ABI Long term Savings

ABI response to FCA Discussion Paper 18/1 *'Effective competition in non-workplace pensions'.*

27 April 2018

About the Association of British Insurers

1.1. The Association of British Insurers is the voice of the UK's world-leading insurance and long-term savings industry.

1.2. A productive, inclusive and thriving sector, we are an industry that provides peace of mind to households and businesses across the UK and powers the growth of local and regional economies by enabling trade, risk-taking, investment and innovation.

Executive Summary

1.3. This consultation response provides an overview of the Association of British Insurers position on the Financial Conduct Authority (FCA) Discussion Paper 'Effective Competition in non-workplace pensions: DP 18/1'.

1.4. We recognise that DP18/1 is broad in scope and support the need to consider customer outcomes in the non-workplace pension landscape. We believe that the discussion paper covers a diverse product and customer landscape which has already been impacted by substantial regulatory and legislative change. The ABI and its members are keen to take a proactive and co-ordinated approach to addressing the challenges identified.

1.5. There are fundamental differences between non-workplace pensions and workplace pensions, and we do not believe it would be appropriate to simply read across all remedies in workplace pensions to non-workplace pensions. We encourage the FCA to understand the key drivers and differences between the workplace and non-workplace market. In doing so, the FCA will ascertain the current regulatory initiatives which already impact the non-workplace pension market. We request that the FCA ensure that existing regulatory changes are effectively embedded prior to the introduction of new regulatory interventions.

1.6. As far as we can see, the issues highlighted in the Discussion Paper will not be considered as part of a Market Study and any FCA work will not be conducted through its powers as a competition authority. We note the comments regarding the effectiveness of competition in non-workplace pensions but believe that it will be difficult to arrive at any definitive conclusions without following due process.

Segmentation of the non-workplace pensions market

1.7. The ABI supports good outcomes for all customers and recognises the need for competition in non-workplace pensions. In our view, the discussion paper broadly treats the non-workplace landscape as a single market, and we encourage the FCA to consider appropriate segmentation of this market when assessing the 'actors and factors' in the market, as well as potential harm and associated remedies.

1.8. The FCA highlight that the non-workplace pension market is large and growing and relates particularly to Sipps following the FCA's Retail Distribution Review (RDR), and the more recent uptake of personal pension sales following Pension Freedoms. It is important that the FCA adequately segment this market, as the DP makes no distinction as to whether the growth in this market primarily relates to transfers, or whether it relates to new savings. In particular, there is no clear distinction in the paper between non-workplace pensions used for accumulation as opposed to decumulation purposes, the latter being covered by the FCA Retirement Outcome Review.

1.9. It is important to note that non-workplace pensions are often an extension of other private savings, such as ISAs. Pensions that are available on platforms will often sit alongside ISAs, LISAs, Cash

Accounts, and GIAs as part of an individual customer's portfolio, and having a different regime for individual pensions would not be consistent or meaningful. The increasing use of platforms to manage multiple accounts does not fit within the FCA's assessment of treating non-workplace pensions as a regulatory extension of workplace pensions.

Role of Advisers

1.10. We would also like to highlight that in the context of this market, advisers have a large responsibility for ensuring value for money when engaging with customers on non-workplace pensions. This market cannot be considered from a regulatory perspective without taking account of the role of Independent Financial Advisers (IFAs), given that FCA product sales data indicates that in the last 2 years, around 40% of new sales were intermediated. We believe analysis of the whole value chain will help drive transparency for the non-workplace pensions market.

Key differences between the workplace and non-workplace pensions market

1.11. There are fundamental differences between the workplace and non-workplace pensions market, and we therefore believe it is evident that the same rules and remedies should not necessarily apply to both markets. The key difference is that in the non-workplace market, individuals are proactively choosing to invest in an investment product. In contrast, under auto-enrolment, individuals are defaulted into a scheme and fund chosen by someone else and are therefore not required to engage or make any decisions.

1.12. As highlighted in Appendix 1, there are a number of EU and UK regulatory initiatives, and recent FCA reviews, that have already clarified expectations in several areas for non-workplace pensions products. This includes costs and charges, governance, value for money and product oversight. The recent Finalised Guidance for fair treatment of long-standing customers in the life-insurance sector (FG 16/8) identified and addressed the majority of the same issues uncovered in this discussion paper. The guidance already requires that firms' strategy and governance frameworks result in the fair treatment of customers, by establishing the appropriate mechanisms for demonstrating value in respect of all products in which long standing customers are invested. It is our view that it would be appropriate for the FCA to examine how the recent changes have been effectively embedded through its supervisory work before introducing additional regulatory interventions.

Use of advice and guidance in the non-workplace pension market

1.13. Compared to employees, individuals investing in non-workplace pensions are much more likely to seek advice on the product, the funds to invest in, and their contribution level. Advisers will recommend the most suitable product and fund for each individual, which is not present in an auto-enrolment context. The discussion paper does differentiate between advised and non-advised, accepting non-workplace savers are more likely to seek advice. Even where individuals are non-advised, provider feedback suggests that individuals who have voluntarily entered into a savings arrangement are typically more engaged than those who have been auto-enrolled.

1.14. We note that saving for retirement in the non-workplace pension market is far lower in comparison to the workplace market. We therefore believe the role of advice and guidance is key to engaging customers in this market. Many firms have made considerable efforts to better engage long standing customers. We remain of the view that the cost of financial advice is an issue for consumers and that there is scope to improve consumers' access to targeted guidance to support their engagement and decision making; we expect the Single Financial Guidance Body (SFGB) to play a key role here.

Bulk transfers in the customers' best interest

1.15. We would like to highlight that ABI members are actively trying to engage their customers, and where a provider identifies that a fund is not suitable, they are constrained by legal barriers to try and improve customer outcomes. Whether or not a customer is advised, we have seen good practice of firms proactively trying to engage customers to make decisions about whether their product still remains appropriate for them. However, providers are sometimes prevented from making wholesale changes to move customers to simpler products because of valuable Terms and Conditions (T&C's) that may be lost by such a move.

1.16. To deliver fair outcomes for customers, we call for the FCA to help find solutions which allow providers to move customers into a more suitable product, fund or platform which operates outside of the T&C's. As part of this solution, we believe a framework could be required to ensure customers will be broadly better off, or in an equivalent position compared to staying in their existing fund. We are currently working with members to develop a framework which ensures consumer protection.

Governance arrangements

1.17. Oversight arrangements for workplace pensions differ to non-workplace pensions due to the introduction of independent governance committees (IGCs). The ABI originally proposed the concept of IGCs for workplace pensions to the FCA, to address the low levels of engagement from members identified by the Office of Fair Trading's defined contribution workplace pension market study. Similar new governance arrangements were introduced by the FCA via the Finalised Guidance for fair-treatment of long-standing customers in the life insurance sector (FG16/8), and the changes to the Senior Managers Regime that increases accountability for insurance companies and platforms.

1.18. We encourage the FCA to review the effectiveness of existing committees before considering a broad extension of IGC's to non-workplace pensions. If FCA find evidence of pseudo default funds operating in the non-workplace pensions space, we believe the oversight activities already undertaken by existing governance structures in the workplace pension market could be applied to these funds i.e. Fairness Committees or Customer Committees with involvement of independent non-executive directors (INEDs), who oversee the outcomes for all customers, including non-workplace pension customers. It is also important to highlight that customers with individual personal pensions which originated from a Group Personal Pensions (GPP) are already covered under IGC arrangements as part of the workplace pension regulatory requirements.

1.19. Further, we have observed that the Asset Managers Market Study identified that the appropriate remedy was to add INEDs which brings them into line with arrangements already in place for insurers. We request that the FCA assess the outcomes from these various initiatives prior to any new focus in this area.

Comparison remedies

1.20. The paper rightly highlights that competition depends on consumers being able to easily and effectively compare products and product charges. The ABI and its members are keen to support the FCA in developing mechanisms to enable this for non-workplace pensions - the FCA will be aware that we have led work on a comparison tool for drawdown products. At this stage, we believe comparability factors should include not only charges, but also fund choice and performance, as well as guarantees.

1.21. There can also be fundamentally different product features in the two markets which have a bearing on charges. In particular, non-workplace pensions could include in-built features such as guarantees, especially in older products.

1.22. We believe it would be useful to recognise meaningful communication to customers which allow them to understand how much they are paying; at a minimum, through their annual statement. For consumers to adequately assess value for money, costs and charges could be presented in monetary terms with assumptions clearly outlined. Transparency of disclosure is only effective if

those to whom the details are provided, can understand and act on the information. Additionally, many providers have applied FG16/8 guidance, MiFID I standards to non-workplace pension statements or similar improvements laid out in the Insurance Distribution Directive.

Chapter 2 - Overview

Q1. Do you agree with our high-level description of the market? Have we omitted any significant elements or dynamics?

1.1. We believe that non-workplace pension sellers do not compete in a single market, and that it is important for the FCA to adequately segment this market. This is important to ensure the FCA appropriately analyses potential risks before considering potential remedies. **As noted in Appendix 2: non-workplace pensions timeline** – there has been a significant number of legislative and regulatory changes since the late 1980's, and this has resulted in the level of segmentation that currently exists in the non-workplace pension market. The following key segmentations within the market that we identified with regards to the type of consumer and distribution channel are:

- Advised and non-advised customers, at the time of sale, and on an ongoing basis
- Contributing and paid up members
- Sophisticated and less experienced investors; investors can flow between these categories at different times.

We also identified that there are the following key segmentations with regards to the types of products:

- Pre- and post-simplification products
- Pre- and post-open architecture products
- Pre- and post mono-charge pensions
- Difference in the types of assets
- Lower-cost and lower-value pensions / platform Sipps vs. full-range bespoke pensions / Sipps.

1.2. The segmentations highlighted above are relevant for understanding the different types of non-workplace pensions, and the differences between workplace and non-workplace pensions.

1.3. It is important to note that non-workplace pensions are often an extension of other private savings, such as ISAs. Pensions that are available on platforms will often sit alongside ISAs, LISAs, Cash Accounts, and GIAs as part of an individual customer's portfolio, and having a different regime for individual pensions would not be consistent or meaningful. The increasing use of platforms to manage multiple accounts does not fit within the FCA's assessment of treating non-workplace pensions as a regulatory extension of workplace pensions.

1.4. We would like the FCA to recognise that an important contributing factor to product complexity is Government policy, and in particular tax law, rather than product features. A clear contrast can be made between pensions and ISAs, and the differences in the public's understanding and perception of these two types of savings wrappers.

1.5. We would also like to highlight that in the context of this market, advisers have a large responsibility for ensuring value for money when engaging with customers on non-workplace pensions. This market cannot be considered from a regulatory perspective without taking account of the role of Independent Financial Advisers (IFAs), given that FCA product sales data indicates that in the last 2 years, around 40% of new sales were intermediated. We believe analysis of the whole value chain will help drive transparency for the non-workplace pensions market.

Chapter 3 – Demand-side weaknesses

Q2. Do you have any comments, observations or evidence about engagement levels among non-workplace pensions customers?

2.1. As highlighted in question 1, we believe the market is diverse and therefore engagement levels vary according to which segment is being examined. We believe engagement in the non-workplace pensions market can vary significantly from frequent levels of engagement to lower levels of engagement. Frequent engagement is usually displayed by sophisticated investors who are comfortable managing their own money, and typically manage their investments through products with a wider investment choice typically through platforms. Even where individuals are non-advised, provider feedback suggests that individuals who have voluntarily entered into a savings arrangement are typically more engaged than those who have been auto-enrolled. For those customers who are less engaged, we believe a situation can exist where a customer no longer engages with their product after initial purchase. This does not imply that the customer is not getting value for money. As noted above, firms have a duty under FG16/8 to conduct regular product reviews to ensure value for money is being delivered.

2.2. Compared to employees, individuals investing in non-workplace pensions are much more likely to seek advice on the product, the funds to invest in, and their contribution level. Advisers will recommend the most suitable product and fund for each individual, which is not present in an auto-enrolment context. We believe the role of advice and guidance is key to engaging customers in this market. Many firms have made considerable efforts to better engage consumers across work-place and non-workplace pension products, however firms are restricted by the boundaries of providing a personal recommendation, in terms of directing customers to take action.

2.3. The FCA observes that "the benefits of savings products…..accrue in the future, with consequences of bad decisions revealed only after a long delay". We regard the converse to be equally valid; the effects of good decisions can only be similarly revealed. In particular, we believe that basing long term decisions around a point in time assessment may ignore future potentially valuable features such as active investment management and guaranteed annuity options (GAO's) that may acquire considerable future value.

2.4. FG16/8 has already requested an improvement in communications, which includes transparency of costs and charges. We request that the FCA ensure that these changes are effectively embedded prior to any new focus in this area. This guidance was aimed at improving customer engagement in communications, however we have yet to see if this has made a difference.

2.5. The nature of pension freedom means that all defined contribution pension savers, workplace or non-workplace must engage with their savings; we would like this to be the focus of regulatory activity. Over 2018-19, we will see further developments on the Pension Dashboard. This should result in consumers being more engaged with all of their current and previous pensions, workplace and individual. For some consumers, this will prompt them to seek advice and guidance on transfers and consolidation. We believe this will enhance price competition in both the non-workplace pension and workplace pension market, and lead to improved value for money. In addition, ABI continue to engage with its members on the simplification of communications e.g. annual pension statements; and the development of a mid-life MOT.

Q3: Do you have any comments, observations or evidence about the factors that influence consumers to switch between or transfer into non-workplace pensions?

3.1. We have no new evidence about the factors that influence consumers to switch between or transfer into non-workplace pensions. We encourage the FCA to form a view on whether frequent switching by individuals is a necessary element of a competitive market or whether non-workplace pensions should be relatively long-term investments. We believe customers need to be engaged for longer; the more of a run-up they take at any financial planning decision, the more likely they will be equipped to make a good decision. By contrast, too often behaviour involves consumers making poorly informed, short-term decisions, which is why we believe guidance and advice is the key element to ensuring good customer outcomes in the non-workplace pension market. In addition,

many historical charging structures rewarded customers for longevity in their savings habits. Post stakeholder pensions, this is no longer a feature of the market.

3.2. We do think however that complexity in switching schemes may present a barrier to consumers and point to initiatives such as the industry transfers and re-registration project led by the ABI, which aims to drive forward best practice in transfers and re-registration of customer assets. Additionally, other services such as the Origo Options Transfer Service, have also helped reduce customer time and effort required to switch schemes and have produced successful results.

3.3. It is important to highlight that the nature of long-term savings products can mean that there is a risk that too much switching, for example between different funds and platforms, can lead to loss of investment growth, and valuable product features such as GAO's and loyalty bonuses, and the potential for transaction and advice costs to increase over time. However, we note that in many cases, switching can offer the benefit of moving into better performing funds, platforms or products.

3.4. We believe it is important that the FCA adequately segment this market, as the DP makes no distinction as to whether the growth in this market primarily relates to transfers, or whether it relates to new savings. In particular, there is no clear distinction in the paper between non-workplace pensions used for accumulation as opposed to decumulation purposes, the latter being covered by the FCA Retirement Outcome Review.

Q4: Do you have any comments on the impact of regulated advice on consumers' ability to understand and assess their pension throughout the product lifecycle?

4.1. We believe the role of advice and guidance is key to ensuring consumers' ability to understand and assess their pension throughout the product lifecycle, aided by clear communications from insurers regarding existing policies. Recent evidence as highlighted in the FCA report on non-advised drawdown market notes *"Despite information being provided to customers, our review also identified that with the advent of pension freedoms, some customers appear not to be fully engaging with the information and are therefore potentially putting themselves at risk of harm."* We consider that the cost of financial advice is an issue for consumers and that there is scope to improve consumer's access to targeted guidance to support their engagement and decision making; we expect the Single Financial Guidance body to play a key role here.

4.2. We also acknowledge there is a risk that some consumers invest without advice or guidance which could result in potentially poor outcomes. In designing the Single Financial Guidance Body (SFGB), it would be helpful to consider how this service, which is intended to offer guidance during both the accumulation and decumulation phase, can support enhanced engagement with non-workplace pensions customers. Additionally, as there is scope for the industry to work with SFGB this year, we encourage the FCA to hold off intervention until it has witnessed how this customer engagement work develops. The ABI released a five-point plan to engage customers with their pensions on 26 April 2018, setting out a range of interventions at various stages of the customer journey to help customers navigate retirement decisions and to increase the take-up of guidance. The ABI is keen to work with Government and regulators on implementing this plan to improve outcomes for consumers[1].

Q5: Do you have any comments about whether certain funds are seen by consumers as default arrangements and whether these should be subject to additional standards and protections?

5.1. We are aware that the FCA believe that there are cases where the sale of non-workplace pensions products are effectively going into default type funds. We consider that default funds only formally operate within stakeholder personal pensions where consumers do not wish to make their own investment choices. We have seen no further evidence of pseudo default funds operating in the non-workplace pensions space.

[1] https://www.abi.org.uk/news/news-articles/2018/04/earlier-intervention-key-to-pensions-prosperity-says-abi/

5.2. If the FCA definition of default arrangements is considering popular investments, then managed funds will need to be considered. We would like to highlight that a managed fund is not a default; customers have to select from a range of funds when purchasing their plan. The FCA should be mindful that the imposition of a price cap here could be counter-productive.

5.3. Additionally, if the FCA do find evidence of additional default funds in operation, we believe the oversight principles from IGC's could be applied to these funds and be taken forward by existing governance structures such as Fairness and Customer committees which already have responsibilities to oversee and consider good customer outcomes for non-workplace pension customers, and have independent membership.

Q6: Do you believe that demand-side weaknesses are present in the market for non-workplace pensions? Do they apply across the market or are they specific to particular consumer groups, products or sales channels?

6.1. As highlighted in question 1, we believe this market is diverse both in terms of product, consumer and distribution channel, therefore the answer to this question will vary according to which segment is being examined. We believe the answer to this question has also been address in Q3-5.

6.2. As noted earlier, advisers have a large responsibility for ensuring value for money when engaging with customers on non-workplace pensions. This market cannot be considered from a regulatory perspective without taking account of the role of IFAs. We believe analysis of the whole value chain will help drive transparency for the non-workplace pensions market.

Chapter 4 – Charges

Q7: Do you have any comments or evidence relating to our discussion of SHPs?

7.1. We believe that the development of the non-workplace products is generally better left to the market and providers, unless there is evidence of major market failure which requires regulatory intervention. To support this view, we can evidence that new business being sold today is working effectively, with market forces driving competition beyond the stakeholder charging structure of 1-1.5%.

7.2. We expect that the majority of consumers who hold this product would have been advised at point of purchase. These consumers would have been made aware that the product includes a capped charge, limited fund choice and limited exit fees. We do not believe that amending this product is the key factor here; rather, it is about how we better engage consumers in financial decision making to encourage them to make a conscious decision. If consumers want a more modern and sophisticated product, we believe guidance or advice should play a key role here.

Q8: Can you provide any relevant comments or evidence relating to charges on pre-2001 policies? 41 DP18/1 Annex 1 Financial Conduct Authority Effective competition in non-workplace pensions

8.1. As highlighted in Appendix 1, we believe that there are number of key domestic and European regulatory initiatives that have already resulted in reviewed charges on pre-2001 policies e.g. the reduction in exit charges for pensions customers over 55, and the impact of product reviews undertaken by insurers. This was covered particularly as part of FG 16/8 Fair treatment of long-standing customers in the life insurance sector. Although the review focused on closed-book products, section 1.20 of FG16/8 stated that providers and intermediaries should consider the guidance in respect of all products in which long standing customers are invested. We would therefore encourage the FCA to examine how the recent changes have been embedded through its supervisory work before introducing additional regulatory interventions with regards to charges for non-workplace pensions.

8.2. We believe that charge caps should only be implemented where there is evidence of major market failure. We don't deny the use of charge caps where appropriate, however there needs to be a high test for introducing price regulation, which should be specific to the product being examined. This is in line with Mary Starks' view as expressed in her 27 February 2018 speech at the Social Market Foundation "*we can and do cap prices. But this is the exception not the rule. Across the financial services sector there are tens of thousands of prices set everyday by market forces where we do not intervene directly".*

8.3. Due to the regulatory changes made as a result of RDR, we encourage the FCA to use its data gathering exercise to identify which charges lead to fair value for money, and for the FCA to target any outliers independently.

8.4. We refer to our response to Q2 concerning the potential for ignoring other potentially valuable product features if value is solely defined by price, which appears to be the inference of DP18/1. We do not believe that this will result in good outcomes for customers.

8.5. We would also like to highlight that there are further overlaps with the FCA's Retirement outcomes review, Investment Platforms Market Study and the IPB audit of charges and benefits in legacy schemes.

Q9: How might we and industry improve non-workplace customers' awareness of the charges they may or will incur and the impact of those charges on their pension savings*?*

9.1. The paper rightly highlights that competition depends on consumers being able to easily and effectively compare products and product charges. The ABI and its members are keen to support the FCA in developing mechanisms to enable this for non-workplace pensions - the FCA will be aware that we have led work on a comparison tool for drawdown products. At this stage, we believe comparability factors should include not only charges, but also fund choice and performance, as well as guarantees.

9.2. We also encourage the FCA to consider transparency of costs and charges in monetary terms and believe it would be useful to recognise meaningful communication to customers which allow them to understand how much they are paying; at a minimum, through their annual statement.

9.3. We would also like the FCA to review how current disclosure initiatives are being embedded before considering further regulatory reforms. Current initiatives include European proposals for improved key information documents (KIDs) for "packaged retail and insurance-based investment products" (PRIIPs) and changes within Markets in Financial Instruments Directive (MiFID II). MiFID II proposes full disclosure of costs, including transaction costs. The IMA has also introduced a Statement of Recommended Regulatory Practice (SORP), compulsory for UK authorised funds, which requires disclosure of operating costs, dealing commissions and stamp duty.

Q10: Do you have any comments on how industry might better support consumer choice (including monitoring and identifying when it might be appropriate to switch to a more competitive product and / or provider)?

10.1. The ABI and its members have previously raised with the FCA, the need to develop an industry-wide approach to addressing the barriers faced by firms who are constrained by legislative and legal barriers to try and improve customer outcomes. Improving outcomes for members is likely, in many cases, to require providers to transfer contract-based workplace pension members to different schemes, or different funds / different platforms within the same scheme, or potentially, being able to return small uneconomic pots to members in a tax-efficient manner without crystallising pension benefits.

10.2. However, seeking members' consents to transfers is impracticable for three key reasons:

- in practice, gaining individual consent from a large number of members is challenging, even where the changes are in member interests;

- providing information on the basis that an investment could be improved contains an implied recommendation that may constitute regulated advice; and
- those who do not consent would remain in a legacy product, further increasing costs for providers and defeating the object of the new charges and governance requirements.

10.3. Therefore, in order to improve outcomes for disengaged long-standing customers, providers will need to take action without member consent. In addition, the ABI has specifically raised with the FCA, the poor retirement outcomes faced by disengaged customers with small pots and fixed charging structures. This continues to pose a challenge and possible future regulatory risk for members.

10.4. To deliver fair outcomes for customers, we call for the FCA to help find solutions which allow providers to move customers into a more suitable product, fund or platform which operates outside of the T&C's. As part of this solution, we believe a framework could be required to ensure customers will be broadly better off, or in an equivalent position compared to staying in their existing fund. We are currently working with members to develop a framework which ensures consumer protection

Q11: Can you provide any evidence or examples of where competition is not working well on non-workplace pension charges (applicable across the market or specific to particular products)?

11.1. We have no new evidence or data to make an informed comment here.

Chapter 5 – Summary and next steps

Q12: We would like to understand whether and how providers' oversight arrangements differ between workplace and non- workplace pensions.

Q13: We would like to hear views on the merits of enhancing oversight arrangements for non-workplace pensions in the event that harm is identified.

12.1. Oversight arrangements for workplace pensions differ to non-workplace pensions due to the introduction of independent governance committees and governance advisory arrangements (IGCs and GAAs). The ABI originally proposed the concept of IGCs for workplace pensions to the FCA, to address the low-levels of engagement from members identified by the Office of Fair Trading's defined contribution workplace pension market study. This lack of competition and engagement stemmed from the role that employers were obliged to play in 'defaulting' their employees into a product under the Automatic Enrolment Programme. Independent governance was intended to represent the interests of employees who were placed into a pension without their active consent, as a result of Government intervention.

12.2. As part of the Finalised Guidance for fair-treatment of long-standing customers in the life insurance sector (FG16/8), firms' strategy and governance frameworks were reviewed and enhanced to ensure fair treatment of customers. As a result, providers have current governance structures which may include Fairness Committees and Customer Committees with INEDs providing oversight for all customer outcomes, including those for non-workplace pension customers. Further, we have observed that the Asset Managers Market Study identified that the appropriate remedy was to add INEDs which brings them into line with arrangements already in place for insurers. We request that the FCA assess the outcomes from these various initiatives prior to any new focus in this area.

12.3. We therefore believe that where firms already have structures that adequately oversee good outcomes for non-workplace customers (for example Boards or Fairness or Customer Committees with INEDs) there should be flexibility to utilise these further should FCA identify harm in this market. However, without further evidence that the same issues exist for non-workplace products, we do not believe it appropriate to introduce additional governance requirements over and above those already embedded as a result of FG16/8.

12.4. We also note that the new Senior Insurance Managers Regime (SIMR) includes conduct standards which should help in adding clarity around the responsibilities of approved persons in supporting good outcomes for all customers. It is important to highlight that ABI members are committed to ensuring good outcomes for all customers and are continually conducting consumer research to ensure they are learning what is important for its customers in both workplace and non-workplace products.

Q14: In the context of the potential harms in this market, are there any other interventions that you think we should consider? Please explain what the impact might be and why such remedies would be appropriate.

14.1. If there is evidence of consumer harm or market disruption, we believe it is important to focus on product and firm specific issues rather than to require complete consistency with the governance of all product lines.

14.2. Overall, we believe there is a broader issue for society that those not in the workplace are not saving sufficiently for their retirement needs. As reiterated throughout our response, we believe the role of advice and guidance is key to engaging customers in this market.

14.3. Separately, we also consider the consequences of unregulated investments and unregulated introducers to be a potential issue in this market. Some of this activity is around or beyond the FCA's perimeter, but some is associated with the SIPP market. We welcome ongoing work by the FCA, DWP and TPR on scams and inappropriate investments, and encourage the FCA and TPR to explore this further in their joint pensions strategy.

Q15: Do you have any other comments on the matters discussed in this Discussion Paper? We have no further comments.