

An analysis of the CFPB complaint database Observations for Payments

Imagine If you could...

...detect and address regulatory risks before they result in costly fines?



...identify key customer pain points to improve the customer experience and drive retention?



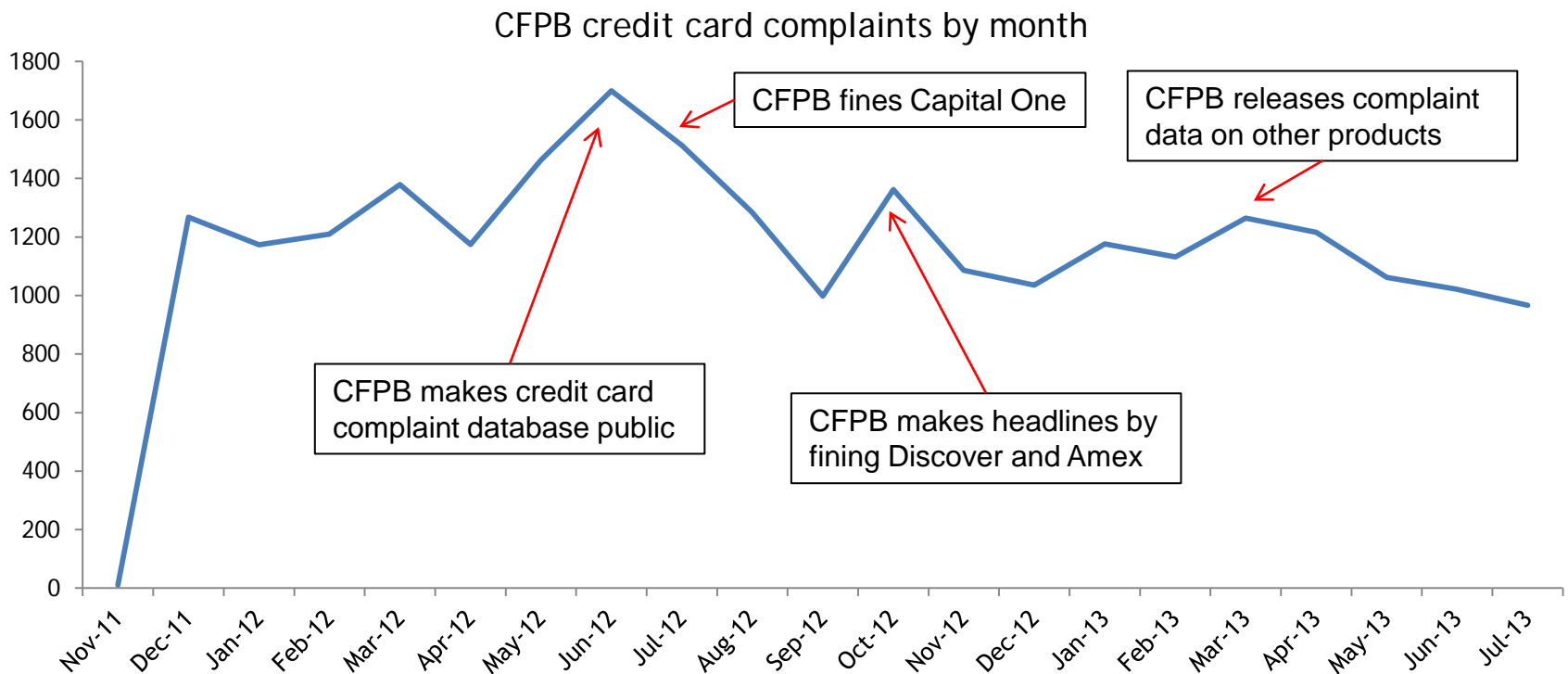
...identify competitors' strengths and weaknesses?



Analysis of the Consumer Financial Protection Bureau (CFPB) complaint database can help you identify key issues early on and uncover emerging trends to reduce your risk and costs.

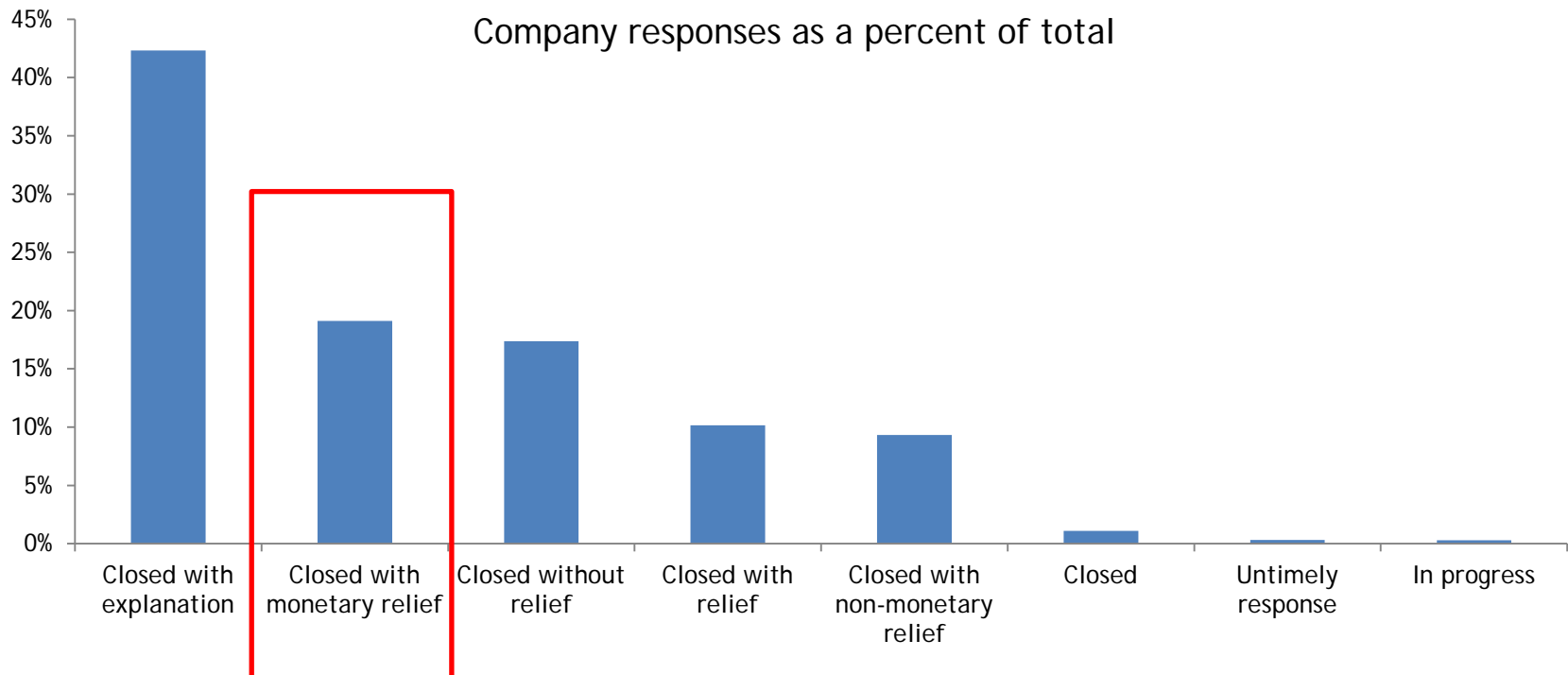
Credit card complaint levels have mirrored public awareness of the CFPB's database

- 24,850 credit card complaints through 8/20/13
- Credit cards are the second most prevalent product behind mortgage, accounting for 19% of all complaint volume



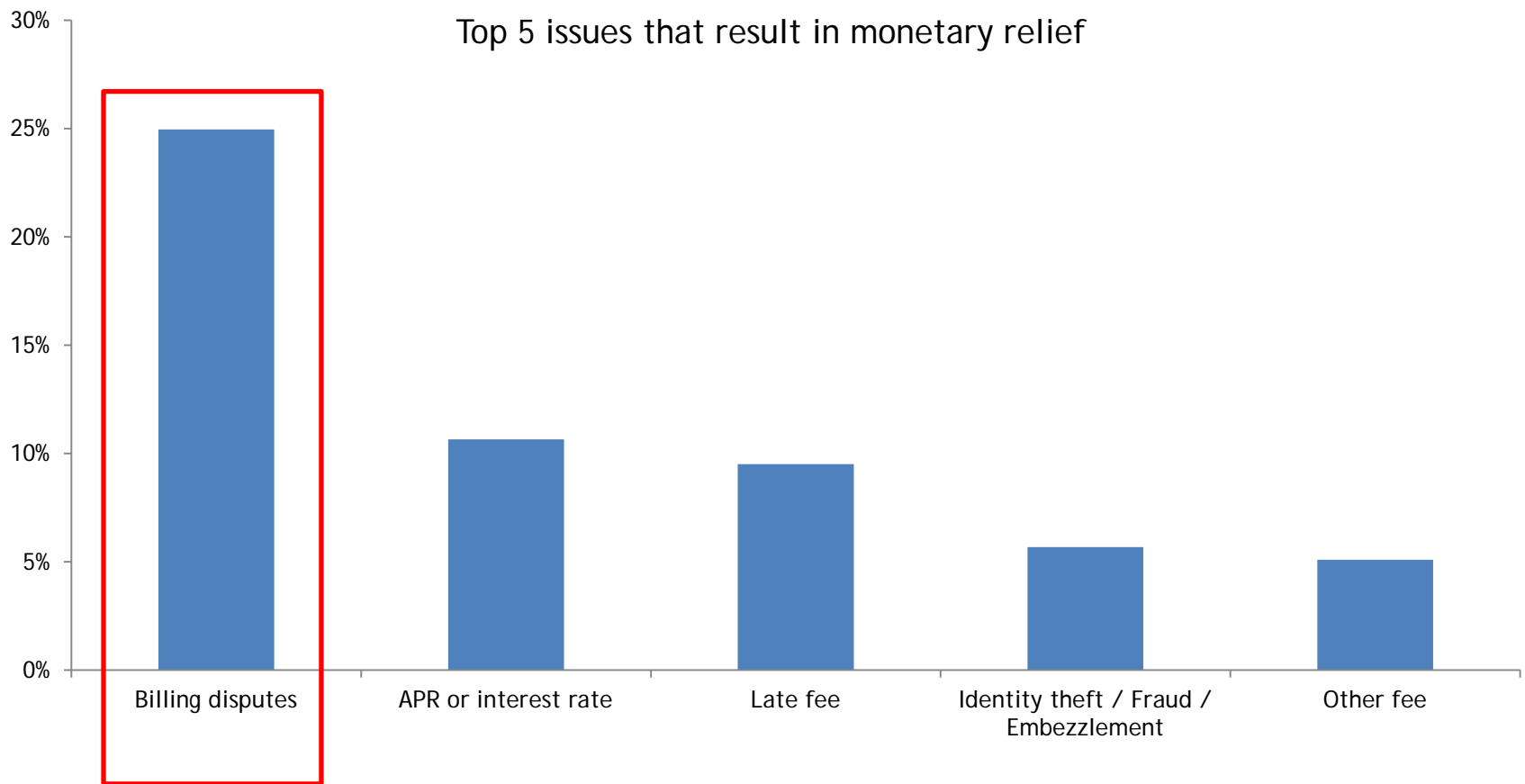
The CFPB is likely most interested in complaints that are closed with monetary relief

- These types of complaints are important because:
 - The company has admitted responsibility, and
 - Owes the customer financial restitution



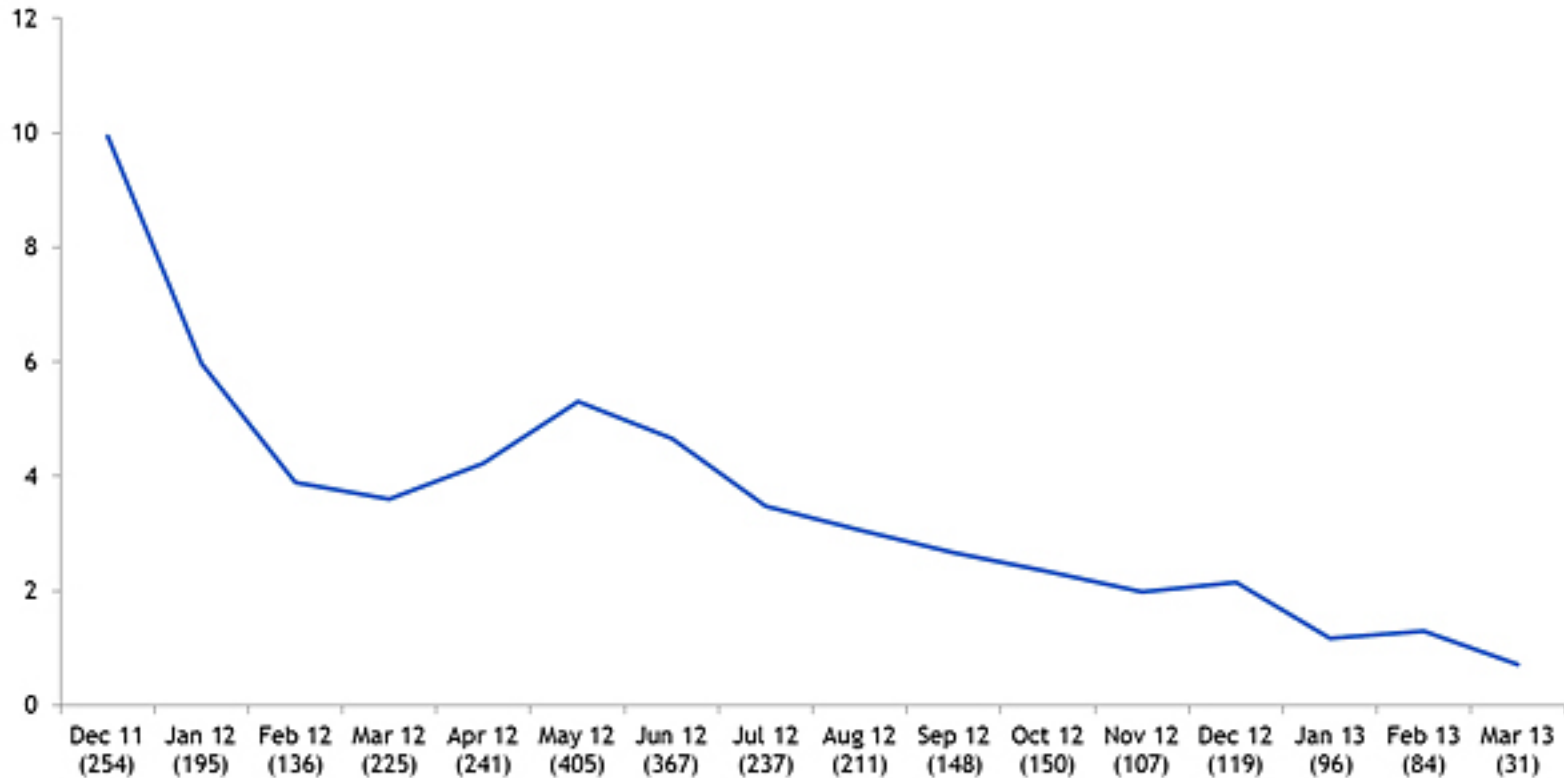
Billing disputes are the most prevalent type of issue in general and in terms of monetary relief

- The CFPB is likely paying attention to billing disputes since they account for the highest level of monetary relief



Companies are responding more quickly

Untimely company responses as a percent of total complaints

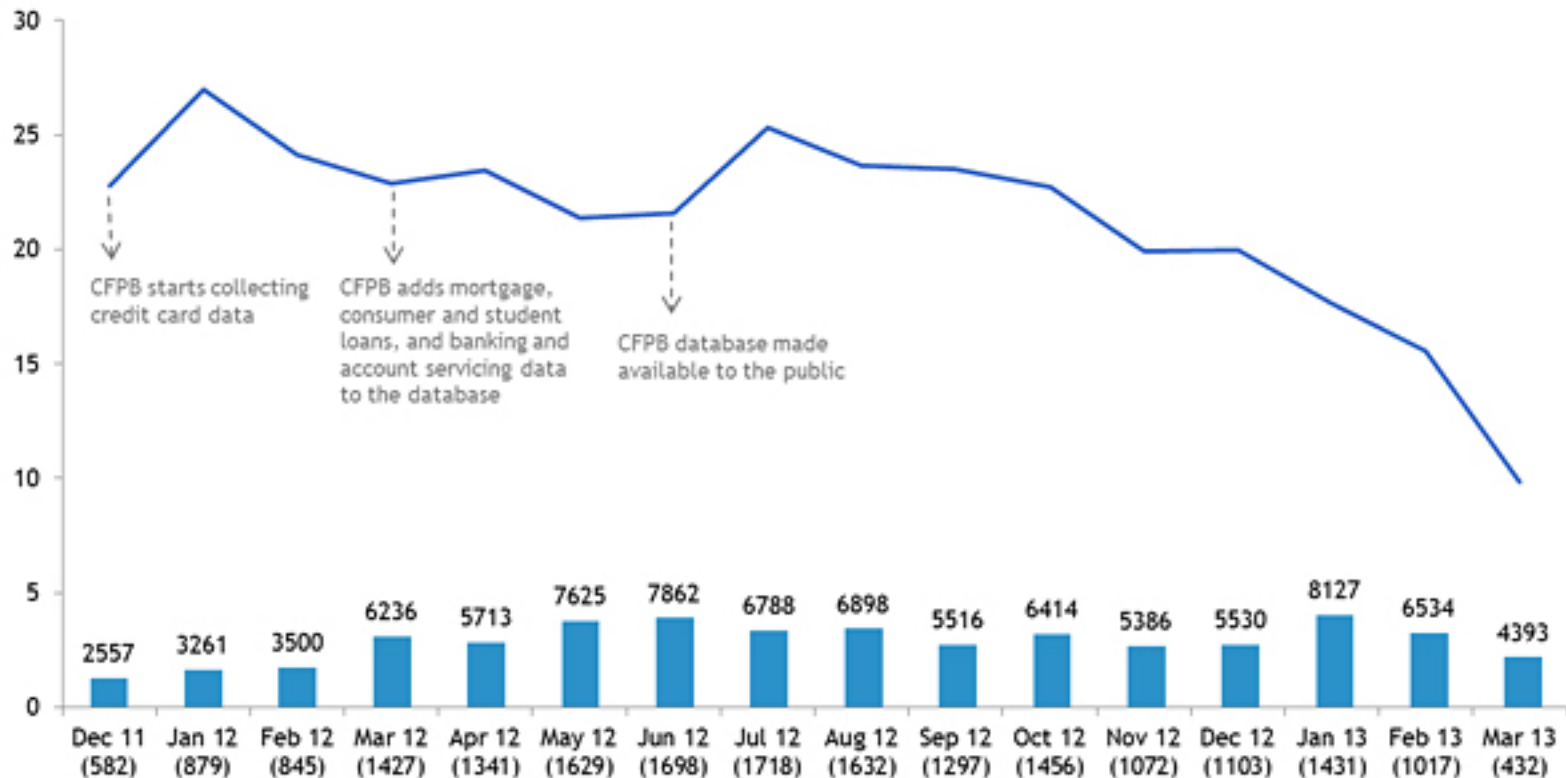


Note: Number in parenthesis represents total number of untimely responses

Sources: CFPB, Beyond the Arc

Consumers are disputing fewer responses

Company responses disputed by customer as a percent of total complaints

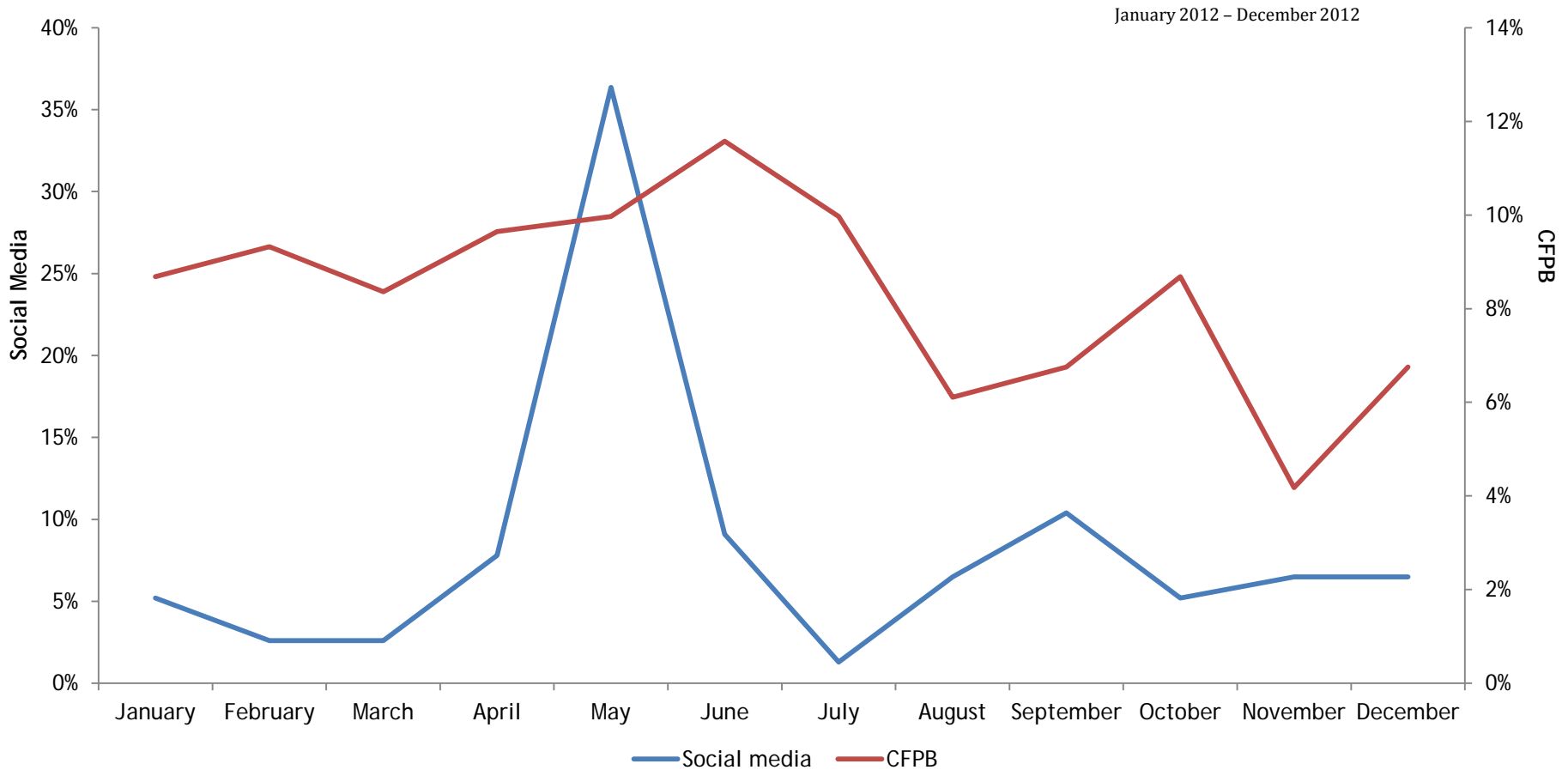


Note: Bar graph represents total number of complaints each month
 Number in parenthesis represents total number of disputed responses

Sources: CFPB, Beyond the Arc

Case study: social media comments vs. CFPB complaints

Social Media and CFPB comparison (percent of total)



Sources: Nilson report 2012, CFPB, Beyond the Arc

Sample comments: APR

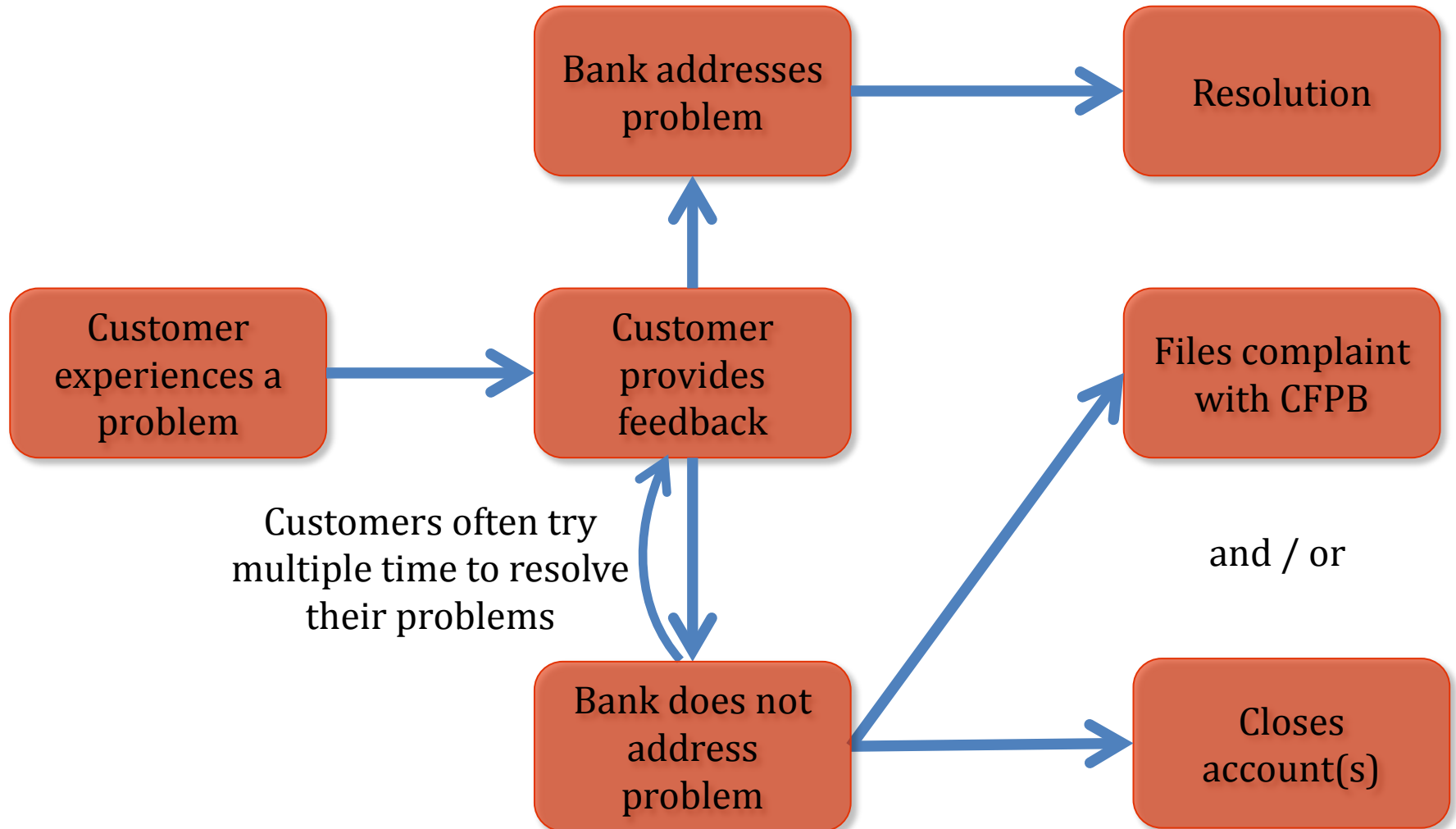
- *How's this for cynical capitalism. Rang up {my bank} to pay-off and close my credit card. The lovely lady in the Phillipines asked me why and I said: your interest rate is far too High (21%) and she said Well I'm now willing to lower your rate because you are such a valuable customerWell if that's the case, why didn't you drop it earlier?'*

What can providers do to prevent penalties from the CFPB?

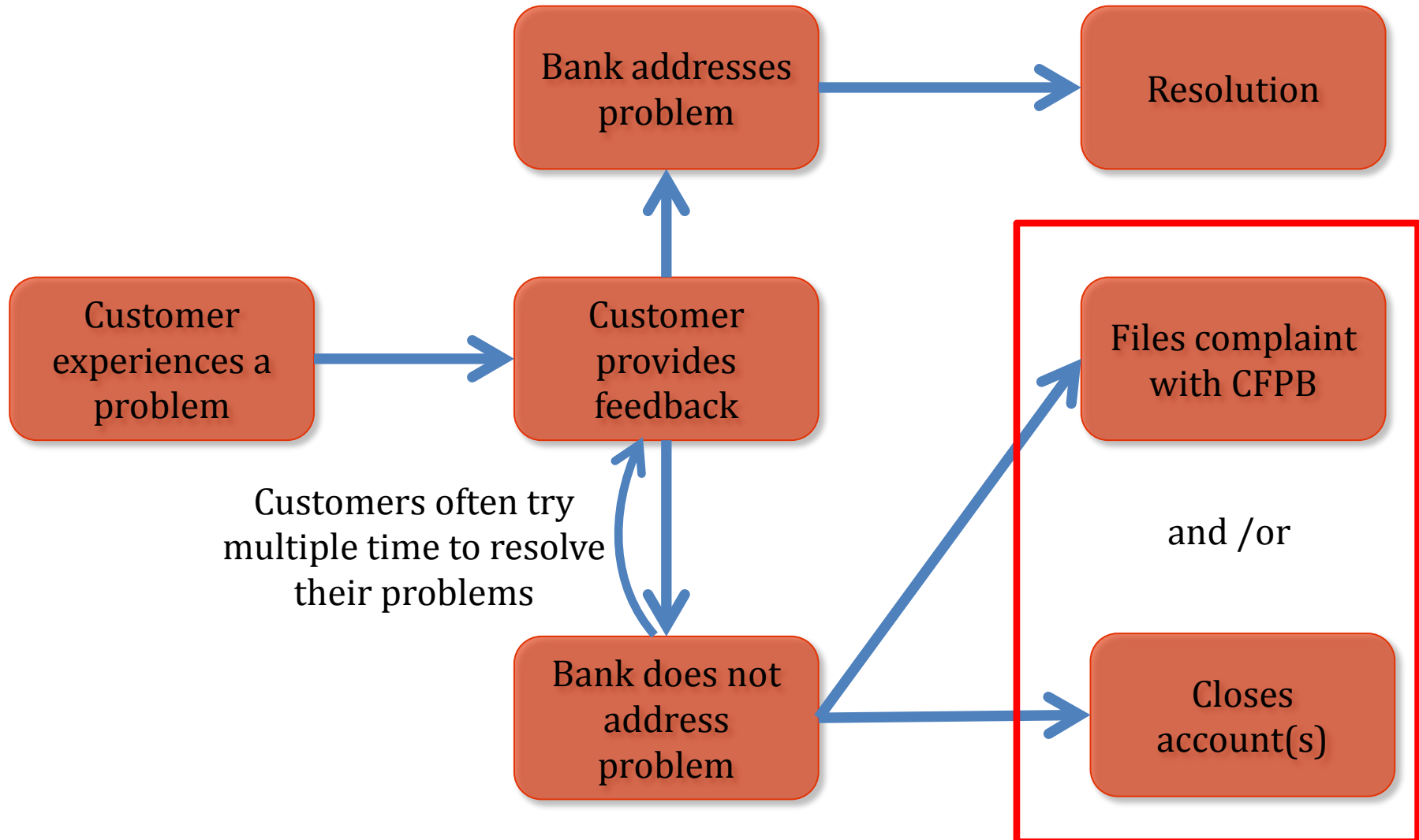
- Identify potential customer experience and regulatory problems in the CFPB complaint database, social media and other publicly available datasets
- Track the issue in internal data sources to determine scope of problem and root cause
- Develop a plan to fix the problem and act
- Measure effectiveness by continuing to track the issue as complaint volume (hopefully) decreases

Appendix

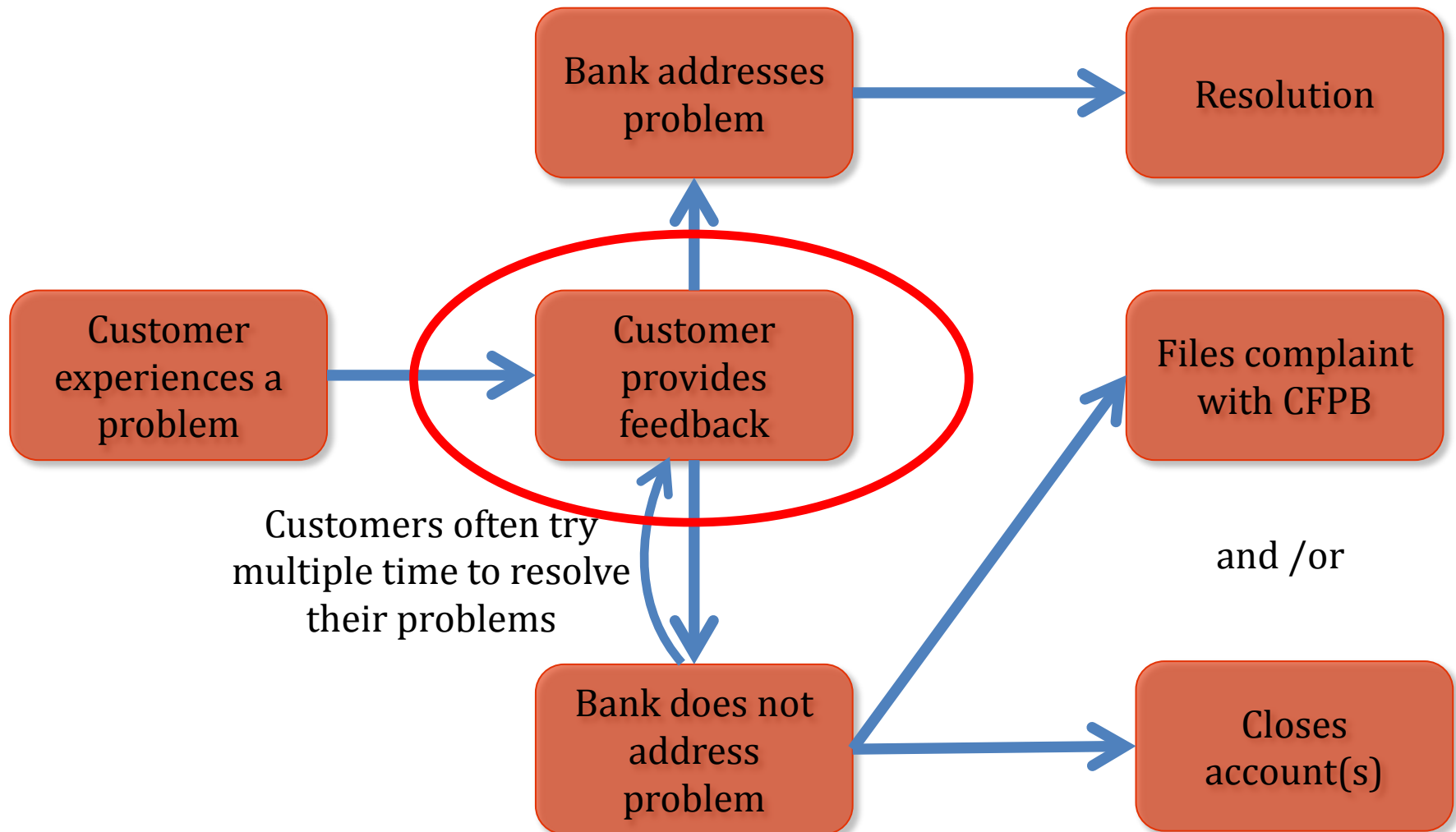
How do customer problems become complaints?



How can we identify and address these issues so they don't escalate?



We need to focus on collecting, analyzing, and tracking customer feedback



Voice of the Customer analysis is the key to preventing feedback from escalating

- Voice of the Customer (VOC) analysis allows you to:
 - Identify customer pain points to improve the customer experience and drive retention
 - Detect regulatory risks and address them before the CFPB takes punitive action



Include external measurements to create an integrated view of the customer

Internal

Data from across the enterprise



- Customer feedback
- Frontline notes
- Transactional data
- Behavioral data

Social

Social media about you and your competitors



- Twitter
- Facebook
- Blogs

Regulatory

Customer complaints



- Federal
- State
- CFPB

The CFPB database is a meaningful data source to incorporate into your VOC program

Thank you

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