26 March 2019

Dear Mr Field,

Thank you for your letter of 11 March and for the opportunity to share ITM’s views on the industry’s preparations for pensions dashboards.

**ITM Limited**

ITM is the UK’s leading specialist provider of pensions data management services and system solutions to all sub-sectors of the industry, i.e. statutory public sector pension schemes, private sector defined benefit (DB) and defined contribution (DC) schemes, master trusts, and insured pension and buy out providers.

We specialise in data audit and cleanse and have conducted in excess of 150 projects over the past 3-5 years for schemes of different sizes. We have formed a Dashboard Forum of some 35 large schemes covering 3.5 million members. Through this we obtain insights into the thinking of Pensions Managers and Trustees on the subject of dashboard.

**Key views**

Our key views are summarised below, with further explanation and supporting evidence provided in Appendix 1:

1. There is significant industry scepticism that the voluntary non-commercial dashboard will be operational in 2019, or early 2020, leading schemes to deprioritise preparations.

2. There is an emerging view that data preparedness will not be required until 2022/23 due to the time required to make both primary and secondary legislation, and the staged introduction of compulsion.

3. Consequently, there is very little evidence that Third-party Pensions Administration (TPA) firms, who support 80% of the DB market, are currently taking specific action to improve data quality for dashboards; indeed, some are questioning whose responsibility, and at whose cost, this is (i.e. trustees or administrators?). In a similar vein, in the master trust sub-sector, authorisation is a much nearer-term priority than dashboard.
4. However, we do see a number of larger, DB and DC, schemes showing real interest in being early adopters of the voluntary dashboard: this appetite and energy should be harnessed in some way.

In terms of key next steps, we would suggest the following:

A. From our extensive data cleanse client work over many years we know that the required cleanse activity for dashboards could take many months (but not years). Schemes therefore need time to plan and prepare. So, Government and the Pensions Dashboard Industry Deliver Group (PDIDG) should communicate early, detailed decisions on the plan for the staged implementation of compulsion. On this point, ITM would be pleased to offer its extensive experience in data improvement to suggest possible ways to approach staging that would be both logical / helpful to dashboard users but also practical for the industry.

B. The narrative from Government and Regulators should set an expectation that data preparedness will have a high bar and that schemes should be using the current planning and legislative period to prepare (i.e. schemes’ preparations should be should concurrent with this period, not sequential to it).

C. The implementation plan devised by Government / the PDIDG should be a cross-landscape approach, i.e. spanning the public and private sectors, and DB and DC: the plan should avoid settling a DC / AE only approach which fails to address the data and system challenges of legacy DB schemes.

D. An early decision of the PDIDG should be to determine, clearly, the dashboard ecosystem architecture and in particular the approach to Identity Services (IDS) and Pension Finder Services (PFS). These topics still seem to have the highest level of debate and will determine how schemes and their administrators / systems will need to respond.

If it would be helpful, we would be delighted to meet with the Committee to explore these issues further at an appropriate point.

Yours faithfully

Duncan Howorth
Executive Chairman
Appendix 1 – Detailed comments (using the same numbering as in the main letter)

1. Launch of the voluntary non-commercial dashboard

The Money and Pensions Service (MAPS) is convening a Pensions Dashboard Industry Delivery Group (PDIDG). Recruitment campaigns for the PDIDG’s two key posts (Steering Group Chair and Implementation Executive Director) have just commenced, with applications closing on 5 April 2019.

Once the Chair and Director are appointed, and in post (potentially over the summer), they will need to build their teams to deliver on critical priorities. It is unlikely a fully functioning PDIDG will be in place before Autumn 2019.

Once up and running, the PDIDG must settle many issues, including finalising the dashboard ecosystem architecture and procuring the core Identity Service (IDS) and Pension Finder Service (PFS) components.

It is therefore extremely unlikely that the initial ecosystem will be available for volunteer schemes to “plug into” before the Spring, or even the Summer, of 2020, at the earliest. Industry is sceptical, with dashboard understandably slipping down pension schemes’ lists of near-term priorities.

2. Legislative timetable through to 2024

The intended Pensions Bill 2019 will contain only the highest-level provisions in respect of compulsion. Assuming the Bill receives Royal Assent by early 2020, DWP will then consult on the detailed compulsion requirements in draft secondary legislation later in 2020.

Importantly, these draft regulations will likely contain the staged “compulsion dates” applying to different schemes and providers.

Subject to Parliamentary processes and timetables, it may be possible for Government to lay and make the detailed Pensions Dashboard Regulations by the Spring of 2021. To enable industry to finalise its preparations, Government will likely want to adopt best practice of leaving a good “gap” between making final regulations and the start of the compulsion “window”, meaning that compulsion would be unlikely to start before 2022.

The dashboard compulsion staging window should be much shorter than the six-year AE staging window – potentially two years? It is thus quite reasonable for industry to envisage a compulsion window running from, say, Spring 2022 through to Spring 2024. This means schemes wouldn’t be required to have their data ready for dashboards until 2022/23.
3. TPA support requires legislative certainty

The administration of the majority of DB schemes, and a significant proportion of DC schemes, is outsourced to TPA firms. To be able to recover their data cleanse costs from their trustee clients, these providers need legislative certainty around compulsion. As set out above, this isn’t likely until 2021, so it’s unsurprising there is currently little evidence of TPAs taking specific action to improve dashboard data quality.

These TPAs are already under considerable operational pressure due to implementation of other regulatory developments and increases in member demand. The reconciliation and equalisation of guaranteed minimum pensions (GMPs) are significant near-term challenges for the industry, although TPAs will have an opportunity, as part of these “data projects”, to improve data further for dashboard purposes.

There is also a significant reduction in the number of TPAs due to industry consolidation. We do not believe that TPAs will prioritise dashboard readiness and we believe that trustees should be encouraged to think about alternative suppliers to help with data improvement.

Moreover, until the exact compulsion provisions are settled, some TPAs are questioning whether responsibility will lie with them (as administrators) or with their trustee clients.

In the master trust sub-sector, authorisation is a significant priority for 2019. Some trusts may be reluctant to engage on dashboard until they know they have authorisation. Additionally, lack of member engagement, which dashboard seeks to improve, is already addressed in part by the existing strong online capabilities of the large master trusts, which may impact their appetite.

4. Some larger schemes are interested in volunteering

Following the publication of the Government’s Pensions Dashboards Consultation on 3 December 2018, we have definitely seen increased dashboard interest amongst our client communities. In particular, we do see a number of larger schemes showing real interest in being early adopters of the voluntary dashboard. Ideas for harnessing this appetite and energy are set out in our suggested next steps below.

We see this as attractive to Government / the PDIDG as it would enable a cross section of schemes to participate in the earlier stages of dashboard.
Next steps

In terms of the detail on our suggested key next steps, we would suggest the following:

A. Government / the PDIDG should communicate the staging approach early

At ITM, we have been helping pension schemes and providers audit and cleanse their pensions data for over 15 years.

There are over 60 million pension “pots” in the UK pensions landscape – see Appendix 2.

From this data, and our unique and extended experience, we can assert that the required “industry-wide” cleanse activity for dashboards could take many months (but not years).

The legislative certainty referred to above, and in particular the approach to staged compulsion, is therefore needed sooner rather than later.

So, Government and the MAPS-led PDIDG should work together to agree and communicate early, and in detail, what the plan will be for the staged implementation of compulsion.

B. Regulators should set a high bar and encourage schemes to prepare before compulsion

Secondly, alongside the staging approach being announced, Government and Regulators should set the industry’s expectations that there will be a high bar for dashboard data preparedness.

One way to achieve this will be for the group of willing volunteer schemes and providers to convene early with industry bodies and publish detailed guidance on how to cleanse data for dashboards.

This guidance should address the three very different “areas” of data required for dashboards, namely identifying data, accrued pension entitlement data and prospective retirement income data (see Appendix 3 for more details).

With legislative certainty (A. above) and detailed guidance (B.) in place, schemes should then be encouraged to initiate work straightaway to attain the high bar, following the volunteer schemes’ example.

It should be made very clear to schemes that they are expected to use the period from 2020 to 2022 to prepare their data, and not wait until the final regs are in place before starting.
C. There should be a cross-landscape approach, not leaving legacy DB behind

Thirdly, it is important, that the implementation plan devised by Government / the PDIDG / volunteer schemes and industry bodies should be a cross-landscape approach.

The volunteer schemes and data cleanse guidance referred to above should take into consideration both public and private sector schemes, as well as DB and DC requirements. In particular, the plan should avoid settling a DC / AE only approach which fails to address the data and system challenges of legacy DB schemes to ensure these are not left behind.

You asked specifically about the exemption of certain small schemes. We understand such schemes could be exempt from compulsion on the basis that their members might be less likely to use dashboards because they are more likely to employ the services of independent financial advisers (IFAs).

If certain small schemes are exempt because they are more likely to be IFA-supported, then we feel the onus lies with the IFA to ensure that the individual’s data held by the scheme is complete and correct.

In our experience, whilst data quality issues might be more prevalent in smaller and older schemes, they are not limited to those sectors. The whole industry will need to review its data to ensure it is dashboard ready, once the staging approach and detailed requirements are settled, as set out under A. and B. above.

To provide an insight into the time frames and costs we have shared some numbers around data cleanse projects - these vary in complexity; for a DC provider it may be as simple as cleansing common data and we would expect 900,000 records to be rectified within 4 months. At the other end of the spectrum a complex DB arrangement may need a spouse cleanse (involving extracting spousal pension data from scanned images), we have been able to cleanse over 11,000 in a eight month time frame. The depth of the data cleanse required obviously impacts cost per record, which can a range from £5 per record, to in excess of £50 per record. These are not explicit costs, as we price on a project basis, but a good indication of the timescales and costs involved.

D. The approach to the IDS and PFS should be determined quickly

Finally, once up and running, amongst other priorities, the PDIDG must determine the ecosystem architecture, in particular the approach to Identity Services (IDS) and Pension Finder Services (PFS).

IDS and PFS are both the subject of considerable industry debate, but it is important that the PDIDG makes early, and clear, decisions on these topics as they will determine how schemes and their administrators / systems will need to respond.
Appendix 2 – UK pensions landscape summary

WHERE IS ALL THE DATA HELD?

DATA IS HELD ON MANY PLATFORMS SPREAD ACROSS THE INDUSTRY

<table>
<thead>
<tr>
<th>SCHEME STRUCTURE:</th>
<th>STATUTORY PUBLIC SECTOR</th>
<th>OCCUPATIONAL PRIVATE SECTOR</th>
<th>CONTRACT/POLICY BASED PRIVATE SECTOR</th>
<th>MASTER TRUST</th>
<th>SIPP/SSAS OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Type</td>
<td>DB</td>
<td>DB &amp; DC</td>
<td>DC/Hybrid</td>
<td>DC</td>
<td>DC</td>
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<tr>
<td></td>
<td>13 Million</td>
<td>12 Million</td>
<td>20 Million</td>
<td>7 Million</td>
<td>8 Million</td>
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<tr>
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<td>+ 100 schemes</td>
<td>+ 5,700 Schemes</td>
<td>+ 35,000 Schemes</td>
<td>+ 100 Trusts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ Mainly In House</td>
<td>+ 80% TPA, 20% In House</td>
<td>+ 20 insurers</td>
<td>+ TPA/In House,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ Small no of systems</td>
<td>+ 10 systems</td>
<td>+ 20 systems</td>
<td>+ 10 systems</td>
<td></td>
</tr>
</tbody>
</table>

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Appendix 3 – Specific pensions data “areas” relevant to dashboards

When thinking about the supply of data to dashboards, it is important to distinguish between three very different “areas” of data:

1. **Identifying data**

These are the basic items that will enable pension entitlements to be “found” by the Pension Finder Service (PFS), for example, National Insurance (NI) Number, Surname, Initials, Date of Birth and Postcode.

As part of the dashboard prototype project in 2016/17, ITM led a workstream to look at a large volume of pensions data (21 million records), across a wide range of scheme types and providers, in order to recommend what would be the best combination of identifying data items to ensure as many positive matches as possible.

We found that there is unlikely to be just one combination of data items which will allow pensions to be found right across the industry. It is likely, therefore, that multiple matching criteria may be required: for example, a primary source could be Date of Birth, Initials and Surname in combination, with a secondary source being NI Number.

This significant challenge in respect of finding pensions illustrates why it will be difficult for schemes to take definitive action to prepare for dashboards until the industry has settled the definitive matching criteria.

2. **Accrued pension entitlement data**

These data items represent the individual’s accrued pension benefits, for example, deferred pension at date of leaving for DB schemes, or current total fund value for DC schemes.

3. **Prospective retirement income data**

Finally, the third area of data represents the estimated prospective income which a dashboard user might expect to receive from a future retirement date.

The prototype project did not definitively settle whether schemes or dashboards would be best placed to calculate prospective data (based on accrued entitlements). This is another area of significant debate: for example, in January 2019, the Institute and Faculty of Actuaries published a detailed paper setting out five different possible options for scheme versus dashboard projection of DC funds up to retirement.

This is another good example why it is not yet possible for schemes to complete their dashboard preparations. Industry needs to settle the projection requirements and then ensure these requirements are communicated early, and in detail, to schemes.
From: Smith, Kate  
Sent: 27 March 2019 14:48  
Subject: Pensions Dashboard

I had hoped to be in a position saying that the DWP had published its response to its feasibility study consultative paper on the pension dashboards. As yet this hasn’t happened. This will set out the next steps and I understand that we are expecting the paper shortly.

The critical path is important. Getting the dashboard up and running is going to take time. Many issues need to be sorted out including governance, regulation, data quality and access to the pension dashboard. We don’t underestimate the complexity pension schemes will face, specifically smaller schemes. However we strongly believe that members of all schemes, no matter their scheme size, should have access to the pension dashboard and be compelled to share data.

We also query whether master trusts are the right place to start given that they are undergoing a rigorous authorisation process, many of which won’t be authorised until September. This will impact planning cycles.

We are fully supportive of the concept of pension dashboards and are intending to engage with the new Money and Pensions Service. We understand that MAPS is currently in the process of recruiting people to work on the dashboard.

Regards

Kate Smith  
Head of Master Trust  
Aegon UK

www.aegon.co.uk
14 March 2019

Rt Hon Frank Field MP
Chair, Work and Pensions Committee
House of Commons
London SW1A 0AA

Dear Frank

Origo was very pleased with the policy and technical recommendations contained in the DWP’s Feasibility Study. Origo has reviewed all the responses to the consultation that are in the public domain and the majority are equally supportive. Some would like to see implementation timescales accelerated. There are a minority of detractors who don’t understand that to support a policy to “find and show” a consumer’s pensions, there is a need for some central utility services, namely a Pension Finder Service and a Digital Identity solution.

In practice, pension companies will not commence meaningful preparations until the governance body is in place and can provide direction in areas of outstanding detail. The most significant of these is Digital Identity where early decisions on the choice of solution are required in order to avoid further delays to launch plans. Further work is also required to finalise the exact content of what will be displayed on dashboards, to determine whether forecasts of retirement income will be included (and, if so, on what basis), to define the SLAs that pension companies will be asked to meet and to provide greater clarity on timescales and implementation phasing.

In response to your two specific points:

Older schemes do have problems with data quality, in spite of the good practice followed by many administrators in the use of matching and tracing services. Poor data quality is not a reason to delay the Pensions Dashboard. On the contrary, one of the policy objectives is to improve the ability to find lost pots, and the use of a Pension Finder Service will highlight data mismatches and encourage administrators to update their records.

We agree that an incomplete dashboard will fail to meet the policy objectives and will be a frustrating experience for consumers. The industry has asked for compulsion so that coverage can be maximised (there may be a very few cases for exemption, but these have been covered in the consultation). Whilst implementation needs to be phased to manage risks, the first phase should provide enough market coverage to provide a worthwhile consumer experience and subsequent phases should follow in rapid succession to provide complete coverage. There is no doubt that compulsion means that all pension administrators will have to make the necessary investment (in some cases considerable) to make their administration systems dashboard-ready (able to respond to messages from the Dashboard and Pension Finder Service) and to address data quality issues. Again, these should not be used as excuses to delay the Pensions Dashboard initiative, but they are very good reasons to accelerate it in the interest of consumers.

If you would like more information on any of the above, please do not hesitate to contact me.

Yours sincerely

[Signature]
Anthony Rafferty
Managing Director
For and on behalf of Origo Services Limited
Rt Hon Frank Field MP  
Chair, Work and Pensions Select Committee  
House of Commons  
London  
SW1A 0AA

Dear Mr. Field,

Re: Pensions Dashboard

Thank you for your letter dated 11 March. After years of leading the development of the pensions dashboards concept, the ABI is very pleased to see the project moving forward with industry consensus, cross-party support and the endorsement of key consumer groups.

As highlighted in our response to the Department for Work and Pensions (DWP) Pension Dashboards Feasibility Study consultation, the most vital piece of the jigsaw left is to make it a legal requirement for all providers and schemes to share the necessary data to deliver the comprehensive service savers deserve. We know that some schemes will need longer than others, which is why it is important for the upcoming Pensions Bill to set a clear timeline.

I have answered your questions below.

- **Concerns have been raised about data quality and administrative systems, especially for older and smaller schemes. Is preparatory work now taking place to prepare these schemes’ data?**

ABI members are some of the keenest supporters of pensions dashboards and have been preparing for their creation for some time. However, all providers and schemes face challenges with legacy systems and data quality. A continual process of improvement is common across the industry and providers have undertaken that process with dashboards in mind.

This is however in the context that dashboard preparations have be to scheduled alongside mandatory regulatory requirements. Over the past few years providers have had to implement MIFID II, GDPR and reforms relating to the retirement market (most recently changes in customer communications and beginning the implementation of investment pathways). Implementing numerous compulsory changes ties up IT capacity and makes it more challenging to deliver optional change, such as dashboard preparation. It is also difficult to prepare systems when dashboard data standards, eco-systems and timelines are yet to be finalised.

Where trust-based schemes are concerned, it is highly likely that older and smaller schemes will continue to struggle with their systems and data. Focus should be placed on the third-party administrators that run these systems. I would also note that it has become much easier for small occupational schemes to consolidate into larger well governed funds. If a scheme cannot become ‘dashboard compliant’ it should consider consolidating with a large, well-run scheme.
We have heard that an incomplete dashboard could do more harm than good. The Department has outlined its initial view that some micro-employers should be exempted, covering around 100,000 members. Does this cover the majority of the schemes where there is concern about the quality of the data? Does this risk doing more harm than good? Should there be any additional responsibilities on these schemes?

We strongly believe that incomplete dashboards could present a risk to consumers. However, consumer research conducted by the ABI-led project showed that consumers would find temporarily incomplete data acceptable, provided this was for a short period only.

As a result, we do not feel it would be appropriate to exclude any scheme in perpetuity. This is especially true where scheme members may not have chosen the scheme; it would be unacceptable to expose them to greater risks than their counterparts who happen to have been put into a better run scheme. Instead, similar to the auto-enrolment programme, the obligations of providers and schemes to provide data to the dashboard infrastructure should be phased in, with smaller schemes having to comply towards the end. If smaller schemes are unable to do this, they should consider whether they should consolidate. It should be noted that some older DC schemes have valuable guarantees attached to them, particular care should be taken in these cases to ensure that savers are not disadvantaged.

I hope this response is helpful and please do contact me if I can be of any further assistance.

Best wishes,

Dr. Yvonne Braun
Director of Policy, Long-Term Savings and Protection
Rt Hon Frank Field MP  
Chair, Work and Pensions Committee  
House of Commons  
London  
SW1A 0AA

27 March 2019

Dear Frank,

Many thanks for your letter of 11 March regarding the Pensions Dashboard. Standard Life continues to support this important initiative and I am pleased to respond to your questions, accordingly.

On data quality, Standard Life’s pension customers all have digital records and a great deal of work has already been carried out over recent years to ensure the accuracy of this data. As such, this isn’t a significant issue for our customers. That said, I suspect your question refers to a wider issue for older schemes which are independently run, in some cases without digital record keeping. I am unaware of any work being carried out elsewhere in the industry to specifically prepare for these dashboard requirements.

In terms of coverage, we remain of the belief that any exemptions should be kept to an absolute minimum. While it may be tempting to consider that some pension arrangements are less important for the dashboard, it is difficult to draw any reasonable criteria which doesn’t exclude schemes being used – in full or in part – by people who will benefit from the services of the dashboard. As such, we believe a better approach is to aim for 100% coverage, allowing simply a longer compliance timeline for schemes where more work is needed.

In practice, the dashboard requirements may well act as a catalyst for older or smaller schemes to look at consolidating into larger schemes with stronger governance. This is entirely consistent with other initiatives designed to raise governance standards and increase scale.

I hope this is helpful, but please do contact me if there is anything else you would like to discuss.

Regards

Jamie Jenkins  
Head of Savings Policy
Frank Field  
Chairman, Work & Pensions Committee

Dear Frank,

Work & Pensions Committee: Pension Dashboard Considerations

Thank you for your letter of 11th March following up on the informal evidence gathering session conducted earlier by your committee. I have returned from holiday and hope that my response is sufficiently timely to still be of assistance.

Our view is that a timeframe of 3 to 4 years to having a largely populated dashboard within an operating model which protects the interests of customers from both a financial conduct perspective and a financial crime perspective, is broadly right.

Coverage

In our response to the Department’s consultation, we considered pension entitlements (as opposed to pension assets), as many of the pension entitlements which have been accrued across the population are unfunded. We estimate the accrued entitlements to be valued broadly as follows:

- State Pension entitlements: £3 Trillion (50%)
- Private Sector DB entitlements: £1 Trillion (17%)
- Public Sector entitlements: £1 Trillion (17%)
- Private Sector Occupational DC entitlements: £500 Billion (8%)
- Private Sector Group Personal Pensions/Stakeholder: £250 Billion (4%)
- Personal Pensions (inc SIPPs): £250 Billion (4%)
- Master Trusts: £30 Billion (0.5%)

To create value for the public a pension dashboard needs to present at least the significant majority of a customer’s entitlements, and also to mitigate significant risks. Whilst there has been much talk of Master Trusts with millions of members collectively linking in at an early stage, the vast majority of entitlements reside in traditional Occupational Pensions, the State Pension and Public Sector Pensions, all of which are predicted to join this initiative towards the end of the above timeframe.
Where customers see only a small proportion of their pension entitlements, there is a risk that they become disengaged with the Dashboard and it will be difficult to win them over again in the longer term. However, more seriously, customers could make inappropriate retirement planning decisions based on incomplete information, potentially oversaving at the expense of financial hardship today, selecting unnecessary levels of risk to achieve higher returns, or simply assuming that the gap is far to large to ever be closed leading to inertia.

**Small Employers**

We believe that there is a legitimate debate to be had around the inclusion of a small number of micro employers, but the distinction should not be drawn in terms of the size of the employer, but rather the nature of the pension arrangements.

Auto Enrolment has required hundreds of thousands of small employers to establish ‘schemes’ for their employees, even where the workforce numbers only 1 person. We believe that all schemes established for the benefit of employee’s should be included.

Historically, many small business owners, including partnerships established small pension schemes (Executive Pension Plans and Small Self Administered Schemes) not for the benefit of employees but for the personal benefit of the owner(s) of the business. We expect that many of the holders of such plans will also have accrued other forms of pensions during their working lives and would benefit equally from a complete pension history presented to them on a dashboard.

There could be some technical complexities associated with this type of product which makes it more difficult to interact with a dashboard. If these products are to be excluded, we believe that customers should be able to easily switch from their current pension provider to a provider which does interact with the Dashboard, where that is important to them. This would mean ensuring that barriers to switching such as complex processes or exit penalties were removed from any product which gained an exemption from interaction with the Pension Dashboard.

**Strategic Considerations**

There is a real danger that the pension industry (in it’s broadest sense) thinks about the Dashboard within it’s own very narrow silo. We believe this would result in Britain missing a huge opportunity to transform the lives of millions of people struggling to make ends meet.

Our research shows that people use a range of products and assets to save for retirement, where pensions are only part of that jigsaw. We also know that when thinking about how much to put away for the long term, people need to make these decisions within the context of day to day pressures such living costs and managing debt.
We should not seek to safeguard against hardship in retirement by exacerbating hardship today. In Britain 14.5 million people have no savings for a rainy day and 9 million people are using credit to pay for day to day essentials. It’s not only important that a dashboard is fully populated, but also important that in the longer term, it can be presented and integrated with services which allow the public to manage their household finances more holistically and optimally.

Separately, the amount of equity held in residential property exceeds private pension assets and is more evenly distributed. When making retirement planning decisions, the public could benefit from a more holistic consideration of pensions and home ownership, particularly as the average rent in many part of the country is equivalent to 60% of the average pension in that area, leaving those who don’t own their own homes at retirement, potentially impoverished.

On a happier note, those who do own some or all of their home have a valuable asset, sometimes larger than their private pension assets, which can be used alongside pensions and other savings to provide for their retirement.

The examples above consider the relationship between pensions, financial hardship and home ownership, but there are many other dependencies which households could and should consider.

Why is this relevant or important to the establishment of the Pension Dashboard?

The Pension Dashboard will digitise trillions of pounds of pension entitlements for the first time, and will complete the digitisation of personal finance in the UK, where other areas of personal finance including debt products, credit products, savings products, investment products, and insurances are already digitised. The opportunity exists for established firms and disruptors to create significant value for customers, through new digital services which allow the public to take more control of their personal finances and to make more optimal and beneficial decisions. To get there however we need a common set of data standards and a robust digital ID.

Data Standards

A recent initiative driven by the Financial Conduct Authority forced the creation of Open Standards for Banking. The Tax Incentivised Savings Association (TISA) is pressing for Open Standards applying to all savings and investments products. The Pension Dashboard could either work with Open Banking & TISA to agree Open Standards which are global, creating value for customers in the way described above, or it could choose to develop standards which are bespoke to pensions, keeping this element of household finance silo’d.

We understand there is a ‘Political’ imperative to launch a Dashboard in some form in 2019. For the reason’s outlined above, we believe that it will be 2022/2023 before a dashboard will be sufficiently populated to be engaging and of value to the public, and that time exists to engage with Open Banking and TISA to establish whether a greater prize is within the country’s grasp. This could however be at odds with the ‘Political’ imperative above.
Open Banking Operating Model

The infrastructure at the heart of Open Banking came at a cost of over £100m with cyber security a pre-eminent component. We believe that there are broader operating model learnings which those developing and managing the Pensions Dashboard initiative can learn from Open Banking.

In addition the cyber security, digital ID and data standards, Open Banking has had to create an operating model to help overcome multiple instances of the same customer, working towards a single instance whilst ensuring the genuine nature of each customer's identity. We expect multiple instances of the same customer and orphaned pension pots to be a much larger issue for the Dashboard as the quality of data in the pension industry tends to be poorer than in banking.

Digital ID

I'd like to highlight the criticality of a robust Digital ID. A digital ID should have 3 success criteria;

1) Coverage
2) Convenience
3) Cyber Security

In short we do not believe that the Government's current 'Verify' framework fully meets any of the above criteria. Those with no credit history are often rejected, it can take many iterations of log on to complete the process, which is off-putting, and the security protocols would not be sufficient for Banks to allow access to amounts of money in current accounts which will be dwarfed by the amounts of money in pension accounts.

Once again, we believe that those managing the Pension Dashboard initiative could take learnings from the infrastructure and operating model established by the Banking sector in response to the challenge from the FCA.

In conclusion

We do believe it will take about 4 years to complete the first phase of the Pension Dashboard initiative, where that first phase might be described as 'populating the dashboard'.

There are a number of design decisions that will need to be made, which could either lean towards an expedient pensions only solution, or a more strategic solution where in the longer term, the public could consider pensions in a much more meaningful and valuable context.

A narrow pension focused solution will primarily benefit the wealthiest in society where most of the nation's pensions wealth resides with 20% of the population and where this will continue to be the case for many years.
A more strategic solution would benefit hard pressed households to a much more meaningful extent, where 14.5 million people have no savings for a rainy day, and where housing wealth is presently more evenly distributed than pension wealth.

If members of the Select Committee would be interested in finding out more about Open Banking as a case study and point of reference for the Pension Dashboard, we would be more than happy, as part of Lloyds Banking Group, to facilitate a presentation and/or site visit to the offices of our central Banking operations.

I hope this is helpful to the committee.

Best regards,

Pete Glancy  
Head of Pension Policy, Scottish Widows
Dear Mr Field,

Re: Pensions dashboards

Thank you for your letter of 11 March. M&G Prudential continues to support the development of Pensions Dashboards. We believe that this area has significant potential to improve the retirement experience of many people.

We understand that you have already received a response on this matter from the ABI and, having been closely involved with industry developments led by the association, we support the points they make.

We would especially like to reiterate the ABI comment that any dashboard development has to take place alongside other regulatory and business developments. It is therefore important that timescales are sufficient to allow for considered development whilst remaining challenging enough to ensure delays are not excessive.

I hope that this response is helpful and please do contact me if any further information would be of use.

Yours Sincerely

Peter Cottingham