

reba



Innovation Day 2018

22 November 2018 – LONDON

Embracing innovation
and technology for the
future workforce



How social media and digital environments are shifting employees' attitudes to money

Dhiren Master, Salary Finance



A TALE OF TWO WORLDS UNDERSTANDING PERSONAS

REBA INNOVATION DAY
22 NOV 2019



**SALARY
FINANCE**

Agenda

1. A tale of two worlds : Understanding personas
2. Using data to bridge the gap: the Financial Fitness Persona's
3. Reframing HR/Financial Wellbeing strategy in the language of the CEO & Board

Using & Understanding Personas

Personas are useful when they:

- Give fresh insight
- Inform and help formulate strategy
- Allow actions and results to be easily measurable

Are generational 'digital' personas useful ?

Is there a more meaningful lens?



The Generation Gap

'Each generation imagines itself to be more intelligent than the one that went before it, and wiser than the one that comes after it'

George Orwell



Boomers & Millennials

“Young man, why are there holes in your jeans ! Did you rip those yourself?”

A Boomer 1946-1964

Gen X 1965 -1980

‘Why r those holes in the ozone? U rip those urself?’

A Millennial 1981-1996

Understanding

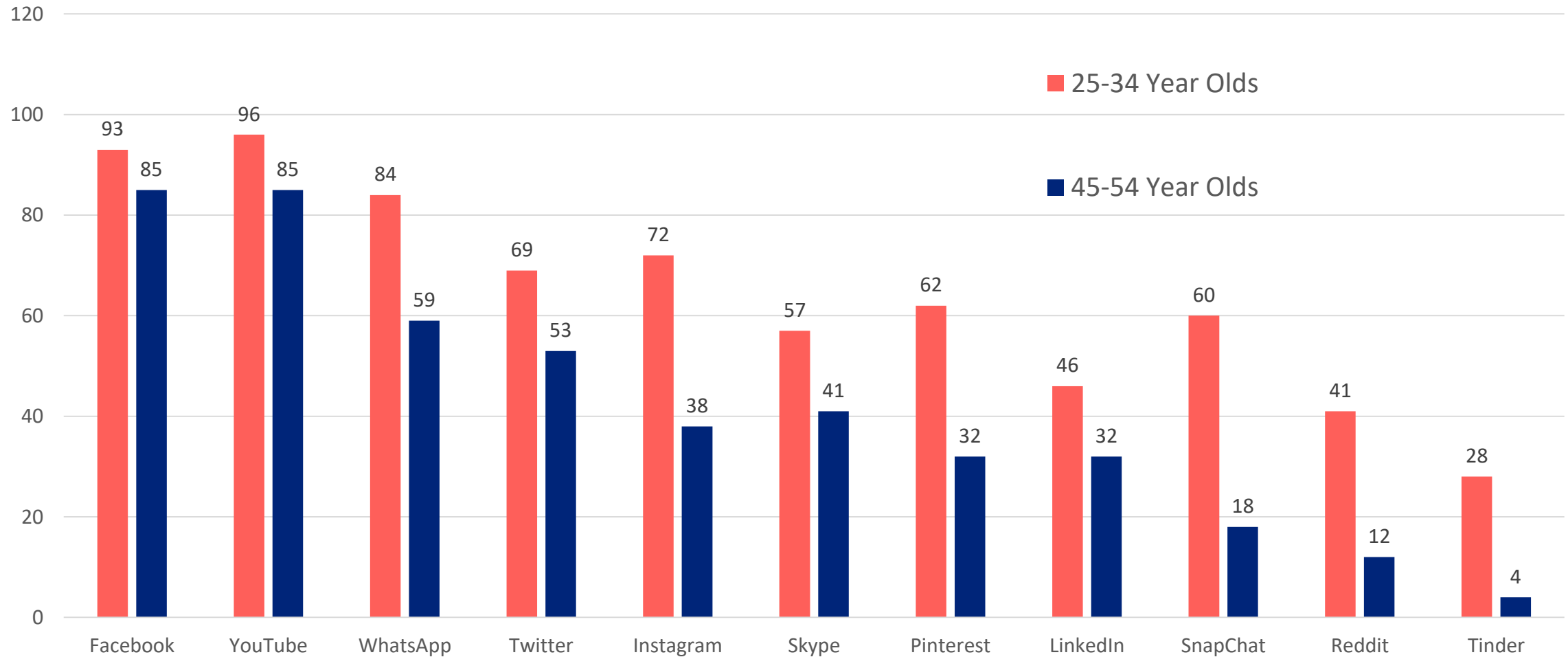
‘The noblest
pleasure is the
joy of
understanding’

Leonardo Da Vinci



Use of Social Media

% of users by Social Media type, by age



House Prices & Wages

1995

Avg Salary	£19,270
Avg House Price	£51,633
Multiple	2.7x

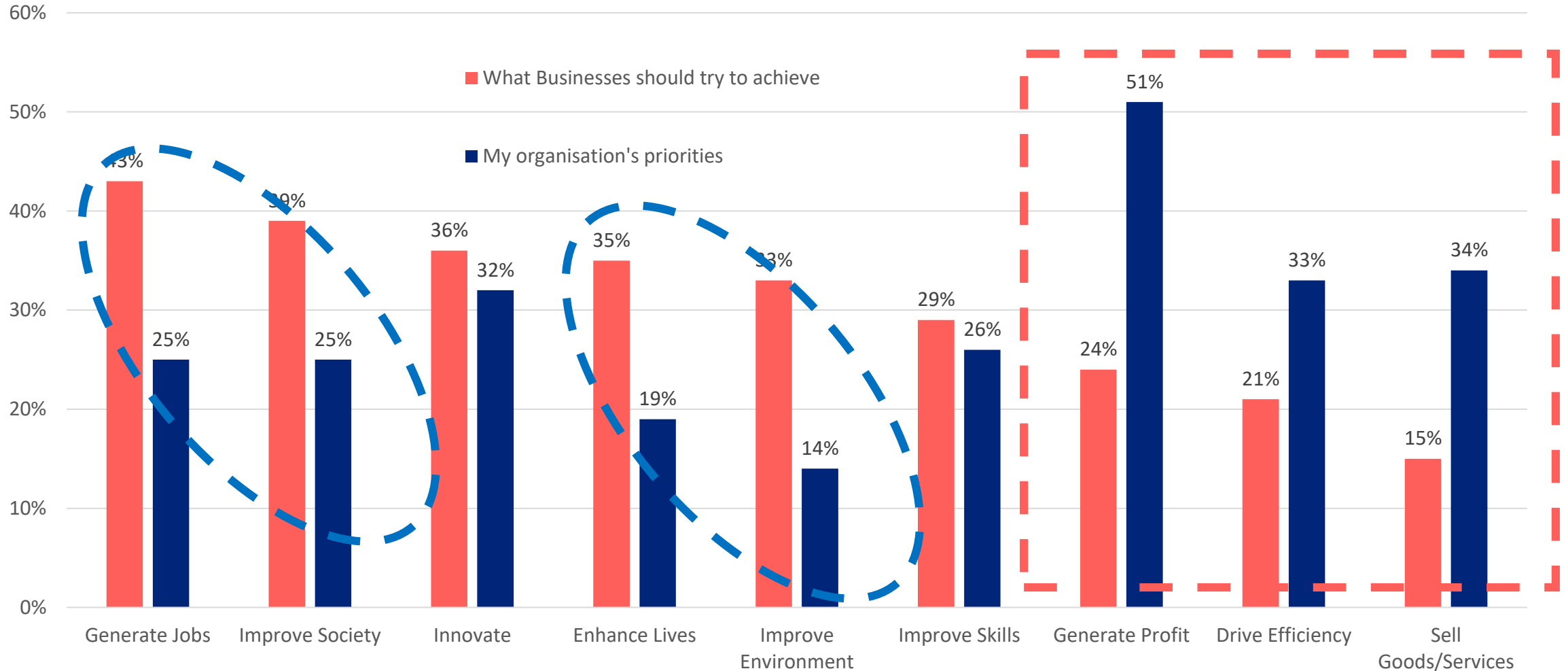
2018

Avg Salary	£27,000
Avg House Price	£214,578
Multiple	7.9x

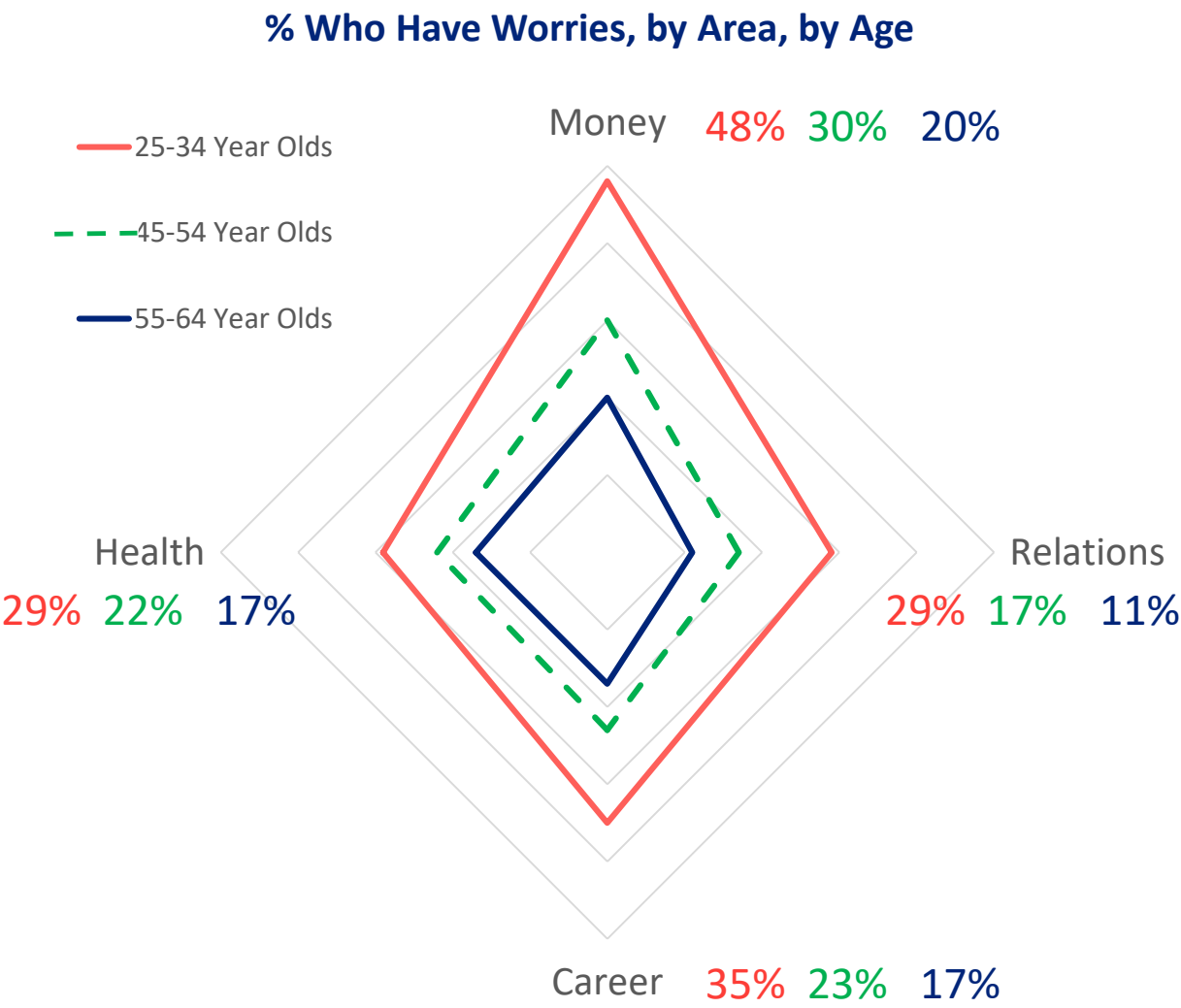


Employers are 'out of step' with millennials' priorities

Percent of Millennials who say....



As a result millennials have far more worries across all areas of life



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Millennials & Boomers Does it Help ?

- There are clearly differences between Millennials & Boomers
- Millennials are much more worried
- But not sure whether it really helps inform HR strategy/ policy
- It all depends on what problem you are trying to solve
- Does it help in the formulation of a Financial Wellbeing strategy ?

How difficult is it out there?

1. No of people in UK without £100 in savings

- A. 3.9million
- B. 8.1 million
- C. 12.6 million
- D. 17.0 million

2. The average amount of unsecured debt per household in the UK (as of Nov 2017)

- A. £1,900
- B. £3,450
- C. £5,900
- D. £7,600

3. Rep rate for a £4,000 personal unsecured loan from a high street bank for perfect credit rating payable over 3 years

- A. 6.2%
- B. 9.6%
- C. 12.3%
- D. 18.9%

4. Rep rate for a £4,000 personal unsecured loan from a high street bank for 'poor' credit rating payable over 3 years

- A. 9.6%
- B. 12.3%
- C. 18.9%
- D. 28.9%

How difficult is it out there – very difficult!

The Answers

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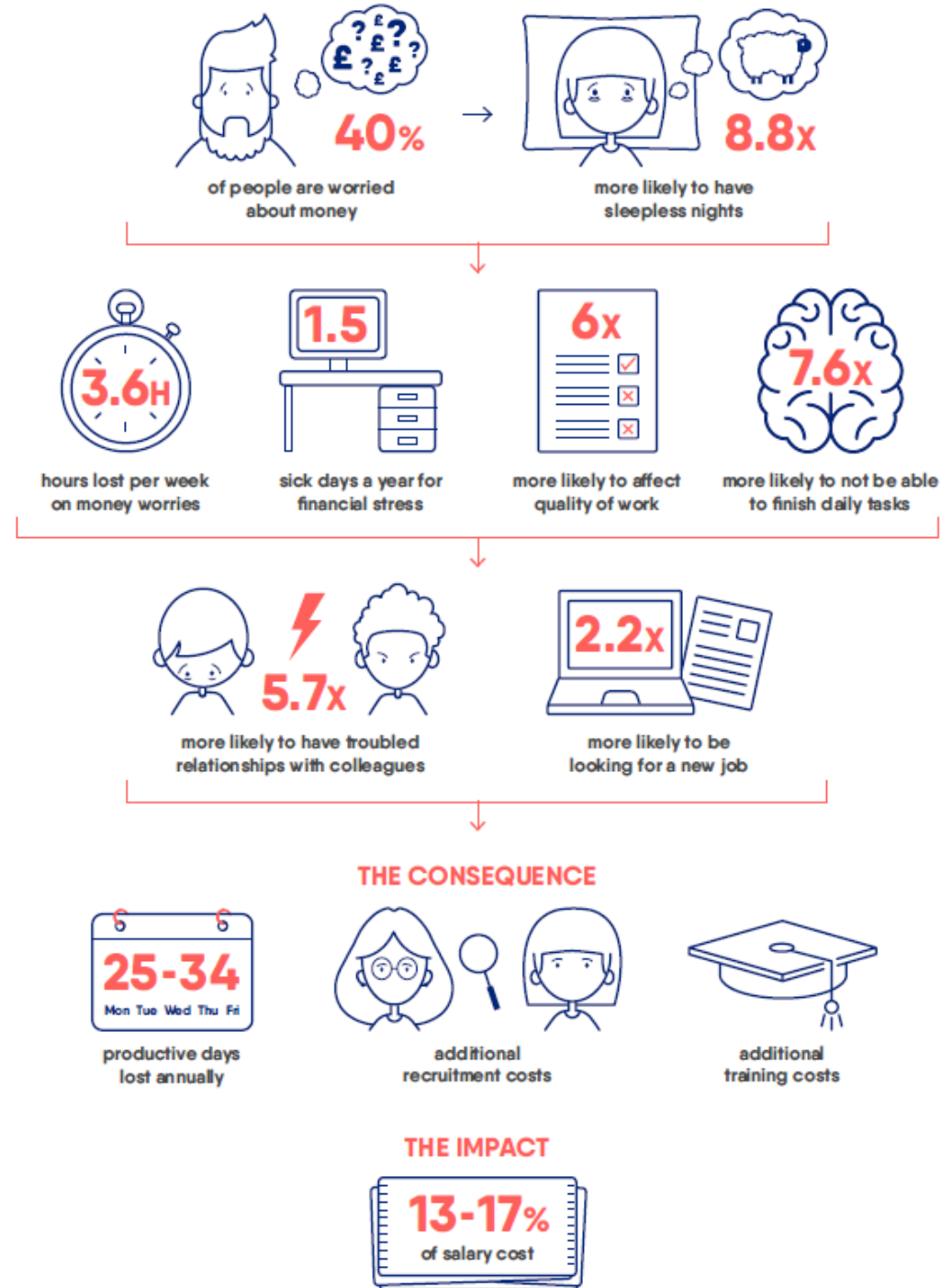
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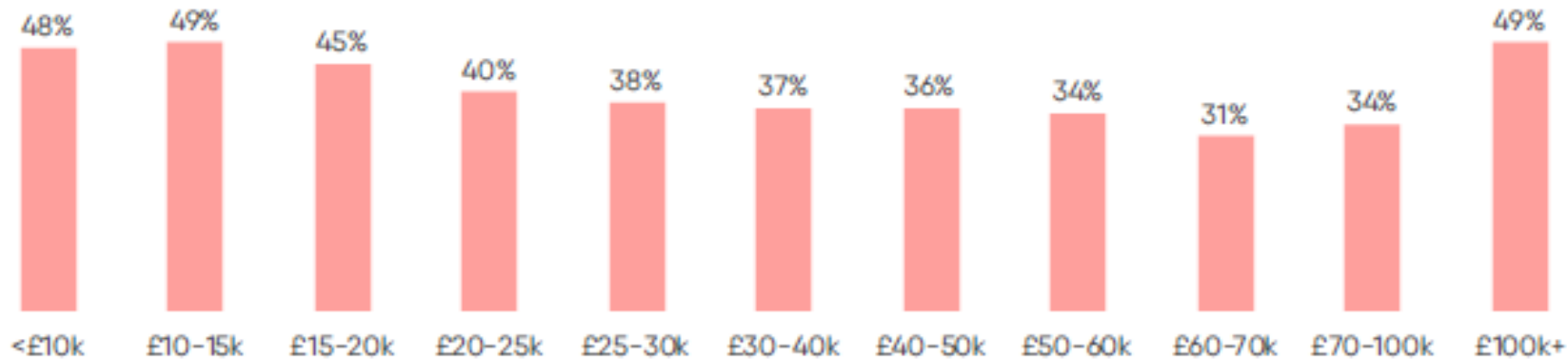
- A. 9.6%
- B. 12.3%
- C. 18.9%
- D. 28.9%
- E. None - you will not get high street credit**

The cost of poor Financial Wellbeing



Financial worries not purely a function of income

FINANCIAL WORRIES BY INCOME



Those with financial worries are:

3.8x

More likely to feel anxious and be prone to panic attacks

4.9x

More likely to be depressed and find it difficult to carry on with life

Financial Fitness Persona's

1: NOT IN CONTROL

Run out of money before payday, very likely to be reliant on payday loans and high-interest credit cards.

2: NO FREEDOM TO ENJOY

Not enough to spend on treats (eg nights out, clothes, holidays), have less than one week's wages in savings, somewhat reliant on payday loans and high-interest credit cards.

3: LIMITED COPING

Limited buffer, and difficulty coping with life's unexpected expenses (eg car repairs, boiler breakdown), have less than one month's wages in savings, reliant on credit cards and loans to deal with exceptional events.

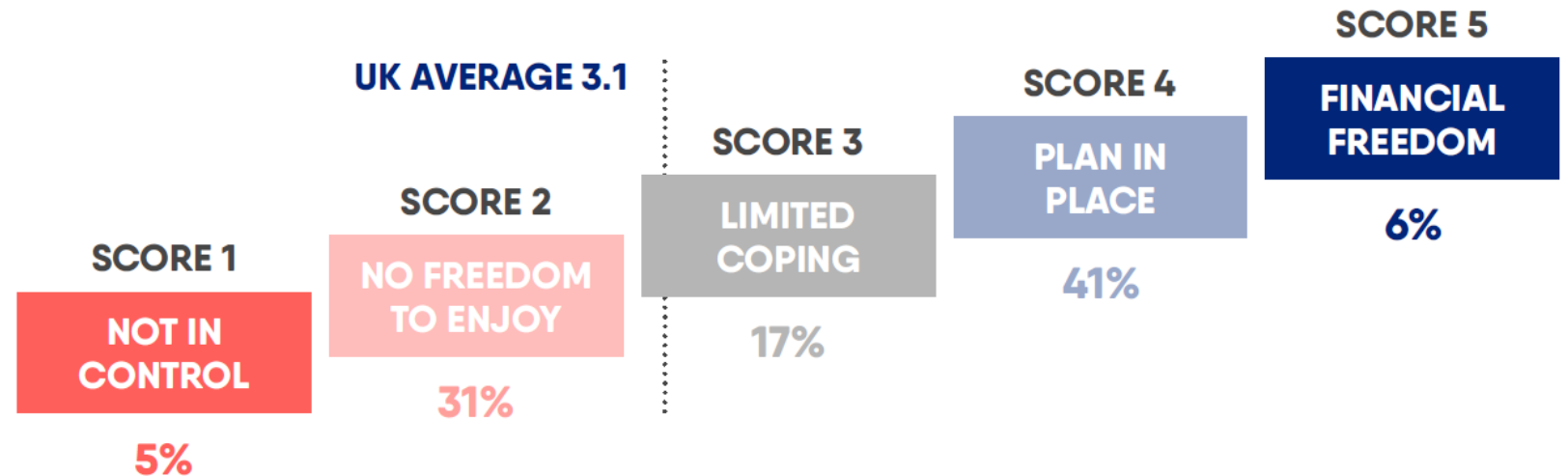
4: PLAN IN PLACE

Sufficient savings to cope with unexpected expenses and a plan to achieve long-term financial goals (at least two month's wages in savings, likely to be paying monthly credit card payments in full).

5: FINANCIAL FREEDOM

Finances are no longer a constraint on living the life they want.

% OF EMPLOYEES AT EACH FINANCIAL FITNESS SCORE



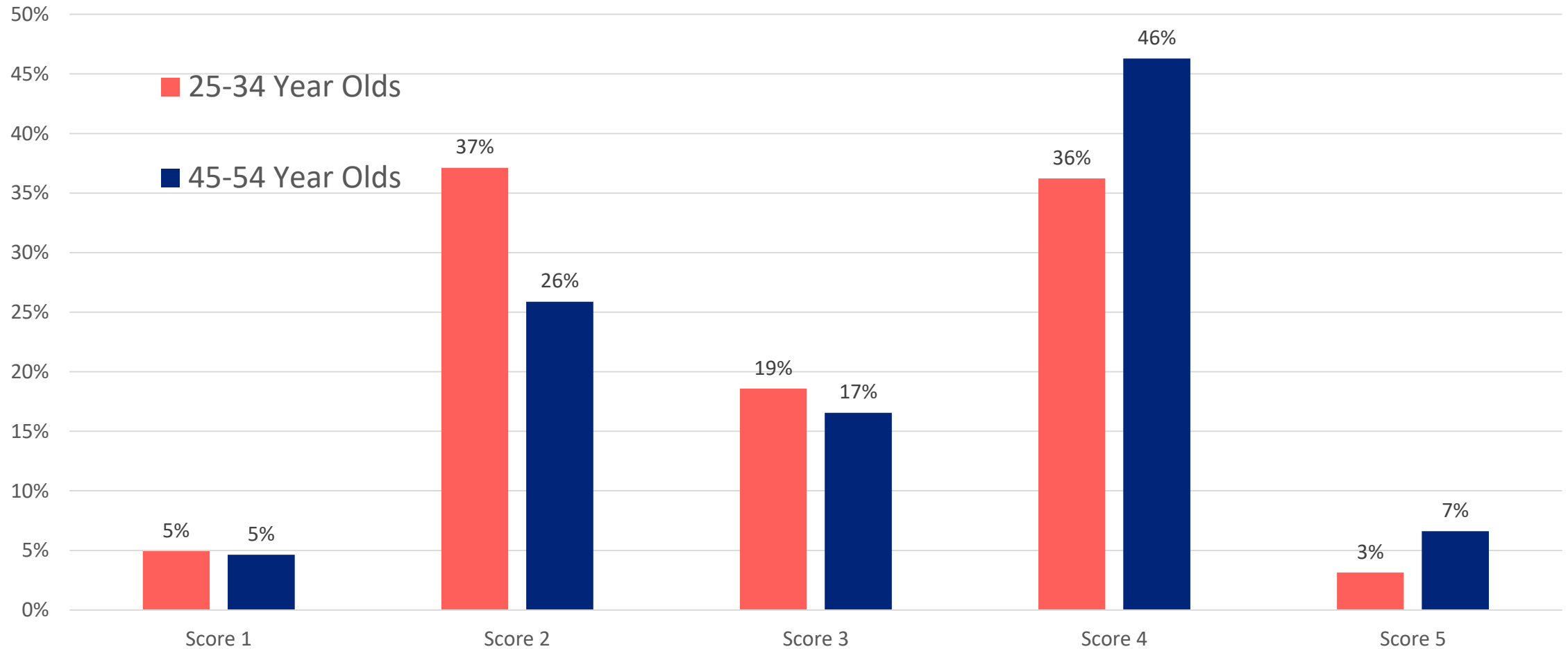
% OF THOSE WORRIED ABOUT FINANCES AT EACH SCORE



Source: The Employer's Guide to Financial Wellbeing: 2018-19

A tale of two worlds: The 2 & 4 Personas

Percent at each score level, by age



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The 'Language' of the 'Board'

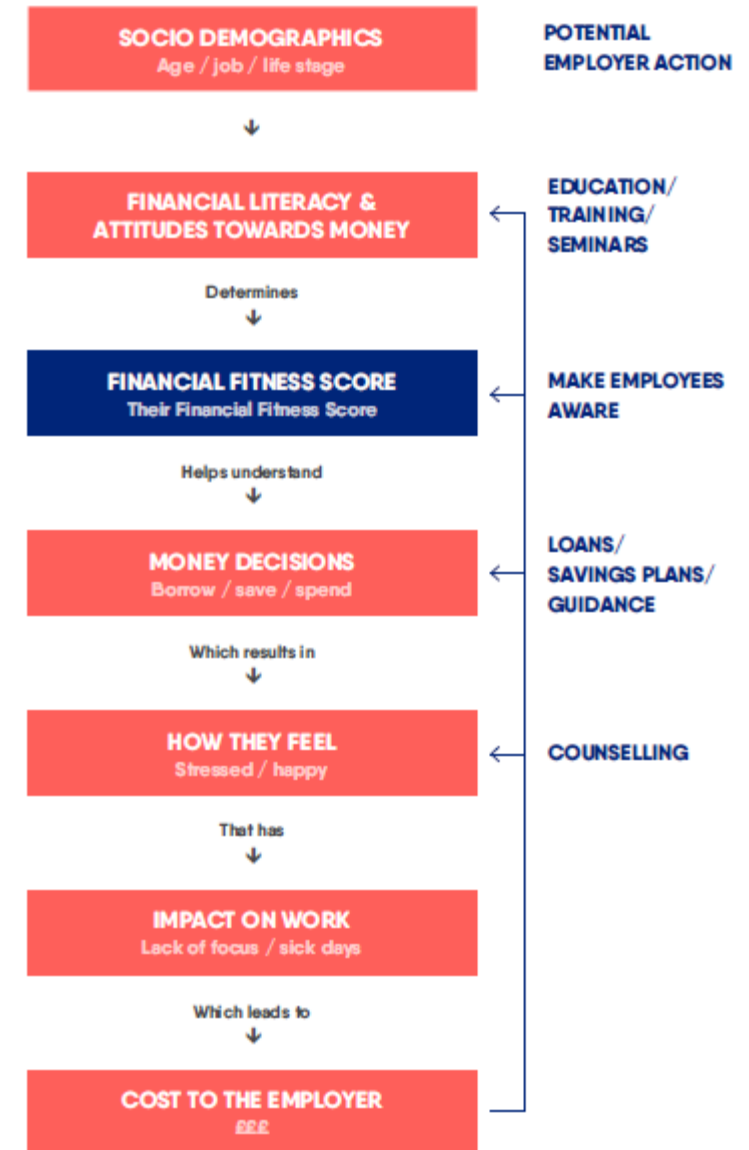
- Objective measurable KPI's
- Benchmarking
- Targets
- Actions linked to measurable results
- Cost/ Profit Impact
- ROI's



A way of reframing Financial Wellbeing?

- Employer's Financial Fitness Score, is the average of its employees
- The fitness score can be set as an objective KPI
- To benchmark against peers
- Determine which initiatives will have greatest impact, and ROI
- High fitness score employers will increase retention and find it easier to recruit

THE FINANCIAL FITNESS IMPROVEMENT TOOLKIT INTERVENTION MODEL



The Financial Wellbeing Product Offering Dilemma

High Impact
On Personal
Finances

Save/
Help to
Save

Loan /
Advance

Low Impact
On Personal
Finances

Financial
Education

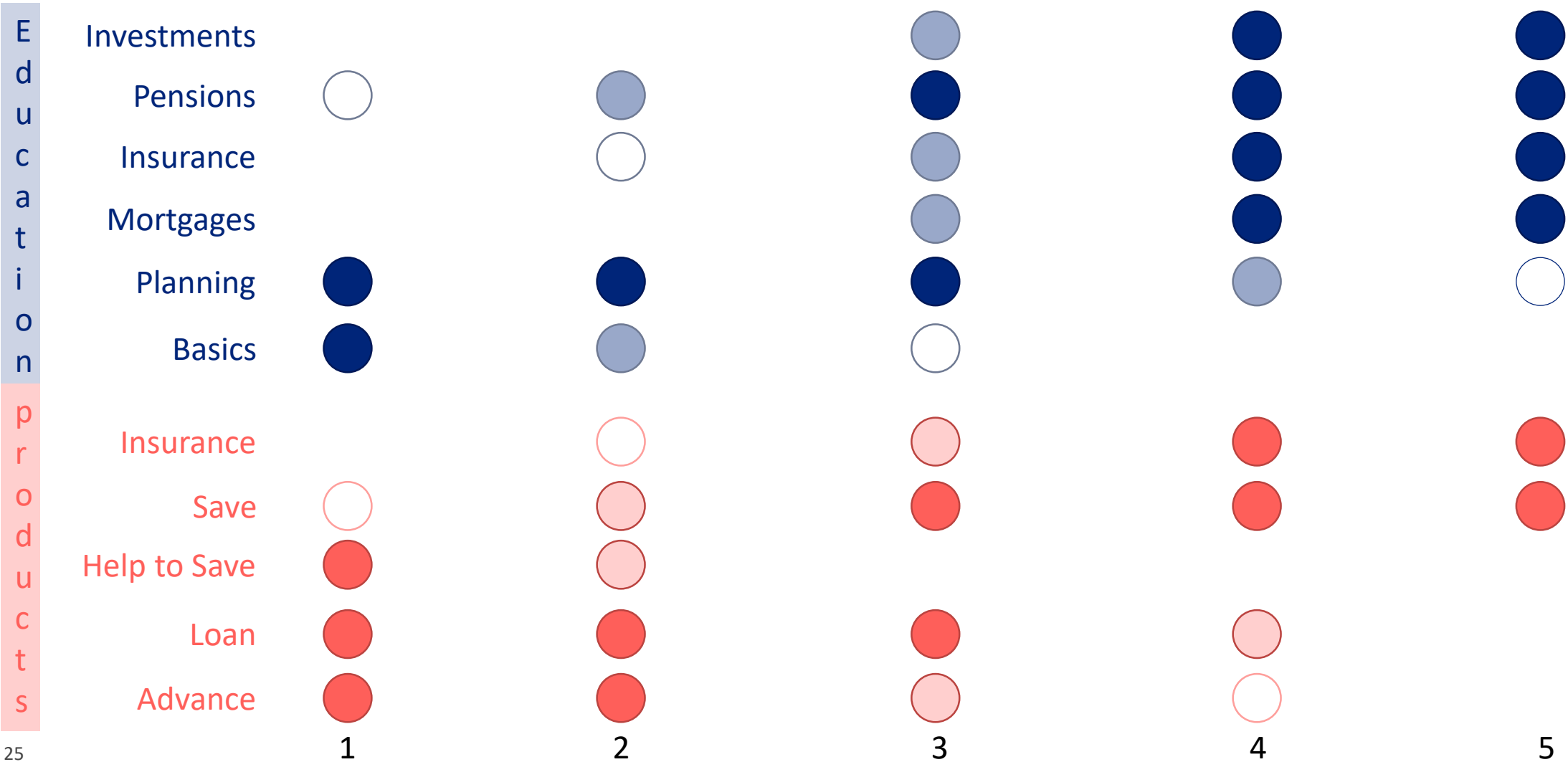
Financial
Fitness
Score

Years

Days/Weeks



Financial Wellbeing strategy needs to address the needs of all employees



Using Persona's to Communicate Taboo Subjects

CASE STUDY 1

Joe graduated six years ago with a student loan, is now earning £30k pa and lives in rented accommodation in London.



Joe graduated six years ago with a student loan, is now earning £30k pa and lives in rented accommodation in London.

Joe frequently runs out of money before payday. He is paying cash to his landlord, and goes out to eat most nights, often meeting up with friends.

He has taken out a number of payday loans to 'manage his cashflow', but unfortunately he is finding that he has less and less cash at the end of the month. He has a Financial Fitness Score of 1.4.

WHAT JOE SHOULD DO

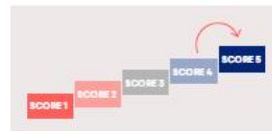
- Understand how to budget
- Contact Citizens Advice for personalised money help
- Build an emergency fund through automating regular savings
- Check his credit score and identify how to improve it
- Focus on improving his human capital (income earning capability) through skills training

WHAT HIS EMPLOYER COULD DO TO HELP

- Let Joe attend a short financial wellbeing presentation or webinar that explains money basics
- Provide access to engaging online financial education material and tools
- Offer salary-deducted low-cost loans
- Provide the facility to save in a deposit account via payroll deduction
- Support his training and development, possibly leveraging government financial assistance
- Signpost access to Citizens Advice Bureau

CASE STUDY 3

Rani has been working for a local authority since leaving school 15 years ago. She has a mortgage and three children at school. Her husband works as a delivery driver.



Rani has been working for a local authority since leaving school 15 years ago. She has a mortgage and three children at school. Her husband works as a delivery driver.

Rani and her husband are very good at planning. They look for the best holiday deals 6-9 months in advance. Rani starts her Christmas shopping in September and has also been known to go to Boxing Day sales for stocking fillers for next year.

They use price comparison websites to make sure that they are always on the lowest cost utility, phone and cable TV plans and paying the lowest costs for insurance. They have a Financial Fitness Score of 4.2.

WHAT RANI SHOULD DO

- Check her and husband's credit scores to see if either needs improving
- Review existing mortgage against the open market
- Make sure she and her husband have a will
- Ensure her death-in-service nomination is up to date and life cover and income protection is sufficient
- Investigate cost of making up for any gaps in service (from maternity leave) for defined benefit pension entitlement

WHAT HER EMPLOYER COULD DO TO HELP

- Make available generic money education insights and tools, including state benefits checker
- Send yearly reminders for death benefit nomination
- Offer a facility to increase death in service and income protection provision
- Remind her of the potential to increase pension benefits
- Offer access to a low-cost online will writing service and a panel of mortgage brokers/advisers
- Offer salary-deducted savings

CASE STUDY 5

Richard is in the process of getting divorced. He has moved out of the family home to live with his parents temporarily.



Richard is in the process of getting divorced. He has moved out of the family home to live with his parents temporarily.

In the process of seeking rented accommodation he found out that his credit history has been negatively affected by his estranged wife's financial behaviour since the breakup. He has always held a job and never missed a single payment on anything.

His Financial Fitness Score is 4.1. There is a danger that, if he doesn't resolve his credit score issue and start a fresh financial plan, he will see a drop in his Financial Fitness Score.

WHAT RICHARD SHOULD DO

- Contact credit reference agencies to advise the date he left the family home, so they can update his record
- Build cash savings towards possible home purchase deposit
- Create a new will to reflect post-divorce status
- Review financial position in light of divorce financial settlement
- Check tax code is correct
- Ensure his pension death in service nomination reflects his post-divorce status

WHAT HIS EMPLOYER COULD DO TO HELP

- Make available generic money education insights and tools
- Offer the facility for him to pay for personal financial advice fees of up to £500 per annum through salary sacrifice
- Offer salary-deducted savings
- Offer access to virtual money coaching or counselling service
- Offer access to a low-cost online will writing service

A Tale of Two Worlds

- Persona's are invaluable in understanding the issue, formulating and communicating strategy
- Financial Wellbeing is not all about generations, gender, education qualifications or pay levels
- Using the lens of 2's and 4's personas brings new fresh insight
- A financial wellbeing strategy needs to address the differing needs of both 2's and 4's
- A successful financial wellbeing strategy needs to be objectively measurable

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