Horizon Scanning for Remote Debt Advice
Report prepared for the Money and Pensions Service by Trajectory
January 2020
1. Executive Summary

Background and objectives

This research was commissioned to provide intelligence to inform the commissioning of remote debt advice services. In particular, the objectives were:

- Provide intelligence to inform commissioning of new remote debt advice services, based both on existing capabilities and new developments
- Identify services that can be commissioned immediately, as well as services that could be introduced across the next five years

Our approach was a broad horizon scan including a wide range of trends. Rather than exploring in detail how individual technologies would work, we identified what could be commissioned within a specific timescale (the next five years). The work has found 12 trends that will shape the future of remote debt advice over the next five years. These trends split into two categories:

1. Trends that will **shape the lives of clients and change their needs and expectations** of services
2. Trends that will **drive changes in the technologies services can use** to meet clients’ needs

Changing lives

Debt advice clients’ lives will change over the next five years, reflecting overall societal trends towards greater flexibility and less predictability. Additionally, the characteristics of people themselves will change, changing the client base for debt advice.

The key trends here are:

- **Individualisation of risk** – responsibility in many areas of life will shift onto individuals, away from government, businesses and employers.
- **Changing working lives** – the way people work will change: more flexibility and less predictability, with more part time and gig economy working, more zero-hours contracts and more self-employment.
- **On-demand expectations** – as people’s lives become more flexible, services will respond. Familiarity with on-demand services in one area raises expectations in others.
- **Mental ill-health** – based on current trends, the proportion of individuals diagnosed with mental health conditions is likely to continue to rise, with incidence likely to be particularly high among those needing debt advice.
- **Digital exclusion** – more services will become digitised. Though internet access will grow some, especially poorer and older individuals, will be digitally excluded.
Changing technology

The enormous technological change of recent decades will continue over the next five years and provide both opportunities and challenges for the delivery of remote debt advice.

The key trends here are:

- **Information and online communities** – the volume of information online – both helpful and unhelpful – will grow exponentially and new online communities will form around specific issues or experiences.
- **Mobile channels** – smartphones will continue to be the key tool for internet access and building services around them will be an important step in minimising digital exclusion – although some individuals will not have access.
- **AI, voice recognition and chatbots** – developments in machine learning will underpin applications of artificial intelligence in customer services, including chatbots and voice recognition software.
- **Blockchain** – open, blockchain hosted databases will increasingly be used to provide additional security, automate certain processes and enable cross-sector databases and data sharing.
- **Cybersecurity** – digitalisation of services and proliferation of data will create greater scope for cyberattacks and rising concern about them.
- **Open banking** – individuals’ ability to access and analyse their own financial and spending data will be enhanced by new mobile tools and data sharing, although existing barriers to debt and money engagement will persist.
- **Breathing Space and technology** – Breathing Space will require technology to operate effectively. Emerging technologies could streamline its implementation and increase data security.

Opportunities and challenges

These trends present a diverse range of opportunities and challenges to both remote debt advice services and MaPS more widely.

More flexible lives and changes to work present challenges: they make incomes more precarious, budgeting more complex and future finances difficult to plan – which can present issues with financial statements that assume continuous income. The nature of advice may also need to change; specific advice for those that are self-employed is likely to be a growing area of demand.

Flexible lives also necessitate flexibility from services: people will need longer opening hours and ‘respond-at-your-convenience’ services that let them pick up and drop their journey at times that suit them.

However, greater digital access presents great opportunities as well. Widespread (although not universal) smartphone ownership means that more clients will have more ways to contact debt advice services – through live chat, text and phone. Expanding and promoting these channels will mean clients can choose the channel that suits their lives. This could also relieve pressure on more traditional advice channels.
Clients with mental health conditions have individual needs and may need to use specific channels depending on how their symptoms manifest. Remote channels will be just as effective – or more effective – than face to face for many. However, these clients may need to access different channels at different times depending on their symptoms. Allowing clients to engage across multiple remote channels and devices – even in a single session - will be a key factor in increasing inclusion.

To optimise remote services a balance must be struck between minimising exclusion and creating the easiest, most frictionless journey for the client. For the latter, remote debt services should be designed to be multichannel, allowing clients to start their journey on one device and continue it on another.

However, minimising exclusion means that all stages of the journey should be possible on a smartphone, as for a significant proportion of clients this will be their only device. It also means allowing customers to opt in or out of different activities depending on their level of digital confidence. Additionally, as a significant minority either have no access or will lack the digital confidence to engage in new services, non-digital services (i.e. telephone and face to face) must be maintained.

The growing volume of information and advice online presents an opportunity to reach out to and engage people with their money and improve their financial knowledge. There is also an opportunity to use the online space to ‘normalise’ financial difficulty (in the way that mental health difficulties are increasingly ‘normalised’) and thus decrease the stigma of seeking help. Debt advice providers could also use these channels to give people ‘light touch’ help to avoid severe problems – or to encourage those in severe difficulty to get specialist help. The perennial challenges of engagement with money and debt will still need to be addressed.

However, not all information online is helpful, and there is a risk that clients could be led down the wrong path when searching for help as debt advice ‘imitators’ typically appear at the top of search results. It is increasingly difficult for reputable providers to stand out amongst the noise: effective communication strategies will be crucial to enable this.

People will need educating on finding and assessing quality information, as well as on spotting online scams and cybersecurity, which will be a growing issue. Cybersecurity issues will also necessitate adviser training and careful testing and evaluation of any new systems.

Advances in artificial intelligence and machine learning technologies present huge opportunities for remote advice. Chatbots can already be used for simple, triage purposes such as collecting basic personal or financial information and then connecting a client with a human adviser. AI-driven voice analysis is more complex but provides an opportunity for auto-translation services and post call voice analytics to flag vulnerable customers for extra follow-up support.

Such technologies will contribute to the growing volume of data that the debt advice sector produces and holds and will enable digitalisation of processes - some of which can be automated, freeing up adviser time. The volume of data could be managed using secure blockchain technology, which would create further opportunities for
automation. There is also an opportunity to create a **cross sector database to understand the client journey and improve client outcomes** – including where clients use multiple providers.

Technology advances could be subject to controls after they are already widely used. However, over the next five years **the relationship between technology and legislation may well be a beneficial one**. As Open Banking technologies – applications facilitated by legislation – grow in use there is an opportunity for advice services to tap into the data and information they generate. This data could potentially be used by advisers to **make the financial statement more accurate and ultimately give clients better advice**. If harnessed effectively, Open Banking also has the potential to be used by all consumers – not just debt advice clients – to gain transparency and control over their finances.

Additionally, technology could support Breathing Space administration. Whilst currently the intention is to use a portal to notify creditors, blockchain could be used in future to streamline this process and improve data security.

**Recommendations**

Based on the likely impact of the trends described here, this report identifies recommendations for both the commissioning of remote advice services and for MaPS itself.

Individually, many of these recommendations are already practised by fragments of the sector – although not consistently or comprehensively. These recommendations also build on those of other sector consultations, most notably the Wyman review, which underlined the use of digital and AI services to meet demand in the future.

For remote advice services:

1. **Respond to less predictable lives** – remote services should use digital channels to ensure 24/7 availability, create ‘respond-at-your-convenience’ options and use Open Banking data and machine learning to help those on variable incomes.
2. **Empower and activate** – debt advice services should support clients to ‘activate’ themselves, by empowering them to undertake more of the process themselves and potentially undertake ‘activation’ modules.
3. **Promote quality advice** – debt advice needs to stand out above the noise – particularly unhelpful noise - online. Engaging content, search engine optimisation, and client-friendly language will be crucial in cutting through. It could also engage with potential clients and challenge unhelpful content directly.
4. **Inclusion and universal design** – remote advice should incorporate the principles of ‘universal design’ and incorporate multiple remote channels and technologies to reduce barriers to access.
5. **Multichannel, but smartphone first** – balancing inclusion and user experience means services should be designed to be multichannel – where the user can
switch between different remote channels or devices for different parts of the journey – but with all stages being accessible for smartphone-only users.

6. **Leverage artificial intelligence** – AI powered services have huge potential in remote debt advice. Chatbots can be used for triage, and automated voice services used for real-time translation and to identify vulnerable clients for follow-up support.

7. **Make the most of data** – All new digital remote services will drive an increase in data, which can be used (in combination with AI and machine learning) to identify patterns in behaviour and improve client journeys and outcomes. An anonymised cross-sector database could be built to enhance this.

8. **Security first** – Cybersecurity will continue to be a concern and an issue that cross-cuts all new remote services. Providers need to be on top of their own security risks, be prepared to encounter more clients with concerns about their data, and trained on how to help individuals who have become indebted as a result of cybercrime.

For MaPS as a whole:

1. **Work collaboratively beyond debt advice** – MaPS should explore ambitious new ways to work with other stakeholders that work with clients on issues that overlap with debt advice – from wider money needs to housing, employment and health. Consistent data collection will be key to streamlining referral pathways.

2. **Change the client relationship** – MaPS could use digital tools and services for more ongoing engagement with consumers, using these to try and increase consumer engagement with finances, potentially giving individuals greater control over their money and helping facilitate behaviour change.

3. **Help clients avoid harm** – MaPS should help improve standards in online information and informal advice, potentially by developing a kitemark or verification system, playing a more prominent role on social networks and educating consumers on searching for and identifying helpful financial information and advice online – including the potential dangers.
2. Methodology

This report represents the conclusion of a horizon scanning project exploring how trends and expected developments will present opportunities and/or threats for the delivery of remote debt advice. To undertake this, we followed a four-stage process:

1. Stakeholder engagement – interviews with six stakeholders at MaPS

2. STEEPLED analysis – broad horizon scanning, identifying c. 80 trends across Social, Technological, Economic, Employment, Political, Legal & Regulatory, Environmental & Ethical and Demographic Trends. These were prioritised during a workshop with the core MaPS team, producing 20 core trends for further investigation

3. Deep investigation and analysis – in depth analysis of the trends, including 18 interviews with experts to identify likely development over the next five years and implications for remote advice and MaPS. Further prioritisation then took place, resulting in 12 final trends

4. Development of implications and recommendations – workshop with MaPS team to develop specific implications and potential recommendations for the future

A number of experts contributed their time and expertise to this analysis. We would like to thank them for their contribution.
The trends

The 12 trends explored in this report will all have direct implications for the delivery of remote debt advice over the next five years as well as wider implications for MaPS. We describe them briefly below, and they are explored in greater depth later in the report.

<table>
<thead>
<tr>
<th>Trend</th>
<th>What’s happening</th>
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<td>5 Exclusion</td>
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<td>12 Breathing Space and tech</td>
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3. Implementing remote advice: changing lives and changing technologies

In this chapter we explore the multiple trends that will drive change over the next five years. Although there are 12 trends in total, we have divided them into two broad categories: Changing Lives and Changing Technologies. For each category we briefly outline the trends and then the opportunities and challenges they present.

Changing lives

Over the next five years, the needs and expectations of consumers will change, with two broad drivers at play:

1. **Flexibility, unpredictability and risk** will become increasingly prominent in peoples’ lives, affecting how individuals work, how they earn and their expectations of services

2. **Changing characteristics** – the characteristics of people themselves will change, affecting the client base for debt advice.

**Flexibility, unpredictability and risk**

13% of UK adults state that their income varies either a ‘great deal’ or a ‘fair amount’, month to month

- Pension reforms have opened-up choices for individuals approaching retirement, but have also given individuals freedom to make major decisions without taking specialist guidance or advice.
- Employees being encouraged or required to work from home, shifting the cost of heating, utilities and internet access onto the individual.

There is a greater form of individualisation which has changed the way many work and earn in the UK: the gig economy, and a growth in the use of zero hours contracts.

Gig and zero hours working\(^1\) can contribute to variable incomes and structural deficit budgets due to underemployment. More than one in eight (13%) UK adults state that their income varies either a ‘great deal’ or a ‘fair amount’ month to month.\(^2\) This is likely to continue to rise.

At the same time, self-employment will continue to grow from 12.3% of UK workers in 2001 to a projected 17.2% in 2025.\(^3\) As a result, more people will experience income

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\(^1\) ‘Gig’ working involves individuals paid per gig or task with no minimum salary. Gig economy workers may also have a ‘zero hours contract’ (defined here).

\(^2\) Citizens Advice / YouGov, 2017

\(^3\) World Bank Data and Trajectory Forecasts
variability, as well as the additional temptation to mix personal and professional finances. This comes with a series of additional responsibilities with regard to accounting and tax, which the individual may have no experience of.

The nature of this work has notable impacts. A gig worker might be called in to a shift at short notice and need to be ‘always on’, waiting for an opportunity to arise. These forms of employment change both the predictability of typical household budgets and the daily or weekly routines of the individuals working this way.

The consumer use of gig economy services like Deliveroo or Uber have contributed to staggering growth in the ability to have whatever you want, whenever you want it. Expectations of on-demand service have grown and will continue to grow. This growth will be seen in all sectors. Individuals will increasingly expect to be able to instantly interact with businesses and services through telephone or livechat, whether this is to solve a problem, or to ask if an item is in stock. As consumers interact with 24 hour or online-enabled services in one sector, they are likely to expect it in others.

**Changing characteristics**

**Between April 2016 & April 2017, ‘active referrals’ for mental health services for under 18s grew by a third**

As the world around individuals changes in the next five years, the way they work, earn, consume, and who they are will change in tandem.

From 1993 to 2014, the proportion of people with severe symptoms of common mental health disorders in the past week increased from 6.9% to 9.3%. As society gets better at talking about mental health, growth in diagnoses is accelerating; between April 2016 and April 2018, ‘active referrals’ for mental health services for under 18s grew by a third.

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4 NHS Digital, Mental Health & Wellbeing in England, Adult Psychiatric Morbidity Survey 2014 *Percentages scored in the highest category for overall neurotic symptoms

The relationship between mental health and money can be a vicious circle; mental health problems can make it harder to manage money, while living in a state of financial stress can affect your mental health. As the nature of the gig economy, zero hours contracts and self-employment become increasingly entrenched they could exacerbate financial issues, impacting mental health.

Digital access is also increasing all the time - most (89%) UK adults used the internet at least weekly in 2018. The majority of those without access are over 65 while almost all under 45s have access. Consumers in lower social grades are more likely to be excluded.

Digital exclusion is complex: where access exists, it is not necessarily complete access – for example, for 17% of DE consumers, a smartphone is their only means of access. Online sophistication and confidence are also aspects of digital exclusion: having access does not mean that an individual will be comfortable or able to use a new digital service. As internet access grows, more and more services (both private and public) are being moved online. For those without access digital exclusion could worsen as offline services are reduced and services get further out of reach.

This digital shift has significant implications for financial exclusion. As more financial products and tools are only offered online, individuals who are already digitally excluded – due to a lack of access or sophistication – could become financially excluded. Tools and information available only online risk leaving behind individuals who could otherwise benefit from them.

Furthermore, money itself has become digitalised and the ability to pay with cash has shrunk. March 2019’s Access to Cash Review recently concluded that the UK’s cash infrastructure is on the verge of collapse. As with digital, while this shift caters to the behaviours of those in the mainstream, for the 1.6 million unbanked individuals in the UK, the move toward a cashless society represents a shift towards total exclusion from economic participation.

**Opportunities and challenges of changing lives**

The growth in flexibility and volatility in consumers’ lives and the growth of on-demand expectations will present challenges for the delivery of remote debt advice:

- Gig economy workers will struggle to make appointments weeks in advance
- The traditional 9am-5pm or 8am-8pm hours of service provision - sometimes with lengthy waiting time – will become unfit for purpose for a large number of people
- Services will need to adapt in line with consumer expectations, making sure the consumer journey is engaging and easy to navigate.

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6 Money and Mental Health Policy Institute, *Money on your Mind*, 2017
7 Ofcom, *Adults Media Use and Attitudes Report*, 2018
8 20% of 65-74s and 56% of over 75s have not accessed the internet with the last 3 months, or have never accessed internet, ONS, 2019
9 https://www.accesstocash.org.uk/
It also suggests a potential change in client profiles and needs:

- Flexible working makes incomes more precarious, budgeting more difficult and unpredictable and future finances difficult to plan – which can present a challenge to financial statements that assume continuous income
- There may also be additional demand for tailored business debt advice for those who are self-employed
- If large numbers make major pensions decisions without specialist guidance or advice, this could result in more older individuals facing financial difficulty in retirement

But there is opportunity as internet access has become almost ubiquitous through widespread smartphone ownership. There are limitations to this, as access is not universal, especially within lower social grades.

The value of smartphones goes beyond ownership. Smartphones are always on, always in our pockets, and ever-present internet access through smartphone ownership presents constant opportunities for engagement and interaction.

They also present an opportunity for activation. Activation is a concept that has emerged in healthcare. An ‘activated’ client is one with a level of skill, education and confidence in the process they are going through, who is able to use information sources to make effective decisions. In healthcare, an ‘activated’ patient will understand their role in care processes and be capable of fulfilling their role. Transplanted into debt, this could mean a client that is and feels able to use information, tools and services to navigate themselves through their debt advice journey – either fully or partially self-serving.

The proportion of individuals with the ability to access and use digital services will provide an opportunity for debt advice clients to receive remote, rather than face to face, advice with significant cost-savings. These cost savings can be used in several ways:

- **To help more clients:** Assuming constant funding, serving a higher proportion of clients in cost-efficient digital services would allow more clients to be helped overall
- **To reduce the impacts of digital exclusion:** As more and more advice sessions are carried out remotely, face to face capacity could be ‘freed up’ for those who are digitally excluded, or who need more intensive help
- **To spend more time with clients:** Depending on the levels of overall demand for the face-to-face channel, it might also be possible for face-to-face advisers to spend more time with individual clients

Individuals suffering with mental ill health may be more or less receptive to advice through different channels depending on their individual circumstances. Clients with mental health conditions have individual needs and may struggle with different channels depending on how their symptoms manifest. For example, in *Seeing through the fog*, the Money and Mental Health Policy Institute identify communication as a key challenge:
“Many people with mental health problems exhibit phobic or avoidant behaviours, which prevent them from effectively engaging with certain forms of communication. Some people may be phobic about using the telephone, whereas others may be anxious about opening letters. Some people may not trust online portals/forms or chatbots, needing the reassurance of a real person, whereas others may be frightened to speak to people in person and be well-suited to these online options.”

Remote channels will therefore be just as effective – or possibly more effective – than face-to-face. However, clients may need to access different channels at different times depending on their condition. Allowing clients to engage across multiple remote channels depending on their needs will be a key factor in increasing inclusion.

The proliferation of ways to communicate (even within a single device such as a smartphone which supports text, voice and video) means that it will be possible for advisers and clients to communicate in multiple ways – with the opportunity for flexibility even in a single session – according to the client’s preferences and needs.

The complexity and variability of mental health provides additional challenges. Although one in four people will experience a mental health problem each year, the nature of conditions, which often fluctuate in severity, means that an individual requiring intensive support one day may require it the next (and vice versa). This may make it difficult for services to ‘diagnose’ exactly what support a client needs.

However, technology can help to support people with mental ill health conditions to manage their finances. For example, FinTech tools can incorporate spending controls that freeze credit cards to prevent crisis spending, help users understand their spending behaviour, nudge individuals who are spending beyond set limits and, through giving others access to data, empower carers and support networks to help play a role in managing money.

**Changing technologies: How technology can help and hinder**

Technology is set to play a significant role in the implementation of remote advice. It will be a crucial tool in both meeting the challenges and making the most of the opportunities presented by the changing lives of clients.

In this section we describe three broad technology-driven shifts:

1. **Technology and society** – existing technology trends, such as digital access, online information and growing cybersecurity fears
2. **Emerging technology** – developments over the next five years in Artificial Intelligence and Blockchain will provide new opportunities for debt advice
3. **Technology and legislation** – the way these new technologies will be implemented and used will be mediated by legislation

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10 Seeing through the fog, 2017
1. Technology and society

For 17% of adults in the DE social grade, smartphones are the only way the internet can be accessed

Some of the technologies discussed in this section of the report exist at the forefront of technological development, offering a glimpse at what might be possible in five years’ time. However, there are other more basic technologies that offer opportunities already.

The increase in internet use means that it is easier to access the global sphere of information and also easier to offer information, guidance and advice informally through blogs or online communities based around areas of interest. In healthcare, such communities have formed around specific diseases or drugs. In finance they have formed on forums such as on moneysavingexpert.com.

The result has been an explosion in the amount of information and advice available, but not all of it good quality. Low barriers to contribution mean that it is easy for consumers to find poor quality information and not be able to distinguish it from good quality advice. For example, at the time of writing, a consumer searching for a debt advice provider, would, as a result of search engine algorithms and keywords, see both the organisation they sought and imitators ahead of them11.

Even though internet use has increased there are still issues of exclusion, which is a complex issue. A substantial minority of the population are not online (including 12% of the DE social grade) while many others who are online have access through only one device or lack confidence or skills to make the most of new digital services. While technology offers many benefits, this fundamental issue of access will act as a brake on progress.

Growth in smartphone ownership has gone some way to mitigating the effects of digital exclusion. 74% of UK adults own a smartphone, and access is near-ubiquitous among under 55s. Ownership is lower within older groups but is growing fast: smartphone use has grown among 65-74s from 8% in 2011 to 36% in 201712.

Smartphones are also important for enabling digital access as for a sizeable proportion, particularly among the least affluent, they are the only digital device owned or accessed. For 17% of adults in the DE social grade, smartphones represent the only form of internet access.13

The data generated on smartphones and other digital channels will be extremely valuable and has the potential to transform the client journey through analysis and insight. However, this is only possible if consumers trust the technology, and trust organisations to protect their highly sensitive personal and financial data. Organisations will also need to ensure their services are still accessible to those without digital access, or this group could be increasingly excluded.

11 Since November 2019, Google has required firms to meet a certain standard of accreditation before being allowed to advertise debt help – thesun.co.uk/money/10196088/google-ban-fake-debt-ads
12 Ofcom, Adults Media Use and Attitudes Report, 2018
13 Ofcom, Adults Media Use and Attitudes Report, 2018
Cybersecurity will be a growing issue for consumers, not least as it affects adoption of services and confidence online:

- In 2015 85% of Europeans had been exposed to news about cybercrime.
- Reading news about cybercrime has been linked to a 3% decrease in use of internet banking, those who had not been exposed to news were 6% more likely to bank online.\(^{14}\)
- Confidence is a key factor – 24% of unconfident internet users avoid online banking due to cybercrime fears, only 9% of confident users say the same. \(^{15}\)

2. Emerging technologies

Artificial intelligence and machine learning

One of the most important technologies for the next five years is artificial intelligence (AI). AI’s emergence will be driven by:

- Exponential growth in data due to the continued proliferation of the internet
- Growth of the Internet of Things (IoT), as more devices are connected and generating data
- Legislative change (i.e. Open Banking) that allows individuals to leverage the power of their own data

This already generates vast amounts of data and in the future will generate too much data for humans to analyse themselves. Much of the groundwork will be done by ‘machine learning’; a process in which an algorithm carries out a procedure repeatedly, recognising patterns, correlating action and outcomes and tweaking itself to produce correct results with greater accuracy.

Machine learning cannot yet perform highly sophisticated tasks, but it can perform a lot of them.

Understanding machine learning

An algorithm is trained to process information – perhaps identifying the strength of the relationship between variables – producing insight as an output. These outputs are then fed back into the machine’s algorithm, allowing it to more consistently predict or achieve a particular outcome based on the information it processes.

\(^{14}\) Riek & Moore, 2012; How Do Consumers React to Cybercrime?

\(^{15}\) Riek, Bohme & Moore, 2014; Understanding the influence of cybercrime risk on the e-service adoption of European Internet users Working Paper
There are widespread applications of this technology. Algorithms will become highly proficient at carrying out administrative processes like managing payroll or filling out and filing paperwork.

Chatbots

**By 2020, 25% of customer service operations will be carried out by chatbots**

The greatest impact of machine learning comes through its ability to recognise patterns, transforming the way in which individuals can interact with organisations through the technology’s ability to interpret language through text and speech.

This aspect of the technology has led to an enormous increase in the use of ‘chatbots’ by businesses, with chatbots providing a more efficient, more consistent – and crucially – more readily available - service than human agents at all hours.

Accenture report that in a pilot programme run by a European telecoms company, when faced with common customer queries chatbots could resolve 82% of interactions by themselves, with 88% of interactions resolved when combined with human intervention\(^\text{16}\). According to Gartner:\(^\text{17}\)

- Organisations that implement chatbots report reductions of up to 70% in calls, human-led chat or e-mail enquiries
- By 2020, 25% of customer service operations will be carried out by chatbots, up from 2% in 2017

Voice recognition

Voice recognition technology is less advanced due to the complexity of speech relative to text, but its presence is already being felt by consumers and this will grow in the next five years. Spoken word recognition has improved in the last five years and virtual assistants have brought voice interaction with machines into the public consciousness. However, sophisticated voice-to-voice interactions between an individual and a voice-led chatbot remain some way off.

While some businesses are using very basic voice recognition for customer services, some of the most interesting developments in voice recognition are happening behind the scenes.

Financial services are starting to use voice recognition algorithms to identify vulnerable customers in order to follow up and ensure that information has been understood, and that good decisions can be made. In this process, an algorithm capable of understanding not just words but tone and tremors in speech, ‘listens’ to

\(^{16}\) https://www.accenture.com/t00010101T000000__w__/br-pt/_acnmmedia/PDF-45/Accenture-Chatbots-Customer-Service.pdf

all of the calls between customers and human customer service agents. The algorithm correlates words, phrases or patterns of speech, identifying potentially vulnerable individuals for follow up action. This cutting-edge technology is currently being implemented by financial services businesses. As it becomes available “off the shelf”, it will become significantly more affordable.

**Blockchain**

Blockchain technology could lead to significantly improved information security while improving the ability for services to be automated.

Blockchain is the word for a ‘distributed ledger’; like a traditional ledger, when purchases are made a record is made. Also like a traditional ledger, when refunds are made, the original purchase is not deleted, rather the refund is recorded as a new entry. It is ‘distributed’ in nature because the ledger can be observed by a wide network of computers, each observing and recording the state of the ledger at all times. The result is a strongly tamper-proof form of record keeping.

The distributed nature of blockchain brings other benefits. It provides the ability to create secure, immutable records that can be shared across a wide network of individuals or organisations. It can also enable tracking of journeys between different providers to give a holistic view of the client.

![Blockchain Transaction Diagram](https://via.placeholder.com/150)

Source: Are you ready for blockchain? Thompson

Processes can be automated across the network through the use of smart contracts (software that automatically interprets the terms of agreements between multiple parties and execute commands). This has multiple applications, such as automatic appointment booking or the unlocking of the next step of the journey once certain information has been provided.

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18 Insights generated by interview with Reny Vargis-Cheriyan, Insurance Lead, Risk Analytics, Deloitte
3. Technology and legislation

While regulation is typically thought of as something that applies limits to technology as it develops, this section will look at two pieces of legislation – Breathing Space and Payment Services Directive 2 – which are opening doors to greater technological implementation.

Payment Services Directive 2 came into force on January 13th, 2018, requiring the UK’s nine biggest banks to allow FCA regulated third parties direct access to the financial data of their customers – with the individual customers’ permission.

The legislation is designed to bring more competition and innovation to financial services, while giving individuals greater ownership and agency over their own financial data. Third parties have spotted the opportunity to access consumers’ financial data and have emerged in large numbers to provide Open Banking applications that have the potential to improve consumers’ understanding of and control over their finances.

Breathing Space was introduced within the Financial Guidance and Claims Act and there has subsequently been a policy implementation consultation. The aim of Breathing Space is to give people in problem debt the opportunity to take control of their finances and put them on a sustainable footing. Breathing space, due to be implemented in early 2021, would give certain individuals legal protections when they seek debt advice.

This presents an opportunity to attract individuals with problem debt – drawn in by the respite from creditors provided by Breathing Space – before engaging them fully in the debt advice process to create sustainable outcomes. Breathing space potentially creates an opportunity to ‘activate’ more clients, with the additional time and head space potentially giving them an opportunity to engage with education modules, deal with underlying issues or simply take on more of the debt advice process.

The recent consultation has determined that administration will be handled by the Insolvency Service using a central portal. Information from the client on creditors will be passed to these administrators who will then issue notifications to creditors. Where creditors have passed on the debt to a third party for collection, the original creditors will be responsible for passing this information on.

It is possible over the next five years that this process could be streamlined and made more secure through new technology, for example through a blockchain-based database with smart contract generated creditor notifications. While there are issues of compatibility that would require cross-sectoral co-operation to overcome, the greatest challenge would not be one of technological implementation, but rather, in how creditors are required to be connected to the blockchain network.

This could be done through legislation – requiring creditors to be compliant with Breathing Space – but also potentially through data-sharing arrangements – allowing businesses access to the anonymised data of individuals; a valuable resource for financial services.

Legislation sometimes plays catch-up as technology emerges, and while a new technology might not be regulated today, this does not mean that it won’t be
regulated tomorrow. For this reason, monitoring the regulatory environment before making large investments in new technologies will be important.

Opportunities and challenges of changing technologies

Information everywhere: a double-edged sword

The growth of the internet has led to a democratisation of information – information is more readily available and accessible, to more people than ever before. This presents a huge opportunity to engage people with their money and improve their financial knowledge – although the long-established barriers to engagement when it comes to debt and money will not disappear overnight.

Individuals can consult websites, forums or social media pages to get basic information and guidance as well as forms of informal emotional support. As individuals become more knowledgeable and able to find information for themselves, this could relieve pressure on debt advice services – or make it easier for debt advice clients to self- or partially-serve. There is also an opportunity to ‘normalise’ financial difficulty and thus decrease the stigma of seeking help.

Making the most of this opportunity will require a communication strategy. Understanding where people ‘are’ online and tapping into how they interact, and how they need to be engaged with will be a crucial factor in engaging with them. Using more inclusive language (e.g. avoiding the taboo language of ‘debt’, framing tips as ‘hacks’), tapping into peer to peer networks, collaborating with ‘influencers’ and partnering with specialist providers (e.g. mental health support) may help debt advice providers cut through.

However, the democratisation of information is a double-edged sword. With so much information available consumers can struggle to distinguish between the helpful and the unhelpful, both in wider searches and in peer-to-peer forums.

Within this context, there is an increasing struggle to ensure consumers can find effective advice, with imitators doing their best to intercept individuals looking for benevolent sources of advice. Individuals looking for a specific debt advice charity may lack the knowledge to distinguish between similarly named free-of-charge and for profit debt advice providers or lead generators. In addition, scarcity mindset and cognitive stress may mean that individuals go to the first source they see, without evaluating the options.

Digital exclusion

Services are shifting online and this will only continue as the opportunities of information democratisation grow. Ensuring that digital exclusion is reduced as much as possible will be crucial when designing services.

Mobile channels represent an opportunity in the battle to reduce exclusion, as smartphone ownership is particularly common in some of the groups most likely to
require debt advice, for example younger groups\textsuperscript{19}. Although access is lower among lower social grades where they do have access it is more likely to be their only means of accessing the internet.

The opportunity provided by smartphones is not limited to widening access, however. Smartphones represent something of a swiss army knife for remote advice; with them, clients can do everything required in the debt journey. Smartphones can be used for:

- Telephone and video calls
- Livechat
- Scanning documents
- Undertaking financial analysis (through Open Banking apps)
- Follow-up engagement – texts, push notification nudges

However, there will remain a significant population who lack either access or confidence. Traditional channels – face to face meetings and telephone conversations – will be important to meet the needs of these individuals.

\textbf{The AI opportunity}

Artificial intelligence-driven services provide perhaps the biggest opportunity to make services more efficient. It can analyse enormous quantities of behaviour and learn from them, while also providing new understanding of the connections between different data points.

This could lead to a better understanding of the debt advice journey, and the factors that contribute to success or failure (both in terms of client outcomes and journey success factors e.g. completion rates). This in turn could lead to journey and outcome improvements through improvement and tailoring of client journeys – including potentially the offering of additional support to clients who are ‘predicted’ to have lower outcomes without it.

Many of the challenges thrown up by the changing lives of consumers – specifically the changes to individuals’ working lives and the growth of on demand expectations – can be mitigated by the implementation of chatbots.

Chatbots are not a panacea; they cannot empathise or answer highly complex requests and cannot replace human debt advisers. However, they can perform an incredibly high quantity of simple tasks. They are capable of having hundreds of thousands of interactions per day and of learning from each one to improve outcomes in the future. As such, they could therefore reduce much of the burden of administrative tasks (e.g. paperwork) from human advisers, freeing them up to focus on client service.

They can also play a role in ensuring there is a 24/7, respond-at-your-convenience debt advice solution in place for those with flexible lives. Whilst they cannot give advice, they are always available, and capable of collecting information from users at the start of their journey and performing simple triage. They could therefore play a

\textsuperscript{19} Ofcom, \textit{Adults Media Use and Attitudes Report}, 2018
role in ‘preparing’ clients who engage out of hours to speak to an adviser when they are available.

Voice recognition is another AI-powered technology that also brings a mixture of opportunities and challenges. Voice recognition bots – the kind occasionally used in customer service already – are rudimentary.

For the time being, use of voice recognition should prioritise what it does well – accurately understanding words, tone and speech patterns to flag vulnerability – instead of attempting to install a voice-based chat service that is not yet fit for purpose. This could be an opportunity for debt advice on two fronts:

1. Fewer vulnerable clients could slip through the cracks if voice recognition technology is used to identify vulnerable clients who might require follow-up explanation or support to achieve successful outcomes
2. Voice recognition could be used to train agents on vulnerability, and to flag if particular agents consistently fail to identify vulnerable individuals.

Further, the growth of voice recognition has benefits for service inclusivity. Voice recognition will allow individuals to provide information by voice alone, potentially benefitting clients with literacy issues, manual dexterity or blindness. Auto-translating services could also be used to overcome language barriers.

Data, cybersecurity and privacy

Santander estimate that blockchain could reduce banks’ infrastructure costs by $20 billion a year

Ensuring that best practice in data security is implemented and updated will be crucial to maintaining trust among clients and reducing service avoidance. Victims plunged into debt by cybercrime may require specialist support and may be wary of using certain channels.

Addressing issues of cybersecurity, will be important in helping people to avoid scams and in allowing them to confidently use online services for money management while looking out for evidence of impropriety. There are two sides to this; ensuring the public is educated about cybersecurity risks and ensuring that debt advice services follow best practice.

Blockchain has security as an inherent feature of its design and is an opportunity for debt advice to securely manage increasing volumes of data. Major banks have begun to invest in this technology to battle fraud; Santander estimate that the technology could reduce banks’ infrastructure costs by $20 billion a year.\(^{20}\)

If blockchain is implemented effectively, it creates the potential for a large, secure, distributed database of (anonymous) client information viewable by stakeholders. In the US healthcare sector, blockchain has been used to create a nation-wide

A database of non-identifiable patient records\textsuperscript{21} for use by a wide range of stakeholders.

This would be a significant opportunity for debt advice. It could allow debt advisers to better understand individuals and their outcomes, including when they access ‘repeat advice’ across different providers. It could also provide an opportunity for other organisations – whether creditors or other referral partners – to be notified about the progress of clients’ cases, or to access anonymised or non-anonymised client data (with clients’ permission).

Here, the challenge is less about creating technology – off the shelf options will emerge that can be purchased as-a-service – but more about catalysing cooperation across a fragmented debt advice sector to create a widely compatible database. The debt advice sector will need to work collaboratively to make a blockchain a reality.

\textbf{Technology giving individuals control}

Open Banking provides multiple opportunities for remote debt advice. The legislation has led to numerous applications that can aggregate individuals’ earnings and outgoings, analyse their spending and micro-save by storing the ‘change’ from card payments.

These applications have the potential to create significant improvements in the way individuals understand their money, with implications at several different stages of an individual’s journey into, and out of, problem debt:

1. A spend-tracking application could lead to improved understanding of finances and spending, reducing the likelihood of becoming overindebted in the first place.
2. Applications could provide opportunities for preventative engagement with individuals through automated nudges.
3. Applications tracking spending data can allow for the generation of deeper, more accurate understanding of an individual’s financial circumstances for use in financial statements and budgets.
4. Post-advice, these applications could help individuals to stay on top of their spending, raising the chances of keeping up with repayments. They could be particularly helpful for individuals with variable incomes, with applications existing that can ‘predict’ future hardship to allow them to adapt their behaviour (if possible).

These opportunities are graspable but need to be considered in light of the longstanding barriers to engagement with money and the limitations – as a result of digital exclusion – of some of the over-indebted audience in terms of utilising them. There is a risk that tools could be created but their potential squandered by not being used.

Open Banking data can potentially be used to counteract some of the factors that have led some individuals to become financially excluded, though at this point we cannot definitively say whether these technologies will drive improved outcomes among the over-indebted population.

For those without a borrowing history and no access to good quality credit, short-term cash flow issues can leave individuals feeling that they have no option but to turn to, for example, payday or doorstep lenders. AI-led analysis of the sort of data provided by Open Banking applications could make highly accurate predictions about future behaviour and judge an individual’s ability to repay a loan, thus broadening their access to affordable credit. However, it is also possible that the same technology could be used by lenders to give people access to more expensive credit.
4. Our recommendations

Throughout this report we have explored the forces that will change people’s lives and the trends in developing technologies, as well as the opportunities and challenges these changes present. Here, we apply these developments to make specific recommendations from Trajectory for the delivery of remote debt advice and for MaPS as a whole. MaPS is reviewing these recommendations and will consider implementing them within its future work.

Recommendations for remote debt advice services

Respond to flexible lives

- Although it has been attempted before, the volume of demand for debt advice and the continued changes to consumer lives make it necessary to expand services beyond 9-5 to increase adviser availability across longer hours. These services may need to be promoted to ensure take up.
- New digital tools could ensure 24/7 availability – while it may not be possible for human advisers to be available around the clock, chatbots could enable clients to start their journey (e.g. providing their details and financial information) at any time.
- ‘Respond-at-your-convenience’ options should be introduced to enable users to pick up and drop their journeys at times that suit them. This would also create efficiencies for providers as human advisers would only be engaging with clients when they are engaged.
- Open Banking data and machine learning analytics could be used to provide income, spending and budget analysis to help individuals with variable incomes, for example by automatically analysing spending patterns over a longer period of time or on a seasonal basis.
- Services will need to ensure there is adequate provision of advice for those with business debts resulting from self-employment. ‘Adequate’ provision means enough capacity, technical expertise and a journey suits the client’s lifestyle

Empower and activate

- Where needed, services should aim to build clients’ skills and knowledge of how to search for and find trusted information and advice themselves.
- Debt advice could be used to help the client ‘activate’ themselves in this way - either through supporting them (where appropriate) to take on more debt advice tasks themselves with the help of recommended online sources, or by signposting clients to organisations or resources for additional education and/or support post-advice. Services could also leverage the additional time and headspace that will be provided by Breathing Space to encourage clients to take part in specific ‘activation’ programmes.
**Promote quality advice**

- Debt advice needs to stand out amongst the ‘noise’ online and should create advice and content on new channels (such as social media, or in video format), use the right language (e.g. ‘hacks’) and partner with the right forums or influencers to appear relevant to key audiences.
- Additionally, services should ensure they invest in search engine optimisation to minimise the risk of appearing below ‘imitators’ when searched for by clients or potential clients.
- Debt advice providers could build a presence in existing forums and blogs, moderating the information being passed from person to person and preventing the dissemination of poor advice while highlighting helpful advice.
- By joining the online conversation, they could also ‘normalise’ debt advice and encourage – both directly and indirectly - individuals to seek it.

**Inclusion & universal design**

- Services should incorporate the principles of universal design to ensure accessibility is as wide as possible, for all kinds of clients.
- They should enable advisers and clients to communicate across multiple channels and devices – with the opportunity for flexibility even in a single session – depending on the needs of the client. This is particularly important for clients with mental health conditions, whose symptoms and needs can vary frequently.
- Services should leverage technology to widen participation:
  - Voice recognition will allow individuals to provide some information by voice alone, potentially benefitting clients with literacy challenges, manual dexterity or blindness.
  - Auto-translating services could be used to overcome language barriers.
- Services should be user tested with the intended audience and adjusted accordingly – not simply designed from a theoretical point of view.
- Face-to-face services will need to be retained, for clients unable or unwilling to use remote channels.

**Multi-channel but smartphone first**

- Clients should be able to start their journey on one device or channel and continue it on another, as it suits them.
- Different channels should be promoted for different tasks depending on what is most straightforward for the client – for example, text chat on a smartphone or form filling on a laptop or PC.
- All stages of the journey should be possible to complete on a smartphone (even if this is not the most optimal device) to minimise exclusion.
- Services must recognise that digital access does not equate to digital confidence. Being able to opt in or out of different activities (such as data scraping from Open Banking apps) will give users the freedom to choose what they are comfortable with.
**Leverage artificial intelligence**

- Recognise the limitations; these programmes will not be capable of sophisticated tasks in the next five years, but they will be able to do incredible quantities of simple ones.
- Starting immediately, services can use chatbots for triage to collect basic information (including personal details and financial statements), connecting clients with advisers or giving or signposting to relevant information.
- Also available now are AI services that can reduce the burden of administrative tasks done by humans. AI can already perform tasks like data entry to a high level of quality and consistency.
- In one to three years, voice recognition could be used to identify vulnerable telephone advice clients for follow-up support.
- In the longer term – five years or more – AI could be used to conduct voice-to-voice conversations with clients, going beyond simple triage services.

**Make the most of data**

- Open Banking could enable individuals to have greater visibility over their debt and make advice more accurate.
- Beginning now, this data could be used in multiple ways:
  - Open Banking data on income and spending can be used to improve the accuracy and relevance of advice.
  - Allowing an individual to be able to monitor and track their debt would enable them to see progress being made.
  - Being able to monitor their spending in comparison to their budget could also help them to stick to a repayment plan post-advice.
- Analysing this data (incorporating AI) could lead to a better understanding of the factors that contribute to success (both in terms of client outcomes and journey success factors e.g. completion rates). This in turn could drive improvement and tailoring of client journeys – potentially including the offering of additional support to clients who are ‘predicted’ to have lower outcomes.
- In one to three years, services could use blockchain technology as a solution to the potential privacy issues created by the proliferation of data by creating a secure platform in which data stored and be shared across the sector.
- There is an opportunity to create an anonymised cross-sectoral database that allows services to track an individual’s journey, for example whether they have successfully completed their journey or whether they have subsequently re-entered advice with another provider.
- Services could also use blockchain to facilitate the automation of processes, such as cross-sector appointment booking and ‘unlocking’ of journeys in stages.

**Security first**

- Debt advice providers will need to be on top of security risks at each stage of the journey to ensure that clients’ data is not at risk.
• Debt advisers should also be prepared to encounter more clients with concerns about how their data will be handled and trained to support individuals who have become indebted as a result of cybercrime.
• Debt advice services could use blockchain databases to provide additional security.
Recommendations for the Money and Pensions Service

_work collaboratively beyond debt advice_

- For debt advice services, we have recommended building a cross-sector database to track an individual’s journey between debt advice providers.
- MaPS could explore expanding this further, and lead efforts to understand the possible linkages between debt advice and other services, from money and pensions to wider needs like addiction or mental health.
- If MaPS and other stakeholders can understand linkages and common data needs then information could be collected consistently and referral pathways between organisations optimised.
- This is a very ambitious target but one that could lead to tangible benefits given the overlap between debt and other issues – such as housing, employment and health.
- From the point of view of a client with complex or multiple needs, effective links between organisations ‘behind the scenes’ may make it easier for them to get all the help they need, and could mean that clients do not have to repeat themselves when seeking advice elsewhere.

_change the customer relationship_

- Rather than simply engaging with clients at specific touchpoints MaPS could use new digital services and tools to reach out to new customers, and engage with them on a more continuous basis.
- Partnerships with Open Banking applications providers could enable MaPS to:
  - increase people’s engagement with their finances, and potentially facilitate behaviour change, through apps that track spending and deploy notifications and ‘nudges’ in response to specific spending behaviour. These apps could benefit debt advice clients post-advice as well as the population more broadly
  - identify clients in ‘pre-arrears’ and ‘nudge’ them to engage with advice – or other MaPS services at the earliest possible opportunity
- MaPS could also work with stakeholders to develop specific tools or applications to support individuals with specific needs. For clients with mental ill health conditions, this could include spending blockers to help counter impulsivity, reminders of key payments, and identification of spending behaviour changes.
- Technology enabled services can be used to help drive engagement – although they will not be a panacea for digital exclusion or the perennial difficulties in engaging people about their money.
Help clients avoid harm

- MaPS should explore ways in which it can combat the provision of unhelpful information and advice online. The following are potentially initiatives which could begin immediately:
  - MaPS could help improve standards in online information and informal advice by playing a more prominent role on forums and social networks. As part of this more prominent role, MaPS should look to normalise, destigmatise and encourage debt advice seeking.
  - MaPS could also facilitate the development of a kitemark or verification system to help consumers distinguish between helpful and unhelpful sources.
  - It should monitor emerging sources of information and advice (both helpful and unhelpful) and where appropriate collaborate with regulators, technology providers and Government to combat sources that risk consumer detriment.
- Given sources change continually, this by itself will not be enough: therefore, within its financial capability and financial education remit MaPS should also aim to build consumers’ skills in searching for and identifying helpful financial information and advice online, as well as their knowledge of the potential dangers that lurk online, whether through poor or exploitative advice on blogs or forums or through cyber-scams.
- MaPS should ensure that any services it funds are meeting standards in terms of data privacy and security.

Many of the recommendations above – such as on AI and Open Banking – will only be possible if consumers consent to providing their personal data, and for it to be shared between organisations. High levels of security will be critical in reassuring customers to obtain this consent. But additionally, organisations will need to be able to clearly explain to individuals what their data will to be used for, and the benefits to them of sharing it. With complex applications like Open Banking, this could be challenging. Our final recommendation is that MaPS undertakes research to understand how best to explain promote such services.
Changing Working Lives

The Trend

Changing Working Lives represents a series of developments in the world of work. The Gig Economy sees individuals paid on a gig-by-gig basis, Self-Employment has grown significantly in the wake of the recession, and Zero Hours Contracts sees workers going without guaranteed hours. These forms of work have all emerged as businesses have streamlined in the wake of the financial crisis, offering significant advantages as businesses are able to protect themselves from the volatility inherent to economic production. Businesses have grown around these models and they are not likely to go away any time soon.

Implications

In the case of the Gig Economy and Zero Hours Contracts, businesses have shifted unpredictability onto individuals. The most significant impact has been increased variability in incomes, which can make it incredibly difficult for individuals to sustain good budgeting practices. Unpredictable incomes can also create issues for tax and benefits eligibility. 13% of UK adults state that their income varies either “A great deal” or “A fair amount” from month to month, with incomes swinging by an average increase or decrease of between £500 and £600 a month in these households.

Self-employment brings these issues and more, with individuals required to perform tax & accounting responsibilities, while also presenting the temptation to mix personal and private finances which can create significant debt issues.

What It Means for MaPS

In a good month, an individual with variable income may face issues of being overcharged on tax, or penalised for receiving additional benefits, and in a bad one they might not have enough to put food on the table. As changes to working lives proliferate and become increasingly entrenched, variable incomes will grow, and forms of advice targeted specifically at helping individuals cope with this kind of volatility will be crucial. Individuals may need help to plan their finances across a longer-term, considering budgets as three or six-monthly to smooth out weekly or monthly changes.

Gig-working and zero-hours contracts could contribute to structural deficit budgets due to a lack of hours, stability, or more variable incomes. This means these clients will be increasingly harder to serve and may need specialised advice. Self-employment brings these challenges and more. Self-employed individuals will require specific advice, not only on how to manage business debts and variability in income, but also in managing personal vs. professional expenditure, and ensuring that they do not fall foul of tax procedure, leading to even greater financial challenges.
Individualisation of Risk

The Trend

The ‘individualisation’ of risk refers to the increased extent to which forms of risk are being shifted from institutions, organisations or businesses and onto the individuals they serve or employ. The best example of this is the implementation of pension freedoms; legislation which gave individuals the freedom to be more assertive with their savings, but also the freedom to make major decisions without specialist guidance or advice.

Other examples include the increased prevalence of gig working or zero hours contracts, which have seen the risk faced by businesses shifted onto employees as monthly or weekly salaries have been replaced by job by job payments.

Implications

The increased individualisation of risk introduces – or increases – the unpredictability that individuals are exposed to. Planning household budgets becomes more difficult for these individuals and is likely to lead to a continued increase in deficit budgets as underemployment grows in tandem with the gig economy and zero-hours contracts.

Should individuals earn enough over the course of the year in these types of employment, variability will bring its own challenges, with individuals likely to require help in smoothing volatility through saving. Overpayment or underpayment of taxes or benefits can also occur when individuals have unpredictable, varying incomes, which can exacerbate budgeting issues and cause serious problems when payment/repayment is required.

What It Means for MaPS

For MaPS these two implications – pension freedoms and increased income variability – will require changes in the ways in which debt advice is delivered.

If large numbers make major pensions decisions without specialist guidance or advice, this could result in more older individuals facing financial difficulty in retirement. This could diversify the remote debt advice client profile, and while the young, tech-savvy nature of generations currently most likely to require debt advice creates a receptive context for remote advice, older individuals may be less comfortable with digital channels and technologies.

Greater income variability as risk is shifted from businesses and organisations to individuals will require special attention to a diverse range of different issues. Those on variable incomes must learn to think differently with their money, saving when times are good to smooth the negative impacts of unpredictability later. Individuals will require guidance in how to do this, while helping them to access affordable credit will be crucial to people feeling that payday or doorstep lending is not their only option. Debt advice may also need to review how it assesses a client’s financial situation, with the current financial statement assuming fixed income.
On Demand Expectations

The Trend

On Demand Expectations refers to the growing extent to which consumers want things – and now! The internet has proliferated – not only in terms of individual access, but in terms of how accessible it is to us throughout the day on a plethora of different devices - and information has become increasingly instantaneously available across sectors. Consumer expectations are shifting; if they can have the information they need at the touch of a button with one retailer, or one public service, why shouldn’t they be able to have it with another?

Implications

The increased use of technology throughout the day has seen a shift in the way we work and the way we live; we have more flexibility over what we do and when. Our working hours are dictated both by the globalised world we live in, as well as other people’s desire for around the clock service.

As businesses rush to cater to people’s on demand expectations, individuals are employed to provide services; these individuals have on demand expectations of their own however, and their working patterns – and when they can access advice – will change correspondingly. There is less ubiquity in time-spend across the country and more consumers will be looking to interact with businesses and services at more times of the day. Debt advice solutions must be more available at non-traditional parts of the day, and automated, remote services will be a key tool in this provision.

What It Means for MaPS

Consumers used to 24/7 services will expect them from debt advice – regardless of their own working pattern or availability. Beyond this expectation, increasingly time-stretched clients will need services that are available around the clock so they can start or continue their debt advice journey whenever it suits them.

Meeting this need will likely require the implementation of respond-at-your-convenience services – allowing individuals to pick up and drop interactions as their days change at short notice – while automation can provide more efficient services that – importantly – never need to sleep. Consumers understand that they might not be able to get a ‘full’ version of a service at 3am, but chatbot triage services available around the clock could be crucial tools in getting people started on the journey. There are efficiencies for debt advice providers too; by providing respond-at-your-convenience services, debt advice providers will be interacting with clients when they are at their most engaged.
What It Means for MaPS

There is a clear opportunity for MaPS to use technology to enhance the financial capability of people with mental ill health conditions:

- New FinTech tools – as mentioned above – could help both debt advice clients and the broader population to have greater control over their money
- Text and voice analytics could be used post debt advice to flag undiagnosed vulnerable clients who may require follow-up support

However, clients with mental health conditions can have more complex requirements, placing pressure on debt advice services. While digital tools and ‘universal design’ could make remote advice more accessible, advisers will also need to be trained to meet the needs of these clients. Additionally, debt advisers encountering a high volume of clients with mental health conditions may need support themselves.
Financial and Digital Exclusion

The Trend

Although internet access and smartphone use is rising, some groups are still significantly more likely not to have access to online products or services, or not confident doing certain things online. Older consumers and lower social grades are less likely to have any access and more likely to only have access through one device (usually a smartphone).

For some groups, digital exclusion overlaps with financial exclusion. These individuals may be unable to access online-only services or unable to take out good quality financial products because of a poor credit score.

Implications

Financial products and services being exclusively offered online will exclude individuals without internet access. Many public and essential services are now online only, and digital exclusion could have damaging effects on people’s ability to access these services.

More sophisticated services can also exclude those that do have access but lack confidence. Unsophisticated users have lower levels of confidence in certain online behaviours which can lead them to avoid certain services that may be of benefit to them.

However, financially excluded people can also be helped by digitally sophisticated tools. For example, Credit Kudos’ tools enable consumers with no or poor credit score to access credit if they have positive everyday financial behaviours.

What It Means for MaPS

New digital services will not cater for all debt advice clients. Some clients will require support from traditional channels – either face to face or via telephone. Decision-making will increasingly be about balancing efficiency of service provision with minimising exclusion.

A key manifestation of this is multi-channel vs. single-channel. All new services will need to be developed with the smartphone in mind as for a significant minority of individuals this is their only device. In other areas, multi-tiered approaches to information delivery will be key.

In addition to those with no or limited access, some clients will lack the confidence to use sophisticated new services; these clients will need the option to opt in and out of using certain tools. MaPS could also make digital education and access part of its remit and focus, to reduce the extent to which digital confidence and access leads to financial exclusion.

For all these challenges, remote advice services can play an effective role in attracting new clients; clients who prefer anonymity and privacy may be more inclined to start a debt advice journey if they can do so remotely.
Information & Online Communities

The Trend

The growth of the internet has led to a rapid democratisation of information, with knowledge more readily available and accessible, and the barriers to contributing to the global pool of knowledge falling.

This is a double-edged sword. While access to information is greater, there has also been a dilution in quality, and the quantity of information makes it harder to stand out online.

The way information is disseminated is also changing, with social media and online communities increasingly important forums for knowledge transfer.

Implications

The potential for individuals to access information to help them with their finances has never been greater. Online communities that anyone can contribute to have emerged, and with them, avenues for informal knowledge transfer and emotional support have increased.

More information online means financial organisations can be present in more places and use new avenues to engage consumers. This presents a huge opportunity to ‘activate’ individuals, i.e. upskill them in terms of financial skills, knowledge, confidence and engagement.

However with such a volume of information available, standing out becomes a challenge, particularly with commercial imitators masquerading as free debt advice. Individuals can struggle to distinguish between helpful and unhelpful (or exploitative) help online.

What It Means for MaPS

Using online channels to ‘activate’ the public could reduce pressure on debt advice by:

- Reducing the number of individuals that fall into problem debt in the first place
- Increasing the number who can deal with their issues themselves
- Helping those who do present for debt advice to totally or partially self-service

Online communities could provide supplementary support to those going through debt advice, or tips for managing post-advice lifestyles to those who have recently completed the journey.

A greater online presence could engage consumers with their money more broadly. It could also help ‘normalise’ debt advice and encourage – both directly and indirectly - individuals to seek it. However, content will need to be engaging and relevant to cut through; influencers, gamification and relevant language (e.g. ‘hacks’) will be crucial in this.

Understanding where individuals are likely to encounter poor or exploitative advice and mitigating this will be crucial. A kitemark ‘seal of approval’ – like a Twitter blue tick for good websites, authors, or sources– could also help individuals to safely navigate the online landscape. It could also be helpful to develop a presence in existing online communities.
Mobile Channels

The Trend

In an era of technological change, the mobile phone has become the ubiquitous device. 89% of UK adults have a mobile phone and 74% have a smartphone (with over 90% of those under 35 owning a smartphone). Ownership rates are increasing each year (and fastest amongst those over 55 years old).

These devices are versatile, facilitating everything from scanning documents to spending analysis and video calling. For many of the poorest in society, smartphones have become the only way in which they can access the internet. As such, they have become powerful tools for inclusion.

Implications

This ubiquity makes smartphones a key tool for individuals who may otherwise be digitally or financially excluded. For 17% of the poorest members of society (social grade DE) smartphones are the only way in which they can access the internet. Smartphones are also perhaps the only device capable of hosting the entire process of debt advice.

Slicker service provision might be possible through other devices or other channels, but the versatility of the smartphone and ubiquity of ownership means that it will be a crucial enabler of inclusion across the debt advice journey.

Smartphones are also ubiquitously ‘on’ and in our pockets, which brings other benefits; they can be used to track spending and behaviour and to change it. ‘Nudges’ allow for targeted interventions which can notify an individual of their spending and attempt to mediate it. Debt-specific nudges could also be used to prompt debt and debt advice seeking.

What It Means for MaPS

For those capable of utilising it, a multi-channel approach would provide the most user-friendly version of remote advice. Different devices and channels have different attributes: smartphones might be best for short messages, scanning documents and nudges, while computers or tablets are better for filling out forms.

However, balancing the quality and inclusivity of services will be critical for debt advice services in the future. To maximise on the potential benefits offered by mobile technology, MaPS must adopt and encourage a smartphone-first approach. These devices can host the entire journey and they might be the only option clients have.

Additionally, smartphones can produce, receive and analyse significant amounts of information, facilitating many of the applications produced in relation to Open Banking. These apps allow constant analysis of a consumer’s spending and constant engagement; consumers can track their spending and see how it breaks down at the touch of a button, while nudges to warn people if they’re spending at an unsustainable rate could help to address negative habits. This could help MaPS achieve a more ongoing relationship with the customer and bring about behaviour change.
AI, Chatbots and Voice Recognition

The Trend

The volume of data generated by individuals and organisations is rising at an exponential rate. AI, or machine learning, will be key to harnessing this data and improving services.

In machine learning, an algorithm is trained by instructing it to work toward a certain outcome. These algorithms can analyse vast quantities of data, understand the relationship between different variables and, crucially, learn as they go along.

Implications

Wider use of AI-driving algorithms will mean that providers can analyse more data more efficiently and learn from the analysis – including what circumstances, inputs or actions lead to success.

Key applications of AI include chatbots, voice recognition software and the automated analysis of data generated by the debt advice process. Chatbots are able to conduct text-based conversations with people. Using AI, they develop a stronger understanding of whether the ‘outcome’ (what the client does next) was desirable or not. They can also be used for the relay of simple information, such as quick tips or directing people to other information sources.

Voice recognition is moving at a slower pace to textual analysis. Word accuracy in vocal communications is less developed, although some financial services organisations are using cutting edge software to listen to calls and rapidly identify vulnerabilities based on speech patterns, tone of voice, word choice and tremors.

What It Means for MaPS

AI has the power to fundamentally change the nature of debt advice and financial guidance. The amount of data produced by individuals will continue to grow rapidly and analysing this data using AI could lead to a better understanding of the factors that contribute to success (both in terms of client outcomes and journey success factors e.g. completion rates). This in turn could lead improvement and tailoring of client journeys – potentially including the offering of additional support to clients who are ‘predicted’ to have lower outcomes.

Fundamental changes are 3-5 years away: at this point, chatbots will be able to conduct detailed conversations with clients via text and phone. In the nearer term, the technology will be able to create more targeted interventions, more accurate forms of triage administered via a decision-tree or chatbot, and eventually through voice interaction. Even while the intelligence behind chatbots remains relatively ‘weak’ they can collect information from users at the start of their journey – perhaps acting as triage – and play a role in ensuring there is a 24/7, respond-at-your-convenience debt advice service.
Blockchain

The Trend

Blockchain, or Distributed Ledger Technology, is a distributed database that acts as an open, shared and trusted public ledger than nobody can tamper with and everyone can inspect. All transactions within a network are ‘witnessed’ and permanently recorded by all the computers or ‘nodes’ within a network.

The technology is still evolving and may be several years away from mainstream productivity, despite many large businesses developing blockchain systems today.

Implications

The security benefits of blockchain mean that it will be a key technology for record management of all kinds and for any organisation that collects or processes client or public data. Blockchain provides additional security and instant identification if data has been tampered with.

Additionally, if an organisation created the infrastructure and provided it to the businesses that would benefit from it, a blockchain-based, widely compatible way of storing and transferring personal data could emerge, facilitating wider technological developments.

The technology exists today but there are challenges to implementation, particularly in standardisation and compatibility. One of the real benefits blockchain can offer is through interoperability, allowing for a wide range of businesses to access and use the same dataset, but they must all be compatible with each other.

What It Means for MaPS

Blockchain is still an emerging technology but within 3-5 years it is likely that there will be blockchain solutions to use in remote debt advice. Applications of blockchain in the remote advice sector include:

1. Automating and simplifying processes, like booking appointments
2. Sharing information with other agencies more securely than can be done currently
3. Breathing space notifications could be managed using blockchain
4. Creation of a sector wider anonymised dataset for better analysis and tracking (e.g. journeys between providers, giving a holistic view of the client).

While the potential of the technology is high, there are barriers. Services will need staff equipped to run and manage blockchain software. The cost of investment in bespoke solutions will also be high. Cross-sector applications would also require cross-sector compatibility and collaboration.
Cybersecurity

The Trend
Cybersecurity has emerged as a significant threat to individuals; the WEF’s 2019 World Risks Report lists it alongside climate change-driven processes as one of the greatest risks facing society.

The proportion of individuals who have become victims of cybercrime is small but growing, however, some forms of cybercrime garner significant media exposure (e.g. election tampering or widespread malware attacks) and while the majority of consumers are unaffected by these issues personally, awareness of cybercrime can lead to avoidance of online services.

Implications
Businesses of all sizes that possess consumer data will be targeted by cybercriminals looking to steal valuable personal information. Those that become victims could face existential threats as consumer trust falls, with knock on impacts for those relying on the business’s survival (e.g. staff), as well as for the individuals whose data has been stolen who may become victims of financial fraud as a result.

Individuals who become the victims of cybercrime and are unable to claim the money back – such as those who make bank transfers to fraudsters – may not be able to retrieve funds and this could become an emerging form of acute event which sees individuals plunged suddenly into problem debt. Furthermore, if individuals are continually exposed to news of cybercrime, they are more likely to avoid online services. This could become particularly problematic if ‘technical support scams’ which mimic live-chat or chatbot services grow in prominence.

What It Means for MaPS
MaPS is likely to find an increasing number of individuals who have become indebted due to experiences with cybercrime. These individuals are likely to feel embarrassed and ashamed, and may be significantly less receptive to advice dispensed online or through live chat – for many, this may be the exact type of format in which they found themselves in trouble. Furthermore, even if individuals are not victims themselves, knowing victims, or seeing news of fraud, could lead to individuals avoiding digital tools and channels.

Confident internet users are significantly less likely to avoid online services – even though they are more likely to have witnessed cybercrime – and trying to increase the proportion of confident internet users should go some way to reducing avoidance. Educating individuals about the dangers of cybercrime while boosting their confidence in their abilities to navigate the internet safely will be crucial to the adoption of remote advice services, and the reduction of cybercrime.

Finally, MaPS must ensure that organisations in the debt advice sector are adhering to best practice with their clients’ financial data; the data held as part of a financial statement could be highly valuable to fraudsters and could exacerbate individuals’ debt issues.
Breathing Space and Technology

The Trend

Breathing space is due to be implemented by early 2021 and will give individuals legal protections from creditors when they seek debt advice. Under current proposals, Breathing Space will apply for 60 days, with eligibility checks at the start and halfway through.

Although a political or debt-specific trend, the capacity for new technology to assist in the design and implementation of Breathing Space mean this trend may have other implications for the debt advice sector.

Implications

Opening up personal financial information creates the potential for more sophisticated analysis of spending and income, including predictive analyses. The data could be used to build up a detailed picture of someone’s financial life, including how frequently they are overdrawn, how frequently they have a surplus at the end of the month, and how much and how frequently they spend on specific categories.

For example, an app collating an individual’s financial information – their various incomings and outgoings – can look at spending over a period and ‘nudge’ them to let them know that they’re spending at an unsustainable rate, or that with Christmas ahead, it might be time – if possible – to save some money to prevent problem debt in the future. Expanding this to consumers’ debts could create a highly accurate picture of a client; what spending patterns are most likely to lead to debts, or what times of year they are most susceptible.

What It Means for MaPS

Debt advice services can use Open Banking tools to get a better understanding of a client’s financial situation to build a more accurate financial statement and give better recommendations, as well as to direct clients to these tools themselves to give them more control over their budgeting post-advice.

Applying the principles of Open Banking to debt advice could create ‘Open Debt’ – a tool that allow clients to monitor and track their level of debt in the same way that Open Banking provides simple and accessible tools to monitor and understand spending. Being able to see their debts decreasing could help clients maintain motivation to keep repaying their debts. Beyond these specific applications for debt advice, Open Banking could also herald a change in the role of MaPS more broadly. The data generated by these tools will create a more holistic view of the client, rather than an episodic or short-term spending picture.

This could lead to more interventions. For example, if an ‘open debt’ app spotted patterns of spending that typically lead to debt it could suggest an early debt advice intervention. Those agreeing to notifications could also receive ‘nudges’ to help them change behaviours.
Open Banking

The Trend

The Payment Services Directive (PSD2) or requires banks to open their payments infrastructure and customer data to third parties who can then develop payments and information services, known as Open Banking services.

These services can give customers better access to and understanding of their financial data. Services can identify spending categories, monitor incomes and develop sophisticated budgeting tools.

Implications

Breathing space will provide vital time for individuals to deal with their most pressing financial demands, and therefore may act as a calling card for the sector.

By providing clients with ‘headspace’, Breathing Space could also act as a window in which clients could be ‘activated’, improving engagement beyond a single bill or issue and allowing financial capability and wider factors (e.g. employment, mental health) to be addressed. Breathing space could also give clients the space to take on more of the process themselves.

However, ensuring that clients receive ‘immediate’ respite will require instantaneous communications, which will require technology. Under current plans, notification of creditors will be overseen by the Insolvency Service, using a notification portal.

What It Means for MaPS

Breathing space proposals have been welcomed by the sector but are not without challenges. It is likely to accelerate demand, which means extra capacity to deal with the volumes. Remote advice services that allow clients to get in touch while alleviating pressure on face to face and phone services will be key.

Beyond the challenge of demand there is great opportunity for engagement, education and activation. The time it creates gives debt advice services a chance to work with clients to help fix long term issues, analyse behaviours and boost financial capability.

The notification portal, whilst a workable solution, could prove administratively complex in practice. If so, new technology (e.g. blockchain, smart contracts) could play a role. A blockchain could be created that included creditors and in which Breathing Space notifications could be automatically sent from advice providers to creditors, stopping letters. The secure nature of blockchain’s would maximise data security; critical with such sensitive information.