



Date: 02 October 2009  
Article: Mobile Messaging

**ADMINISTRATION**

## Mobile messaging

New technologies have plenty to offer to pensions, particularly for member communications. Ensuring that they are robust, secure and usable is essential to their success says Maggie Williams

**Expert view**

### The future for benefits technology

Robin Hames of Bluefin looks ahead to greater communications

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New technologies have plenty to offer to pensions, particularly for member communications. Ensuring that they are robust, secure and usable is essential to their success says Maggie Williams

Pensions have rarely been at the cutting edge of technology, even compared to other forms of financial services. With the possible exception of third party administrators who employ the latest technical efficiencies for business advantage, most of the industry has been happy to embrace new technology at a more stately pace.

However, as defined contribution arrangements – whether GPPs, SPPs or trust-based schemes – look set to dominate in future, the challenge of providing members with quick, easy means of monitoring and interacting with their pension pots is set up perfectly for mobile phones and interactive online tools.

### Changing the landscape

The last few years have seen a boom both in the number of people using mobile phones and also in the capabilities of the handsets themselves. Devices such as the iPhone have provided designers and engineers with a good quality, comparatively large screen space to work with that is capable of displaying a wide range of graphics and text.

Robin Hames, head of technical marketing and research for employee benefits providers Bluefin says: "It's easy to forget how quickly the mobile phone market has developed. It took about 100 years for landline phone technology to reach across the globe and it's taken about 10 years for mobile technology to do the same."

Bluefin has been one of the first employee benefits companies to embrace the capabilities of mobile phones. It has recently added mobile capabilities to its Orbital online benefits system.



While most of the population may be familiar with mobile phones and even accessing the internet via their handset, Hames says that identifying exactly what scheme members will want to do with the devices beyond displaying relatively basic fund data is still at an experimental stage. Most commentators are agreed that, in their current incarnation, mobile phones are a good way of delivering quick overview information. But what lies beyond that remains to be seen.

For example, being able to carry out transactions – such as changing a fund selection – might be technically possible, but will members actually want to do that from a mobile phone? Nigel Hopwood, head of ebusiness at Hymans Robertson, isn't sure: "You have to ask 'why would people want to do this when they are mobile?' Choosing funds might be a step too far. It's potentially complicated and mobile technology is all about simplicity."

However, that may change in time. Research from telecoms analysts Juniper Research expects 816m users worldwide to use mobile banking services by 2011 – ten times the number that used similar services in 2007. And, where banking leads, pensions technology is likely to follow.

**But is delivering pensions details on a mobile phone appropriate for all schemes and members? Hames admits that Orbit has appealed initially to technology focused companies such as Yahoo and Carphone Warehouse, but that a broader set of companies are becoming interested– particularly those with staff who are not office-based.**

While mobile phones are widely available and offer a new means of engagement, other arguably less sexy technologies are advancing pensions behind the scenes. Straight Through Processing (STP), which enables information to be transferred electronically in a common format between systems and companies, can hardly be described as new – it has been in use in banking for decades. However, in a pensions context it is now enabling administrators of both defined benefit and defined contribution schemes to provide more efficient handling of member data. It also enables changes to fund ranges or personal details to be made at the click of a mouse.

From a DC member perspective, this could provide members with much more control over their own pensions, including making changes to fund ranges and contribution rates if they wish – and if the pension provider wants to allow them to do so. Benefits consultants Jardine Lloyd Thompson has recently launched BenPal, a new online tool that combines fund management functions with a range of visual tools that allow members to work through 'what if' scenarios for their eventual retirement and also provides a means of educating members about their fund options. "The idea is that people can 'touch' their pensions many times a year through BenPal," says Neil Pickering of JLT. Contract DC providers and administrators could provide BenPal as an additional part of their offering.

BenPal makes use of online capabilities that can loosely be grouped under the heading of 'Web 2.0'. The term encompasses a 'second generation' of internet capabilities focusing on features that allow users to interact with websites.

In addition to giving members greater facilities for exploring their pension options, Web 2.0 is also driving new product development. SIPP provider Gaudi is preparing to launch an online-only product in early October that will complement the company's existing SIPP capabilities. Clifton Melvin of Gaudi believes that the online approach will have wide appeal. "I think we are moving towards a generation of users that will do everything online. The big question is whether they will need face to face advice or not to make investment decisions."

While DC members perhaps have most to gain from advances in communications technology, trustees could also stand to benefit from a cutting-edge form of mobile data storage – the e-reader. Designed predominantly for the consumer market to download and store ebooks, Hopwood believes they could have commercial uses for pension schemes as well.

"Trustee meetings are driven by information packs inches thick. Those can be physically lost on paper, or left unencrypted on other storage devices such as a laptop. An e-reader could solve those problems by enabling trustees to download documents to a secure device." However, Hopwood concedes that this particular technology is not yet mature. "Colour and speed are still developing – but document storage is pretty much unlimited."

#### **Added extra?**

But do these new technologies offer any genuine value? New technology is all very well, but it only delivers true benefits if it is mature, secure and fit for its purpose.

With the exception of e-readers and more advanced mobile phones, most of the technologies discussed above fit the first criterion and most – STP in particular – have been proven in other areas of finance, enabling the pensions market to benefit from tried and tested strategies.

Scalability – the ability of a technology to handle being used by thousands of users performing many tasks – is essential to any mass-market application. Melvin of Gaudi sees this as a factor that has held back many systems in the past in the SIPP market. “Many SIPP systems are not that scalable. That is an important consideration if you want to be able to offer corporate SIPPs, for example. I can see that being a very big growth market, so systems need to be able to support that expansion.”

While members may not be concerned with operational issues such as scalability, they will certainly be conscious of the security and the usability of the technologies they are working with. In both of these respects, mobile communications are still in their relative infancy. **Des Matthewman, head of technology at Bluefin says that in developing the mobile version of Orbit, the company has adopted a cautious approach to security, both in terms of SMS messaging and information presented in a mobile browser.**

**“We are experts in employee benefits rather than technology. We are not going to push security boundaries with this,” he says. “The type of information we’d send via SMS is personal, but not critical. Anyone intercepting it probably couldn’t do much with it. We’d also send generic information about funds.”**

Mobile browsers operate on roughly similar lines to their internet equivalents security-wise. In the case of the Orbital platform, all the internet-based functions use the browser’s in-built security (HTTPS) and password protection. While those might be relatively secure, Bluefin has taken no chances. “We have steered clear of transactional elements for now in the internet browser – the mobile platform for those is still emerging,” says Matthewman. Such security concerns are also applicable, albeit to a lesser extent, with Web 2.0 tools.

However, even the most secure and scalable applications will fail if the people they are aimed at are unable to use them effectively. Understanding what tasks members will want to carry out with any new technology and designing them appropriately are as critical to member engagement as any paper-based document.