



"Digital First" refers to a strategic approach where organizations prioritize digital channels and technologies when creating and delivering products, services, and experiences. This approach entails designing and implementing processes, services, and products with a primary focus on digital platforms, often before considering non-digital alternatives. However, when it comes to processing and servicing annuities, those non-digital alternatives (i.e., paper forms and wet signatures) are embedded in complex processes designed to comply with extensive regulatory requirements. Replacing these older processes with digital capabilities is imperative to improve both the speed and accuracy of annuity transactions, and to create an experience akin to what advisors and consumers are used to when investing in mutual funds and other financial products. IRI recently conducted research with financial advisors exploring their preferences when using digital capabilities, barriers to use, what would motivate them to use digital capabilities more often, and what would motivate them to consider annuities more often in client portfolios.

Implications of This Research

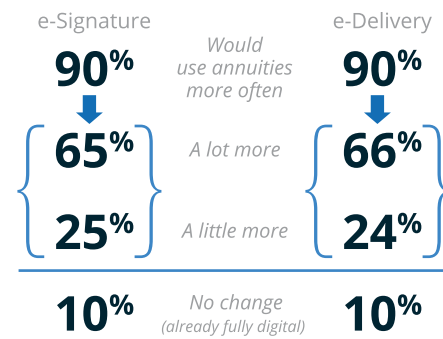
It has become axiomatic in the annuity industry that existing processes for transacting in annuities are outdated and must be replaced by digital capabilities. This research supports that contention and provides context in terms of quantifying the likely impact of achieving a full digital experience (i.e., the virtual elimination of paper processing and wet signatures), It also explores the financial professional view of the necessary elements of a digital experience that will drive them to adopt new processes and embrace annuities more fully.

I: Digital Capabilities Drive Annuity Adoption

Advisors were asked whether a fully digital experience, defined as all annuity transactions (new business and replacements) utilizing e-Signature and e-Delivery, would have an impact on how often they include annuities in client portfolios.

INSIGHT An important aspect of this finding is that it expressly refers to the digital experience that advisors can expect and rely upon for ALL annuity transactions. An inconsistent experience leads to confusion and frustration, impacting advisors' willingness to use annuities.

Figure 1: 100% Digital Experience = More Use of Annuities



The importance of implementing a 100% digital experience for annuities is underscored by these survey responses, especially the almost two-thirds of financial professionals who view a complete digital experience as resulting in them using annuities "a lot more." When transactions in other financial products like stocks, bonds and mutual funds are processed far more quickly and simply than annuities, it is imperative to move to a process that is smoother, more accurate, and faster.

II. The Financial Professional View of “Best-in-Class” Service

Great service means different things to different people, and some may prioritize certain aspects of service more highly than others depending on their needs and past experiences. In this survey, financial professionals were asked to provide three words that they associate with “best-in-class” service.

INSIGHT Creating a faster, more efficient, and more reliable process through complete and consistent availability of e-Signature and e-Delivery will create best-in-class service. Coupled with the initial finding, providing capabilities aligned with these three words will lead to the increased use of annuity products and a more positive perception of service and support.

Figure 2: Best-in-Class Service Words



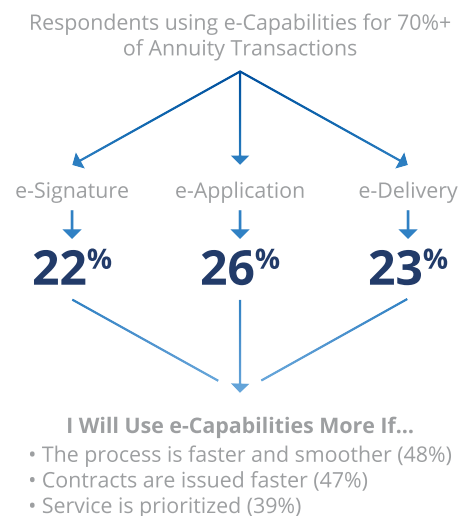
The financial professionals responding to the survey offered a wide range of words they associate with best-in-class service, including easy, innovative, and transparent. The three words mentioned more than others, however, were Fast, Efficient, and Reliable. These words were both among the three words offered by more than 10 percent of those surveyed, and most likely to be the first word entered. Speed, efficiency, and reliability are all improved by e-Capabilities, so small wonder so many say they would use annuities a lot more often if they had these capabilities for every transaction.

III. Annuity Industry Goal: Full Adoption and Utilization of e-Capabilities

Moving to an environment where ALL annuity transactions incorporate e-Signature, e-Application, and e-Delivery is a challenging goal for the annuity industry, but a crucial step toward making annuities as easy to process as other financial products. There are many improvements to be made in these capabilities that will encourage financial professionals to utilize e-Capabilities more often, which in turn will drive further enhancements geared toward streamlining processes.

INSIGHT Financial professionals are clear on the framework and capability improvements that will result in increased adoption and use of e-Capabilities.

Figure 3: State of e-Capability Adoption & Highest Value Improvements



Currently only about one in four financial professionals are using e-Signature, e-Application, and e-Delivery for 70% or more of their annuity transactions, while 74% say that they have access to all three capabilities. The implication is that most annuity transactions still involve physical forms and signatures, leading to frustration and confusion when different processes are required in different circumstances. In fact, survey respondents note that when a paper application is required, the most common reason is that e-capabilities are not available for all lines of business. A consistent process across products is a key outcome in enabling full e-Capabilities and ensuring financial professionals enjoy the same experience every time they transact in an annuity.

Conclusion

“Digital First” in the annuity industry means abandoning outdated and inefficient processes and embracing full electronic processing that supports the financial professional in their tools the way they want to do business. This survey shows that financial professionals prefer to do business electronically. Achieving digital processing will result in an increase in the use of annuities by those financial professionals who incorporate them into their practices today, and significant growth in the population of advisors who currently do not utilize annuities, in part due to the onerous processes that are often in place to transact the business. Fast, Efficient, and Reliable is the demand, and the annuity industry must rise to it.

This research brief is based on the 2023 IRI report, “e-Capabilities for Annuities: A Survey of Financial Professionals Revealing Opportunities Driven by Digital Annuity Solutions.” IRI members can download the full report [[here](#)].

Contact Us

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Methodology

The findings in this report are based on an internet survey of financial professionals. Respondents were required to have sold at least three annuities in the past 12 months. The survey was conducted from August 21 to August 31, 2023. The survey sample consisted of 800 qualified respondents. The margin of error for the sample of 800 is $\pm 3.5\%$ at a 95 percent confidence level. This means that if we conducted this survey 100 times, 95 of those times the answers would be the same plus or minus 3.5%.