

Financial Services Consumer Panel response to the DWP's Pension Dashboard Feasibility Report Consultation

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Consultation Questions

1a. What are the potential costs and benefits of a dashboard for individuals or pension scheme members?

The consultation document notes most of the benefits to consumers and pension scheme members, including data oversight, clearer customer journeys and improved engagement with the industry.

However, given the level of distrust of the pension industry (as most recently reported in the FCA [Retirement Outcomes Review](#)) it is vital individuals can access a dashboard that is impartial and provides the information they need without trying to sell them a product or service.

Done well, a pensions dashboard can help people understand and take an interest in their pensions saving. They should be able to see at a glance whether they are saving enough for the retirement they want. It will be particularly valuable in light of auto-enrolment, as many people will build up 10 or more pension pots as they move jobs. These pots won't be lost or forgotten, as many are now (the average worker has held 11 jobs by the time they reach retirement and four out of five people lose track of pension pots, [according to estimates](#)).

Having a single view over their pension provision gives consumers a clear and comprehensive view of their financial position, helps them engage with their finances and provides a basis on which to plan for the future.

However, it will be important to manage expectations of what 'good' looks like in terms of measuring success. Success of a pension dashboard should not solely be measured in terms of increased pension savings, the increased number of people saving at an adequate level, or levels of web traffic to the dashboard. Success of the dashboard should also be measured in terms of individuals' engagement and understanding of their pension savings and that is not an easy assessment to make. It is a slow burn and may take a decade to properly evaluate. Therefore, there must be a realistic measurement to avoid the dashboard being dubbed a failure before it has the chance to begin. This can be supported by codifying the objectives at the beginning, setting out the key performance indicators, and building aspects of the monitoring function into the technology itself.

1b. What are the potential costs and benefits of a dashboard for your business (or different elements within it?)

The implementation of Open Banking has shown that there are significant challenges for firms in exposing their legacy systems to new technologies and costs associated with updating systems in order to deliver better outcomes for consumers.

It is therefore important that the governance body has a remit to require firms to implement necessary improvements/changes some of which may become apparent only once the project has started. It will not be possible to predict all of the API/dashboard requirements in advance and different firms will experience different costs according to the legacy system they must deal with – for one firm, introducing a certain functionality may be very easy, for another, very difficult due to lack of previous capital investments

or patchy operational models resulting from previous restructurings. Delivery of the dashboard should not be deferred as a result. Firms will have to tackle legacy systems.

A strong focus on customer outcomes is therefore needed to address industry lobbying and keep the dashboard on course.

2a. Do you agree with our findings on our proposed architectural elements?

2b. Do you agree with our proposed architectural design principles?

The Panel is broadly happy with the proposed architecture. It is important that there is a non-commercial dashboard which allows people to access the information about their pensions in one place, without fear of being 'sold' to, which is in keeping with the consumer research.

The consultation document states that "we expect State Pension data to ultimately be part of the service." It should be made clear from the outset that State Pension data will be at the core of the dashboard. While this may be complex, the government and the industry has the capability and technological resource to ensure that any difficulties can be overcome.

The dashboard must ultimately allow consumers to see their total pension entitlement from different sources (including workplace pensions, any personal pensions, and other retirement savings vehicles), with the availability of state pensions setting the standard from the start. A dashboard which does not deliver that, will not earn the trust and confidence on consumers.

Regarding the 'Governance Register', the Panel notes that all parts of the dashboard ecosystem must be regulated. Meeting certain standards and requirements will not be sufficient - there must be accountability and clear allocation of liability amongst the chain for when things go wrong for breach of privacy rights and if people lose money through stolen data or through mis-selling (via commercial dashboards) because certain parties have not acted with reasonable care in safeguarding consumer information. There needs to be a clear path of redress for consumers when things go wrong. Only if all elements fall under regulation will this be possible. As such, the 'architectural' elements of the ecosystem will need to be complemented by 'operational' elements of an ecosystem, such as 'dispute management' and 'co-ordinated communications'.

Traceability of data is increasingly important in financial services, especially where data may also be made available over commercial dashboards, as part of other aggregation services, shared with additional parties under GDPR or aggregated and sold on. Traceability informs liability and transparency within the system, making it less risky for firms and end users. The initial sharing of the data must be carefully governed, but steps should be taken to ensure further onward sharing of data is addressed through technology that enables full traceability from the centre and real consumer control.

Open Banking has struggled in this respect. While PSD2 governs the initial data sharing, further onward sharing with other parties is under GDPR. This is where consumers rely more heavily on good conduct which is difficult to supervise without traceability. The pensions dashboard has the potential to address this problem from the outset in the creation of its own standards, and ensure pensions data is traceable throughout the system, even where it is used in as-yet, unknown, innovative ways by commercial providers.

3. Is a legislative framework that compels pension providers to participate the best way to deliver a dashboard within a reasonable timeframe?

Yes, but providers must be compelled only to provide data to the public Pensions Dashboard and not compelled to provide data to commercial ones. This will keep resources appropriately focused on the key objectives in a proportionate way.

If even a small handful of providers remain off-dashboard, the main aims will be impossible to achieve. The data and the system will be incomplete, ineffective and insufficient to engender much-needed trust by consumers. In particular, many public and private sector defined benefit (DB) schemes carry poor and outdated legacy data. We believe therefore that legislation is the only way to make the Dashboard work effectively in a reasonable timeframe.

4. Do you agree that all Small Self-Administered Schemes (SSAS) and Executive Pension Plans (EPP) should be exempt from compulsion, although they should be allowed to participate on a voluntary basis?

Please see our answer to question 5.

5. Are there other categories of pension scheme that should be made exempt and, if so why?

Whether any schemes should be allowed to be exempt from providing data to the dashboard is still up for debate. It could be argued that small schemes with only one or two members have no reason to provide the data online. However, a final decision about exemption should not be made until it is determined how many individual members this affects.

Looking ahead to the future, the pensions dashboard initiative is a way to force firms to protect their own interests as they look ahead to a data-driven economy. GDPR also requires data portability. It seems unlikely to be in any firm's best interest to be exempt from this process. Aggregators and other commercial dashboards will simply seek alternative methods for securing the data, potentially via screen-scraping.

6a. Our expectation is that schemes such as Master Trusts will be able to supply data from 2019/20. Is this achievable?

No comment

6b. Are other scheme types in a position to supply data in this timeframe?

No comment

7. Do you agree that 3-4 years from the introduction of the first public facing dashboards is a reasonable timeframe for the majority of eligible schemes to be supplying their data to dashboards?

This timeframe appears to be reasonable, using the Netherlands as an example. Larger firms should be aiming for two years. However, we would like to see State Pension data included right from the outset to set the standard for other schemes and to build consumer trust early on.

8a. Are there certain types of information that should not be allowed to feature on dashboards in order to safeguard consumers?

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The Panel agrees with other stakeholders that the inclusion of DB pension transfer values risks encouraging members to give up valuable entitlements when it is not in the interest of their long-term financial wellbeing. However, it will be essential to have DB income as part of the overall information on the Dashboard.

Values must be expressed in pounds and pence and all explanations clear and expressed in language consumers understand.

The Panel has also expressed concerns on various occasions at the consistently poor quality of industry pension communications. The dashboard could be a catalyst for a cross-industry working group, led by the FCA, that identifies the most appropriate terminology and language for information presented on pensions, with a view to much greater consistency of communication.

Work by Open Banking shows that consumers respond better to consistent use of terminology and language (especially where there are changes/innovation). The design of the dashboard should be underpinned by consumer research (as the design of Open Banking has been).

The focus of the dashboard design must be on what outcomes you are seeking to achieve for the consumer, rather than the firm. The interface should be tested and the consent journey carefully set out and monitored.

For instance, Open Banking has put in place Customer Experience Guidelines to show firms more specifically how they should deliver their journeys so as to avoid very long consent journeys (which lead to drop-off) and unnecessary friction. An evaluation is also underway as to how information should be displayed on the 'consent dashboard'. This kind of activity will help determine what kinds of information should/should not be shown and 'why'. The design of the technology (e.g. APIs) can have a direct impact on what is and is not shown to consumers, but, likewise, can have an impact on firms' costs of implementation. A clear consumer outcomes-based framework is needed against which to prioritise and clearly articulate the trade-offs made.

It will be imperative to ensure firms follow clear data governance and ethics around the use of dashboard data.

8b. Are there any other similar risks surrounding information or functionality that should be taken account of by government?

If there is ultimately to be more than one dashboard available, projections and assumptions must be consistent and determined by the FCA and TPR. A consumer must get the same answers concerning potential projected retirement income, whatever dashboard this is viewed through.

9. Do you agree with a phased approach to building the dashboard service including, for example, that the project starts with a non-commercial dashboard and the service (information, functionality and multiple dashboards) is expanded over time?

Yes. It will be essential to build the dashboard service slowly and to test usability and reaction as each iteration is launched. Only a non-commercial dashboard can afford to do this and get this right. Commercial models need to make money quickly to recoup costs and this will be at the expense of robust research to test what works and what doesn't and ultimately of consumer trust.

Strong collaboration with all interested stakeholders is required for the dashboard to expand in the manner proposed. A suggestion would be to hold various events that get key stakeholders together to share ideas, designs and proposals to help with the dashboard's development. An example would be the Pensions TechSprint held by the

FCA, which aimed to promote innovation and digital solutions to some of the problems faced in the sector.

10. Do you agree that there should be only one Pension Finder Service? If ticked 'no', how would you describe an alternative approach and what would be the benefits, risks and mitigations?

The Panel is in favour of a single PFS. Offering multiple finder services is inconsistent with the aim of securing consumer trust and participation and safety for their data. A single destination service is also the clear consumer preference, according to consumer research conducted on behalf of various different dashboard projects.¹ The governance of a single PFS should include strong consumer representation.

11. Our assumption is that information and functionality will be covered by existing regulation. Do you agree and if not, what are the additional activities that are not covered?

The Panel agrees that appropriate and robust controls must be in place to protect consumers and build trust in the service and the wider industry. It will mostly be covered by existing regulation, but additional governance issues to be addressed include accountability (i.e. where it lies in the event of errors, fraud, hacking, poor signposting/guidance) and the integrity of the verification process. This will only be true if dashboard providers and the pension finder service are regulated.

Experience from Open Banking suggests that the existing regulations will not be sufficient as they do not codify the needs of consumers in all eventualities (e.g. revocation of consent). They will also not address issues of liability, traceability (of data as it flows through the system) etc. These are as much technological issues which have an impact on the provision of information to the consumer, as they are policy-based.

It is appropriate to allow regulatory flexibility and give the governance body powers to require firms to make changes in keeping with the clearly articulated customer outcomes intended from this initiative. It should also have flexibility to mitigate potential risks that occur as a result of innovation such as a robust governance and ethics framework, which policy did not intend (but which could, where managed well, offer other benefits²).

12. Do people with protected characteristics, or any customers in vulnerable circumstances, have particular needs for accessing and using dashboard services that should be catered for?

Older people are less likely to be [digitally included](#). Although that is changing rapidly, many prefer accessing services face to face. This means they can struggle in a world where online services are becoming the norm. Older people are likely to find themselves victims of age discrimination as is shown by the Panel's [research](#).

¹DWP/Pension Wise Research 2018 B&CE/YouGov, 'Public attitudes towards a pension dashboard', 2015. Available from: <http://bandce.co.uk/wp-content/uploads/2017/04/4451-0315-Dashboard-Report-Final.pdf> OIX Pension Finder Alpha Project, 'Creating a pensions dashboard', May 2016. Available from: https://masassets.blob.core.windows.net/cms/files/000/000/376/original/Creating-a-Pensions-Dashboard_Whitepaper_May-2016.pdf ABI-managed Pensions Dashboard Project / The Money Advice Service, 'Pensions Dashboard Research' September 2017. Available here: https://masassets.blob.core.windows.net/cms/files/000/000/837/original/Final_2CV_report_MAS_branded_for_website_23.10.2017.pdf

² For instance, commercial providers like credit bureaux may offer a pensions dashboard in future. With the consumer's consent, they may use this to support wider credit profiling or to provide options in the face of debt repayments. It is worthwhile considering these alternative uses and how risks will be mitigated.

Any dashboard service should carefully consider those who have no access to digital services which are likely to be the older generations or those who live in rural areas.

Dashboard services should consider how power of attorney may be applied easily. It may also be appropriate to consider if there are ways of enabling 'account assistants' so family members etc can help older people access and navigate the system through a shared screen, but have limits on their ability to take actions or make changes. A consumer sandbox and hackathons should be part of the pensions dashboard ecosystem (like the Open Banking NESTA challenge) so that these issues can be directly addressed in design and implementation by firms.

13a. The government has proposed a governance structure which it believes will facilitate industry to develop and deliver a dashboard. Do you agree with this approach?

The proposed governance structure appears very similar to that of the Open Banking Implementation Entity. We are concerned that this model relies on a single executive chair with formal decision-making power, and no board. The diagram of the proposed structure notes that the chair would act as the final arbiter "where consensus cannot be agreed by industry". This creates the worrying impression that the consumer voice would be somewhat diluted rather than heard at the core of the process.

The pensions dashboard governance should follow good corporate governance and ensure the independent chair is both supported by and held accountable by a board, which includes an appropriate balance of non-executive and executive directors. The board is not required to be large, but there should be meaningful consumer representation on it and the chair should have experience of (and connections with people from) consumer advocacy networks.

The board can then be supported by advisory groups with broader coverage of the industry, fintech and consumer sectors. The board should be advised by those who expect to receive the API data, those who expect to make the data available, and those who expect to make use of the end product. It may be worth considering the governance arrangements put in place by the recently established Pay.UK (new payment system operator) which has similar challenges to the pensions dashboard in ensuring that a wide ecosystem of stakeholders are engaged.

This type of governance can then be supported by an implementation executive and working groups, which should also include consumer representation proportionate to that of industry.

The legal liabilities that exist within trust based pension schemes means that the way in which data is used via a pensions dashboard may have to differ from how it is used in Open Banking. Careful attention should be paid to any legal differences that may exist so the consumer maintains control and access to their data.

There should be a clear decision-making framework with the group responsible for the final sign-off of the specifications and guidance. The group should also be tasked with setting out an evaluation strategy against the outcomes specified. It should be clear what the risks are to consumers and how these are being managed in design and implementation, so that directions can be given to firms if necessary. Once firms have established their technological infrastructure it will be hard to make changes to prevent harm retrospectively. Research from other data sharing initiatives as they are experienced in the market, both here and abroad, should underpin the working groups.

13b. If ticked 'no', what if anything, is missing or what workable alternative would you propose which meets the principles set out in this report?

Further clarification is required on how the independently chaired steering group will be accountable to the SFGB. It remains unclear whether there will be a direct line of

governance from the CEO and Board of the SFGB to the independent chair and steering group.

14. What is the fairest way of ensuring that those organisations who stand to gain most from dashboard services pay and what is the best mechanism for achieving this?

The dashboard should be paid for by the financial services levy and the pensions levy. It is a service similar to the provision of the Money Advice Service / TPAS and Pension Wise – now the SFGB - and should be viewed (and paid for) in the same way.

15. Do you have any other comments on the proposed delivery model and consumer offer?

Consumers are keen to see all their finances – not just pensions – in one place. However, the underpinning business models could challenge the objectives of the pensions dashboard and lead to worse outcomes, if they are not carefully scrutinised and designed to avoid the obvious pitfalls. Further clarity is needed on who will do that (see our answer to Q13a), and what roles the FCA and TPR will play.