The Pensions Dashboard

The UK experience

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The Association of British Insurers

• Voice of the insurance and long term savings industry.
• Over 250 member companies, including most household names and specialist providers.
• Formed in 1985 and is funded by members’ subscriptions on a not-for-profit basis.
• Our members are major tax contributors, paying £12 billion to the government in 2013.
• Our role is to:

- get the right people together to help inform public policy debates, engaging with politicians, policymakers and regulators at home and abroad.
- be the public voice of the sector, promoting the value of its products and highlighting its importance to the wider economy
- help encourage consumer understanding of the sector’s products and practices
- support a competitive insurance industry, in the UK and overseas
Video

• https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/
Background – Policy drivers and consumer needs

• Budget 2016:
  – “Government will ensure industry designs, funds and launches a pensions dashboard by 2019”
• Auto-enrolment: millions of new pension savers
• Freedom and Choice: consumer expectation of control
• Remedy in FCA Financial Markets Review
• Remedy in FCA Retirement Income Market Study

➢ 11 pension pots during an average career (DWP)
➢ Very time-consuming to obtain pensions overview
➢ £400 million/ £3bn in unclaimed pension savings (DWP)
➢ £400+ million dormant assets (Dormant Assets Commission)
➢ Increasing longevity but decline of DB pensions in private sector makes better awareness of retirement preparation key
➢ Consumer expectations rising given on-line experiences elsewhere

Policy drivers reflect consumer needs – several policy objectives benefit from Pensions Dashboards.
The UK pensions landscape: The size of the challenge

Complex landscape of (conservative estimate) 64 million pots – but around 300 parties administer 80% of pots. All would need to share basic clean data at members’ request so they can find their pensions.

Sources: ABI, TPR, HMT and FCA data 2016
Pensions Dashboard
Prototype Project

Purpose:

“The purpose of the pension dashboard is to enable consumers to gain a holistic view of all their pension pots. This will help ensure that consumers don’t lose touch with their pensions, can get a sense of their overall preparations for retirement, and empower them to make decisions”

Prototype Project objectives:

1. Agree and document the design of an [initial] infrastructure for data sharing
2. Build and demonstrate a basic working prototype using anonymised [data]
3. Learn lessons on challenges and potential solutions for future industry-wide dashboard infrastructure

Terms of Reference and Vision as adopted by Steering Group Sep 2016

Cross-industry project – the pensions dashboard prototype is the first but very important step in the journey to launch services in 2019
Cross-Industry Project, HMT chaired

Contributors
- AON Hewitt
- Aviva
- Fidelity
- HSBC
- Legal & General
- LV=
- NEST
- NOW: Pensions
- People’s Pension
- Phoenix Group
- Prudential
- Royal London
- Scottish Widows
- Standard Life
- Willis Towers Watson
- Zurich

Other Parties
- PLSA
- DWP

Development Partners (Pro Bono)
- Runpath
- Experian
- Origo
- Aquila
- ITM
- Safran

ABI acts as project manager to deliver HMT’s Pensions Dashboard Prototype for March 2017. Some 17 pension firms came together to contribute as Project Group members, including 6 non-ABI members.
Agile collaboration in three phases

Discovery: Sep to Dec 2016
- Coalition of 17 pension firms
- Resources secured for project
- Project scope agreed
- Data standards for prototype
- Architecture for prototype
- Identity standards for prototype
- User (Customer) stories for prototype
- 80 FinTechs invited to bid ‘pro bono’

Development: Jan to Mar 2017
- 6 FinTechs chosen from 21 bidders
- 17 pension firms agree test dataset
- Basic consumer research conducted
- DWP agree test dataset
- 3 pension firms develop new systems
- 6 FinTechs invest £1m in prototypes
- Two parallel prototypes developed
- ‘Plumbing’ shown to deliver results

Demonstration: Mar to May 2017
- Demonstration to Government
- Challenge Panels showcasing prototype and proposals for the future with stakeholders
- Tech Sprint bringing together FinTechs to explore innovative ideas for the future post-2019
- Lessons learned and next steps

Industry and FinTech have come together to deliver the prototype project proving the technology.
Consumers choose a dashboard. Solution needs Pension Finder Service(s), DWP, Identity Providers and firms connecting directly or using 3rd parties (ISPs). No connection = no pensions found.
Simple four-step process for consumers

**Step 1: Identity Verification**
Consumers:
- Access trusted 3rd party offering identity assurance to Government standards
- Register with identity provider first and then login every time they access the service (like gov.uk verify).

**Step 2: Customer Consent**
Consumers
- Consent to the sharing of their identity information with the dashboard and to the T&Cs of the dashboard.

**Step 3: Find (& Value) Pensions**
Dashboard / PFS
- Finds and values consumer’s State Pension and all pensions in firms connected to the pension finder service(s) directly or indirectly.

**Step 4: Review Information**
Consumers
- Review the information and share it with advisers if desired
- Contact firms if any pensions missing

Consumers should find using a Pensions Dashboard as easy as using any other modern secure service – key steps are verification, consent, find/value and review.
Prototype Project Report - Conclusions: What is needed to make Dashboards a reality in 2019

- Coverage is key. Dashboards will only be used if they are comprehensive, or near-comprehensive. They therefore need to cover the State Pension, DC pensions and DB pensions (both in the private and the public sector).

- A “coalition of the willing” approach will not deliver this coverage – trust-based schemes but also some contributors have been clear they will not prioritise making data available to the dashboard infrastructure unless there is legislation requiring them to do so.

- The regulatory framework for the dashboard infrastructure needs to strike a balance between innovation and consumer choice and consumer protections – dashboards must not be a vehicle for scammers or lead generators.

- A governance body and / or implementation entity is needed to establish data standards, data security, data sharing agreements as well as a commercial model.

- Wide consultation with stakeholders is desirable to ensure the dashboard infrastructure has public legitimacy.

The Pensions Dashboard Prototype Project has shown industry can come together to solve the technical aspects of the challenge – the path to 2019 now requires further commitment.
Key learnings from UK Experience

• It's a major project and needs to be resourced accordingly. ABI raised over £1mn and hired project management team of 3 (not all full-time).

• Start with a broad coalition, across different pension pillars.

• Make the case for consumer benefits, and involve consumer voices.

• Expect delays when involving government.

• Expect to have doubters, so keep involving the broader sector: we had 6 challenge events, and a Tech Sprint.

• Having multiple dashboards/open pensions does not rule out a public service option alongside.

• The project hinges on consumer trust.
What happened after the Prototype?

- A further UK election.
- The 16 contributors decided to take the project forward without Government involvement, focusing on further consumer research, industry research, data standards, service requirements.
- This project reported in October 2017: “Reconnecting people with their pension”.

Reconnecting people with their pensions

• Independent research carried in out partnership with the Money Advice Service
  • Focus groups were held to introduce people to the concept of a pensions dashboard and assess their reactions

• Held a variety of fora for different groups from industry and civil society to test ideas.
  • Consumer advocates, charities, financial advisers, wealth managers, technology providers, investment platforms.

• Online survey conducted with popular online community Mumsnet, 1,200 users responded, and 96% thought a dashboard would help them.

• Further work to establish industry appetite and likely barriers; further development of data standard; service requirements (MVP).
Reconnecting people with their pensions
Conclusions

• Consumers are strongly supportive of the concept of the pensions dashboard.

• There would be little tolerance among consumers for an incomplete pensions dashboard. Industry clear that legislative compulsion is needed for this.

• Some consumers would only trust the government to provide this sort of service. Other consumers would trust a familiar institution (bank, existing pension provider etc.) to provide these services.

• Industry in favour of both public sector dashboard and private, regulated pension dashboards.
Where are we now?

• Waiting for DWP’s Feasibility Study.
Key lessons from UK experience

• Developing a prototype a good way to flush out the difficult issues, rather than discussing them in theory.

• Building a prototype is a major project. ABI hired project management team of 3 people (not all full-time) at a cost of over £1mn. It involved dozens of people across industry and technology partners.

• It needs to be done with contributors from across the industry.

• It needs to be informed by consumer needs and involve consumer voices fully.

• Outreach to wider sector is critical: We held 6 challenge panel events, and a TechSprint.

• Technology is not the issue. Governance is, and how to achieve a balance between Government and industry.
Sources:

• Prototype Project website: https://pensionsdashboardproject.uk/


• Consumer research: https://masassets.blob.core.windows.net/cms/files/000/000/837/original/Final_2CV_report_MAS_branded_for_website__23.10.2017.pdf

• Report by consumer organisation Which? (February 2018): https://www.which.co.uk/policy/money/2409/the-pensions-dashboard-how-can-we-make-sure-it-works-for-consumers

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