (but not limited to) business processes, organization and governance, data, reporting and analytics, tools and systems of record, and training.

Organizations can leverage new technologies to enhance processes and to drive the value that captured complaints data can yield. As organizations move along the maturity curve, they'll gain access to increasing amounts of valuable insights. Now is the time to act to realize these gains by unlocking the value of complaints.

For more information on the value a mature complaints management system can provide, we encourage you to contact one of our complaints management specialists:

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Endnotes
1 Other dimensions should be included as needed to address specific requirements of an organization or industry.
3 Ibid.
4 Ibid.
5 https://www.consumerfinance.gov/data-research/consumer-complaints

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