

Money Advice Trust
Debt Advice Channel
Strategy Research

**Volume two – The potential for
channel shift**

Anna Ellison and Claire Whyley

Money Advice Trust Debt Advice Channel Strategy Research

Executive summary

Attitudes to remote channels

- Channel preference is often simply a matter of personal comfort, skills and experience.
- Remote channels are seen as offering important advantages including greater accessibility and convenience and, importantly, anonymity.
- Almost six in ten (57%) debt advice clients value face-to-face contact, but more (74%), value the anonymity of a phone call for debt advice.
- Discomfort with remote channels, especially online, is often a matter of personal capacity and skills or adverse “customer service” experience.
- Misconceptions about the potential of remote channels are widespread among those with little experience of them, so that potential debt advice clients often approach remote channels with little understanding of what remote channels can offer. As a result, remote channels can be seen as less suited to serious or complex issues requiring professional expertise or personal support.
- Those who have experienced the use of remote channels in emotional or other crisis situations are largely positive about their experiences and outcomes.
- Around a third of clients look to debt advice for a full service in which the advisers takes on responsibility for dealing with creditors and paperwork. More clients (46%) feel that the adviser took on this responsibility in the event than appear to have wanted this approach. Face-to-face clients are a little more likely to want advisers to take on responsibility, reflecting the greater incidence of complex and late stage problems as well as lower levels of educational attainment.
- The debt advice client population segments into four “channel affinity” segments in terms of their channel and service needs. One of these, the “Affinity face-to-face” segment, representing 41% of the total, has a majority preference (76%) for face-to-face delivery.
- Some 20% of the debt advice client population are “Channel indifferent” having no channel preference. There are two “Channel ambivalent” segments, one low income, representing 29%, and one smaller high income segment, representing 10% of debt advice clients. Both the “Channel ambivalent” segments source debt advice via the internet and are heavily phone-biased in terms of channel use.
- The “Affinity face-to-face” segment is largely served face-to-face in line with preference. In all the other segments, use of face-to-face channels is disproportionately high compared to the channel’s share of channel preference.
- The overall picture is of a relatively high degree of openness to remote channels, including among those with a preference for face-to-face, and of face-to-face channels being over-used relative to demand and channel preference.

Vulnerable consumers

- One of the key concerns in developing channel strategy is to understand the scale of vulnerability and the issues arising for vulnerable clients.

- To inform discussion, we offer six alternative definitions of vulnerable clients based on different configurations of a range of vulnerability factors, low income, lack of educational attainment and the seriousness and urgency of debt.
- The vulnerable groups arising from these various more or less tightly drawn definitions vary from 18% to 66% of all debt advice clients.
- Definitions based on low income do not capture those likely to be in greatest need of support and specialist skills as effectively as definitions based primarily on vulnerability factors.
- Patterns of channel use for vulnerable clients do not differ significantly from debt advice clients more widely.
- Vulnerable clients are more likely to use the face-to-face channel, in line with use by those with the most urgent debt more widely, but vulnerable clients are being served effectively in all channels.
- Vulnerable clients appear to bring similar expectations and priorities to debt advice as other clients. They experience similar quality of service and similar outcomes, both hard and soft, and are equally satisfied with advice delivery.
- There is no significant channel variation in this pattern and little difference also between the various vulnerable groups.

The potential for channel shift

- The key factors in achieving a channel shift are not necessarily channel specific but rather rest on factors such as the skill and professionalism of the adviser, and the integrity and reputation of the advice provider.
- All channels need to offer personalised advice tailored to client circumstances, consistency of contact and checks to ensure that clients understand recommendations and can act on them.
- Speed, convenience, “real-time” responses and reassurance on the practical aspects of handling paperwork are also important.
- Eight in ten clients would feel comfortable with debt advice delivered by phone if they were confident it was independent, professional and personalised. This is true also of seven in ten face-to-face clients and of those with a strong expressed preference for face-to-face.
- There would appear significant potential also to increase the use of online channels. The appetite is less for a stand-alone channel than one which is linked to personalised phone and email advice where required.
- Online services require a degree of access to expert telephone support if people are to have confidence in using them.
- While there is a high degree of cross-over between those willing to use phone and online channels, there is also significant resistance to shifting online among those now using, and those willing to use, phone channels.
- Overall, 20% more clients are using face-to-face than actively want to do so,¹ with use disproportionate to demand and need highest in the “Channel Indifferent” and “High income channel ambivalent” segments, in which use exceeds need by a factor of three and almost two times respectively. These segments would seem the appropriate early-stage targets for channel shift.
- Active resistance to channel shift (being very or quite uncomfortable with the idea) is low but can be deeply felt, at 12% for phone and 22% for online, but varies considerably between segments. One in five of the “Affinity face-to-face”

¹ I.e. 20% more debt advice clients are using face-to-face channels than actively express a preference for face-to-face delivery.

segment but just 2% of the “Channel indifferent” are resistant to phone, with 28% and 5% of the same segments being resistant to online.

- A key focus of channel strategy must be the protection of face-to-face services for vulnerable clients who need it and facilitation of access to, and effective use of, remote channels for vulnerable clients who want or need to be served remotely.
- Digital exclusion (having no access to the internet and/or reliance on a PAYG phone) is an issue for 25% of debt advice clients in the lowest income decile and for 15% of those defined as being vulnerable on the basis of exhibiting at least one of a range of vulnerability factors,² which clearly precludes the potential for a shift to remote channels for these clients.
- There is however little difference between the variously defined vulnerable client groups and other debt advice clients in their openness to remote channels and attitudes to potential channel shift.
- Vulnerable groups appear also to be over-served in the face-to-face channel relative to their channel preference, with over-representation highest (at 40%) among those with a range of vulnerability factors but in line with all debt advice clients (at 20%) for those on the lowest incomes.
- Remote channels appear to have slightly greater appeal for those with the most urgent and serious debt and for those with a range of vulnerability factors compared to those on the lowest incomes.

Conclusions

- The debt advice sector has been highly effective in delivering positive outcomes for clients, delivering high standards of customer experience and outstanding levels of satisfaction.
- These results have been achieved across all channels with little significant variation in performance between channels, once differences in client profiles are allowed for.
- Vulnerable clients and serious and urgent debt have been disproportionately served in the face-to-face channel but all channels are serving these client groups effectively and achieving similar outcomes.
- It is clear that current channel configuration is primarily shaped by supply-side factors. Face-to-face is over-represented in relation to demand by a factor of circa 20%. This is true also for the most vulnerable client groups. A segmented view of channel affinity demonstrates that face-to-face channel use is particularly disproportionate in some large client segments.
- It is clear that there is a continued need for face-to-face delivery to meet the needs of some client groups who have no access to remote channels or who would not be able to cope effectively with remote channels.
- Many clients are however open to using a mix of channels and there is an opportunity to achieve a significant shift to remote channels.

Recommendations

- For the future, channel and service strategy should be primarily consumer and evidence driven rather being shaped by the existing sector structure or specific funding models. This would imply recognition that, in the right context, remote channels can deliver as effective a debt advice service as face-to-face.

² Vulnerability factors in this case being mental health issues, learning difficulty, numeracy, literacy or confidence issues, alcohol or drug addiction issues.

- There needs also to be a clear, client needs-driven strategy to protect an appropriate level of face-to-face delivery, on a scale which reflects need for face-to-face services. This should seek to strike a balance between optimal use of resource and client needs.
- It will be important for this strategy to be owned by the debt advice sector as a whole and that it is effectively communicated to stakeholders, including the grass-roots.
- A shared definition of the term “vulnerability” should be developed which recognises that face-to-face is not appropriate for all vulnerable consumers.
- Real benefits could be achieved by developing a sector-wide approach to communications and promotion of debt advice within a high profile marketing and awareness building campaign that encompasses all channels and focuses on those things debt advice clients find most valuable: integrity, confidentiality, tailored advice and so on.
- A holistic, cross-sector, channel-neutral and unified approach to “triage” at point of entry to the sector needs to be developed to guide potential debt advice clients efficiently to the most appropriate channels and solutions, thus optimising resource and client outcomes.

Contents

Executive summary	2
Introduction	7
1.0 Chapter 1. Attitudes to remote channels	8
1.1 Attitudes to remote channels	9
1.2 Attitudes to different service models	13
1.3 Channel segmentation of debt advice clients	14
2.0 Chapter 2. Vulnerable clients	18
3.0 Chapter 3. Potential for channel shift	24
3.1 Key factors in achieving a channel shift	25
3.2 Openness to channel shift	29
3.2.1 The perspective of different channel users	29
3.2.2 The perspective of the different channel segments	31
3.3 More serious urgent and vulnerable cases	36
4.0 Chapter 4. Conclusions and recommendations	43
4.1 Conclusions	44
4.2 Recommendations	45

Introduction

This is the second volume of a two volume report describing the findings of a study commissioned by the Money Advice Trust to inform the development of channel strategy for the debt advice sector.

Against a background of austerity, ongoing economic stress and increasing pressure for debt advice services to “do more with less”, the debt advice sector needs to develop a channel strategy for the future which will optimise both outcomes for consumers and make the most effective use of available funding and resource.

To inform thinking around future development, MAT has commissioned Policis to undertake research on debt advice clients’ needs, their attitudes to different delivery channels and the nature and extent to which channel impacts on clients’ experiences, outcomes and levels of satisfaction. The research rests on an evidence review and both qualitative and quantitative research with debt advice clients. The study was undertaken as a collaborative project, developed with key stakeholders from across the sector, who met regularly to consider emerging research findings and to help frame conclusions and recommendations arising from the evidence.

Volume one, which includes an executive summary, focuses on the profile of debt advice clients using different channels, channel choice and use, the client experience of debt advice and the outcomes of, and client satisfaction with, debt advice. It also contains a more detailed description of the project background, aims and objectives and of the methodology underpinning the project, which is further expanded upon in a separate volume of appendices.

This volume focuses on the potential for channel shift and describes attitudes to channels and the potential for changes in delivery of debt advice, discusses the issues for more vulnerable groups and seeks to understand the impact of change on different client groups. Finally, this volume draws these findings together and presents a set of recommendations for the future.

1.0 Chapter 1. Attitudes to remote channels

- Channel preference is often simply a matter of personal comfort, skills and experience.
- Remote channels are seen as offering important advantages including greater accessibility and convenience and, importantly, anonymity.
- Almost six in ten (57%) debt advice clients value face-to-face contact, but more (74%), value the anonymity of a phone call for debt advice.
- Discomfort with remote channels, especially online, is often a matter of personal capacity and skills or adverse “customer service” experience.
- Misconceptions about the potential of remote channels are widespread among those with little experience of them, so that potential debt advice clients often approach remote channels with little understanding of what remote channels can offer. As a result, remote channels can be seen as less suited to serious or complex issues requiring professional expertise or personal support.
- Those who have experienced the use of remote channels in emotional or other crisis situations are largely positive about their experiences and outcomes.
- Around a third of clients look to debt advice for a full service in which the advisers takes on responsibility for dealing with creditors and paperwork. More clients (46%) feel that the adviser took on this responsibility in the event than appear to have wanted this approach. Face-to-face clients are a little more likely to want advisers to take on responsibility, reflecting the greater incidence of complex and late stage problems as well as lower levels of educational attainment.
- The debt advice client population segments into four “channel affinity” segments, in terms of their channel and service needs. One of these, the “Affinity face-to-face” segment, representing 41% of the total, has a majority preference (76%) for face-to-face delivery.
- Some 20% of the debt advice client population are “Channel indifferent”, having no channel preference. There are two “Channel ambivalent” segments, one low income, representing 29%, and one smaller high income segment, representing 10% of debt advice clients. Both the “Channel ambivalent” segments source debt advice via the internet and are heavily phone-biased in terms of channel use.
- The “Affinity face-to-face” segment is largely served face-to-face in line with preference. In all the other segments, use of face-to-face channels is disproportionately high compared to the channel’s share of channel preference.
- The overall picture is of a relatively high degree of openness to remote channels, including among those with a preference for face-to-face, and of face-to-face channels being over-used relative to demand and channel preference.

This chapter explores attitudes to remote channels, the positive drivers for effecting a channel shift and the nature of resistance to remote channels. It concludes with a segmentation of debt advice channel users, designed to capture the needs of different client groups and their attitudes towards channel use while also illuminating the potential for channel shifts and the likely needs and issues arising for different segments of the debt advice client base. The chapter draws on both the qualitative and quantitative research.

1.1 Attitudes to remote channels

There are a number of drivers, both positive and negative, which underpin potential for, and resistance to, any shift to remote channels. On the one hand, individuals are becoming increasingly familiar with remote channels in a range of contexts. On the other, this experience, primarily of automated customer service, has shaped perceptions of what remote service can deliver, and not always in ways that are positive or reflective of the full potential of remote channels.

Use of a range of delivery channels is now widespread but personal comfort is clearly a key driver of preference and use of different channels

The majority of focus group and depth interview respondents had some experience of using remote channels in their day-to-day lives. Increasingly, people use remote channels to deal with financial matters, like bill payment, and several participants in the qualitative research were accustomed to telephone and internet banking. There was, however, still a discernible lack of confidence in using the internet for financial *transactions* among some clients, who preferred to use online banking to simply check balances and “keep track”. Inevitably, personal preference is a key driver of comfort with and use of different channels.

“I’m just not generally a speaking on the phone person... I will not say much over the phone, that’s the way I am.”

“The simple fact is that I prefer to speak to people on the phone than face-to-face, I get more nervous face-to-face than I do over the phone.”

In the context of advice, telephone and online services are perceived to offer greater convenience than face-to-face delivery by some

There was recognition, however, that both telephone and online services are more available and, potentially, accessible than face-to-face services, making them easier and more convenient to use.

“To go in there... with my children. I went in there... I waited two hours. So it’s easier on the phone if they can. It is just easier.”

“During the day, when I’m busy and I’ve got kids and I’m doing tea, that’s when everything used to go out of my mind, and I’d put it to the side and didn’t want to think about bills.”

The convenience aspects of remote channels are felt to be particularly important to help people with mobility or other health problems to access services.

Some found it easier and less embarrassing to open up around sensitive subjects on the phone

There was a strong feeling that some people find it easier to “open up” and discuss personal issues on the telephone. For these people the attraction is that remote channels make it easier to talk to someone about their debt problems, of which many people are deeply embarrassed, even ashamed. Phone based channels in particular are seen to offer anonymity, and thus relief from personal exposure.

“I feel awkward when I’m face-to-face. Over the phone I wouldn’t mind, because... it’s not like they can see what you look like and... when you see them out [say] ‘That’s you who owes loads of money’”.

“They didn’t know who I was. I was just a name... so that was easier than going there because when you get yourself in that debt you become very embarrassed

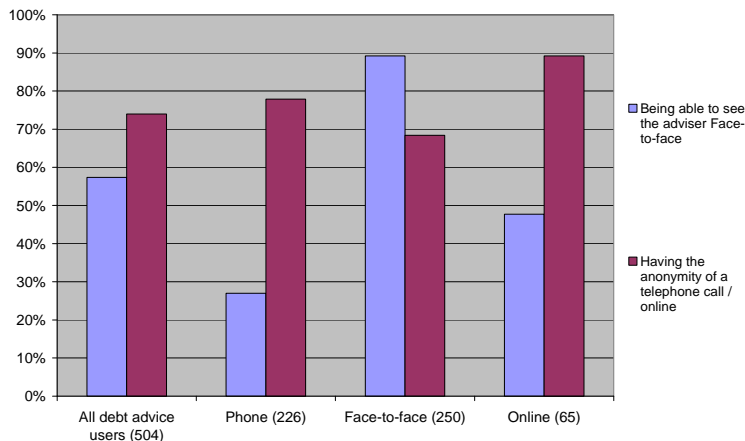
about it. So it is easier actually talking over the phone when you're in that sort of debt.”

The anonymity associated with remote channels is attractive to the majority of advice clients, including those using face-to-face services

In fact, more than seven in ten (74%) advice clients said that the anonymity of a telephone or online service was important to them, compared with just under six in ten (57%) who thought it was important to be able to see the adviser face-to-face. That said, for those currently using face-to-face channels (some 45% of total clients), the reverse was true in that seeing the adviser was important to almost nine in ten face-to-face clients (89%), albeit that almost seven in ten (68%) face-to-face clients also said that anonymity of a phone call was important to them.

The anonymity of a phone call is more important to debt advice clients overall than face-to-face contact

Chart 1. Channel features that are important in choosing debt advice agency



Perceived disadvantages to remote channels relate, in part, to concerns about lack of personal capacity

For many the potential disadvantages of remote channels lie with concerns around their own ability to communicate outside a face-to-face context. Fear of being unable to articulate their problems clearly without being able to see the person they were communicating with put some people off telephone or internet-based services.

In relation to internet-based services, fears also centred on the need for good information technology skills; lack of basic literacy and the ability to articulate problems in writing are also seen as barriers to the use of online services.

“To be honest with you I’m a bit computer illiterate... I mean, I can go on the internet and look at emails and, you know, type in addresses and stuff like that but, I mean, actually using the computer for different things, I’m not that good really. Just basic things.”

The need for a degree of knowledge to shape online searches, and the risk of information overload are seen as particular risks in relation to online services

People who had used the internet were aware of the need to have a fairly good idea of what they needed to know, in order to source the information they were looking for. In addition, information overload was identified as a problem with using the internet, especially when people lacked the skills or experience to assess the quality and validity of the information generated.

Concerns are also raised around privacy and confidentiality in the context of remote channels

Being overheard was identified as a risk when using telephone services to discuss personal issues. Similarly, concern was expressed about the confidentiality and security of information once it had been submitted online.

Attitudes towards remote delivery channels are heavily shaped by negative experiences in other sectors

Widespread experience and dissatisfaction with “scripted” telephone interactions, automated menus and call centre staff with poor communication skills or heavy accents is a significant factor in reducing comfort and confidence in telephone-based services.

“Well, on the telephone... you know when you ring up they say, ‘Oh, we’re just going to put your through’ then you get the music and you sit on the phone, you’ve rung up an 0845 number from your mobile and you’ve got music playing for 10–15 minutes and when the [bill] comes through, it’s like £40 that’s cost you.”

“Language barrier. I think that would be the only problem because someone who isn’t very good at English... they often ask you to repeat yourself and after a while it becomes really annoying. You haven’t got time really to talk about stuff, you just want to get it done and dusted. You repeat yourself and repeat yourself and you still don’t get anywhere.”

There is a strong perception – based, in some cases, on experience in other sectors – that remote channels may be used by some organisations to avoid engaging directly with their customers, and as a way of saving money at the cost of good customer service.

“I find with companies, companies want you to look up on their website... they’ll do anything for you not to speak to someone.”

Misconceptions about what remote channels involve are also widespread among people with no experience of them

Those who are less familiar with remote channels, inevitably, have a more limited perception of what they can offer and this was a significant factor in attitudes towards them as a channel for the delivery of debt advice. It was common, for example, for people who had no experience of it, to believe that telephone advice would be impersonal, scripted and menu driven.

“I think if you’re talking on the phone they don’t see you as a person, you know...”

People also feared that there might be a lack of continuity in telephone services, requiring them to explain their situation to a different adviser each time they called and, potentially, receiving different advice from each adviser they spoke to.

“I would think that over the phone you might get different people and you would have to keep explaining yourself and I would struggle with that.”

People with no experience of online channels find it difficult to envisage how online advice might work in practice

Understanding of what online advice might offer was even more limited, with the general perception among non-users that it would involve emailing questions regarding one’s debts and waiting for an adviser to email a reply. Equally, people feared that advice by email would simply mean they would be sent generic information tools to help with indebtedness which they may not understand and

would have to make use of without support. These misconceptions resulted in a feeling that successful use of remote channels relied on people having a fairly good understanding of their own situation and, further, being able to articulate it clearly and without being prompted by the adviser.

"I needed face-to-face to explain. I suppose it all depends if you understand what's happening – I need to be told a few times for it to sink in. You can actually say to someone 'What does that mean?' rather than over the phone where they say 'If you don't understand please give me a call back'."

As a result, remote channels can be perceived to be less suited to situations involving serious or complex issues, or requiring personal support

Face-to-face delivery is perceived to result in a better quality interaction and a higher degree of personal support – being able to “see someone’s face” is important to people.

"I just think it's reassurance really. You have someone in front of you, reassuring you."

Awareness of body language and the ability to respond to each other are also seen as being conditional on face-to-face interaction.

"If you're face-to-face with someone there's kind of more of a relationship, like how you react to that person – if that person raises their eyebrows or that person sighs or that person smiles – there is a kind of real relationship and you react to each other. I feel that's important."

A distinction is drawn between the need for ‘information’ and ‘advice’ with remote channels sometimes seen as best suited to the delivery of the former.

"I would personally prefer to be face-to-face going to the likes of Citizen's Advice, so they've got all the information to hand on their computers and they can look things up and they know, you know, what the law is... if you can speak to someone face-to-face, you know, you get a picture of what they look like and their character and how they are..."

In addition, face-to-face services – being more visible and better known – are felt to be easier to assess in terms of quality and legitimacy than services delivered remotely.

"How do you know, if you're doing it over the phone, that someone's actually sitting there actually taking notes about it? Where, if you do it face-to-face you can actually see them do it, and [see] their body language as well."

Nevertheless, experience of using telephone advice for help with personal, emotional or crisis situations, while not yet widespread, is very positive.

Some participants had used a telephone service for advice relating to family problems and had found it a very positive – and personal – experience.

"When I had a lot of problems with my son... I was actually advised to phone Parentline through a friend who had been through similar problems with her son and I actually found that really helped me... Because the person on the phone seemed to really relate to what I was saying and could give me really strong advice as to how to go around it and deal with things and avenues I hadn't even thought of."

Another had used an online service to cope with similar problems and was equally positive about her experience.

"I have used online advisers for connections to do with teenagers and things like that, and the first time I went on it said 'connect with an adviser now' so I clicked it

and I wasn't sure what to expect and the next thing it came up, 'Hi, I'm so and so' and that was it. It was just typing a conversation and they were really, really good."

Another had called Shelter for a friend who was facing imminent eviction. People also recognised that organisations like the Samaritans successfully use the telephone to provide a very personal, sympathetic and supportive service to vulnerable people.

"The Samaritans work on the phones, people are quite desperate sometimes and you're not going to... have the means to turn up for an appointment."

1.2 Attitudes to different service models

Around a third of clients want a full service approach with face-to-face clients only slightly more likely to be looking to the adviser to take *responsibility*

One of the issues which we sought to explore in both the qualitative and quantitative research was how service models and service needs might fit with attitudes to channels. We sought to capture propensity to need more or less support across a spectrum from a full-service, "casework" style approach through to self-help and empowerment through a series of statements about expectations of the type of support that clients were hoping debt advice would provide. These ranged from "wanting the adviser to take the responsibility for dealing with creditors, any problems and paperwork", "wanting the adviser to tell you what to do and then support you in dealing with creditors yourself" through to wanting the adviser to "empower you to help yourself by providing information on options". Overall, debt advice clients divided evenly between those wanting the adviser to take on responsibility (34%), those looking for direction and support in dealing with creditors themselves (34%) and those seeking empowerment and information on their options (29%). Channel differences in this picture were not large, with clients using the face-to-face channel being only a little more likely than those in other channels to be looking for the adviser to take responsibility (37%).

More clients are receiving a full service in which advisers take responsibility for dealing with creditors than appear to want such an approach

Debt advice clients were also asked about how they experienced debt advice delivery in terms of the balance between responsibility and empowerment. There was a fairly even split between those who felt the adviser had taken the responsibility for dealing with creditors away from them (46%) and those who had felt empowered to help themselves (46%). Channel differences were again not large. However, those in the face-to-face channel were a little more likely to have felt that the adviser took on responsibility (49%), with a closer fit between experience and expectations in this respect than in the other channels. Taken together, this would appear to suggest that advisers are taking on full responsibility for dealing with creditors and paperwork to a greater extent than clients in fact expect. It would also seem that those using face-to-face are more likely to want and need a full service casework approach, reflecting the greater likelihood that debts will be late stage and problems more complex.

Face-to-face clients are slightly more inclined to want adviser to take on responsibility

Chart 2a. Expectations of service model prior to approaching debt advice by channel use

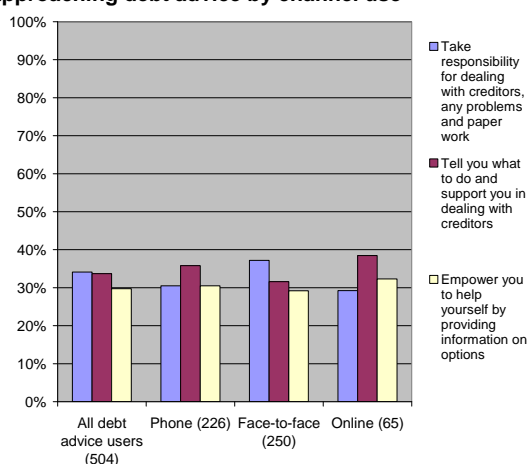
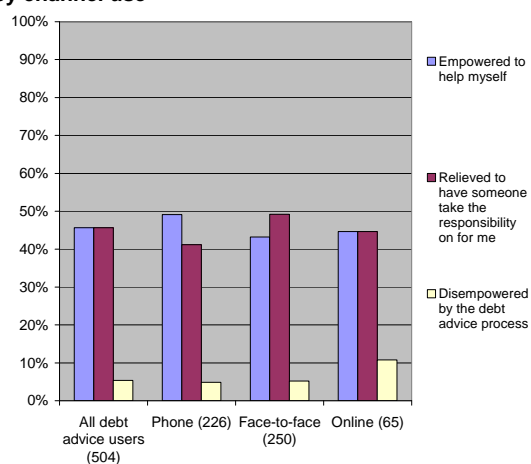


Chart 2b. Perceptions of service model experience by channel use



1.3 Channel segmentation of debt advice clients

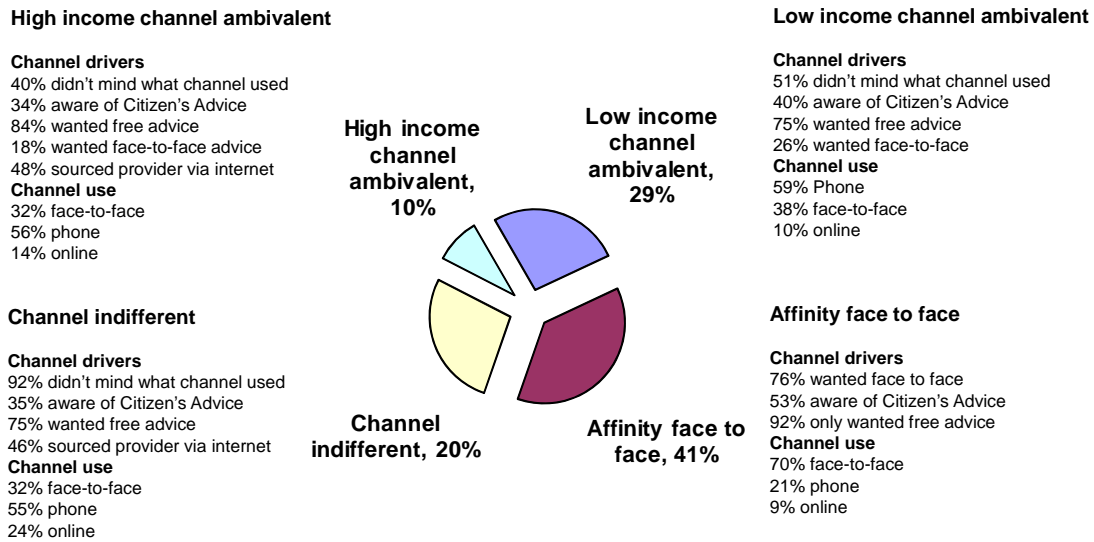
As was described in volume one of this report, current patterns of channel use are driven primarily by supply-side factors and specifically, the channel focus of the provider first approached which, overwhelmingly, then shapes the channel use for all subsequent interactions with debt advice. This tendency is reinforced by a lack of awareness of channel options and the brand dominance of a single provider, Citizen's Advice, whose channel focus has historically been face-to-face. As a consequence, current patterns of channel use do not necessarily reflect active channel preferences, where these exist, or willingness to use a range of channels.

In order to understand the potential for channel shift, therefore, the research team sought to capture the various attitudes towards channels and willingness to consider different channels within a segmentation developed using cluster analysis, and designed to discriminate between those more or less inclined to use remote channels while also sharing other key characteristics. The resulting segmentation reveals four quite distinct groups of debt advice clients with very different characteristics in terms of their profile, attitudes to different channels and their potential for channel shift.

The debt advice channel segmentation contains four distinct and discrete segments, illustrated diagrammatically in Figure 1.

- Affinity face-to-face
- Channel indifferent
- Low income channel ambivalent
- High income channel ambivalent.

Figure 1. Debt advice channel segmentation



One of the key points to note about the segmentation, is that overall there is only one segment that is clearly focused on a particular channel with the other three segments much more channel-neutral, a reflection of the attitudes described in the earlier parts of this chapter and in chapter two of volume one of this report which deals with patterns of channel choice and use.

“Affinity face-to-face”

This is the largest single segment, comprising four in ten (41%) of debt advice clients and circa 0.65m individuals. This is the segment most clearly focused on the traditional model of debt advice delivery, with more than three quarters (76%) clear prior to seeking debt advice that they wanted advice delivered face-to-face, and more than half aware of Citizen's Advice. It is important to note however, that in the event just 70% of this segment received their debt advice face-to-face, with 21% using phone and 9% online, indicating a slight under-use of face-to-face relative to preference.

This segment is more likely than some others both to be anticipating a full-service case-work type approach, although only a minority of the segment did so, and to in fact experience debt advice on this model. Around four in ten (39%) were looking to the adviser to take responsibility for dealing with creditors and sorting out paperwork and problems, a little less than three in ten (28%) were looking rather for direction and support in dealing with creditors themselves, while 30% were looking for self-help in terms of being empowered to help themselves by being provided with information on their options. In the event, 49% felt that the debt adviser had taken on the responsibility for dealing with their debt, 44% that they had been empowered to help themselves and 4% that they had been disempowered by the debt advice process.

This is a low income segment, as are the majority of debt advice clients, with 89% in the lowest income quintile and 36% in social housing. Half have at least one full time worker in the household. All have formal educational qualifications.

Their debt averages £16,630 with a debt to income ratio of 1.1. A little over a third (36%) are facing imminent or threatened court or repossession action.

The Channel Indifferent

This segment makes up some one in five (20%) of debt advice clients, and circa 0.32m individuals.

Their defining characteristic is their lack of channel affinity, with more than nine out of ten (92%) having “not minded” which channel they used for debt advice at the point they sought help. None actively wanted face-to-face advice, while 8% actively sought online advice. Almost half sourced their advice provider through the internet. A third used face-to-face for advice, 55% phone based services and 24% online advice delivery. Clearly, the third of the segment that did use face-to-face would have been equally comfortable served through other channels.

The Channel Indifferent segment appeared more oriented towards self-help and facilitated solutions. Only a quarter were looking for an adviser to take responsibility, while four in ten (39%) were looking for direction and support for dealing with creditors themselves and 34% were looking for empowerment through information on their options. In the event, 56% felt empowered to help themselves while 36% felt that the adviser had taken on responsibility.

This too is a low income segment, with 84% in the lowest household income quintile, 37% in social housing. They are more likely to have a full time worker in the house (65%). All have formal educational qualifications.

Their average debt is £21,150 with a debt to income ratio of 1.3.

Low income channel ambivalent

This relatively pressured segment also represents some three in ten debt advice clients, and circa 0.46m individuals.

Channel preferences are mixed, but tend towards indifference, with half (51%) of this segment claiming that they didn't mind what channel they used when they approached debt advice. However, a little over a quarter was looking for face-to-face support, while some 40% were aware of the Citizen's Advice brand. Ultimate channel use in the event is overly biased towards face-to-face relative to channel preference, with 38% using face-to-face channels, 59% phone and 10% online channels. Face-to-face use is thus over-represented relative to preference, with some 50% more people in this segment using face-to-face for debt advice than actively wanted to do so.

The “Low income channel ambivalent” is however the segment most oriented towards wanting a full-service case-work type approach, with 42% wanting an adviser to take over responsibility and 53% feeling that the adviser had done so in fact. Three in ten (31%) had however sought direction and support for dealing with creditors themselves, while 24% had sought empowerment through information on their options. In the event, 39% had felt empowered by the debt advice process.

This segment is also low income, made up to a large extent of low paid workers. Some 81% of this segment falls into the lowest income quintile with half having at least one full time worker. Some four in ten (42%) live in social housing. Almost half (48%) have no formal educational qualifications, but these clients are no more likely than debt advice clients as a whole to have literacy or numeracy issues.

Debt is high relative to their income at £20,100, with a debt to income ratio of 1.5. One in four (41%) are facing imminent or threatened court or repossession action.

High income channel ambivalent

This is a small and relatively upmarket segment, 10% of the total, and some 0.16m individuals.

Four in ten did not care what channel they used for debt advice, with just less than one in five (18%) specifically seeking face-to-face advice. Almost half (48%) sourced their provider via the internet. In the event, 32% used face-to-face, 56% the phone and 14% online. The use of the face-to-face channel is thus over-used in relation to preference, with almost twice as many people using face-to-face channels for debt advice as actively wanted to do so.

This segment is that least oriented towards a case-work approach with only 6% wanting the adviser to take on responsibility for their debt, albeit that 28% felt that the adviser had done so in the event. Half (52%) had wanted direction and support for dealing with creditors themselves, while 36% had wanted to be empowered through information on their options. In the event, 52% felt empowered by the debt advice process. However, some 14% felt that the debt advice process disempowered them. This segment would thus seem that for whom actual service model delivery is the least good fit with regard to expectations and needs.

All of this segment fall within the top 50% of household incomes. Some 42% have a degree or second degree. Three quarters (74%) have a full time worker in the household.

Average debt is circa £24,150, with a debt to income ratio of 0.5, thus significantly lower than for other debt advice clients.

Some segments have much greater desire for self-help and empowerment than others

Chart 3a. Expectations of service model prior to approaching debt advice by segment

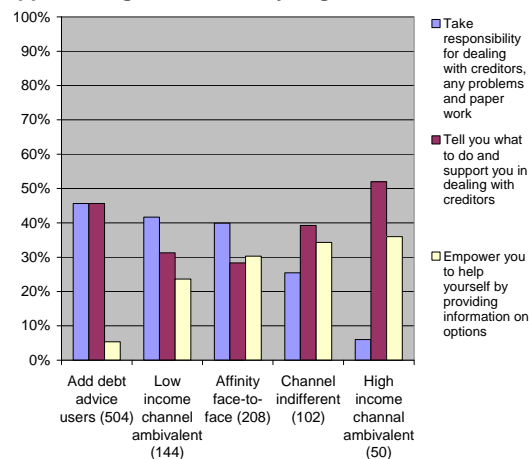
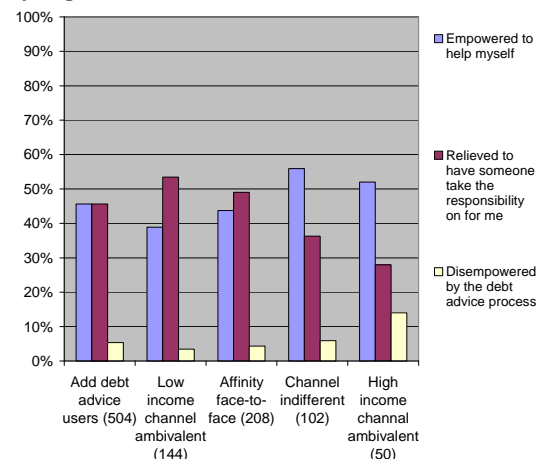


Chart 3b. Perceptions of service model experience by segment



Taken together, the picture that emerges from both the qualitative and quantitative research is one in which although there is a relatively high degree of openness to the use of a range of channels, there are also considerable barriers. These are rooted for the most part however in misconceptions about remote channels and a perception of remote advice delivery that is shaped primarily by adverse “customer service” experience in other contexts and concerns about personal capacity to operate in remote channels.

The segmentation provides some sense of scale for these competing drivers. It shows clearly also both that the debt advice client base is not homogenous in terms of attitudes to channels and that the majority of debt advice clients would be open to receiving advice in a variety of ways. It confirms also that, outside the segment with a strong affinity with face-to-face delivery, face-to-face channels are being over-deployed relative to channel preferences and needs. The same would appear to be true, albeit to a lesser extent, for full-service, case-work models relative to actual support needs, with this most evident in the best educated and most technically competent segments.

2.0 Chapter 2. Vulnerable clients

- One of the key concerns in developing channel strategy is to understand the scale of vulnerability and the issues arising for vulnerable clients.
- To inform discussion, we offer six alternative definitions of vulnerable clients based on different configurations of a range of vulnerability factors, low income, lack of educational attainment and the seriousness and urgency of debt.
- The vulnerable groups arising from these various more or less tightly drawn definitions vary from 18% to 66% of all debt advice clients.
- Definitions based on low income do not capture those likely to be in greatest need of support and specialist skills as effectively as definitions based primarily on vulnerability factors.
- Patterns of channel use for vulnerable clients do not differ significantly from other debt advice clients.
- Vulnerable clients are more likely to use the face-to-face channel, in line with use by those with the most urgent debt more widely, but vulnerable clients are being served effectively in all channels.
- Vulnerable clients appear to bring similar expectations and priorities to debt advice as other clients. They experience similar quality of service and similar outcomes, both hard and soft, and are equally satisfied with advice delivery.
- There is no significant channel variation in this pattern and little difference also between the various vulnerable groups, albeit that those on the lowest incomes are slightly more inclined to use face-to-face channels than other vulnerable clients.




One of the key concerns in developing a channel strategy is to understand both the issues arising for more vulnerable clients and the scale of vulnerability within the wider universe of debt advice.

The first issue is one of definition. In discussion with stakeholders, a number of potential parameters for potential inclusion in any definition of vulnerability were suggested. These included both the degree of urgency or complexity of the debt problems which clients were facing and the extent of personal vulnerability.




Vulnerability indicators suggested included specific vulnerability factors – such as mental health issues, learning disability, literacy or numeracy problems or addiction issues but also extended more widely. Some took the view that being on a very low income or lacking educational qualifications were themselves vulnerability factors, as were softer factors such as lack of confidence in dealing with paperwork, officials or unfamiliar institutions. On the basis of the suggestions, these various parameters were built into the quantitative research and used by the research team to arrive at a potential series of more or less tightly defined definitions of vulnerability.

We here outline six potential definitions of vulnerability, configured in different ways and drawn more or less tightly. The first three vulnerability groups took as a base those with the most serious and urgent debt, i.e. those facing or threatened with court action of repossession, while the remaining three took in all debt advice clients, whatever their configuration of debt or financial difficulty. Groups 1, 2 and 3 are thus a more closely defined subset of groups 4, 5 and 6 respectively.

Those with serious and / or urgent debt only:

-  **Vulnerability group 1.** Literacy, numeracy issues, learning disability, mental health issues, addiction issues or issues around confidence in dealing with institutions, paperwork or officials
-  **Vulnerability group 2.** Anyone on a very low income (lowest household decile) or with no formal educational qualifications
-  **Vulnerability group 3.** Any of the vulnerability factors specified in definition 1 or on very low income or with no formal educational qualifications

All debt advice clients:

-  **Vulnerability group 4.** Literacy, numeracy issues, learning disability, mental health issues, addiction issues or issues around confidence in dealing with institutions, paperwork or officials
-  **Vulnerability group 5.** Anyone on a very low income (lowest household decile) or with no formal educational qualifications
-  **Vulnerability group 6.** Any of the vulnerability factors specified in definition 1 or on very low income or with no formal educational qualifications

Even the most tightly drawn of these subsets represent a significant proportion of clients (18% or 0.28m individuals for definitions on the basis of either Vulnerability group 1 or 2, but extending to two thirds of the debt advice client base (66% and 1.04m individuals) on the most widely drawn definition, Vulnerability group 6.

Depending on how vulnerability is defined, vulnerable clients represent between a fifth and two thirds of all debt advice clients

Chart 4a. Vulnerable debt advice clients' share of population on various definitions of vulnerability

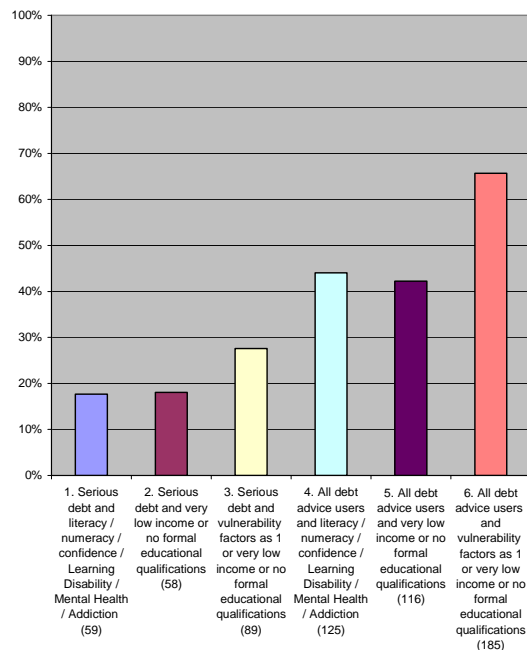
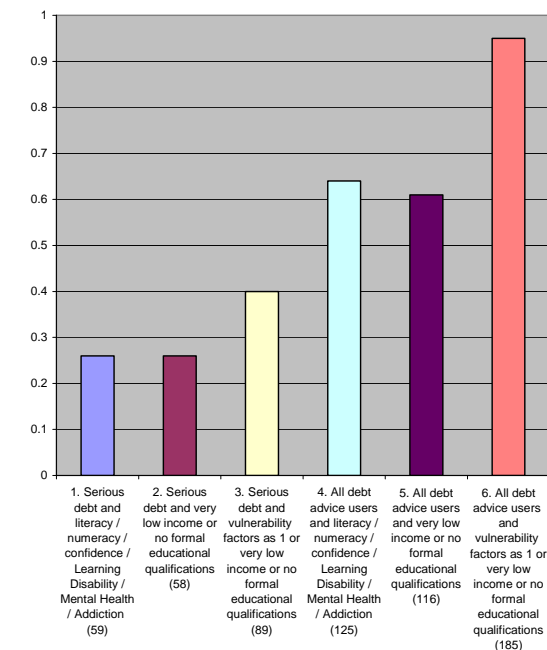


Chart 4b. Estimated number of vulnerable consumers (m)



Definitions based on low income do not necessarily capture those likely to need the most support or specialist skills

In seeking to understand concentrations of disadvantage, it is important to note that the groups specifically defined on the basis of vulnerability factors (i.e. 1 and 4) are significantly more disadvantaged and would seem likely to have a greater need for specialist support and skills than those defined on the basis of having a very low income or with no formal educational qualifications (i.e. 2 and 5). Conversely, only a minority of those with specific vulnerability factors have very low incomes or lack educational attainment.

The groups defined in terms of vulnerability factors appear to have a higher proportion of clients with needs requiring specialist skills and support

Chart 5a. Numeracy, literacy and confidence issues for vulnerability groups

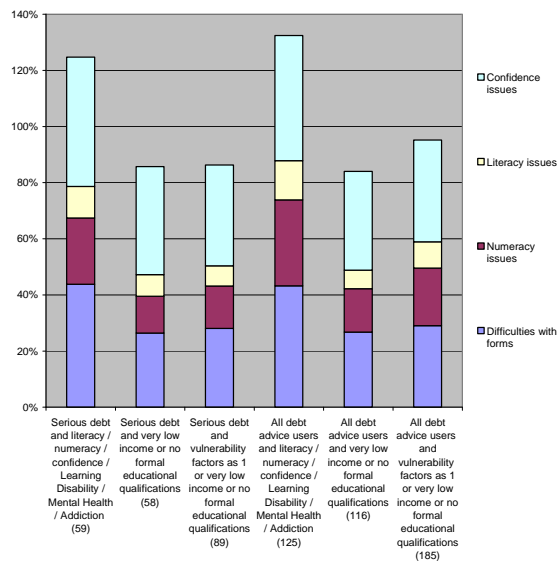
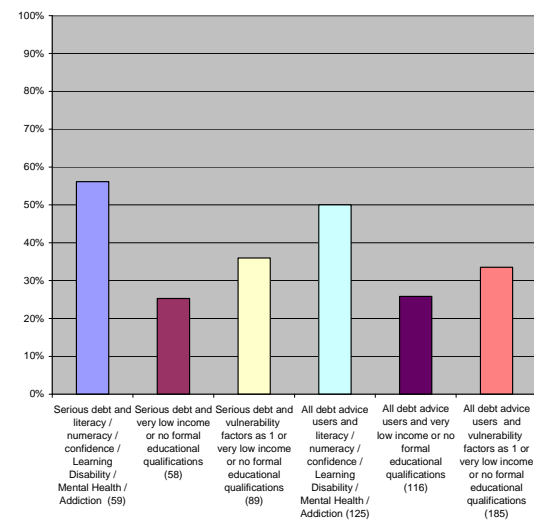


Chart 5b. Mental health problems by vulnerability group



Those with vulnerability factors are not necessarily those on the lowest incomes or lacking educational attainment

Chart 6a. Very low incomes (lowest decile)

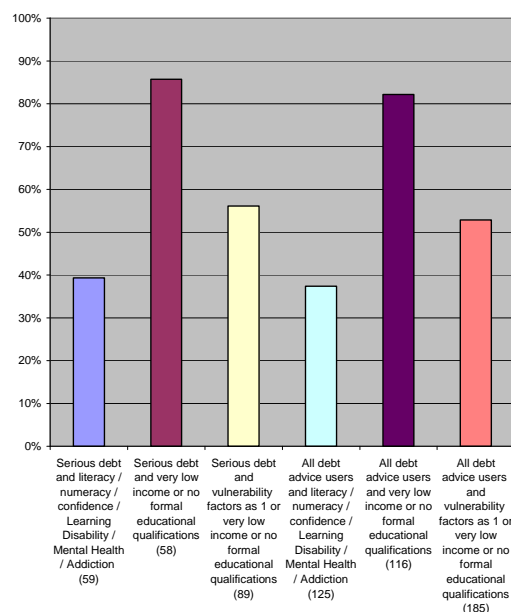
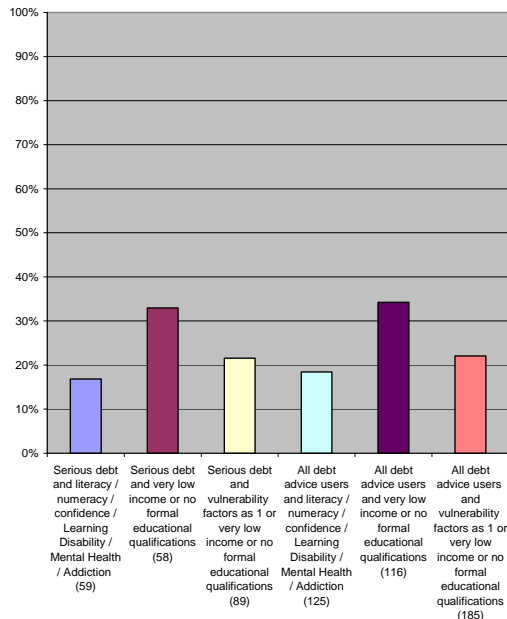


Chart 6b. Lack of educational attainment by vulnerability group

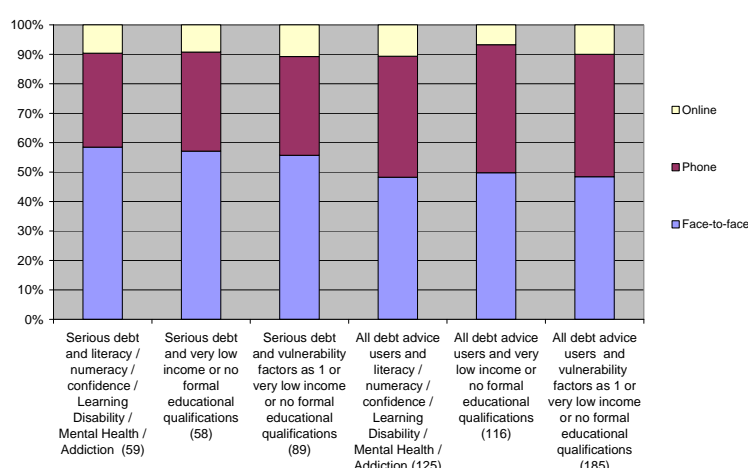


Patterns of channel use for the vulnerable groups do not differ very substantially from the wider population of debt advice clients

In terms of channel use, however, it is clear that vulnerable groups, however defined, do not differ substantially from the wider population or indeed from each other. A little less than six out of ten of those in each of the vulnerable groups with serious and urgent debt and facing immediate or threatened court action or repossession used the face-to-face channel, in line with other debt advice clients with serious and urgent debt. Across the vulnerable groups as a whole, use of the face-to-face channel, at a little over half in each case, was also close to the debt advice client base overall (at 49%). There is thus a very significant tranche of vulnerable individuals being served already in channels other than face-to-face.

The most vulnerable groups with serious debt are concentrated in face-to-face, but all channels are serving a significant body of vulnerable clients

Chart 7. Current channel use for debt advice by vulnerability group



Slightly more vulnerable clients placed a premium on face-to-face contact than other clients but differences in channel preference are not large

The only respect in which the vulnerable groups differed slightly from debt advice clients as a whole in their channel preferences, was in the value placed on being able to see the adviser face-to-face. Almost two thirds (64%) of the various vulnerable groups with serious and urgent debt problems said that face-to-face contact was important to them, the same proportion as for all those with serious and urgent debt. This compares to a little less than six in ten (57%) of all clients. Vulnerable groups were very slightly less likely to feel that the anonymity of a telephone call was important (69%), compared to some 74% for debt advice clients overall.

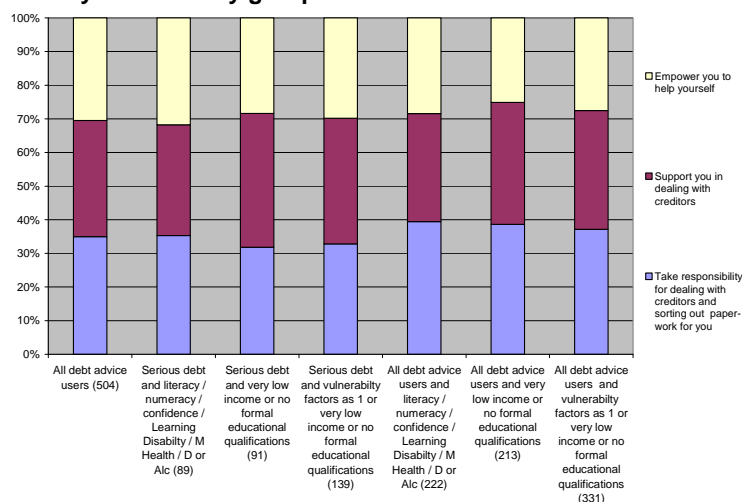
Vulnerable groups appear to have similar priorities to other clients and do not appear to be more likely to want advisers to take on responsibility

Vulnerable groups bring very similar expectations and needs to debt advice as other clients. They are, for example, only slightly more likely than debt advice clients overall to be seeking someone to take on responsibility for dealing with their debt and paperwork for them and almost equally as likely to be looking for support and empowerment. In terms of the factors which were regarded as important in choosing a debt adviser, more than 95% of all the various vulnerable groups said that trust in the integrity of the organisation, independence, professionalism and expertise, a non judgement approach, sufficient time to explain the problems, privacy, confidentiality

and personalised advice were important to them – very much in line with other clients.

Those on the lowest incomes and in most serious debt are slightly more likely to want advisers to take responsibility but this is not the case for other vulnerable groups

Chart 8. Expectations of balance of responsibility and empowerment – expectations of debt advice by vulnerability group



Quality of service experience and levels of client satisfaction are very similar to those of all debt advice clients

Equally, the vulnerable groups, however defined, appear to have similar experiences of advice delivery and service to other customers, albeit that they are slightly more likely to have to wait to see an adviser. This may reflect their greater use of the face-to-face channel, with vulnerable clients no more likely to experience delays than face-to-face clients overall. Vulnerable clients are similarly highly satisfied with the experience of debt advice, with 92% very or quite satisfied with the quality of debt advice and 86% very or quite satisfied with the outcomes of debt advice, in line with all debt advice clients, at 90% and 87% respectively. As with other debt advice clients, vulnerable client groups overwhelmingly felt that their own experience of debt advice closely matched their expectations across all of the parameters that were important to them. There were moreover no significant differences between the six in ten vulnerable individuals being served in the face-to-face channel and those being served in the phone channel.

Hard and soft outcomes are very positive for vulnerable client groups

As with debt advice clients as a whole, both hard and soft outcomes for vulnerable clients are very positive, with the overwhelming majority achieving a solution to their problems. Outcomes for the more vulnerable groups differ little to those for clients overall and appear very similar between channels, also. The small differences that do arise appear to be associated with the profile and circumstances of the clients rather than channel related factors.

Outcomes do not appear significantly different to those achieved for all clients

Chart 9a. Outcomes of debt advice
All clients and vulnerable clients

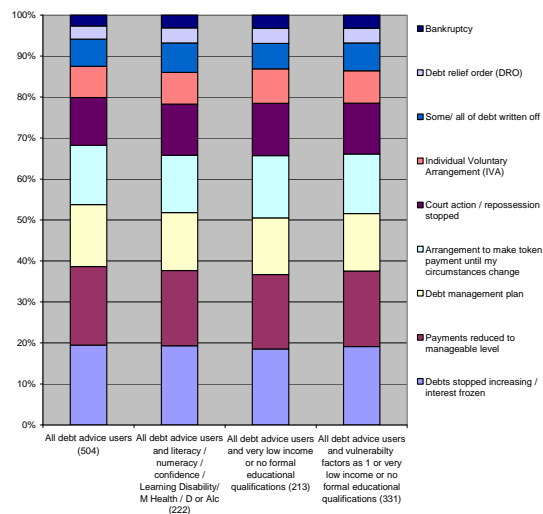
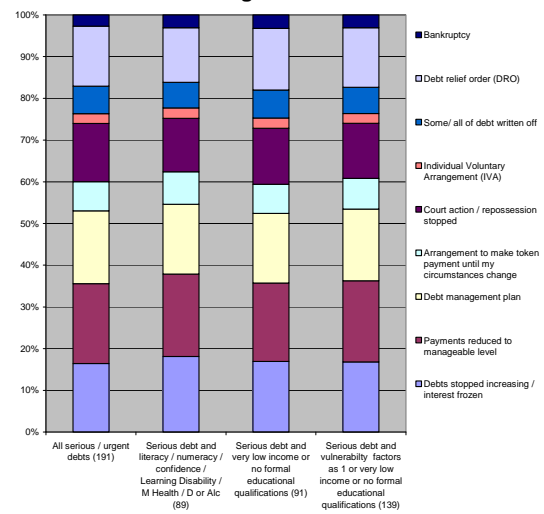


Chart 9b. Outcomes of debt advice
All clients with serious / urgent debts and vulnerable clients with serious / urgent debts



Taken together therefore, it would seem that there is less difference between “vulnerable” client groups and debt advice clients more widely than might have been anticipated. Their patterns of channel use and preference are also not distinctive, other than a slight bias in both use and preference towards the face-to-face channel, which itself is perhaps less marked than might have been expected. Vulnerable clients are clearly however being served successfully in all channels, with all channels producing very similar outcomes in terms of experience, outcomes and satisfaction. Clearly, however, there will be niche groups who will have specific service needs that arise from their particular vulnerability, which would not be explored in any detail within the scope of this research.

3.0 Chapter 3. Potential for channel shift

- The key factors in achieving a channel shift are not necessarily channel specific but rather rest on factors such as the skill and professionalism of the adviser, and the integrity and reputation of the advice provider.
- All channels need to offer personalised advice tailored to client circumstances, consistency of contact and checks to ensure that clients understand recommendations and can act on them.
- Speed, convenience, “real-time” responses and reassurance on the practical aspects of handling paperwork are also important.
- Eight in ten clients would feel comfortable with debt advice delivered by phone if they were confident it was independent, professional and personalised. This is true also of seven in ten face-to-face clients and of those with a strong expressed preference for face-to-face.
- There would appear significant potential also to increase the use of online channels. The appetite is less for a stand-alone channel than one which is linked to personalised phone and email advice where required.
- Online services would require a degree of access to expert telephone support if people are to have confidence in using them.
- While there is a high degree of cross-over between those willing to use phone and on-line channels, there is also significant resistance to shifting online among those now using, and those willing to use, phone channels.
- Overall, 20% more clients are using face-to-face than actively want to do so,³ with use disproportionate to demand and need highest in the “Channel Indifferent” and “High income channel ambivalent” segments, in which use exceeds need by a factor of three and almost two times respectively. These segments would seem the appropriate early-stage targets for channel shift.
- Active resistance to channel shift (being very or quite uncomfortable with the idea) is low but can be deeply felt, at 12% for phone and 22% for online, but varies considerably between segments. One in five of the “Affinity face-to-face” segment but just 2% of the “Channel indifferent” are resistant to phone, with 28% and 5% of the same segments being resistant to online.
- A key focus of channel strategy must be the protection of face-to-face services for vulnerable clients who need it and facilitation of access to, and effective use of, remote channels for vulnerable clients who want or need to be served remotely.
- Digital exclusion (having no access to the internet and/or reliance on a PAYG phone) is an issue for 25% of debt advice clients in the lowest income decile and for 15% of those defined as being vulnerable on the basis of exhibiting at least one of a range of vulnerability factors,⁴ which clearly precludes the potential for a shift to remote channels for these clients.
- There is however little difference between the variously defined vulnerable client groups and other debt advice clients in their openness to remote channels and attitudes to potential channel shift.
- Vulnerable groups appear also to be over-served in the face-to-face channel relative to their channel preference, with over-representation highest (at 40%) among those with a range of vulnerability factors but in line with all debt advice clients (at 20%) for those on the lowest incomes.
- Remote channels appear to have slightly greater appeal for those with the most urgent and serious debt and for those with a range of vulnerability factors compared to those on the lowest incomes.

³ I.e. 20% more debt advice clients are using face-to-face channels than actively express a preference for face-to-face delivery.

⁴ Vulnerability factors in this case being mental health issues, learning difficulty, numeracy, literacy or confidence issues, alcohol or drug addiction issues.

3.1 Key factors in achieving a channel shift

Participants in each stage of the research were asked to consider the pros and cons of accessing debt advice via remote channels in the future. They were also asked, in the context of the current recession and increasing numbers of people experiencing financial difficulties, to consider whether and how more people might be encouraged to use remote channels, in order that advice could be provided to a greater number of people in need. These views were, of course, heavily shaped by people's own experiences of having received advice but participants were encouraged to think beyond their recent experiences to consider what might influence their feelings about remote channels, should they need debt advice again. People's views on this were shaped by a range of factors, including previous experience and personal preference. Interestingly, however, many of the factors that people identified as being important in influencing channel use in the future were not channel-specific.

Views were heavily shaped by previous experience of debt advice with clients of different channels equally comfortable with the channels they had used

Attitudes towards the potential future use of remote channels were, predictably, heavily shaped by people's experience of having received advice. In this context, people who had used remote channels were largely happy to use them again in the future and, having heard of others' experiences during the focus groups, felt it had worked as well as face-to-face advice. Face-to-face advice clients – despite hearing evidence to the contrary from remote channel clients in the focus groups – were more likely to feel that their experience could not be emulated by remote channels and that this would impact on both the advice process and the outcome.

Nevertheless, the importance of previous experience in shaping these attitudes suggests that as more people use remote channels, positive attitudes towards using them again will increase still further.

There was broad consensus between clients of different channels on the key factors in achieving a channel shift

A number of factors were identified in the focus group discussions and depth interviews, which relate to the potential for channel shift.

The skills and conduct of the adviser were seen as the critical success factor

Most advice recipients talked of the importance of feeling that they had established a relationship with their adviser. Having a good relationship with their adviser was, largely, of equal importance to advice recipients regardless of the channel they had used. The survey evidence presented in Volume 1 indicates that good personal relationships can be felt across all three channels, and this is confirmed by the experiences of the remote channel clients who participated in the focus group and depth interviews.

Face-to-face clients have reservations about whether relationships can be established remotely

Face-to-face advice clients, however, tended to feel that building a good working relationship with a debt adviser would not be possible via remote channels and felt that these channels would lack the 'human touch'. In particular, face-to-face advice clients placed great importance on being able to see their adviser.

A part of the desire for face-to-face contact rests as much on the need for reassurance and affirmation as well as practicalities

To a large extent, the importance attached to being able to see the adviser face-to-face, however, related to the need for assurance that they were being listened to and, more importantly, 'heard'. In addition, the low self-esteem and stigma that many people felt at the time they sought advice made some people particularly concerned to be able to see that the adviser was neither laughing at them, nor judging them during the interview. In the case of online advice, a few face-to-face clients were uncomfortable with the idea of communicating with a tool rather than a person, which is a feature of some online debt advice services.

Communication to create a sense that advisers in remote channels can be similarly empathetic and professional is key

Being able to trust that advisers on remote, particularly telephone channels would have the same sensitive, empathetic and non-judgmental approach that some people associate only with face-to-face advice is likely to significantly increase comfort levels. During the course of the focus group discussions, in particular, some of the face-to-face advice clients, having listened to others' experiences of remote channels, thought they would be happy to receive advice by telephone once they had established a relationship with an adviser.

Some people were not comfortable with the idea of dealing with remote channels unless they had the potential for direct contact with an adviser. Others, especially those who were younger and more accustomed to using the internet for social networking, were positive about the idea of using online debt advice services, particularly where they are provided via live web-chat. They felt that the interactive nature of a live web-chat would provide the reassurance that the adviser understood their situation.

Tailored personalised advice, support to ensure clients' understand recommendations and consistency of contact is important

A number of issues were raised in relation to the advice process itself, which are significant in relation to the potential for channel shift.

Receiving advice that related to them, personally, rather than general information or advice was important to everyone. Few people who had not used remote channels perceived them as being able to offer advice on a personal, interactive basis. This led to fears that the process would not be able to adapt to people's differing levels of understanding and confidence. Related to this, concerns were expressed by people who had not used them, that advice received via remote channels would necessarily be less detailed and individually tailored than would be the case with face-to-face advice and would not help them to make decisions or take action. In addition, people feared that online advice services, in particular, would not prompt them to remember key details or aspects of their situation and that this would reduce the relevance of the advice received.

Confidence that advice received via remote channels would include checks that people had understood what the adviser was saying, and additional support, such as written follow-ups for telephone advice clients, or a free phone number that online advice clients could call if they got stuck, seems likely to provide great reassurance on this issue.

Consistency in the advice process was also widely important. Face-to-face advice clients wanted assurances that they would be able to speak to the same adviser if

they called a service or, at least, speak to someone who was familiar with their case and the advice they had received to date.

Reassurance on practical aspects of handing paperwork is also important

Practical issues, relating especially to the handling of paperwork, was a big concern expressed, again, largely by people who had not used remote channels. Some clients of face-to-face advice had particularly valued the fact that they could take all of their bills – including unopened letters – to the adviser and work through them together. They did not perceive remote channels as being able to offer an equivalent to this. Many were both surprised and impressed at hearing that some telephone advice clients had been able to post all of their correspondence to the advice provider. People who were more accustomed to using information technology, on the other hand, were relatively comfortable with the idea of scanning copies of bills and letters and emailing them to an adviser.

Speed and timing is frequently a key issue for those in crisis and facing court action

Issues relating to speed and timing are highly significant in relation to the potential for channel shift. The speed at which people are able to gain access to debt advice is a key factor in influencing people's attitudes to different channels. Awareness of waiting times for face-to-face advice was widespread and this was recognised as being extremely problematic for some. A relatively high proportion of face-to-face clients in the focus groups and the depth interviews felt that they would use remote channels if it reduced the amount of time they had to wait to receive advice, although most thought they were more likely to use a telephone service than to seek online advice. Some face-to-face clients, however, were adamant that they'd prefer to hang on and wait for a face-to-face consultation.

Real time response is important for those under immediate and significant pressure from creditors

Also important, however, was the extent to which different channels were perceived to be able to provide advice and reassurance in 'real time'. There was a belief that you can 'get more answers' if you are face-to-face with an adviser because it would be easier to ask questions during the consultation. Face-to-face clients, in particular, felt that remote channels would involve delays between submitting information and receiving advice, which made it less 'immediate' and, therefore, less useful in their view. These misconceptions were key in influencing some people away from remote channels.

The reputation and integrity of the advice provider is ultimately critical

Low brand awareness of remote channels appears to be a significant obstacle to more widespread use of them. People were concerned about using advice providers that they had not heard of, and which were not visible to them in the way that high street, usually face-to-face, providers are. This, coupled with bad experiences of telephone-based fee-charging debt advice companies, and internet searches which had brought them into contact with sub-prime lenders, often with quite aggressive sales practices, significantly reduced people's confidence in using remote channels. In this context, being unable to see the adviser and their workplace made people feel that they could not assess the quality or integrity of the provider.

Overall, participants in the qualitative research felt that the reputation of the advice provider would be the key factor in encouraging them to use remote channels, with

charities perceived to provide the most reassurance. People also felt, however, that they would be more likely to use a remote channel, even if they had not heard of the provider, if they had been referred by an adviser, or advice provider, that they trusted. In general, face-to-face advice clients felt that, if the quality of the service was the equivalent, they would be prepared to use telephone advice.

Particular assurances regarding confidentiality in relation to remote channels were also seen as being key in encouraging more people to use them.

Perspectives on the convenience aspect of different channels were largely a matter of experience, skills and circumstances

Views on the convenience, or otherwise, of particular channels were heavily shaped by personal circumstances and preferences, and existing comfort levels with different channels. Those who were reasonably accustomed to, and comfortable with, using online channels thought this offered the highest degree of convenience, because they could be accessed in-home at a time of their choice. This was followed by telephone services, which could also be accessed from home and had longer opening hours than most face-to-face services.

Those who were less comfortable with remote channels, however, perceived a greater degree of inconvenience to using them. This was particularly the case with online channels, which those who were less computer literate or for whom the internet was less easily available, felt were more time consuming than travelling to use face-to-face services.

Costs were important but understood only in terms of cost to the client, with phone channels potentially regarded as high cost

Perceptions of the costs attached to different channels did not necessarily reflect the real costs of using them. Face-to-face and online services were perceived to be cost-free, and people did not count any expenses related to travelling to face-to-face providers or the costs of broadband access or other internet use. Telephone advice, on the other hand, was viewed as being, potentially, very expensive if lengthy calls were involved. It is likely that reassurance that telephone advice is offered via free phone numbers, would make a difference to people considering using this channel for the first time.

Channel diversity was seen as an important feature of the sector by some

There was a widespread view that a choice of channels for debt advice was needed, to meet a range of needs and preferences, recognising that these are heavily shaped by individuals' circumstances.

In addition, there was a strong view that some people will always need face-to-face debt advice provision, for reasons relating to personal capacity. In some cases this related to practical factors, such as having access to a telephone or the internet, being computer literate, and being able to travel to use face-to-face services.

Most focus group and depth interview participants also agreed that some people would find it extremely difficult to cope without face-to-face services. One participant with mental health problems explained the importance of face-to-face debt advice to her. She felt that she would always need face-to-face advice because her financial difficulties were triggered by a relapse in her mental health. This meant that she tended to be in a crisis situation, involving wider difficulties as well as financial problems. In addition, when her mental health problems were severe, she struggled to take in information or communicate clearly. In these circumstances, she felt she

required specialist help, ideally from someone who understood her condition and was experienced in providing help in these circumstances.

3.2 Openness to channel shift

3.2.1 The perspective of different channel users

Based on the factors identified as being important in the qualitative phase of the project, survey questions were constructed to give a clearer indication of the potential for channel shift to occur, if the right conditions were in place. To encourage people to think beyond personal preference, the questions were set in the context of growing demand for debt advice and limited resources for the provision of face-to-face advice. While this, clearly, cannot be taken as a guarantee of willingness to use remote channels, it does show the potential for channel shift to be achieved if clients are confident that these services meet their needs.

Eight in ten clients would feel comfortable with debt advice delivered by phone if they were confident of independent, professional and tailored advice

Survey respondents were asked how comfortable they thought they would be with receiving debt advice by telephone, if they were sure that they were “*talking to a trusted and independent organisation and to a trained debt advice professional with good people skills*”. Overall, eight in ten (82%) people thought they would be very or quite comfortable with receiving debt advice by telephone in these circumstances, including seven in ten (70%) people using face-to-face advice clients. As the qualitative research suggested would be the case, those already using remote channels were most likely to be positive about their prospects of using telephone advice, with more than nine in ten of each group saying they would be comfortable with it. Predictably, face-to-face advice clients were least comfortable with the idea of telephone debt advice, even with guarantees about the integrity of the provider and the skills of the adviser. Two in ten (21%) said they would be very or quite uncomfortable with telephone debt advice, compared with just over one in ten (13%) people overall.

Even among face-to-face clients, seven in ten would be comfortable with advice delivered by phone

Degree of comfort with advice delivered by phone by primary channel used “provided delivered by trusted organisation and professional adviser with good people skills”

Chart 10a. Degree of comfort with phone advice by current channel use

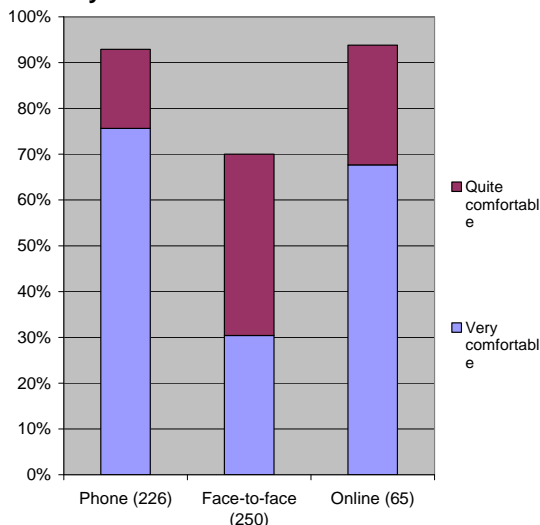
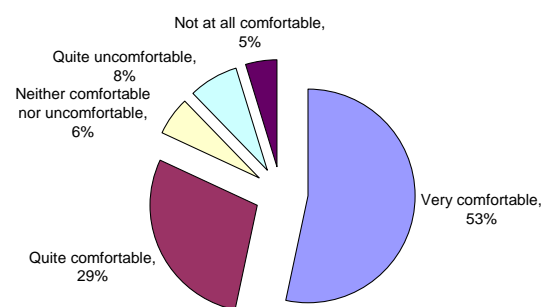


Chart 10b. Comfort with phone based advice



*Provided you were talking to a trusted and independent organisation and to a trained debt advice professional with good people skills

There would appear significant potential to increase the use of online channels

Survey respondents were also asked how comfortable they would be with accessing debt advice online. Here again, on the basis of the qualitative research, and in an effort to ask people to consider a realistic scenario for the future which reflected what people in qualitative research had said about what they would need in an online context, the question was qualified with the words *“if you were dealing with a tried and trusted and independent organisation and could have email or telephone access to a trained debt professional if you wanted it”*. Again, the findings suggest significant potential to increase the number of people using online debt advice series, in the right conditions. Overall, seven in ten (71%) people thought they would be very or quite comfortable with online advice in these circumstances, although it is notable that far fewer people said they were very comfortable with online advice than with telephone advice. The proportion of people who said they would not be comfortable with online advice is similar, at one in five (22%), to those who are uncomfortable with telephone advice.

High degree of acceptance also of online delivery and online as front end for personalised phone and email based advice

Degree of comfort with online advice “provided that you were dealing with a trusted and independent organisation and that you could have email or telephone access to a trained debt advice professional if you wanted to”

Chart 11a. Comfort with online advice

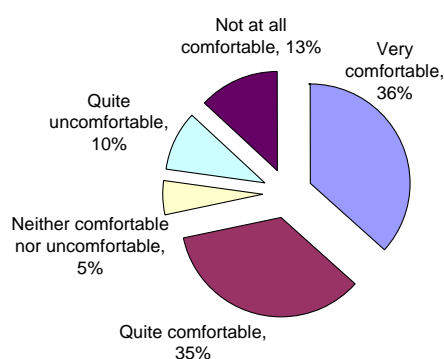
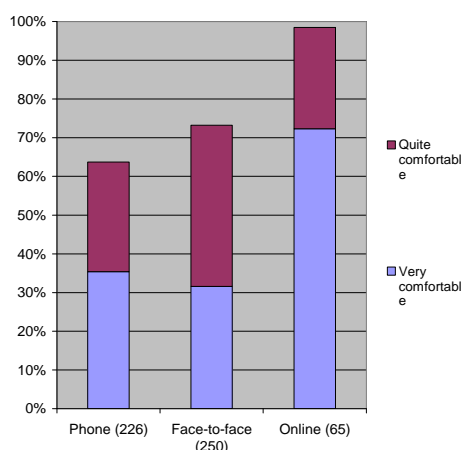


Chart 11b. Comfort with online advice by current channel use



Online services would require a degree of access to expert telephone support if people are to have confidence in using online channels

Developing this strand of questioning further, people were also asked to identify a range of factors that would be important to them if they were to consider using online debt advice services. These findings, too, echoed the views expressed by participants in the qualitative research. The most important factors related to the availability of additional support and the degree to which the advice was personal rather than general. More than eight in ten (86%) people said that having access to a telephone adviser if they were having difficulties navigating online debt advice would be important to them, and nearly eight in ten (78%) wanted to be able to ask a professional adviser questions by email. Eight in ten people said that having personalised tools (79%) and downloadable resources (78%) were important. Interestingly, despite the importance attached by some people to being able to see and interact with an adviser, being able to have a live web-chat with an adviser was seen as being slightly less important, valued by just six in ten (63%) of people; and being able to chat on-screen with an adviser was important to just half (51%) of

survey respondents. There were some key variations between the various channel affinity segments in their attitudes to online delivery, with the “Channel indifferent” segment markedly more engaged with the idea of online tools and resources. Some 95% of the “Channel indifferent” segment was drawn to the idea of interactive personalised tools, while 89% liked the idea of downloadable resources and 93% the idea of being able to ask advisers questions by email.

A significant minority of telephone clients are uncomfortable with online advice

It is important to acknowledge that comfort with remote phone channels does not necessarily translate into comfort with other remote channels such as online.

It is striking, that it was telephone advice clients who were most likely to say they were uncomfortable with the idea of receiving debt advice online, with almost three in ten (27%) being very or quite uncomfortable, compared with one in five (20%) face-to-face clients.

3.2.2 The perspective of the different channel segments

A segmented view of debt advice clients illustrates where there is greatest potential for channel shift

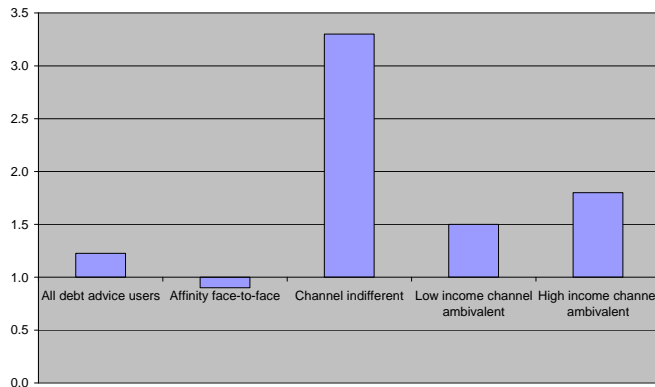
Exploring the views of the different channel segments described in Chapter one of this volume, provides greater insight into these broad attitudes to potential channel shift and illustrates also those parts of the client base likely be most receptive to it. As described in Chapter 1, it is clear from the segmentation analysis that in three of the four segments, i.e. the “Channel Indifferent”, The “Low income channel ambivalent” and the small “High income channel ambivalent” segments, a significant proportion would have been open to receiving advice in a variety of ways. Equally it is clear that in each of these three segments, together representing 59% of total clients, more clients are receiving face-to-face than either want or require it. In each of these three segments, a proportion of individuals have received face-to-face advice although they would have been comfortable with, or would have preferred, using other channels.

From a demand perspective, three of the four segments are over-served by face-to-face channels relative to their expressed channel preference

The degree to which the various segments, on the basis of their expressed channel preferences (as distinct from willingness to use an alternative channel), have been over or under-served by the face-to-face channel is shown in Chart 10. Taking this, 20% more clients were being served in the face-to-face channel than actively wanted face-to-face advice at the point they consulted debt advice. In the large “Face-to-face affinity” segment, nine in ten of the three quarters of the segment who expressed a preference for face-to-face advice, have had their preference met. By contrast, in the “Channel indifferent segment”, where nine in ten were open to being served through any channel, a third was served face-to-face. Among the “Low income channel ambivalent”, 50% more people were served face-to-face than expressed a preference for face-to-face delivery while in the “High income channel ambivalent” segment, in which less than one in five expressed a preference for face-to-face advice, almost twice as many people were served face-to-face than wanted a face-to-face service. It is clear therefore that for some segments of the client base, more advice is being delivered face-to-face than is preferred by clients themselves.

Face-to-face channels are used by 20% more clients than actively want face-to-face with over-use relative to need highest in the Channel Indifferent segment

Chart 12. Actual use of face-to-face channels relative to channel preference for face-to-face advice prior to consulting debt advice – all and by segment



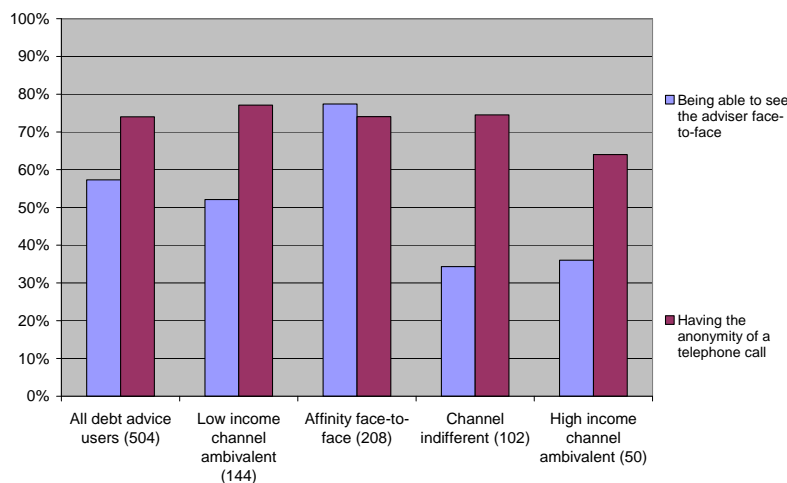
1 = expressed preference for face-to-face matches face-to-face channel use
 0.5 = 50% of those who wanted face-to-face actually used face-to-face
 1.5 = 50% more people used face-to-face than wanted face-to-face

The balance of importance of face-to-face and phone contact varies considerably between segments

A high proportion of all segments value the anonymity of a phone call in consulting debt advice, including in the “Affinity face-to-face” segment, where it is almost as important as face-to-face contact. However, face-to-face contact is far less valued in other segments, most notably in the “Channel indifferent segment” and the “High income channel ambivalent segment”, both of which would seem important areas to focus on when effecting a channel shift, together representing some 30% of total clients. Almost half of both groups sourced their advice provider via the internet, which would seem to provide an opportunity to reach out to these segments.

Phone contact is valued by all segments but face-to-face contact is far less important for two segments, many of whom are now served face-to-face

Chart 13. Channel factors important in choosing a debt advice provider – anonymity of a phone call versus face-to-face contact



The “Channel indifferent” and “High income channel ambivalent” segments would appear to represent good prospects for initial channel shift

These attitudes are reflected in the different segments’ receptiveness to phone based advice (qualified as described earlier with the proviso that it was independent, from a trusted organisation and delivered by a professional expert adviser). Almost two thirds (64%) of the “High income channel ambivalent” and 77% of the “Channel indifferent” were “very comfortable” with this concept. This degree of comfort was not confined to these segments, however. A little over half (55%) of the “Low Income channel ambivalent” and slightly less than four in ten (38%) of the “Affinity face-to-face” segment were also “very comfortable” with phone based advice delivered as described. Significant proportions of each segment were also “quite comfortable” with the idea of phone based advice delivery.

A significant minority of even the most face-to-face oriented segment is also “very comfortable” with the idea of receiving debt advice by phone

Chart 14a. Comfort with having debt advice by phone* by segment and degree of comfort

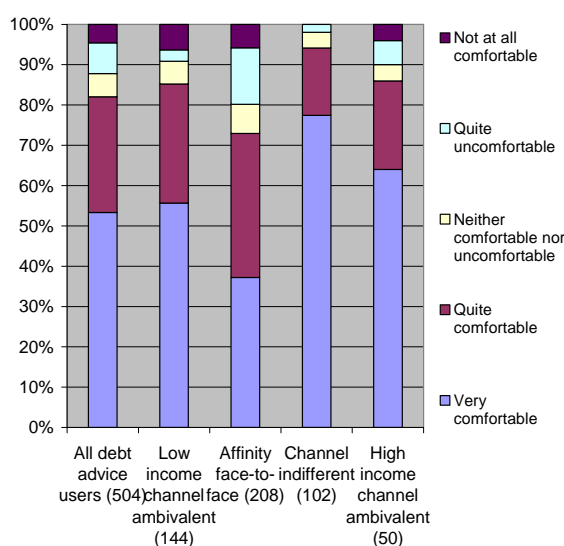
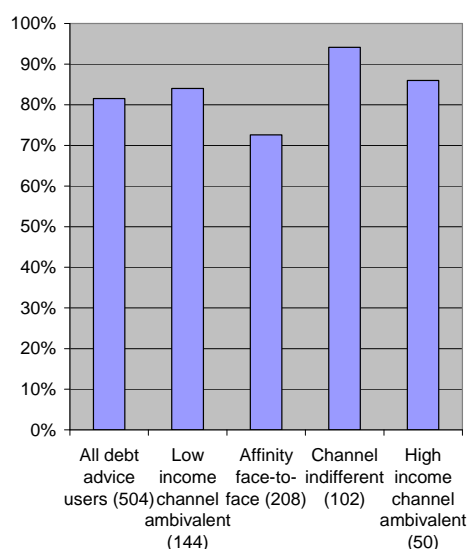


Chart 14b. Very or quite comfortable with phone channels for debt advice by segment



*Provided you were talking to a trusted and independent organisation and to a trained debt advice professional with good people skills

Where individuals are comfortable with the phone for advice delivery, they prefer phone to face-to-face, even for a first meeting with an adviser

The acid test of receptiveness to channel shift perhaps lies in clients’ willingness to consider remote channels for the critical first interaction with a debt adviser, when anxiety is at its highest, and where circumstances and difficulties are laid out for the first time and rapport is established. Some 52% of the “Channel Indifferent” and 58% of the “High Income channel ambivalent” would be comfortable with a phone based first meeting with an adviser, in both cases a higher proportion than would be comfortable with face-to-face, at circa four in ten.

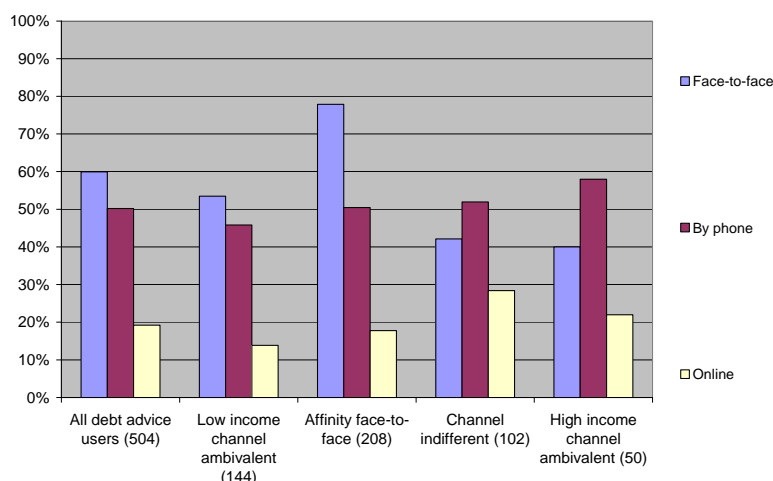
A further 28% of the “Channel indifferent” and 22% of the “High Income channel ambivalent” would also be comfortable with having a first debt advice intervention online.

In the segments with greater affinity with face-to-face, a preference for face-to-face does not seem to preclude comfort with having a first meeting by phone

The low income channel ambivalent segment shows a slightly stronger bias towards face-to-face (53%) than phone for a first meeting face-to-face. Nonetheless, not far from half (46%) would be comfortable with the phone and 14% with online channels for a first meeting. Strikingly, however, half of even the “Affinity face-to-face” segment would be comfortable with a first meeting by phone, while 18% would have been prepared to meet online. Although their strong preference would have been for a face-to-face meeting (77%), their degree of comfort with phone based meetings does not appear very different to that of the other segments, even for the critical first debt advice consultation. This would seem to reflect the pattern, discussed at some length in volume one, in which those presenting to debt advice are in fact more concerned with finding a solution to their problems than they are with the channel through which advice is delivered.

Comfort with the phone for first meeting does not differ radically between segments, albeit that first preferences vary significantly

Chart 15. Channels would have been comfortable for having first meeting / interaction with adviser



There is a high degree of cross-over between those who are comfortable with phone and online advice delivery

The segments that were “very comfortable” with phone based advice delivery were also those most comfortable with receiving debt advice online (again, as qualified earlier with the proviso that advice was independent and that an expert professional adviser would be available by phone or email if needed). As earlier described, comfort with an online proposition was lower than for a phone based service. Around half of both the “Channel Indifferent” and “High Income channel ambivalent” professed themselves “very comfortable”, at 53% and 46% respectively. Just a third (32%) of the “Low income channel ambivalent” group and a little over a quarter (27%) of the Affinity face-to-face group felt the same way.

Appetite for online advice is lower than for phone channels but some segments, notably the “Channel Indifferent” are very open to online advice

Chart 16a. Comfort with receiving debt advice online* by segment and degree of comfort

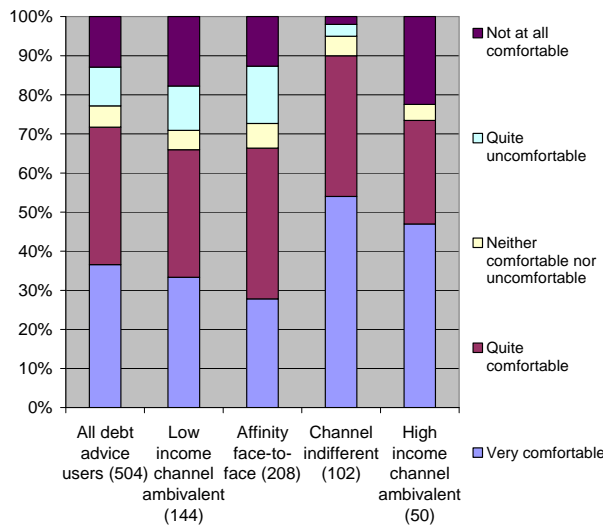
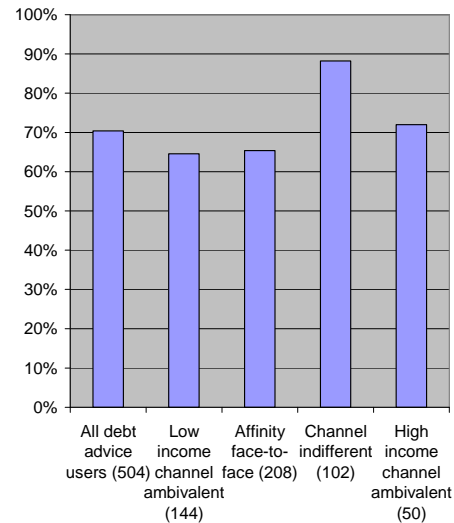


Chart 16b. “Very” or “quite” comfortable with online channels for debt advice



Nonetheless, it is clear that some who are comfortable with phone channels are resistant to a shift to online delivery

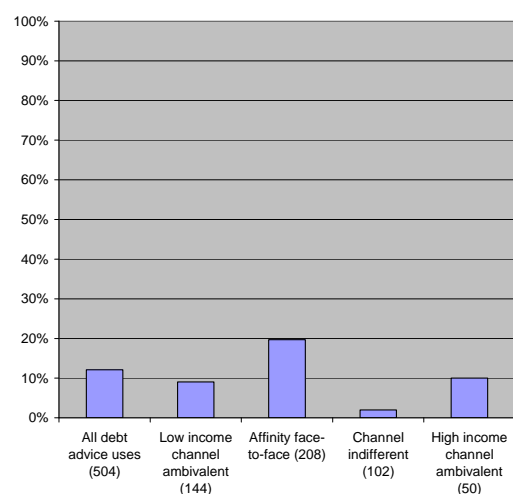
A key part of understanding the potential for channel shift lies with understanding where the potential limits may lie and the scale and temperature of resistance. There is clearly a high degree of cross-over between comfort with phone and online channels. However, it is clear also that for a significant minority of those who might be comfortable with a shift to phone based channels, online delivery is seen as a quite different proposition and a step too far out of their comfort zone. This applies most clearly in the two “channel ambivalent” segments, both high and low income, as described above.

Active resistance to channel shift is low but is deeply felt among a minority in both the “Affinity face-to-face” and “Channel ambivalent” segments

Overall, active resistance to a shift to phone delivered advice was low, at 12%, (defined as being “quite” or “very” uncomfortable with the idea of phone advice). As might be expected resistance was highest, at 19%, in the “Affinity face-to-face” segment, but minimal, 2%, in the “Channel indifferent” segment. Active resistance to online delivery (defined again as being very or quite uncomfortable with the idea of online advice) was generally higher than for the phone channels. Resistance was most concentrated in the “Low income channel ambivalent” segment, 17% of whom said that they would be “very uncomfortable” and 12% “quite uncomfortable” with the idea of receiving debt advice online, while one in five of the “High Income channel ambivalent” were also “very uncomfortable” with the idea of online debt advice.

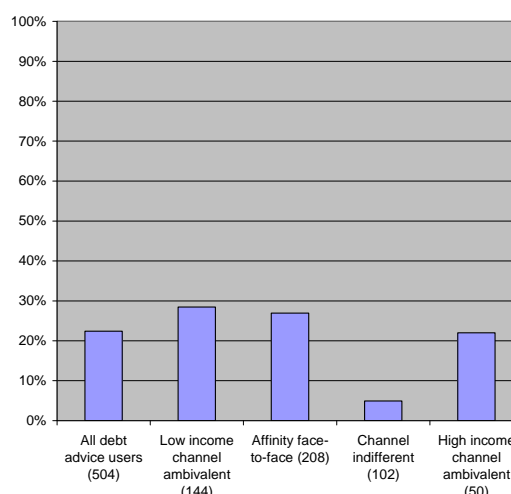
Resistance to phone and online channels varies significantly between segments

Chart 17a. Resistance to phone channels for debt advice – "very" or "quite" uncomfortable with phone advice* by segment



*If you were talking to a trusted and independent organisation and to a trained debt advice professional with good people skills.

Chart 17b. Resistance to online channels for debt advice – "very" or "quite" uncomfortable with online advice* by segment



*Provided that you were dealing with a tried and trusted and independent organisation and that you could have email or telephone access to a trained debt advice professional if you wanted to.

3.3 More serious urgent and vulnerable cases

A key focus of channel strategy must be the protection of face-to-face for those vulnerable service clients who need it

The analysis of the scale of vulnerability among debt advice clients – which is described in Chapter 2 of this volume – suggested that, depending on how the parameters of “vulnerability” were drawn, a definition of vulnerability could take in somewhere between a little under a fifth to two thirds of all debt advice clients. Understanding the issues as they arise for vulnerable service clients is thus key to considering the potential for channel shift and the measures that may need to be put in place to protect those with a range of vulnerability factors or facing the most serious and urgent debt problems.

For some vulnerable service clients, face-to-face delivery will be essential. One of the key concerns for the sector in considering channel strategy and the potential for channel shift lies with protecting access to face-to-face channels for those who need it.

For other vulnerable clients, the issues will lie more around facilitating access to – and effective use of – remote channels for those who want them

For other vulnerable service clients, the issues may rather be about the additional support which vulnerable clients may need if they are to be empowered to have full access to remote channels and manage effectively within them – should they want to do so.

Not all of those groups deemed vulnerable will need or want face-to-face debt advice, however, and for some vulnerable groups, remote channels will have some advantages.

This section examines both some of the practical limits on channel shifts and the attitudes of potentially vulnerable groups and those with more or less serious and urgent debt problems.

Chapter two posited six different more or less widely drawn interpretations of vulnerability. These vulnerability groups rested in some cases on the basis of a range of vulnerability factors, such as mental health issues, learning disability, numeracy, literacy and confidence issues. In others, definitions were drawn on the basis of being on a very low income or having no educational qualifications. Provision was made within the definitions also for those facing the most urgent and serious debts, involving imminent or threatened court or repossession action. This section describes the requirement for face-to-face advice and the drivers for and barriers to channel shift for each of these variously defined vulnerability groups. The charts contain descriptive definitions of the various vulnerable groups. Readers seeking detail on the definition of the various vulnerable groups are referred to chapter two.

Digital exclusion will itself be an issue for a deeply disadvantaged minority of debt advice clients

Overall, some 86% of debt advice clients are digitally included, in the sense that they have broadband internet access. There is, however, a minority of debt advice clients who are deeply digitally excluded, and who may have access only to mobile phone, often on pay as you go (PAYG) with limited credit, which will not lend itself to anything other than brief conversations. Clearly having no access to a landline and relying on a mobile phone on a PAYG contract, the latter being quite common among those on low incomes, will limit the accessibility of phone based services and would likely also greatly increase their cost to the user. Similarly, not having access to a computer with broadband internet will render online advice impractical, regardless of any capacity or confidence issues.

Digital exclusion appears to be lower among those with a range of specific vulnerability factors than among those on very low incomes

Among the most vulnerable groups exhibiting a range of vulnerability factors but not necessarily on the lowest incomes or lacking formal educational qualifications, digital exclusion – in the form of lack of access to both the internet and landline telephony – is in fact lower than for those deemed vulnerable simply on the basis of being on a very low income (defined as falling into the lowest decile of household income).

Among those on the lowest incomes, a quarter are profoundly digitally excluded – reliant on PAYG phones and without internet access

Lack of access to landline telephony peaks among those on very low incomes and with the most serious debt at 25%, with the same proportion not having access to the internet. If their counterparts with less urgent debt are included, lack of access to landline telephone falls slightly, to 19%, but a quarter have no broadband internet access.

For the vulnerable groups defined on the basis of the presence of a range of vulnerability factors, 17% of those with the most serious and urgent difficulties have no access to landline telephony, while 15% have no internet access. Including those with less serious debt problems but the same vulnerability factors, the proportion without a landline at home falls to a little over one in ten (12%) but again, 15% lack broadband internet access.

Digital exclusion will preclude use of remote channels for a significant minority of vulnerable clients, especially those on the lowest incomes

Chart 18a. No access to landline telephone by vulnerability group

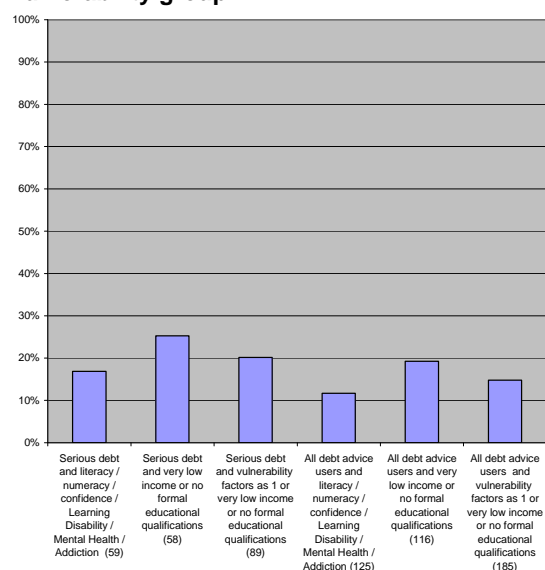
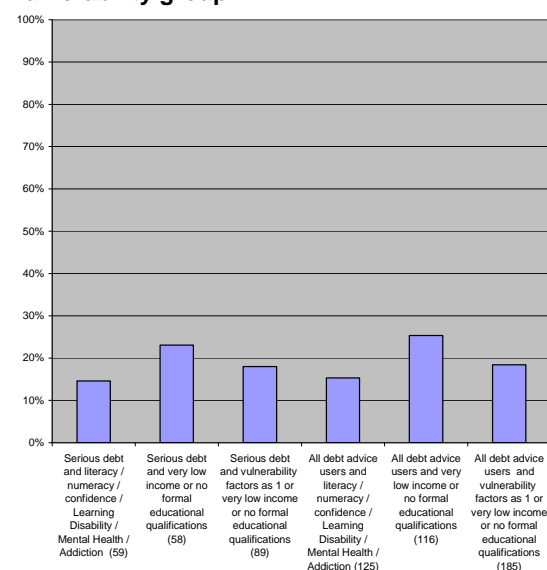


Chart 18b. No access to broadband internet by vulnerability group



There is little difference between the most vulnerable groups and all debt advice clients in their affinity with face-to-face or attitudes to remote channels

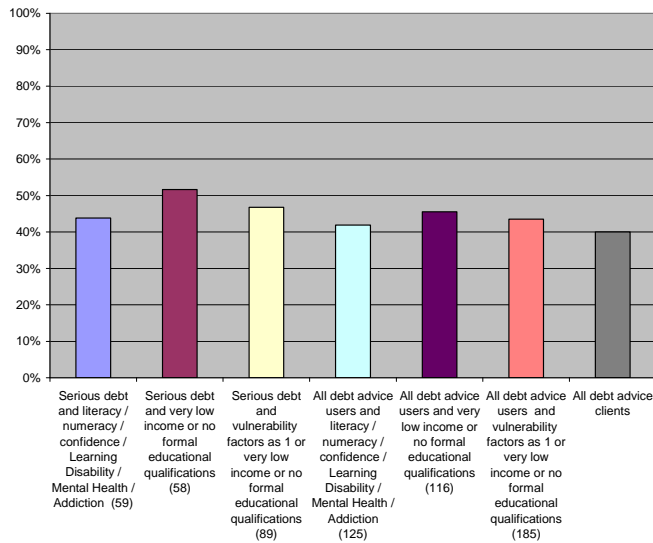
As was described in chapter two, there is in fact little difference in the patterns of channel use of the various vulnerable groups and other debt advice clients, albeit that there is a greater concentration of those with serious difficulties in the face-to-face channel, broadly in line with those with more serious difficulties more widely. Equally, attitudes to the potential for channel shift do not differ greatly from those within the wider population of debt advice clients. There are few significant variations in this pattern between the vulnerable segments defined in different ways.

Those on very low incomes are a little more likely than those with multiple vulnerability factors to seek face-to-face advice

The most disadvantaged group with multiple vulnerability factors and serious debt, appear to have slightly less affinity with face-to-face channels than those on very low incomes. Some 44% of the most disadvantaged group with serious debts wanted face-to-face prior to seeking debt advice, compared to 52% of the group with the most serious debts on very low incomes and no formal educational qualifications.

The groups defined on the basis of vulnerability factors are no more likely than all debt advice clients to want face-to-face advice

Chart 19. Desire for face-to-face advice prior to seeking debt advice %



Three in ten of both those with multiple vulnerability factors and those on the lowest incomes had no channel preference

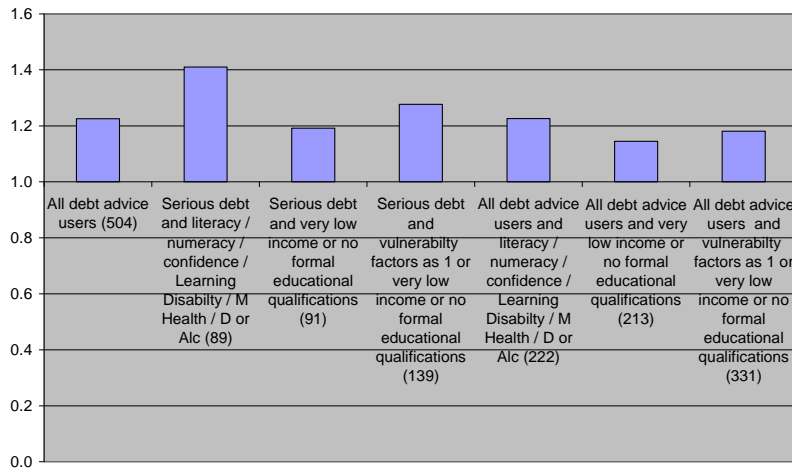
Some 20% of the former group and 14% of the latter were actively seeking phone channels with around 4% of both groups seeking online help. Three in ten of both groups, however, “didn’t really mind” what channel they used.

The evidence is that the vulnerable groups are also over-served by face-to-face channels relative to their expressed channel preference

In the event, six in ten of both groups were served face-to-face with around a third by phone and slightly under one in ten online. This would suggest therefore that the vulnerable groups are also being served within the face-to-face channel to a greater extent than would be the case if channel use were to reflect channel preference. Overall some 20% more debt advice clients are served in the face-to-face channel than would be suggested by expressed channel preference at the point when debt advice was first consulted. This over-representation is true also of the vulnerable groups and is highest among the group with serious difficulties and multiple vulnerability factors, 40% more of whom have been served face-to-face than initially wanted face-to-face advice. This falls to 30% for all those with multiple vulnerability factors rather than the most serious cases. For those on the lowest incomes, over-representation in the face-to-face column relative to expressed preference is 20%, in line with debt advice clients overall.

The vulnerability group most over-served by face-to-face relative to channel preference is that with serious debt and a range of vulnerability factors

Chart 20. Actual use of face-to-face channels relative to channel preference for face-to-face prior to consulting debt advice – All and by vulnerability group



There is a significant affinity with phone channels across the vulnerable groups, particularly those with more serious and urgent debt

A little over half of all of the vulnerable groups with serious and urgent debt would be comfortable with having a first meeting by phone, falling to a little less than half for vulnerable groups as a whole, regardless of their debt position. The vulnerable groups with the most serious and urgent debt are also more open to a first intervention online, with a little over a quarter of these group comfortable with doing so, falling to just under one in five for vulnerable clients overall.

Vulnerable groups with the most serious and urgent problems appear those most inclined to consult an adviser for the first time remotely

Chart 21a. Willing to have first meeting / interaction by phone or online by vulnerability group

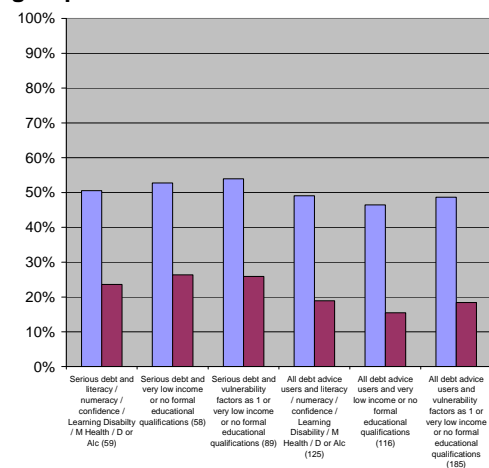
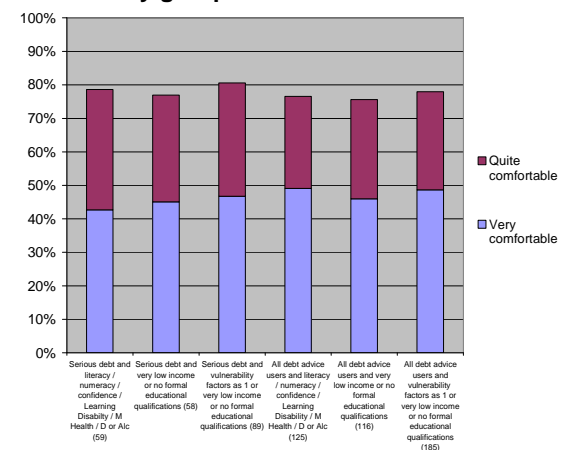


Chart 21b. Very or quite comfortable with phone based channels for advice by vulnerability group



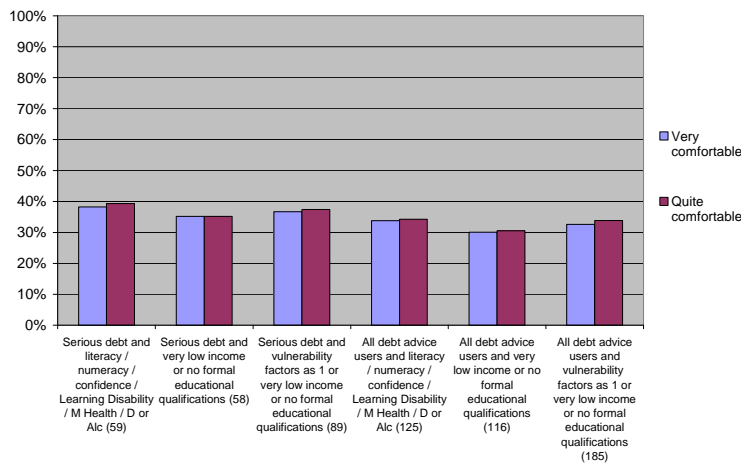
Online advice delivery also has appeal for a significant minority of even the most vulnerable groups

There are also relatively high levels of support for online delivery, being highest in the groups with the greatest vulnerability factors and most serious debt and lowest in

those with the lowest incomes. Some 38% of those with serious debts and greatest disadvantage were “very comfortable” with online delivery, while 39% were “quite comfortable”. Among their counterparts with the lowest incomes and no formal qualifications, 35% were very comfortable and 35% quite comfortable with online delivery.

Online advice delivery has greatest appeal for those with multiple vulnerability factors and the most serious and urgent debt

Chart 22. “Very” or “quite” comfortable with online channels for debt advice by vulnerability group

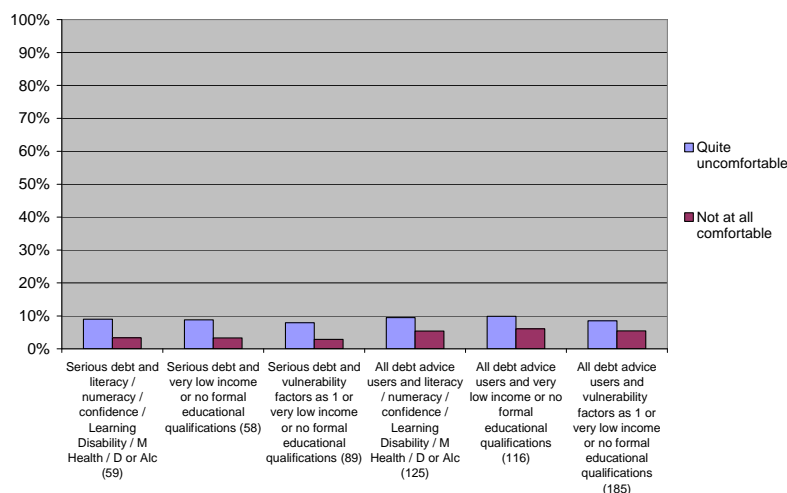


Resistance to remote channels is also very similar to patterns within the wider body of debt advice clients

Active resistance to remote channels is relatively low among the vulnerable groups and is broadly in line with that among the wider advice user population. It ranges from circa 11 – 16% across the variously defined vulnerable groups.

Absolute resistance to remote channels is low even among the most vulnerable debt advice clients

Chart 23. Resistant to remote channels



Taken together therefore, there would appear to be significant potential for channel optimisation, so as to make more effective use of resources and bring channel configuration more closely in line with demand and clients’ channel preferences. Successful shift towards greater use of remote channels will need to rest on

leveraging and making best use of the current attributes of delivery which appear to have been so effective in delivering positive outcomes and which are so greatly valued by clients, i.e. professionalism, integrity, empathy and client rapport, tailored and personalised service and effective support and communications.

The demand picture on channel shift is complex and requires a nuanced approach. Generally, face-to-face delivery needs to be reviewed relative to changing need and willingness to use, and appetite for, new channels. Some segments, notably the “Channel Indifferent” and the “High Income channel ambivalent” would appear to represent an early opportunity to achieve meaningful channel shift, not least because their major entry point to advice appears to be the internet. Clearly, however, there are clients who will continue to need face-to-face delivery and support, and some of these are among the most vulnerable. Nonetheless, it is also clear that the equation of client vulnerability and the need for face-to-face advice delivery is too simplistic to be meaningful when considering client preferences. The evidence is that there is a need to facilitate effective use and configure remote channels so that they are able to deliver the support that many clients need.

4.0 Chapter 4. Conclusions and recommendations

- The debt advice sector has been highly effective in delivering positive outcomes for clients, delivering high standards of customer experience and outstanding levels of satisfaction.
- These results have been achieved across all channels with little significant variation in performance between channels, once differences in client profiles are allowed for.
- Vulnerable clients and serious and urgent debt have been disproportionately served in the face-to-face channel but all channels are serving these client groups effectively and achieving similar outcomes,
- It is clear that current channel configuration is primarily shaped by supply-side factors. Face-to-face is over-represented in relation to demand by a factor of circa 20%. This is true also for the most vulnerable client groups. A segmented view of channel affinity demonstrates that face-to-face channel use is particularly disproportionate in some large client segments.
- It is clear that there is a continued need for face-to-face delivery to meet the needs of some client groups who have no access to remote channels or who would not be able to cope effectively with remote channels.
- Many clients are however open to using a mix of channels and there is an opportunity to achieve a significant shift to remote channels.

Recommendations

- For the future, channel and service strategy should be primarily consumer and evidence driven, rather than being shaped by the existing sector structure or specific funding models. This would imply recognition that, in the right context, remote channels can deliver as effective a debt advice service as face-to-face.
- There needs also to be a clear client needs-driven strategy to protect an appropriate level of face-to-face delivery, on a scale which reflects need for face-to-face services. This should seek to strike a balance between optimal use of resource and client needs.
- It will be important that this strategy be owned by the debt advice sector as a whole and that it is effectively communicated to stakeholders, including the grass-roots.
- A shared definition of the term “vulnerability” should be developed which recognises that face-to-face is not appropriate for all vulnerable consumers.
- Real benefits could be achieved by developing a sector-wide approach to communications and the promotion of debt advice within a high profile marketing and awareness building campaign that encompasses all channels and focuses on those things debt advice clients find most valuable: integrity, confidentiality, tailored advice and so on.
- A holistic, cross-sector, channel-neutral and unified approach to “triage” at point of entry to the sector needs to be developed to guide potential debt advice clients efficiently to the most appropriate channels and solutions, thus optimising resource and client outcomes.

4.1 Conclusions

- In this chapter, we draw together the conclusions arising from the research described in this volume, focused on the potential for channel shift and in volume one of this report. This describes the profile of debt advice clients, the dynamics of channel choice and use, the client experience, the outcomes of debt advice and client satisfaction with debt advice.
- This research leads to a number of conclusions which underpin the recommendations, below, which are intended to inform sector thinking around channel strategy going forward and the effective achievement of channel optimisation, itself requiring some channel shift.
- First, it is clear that the debt advice sector has been highly effective in delivering both positive outcomes for clients and creditors and very high levels of positive client experience and outstanding satisfaction. Indeed, in many areas clients report advice exceeding their expectations.
- It is also clear that these results have been achieved across all channels, with remarkably little variation in either outcomes, allowing for differences between channels in client profile and the nature of presenting debt problems, or in the quality of client experience and levels of client satisfaction. Outcomes in relation to financial capability, effective money management and ability to handle credit are also very positive and similar across channels.
- It is also evident that vulnerable clients and those facing serious and urgent debt have been served successfully in all channels, although vulnerable clients and those with the most urgent debt are more likely to be found in face-to-face channels.
- A key conclusion of the research is that there is – and will continue to be – a need for face-to-face debt advice for people who are unable to cope with remote channels. Debt advice clients are overwhelmingly those on low incomes, with close to nine in ten in the lowest income quartile. Digital exclusion alone, concentrated disproportionately among those on low incomes, would indicate a practical floor below which channel shift could not be taken but there are clearly also a range of factors around not only vulnerable clients with specialist support needs but also around a significant minority of clients' ability to cope with difficult issues and manage through crisis effectively without face-to-face support.
- It is also evident, however, that there is scope for quite a significant shift to remote channels, without adversely affecting the experience and outcomes of debt advice, for a proportion of the current population of debt advice clients. The research has also demonstrated that vulnerable clients do not always either need or want face-to-face support and that their appetite for remote channels is not very different to that of other debt advice clients.
- As existing literature suggested would be the case, current channel configuration appears to be shaped, primarily, by supply-side, rather than demand-side, factors.
- Clients do not necessarily bring strong channel preferences to seeking advice, nor do they choose agencies on the basis of delivery channel. Awareness of debt advice services and the different channels is very low and many are at crisis point by the time they seek advice and therefore do not shop around.
- It is clear also that, against this background, more clients are using face-to-face channels than either need or want face-to-face service. On the basis of demand alone, use of face-to-face channels appears to be some 20% higher than would be justified by expressed channel preference. In some segments of the debt advice client base, use of face-to-face channels is indeed twice and even three

times as high as expressed channel need. This is as true of vulnerable client groups as it is of the wider debt advice population.

- Many clients are open to – and already use – a mix of channels and a high proportion are comfortable with remote channels, including those with a preference for face-to-face, provided these meet needs in other respects
- Key needs going forward are not channel-centric but are rather about factors – integrity, independence, professionalism, effective personalisation, support, etc – which can be delivered in remote as much as face-to-face channels.
- It is clear that the majority of advice clients would be comfortable using remote channels, as long as they were confident that advice was delivered to specific standards and by trusted providers. In the first instance, it is clear that more clients are open to phone than online channels, with differences also between clients in how far they are comfortable with different models of online delivery.
- The historic focus of the various advice services on a single channel and the lack of centralised “triage” may not be making optimal use of resource and may be working against serving clients in the channels most appropriate to their needs. The future may need to be more about a smart mix of channels with specific measures required to support vulnerable clients, those with the most urgent needs and at specific stress points.

4.2 Recommendations

- The conclusions outlined above bring us to a number of recommendations for consideration by the sector and other stakeholders around the critical factors in achieving the channel shift required to maintain a sustainable, high quality debt advice service for the future.
- Future channel strategy should be, primarily, consumer-driven, informed and underpinned by evidence, rather than based on the existing structure and models of provision within the sector.
- In this context, the strategy, while maintaining a core of face-to-face advice provision, should seek to achieve a gradual shift away from face-to-face channels, largely towards telephone services, with scope for online advice to meet the needs of growing numbers of people as this model of delivery, and consumer knowledge of and trust in it, grows.
- On the basis of the evidence in this report, the debt advice sector, as a whole, should come together in collectively ‘owning’ remote delivery channels and recognising them as being of equal value and potential for face-to-face advice. While online debt advice has some way to go to catch up with telephone advice services, which have been around longer and are much better established, remote channels should not simply be seen as an alternative to face-to-face advice where these services are overloaded. Rather, going forward, they should be seen – when used by the right people in the right circumstances – as on a par with face-to-face advice, delivering outcomes and satisfaction levels that are as good as face-to-face services.
- It is also critical that the debt advice sector develops a clear, consistent and sustainable policy in relation to face-to-face debt advice provision, in terms of its scale and nature going forward, and its target audience. This will ensure continued provision of face-to-face debt advice services for people who need it. It should also provide reassurance to consumers, the sector itself, and other stakeholders that the sector continues to support face-to-face provision, as part of a wider channel strategy that incorporates use of remote channels where this does not impact adversely on outcomes or satisfaction levels.

- Related to this, the debt advice sector needs to develop a shared definition of 'vulnerability' in relation to debt advice, recognising that face-to-face channels are not necessarily suitable for all vulnerable consumers. Remote channels are the preferred choice of some vulnerable consumers and can offer equal, or better, outcomes in some circumstances. Consistency in the use and application of emotive terminology, such as 'vulnerable' and 'disadvantaged' will underpin a debt advice sector that is able to meet the needs of vulnerable consumers via diversity in channel provision, matching people with the most suitable channels, according to need.
- The advice sector needs to develop a strategic, sector-wide approach to online debt advice, incorporating clarity and consistency regarding products, approaches and standards. Online advice is much less developed than telephone and face-to-face services, but has the potential to meet the needs of more people than it currently does by utilising a range of technologies, for example, 'live chat' and so on, increasing the level of personalisation on offer and facilitating the development of a working relationship between the adviser and the client. Coupled with the proactive communications campaign referred to above, changes to the design and delivery of online advice could meet the needs of many people currently using face-to-face and telephone services.
- In addition, the sector should seek to develop and implement a large-scale marketing strategy to promote remote debt advice channels, raise awareness of them and reduce widely held misconceptions about what they can offer. A majority of debt advice clients would be comfortable using remote channels for debt advice, but awareness is currently far too low and misinformation too widespread to drive proactive channel choice. The free advice sector has, historically, been reluctant to divert resources away from service provision towards marketing, not least for fear of generating levels of demand that exceed capacity. As debt advice provision moves into a new era, with the advent of the Money Advice Services' coordinating role, it is time to develop a professional, consumer-led approach to advertising and marketing that will enable people who are comfortable with them to choose remote channels.
- There needs also to be a proactive communications campaign within the debt advice sector, and with external stakeholders. There is no doubt that some individual debt advice agencies and advisers within them will be deeply uncomfortable with the notion of channel shift, fearing that this will result in lower levels of satisfaction and less than optimum outcomes. Working closely with advice agencies and advisers at grassroots level, to promote understanding of the research findings and generate a shared commitment to channel shift, will pay dividends. In addition, it is critical that external stakeholders, at local and national level, are fully apprised of the evidence base underpinning new channel strategy and are fully reassured that vulnerable consumers will not be left without debt advice provision.
- Finally, the debt advice sector needs to adopt a sector-wide approach to channel shift, with a single point of entry and sector-wide triage approach, rather than one which is fragmented across particular providers or parts of the sector. A sector-wide approach would be, by far, the most efficient and cost-effective approach to channel shift. More importantly, however, it is the approach that will have the most value and impact for consumers, who are largely unaware of distinctions between different providers or structural divisions across the sector. This will, without doubt, create significant challenges for the sector – raising issues of co-branding, cross-referral and partnership working.