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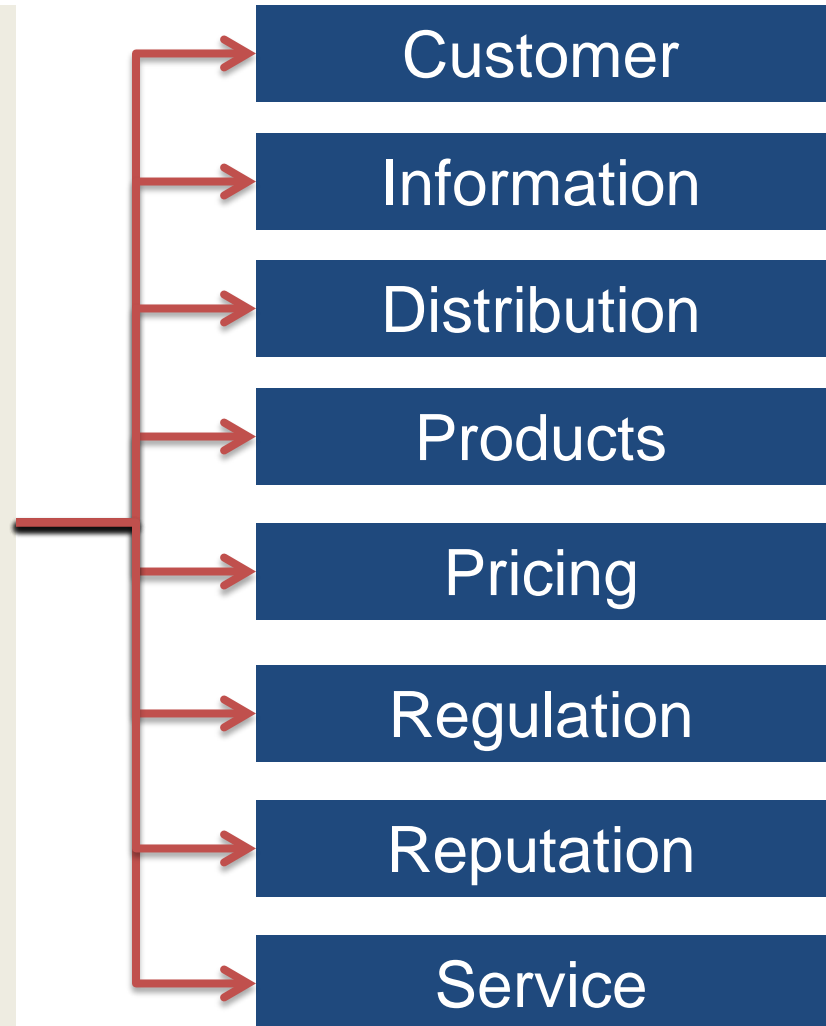
Evaluating Financial Literacy Interventions

Discussant

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Outline of response

1. Presentation of fees and charges can help people make cost effective savings decisions
2. Broker dealers and investment advisers are not easy to distinguish from one another
3. Payday borrowers have alternative options at the time when they take out a payday loan



Customer

Customer

Information

Distribution

Products

Pricing

Regulation

Reputation

Service



Responses to pension fee information varies by level of financial literacy (Hastings et al)

Financial literacy as a basis for service offering

How do you segment customers, practically, using financial literacy?

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Different ways of presenting pension management fees shape consumer choices (Hastings et al)

Adjust marketing & communication focused on gains rather than losses

Risk of manipulation?
How to deal with variation between segments of literacy?

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Distinction between services of investment advisers and broker dealers – investors are confused (Hung et al.)

Clarify titles, promotion materials, etc, but it points to simplicity of human nature!

What's the link to Hastings et al.'s financial literacy or segmentation?

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Consumers might not benefit from more choice (Hastings et al)

Consumers would like assistance with retirement planning (Hung et al.)

Streamlining the suite of products

Need for retirement planning is consistent with emerging megatrends

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Brokers should be required to disclose inducements

Consumers are unsure what they are charged for (Hung et al.)

Cost/benefit & alternatives to payday loans (Carter et al.)

Transparency & capping of cost & charges and fostering fee-based environment are emerging consumer protection laws

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Consumers understand little about legal distinction between investment advisers and broker dealers (Hung et al.)

Responsibility of transparency with providers

To what extent will regulation itself solve this problem?

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FS industry suffers from poor reputation, worsened by corporate scandals and financial crisis

Consumers look for Trust (Hung et al) and older customers in particular (Hastings et al.)

Reputation value of Top 10 European insurers is up to 50% (120bn EUR) of market cap!

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Consumers are largely satisfied with their finance professional

Personal relationships and accessibility is critical (Hung et al.)

Challenge of cost/margin pressure and online business model?

But, there is hope...!

