

Altus Business Systems **Pensions Dashboards**

RESPONSE TO DWP CONSULTATION

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1 INTRODUCTION

- (.1) Altus Business Systems has played a leading role in introducing open standards to the financial services industry. Open standards allow multiple technology suppliers to interoperate and compete in an open market. This encourages innovation and efficiency, and benefits both the industry and the end consumer. Our investment automation systems all adhere to this philosophy.
- (.2) In particular, we have helped develop open standards for automating the transfer of consumer investment portfolios between providers. This has led to a dramatic reduction in transfer times and costs over recent years.
- (.3) Altus Business Systems is pleased to submit this response to the DWP's Pensions Dashboards consultation, December 2018.



2 CONSULTATION RESPONSE

2.1 Wider benefits of a dashboard

2.1.1 Question I

What are the potential costs and benefits of dashboards for:

- a) individuals or members?;
- b) your business (or different elements within it)?

(.1) The potential benefits of a successful pension dashboard are better informed consumers and increased competition in the pensions market.

2.2 Architecture, data and security

2.2.1 Question II

Do you agree with:

- a) our key findings on our proposed architectural elements; and
- b) our proposed architectural design principles?

If not, please explain why.

(.1) We agree with many of the proposed architectural design principles.

(.2) However, we see no reason why a dashboard couldn't present an aggregated view of a consumer's pensions and store that data provided it had explicit consent from the consumer.

(.3) We do not agree with the decision to create a single central PFS. This is an unnecessary constraint and has unwelcome implications for funding and governance.

2.3 Providing a complete picture

2.3.1 Question III

Is a legislative framework that compels pension providers to participate the best way to deliver dashboards within a reasonable timeframe?

(.1) Yes.

2.3.2 Question IV

Do you agree that all Small Self-Administered Schemes (SSAS) and Executive Pension Plans (EPP) should be exempt from compulsion, although they should be allowed to participate on a voluntary basis?

(.1) Yes.

2.3.3 Question V

Are there other categories of pension scheme that should be made exempt, and if so, why?

(.1) No.

2.4 Implementing dashboards

2.4.1 Question VI

Our expectation is that schemes such as Master Trusts will be able to supply data from 2019/20. Is this achievable? Are other scheme types in a position to supply data in this timeframe?

(.1) Some master trusts and personal pension providers might decide to support the dashboard without compulsion and could comfortably do that by 2020.

(.2) Our expectation is that other schemes, particularly trust-based occupational and government schemes, will wait for compulsion before participating.

(.3) Many will remember the DWP suspending the Pot-Follows-Member initiative at a late stage and will need to be convinced the dashboard will come to fruition.

2.4.2 Question VII

Do you agree that 3-4 years from the introduction of the first public facing dashboards is a reasonable timeframe for the majority of eligible schemes to be supplying their data to dashboards?

(.1) We believe that it would be possible for the vast majority of schemes to be providing data by 2020 if it was considered a high priority. The priority for many, however, will depend on the likelihood of compulsion and the expected timescale.

2.4.3 Question VIII

Are there certain types of information that should not be allowed to feature on dashboards in order to safeguard consumers? If so, why? Are there any other similar risks surrounding information or functionality that should be taken account of by government?

(.1) It is hard to argue that consumers should be better informed but not too informed. Certainly dashboards should be expected to carefully consider how information is presented but the consumer should be given access to all their data.

2.4.4 Question IX

Do you agree with a phased approach to building the dashboard service including, for example, that the project starts with a non-commercial dashboard and the service (information, functionality and multiple dashboards) is expanded over time?

(.1) Certain forms of phasing are sensible, for instance the types of scheme to provide data or the amount of data to be provided.

(.2) However, we do not agree with the decision to initially exclude commercial dashboards thereby restricting competition and innovation.

2.4.5 Question X

Do you agree that there should be only one Pension Finder Service? If not, how would you describe an alternative approach, what would be the benefits and risks of this model and how would any risks be mitigated?

- (.1) Although at first glance it may seem simpler to specify a single PFS from a technical perspective, we do not see any significant benefits of such a restriction and it would limit competition and innovation and have unwelcome implications for funding and governance.
- (.2) We would prefer a model with no prescribed centrally funded infrastructure. If dashboard providers found it convenient to employ a separate PFS then a market for competing PFS would emerge. The dashboard (the data controller) would be responsible for any supplier selected (the data processor).

2.5 Protecting the consumer

2.5.1 Question XI

Our assumption is that information and functionality will be covered by existing regulation. Do you agree and if not, what are the additional activities that are not covered?

- (.1) Yes.

2.6 Accessing dashboard services

2.6.1 Question XII

Do people with protected characteristics, or any customers in vulnerable circumstances, have particular needs for accessing and using dashboard services that should be catered for?

- (.1) There will inevitably be some consumers who will need help to access internet services and navigate identity verification processes.

2.7 Governance

2.7.1 Question XIII

The Department has proposed a governance structure which it believes will facilitate industry to develop and deliver a dashboard. Do you agree with this approach? If not, what, if anything, is missing or what workable alternative would you propose which meets the principles set out in this report?

- (.1) Whilst the proposed governance structure might be suitable for agreeing standards, it would not be robust enough for policing conformance, apportioning liabilities, or procurement of centralised infrastructure.
- (.2) A more appropriate model would be similar to TISA Exchange where fees are equitably spread across all parties and a robust decision making process is defined with a vote for all participants, rather than just a few selected parties.
- (.3) However, if (as the current proposal suggests) the dashboard design is to include significant centralised infrastructure then this must be subject to a robust, open and fair procurement process and the government would need to take a much greater role in governance. Decisions on spending money raised by a levy cannot be made by a few selected industry representatives.
- (.4) For this reason we suggest that DWP avoid centralised infrastructure wherever possible.

2.8 Costs and funding

2.8.1 Question XIV

What is the fairest way of ensuring that those organisations who stand to gain most from dashboard services pay and what is the best mechanism for achieving this?

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- (.1) There are two approaches to funding the infrastructure for pension dashboards. The first is a centralised procurement process, the second is the creation of an open, competitive market.
 - (.2) We prefer the competitive market model and this has been proven to be effective in many financial services technology markets including Open Banking and TISA Exchange open transfers.
 - (.3) In this model, each pension dashboard provider would be responsible for selecting and paying for its own technology for the dashboard, PFS and identity verification from a number of compliant suppliers. Similarly, pension administrators would select and pay for the technology to support the required APIs allowing dashboard access.
 - (.4) This creates a competitive market for technology thereby encouraging innovation, speed to market and cost reduction. No technology supplier would have a monopoly and new innovative suppliers could emerge to disrupt the market at a later stage.
 - (.5) The bulk of the costs would fall on the dashboard suppliers and hence those that would benefit most from the dashboard: those businesses using the dashboard to engage with new customers and encourage new business.
 - (.6) The proposed non-commercial dashboard would still need to be centrally funded but would have the advantage of being able to select from a number of competitive suppliers.
 - (.7) However, the imposition of a single PFS and (at least initially) a single dashboard precludes the possibility of an open competitive market in technology. These proposed constraints will necessitate the central procurement of the majority of dashboard technology and in turn a much more significant role for the government and/or regulator in the dashboard delivery. We believe this would result in higher costs for the consumer and constrain innovation.

2.9 General

2.9.1 Question XV

Do you have any other comments on the proposed delivery model and consumer offer?

- (.1) There is a contradiction at the heart of this proposal for the delivery of the pension dashboard.
- (.2) There is great emphasis on the importance of open standards, competition and innovation and yet many of the key decisions lean towards centralised infrastructure, a single supplier and centralised funding.
- (.3) We all hope that the pension dashboard will become the springboard for the launch of broader services where consumers can get a single view of all their retirement funding (not just pensions) or perhaps broader still across their entire financial status covering debts, insurance, investments and savings. But the proposed centralised approach will preclude this possibility and stifle the emergence of new innovative players.
- (.4) We would like to see a more open and competitive framework where innovation can thrive and consumers have more choice.

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