Oxford Study: UK Millennials Twice as Likely to Turn to Parents for Financial Advice Than to Banks

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UK millennials are twice as likely to turn to their parents for financial advice (48%) than to the next most popular source of information, their bank (24%), according to new research by BNY Mellon and a team of undergraduates from Saïd Business School, University of Oxford.

The study, entitled 'The Generation Game: Savings for the New Millennial', outlines why financial services providers such as life insurers, banks and asset managers are failing to connect with millennials at a time when young people need the industry more than ever. It looks at the saving priorities, attitudes to retirement planning, and expectations around different types of financial institutions of millennials (those individuals born after 1980) across seven key markets - the UK, Australia, Brazil, China, Japan, the Netherlands and the US. This allowed the researchers to engage with a broad range of millennial populations: emerged and emerging; large and small; those with a collective approach and those with a unit-linked system; and compulsory and voluntary.

Increased longevity and the erosion of state and employer retirement provision mean millennials will have to save more than their parents, and do so over a longer period. Despite this, the study found that UK participants save 12% of their income, compared to the average of 24% across all the countries surveyed. Other key findings include:

- 59% of UK millennials expect to access the same sources of retirement income as their parents, compared to just 16% in Japan and 84% in Australia. While millennials often have similar attitudes to saving for retirement, there can be huge variations from nation to nation;
- UK millennials expect to retire at 65 – three years before the projected UK retirement age of 68 expected to apply by the mid-2040s – and live to 85 years of age;
- 58% of UK millennials believe they have not seen products targeted at people like them. Millennials want products that demonstrate clearly that they are being rewarded for tying up their money;
- 54% of UK millennials aren't aware of the tax efficiencies pension savings offer, which is higher than the Netherlands (42%) but much lower than Brazil (84%) and Japan (75%);
- Looking at the global picture, less than 1% of millennials want financial services providers to connect with them through social media.

“This study of millennials by millennials reveals the disconnect that the financial services industry has with this generation,” said Janet Smart, Undergraduate Course Director at Saïd Business School. “The challenge for insurers is to find new ways to engage millennials, so as to improve their level of financial understanding and build their commitment to retirement planning.”

Shayantan Rahman, studying Economics and Management at Saïd Business School, who is student lead for the research, added: “What struck me is that while millennials are generally comfortable about being targeted by consumer brands through social media, they do not want financial services providers using these channels to contact them. Rather than being the solution for helping insurers engage with millennials, many told us they think it makes them look 'silly', 'pally' or 'creepy'.”

The techniques insurers use to engage with baby-boomers do not always work with millennials, so if insurers are serious about connecting with this group, new thinking is needed.

“Insurers and other financial services providers need to reach out to millennials in different ways”, said Paul Traynor, International Insurance Industry Lead at BNY Mellon. “In the short term, insurers should identify millennials as a distinct target for marketing activity and find avenues to better equip parents to advise their children. In the long term insurers need to think of innovative ways of working with policy makers to move away from a single purpose tax-incentivised retirement pot toward a tax-incentivised savings pot that allows for a certain number of lifetime drawdowns.”

A total of 1,178 millennials were surveyed, 357 of which were in the UK. To view the report, please click here.

Contact:

Malcolm Borthwick Clare Fisher

BNY Mellon Saïd Business School, University of Oxford

+44 (0) 20 7163 4109 +44 (0)1865 288968

malcolm.borthwick@bnymellon.com clare.fisher@sbs.ox.ac.uk

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