Not all pension savers use technology...

Summary
• Pension schemes have been increasingly embracing digital communications in recent years.
• But not all customers, particularly older ones, are comfortable with using these methods.
• There is no clear guidance on making sure digital means of communicating are inclusive.
• It is important for funds and providers to maintain alternative forms of speaking with customers to prevent digital exclusion.

The pensions industry has moved increasingly to digitalised communications in recent years. But does this shift risk leaving behind the less digitally savvy?

A recent LinkedIn post from a prominent industry voice illustrated the situation their elderly relative faced.

"My 94-year-old mother has been denied a teachers pension," wrote the Pension SuperFund's partner and co-founder, Edmund Truell, "in part because she simply cannot go online and navigate 'portals' and the Teachers Agency refuses to reply to her letters. Complaint in with The Pensions Ombudsman but, nine months on, they say 'she's out of time to complain."

Pensions Age reached out to Truell for comment, but he did not respond at time of writing. But his post is reflective of an issue within the industry: Do moves towards digitalisation risk leaving behind those less adept with computers and websites, and more at ease with traditional pens and paper?

Direction of travel

A digital-centred future has been in the works for some time. In 2017, the OECD released a report, *Technology and Pensions*, that acknowledged the direction of travel.

Authors Emmy Labovitch and Jessica Mosher wrote: "Technology is rapidly transforming the way that the financial sector is operating, and the management and delivery of pensions is no exception. Innovative applications of technology for financial services, or FinTech, are already being used to improve communication with consumers and their engagement with their pension plans."

They wrote elsewhere: "Individuals are increasingly required to make complex choices about their pension finances, and consumer engagement with financial services in general is becoming more digital."

Risk of FinTech

That shift towards digital brings with it issues.

"Aging populations," wrote Paragon Customer Communications in its *What's Next?: A Closer Look at Pension Technology and its Impact on Communication Innovation*, "are far more engaged in their pensions, but less likely to fully utilise online services compared to younger generations."

Labovitch and Mosher use much-stronger terms: "FinTech could aggravate financial exclusion for those who do not engage with digital communications; conversely, there is some concern that consumers will place too much trust in technological solutions and so the fall-out from any problems with FinTech will be particularly damaging."

Pensioners are, by definition, older. And the gap between those comfortable with digital products and those who are not is stark with age, shows Ofcom's *Digital Exclusion* report, released earlier this year.

That found that while 8 per cent of 65-74-year-olds have no internet at home, this figure increased to 30 per cent in the 75+ demographic. And a 2020 publication called the *Use of Communications Survey: Digital Exclusion Analysis* found that 32 per cent of those over 70 had no access at home to any internet-connected device.

It is a universal problem, too – AGE says that 46 per cent of Dutch online seniors reported being tired of being forced to do everything online, with almost all of them believing they should always be offered alternatives to doing things over the internet.

Elsewhere in its report, Ofcom wrote: "Among those living alone who were also aged 70 and over, more than half said they didn't use the internet or have access to the internet at home (53 per cent). This proportion rose to 60 per cent for people who lived alone, were aged 70+ and had an impacting or limiting condition."

The regulator used an example to put a face to the problem. An anonymous 84-year-old woman, first-time internet user, clinically vulnerable and shielding, who lived in the South of England told it: "I haven't got enough knowledge, it's not easy for old people. Downloading – I've got no idea what that means. I don't want to make mistakes, I'm frightened to because of the outcome. Banking online, I don't trust, as you hear all these stories about people being swindled."

Fears around cybercrime are not unfounded. Paragon executive director, David Taylor, says: "There is this paranoia with people constantly talking about not getting scammed that's led to a lack of trust in digital products. The older generations also find it harder to get things done this way, when they would prefer to do it with a letter or going into a branch. If you cut those interactions out, you prevent them from getting things done."

Aon senior communications consultant, Andy Partridge, echoes this sentiment. "There are two different things going on," he says. "Not all people have access in the first instance. And even when they do, you cannot assume that an older person is going to be comfortable online after they've done it once."

Access to communications

And, yet, there is scant industry guidance on ensuring the less digitally-savvy are not left behind.

Pensions Age reached out to The Pensions Regulator (TPR), The Pensions and Lifetime Savings Association (PLSA), and the Money and Pensions Service (Maps) for what guidance, if any, they produced on this subject. Maps did not comment, while TPR and the PLSA sent over background material or pointed to already published items. We also found material from the Financial Conduct Authority (FCA) that seemed to relate to the issue.

None of the material spoke about digital exclusion or making sure that digital-centric products consider the varying abilities of their target audiences.

In the TPR's *2016 Governance and administration of occupational trust-based schemes providing money purchase benefits*, three passages stand out. Taken together, they state that good member communications are vital and need to be accessible, trustees need to ensure accuracy and relevancy, and boards should regularly review the messages they expend, taking technological innovation into account.

Elsewhere, the PLSA in its *2019 PQM Standards* says that the board or committee should take "appropriate account of the needs of any vulnerable members of the scheme". A later section in the same publication says that a scheme should demonstrate that its board or committee understands the membership through regular review. Yet there is no mention in eight categories of consideration of any words relating to 'digital' or 'technological'.

The FCA has more to say on the matter. Its *FG21/1 Guidance for firms on the Fair Treatment of Vulnerable Customers* says: "It is important for all firms to understand the needs of vulnerable customers in their target market or customer base. This includes firms that offer self-service digital channels or are part of a distribution chain, and so do not directly interact with customers. If firms do not do this, they may not be able to ensure their staff have the right skills and capability or take appropriate practical action. This may result in gaps in the provision of suitable services and products and lead to poor outcomes for vulnerable consumers."

Elsewhere, the FCA writes: "Firms who do operate via a single channel should consider how they might recognise and respond to the needs of their consumers if they were to develop characteristics of vulnerability. For example, providing a call back service for consumers who might struggle with phone menus or the option to notify the firm of a change in circumstance via an app or live web chats. This may also include a face-to-face option for consumers who may be digitally excluded or have lost access to telephone services."

Saq Hussain is the founder of People-Tech, a firm specialising in digital communication through chatbots. Before starting his own business, he worked in several pensions roles at Aon, KPMG, WTW, and PwC. He says that the industry has accelerated its use of digital communications in recent years after an earlier laggard pace.

He said: "People are engaging with these new methods, but there is still something to making sure that customers are using a number of routes available and making sure they are comfortable with their choice."

It comes to something more fundamental for Taylor. Reducing the options for engagement does not increase engagement, but lowers it.

He says: "You need to take it out of the narrow view of everything being digital and look at all customer communications. Your customers are not all going to be digital natives. That will be more prevalent in the younger generation as they come through over time. But they're not there now."

Written by Pete Carvill, a freelance journalist