

TRIG Request for Proposals

Background and purpose

The UK investment and pensions industry is responsible for the management of over £3 trillion of assets, and estimates based on a cross section of aggregated data sources suggest that there are over 60 million individual policies and accounts in the UK. These assets are serviced by a broad range of firms and organisations.

The prevalence of transfers and re-registrations has increased over the last 20 years, due to increasing numbers of individual savings accounts (ISAs) and pensions as well as a widening choice of services, including online investment platforms. With recent developments such as auto-enrolment increasing the number of pots each individual will have, more options available to customers as a result of the pension freedom and choice reforms, and possible future developments (such as customer data becoming available through pension dashboards), this issue is likely to become even more important.

When moving investments, assets and entitlements between institutions, people have a legitimate right to expect the industry to execute their instructions in a timely and efficient manner. Furthermore, customers' service expectations are increasing due to the relative simplicity of switching in other markets. Use of technology, and industry-wide initiatives, have made investment and pension transfers much easier and quicker. But not all transfers and re-registrations are quick and easy, and the standards are not consistent across the different sections of the industry.

In February 2016, eight of the leading investment and pension trade associations established the Transfers and Re-registration Industry Group to drive forward guidance in transfers and re-registration of pensions and investments. This initiative was prompted by the findings of a Financial Conduct Authority Business Model and Sector Analysis on SIPP and Platform providers in 2015, which identified potential issues with both the timeliness and quality of communication for transfers and re-registrations. But it is clear that improving transfers and re-registration supports other policy goals across Government, by enabling competition and efficiency, which are in the interests of customers and the industry.

The TRIG's goal is to improve the customer experience, by identifying and encouraging good practice, so that outlying firms improve their own processes. The intention is to do so without prescriptive regulatory intervention. However, we would anticipate that if this initiative is not seen to be successful, then there is a possibility of intervention from the FCA in the future, in relation to the firms they authorise.

The TRIG conducted a series of workshops and a formal consultation exercise over the course of 2016 and 2017. The feedback received has been considered in producing this Framework. During this time, representatives of the occupational pensions sector also joined the project. This was in recognition of the specific challenges facing occupational schemes.

The TRIG has discussed the outcomes of the consultation process with the FCA, the Department of Work and Pensions and the Pensions Regulator. The FCA welcomed the Improving Pension and Investment Transfers and Re-registrations Consultation Paper in its Investment Platforms Market Study Terms of Reference in July 2017.

Transfers Framework

The TRIG has published an industry framework for transfers and re-registrations for the industry to adopt, comprising guidelines on:

- Coverage
- Selecting between transfers and re-registration
- Timescales for transfers and re-registration
- Customer communications

This framework sets out a voluntary agreement which counterparties can adopt, thereby creating greater certainty for participating firms and their customers.

Transfers governance

The TRIG now seeks an organisation to take responsibility for the long-term governance of the industry's transfers and re-registration agreements.

This is an opportunity for an organisation to adopt a quasi-official role in the UK's financial transactions landscape. It will undertake the self-regulatory responsibilities of governing and maintaining standards, working in partnership with industry participants and regulatory bodies.

Organisations interested in adopting this role should demonstrate that they are willing and able to meet the following requirements:

Implementation and roll-out

Applicants should propose models for how the framework could be implemented:

- Define an implementation plan, building in sufficient time for parties to support MI requirements.
- Propose options for phasing or staggering implementation as an alternative to a single implementation date.
- Propose how they will engage with industry and regulatory stakeholders throughout the implementation process in order to deliver the framework in practice.

Register of firms

Adherence to the framework is voluntary, however the TRIG believes public disclosure of firms' commitment to the framework will promote both compliance and encourage its wider adoption. Therefore organisations seeking to take on the governance of the framework should be prepared to maintain and be able to publish a register of participating firms.

Management and improvement to the standards

Applicant organisations should be willing to take responsibility for the maintenance and improvement of the TRIG standards over time. The TRIG seeks outline proposals for process improvement and

development to meet the evolving needs and challenges of technology, the market environment, regulation and consumer demand.

This should include:

- Definition of Service Level Agreements
- Test and complete the process work to achieve sign-up across the industry on the proposed steps for each of the various product segments in scope
- Test and gain sign up to proposed start and end times for 48 hour SLAs
- Test and gain sign up to proposed start and end times for end-to-end SLAs
- Define standards for data sharing for Management Information on compliance with SLAs
- Propose and ensure delivery of the mechanism for capturing, collating and sharing industry MI on SLAs.

Coverage and industry support

Whilst the TRIG framework has been developed in consultation with the pension and investment industry and with the support of the relevant trade bodies, it is a voluntary framework. As such it is essential that applicant organisations can demonstrate they will enjoy legitimacy and buy-in from across the financial services industry.

Applicants should show how they will deliver leadership to influence continuous improvement across the industry, working with the assistance of the various industry associations and the FCA, and using MI to drive positive behaviour:

- Ongoing influence so that those sharing MI meet SLAs
- Ongoing influence to bring on board those parts of the industry that are not yet sharing data
- Monitoring end-to-end MI to evidence and influence positive impact on the customer
- Propose and drive future opportunities for further improvement to Transfers & Re-Registration processes to the benefit of the customer working with Industry Associations to gain buy in.

Complaints resolution

Inevitably there will arise from time to time disputes between organisations using the TRIG framework in their transfer and re-registration processes. Applicants should show what approach they would adopt to mediating disputes between organisations where those organisations are unable to resolve such disputes bilaterally.

Regulatory engagement

Various public bodies, including the FCA, the Pensions Regulator and the DWP have an interest in the transfer of financial assets between institutions. Governance of the transfer framework will require ongoing regulatory engagement and cooperation with these stakeholders. Applicants will therefore need to outline how they anticipate working proactively with the regulators.

Funding

Applicants should show how they would finance the ongoing governance of the transfers framework. The imposition of any kind of levy or charge on investors is not an acceptable approach. Funding should be transparent, sustainable and free from commercial bias.

Applicants should set out how they anticipate funding both the initial delivery phase to get the standards up and running, and the ongoing financing in the longer term.

Evaluation Criteria

Submissions will be reviewed by TRIG members representing a cross-section of the industry.

Responses will be evaluated on the basis of the following criteria we consider to be equally important:

- A realistic and reasonable funding proposal
- The extent to which tenders are clearly written and meet the specified objectives, present a clear plan, identifying any potential problems, and proposing suitable solutions
- The extent to which the responding party can work across the industry and all stakeholders, including the regulators
- Expertise and management of the responding party.

Next Steps

The TRIG is looking for an organisation interested in taking on these responsibilities to submit proposals addressing the points raised above. Responses are invited ahead of a deadline of 31 August 2018. Please send submissions and raise any queries via: Retirement@ABI.org.uk