



ADDRESS BY THE PRESIDENT

IFoA Presidential Address 2022: “Flourishing in Challenging Times: How the actuarial profession can grow, influence and lead in a rapidly changing world” by Matt Saker

Thursday 16 June 2022

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The Moderator (Ms A. Spencer): Hello and welcome to the 2022 Institute and Faculty of Actuaries (IFoA) Presidential Address. For those of you who do not know me, I am Annette Spencer, and I am the IFoA’s Director of Public Affairs and Research. Today I have the very pleasant task of introducing our new president.

Matt Saker has had a 30-year career as an actuary in the Life and General Insurance sectors. He first worked in consultancy for many years, and then in-house for over a decade at Aviva, where he ultimately became the Group Chief Actuary. Matt (Saker) stepped down from Aviva earlier this year, not least to focus his attention on serving the IFoA as its president.

Serving the IFoA has been important to Matt (Saker) for some time. He was elected to the IFoA Council in 2016 and he joined the Regulation Board in 2018. He has also been heavily involved in a number of IFoA initiatives, including the profession’s response to climate change and the IFoA’s Diversity, Equity and Inclusion Strategy, which was launched earlier this year.

Matt (Saker) will be discussing some of his background as part of his Presidential Address.

The President (Mr M. C. Saker, F.I.A.): Thank you Annette.

The first thing I want to say is, what an enormous honour it is for me to be chosen as president of the IFoA. It is an organisation with a long history, a strong membership and an ambitious global strategy.

Over the past year I have had the pleasure of working as part of the presidential team, helping Council and the Executive to deliver that strategy. I think we have achieved a huge amount. We have ridden out the pandemic and emerged in a strong financial position. We have had over a thousand new qualifiers in the past year, and we have launched new educational offerings in the areas of banking and the climate. We have also published our Diversity, Equity and Inclusion Strategy and have completed another year of running the IFoA Foundation, a charity focused on raising funds to support our communities. I will discuss some of those achievements in more detail later in my address. I am really looking forward to working as part of the IFoA team over the coming year as we continue this work.

The theme for my presentation today is “Flourishing in challenging times: how the actuarial profession can grow, influence and lead in a rapidly changing world.” I will come back to the theme and talk about why I think it is important, and what I will be doing in my presidential year to help achieve the objectives mentioned in the theme.

Before I do that, I just wanted to tell you something about myself, my career, my personal values and how I came to be president of the IFoA.

Background

A few facts about me should hopefully give you a sense of what I think is important and what makes me tick. I am married to Sue, who after a successful career as an actuary (that is how we met) is now a Life Coach. As you can imagine, I find that her expertise from both of those careers can be quite helpful. I have two teenage children, George, age 16, who is currently in the middle of his GCSE exams, and Millie, age 14.

Being healthy and active is very important to me. My big passion is running. I am always ready for a challenge and for trying new things. Finally, I follow a plant-based diet which I do for a combination of health (I have found that it makes me run faster), sustainability and ethical reasons.

Annette gave you a flavour of my career. I will start by making a confession. I decided that I wanted to be an actuary when I was 16 years old. I remember attending a careers day at school. It is a long time ago, but I remember a tall man wearing glasses and a grey suit. From memory, I believe he worked for Prudential. He talked about what he did as an actuary. I do not remember the detail of what he said, but it clearly left an impression on me as, from that point on, I set my sights on becoming an actuary. After completing my school education, I attended Warwick University, graduating in 1989. Then, after taking a year out to travel, I secured a job within the insurance practice of a large consultancy partnership called R. Watson & Sons. This was the start of a 30-year actuarial career which I found hugely enjoyable. At times challenging, of course, but always rewarding.

As you can imagine, things were very different in the early 1990s. I was one of 21 graduates who started at R. Watson & Sons that year, of which only three were female. I was myself in a minority, being one of a handful of those recruited that year who did not come from Oxford or Cambridge Universities. My first job title was Unqualified Assistant. The “unqualified” part, of course, being a reference to my professional status at the time. I do remember proudly showing off my new business card to a close friend who commented, “Unqualified assistant, you mean you’re not even qualified to assist?” Anyway, despite this inauspicious start, I ended up staying at R. Watson & Sons for 19 years, although, by the time I left, it was called Watson Wyatt and is now part of the Willis Towers Watson Group.

I really enjoyed my career as a consultant, but eventually I decided I wanted a taste of the corporate sector, so in 2009 I accepted an offer to join Aviva. I held numerous roles at Aviva, including Chief Risk Officer (CRO) and Chief Finance Officer (CFO) roles. However, as Annette said, most of my time was spent as Group Chief Actuary where I had numerous responsibilities, including oversight of the actuarial elements of the group’s life and building insurance businesses, and, more recently, responsibility for the integration of climate and sustainability risk into the group’s risk management framework.

I remained at Aviva until earlier this year, when I stepped down to focus on my IFoA commitments, but the 13 years I spent there were immensely rewarding. I learned a huge amount and I also made some good friends.

IFoA Journey

I want to briefly talk about my IFoA journey as I believe it is one that may resonate with many of our members and is certainly relevant to what I want to talk about later. Like many members, I was highly engaged with the IFoA while I was studying to qualify. Also like many members, once I had qualified, I found myself incredibly busy building my career, learning new skills and doing some

interesting work with little time, or indeed inclination, to engage with the profession. Over the subsequent two decades, I did the standard things. I attended conferences to get my CPD, and where I thought it would be beneficial to my job, and I joined the odd working group. But other than that, I had very little to do with the profession which to me felt quite distant and detached, and, if I am honest, at times a little intimidating.

That changed for me in 2016, when I decided to re-engage with the profession by standing for election for Council. There were several reasons for that decision. My work was more under control than it had been, and my children were starting to grow up, so I felt I had the time to do justice to the role on Council for the first time. But it was not as simple as that. In the preceding few years, I came to realise that my values as an individual, values of fairness, integrity, honesty and trust, were closely linked to those of the IFoA. This realisation led to the two drivers behind my re-engagement with the profession. First, I felt a strong desire to give something back to the profession and second, I felt an innate curiosity to find out more about the IFoA, this organisation to which I had been affiliated for so long. How was it run, what were its priorities and how was it serving its members? I was fortunate enough to be elected on to Council in 2016 and was then re-elected for a second term in 2019, before standing for president in 2021.

I suspect my story up to the point where I re-engaged with the profession is a fairly typical one for the majority of IFoA members. Where my story differs, of course, is that for whatever reason, the majority of IFoA members never feel the desire or inclination to re-engage with the profession. I think that is a pity. I am sure that if they did, they would find it hugely rewarding and, most importantly, I think they would find that they can add a huge amount of value. So, if any of you out there are on the fence about whether to re-engage, I would encourage you to take the plunge as I did and see how it goes. You never know, one day you might end up with the presidential medal around your neck

Flourishing in Challenging Times

What do I mean when I talk about “flourishing in challenging times” and why is it important that we grow, influence and lead? Over the past 30 years, I feel I have been part of a profession that has flourished. Certainly, the profession has grown considerably over that period and within our traditional fields we have expanded the work we do and exerted influence at the right level. The demand for actuaries has never been higher. My desire is to see that continue to the extent that my successors in 10, 20 or 30 years in the future are able to look back on their careers and feel that they too, have been part of a flourishing profession. Of course, the challenges of the next 30 years will be very different to those of the past 30 years, so for my desire to become a reality and for the profession to continue to grow, influence and lead, we cannot simply keep doing the same things we have done in the past.

Now, just to be clear, the objective here is not to grow for growth’s sake. However, I believe that without growth, there is a risk that the IFoA and the actuarial profession will stagnate, become less relevant, and thus fail to deliver what is needed for our members and wider society. If that were to happen, then undoubtedly our influence would wane. This would make us less attractive as a profession, both to current and potential members, as well as to employers and other stakeholders, who will no doubt look elsewhere for the skills they require and people for the roles that actuaries currently fill. Finally, I believe it is important that we continue to show leadership on key societal issues such as intergenerational fairness. As a public interest profession, I believe we have an obligation to fill that role.

Turning now to the challenges we face, I doubt there is anyone in the audience today who would disagree when I say the past 2 years have been challenging. We had the initial shock of the pandemic, the rapid move to working from home, turmoil in the financial markets, and, as soon as we seemed to be putting the pandemic behind us, we had the conflict in Ukraine

and the biggest cost of living crisis in a generation. These are all examples of what tend to be referred to as “large world problems” these days. Whatever you call them, they are challenges that have a huge impact on the work that we do as actuaries, adding to the longer-term challenges we already face around climate change and the need to make our society more diverse, equitable and inclusive. But the challenges do not stop there. On top of those large world challenges, there are several smaller world challenges that the IFoA and its members need to consider if the profession is to continue to flourish. These challenges are numerous, but the areas I am going to focus on today are as follows:

- The challenge of adapting to a rapidly changing society;
- The challenge of our own success;
- The challenge of engaging our members;
- The challenge of changing false perceptions;
- The challenge of regulation; and
- The challenge of creating the right culture.

In talking about these challenges, the first thing I want to make clear is that having challenges is not a bad thing and certainly does not imply that things are broken. In a changing world, organisations are constantly faced with challenges, and that is certainly true of all the organisations that I have worked for or advised during my career. What distinguishes the good organisations from the bad ones is the way in which they deal with these challenges, with the good ones recognising and proactively dealing with them. I am obviously very keen that the IFoA falls into the latter category.

The Challenge of Adapting to a Rapidly Changing Society

The first challenge that I want to talk about is the challenge of adapting to a rapidly changing society. The professions as we know them today are largely a product of the 19th and 20th centuries. Their rise over that period was primarily driven by growth in population, trade and societies. They were built on the development of knowledge and expertise for which demand spiralled over that period. But there was perhaps a more sinister side to their growth. They were also successful in establishing and protecting their position by creating barriers to entry and by controlling and limiting access. When I entered the profession in 1990, that model was very much the norm. That created a strong expectation on my part that if I could overcome those barriers to entry, essentially passing some very tough exams, then I would be able to practice as an actuary for my entire working life. And that is pretty much how it has panned out for me. That seemed like a reasonable deal, so I made the necessary commitments and sacrifices to qualify as a Fellow. But times are changing, causing all professions to ask themselves what role they have in the modern world and how they need to adapt to fit that role. I think there are several reasons why the experience I had will not necessarily hold true for the next generation of actuaries.

First, in recent years we have seen the rise of the so-called “semi-professions,” where qualification and practice are somewhat less well defined. The best example of that would be data scientists. The barriers to entry for these semi-professions are much lower than for traditional professions. So, in a world where we are conditioned to want instant gratification, perhaps they are more appealing for those deciding on a career in the 21st century.

There are also threats, I think, to the traditional professions arising from inevitable advances in technology, such as artificial intelligence and machine learning, the so-called “Fourth Industrial Revolution.” In that context, I asked myself the obvious question, “If I were looking to embark on a new career today, how would I view the proposition that I faced 30 years ago?” In particular, would I be comfortable studying for my professional exams for, say, 5 to 6 years to become

an actuary, in the knowledge that by the time I qualify things could have changed dramatically, with no certainty that those exams would guarantee me a job for life. I also asked myself what employers want. In particular, will they continue to be comfortable investing in the careers of actuarial students, and do they really need all their actuaries to be Fellows?

I appreciate that this is quite a controversial comment for the president of the IFoA to make. My own feeling is that, while there will always be demand for Fellows, for many employers, particularly those in the non-traditional fields, the Associate level qualification may well be sufficient. That was even true for my Chief Actuary role at Aviva where many of my team were Fellows, but quite a few of them were not and quite a few of them had very little actuarial training at all. They were just bright, numerate, analytical individuals who, most importantly from my perspective, were very good at their jobs.

How do we address the challenges posed by a rapidly changing society? First, I think we need to be clear on the role the IFoA plays in the provision of actuarial services to the employment market. In my opinion, while the IFoA clearly has a role in promoting actuarial services and in stimulating the demand for actuaries, we cannot and should not seek to dictate that demand. That is the role of the employment market and our members. The role of the IFoA is to respond to those changing demands, support our members and make sure the supply of actuaries is sufficient while, and this is important, maintaining the integrity of the qualification by keeping standards high. For example, if the market is demanding that we supply more Associate members because that is what employers want, or perhaps because our students become more comfortable with that as a qualification destination, then the IFoA needs to respond to those demands. If we fail to do so, then surely employers and students will look elsewhere. The IFoA and its members, particularly its Fellows, should not see this as a threat, or in any way as diminishing the kudos of their Fellowship qualification, which I believe will remain the gold standard with demand for Fellows remaining high.

To meet this challenge, the IFoA has recently set up a programme of work to ensure that the IFoA has a membership model that is fit for the future, retaining and attracting actuaries to meet the demands of a rapidly changing society and providing the right services at a fair cost to our members. I believe we need to put everything on the table here, challenging ourselves to answer questions like: how we think the demand for Associates and Fellows will evolve in different domains over the next decade; what impact this will have on the profile of our membership; and finally, how we should collaborate with non-UK actuarial membership bodies, adjacent professions and semi-professions, such as data scientists, to further the interests of the IFoA.

Having answered those questions, we need to ensure that our membership model is set up to be sustainable in that changing environment, delivering what our members and other stakeholders need, and being transparent with our members about what services they are getting and how they are being charged for them. Finally, and this is important, while we need to be responsive to our members' and other stakeholders' needs, we should not be shy about what we have to offer and certainly should not allow ourselves to be intimidated or marginalised by emerging sectors. We are the IFoA, an organisation with a long and rich history of which we should be proud and prepared to fight hard to retain.

The Challenge of Our Own Success

Moving on, the next challenge I want to talk about is the challenge of our own success. The first pillar of the IFoA's current strategy is to reposition the profession, a key part of which is the desire to move our members into wider fields. This has been an ambition of the profession for as long as I can remember, but it is a challenge that we have consistently failed to achieve.

Why is this? Why are the overwhelming majority of our members still employed in two fields, namely pensions consulting and insurance? I think the simple truth is that at the current time,

there is no burning desire amongst our members to reposition the profession. For as long as I can remember, actuaries have been in short supply and that continues to be the case today. That is what I mean when I say that the actuarial profession is a victim of its own success.

But while demand in our traditional field is likely to continue for the foreseeable future, I am far from convinced that will be the case forever. I am not expecting to see a material shift in demand for actuaries in the next couple of years or even perhaps the next decade. But I think it is likely to happen within the careers of many of our current members and almost certainly within the working lives of those who are just starting on their careers today. In that context, I think it would be naïve to think these changes will not require the actuarial profession to adapt and transition. It is essential that we start to plan and think about these issues now. The dilemma we face, of course, is that although we believe this change will happen, as I said earlier, our members are currently fully occupied and there are no great incentives for them to reach out and consider new roles. We have an imbalance in supply and demand, with the IFoA essentially seeking to supply services for which the demand does not yet quite exist within our membership. The most obvious example of this is climate change, where I believe the opportunities for our members are huge, spanning all sectors including our traditional domains. But the world will not wait for actuaries to move into these domains when it suits us. If we do not move quickly, then in a similar way to the recent rise in data scientists, others will surely move in and seize the opportunity from under our noses. So how do we make this change? How do we ensure that actuaries get a fair share of the action at a time when our members are fully occupied? And how do we ensure that they do not miss out on what, I believe, are some fantastic future opportunities?

A good example of where this has worked well in the past is general insurance. When I entered the profession in the early 1990s, there were very few actuaries working in general insurance. But our members saw this as an opportunity. They moved in to fill the space, and the IFoA followed to adapt and support them. If we look at our membership today, we have almost as many actuaries working in general insurance, as we do in life insurance and pensions consulting. It is one of the strongest growing disciplines within the profession. I think that is a huge success story. Building on that example, the key point I wanted to make here is that for actuaries to be successful in these new fields, such as climate change, it will take effort from both the IFoA and our members. This must be a partnership. As I have discussed already, the IFoA has a key role to play on the supply side, continuing to develop our examinations and lifelong learning and broadening our offering. It needs to build on initiatives such as the launch this year of the climate risk and sustainability course, and the formal accreditation of the Actuarial Society of South Africa (ASSA)'s online banking modules. As I said earlier, the IFoA also has an important role to play in raising the profile of actuaries and stimulating demand for actuarial skills, particularly with new employers.

But that is only half the story. To fully exploit these opportunities, we need our members to actively seek them out. The reason actuaries moved into general insurance was not because roles were drying up in life companies. It was because a few innovative pioneers saw an opportunity which they then exploited. As these pioneers strived, others followed, and the rest is history. I believe the same will be true for climate change and other new domains. But that will only be the case if both the IFoA and its members seize the initiative. A partnership model between the IFoA and its members is what the profession has always used. It has proved very successful in the past, and I believe will continue to serve us well in the future.

The Challenge of Engaging Our Members

I want to move on now to talk about the challenge of engaging our members. Within the walls of Staple Inn, a huge amount of work has gone into developing our member value proposition over the past few years. However, I think we have been a little bit cautious in communicating our plans, and the output of that work for our members. We know for a fact that many of the changes that we

are thinking about, such as the introduction of a chartered designation for Associates and Fellows, are viewed as threatening by some of our members. At the other end of the spectrum, many of our current and potential members view the IFoA as being somewhat slow and cumbersome. There is also a sense in some sections of our membership that they are being neglected or taken for granted by the IFoA. Whether or not we agree with them, we need to embrace these perceptions. While it is impossible to keep everyone happy all the time, we need to ensure that we are clear on what we are offering to our diverse membership and ensure that this represents good value to all our members.

Here are a few facts about the IFoA:

- our membership grew by more than 10% over the past 5 years;
- we have over 3,500 active volunteers;
- in the last Council elections, less than 2,000 of our members voted;
- 12.5% of our members took part in the most recent membership engagement survey; and
- our recently launched Sustainability hub has received 1,800 visits since its launch last November.

I feel pleased about how the IFoA has been growing over the past few years, and I am very proud of the volunteer structure we have in place. On the other hand, I cannot help feeling that the response rate on our membership survey is low. Similarly, I feel somewhat disappointed by the small number of members who vote in Council elections, and the relatively low engagement rates we have for some of our thought leadership initiatives.

From the numerous conversations I have had with members, my feeling is that the reason so many of our members are not actively engaging with the profession is not because they are harbouring any strong resentment against the profession, it is just that the IFoA is not a priority on their ever increasing “to do” list. They do not see, or perhaps are simply not aware of, what the IFoA can do for them. That is certainly how I felt in the 20 or so years when I was disengaged from the profession.

As demonstrated by the second pillar of our strategy, which is transforming the membership experience, the IFoA is very focused on changing this situation. However, we should not expect our members to engage with us just because we want them to. There needs to be a reason for them to do so. The IFoA must offer them something that they need. That was the thinking behind the member pledge, which we published a few years ago, and drove recent initiatives such as the “New World, New Thinking” campaign, when we announced that online seminars would be free to our members.

I mentioned earlier the launch of the Diversity, Equity and Inclusion (DEI) Strategy in January 2022, reinforcing our strong commitment to champion and embody the benefits of a globally diverse and inclusive profession, and to not tolerate discrimination in any form. Some of you will, hopefully, also have noticed the new, more user friendly IFoA website that we launched in March 2022, and new members will certainly be benefiting from the streamlined online signing up process. In addition to those initiatives, and there are many more, I would also note the promise made at yesterday’s AGM to keep subscription fees flat for another year. In real terms, subscriptions have reduced by over 20% over the past decade. I think in the context of the ongoing cost of living crisis, it is great that we are able to offer that commitment to our members.

Clearly, time will tell whether these initiatives change the situation. I am optimistic that they will, but, either way, it is clear that we need to do more. The IFoA will continue to listen to its members and will remain committed to making further changes to improve the membership experience. We need to be realistic about what can be achieved, but I am confident that if we continue to do the right things, and are open and transparent with our members, then over time we will see a continued shift in membership satisfaction and engagement.

The Challenge of Changing False Perceptions

The next thing I want to talk about is the challenge of false perceptions. One of the frustrations of my career so far is my continued inability to articulate, in a succinct, engaging, and clear manner, what I do for a living. I am sure, like me, having told someone you are an actuary, you receive a confused look, or if you are lucky, an entertaining comment. I think the best one I got was, "Oh, an actor. That is interesting. What films have you been in?" The reasons for this lack of understanding are clear. Our profession is small, niche and quite technical, but the work we do has an impact on nearly every member of the public in some shape or form. It is disappointing that we have such a low profile, and that our profile is only raised when a major negative event occurs.

This highlights a wider challenge, I think, around how the profession and its members are perceived by external stakeholders. This is caused by a fundamental misunderstanding of what we do as actuaries. To demonstrate this, if you type "Actuary definition" into Google, the response that you get is: "Actuary, a person who compiles and analyses statistics and uses them to calculate insurance risks and premiums." I am not denying that that is something that actuaries do, but to be frank, it seems like something you would have come up with in the 1800s when the Institute of Actuaries was first established. Of course, we all know that actuaries do far more than that these days, but do others? By this, I mean all the key stakeholders that we should be looking to influence as individuals and also as a profession. Those include employers, regulators, policy makers and the wider public.

Taking one of those stakeholder groups as an example, we have a strong profile with the current large employers of actuaries, but we are virtually unknown by employers outside of the financial services sector. I think that is a shame, as there is so much value we could add in those wider fields, if only we could raise our profile and change those perceptions. So, how do we do that? I believe we need to be clearer on who we are, what we do, and the value we can add. To achieve this, we need to be bolder and more confident in ourselves, both as individuals and collectively through the IFoA. Importantly, that requires us to push ourselves outside of our comfort zone. For example, linking back to what I said earlier about the role of the IFoA in stimulating demand for actuarial skills, I think we need to spend much more time talking to potential future employers of actuaries about what actuaries can do for them. Although challenging and difficult, if the profession is to continue to flourish, then I believe this is essential.

We also need to be more visible in the press and wider society, expressing strong views and exerting influence at the right level, on the relevant issues of the day. I know that many members feel we are less influential than the past. That is a subjective judgement, but I would say that it is not due to the IFoA or its members being less active than in the past. The size of the profession has more than doubled in the past 10 years and is now producing more thought leadership output than ever before. The challenge we have is that we are now competing in a much more crowded space than in the past, and in that environment, it is more challenging to be heard and to differentiate ourselves.

Notwithstanding those challenges, it is essential that our voice is heard. An excellent example of where that has worked well was during the pandemic which shone a light on the work of actuaries. We created the Covid-19 task force and provided regular updates on the impact of the pandemic. That was very good for the profile of the profession. That is one example but there are many more, including our COP 26 engagement, and the work you will have seen on the "Great Risk Transfer" and the "Insurance Poverty Premium." We need more of this great thinking, and we need to tailor the output to the needs of different stakeholders. Certainly, one size does not fit all.

More broadly, we need to be pushing ourselves to change false perceptions about who we are and what we do. It would be excellent if, in a few years' time when we talk to people about what we do for a living, we get a more positive reaction, or I dare say a different answer when you Google what actuaries do.

The Challenge of Regulation

When I talk to colleagues about the profession, probably the most emotive subject is that of regulation. I know that members have a strong sense that they are subject to too much regulation. Sadly, there is no easy answer to this problem. As a profession that was established under a Royal Charter, that requires us to act in the public interest, it is essential that the IFoA has the infrastructure in place to ensure that our members act professionally. Rightly or wrongly, wherever you look in society these days, regulation is on the increase and the actuarial profession is certainly not exempt from that trend. As Annette (Spencer) said, I have been a member of the Regulation Board since 2018. I believe we are striking the right balance here, applying regulation in an appropriate and proportionate manner. Importantly, we have listened to feedback from our members and reflected this in things like the new outcomes focused CPD scheme, for which we have had positive feedback from members, and also the forthcoming revised practice certificate renewal process, from which many of our members will benefit.

As you all know, regulation of the IFoA and its members is not solely within the gift of the IFoA. Responsibility for setting the Technical Actuarial Standards (TASs) and oversight of the IFoA sits with the Financial Reporting Council (FRC). That brings me to one specific area of regulation that I would like to highlight, which is the ongoing review of UK corporate governance by the Department for Business, Energy and Industrial Strategy (BEIS). A part of that review looks at the way in which the IFoA and its members are regulated, raising challenges around whether this regulation is broad enough and deep enough. Although this review is UK focused, I cannot overstate the importance to the IFoA and all of its members, including non-UK members, of ensuring that it reaches an appropriate conclusion. For that reason, the Executive together with a group of senior volunteers have been working hard to lobby for what we believe to be an appropriate outcome. While there is still some time before the outcome is finalised, the good news is that recent announcements seem to be suggesting that our lobbying has been successful and certainly that the powers-that-be are listening to our views. That is all I wanted to say about regulation, but hopefully it provides you with some comfort that we are focused on ensuring that the regulation of the IFoA and its members remains proportionate.

The Challenge of Creating the Right Culture

Throughout my career, I have witnessed the importance of organisations having the right culture and this is the final challenge I want to talk about. A past criticism of the IFoA has been that perhaps we have not had the right culture. Some would claim the IFoA has been too focused on its commercial activities, at the expense of membership services. As I noted earlier, others would say the IFoA is too slow to react and things take longer than they should do.

Those concerns were recognised by Council when developing our current strategy and led to several important initiatives. One of which was the development and publication of the IFoA's purpose and values. The IFoA's purpose is, "To be the voice of actuaries and to support, develop and be the voice of its members." That purpose is supported by four values, to be:

- member-focused;
- action-orientated;
- forward and outward-looking; and
- team driven.

I think great progress has been made in embedding that purpose and those values throughout the organisation, and hopefully that is evidenced by some of the initiatives I have talked about today. But we are only still part-way through the journey. There is certainly more work to do to make the purpose and values define our culture and drive us to become a more dynamic,

efficient and member-focused organisation. Having the right culture, importantly supported by strong governance and capabilities, is not a choice, it is a fundamental requirement and allows an organisation to build on solid foundations rather than on sand. If we do not get this right, then it will be impossible for us to meet the various challenges that I have discussed during this address.

Conclusion

Over the course of this address, I have given you a flavour of what I consider to be the main challenges facing the IFoA and how we are addressing them. By way of conclusion, if I were to summarise what I believe needs to happen to address these challenges, then I would say the IFoA needs to:

- recognise and adapt to the changing needs of society, our members and other key stakeholders;
- facilitate demand for actuarial skills in new domains and work in partnership with our members to take advantage of the opportunities created;
- raise the profile of the profession and continue to produce engaging thought leadership content;
- work hard to change the false perceptions that exist around who we are and what actuaries do; and
- ensure that the level of regulation to which we are subjected is proportionate, so as not to stifle our ambitions.

Underpinning those is the need to create the right environment and culture to support our members. Unlike many previous IFoA presidents, I do not intend to have a theme for my presidential year. There is already plenty for the Executive and their teams to be getting on with. Instead, my priority as president will be to do everything in my power to support the IFoA in delivering its current strategy. It is a strategy that, as a member of Council, I helped to develop and I believe it is the right way forward. To that end, I plan to proactively engage with the IFoA's myriads of stakeholders and ensure that we hear and act upon their feedback. As we finally emerge from the pandemic, I hope to be as visible as possible, particularly with our most important group of stakeholders, our members.

As has been the case for all the senior roles I have held during my career, I see myself as a temporary custodian of the IFoA presidential role. With that in mind, my ambition is to leave things in better shape than when I found them. I will let others decide in a year's time whether I have achieved that. I will finish simply by going full circle and referring to that actuary wearing glasses and a grey suit who visited my school in the mid-1980s. There is a lot I want to achieve over the next year, but from a personal perspective, if my term as president results in a handful of people entering the profession who would not otherwise have done so, then I will consider that a success. Who knows, maybe in 30 years' time one of them will be standing in front of the next generation of actuaries giving their Presidential Address. Thank you very much for your time.

The Moderator: Thank you very much Matt. We are going to move into the Q and A section.

Questions from the Audience and the President's Response

The Moderator: How will you determine or measure if we are flourishing better as a profession in 12 months' time, at the end of your term?

Mr Saker: I do not think 12 months is the right timeframe to measure this. When I talked about being a member of a profession that has flourished over my 30-year career, it is important to

recognise that there have been some ups and downs. For example, the Equitable debacle happened 10 years or so into my career.

The overall trend has been upwards, but it feels like a stock market chart. There has been the odd crash from time to time. When I spoke in my address, I talked about my successes in 10, 20, 30 years' time. That is the timeframe I had in my head. That said, I do think we need to be challenging of ourselves, and set some ambitious, but achievable targets in all the areas where we need to make progress. One of those was membership engagement, where we do the annual survey of members. The results of the most recent survey were published in *The Actuary* a few months ago. We will continue to do that work, and it is one of the most important outputs because it gauges whether things are moving in the right direction with our members. We will also do employee surveys, which will give us a sense of whether the culture of the organisation is moving in the right direction.

In your team, Annette, you run an awareness survey testing how we are perceived by various stakeholders. We can set some targets there. I talked a lot about moving into new domains, which is something we have spoken about as a profession for a long time. We have never set targets for that. I know it is difficult, but perhaps we should start doing that. We have quite limited information about where our members work outside of the core areas. There is this big "miscellaneous bucket" where we do not have great visibility. We should set some clear targets and judge ourselves relative to those. At the same time, we should not be too focused on short-term trends. The main thing, I think, is that we continue to do the right thing and monitor those trends over a longer period.

The Moderator: You talked in your address about defining what the actuarial profession actually does. A questioner says that he has a little one-line definition: what he does is "the maths and statistics that underlie pensions and insurance." That is a nice short sharp explanation. You talked about competitor semi-professions and this is not unique to actuaries or to our profession. There is quite a lot of coverage at the moment of the challenges in the medical profession with physician associates and physician assistants, and whether people understand the different levels of qualification and so on. To what extent are you looking at how we compare with other professions? Are there things we can learn? What can we do to help employers understand and potentially not misuse people operating at different levels of qualification?

Mr Saker: First, just on your definition, "the maths and statistics that underlie pensions and insurance." Again, this is accurate, but I am not sure that would spark a great conversation with a member of the public. Maybe we should run a competition to come up with the perfect definition of an actuary. Maybe we should also try to get it changed on Google. Turning to your question, "do we engage with other professions?". We do tend to engage with them, but I am not sure whether we have specifically had that risk conversation with them, so that is something we can certainly consider. In terms of the second part, "how do we stop employers misusing those alternative semi-professions?", I think this is part of the story we need to get across to employers. I have always felt that the regulation of us as members, and of the IFoA, is in everyone's interest. It is certainly in our interest as members to make sure that the integrity of the profession is upheld, and people are called out if they are not doing the right things. I also feel strongly that, as much as it is in our interests as members, it is in our employers' interests to make sure that they are confident that the actuaries doing critical work for them are part of the IFoA and subject to the Actuaries' Code. I think that employers take that for granted and I do not think they should, particularly with the rise of semi-professions who are not subject to all the professional standards, particularly the ethical ones. I think that is a message we need to get out to employers more clearly, as a reason why they should value actuaries. It is in their interests that actuaries are subject to this regulation and are required to demonstrate that they are doing CPD to keep their skills up to date.

The Moderator: You talked about how we can try and grow demand for Associates and Fellows, not just in the UK but around the world. What are your ideas for how we do that?

How can we encourage more actuaries into investment and asset management, and in particular can asset managers themselves be doing more to attract actuaries?

Mr Saker: I gave the example of general insurance actuaries earlier. I would not say that was easy but, in some ways, it was a natural area for our members to go to because it was within the insurance sector, so close to home, if you like. That is a real success story, but we have struggled as a profession to broaden out beyond that, including within financial services, although we do have quite a few people working in asset management these days and also more and more people working in the banking sector. How do we make that happen more often? It has to be a partnership. I gave the example of climate change. I genuinely think that climate change is an area where the profession could broaden out, for the first time, beyond its traditional financial services home. The IFoA, I think, is doing a good job of providing material. I mentioned the sustainability hub. There is some great stuff there if people take the time to look. We need to call on the entrepreneurial mindset of our members to drive into these new domains. I think climate change will be a success if we do that. In other areas, we will win some, we will lose some, but I am optimistic that in 10 or 15 years' time, the profile of our membership will be much broader than it is today.

I genuinely do think that the changes that are happening in the pensions sector, with the gradual decline of DB schemes and automation within insurance companies, will make expanding the domains of the profession a necessity at some point, certainly within the careers of many of our members. I am keen that we do not wait for it to be a necessity and instead we get on the front foot and start driving that change now. Again, it must be a partnership. We need to get more visibility on where our members are working. I have had a few conversations with relevant people. I talked with one member a while ago who was working advising NHS Trusts. They were just performing what we might consider to be quite straight forward cash-flow projections for them but providing massive insight. It is a skill that actuaries have, and I think we undersell ourselves quite often. Because we can do it and it comes naturally to us, it does not mean it is natural to everyone else. We can add huge value in fields like that and I am sure multiple others. I would suggest all of the energy companies that went bust recently, could have benefited from an actuary highlighting the risks to their business model. I am not saying that every company should be employing an actuary, but I think our skills are quite applicable outside of our traditional homes.

The Moderator: You have talked about climate change, the health service and energy companies. Are there any other areas into which you think we could be expanding?

Mr Saker: As many people keep saying, we are the original data scientists. Any organisations that need complex data to be analysed and, most importantly, interpreted and communicated clearly to senior stakeholders would benefit from actuaries. I think there is a long list of places where we could become engaged, such as, big pharmaceutical companies and big energy producers but we should not apply a scattergun approach. We need to decide ourselves where we want to focus. The obvious areas are probably nearer to home. It is great that we have the banking route to Fellowship now, as more and more people are moving into asset management and working for investment banks. Those are the natural areas for us to try and exploit initially. Then we can get into these wider fields and really broaden things out. As I said, we will not be successful everywhere. That is how evolution works. We will win some, we will lose some, and the ones that we win hopefully will continue to grow.

The Moderator: So, the idea is that you fail fast. That you try things, and some will work, and some will not work. I like that you are showing that spirit, it is giving us a real sense of how you will approach the year.

Mr Saker: I talked in my address about our learning offering, and in particular our post-qualification offering, but the pre-qualification offering is also important. We are making some key changes there, but in some senses our whole qualification structure, because of the nature of the later Fellowship exams, tends to funnel our membership back into our traditional areas. I think that is starting to change now with the sustainability course and the banking route to Fellowship. But we do need to think about this quite carefully because the Fellowship route should not just

funnel people back into traditional areas. It is not easy to do, but it is something we should think about changing over time.

The Moderator: Could you share a bit more on specific actions to address the challenges you have talked about?

Matt Saker: I tried to be specific in my address. There is work that is starting now that will address how we adapt to a changing society. There is also a lot of work going on already about the member value proposition. As I said in my conclusion, I do not want to have a theme which is going to distract the Executive from delivering the strategy. I am part of the IFoA team and I want to do anything I can to support them. I am the president, so I cannot get too involved in operational matters, but where I can get my hands dirty, I am not averse to that. I stepped down from Aviva earlier this year, so I am dedicating a lot of time to help the IFoA team to come and deliver these initiatives. I am looking forward to getting out and about. I do feel very passionately about that. I will be reaching out to all our regional societies to talk to as many of those as I can over the next few months, because I do want to hear what members think. I will have a huge focus on helping to improve the member engagement scores, because that does appear to be an issue.

The Moderator: How do we develop our relationships with universities and how can we become more attractive to what the questioner has described as the best, brightest and most ambitious graduates?

Mr Saker: The first thing to say is that we are already doing some work there. We have links with many universities both within and outside the UK, and those ties are good. We have good relationships and have worked quite closely with several universities. For example, developing the data science credential that we launched a few years ago, was done in collaboration with a university. We can always, of course, do more, and we will continue to keep that under review.

I did not talk much about our diversity, equity and inclusion strategy, but that is relevant here. Part of that strategy is to focus on the things that are directly under our control as the IFoA. However, we also look at the organisations, such as universities, with which we work closely and make sure that they are operating in an appropriate way that is aligned with our strategy and our values. Making sure that they are encouraging diversity and inclusion in every way is one of the big focuses of our strategy. To be frank, if organisations are not showing those values, we should not be working closely with them. There is work to do there, but we are in reasonably good shape. I would hope we are appealing to the brightest and the best graduates. Certainly, I felt that when I entered the profession 30 years ago. I still believe that we are getting more than our fair share of the best and the brightest, but we should not be complacent.

I talked about the perceptions amongst potential new members. If our competitors, other actuarial membership bodies, were looking to criticise us, they would point to us being slow and cumbersome. I would stress these are their words, not mine. Until recently the whole signing up process for new members was horrible. It used to take ages. We have now completely changed that and it is much easier for new members to sign up. That is the kind of thing that discouraged the best and the brightest people from joining. They would just disengage and go somewhere else, so we need to get those things right. Then, once we have their attention, we need to be telling the story of the great opportunities that being a qualified member of the IFoA offers them. Hopefully, you all agree, otherwise you would not be here this morning.

The Moderator: I think people have been very inspired by you talking about the next generation of actuaries and also about how we move outside of our traditional areas. I am going to put together a couple of questions. How can we support members who are either wanting to start their own businesses, or work in smaller businesses, and how can we support those smaller employers? Also, is there a conflict between what we do in new areas and the kinds of requirements we ask for from actuaries? You have talked a little bit about the new credential paths, but I think the question is asking whether we need different approaches to allow actuaries to be more entrepreneurial and to be able to work in these smaller and newer areas?

Mr Saker: Not all our members are entrepreneurs. In fact, actuaries do tend to lean more towards the introvert end of the spectrum, although that is a huge generalisation. I am not expecting all our members, having listened to my address today, to burst out and move into a new field. But enough of our members do have an entrepreneurial mindset and we need to identify and support them, in the right way. As I said, we have not got the resources to take a scattergun approach to this. We need to be focused and proportionate in where we allocate resources. Again, I mention that climate & sustainability is an obvious area where there is an opportunity on which we should focus. Using a football analogy, we are through on goal. It is not quite an open goal, but we have just got the goalie to beat, so it is an opportunity that is there, we just need to take it.

As for the second part of the question, the example I would use is regulation. I have talked about that needing to be proportionate. One of the concerns we have with the BEIS consultation that I talked about, is that it would be too broad. It would apply to members of the IFoA, but not to non-members doing the same role, which would be wrong. Another concern is that it would be applied across all our membership. If that were to happen it would be a real problem, it would really stifle that entrepreneurial spirit that I have spoken about. We need to do everything in our power to stop that happening. We are trying to make sure the outcome of that consultation is to focus on the key, public interest actuarial roles. I am thinking there about roles that have a significant and direct impact on the public like my previous role as chief actuary for Aviva, other chief actuary roles and scheme actuary roles. I think it is appropriate that those individuals, and people working with them, should be subject to more intense regulation than the majority of our members. Everyone should be subject to the Actuaries' Code, but I think some of the other TASs do not necessarily need to apply to all our membership. We need to make sure that regulation does not stifle the innovation that we want.

The Moderator: So, in a sense, the answer is regulation that enables and does not constrain, where actuaries might work, but is proportionate and relevant to the type of role they do. You talked about what you called the large world problems. How have you personally ensured that you can adapt to changes and to those large world problems during your career? What can we learn from how you approached those situations?

Mr Saker: People talk about change as a discrete thing that happens from time to time. I do not see it that way. I think change is constantly happening. There has been huge change over my career. When I started at R. Watson & Sons, calculations were done on a mainframe in the basement and were transposed by hand onto big paper calculation sheets. We used razor blades to scratch out any errors. That was only 30 years ago. It is hard to believe these days but that is how it worked. In the early days of my career, we started to get PCs on our desks and to use spreadsheets and that has all changed. It has gone to another level since then, and I think will go to another level again as we really get into the whole artificial intelligence and machine learning piece. I think that change is coming, and it will be significant. I don't know when it will start to accelerate but when it does, it will happen faster than we all expect. That is generally true for change. Personally, the toughest times in my career have been when I have not embraced change, when I tried to resist it. My advice to anyone starting on their careers is not to resist but to embrace change. The most challenging times in my career have been when I have moved outside my comfort zone, taken on a new type of work or moved into a new area. Quite stressful at the time, if I am honest, but, when you get to the end of the year and you look back on the year you've had, it can be really rewarding. Those are the times that I feel I have grown most as an individual and as an actuary. So, have an open mindset to embrace change and see it as an opportunity rather than a threat. The natural reaction is to see change as a threat, but I advise you to embrace it, take on the possibilities and see what happens.

The Moderator: That is very wise advice for all of us Matt, and I love the positive approach that is embodied in that answer. I am going to think about positivity and environment because you talked about culture in your address. One of the challenges that you set out was making sure that

we have the right culture. I would be interested in what you think are the practical steps that the IFoA can take to accelerate and cement the transition that it has been trying to make in its own culture? How are we doing? What more do we need to do to make sure we have the right culture?

Mr Saker: We are on the right path. We have got the foundations there with the purpose and values. You cannot just change the culture overnight. It takes time, but I have seen a change over the last 2 years. We just need to keep reinforcing that and keep reminding ourselves about our purpose and values. At Aviva, the customer was very important to us. Some teams had an empty chair in their meetings and that chair represented the customer. When they were having discussions, they were encouraged to think what the customer would be thinking if they were listening to the conversation. The analogy for us would be to have that chair representing our member. The point is that in everything we do, we should consider the purpose and values and make sure that we are moving in the right direction, particularly from a member perspective. It is also important that senior management, such as yourself Annette, Stephen (Mann), the IFoA CEO, Council and all our senior volunteers, set the right tone from the top. If everyone sees that example being set from the senior people within the profession, whether employees or volunteers, then I think we will get there. We are moving in the right direction, and I am confident we will get there.

The Moderator: I agree with you, and I like the idea of the chair for the member. Certainly, for me it's been very positive that we have this renewed emphasis and focus on the member because, in a sense, we are nothing without that. I agree that it takes a long time to get these things cemented, and we do have to keep reinforcing the nature of our culture and that it is important to us, so thank you for doing that again this morning. I am going to move on to the last couple of questions. This is a more general question. Is there anything that you think we should stop doing as a profession and as an organisation?

Mr Saker: Nothing is springing to mind, but I am certain there are things we should stop doing. I am assuming that most people here today are members but there are probably a few IFoA employees as well. Going back to the question around culture, I would encourage everyone to continue asking themselves when they are doing something, is it adding value? Is it moving the organisation in the right direction? It is human nature to keep doing things that you have always done in the past. But we should challenge ourselves to say, do we need to keep doing this? If the answer to that question is no, and you can make that decision yourself, then stop doing it. Probably you will find that you are right, and no one will even notice that you have stopped doing it. If you are not sure, refer to your line manager and have a conversation about it. We are a relatively small membership organization. Costs and fees are an issue for us and we need to keep them tightly controlled. One way of doing more is to stop doing the stuff that is not really adding value so we can focus our resources elsewhere.

The Moderator: I think encouraging people, whether it is people inside the IFoA or our members, to ask that question can be very helpful because it allows the conversation to happen. You are absolutely right, it is just asking the question every day and coming back to, what is our purpose? So, thank you for that.

We have a short sharp question to finish off with. What are you most concerned about in the coming year, and what are you most looking forward to?

Mr Saker: There is a lot that we need to get done and it links to the previous question about stopping doing things. If we try and do everything that is on our plate now, then my experience is that we will end up doing things averagely, if we are lucky, or potentially, badly. We need to be focused on prioritising things and making sure that the real priorities get done and done well. A great example of that is moving the exams online. I have said before, absent the pandemic, if we decided to do that, we would have set up a 3-year project to get it done. It would have had a massive budget and would have probably overrun in time and budget. We did not do that because we had the pandemic, and it was a necessity. We got it done quickly and well. It was a great example of ruthless execution. We need more of that. To do that we need to make sure that we are focused on the priorities. We need to say "We're going to do this this year," we will do it

really well and then we will move on and do whatever we want to do next year. My concern is that we spread ourselves too thin and do not get the traction we need in the important areas.

In terms of the second part, I am looking forward to stepping out from behind the screen and being more visible to stakeholders, in particular our members. Hopefully, the pandemic is behind us and I can do this. My desire is to get out and about to regional societies. That is the area that I feel passionate about. It is the part of being president that I am most looking forward to.

The Moderator: I know after the last couple of years there is a lot of appetite from our members to be able to meet with you and each other. Hopefully, we can bring all those things together over the coming year. Thank you, Matt (Saker), for what has been a very inspiring and aspiring Presidential Address. I think you have set out a practical approach to those six big challenges that you see for the profession. My sense is that you think we are in very good shape to be able to flourish, if we set about meeting those challenges with an open mind and a willingness to embrace the way that things change. You have also invited everyone who has been listening to this and everyone who cares about the profession to think about how they can contribute to tackling the challenges that you described. I am personally looking forward to working with you over the coming year.

I would like to thank everyone who has joined us for this session, and especially those of you who put in a question. I think we have managed to get through all of the questions that were put forward. It only remains for me to pass on your thanks to Matt for that inspiring Presidential Address, and also the very candid and open answers to the questions that we received. Thank you very much, Matt.

Mr Saker: Thank you Annette, and thank you everyone for joining.