

## Customer Considerations for Online Accounts

### INTRODUCTION

As the IRS incorporates an online account system into its Future State strategy, it is helpful to evaluate the experience of other organizations in private industry and government. This literature review covers various online services offered by foreign tax administrations as well as private industry reports on best practices. While the research shows a clear trend toward moving more services online, there is also a trend to continue to provide multi-channel options.<sup>1</sup> The most pervasive best practice covered in the research is the need for organizations to understand the needs of the customer and let those needs drive the changes, rather than business or budget needs.

### DISCUSSION

The literature review found discussions on various features of online services as well as best practices for organizations as they develop their online strategy. The following discussion provides highlights of the various recommended features and best practices for the IRS to consider as it develops the online taxpayer account program.

#### Taxpayer Needs Should Drive the Strategy

Rather than focusing on the need to streamline services for efficiency purposes, customer demand for services should drive an online strategy.<sup>2</sup> The IRS should perform research to determine which channels are demanded for different taxpayer segments.<sup>3</sup> One interesting source of customer information is to seek input from call center employees to determine the needs of callers.<sup>4</sup>

#### E-Authentication

Authentication is perhaps the most important feature of the online account. First, such procedures must be state of the art and secure.<sup>5</sup> Second, the IRS should monitor failed attempts to authenticate. Failed attempts could indicate fraud as well as a need to provide alternative services to legitimate taxpayers who cannot satisfy the requirements. Finally, the authentication discussion should stress the importance of

- 1 The Wharton School, U. of Penn., *Becoming Digital: Strategies for Business and Personal Transformation*, KNOWLEDGE@WHARTON (Mar. 15, 2016), [http://www.knowledgethatwharton.com/books/library/becoming-digital/?utm\\_source=KWsearch&utm\\_medium=website&utm\\_campaign=becomingdigital](http://www.knowledgethatwharton.com/books/library/becoming-digital/?utm_source=KWsearch&utm_medium=website&utm_campaign=becomingdigital); Organisation for Economic Co-operation and Development (OECD), *Right from the Start: Influencing the Compliance Environment for Small and Medium Enterprises* (2012), <http://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/service/right-from-the-start-influencing-the-compliance-environment-for-smes.pdf>; Deloitte, *Navigating the New Digital Divide: Capitalizing on Digital Influence in Retail* (2015).
- 2 The Wharton School, U. of Penn., *Becoming Digital: Strategies for Business and Personal Transformation*, KNOWLEDGE@WHARTON (Mar. 15, 2016), [http://www.knowledgethatwharton.com/books/library/becoming-digital/?utm\\_source=KWsearch&utm\\_medium=website&utm\\_campaign=becomingdigital](http://www.knowledgethatwharton.com/books/library/becoming-digital/?utm_source=KWsearch&utm_medium=website&utm_campaign=becomingdigital); Accenture, Partnership for Public Service, *Government for the People: The Road to Customer-Centered Services* (Feb. 2016).
- 3 Organisation for Economic Cooperation and Development (OECD), *Right from the Start: Influencing the Compliance Environment for Small and Medium Enterprises* (2012), <http://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/service/right-from-the-start-influencing-the-compliance-environment-for-smes.pdf> (Her Majesty's Revenue and Customs (HMRC) breaks down the taxpayers into segments and retains face-to-face assistance specifically targeted for the "needs help" segment).
- 4 Accenture, Partnership for Public Service, *Government for the People: The Road to Customer-Centered Services* (Feb. 2016).
- 5 Treasury Inspector General for Tax Administration, Ref. No. 2016-40-007, *Improved Tax Return Filing and Tax Account Access Authentication Processes and Procedures Are Needed* (Nov. 19, 2015); Natl. Inst. Stand. Technol., *Draft NIST Special Publication 800-63B: Digital Authentication Guideline*, 34 (July 13, 2016).

providing access to international taxpayers due to the difficulty these taxpayers experience trying to access personalized services.<sup>6</sup>

While crucial to a successful online application, strict e-authentication measures serve as a barrier to entry for those taxpayers who cannot satisfy the requirements. An example of this issue was seen during the launch of the IRS Online Get Transcript.<sup>7</sup> In addition, the Social Security Administration (SSA) e-authentication requirements, similar to those of the IRS online Get Transcript application, initially included a requirement that the taxpayer have a text-enabled cell phone. However, after urging from the U.S. Senate Committee on Aging, the SSA decided to roll back its text message authentication measures and provide additional options to authenticate.<sup>8</sup>

### Electronic Form 2848 to Grant Authorizations to Representatives and Third Parties

The National Taxpayer Advocate has recommended that the IRS restrict access to the online account. First, only preparers who are subject to Circular 230 oversight can act on behalf of the taxpayer. Second, for both preparers and any other authorized third parties, the taxpayer should maintain strict control over which actions the preparer or third party can take on behalf of the taxpayer. This involves an online check-the-box power of attorney form.

The practitioner should only be able to access the taxpayer's account after the taxpayer created the account. Under no circumstances should a preparer create the account on behalf of the taxpayer. Once the taxpayer creates the account, the taxpayer can authorize the preparer. If a taxpayer does not have online access, the taxpayer can create the account and authorize the preparer through a process conducted through the mail or fax. For both online and paper processes, Form 2848, *Power of Attorney and Declaration of Representative*, should be used for this authorization.

In addition, the taxpayer should receive notifications regarding all access and actions taken. The taxpayer can choose the frequency and format of these notifications (such as real time versus weekly digest listings). Finally, the notifications should include standard language on how to report and correct any unauthorized actions.<sup>9</sup>

6 National Taxpayer Advocate 2015 Annual Report to Congress 72-81 (Most Serious Problem: *International Taxpayer Service: The IRS's Strategy for Service on Demand Fails to Compensate for the Closure of International Tax Attaché Offices and Does Not Sufficiently Address the Unique Needs of International Taxpayers*).

7 *Cybersecurity and Protecting Taxpayer Information: Hearing before S. Comm. on Fin., 114th Cong.* (2016) (written statement of John Koskinen, Commissioner, IRS); National Taxpayer Advocate 2015 Annual Report to Congress 56-63 (Most Serious Problem: *Taxpayer Access to Online Account System: As the IRS Develops an Online Account System, It May Do Less to Address the Service Needs of Taxpayers Who Wish to Speak with an IRS Employee Due to Preference or Lack of Internet Access or Who Have Issues That Are Not Conducive to Resolution Online*).

8 See U.S. Senate Aging Committee, *Following Collins, McCaskill Effort, Seniors Will No Longer Need Cell Phones to Access Social Security Accounts Online* (Aug. 15, 2015), <http://www.aging.senate.gov/press-releases/following-collins-mccaskill-effort-seniors-will-no-longer-need-cell-phones-to-access-social-security-accounts-online>.

9 National Taxpayer Advocate 2015 Annual Report to Congress 64-70 (Most Serious Problem: *Preparer Access to Online Accounts: Granting Uncredentialed Preparers Access to an Online Taxpayer Account System Could Create Security Risks and Harm Taxpayers*).

## Preparation of Tax Returns

The online account should provide taxpayers with access to all third party information reports filed with the IRS. The taxpayer can have the option to download this data into a tax preparation software package of the taxpayer's choice. The taxpayer should have several options to use the data:<sup>10</sup>

1. Simply access and read the data in a “one-stop-shopping” format so that the taxpayer can ensure that tax information is not inadvertently omitted from the return. For example, the taxpayer can choose to print out a report clearly displaying the data and either self-prepare a paper return or provide a print-out to a preparer.
2. Download the data into a Free File program or government-sponsored electronic return template, similar to Free File Fillable Forms.
3. Download the data into a commercial return preparation software package of taxpayer's choice.

As discussed in detail in the literature review below, an Organisation for Economic Co-operation and Development (OECD) report has described how several countries provide more end-to-end service by enabling small businesses to upload their accounting software data into a government-sponsored tax preparation software.<sup>11</sup> Perhaps this is asking American taxpayers to place too much trust in the tax agency, because the tax agency would potentially gain access to much more information than it currently possesses. There are real privacy concerns associated with this potential service. However, if provided on a purely voluntary basis, it is possible that a segment of taxpayers would be interested in this option. The IRS would need to partner with the software industry to enable the accounting software to upload into a format conducive to return preparation. Clearly, there is also a risk of “garbage in and garbage out,” but the IRS can work with the accounting software and tax preparation software industries, perhaps in a pilot, to provide a user-friendly interface to assist the taxpayer in properly keeping tax records throughout the year and uploading their data to the system. There is also a risk of and complication with duplication of data between the information reports and the accounting software upload. While other countries seem to gear this service toward small businesses, it could also apply to individuals who use accounting software or online banking products to keep their tax records.

## Review Account Status and Update Information

The taxpayer should be able to access the account to see the current status of filings, payments, correspondences, and compliance activities. In addition, the taxpayer should be able to update information, such as mailing address on the account.<sup>12</sup>

## Secure Online Payments

In conjunction with the tax return preparation features discussed above and compliance activities discussed below, taxpayers should be able to securely transmit payments to the IRS through their online account. Such accounts should provide proof of payment receipts once the payment is processed.<sup>13</sup>

10 National Taxpayer Advocate 2013 Annual Report to Congress vol. 2, 67-96 (Research Study: *Fundamental Changes to Return Filing and Processing Will Assist Taxpayers in Return Preparation and Decrease Improper Payments*).

11 OECD, *Right from the Start: Influencing the Compliance Environment for Small and Medium Enterprises* (2012), <http://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/service/right-from-the-start-influencing-the-compliance-environment-for-smes.pdf>.

12 For an example of such features, see the current online account provided by the California Franchise Tax Board, MyFTB. California Franchise Tax Board, *MyFTB*, CA.GOV, <https://www.ftb.ca.gov/online/myacct/> (last visited Apr. 28, 2016).

13 OECD, *Tax Administration 2015: Comparative Information on OECD and Other Advanced and Emerging Economies*, 241-60 (Aug. 2015).

### Online Tax Calendar

The online account should be set up to provide a tax calendar customized for the type of taxpayer.<sup>14</sup> The taxpayer should have the option to receive this service by checking off a box, choosing notification preferences, and providing information for customization purposes. While this service would be especially useful to small businesses, it could also provide a valuable tool for taxpayers with estimated payments or installment agreements.

### Compliance Activities

Taxpayers should be able to access their tax accounts in real-time (or near real-time, depending on speed of processing) to see at any given time the status of their filings, refunds, and compliance activities.<sup>15</sup> The IRS should post any compliance notices on the account with links to relevant statutes, regulations, publications, and other guidance.

Taxpayers should be able to choose the method in which they prefer to receive notifications of these compliance notices. However, extreme caution should be taken in designing the process to choose these preferences. The IRS should not provide a tool for unscrupulous preparers to set up these preferences on behalf of the taxpayer. This is another reason why it is important to restrict access to the online account system.

Taxpayers or their authorized representatives should be able to respond to notices online with electronic acknowledgments of receipt. They should also be able to enter into installment agreements online through the account.

### Outreach and Education

In addition to many of the transactional features of the future online account system detailed above, the IRS would be remiss if it did not use the online account system to educate the taxpayer through both preventative literature and tax tips as well as guidance to assist the taxpayer who is involved in examination or collection activities. The outreach and education component of the online account is crucial. The IRS should be able to tailor its communications so that the taxpayer only receives relevant information and is not overwhelmed with too much irrelevant tax literature.<sup>16</sup> At the May 17, 2016, National Taxpayer Advocate Public Forum, Rick Parrish of Forrester Research suggested that the IRS utilize wizards on the online account to walk taxpayers through the applicable tax rules.<sup>17</sup>

14 OECD, *Right from the Start: Influencing the Compliance Environment for Small and Medium Enterprises* (2012), <http://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/service/right-from-the-start-influencing-the-compliance-environment-for-smes.pdf> (Australian Taxation Office (ATO) Tax Calendar for small businesses).

15 OECD, *Tax Administration 2015: Comparative Information on OECD and Other Advanced and Emerging Economies*, 241-60 (Aug. 2015).

16 OECD, *Right from the Start: Influencing the Compliance Environment for Small and Medium Enterprises* (2012), <http://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/service/right-from-the-start-influencing-the-compliance-environment-for-smes.pdf>; OECD, *Tax Administration 2015: Comparative Information on OECD and Other Advanced and Emerging Economies*, 241-60 (Aug. 2015).

17 Oral Statement of Rick Parrish, Forrester Research, National Taxpayer Advocate Public Forum 163-165 (May 17, 2016).

## LITERATURE REVIEW

1. **Accenture**, Partnership for Public Service, *Government for the People: The Road to Customer-Centered Services* (Feb. 2016).
  - “The Social Security Administration produces online tools — including a ‘retirement estimator’ — that consistently receive American Customer Satisfaction Index (ACSI) scores in the 90s (out of 100), which would be impressive even for the private sector ...
  - Good customer service is also linked to increased trust and confidence in government. Research shows that low levels of customer satisfaction with specific services reduce citizen trust and confidence in the federal government, which is now at an all-time low. A recent Pew Research Center survey found only 19 percent of Americans trust the government to do the right thing all or most of the time, down from 77 percent in 1964.<sup>18</sup>
  - Improving the customer experience can also help agencies save money, improve compliance and accomplish mission-critical goals more effectively. For example, SSA made progress in reducing overpayments to Supplemental Security Income beneficiaries by creating a user-friendly mobile app that makes it easier for beneficiaries to report their incomes accurately.” (at 6).
  - “Our research identified four ways agencies can become more customer-centered and improve services to the public:
    - Make better use of customer data and feedback to drive decisions and investments,
    - Establish a clear customer experience strategy and assign a leader dedicated to the customer experience,
    - Improve customer engagement and communication,
    - Build a workforce that is prepared to create a great customer experience.” (at 7).
  - “The customer experience can suffer when agencies make decisions based on assumptions rather than data. For instance, they may invest heavily in a new service or product that does not actually meet a customer need. Or they may make small, well-intentioned changes that mar the customer experience.”<sup>19</sup> (at 11).
  - ““The Internal Revenue Service also struggles to connect customer data across service-delivery channels, according to Rajive Mathur, director of online services. The agency knows why customers call but not how often or if they have checked the IRS website first, he said, adding that the agency would like to be able to track customers’ activities no matter how they contact the organization.’ ...
  - For example, web designers for DisasterAssistance.gov hold focus groups with the program’s call center representatives when designing digital services such as online applications for assistance. ‘Call center representatives bring invaluable information to designing this process because they’ve seen how people’s minds work, especially people in duress,’ said Johns from FEMA. ‘Our literal minds would give a different [approach], but they will bring a different perspective.’” (at 14).

18 Pew Research Center, *Beyond Distrust: How Americans View Their Government* (Nov. 23, 2015), <http://www.people-press.org/files/2015/11/11-23-2015-Governance-release.pdf>.

19 An example of well-intentioned initiatives marring the customer is the use of texting in authentication procedures for the SSA online account. See U.S. Senate Aging Committee, *Following Collins, McCaskill Effort, Seniors Will No Longer Need Cell Phones to Access Social Security Accounts Online* (Aug. 15, 2015), <http://www.aging.senate.gov/press-releases/following-collins-mccaskill-effort-seniors-will-no-longer-need-cell-phones-to-access-social-security-accounts-online>.

- “Cash-strapped federal programs need to maximize limited resources if they are to improve the experience for their customers. But our research found that customer experience data do not usually enter into budget decisions. Agencies often fail to use customer experience data when making digital services investments, according to Rick Parrish, a customer experience expert at Forrester Research. ‘You have a lot of YouTube channels out there with seven page views. Agencies just [set up a YouTube channel] because they think they are supposed to have one,’ he said ...
- For example, the Social Security Administration frequently uses call center data in its budget negotiations with the Office of Management and Budget and Congress, said SSA’s Erik Jones, assistant deputy commissioner of operations. The data helped the agency make the case for increased funding for some call centers.” (at 15).
- “The best way to ensure that a service meets customers’ needs is to involve citizens early in the design process, according to interviewees. The Social Security Administration created some of government’s highest-rated digital tools, which Kim Baldwin Sparks, SSA’s deputy associate commissioner for the Office of Electronic Services and Technology, attributes to extensive user testing. ‘We talk to customers about three times before we put anything out,’ she said. ‘We start the design process with the customer at the table.’
- The U.S. Citizenship and Immigration Services also engages its customers to test new technologies. The agency is now developing a virtual assistant avatar that will help customers navigate online services and immigration processes. The avatar is being tested by a select group of volunteer customers, according to Mariela Melero, associate director of the Customer Service and Public Engagement Directorate. That testing will help the immigration service continue to build and refine the product before it is fully released to the public.” (at 25).

2. *Agent Authorisation: Apply Using HMRC Online Services*, GOV.UK, <https://www.gov.uk/guidance/applying-for-client-authorisation-using-hmrc-online-services> (last visited Sept. 9, 2016).

This website provides guidance on setting up online agent “authorization.” The agent must first register as an agent in HMRC Online Services and enroll for each type of online service the agent will need to use. Subsequently, the taxpayer authorizes the agent to act on their behalf for each service.

3. **California Franchise Tax Board**, *MyFTB*, CA.GOV, <https://www.ftb.ca.gov/online/myacct/> (last visited Apr. 28, 2016).

MyFTB provides tax account information and online services to Individuals, Business Representatives, and Tax Preparers.

“As an individual, you can use MyFTB to access:

**Account information:**

- View account balance and tax year details.
- View estimated payments and credits before filing a return.
- View payment history.
- View a list and images of tax returns.
- View a list and images of notices and correspondence.

- View and update contact information.
- View proposed assessments.
- View California wage and withholding information.
- View FTB-issued 1099 information.
- View a list of authorized representatives (tax preparer or a tax preparer with a power of attorney) and manage who can access your account.
- View a list of activities that occurred on your account, such as the last time you or your authorized representative accessed your account.

**Online services:**

- Calculate a balance due for a date in the future.
- File a power of attorney (POA).
- File a nonresident withholding waiver request.
- Protest a proposed assessment.

**Options to communicate with us:**

- Chat with an FTB representative about confidential matters.
- Send a secure message with attachments to FTB.
- Choose to receive an email when we send you a notice or correspondence.”

4. **CGI, *Thriving in the “New Normal” for Tax Administration*, 5 (Jan. 2016),**  
<https://www.cgi.com/sites/default/files/white-papers/cgi-new-normal-in-tax-administration.pdf>.  
 “Examples of self-service initiatives include: Online taxpayer registration, filing and payment; Online access to taxpayer-specific account information such as prior filings and payments; Ability to conduct transactional business online, such as updating addresses, filing returns, making payments or responding to revenue agency inquiries; Completion of self-service payment arrangements via the Internet and Interactive Voice Response (IVR) applications.”
  
5. **Cybersecurity and Protecting Taxpayer Information: Hearing before S. Comm. on Fin.,**  
 114th Cong. (2016) (written statement of John Koskinen, Commissioner, IRS).  
 “Given the ability of cybercriminals and identity thieves to evolve and improve their methods of stealing personal data, the need to properly verify the identity of taxpayers using online services is particularly great. In developing authentication procedures for online interactions with taxpayers, the IRS continues to follow the Office of Management and Budget (OMB) memorandum issued in 2003, E-Authentication for Federal Agencies.  
 This memorandum establishes criteria for determining the risk-based level of authentication assurance required for specific electronic applications and transactions. It requires agencies to review new and existing electronic transactions, to ensure authentication processes provide the appropriate level of assurance ...” (at 6).  
 “As we improve the online experience, we understand the responsibility we have to serve the needs of all taxpayers, whatever their age, income, or location. We recognize there will always be taxpayers who do not have access to the internet, or who simply prefer not to conduct their transactions with

the IRS online. The IRS remains committed to providing the services these taxpayers need. We do not intend to curtail the ability of taxpayers to deal with us by phone or in person.

In building toward the future of taxpayer service, we will need to strike a delicate balance with our efforts to improve our authentication protocols described above.

Authentication protocols will need to be high, but not so high as to preclude taxpayers from legitimately using the online services we provide. As criminals become increasingly sophisticated, we will need to continue recalibrating our approach to authentication to continue maintaining this balance.

The Get Transcript online application is a good example of these tradeoffs. Under the original authentication method we required for the Get Transcript online application, we estimate that about 22 percent of legitimate taxpayers trying to access the application were unable to get through. We anticipate that under the multifactor authentication protocol to be implemented, an even higher percentage of taxpayers will be unable to use the tool. We will explain to taxpayers why these strong protections are necessary. All taxpayers will be able to order a transcript, online or by phone, and have it mailed to their address of record, if the online tool does not work for them, or if they prefer not to interact with us online.” (at 13-14).

6. **Dave Lewan**, *ForeSee E-Government Satisfaction Index Q2 2016*, (ForeSee), 2016.

- “E-gov beats overall government. E-government continues to outperform overall government in citizen satisfaction. Average citizen satisfaction with e-government (75) versus 63.9, according to the ACSI Federal Government Report 2015 (released January 2016).
- Highlighting the sites with stellar performance. Once again, Social Security Administration leads the pack, with ‘Extra Help with Medicare Prescription Drug Plan Costs’ ([socialsecurity.gov/i1020](http://socialsecurity.gov/i1020)), ‘SSA Retirement Estimator’ ([ssa.gov/estimator](http://ssa.gov/estimator)), and ‘SSA iClaim’ ([socialsecurity.gov/applyonline](http://socialsecurity.gov/applyonline)) all coming in with scores of 91 for the quarter.
- Exceeding expectations. SSA was not the only organization meeting or exceeding the excellence threshold: 34 sites (33.7%) had scores of 80 or higher.
- Top score gains. Top gainers for the quarter include American Battle Monuments Commission ([abmc.gov](http://abmc.gov)), Veterans Affairs ([VA.gov](http://VA.gov)) Department of Defense portal ([defense.gov](http://defense.gov)), National Library of Medicine main website ([nlm.nih.gov](http://nlm.nih.gov)), and NOAA Tides and Currents ([tidesandcurrents.noaa.gov](http://tidesandcurrents.noaa.gov)).” (at 3).

In comparison, the satisfaction level for the main IRS website ([irs.gov](http://irs.gov)) is 58. (at 7).

7. **Deloitte**, *Navigating the New Digital Divide: Capitalizing on Digital Influence in Retail* (2015).

- “The New Digital Divide: The gap between consumers’ digital behaviors and expectations and retailers’ ability to deliver the desired experiences.” (at 3).
- “Digital influence — that is, the degree to which in-store sales are influenced by digital at some point in the shopping journey — is growing at an increasing pace.” (at 3).
- “In 2014, 6.5 percent of retail sales were online — or roughly \$305 billion, with the remaining 93.5 percent (or more than \$4 trillion) happening through traditional brick-and-mortar stores. Most studies that focus on digital in the retail marketplace focus exclusively on the 6.5 percent of total sales that occur through digital channels. Instead, we chose to focus on the 93.5 percent of sales still taking place in physical stores and the role that digital plays on that

number. Our experience in the industry tells us that the traditional approach of focusing on digital as a channel drastically limits the value, the opportunity, and ultimately, the strategy.” (at 3).

- “While many retailers continued to focus on digital as a channel, we proved that digital clearly was not just an addendum, but an integral component to traditional brick-and-mortar retail. Many retailers were failing to leverage the potential of digital, and they were quickly falling behind compared to their consumers’ digital expectations.” (at 4).

“Today’s digital shoppers do not follow the same ‘rules of the road’ that they used to. An overwhelming majority — nearly 80 percent and trending up over the past few years — interact with brands or products through digital before arriving at the physical store. These customers do their research online, identify the products they want to purchase, and even select the stores and departments they want to visit. They may even purchase a product online to be picked up at a store. In short, customers in the digital era are more hunters than gatherers once they arrive in-store.” (at 15).

8. **HMRC**, *Making Tax Digital*, 6, 8 (Dec. 2015).

“By April 2016, every individual taxpayer will have access to their own digital account — simple, personalized and secure, offering an increasing range of services. By 2020, HMRC aims to be interacting digitally with all taxpayers. By that time, the full range of tax and Child Benefit services will be available for all taxpayers to use, accessible from a wide range of devices and protected by the very latest technology to encrypt data and keep it safe.”

“HMRC understands that taxpayers need varying levels of support. All taxpayers will receive the data and services relevant to them and, for those who have difficulty going online or who need extra support, help will be available through other channels. HMRC is training the teams on its helplines to spot taxpayers in need of extra help. These taxpayers will be offered alternative means of support — over the phone, through face-to-face visits, or through partners in the voluntary and community sector.”

9. *IRS Future State*, IRS.GOV, <https://www.irs.gov/uac/Newsroom/IRS-Future-State> (Materials including the Taxpayer Experience Vignettes) (last visited Sept. 9, 2016).

10. *My Social Security Account*, SSA.GOV, <https://secure.ssa.gov/RIL/SiView.do> (last visited Oct. 31, 2016).

To create an account, users must be able to verify personal information and have the following:

- Valid e-mail address;
- Social Security number;
- U.S. mailing address; and
- Be at least 18 years of age.

SSA e-authentication requirements, similar to those of the IRS online Get Transcript application, initially included a requirement that the taxpayer have a text-enabled cell phone. However, after

urging from the U.S. Senate Committee on Aging, the SSA decided to roll back its text message authentication measures and provide additional options to authenticate.<sup>20</sup>

Individuals can only create an account using their own personal information and for their own exclusive use. An individual cannot create an account on behalf of another person or use another person's information or identity, even with that person's written permission.

For example, an individual cannot create an account for another person:

- With whom you have a business relationship;
- For whom you are a representative payee; or
- For whom you are an appointed representative.

Unauthorized creation of the online account may be subject to criminal or civil penalties, or both.

If the individual does not know the required information or prefers not to answer these questions online, the individual may go to the local Social Security office to apply in person.

11. **National Taxpayer Advocate 2015 Annual Report to Congress** 56-63 (Most Serious Problem: *Taxpayer Access to Online Account System: As the IRS Develops an Online Account System, It May Do Less to Address the Service Needs of Taxpayers Who Wish to Speak With an IRS Employee Due to Preference or Lack of Internet Access or Who Have Issues That Are Not Conducive to Resolution Online*), [http://taxpayeradvocate.irs.gov/Media/Default/Documents/2015ARC/ARC15\\_Volume1\\_MSP\\_05\\_TP-Access-Online-Account.pdf](http://taxpayeradvocate.irs.gov/Media/Default/Documents/2015ARC/ARC15_Volume1_MSP_05_TP-Access-Online-Account.pdf).
12. **National Taxpayer Advocate 2015 Annual Report to Congress** 64-70 (Most Serious Problem: *Preparer Access to Online Accounts: Granting Uncredentialed Preparers Access to an Online Taxpayer Account System Could Create Security Risks and Harm Taxpayers*), [http://taxpayeradvocate.irs.gov/Media/Default/Documents/2015ARC/ARC15\\_Volume1\\_MSP\\_06\\_Prep-Access-Online-Account.pdf](http://taxpayeradvocate.irs.gov/Media/Default/Documents/2015ARC/ARC15_Volume1_MSP_06_Prep-Access-Online-Account.pdf).
13. **National Taxpayer Advocate 2013 Annual Report to Congress** vol. 2, 67-96 (Research Study: *Fundamental Changes to Return Filing and Processing Will Assist Taxpayers in Return Preparation and Decrease Improper Payments*), <http://taxpayeradvocate.irs.gov/2013-Annual-Report/downloads/Fundamental-Changes-to-Return-Filing-and-Processing-Will-Assist-Taxpayers-in-Return-Preparation-and-Decrease-Improper-Payments.pdf>.
14. **Novantas Research**, *2016 Omni-Channel Shopper Survey: Redefining Banking Convenience*, 11 (2016).  

“But as is evident from the consumer research, ‘convenience’ is no longer only having the nearest branch; in fact a non-physical factor — online/mobile — now leads in defining convenience. Nearby ATMs matter, including the fees for them, as do hours to a lesser degree. Branch proximity and overall market density — while still important— is now only one of many considerations.”

<sup>20</sup> See U.S. Senate Aging Committee, *Following Collins, McCaskill Effort, Seniors Will No Longer Need Cell Phones to Access Social Security Accounts Online* (Aug. 15, 2015), <http://www.aging.senate.gov/press-releases/following-collins-mccaskill-effort-seniors-will-no-longer-need-cell-phones-to-access-social-security-accounts-online>.

15. **OECD**, *Right from the Start: Influencing the Compliance Environment for Small and Medium Enterprises* (2012).

**Summary:**

“This information note sets out the theoretical concepts, provides an overview of strategies under the heading of ‘Right from the Start’ and describes how the use of ‘Right from the Start’ strategies by revenue bodies can be cost-effective and save resources, while also creating benefits for the taxpayer through better service, improving the quality of tax processes and achieving compliance... The ‘Right from the Start’ approach is first defined in terms of four dimensions that are considered central to the compliance environment:

- Acting in real time and up-front, so that problems are prevented or addressed when they occur;
- Focusing on end-to-end processes rather than just focusing on the revenue body processes and try to make the processes of the taxpayer fit into them;
- Making it easy to comply (and difficult not to); and
- Actively involving and engaging taxpayers, their representatives and other stakeholders, in order to achieve a better understanding of the taxpayer’s perspective and to cooperate with third parties.” (page 3).

**Tools for Small Businesses:**

- a. **Digital Tools for Small Businesses in Australia (Providing Online Tax Calendar).**

“The Australian Taxation Office (ATO) has developed a suite of electronic tools (downloadable from the ATO website) to support new to business taxpayers: ‘Is your business tax ready?’, ‘Record Keeping Evaluation Tool’ and ‘Your small business tax calendar.’ These products were developed through consultation and were co-designed with small businesses, including using simulation centre technology. This ensured that products were relevant, useable and targeted at the risks and issues of small business. Small businesses’ understanding of record keeping requirements and adopting good record keeping practices has long been an identified risk for the ATO. The provision of free self-help tools gives small businesses an ability to understand what is required without the need to necessarily engage a tax advisor. Evaluation shows that the use of the Tax Calendar leads to improvements in compliance with reporting and payment obligations.” (page 23).

- b. **Business Tools in New Zealand (Partnering with the industry to provide clear and user-friendly assistance online).**

“Small business owners tend to be busy and have little time for consuming large amounts of information. Therefore the Inland Revenue (IR) set out to develop a tool making it easy for SME customers to quickly find the information and guidance they require to become and stay compliant. The idea was that Tools For Businesses (TFB) should be a better way of communicating a large amount of information. The tool is intended to help those who prefer to find tax and business information for themselves rather than calling the IR or attending a workshop. The tool will be promoted through government websites, intermediaries, business associations etc. TFB is designed to help small businesses with just the information they need. Each section contains 80% of what a small business needs to know. Common misconceptions are covered quickly, and

FAQs (based on research, call centre traffic and input from field staff) are available with quick answers and references to more help and information. There also are a range of different interactive elements and resources (such as Excel spreadsheets) that have been created exclusively for the TFB. The tool has been built with SME customers in mind by a company that specialises in small businesses. The text is drafted in a conversational tone to ensure that it makes for easy and enjoyable reading. All content is based on the established educational practice of “tell me” (main text on each page), “show me” (interactive elements) and “let me do it” (downloads). Feedback shows that small business owners find the tool easier and more helpful than the current IR website. There has also been a reduction in the number of basic query calls since the introduction of the tool.” (page 21).

c. **The Netherlands: Online Bookkeeping Systems Uploading to Tax Agency.**

“The Netherlands’ Tax and Customs Administration are seeking to use market developments and new technologies to their advantage by co-operating with software companies and other stakeholders to develop online bookkeeping systems. The advantages of such systems are numerous. They can support correct bookkeeping by providing an updated bookkeeping system, they can improve compliance with tax rules and results from the accounts can be transferred directly to the tax reporting systems of the revenue body.” (page 17).

“The growth of online bookkeeping through cloud computing (which is expected to be the most common method of bookkeeping for start-up businesses in the Netherlands within a few years) offers an opportunity to improve the bookkeeping among smaller businesses, where compliance failures can often be traced back to poor bookkeeping. The Netherlands’ Tax and Customs Administration is seeking to take advantage of this development in the market by working with providers of on-demand accounting software to develop standards and promote end-to-end solutions (for instance a security certification mark) to enhance certainty, reliability and integrity of data. The aim is to gradually develop a highly automated online administrative environment offering convenience, certainty and security to businesses while also reassuring the tax administration and other stakeholders (accountants, banks, other government bodies etc.) of the integrity and reliability of the bookkeeping. The learning capabilities of the system (its intelligence) are also of interest in this respect. The project, which is part of the Horizontal Monitoring programme, is in the starting phase.” (page 17).

d. **France: Electronic Data Exchange.**

“Data exchange and business reporting standards in France. Data exchange standards and standard business reporting have been designed and approved for the electronic filing of the annual profit tax return in France, allowing data for 70% of businesses to be extracted directly from the electronic bookkeeping records through an online data exchange solution. A next stage could make it possible for enterprises to provide bookkeeping records through a secure platform accessible by all public entities so that data would have to be provided only once. This would involve significant gains in terms of reducing the administrative burden, as businesses may at present be required to report the same information to various public entities six to nine times a year.” (page 17).

e. **Sweden: Certified Cash Registers.**

“Certified cash registers in Sweden. All traders in Sweden selling goods or services in return for cash (or card) payments are required as of January 2010 to use a certified cash register and provide customers with receipts. The cash register must be manufactured after specifications defined by the tax agency. The cash register must also be registered with the tax agency. The tax agency conducts unannounced visits to traders to enforce the legislation. The tax agency has powers to make inspections as well as disguised visits (involving control purchases) to see if all transactions registered and that receipts are provided to customers. Failure to comply means that the trader is charged with a fine. The control visit can escalate to a full scale field audit if deemed relevant. The background to the legislation was significant tax evasion with the value added tax (VAT) in industries with high cash turnover. The problem was acknowledged both by trade federations and the tax agency, but proved difficult to deal with by traditional enforcement measures. A political initiative consequently involved strengthening the control chain by introducing certified cash registers. The initiative is supported by trade associations, as it makes a significant contribution (far outweighing the costs involved) to achieving a level playing field for businesses in sectors affected by unfair competition.” (page 18).

f. **Managing Taxpayers’ Lifecycle by Internet in Chile.**

“The initiative aims to reduce tax compliance costs and facilitate compliance by providing online information and guidance organised around main events in the business life-cycle. The elements considered are: business start-up and registration; issuing of electronic documents; electronic ledgers; sworn statements, monthly and annual payments; modification or updating of taxpayer information; and close of business.” (page 23).

g. **Canadian Payroll Deductions Online Calculator.**

“The Canada Revenue Agency has developed several online tools to assist businesses in remitting payments accurately. One example is the payroll deductions online calculator, which is aiding businesses in calculating pay-cheques for their employees and remitting their deductions. The tool was first intended for use by payroll professionals. In order to reach a broader taxpayer segment, however, the tool was redesigned to be useable by first-time payroll users and the SME segment.” (page 23).

**Outreach and Education Tools for Small Businesses:**

a. **Australian Small Business Assistance Programme.**

“Small businesses often suffer from poor record-keeping and lack of awareness on tax obligations, which can impact on voluntary compliance levels and damage community confidence in the tax system. The ATO Small Business Assistance Program is designed to address this risk by coordinating assistance to small business. The assistance products offered by the ATO include intensive one-to-one business assistance visits; one-to-many seminars and workshops; outbound telephone calls to new-to-business, new-to-employed, and newly incorporated taxpayers; and print and online information products and tools. The program was at first directed at start-up businesses. With the significant change in the economic climate over the past couple of years, the program has evolved to take into account all stages of the business lifecycle: business intenders, new

to business, established, growing, and ceasing. The program has a particular focus at micro businesses. The program identifies regions and/or industry sectors that are affected by various factors that may require additional or more intensive support. Regions have been targeted due to the impact of drought; fire; floods; large scale impacts due to the closure of major industries or due to the impact of the financial environment. Among the valuable lessons learnt from the implementation of the program is that stakeholders should ideally be involved from the early stages of the process when outcomes and goals are established; that assistance products and services should for optimum effects be targeted at businesses early in their business lifecycle; and that relevant online content should be developed early in the process to provide support to other channels of interaction like face-to-face meetings and phone conversations. The Small Business Assistance Program has moved to adopt a whole-of-government approach. It is expected that this will provide greater benefits to small businesses and reduce duplication of efforts between government departments. Quantitative measures used to evaluate the effectiveness of the program have confirmed that small businesses that have received assistance show improvements in progressing towards meeting the desired outcomes.” (page 12).

b. **Virtual Small Business Tax Workshop in the US.**

“The virtual workshop introduces new businesses to a variety of requirements and responsibilities in order to increase awareness and facilitate compliance. The focus is on what the business-owners need to know about federal taxes; how to pay taxes using a computer; running a business from home; establishing a retirement plan; classifying workers as employees or independent contractors; withholding the proper amount of employment and social security taxes; and how to properly determine unemployment insurance contributions. The goal is to ensure that businesses understand their responsibilities when starting a business, and to ensure that they properly withhold and remit employment and social security taxes.”<sup>21</sup> (page 15).

c. **Business Education Programme in the UK.**

“HMRC’s business education programme is based around extending the reach and targeting of education for small and medium enterprises (SMEs). It is focused on:

- Targeting SME customers with a comprehensive offering of online educational support, webinars and interactive tools at key points in their business life cycle (*e.g.*, becoming self-employed, taking on their first employee, reaching the VAT threshold etc);
- Working with intermediaries (*e.g.*, trade groups and small business associations) to syndicate our education messages to hard-to-reach customers; and
- Retaining a face-to-face education offering, but targeted at those who really need help.

In addition to the new products, processes and practices involved in developing the online channel, this also involves the implementation of a strategic outbound e-mail

21 For more information on this workshop, see IRS Pub. 5104, *Small Business Taxes: The Virtual Workshop*, irs.gov (July 2013), <https://www.irs.gov/businesses/small-businesses-self-employed/small-business-self-employed-virtual-small-business-tax-workshop> (last visited Aug. 29, 2016).

capability. Furthermore, it requires a change in organisational culture as the roles of face-to-face presenters expand to reflect the wider range of channels for education.

The target group (HMRC's 'needs help' customer segment) forms an integral part of HMRC's customer segmentation model. This was underpinned by a more detailed analysis of the SME customer base, which was used to inform the development of the approach for each customer segment.<sup>22</sup> Key elements of the development of the education programme are:

- Developing a comprehensive online “journey” of education for each of the key lifecycle events, using detailed customer understanding data (*e.g.* learning styles, reading age, attitudes etc) and common causes of error as a starting point;
- Putting in place a programme of interactive webinars to enable SMEs to access a face-to-face style workshop at a time and place that suits them;
- Developing the capability to use outbound e-mails to signpost customers to the online support available; and
- Putting in place a strategic framework for working with intermediaries to ensure that this activity is aligned with the wider strategy.

HMRC is monitoring a range of data (*e.g.*, the number of ‘click-throughs’ from e-mails to the online material, the numbers of customers changing behaviour as a result of an educational intervention etc.) to measure the impact.” (page 22).

### Multi-Channel Service in France:

“To offset the complexity of tax legislation and improve compliance, the French Tax Administration has adopted a structured taxpayer service approach. Customer relations have been streamlined and simplified to be as user-friendly as possible and ensure that taxpayers can get adequate answers to their questions quickly and easily. This involves various initiatives:

- Multi-channel access to user services (internet, phone, offices);
- Online services: users can now get information and forms, calculate and pay their taxes, file returns and check their account without visiting a tax office (as of October 2011, SMEs with a turnover above a certain threshold will have to file VAT returns and make VAT and tax payments online);
- Improved phone assistance through dedicated teams at the time of duties (filing and payment) and substantial investment in equipment and more efficient management of call traffic;
- Customer service windows: one single entry solution with extended opening hours for assessment and collection of all business taxes (VAT, CIT, local taxes);
- E-mail: questions sent by e-mail are guaranteed a reply within 48 hours; and
- PVFI programme (Pour Vous Faciliter l’Impôt — making your taxes easier): a programme designed for both individuals and businesses to improve service quality through a series of user service commitments regularly measured, internally and externally.” (page 20).

22 For customer segmentation information, see *Individuals Segmentation Enhancement*, gov.uk (Oct. 17, 2012), [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/344843/report193.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/344843/report193.pdf) (last visited Aug. 30, 2016).

**Preparer Access:****Access Revenue On-line Service in Ireland (Providing representatives access to taxpayer accounts).**

“The financial and time costs involved in complying with legislation are a major source of frustration for businesses. Irish Revenue is committed to reducing compliance costs and making it easy to deal with the tax administration. One recent initiative that testifies to this commitment is the Revenue On-line Service (ROS). Of primary importance to the development of ROS was agents’ access to their clients’ tax files and the availability of the following facilities: access to their taxpayer clients’ payments, balances, returns compliance and payments compliance information on Irish Revenue’s database; the ability to change the taxpayer’s ‘agent representation’ details on Irish Revenue’s files; and the allocation and maintenance of access security within the agent’s firm. In the initial stages of electronic filing, feedback from filers was registered, monitored and obtained to ensure satisfactory and efficient operation of the system, compatibility of software and reliability of security systems. The ultimate aim was to make the customers interaction with Irish Revenue for payments, declarations or information available electronically in their home or place of business. The on-line revenue target of £64 million for the first year was actually achieved within a few months. This success can be attributed to the co-operation of customers, who embraced this new technology, and to the staff, who were instrumental in the design of the service and its promotion amongst customers.” (page 22).

16. **OECD**, *Tax Administration 2015 Comparative Information on OECD and Other Advanced and Emerging Economies*, 241-60 (Aug. 2015).

For information on the strategic priorities for both OECD and non-OECD countries to increase the usage of online services, see the chart in the Appendix of this literature review document.

17. *Online Services for Individuals*, N.Y.S. DEP’T OF TAX’N & FIN., <https://www.tax.ny.gov/online/ind.htm> (last visited Apr. 28, 2016).

“You must have an Online Services account to access certain services.

**Features**

- Web File your IT-201, IT-214, or NYC-210 for tax year 2015
- Make an income tax return payment
- View your account
- Sign up for email to receive refund info, notices, bills & more
- Use tax preparer registration
- Manage your estimated tax account
- Pay bills and notices
- Respond to a notice.”

18. **Oral Statement of Rick Parrish**, Forrester Research, National Taxpayer Advocate Public Forum 163 (May 17, 2016).

“You know one thing that I think works very well, and could build, dare we say, trust? And definitely works well in a digital format, is wizards. They guide people through tasks. And there

one federal agency called ‘Business USA’ that I think is one of the most customer-centric federal agencies, that does wizards quite well. So there’s a place to look for wizards implemented in government. Of course, they serve people who are starting businesses and things like that, but a really great thing that speaks to people in a language they can understand, which our data shows is a key driver of a good customer experience in any channel, and guides people through and helps them see that they can find things, that self-service is not scary.”

19. **PwC**, World Bank Group, *Paying Taxes 2016*, <https://www.pwc.com/gx/en/paying-taxes-2016/paying-taxes-2016.pdf>.

This report is a global survey of tax systems but does not go into detail regarding e-filing and e-payment. It just acknowledges that such options make compliance easier.

20. **Sead Fasilpasic**, *A Data Breach in HMRC Could Cost £13 Billion*, ITPROPORTAL (Jan. 27, 2016), <http://www.itproportal.com/2016/01/27/a-data-breach-in-hmrc-could-cost-it-13-billion/>.

“This is why the Government is now implementing stronger security measures through its Gov.UK Verify portal, which offers highly secure multi-factor authentication to protect UK citizens when they disclose personal information online, such as completing a tax return ...”

21. **Sheyna Steiner**, *Branch Banking Still Popular With Americans*, Bankrate (Dec. 21, 2015), <http://www.bankrate.com/finance/consumer-index/branch-banking-still-strong-among-americans.aspx>.

- “Despite the shift to online and mobile banking, bank branches continue to exist and many people still go to them. In fact, only about 1 in 5 Americans has gone an entire year without visiting a bank branch, Bankrate’s Financial Security Index for December shows.”
- ‘Branches are still very important, but transactions are shifting more digitally over time, which is impacting branch staffing,’ he says. ‘They are shifting from transactions toward supporting more complex questions and serving customers’ financial needs.’
- ‘Banks have obligations to the communities they serve. Under the Community Reinvestment Act, banks are encouraged to provide resources to traditionally underserved communities. The presence, or absence, of physical branch locations — in light of technological advances — is an integral part of the debate about how banks are meeting consumer needs,’ says Dave Pommerehn, vice president and senior counsel for the Consumer Bankers Association.”

22. **Susan Kreimer**, *Dealing with Dr. Google: Why Communication Is Key*, MEDICAL ECONOMICS, <http://medicaleconomics.modernmedicine.com/medical-economics/news/dealing-dr-google-why-communication-key?page=full> (last visited Sept. 6, 2016).

“The trend toward online research goes hand-in-hand with a growing emphasis on patient engagement. Knowledge can empower patients in shared decision-making. This model of care, proven to foster better outcomes, operates under the premise that well-informed patients can pose enlightened questions and express personal values and opinions about their conditions and treatment options.”

23. **Susanne Christmann**, London School of Economics, Department of Media and Communications, *The Impact of Online Health Information on the Doctor-Patient Relationship: Findings from a Qualitative Study*, <http://www.lse.ac.uk/media@lse/research/mediaWorkingPapers/MScDissertationSeries/2012/78.pdf> (last visited Sept. 6, 2016).

“The study finds that online health information contributes to an empowerment of the patient, while the doctor stays important due to an advantage in medical expert knowledge. Online health information can signify both an opportunity and a challenge to the relationship, mainly depending on the information’s quality and the patient’s capabilities to evaluate the information. Imperfections of both the information’s quality and the patients’ evaluation capabilities support the necessity of a powerful doctor. However, patients unaware of their limited evaluation capabilities may nevertheless behave more powerful in the relationship, causing discrepancies with the doctor. These results confirm connections relevant to the conceptual framework and literature but also hint to aspects that are worth considering in closer detail. The findings suggest that the doctor-patient relationship is affected by the new media influence, but that new media will not turn upside down the core pillars of the doctor patient relationship.”

24. **Treasury Inspector General for Tax Administration**, Ref. No. 2016-40-007, *Improved Tax Return Filing and Tax Account Access Authentication Processes and Procedures Are Needed* (Nov. 19, 2015).

“The increasing number of data breaches in the private and public sectors means more personal information than ever before is available to unscrupulous individuals. Much of these data are detailed enough to enable circumvention of most authentication processes. As such, it is critical that the methods the IRS uses to authenticate individuals’ identities provide a high level of confidence that tax information and services are provided only to individuals who are entitled to receive them.”

25. **Treasury Inspector General for Tax Administration**, Ref. No. 2015-40-053, *Taxpayer Online Account Access Is Contingent on the Completion of Key Information Technology Projects* (May 2015).

26. **The Wharton School**, U. of Penn., *Becoming Digital: Strategies for Business and Personal Transformation*, KNOWLEDGE@WHARTON (Mar. 15, 2016), [http://www.knowledgeatwharton.com/books/library/becoming-digital/?utm\\_source=KWsearch&utm\\_medium=website&utm\\_campaign=becomingdigital](http://www.knowledgeatwharton.com/books/library/becoming-digital/?utm_source=KWsearch&utm_medium=website&utm_campaign=becomingdigital).

- “The digital strategy will be driven by business leaders and not by IT people,’ said Mphasis CEO Ganesh Ayyar. ‘It is not all about IT; it is about business.’” (at 18).
- “Digital transformation, however, is often myopically defined as ad hoc additions of software and hardware, or automation of certain business processes that make one part of the company better instead of considering the whole. These steps can be a start, but a true digital transformation — one that provides a competitive edge and generates a positive return on investment (ROI) — will re-imagine the old way of doing things and lead to new business models.” (at 19).
- “Too often, though, companies that say they are focused on the customer are actually serving their own needs first. A case in point is the traditional Customer Relationship Management (CRM) system, which is a set of processes designed to gather information about customers to ‘manipulate’ them, said Wharton’s Wind. CRMs have ‘nothing to do with

being customer-centric.’ Instead, businesses should deploy CMRs, or Customer Managed Relationships, he said. ‘It’s a platform that will allow consumers to manage their relationship with you and your competitors.’ A classic case of CMR is the American Airlines travel reservations system Sabre, which revolutionized the industry for travel agents in 1960 by automating fare searches and bookings. The airline created a system that listed not only its own flights but also those of competitors, to better serve its customers — the travel agents — and make the system more viable. At the time, the airline was also facing competition from an association of travel agents that was looking to create an alternative solution. By 30 years later, Sabre could store 36 million fares to create a total of more than a billion fare options. American spun off Sabre Holdings in early 2000 in a deal valued at \$5.7 billion.” (at 29).

### Case Study: “A Digital White-Glove Experience at First Republic Bank”

“For 30 years, First Republic Bank has prided itself on delivering white-glove service to its clients in private banking and wealth management. As other banks began to minimize personal contact with their customers to reduce costs, First Republic clung fiercely to the roots of traditional banking — working even harder to maintain a “high touch” relationship.

‘Our bank is focused on a more old-fashioned service model of in-person, high-touch service,’ said Hugh Westermeyer, deputy chief information officer, in an interview with Knowledge@Wharton. ‘We go the extra mile. You can always get someone on the phone. We’re there to help you.’

As consumers began migrating to mobile devices for banking, though, the San Francisco-based bank faced a dilemma. Interacting with clients through digital channels would minimize the element of human contact — the kind of contact that First Republic has long seen as important to its success — but if it didn’t move aggressively into digital, the bank would be unable to meet the changing needs of its clientele. The answer was to be digitally agile and highly personal at the same time.

‘The focus is to make sure that we continue to provide that First Republic Bank-style and level of experience digitally as well as if you come in and visit us in one of our branches,’ Westermeyer said.

The bank decided to harness technology to rev up its customer service even more: It automated internal processes and systems to improve the work flow so employees could serve clients more robustly and efficiently. ‘That means working on things like the better delivery of information,’ Westermeyer said. ‘We have a Customer Relationship Management system that we built to deliver comprehensive relationship information to people who work with clients.’

First Republic takes a holistic view of its customers, many of whom have several accounts at the bank. Using technology to pull together all of a customer’s data from disparate sources in the bank, First Republic can paint a more complete profile of the client and provide better service because it will have a better understanding of the customer’s needs.

Compiling all of a client’s information has another benefit: The bank can provide a unified view of accounts for the convenience of its customers. ‘Many of our folks are focused on bringing this information together into one place so you can see it all at once, you can transact with it all at once — and it just makes it a lot easier for you,’ Westermeyer said. He said the bank takes great care to make sure the digital channels it provides have user-friendly interfaces. Nothing frustrates mobile users more than a clunky webpage. Ease of use is key, Westermeyer said. ‘We’re doing a significant amount of work [on] the overall user experience, so things flow very smoothly. We take advantage of the current, state-of-the-art user interfaces and styles, so that it’s a very familiar and easy-to-use experience.’

The overall mission is to keep standards high, whether clients interact with the bank digitally or in person. It's using technology 'to provide the same sort of experience,' Westmeyer said. 'Nowadays, not everyone wants to do everything in person. There's a lot of desire for self-service and certainly, in commercial banking, there are a lot of activities that our clients need to do themselves, so we're really focused on providing an excellent digital experience, whether that's online, mobile, or some combination, in order to support what our clients are trying to do.' (at 43-45).

27. **Written Statement of John Sapp**, Chair, Council for Electronic Revenue Communication Advancement, National Taxpayer Advocate Public Forum (May 17, 2016).

"The IRS must move forward with technology to serve taxpayers, but at the same time it is imperative that the public not lose the services now available from the agency. Call-in service must be maintained, and, indeed, enhanced. Appropriate walk-in options must also continue, and taxpayers who choose to send in their returns in hardcopy form should not be prohibited from doing so, although every effort should be made to explain the advantages of e-filing."

28. **Written Statement of Rick Parrish**, Forrester Research, National Taxpayer Advocate Public Forum (May 17, 2016).

"Despite this preliminary success, only 39% of federal customers want Washington to offer more digital services, and just 32% trust it with their personal data. The public's interest in federal location-based services and a governmentwide web portal has declined."

"Faced with pressure from the White House to boost digital public interactions, federal agencies must find the right channel for each service. They must also explain the benefits of new digital services, protect digital CX [customer experience] from overbearing security practices, and design mobile experiences more strategically."

29. **Written statement by Tina Orem**, NerdWallet, National Taxpayer Advocate Public Forum (May 17, 2016).

"What's also interesting is that the survey found that when they have tax questions, more millennials turn to tax professionals than go online for answers. This suggests that when things get complex, millennials still prefer humans to screens."

"Perhaps most interesting, however, is our finding that millennials like filing paper returns more than most taxpayers. An incredible 17% said they did a paper return last year and mailed it in — that's more than double the rate of those 35 and older."

APPENDIX

OECD, *Tax Administration 2015 Comparative Information on OECD and Other Advanced and Emerging Economies*, 241-60 (Aug. 2015).

7. THE USE OF ONLINE SERVICES IN TAX ADMINISTRATION – 247

Table 7.2. Strategic priorities for increasing use of online services

Strategic focus for improving electronic services – five key areas of development reported for the medium term

Country	Formal plan	Online filing	Prefilled returns	Online payment	Website service/ tools	Integrated taxpayer accounts	Other online services	VAT e-invoices	Enhanced data capture	Digital mailbox	Apps for tax agents
<b>OECD countries</b>											
Australia	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Austria	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Belgium	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Canada	✓	✓ /1	✓	✓	✓	✓	✓		✓	✓	
Chile	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Czech Republic	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Denmark	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Estonia	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Finland	✓	✓	✓	✓	✓	✓	✓		✓	✓	
France	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Germany	-	-	-	-	-	-	-	-	-	-	-
Greece	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Hungary	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Iceland	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Ireland	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Israel	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Italy	x	-	-	-	-	-	-	-	-	-	-
Japan	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Korea	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Luxembourg	✓	✓	✓	✓ /1	✓ /2	✓ /1	✓ /1	✓ /1		✓	
Mexico	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Netherlands	✓	✓	✓	✓	✓	✓	✓		✓	✓	
New Zealand	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Norway	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Poland	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Portugal	✓ /1	✓	✓	✓	✓	✓	✓		✓	✓	
Slovak Republic	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Slovenia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Spain	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sweden	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Switzerland	✓	✓ /1	✓ /1	✓ /1	✓ /1	✓ /1	✓ /1		✓ /1	✓ /1	✓ /1
Turkey	✓	✓	✓	✓	✓	✓	✓		✓	✓	
United Kingdom	✓	✓	✓	✓	✓	✓	✓		✓	✓	
United States	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
<b>Non-OECD countries</b>											
Argentina	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Brazil	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bulgaria	x	-	-	-	-	-	-	-	-	-	-
China	✓	No specific key areas for development identified									
Colombia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Costa Rica	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Croatia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Cyprus	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Hong Kong	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
India	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Indonesia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Latvia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Lithuania	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Malaysia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Malta	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Morocco	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Romania	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Russia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Saudi Arabia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
South Africa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Thailand	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

For notes indicated by “/ (number)”, see Notes to Tables section at the end of the chapter, p. 259.  
 Source: Tax Administration 2015 survey responses.