

Technology is Powering a Personal Super Experience

5TH ANNUAL STUDY ON
DIGITAL ENGAGEMENT IN THE
SUPERANNUATION INDUSTRY, 2018



Foreword — From Brian

For the last 5 years, IQ Group has published an annual study on the current state and progress of digital engagement in the superannuation industry. During this time, we have seen a dramatic evolution of member engagement through technology.

Member engagement is no longer a 'one-size-fits-all'. It is about providing members with a customised and personal experience.

We all have an individual relationship with technology—particularly when it comes to our finances.

Superfunds are now required to employ member engagement strategies using a range of preferred channels, at the right time, in their customer journey.

As in previous years, we have continued to evolve our study to delve deeper into the member experience and take a look at the new superfunds that are catering to small, niche markets and provide a more personalised experience.

I hope you enjoy reading our 2018 study on Digital Engagement and take away some good insights. With so much change on the way for the superannuation industry, we look forward to seeing what 2019 will hold.



Brian Peters

Chief Executive Officer, IQ Group

“

Member engagement is no longer a one-size-fits-all.”

About the Study

In today's digital world, funds need to have a solid member engagement strategy that employs new technologies – or they risk losing out to competitors who do.

For the past 5 years IQ Group has published an annual study on Digital Engagement in the Superannuation industry. In this study we take a look at the digital platforms and tools currently being provided by Australia's 50 superfunds with the largest member-base. With 5 years of data, the study will draw comparisons to previous years, examine trends and take a look at the technological innovations impacting the superannuation industry.

REAL MEMBER FEEDBACK

There's more to a good customer experience than simply providing a website. Last year we introduced assessment of the customer experience. As part of our 2018 digital study, we enhanced our assessment framework by collecting data from 196 superfund members. These members provided feedback on 10 common customer experiences through the websites and mobile applications of the Top 50 superfunds. We had them assess these tasks against 9 assessment criteria using a 10 point scale, with 1 being unsatisfactory and 10 being excellent. Our sample included members from a range of ages and funds - including Industry, Retail, Corporate, Public Sector and ERF's.

The experiences we had them assess included:

1. Viewing Super Balance
2. Checking Beneficiaries
3. Viewing Investments
4. Checking Insurance
5. Locating their Statement
6. Testing Website Chatbots or Live Web Chat
7. Locating Corporate Governance Documentation
8. Learning How to Open a Transition to Retirement (TTR) Account
9. Locating Information on the Aged Pension
10. Testing Retirement Calculators

NEW TO THE STUDY FOR 2018

As part of this year's study we have continued to build further on our member feedback research and ratings to identify attitude and behaviour patterns based on member age groups. Other key areas we examine in this year's study include recent innovations in fintech and the emergence of the hyper-targeted superfund.



OVERALL SATISFACTION

How pleasant or frustrating it was to complete the task.



PROCESS FORGIVENESS

How easy it was to correct a mistake.



RESPONSIVENESS

How quickly and error-free the pages loaded.



SIMPLICITY

How easy it was to find what you needed on the page.



PROCESS EFFICIENCY

How quick was it to complete the task.



INFORMATION CLARITY

How easy it was to read and understand the wording on the page.



VISUAL AIDS

How much the visual presentation of the pages helped or hindered.



CONSISTENCY

How consistent each of the pages looked.

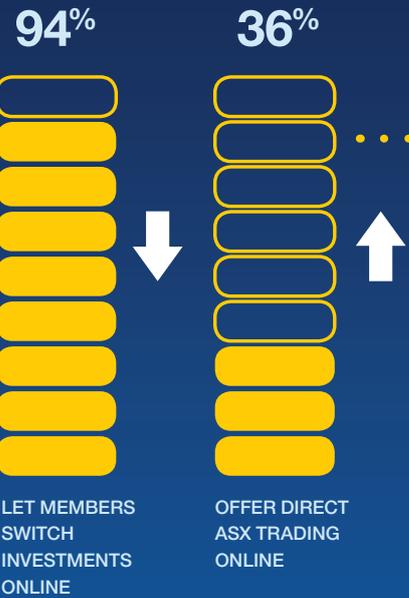


FAMILIARITY

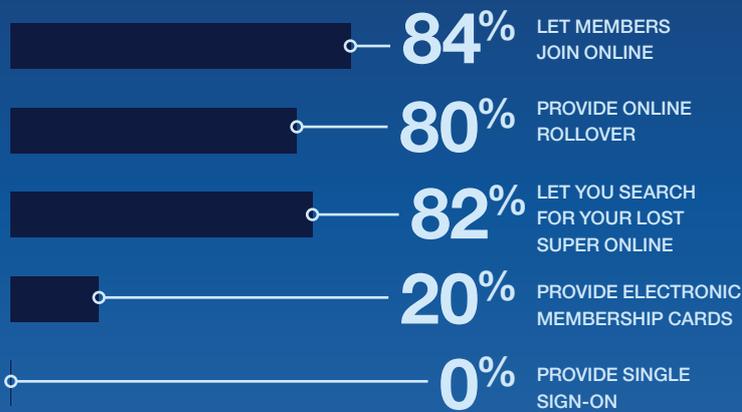
How similarly this site worked in comparison to other similar sites.

Our study findings

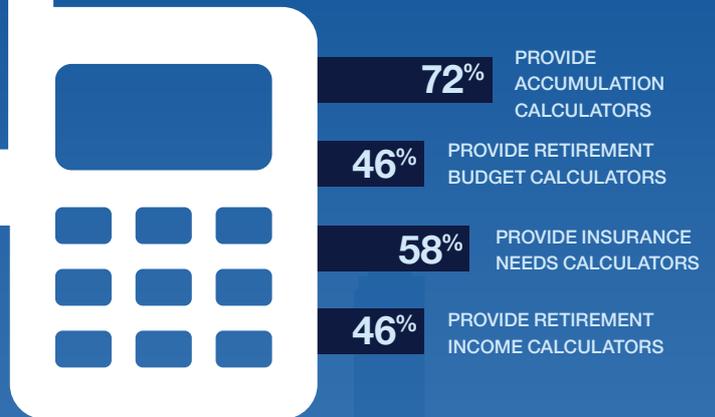
INVESTMENTS



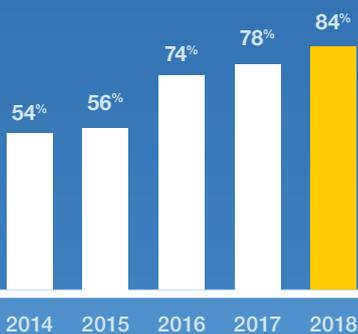
SETTING UP AN ACCOUNT



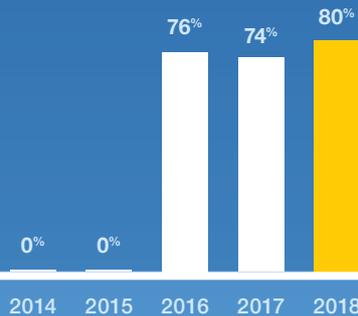
RETIREMENT CALCULATORS



ONLINE JOIN MEMBERS

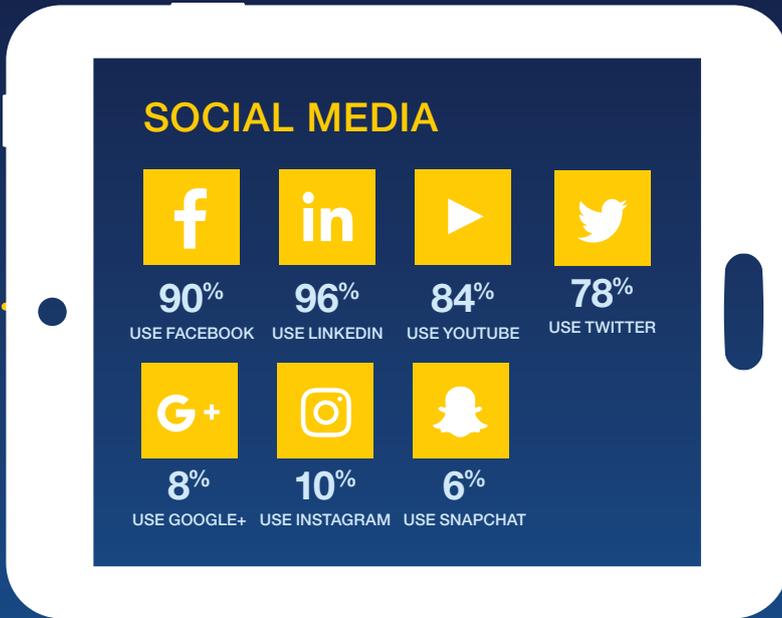


ROLLOVER ONLINE

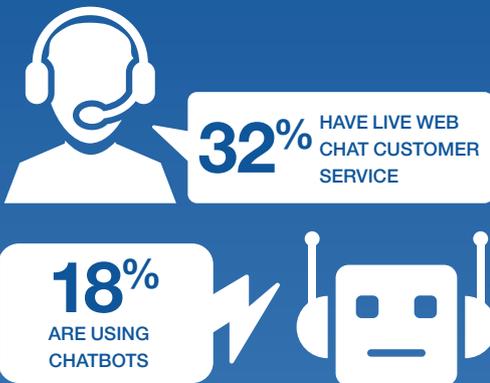
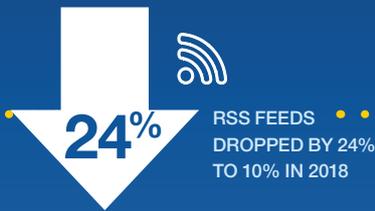
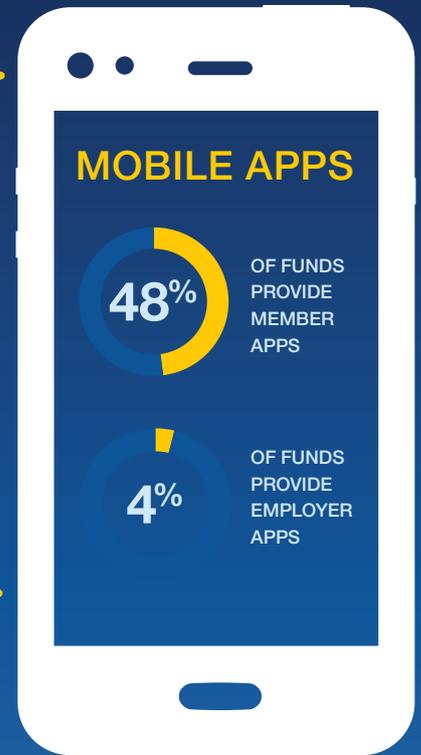


SWITCH INVESTMENTS ONLINE

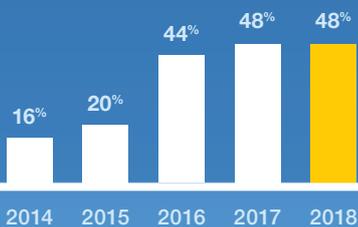




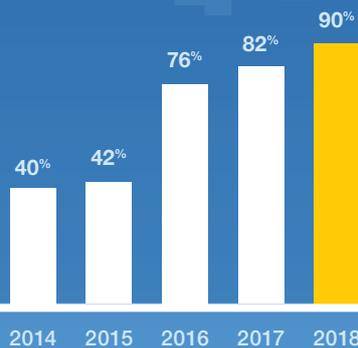
HOW CAN YOU ENGAGE WITH YOUR SUPERFUND?



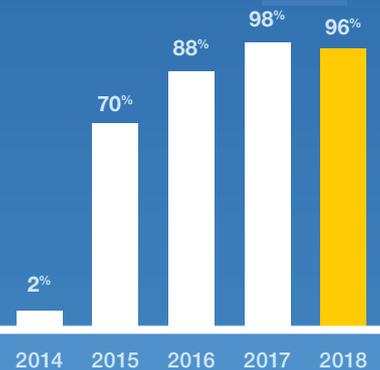
MEMBER APP



f
FACEBOOK



in
LINKEDIN



A hand holding a smartphone with a digital network overlay of white dots and lines. The background is a blurred image of a person's face.

Our Digital Progress Report

Customer expectations are higher than ever. New technologies have emerged and advanced. Superfunds are providing members more digital channels than ever before.

SETTING UP AN ACCOUNT HAS NEVER BEEN EASIER

Providing a simple and intuitive account setup process is key to acquiring new customers. Superfunds have worked to make this process as easy as possible.

In 2014, we reported that online membership management was the area with the greatest growth potential. At the time, only 54% of superfunds provided consumers the ability to sign-up online. In 2018, 84% of the Top 50 superfunds provide online sign-up.

98% also provide members an online portal to access their information. And it's not just for members - employers are also catered for by a majority of the top 50 superfunds. 66% provide employers with the ability to join online and 94% provide an online employer portal.

The number of superfunds providing online consolidation functionality has risen to 80%, up from 74% in 2017. One of the largest jumps we saw this year was in searching for lost super online. This number jumped from 66% to 82%.



80% LET YOU REQUEST FINANCIAL ADVICE ONLINE



32% PROVIDE LIVE WEBCHAT



22% PROVIDE ONLINE FINANCIAL ADVICE



18% FEATURE CHATBOTS

Digital or electronic membership cards provide significant convenience to superfund members. Need to provide account details to a new employer or want to check your super balance on the go? A digital membership card keeps your member details close at hand, stored in your smartphone. In 2014 only 2% of the top 50 superfunds provided electronic membership cards to their members. In 2018, the number has grown to 20% - up from 12% in 2017.

FINANCIAL ADVICE FUNCTIONALITY KEEPS INCREASING

Financial Advice provides great value to members at all life stages. However, people have a variety of preferences on how they wish to receive it. Superfunds must provide a range of advice options to successfully address the individual needs and preferences of the member.

In our 2017 study we predicted financial advice would be a key area for further development in 2018. This year we saw increases across the board for financial advice technology. 80% of the top 50 superfunds have now made it possible for you to request financial advice online. This is up from 68% in 2017. The ability to receive financial advice online has also risen from 18% to 22%.

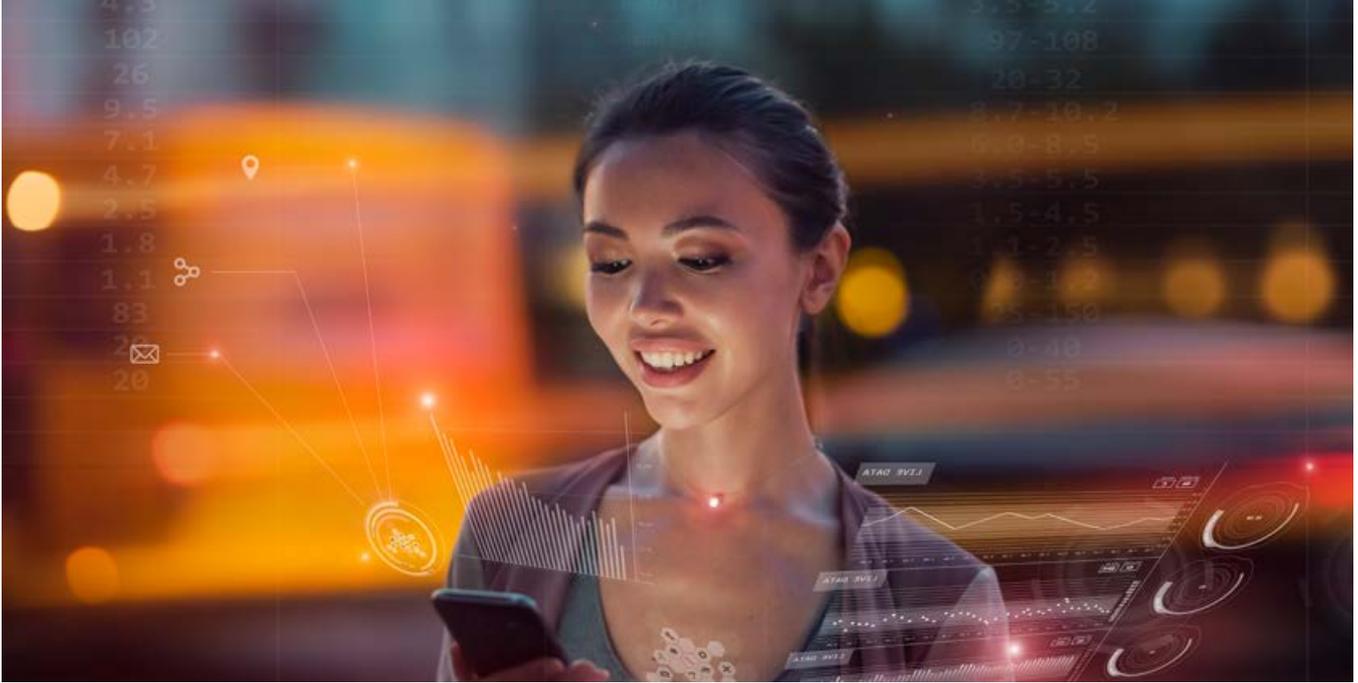
LIVE WEB CHAT AND CHAT BOTS

Live web chat provides members a fast and basic level of customer support. These services are mainly used to help members navigate key features, find account details, or providing the member with links to more comprehensive resources for information. The number of superfunds providing this rose from 30% to 32% in this year's study.

Another form of instantaneous customer support being adopted is online chat bots. Our study found 18% of the top 50 superfunds provide chat bot customer service.



Need to provide account details to a new employer or want to check your super balance? A digital membership card keeps your member details close at hand, stored in your smartphone.”



MOBILE APP ADOPTION HAS STALLED

With millions of apps in the App Store today, we have seen this trend reach the superannuation sector in 2014, but progress has stalled.

Only 16% of superfunds provided member apps back in 2014. In our 2017 study, the number of funds providing apps had grown to 48%. We have seen no change in our study this year. Only 4% of funds provide an app to employers, down from 6% in 2017*.

However, with 87% of Australians owning smartphones and 59% owning iPads or tablets, superfunds are recognising the need to provide mobile friendly technology. In our very first 2014 digital study, a mere 36% of superfunds provided a mobile-optimised website. Now this number sits at 98%. Without a mobile optimised website, users often struggle finding the information they need when on a mobile device. Mobile-optimised websites are not “nice to have” – they are a necessity.



48% PROVIDE MEMBERS APPS



4% PROVIDE EMPLOYERS APPS

SOCIAL MEDIA CONTINUES TO GROW

Social media continues to be a great method of engaging customers from a range of demographics. According to the 2018 Yellow Social Media Report from Sensis, 88% of online Australian consumers use social media sites – with 62% reporting to use social media daily. This number rises to 98% when we are looking at the 18-29 age group.

Superfunds have continued to build on their social media presence. In 2014, LinkedIn was only used by 2% of the top 50 funds. As of 2018, 96% of superfunds have a company LinkedIn page, making it the most popular social media channel in use by superfunds. Facebook also continues to be one of the more popular channels, with the number of superfunds using the platform rising from 82% in 2017 to 90% in 2018. Youtube was also being used by 84% of the superfunds as a financial education tool, as well as building brand awareness. The number of superfunds with Twitter increased from 76%, to 78% in 2018. 8% of the top 50 were also found to have Google+ pages.

New additions to the social media areas of our study included Snapchat and Instagram. According to the 2018 Sensis Social Media Report, these channels have a large user-base that skews heavily towards the younger demographics, making them a great tool to engage younger audiences. Currently, these platforms are not heavily prevalent in the Top 50 superfunds. Out of the top 50 superfunds, only 6% use Snapchat and 10% use Instagram.

* Reflecting the change of the top 50

 **96%** USE LINKEDIN



 **84%** USE YOUTUBE



 **90%** USE FACEBOOK



 **10%** USE INSTAGRAM



 **78%** USE TWITTER



 **6%** USE SNAPCHAT



 **8%** USE GOOGLE+



But It's All About the Experience



Superfunds may be providing great technology, but that doesn't automatically lead to a great member experience. From Checking Beneficiaries to testing chatbots, we had real members spanning the ages of 18 through to their late 60's test these features and report back on their experience.

USING THE ONLINE PORTAL

Unsurprisingly, the best rated member experience was Checking Your Super Balance. Most members reported it was a straightforward experience, utilising graphs and other visuals to make this process a pleasant one. Across all age groups and funds, this task rated especially high for **Page Simplicity** (rated 8.7 out of 10), **Information Clarity** (8.5) and **Overall Satisfaction** (8.5). For our study, we considered a score above 8 to be indicative of a positive outcome. Scores below 7 were considered a low score.

Checking investments, statements and insurance also received high member experience ratings across all criteria. Very few issues were reported during these specific tests. However, Checking Beneficiaries yielded a mix of feedback. While this task scored relatively positively (rating, on average, 7.9 out of 10), quite a number of people reported confusion or frustrations with the process. A common criticism across all ages was that more information explaining the binding vs non-binding beneficiaries would be useful. Many also

expressed frustration at having to fill out paper forms to make amendments to their beneficiaries.

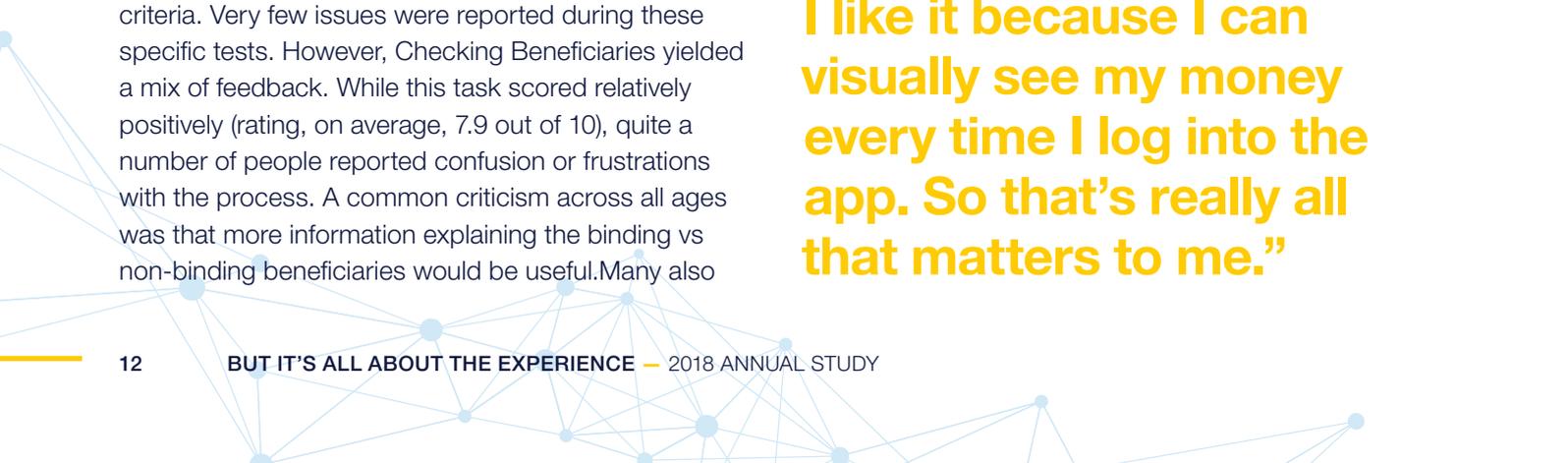
The 50+ age group reported the poorest user experience when updating their beneficiaries. The lowest ratings were given to **Page Consistency** (rated 7.2 out of 10) and **Familiarity** (6.9), which were 0.8, and 0.7 points below average for **Simplicity** (7.2).

WEBSITE NAVIGATION NEEDS WORK

Surprisingly, the tests that required members to locate information on their superfunds' website scored very poorly. Finding Corporate Governance Documents received an average usability rating of 6.8 out of 10, finding out how to Open a TTR Account received 6.6 and finding information on the Aged Pension received 6.9. Some of the lowest ratings for **Overall Satisfaction** were given to these three tasks.



I like it because I can visually see my money every time I log into the app. So that's really all that matters to me."





“

I had to use the search function (once I'd found it) to locate the Annual Report and Board Members info.”

When we looked at the experiences through the lens of different age demographics, we found many members in the 18-25 age group reporting to never have logged into their account before. Some of these users reported opting to monitor their superannuation and other financial information through mobile apps instead of a website.

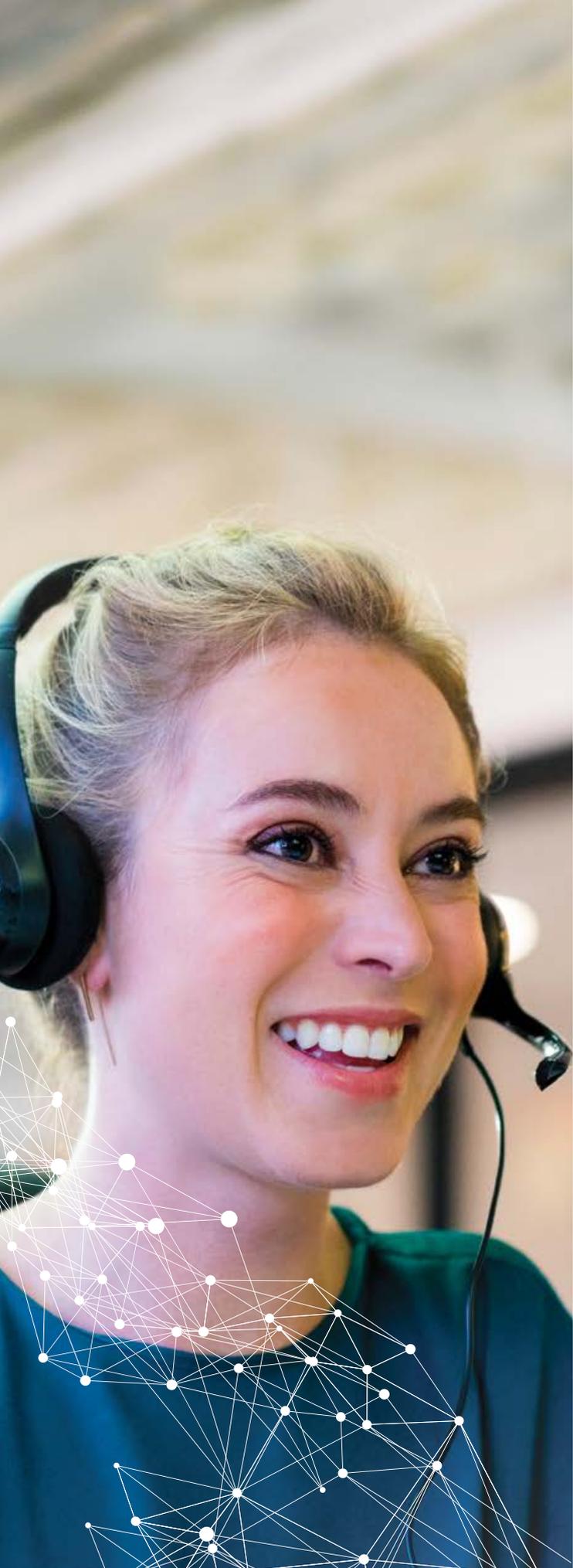
Despite many admitting not knowing exactly what they were looking for, the 18-25 age group reported less difficulty navigating the website than other age groups. Majority of their ratings fell between 0.2–1.0 points higher than the average rating given across all age groups. Possible reasons for this may stem from this age group having a better understanding of navigating websites, being less critical of the process due to lack of superannuation experience, or they may simply have access to better technology to complete the tests. Users even reported using Google as a quicker means of finding the exact page they were after on the website – something no other age group reported.

The 35-50 age group rated their experience navigating the website as distinctly more difficult than the 18-25s. This was a trend that spanned all the age groups – the older the demographic, the lower they rated the digital user experience. Many reported having to resort to the search function on the website or “trawling” through significant quantities of information.

Our 50+ age group gave lower usability ratings for majority of the tasks in our survey, including those requiring them to navigate the website. Their Overall Satisfaction rating for Finding Corporate Governance Documents was 0.9 points below the average, Finding Aged Pension Information was 1.5 points lower and Opening a TTR Account rated 1.7 points lower. Several users from this age group stated they would have preferred to speak with someone about these topics.

“

I think that the digital is OK, but I still would need to talk to someone.”



TOO MUCH JARGON FOR THE UNDER 26s

With the Superannuation Guarantee coming into full effect in 1992, superannuation has never been a choice to this age group; it's a legal standard that would have impacted even their first part-time job.

However, when asked for their current opinion on super, many in this age group admitted it was “something I don't know much about” and described it as a process that “you have no input in dealing with [and] just happens in the background”. Many reported lacking knowledge of industry terminology, including terms like ‘beneficiaries’ and ‘investments’ in the context of super.

By comparison, most of our surveyed 50+ age group reported receiving training and education from their employers and superfunds on how superannuation worked.

Education and financial literacy needs to remain a priority for our industry – particularly for our younger members.

“

Not really sure what the information displayed means and as for making these important decisions I would want to talk to people as well.”



INVESTMENTS SCORED SURPRISINGLY WELL

Investing is at the core of how superfunds make money for members. Most reported a smooth and straightforward experience when Viewing Their Investments. The overall usability rating for this task was a high 8.2 out of 10. However, a common criticism across all age groups was around accessing information on their investment options. The information they needed to decide which investment to opt for required many members to switch between the website and member portal. This made for a clunky member experience.

Less than a third of members in the 18-25 age group reported knowing that superannuation made money through investing. Most didn't know what investment options they had. Despite their lack of knowledge, this age group gave an Overall Satisfaction rating of 8.3 out of 10 – 0.1 points higher than the average across all age groups.

“

Have you ever updated your mix of investments within your Super account?

—Nope. I wouldn't know how. I mean, I believe it would be a process where I'd have to call someone.

It'd be cool if you could just go [online] and choose — and maybe you can! But I don't know.”



“

Despite the lack of knowledge, this age group gave an overall satisfaction rating of 8.1 out of 10 – 0.2 points higher than the average.”

THE INSURANCE EXPERIENCE

Overall, checking insurance received some of the highest usability ratings across all age groups. Checking Insurance received an average rating of 8 out of 10 across our usability criteria.

However, for the 18-25s, the lack of awareness continued with insurance. Some reported not even knowing they could hold insurance through their superannuation account. Of those who did, many reported being aware that you could hold life insurance through your superannuation account, but only a small minority knew what insurance they currently held. Despite the lack of knowledge, this age group gave an **Overall Satisfaction** rating of 8.1 out of 10 – 0.2 points higher than the average.

The 36-50s reported a good user experience while testing the insurance features of their superfunds website. Insurance received one of the highest usability ratings of all the tasks that were assessed, receiving an average rating of 7.9 out of 10.



“

The calculator should already pick up my information from my super account as I am already logged into the secure site.”

RETIREMENT CALCULATORS WERE RATED POORLY

Supporting members in retirement is the ultimate purpose of Superannuation. As of 2018, 90% of the top 50 superfunds provide retirement calculators on their websites. Unfortunately, these tools were given some of the lowest usability ratings by members from all age groups.

Our 18-25 age group gave higher usability ratings than other age groups when Testing Retirement Calculators, however the scores were still relatively low. This age group reported that the calculators were quite complex, rating them 6.6 out of 10 for **Simplicity**

“

The very personal information I am entering gives me no comfort that it is not being captured in the background.”

and 6.7 for **Process Efficiency**. They gave a low 6.8 for **Overall Satisfaction**. Again we are seeing a lack of financial literacy impacting the millenials experience.

Retirement calculators received a very poor rating by the those aged 50+. The Overall Usability rating they gave came to 1.0 point below the average. This age group expressed greater knowledge around the retirement process and a large number of their complaints centered around the calculator not allowing the user to enter enough personal information to be accurate.

The 35-50 age group held a mix of opinions on just how useful they were – especially when it came to using and collecting their user data. Some users were concerned that their personal details were being captured without them knowing.

However, on the flip-side, another common frustration was that form fields in the retirement calculators didn't pre-populate using their member data.

As an aside, the poor ratings can be partially attributed to the number of members who were redirected to entirely different websites when trying to access retirement calculators or information on the aged pension. Many said this contributed very negatively to the user experience.



TESTING CHATBOTS

Customers hold a mix of opinions on live web chat and chatbots. Many love the convenience of chatting online with a customer service representative instead of making a call and waiting on hold. However, the technologies still have their limitations.

Testing the live chat and chat bot features was reported to be a positive experience. However, a key drawback of live web chat is that a real person must sit there behind the screen responding to you – limiting live chat to times an employee is online. The top complaint from our survey group was about how often the live chat was offline or was constrained by office hours.

Some of the most positive ratings came from the 18-25s and 50+ age groups. The 18-25s gave this task an average rating of 8 out of 10. Across our usability criteria, this age group rated **Information Clarity** 1.1 points higher than average (8.4) and gave an **Overall Satisfaction** rating 0.9 points higher (8.0). The 50+ age group gave a high rating of 8.1 out of 10 for web chat tools, and an **Overall Satisfaction** rating that was 0.8 points over the average (7.9).

While some of those we surveyed reported disliking previous experiences with chat bots or live web chat elsewhere, most said they had a surprisingly positive experience using these features on their superfund's website.

“

The chat person was very responsive. I actually had found an error on their website and I challenged them about it. They said they would pass on the feedback to the web team. It was handled really well by the chat person.”



The Retail vs Industry Fund Experience

Recent events have highlighted, even more, the differences between retail and industry funds. Using the data we collected on the top 50 superfunds, we have broken down the member experience survey data to compare the experience.

INDUSTRY FUNDS PROVIDED A BETTER WEBSITE EXPERIENCE

There was a distinct overall difference between the ratings awarded to the industry funds over the retail funds. Industry funds outperformed retail funds on all tasks requiring the members to locate information on the website, and most tasks involving the online member portal.

The biggest differences were in checking investments, checking insurance, and finding information on the aged pension and TTR.



There was a distinct difference between the ratings awarded to the industry funds over the retail funds.”

Industry funds rated an average:

- 0.7 points higher than retail funds for Checking Investments
- 0.6 points higher for Insurance
- 0.7 higher for Opening TTR Accounts and,
- 0.6 for Locating Aged Pension Information.

Industry superfunds also rated an average 0.3 points higher for Finding Corporate Governance Documents. However, many members from both retail and industry funds reported difficulty locating these documents.

RETAIL FUNDS PROVIDED BETTER RETIREMENT CALCULATORS

While retail funds may not have been able to compete with the ratings of the industry funds websites in some areas, they did receive very similar usability ratings for Checking Statements and Using Live Web Chat or Chatbots.

However, retail funds still held their own in a key area; retirement calculators. There was a notable difference between the ratings of the superannuation calculators provided by retail funds, and the industry funds. Retail superfunds rated higher on **Page Simplicity** (0.5 points higher), **Information Clarity** (0.3 points higher) and **Overall Satisfaction** (0.5 points higher) than industry funds did.



BUT THE EXPERIENCE NEEDS TO BE PERSONAL

While we have taken a closer look at our customer experience data through the lens of age groups and retail vs industry funds, today's customers are demanding individual and unique recognition beyond being grouped. They are looking for a personalised experience. To be truly customer focused, data on demographics must be combined with customer behaviours to optimise all channel experiences and messages to individual members – not just the group they belong to.

Technology is driving the digitisation of channel experiences that will further enable superfunds to personalise the individual members experience.

What our study continues to show is that creating connections with people on a personal level through technology innovation is key for the superannuation industry.

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Innovation in Fintech



The early 80s Australian Television Series, Beyond 2000, predicted a future with hover cars, MRI technology, living on Mars and wearable computers.

Now in 2018, financial technology innovation is continuing to drive change across the industry. The 2018 fintech predictions have been many and varied. Here are what we believe to be the top 4.

1. AI, DATA ANALYTICS AND ALL THE COOL TOOLS

Over the last year, the industry has seen an increase in the integration of AI, data and behavioural analytics in its product offering. We are also seeing the emergence of video statements, voice technology and chatbots. These innovations add value to the member experience and also provide integrated solutions that are supporting complex legacy systems.

We are now seeing the use of AI and data analytics being taken to new levels across the financial industry. Digital technologies are being powered by customer experience to create human like interactions and conversations through AI technology anytime and anywhere. This has led to the emergence of conversational commerce in the financial industry across the world.

Conversational commerce is a way of completing any purchase or financial interaction online within a text messaging or chat channel, such as Facebook Messenger, by interacting with a brand's chatbot. Already banking and wealth management services across the world have built chatbots that allow customers to access their accounts and ask various questions, including analysis of their spending, reviewing investments, balances, and more.

Voice assistants are also being developed to handle functions such as calculating mortgage loans and planning future savings. The customer expectation is that they can have a personal and contextual conversation through varied channels. We expect to see many opportunities for innovation in this area.

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Already banking and wealth management services across the world have built chatbots that allow customers to access their accounts and ask various questions...”

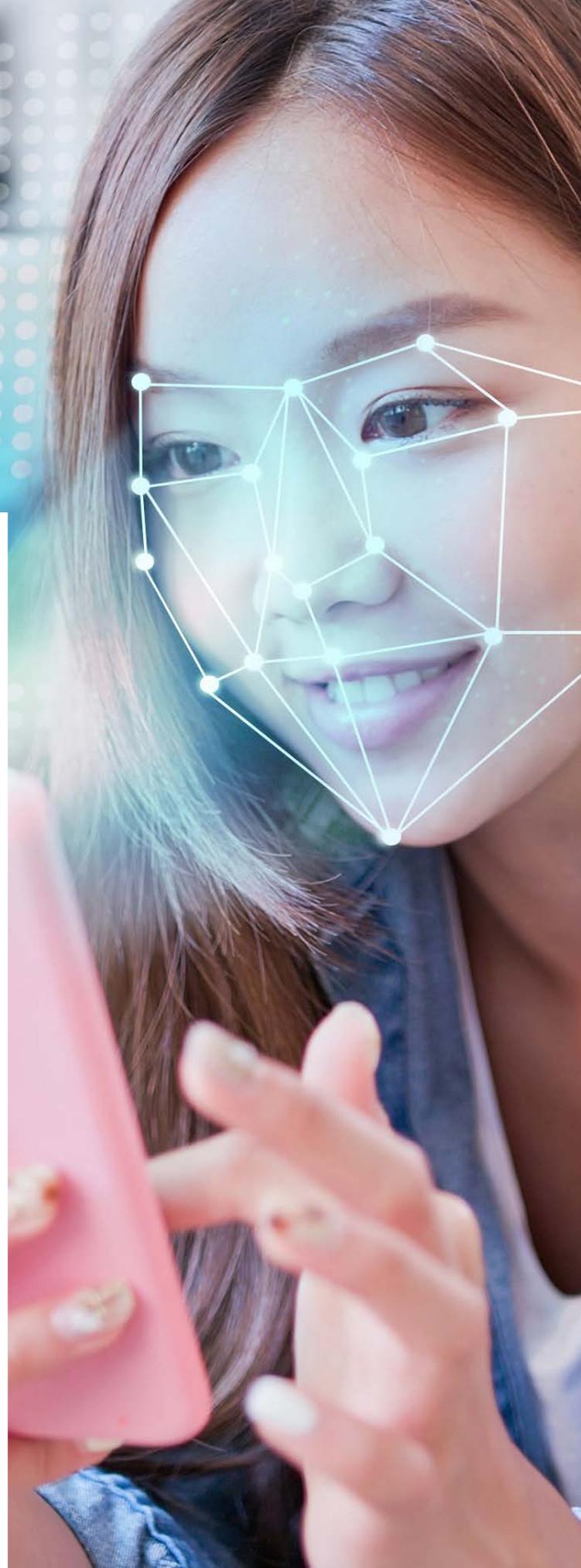


2. DATA INTEGRATION BEYOND THE ADMINISTRATION SYSTEM

In the push for greater transparency across the industry, data continues to be a driving force in technology innovation.

The ATO recently revealed their approach and design of the online display of member information using the MATS and Single Touch Payroll (STP) data. Their vision for a 'vanilla' member self-service platform, agnostic of fund, is driving a greater uptake in data innovation to ensure customer needs are met.

The use of Open APIs (Application Programming Interface) is a priority to enable the development of applications and services around the financial institution. API is a software intermediary that allows two applications to talk to each other. An API is not an app or a service in its own right. It's a way of facilitating data sharing. We are seeing funds and administrators utilising this technical capability and providing more options to allow more 3rd parties to source data.





3. PAYMENTS — CHOICES, CHOICES AND MORE CHOICES

Apple Pay, Google Pay, BPay, new Payment Platforms. There are now so many options to make payments and the continuing innovation is inevitable. Social networks are also integrating payments into their technical capability.

For the superannuation industry, innovation that provides timely, accurate payments, particularly for retirees and pension payments, will be a key differentiator in the market.

Round-up tools are also an interesting spin on saving and investing money. These tools work by rounding up the cents in any transaction to the nearest dollar, then investing those additional cents for you. It works as a form of forced savings and has less impact on cashflow

than periodically contributing a large lump sum to an investment or savings account. While there are several apps and tools that provide this, we have also seen this become a new key feature in some superannuation products.

Across the world we are seeing more pilot programs that are driving down administration costs, improving processing and providing payment efficiencies through payment technology innovation. We will undoubtedly see the use of payment platforms and tools continue to grow in the future.

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There are now so many options to make payments and the continuing innovation is inevitable.”



4. DEALING WITH REGULATIONS WITH TECHNICAL SOLUTIONS

For several years now, our study has highlighted key regulatory changes as catalysts for digital innovation. With the 2018 May Budget and the Royal Commission into banking and superannuation, it is no secret that the industry is gearing up for further regulatory change, regardless of the political party in power.

Legislation continues to be made particularly in the areas of fraud and cyber security. We will continue to see additional regulations in anti-money laundering, the Counter-Terrorism Financing Act, Cyber Security, the 2018 May Budget and the royal commission findings.

Additional regulations are also likely to address approaches to crypto currencies and payment solutions.

The industry continues to look for ways to address obligations more efficiently and to reduce risk

and cost. Balancing the focus on regulations are customers who want innovative products and cost effective efficient services.

There has been an increase in the number of regulatory technology - also referred to as regtech - solution providers across the financial industry in the last two years. Their key focus is to provide innovative, analytic and cost-effective solutions to regulatory requirements.

Technologies to support multiple customer channels and communications, such as centralised rule engines, BPM software, case management and integrated data warehousing, provide the crucial base for a fully architected solution.

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Additional regulations are also likely to address approaches to cryptocurrencies and payment solutions.”

Are Hyper-Targeted Start-Ups the Way of the Future?

The rise of start-up-style superfunds has been watched closely and with guarded interest by regulators and large funds alike. But what makes them different? What is the driving force behind these new products?

Hyper-Targeted superfunds are those that have created products to meet the specific needs of a small market segment. By getting so targeted, these superfunds are providing innovative and tailored products that allow deeper customer relationships.

In our study this year, we compared 3 start-up products with the top 50 superfunds. The difference between the digital experience to that of the top 50 is significant.

1. SETTING UP AN ACCOUNT IS SIMPLE

The start-up superfunds have provided a streamlined experience for joining online. 100% of these superfunds allow new members to join online, compared to only 84% of the top 50. Both consolidating and searching for lost super online are also offered by all 3 of the start-up funds, while only 80% of the top 50 let you consolidate online and 82% allow you to search for lost super.



The start-up style superfunds have committed to a greater range of social media.”

2. VIEWING SUPER IS MOBILE FRIENDLY

2 out of the 3 start-up superfunds have made their member apps a key part of their user experience. Member apps are only provided by 24 of the top 50 funds. All 3 start-up superfunds have also ensured their website provided a great experience on screens of all sizes through attractive and mobile-friendly websites. Their goal is to deliver a better experience to an audience that embraces mobile devices.

3. LOTS OF ONLINE CHAT OPTIONS

Live chat has seen dramatic growth in the last 12 months, however it is still only available from 16 of the 50 superfunds. As an alternative to live chat, 9 of the top 50 superfunds also provide a chatbot to assist customers via their website. By comparison, 2 out of 3 of the start-up superfunds provided both live web chat and chat bots.

4. GET SOCIAL WITH YOUR SUPER

Compared to the top 50, the start-up style superfunds have committed to a greater range of social media channels. 100% of the start-up superfunds ran Twitter,



LinkedIn and Facebook channels. Other social channels these superfunds used included Instagram and Snapchat. Instagram accounts were run by 2 of the 3 start-up funds, compared to only 5 of the top 50. One of these start-up superfunds also ran a snapchat account, which is something only 3 out of the top 50 are doing.

5. RETIREMENT ISN'T A FOCUS

Interestingly, not one of these start-up superfunds provided much in the way of retirement information. None of them provided retirement budget calculators, compared to 46% of the top 50.

6. EMPLOYERS DON'T HAVE MANY OPTIONS

Compared to the Top 50 funds, the start-up superfunds provided minimal options for employers to manage super through digital means. Only 1 of the 3 provided an online employer portal, compared to 94% of the top 50. None of these superfunds provided employer apps either, despite apps being a cornerstone to much of their digital user experience.

In this way, the hyper-targeted superfunds expect to have little interaction with employers, and have a focus that is far more member-centred.

7. FINANCIAL ADVICE ISN'T AVAILABLE

Surprisingly, these newer funds didn't offer anything in the way of financial advice through online channels. While we have seen a lot of growth in the financial advice options on offer from the top 50, there was a significant lack of it from the start-up funds. 22% of the top 50 provide Online Financial Advice, and 80% allowed members to book or request financial advice online.

Whilst these funds may be lacking in a few key areas, they are still evolving, and we will likely see significant change over the next few years.

The creation of micro brands, products and services is growing world-wide. Companies are using specific digital tools, the internet and social media to target highly defined segments by offering niche products and services that give consumers more choice and greater individualism. For many of these products, social media proves to be a great tool to build advocacy and bonded communities with shared visions and values.

One thing is for certain, the competition is motivating the industry to get serious about digital, integrated and innovative technology.

Legislation is Driving Change



The last few years have been full of significant legislative change. From introducing MAAS and MATS, to the findings of the Royal Commission and Productivity Commission, superfunds have been kept on their toes. We now take a look at the possible impacts of one of the ATO's latest developments – ATO Online.

IS THE ATO THE NEW DIGITAL DISRUPTOR?

The ATO is developing an online gate for all employers and new employees, replacing paper forms for TFN declarations, choice of super fund and collecting other employee details. This would be an alternative to fund members joining or switching funds using fund portals and documents.

The ATO is configuring the online service in a way that gives a clear nudge to support and encourage member engagement – but it's a way that doesn't include the direct involvement of super funds.

Both new and existing employees would be encouraged to use the service to consolidate existing accounts or to switch, an important service given that 39% of Australians still have multiple super accounts. This service is going to challenge and be an alternative to existing distribution channels, and funds run the risk of being removed from the fund selection process.

What's more, the Productivity Commission has suggested that the ATO's proposed service as the tool by which people would only ever be allocated to a default product once, upon entering the workforce. They would be invited to choose



their own super product by being provided a 'best in show' shortlist of ten funds, listed on the ATO website.

WILL THE ATO REPLACE SUPER FUNDS WEBSITES AND CALL CENTRES AS THE 'GO-TO' PLACE FOR INFO ABOUT MEMBERS' SUPER?

You can already look up your super fund balances on ATO Online and myGov. You can consolidate your super into one account at the click of a button, in functionality that's often easier than doing it directly with a super fund. About 11 million people are registered with myGov, so it's already operating on a big scale.

While the information currently displayed on ATO Online is often outdated and is only refreshed once a year, all that's going to change in the near future. A project to report superannuation transactions and member details on a near real time basis to the ATO is currently underway.

Once that up-to-date information is used to populate the display on ATO Online, it's going to become a more powerful and attractive service. For the 39% with more than one account, it's going to give them a 360 degree view of their super that they can't get on their super fund website.

The ATO may not be universally liked but it is a well-trusted brand, that is supported by the authority of the Australian Government. Many super funds also have well-known and trusted brands.

The ATO and super funds have the common goal of improved and informed member engagement and outcomes, often using digital solutions.

The question is what channel are people going to prefer and use. Will the efforts the funds have put into innovation, such as apps, social media and chatbots, influence member's preferences? Will the ATO be trusted over members' superfunds or visa versa? Can they all co-exist?

CAN WE WORK TOGETHER TO PROVIDE BETTER MEMBER OUTCOMES?

Perhaps we can take a leaf out of Denmark's book, where pension fund, insurer and government stakeholders have co-operated to produce a service used by most Danish workers. As well as viewing up to date information about all of their super balances and insurance entitlements, users are also able to get information about how much they will actually receive throughout each year of their retirement depending on when they retire.

This is shown in timeline graphs where users can modify details such as retirement age to model different scenarios. Simple displays showing insurance benefits in the event of death or disability are also built in.

By involving both government and private sector providers in the delivery of this service, information is provided in a safe, easy and trusted manner, and is available both directly and through the portals offered by various stakeholders.





What is Holding Us Back?

Australians superannuation assets are expected to reach \$9 trillion by 2040. We work in an industry that has mounting pressure to provide innovative technology for its customers in an ever-changing regulatory environment. Some are also tackling aging technology and the limitations that creates.

The industry will continue to see both a push for regulatory change and improved customer experience over the next year. From our study, it is clear there are several priorities moving forward:

1. Cost efficiency in regulatory change
2. Collaboration with innovative technology providers
3. A focus on specific areas of differentiation

Navigating complex regulatory change in a cost-efficient way, while also providing customer-centered solutions, is complex. Collaboration between government, superfunds and administrators with start-ups, regtechs and fintechs can provide great solutions.

The use of fintechs, regtechs and start-ups provides insight into new trends that help deliver superior products and solutions to market efficiently. Collaboration with superfunds and administrators will help them to approach regulatory compliance in the best possible way.

The more traditional superfunds should consider taking a leaf from the micro-brand approach being used by the new start-up superfunds and focus on the value proposition that differentiates them from the competition. Having a targeted value proposition can help superfunds focus on specific areas for development and innovation in the customer experience.

Conclusion

As a specialist in the superannuation and wealth industry we have followed the evolution of digital member engagement very closely. We have watched the growth and emergence of a whole range of digital tools and platforms that are turning the finance industry on its head – and the superannuation industry isn't immune to this.

Ultimately, members are looking for a frictionless, multi-channel, multi-sensory experience. Members are looking for funds to provide them a range of connection points that allow them to easily move in and out of channels. If a member can't find the personalised customer experience they are looking for, they will seek

it elsewhere. Niche superfunds are capitalising on this preference and carving out a place for themselves within the industry.

In the next year, superfunds need to be looking at the channels and experiences they are bringing to the table. In light of the legislative change that continues to drive us, superfunds need to consider whether they are truly catering to members, not just as a group, but as individuals.

We look forward to seeing what the year ahead holds for us.





IQ GROUP IS AUSTRALIA'S TRUSTED CONSULTANT AND FIRST CHOICE DELIVERY PARTNER TO THE SUPERANNUATION AND WEALTH MANAGEMENT INDUSTRY

We provide first-rate project delivery and independent expert advice on technology and processes to meet the needs of the latest regulatory environment. By focusing on business outcomes and understanding what lies ahead, we are able help our clients prepare for tomorrow, today.

In a time of unprecedented industry and market change for the superannuation and wealth management industries, IQ Group understands the technological and regulatory forces impacting organisations. IQ Group is committed to ongoing innovation and strives to influence positive change at government and industry body level.

'Intelligence. Applied.' is the benchmark against which we measure our performance.

To find out more, you can get in touch with us at www.iqgroup.com.au



Comparison Research Results 2014-2018

	DESCRIPTION	JUNE 2018		JUNE 2017	
		% Funds offering service	# Funds offering service	% Funds offering service	# Funds offering service
Digital Delivery	Public Website	100%	50	100%	50
	Mobile optimised website	98%	49	98%	49
	Online Join Members	84%	42	78%	39
	Online Join Employers	66%	33	68%	34
	Member online	98%	49	100%	50
	Employer online	94%	47	98%	49
	Member App	48%	24	48%	24
	Employer App	4%	2	6%	3
	Gateway Access March 2015	96%	48	96%	48
	Switch Online	94%	47	98%	49
	Rollover Online	80%	40	74%	37
	Electronic Membership Card/Digital wallet	20%	10	12%	6
	New Contributions via Bpay	96%	48	96%	48
	Online (Cyber) Financial Advice	22%	11	18%	9
	Live Web Chat Customer Service	32%	16	30%	15
	Request Financial advice online	80%	40	68%	34
	Search for lost super Online	82%	41	66%	33
	Direct ASX Trading option	36%	18	34%	17
	Super/Retirement Calculator	90%	45	92%	46
	Accumulation Calculator	72%	36		
Retirement Budget Calculator	46%	23			
Retirement Income Calculator	46%	23			
Insurance Needs Calculator	58%	29			
Social Media	Dedicated Online Community	80%	40	68%	34
	RSS Feed	10%	5	34%	17
	Twitter	78%	39	76%	38
	YouTube	84%	42	86%	43
	Facebook	90%	45	82%	41
	LinkedIn	96%	48	98%	49
	Snapchat	6%	3		
	Instagram	10%	5		
Google+	8%	4			

JUNE 2016		MARCH 2015		MARCH 2014	
% Funds offering service	# Funds offering service	% Funds offering service	# Funds offering service	% Funds offering service	# Funds offering service
100%	50	100%	50	N/A	N/A
96%	48	92%	46	N/A	N/A
74%	37	56%	28	54%	27
66%	33	54%	27	42%	21
100%	50	96%	48	94%	47
98%	49	92%	46	86%	43
44%	22	20%	10	16%	8
0%	0	0%	0	0%	0
100%	50	100%	50	N/A	N/A
98%	49	86%	43	82%	41
76%	38	0%	0	0%	0
12%	6	2%	1	2%	1
98%	49				
8%	4				
26%	13				
52%	26				
66%	33				
30%	15				
92%	46				
56%	28				
36%	18				
74%	37	36%	18	36%	18
86%	43	46%	23	40%	20
76%	38	42%	21	40%	20
88%	44	70%	35	2%	1

THESE TABLES SHOW THE MEMBER EXPERIENCE SCORE DIFFERENCE BETWEEN INDUSTRY AND RETAIL SUPERFUNDS.

INDUSTRY		Check Beneficiaries	Check Super Balance	Check Investments	Check Insurance
	Page Responsiveness	0.6	0.5	0.5	0.8
	Page Simplicity	0.5	0.4	0.8	0.9
	Page Visual Aids	0.3	0.6	0.7	0.5
	Page Consistency	0.6	0.6	0.8	0.8
	Page Familiarity	0.1	0.4	0.9	0.5
	Information Clarity	0.5	0.3	0.7	0.4
	Process Efficiency	0.8	0.6	0.9	0.6
	Process Forgiveness	0.5	0.6	0.9	0.5
	Overall Satisfaction	0.3	0.7	0.6	0.6

RETAIL		Check Beneficiaries	Check Super Balance	Check Investments	Check Insurance
	Page Responsiveness	-0.6	-0.5	-0.5	-0.8
	Page Simplicity	-0.5	-0.4	-0.8	-0.9
	Page Visual Aids	-0.3	-0.6	-0.7	-0.5
	Page Consistency	-0.6	-0.6	-0.8	-0.8
	Page Familiarity	-0.1	-0.4	-0.9	-0.5
	Information Clarity	-0.5	-0.3	-0.7	-0.4
	Process Efficiency	-0.8	-0.6	-0.9	-0.6
	Process Forgiveness	-0.5	-0.6	-0.9	-0.5
	Overall Satisfaction	-0.3	-0.7	-0.6	-0.6

Test Retirement Calculator	Check Statements	Find Corporate Governance Documents	Test Chatbots/ Live Chat	Learn How to Open TTR Account	Learn How to Open TTR Account
-0.1	0.2	0.6	0.2	0.7	0.7
-0.5	-0.3	0.1	0.1	0.8	0.6
-0.3	-0.4	0.3	0.1	0.7	0.6
-0.2	0.1	0.4	0.1	0.5	0.7
0	0	0.3	0.1	0.6	0.8
-0.3	0	0.2	0	0.7	0.6
-0.6	0	0.2	-0.2	0.5	0.4
-0.2	0.1	0.5	-0.2	0.8	0.8
-0.5	0	0.2	-0.3	0.4	0.4

Test Retirement Calculator	Check Statements	Find Corporate Governance Documents	Test Chatbots/ Live Chat	Learn How to Open TTR Account	Learn How to Open TTR Account
0.1	-0.2	-0.6	-0.2	-0.7	-0.7
0.5	0.3	-0.1	-0.1	-0.8	-0.6
0.3	0.4	-0.3	-0.1	-0.7	-0.6
0.2	-0.1	-0.4	-0.1	-0.5	-0.7
0	0	-0.3	-0.1	-0.6	-0.8
0.3	0	-0.2	0	-0.7	-0.6
0.6	0	-0.2	0.2	-0.5	-0.4
0.2	-0.1	-0.5	0.2	-0.8	-0.8
0.5	0	-0.2	0.3	-0.4	-0.4