TISA

Response by TISA to Pensions Dashboards Programme (PDP) Call for Input

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About TISA

The Investing and Saving Alliance (TISA) is a unique and rapidly growing membership organisation. Our mission is to work with our industry members to improve the financial wellbeing of all UK consumers to **deliver practical solutions** and devise innovative, evidence-based strategic proposals for government, policymakers and regulators that address major consumer issues.

TISA membership is **representative of all sectors** of the financial services industry**:** We have **over 200-member firms** involved in the supply and distribution of savings, investment products and associated services, including the UK's major investment managers, retail banks, insurance companies, pension providers, online platforms, distributors, building societies, wealth managers, third party administrators, Fintech businesses, financial consultants, financial advisers, industry infrastructure providers and stockbrokers.

Complementing our development of consumer policy and commitment to open standards and governance, TISA has become the **pre-eminent membership body for the delivery of digital industry initiatives**, including:

- **Open Savings & Investments -** a fundamental component of Open Finance which will enable our industry to become fully digitally enabled
- **Digital ID** - enabling easy access to all digital services by creating a single, reusable, secure ID owned and controlled by the consumer
- **TISAtech -** the new generation digital marketplace connecting Financial Institutions with FinTech's
- **TISA Universal Reporting Network (TURN) -** an industry-designed blockchain data solution for the collection & dissemination of EMT data

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Executive Summary

TISA fully supports the pension dashboard; we see this as a step change in the drive to help consumers in making informed decisions on their retirement planning.

The dashboard has the potential to play a major part in engaging consumers with their pension entitlements, so it is crucial that their journey is factored into all aspects of its development. A typical consumer possesses little knowledge of pensions and has no desire to spend their time filling in various online forms to access their data. Whilst security is of paramount importance, this needs to be combined with an element of simplicity to ensure that consumer engagement is not compromised.

Consumers may also be overwhelmed with the data that is included, so careful consideration needs to be given to what data is of most benefit and how this can be presented in a meaningful way. As data aggregation becomes more common place and consumers demand to have instant access to a broad range of data, content and services, financial dashboards are well set to meet their changing demands.

Although TISA recognises that the initial launch version of the dashboard may be a basic model, it needs to meet the fundamental requirement of connecting consumers with all (or at least the majority) of their pension entitlements. There is an opportunity, through ongoing development, to enrich the data provided to make the dashboard more relevant and useful to the typical consumer and encourage greater engagement through the use of some basic retirement tools. This should be seen as the first step towards achieving wealth dashboards where consumers can view their entire pension and savings accrued, together with personal debt. To achieve this ambition, dashboards should evolve through an open architecture environment, which promotes open standards, competition and innovation. TISA is leading the Open Savings & Investment (OSI) Project, which is aligned to the aims of the Pensions Dashboard, by opening up access to all savings, investments and liabilities through the development of industry open standards, a Governance Register and associated APIs.

Whatever data is provided through the dashboard, there will always be a requirement for the data and the standards to be adhered to by all dashboard participants. A governance framework needs to be put in place to ensure that the requirements are clear from inception and remain in place throughout the development of the dashboard over time.

TISA has considerable experience in creating a framework of this nature, through the establishment and administration of the TISA Exchange (TeX). TeX successfully manages and runs the complete set of non-commercial contracts between parties that cover standards, service level agreements and matters of liability concerning all aspects of transfers. It is worth noting that the TeX model is very robust, which is demonstrated by the fact there has been no breach or loss incurred by participating firms using it.

CONTACT DETAILS

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4. Yes, our response can be made public

DATA SCOPE WORKING PAPER RESPONSES

5. Existing user research indicates that people have a low tolerance for incomplete dashboards and would rather wait until the majority of pension providers and schemes are 'online'. To be acceptable to individuals, what proportion of their pension entitlements should initial dashboards find? Please indicate any consumer or other research used in framing your response to this question.

To answer this question, we need to consider what is the primary purpose of the pension dashboard? The most important and fundamental outcome is to enable consumers to view their all of their pension entitlements and where they are held. It is estimated that more than 1.6 million pension pots are lost or stranded, amounting to more than £19 billion and this is expected to grow with the proliferation of small pots created through Auto Enrolment. Reconnecting people with these lost pots will be a major consumer benefit.

Given this, in an ideal world it would be prudent to wait until all schemes are in a position to provide accurate data to the dashboard before launching. Realistic but strict timescales would need to be adhered to, enabling the launch date to be set with a degree of certainty. This would remove the need for Questions 6, 7 and 8. However, we do recognise that there is a desire to launch the dashboard within a shorter time period and if we are not able to wait for full participation, we need to consider the most effective phased approach.

It is not possible to state a proportion or percentage which achieves the critical mass to enable a Day 1 launch. Given the diverse demographic, which exists within UK pension scheme membership (active and deferred), a 70% coverage for example may incorporate 100% of one individual's pension entitlements and 0% of another. If coverage spans across specific segments of the population, this may not cover a particular scheme type in its entirety. The message, which then needs to convey what is and is not being displayed during this interim period, becomes convoluted and open to misinterpretation; this could have detrimental impact on consumers.

The answer to Question 7 helps define the answer to this question if we look at a launch based on phased participation. Given the number of workplace schemes which exist within DB, DC, Occupational and Contract based, this would be a logical initial set of scheme types that would require full participation. Due to the nature of these schemes, ex-employees may not provide updated personal information to the scheme(s) and without the benefit of periodic communications, these entitlements become lost over time.

Tracing them can currently be a challenge, where different administrators have taken over the running of the schemes and the names of employers and the scheme have changed. We see that Automatic Enrolment alone has created over 8 million deferred pots and they could rise to over 27 million by 2035 without intervention.[1] Full scheme participation, within this group of scheme types from launch, would benefit millions of consumers and enable them to reconnect with their entitlements. The scheme types impacted are Occupational DB, Occupational DC, Group Personal Pensions, Groups Stakeholder Pensions and FSAVCs.

Given that the State Pension is likely to form a significant proportion of most consumers total retirement income, we believe this should also be available for the initial launch, to build consumer interest and engagement from the outset. Whilst it may not be possible for the expected retirement income to be displayed, a link to the online state pension forecast should be made available.

From an identification verification perspective, it should be a simple journey for consumers to access their state pension forecast having successfully passed the Dashboard IDV. The need to complete multiple or additional online forms and access data will discourage engagement and is not in keeping with the spirit of the dashboard and consumers expectations for instant access to their data. There is a need to create a secure, straightforward and simple client journey, which in turn promotes engagement and confidence.

6. How long (i.e. how many months?) will most individuals find acceptable between first using a pensions dashboard (and finding only some of their pensions) and subsequently finding out that more of their pensions are now available to view?

This will depend on an individual's own personal preference and what they deem acceptable or not. Whilst we need to keep this period as short as practically possible, there are some principles that should be adopted in this period to mitigate any negative consumer outcomes.

The pensions dashboard will only display newly added entitlements when a consumer logs onto the service. TISA recommends that any dashboard has an engagement strategy to ensure repeat usage of such service, this should include a notification/email service, which the consumer agrees to be contacted by when he/she signs up to the dashboard; this then alerts them to the addition of new scheme types on a periodic basis, nudging them to logon to check if any additional entitlements have been added.

The roll out of multiple pension dashboards will also mitigate this issue to some extent. We know from research that consumers are more likely to refer to their own providers in the first instance, when they seek information or guidance, rather than refer to industry bodies such as MaPS. If their own pension provider offers a pensions dashboard, this may increase the chances of them accessing dashboard services, as they are more likely to trust such services with their personal data, which in turn increases the chances of them viewing additional pension entitlements.

Additionally, when a scheme is providing data to the dashboard, this should be a disclosure requirement in client communications, such as annual statements and wake-up packs.

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[1] Pensions Policy Institute: Policy options for tackling the growing number of deferred members with small pots July 2020

7. Are there any segments of the population for whom the majority of their pensions could be covered early by selecting a subset of pension provider/scheme types?

Please see our response to Q5.

8. If you have identified one or more population segments in response to Question 7, what simple, cost effective communication approach(es) could be adopted to explain to all individuals (both within and outside of the specified segment(s)) which pensions they should and should not expect be able to view on initial dashboards?

Clear and unambiguous client communication is crucial during this interim period, to ensure that consumers do not incorrectly assume their total entitlements are showing or dismiss a pot they thought they had due to it not appearing.

A message should appear at the point of accessing the dashboard, explaining clearly what schemes are and are not currently included. As consumers typically do not understand pension jargon, the scheme types need to be explained in simple terms stating examples of how you might accrue one of these entitlements and including some socio-demographic appropriate examples of how this could be applied to the target audience. It is proposed that short education videos are developed, which introduce the concept of the dashboards, the data to be initially included, the value they offer and the security contained; this may encourage consumers to engage with the dashboards. Possibly, a positive consumer response to move on from this screen such as an 'OK' tick box is also needed to ensure at least acknowledgement of the existence of the message.

Further communications such as the nudge email and additional disclosure requirement are outlined in Q6.

DATA DEFINITIONS WORKING PAPER RESPONSES

9. Which data items do you anticipate could be used to definitively match individuals to their pension entitlements? Of the data items listed, are there some (or some combinations) that will provide a more accurate match than others?

We need the consumer to have a positive experience when accessing and using a pensions dashboard. It will be the personal data they provide which will be used for matching purposes. The data needs to be memorable and not require extensive research to retrieve, such as historical information which may not be recalled e.g. old addresses. This needs to be coupled with security to ensure that the consumer needs to be asked for information about themselves that is not publicly available to ensure their personal data is open to hackers and fraudsters.

The matching process and the data items which can be used needs to be agreed between the schemes themselves. Scheme trustees will ultimately decide whether an information request satisfies a full/partial match or a decline so an agreement on validation rules is required. A full match for one scheme may be determined as a partial match by another as ultimately, trustees have the responsibility for the data they hold and may need different levels of certainty before releasing data. A set of identity standards and associated trust framework will enable scheme providers to operate in a safe environment, with a clear set of liability and fraud controls; this is being developed in the Digital Identity programme outlined above.

Data items such as surname, date of birth, NINO and address are some of the personal details that could be used. As schemes may hold different levels of personal information based on scheme type and age of plan, it may be more appropriate for schemes to match a certain number of items taken from an agreed industry list. This could potentially be divided into two levels of personal information, with a match or matches needed from both.

Where a partial match occurs (fuzzy matching), specific plan information should not be provided, however the client should be informed through the dashboard that they may hold an entitlement with the scheme and contact details provided for further discussion and investigation.

TISA is leading an industry initiative to develop a federated Digital ID scheme that will enable consumers to create a single Digital ID for use across UK Financial Services and that is interoperable with the Gov.UK Verify scheme and its prevailing standards. This includes the development of the required standards (to meet the regulatory requirements), a proposed technical approach and a Trust Framework that covers the scheme rules and policies. This is a critical building block for Open Finance.

The TISA Digital Identity scheme could facilitate this matching and enable the consumer's consent to release their data form a scheme provider to a dashboard.

10. In Level 1b, we have set out the administrative data items that will be useful to individuals, as these items will enable them to see where their pension entitlements are. Which of these items would be most challenging for pension providers and schemes to supply? Please indicate in your response why this would be the case.

N/A

11. One of the DWP design principles is that dashboards will initially be used for presentation purposes only (i.e. they will not alter the source data). This means that initial dashboards cannot calculate projected pensions, meaning that pension providers/schemes must supply an Estimated Retirement Income (ERI) for each pension. This includes situations where there are multiple "tranches" within a pension, i.e. multiple ERIs with multiple Payable Dates may need to be supplied. The Level 2a data table sets out our assumptions on the simplest way for pension providers/schemes to meet this requirement. Please comment on these assumptions.

We agree that for a Day 1 solution, the assumptions provide a simple way for schemes to meet the requirement. Given the differences, which exist between DB and DC, the ERI for these scheme types should be separated on different tabs, together with a simple explanation of the main differences.

When considering the enrichment of data that could be achieved for subsequent Dashboard iterations, we need to be mindful that we want the Dashboard to promote engagement, with more personalised services and accurate data likely to drive higher levels of engagement and better financial outcomes. We know that the SMPI, combined with the numerous disclosure requirements provides a very rough estimation of what income could be achieved in retirement, based on multiple variables which are not understood by consumers (and much of industry too).

The dashboard provides a tremendous opportunity for industry to engage with consumers and provide meaningful information, without this being lost within the lengthy disclosure requirements which currently have to be met. Research has shown that ERI is valued highly by consumers, so this seems an area which would be well served through additional tools, which for DC, allow individuals to change their scenarios to see what difference that would make to retirement outcomes.

Some form of gamification here combined with simplicity and transparency would resonate well with consumers. The current disclosure requirements need to be simplified to meet this.

We need to also be mindful that one of the Dashboard design principles needs to be that it is created with an open architecture, allowing for the development of open standards, which allow, over time, for the dashboard to evolve into a full wealth dashboard.

12. Are there any "disclosure items" (i.e. items required under current disclosure regulations) that are currently challenging to supply digitally? If so, please indicate how many months it would take to make these "disclosure items" available digitally?

Please see our response to Q11.

13. Most data items in level 3 are not currently required to be made available to individuals under the current disclosure regulations. Would any of these (or other) areas of data be able to be supplied voluntarily for initial dashboards?

It should be clearly understood and articulated what consumer benefit there would be in displaying additional data items. As a principle, we need to be mindful that consumers do not typically have a good understanding of pensions and we would not want to inadvertently overwhelm them with too much information, which may then prompt disengagement.