Time for Transparency
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Transparency Task Force
Time for Transparency
…and the important part that the actuarial profession can play
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 reputational damage the sector has been suffering for decades.
About the Transparency Task Force teams of volunteers

• The Costs & Charges Team
• The Market Integrity Team
• The Financial Stability Team
• The Banking Team
• The Scams & Scandals Team
• The Foreign Exchange Team
• Team PISCES (Purpose, Impact Investing, Sustainability, Corporate Social Responsibility, Environment Social & Governance, Socially Responsible Investing)
• Team PAM (Progressive Asset Managers)
• Team APAC (Asia Pacific)
• Team Americas (North and South America)
• Team EMEA (Europe, Middle East and Africa)
• Team GTI (Global Transparency Index)
• Team AE

See: https://www.transparencytaskforce.org/teams-of-volunteers/

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✓ 300+ valiant volunteers in 18 countries, mostly the UK
✓ Organised & mobilised into 13 teams
✓ Small groups of people working together
✓ Subject-matter experts ‘that want to stand up, not stand by’
✓ Building consensus on how to solve known problems
✓ Not just ‘a talking shop’
✓ One or more campaign objectives per team
About the Transparency Task Force 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 by harnessing the transformational power of transparency”
What is the Transparency Task Force 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
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

If we want our sector to be trusted we need to be transparent

…and we do want our sector to be trusted – the UK’s savings ratio hit a record low in 2017; 4.9% - are we storing up systemic, toxic problems for the long term?
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…

Key Insights from the 2018 Edelman Trust Barometer

Top 5 Factors decreasing trust in financial services companies

• #5 Difficulty addressing problems
• #4 Not responsive
• #3 Unwanted selling
• #2 Confusing products/services
• #1 No product/cost transparency

➢ How can we provide data in a clear and intelligible way that such that it enables the kind of informed decision-making that is absolutely critical for generating good outcomes?
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 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?

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