


consumerprofile

## Product Factsheet

enhancing business performance



Consumer Profile is part of our Financial Clarity offering. We're partnered with Experian, the leading UK Credit Reference Agency, enabling Financial Clarity to now contain end investor demographic information. This information is mapped and modelled against Experian's Financial Strategy Segments, allowing our customers to examine their investor types against the market.

## So, what is Consumer Profile?

Consumer Profile is an additional analytical layer that further empowers Financial Clarity's capabilities. It does so by enhancing the visibility of fund distribution channels to the end-investors, allowing in-depth own and market consumer demographic profile analysis.

Consumer Profile is composed of three key data sources:



### Transactional data

Transactional data (Gross, Net and AUM) which is collected every month from Fund Management Groups, Life & Pension Companies and Platforms. We currently collect over 90% of all intermediated retail transaction data from the UK Financial Services industry.



### Financial Advisers' contact details

Financial Advisers' contact details which make up the UK's most comprehensive data source, the Matrix Financial Intermediary Database (MFID).



### Experian's Financial Strategy Segments

Experian's Financial Strategy Segments (FSS) the UK's most widely used and comprehensive consumer demographic model for the Financial Services industry.

## How does it actually work?

In addition to the normal transaction information that we collect from our Financial Clarity clients and contributors (value, type, date, intermediary contact and business profile) we now collect three new investor variables which are appended to all these transactions at source: date of birth, postcode and gender. This generates a vast amount of new factual information which can be further harnessed through our unique partnership with Experian.

We receive regular updates on the typical investor profile of every single postcode in the United Kingdom, which allows us to segment the investors behind each financial transaction into one of Experian's 45 Financial Strategy Segment types. (See the FSS Section for a full explanation of all the investor types.)

By giving users access to information about the demographic profile of their end investors in conjunction with factual own and market sales transactions, you can now develop specific sales and marketing strategies that are segmented according to their end-investor profile for the first time.

Furthermore, the variables provide key insight for compliance teams to ensure products are being sold to the right investors.

## What are the benefits?

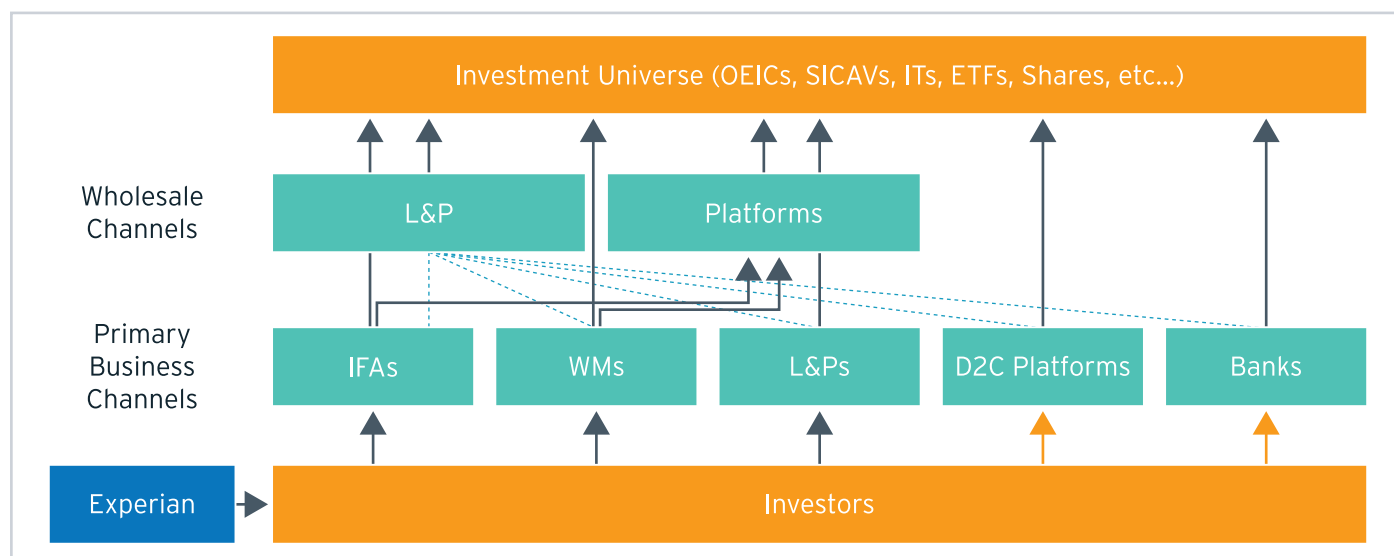
Consumer Profile has major benefits for Industry Compliance as well as Product Development, Marketing & Sales Strategy and Environmental Awareness.

**Product suitability** - Gives you a detailed understanding of the end investor's profile and whether your products are suitable for their needs. Provides a view of both your own products and/versus the rest of market to identify both existing target market suitability and new opportunities.

**Compliance/regulatory requirements** - In conjunction with Experian's Financial Strategy Segments, Consumer Profile enables you to accurately segment your investor base in line with a common industry standard. The detailed results from the service help you to demonstrate that you are treating your customers fairly and will aid your management of Conduct Risk.

**Marketing** - Are the right investors being targeted with the correct communication? You can identify the groups and types of individuals you are after and make sure the right message gets through to your relevant audience and identify locations and intermediaries who have access to that audience. It's also a very useful tool for any Product Risk review requirements.

## How can it help me sell more products?



Twenty years ago doing business in the UK was relatively straightforward; Investors simply approached financial advisers who placed their orders directly with fund managers and/or life & pension providers (L&Ps). But the advent of intermediated and direct platforms has had a profound effect on the industry. Their role as a conduit of financial service provision changed the rules of the game for Fund Managers, Intermediaries and Regulators alike.

The introduction of additional steps in the distribution chain has created confusion in terminology and perception, as well as a lack of understanding of which channels are actually driving product and fund sales. Financial Clarity data has historically always been organised into two layers of data:

- The first level covers the primary generators of business (those with the end investor relationship) and these are known as Primary Business channels.
- The second layer encompasses channels that aggregate sales from the Primary Business channels which are known as Wholesale Distribution channels. They include life and pension groups, intermediated platforms and also fund managers (direct intermediary) who still attract a certain volume of business direct from intermediaries. Intermediated platforms are not a stand-alone distribution channel, but instead provide services with clear transactional and administrative benefits for fund managers, intermediaries and end consumers.

Because of the way in which the purchasing of funds has been complicated, market participants and Asset Management Companies in particular are now less able to understand their end investors. In addition other market participants need a clear view of the differing types of investors who interact with each Primary Business channel, product type or individual distributor to get a full market view.

The partnership with Experian and the inclusion of Investor profiling information mapped to individual postcodes has been created to address this precise issue. Consumer Profile creates insight once again about the end investor types in every postcode in the UK, allowing market participants to adapt their business model to target the right investors for their products.

## Our partnership with Experian

In April 2013 we announced a strategic partnership with Experian allowing us to create the Consumer Profile tool. We've been working to map all of the data supplied by our clients against the Experian Financial Strategy Segments to help illuminate the demographic and purchasing behaviour of investors in particular regions.



**Ian Beaumont, Chief Executive Officer at Matrix Solutions said:** "By incorporating consumer factual information with this added level of detail from Experian, our clients will be able to understand who is investing in their products and how this varies by channel, product, sector and distributor against the rest of the market. The result is an incredibly powerful market intelligence tool that enables clients to better understand their customers and match their brand and marketing strategy to the right products and channels, as well as demonstrate to the FCA that they understand their client base."

**Mark Leachman, Head of Financial Services at Experian says:** "Financial Strategy Segments adds valuable insight about consumers and their buying habits and dovetails exceptionally well with Financial Clarity. By fully understanding their own investor and prospect behaviour clients can use the link into Experian's Consumer View to act on the intelligence gleaned and develop targeted multi-channel marketing strategies to grow their business."

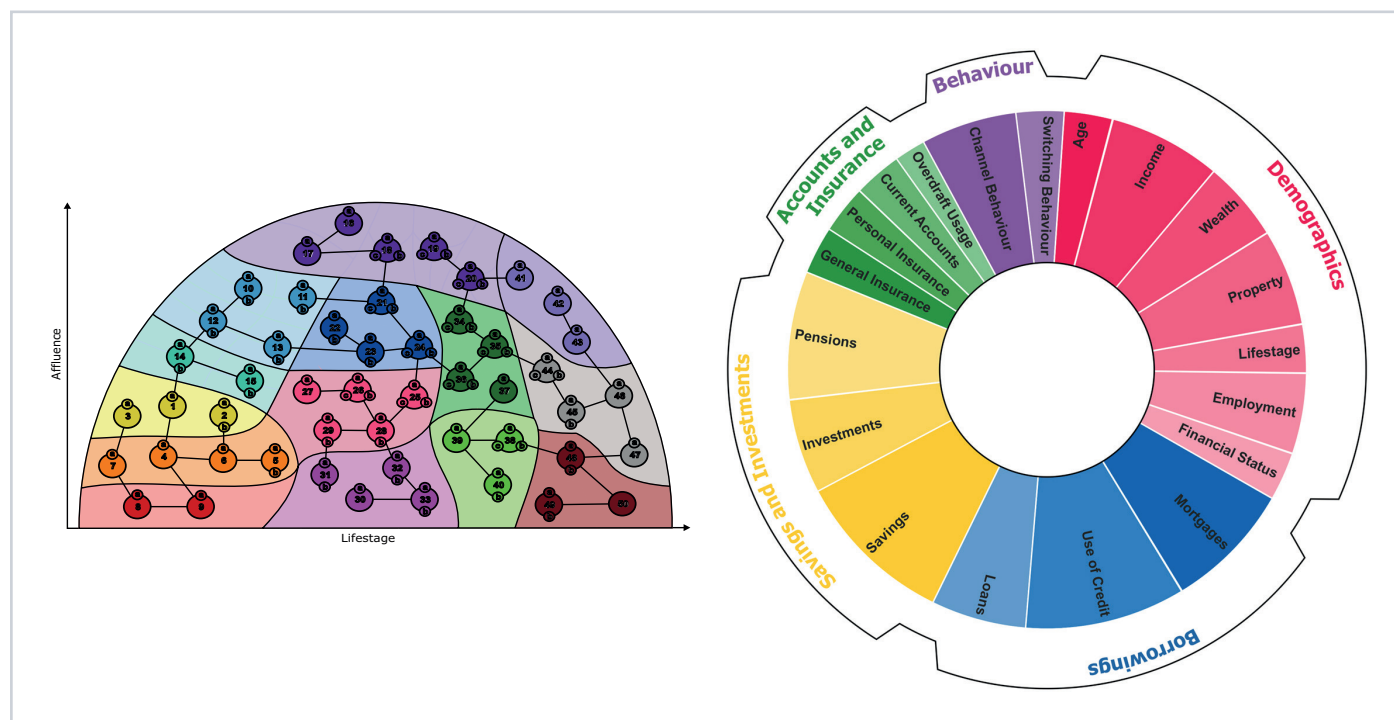
## What is Financial Strategy Segments?

To communicate effectively with consumers it is important to segment their behaviour at the level at which the financial decision is made. This may be as an individual or collectively as a household. Classifying consumers purely on the basis of the neighbourhoods in which they live fails to account for the increasingly complex pattern of people's financial behaviour.

FSS addresses this problem by distinguishing between the financial behaviour of individuals and the households in which they live. It recognises that many financial transactions such as acquiring a pension plan or applying for a loan are personal – driven by an individual's aspirations and personal preferences. Other transactions such as obtaining a mortgage or purchasing home insurance are more closely associated with the household.

FSS provides insight on the types of financial product or service consumed, and segments behaviour on the basis of a person or household's net worth, equity, investments, indebtedness, credit risk, attitudes and preferred transactional channel. The classification segments the total population of the UK into 93 individual behavioural types.

These are then aggregated to 50 household types and 14 household groups. Providing a classification that discriminates the behaviour of individuals and households ensures that you can target your services more effectively and improves response to communication.



Financial Strategy Segments Family Tree and Data Sources

## How is Financial Strategy Segments built?

The data used to build FSS has been chosen for its ability to accurately describe financial behaviour. It is characterised by its volume, quality, consistency and sustainability.

To qualify for use within the classification the data must meet the following criteria:

- Identify and describe consumer segments by individual or household
- Maximise discrimination
- Allow for the identification of a wide range of financial behaviours
- Be updated annually to ensure the classification maintains an accurate and consistent view of financial behaviour at any point in time

The information selected must be capable of distinguishing behaviour around a series of key dimensions including demographics, personal equity, investments, borrowings, debt, attitude, aspiration and channel choice. In building the classification. Experian has incorporated key behavioural data from YouGov Financial Omnibus Survey and other YouGov inputs. It provides detailed information on people's use of financial services and enables Experian to identify individual product preferences and transactional behaviour. Using this data, Experian has built a series of person and household level propensity models, which are used to augment our understanding of consumer behaviour.

## Key Features of Consumer Profile

### A simple and secure web-based platform

Consumer Profile employs highly intuitive and user-friendly dashboards, which are built using the same technology as Financial Clarity. They are an “open platform” which allows users to drill into any particular area they are interested in and view that selection in both Consumer Profile and Financial Clarity dashboards. Their format encourages users of all skill levels to embark on interactive analysis since the dashboard design allows all of the information to be displayed at once. As soon as a user makes a selection, any unusual segment will jump out and encourage further analysis.

The advantage of Consumer Profile is it enables users to see the linkage between Investor channels and Intermediaries - not only can they profile their product, distributive channel, IMA sectors, but they can also profile all Intermediaries (provided there is visibility), and start analysing whether any particular Firm/Brand attracts a particular type of investors.

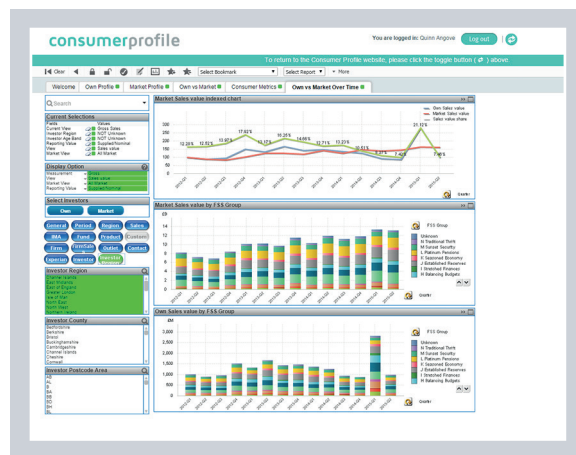
Over time we expect to launch additional dashboards based on feedback from our clients. Here is a brief description of the initial set: These charts are interactive so you can easily identify different accounts for different products or sale regions, and you can set minimum/maximum revenue ranges to ensure that the intermediaries growth rates/market share are relevant. Having identified your focal accounts, additional information can be extracted through the Account Analysis dashboard for each outlet.

### Own Profile and Market Profile

This is a centralised dashboard designed to show you a holistic view of the consumer. Own profile will enable users to analyse their own consumer base by a multitude of variables. Market Profile provides the market view where users can analyse the market consumer breakdown.



Market Profile dashboard



Own Profile dashboard

### Own Vs. Market

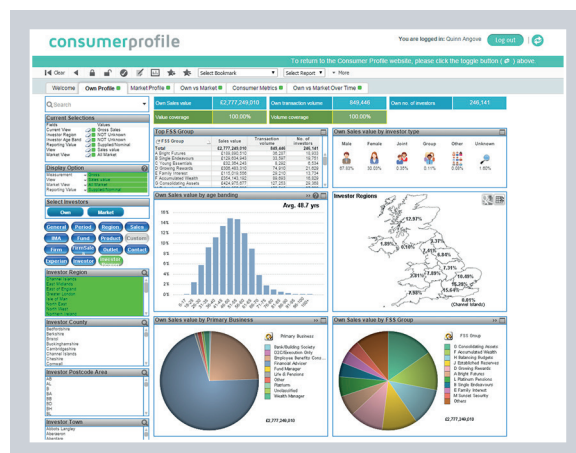
This dashboard provides a comparison of Own against Market investors across a range of variables, enabling user to see how their consumer make-up differs from the market by relative volume and market share.

### Consumer Metric

This dashboard is a data extract point, where users are given the flexibility to compile their own table. There is a large choice of variables and time periods available to users to produce their required bespoke reports for export.

### Own Vs. Market Over Time

This dashboard is designed for trend based analysis, enabling users to see how their own and the market consumer base changes over time, enabling users to spot trends and also query specific time periods to understand any anomalies and unusual spikes within their sales.



Own Vs. Market Over Time dashboard

### Some Example Queries

We have produced a detailed user-guide and a study of particular queries, so if you would like more information about these specific examples then please contact the Sales team for information on queries such as:

1. Analysing own or market consumer breakdown using any variables currently available in Financial Clarity.
2. Making a consumer related selection, then toggling back to Financial Clarity (Key Customers) to see which Intermediaries these investors are buying their funds through.
3. Making a selection and narrowing it down to a group of Firm/Outlet, then switching to Consumer Profile to see their client base breakdown.
4. Making some selections based on your own products, narrowing it down to a group of your own investors, then selecting those investors, and removing other selections to see where else in the market they are investing their money.
5. What is our share of wallet of our entire client base?
6. Investors that invest via Financial Advisers, what other channel do they use? Or how many of those investors uses other channels and how much?



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