The UK insurance and long-term savings market and the ABI

The Association of British Insurers is the voice of the UK’s world-leading insurance and long-term savings industry. A productive and inclusive sector, our industry supports towns and cities across Britain in building back a balanced and innovative economy, employing over 300,000 individuals in high-skilled, lifelong careers, two-thirds of which are outside of London.

The UK insurance and long-term savings industry manages investments of over £1.9 trillion, contributes over £16bn in taxes to the Government and supports communities across the UK by enabling trade, risk-taking, investment and innovation. We are also a global success story, the largest in Europe and the fourth largest in the world.

The ABI represents over 200 member companies, including most household names and specialist providers, giving peace of mind to customers across the UK.
Executive Summary

When the Government committed to the development of Pensions Dashboards in 2016, the long-term savings industry anticipated it to be a once-in-a-generation opportunity to revolutionise how the public engage with their pensions. As the preparation for Pensions Dashboards enters its final stages, it is timely to consider what the next phases should look like.

Throughout the interviews with the industry and stakeholders, participants all stressed the importance for all involved parties to get dashboards-ready. At this stage, more work remains to be done on a robust central architecture, clear liability model, and flexibility to innovate the customer interface. Importantly, these will all need to be considered when the regulatory regime is drafted this year to ensure the project can deliver on its promise.

More widely, the industry and stakeholders believe pensions dashboards are a crucial opportunity to improve the data quality in the pensions market. It will be the first step to enable customers to own and view their pensions with far more transparency. The availability of new data, with the ability to export it and with appropriate data protection rules, can stimulate the development of innovative retirement planning tools and more services to support more holistic financial planning.

For dashboards to fully realise their potential, urgent decisions and support from the government and regulators are especially needed in the following areas:

- Finalise minimum data standards for providers to follow and make clear how they can be adapted in the future.
- Develop clear principles for, and explanation of, different participants’ liabilities, while allowing flexibility for the look and feel of dashboards.
- Consider the rules around guidance / advice and ensure that dashboards data can be explained through signposting to appropriate services operating on or alongside dashboards. This should include impartial guidance as well as personalised and well regulated advice.
- Develop a clear roadmap for future iterations of dashboards to accommodate changing user needs.
- Consider dashboards as part of wider open data initiatives and agree a holistic strategy for these.

Background

The prototype project led by the ABI on behalf of HMT with a cross-industry coalition of providers in 2017 made several recommendations¹ for the Government to take the concept forward. The report also outlined the industry’s expectation that dashboards could bring a step-change to pension engagement.

In 2019, the Government committed to legislate and created the Pensions Dashboards Programme to

deliver the project. As we now expect pensions dashboards to be ready from 2023, the Association of British Insurers (ABI) conducted an interview project in August 2021 to capture the industry’s vision for dashboards, both at launch and in the future, and the next steps from here. Interviewees included our members, technology providers and other stakeholders. We asked for their understanding of barriers to engagement, how dashboards can overcome these barriers in a phased approach, and the lessons learnt from similar initiatives.

This paper summarises the findings from the interviews, which include proposed areas for further development and actions to be taken now to enable future innovations.
How dashboards can help remove barriers to pensions engagement

To understand how dashboards fit with the current status of pension engagement, we asked interviewees about the common barriers to engagement and how dashboards might help. There was a broad consensus that engagement with pensions is low, both offline and online, and this can be attributed to the following factors:

1. **Complexity of information / lack of knowledge** – Customers do not typically understand what pensions are, as it requires a certain level of knowledge which many do not have. For example, based on pension providers' experience and previous research², many customers do not know that their pensions are invested and what a fund is. The complex language and use of jargon in pension communications also further widened the knowledge gap. Pensions dashboards can offer an opportunity to reimagine the presentation and language used to explain pensions.

2. **Negative connotations** – A few interviewees pointed out that the word 'pensions' has negative connotations, compared to other framing such as 'retirement income' or simply 'money'. One pension provider also suggested that customers often wrongly assume that it is 'too late' to start planning for their retirement or that their pensions are 'taken care of by others'. Engaging with pensions is often seen as a stressful, boring and / or scary task. A technology firm suggested that the negative news regarding pensions (including the state pension) has a damaging impact on people’s confidence, which further drives procrastination and disengagement. Promotion and framing of dashboards will be important to shift that image.

3. **Competing priorities** – Given the above challenges and the long-term nature of pensions, taking proactive action is usually quite low on customers' to-do list. An interviewee referenced our previous research³, which indicates the priority to notify pension providers of an address change is significantly lower than other financial services and utility providers. By contrast, certain life events can trigger thoughts about retirement planning (e.g. when a customer's children leave home). The industry and dashboards should fully leverage these key engagement moments.

Digital engagement

Most interviewees attributed the cause of low digital engagement to the lack of digital offerings in the pensions market, especially when compared to other financial sectors.

Pension providers who already offer digital propositions shared some common customer enquiries that they received. During the first few visits, customers usually ask for an explanation of basic pensions concepts (e.g. 'What is a fund? Is my pension invested?'). Once these are explained, they would soon want to do more with their pensions, for example changing their funds and consolidating pension pots. Therefore, digital propositions serve both as an easy point of access and an educational tool. Based

²  https://www.thisismoney.co.uk/money/pensions/article-9737931/Only-one-three-people-know-pension-invested-stock-market.html
on their experience, these providers expect users to go through a similar learning curve when using dashboards.

As highlighted by one of the interviewees, digital experiences can make engagement with pensions more interactive and interesting. It can help attract and maintain the user’s attention with a more straightforward and enjoyable pension engagement experience.

Drawing on their experience from existing propositions, interviewees anticipated that dashboards can remove some of the common engagement barriers. We will explore how this can be achieved in the next section.
How Dashboards can meet customer needs

In the second part of the interviews, interviewees were asked about their views on functions that dashboards should deliver to tackle the barriers mentioned above. Most interviewees believed that customer needs would vary, depending on various factors including financial circumstances, digital and financial savviness, and life stage. There will not be a one-size-fits-all solution and, in order to meet the multiplicity of customer needs, dashboards must have some variations in what they offer. This is one of the purposes and benefits of enabling a marketplace for dashboards. The functions that interviewees expect dashboards to have can be divided into three levels:

1. **Essential components**

   **Key deliverable of this level:**

   Fulfil the customer expectation of seeing all pensions in one place.

**Essential components - What to deliver:**

All interviewees agreed that a reliable pension finder service is the foundation of a successful dashboards programme. Technical builds required to support this include the pension finder service itself, a secure Digital ID service and the central architecture. Technology firms and a trade body representative pointed out that the customer journey and sign-up process will need to be frictionless and on a par with the offerings of other commercial digital services. One of the proposed functions is a single sign-in, which allow users to reuse their credentials for different dashboards or even existing services by their providers. The availability of these functions will require consideration in the central architecture and ensuring the Digital ID service can be interoperable with others when rules around ID services further consolidate.

While the Pensions Dashboards Programme will be responsible for developing these components, they will need to be supported by pension data from the industry that is as comprehensive as possible, and a robust and consistent matching process. Most pension providers strongly believed that if one of the customer's pensions does not show up on dashboards or the wrong pension information is shared, both the pension industry and the dashboards programme's reputation could greatly suffer. That presents an obvious trade-off between fulfilling customer expectations and the risk of false matches. Considering the consequences that false matches could bring on individuals and all involved parties, some pension providers pointed out that data should only be returned to dashboards where there is a 100% match.

Other than reputation and data breach concerns, a technology company also highlighted the potential liability brought by the Digital ID trust framework being developed by DCMS, which the dashboards are eventually expected to rely upon. Once the trust framework is launched and adopted by the Programme, data providers might be classified as attribute providers. Their data will be subject to the framework’s requirements and these providers will need to develop ways to assess the quality of the data they created or shared. The implications of this are not yet clear.
Essential components - How to deliver:

- **Data preparation**: Pension providers and technology firms all pointed out that data cleansing, process automation and having a set of clear data matching standards will all be crucial to get dashboards-ready by 2023.

- **Design appropriate regulations**: Until more advanced functions like financial transactions are formally introduced, the main risks of customer harm will lie in inaccurate data, false matches and data misuse. These risks will need to be balanced to ensure positive customer outcomes. The consequence and liabilities of false matches or releasing inaccurate data for different participants will have to be explained by the government and relevant regulators especially, ideally in a comprehensive liability model. More clarity will also be required on what the complaint handling process looks like and how a complaint’s legitimacy can be verified when no record of the data shown on dashboards will be kept. The use of data on dashboards should also be monitored and regulated.

- **Promotion**: Some pension providers have highlighted that currently there is very little communication with the public about dashboards. It will be important for the Government, Pensions Dashboards Programme and the industry to communicate to the public the existence and features of the new service, to set appropriate expectations and drive uptake once dashboards are launched.

  Promotion to raise awareness within the industry is also important. A few interviewees believe that the programme is not consistently being viewed as an opportunity for improvement across the industry, as some players still view it only as a compliance requirement. This perception could eventually impact how the service is communicated to their customers or scheme members.

**ABI view**

We see dashboards as a lever for wider change – it will inevitably expose challenges and present opportunities for improvements in the way the industry as a whole serves its customers. As responsible stewards of people’s financial security in retirement, all parts of the pensions sector should see pensions dashboards as a long overdue means to bring pensions into the 21st century and giving savers and scheme members the wherewithal to make sense of their retirement preparations and take control of their finances in retirement.

**Recommendations**

*The industry should focus on data cleansing and digitisation to fulfil the data provision requirement and embrace the changes in user needs.*

*The Government and regulators should finalise the minimum data standards for providers to follow and make clear how they can be adapted in the future.*

*The PDP, or the organisation managing dashboards in the future, should consider increasing communication with the public about dashboards, and coordinate with the industry when doing so.*
2. Basic functions

**Key deliverable of this level:**
Pensions are 'viewable' on dashboards and presented in a meaningful way.

**Basic functions - What to deliver:**

There is a clear focus among the industry on the availability, presentation, and use of data to fulfill the basic functions of dashboards. Interviewees suggested ways to present data and make them useful to customers, though their approaches were slightly different. The three most common types of data suggested to be presented were:

- For most pension providers, both 'find' and 'view' data (i.e. where the pensions are and their worth) must be available from the beginning.
- Some interviewees mentioned that estimated retirement income (ERI) will be important and will be helpful to customers if projected and presented in a comparable and meaningful format.
- Consumer advocates opined that cost and charges, or at least links to this information, should be included. It will be important to users that they can consider different options based on reliable and comparable information.

Most interviewees agreed that user needs will vastly differ; therefore, it will be important to understand who the early adopters might be, and which data sets they will need most. For example, one pension provider pointed out that financial advisers, rather than the customers themselves, might be more likely to use dashboards initially, assuming delegation is allowed. Their needs might be slightly different from those of customers and dashboards should reflect that – this could be ‘find and view’ data to accelerate the fact-find, but they may also seek additional information.

Educational information and guidance on pensions should also be allowed on or alongside dashboards. As suggested in the first chapter, users will start to have questions and, in some cases, may even panic once they see their pensions. Providing answers and solutions will be important to give customers opportunities to take control, as well as to relieve any confusion. Therefore, access to supporting services like Pension Wise and financial advice, plus value-add services discussed in the next section, will make the new information more meaningful and engaging. It will also complement other relevant initiatives that aim to improve consumer outcomes, such as the stronger nudge and the new rules around pension transfers.

*‘The question that customers have at the start of this is “What pensions have I got?”, and then the next question is “Is that enough?”. Being able to tell the customer “Is that enough?” is the heart of this.’*

- A large pension provider

**Basic functions - How to deliver:**

- **User research:** Undertaking robust user research to understand the likely user base will be important, as trying to cover all user needs will likely mean no user needs could be fulfilled.
Behavioural science research conducted by us and other research by stakeholders provided some basic understanding of users’ reactions to key data items like ERI and expected next steps. These should be tested with real data as soon as possible. Given the legal constraints around pension providers connecting their data to dashboards before the legal duty comes into force in April 2023, the public beta testing period might need to remain in place until further necessary testing and amendments are carried out.

- **Support for customers**: In drafting the regulations, the support that customers need to make the most of dashboards must be taken into consideration. Some interviewees suggested signposting to Pension Wise should be made compulsory and links to financial advice services should be allowed. An interviewee also mentioned that some benchmarks for the income required for different retirement styles could be helpful. In any case, firms should prepare for increased call volume and number of enquiries once dashboards are launched.

## ABI view

We anticipate different customer needs will create a demand and commercial opportunities for a dashboards marketplace. The industry should anticipate and consider the competition in new areas and from new entrants.

## Recommendations

**Pension providers, especially those who will be providing a dashboard, should look to develop an interactive and compelling digital experience within existing service and on dashboards.**

The PDP, or the organisation managing the programme in the future, should make use of the pensions industry and fintech companies’ first-hand experiences of developing digital propositions and their insights on user needs when developing and consulting on design guidance for dashboards.

## 3. Value-add services

### Key deliverables:

Dashboards can support customers to collect customer feedback on the data, integrate with other financial services, and include more interactive functions. Customers can initiate financial transactions after using dashboards – this could be through a separate process rather than through the dashboard itself.

### Value-add servics - What to deliver:

When talking about the future phases of dashboards, most interviewees believed that room for innovation with additional data and features is essential for future dashboard iterations - and that some features should be available from the beginning. These features could be performed by dashboards or by services operating alongside them, and ranged from simple additional services to more advanced features:

- dashboards doing calculations to give further insights
- users feeding back on inaccurate data, such as updating their address
• the ability to facilitate financial transactions
• providing an integrated view of different assets through budgeting apps or investment platforms
• access to annual benefit statements or other product information
• product performance comparison

As suggested in the ‘Basic level’ above, many interviewees, including pension providers and a trade body representative, saw dashboards as an important stepping-stone to make pensions data more transparent and available to customers. They believed it is crucial that users can take one step further and use the data – for example, to support retirement planning and pot consolidation. This idea is also about improving data mobility and ownership, which allows users to access data that belongs to them and empower them to make better decisions.

In contrast, some interviewees suggested that delivering a robust find-and-view service should be the main priority, arguing that learning ‘how to walk before you run’ is more important. They also questioned the benefits of the more advanced functions, especially the potential interaction with Open Banking which is still very much a work in progress trying to build its usage.

Value-add services - How to deliver:

• **Understand user activities**: Actual user behaviour will provide valuable insights to improve pensions dashboards and other digital offerings in the pensions market. Pension providers suggested that dashboard providers should actively collect user feedback and share these with the PDP when initial dashboards are launched. Providers should also promote the rollout of further functions to fulfil user needs that emerge in the future based on these findings.

• **Scope for expansion**: The potential evolution of dashboards’ scope should be considered when the regulations are designed, and embedded into the architecture to futureproof dashboards. Since user needs are vastly different and always changing, there will not be a one-size-fits-all solution. The market will need to be allowed to build extended service offerings on top of the basic requirements to fulfil more advanced and future needs. We will explore what that means in terms of regulatory requirements in the next section.

**ABI view**

To support the development of value-add services, data exportability will be crucial and should be considered when building the central architecture. It will be a huge missed opportunity if dashboards end up being a static view-interface with restricted or even no ability to enable data use. From the experience of providers already offering digital functions, we anticipate dashboards will drive rapid changes and growth in user expectations, if done right. Therefore, functions and scope of the dashboards will have to quickly catch up and evolve accordingly.

**Recommendations**

*The PDP, or the organisation managing the dashboards programme in the future, should:*

• Develop a roadmap for future iterations of dashboards and keep collecting feedback from users (e.g. through user surveys).
• Take dashboards providers’ feedback once dashboards are up and running. Their knowledge could also be used when considering new functions to be added to dashboards.
How the regulatory framework can futureproof the dashboards project

We further discussed interviewees’ expectations and hopes for the regulatory framework, including any comparison to Open Banking and other Open Finance initiatives.

Our key findings were as follows:

**Use of data - transparency v. protection**

As mentioned in the previous section, pensions dashboards will need to have sufficient data connected and returned to fulfil the most basic expectation to find-and-view. There remains a compliance challenge in the lack of clarity on providers’ potential liabilities, especially on data breach. For example, some interviewees question whether the compulsion to provide data would be enough to override data protection requirements. Even assuming it does, there are still potential risks to firms’ reputation if data are shared with the wrong person by accident, or end up being misused.

Interviewees have clear views on what was necessary to provide clarity:

- **Data providers should be required to provide accurate data:** Data quality and readiness in the pension industry is patchy, especially in certain areas like personal details and projected income. These are often caused by issues at the data source, such as employer-provided details in automatic enrolment schemes, and will be difficult for pension providers to confirm and rectify. However, the accuracy of this information will have a direct impact on the amount of data returned. It will be important that data providers are required to provide the most accurate data to their knowledge, which means the industry will need to go through data cleansing exercises before connection, and possibly regularly. Data standards will need to be finalised as soon as possible so that the industry can start preparing. While the data items in the existing data standard guide are still relatively limited and the maintenance is already quite complex. But most interviewees expect that data compulsion will be expanded to cover more complicated data and more advanced user needs in the future.

- **Minimum data matching standards:** As data providers will be doing their own matching, the number of confirmed matches and returns could be vastly different and dependent on the firm’s or scheme’s risk appetite. Therefore, sufficient data will only be returned to dashboards once the matching data is accurate and the matching standards are reasonably designed. While the PDP insist that matching is the pension providers’ responsibility, it is important that everyone involved in the project understands what the matching process looks like. At the time of writing, PASA has just launched a data matching convention guidance with support from the ABI and PLSA. However, this is only the first step to developing a consistent approach. Clear explanation of the industry’s responsibilities and liabilities from the DWP and Information Commissioner’s Office will still be needed for the industry to fully implement the PASA guidance.

- **Regulate and monitor the use of dashboards data:** Accurate data will enable different providers to improve their service, and should be expected to nurture new innovations. Most of the interviewees, especially those who see dashboards as an Open Pensions project, would like to have data exportability to enable these possibilities. However, these activities must be carefully monitored and controlled to make sure data is not used for dubious reasons. This can be achieved by FCA authorisations setting a high bar and requiring a clear business model;
policy set by FCA, DWP and PDP being clear on how data can be used; and FCA supervision monitoring how data is used in practice.

- While most pension providers anticipate using dashboards data to drive new services in the sector, an interviewee questioned how widely these functions will be used, as demonstrated by Open Banking's apparently low adoption rate. Another interviewee highlighted similar concerns and believed that having household name providers’ support will be crucial to drive uptake, as demonstrated in Open Banking's experience. This interviewee believes that setting consistent and accurate messaging in the promotion of dashboards across the industry could be crucial. One trade body representative also argued that many customers might have used the tools that are powered by Open Banking without knowing it. This could be the case here if dashboards data are exportable for another tool's use.

‘Data and protection need to be either very strict in regulation, or underpinned by very strong rules and regulation from a regulator. For design, flexibility is a good thing.’

- A large pension provider

Presentation of data – simple v. informative

For data within and presented on dashboards, there are also questions of how they can be presented in a meaningful and not misleading way. There was a clear agreement among pension providers that the presentation should be driven by end customer value. Some of them strongly believed that the relevant regulations should be principle-led rather than providing rules around the specifics of look and feel. In that case, dashboard providers would be given some room for interpretation and could design an interface that best caters for their customers’ needs. Overly restrictive rules on presentation and warnings could end up showing customers 'walls of text' which discourage engagement, as well as information that is irrelevant to them. Some ABI members suggested that there should still be 'a degree of prescription', for example the minimum requirement on data items that must be displayed. There will also need to be regulations around the dashboard provider’s conduct. A trade body representative suggested that the regulators could reference overseas dashboard regulators and their approach in developing their approach.

Recommendation

The Government and regulators should provide clear principles for, and explanation of, different participants' liabilities, while allowing flexibility in the look and feel of dashboards.

’If dashboards do it right, it can set an example in organising itself and focusing on customer value. Do it right and it shows how Open Finance can be approached, stick to the key value drivers, and recognise the benefits to the consumer.’

- A technology company
Signposting to support – advertising v. guidance

To support the customer journey, a lot of interviewees mentioned the importance of having an accessible advice or guidance service via dashboards. The customers interacting with their data will trigger new needs and demand for guidance. In order to make it meaningful, firms will have to understand the data that the customer has seen. There are concerns that existing regulations on guiding customers could be too restrictive and could stifle their understanding and ability to take action.

Several interviewees suggested that regulated, personalised advice would be necessary for ideal customer outcomes, as improving consumer knowledge on pensions is at the heart of the dashboards initiative. However, a trade body representative pointed out that pre-existing and future FCA regulations may consider signposting to commercial services as advertising. It will also be important that supplementary information will not be considered as unregulated financial advice. Existing regulations on the advice/guidance boundary might limit the development and promotion of support services by providers and others – helping customers to take action after using dashboards is a good example of circumstances in which the advice boundary could move to improve customer outcomes, with the right protections in place.

Recommendation

The Government and regulators should consider the rules around guidance / advice and ensure that dashboards data can be explained through signposting to appropriate services operating on or alongside dashboards. This should include impartial guidance as well as personalised and well-regulated advice.

Futureproofing dashboards

More specifically, some pension providers mentioned that retirement planning should be viewed as a part of financial planning. A provider noted that changes in work patterns (such as lots of small jobs, semi-retirement) have increased the importance of giving customers a holistic view of their savings and assets for better planning. The new data on dashboards, if exportable, can facilitate a single customer view. There are a lot of wider data developments to which dashboards may connect, including Open Finance and Smart Data. It will be important that dashboards regulation is designed with these wider developments in mind, so that dashboards can withstand and engage with the technology transformation coming in the next few years.

Referencing other “Open” initiatives’ regulatory framework

When comparing the development of dashboards with Open Banking, most agreed that Open Banking has been a slow burner and is not necessarily the right example to follow. To some, the two projects are completely different concepts and dashboards regulations should not directly emulate Open Banking because the purpose, industry context and risks are very different. This is especially the case for dashboards’ earlier stages.

Others, for example those who see dashboards as a data project, believe there could be some lessons to learn from the initiative – for example, that its flexibility encouraged innovation. A consumer advocate and a trade body representative also emphasised the role of competition in Open Banking. When the initiative was launched, it was heavily supported by the Competition and Markets Authority (CMA) to drive competition in the market. A technology firm suggested that the government and regulators should come under one umbrella to simplify the regulatory structure of different Open Finance
initiatives and improve interoperability.

**Recommendation**

*The Government and regulators should consider dashboards as part of the wider open data initiatives and agree a holistic strategy.*
Summary of recommendations

There is a strong consensus that the development of dashboards should be driven by customer outcomes and needs to overcome the current engagement barriers. This will have to be built on a reliable infrastructure, with an extended capacity to fulfil more advanced needs. Throughout the research, it was clear that dashboards will have to be supported by the Government, PDP, regulators and the industry to achieve the initiative’s goal to empower consumers.

Below is a summary of the actions that we encourage those actors to undertake now to drive and futureproof dashboards:

### Industry

- Focus on data cleansing and digitalisation.
- Look to develop an interactive and compelling digital experience on dashboards.

### PDP or the body looking after dashboards in the future

- Consider increasing communication with the public about dashboards, and coordinate with the industry when doing so.
- Make use of the pensions industry and fintech companies' first-hand experiences of developing digital propositions when developing and consulting on the design guidance for dashboards.
- Develop a roadmap for future iterations of dashboards and keep monitoring what consumers actually want and need (e.g. through user survey or understanding their activities on dashboards).
- Take dashboard providers’ feedback once dashboards are up and running. Their knowledge could also be used when deciding the rollout of new functions on dashboards.

### Government and regulators

- Finalise minimum data standards for providers to follow and make clear how they can be adapted in the future.
- Provide clear principles for, and explanation of, different participants' liabilities, while allowing flexibility in the look and feel of dashboards.
- Consider the rules around guidance / advice and ensure that dashboards data can be explained through signposting to appropriate services operating on or alongside dashboards. This should include impartial guidance as well as personalised and well-regulated advice.
- Consider dashboards as part of wider open data initiatives and agree a holistic strategy.
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