



# Digital Trends in the Global Retirement Industry

Tadzio Schilling

German Business Center, EY

AEB Insurance & Pension Committee

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The better the question. The better the answer.  
The better the world works.



Building a better  
working world

# Digital is changing the world around us

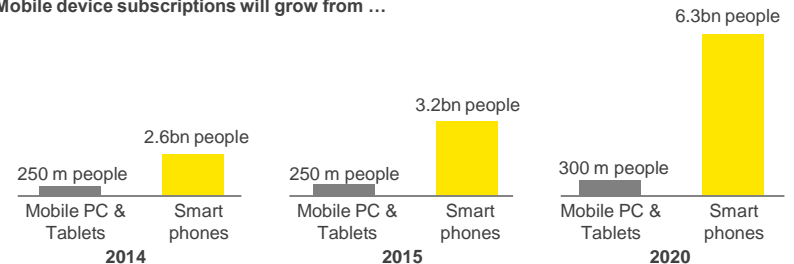
It is redefining how we view the world and interact with it

## Announcements of the new Pope in 2005 and 2013 St. Peter's Square, Vatican



### Devices

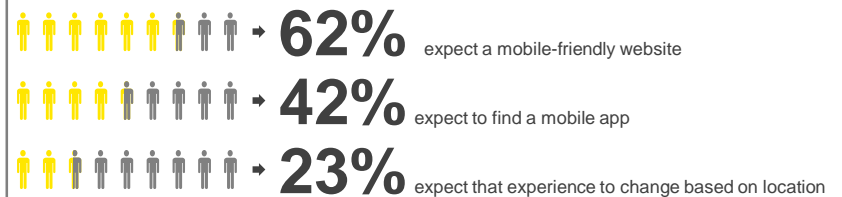
Mobile device subscriptions will grow from ...



Source: Ericsson 2016 Mobility Report

### Expectations

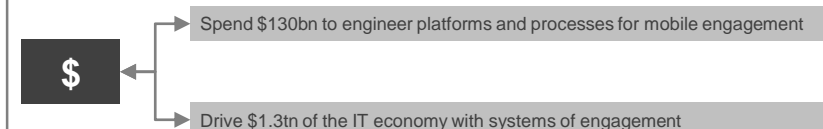
Of smartphone users ...



Base: 4,404 US online adults (age 18+) who use a smartphone

### Companies

In 2017, firms will ...



# Digital is changing the world around us

Consumers have new expectations – and these are set outside of financial services



Clients want access wherever they are, whenever they want and on whatever device (or channel); along with simplicity, transparency, and engagement.

- ▶ New digital access points are allowing customers to research and purchase across multiple channels including online and mobile
- ▶ The typical purchase cycle now involves touch points across many channels both digital and 'analogue'
- ▶ In order to respond to these demands firms need to change the way that content is created and displayed

And it's not just the millennials ...

- ▶ Six in 10 seniors now go online
- ▶ 56% of internet users aged 65+ now use Facebook.

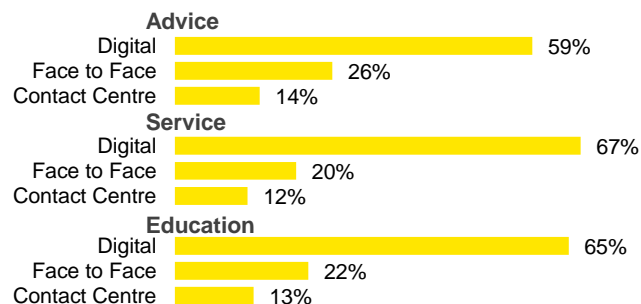
Consumers are increasingly turning to 'independent' sources for information about products and services, such as online communities and social media.

**90%**

of consumers trust peer recommendations<sup>1</sup>

**6x**

effectiveness of social media over traditional ads for influencing consumers<sup>2</sup>



- ▶ Customer/consumers say digital channels will be their primary means for receiving advice in the next 2 – 3 years<sup>3</sup>.
- ▶ Over 50% of customer/consumers believe the Performance, Engagement and Trust are key to their engagement with organisations

<sup>1</sup> Source: '39 Social Media Statistics to start 2012', <http://socialnomics.net> (accessed March 2014)

<sup>2</sup> Source: EY Global Consumer Insurance Survey 2012

<sup>3</sup> Source: EY Global Asset Management Survey 2016<sup>16</sup>

# Digital is changing the world around us

The digital world is not without risk

Cyber risks are headline news with significant reputational risk.  
Data errors result in privacy leaks and impacts trust



## Tax returns compromised? What steps to take now

Wednesday, 27 May 2015 | 2:41 PM ET

Criminals have some financial data on more than 100,000 taxpayers. Here's how to protect yourself.

100 banks lose \$1bn, February 2015  
How it happened: Malware attack (Carbanak)

Heartbleed bug: What you need to know (FAQ)

NYT NOW  
Hackers' Attack Cracked 10 Financial Firms  
in Major Assault

JPMorgan CYBER-HEIST: 9 US financial firms snared by 'Russian hackers', says report  
'Culprits have loose links to Putin's government': NYT  
By Kelly Fiveash, 5 Oct 2014

## Hirsche Private Asset Emergency Announcement Regarding Breach of IT Security by Hacker Group

databreaches.net - 8 months ago

Hack attack leaves 1,400 airline passengers grounded  
Monday, 22 Jun 2015 | 7:13 AM ET  
Ten planes and around 1,400 passengers of Polish airliner LOT grounded Sunday after a major hacking attack jammed systems.

Hackers Steal Millions of Wealth Managers' Money Using Public Wi-Fi Hotspots

## Cybersecurity for Asset Managers: Don't Let the Russian Big Data Breach Happen to You!

Yet another information breach has amassed millions of private usernames and passwords from around the world, further demonstrating the need for increased proactive cybersecurity measures. As asset managers, it is imperative that the highest level of protection is implemented to protect the financial interests of your clients.

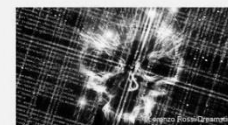
The SEC agrees.

Hacker attacks on Swiss banks - what to do?

## Cyber crime threat stalks fund houses

Madison Marriage

February 1, 2015 5:11 am  
Share Author alerts Print Clip Comments



Cyber crime has the potential to cause serious damage to the reputations of the world's largest fund houses, but risk experts believe the investment industry has been slow to tackle the threat, potentially leaving investors exposed.

Concern over fund houses' vulnerability to intensified following a sharp increase in the number of attacks on companies last year.

## Zevin Asset Management Acknowledges Data Breach

An employee violated company policy by using an online service provider to host a document containing custodian account user names and passwords.

# Digital is impacting retirement

4 mega-trends pension industry with a range of challenges and threats

## Mega-trends



A decade of crisis and heightened regulatory scrutiny



Disruptive competition from mega-providers (Google, etc.) and innovative start-ups

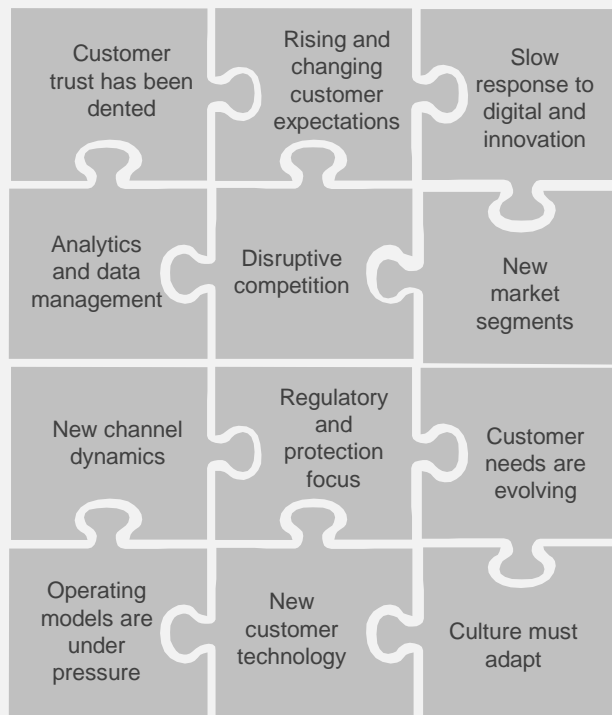


Digital revolution and the Digitalisation of everything



Rapidly changing customer behaviour and expectations, increased customer demand for tailored financial advice

## Market dynamics



## Key threats/challenges

### Consumer engagement

- ▶ Loyalty
- ▶ Trust
- ▶ Needs
- ▶ Flexibility

### Cost to serve

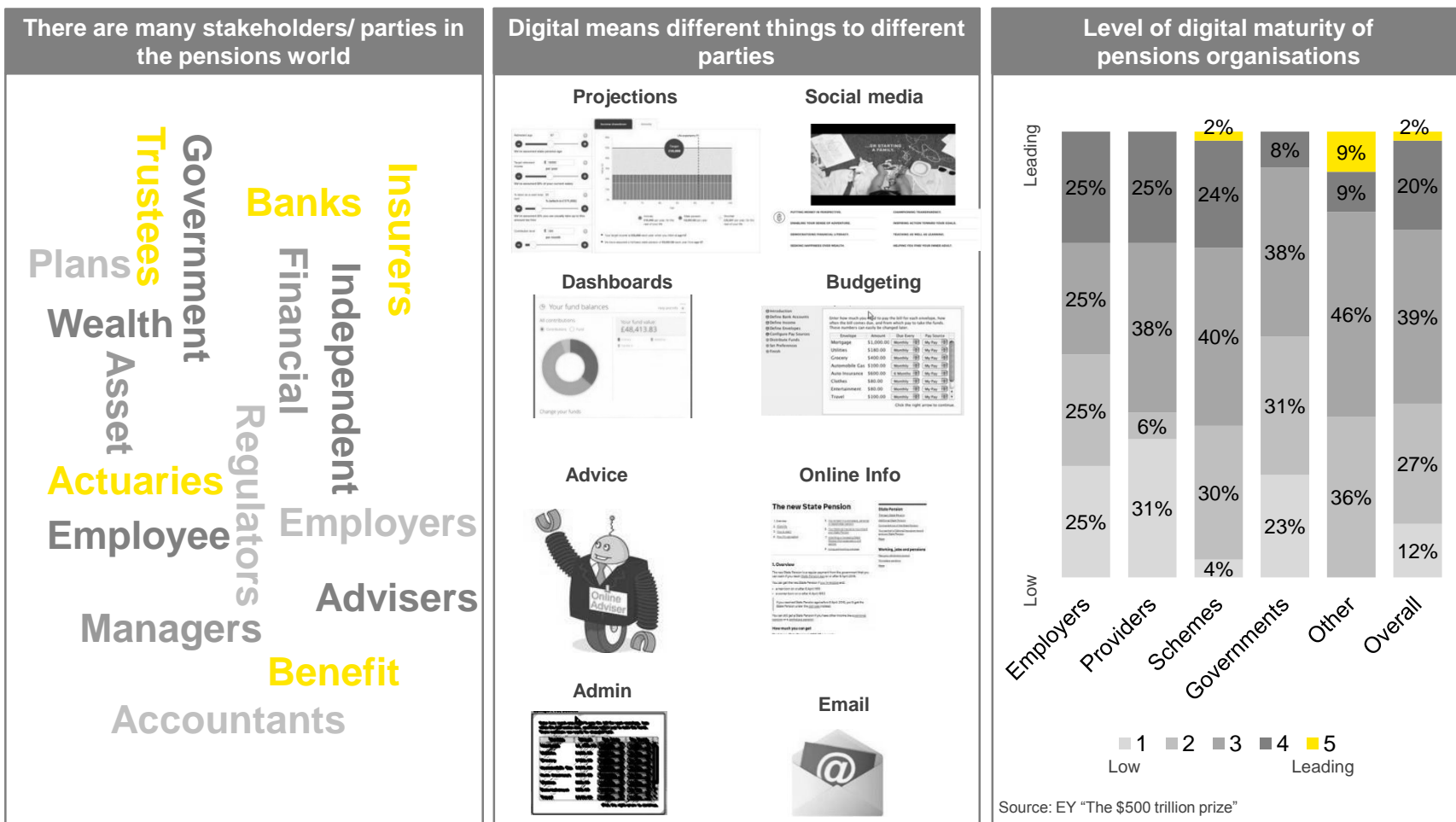
- ▶ Competition
- ▶ Compliance
- ▶ Resourcing levels
- ▶ 'Valued' by customer

### Risk emergence

- ▶ Cyber risk
- ▶ IT and Data
- ▶ Operational risk

# Pension industry lagging behind in the digital race

## Pensions and digital interaction still limited





# How organisations can drive value from digital

Organisations are focusing on six key areas to meet the digital challenge

How can Digital change the way we do business and deliver our mission, vision and strategy?

How does Digital improve processing time and service quality, reducing cost to serve or decision making?



# Global Trends Emerging from Our Daily Work

## Digital retirement

### Large European-based life and pensions company

Retirement Bank Account

### An Asia-Pacific based pensions administrator

Business & IT transformation

### Nordic not for profit labour market pension fund

Actuarial system testing phase

### European social security fund

Definition of the customer relationship management strategy

Project summary	EY's role	Value delivered
<ul style="list-style-type: none"> <li>▶ EY was engaged to design an app concept which will help people manage their pension assets in drawdown</li> </ul>	<ul style="list-style-type: none"> <li>▶ Developed the concept and designed an application mockup in conjunction with mobile app partner Monitise</li> <li>▶ Conducted quantitative and qualitative research</li> <li>▶ Advised on delivery, including providing personal tax insight</li> </ul>	<ul style="list-style-type: none"> <li>▶ 95% of qualitative research participants approved of the appl</li> <li>▶ 60-65% of quantitative and qualitative participants said they would consider consolidating pension assets to gain access to the app</li> </ul>
<ul style="list-style-type: none"> <li>▶ After being constrained through a myriad of legacy technology applications and manual processes, the client initiated a project to consolidate its administration systems onto a single vendor package.</li> </ul>	<p>EY led the following work streams:</p> <ul style="list-style-type: none"> <li>▶ Change: transition plan, impact assessment</li> <li>▶ Business: designing the operating model</li> <li>▶ Technology</li> <li>▶ Data: supported transition, ensuring data integrity</li> </ul>	<ul style="list-style-type: none"> <li>▶ EY delivered a very complex transformation program in just over 12 months and within the strict budget through the close alignment of the business and technology teams, strong discipline around governance, and a flexible approach to address risks as they arise.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Provided assistance with moving from one policy administrator to another</li> <li>▶ Used the transition to develop a 'pensions simulator' tool which can be accessed from the client's webpage</li> </ul>	<ul style="list-style-type: none"> <li>▶ Tested both the new policy administration system and 'pensions simulator'</li> <li>▶ Developed tools in SQL and VBA, which were used by the entire project team, not just EY</li> <li>▶ Helped liaise between the client and external vendors</li> </ul>	<ul style="list-style-type: none"> <li>▶ The new policy administration system helps cut the client's costs</li> <li>▶ The 'pensions simulator' has led to a better appreciation of pension savings among the members</li> </ul>
<ul style="list-style-type: none"> <li>▶ EY was engaged to analyse the behaviour of users and develop a digital solution which relieved physical resources and phone services.</li> <li>▶ EY assisted the client in the development of a cross-channel dashboard</li> </ul>	<p>EY lead the following work streams:</p> <ul style="list-style-type: none"> <li>▶ Scoping of the project</li> <li>▶ Analysis of the existing framework</li> <li>▶ Identification of the desired outcome for the customer relationship</li> <li>▶ Test of the dashboard</li> <li>▶ Definition of the trajectory</li> </ul>	<ul style="list-style-type: none"> <li>▶ An agile consulting approach, allowing the achievement of defined results quickly on a restricted timeline</li> <li>▶ Expertise in data analysis, big data and dashboards through the recent acquisition of a Bluestone company</li> </ul>



# Digital Trends in the Global Retirement Industry

## Questions?



**Tadzio Schilling** | MPA  
Associate Director  
German Business Center, EY

Direct: +7 (495) 664 72 13

Cell: +7 (906) 715 46 03

[tadzio.schilling@ru.ey.com](mailto:tadzio.schilling@ru.ey.com)