

Analysis of the Strategic Landscape for Mutual Insurers & Friendly Societies 2021

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mission

Helping multi-sector SMEs, mid-sized organisations and divisions of corporates, to analyse, develop and implement growth strategies, that deliver P&L and Enterprise value.

values

Based on our commercial backgrounds and client experience, we have developed a reputation for being pragmatic, hands-on, transparent, supportive, as well as challenging in helping clients achieve their strategic and commercial aims.



Agenda

- The brief
- Headline findings
- Key considerations for AFM members
- Research overview & findings
- Summary

AFM Sector Analysis: The Brief

Background

- Partnering with AFM, Whitecap will produce a report focusing on how mutual insurers and friendly societies can differentiate themselves, against a backdrop of change in the financial sector and wider economy.
- Key areas for analysis include: where and how the sector can deliver relevance and differentiation, develop competitive and sustainability strategies, achieve digital acceleration and technology enhancements, to meet customer needs.
- **The outcomes will help members develop business strategies to respond to market forces, as well as supporting the AFM, to develop collective initiatives to support members.**

whitecap

Whitecap to Partner with Association of Financial Mutuals on Sector Analysis

— March 29, 2021

Working in partnership with the [Association of Financial Mutuals \(AFM\)](#) and industry partners, Whitecap Consulting is to conduct an analysis of the strategic landscape for financial mutual organisations in the UK, which will culminate in a report later this year, with the findings to be presented at the AFM annual conference in September.



2021 BUILDING SOCIETY Sector Analysis

A review of the strategic landscape for building societies

whitecap
COMMERCIAL CLARITY™



 Building Societies
Association

 C R E D E R A

 MAMBU

 moneyhub 

 MUTUAL VISION

 nivo

SHOO SMITHS

“What the report does is give very good insight into how the sector operates and how Societies can build on their successes with the recognition of themes, such as the adoption of increased digital investment, increased community engagement and further consideration as to commercial focus.”

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Research Methodology

3 key inputs to our analysis:

1

Data Analysis

- 43 AFM members.
- Desk research.

2

CEO Interviews

- 31 CEOs, plus other stakeholders.

3

Online Survey

- 61 responses.
- 39 members, 22 others.

Headline Findings

Market Presence

AFM's members are diverse, resilient, and hold a small but growing share of the three key markets they operate in (Life, Non-Life, Health & Protection).

Common Themes

Despite the AFM membership being extremely diverse, there are some commonalities across the members, particularly with regards to themes of mutuality, ESG and collaboration.

Clusters

There are specific sectors or "clusters" within the AFM membership, mainly when discussing growth ambitions, core purpose, and competitive advantage.

Key Considerations for AFM Members

Mutuality

Champion mutuality in a way that resonates with current and future members by articulating the benefits and value they receive as a member of a mutual and following through with these benefits.

Future Proofing

Technology - ensure your digital strategy is consistent with the needs of the business, your members and the wider competitive landscape.

Collaboration – be open to the potential benefits of collaboration (and outsourcing), to support digital acceleration and ensure future competitiveness.

Competitive Advantage

Understand your position in the market and based on this, develop your future competitive advantage.

The background of the slide is a stylized, layered mountain range. The mountains are rendered in various shades of blue, from a light, hazy blue in the distance to a dark, solid blue in the foreground. The peaks are soft and rounded, creating a sense of depth and tranquility.

Research Overview

AFM Membership Stats

CAGR: 5.79%

premium growth since 2016.

69%

of AFM members have reported premium growth since 2016.

38%

of AFM members report a strong CAGR of over 5%.

Commonalities Across the AFM Membership: **Mutuality**

71%

of AFM members believe that Mutuality is acknowledged but not understood by their members.

“It’s important that we talk about being a mutual because in today’s society it has more resonance, there’s a real place for mutuals.”

90%

of AFM members believe that Mutuality is less about the title and more about our culture, values and actions.

“I don’t think as a sector we’ve been very good at communicating what the benefits of being a member of a mutual actually means.”

Key Questions/ Considerations for AFM Members: **Mutuality**



1. Are you clear about the role you want mutuality to play in delivering your purpose?
2. Are you clear about the benefits members receive by being part of a mutual? Have you asked them?
3. Do you have a plan to communicate these benefits to current and prospective members?

Commonalities across the AFM Membership: **Collaboration**

45%

of AFM members believe that there is potential for collaboration on Tech solutions in the future.

“There is very little collaboration between the societies because we always perceive our differences to be greater than our similarities.”

71%

of AFM members would be interested in collaboration on tech solutions with other AFM members.

“We do work well together within the sector with things that are not related to competition.”

Key Questions/ Considerations for AFM Members: **Collaboration**

1. Have you considered coming together within your market clusters, to evaluate the extent to which your IT requirements differ, in order to explore the possibility of sharing parts of your IT solutions?
2. Have you considered the benefits of pooling non-competitive resources to find a collective path through the challenges, such as rising costs?

Commonalities Across the AFM Membership: ESG

61%

of AFM members revealed they have a dedicated plan for ESG and 37% stated that they plan to have one in the future.

73%

of AFM members believe that ESG will help the AFM membership to thrive in the future.

“We haven’t seen any demand or pressures from our customers yet, but it came up with the board and so we we are making sure we’re aligned with the ESG agenda, mainly with regards to our investments.”

Key Questions/ Considerations for AFM Members: **ESG**

1. Have you considered offering any ESG focused products in the future?
2. Will your approach to ESG investment activities take a reactionary or proactive stance?
3. Have you considered the potential opportunity to lead the way on the ESG agenda, given the link to mutuality?

Commonalities Across the AFM Membership: **Technology**

88%

of AFM members believe that digital technology is required to keep pace with other providers and customer needs.

“Our tech focus is on improving the customer journey and offering self-service where required.”

100%

of respondents from outside the AFM membership believe that digital technology is required to keep pace with other providers and customer needs.

“Mutuals should be focusing on improving their efficiency because the more efficient they are, the better the return they can give their members.”

Key Questions/ Considerations for AFM Members: **Technology**

1. Have you ensured your digital strategy is consistent with the needs of the business, your members and the wider competitive landscape?
2. Do you have a plan to deliver the members' expectations to offer a modern digital user experience and self-service capability?
3. Have you considered collaborating with other AFM members on non-competitive technology opportunities?

Commonalities Across the AFM Membership: **Future Challenges**

76%

of AFM members ranked regulatory cost / change as one of the biggest future challenges.

“For all mutuals, the biggest challenge is changing legislation and regulation or any big shifts in regulator focus.”

68%

of AFM members ranked digital transformation as one of the biggest future challenges.

“There is room for more shrinkage within the sector. I can see a smaller number of firms but an increasing number of customers.”

Commonalities Within Clusters: Focus - **Growth**

	Specialist Markets	Mass Markets
Growth	<ul style="list-style-type: none">• Member retention• Sustainability	<ul style="list-style-type: none">• Member acquisition• Member retention• Growth / achieving scale

Competitive Advantage: Key Questions/ Considerations for AFM Members

1. Do you have a clear view of the promises you will need to fulfil to customers, in order to deliver on your core purpose, whilst managing your proposition?
2. Are you clear how to deliver your proposition, to create competitive advantage against other members and the wider market?
3. Does your strategy clearly maintain and develop competitive advantage in your target market?

Recap: Key Considerations for AFM Members

Mutuality

Champion mutuality in a way that resonates with current and future members, by articulating the benefits and value they receive by being a member of a mutual. Ensure you deliver these benefits.

Future Proofing

Technology - ensure your digital strategy is consistent with the needs of the business, your members and the wider competitive landscape.

Collaboration – be open to the potential benefits of collaboration (and outsourcing), to support digital acceleration and ensure future competitiveness.

Competitive Advantage

Understand your position in the market and develop your future competitive advantage, based on it.

Closing thoughts

- Stay focused on the customer - don't assume you know the benefits and value your members get from you.
- Make mutuality work for you - give people a reason to choose you.
- Take away the reasons why people might choose not to use you.

Q&A Prompts

- Do you have any questions about the research process?
- Any feedback and input to help shape the report outputs?
- What do you think the critical actions are for AFM members to take over the coming years?



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