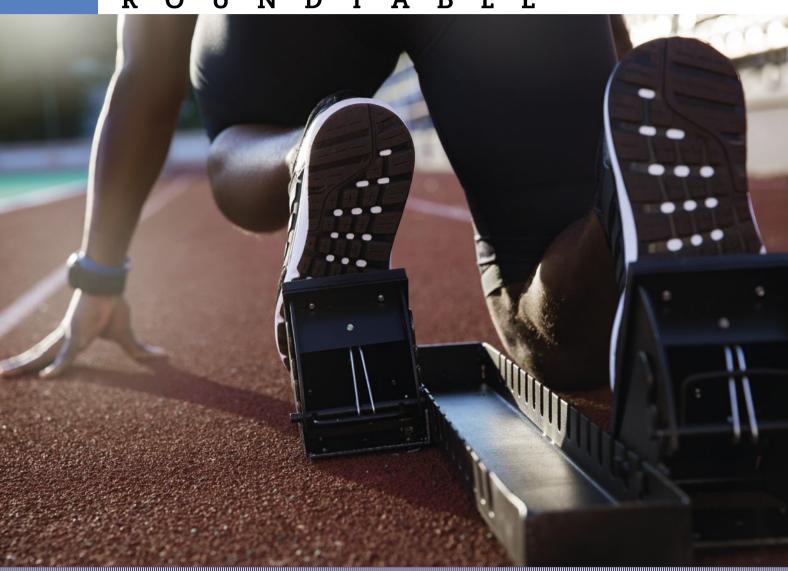
corporate adviser

ROUNDTABLE



DASHBOARD + OPEN FINANCE - THE RACE FOR CUSTOMER PRIMACY

- DASH FOR DISTRIBUTION

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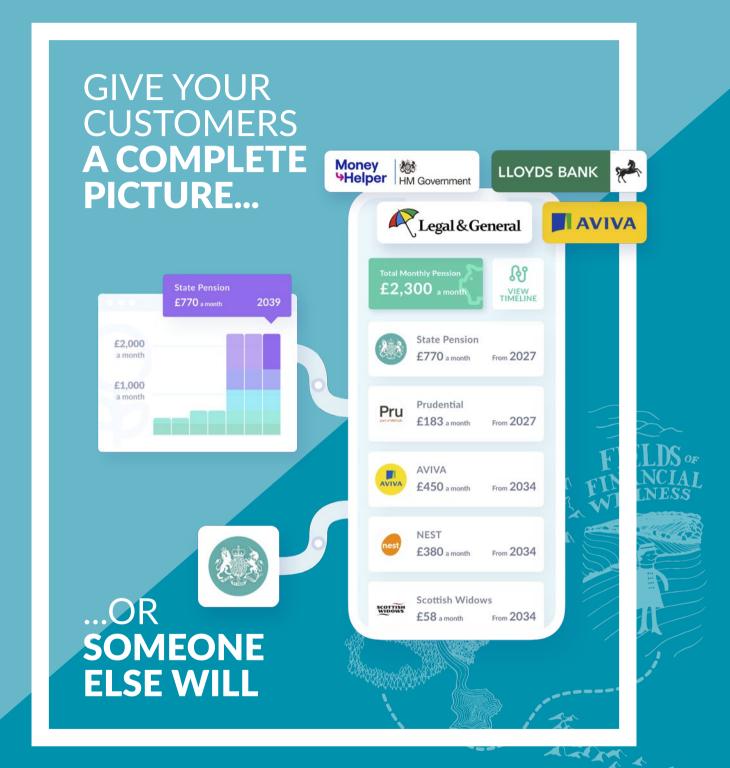
OPENING THE DOOR TO THE NEW WORLD OF PENSIONS

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ON YOUR MARKS

The pensions dashboards project has already kicked off the race for customer primacy in the digital space

John Greenwood

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The evidence from some countries shows interest in pensions dashboards has not proven to be hugely increased on launch. But for a number of reasons, the impending arrival of the UK's version is sure to have a massive impact.

Most other countries in Europe have far higher levels of state and/ or occupational coverage than we do. For private sector workers in the UK, defined contribution (DC) pensions are increasingly becoming the only game in town, and their pot will, with time, become one of the two biggest assets most people have, alongside that other staple of British conversation, the value of their property.

What's more, while most nations have opted for a single dashboard solution, the UK is going down the route of multiple dashboards. Add to that the power of open finance and, a few years from now, it's likely you won't have to go far at all to find just how much pension you have built up.

It may be a few years off yet, but with time the UK will surely head towards the Australian situation where Superannuation saving is firmly part of the national psyche and adverts to switch providers are omnipresent.

And in the same way that mortgages have become commodities that UK consumers switch on a regular basis, what's to say that this same dynamic won't start to bring

people to take more ownership of their pensions too? Switching won't be on the scale of the current mortgage market, where rate-chasing every two or five years is now a virtual necessity. But bringing easy-to-use plumbing to so many chunky pension pots is bound to cause a fluidity of assets. Add to that innovative pricing, marketing and special offers, and it's clear there's a race on to win the hearts of the pension savers of the future.

Even if you don't buy into the idea of a fluid switching market on the Australian model, the raised awareness that the dashboard(s) will bring will have a huge influence on the world of pensions, and broader personal finance for that matter. Awareness of pensions is famously low. Yet in a few years from now, millions of people are going to be considerably more aware that they have, collectively, pension assets worth somewhere approaching £3 trillion.

Dashboards will, in the not too distant future, be everywhere. The question for those players looking to get ahead in the race for customer primacy is how they make sure their dashboard, and more importantly their entire personal finance user experience, is the one their customers like, remember and want to engage with. The starting gun has already been fired.

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DASHBOARD + OPEN FINANCE - THE RACE FOR CUSTOMER PRIMACY

DASH FOR DISTRIBUTION

An engaging dashboard will be key to becoming the customer's favourite place on the financial services digital high street. But other factors will also be key. **Emma Simon** hears how the sector could evolve as digital engagement takes a massive step forward

Pension providers, master trusts, banks, consultants, fintech and other players all want to own the customer journey and be their preferred point of entry to the rich new functionality that technology will offer in the future.

Those that succeed in the development of open finance and the pension dashboard will be ahead of the game in making the

most of the revolution set to hit the industry in less than two years. That was the view of delegates at a Corporate Adviser roundtable debate on the launch of pensions dashboards last month.

Where to consolidate

The decision of where to consolidate was more likely to be driven by the brand and

perceived reputation of the provider, rather than value-for-money calculations, some delegates aregued. This could result in people moving money from lower cost workplace pensions into more expensive retail vehicles.

Delegates all agreed that the workplace pensions sector potentially faced competition from newer providers, such as PensionBee, which may have higher brand recognition, particularly among younger savers. Providers and consultants agreed that the workplace pension sector needed to promote itself better, particularly on issues like charges — where they remain keenly priced, thanks to a combination of scale, market competition and the default charging cap.

Scottish Widows director of workplace pensions Graeme Bold said: "As an industry we need to address these issues and help customers make the right decisions when it comes to consolidating their pension.





Primary route

Delegates debated which channel was most likely to be the primary route to the dashboard for users. Thackray thought either a well-advertised third party app or the individual's bank.

Bold said: "I think they will go to multiple places, and I do think that experience will be critical. To give you a perspective on the banking angle, we've got a million of our Scottish Widows workplace pensions customers on the banking app and they see their pension through the banking up 150 million times a year. But equally other companies, Mercer for example with the DB and DC, are also going to be connecting. It's not going to be a single point and it might even break by segmentation."

Thackray said: "It'll get to the point where users will expect a dashboard from whatever provider they use and they'll get frustrated when if they can't and will go somewhere else."

Battle for customers

Mercer head of proposition Stephen Coates said: "Another answer to the question of which dashboard will people go to, is that they'll go to the provider that offers them the most optimistic view of what their future is going to look like. And the most optimistic view is likely to be that view which draws in everything else."

Thackray said it was unlikely that providers like Barnett Waddingham would build commercial dashboards as a consultancy. "Our employers are coming to

us for consultancy around communication, education, on which provider to go with. We'll be looking at what features they have as well as all of the other good stuff. And it'll be a case that having the dashboard functionality will be a hygiene factor."

Rona Train, partner and senior consultant at Hymans Robertson, said her firm would explore opportunities as part of its personal wealth arm, but not through its consultancy side.

When it comes to the banks, Lloyds already has a strong position by virtue of its Scottish Widows arm. HSBC has launched a master trust, and Smith said other banks would be interested, not least because the current trend of moving cash from pensions and putting it on deposit in current accounts had swollen banks' funds. "Absolutely, I can see banks wanting to do that for this for this first generation [of dashboard users]. Of course, that's not the best thing for consumers to do all the time," he said.

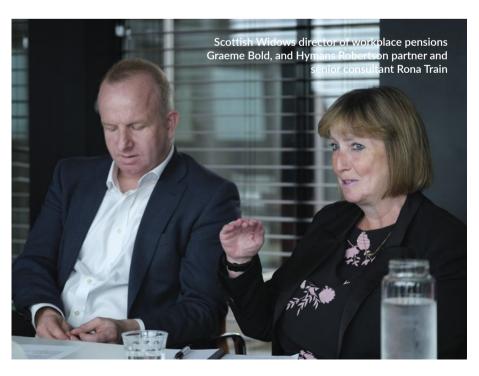
Coates said: "I think this will land with those providers that have stronger consumer relationships. It will move away from the traditional pension scheme/ employer/ workplace arena because it sits across a number of different areas."

Moneyhub key account director Paul Goodwin said: "I can't help but think that this next 24 months should be about starting to help people understand a bit more about what they've got, telling them what's going to be coming and then showing them what the future could •

"But it will come back to brand and relationships. These will be the factors driving consumer decisions. Which companies do they already have a relationship with? And who makes it easy for them when it comes to managing their money?"

Richard Smith, a dashboard consultant who has worked for the Pension Dashboard Programme, PLSA and Moneyhub, amongst others, agreed, saying his own job history meant there were four different dashboard providers that he might end up using - a bank, a consultancy/administrator, a master trust and the government's MoneyHelper service - depending on which one he liked most.

"And then you may also go for someone with good advertising," added Barnett Waddingham head of platform Luke Thackray, referring to those existing consolidators and new fintech start-ups that would inevitably target this area.



look like, and they will start to think 'well, actually, I'm going to go here then'."

But the launch of pensions dashboards won't all be plain sailing warned experts at the event.

Train cautioned that dashboard won't solve all the problems around consolidation and small pots. She added many pension savers will still need additional guidance to ensure they are consolidating funds into the most suitable pension vehicle.

"Someone might see via a dashboard that they have eight pensions with six or seven different investment providers. How do they know which is best and where they should consolidate? Who is going to help them with that decision?" she asked.

People may choose to consolidate into their current, or their largest pension, or the one with a brand they liked. Charges may also be part of this decision, but she said that these are not easy calculations for individual consumers to make. "You might move to the pension with lower ongoing charges, but this doesn't take into account the cost of the transfer. If you have to pay a 1 per cent bid/offer spread to get there, this may wipe out the potential benefit," she said.

Goodwin pointed out that the successful implementation of dashboards could prompt the government to look at 'small pots' legislation again. As he pointed out earlier attempts to try to resolve this issue did not get far "partly because of vested interests" from providers looking to protect their books of business.

Value for members

Train added charges aren't the only factor where pension savers could potentially miss out. People also need to look at a scheme investment strategy.

This has "the biggest impact on members' long term outcomes" she said, and making the wrong decisions can "annihilate" returns, when compared to decisions on charges.

"I worry all the time about value for member and I am not sure this process is going to deliver value for all members, unless they are supported by advice or guidance, when it comes to viewing pensions via the dashboard and consolidating them."

Broader picture

Standard Life head of proposition Neil Hugh pointed out that there was a bigger picture to peoples' finances than the dashboard. He said: "This is where open finance will come in to play. The dashboard is still only part of the picture. Actually what money have you got? What money is already in payment? Is there equity in your house? That's the conversation we need.

"When we talk to people about why they don't engage with pensions it is because they feel ashamed that they've not been doing enough in the past. So actually, the dashboard will support that underlying lack of confidence."

Bold added: "Open pensions, open finance and robo advice will collide. There's a bunch of people who are not able to get online and there's a bunch of people who are scared to go online, and none of that will change as a result of the pensions dashboard. You're going to have to help people get over an emotional barrier first."

Bold said that Scottish Widows is already starting to reap the benefits of digitisation across the industry. The pension provider, which is owned by Lloyds Bank, has completed more than £2bn of digital non-advised transfers, since the bank launched its digital money

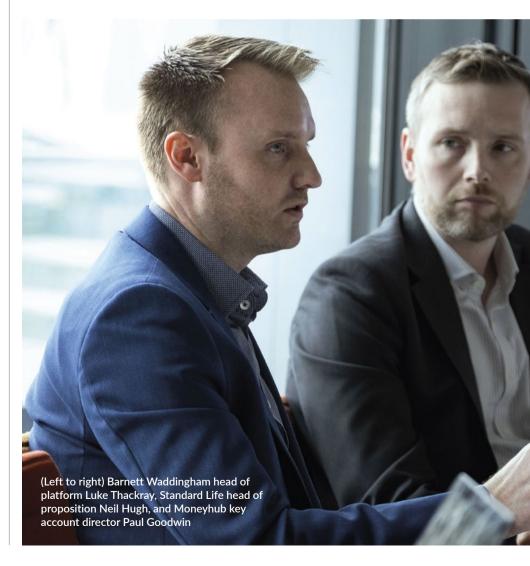
management app —with more than £500m transferring last year.

Coates agreed that people were more likely to favour a pension provider offering an easy-to-use service than one offering lower fees.

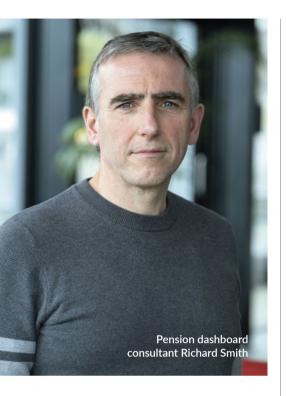
"People will go for better experience over fees. Most people don't really appreciate the impact fees have on their investment, particularly close to retirement, which is when they are more likely to be engaged and looking to consolidate various pension pots."

He pointed out that the impact of making the correct decisions around retirement — be it how to take benefits or not overpaying tax — are likely to far outweigh the issue of whether a provider is charging 30 basis points of 35 basis points on their default fund.

Thackray pointed out that while it was generally beneficial to consolidate pensions, those switching without advice potentially risked poorer outcomes. "If you are on your Scottish Widows or Standard











Life dashboard they are going to make it as easy as possible to consolidate with them. There's likely to be a nice big 'consolidate now' button.

"These dashboards will show all your pension pots. But unless further regulations come in, they will not be required to point out that a rival provider might offer a cheaper pension option for example."

Consumer protection

Speakers discussed whether there was a need for greater regulation to protect consumers who were looking to consolidate pensions. Bold said regulatory "guardrails" were already in place, and he did not foresee the need for significant regulatory changes once the dashboard is fully operational.

"The industry itself is competitive and regulators will be there to make sure that are not unscrupulous things going on like, financial incentives to transfer your pension or a flat charge of 50 basis points to consolidate."

Hugh added that there was already a regulatory process overseeing the market and digital consolidation was already taking place.

"It's not a wild west out there. We do have existing governance in place. We are regulated by the Financial Conduct Authority and TPR. We've got master trust boards and IGCs in place. There is a process there that asks, for example, whether there are guarantees on existing pensions."

Governance gap

However he pointed out that not all providers necessarily have the same level of governance in place, and some consolidators charge considerably higher than what is common in workplace schemes for roughly the same investment strategy. This may be an issue that needs further exploration when dashboards launch, he said.

Pension dashboard consultant Richard Smith pointed out that when dashboards launch there will be a lot of controls that providers will have to comply with, including design standards on how information is presented. This, he said, may influence which providers members pick, when consolidating pension pots.

"People may want to select how they see their various pension pots: is it alphabetical, by size of fund, or chronological on the date taken out. But the default sort order may be quite material on how people view their pensions and the subsequent action they take," he said.

Advice more accessible

Aegon EBC director Martin Trenchard said: "The key point is dashboards will make advice more cost effective, because it could make the adviser's job a lot easier in terms of collating all the individual's information.

"The UK's pension system is complex, but the dashboard will allow delegated access, potentially allowing advisers to view your information and offer advice."

He pointed out that it isn't just financial advisers that will be able to have this ▶

access, but those offering guidance through independent bodies, like Pension Wise or providers' own in-house services. "Aegon assist is a telephony guidance service. We hope to be able to link that into the support around the dashboard."

Coates agreed that there is the risk that information may be "slightly overwhelming" for some consumers. But he said hopefully the dashboard opened the door to making advice both more accessible, and more affordable. "Given pensions are a central piece of people's wealth for retirement this will be a massive step."

Goodwin agreed the dashboard initiative should encourage more people to engage with their pension, and result in more people seeking information about their retirement options. "If people are phoning up or speaking to someone about pensions in the round then this is significant progress from where we are now.

"The dashboard will provide a lot of information and it could be better if we as an industry are helping customers understand what this information means, not just in terms of pensions, but in relation to their overall savings and retirement."

Asset fluidity

Panellists were asked to consider what the pensions market might look five years from the introduction of these dashboards. Consolidation might increase — but how fluid will these assets be? Will 'open finance' initiatives, alongside the dashboard see the UK follow Australia, where significant assets have flowed from banks and insurers into the 'not-for-profit' superfunds, on the back of strong performance?

Smith pointed out that UK pension market is currently a long way behind the more mature Australian market, where a barrage of TV advertisements encourage consolidation and consumers use league tables to compare pension performance.

"In the UK around 40 per cent of DC members don't know that their pension pots are invested in equities and bonds. There is some way to go before people are challenging investment strategies and looking at why pension A performs better than pension B."

Coates agrees that very few people currently consolidate pensions at present, particularly without advice. "We've done a lot of research of our own. It's a big sample and we've been running the figures for over 12 months. Quarter on quarter I think about 0.24 per cent of these pension savers actually made a transfer off their own back. It's a very low figure," he said.



"Everyone instinctively thinks that this is a massive opportunity and we're going to see people shovelling tons of cash from one provider to another, but I don't think there's a huge appetite for this at the moment."

Even if consolidation does not reach levels seen in Australia, the question remains as to which providers will attract new funds, and which will haemorrhage business as savers look to merge funds.

Most of the delegates said providers with strong brand recognition, easy-to-use customer-facing technology and a good track record on managing investors' funds were likely to be 'winners' in this process.

Consolidation catalyst

Thackray said that his process might be the catalyst for more consolidation in the workplace sector, particularly among master trusts, with those losing ground become a target for M&A activity from successful providers.

Bold pointed out that there may be the opportunity for new fintechs in this space. "There will be companies who have fantastic brand recognition who might not have been associated with pensions in the past. They might be offering consolidation services. We've seen that in the general insurance market for example," he said. "I think it will be a call for action for providers to modernise their brand in order to stay relevant in that consumer conversation."

He pointed out that different brands are likely to appeal to different segments of the market. Younger savers for example might be attracted to newer fintechs, like PensionBee. However those looking to consolidate more substantial pension pots

might favour more "traditional" brands.

Goodwin said that the key to staying "relevant" will be data. "You have to know you customers and ensure services and products are targeted at them. It will be about personalising the pension journey. Making sure people have the right information at different stages of their savings journey."

Green credentials

Smith suggested other factors, such as a pension providers 'green' credentials may also play a part. "One reasons I might consolidate my money into the Nest pension is that it owns a solar farm by the M4 in Reading, where I come from.

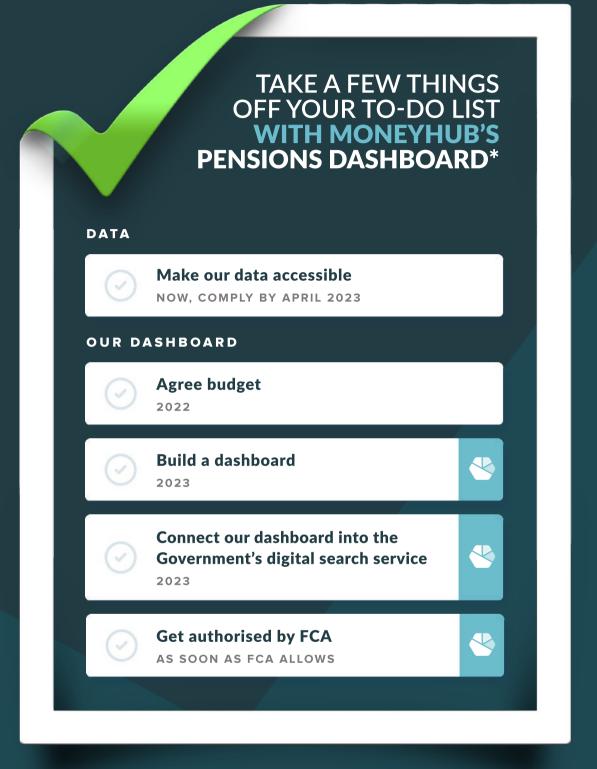
"Other providers might be taking steps to address climate change, but they haven't told me about it. It's about communication. Issue like this will matter to a lot of savers, and not just younger ones," he said,

But Hugh said Standard Life's research shows that while pension members care about issues like the environment, it is not the issue that engages them most. There was also concern about how providers would display this information in a standardised format via a channel like the dashboard — although the government's new taxonomy standards may help.

Hugh pointed out that this will be some way down the line. When they are implemented dashboards savers should get a better understanding of the different pensions they currently hold. This will hopefully encourage more engagement with retirement savings, reduce the cost of advice, and help people plan for their future, he said. ■







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DASHBOARD + OPEN FINANCE THE RACE FOR CUSTOMER PRIMACY

OPENING THE DOOR TO THE NEW WORLD OF PENSIONS

Pensions dashboards are nearer than many think, yet several issues remain unresolved. It's time to get on top of the seismic changes dashboards will bring to the pensions landscape. **John Greenwood** reports

With less than two years to the widespread launch of pension dashboards, industry awareness of the opportunities they will bring is low and big questions around implementation still remain unanswered.

Speaking at a Corporate Adviser round table last month, Richard Smith, a pension dashboard consultant who has worked on the Pension Dashboard Programme, for the PLSA and with the Pensions Policy Institute, as well as for Moneyhub, outlined a number of misconceptions that persisted.

"A lot of people are talking about the pensions dashboard. They don't know there are going to be many dashboards. There's going to be one from the Government's MoneyHelper service, as well as a number of other qualifying dashboards from providers and people like Moneyhub. They also don't realise these dashboards are

going to be highly regulated by the DWP, Treasury and FCA and have Pensions Dashboard Programme design standards. They don't really understand what the central identity service is, or how personal data matching is going to work and how successful that will be."

Smith said probably the biggest issue of misconception and contention is the fact that as the rules currently stand, pension valuations will not be able to be used in modelling.

"When we talk with schemes they think 'we send a number up to a dashboard, and how is it going to manipulate that'.

Dashboards can't touch any number. People don't realise that the Government has banned modelling.

"But there is a tension there, because there is a shedload of research that shows





that, for the engaged community, typically the 55 year olds upwards, once they've seen their pensions, they want to model them. Can I pay some more in? Can I retire later? Can I do something else? We've got a tension here that Government has gone for multi dashboards, but it's locked down their functionality."

Hymans Robertson partner Rona Train said: "Only 10 per cent of people register online for pensions. We are far too literate, numerate and well-paid in the pensions industry to think about these people who are actually going to be seeing this dashboard. I have a client who is a tyre fitter – your average tyre fitter is not going to know what a modeller can do. We can create as many lovely tools as we want but what people want is simplicity."

For the many

Scottish Widows director of workplace pensions Graeme Bold pointed out that the launch of pensions dashboards would mark the start of a long learning process. "It will be steps on the way. When pensions





"I had someone say to me recently 'oh my sister just discovered an old pension'. So how did that happen? It was on the banking app. What the dashboard does in the first place is help people discover the £20 billion in lost money in pensions," said Bold.

Overseas experience

Smith pointed to evidence from other countries that had introduced dashboards. He pointed to user data from The Netherlands that showed a spike in usage amongst those in their 50s and 60s. The Danish version spikes at age 64.

Smith said: "But every other country apart from Israel has only done one dashboard. So other countries aren't always useful evidence because we've got multi dashboards and the hope is from UK government that the 20-, 30- and 40-year-olds will use them to see what they've got in different places.

"They've done an English language demo with modelling and they've found people want to do sliders," he said.

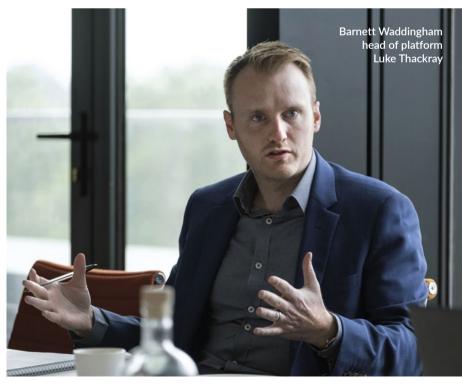
Smith explained that Danish providers are all required to send 11 projections to the nation's dashboard for every year from 60 to 70, and the system adds them up as it slides across. He also quoted learnings from Anders Lundstrom, CEO of Sweden's Minpension.se dashboard, who had said 'transparency hurts a lot in the beginning - the more data you expose, the more you spot the cracks in the data', and 'older, affluent males are noisy'.

dashboards launch, we're not going to get to day one with everybody seeing everything in one place, everyone's digitally registered and all of a sudden they've got a clear view of the future.

"If [as a result of the dashboard project] the UK population becomes aware of the pensions they hold across multiple providers and that takes us a few years to achieve that, that's a fantastic achievement. For some, taking sensible steps to consolidate in the right way might be the next stage on the journey. And the next step might be to think more broadly about financial planning and the future of their money."

Bold shared the insights from Scottish Widows, which by virtue of being part of Lloyds Banking Group, is included in the bank's app.

"People get to see their pension quite regularly. But they are not doing a lot more with it. We get some changing their personal details, some consolidating – a couple of hundred a week. But the vast majority are really just getting to understand what their pension is.



He also confirmed that pensions in payment are not included, and said this can cause problems, where a person phasing retirement draws a pension and then it will disappear from the dashboard.

Train pointed out that this could have the effect of undermining trust in the system.

Modelling concerns

Mercer head of proposition Stephen Coates said that part of the reason people have not understood how to use a modeller is because they have not been perfected or pushed towards them. He said: "As an industry we haven't put an awful lot of effort into developing modellers. With this new data readily available, this will drive the market. We'll end up with a much more sophisticated modelling capability, which is easier to use. And we will feel bolder in pushing people towards that, because we know we'll have some way of helping them

interpret that data and understand what insights that can give."

Aegon EBC director Martin Trenchard said: "We do run the risk of overwhelming people with going from not knowing anything to just having a mass of data in front of them. But dashboards will be a force of good and can be transformational."

Moneyhub key account director Paul Goodwin suggested that to help ensure people aren't overwhelmed with data overload at launch, the industry should spend the next two years preparing scheme members for what is to come. "We can start to drip feed information to them about what's coming and what you'll be able to see, and what are some of the steps you can take off the back of that," he said.

Barnett Waddingham Luke Thackray said: "Having easier access to data will lead to more experimentation with how we use that data, in visualising it, in collecting

it, in UI, in modelling. Some of these experiments will fail but we don't want the regulations to stifle that experimentation too early on."

Scale operation

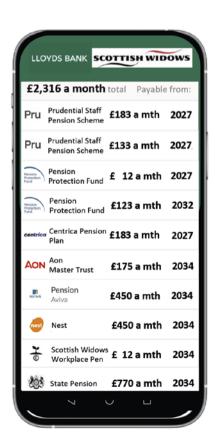
Delegates debated whether fear of misselling was behind the government's desire to push back against allowing modelling of raw data. As the Pension Schemes Bill passed through the Houses of Parliament in 2020, amendments were tabled aiming to restrict commercial providers' access to dashboards. Speaking at the time, Labour peer Baroness Drake said: "The dashboard should inform and engage people, but commercial versions which allow for transactions could lead to mis-selling and provider nudging. Indeed, for some vulnerable consumers. having a transaction function alongside information on all of their savings

Who will individuals turn to for their dashboard experience?

Government?



Their banking app?



Their active pension provider?



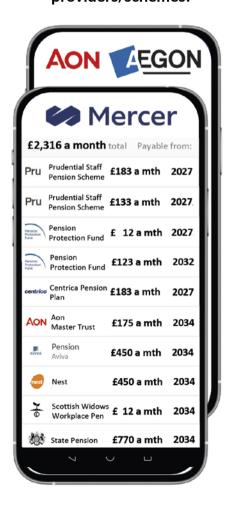


could result in poor and costly decisionmaking. Some could even be scammed out of everything."

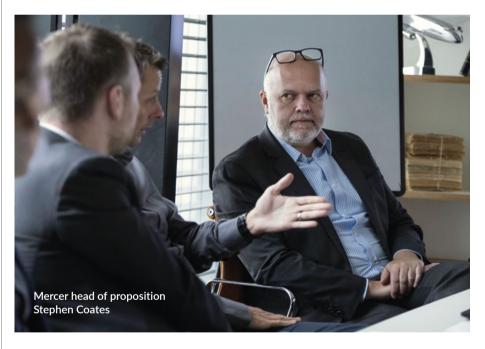
Smith outlined the sheer size of the undertaking – with around 25 million working age adults and about 100 million pension entitlements to be added to the system – and the broad policy goals that brought with it. This was part of the reason why government had not wanted to facilitate modelling functionality from day one, as this would only be used by a small proportion of the target audience.

Bold said: "We've got to be clear on defining what success looks like for the dashboard in three years' time and not be disappointed if the outcome on day 100 is that most of the UK population now knows what they've got. That's an amazing outcome, right? We've got to be careful not to be guided just by the 10 per cent that fully engage and use all the tools."

One of their deferred providers/schemes?







However, stakeholders at the event supported lobbying to get government to change the rules to allow modelling.

Bold said: "We want to have big data behind it and bringing the whole piece together. And ultimately, all these robo models that are in competition with each other, we will work out how to use that data and plug it in in a way that gives people a next step. It might be traditional tools, but it also might be plugged into more of a robo advice process for people. That would be the ultimate."

Hugh added: "We're working at the moment with Moneyhub on how we begin to bring some of that together,

because I think arguably one of the biggest, if not the biggest thing that is going to affect outcomes is the quality of support people get. How do we get better guidance? How do we get better access to advice? So actually using the existing Moneyhub capability, you can begin to look at more pensions, you can gather those together, but it's not a complete record because not all of them are available to be picked up."

Trenchard said: "The dashboard itself isn't the big part, it's what sits around it. I wouldn't use the word 'modelling'. We're looking at the concepts of education, guidance, advice."

Employer role

Train said: "Employers have a huge part to play in this. Jeanette Weir's [of Ignition House] research on DC members shows they don't trust pensions. Messaging that comes from the employer tends to be more trusted than it does from external sources. So working with employers to get the message out is going to be crucial."

Coates pointed out that the raised awareness of multiple pots could lead to a diminution in the engagement with the employer. He said: "The dashboard could to a certain extent push the ownership more onto the individual because they'll be able to see the bigger picture. So they won't necessarily be wedded to that to their employer or to their current pension provider in the same way, because they'll now see a big picture. This may shift the onus of responsibility onto who develops the technology to help people."

Anchor product

Bold agreed with both perspectives. He said: "You'll present an interesting conundrum for employers and the master trust boards as well. Once people can get a view of multiple pensions at once and not just their current employer's one, there will be a question as to the role of the employer. They're both really important parties and they've got a part to play in it, but they will influence and change the nature of their role."

Coates added: "I think we'll hear the term 'anchor product' being used for the next few years.

Delegates debated how data should be presented. Smith said he had seen research that showed people like to see a single, rounded-down number for how much they would get a month, which Thackray pointed out went contrary to the





pot-size approach of DC engagement today.

Train added: "We need to focus on how to bring that income figure into context. And this is why I think the PLSA retirement living standards should be built in as a key part of the dashboard."

Coates pointed out that currently, an income projection for a single pension gives in many cases such a small sum that people become demotivated. "If you put all the pensions together, which is what dashboard is going to do, it makes the situation look a lot better. So it makes people feel more optimistic about what their money might give them. Then if you include other assets as well, to give the fuller context, you go from somebody who thinks the whole thing's a waste of time to them thinking actually this is worth doing. This is really an engagement game changer - not the numbers themselves but what we do with them on top."

Projection problems

Train pointed out that some people might be overwhelmed by opening a dashboard and seeing perhaps eight or 10 different accounts on one screen. Smith said research by European financial services body EIOPA had shown that when given a single aggregated income figure on the first page of a dashboard, 75 per cent of users

never go beyond that page. Smith said: "We don't know whether we are going to be allowed to do totalling yet."

This is because of the broad variety of projections and indexation approaches available through the market, partly down to different actuarial assumptions on similar products, and partly because of the structure of the products and entitlements themselves. The picture is further complicated by the fact that DC pots are required to present annuity income yet most will be taken as drawdown. Smith said: "The jury's out on whether the government will allow us to do totalling. I think it's essential."

Train argued that the complexities in underlying data generation offered an opportunity to consider harmonising the entire system. "If you look at an SMPI projection, that will have a different set of assumptions in it to the company's modeller nine times out of 10. To my mind. TM1, which is the Financial Reporting Council's requirement on the way SMPIs are done, shoudl require one consistent set of consistent assumptions. At the moment providers and advisers all use different sets of assumptions. Somebody could have five different sets of projections at the moment. We need TM1 to say 'this is the set of assumptions' and that's that.

OPINION

YOUR COMPETITORS' PENSIONS ON YOUR APP? OR YOUR PENSIONS ON THEIRS?

>> Richard Smith Pensions Strategy Advisor, Moneyhub



You're a pension provider. You've got an app where your customers, or members, can login and see their pension with you. Great. So far so good.

But that pension is probably just a fraction of your customer's total retirement picture. On average, they'll have at least three other workplace or personal pensions with other pension schemes and providers. Some people will have many more.

As far back as 2002, Labour announced an Online Retirement Planner, which would show you all your pensions together via the (then quite young) internet.

That project was halted in 2006, but the need never went away. In fact, with automatic enrolment from 2012, the number of different pensions people have has increased. And with the added complexities of Pension Freedoms from 2015, the need to see all your pensions together became critical.

Solutions, at last

So now, finally, 20 years later, by the end of 2022, we'll be deep in the beta testing phase of the Government's Pensions Dashboards Programme (PDP).

This means, from 2023, on your existing app, you'll be able to show your customers all their other pensions. How much better placed will you be to support them in making good retirement decisions if they can see their full picture?

You'll need to apply to the FCA to become authorised as what's called a Qualifying Pensions Dashboard Service (or QPDS). And you'll need to connect your app into the Government's central digital search service.

That's quite a lot of work, especially when you've also got to connect all your pension data into the "back-end" so that it can be searched. A lot of providers are therefore asking:

"Can we white-label a commercial QPDS, piggy-backing on their FCA authorisation and / or their technical Application Programming Interfaces (APIs) with Government?"

And the reason they're asking is, sure, they want to enhance their offering by showing their customers all their pensions together - but there's also another, perhaps stronger, motive: fear of customer leakage.

Customer leakage: a real problem

Your competitors will be applying to be a QPDS, so they can show your pensions on their app. Aviva, for example, are a potential dashboard provider and an alpha partner to the PDP.

Picture one of your pension customers who also has a pension with Aviva.

"Once Aviva's app can show both of the customer's pensions together, if your app can only show one (i.e. the pension they have with you), why would they ever come back to your app?"

Except to request a transfer out to Aviva? But it's not just Aviva. It's very likely that many, or even all, major pension providers will feel the need to become a QPDS.

"Banks, retirement income providers, IFA networks, and other types of organisations are all likely to apply to become QPDSs"

But don't let this be a solely fear-led proposition. Think how much you could distinguish your offering from the competition.

Outsourced pensions dashboards - a true opportunity

Moneyhub is an alpha dashboard provider to the PDP

By using either Moneyhub's QPDS APIs or white-labelling Moneyhub's QPDS as a whole, as well as its established Open Finance tools, you can not only show your customers all their pensions together, integrated into your existing app, but also enable them to connect to their other savings and wider assets too including investments, loans or property value.

This moves you towards having a much richer view of your customer - a fundamental requirement to comply with the upcoming new Consumer Duty Principle. Aimed at retail customers, new rules to be published this July, will raise the bar on delivering good consumer outcomes through data insights.

You're going to have your work cut-out connecting your pensions data to the backend of the dashboards ecosystem (so that your competitors can search for it and show it on their apps!).

So you're going to need a front-end dashboard too. And using an API suite or white-labelling a QPDS that's pre-tested and FCA-authorised, has wider Open Finance connectivity, and can be fully integrated within your existing apps and tools, could well be the best way to go.

Visit our pensions dashboards hub and our live sandbox where you can see what your customers' different pensions might look like all together on your app.

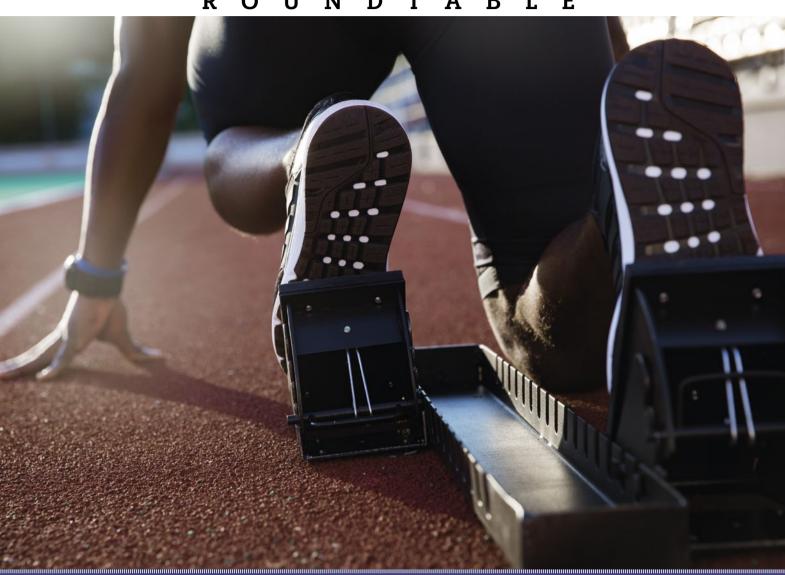
If you don't, you can be sure your competitors will relish showing your pensions on theirs.



moneyhub.com/pensions-dashboards

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