

DISCUSSION PAPER

Without Boundaries: Exploring regulated business in 2021



Without Boundaries

Contents

Executive summary – decision making in uncertain times	3
The age of the empowered consumer	7
The age of good governance	12
The age of business accountability	17
Conclusion	22

Executive summary – decision making in uncertain times



Adam Green
Chief Risk Officer

Through my career in risk, I've witnessed the pressures organisations face in balancing regulatory compliance with the need to keep up with changing customer needs.

At EQ, we help some of the UK's largest customer facing businesses keep moving. As a regulated business ourselves, our team knows what it takes to break down complex regulation into large scale, best practice business operations.

This is why we're launching our Without Boundaries series. A series examining how regulated businesses can balance cultural, technical, and operational challenges to make positive change. We want to share our reflections, as well as provide realistic and practical ideas to help navigate this shifting landscape.

The only constant is change

Society has always moved at pace and companies and regulators need to keep up, but the past few years have presented greater change than anyone would have expected.

Society and public expectation is constantly in flux. Businesses have a perpetual regulatory cost burden, and the compliance landscape is increasingly complex.

With so many variables at play, how can companies chart a way forward? It seems near impossible to balance. It may feel that there is no clear-cut route forward, but, with the blurring of boundaries there is potential to explore and find new ways of working. Within reach, for everyone, is a strong, healthy, purposeful, and customer-oriented industry that can cater for us all.



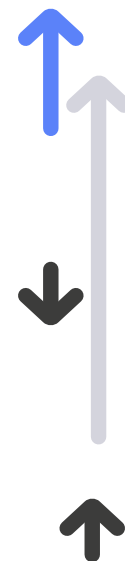
Emerging to a new future

Beyond the long road to “normal”, the true implications of Brexit are on the horizon waiting to be felt.

We can expect a fundamentally different approach to rule setting in financial services, as UK government and regulators take legislation currently enforced under an EU banner back under UK control. Parliamentary law making in the UK tends to be more iterative, favouring secondary legislation or delegated power, rather than working through technical committees following roadmaps and schedules set years ahead. The UK approach also means that technical details of some legislation are not always as widely reviewed as with EU’s more technocratic approach. This can require additional work for organisations to understand what’s on the horizon and to keep up with the detail.

Traditionally, the UK parliament prefers to set certain standards and headline objectives with an increasing amount left open for further interpretation, both in respect of the ‘common law tradition’ and the role of delegated powers. This contrasts with the detailed and technical instruction manual approach of Brussels, built around Civil Law. Those who set detailed legislation will be the industry regulators, the FCA and PRA (under HM Treasury), who can expect to see their remit and powers expand even further. There will be an increased role for government departments, and we are already seeing the material strengthening of existing bodies whose remit overlaps with financial services regulation, notably the Competition and Markets Authority (CMA) and Information Commissions Office (ICO).

As one of the most influential regulatory bodies in the UK, the FCA also have a history of seeking to set frameworks and guidance for compliance rather than a more prescriptive one size must fit all approach. In theory, this flexibility should work to the benefit to the UK financial services market, but the EU will be watching closely for any material divergence. Any relaxation could be countered politically or economically in a potentially ongoing game of one-upmanship, or in some areas resisted by industry who may assess the consistency with the EU to be more valuable than divergence.



All costs are not created equal

Regulation inflicts a cost burden on all regulated companies as they are obligated to adhere to standards and rules that impact on their ability to freely develop and provide their services.

There is a need to evidence compliance through ongoing reporting and transparent operational processes.

In theory, regulatory costs are an equaliser since we all have the same burden so there is no competitive advantage to be had. In practice, this is far from true as large businesses benefit from economies of scale, and fintechs and start-ups use innovative tech and streamlined processes to lighten the burden. There are industry benefits to standardisation, in the same way as using the same plug sockets is efficient, but these benefits are more dispersed and are often harder to quantify.

Both legislative approaches offer different benefits for business customers and end consumers who, above all else, demand choice and flexibility. We have also seen that, from the consumers' perspective, regulation can have a great impact on services offered. But the challenge for companies is often how to meet a wide variety of consumer demands for choice while balancing the cost vs risk return dilemma, and the increasing pressure of return on investment for capital expenditure.



Finding simplicity in the complex

No matter how streamlined the organisation, regulation adds complexity, and even more regulation adds even more complexity.

A further complication is that different types of regulation can compete against or interact with each other, such as data protection and KYC, or the agendas of the PRA and the CMA.

The big question for businesses is – what outcomes are we seeking, and are we best placed to achieve these?

There are some regulations which are absolute, with serious financial and reputation penalties for any breaches. Others, presented by the FCA as principals, can be more flexible based on company objectives, culture and priorities. The answer to how to fit the myriad of regulatory directives and guidance for your company often lies with the risk appetite and operational design of the business.

The UK is a traditionally very compliant country. But trying to tick every regulatory box individually can often tie a business up in knots. Within this period of transition post Brexit and pandemic, is this our opportunity to find way forward to establish a more effective, flexible and innovative approach.

Over the last few years, companies have often turned to technology to help streamline and simplify products and services. And we have seen that the pandemic has incentivised this further with 97% of businesses¹ saying they have sped up digital transformation programmes to help cope. But as regulation becomes as much about people, customer relationships, and company culture as process efficiency, by what standards can compliance be judged?

¹ <https://www.statista.com/statistics/1200465/covid-digital-transformation-global/>

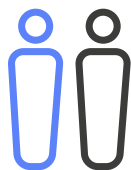


Using our discussion paper

Based on EQ's expertise and my own experience in working for both the regulator and the regulated, our Without Boundaries paper offers ideas, strategies, and support options to help you build a stronger, more flexible, regulated business. My top tips in each section highlight key areas to focus on. Some are "quicker wins" than others, but all can make a material difference to your business operations to reduce the burden of regulation and improve the quality of service you provide to your customers. We explore these challenges in three pillars, so regulated businesses can consider how to build their positive action plans, identify ways forward and find sources of inspiration.

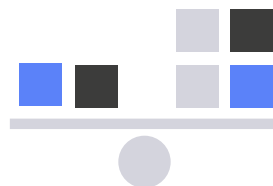
01

The age of the empowered consumer



02

The age of good governance



03

The age of business accountability



Adam is EQ's Chief Risk Officer. He joined in 2015 ahead of the Group's listing on the London Stock Exchange. Adam started in the Financial Services Authority supervising firms and designing aspects of the FSA's risk management framework before moving to PriceWaterhouseCoopers to advise firms undergoing complex regulatory change. He then returned to the FSA to lead part of the transition to the Financial Conduct Authority and Prudential Regulatory Authority. Following which he supported BUPA in enhancing its risk and compliance, before joining Equiniti.



The age of the
empowered consumer

Making their voices heard

The relationship between consumers and the businesses they engage with has shifted considerably since the advent of social media. We have seen consumer voices being amplified where a single tweet shared round the world can have a significant impact on a business's reputation and bottom line. Combine this with a focus on consumer protection initiatives from regulators, and consumers are in a far stronger position than ever before when dealing with businesses.

In my experience, this is particularly true for consumer relationships with financial services firms. From a business perspective, the relationship might be purely transactional and functional. But financial circumstance has a huge impact on the way life is lived. As a link to someone's financial wellbeing, regardless of whether good or bad service is received, this relationship with a provider in this sector can be an emotional one.

As such, the role financial services firms play in a customer's wider wellbeing can be vital. It is this role that has led to such strong regulation of the industry. Particularly around initiatives of duty of care and treating customers fairly. These form a core part of the FCA's focus and, as a result, the scales are now usually tipped in favour of the consumer.

Over the past year, many financial support initiatives have been introduced by the government to see us through the pandemic. Yet hundreds of thousands more individuals are now in extremely vulnerable circumstances. Their expectation is that their financial services providers will help them to navigate these challenging times.

This leads to a controversial question. How much risk and responsibility should the banks and other financial services organisations be asked to bear? Cynics would say they are private businesses with no wider obligations beyond the regulatory mandated requirements. However, many banks are keen to find ways to work with their customers on a personal level to support and grow that relationship, and to recognise a wider sense of social responsibility. This has been notable since the 'bail out' of some banks during the 2008 financial crisis.



How much duty does it take to care?

I have come across the phrase “duty of care” a lot in my career, and in many different circumstances. It is a deceptively simple term that means many things to many people and has several legal and regulatory implications. But at its core, all interpretations are designed to ensure businesses are doing the right thing for their customers, particularly those more vulnerable.

What “doing the right thing” for the customer means has seen a considerable shift over the last year. This is unsurprising as the pandemic is leaving hundreds of thousands in vulnerable circumstances financially, health-wise, and emotionally. The FCA’s Financial Lives Survey² revealed that as at October 2020, 53% of UK adults had characteristics of vulnerability.

Vulnerable customers, in all their various forms, have long been a priority for financial services firms. But the sheer volume and variety of those they have been dealing with recently present a significant operational challenge. This is a challenge that is not just about operations, it’s also about communication and talking a language that makes sense to those who don’t have detailed financial knowledge.

Misunderstanding the service comes up frequently as a root cause of complaints and the onus remains on the business to communicate in ways that the customer can understand. In all transactions with a financial services business, there is going to be an asymmetry of information where the organisation has more knowledge than the consumer. The key for firms is how to effectively communicate this knowledge without jargon and complexity so that they can be sure that the customer fully understands what they are signing up for and agreeing to.

Miscommunication and lack of understanding been the cause of multiple remediation cases over the years. At its most serious this is classified as mis-selling, with PPI the best-known example of the impact such lack of clarity can cause. The harm that PPI has done to both the sector’s reputation and ongoing consumer trust is still being felt. Firms have already started making headway in improving trust, with the Financial Lives Survey³ revealing that in 2020 42% of adults had confidence in the sector, up from 38% in 2017.

If anything, the pandemic provides the opportunity for the two sides to come closer together. Yes, there has been considerable guidance from the FCA on how they expect businesses to engage with their customers during this difficult time. But we have seen many examples of businesses going above and beyond their regulatory obligations for customer care in recent years such as:

- Barclays Digital Eagles – giving consumers the knowhow and confidence to get online safely.
- Lloyds Bank Academy – offering online training for a variety of life and business skills.
- Natwest Enterprise – supporting small businesses and start-ups with services beyond the financial.

“ Vulnerable customers, in all their various forms, have long been a priority for financial services firms. But the sheer volume and variety of those they have been dealing with recently present a significant operational challenge.

² <https://www.fca.org.uk/publication/research/financial-lives-survey-2020.pdf>

³ <https://www.fca.org.uk/publication/research/financial-lives-survey-2020.pdf>

Is too much knowledge a dangerous thing?

How well businesses know their customers has a huge impact on how well they can support them. This is particularly true when identifying early signs of vulnerability. For example, understanding if someone is moving to a new house due to financial difficulties or health issues. However, companies have a fine line to walk here following the introduction of GDPR legislation⁴, which strictly governs the lawful basis on which personal data is collected and processed, eg with explicit consent, a contract, and under a 'legitimate interest' caveat. In particular, Principle c: Data minimisation, is a tightrope, which states that

“ Personal data shall be adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed (data minimisation).”

So, what is necessary? As we mentioned before, financial wellbeing impacts on almost every other area of lifestyle, so it makes sense that financial services firms may feel the need to get the 'the bigger picture' to be able to fulfil their regulatory and moral obligations and provide the right advice and support to their customers.

There is also the ongoing question of trust between the business and consumer. If consumers feel that their circumstances will be held against them by their bank, they will be less likely to be honest. However, independent industry advice, such as from MoneyAdviceService⁵ or the debt charity StepChange⁶, recommends flagging up problems with providers as soon as possible so that they can help. In addition, Citizen's Advice provide customers who are in financial difficulty with clear action plans and example letters to send to banks.

Balancing the three “Rs” – Risk, Reward and Regulation

One trend I have noticed as a possibly unintended result of empowering customers is a reduction in the number of high value/high returns products on the market. With companies all too aware that the risk lies increasingly with them, there is less incentive to develop the higher risk/ higher reward products that may offer enhanced returns.

However, the result of a low risk attitude is a selection of vanilla products that do little to excite either customer or business. Of course, the staple suite of banking and savings accounts continue to fulfil day-to-day transactional needs. However, the more complex products such as pensions and investments – where the financial services experts can really add value for the consumer – are leaving many cold.

Increasingly, consumers have taken matters into their own hands and cut out the experts, as we have increasingly seen in the US and UK direct to consumer share market. Whilst this may be empowering, it also comes with even higher consumer risk than if they had trusted their money to those with more specialist knowledge. We have been seeing signs of increasing independence from consumers for a long time. Yet it remains to be seen if this passion for trading is a temporary trend or a long-term shift in behaviour.

The real question for both sides now is: What do you want out of this relationship?

⁴ <https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/principles/data-minimisation/>

⁵ <https://www.moneysavingexpert.com/loans/debt-solutions/>

⁶ <https://www.stepchange.org/how-we-help/debt-advice.aspx>

⁷ <https://www.citizensadvice.org.uk/debt-and-money/help-with-debt/dealing-with-your-debts/making-a-plan-to-pay-your-debts/>

You have the power – top tips for engaging with empowered consumers

01

Understand your customers

What do you need to know about your customers to give them the best service, and how do you engage your customers so that they volunteer this information in the GDPR compliant way. This can involve making sure that your company has the right data capture, and analytics skills and tools, to really understand how customers engage with you, and just asking them. And this goes beyond just taking the time to listen on calls/web chats and actively ask for feedback. It is also being able to turn that information into action that helps improve the customer experience.



02

Be proactive in engaging customers

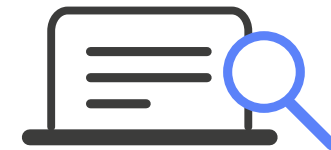
As increasingly confident as consumers are, many still struggle to openly engage with their financial services providers, particularly those in vulnerable circumstances. Make it as comfortable and easy as possible to enable them to reach out through their preferred channel to start a conversation.



03

Sense check all communications

The curse of knowledge is real. What makes perfect sense to you may be lost completely on your customers, for example it's now well researched that not everyone may understand percentages, but they are routinely used. Financial services firms can provide high value product offerings but if customers are turned off by jargon and complicated explanations, the value of building the product is wasted. By proactively asking for feedback from your empowered consumers and keeping on top of any complaints trends that may related back product communications, companies can ensure they are clear and well understood.





The age of **good governance**

Good governance doesn't have to mean an existential crisis

Governance – CSR, environmental, social and governance (ESG), Conduct and Culture. These are all key buzzwords and phrases but they do have great meaning. Consumers, investors and regulators now expect far more from the financial services businesses they work with than efficiency, profitability and compliance. These ethical and social agendas encompass a wide range of possible responsibilities.

However, the reality is that it is simply not possible for a business to take on every single 'responsible' initiative; especially when the lists of recommendations from regulators can run into the pages for each review. Another consideration that I have experienced at EQ is the conflict between the initiatives themselves and providing the service that customers want. For example a customer preference for hard copy paperwork can be at odds with a zero carbon/environmental policy, or a consistent customer experience.

With multiple agendas and societal concerns, businesses need to select options that work for them and are true to their own culture. Some governance objectives such as human rights, business ethics and equal pay etc. are enshrined in law. Others give scope for the business to focus on what means most to them, and an answer can be quite simple. Whether this is a focus on the environment and zero carbon targets, supporting local community initiatives and charities, or a commitment to equal representation of minority groups. The key is to find agendas and a purpose that resonates with, and is backed by, the leadership teams and staff throughout the business.

Under the microscope on more than profits

Businesses historically exist to develop products, provide services, and make money. The priority for business has been to run and grow their company profitably, while meeting the needs of their customers and other stakeholders. But companies are always subject to the concerns of the society they operate in. With social, environment and ethical considerations foremost in the minds of many, the decision-making criteria on whether to do business with a firm is no longer quite so clear.

Companies are expected to evidence their ESG agendas and make pursuing them a priority at the highest level. For publicly listed firms, this responsibility increasingly sits with the General Counsel (GC) or Company Secretary (CoSec), due to the interest in this area from investors⁸. For private firms, marketing, HR or IT may take the lead depending on aspects of these initiatives. Large or small, all businesses are now expected to give back to the communities they already serve in different ways. They are often unrelated to their core business function.

Investor priorities for 2020 (Investment Association)

- Responding to Climate change
- Audit quality
- Stakeholder engagement
- Diversity.

Reputation is key in building a brand and growing a business. Word of mouth and online reviews can make or break a business and companies now have more avenues than ever to connect directly with customers and investors. Brand stories can be shared socially and the brand personality of the company, as well as its products and services, can be showcased. This is particularly powerful when done through colleagues as well as corporate accounts with one survey⁹ revealing 76% of respondents were more likely to trust content shared by individuals rather than brands.

But the internet is a judgemental place. Misconstrued, historic or ill thought out tweets can create a firestorm very quickly. Any errors or a hint of false, insincere platitudes are quickly identified and magnified. Avoiding most of these minefields comes through honesty and having a broad range of colleagues from multiple groups involved in the production and decision-making process.

One thing I am very encouraged by is that the most popular reason for consumers to reach out on social media is due to a positive experience (59%)¹⁰, with a question coming in at 47%, and a bad experience down in third at 40%. Social feedback from consumers can also be an excellent source of ideas for new products or services, changes to current offerings and insight into how much your company impacts on the lives of your customers.

⁸ <https://www.natlawreview.com/article/investment-association-shareholder-priorities-2021>

⁹ <https://everyonesocial.com/blog/employee-advocacy-statistics/>

¹⁰ <https://sproutsocial.com/insights/social-media-monitoring/>

Go team! The importance of involving all your staff

Whilst the key ESG initiatives and responsibilities may be set by the leadership team, engagement from all colleagues is vital to both the success and effectiveness of any governance objectives. As I mentioned, the heaviest burden, for keeping to key regulations and guidance, may sit with teams like mine in risk, or with HR or the Company Secretary. But I have seen huge value and great results from involving colleagues across the whole company. This doesn't just help share the load, but also brings in a wide range of passions and interests which drive forward change, and make an inclusive and positive experience for everyone.

Who or what is "Good"?

With so much guidance and so many agendas to choose from around governance, what does "Good Governance" look like? There doesn't seem to be a common consensus on this and it seems that, as long as several core bases are covered, companies can look to set their own agenda within the cultural context of their main markets. As I have seen here at EQ, there are also worldwide cultural considerations for companies like ours that operate internationally. Priorities and key agendas can vary greatly depending on the country and finding common themes that all countries of operation can support can be a challenge. This gives scope for differing domestic agendas on some initiatives but there are several universal core themes that apply to most business and countries.

These core areas largely include the following:

- Being sincere and consistent in words and deeds.
- Committing to be ethical and responsible in all business dealings.
- Promoting diversity and inclusion including reducing the gender pay gap.
- Avoiding conflicts of interest.
- Working to reduce the environmental impact of day-to-day business activities.
- Committing to adhere to human rights and anti-slavery principles.

These are often principles and guidance that need to reach throughout the whole organisation and embed themselves thoroughly in the business culture and processes. Such an undertaking can be overwhelming at first, particularly if it falls on the shoulders of a small team.

Ultimately, positive engagement around governance is not just the remit of a few. It's about colleagues, stakeholders, partners and industry allies working together for the greater good.

Let your values shine through – top tips for good governance

01

Live your principles

Decide which ESG initiatives support your business's core strengths and focus on them. Have a headline that inspires whilst still fulfilling legal requirements for other areas.

02

Get sharing

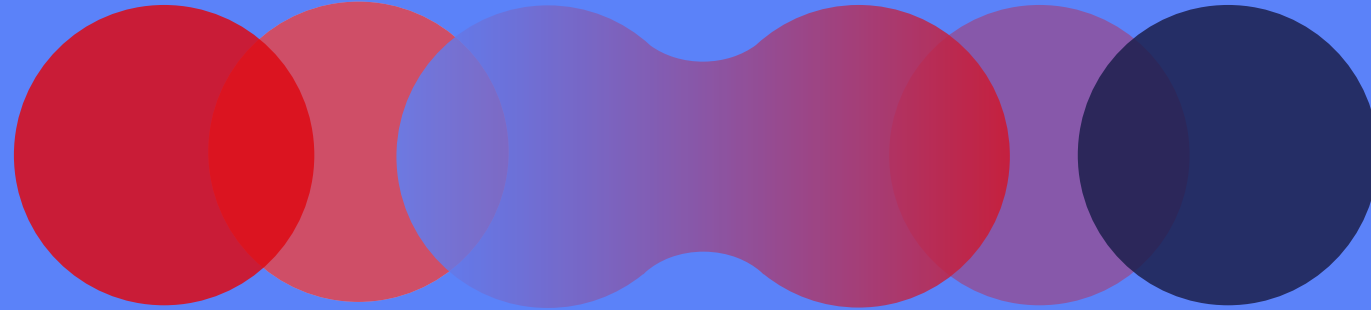
Engage colleagues from across your business to help. It should not just be directed to the General Counsel or Company Secretary to manage all the many ways that companies can prove they are an ethical business. People are more passionate about ESG and working for ethical companies than ever before and are likely to have excellent ideas for ESG initiatives.

03

Excel at stakeholder communications

Whether this is investors, colleagues or customers. Whether you are a publicly or privately-owned business. Positive communications around the purpose and priorities of your business ethics and responsibility are increasingly important in developing loyalty and engagement. This should cover all channels from the informal to official. Let your positivity shine through.





The age of **business** **accountability**

The burden of proof

Accountability and compliance are non-negotiables for any regulated financial services organisation in the UK. Reporting and demonstrating compliance with core regulations should be built into all operations. But business accountability, and the proof of this, is not always effective and is too often positioned as a burden. And as the quantity and scope of industry regulations and guidance issued each year continues to grow, many businesses find the burden gets increasingly complex and expensive.

The Bank of England's Future of Finance Report¹¹ revealed regulatory reporting costs UK banks £2-4.5bn each year and can account for 1% of a firm's operating profit. In addition, calculations by FinExtra estimate that there are now over 300 million pages of regulation in existence¹². As the person heading the team responsible for oversight and implementation of these regulations here at EQ, these stark figures are no surprise.

Along with the call for governance and ESG issues we have already discussed, the call for transparency from stakeholders outside of industry regulators has also grown louder. For businesses, this means reporting and evidencing that they are meeting not just core regulatory requirements but also social and ethical requirements on a far wider range of criteria.

To meet this demand, and to make sure processes are fit for purpose and flexible enough to meet future challenges, there are calls for some fundamental operational changes. In most businesses, large-scale operational change may inspire negative feelings. But ignoring the matter will not help either and may end up with businesses falling foul of the FCA. Without a continual effort to build effective compliance into all areas of your business, so it becomes part of the fabric and second nature, the progressive increase in rules will slow down your company. Effective compliance is a competitive issue.

¹¹ <https://www.bankofengland.co.uk/report/2019/future-of-finance>

¹² <https://www.finextra.com/blogposting/16761/the-automation-of-aml-and-kyc-regulation-for-asset-managers>

You don't have to go it alone

So what's the first step for businesses planning any kind of operational change, or resolving any kind of compliance problems such as remediation exercises? To decide whether to outsource or to do it yourself. The range of support options for financial services firms has never been greater, with software as a service (SaaS) products being a major game changer for a wide range of compliance and control services. But these are only as effective as the 'embedding', ongoing training and cultural support in the business for using the tools.

Is it a good idea to get a partner in to help? I know when I'm looking for operational partners, my key priorities are to have confidence and trust them, their processes, technology systems, expertise, and people. This is vital if the project is going to be successful. As an extension of your business, any partner also has responsibilities to your end customers and supports you in your accountability to the regulators.

It is this accountability that means any partnering decisions needs to scrutinise both the services on offer and the wider company culture. Any partner should share your core values and uphold the culture that your business reflects, an attitude that should be apparent regardless of the capabilities, resilience, quality, and safeguards they can otherwise provide.

Most financial services firms provide a range of products and services. In many ways it makes sense to find a partner with that same variety of capability and ongoing flexibility of solutions. When delivering a project, be it a large-scale customer contact and remediation programme, or a pensions administration exercise such as GMP equalisation, it is not just about doing the bare minimum for the regulator. It is about providing the quick and effective service that customers demand.

This brings us back to the technology or people debate that has been ongoing for many years now. At EQ, we think the right combination of technology **and** people is the key to success. Of course, the right technology creates efficient and effective processes. In enforcing compliance as a standard, it can be invaluable, as we've experienced in supporting the largest scale mis-selling remediations.

Even with the best tools, there is really no match for specialist knowledge and people skills when working on more complex products such as pensions or investment options. Given the wide variety of products, with a range of history and applicable regulation, as well as the history of each customer you always benefit from an expert knowledge of the options plus the personal touch of good customer care.

We have thousands of examples of direct feedback from the end customers of our clients. Customers thank our staff for taking the time to listen and helping them understand these more complex products that are so vital to financial wealth later in life. This can't be done by machines or automated one-size-fits-all work. What makes the difference, is the specialist knowledge, attitude and time that people give.

Dealing with the ultimate curve ball

Very few business continuity teams, and operational resilience plans, would have seriously accounted for all colleagues having to work from home, practically overnight, for over a year. Only a few of the most robust scenario planners were focused on this outcome. And even with the foresight, it was not possible to engage a wider audience with the myriad of changes that a pandemic could inflict society as a whole.

In comparing notes with friends and colleagues across the sector, I know there have been mixed experiences. Some companies have been struggling operationally with processes and structures that didn't transfer to remote working. Whilst others found that their technology couldn't quickly adapt to meet such demands. Yet for the most part, they were able to continue to support their customers remotely. They did so in a variety of innovative ways, whilst making sure the necessary face-to-face interactions were safe for all parties.

Over a year down the line and with the end hopefully in sight, companies are asking themselves what lessons can be taken from such a drastic shift in working practices and customer engagement channels. We are all considering what we take forward and what are we happy to leave behind.

One topic that leads this conversation is the balance between humans and technology and the role that both play in the relationship between business and customers. It's important to consider how this balance also impacts the way colleagues work together. With in-person interaction off the table for the most part, companies have relied on technology to keep services and connections going, resulting in a 72% increase in the use in Fintech apps throughout Europe. Studies during this tough, but fascinating, time indicate¹³ that a blended model is needed for both business effectiveness and mental wellbeing.

¹³ <https://www.bcg.com/en-gb/publications/2020/future-of-working-models-united-kingdom>

Stop – Follow that Unicorn!

When businesses are thinking about their operational model, they often look with some envy at the new unicorns in their industry. Those billion-dollar companies¹⁴ that have started from scratch with a clean slate and rocketed to success in a relatively short space of time. The average age for a business to reach unicorn status is now just 6 years and the UK is home to 21 of these companies. These are the ones that change the game and dare to be a little bit different. They seem to tap into a rich seam of public demand.

So what can the rest of us learn from these unicorns? In one way, they are not magical in that they are the result of a lot of hard work and determination, but so is every business. One thing they do all have on common is a singular direction and purpose to their business offering. They are a testament to what can be achieved when everyone in the business is committed to delivering a simple, single objective.

So how can more complex and diverse businesses learn from this mentality to push themselves and their business forward? In my view the key aspect here is clarity. Clarity of purpose, which can be applied at divisional level as well as across the whole organisation. For more mature companies it's about ensuring highly focussed business processes and the most efficient operational models, with like-minded partners that share your vision. That enables your time to be freed up to drive the core value of your business and to take risks with innovation to your direct customers.

It certainly is possible to support and develop your business with technical and specialist knowledge. It is definitely possible to ease your regulatory burden and create business-changing opportunities. This is no fairy tale story about a unicorns, it's the positive reality of being accountable, creative, and making your business work for you.

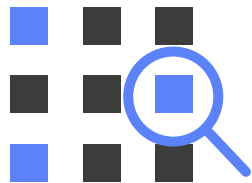
¹⁴ <https://www.beauhurst.com/research/unicorn-companies/>

Keeping an open mind – top tips for business accountability

01

Don't get precious about your processes

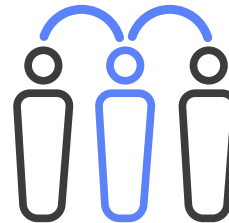
Be brave, review with fresh eyes, get external input from all stakeholders and compare notes with peers. Change can be a risk but doing nothing will in time always be a far greater one.



02

Keep good company

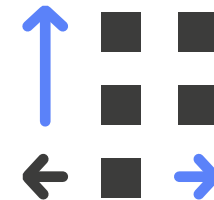
Be open to partnerships and sharing the burden with trusted suppliers. Develop the flexibility to adapt quickly when disaster strikes by increasing operational resilience through external partners.



03

Learn from other organisations

Not just within the financial services sector. Whether it's big companies in other regulated sectors, small businesses, or start-ups on their way to being unicorns, all have experience to share.



Conclusion

Change with control

In my 20 years' experience working in regulated businesses, the only constant is change. Albeit not usually on the scale we've seen over the last year or so. And as regulated businesses know, those that stand still and do not flex and change with the world around them soon find themselves left behind and struggling for business.

The cost and complexity burden that regulation places on the financial services sector remains and has in fact increased with the raft of emergency and temporary measures introduced by both regulator and government to support the financial wellbeing of both consumers and businesses.

Learning from the experiences of the last year and adopting a more adaptable approach to business operations is uppermost in the minds of the majority of financial services business leaders. And as we start to settle from the panic stations and emergency measures that were introduced last year, many are taking the opportunity to really examine how they want their business to operate moving forward.

Implementing any change programme can be nerve-wracking, but with clear objectives and the right support from both inside the business and external partners, the end results can have huge long-term benefits.



Breaking down those boundaries

Here are my nine top tips to help businesses to make positive changes. These will help reduce costs, adopt more flexible and streamlined processes, and build a stronger, more accountable business.

Empowered consumers

01

Understand your customers

What do you need to know about your customers to give them the best service, and how do you engage your customers so that they volunteer this information in the GDPR compliant way. This can involve making sure that your company has the right data capture, and analytics skills and tools, to really understand how customers engage with you, and just asking them. And this goes beyond just taking the time to listen on calls/ web chats and actively ask for feedback. It is also being able to turn that information into action that helps improve the customer experience.

02

Be proactive in engaging customers

As increasingly confident as consumers are, many still struggle to openly engage with their financial services providers, particularly those in vulnerable circumstances. Make it as comfortable and easy as possible to enable them to reach out through their preferred channel to start a conversation.

03

Sense check all communications

The curse of knowledge is real. What makes perfect sense to you may be lost completely on your customers, for example it's now well researched that not everyone may understand percentages, but they are routinely used. Financial services firms can provide high value product offerings but if customers are turned off by jargon and complicated explanations, the value of building the product is wasted. By proactively asking for feedback from your empowered consumers and keeping on top of any complaints trends that may related back product communications, companies can ensure they are clear and well understood.

Good governance

01

Live your principles

Decide which ESG initiatives support your business's core strengths and focus on them. Have a headline that inspires whilst still fulfilling legal requirements for other areas.

02

Get sharing

Engage colleagues from across your business to help. It should not just be directed to the General Counsel or Company Secretary to manage all the many ways that companies can prove they are an ethical business. People are more passionate about ESG and working for ethical companies than ever before and are likely to have excellent ideas for ESG initiatives.

03

Excel at stakeholder communications

Whether this is investors, colleagues or customers. Whether you are a publicly or privately-owned business. Positive communications around the purpose and priorities of your business ethics and responsibility are increasingly important in developing loyalty and engagement. This should cover all channels from the informal to official. Let your positivity shine through.

Business accountability

01

Don't get precious about your processes

Be brave, review with fresh eyes, get external input from all stakeholders and compare notes with peers. Change can be a risk but doing nothing will in time always be a far greater one.

02

Keep good company

Be open to partnerships and sharing the burden with trusted suppliers. Develop the flexibility to adapt quickly when disaster strikes by increasing operational resilience through external partners.

03

Learn from other organisations

Not just within the financial services sector. Whether it's big companies in other regulated sectors, small businesses, or start-ups on their way to being unicorns, all have experience to share.



Keeping you company on your journey – you pick the route, we’ll bring the kit!

As a regulated business ourselves, we have been supporting other financial services organisations for decades to break down complex regulation into large scale, best practice business operations. We help our customers to simplify and manage competing societal, consumer and regulatory demands. In doing so, we deliver critical financial services to over 36m consumers around the world.

I’d love to hear how your business manages regulatory pressures and changing customer needs. Get in touch or connect with me on LinkedIn.

You can also follow us to keep up with the latest from our Without Boundaries series.

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