

» PFAs and their Reputational Challenge in Chile

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By simply visiting a website and/or finding information randomly, you become aware of the average citizen's negative (uninformed) perception of the Pension Fund Administration (PFA) system. In order to understand their role, a cooperative effort between all the actors involved is needed.

The situation has reached such a level, that even in cases when information released by these entities is positive, as in the case when there is increased profitability in managed funds, it is almost immediately neglected and disqualified by this newly empowered and uninformed citizen.

In this regard, several studies analyze the user's meager level of knowledge on how PFAs work and how their expectations about the system's results are poor, since a large portion of the population believes that they will receive a pension "much lower than their actual salary". It acts like a vicious circle that triggers a resignation process as a result of this situation of ignorance, making people less motivated to learn and understand how they can increase their savings.

In this context, 90.2 % of the respondents - who participated in another study by a recognized player in the Chilean pension system- said they know little or nothing about the pension system. 58.8 % of them also said they don't know about the commission that their PFA charges for managing their savings, and a 45.3 % don't know how much money they have saved in their personal account. These records show the profound lack of information that surrounds this industry.



In regards to the communication process, the situation is similar to that of other players such as compensation funds and insurance companies. In these sectors we face the typical case in which the umbrella brand (PFAs) amplifies the existing communicational noise instead of shielding other brands (companies). Despite the individual efforts made by the companies, it is very difficult to fight the adverse communicational scenario that has been created by the sector itself.

In this scenario, it is fundamental for companies to establish a new strategy along with a new communication effort, one that is not reactive but, on the contrary, leads the way with quality and transparent content. In a scenario of proliferation of information, where everything (and everyone) can be quoted, potentially becoming references, it is important to rethink and take, once and for all, the reins of communication.

How do we do it? Assuming communication as the strategic axis of our plan. We have noticed that people need to understand the system, but have not been able to. That is why the role of the PFAs is to lead the conversation in this process. If there are entities that are working to articulate a closer discourse, greater understanding and empathy is necessary in order to provide retirees and future retirees with what they really need: clear, transparent, timely and graphic information.

This has special relevance when topics related to the satisfaction of citizens' demands become part of the agenda, and when different sectors (including politicians and authorities) call for greater autoregulation and/or proactive and long-term work with stakeholders.

This is where there is an urgent need for companies and entities in the sector to rethink and understand that they need to coordinate actions that originate from and through their business. How is this accomplished? Through stories that incorporate topics that are relevant to those who benefit from the PFAs, in other words, allowing this information to build rapprochement bridges. Taking the example initiated by the global banking industry, we now need a communication model based on information, which we might call pensionable education.

If entities are capable of understanding this as a roadmap that is part of a long-term corporate and union's vision, we would be in the presence of a sustainability strategy that could generate important revenues, for both the companies and their environment.

We understand that when we talk about sustainability we are also making reference to a strategy that allows us to align the goals of the business with the common good, and, at the same time, with the requirements of the stakeholders. Undoubtedly, this is a new vision that transcends from communication to reputation as a management process, while staying in accordance with the regulatory frame but going a step further. That is, understanding consumers as a relevant stakeholder in their own habitat.

Many may believe that we cannot solve these issues with information and/or education. Nevertheless, our premise is supported when we find out that an important part of the evaluations of the system made by individuals are constructions based on third party information and not on information generated by the system.

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To the naked eye the panorama seems very complicated; however, it is important to view it as an opportunity. Today, the conditions are given so that informative gaps between what the entities offer and what the consumer demands become smaller and eventually disappear. Tools such as new technologies, digital platforms and social networks are fundamental to comply and contribute to the above, because they are what brings the concept of pensionable education closer, bringing it out of the advertising field, and giving it purpose and value.

It is clear that, by exposing aspects relative to the performance and operation of the distinct financial products in a transparent and timely manner, as is the case with pensions, companies generate empathy, credibility and loyalty, while strengthening their corporate reputation and transforming a complicated issue in a competitive advantage over their peers, consumers and regulators.



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