Customer Outcomes Framework
Create a **Customer Outcomes Framework** that can be applied by financial service providers and regulators to **achieve better outcomes** for poor customers.
Focusing on Customer outcomes

Customer outcomes = linked to the customer’s protection and the value a customer gets from the engagement or service use, which provide both functional and experiential value
Expanding attention from negative to positive customer outcomes
What customer outcomes to strive for?

- Voice
- Suitability & appropriateness
- Choice
- Meets purpose
- Fairness & respect
- Safety & security
Policy and regulatory elements that support the framework

**6 Key Areas**
- Culture and conduct governance
- Conduct risk management
- Financial product governance
- Customer understanding
- Customer assessment & engagement
- Problem identification & resolution

**Regulatory framework**
- Principles-based regulation
- Rules-based regulation
- Performance-based regulation

**Identification of customer outcomes**

**Financial consumer protection policy and legislation**

**Supervision**

**Enforcement**
Businesses adopting a customer outcomes-based approach

- Industry codes and self-regulation initiatives
- Internal policies focused on customer outcomes in response to regulatory actions
- Industry standards on responsible finance adhered to by socially responsible banks

Examples of what financial service providers focus on:
- Culture and leadership emphasis
- Employee incentives and training
- Customer experience
- Outcome testing
- Customer advocacy
- Build business case on CLV

**BUT, focus is primarily on systems in place, not whether the process led to better outcomes for customers**
Potential Measurement Indicators

A journey to better understanding the lives of customers and measurement of outcomes
### Example: Customer Outcome Suitability & Appropriateness

<table>
<thead>
<tr>
<th>OUTCOME</th>
<th>ELEMENTS</th>
<th>INDICATORS</th>
<th>STATUS</th>
<th>DATA SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Suitability &amp; Appropriateness</td>
<td>Portfolio view of customer needs</td>
<td>The FSP undertakes customer segmentation (Yes/No)</td>
<td>CURRENT</td>
<td>Internal FSP guidelines, regulation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The FSP has a single view of the customer (Yes/No)</td>
<td></td>
<td>Internal FSP guidelines, transactional</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No. of new products provided to meet needs identified by customer research</td>
<td></td>
<td>Financial</td>
</tr>
</tbody>
</table>
Thank you

To learn more, please visit
www.cgap.org