The ILO's Social Finance Podcast Episode 5: Episode 5 - Jane Portas on 6 Moments That Matter & Insuring Women's Futures – 8 March 2022

Introduction

Welcome to the ILO's Social Finance Podcast on financial inclusion, impact insurance and sustainable investing. Our podcast brings insights from around the world, highlighting how financial services contribute to social and economic development.

Lisa Morgan: Welcome back to the ILO's Social Finance Podcast. In this episode, we are exploring the risks women face throughout their lifetimes, and how insurers can better respond to these. To discuss this topic, I'm speaking with Jane Portas. Jane is a former partner at KPMG and PWC and a chartered accountant with over 30 years of financial services advisory experience, in the areas of risk regulation and customer outcomes. She is also the author of The Risks in Life series of reports and financial wellbeing guides. The creator of 6 Moments that Matter for Securing Fair Financial Futures and a co-founder of Insuring Women's Futures, a program convened by the Chartered Insurance Institute.

Thank you so much for joining us today, Jane. And to kick off, can you tell us a bit about the work that you've done in relation to women and financial inclusion? And in particular, about ensuring women's futures?

Jane Portas: Thank you, Lisa, for inviting me to talk to you today.

Insuring Women's Futures was set up over five years ago now. And we established it as a voluntary market led program, really set up under the professional body, the Chartered Insurance Institute, because it has a public trust remit. And also, while its UK based, it also has an international presence with regard to its professional qualification regime.

My role on that program was to act as the overall architect and it was designed to have three main lenses. Firstly, looking at women's risks in life in society. Second, looking at women who work in risk across the insurance profession. And thirdly, considering women's risk solutions, so really the focus there being on customers.

I authored the various research and practical insights reports that really underpin what we decided to focus on. And also, the public manifesto. And this followed the coming together of 150 strong market task force. And coming out of that, to make it really real for people, I further developed the work and turned it into a financial wellbeing guide for women.

The program completed following the launch of the manifesto with various organizations taking forward the recommendations. And at the same time, I personally have transitioned my career to allow me to further develop my work in this area and financial fairness more broadly, across both people, practitioners and policy makers, and also thinking about wider ESG strategies.

Lisa Morgan: Fantastic. And can you share with us your approach too, and the framework of the reports?

Jane Portas: Yes. So collectively, I tend to call this The Risks in Life Series of Reports and Guides, and they're really focused on understanding people's whole Financial Life Journeys. And what they do, is they consider financial life through three broad lenses. And these lenses, and this is really important, apply to everybody. So not just specifically women.

So firstly, education in the workplace. Secondly, relationships and family life.

And thirdly, health, wellbeing, and aging. So, the whole life course.

For my work on women's financial resilience, I looked at these aspects of life for both men and women, because I really wanted to understand the differences and I considered both the trends today and the historical trends and used national statistics and other relevant data to really get a picture of the gaps in women's lives compared to men's. And once I'd done that, I then overlayed men's and women's financial attributes such as debts, savings and pensions, home ownership and other types of wealth and assets. And what I was trying to do there was to understand how these different patterns in life overlay onto people's money. And at the same time, I also looked at men's and women's attitudes towards money and financial management. And also their relationship with the financial services sector, and this is markedly different, particularly when it comes to trust.

Lisa Morgan: This is really fascinating. And I really encourage all of the listeners, at the end of the podcast, I will put all the links in the episode notes so that you can go and actually have a look at the manifesto. And Jane's recent work on financial vulnerability, including economic abuse and financial fairness more broadly. I think the way that you've broken it down into education in the workplace, relationships and family life, health, wellbeing, and aging, this is all really relevant and these are hot topics for the ILO. So Jane, could you highlight some of the risks in life and also some that could be relevant, I mean, obviously it's relevant beyond the UK. So perhaps you could just highlight some of these risks and tell us more about them.

Jane Portas: Yes, of course. So, just to provide a little bit of context, the foundation of my work on risks in life is really based on applying risk management techniques to people. And since the work considers the whole of the life course, the analysis on women's risks in life meant that I was able to identify patterns in how these risks affect women at different life stages. And to trace these back to the root causes of women's financial resilience gap.

Now it became apparent doing the work, how different risks in life, starting from an early age, accumulate into a lifelong financial gap, during working life and retirement.

My published work has largely been based on the UK for now. However, the principles are really universal. And I have considered this through other intersections, such as ethnicity and also in an international context. And had the benefit of speaking to various global audiences.

There are many common themes internationally in particular for developing countries, where legal, social, and economic structures operate under similar constructs.

For emerging economies, the position is more complex because really what you first have to understand is how these underlying frameworks themselves impact on risks in life. And what I mean by that is, the basic right to an education, the construct of marriage and relationships, and the rights to earn and own financial assets.

My broader work as part of the 6 Moments That Matter framework identifies 12 top risks facing people throughout the life course. And then there are specific subsets to these risks, as well as intersectional components. And to help us all remember these risks in life, I gave them all a name.

Now, when we're thinking about Risks in Life, it helps to think about that in the context of work life wellbeing, home life wellbeing, and healthy wellbeing, really to remember that they're all interrelated.

So, now what I'll do is I'll talk through some of these key risks in each of these three areas.

Turning to work life wellbeing, one of the key issues that emerges is women's access or lack of access to well-paid and secure work. And what the data and the analysis identified is that while young women are really demonstrating their capability and excelling educationally, many girls and women in the UK and internationally are highly influenced by gender stereotyping.

What this means is that they're entering work, doing jobs that are traditionally female and lower paid, even when they've got high grade degrees. And this really manifests itself when young people join the workforce. And there's even a risk that with automation, this gap increases.

So, for example, even before the pandemic, 70% of jobs in the UK that were expected to be automated are currently done by women. And at the same time, very few women are studying engineering and technology at university.

The second area I want to talk about is home life wellbeing. And here, really, just to draw out a couple of issues and I expect this won't surprise people who are listening in.

The first is relationships, and in particular the status of a relationship.

Now, obviously relationship rights vary by jurisdiction. And to give you an example, here in the UK, many people who choose to cohabit rather than to marry are not protected by the same financial rights. So if a financial imbalance is allowed to build up, for example, if a cohabiting couple have children and then subsequently break up, this can have quite profound and often unexpected outcomes, in particular, since many people are unfamiliar with the difference in those legal rights.

And really that's a key message as to why financial capability and the awareness of these risks in life is paramount. And it highlights the importance of the relationship a couple has when it comes to money and life matters. Especially concerning financial influence and control.

What the data shows is that young men, and, actually, all men, throughout the life course, in general, express being much more confident about money matters than women. But I just want to be very clear here that that doesn't necessarily equate to capability.

However, it does have an influence on who controls the way in which money and in particular, material investments, pensions, longer term financial matters are managed and, also, how life decisions are made.

The next area that I'd like to share with you is really around home life wellbeing and parenthood. Now, obviously having a child is a really key point in a woman's life, which does have quite a major impact on her long-term financial future, depending on how decisions are made.

To give you an example, so in the UK, the gender pay opens up at around the time women have children. But what’s really interesting is when we look at how social attitudes responds to motherhood and parenthood.

There are longitudinal studies that have been done over many years. And just to quote you a statistic, 51% of people in the UK, this is a majority, think that mothers with preschool aged children should stay at home or work part-time while men should work full-time. The percentage who think this for men is actually 0%. So, I think that really shows you how our mindset and our social attitude really has this influence on women being stereotyped into particular roles.

Now what’s critical here is when I did this analysis, I was able to show that only about a third of women at this point in their lives are considering how a switch to stopping work or part-time work affects their pensions. And so for many, taking a career break or working part-time, this decision will actually have a huge impact on their financial resilience, both in working life and in later life, frankly more than any standalone financial decision they will make.

So really then what I'm saying is that motherhood is a key Moment when there are a number of risks that emerge, that impact women's resilience. And often not only their financial resilience, but also in particular in emerging economies, motherhood has consequences for health risks too.

So now I'd like to go and consider healthy wellbeing. And what I mean by this is really contemplating how a woman's financial resilience can be affected by her own health issues, as well as those of dependent family members. And in particular for women, since many women become financially dependent, particularly at the time of motherhood. Actually, a woman's financial resilience is also dependent on a change in her partner's financial resilience, as well.

So really bringing all of that together, most women will be exposed to all of these different types of risks throughout the life course. And many women will experience at least a few of these risks. And what's important is how these risks accumulate in patterns through a woman's life journey. And these can lead to some quite profound impacts in later life.

So, to give you some examples, and these statistics always shock me when I say them. In the UK, women's average lifetime earnings today are 59% of men's. And by the time women retire in their mid -sixties, on average, their pension pots are one fifth of men's. And this rises to one ninth for first time married women in their late sixties, compared to first time married men of the same age. And so what that means is depending on how finances are managed, that some women face a longevity trap later in life and at the end of life, in order to be able to fund their own end of life care. And this really is much more than a women's issue, as we'll go on to see, this is an economic issue for our society.

I’ve talked a lot about the Risks in Life, and there’s a few things for us to think about.

And now what I wanted to share is some of the positive developments that have really come out of this work and, in particular, the Insuring Women’s Futures Program.

And I’m really delighted to say that the manifesto that we published as part of the program, which has a number of pivotal recommendations and brings together the role of a variety of organisations has had a tremendous response and support from insurers, wider financial services firms, profession and trade bodies, employers, government bodies, as well, and also regulators.

Lisa Morgan: Thank you so much, Jane. That's really fascinating research. And actually, those are quite shocking statistics. The research that you've done, all of these studies, it's so rich in data and it just shows how vulnerable women are at these Moments That Matter. And I'm just astounded to hear that by the time women hit retirement, their pension parts are a fifth of what men have on average.

And overall, I think that from the work that we've done at the ILO, these patterns that you mentioned are certainly echoed around the world. Obviously to lesser or greater extents, depending on which country you're talking about. But certainly there are a lot of trends here that I think are seen in other places outside of the UK, in both developed and emerging economies. So let's go back to your work on financial lives and your findings and the way that you've set this up. Can you tell us about the moments that matter and who they're relevant to?

Jane Portas: Yes. So just to sort of recap, really, what I'm talking about is risk management for people. So we've talked about the risks in life and the Moments That Matter is really, I suppose, risk control framework for people that helps them to make informed decisions, be prepared for life events that may happen. And as it stands presently, the Moments That Matter are particularly relevant for women, because women's lives tend to be non-linear. And that means that actually, these financial life decisions and really understanding the impact of those is much more complicated.

However, what I will say is that living longer and the post pandemic world, which means that we're starting to live and work more flexibly, means it's starting to become a much broader issue for everybody. So really what I'm saying is that, women's and increasingly all people's money and financial resilience is tied up in decisions and circumstances that relate to their life, rather than just financial management. And I have this phrase, which I think really sums this up: "The decisions we make about our life affect the money that we have. And the decisions we make about our money affect the life we have." And that's really the essence of what the Moments That Matter are all about.

The Moments That Matter aren't just relevant for people. They're really highly relevant to financial services firms in ensuring how their solutions cater not only to people's financial needs, but also reflect their life circumstances. And as we're thinking about this, obviously it's important to remember that all our Financial Life Journeys are unique to us because we all experience these Risks in Life and Moments That Matter at different life stages.

So let me share with you what these 6 Moments That Matter are in broad terms. And one thing I just want to be really clear on, the Moments That Matter, they're not related to specific ages in life. We will experience a number of these different Moments throughout the life. We might experience eight or 10 of them and in different sequences.

So, the first Moment That Matters is called Growing Up Studying & Re-Qualifying. And this is really about highlighting the need for skills development throughout life.

The second Moment That Matters is called Entering And Re-entering The Workplace. And this is acknowledging that we come in and go out of the workplace, particularly women, obviously, as we've talked about. But increasingly, many people will be having a flexible career as we live a more multi-stage life.

The third Moment That Matters relates to relationships and I call it Relationships: Making up and Breaking up. And I sort of talked about this before, about how your relationship status and the way in which we engage in our relationships. And, also, within our wider households about money and manage money within a relationship can sometimes have unintended consequences.

Now the fourth Moment That Matters is Motherhood, or rather, Parenthood, And Becoming A Carer. And this really reflects that actually many of us are going to spend a lifetime of caring in one shape or form. Either looking after our children, and many of us are having children later in life, as well. And, also looking after elderly loved ones as they live longer and need more support.

And the fifth Moment That Matters is one that I call Later Life Planning And Entering Retirement. And this really reflects the fact that actually, during our working life, we need to make sure that we are equipping ourselves for our later life. So, it's really about prompting and helping people to be aware, to be mindful of financial wellness throughout our whole lives.

And then finally, the sixth Moment That Matters is called Ill-health Infirmity And Dying. And this is about being financially resilient and prepared for those life events, such as short or critical illnesses, and also, preparedness for dying, which is obviously difficult, especially when unexpected and a lot of people put that off.

So, the Moments That Matter really are intended to empower not only women, but all people to take ownership of these Risks in Life. And as I've described, these risks accumulate through the life course and can create financial vulnerabilities and dependencies. And, in particular, for women at the end of life.

And really what the Moments That Matter are trying to do is to really preempt those vulnerabilities and independences, to really support us, to secure all of our financial future, not just women's.

This is particularly important because we have an ageing population and within that ageing population, there are more older women than old men. And, actually the impact of climate change alongside this will have a greater impact on women and also more financially vulnerable groups.

And it was really bringing all this together that led me to create what I call the PEOPLE Framework. And alongside the Moments That Matter, to create a system for change to enable ESG ,approaches in a Social context and in a joined up way. The 6 Moments That Matter are then equally relevant to financial firms, employers, regulators, and policy makers, really trying to bring better financial balance, and also economic balance.

Lisa Morgan: Thanks, Jane. I really like this framework of focusing on the 6 Moments That Matter. Because it is quite complex, but I think when you give it this framework, it gives you a nice framework for individuals to think about their own personal risk management. But I think one of the key messages coming out is also about awareness, being aware of these risks. Because once you have that knowledge, you can do something about it. So, Jane, given everything that you've shared with us so far, what do you think the insurance sector can do to help?

Jane Portas: So, first of all, I think it's important to treat this as an inclusion issue, not just a women's issue. And what we've been talking about on this podcast is really largely about improving financial outcomes for all people. But I think a helpful way to think about this is really to think about it in the context of financial fairness in society. And how we can achieve that through empowering people financially and by addressing vulnerability. And of course, customer vulnerability is a key focus now of many regulators and insurers.

And so insurers and financial firms, more broadly, can embed inclusion and financial fairness. Which I think is an outcome of not having inclusion, as part of an organization's ESG framework. And in doing so, they can consider the organization's Purpose and its approach to the S in ESG, by reference to their strategy and business model. How Open &Transparent they are in communicating approaches and measuring them. And also how they embed the S in ESG as part of their Policies & Practices. And establish the right Leadership & Culture to execute on that. And critically, how they Engage with their customers and employees. And that really takes me back to the 6 Moments That Matter. And overall, this is what I call the PEOPLE Framework, the P-E-O-P-L-E, that I've just described.

So now, if we focus momentarily on customer strategy, it's important to do is really to reflect on that business model and the target audiences for the different types of products. And think about the implications for the design of the products, the customer journeys, and the service delivery. And certainly from the work that I've done in bringing together the Risks in Life that create the financial need, and then the 6 Moments That Matter, which reflect an individual's life circumstances, it is desirable for solutions to cater to both.

So, what do I mean by that? There's a tendency for a lot of products to focus on the financial needs, which of course is correct. However, it's evident from the research that it's really important to make sure that the product not only addresses the particular risks an individual face according to their life circumstances. But that individual takes that product out in a way which best caters to those life circumstances. What I mean, for example, is that an individual understands when they're taking out a joint or a single product or a product with a name beneficiary, that is appropriate to their life circumstances. And in fact, that's critical to addressing vulnerability and achieving good outcomes. So it's really those areas that I think it's really important that firms really focus on creating a holistic approach across all of those aspects.

Lisa Morgan: So Jane, those are very practical and wise ideas that I think we at the Impact Insurance Facility also talk about when we look at inclusive insurance/ but it's great to hear coming to the same conclusions from the work and the research that you've done. And that's the advice that you would give.

Now recently, you've been busy applying the six moments that matter as a broad framework and system for addressing financial fairness for people, practitioners, and policy makers. And you're working on a program for young people. You also developed something called Dads with Daughters, Financial Guide. Can you tell us a little bit about this and why men are so important to girls and women's financial futures?

Jane Portas: So I was inspired to develop this material for fathers, having just authored a report on the gender impact of COVID-19. And what I could see from this work and what we all now know, is that the pandemic has really exacerbated gendered roles, particularly at home. And what the data showed that it's really had a very profound effect on girls who've been taking on greater childcare and domestic responsibilities at home during lockdowns to support their mothers. And it's struck me once again, how if we're really going to make sustainable change to this financial resilience gap, that actually has an impact on all of us. Then we need to focus on leveling up both men and women. And fathers and husbands have a vital role to play in this. So I developed this guide really for fathers to talk to their daughters about the Risks in Life and the 6 Moments That Matter. And to be part of making that change and supporting their daughters financial futures.

Lisa Morgan: That sounds like a fantastic initiative. And I'm certainly going to put a link to that in the bottom of this show notes. So please do take a look at the show notes if you would like to follow that link and read more.

Jane, it's been an absolute pleasure having you on the podcast. And you certainly have given us lots of food for thought. And hopefully those who've been listening in, feel empowered to do what we can in the financial sector and beyond to help women and men take control of their financial lives. But also do some introspection about how we can apply some of this, even in our own lives.

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For further information about the content of this podcast on Risks in Life, 6 Moments That Matter and Financial Life Journeys please see www.6momentsthatmatter.com. To contact Jane Portas or to make an enquiry please email info@6momentsthatmatter.com.