

Overcoming financial inertia through customer engagement

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**Kiwi
Wealth.**

**Kiwi Wealth
KiwiSaver Scheme.**

About Kiwi Wealth



**Based in New Zealand,
100% owned by New
Zealand government
agencies**



**More than
192,000 KiwiSaver
members in
the Kiwi Wealth
KiwiSaver Scheme**



**More than
NZ\$5.0 billion funds
under management**

(USD\$3.7b approx.)

A photograph of two elderly people sitting on a wooden bench, viewed from behind. They are looking out over a landscape with mountains and a body of water. The image is overlaid with a semi-transparent green filter. The person on the left is wearing a light-colored jacket and a cap. The person on the right is wearing a light-colored top and a hat.

What is KiwiSaver?

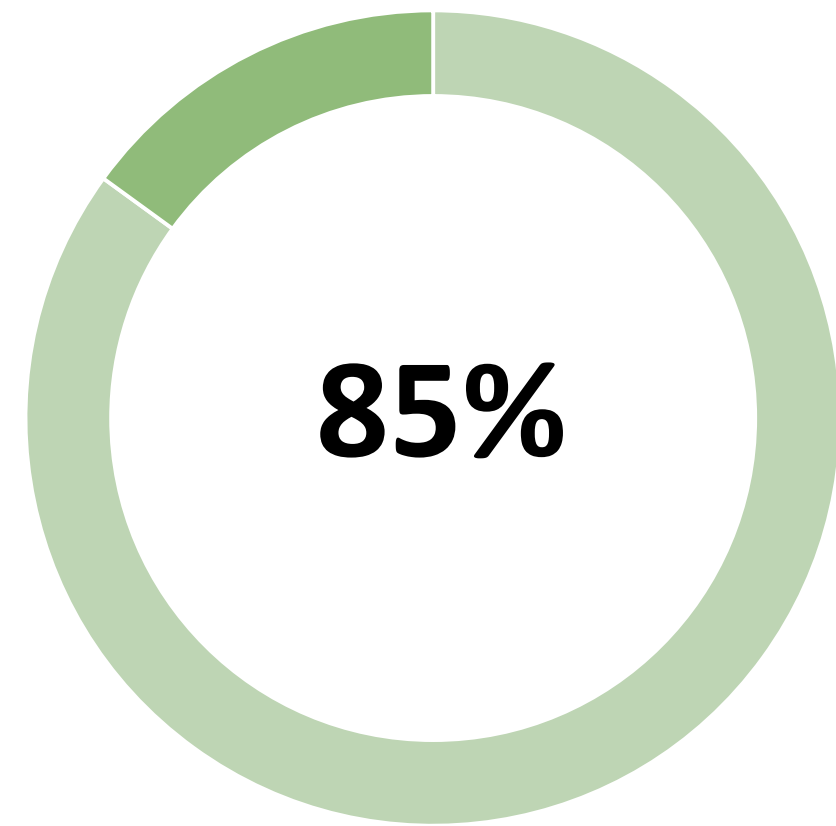
KiwiSaver is a voluntary, work-based savings initiative

KiwiSaver savings are made up of contributions to a member's account, plus or minus investment returns, minus any withdrawals, fees and taxes

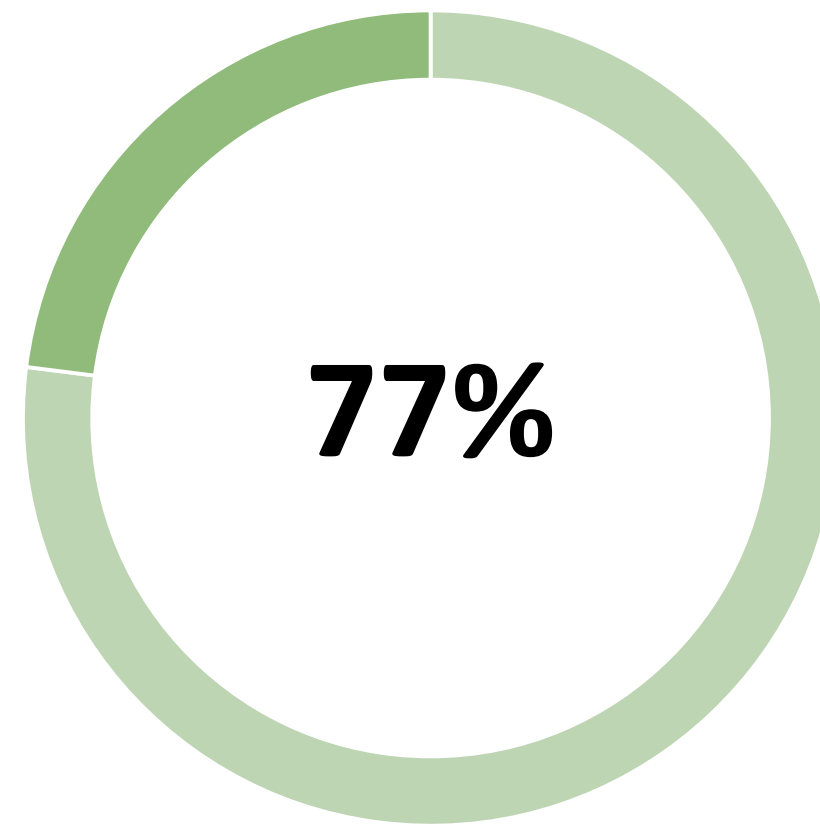
Most people enter the scheme when they are 18, and become eligible to get their money when they are 65 years old

More than 2.8m New Zealanders (of 4.7m total population) are enrolled in a KiwiSaver scheme

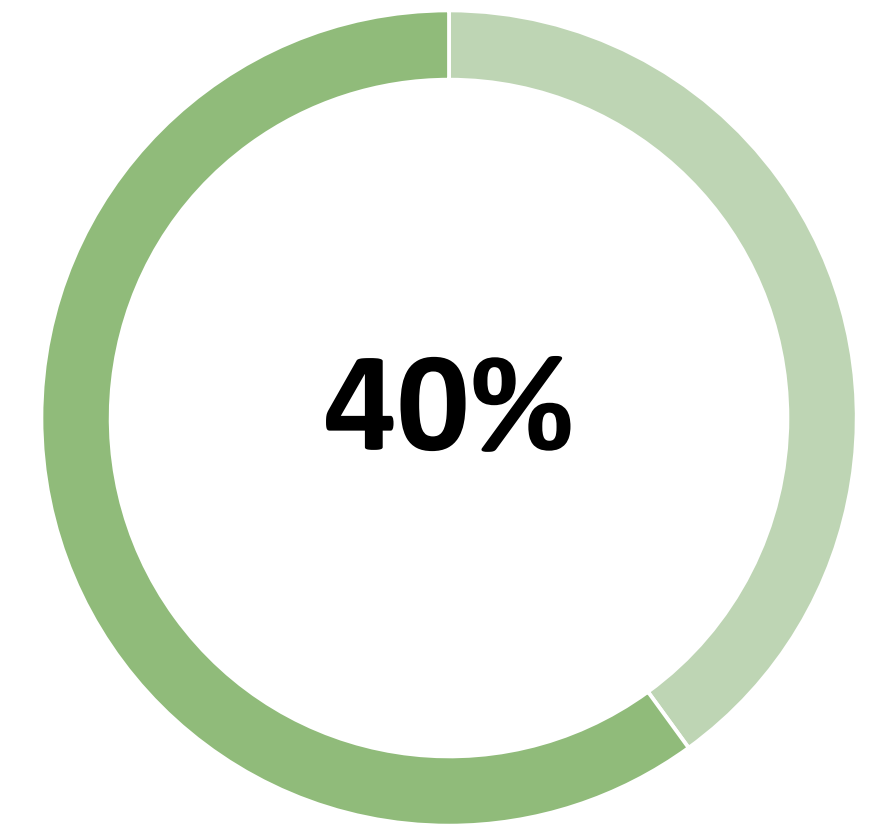
Why is there a need to improve customer engagement?



**of New Zealanders
don't use a
financial adviser**



**of New Zealanders
don't know what their
KiwiSaver could give
them as retirement
income**



**of members'
KiwiSaver funds
are in a "default"
fund**

What are the challenges to engagement?



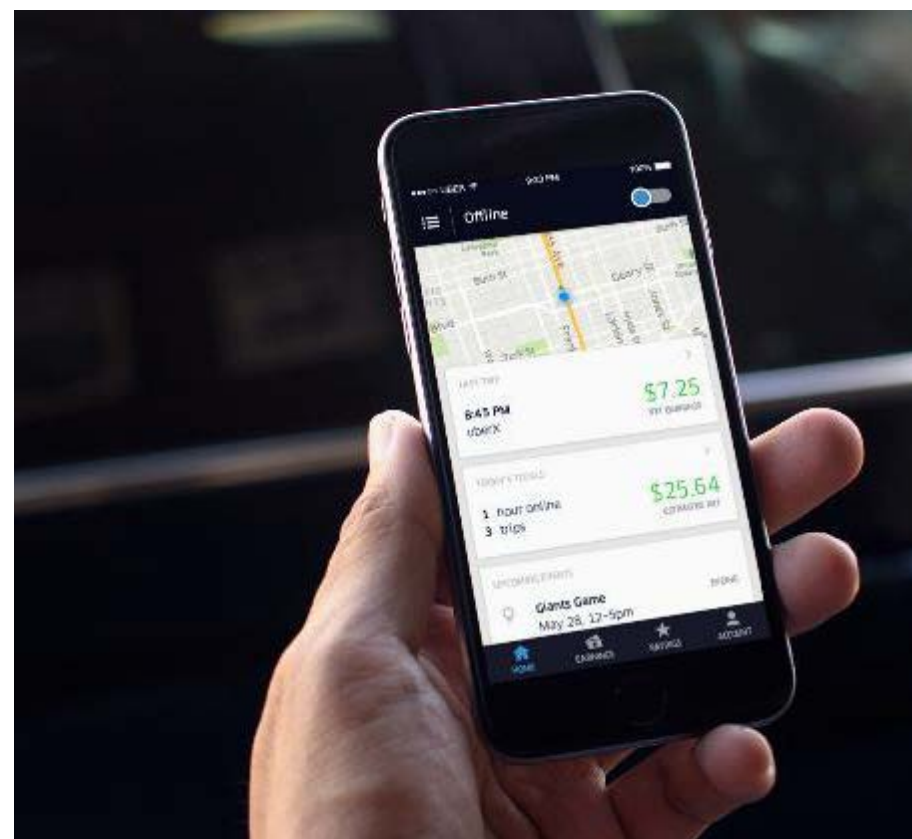
People just want to take action based on insights



Lack of confidence and knowledge



Competing with life's priorities

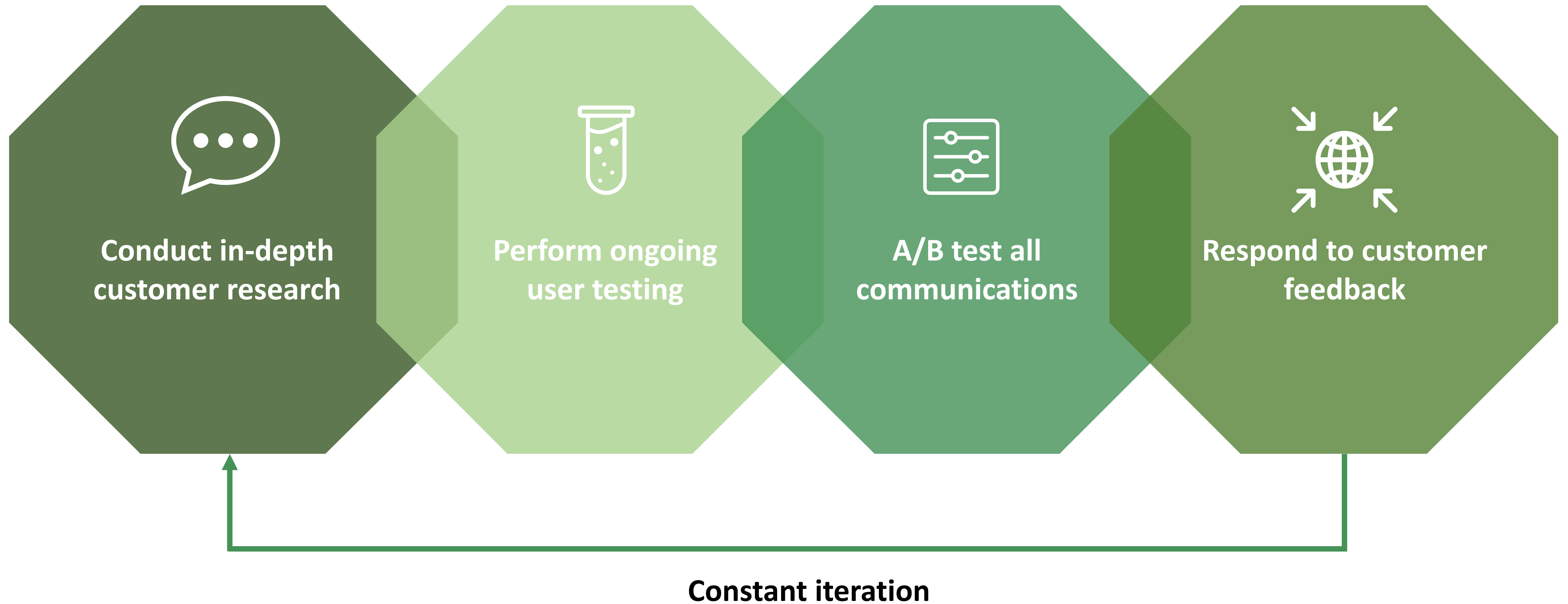


We are competing for attention



People don't naturally trust the financial services industry

What is our approach to improving engagement?





Five key lessons to improve customer engagement

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1. Show information in ways that customers understand



Insight

Show how a small adjustment to savings has a significant impact in the long-term



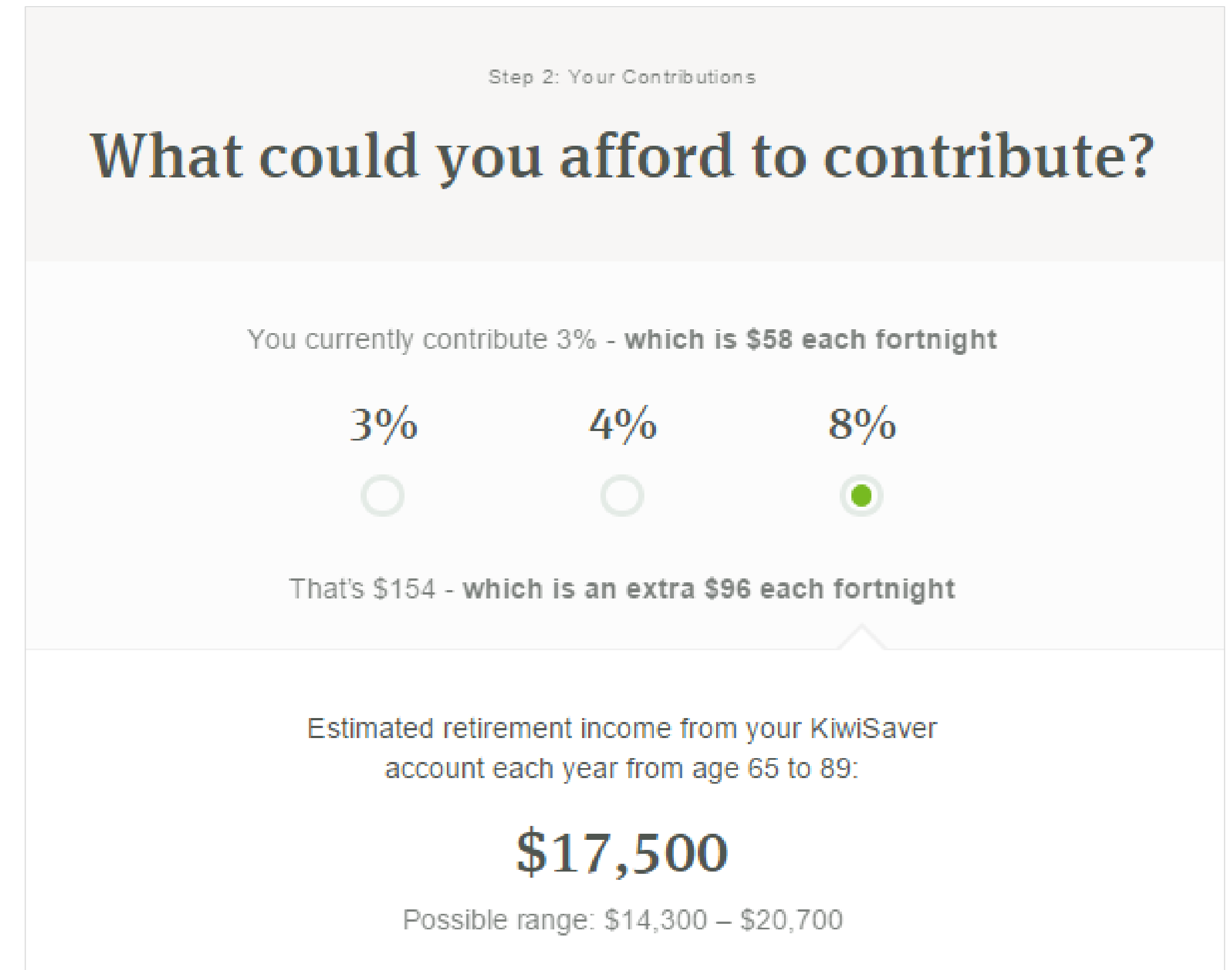
Lesson

Customers indicated they will make the extra saving if they're shown the impact a change can make



Result

Average contribution increases: \$3,300 per year, per member who implemented a contribution increase



2. Encourage action by making it simple



Insight

People are scared to take action because they are worried they will “break” their investment



Lesson

If options are presented – using simple design and language – there will be greater engagement




Result

Of those that were recommended they switch funds, 86% took action


The investment fund matching the selected timeframe and level of investment risk is:

Are you sure you want to switch from Conservative to Growth?



Conservative fund
Annual management fee: 1.00%

→



Growth fund
Annual management fee: 1.00%

It could take up to 10 working days for your investment direction to switch over. Minimum fees apply. Fees are not the only thing to consider when changing your investment direction.

No

3. Appreciate you won't get it right first time



Insight

In our original design, we found members weren't switching funds: we added a video that explained investment risk



Lesson

Listen to your customer feedback, and be prepared to learn and adapt




Result

Once video added, saw a 50% increase in members who switched

Step 1: Investment Direction

Understanding investment risk



Understanding what level of investment risk you are willing to take on will help to match you with the most appropriate Kiwi Wealth KiwiSaver Scheme investment fund. As a general guide when it comes to taking on investment risk:

- **Lower levels of investment risk** usually mean you should expect lower returns that are more consistent.
- **Higher levels of investment risk** usually mean you should expect higher returns that are more variable.

If you are looking for higher expected returns, you'll need to be prepared for a wide range of returns in any single year, including possible negative returns.

Generally the longer you have before you start making withdrawals from your KiwiSaver account, the more risk you can consider taking on.

Your tolerance for risk relates to how comfortable you are seeing a reduction in your KiwiSaver account balance and changing your investment direction into a less risky option.

4. People want to take action based on future-focused insights



Insight

Customers need to see and know what they're working towards



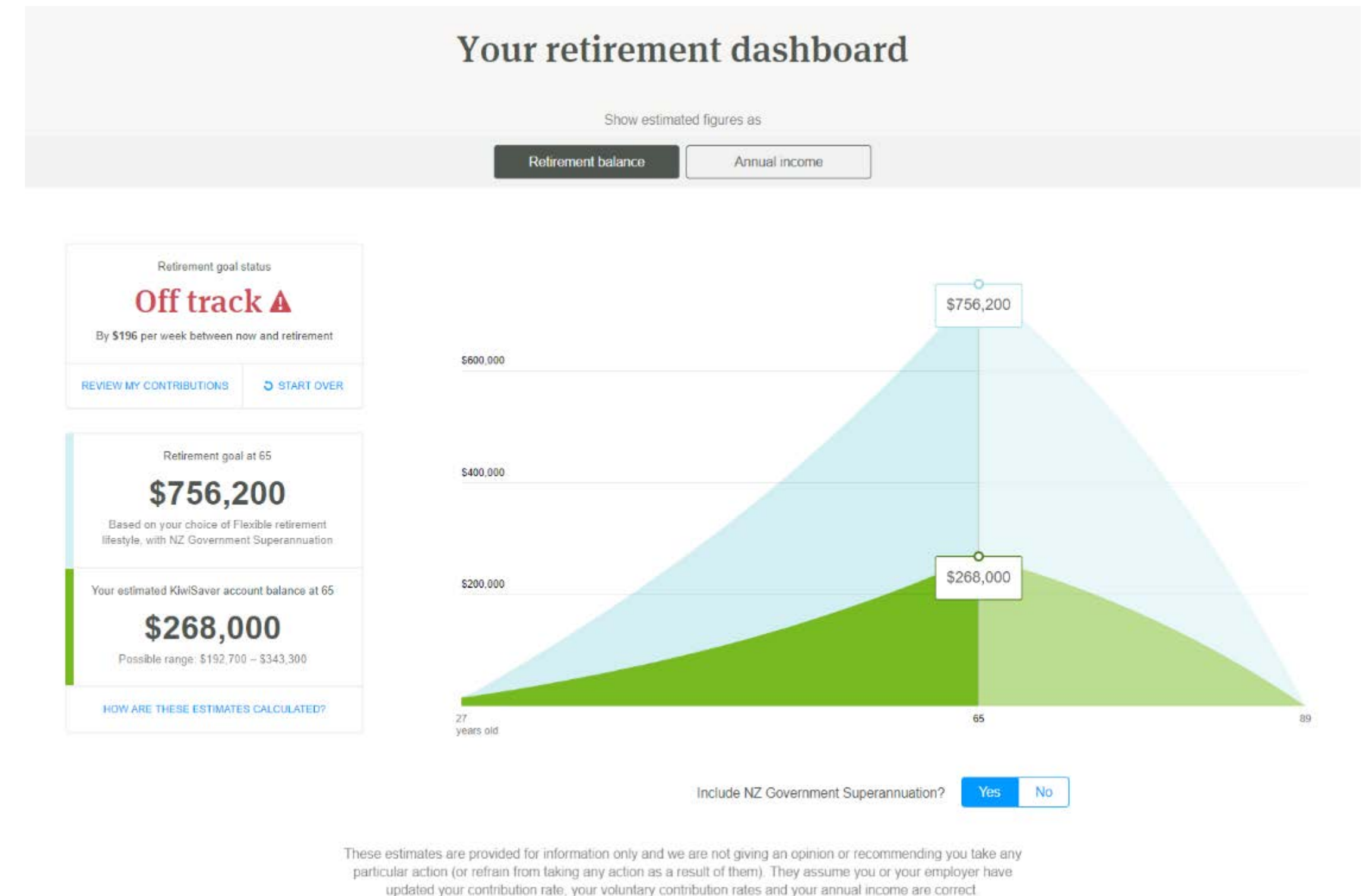
Lesson

Create a relationship between where they are today, and where they could be in the future



Result

Helped members to visualise how much they might need when they retire – and see whether they are on track



5. Incorporate behavioural insights



Insight

Engagement can be encouraged by using behavioural insights. Collaboration with Financial Markets Authority



Lesson

'EAST' model helped encourage engagement:

- Easy
- Social
- Attractive
- Timely



Results

- **Greater engagement:** a 47% higher switch rate out of default funds into an active choice
- **Greater retention:** 20% fewer members switching to another provider



1. Set up your online account

Go to www.kiwiwealth.co.nz and click on the Kiwi Wealth KiwiSaver Scheme login button (in the top, right corner of the page). Below is your temporary password. You will need to change this the first time you log in.

Username: ###USERNAME###

Temporary password: ###PASSWORD###



2. Choose how your money 's invested

Nine out of ten Kiwi Wealth KiwiSaver Scheme members have chosen how their money is to be invested. Now is the time to think about the future you. Your future lifestyle might depend on choosing the right investment fund, so make sure you pick the right one for your needs.

Our quick and easy online quiz at www.kiwiwealth.co.nz/risk-profile will help you choose which investment fund might be right for you. Log into your online account and click on "Change your investment direction" in the quick links on the right hand side.



3. Make sure we know who you are

Check your personal details are correct and update these online. Please give us a quick call on 0800 427 384 to verify your identity. This is something we're required to do by law and it takes just five minutes.

Our next steps



Continue design-led approach

Our feature roadmap continues to evolve based on customer reviews and feedback



Expand product mix

Add new financial products while incorporating new features



Incorporate robo-advice

We will enhance our digital proposition to provide personalised financial advice

Planning your retirement doesn't have to be a mystery

If retirement is racing up on you, it's time to take a look at the Kiwi Wealth KiwiSaver Scheme.

Our innovative online service helps you see how much someone like you might need, how much you could have and how making changes could make a difference. We give you the information you need to make decisions.

Thank you



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Select a retirement lifestyle goal

Pick a goal for your retirement and find out how much it might cost - or create your own retirement goal.

See your estimated retirement income

We tell you how much your Kiwi Wealth KiwiSaver Scheme account could give you at retirement every time you login to your member account.

Track and make changes on the spot

Review how you're tracking towards achieving your retirement goal - and make any changes to your KiwiSaver investment.



Kiwi Wealth is the issuer and manager of the Kiwi Wealth KiwiSaver Scheme. The Product Disclosure Statement for the Kiwi Wealth KiwiSaver Scheme is available at www.kiwiwealth.co.nz.