



Response by TISA to:

**CP22/3: Pensions dashboards: proposed rules for
pension providers**

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About TISA

The Investing and Saving Alliance (TISA) is a unique, rapidly growing membership organisation for UK financial services.

Our ambition is to improve the financial wellbeing of all UK consumers. We do this by focusing the convening the power of our broad industry membership base around the key issues to deliver practical solutions and devise innovative, evidence-based strategic proposals for government, policy makers and regulators that address major consumer issues.

TISA membership is representative of **all sectors of the financial services industry**. We have **over 240 member firms involved in the supply and distribution of savings, investment products and associated services**, including the UK's major investment managers, retail banks, online platforms, insurance companies, pension providers, distributors, building societies, wealth managers, third party administrators, Fintech businesses, financial consultants, financial advisers, industry infrastructure providers and stockbrokers.

As consumers, the financial services industry and the economy react to and recover from the effects of the pandemic, the importance of the three key pillars of work that TISA prioritises has never been more apparent:

- **Strategic policy initiatives** regarding the financial wellbeing of UK consumers & thereby enhancing the environment within which the industry operates in the key areas of **consumer guidance, retirement planning, later lifetime lending, vulnerable customers, financial education, savings and investments**.
- TISA is recognised for the **expert technical support provided to members** on a range of operational and regulatory issues targeted at improving infrastructure and processes, establishing standards of good practice and the interpretation and implementation of new rules and regulations covering **MiFID II, CASS, ESG/RSI, operational resilience, Cyber Risk, SM&CR** and a range of other areas.
- **Digital transformation initiatives** that are driving ground-breaking innovation and the development of industry infrastructure for greater operational effectiveness and revenue promoting opportunity for firms. TISA has become a major industry delivery organisation for consumer focused, digital industry infrastructure initiatives – **TISAtech** (a digital marketplace that brings together financial institutions and FinTechs for greater collaboration and innovation) and **TURN** (TISA Universal Reporting Network – a digital platform providing a secure data exchange for financial services using blockchain technology) – alongside projects **Digital ID** and **Open Savings & Investment**. This reflects TISA's commitment to open standards and independent governance.

Executive Summary

TISA welcomes the opportunity to respond to the FCA consultation - CP22/3: Pensions dashboards: proposed rules for pension providers.

We are highly supportive of Pension Dashboards and recognise the potential that these have to engage consumers and ultimately enhance retirement outcomes, however we are very concerned that the potential benefits to consumers remain severely hampered by existing Advice rules. This is because the industry will be curtailed in its ability to issue constructive guidance to consumers, be it nudges, alerts, prompts and suggestions, on the back of a consumer's Pensions Dashboard data. Such actions by firms would constitute regulated advice. We do believe that it is the best interests of consumers that the legislation around Regulated Advice be amended to allow firms to issue Personalised Guidance. This will then allow the industry to "bring to life" the insights to consumers about their pensions, which won't otherwise be immediately obvious. TISA is in advanced discussions with both the FCA and HMT on what legislative and regulatory changes are required to the UK's Advice framework.

The use of online support services such as modelling tools will be essential to help individuals understand the impact that different decisions may have on their projected retirement outcomes. These need to be easily accessible through links displayed alongside the relevant information.

Given the number of separate components and stakeholders involved in the overarching architecture, it is important that key dependencies are identified and timelines are created which are cognisant of these. In particular, for many schemes connection will be dependent on an Internet Service Provider (ISP), however whilst staging dates have been confirmed, there is no functioning ISP market at present. The creation of such a market will take time to develop and this means impacted schemes have no control over meeting their deadlines. We also have strong concerns around the proposed timescales given that final requirements will not be issued until Autumn, the demand this will place on securing appropriate project resource and more generally the huge scale of regulatory change that industry is currently dealing with.

Concerns continue to exist around the crucial aspect of consumer protection. The proposed identity service does not provide the level of security that provides a level of comfort to all schemes and as such, their responsibilities as data controllers will be tailored appropriately. However, this leads to additional concerns that they maybe perceived as breaching data access requirements – more clarity and guidance in this area would be welcome.

Question responses

Q1: Do you think that our proposals for connection are proportionate and deliverable? Please provide evidence in support of your answer.

There remains general confusion within industry around which pension products are currently in scope and if so, when their staging date might be e.g. Deferred Annuity plans. Further clarity is required to ensure all schemes are aware of their obligations.

Q2: If you are a pension provider, what challenges do you anticipate facing in meeting the implementation deadline?

For many schemes, connection will be reliant on an ISP. However, in the absence of a functioning ISP market (which will take time to establish), the appropriateness of connection timelines cannot be measured. The question around timelines needs to take this into account along with consideration of publication of the final requirements. If these are not published until at least Autumn, this makes delivery timescales of March - June 2023 unacceptably short. Other factors which contribute to this include a restriction placed on the amount of preparatory work that can be undertaken due to lack of certainty, from a resourcing perspective, the difficulty in securing industry expertise/SMEs due to industry demand and more generally the huge scale of regulatory change that industry is currently dealing with.

We believe there is merit in considering the alignment of implementation deadlines with the SMPI changes, which would provide some additional and much needed time for schemes.

Q3: Do you think that our proposals for finding and matching are proportionate and deliverable? Please provide evidence in support of your answer.

Q4: Do you think that our proposals for returning view data are proportionate and deliverable? Please provide evidence in support of your answer.

There are some concerns relating to the personal data that will be used for matching by the identity service. The (draft) PDP standards outline its assumption that the identity service will always verify:

- Given name
- Surname
- Date of birth
- Current address

Research shows that only 4% of individuals who change address update their pension provider, so this could relate in a high number of incomplete matches. We believe NINO would be a more appropriate data item to verify.

As schemes have concerns with the identity service security, they will, as data controllers, be adopting stringent checks before releasing data. This needs to be recognised or further clarification and guidance provided to ensure schemes are not penalised for applying perceived barriers to access.

Q5: Do the proposals set out above deliver the right balance between the needs of consumers and industry burden? If not, how might a better balance be achieved?

We are very concerned that the potential benefits to consumers remain severely hampered by existing Advice rules. This is because the industry will be curtailed in its ability to issue constructive guidance to consumers, be it nudges, alerts, prompts and suggestions, on the back of a consumer's Pensions Dashboard data. Such actions by firms would constitute regulated advice. We do believe that it is the best interests of consumers that the legislation around Regulated Advice be amended to allow firms to issue Personalised Guidance. This will then allow the industry to "bring to life" the insights to consumers about their pensions, which won't otherwise be immediately obvious. TISA is in advanced discussions with both the FCA and HMT on what legislative and regulatory changes are required to the UK's Advice framework.

Whilst dashboards will provide useful information, most consumers will not know what to do with it and it could cause confusion. It is important that the information is provided in a clear unambiguous way and is not used to make retirement decisions without easy access to additional support, tools and guidance being provided, otherwise this could lead to poor outcomes.

It is proposed that an FCA Qualifying Pension Dashboard Services are subject to a 3rd party audit. We are not aware of any FCA regulated activities which currently require a 3rd party audit and do not believe the introduction of Dashboards should be any different. Much the same as any other regulated activity, good consumer outcomes are reliant on effective compliance with existing regulation and governance from the regulator.

Operational resilience is a key area of focus for FCA. It would be useful to understand if there are measures being considered to prevent bulk requests or similar, that may put unnecessary strain on dashboard providers and schemes internal systems and processes?

Q6: Do you have any comments on our cost benefit analysis in Annex 2?

N/A