

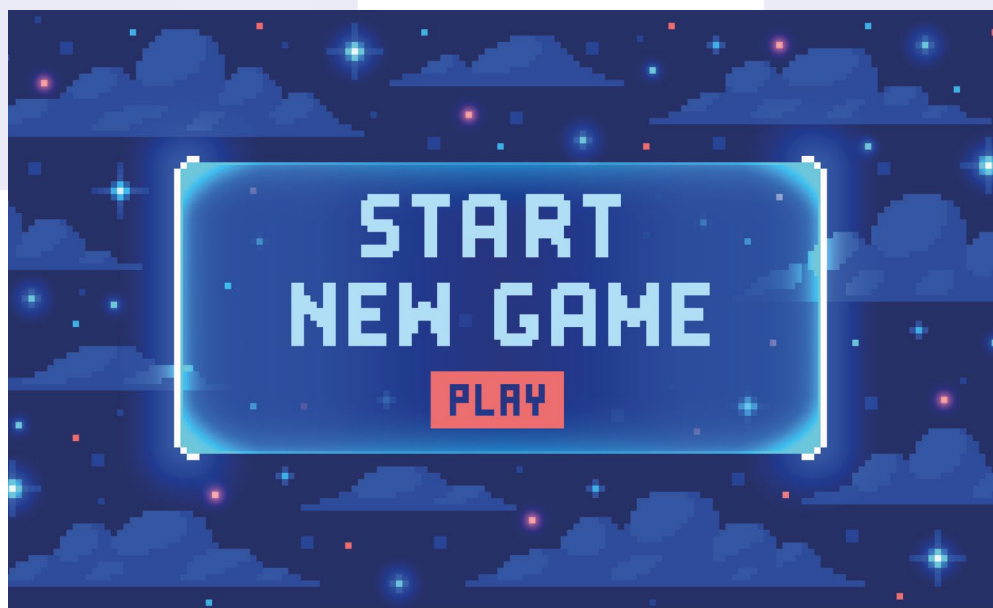
We have all, at various moments in our lives, learned important lessons about ourselves, others, and the world around us, by playing games. But might games, or game-like technologies, also help to solve the UK pensions system's problems?

There are many reasons why too many people are failing to save enough for retirement. Some of the blame lies with current economic pressures; and some with psychological and behavioural biases that make it difficult for people to prioritise future financial needs over immediate demands. Finally, of course, as *Pensions Age* has been investigating throughout 2024, basic financial literacy is dangerously low.

So the industry, policymakers and employers need new ways to help workers save more, to gain a better understanding of how pensions work; and to think about what else they could do to ensure a decent income during old age. Might making more use of the sort of game-like apps and tools that so many of us now interact with regularly via our smartphones or other computers for other purposes, be helpful?

Using gamification to improve engagement with pensions is not a new idea: There was a flurry of interest around the subject just over a decade ago, and examples of new tools have appeared regularly ever since. Back in 2017, for example, *Pensions Age* reported on a modelling tool used by LV, which allowed users to input their age, pension pot value, salary and preferred retirement age, then alter possible contribution rates or actions at retirement to see what outcomes they might deliver. The results were represented in animations showing different types of weather: Heavy rain to denote impending financial doom; bright sunshine for a comfortable retirement.

Some games do seem to encourage people to think more about retirement saving, but the jury was always out on whether these tools really delivered



Summary

- Gamification is being used by other service providers to deliver information and incentivise action, and helping some providers and schemes to interact with savers and members via apps and other online services.
- It has been used to some extent within the industry for some years, but the capabilities of these technologies have improved significantly – and may soon be enhanced further by the addition of AI-driven features.
- These could help people of all ages to understand and consider the possible outcomes of different actions or financial decisions linked to retirement saving – but providers must remain focused on outcomes.

Game on

➤ **Gamification is not a new idea, but could new generations of these tools help providers and schemes persuade more people to engage with saving and planning for retirement?**
David Adams reports

useful outcomes for many people. It is perhaps understandable that further development and adoption has been slow during recent (and turmoil-filled) years.

But technology has come a long way during the past decade; and the spread of gamification into other areas of our working and personal lives has continued. With many technology providers and specialists keen to compete to work with the pensions industry,

and the possibility that rapidly evolving AI technologies might add additional dimensions of capability and flexibility to these games, is gamification entering the pensions mainstream?

Mirror, mirror

Pensions Policy Institute (PPI) senior policy researcher, Lauren Wilkinson, is not sure. "It's something that does get talked about a fair bit, but is still in the

early stages in terms of being embedded in the pensions landscape,” she says.

Wilkinson is a regular user of one pensions game, the Royal London Pension Prize Wheel. Users of Royal London’s pensions app are encouraged to spin the wheel every few weeks, to win prizes such as retailer discounts, retail goods or fun experiences like a spa day or a drive in a supercar.

It certainly encourages people to use the app, says Wilkinson, “But what is the benefit of people going into the app to spin the prize wheel? To get to it you don’t have to complete any actions that would have a positive impact on your retirement income.”

Another game-like tool that has attracted plenty of attention in recent months is the Scottish Widow Pensions Mirror. Users look into the app, then it guesses their age, before telling them what the average size of a pension pot held by someone that age would be.

Both answers might be quite alarming for some of us, but the mirror has proved very popular: it has been used more than 540,000 times since its launch in November 2023; and use of the Scottish Widows app increased by 50 per cent between that month and March 2024.

“It’s worked phenomenally well,” says Scottish Widows spokesperson on engagement and digital enhancement, Robert Cochran. In part, he acknowledges, this is because the mirror is not presented as being a tool to help anyone save for retirement. “You’re not asking people to think about pensions: they’re thinking about ‘How old do I look?’” he says (noting that on average people use it four times).

But the mirror is also not just a bit of fun: Scottish Widows created another version for International Women’s Day, when it showed and compared average pension pots of men and women at certain ages, thus revealing in stark detail the extent of the gender pension gap. It shows that a superficially

frivolous tool really can lead people to consider serious issues.

Games with a purpose

Hymans Robertson head of digital strategy, Scott Finnie, says the industry needs to consider the purposes of these games carefully. He thinks effective engagement that could lead to positive long-term outcomes should help people answer five, interrelated questions: How much money do I need to save? How much do I have? When will I need to hit my target? How am I investing?

One provider that Finnie thinks has achieved this to some extent is Smart Pension. Its senior director of strategic delivery, Eve Read, confirms that use of gamification and other tech tools has been a priority for some years.

“The trick is to encourage *[members]* to take action and make choices”

“We run huge amounts of client research, testing and evaluation, some of which has included gamification tests in areas such as sustainability and interactive animated statements,” she says. Smart Pension members are invited to participate in these trials, with tools including, at the time of writing, an animated “pension walkthrough” that provides an overview of pension figures, and an interactive retirement planner.

Read says priorities for development at present are helping members achieve a good retirement income through income modelling and savings goals. Cochran says Scottish Widows is also seeking to use gamification and other technologies for the same purpose. Its intention is to develop tools that offer more detailed, tailored retirement planners that allow people to try out different savings journeys, in a way Cochran compares to a ‘choose your own adventure’ book.

The first of these tools, due to be

launched in June, will focus on the importance of starting to save early.

“It will show how much of the final outcome is about contributions and how much is about growth,” says Cochran. “Within the app we’ll be able to see if people are interacting with the game and are then changing their contributions.”

He believes this sort of modelling technique will appeal to many younger people – “this is the way they learn – they’re digital natives” – but that such tools can also help older people who may have some financial knowledge, but are unsure about their next financial decision.

“Sometimes you’re telling people stuff they already know, but they don’t know what to do with it,” he says. “The trick is to encourage them to take action and make choices.”

Whatever form gamification for pensions products and services takes in future, those focused on outcomes, rather than just engagement, will deliver most value, says Finnie.

Wilkinson thinks we are still only just beginning to understand or realise the potential of these technologies. “There are lots of conversations about gamification, but it’s still in its early stages,” she says.

But Cochran highlights the potential for AI technologies to enhance the capabilities of all these games and apps in future. “It will help make games more dynamic and maybe make a wider range of choices available to you,” he says. “It will mean games can be more flexible and more realistic.”

He says he knows there is some scepticism about use of gamification in some parts of the pensions and wider financial services industry. “But gamification is coming into play in many different parts of our lives,” he says. “We’ve got a lot to learn from this stuff.” The games, it seems, are already underway.

 **Written by David Adams, a freelance journalist**