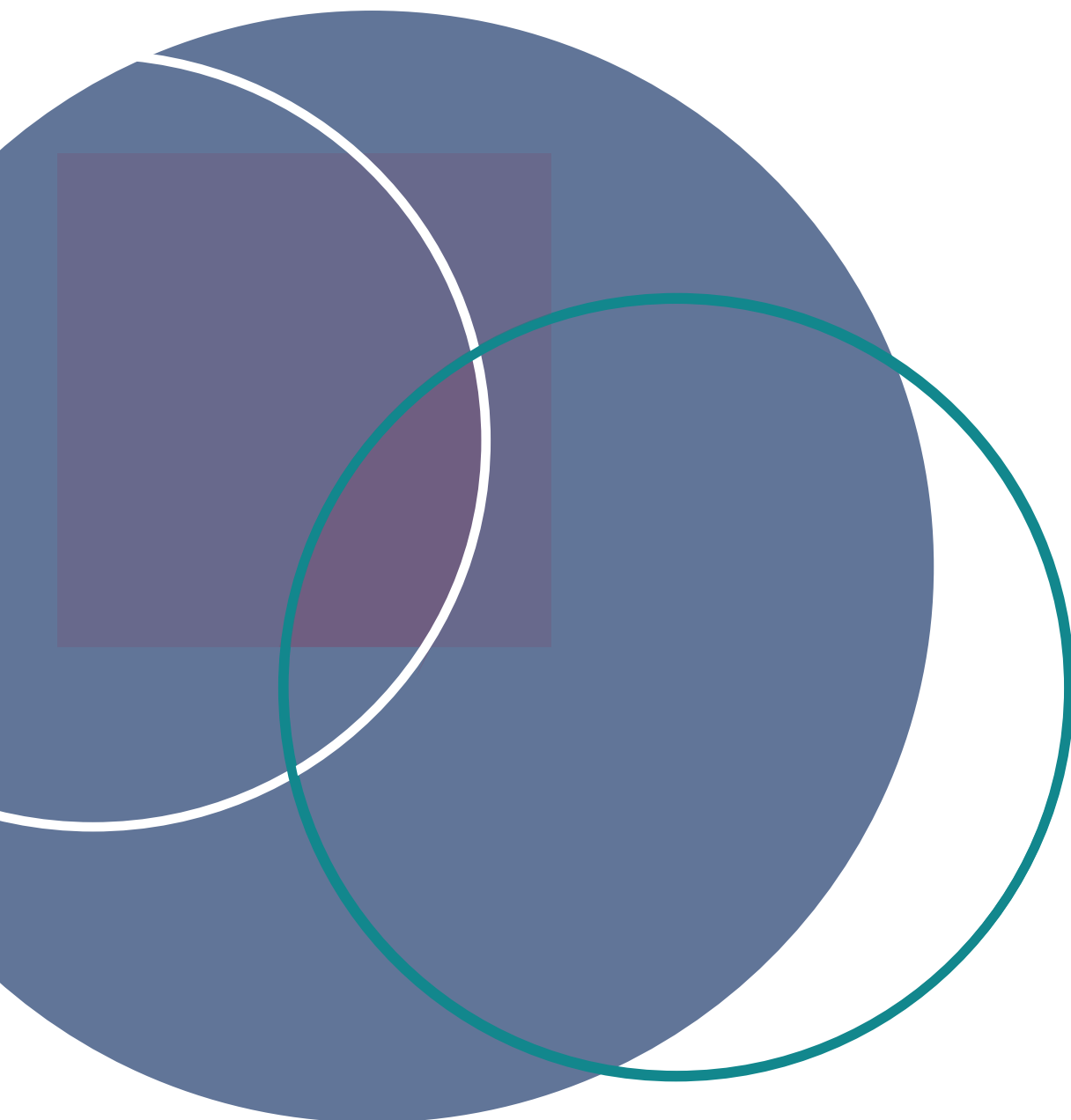


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# Transparent, clear & responsible communication project in BBVA

By María Such and Joanna Richardson

After the 2008 world financial crisis, we all read about the banks who government bailouts. This is the story of a bank that chose a different road: to reassert its position in the market by communicating clearly with its clients. One Spanish bank is working closely with plain language experts to earn its clients' trust and grow its business.

## Context

The Banco Bilbao Vizcaya Argentaria (BBVA) has roots in northern Spain, where it started over 150 years ago as the Banco de Bilbao. Today, BBVA is a global financial group with a diversified business providing financial services in over 31 countries and to 66 million customers. BBVA:

- has a strong position in Spain
- is the top financial institution in Mexico
- has leading franchises in South America
- is one of the 15 largest banks in the Sunbelt region in the United States
- has a significant presence in Turkey through partnership with Garanti Bank.
- is one of the top banks in the Eurozone for return on equity and efficiency.

After the 2008 financial crisis, which hit Spain particularly badly, the Spanish financial sector suffered from a lack of consumer trust. BBVA responded to differentiate itself by creating relationships based on trust with its customers, in particular to find out exactly what it was that customers wanted from a bank.

## Customer confidence survey

In 2013, BBVA commissioned Millward Brown, the second largest market research organization, to carry out a customer confidence survey. It asked 3,579 customers in eight countries the following questions about responsible business.

How would you rate the importance of the following when thinking of a bank that does business in a responsible way. A rating of 0 means this factor is not at all important and 10 is very important.

- Uses a clear and easy to understand language
- Supports country development (entrepreneurs, small to medium sized enterprises)
- Has employees that are not under pressure to sell
- Provides financial education
- Seeks long term customer relationships
- Promotes community investment
- Promotes financial inclusion

The survey results showed that by far the most important factor was that the bank "uses a clear and easy to understand language", with an importance rating of between 9.11 and 9.39. Perhaps even more significantly for a bank, those surveyed responded that this factor is essential when recommending a bank to others.

Some of the customers made further comments referring to banks in general:



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They are always sitting there only telling the good things, and never the bad ones.

They shouldn't take advantage of our ignorance.

You thought you were contracting one thing but it turned out to be totally different from what you thought it was.

You don't want to find figures you weren't expecting in your statement, however small they are.

A responsible bank is the one that sells you what you need and not everything it can sell you.

No small print, or the least amount of small print possible.

## **TCR communications project**

With these statistics and comments in mind, BBVA decided to embark on the Transparent, Clear and Responsible (TCR) communications project to help its customers make informed choices throughout their relationship with the bank. BBVA's aim is to care for its customers' interests and differentiate itself from its peers as the bank which customers see as the clearest in the market.

With regulatory and non-regulatory pressure growing on banks, clients increasingly demand greater clarity in communications. Therefore, being transparent, clear and responsible with a bank's customers is key to delivering an excellent experience and to promoting sales – especially digital ones.

BBVA's vision and strategic priorities are to:

- set a new standard in customer experience
- drive digital sales
- develop new business models
- optimize capital allocation
- improve efficiency
- train a first class workforce.

The TCR project is fully aligned with this strategic vision. TCR is all about the bank's relationship with the client:

- **Transparency:** To provide all the relevant information for the client, balancing out advantages, costs and risks.
- **Clarity:** The client decides what is clear. The client must understand the information or process provided at a glance. Clarity refers to language, layout of information and web navigation.
- **Responsibility:** To look out for the client's interests in the short, medium and long term.

## **Implementing the TCR project**

In general, BBVA coordinated the project through its Responsible Business Department, working with the local owners and business development units and locally-based plain language experts. The latter, wherever possible, were recommended by Clarity, the international association promoting plain legal writing.

In the Spanish-speaking countries, the local experts worked in plain Spanish – lenguaje claro – as it is called in Spanish. They worked in workshops with multi-disciplinary teams within the bank redesigning the documents to be user-friendly.

To date, more than 700 people have attended TCR workshops. TCR is ongoing in Argentina, Chile, Colombia, Mexico, Spain, Peru, Venezuela, and the U.S.A. The project has been partially implemented in Paraguay and Uruguay and in Turkey it is due to start in 2016.

The TCR project started in 2013 and has been implemented in four areas:

- TCR Advertising Code
- TCR in Product Summaries
- TCR Contracts
- TCR embedded in digital agile teams

Following is an outline of each area, with extra detail on the product summaries.

## ADVERTISING CODE

The TCR Advertising Code sets out the principles for Transparent, Clear and Responsible Commercial Communication and the governance to make it happen. This was written internally by a multidisciplinary group from the Marketing, Legal and Responsible Business teams.

## PRODUCT SUMMARIES

TCR was implemented in Product Summary Pages for 80+% of units sold. The Product Summary Pages:


- have all the relevant information
- provide both advantages and costs/risks
- structure information according to customer needs/questions
- are written in plain language
- have clear layout and are easy-to-read
- have no small print
- have a didactic tone
- take care of customer interests

Figures 1 and 2 below show part of a Product Summary from Spain for a credit to buy a car. Figure 1 uses questions, icons and a checklist as well as being written in plain language.

Figure 1

**What is it?**

It is a loan that you can use to buy a new or second-hand vehicle.



**Who is it for?**

Anyone who wants to finance the purchase of:

- > A car, SUV or people carrier.
- > A van or commercial vehicle up to 3,500 kg maximum authorised mass.

**What are its advantages?**

- ✓ We finance up to **100% of the value of your car** up to a maximum of €75,000.
- ✓ You can get a **discount** on the loan's initial interest rate of up to 2%.

Figure 2 uses a comparison between a new and a used vehicle which is visually appealing and easy-to-read.

Figure 2

| New vehicle (aged 0-36 months) |            | Second-hand vehicle (more than 36 months) |            |
|--------------------------------|------------|---|------------|
| Total cost                     | €12,779.92 | Total cost                                | €13,218.23 |
| Monthly instalment             | €205.17    | Monthly instalment                        | €212.47    |
| NIR 8.50% (APR 10.81%)         |            | NIR 10% (APR 12.46%)                      |            |

Ask your advisor for a simulation based on your personal situation.

The Product Summary also has a “Did you know that?” section for extra information. There is a Glossary to define the few legal terms and financial jargon that must remain because they are terms-of-art. Figure 3 shows the glossary defining one term.

Figure 3

**Did you know that?**

- Default interest will be charged if you are late on payment of an instalment. Before you sign the contract you will be given standard European consumer credit information.
- Under its standards for prudence and responsibility in lending the Bank may request the transaction to be notarised. All costs will be paid by the customer.

**Glossary**

- **Nominal Interest Rate (NIR):** it is the percentage paid on the amount lent and determines the instalments to be paid to the bank.

The first Product Summary for each group of products was reviewed by a plain language expert and tested on customers. Plain language experts always worked with the teams in each country where TCR was implemented.

## CONTRACTS

TCR Contracts are for the 5 most frequently ordered products. Wherever possible, the plain language expert worked closely with the legal departments of BBVA in several countries.

## DIGITAL TEAMS

The objective is to make sure the bank’s digital contents are TCR-compliant and have been designed putting people first. BBVA is approaching this in 3 different ways:

- **Train:** This first stage consists of a Workshop on TCR Communication and Human-Centered Design for all those who have a say in the web and mobile complement.
- **Implement:** This second stage is embedding TCR into the daily work of the relevant agile team.
- **Measure:** This last stage will measure customer feedback about TCR in digital channels and will improve based on the insights.

## Next steps and challenges:

So far, BBVA is very pleased with the results of the TCR project and has already received improved scores in the PEW Charitable Trusts’ study that evaluated leading U.S. banks’ checking accounts practices in 2014. The perception of BBVA as a clear bank has improved in most of the countries and, with it, the customers recommending the bank.

BBVA’s aim is to embed TCR in the whole value chain and to ensure that TCR is an integral part of all the teams working with client products so that they are born TCR to start with.