Time for Transparency
Andy Agathangelou
Founding Chair
Transparency Task Force


Time for Transparency
...and the important part that the actuarial profession can play
How did the Transparency Task Force start?

- A very special meeting at Senate House, University of London on 6th May 2015
Some useful experience of working in groups

23rd September 2010:
• Association of Member Nominated Trustees

16th January 2014:
• Friends of Automatic Enrolment

2nd May 2014:
• Pensions BIB
(British Computer Society, HMRC, British Application Software Developers Association)

6th May 2015:
➢ The Transparency Task Force

2nd November 2016:
• The Technology Task Force

20th June 2017:
• The Interoperability Steering Group
(CMA, TPR, BEIS, UKAS, ICO, Digital Cabinet Office, BSI, DWP, PASA, Southampton University, SBC Systems)

25th September 2018

About THE TRANSPARENCY TASK FORCE

• We are the collaborative, campaigning community, dedicated to driving up the levels of transparency in financial services, right around the world

• We believe that higher levels of transparency are a pre-requisite for fairer, safer, more stable and more efficient markets that will deliver better value for money and better outcomes

• Furthermore, because of the correlation between transparency, truthfulness and trustworthiness, we expect our work will help to repair the self-inflicted reputational damage the financial services sector has been suffering for decades

25th September 2018
About the Transparency Task Force

Our Strategy for Driving Change is all about bringing together two groups of people:

#1, those with a sense of passion & purpose about what needs to be changed;

#2, those with the power & position to make change happen

We do this in many ways, for example through our Transparency Symposia; and through our Special Events

Here’s three very good examples of our Special Events:
12th September 2016 at the Houses of Parliament:

“The first Transparency Strategy Summit in the World”

‘The primary purpose of the first Transparency Strategy Summit in the world is to begin to build consensus on the best way to protect the interests of the UK’s pensions-saving public through full disclosure on all the costs and charges they are paying but not being told about’.

26th June 2017 at the Houses of Parliament:

‘Launch of the TTF Banking Team’s White Paper on Current Accounts’

‘Sensible recommendations about the lack of transparency around charges for Free-If-In-Credit personal current accounts’
7th February 2018 at the Houses of Parliament:

‘Ideas to help reduce the chance of another Global Financial Crisis”

“A special meeting at which we presented our White Paper on the topic and initiated the launch of a new All Party Parliamentary Group on Financial Stability”

About mission

• We believe the financial ecosystem is profoundly important to the wellbeing of society, the global economy and political stability; but there’s a great deal wrong with it that needs fixing

• Our mission: “To help Fix Financial Services so that consumers are treated fairly, by harnessing the transformational power of transparency”
What is helping to fix?

- Hidden costs and risks
- Opportunistic opacity
- Opportunistic obfuscation
- Opportunistic complexity
- Short-termism
- Insufficient client-centricity
- Harmful incentive structures
- Miss-selling
- Asymmetries of information
- Regulatory Capture (USA?)
- Scams and scandals
- A ‘profit before principle’ mindset
- Conflicts of interest
- Financial instability
- Malpractice; lack of market integrity
- Routine reputational damage

The Trust Deficit

How is helping to fix those problems?

- Our approach is to raise awareness of what needs fixing; “to shine a light into the darkness”
- The transformational power of transparency has been known for many years: “Sunlight is said to be the best of disinfectants; electric light the most efficient policeman” - Louis D. Brandeis; Other People’s Money and How the Bankers Use It, 1914
- Transparency can be transformational because of the correlation between
  - Transparency
  - Truthfulness
  - Trustworthiness
- Therefore, if we want our sector to be trusted we need to be transparent
How is Transparency Task Force helping to fix those problems?

• …and we do want our sector to be trusted – the UK’s savings ratio has hit a record low; just 4.9%; the lowest since records began in 1963
• Is the lack of trust contributing to the low savings ratio and if so is it helping to store up systemic, toxic problems for the long term?
• What does the worst case scenario look like 10, 20, 30, 40, 50 years from now?

Key Insights from the 2018 Edelman Trust Barometer

• An annual global study in its 18th year; 28 countries; 33,000 respondents
• Bad news: UK is a poor 24th out of 28 in terms of general levels of trust
• More bad news: The Financial services sector scores a very, very poor 15th out of 15 (i.e. last) in terms of general levels of trust
• But some good news: “There is renewed trust in experts, notably technical experts, financial analysts and academics”.
  – Perhaps people are hungry for credible information they can rely on in the “fake news” era?
  – If so, the actuarial profession has a very important part to play…

So what can the actuarial profession do to help?

- The actuarial profession is trusted; your scientific, academically robust way of thinking and working is highly credible; that’s important in a distrusting world
- Your future purpose could include becoming ambassadors of transparency, truthfulness and trustworthiness; you can help to “bring the truth”
- Your knowledge and insight could be extremely helpful right now with a major issue the pensions and investment industry is wrestling with…
- Can you rise to the challenge to describe, define and disseminate the critically important notion of “value for money”?
  - Is “value for money” *not* in the “too difficult to deal with box” for the actuarial profession?

Let’s *candidly* explore some of these issues:

- How would you describe the levels of trust in financial services as a whole?
- What do you suspect might be the underlying causes of that?
- What could be the worst-case scenario 10, 20, 30, 40, 50 years from now?
- To what extent is this “bigger picture” issue something the actuarial profession should be interested in?
- Is the time right for the actuarial profession embrace a “higher purpose?”
- What can the actuarial profession as a whole do to help?
Value for money…

- Can the Institute and Faculty of Actuaries help to define value for money?
- How would you go about defining value for money?
- Would it be worthwhile for the IFoA to pick up on this question and lead the way in this space?
- AOB?