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Technology and innovation – using technology to better communicate on pensions and engage individuals with their retirement saving

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Our challenges

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26 years of GPF

Positive returns: 24 years (Max 16.51%)
Negative returns: 2 years (Max 5.17%)

Our challenges

1. **Selective memory:** losses are more often and damageed my saving a lot. I lose more than half.
2. **Default:** Compulsory contribution 3% + 60:40 default invesment choice.
3. **Inertia:** ignore or postphone considering other investment choices.
4. **Risk averse:** Can't accept loss. Happy when the risk level is 0, even in exchange with 0 return.

Members's Insight: Investmet choices

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You can't lose our money.

Our challenges

1 **Selective memory:** losses are more often and damageed my saving a lot. I lose more than half.

2. **Default:** Compulsory contribution 3% + 60:40 **default invesment choice [80%+]**

3. **Inertia:** ignore or postphone considering other investment choices.

4. **Risk averse:** Can't accept loss. Happy when the risk level is 0, even in exchange with 0 return.

Pension Members' insights

I don't know and don't bother to know:

- what GPF is doing,
- that GPF has **investment choices**, choices **differs** in risks and potential returns, Investment returns can not be positive every year,

I'm not going to do anything, you do everything you can to grow our money, period.

Up Only

Members's Insight: Voluntary Contribution: Session 3

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Monthly Pension	GPF Pension	Voluntary
70%	3%	+1-27%
	3%	
	2%	

B1: why would I need to save more?
B2: I don't like that my salary be deducted? I don't have much left. (debt & low salary)
B3: I preferred co-op saving. Good and yearly return.
B4: GPF don't always make positive returns. How could I be sure that you won't lose our money?

Drawback of our Default Option:

1. **Default 3%** contribution ▶not enough retirement amount
2. **Default 60:40 investment choice** ▶not adequate risk for young & too much risk for near retire

** GPF law states that no less than 60% must be invested in safe assets, the opposite allocation to world pension funds that invest only 30-40% in safety assets. To amend the law on this issue is an impossible mission. To get members to change choices are easier.

Side story: Glide path of New Default "Life Path Choice"

- **The objective of default investment strategies is to maximise the level of retirement income paid to default members under a number of constraints:**
  - **Parameters of the arrangement:** contribution rate, contribution period, fees, tax rules, pay-out options
  - **Uncertainty regarding future retirement income:** financial risks, labour market risks, demographic risks

➡ **Trade-off between downside risk and upside potential**

- Shifting from a conservative to a life-cycle investment strategy for the default option is in line with international best practices
- Life Path uses a mix of 4 funds (EQ65, EQ35, EQ20, MM) and covers 17 different asset classes
- Stepwise linear decline with age
- New Life Path being determined using OECD framework assessing 54 different glide paths
- 2 candidates with higher risky exposure than current glide path demonstrate higher performance in terms of risks and returns

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Underlying Beliefs

- **Financial literacy** takes time and proven unhelpful in 'retirement planning' (save more for later etc.)
- **Investment literacy** is even more complicated. It can cause negative side effects i.e., **Loss aversion more, confidence more to over** (a sense of confidence > actual understanding] leading to error in decisions, **Nervous more** (jumping on and off between risky and riskless choices), **Eager to gain more** (change plan to maximize opportunities, even the result is increase in risks) etc. / alibi from members study during the fluctuation of returns in 2022.
- Most decision makings are **emotional** rather than **rational.**
- Decision of pension members are '**goal-directed decision**', we have to manage the equation strategically.

Goal-directeed decision = **Cost** + **Effort**

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Digital Twins

- No financial literacy needed
- No investment literacy needed
- Simply compare 'Your self' with "Your wish" and "Your Defined ambition : DA)

Goal-directeed decision = Cost + Effort

510 bht/3 Grandes

600 bht/ Hours

Financial Cost: voluntary contribution on the average is 520 THB.

Mental cost:

- Cost of losing opportunity.
- Cost of optimizing GPF less than peer.

"Compare and Compete"
"greed and fear"

Concept of Digital twins

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My wish: Your wish on investment choice and voluntary contrituion.

My DA: Tell me what choice do I have to choose and how much do I have to contribute if I want to have xxx by the year I retire.

My Wish

+2%

Voluntary*

MY WISH

VS

Yourself
80% default

VS

MY DA

My defined ambition.

You are here.

Voluntary?

+1-27%

Proof of concept and Prototype research

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Homepage: confused to click through, confused priority

- **Mascot:** Lack of human touch and link to retirement issue.
- **Spoken language:** Happy with conversation-liked
- **Contents:** Nothing interests me.

- **Layout** comparing between My GPF VS My Wish and My DA: don't reflect any comparision
- **Name** My GPF 'ok', My wish (?), My DA (?????)

Why do you tell me my own salary?
Why my personal details are here?
What does total in account means?

Salary
11,180 THB

Total in Account
30,000 THB

Contribution Layout: Nice but lack info on amount to be deducted.

Naming

New Menu	My Self	My Wish	My DA
GPF Wealth	Wealth Me	Wealth Choice	Wealth Goal
My Pension	My Self	My Wish	My Goals
i-Pension	i-Plan	i-Choose	i-Choice
GPF Plus	Plus Me	Plus Choice	Plus Goals
Digital Twins	My Self	My Wish	My Desire
My Retirement Goal	My Retirement Money	My Trial Adjusting	GPF Helsp Me Adjust

My Digital Twins: My Twin1 and My Twin 2

"Compare and Compete" "greed and fear"

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Launched in January 2023

Your existing amount.

1 ตั้งเป้าหมาย

Your target. (Expense /month.)

GPF calculates + inflations.

2 My GPF ประมาณการเงิน กบข. ในวันเกษียณ

My GPF (your exising plan + contribution would not meet the target.)

3 My Twin 1 ลองปรับอัตราการออมเพิ่ม และเลือกแผนการลงทุนตามใจคุณ

My Twin 1 (Meet your target.)

4 My Twin 2 ทางเลือกวันเกษียณที่ดีกว่า ตามเป้าหมายที่คุณตั้งไว้

My Twin 2 (Meet your target.)

5 เปรียบเทียบประมาณการเงิน กบข.

อันดับที่	รายการสมาชิก	จำนวนเงิน
1	มากที่สุด	8.87 ล้านบาท
2	มากอันดับ	8.74 ล้านบาท
3	มากอันดับ	8.73 ล้านบาท
55	My Twin	4.97 ล้านบาท
60	My Twin	4.81 ล้านบาท
653	My GPF	3.19 ล้านบาท
1,739	น้อยที่สุด	1.81 ล้านบาท

ค่าเฉลี่ยของกลุ่ม* 3.24 ล้านบาท

*จากกลุ่มสมาชิก จำนวน 1,739 คน ซึ่งเริ่มเป็นสมาชิก กบข. ใน พ.ศ. 2552 และจะเกษียณอายุใน พ.ศ. 2589 และมีเงินเดือนในช่วง 30,001-40,000 บาท จากข้อมูลล่าสุด ณ วันที่ 6 ธ.ค. 2565

Your peer may get two times more.

My twin 2

My twin 1

My GPF

Minimum.

Your twins are a bit above the average.

My Digital Twins: My Twin1 and My Twin 2

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Start → **1** → **2** → **3** → **4** → **5** → **6** → **7** → **End of journey.**

Set up Target

My GPF

My Twin 1

Pop up to My Twin 2

Investment risks assessment

My Twin 2

Too much details of investment choices.

Back to twin 1, simulate choice and voluntary contribution

Dashboard

Key findings:

- All users love the app, try to understand so that they can tell friends to try.
- Most stop at Twin1 and go to **voluntary contribution menu** to execute and change choices. [approx 30%].
- Behavior changes are: Contribution + choice or Contribution alone, not choice alone. [choces require mental effort more than contributions.]

Key findings:

- Love the idea of comparison, help identifying the current saving status comparing to peers.
- Don't want to see themselves lower than the average; some want to change plans and contribute as same as the one at the top

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