

## Reflection 34. Communicate

Communication is so important, but it's something that gets overlooked in the delivery of financial services. Let's first establish some simple principles. Any communication needs to be clear, concise, and consistent, transparency should be a norm, wherever possible. This is especially the case when you are responding to customers, using a second language, or if you are communicating with people of low levels of literacy or numeracy.

So, communication shouldn't be so difficult. Unfortunately, it's not easy, especially given that we communicate all the time. It is extremely difficult to be transparent, clear, and concise – consistently. The following challenges are evident:

1. *Deliberately obscure communication*: How we communicate is a choice. Two areas where financial institutions can be deliberately obscure are in disclosure of fees and charges and in contracting. In many markets lending disclosures are mandated, through truth in lending provisions or effective interest rates, and in South Africa under the National Credit Act loan contracts had to be explained in the language of the customer. However, not every market has these provisions, nor are they often applied to unregulated institutions.
2. *Careless communication*: Careless communication often occurs when staff either do not know what the answer is – but feel they have to say something, or when they are resolving an issue make a promise or an assertion that they are not in a position to make. Such careless communication is usually found in front office sales or in customer facing operations.
3. *Absence of communication*: As bad as obscure or careless communication is an absence of communication. Choosing not to communicate. Examples of this are asking customers to pay for 'optional' transaction alerts when transparency is a principle to be followed, not a way of making money, or not sending out information related to fees and charges.

Better communication: A path to better communication comes from examining our communication touch points, and asking simple questions:

1. How and when we communicate?
2. What do we choose to communicate?
3. Are we being transparent, clear, concise, and consistent?
4. Do we have appropriate feedback mechanisms to ensure that the right people are communicating?

In my experience, it takes a deliberate effort to map communications to move forward. Once communications have been mapped.

1. *Apply standards*: Set standards for communications.
2. *Expose staff to principles of good communication*: Staff can be made more sensitive to communication.

3. *Train staff in what you do:* Ensure that staff are knowledgeable about products and services, this includes direct sales agents and third parties.
4. *Be aware of specific areas where communications break down:* these are in my experience:
  - a. *Direct Sales Agents:* Who earn commissions on sales, and are often junior, inexperienced, and less careful in what they say.
  - b. *Third parties:* We increasingly rely on third parties, who act as agents on our behalf.
  - c. *Promises:* Promises made are communicated. Promises kept, or not, are often not communicated.
  - d. *Handovers:* Problems are solved in teams - issues are handed over. Communication breaks down.
  - e. *Digital channels:* Just because a channel is virtual, the principles of clear, concise, consistent, and transparent communication still apply.
5. Be clear and deliberate at building communications into procedures and process maps. This may appear an odd suggestion in a digital age where processes are increasingly automated.

First Principles Consulting can help your review how you communicate, we provide strategic advice, and work with you to identify where and how to change.

*If this reflection speaks to you... speak to me so that we can inspire change, together.*

David Cracknell

Additional reflections in this series can be downloaded from [www.firstprinciplesinfinance.com](http://www.firstprinciplesinfinance.com)

