

# Integrating Compliance into Innovation:

Taking Control Over Customer Communications



## White Paper



# Table of Contents

|  |   |
|--|---|
| Introduction _____                           | 3 |
| Differentiating through Compliance _____     | 4 |
| The Key Issues in CCM Compliance _____       | 4 |
| Joining Innovation with CCM Compliance _____ | 7 |
| Creating Competitive Advantage _____         | 9 |

## Introduction

Compliance is one of those areas that is better off unnoticed. When compliance does get attention, it is usually because something has gone wrong and that is something that keeps executives up at night. It is easy to see why. Regulatory compliance is a growing area of risk for financial services and insurance companies at a time when effective compliance with complex and ever-changing regulations is becoming more and more difficult. Other financial services firms and insurance companies report a similar focus on compliance.

For these companies, preventing compliance problems is of critical importance. But what if these organizations could take compliance beyond that? What if there is a way to make compliance a source of competitive advantage?

In the area of customer communications management (CCM), the idea of compliance as competitive advantage is a compelling one.

CCM technology enables organizations to design, manage and deliver personalized communications such as letters, bills, statements, policies, contracts and customer correspondence that are crucial to the overall customer experience. Originally print-centric technology, modern CCM solutions have evolved dramatically over time and now have the ability to deliver targeted customer communications through a wide range of media including mobile, email, SMS, Web pages, social media sites print and more.

Historically, CCM has been limited to ensuring customer communications material adhere to very specific criteria set forth by regulators with delivery on a specific timetable. However, that approach to CCM is changing. In fact, financial services firms and insurance companies that can leverage the advantages of modern CCM have an unprecedented opportunity to combine regulatory requirements with improving the customer experience (CX). After all, attracting new customers and enhancing the customer experience are priorities for these companies on par with regulatory compliance. It is at this intersection of compliance and customers where the idea of customer communication compliance as a competitive advantage starts to take shape.

## Differentiating through Compliance

With customer experience becoming such an important differentiator for many financial services and insurance companies, firms that are able to build nimble and effective customer communications compliance teams and processes will have an edge. Those firms will move more quickly to market with less risk and potentially lower compliance costs than their competitors. Indeed, this type of responsive compliance will become a requirement for those financial services and insurance companies that are committed to leading the way in customer experience.

Of course, there are also more basic business reasons to strive for more effective compliance when it comes to customer communications. Compliance risk has become unnervingly high for many financial services and insurance companies. These firms often struggle to keep up with changing regulatory requirements to avoid the growing financial penalties for noncompliance. One co-op bank paid a fine of nearly \$700 million after a computer programming error caused the bank to mail loan statements three days late. Financial penalties aside, compliance problems also tarnish the reputations of financial services and insurance companies in the eyes of customers, regulators and other key stakeholders.

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## The Key Issues in CCM Compliance

Converting customer communications compliance into a competitive advantage will not happen overnight. There are several reasons why CCM compliance is not yet ready to assume a new role in many organizations, including cumbersome legacy systems, lack of institutional control over and accountability for CCM compliance, and compliance departments that are too often assigned the role of adversary instead of partner. From an organizational perspective, the various players in CCM compliance and CX reside in individual silos with little interaction with each other in many financial services firms and insurance companies. Only when senior executives, including the chief digital officer, chief experience officer and the head of compliance, all work together to improve both CX and compliance effectiveness can these companies move on to a more innovative next chapter.

**Lack of control.** For many financial services and insurance companies, CCM compliance processes have become so cumbersome and complex that some breakdown seems to be all but inevitable. CCM compliance in these cases has become a time-consuming and expensive exercise in frustration. Content owners responsible for shepherding content changes through existing processes are unable to control the process and, instead, must often rely on the IT and other departments to handle these changes.

# GMC INSPIRE CUSTOMER SPOTLIGHT

## CHANGING AN UNTENABLE PROCESS

### FORTUNE 500 PRINTING COMPANY, U.S.

In its role as manager of customer communications management (CCM) compliance for multiple clients, a Fortune 500 printing company based out of the U.S. was at a crossroads. The challenge of managing a growing regulatory burden for its financial services and insurance company clients was both a positive and a negative. On the positive side, the company had seen its business grow rapidly as financial services and insurance companies outsourced as much CCM compliance as they could. On the negative side, managing this growing part of the business had become a major challenge. With the printing company's CCM compliance capabilities stretched thin, current processes were rife with the potential for errors and were extremely time consuming in the bargain.

With even the simplest regulatory changes often required weeks of updating numerous documents, the company's growing book of business rendered current CCM processes unsustainable. By introducing GMC Inspire™ to support more streamlined CCM compliance, the company was able to build more time into the CCM compliance process to allow for thorough execution and increase the firm's ability to meet changing customer needs.

The resulting streamlined production process allows 20% to 30% more time for production and is better able to accommodate special client requests and unexpected demands. Whereas something as simple as changing a font size to meet regulations in a specific jurisdiction used to require weeks of work, the new process allows such changes to be made within a matter of hours. With content owners now controlling updates, there is less of a chance of overlooking or omitting any necessary changes

**Lack of time.** Considering that IT and compliance departments often have more pressing priorities, this lack of control requires more time to complete changes and introduces unnecessary levels of risk. For example, with multiple hand-offs, there is too much room for error and delay, not to mention higher costs. At the same time, many existing legacy customer communications management processes and systems, are not flexible enough to adjust to the unique compliance challenges of new communication channels including mobile and web. As regulatory changes become more frequent and the number of products offered continues to grow design and development teams need to work with compliance to shorten the time required to execute and approve necessary changes, thereby increasing both compliance and business agility.

**Lack of compliance oversight.** Existing CCM processes often do not build in enough time for effective compliance oversight. As a result, content owners are constantly pushing compliance personnel to be more responsive, even though time constraints are often the result of delays in other parts of the CCM process. Not surprisingly, these circumstances often create an adversarial relationship between many content creators and their peers in compliance. Content managers often treat compliance as barrier to be overcome, when a better approach is to find ways to make compliance part of the design and development team by involving them and asking for input throughout the creative process.

Given current compliance demands, organizations cannot afford any unforced errors. Moreover, there is no need for those types of errors. CCM compliance should be a more straightforward and more easily managed process than its current iteration in many instances. However, creating that type of approach requires a shift in thinking and more streamlined processes supported by the right software tools.

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## Joining Innovation with CCM Compliance

In this competitive environment, financial services and insurance companies are looking for ways to enhance the overall customer experience by offering greater convenience through intuitive interfaces that make doing business with the company as easy as possible. Smoothing out CCM compliance can increase the company's agility when it comes to delivering new products and customer outreach through multiple channels. Therefore, leveraging modern CCM solutions to streamline customer communications compliance not only saves time and money and reduce risk; it can also become a source of competitive advantage. After all, no one knows how or when regulations will change. Companies can only develop a way to execute and approve those changes as quickly and efficiently as possible.

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The key is to find ways to involve the compliance function in design and development from the very beginning and, in doing so, to keep compliance at the forefront of all design and development efforts. Because few financial services and insurance companies are likely to do this organically, CDOs and CXOs have the ability to lead the way by pushing for greater integration with compliance and modeling that behavior themselves. There are many benefits to this approach.

**Speeding up development.** Companies that wait until design and development are completed to ask for compliance support and final sign offs are simply going to slow down project completion and increase complexity. Early compliance input helps organizations avoid unnecessary rework and speed up final compliance approvals so that they take only a day or two instead of the weeks of delay many financial services and insurance companies experience now.

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**Addressing compliance concerns early.** This early involvement in design and development provides compliance professionals with opportunities to identify and offer suggestions to address any issues that could impede CCM compliance approval later on. This way, the design and development team are able to make adjustments and changes for compliance purposes before a communications package gets too far along in the process. Collaborative content and design tools with social commenting enables a more collaborative process in which compliance, legal, and allow line of business teams to share drafts from the beginning of the process.

The later these compliance-related issues are identified, the more disruptive the necessary changes are likely to be. This, in turn, creates frustration on the design and development team, especially if these changes adversely impact the design and content of these pieces. Getting the compliance function involved in design and development helps them become part of the team. As such, this approach represents a unique opportunity to turn the frequently adversarial process of gaining compliance approval into a more collaborative team exercise.

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**Ensuring a holistic view.** Integrating compliance in design and development creates a more holistic compliance approval process. Rather than submitting individual items or pages for compliance review on a piecemeal basis over a period of weeks, which slows down compliance approval, this holistic approach ensures compliance receives a full look at all communications going out to customers.

This holistic approach also reduces the risk of “errors of omission” in which compliance professionals miss or do not see problems because they do not have access to the entire communication in the same form the customer experiences it. For example, if a font is too small or the placement of text is incorrect, compliance professionals who are reviewing a PDF document that provides full screenshots, links and any other information being presented to customers are able to clearly see and provide feedback on those problems. Not only that, see all relevant samples because of business rules which includes combinations of content

Most importantly, by providing compliance with the full view of an entire communications package in every form in which that material is going to appear—paper, web pages, mobile applications and so on—compliance will be able to fully review and analyze not only what customers will see but how they see it.

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**A smoother and more effective process.** As financial services and insurance companies increasingly differentiate themselves through mobile capabilities and other innovations, this interactive compliance capability will only become more important. By involving them in design and development, compliance professionals are able to see why communication is structured a certain way and test the actual interactive experience for compliance. The ultimate result is more timely, thorough and useful compliance reviews and feedback of the overall customer experience.

With content creators fully in control of customer communication design and development, as well as compliance maintenance and updates, all of these processes are easier to streamline. This approach also minimizes or eliminates any role IT must play in CCM compliance, a circumstance likely to be welcomed by all involved. Finally, by breaking down and minimizing the complexity of the process, financial services and insurance companies increase the time available to respond to compliance-related changes and reduce the risk of problems occurring in the process.

## Creating Competitive Advantage

With customer experience being a source of competitive advantage for financial services and insurance companies, a more streamlined and responsive customer communications compliance process is of critical importance. By maximizing compliance flexibility, design and development teams will find it easier to innovate within the existing compliance framework. Instead of railing against the barrier of compliance, financial services and insurance companies have the ability to integrate compliance requirements by building them into the design of communications materials from the beginning.

Streamlining and integrating compliance into communication design and development also helps financial services and insurance companies bring new products to market faster and innovate in other ways.

For example, a health insurance company design and development team working closely with CCM compliance identified an important new way to consolidate required explanation of benefits (EOB) communication into a single mailing rather than sending individual EOBs whenever a customer made a claim. With faster compliance, the insurance company was able to consolidate all EOBs within the 28-day compliance window for sending out these communications in order to reduce costs and the amount of paperwork customers had to deal with, thereby improving the customer experience.

This type of innovation becomes more commonplace in a streamlined compliance environment. As financial services and insurance companies expand their mobile capabilities to support mobile loan applications, insurance claims and other innovations, compliance must be able to keep up without slowing down innovation. The only way to do that is by integrating compliance into innovation.

Clearly, this new approach to CCM compliance requires new ways of doing things. By identifying new approaches and collaborative tools, including software, that can support this new role for compliance, financial services and insurance companies are able to see value where they once saw only risk.

# GMC INSPIRE CUSTOMER SPOTLIGHT

## CUSTOMIZING COMMUNICATION AND INCREASING EFFICIENCY

### FINANCIAL SERVICES COMPANY, EUROPE

As a new entity, a European financial services company wanted to build a customer communications platform that was dynamic enough to keep up with customer needs and changing regulatory requirements. As the company has expanded its customer communications capabilities using the platform—and in the process has developed trust in the platform itself—the company is creating more fluid and flexible processes to get information to customers in a way that is not only compliant with current laws and regulations but has content that is useful and relevant to the customer.

The resulting process maximizes customer experience while minimizing transaction time. The company designed a system that allows decentralized control over customer communication, giving individual company representatives the ability to customize communication using document templates to reflect a specific customer's needs. To ensure compliance, certain required information is included in these templates and cannot be changed. This approach helps in two ways. First, it ensures faster communication to the customer and, second, it puts more control over that communication in the hands of the representatives on the front lines who have the most insight into individual customer situations and needs.

## About GMC Software

GMC Software helps companies communicate with their customers and employees. We empower organizations to create stronger engagements with timely and relevant communications. A Neopost Digital Company, GMC Software provides the means for business users to develop contextual, highly individualized communications across all channels that span the entire customer journey. A leader in customer communications, we support over 1,600 clients and partners in banking, insurance, healthcare and service providers around the world.

Readers can view live examples of GMC Inspire at [www.gmc.net/demo](http://www.gmc.net/demo). It's definitely worth a look.



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