

Written evidence from Money Alive Limited (APS0032)

Money Alive is a regtech firm based in Bedford. Its video engagement platform is licensed by financial advisers, EBC's and providers to engage and educate members about their pensions. In 2018, it's first year of operating, it won the prestigious Investment Marketing and Innovation Awards 'Open Innovation Award'. Money Alive has subsequently been shortlisted for Pensions Age 'Pensions Communications Award' and Money Marketing's 'Best Financial Education Initiative Award' (Provider). This year Money Alive won Professional Advisers 'Best Technology Provider' award

Summary of Money Alive's proposal: Guidance for all could be easy to set up and easy to scale up.

Money Alive believes that it has an alternative, proven, tech based approach, to educating people about their pension options. Using evidenced interactive video engagement, MaPS and product providers could communicate pension freedoms options more efficiently and effectively to members.

Money Alive's approach would enable consumers to engage with interactive video education in the comfort of their own home, on their favourite device and, importantly, at a time to suit them. It would complement the excellent Pension Wise service and allow viewers to filter themselves in to, or out of, further guidance (including the more expensive to deliver and harder to arrange face to face/telephone sessions).

Our view is that a large percentage of box set viewers will be sufficiently better informed they will either have a better informed (and more productive) guidance session, choose to take financial advice (perhaps having a greater sense of its potential value) or make their own better informed decision.

A core advantage of this approach is our platform's reporting functionality which enables MaPS/providers to establish if someone has watched the video box set, whether he/she has understood it or respond to any questions they asked, and to direct the person's next steps. This reporting is absolutely key to the approach and allows MaPS/provider to escalate the individual member communication if they do not engage too.

The technology has the potential to sit between providers and MaPS too - creating a really good experience for their policyholders whilst still giving them access to impartial information.

The platform and Money Alive's Pension Freedoms box set is ready to pilot now.

Money Alive's response addresses the following five questions:

4. Are people receiving the guidance and advice they need to make informed decisions about how they access their pensions?

The objective of guidance should be to reach people and help them take a better informed and more motivated next step. It needs to answer the question “So what?” quickly and powerfully to keep people interested and motivated to find out more.

Good practice would be to introduce it with something like *“You may have spent 30 to 40 thousand hours at work building up your pension so it’s worth putting half an hour aside to find out about the different ways you can take it”*. In other words, for many people, engagement needs to be earned.

At the moment the large majority of people coming up to retirement are not getting the guidance they need as it fails to reach and engage effectively. The good news is they are a known universe so targeting and reaching them using technology is not difficult. Spending a large amount of money on advertising in the hope someone from the target audience sees it and responds is not necessary.

The current offers lack colour, imagination and thought for the end user. The low take up of MaPS guidance underscores this point. Our understanding is that product providers also struggle to achieve engagement with wake up packs too.

To overcome this engagement challenge the initial method of engagement needs to be targeted, from a trusted source, and in a format that is convenient, enjoyable and digestible by the user. MaPS, working with providers, is well placed to do this.

The success of companies like Facebook, Apple and Amazon provide excellent examples of successful engagement strategies and they are a long way from what MaPS and providers currently offer.

Money Alive’s experience of successfully using technology to provide information on pensions to thousands of people shows what is possible. This is a quote from a scheme member who watched one of our educational video box sets recently:

“They were brilliant, absolutely brilliant! Very well done for those who don’t have a clue what pensions are about!”

As previously stated, successful guidance needs to earn the right to the time of people to give them a reasonable level of information about all their options. This is because people may begin guidance with a bias that needs resetting. *“I’m doing drawdown because that’s what my mate down the pub suggested.”* People don’t know what they don’t know so could potentially do insufficient learning about the option that might suit them better.

5. What role should the Money and Pensions Service have in supporting people accessing their pensions for the first time, including through pension dashboards?

The Money and Pension Service are in an excellent position to support people accessing their pensions for the first time. They have no “skin in the game” (ie no financial interest in

their users outcome) and this gives them a real advantage in how their guidance is perceived and valued by users.

MaPS efficacy could be substantially improved by the use of an evidenced interactive video engagement platform and at reduced cost. Money Alive launched its evidenced interactive video engagement platform in 2018 and, since then, over 200,000 videos have been played on the platform with each providing the platform's licensee with a record of the end users engagement and understanding. We have learnt a lot over the last three and a half years and this has enabled us to improve our offer based on user feedback.

We survey viewers regularly and this is the latest data (to March 2021), based on over 5,000 responses shows:

97.9% of viewers valued being given access to Money Alive

94.2% of viewers agreed they were better informed

9/10 is the average score viewers gave the quality of the Money Alive's information

The beauty of using Money Alive's technology based approach are many but to name a few:

- 1) It is scalable so could support people being auto enrolled into guidance.
- 2) It's easy to use and engage with.
- 3) It presents information in a logical journey allowing incremental build up of knowledge.
- 4) It is available to users instantly once they have signed in. This means people who are thinking about their pension can be served at that moment - no need to wait.
- 5) Avoiding having to wait reduces people's vulnerability to scams.
- 6) Money Alive's survey data shows it is popular with users and effective.
- 7) You know whether individuals have engaged. This means for example you can reward and incentivise them. For example MaPS could offer a voucher for a Pension Wise meet, or providers could offer a £25 M&S voucher to encourage people to engage.
- 8) You know if individuals have not engaged and therefore you can target them with alternative offers.
- 9) It reaches people in the comfort of their own home, on their favourite device, at a time to suit them and they can watch and discuss with loved ones if they want to. Some people feel threatened by meetings and can feel stupid for not knowing things - all this is avoided.
- 10) It is inexpensive and is easy to integrate with MaPS or providers' current offers.
- 11) If you present the information as an educational video journey you can build knowledge incrementally and offer personalisation of the video chapters as the user progresses - maintaining relevance and engagement.
- 12) You can include links in the journey at relevant points - for example to book a face to face/telephone guidance session or use a government website such as 'Get a state pension forecast'. By including these within the journey you avoid viewers having to use search engines which might make them vulnerable to scammers.

The addition of a pension dashboard will only help to improve MaPS service. Firstly, comprehensive personal information about the retirees pension will be at hand which will

help enormously. Secondly, as time progresses the dashboard will be an excellent vehicle for hooking people into their pension savings as they progress through the accumulation phase meaning information on decumulation can be given in a timely, relevant and targeted manner.

6. Should the Money and Pensions Service offer enhanced guidance or limited advice for people making decisions about their pensions?

Limited advice is problematic, what does it mean? If you asked ten people in the industry you'd probably get eleven answers. People outside the industry don't care about these terms - initially they just want to get access to information that will help them make a better informed and more motivated next step. By the time you've explained what you are not offering there is a risk you will have lost their interest. This is looking at the challenge from the wrong end.

A successful solution needs to be engaging, simple to use, consistent, accessible and something that can be easily refined based on feedback and research.

7. Can the success of auto-enrolment in helping people save into pensions be replicated for people in retirement through investment pathways?

The success of auto-enrolment is largely down to the fact it is mandated. The offer of guidance could be mandated and, to make it efficient, convenient and affordable, should be delivered by technology. This will mean it will be convenient to access, give it identifiable value at an individual and cohort level, and it can create a record of engagement (or opt out).

Well structured mandated guidance could help people make better informed decisions about which pathway is right for them.

8. Including costs, what information do consumers need about different retirement products to make an informed choice?

It is important that the different retirement options are put first and the product second. The order of information is very important because information on products will make little sense unless you understand the options.

When comparing products some useful criteria to look at are:

Risk, what happens when you die, dependents, tax, value of advice and potential impact on Means-Tested-Benefits.

Avoiding using jargon will help making comparisons easier

May 2021