# Smart devices are key to reaching smart millennials

**By Tom Murray, Head of Product Strategy, Exaxe.**

For years, there was a huge problem in the pension industry. People didn’t get interested in the idea of pensions until they were older and thereby missed out on the savings and employer/government contributions in the early years of their working life.

Finally, the UK seems to have cracked it. The latest figures from the Department of Work and Pensions give the amazing news that not only did over 80% of all eligible employees contribute to a workplace pension last year but that the number of millennials contributing was 78%. Given the pressures facing millennials in the primary areas of housing and their usually lower earnings as they are at the early stage of their careers, this is a tremendous result.

The rates increased in April to 3% for employees from 1% previously and to 2% for employers, up from 1%. These are significant increases and there were fears that once they were introduced, the UK would see a major rise in opt-outs, but that does not seem to have happened. It turns out that millennials are pretty smart.

Whilst one can quibble about the amounts being saved, the fact remains that auto-enrolment has been a huge success in terms of introducing people to the world of financial planning at an early stage in their working life. The key question now is how to build on that achievement so that the millennials are focused on ensuring their financial protection.

The issue here is the cost of engaging with them. Pensions have traditionally been linked with the employer and therefore nudging people to start saving for their pension via their place of employment makes perfect sense. However, encouraging people to buy other financial products to protect their financial lifestyle is more difficult and not necessarily the responsibility of the employer.

This essentially constitutes a whole new market, which is much younger and was previously out of reach of the financial services, due to a combination of a lack of awareness and a sense that their current financial situation meant that financial services were not an issue for them. However, this is a difficult to reach market as it comprises young people who are used to organising their life online.

Buying clothes, groceries, selecting utility providers, organising social events – the millennials are used to doing it all at the touch of a button on their smartphone. This is the generation who touch, tap or swipe their phones at least 2,167 times per day, according to research firm Dscout. Allowing for 7 hours of sleep, this averages to about once every thirty seconds. This is not the generation that would typically turn up at an office for a three-hour meeting with their financial adviser.

Financial planning involves the assessment of large amounts of data to assess the individual and devise a personalised plan for their unique situation. Getting people to fill out large forms has always been difficult, hence the approach of financial planners to have long meetings where people just answer questions and they take down the responses and input them into their systems. This then can form the basis for the assessment of the customers positions and future needs / wants and allows a personalised financial plan to be drawn up.

Automating this process is an attractive approach, as it does mean that the overall cost of delivering financial plans can be spread over a wide group of people and therefore it can be brought low enough to deliver to the mass market. However, many older customers balk at entering large amounts of data into an app or system just as much as they did at completing huge forms.

No so the millennials. Spending large amounts of time entering data is not a barrier for them, providing the apps are designed in a manner that is attractive to use. This opens the door to using the smart applications to reach this market and provide them with the financial planning services and products they need to protect and grow their future wealth right from the earliest stages. They are also more open to using voice apps to enter the data, thereby effectively re-creating the meeting process but doing so in a modern way that allows the customers to be in control of when and where they carry out the process.

Automated financial planning and advice will play a huge role in tapping into this market. The auto-enrolment results show that, when introduced to the process, the market understands the need and is willing to think long-term. Providers need to be gearing up their capability to reach this market via the smart-device driven environment that they inhabit in order to establish the long-term relationships that are key to managing financial resources over a life-time. Investment in smart-applications is vital to reach this market and the time to start is now.