Escaping the echo chamber

Summary
• Individuals are increasingly turning to social media for support and advice on financial issues, with an increasing number of financial influencers, or 'finfluencers', emerging.
• Scammers and illegitimate players will be ready to step into this vacuum if the financial services industry doesn't rise to the challenge; increasing the presence of legitimate businesses can help combat misinformation.
• Celebrities and influencers could represent a valuable engagement tool for pension firms, but there are risks that businesses should consider when selecting who to partner with.

With social media's influence on financial planning growing, Sophie Smith considers how the pensions industry can use the growing trend of finfluencers to its advantage and combat the spread of misinformation

Savers, particularly younger savers, are increasingly turning to social media over traditional websites, with TikTok beating out search engine Google for the most-visited website in 2021. In fact, Google senior vice president, Prabhakar Raghavan, who runs Google's Knowledge & Information organisation, also previously revealed that around 40 per cent of young people don't go to Google Maps or Google search when looking for a lunch spot, instead turning to TikTok or Instagram.

Financial issues are no exception to the rule, with #Fintok receiving 1.9 billion views, while even #pensions has 8.4 million views, and #pensionsUK has around 508,000.

"We are increasingly seeing other financial institutions such as banks go where their younger customers are," says Make My Money Matter digital campaign manager, Tiphaine Marie-Pittet, arguing that "there's no reason why the pensions sector, with arguably the biggest impact on savers' lives, shouldn't do the same".

Yet, according to Quietroom development lead, Joe Craig, most pension schemes just don't seem to know what savers are talking about online, or want to face up to how much people rely on social media conversations to get support for their financial decisions.

"Schemes seem afraid to get involved with social media because of the extra admin burden of monitoring it constantly, and because the speed of communication means you can't get everything checked by the lawyers first," he explains.

But this has led to a vacuum of accurate information, filled with gossip, speculation, and misinformation. And this is particularly concerning, as despite fears around 'fake news' and misinformation, Craig says that people continue to trust what they hear from people like them, and "online, everyone can feel like you".

"They quickly become part of your circle, or because they're sharing something that seems helpful on a forum that feels familiar," he says, suggesting that while this can create a "huge opportunity" for pension schemes and providers, "it's also very dangerous if we leave it to the jackals, coyotes and bobcats of the wild west".

"Finfluencers (financial influencers) take that to the next level," Craig adds, stating that while some mean well, "what matters to them is clicks and eyeballs".

"They just need to get enough people to watch them, regardless of whether the information is accurate, relevant or helpful. But it's presented in a way that attracts attention or gets you thinking or even gets you scared about what's happening with your money."

This is echoed by Premier head of administration services, Girish Menezes, who says while it is unsurprising that savers are turning to social media and finfluencers, this can be dangerous, given the lack of financial education, experience or regulation that sits behind this advice.

Indeed, Pinsent Masons pensions partner, Tom Barton, agrees that there is scope for manipulation and even exploitation at the expense of consumers; "the fact that people are now apparently cooking chicken in cough syrup is evidence of that".

Aegon head of pensions, Kate Smith, suggests that the cost-of-living crisis is also leaving people at greater risk of being duped by unauthorised entities on social media, especially those promoting investment products with unrealistic returns that beat the price squeezes.

And while the pensions industry has previously struggled to strike the balance between supporting savers and avoid stepping over the advice/guidance boundary, this seems less of a concern for finfluencers; Barton points out that the risks around advice and financial promotion facing pension schemes on social media also apply to finfluencers, "they just may not take them quite so seriously".

"Being present on social media not only enables us to be current and innovative, but it means we can tap into and lead relevant conversations"

"The FCA has rules in place for firms in their communications and financial promotions, but there are still many unauthorised entities and influencers on social media with wide followings offering financial advice on retirement planning," Smith agrees.

Smith points out that the regulator is also becoming increasingly concerned about the use of social media influencers in retail investment and has recommended that companies take appropriate legal advice to understand their responsibilities prior to using influencers.

Greater regulation may not be the right approach, however, as influencer Dr Nikki Ramskill, of The Female Money Doctor, raises concerns that too much regulation could stifle legitimate finfluencers who are trying to share important and legitimate information.

"There is a fine balance to be had, but I don't know how regulation will work on social platforms that encourage freedom of speech and a "anything goes" approach," she says.

Giving savers more information may instead be key. Barton suggests that it seems more helpful if legitimate, highly regulated firms become the go-to place for information, as savers will have no choice but to turn to questionable sources if legitimate firms are absent from social media altogether.

This is echoed by Branded Content Marketing Association, global head of influencer marketing, Gordon Glenister, who says that pension firms are needed to "combat the false information and scams circulating on social media".

"The more legitimate information there is from pension providers etc. the better in my opinion!" he continues. "Of course steps need to be taken to make people are of legitimate accounts vs. impersonator ones, but the more information that is out there for people to learn from, the more likely it is that they will engage with the process."

Craig agrees, arguing that schemes should not be waiting for action from regulators. "You can't wait for a regulator to curb a finfluencer's activity," he emphasises. "Even if we took them offline completely this afternoon, you'd still leave a vacuum, which savers would fill themselves, because they're desperate for support, for advice, for someone to turn to, for any kind of clue about what people like them are doing about their money and their retirement."

There could also be an opportunity for the pensions industry to use the rise of finfluencers to its advantage, as Menezes, suggests that while pensions have a poor public reputation, it could be possible to borrow some of the "glamour" of celebrities and influencers.

"We would expect that most wealthy celebrities take advantage of the tax saving benefits of pensions, ISAs and other financial instruments," he points out. "Would it be possible to slip a pensions discussion into Love Island, Coronation Street and Made in Chelsea? Is it too much of a leap to encourage Tik Tok finfluencers to promote pensions, through coercion, legislation or financial reward?"

These tactics are already delivering results. The recent pension credit campaign from the Department for Work and Pensions, for instance, used a video with Strictly Come Dancing's Len Goodman, which has now been viewed over 1.3 million times. The results seem positive, as pension credit claims more than doubled during the Pension Credit Day of Action, with over 10,000 claims made during the week of 13 June, a 275 per cent year-on-year increase.

The MMMM campaign also worked with influencers to increase its reach, with 20 million people viewing the campaign's short films, educational posts and Instagram stories.

Perhaps most notable is the industry-wide Pension Attention campaign, which launched with the help of grime artist and TV cook, Big Zuu, a partnership which, according to campaign manager, Sarah Cordey, helped "to create talkability and encourage sharing with friends and networks".

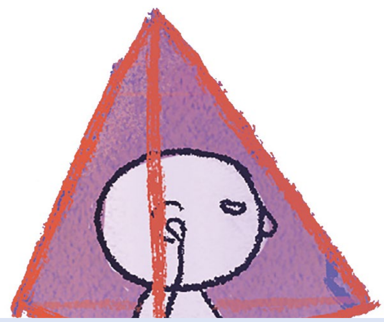
"Our challenge is to reach people who wouldn't generally choose to engage with pension communications so social media is a major consideration," Cordey explains. "Getting people's attention as they scroll through a busy feed or flick past lots of images does tend to mean pulling out something simple and headline-grabbing."

Association of British Insurers (ABI) senior digital campaigns officer, Rosie Trousdell, agrees that involving influencers in the campaign has "been a powerful and efficient method for the ABI to communicate complex subjects in a digestible way to a wider audience".

"Being present on social media and working with influencers not only enables us to be current and innovative, but it also means we can tap into and lead relevant conversations, driving key messages to a large number of people."

However, Trousdell stresses the need for brands to be diligent in their research and use trusted accounts, warning that there is lot of misinformation on social media, and little regulation around the information shared. "Working with reliable influencers helps combat this, ensuring that industry expertise reaches the right people and further strengthens a brand's reputation," she clarifies.

Written by Sophie Smith



Adapting to a 280 character limit

Simply transferring existing communications to social media isn't good enough. In fact, for most pension communications, it won't be an option, as Twitter caps posts at 280 characters. Instead, Quietroom development lead, Joe Craig, says schemes should talk members' language and listen to their concerns and questions.

Adding to this, Premier head of pensions administration, Girish Menezes, suggests that the greatest limitation is imagination and creativity, which "has never been a strong suit for any government or public sector organisation". "Perhaps if pensions were portable, so employees could request pension contributions to go into their own personal vehicle, in the same way as salary goes into an individual's bank account, this could encourage increased innovative public advertising," he continues.

Indeed, Make My Money Matter digital campaign manager, Tiphaine Marie-Pittet, says that institutions can be braver, within reason, in making use of social media, suggesting that this can be particularly useful in areas such as climate, where there is already public and media interest in holding institutions to account.

"In using plain English in their comms – and even experimenting with infographics or explainer videos that can help bring savers on board – pensions schemes can revolutionise how they engage with their members," she adds. "Through memes and humour, we've been able to cut through the typical rhetoric of pension communications, raise our campaign profile and increase awareness around the link between pensions and climate change by 85 per cent."

Craig clarifies that schemes don't have to use social media if it is too much of a leap for their admin and compliance processes. "But you do need to find out what people are saying, including the language they're using," he continues, "and use that to shape your communication strategy. Show that you're listening."