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CMSF 15

Gold Coast Convention & Exhibition Centre

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Rebecca James

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FOUR FUNDS LAUNCH CREDIT CARD

At least four major super funds including AustralianSuper, Cbus, HESTA and HOSTPLUS have joined bank ME in launching co-branded banking cards and a mobile bank app.

The banking app has been specifically designed to enable data to be aggregated, which will facilitate "data triggered" engagement with members. One of the cards, named Frank, has a competitive interest rate (9.99 per cent) charge and the other is a transaction account, which allows free ATM withdrawals from any ATM nationwide, and is called Buck.

Rebecca James, chief marketing officer at bank ME, said; "The amount of data triggers, what would work for industry

super funds, and what would work for us, would be huge. For example if someone opens their first bank account with us, what an amazing opportunity to cross-sell an industry super fund to that particular person. When they have their first child, we'll see it - they'll be using Frank, they'll be using Buck - and you can have conversations with them around increasing their insurance cover.

The information age is dead and gone. It's been replaced by the information economy, where computing power paired with data and communications is making amazing connections with consumers.

"Paying off the loan in six months? You could go out to them with a message

around increasing their contributions to super through salary sacrifice," James told delegates at the 'Building a Brand on Technology' seminar.

She added that a customers thirsts for experience over static transactions, and businesses are transforming themselves using data insights and digital capability in order to meet this new demand.

"The information age is dead and gone. It's been replaced by the information economy, where computing power paired with data and communications is making amazing connections with consumers," James proclaimed. "We have been very, very busy over the last four years dramatically transforming our business from a technology point of view. In fact the final phase of this technology revolution goes in this weekend."

Continued over



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Member perceptions of the main barriers in superannuation

- | | |
|---|--|
| 1 Being out of sight and out of mind | 2 Complex to set up |
| 3 A nightmare to consolidate | 4 Having little relevance to daily life |

James said that one of the biggest threats, according to what funds had told her in conversation, was the BT Super for Life account.

"I've heard varying stats about members who are leaving industry funds. 15 per cent to 25 per cent of members who are leaving are shifting their superannuation to BT Super for Life. These are pretty staggering numbers," she said.

When BT Super for Life was launched its proposition was that banking and super would sit side-by-side and customers would see that every single day. This would put superannuation top of mind each time customers logged into online or mobile banking.

"That simple side-by-side comparison was quite a revolution for us," she said.

Another crucial aspect was that data triggers have allowed banks to message customers at junctures when they were most receptive, for instance when they changed jobs or had six months left to pay off their home loan. At these points relevant products could be targeted to the customer, including encouraging them to change their super fund.

"We know they are eating our lunch. What are we going to do? Are we going to sit here and cry about it? What's the solution? What can we do together to solve that problem?"

James believes innovations that make the members experience easy and pain free is key, saying the thirst for applications and convenience consumers have was so strong even legislative barriers are not stopping startups up.

She cited several examples, such as

the taxi booking service Uber, where start-ups had cut the "pain points" from the business model and as a result taken a significant market share, adding that PayPal has 52 million active users because the banks "couldn't get their act together" and remove the "pain points" in online purchases.

She said that in a members view the four main barriers in superannuation were: being out of sight and out of mind; complex to set up; a nightmare to consolidate; and having little relevance to daily life.

"If your members are also banking with bank ME, we want to have discussions with you about how, when they log into their accounts they can see their superannuation balance. So we can start to get that relevance."

She added the way to get those data triggers, which Westpac and BT Super for Life seem to be sharing every single day, was by members using co-branded product, and also creating a third party entity that industry funds and bank ME shared.

"We need to create a third party entity that contains data. We will put all the transactional data that, as a group, is relevant for us in the way we do business. If your members are carrying these cards with your brand on them, we will be able to get that data. So we will know all the stuff that Westpac knows about its customers so it can promote its BT Super for Life product to them."

Over the past twelve weeks fourteen other funds have expressed an interest in joining the innovative scheme, which is to be launched in May. 



Zoe Heath, Luke Fraser and Megan Pham

THE NEXT GENERATION OF SUPER HEROES

AIST used its annual conference to profile three rising stars of super.

ZOE HEATH

CLIENT RELATIONSHIP MANAGER, FIRST STATE SUPER

Heath came through AIST's SuperGrad program and has been with First State Super for seven years. She is studying a master's of environmental management and sustainability, an area she believes to which superannuation will be increasingly exposed.

She told delegates: "We talk about the fiduciary duty to provide members with the best level of income that we can, but often we give little regard to what sort of environment they will be retiring in. Climate change is right there flashing. A lot of the readings come back that these sustainable investments are returning just as good, if not better returns. It seems a space super funds are shying away from."

MEGAN PHAM

CHIEF INVESTMENT OFFICER, AMIST SUPER

Pham, formerly of NGS Super and Mercer, advocates better communication with both members and government.

"We need to step up policies for best practices and as an industry to speak as one voice, to say we are here for the long time, that we are proactive. And we need to make sure we ourselves operate in the most efficient way, to provide the returns in the future and to take on the risks and volatility."

LUKE FRASER

RELATIONSHIP MANAGER, BUSINESS DEVELOPMENT AND DISTRIBUTION, QSUPER

Fraser is a founding member of AIST's young super network.

"Gen Y are pretty good at coming up with ideas. We have a few good ideas every day, the problem with that is they have another idea and the first one falls off the perch. One of the skills I'm developing at Qsuper is coming up with an idea and then being able to put together a business and plan and look at how that will roll out, and presenting that in a clear and succinct way to get people on board." 



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Kirill Eremenko



SUNSUPER'S RUSSIAN DATA SCIENTIST WOWS CMSF

Sunsuper's new data scientist wowed a large audience at CMSF with a case study of how predictive modelling helped successfully allocate staffing to achieve a member campaign to roll over legacy accounts.

Kirill Eremenko, a trained mathematician with a background in analysis at Deloitte, told delegates how Sunsuper has conducted five separate targeted member SuperMatch campaigns since 2013, but had encountered problems with response rates overwhelming staff allocated to process such requests.

In March 2014 it had a 27 per cent response rate to emails sent to 55,000 members which led to a 40 day backlog processing applications. The campaigns and the backlogs were also a source of tension between marketing and the processing centre for roll overs.

Prior to launching its August 2014 campaign Eremenko analysed the response rates to the March campaign. He found requests to roll over legacy accounts peaked eight days after the message was sent, that half of all requests came in the first 13 days and 80

per cent came in the first 31 days.

Eremenko said the first impulse was to increase the number of staff from 20 to 40-50 during the 12 busiest days, but that this was not a feasible option for Sunsuper or almost any other fund.

The optimal proposal deduced from the data was to split the August campaign into five separate sends over three weeks. This only needed 11 staff to fulfill and reduced the maximum backlog for each roll over request to three days.

This method was used for the August campaign which gained a 32 per cent response rate from messages sent to 65,000 members.

When Eremenko told delegates all funds had the ability to do such analysis from their data, he was asked what software he used. He revealed that for the database he used Oracle's SQL software and to display graphs to help visualise the campaign he used Tableau software. 

SPONSORED EDITORIAL

WHAT WILL INVESTORS WANT IN A DECADE?

What will investors want more of in 10 years, in 2025? asks Ian Perkins, acting head of BNP Paribas Securities Services.

When we asked CMSF and AIST members we found the main factor that will influence their selection of investments and managers in the future will remain returns. Two-thirds (66 per cent) said it was of high importance and a third (33 per cent) of respondents said it would remain of moderate importance.

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This continued focus on returns was followed by an expected increase in attention on:

- New investment ideas (52 per cent said it was of high importance – more than one answer)
- Risk management and reduction (49 per cent)
- Better data and analytics (45 per cent), and
- Reducing volatility (39 per cent)

Investors today are noticeably more risk averse than they were a decade ago. Will they still be so in 2025? Our poll found that just over half (56 per cent) believe investors will continue to have similar risk aversion in 2025. A fifth (20 per cent) expect investors to be more risk averse, with a slightly lesser number (16 per cent) expecting less risk aversion.

The research – presented at the CMSF conference – identified several additional trends that will undoubtedly impact investors, economies, markets and the industry.

These include:

- Demographics, especially the ageing population
- Technology developments (58 per cent)
- Regulatory change
- Market volatility, and
- Business changes.

As a result of these trends, we expect more institutions to use increasingly sophisticated approaches to better manage the risk-return profile of their allocations. Institutional investors, for example, will increasingly want to see what risks one manager takes compared to another for the returns generated. Volatility weary investors will increasingly want to better understand how much risk is being taken to obtain performance. We expect this will see new risk-return measures developed.



Ian Perkins is acting head of BNP Paribas Securities Services Australia and NZ



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CAPTURED



Ellen Fanning: The Secrets to Digital Success



JP Morgan's best dressed, Benjie Fraser with Henry Capra



Women in Super



TAL know how to make connections



In depth with bank Me



Maree Pallisco from Ernst & Young with Chris Porter MTAA Super, Paul Watson HOSTPLUS and Leeanne Turner MTAA Super



Claims excellence treats each member as unique

Our strategic claims management process with timely lodgement, best practice occupational rehabilitation and immediate screening ensures each member gets the right type of attention, faster.



Michael Dwyer, Neil Cochrane and Peter Collins



The perfect pick-me-up



Some of the sweetest things about CMSF



Geoff Brooks taking directions from Comminsure



The ultimate fashion accessory



Left to their own devices



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We believe a personal approach with a direct pathway through triage, assessment, and our team of specialists delivers a better claims experience for the fund, employer and member.

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HOW TO IMPROVE BOARD GOVERNANCE

An international advisor on governance, strategy, risk and leadership gave delegates a high energy presentation on how trustee boards could improve their effectiveness.



Steven Bowman

Steven Bowman, managing director, Conscious Governance, roamed the auditorium wearing a lapel microphone, cajoling delegates to implement his ideas for better governance based on his experience of working with other boards in the not for profit sector.

THE OPTIMAL WAY OF RUNNING A BOARD MEETING

Bowman's main message was that each item for a board agenda should be linked to one of the fund's strategic goals. He urged chairs to rigorously enforce this, partly as a means of preventing "personal gripes that go on for ages" from individual directors. Such a policy would also mean that agendas should not have an item labelled as "any other business".

"If your strategic plan is 4-5 goals over the next five years, then the main reason to meet is to monitor these goals," he said. "This is the way a board meeting should be structured. This will force trustees to think that next level up."

An additional idea was for boards to invite an external stakeholder, such as the chief executive of an employer that contributes to the fund, to attend every second or third board meeting to present for 20 minutes on two to three strategic issues affecting their industry and what the implications for the fund might be.

Bowman said this would help trustees think outside of what they already know, or what they think they know. The stakeholder could also be a member of the fund's management, he said.

Boards should then question if their strategic plan was robust enough to deal with the observations they heard.

In answer to a question from a delegate, Bowman said board papers should ideally arrive five working days before a board meeting was held.

USE YOUR VISION STATEMENT FOR EVERYTHING OR REWRITE IT

Bowman described vision statements as ways for boards to assess the future and he bluntly told delegates such statements could be split into two groups; those that worked and those that did not. The best ways of assessing if a vision statement was not working, was if it was not being used constantly, he said. Bowman urged for such statements to be used "shamelessly" to help with decision making from anything from evaluation of providers to hiring of new staff.

A quick survey of super fund websites to find such statements by Bowman prior to his presentation led him to observe: "You guys suck at putting these on websites." He concluded that if vision statements were not being used sufficiently, then they should be ruthlessly ditched and rewritten.

REPORTS TO THE BOARD SHOULD BE WRITTEN TO EMPOWER QUICK DECISION MAKING

Reports to boards should present analysis, the choices that trustees can take on the report and the impact of any decision taken on the fund's strategic goals. Bowman said this would allow much faster decisions.

He gave the example of presenting a balance sheet to a board as a document for approval. He said such a document would ideally have in place the acceptable and the unacceptable positions for each of its key figures and a comparison with how far they had changed from the previous year. This would allow the board to focus on the strategic implications not the detail and make the role of a finance audit committee even more important.

"This is how we can change the culture of the board and move it to the next level," said Bowman.

He added that often directors have problems in knowing the right questions to ask and that such reports would enable them to think more strategically on each of the options presented to them and was one of the quickest ways of improving governance.

"This is how we can change the culture of the board and move it to the next level"

HOW TO REVIEW STRATEGIC GOALS

Bowman advised boards to carry out an annual review of the relevance of the fund's strategic goals. Such a meeting should ask five questions.

- 1) To ask the chief executive how the strategic goals were progressing.
- 2) To ask what goals were not working.
- 3) To ask what was missing from the strategic goals.
- 4) To collectively ask what they could do about this.
- 5) To determine what needed to be added to the goals.

He suggested that such meetings could form part of a new trustee's induction process. 



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DO YOU MEET THE BENCHMARK?

NEW INDUSTRY STANDARDS FOR OCCUPATIONAL REHABILITATION

In response to elevated claims levels, many group insurers are adopting innovative approaches to claims management in order to reduce pressure on claims costs and ultimately improve life insurance sustainability as well as the lives of claimants, says Nat Cameron.

In July 2014, AIA Australia announced its response to the issue through an independent study into the life insurance rehabilitation and return to work process. The study revealed six principles that insurers should adopt to deliver better results for superfunds, businesses and employees engaging in return to work (RTW) programs. The six principles include:

WORK IS GOOD FOR HEALTH AND BUSINESS

Understanding this philosophy will assist people to recover at work, encourage early claim notification and early intervention, and save employers money. Life insurers should aim to influence earlier notification of claims and/or encourage employers to act within the optimal time frame.

SCREENING: PART OF A STRATEGIC CLAIMS MANAGEMENT PROCESS

Having an operational model that has strong linkages between claims

management activity and rehabilitation is essential. This involves clear protocols for referral to internal rehabilitation staff and for referral to external occupational rehabilitation providers.

CLAIMANTS ARE SUPPORTED AND EMPOWERED

Encouraging customers to resume normal activities, including work, are effective in optimising RTW outcomes.

SUPPORT THE RIGHT INTERVENTION AT THE RIGHT TIME

Understanding the claimant's circumstances and expectations with respect to their capacity to work following an injury or illness as soon as possible is important.

COMMUNICATE, COLLABORATE AND EDUCATE EFFECTIVELY

Collaboration with the RTW stakeholders (employer, doctor, healthcare providers, family, other) is important in setting and aligning expectations and achieving the best outcome.

FOCUS ON OUTCOMES

For the individual life insured, appropriate outcome measures are captured and used to evaluate the effectiveness of the occupational rehabilitation services provided.

When implemented correctly, the benefits of employee rehabilitation aren't just limited to the employee getting back to work and to a full life faster. The results show that it can help to improve claims management right across the industry by reducing the duration of claims, reducing the pressure on costs for life insurers, super funds and employers. It is a true win-win-win situation.



Nat Cameron is chief group insurance officer with AIA Australia

MOTHER'S DAY CLASSIC TO ELECT BOARD

Women in Super is to create the first ever board for the Mother's Day Classic to ensure optimal governance of the event

Women in Super has created a list of nominees for the first ever board of the Mother's Day Classic.

The board will be in place before this year's fun run and walk on May 10.

The Women in Super board has put forward the following nominees for the Mother's Day Classic Foundation board.

Lorraine Berends (BT Financial Group), Anne-Marie Corboy (Utilities Trust of Australia and Netball Australia), Louise Davidson (MDC Chair), Janet de Silva (AIST), Heather Gray (Hall & Wilcox),

Sharon Morris (MDC CEO), Nicole Osborne (PricewaterhouseCoopers), Catherine Wood (WIS National Chair).

In creating the board, Women In Super will be recognised as the founder of the trust and its key office holders will be included on the board.

Mother's Day Classic has raised \$24.3 million for breast cancer research since the event launched in 1998. Its next sponsored fun run and walk in more than 100 locations around Australia is on Sunday, May 10.

The event is running its Boardroom

Challenge again, where teams – often corporate based teams – compete to raise the highest sums.

Sharon Morris, chief executive of Women In Super said participation in the Boardroom Challenge is a great way for businesses to gain extra exposure due to the high amount of traffic the Mother's Day Classic website receives.

"It would be great to see super funds putting forward their CEOs in the Boardroom Challenge, or to create their own corporate fundraising team," she said. 📧



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DIRECTORS PERSONALLY LIABLE FOR CYBER-ATTACKS

Directors can be held personally liable for destructive cyber-attacks, but super funds are complacent about the mounting threat, a cyber security adviser said in a session entitled 'The anatomy of a hack'.

Carl Woernle, cyber security advisor at Deloitte, said the chief executive played a critical role in combating attacks and that it was vital the board understood the threat, as a "cyber-attack on a company may result in its directors being held personally liable under the Corporations Act for failing to discharge their duty to act with due care and diligence".

Prior to his role at Deloitte, Woernle was the chief executive of Distribute IT, which had a 10 per cent market share of .au domain names. A cyber-attack destroyed his business in a few days which had been profitable and growing with a positive cash flow.

"We had hackers, rather than stealing our data, deliberately bring down our structure. Within three days of the attack starting our clients started to bail. Three days destroyed nine years of building the business," Woernle said.

He said that attacks were common and growing in sophistication.

"I had 30,000 clients and on average five of them a day were being destroyed by hackers."

The best way for funds to defend themselves was to "prepare, prepare, prepare". Woernle said plans need to be made in advance so that funds are ready to deal with a major event. Once a plan

has been developed it needs to be tested by a third party as would more accurately simulate the situation and the need for crisis response.

Monitoring the dark web – the portion of the web that cannot be found using search engines and houses such infamous sites as the Silk Road – is a vital part of defending funds against cyber-attacks as it allows resources to be intelligently and efficiently deployed.

"Funds have limited resources and the scatter gun approach, where you try to cover everything, spreads you too thinly and makes you more vulnerable. Having that intelligence allows you to target the way in which you respond."

Another key is avoiding tipping off hackers that their presence has been detected with knee-jerk reactions, such as pulling out computers and shutting down networks. If a hacker is in a system they could have been there for months and have multiple access points.

Closing down access of one of these points will encourage the hacker to implement their plan of attack and dramatically decrease the time available to respond to the threat. Additionally, knee-jerk reactions remove vital components needed for forensic analysis and diminishes the ability to mount a legal case. 



Venue

The Gold Coast Convention and Exhibition Centre was opened on June 2004. It will be host to the Harlem Globetrotters in June and in the past few months it has welcomed the FMX & Monster Truck Spectacular and the Tattoo Festival. In 2018 it will be one of the major venues for the Commonwealth Games. 



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AIST BOARD CHANGES

Louise du Pre-Alba has joined the board of AIST for 2015 as a fund staff representative director.

Gerard Noonan, Michael O'Connor and David Smith were re-elected as trustee

representative directors, while Graeme Amott has been re-appointed as a staff representative director.

Two members leaving the board are Danielle Press and Sue Gould.

FINAL WORD

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