

Latest Trafalgar House Trust and Confidence Index results show industry has a long way to go to engage schemes and members with a digital pensions journey

Press release 16 September 2024

Trafalgar House, a specialist third-party pensions administrator, today announced the fourth batch of results from their latest Trust & Confidence Index*. Results so far show that whilst public trust in the pensions industry has increased for the fourth year running, up to 5.26 out of 10 (from 4.95), member confidence in retirement income has fallen from 31.7% to 30.9%. Whilst this is a relatively small drop, it marks an end to an increasing trend of people feeling they are able to meet their retirement needs and goals. Results also show that the most important factor for building trust with the public remains better communication.

This next batch of results reveals members' attitude towards pensions technology – a new focus for the survey. Whilst attitudes to online communications have been assessed before, this survey looked at making physical changes and decisions via a technological route rather than a traditional telephone, post or in-person path. Encouragingly, almost half respondents (49%) believe they would be happy to retire online to some degree – with 17.4% very likely and a further 31.6% fairly likely. For those who remained hesitant, the biggest reason was the desire to talk things through with another person, with 53.3% stating this as the most important factor. For those thinking that hard copy communications were on the way out, this is not so. A large 37.8% stated a preference for hard copy papers alongside any other form of communications.

Although becoming increasingly prevalent in many daily interactions, the pensions industry is yet to integrate new AI or chatbot technology into its communication processes. As such, members remain either non-committal or negative on this topic. Only around one in six people would be happy to engage with chatbots whilst interacting with their pension provider, whereas 38.9% would prefer not to use this technology and 24.4% will not use it at all.

Daniel Taylor, Client Director at Trafalgar House, commented: “Whilst the results definitely show there is a broader acceptance of technology beyond simple online communications, it’s also clear that a large proportion of members are not yet ready to say goodbye to older, more traditional ways of communicating, even if newer and more innovative methods are available. This is likely linked to the broader ongoing mistrust of the pensions industry. With people willing and able to complete other important life defining financial transactions online – such as mortgages, loans and investments – there’s no reason why pensions shouldn’t be the same unless it’s down to an underlying issue with the industry itself.”

Taylor added: “Digital innovation offers a promising avenue for achieving greater clarity and a significant portion of members are open to engaging digitally with their pensions, attracted by the enhanced speed and accessibility of online, mobile and interactive pensions. What’s also clear is that diverse approaches are vital, and the industry must continue to cater to various member needs – a single approach won’t work. Members want flexibility in the way schemes communicate and engage with them and to save and retire in a way that suits them.”

Taylor concluded: “Digital services not only integrate pensions into everyday financial management but also align the industry with already prevalent mobile banking and broader digital financial services. The support, or at least the interest, for improved digital tools is evident and its incumbent on us as an industry to leverage from that and to turn this to reality. A little less talk, a little more action.”

A final, summary release will follow.

(ENDS)

* The research, covering a broad spectrum of more than 2,000 people over the age of 18, was completed at the end of 2023. Conducted annually, the research seeks to understand how the British public feel about the pensions industry and aims to establish how much the industry is trusted, and what level of confidence people have that their retirement needs and objectives will be met by the pensions industry. Using a scale of 0 to 10 with 0 being ‘not at all’ and 10 being ‘a lot’, the public are asked to rate different elements relating to their pensions.

Notes to editors:

Trafalgar House is a specialist pensions administrator.

Founded in 2006, our mission is to set the highest standard of pensions administration by any recognised measure. We achieve this through sustained investment in our people, processes, and systems.

We started life as an in-house administrator. Our foundations are in quality and member experience. Since our creation, we have grown as a third-party administrator. Adopting technology and innovation from across the market, we have emerged as a business of administration experts.

We have offices in London and Farnborough, over 30 clients and 160 staff. We hold internationally recognised accreditations for quality, security, development, customer service and environmental protection.

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