THE FUTURE OF CUSTOMER VIDEO CALLS:
Upcoming Compliance Mandated And
Why Your Company Should Start Recording Today

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INTRODUCTION

Videoconferencing is rapidly evolving from a “special event” communications tool to part of our everyday work flow. Up until recent years, business videoconferencing was primarily used for meeting room to meeting room communications. It was just too expensive and hard to manage for business-to-customer (B2C) interactions. However, the obvious benefits of a more engaging, interactive, and human experience through video were being proven day in and day out at top-level executive meetings. As a result, the pressure has always been on to bring these benefits to customer interactions.

At the same time, consumer use of video and videoconferencing has been growing, as popular video chat services such as Skype, Google Hangouts, and FaceTime have enjoyed enormous success and adoption. In terms of customer service, even as far back as 2011, up to 36% of customers were requesting video contact centers and 48% wanted downloadable customer support videos. The continuing explosion of consumer video use since that time indicates that, if anything, people have become even more video-friendly.

Despite the great success of internal business video and consumer-centric video solutions, they have remained separate worlds. Up until very recently, businesses have only used video to communicate directly with their customers in rare and limited cases. However, at this time, the following three converging forces are driving the growth of customer service video:

- Big business has been using video internally for years and understands the benefits
- Consumer video use, particularly over the last few years, has reached a cultural tipping point
- Video technology is now flexible and affordable enough to support large scale innovative uses

In this paper, we will take a closer look at two new and growing use cases for videoconferencing - contact centers and financial services. These uses are particularly interesting, not only for the obvious benefits of enhanced customer experience and improved agent performance, but for the potential to further enhance the return on investment (ROI) by recording the video meetings.

In addition to providing great ROI, recording and proper storage for certain transactions or situations is an essential element of a communication compliance program. Today’s customers are well accustomed to being recorded to create a complete record in various business scenarios. There is an understanding that the use of these recordings provides potential protection to all parties on the call.

The contact center and financial industries are particularly sensitive to communications compliance, and will have to pay close attention as policies and regulations adjust to address video. Smart communication teams have already started to create their own internal video compliance policies to stay ahead of potentially pending legislation and regulation.

As we shift from audio to video services and support, we should apply the same basic compliance, security, and quality assurance principles to the video realm. Every basis for the well accepted need for audio recording holds true for video. With this in mind, we should look to enabling video recording when appropriate, as part of any new enterprise video deployment.

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1. EMEA 2011 Consumer Preference Report Contact Centers, A Forrester Consulting thought leaders paper commissioned by Avaya
CONSIDERATIONS FOR VIDEOCONFERENCING

CONTACT CENTERS

One of the greatest frustrations of the modern era is trying to get help from a contact center over the phone. There are countless examples of customers reporting unsatisfactory experiences. Arguably, a big part of this is due to the dehumanizing effect of audio-only communications. A customer calling in for help, often already frustrated, can find it easy to take that frustration out on the disembodied voice over the phone. Similarly, a contact center representative, after a long day of trying to assist angry customers, can easily see the next call as just another voice.

The communications experience over video is improved not only in quality, but also in kind. For example, the information itself may be of a visual nature. Picture a contact center representative assisting a customer filling out paperwork. Any sections causing confusion could be held up to the screen (or an online form can be seen via share-screen) to ensure both parties are literally and figuratively on the same page.

The use of video also potentially provides a service agent with an extended set of support tools. For example, service agents could have a library of sales and support videos ready to share with a customer during a live call. Using a standard set of existing videos for common questions can ensure a consistent experience for the customer, while still providing the “human touch” of a service agent who is selecting, queuing up, and contextualizing the videos.

While the pure communication benefits of video customer service are certainly compelling, the enhanced customer relationship shouldn’t be discounted. The vendor/customer relationship doesn’t end once the sale is closed. In fact, fully engaged customers bring in 37% more revenue in continuing services and upsells, compared to customers offered basic support services.\(^3\)

With this in mind, it is no surprise that services like Amazon’s Mayday have been very well received. In 2013, Amazon announced a new support service for Kindle products called Mayday - a single-click support solution allowing customers to video conference with a remote tech support representative. In fact, over 75% of Kindle Fire HDX customer questions are taken via Mayday.\(^4\) Following this lead, other industries are rushing to implement video, with over 100 of the 500 largest global businesses expected to introduce video-based customer service portals by 2018.\(^5\)

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4. http://www.pcmag.com/article2/0,2817,2459495,00.asp
FINANCIAL SERVICES

Banks in particular are looking to improve customer engagement with 78% of banks reporting increased investment in customer service. As part of this initiative, banks are starting to offer face-to-face remote video support, beginning with their premiere customers. With such high stakes transactions and the majority of the information conveyed being non-verbal, the case for video is extremely compelling.

In addition to the improved customer service experience, there are other compelling reasons for financial-based video service. For example, in certain situations, banks owe their customers a fiduciary duty, which is the legal relationships of trust imported upon a person (or business) taking care of one’s money. Under both equity and common law, the fiduciary duty requires the very highest standard of care.

“A trustee is held to something stricter than the morals of the market place. Not honesty alone, but the punctilio of an honor the most sensitive, is then the standard of behavior... the level of conduct for fiduciaries [has] been kept at a level higher than that trodden by the crowd.”

Due to this high standard of care, it can be argued that banks must offer service by video to customers for which they have a fiduciary duty. This holds true even in the absence of legal mandate, if the banks believe it will result in the best possible performance of their fiduciary duties.

Although not all bank/customer transactions carry a fiduciary duty, the general benefits of a video contact center show a clear ROI in the bank setting. Customers need face-to-face service from a variety of resources to meet all their loan, investment, portfolio, and other service needs. By making these experts available over video, customers are able to immediately conduct transactions that would have otherwise required an in-person trip. In addition to premiere home service, there are a number of use cases for videoconferencing at existing physical branches. One extremely compelling example is connecting an internal expert (e.g., a mortgage specialist) via video to numerous locations. Another example is the video-enabled ATM, which could provide financial institutions with a new degree of flexibility in branch design and customer coverage.

In August 2012, the National Credit Union Administration (NCUA) published a ruling allowing video tellers to qualify as service facilities. This potentially opens up large new areas for credit unions to operate and compete with the banks. Soon after, credit unions, such as the $1.3 billion American Heritage Federal Credit Union, were reporting that video tellers were helping their customers with 95% of transactions.

Even prior to the NCUA ruling, credit unions were adopting and benefiting from video teller deployments.
As far back as 2011, the $2 billion Coastal FCU Credit Union completely switched to video tellers, with a total of 60 video ATMs supporting their entire 190,000 member base. 10

While credit unions and community banks have led the way in video ATMs, the major banks, including Bank of America and U.S. Bank, have started video teller programs as well.11 As of March 2015, Bank of America had up to 500 video ATMs in almost 200 locations, with plans to add more.12

Video ATMs generally cost between $50,000 and $60,000, which is about the same as a standard ATM.13 So for roughly the same cost, a video teller allows banks to offer more service hours, with less service staff, at more locations. We are still at the early stages of the video teller era, but at least one video ATM vendor reports over 80 banks in the U.S. and Canada signed up as customers.14 Reports from these early deployments are almost universally positive in terms of customer acceptance and proven ROI.

The affordability, lower staff requirements, and greater geographic flexibility of video ATMs, combined with the success of early trials and pilots, are strong indicators that this will continue to be a growing trend.

CONSIDERATIONS FOR RECORDING

CONTACT CENTERS

Recording contact center interactions is essential for optimizing existing processes, increasing efficiency to lower costs, enabling employees to further develop their customer engagement skills, and improving the overall customer experience.

The most obvious case for recording contact center video is for quality management. Audio is frequently recorded in today’s contact centers to assure that representatives are following their training and offering the best possible assistance to customers. If we were to only record the audio portion of a video call, we would be missing a majority of the interaction. To truly measure an agent’s performance, we need to observe every aspect of the call, not just the spoken word. Furthermore, much can be learned from non-verbal signals and messages of the customer to see if they were truly satisfied by the experience.

In addition to quality management for today’s interactions, recording can be a great training asset to help representatives prepare for future encounters. Training via audio-only is patently inadequate to teach representatives with the specific skills (eye contact, facial expressions, etc.) needed to assist customers over video. Recording the complete video interaction – including the visual in addition to the audio - can also be helpful for various compliance initiatives. Depending upon the nature of the customer relationship, representatives could be required to make certain disclaimers or relay key pieces of information. Obviously, it’s essential to not

only have a full recording (audio and video) of the agent parlaying the information, but also of the customer acknowledging receipt and understanding of the full set of instructions.

Finally, the existence of such a record could provide an essential defense in potential legislation or interactions with regulative authorities. Whether it is a court of law or the court of public opinion, service providers are often put on the defense in a “he said, she said” situation where they are accused of failing to properly support their customers, or even worse, accused of purposely misleading or defrauding customers. While an audio recording can capture a transcript of the words used, the use of audio-only recording in a video interaction offers potential for abuse. For example, a customer service agent could read off a standard warning as part of a compliance program, but then wink, smile, and shake his/her head at the customer to negate the effect of the warning, while keeping a clean audio record. By recording video as well as audio, we capture the entirety of the communication and can address disputes arising from the non-verbal messaging (55%) of our video calls. A complete record provides an immediate defense for service providers acting properly, as well as incentive to act properly in the first place.

FINANCIAL SERVICES

The adoption of video in the financial and contact center settings is somewhat of an inevitability. As part of the planning process for a video rollout, recording should be enabled as a checklist item. In some situations, the recording of video content is already mandated by legislation or can be expected to fall under trending legislation. Even when not mandated, the numerous benefits of recording should make it a basic element of any compliance program.

Financial regulations are currently being written to explicitly mandate the recording of electronic communications, including videoconferencing. In the past, the typical record keeping clause would have listed phone recordings. However, today’s financial regulations mandate, in certain circumstances, the recording of “all communications”.¹⁵

Some agencies are extremely explicit in defining the types of communication subject to regulation, such as this policy definition from the UK Financial Services Authority:

“The term electronic communication has a wide application. It includes fax, email, Bloomberg mail, video conferencing, SMS, business to business devices, chat and instant messaging. But is not limited to these as it captures any electronic communications involving receiving client orders and the agreeing and arranging transactions.”¹⁶

There may still be some lag time before all relevant legislation is tightened up to explicitly mandate video recording. However, it certainly makes sense to assume that if an interaction/communication must be recorded on audio, that same type of transaction/communication should be recorded if it occurs over video.

¹⁵. Dodd-Frank: 17 CFR 23.202 (b)(1)
While the costs of compliance may not be trivial, they pale in comparison to the potential risks of non-compliance. Financial costs could take the form of fines and settlements with regulatory agencies, as well as litigation costs with customers. Non-pecuniary costs could take the form of damage to a company’s reputation, which, in turn, can lead to lost business and sales.

Over the last decade there has been a growing trend towards harsher fines and penalties for non-compliance. This trend escalated massively in response to the financial crisis of 2008. While the Dodd-Frank regulatory reforms constitute the formal governmental response to try and lessen the chance of another disaster, there has been a corresponding attitude adjustment towards more oversight and less tolerance for financial malfeasance. Recent examples of penalties include the August 2015 announcement that Goldman Sachs paid $272 million to settle a lawsuit regarding defrauding investors on mortgage-backed securities. This follows a similar announcement from July 2015 wherein JPMorgan & Chase agreed to pay $388 million for a similar case.

In terms of the general trend, 2013 was a record breaking year for banking penalties and 2014 further increased that record by an outstanding 40% for a total of ~$65 billion in penalties and fines. As regulators wrap up the big cases from the financial crisis of 2008, they are likely to turn their attention to proactive enforcement of compliance regulations designed to prevent the next crisis.

In addition to the direct costs of non-compliance, there is the indirect cost of missing out on all the benefits of recording described above. From improved agent training to better customer relations, the positive results of recording videoconferencing are already being realized by many financial organizations. Those that lag in recognizing these results are at a significant competitive disadvantage.

16. FSA Policy Statement 08/1 – Section 2.34
CONCLUSION

Whether it is in response to the growing trend towards heavy regulatory fines or due to seeking the vast benefits of voluntary compliance, the need to record video interactions is quickly growing. While contact centers and financial institutions have taken the lead in this area, we can expect it to continue to spread throughout the business world.

At this time, the technology is available, affordable, and ready for mass consumption. There is no compelling reason to wait any longer before creating a solid plan for your organization to conduct appropriate transactions over video, while maintaining compliance by recording and properly storing these communications.

SOLUTION SPOTLIGHT

An industry leader in this field has been NICE Systems. NICE recently introduced a dedicated solution for contact center video recording that enables organizations to deliver a superior customer experience by continuously monitoring agent performance, providing additional coaching as needed, and maintaining a single standard of performance across the operation.

NICE CONTACT CENTER VIDEO RECORDING INCLUDES:

- Improved performance - with quality monitoring, coaching and agent evaluation
- Synched side-by-side playback of agent and customer interactions and simultaneous playback of audio, video and agent screen
- Investment protection - leveraging your current NICE infrastructure for recording video interactions
- Passive video recording – no need for PBX resources
- Supports industry standard – H.264 industry standard video compression
- Future readiness - aligned with the latest technologies to support new business needs and to meet compliance regulation
- Integration - with the leading video vendors in the market, including, Cisco, Avaya, Genesys, Microsoft Skype for Business, and Vidyo

This solution is powered by NICE Engage Platform and Advanced Interaction Recorder (AIR) technology, which adapts easily to the unique operational requirements of any contact center. It supports virtually any telephony environment, including VoIP, SIP, traditional TDM, and hybrid networks, enabling a seamless transition during technology migrations as your contact center grows and evolves. It supports thousands of concurrent IP streams in a single platform: capturing, forwarding streams in real time, recording, and archiving.

NICE Engage Platform and the AIR logger also capture non-voice interactions such as video, chat, and email. These interactions are stored in a single recording platform to ensure regulatory adherence and standardized workforce optimization processes across multiple channels. The integration of audio, text, video, and all other channels, recorded on a single server, this dramatically lowers the total cost of ownership (TCO). TCO is further lowered by NICE Engage Platform as it centralizes capabilities and provides an open architecture and support for multi-site organizations including data centers, branches, and home-based employee locations.

NICE Engage Platform can assure compliance with the latest industry regulations (e.g., Dodd-Frank, SEC 17a-4, HIPAA, SOX, PCI-DSS, FSA and MIPPA) through data protection, retention and business continuity capabilities.

NICE Engage Platform is installed at thousands of customer sites; it provides the ability to record multi-channel interactions across the organization for regulatory compliance and expose these interactions to multiple business applications in order to extract insights. These insights are used mainly to improve the contact center operational efficiency, improve customer satisfaction and prevent fraud.
the future of customer video calls

ABOUT THE AUTHOR

David Maldow is the Founder & CEO of Let’s Do Video and one of the visual collaboration industry’s most prolific writers, authoring 150+ pieces of public content. Let’s Do Video is an online-only news website covering business video technologies and strategies. LDV’s mission is to provide third-party, informative, educational content, and news to the visual collaboration community. LDV is more than the typical industry resource, adding intense thought leadership to the best public facing industry coverage on the web.

ABOUT NICE SYSTEMS

NICE Systems (NASDAQ: NICE) is the worldwide leading provider of software solutions that enable organizations to take the next best action in order to improve customer experience and business results, ensure compliance, fight financial crime, and safeguard people and assets. NICE’s solutions empower organizations to capture, analyze, and apply, in real time, insights from both structured and unstructured Big Data. This data comes from multiple sources, including phone calls, mobile apps, emails, chat, social media, video, and transactions. NICE solutions are used by over 25,000 organizations in more than 150 countries, including over 80 of the Fortune 100 companies. http://www.nice.com.