



The Chartered Institute for Securities & Investment (CISI)

22.01.2019

Response to questions
from the Department
for Work and Pensions,
Pensions Dashboard
proposals.

About the Chartered Institute for Securities & Investment (CISI)

The CISI's mission is to help members attain, maintain and develop their knowledge and skills and to promote the highest standards of ethics and integrity in the securities and investment industry. Based in the City of London, the CISI is a global organisation with representative offices in financial centres such as Dublin, Barcelona, Singapore, Hong Kong, Manila, Dubai, Mumbai and Colombo. We work in close cooperation with regulators, firms and other professional bodies worldwide and over 40,000 examinations were sat in 80 countries in the last twelve months.

With 45,000 members in 104 countries the CISI is the professional body which sets examinations and offers qualifications for those working or looking to establish a career in the financial planning, wealth management and capital markets industry. Consequently, the proposals to introduce a pensions dashboard are of interest to a large number of our members.

The proposal

We have consulted with our members seeking their views on this proposal and would comment that, for what is such a significant proposed development, awareness of it amongst individuals was lower than one might have anticipated, or indeed is desirable. Nevertheless, as an organisation we are of the firmly held view that the proposed dashboard represents an important step on the road to improving the general level of consumer knowledge about their finances. Additionally we believe that this is definitely a situation where "the best is the enemy of the good" and the proposal should not be delayed in pursuit of perfection.

In response to your specific questions, we have the following responses and observations:

Response to questions from the Department for Work and Pensions, Pensions Dashboard proposals.

Wider benefits of a dashboard

I. What are the potential costs and benefits of dashboards for: individuals or members?; your business (or different elements within it)?

The initial beneficiary is the consumer – an explicit cost to them is not appropriate. The secondary beneficiary is the Treasury – a dashboard such as this may lead to better self-funding and thus reduced state dependence.

There is a potential for significant additional levies to be applied to our regulated financial advisers, planners and wealth managers who deal with pensions. As a profession they are already facing significant increase in FSCS, PI insurance because of substantial DB pension transfer awards by former advisers unable to pay the awards made against them. We would thus expect to see a full and transparent calculation of any extra levy that might be applied to the advice community as a result of the proposed Dashboard introduction. It is probable that any additional levy imposed as a result of dashboard costs ultimately will be passed on to clients in higher charges made by the advisers for the advice service they give. Any increase in charges has the potential to widen further the advice gap, at a time when the public are most in need of good quality advice.

We would recommend that the main cost of the dashboard should be borne by all those who supply the data inputs and the costs.

Architecture, data and security

II. Do you agree with:
our key findings on our proposed architectural elements; and
our proposed architectural design principles?

Yes.

However, we believe that only one dashboard should be developed, not multiple dashboards. The whole purpose of the dashboard is to have one single point of information for the public. Multiple dashboards will only serve to discourage use of the dashboards as people may have difficulty in tracking information in different places.

Care should be taken to comply with GDPR requirements where personal data is held. There is a real risk, as we saw with the NHS online medical records project, that many people will be reluctant to give permission to aggregate their data, as they do not understand the purpose, and thus the resulting dashboard will be useless to them.

Providing a complete picture

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

Yes.

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?

SSAS should be the only one exempt. EPPs should not be exempt because they have segregated funds. The best way would be to add a flag for special pensions that have guaranteed benefits or non-segregated funds.

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

No.

Implementing dashboards

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?

No.

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?

Yes

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?

The pension projection figures on the dashboard should be in real terms i.e. net of inflation. This will ensure that the public are not misled about the real value of future projections.

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?

Yes, there should be only the one dashboard proposed, with any consideration to wider application being considered only once the initial dashboard is deemed to be a success

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?

Yes, only one Pension Finder Service should be offered.

Protecting the consumer

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?

Yes, we agree.

Accessing dashboard services

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?

Care should be taken to ensure that access to the data is not given to other parties unless clear evidence that consent of the subject has been obtained. It is important to ensure that individuals do not suffer financial abuse through vulnerability. This should not be limited to the elderly. Evidence offered, such as Lasting Powers of Attorney and other related documents should be noted on the system.

Governance

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?

We agree with this approach.

Costs and funding

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?

At this stage it is perhaps premature to try to determine who will gain most from this initiative and thus to determine an appropriate charging structure. Accordingly, we consider that this decision should be deferred until such time as the dashboard is running effectively and it can be demonstrated clearly who is gaining most from its introduction.

General

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

Consideration should be given to include all pensions within one dashboard and one Government funded helpline, even if all details cannot be fully shown. There is huge scope for misinterpretation of this information without suitable advice however it is presented. Where pensions contacts are invested in esoteric, illiquid investments, these should also be flagged on the system to ensure everything is included in one place. Unless every provider and member of the public allow all their pension information to be listed on a dashboard such as this, there is a real danger that the usefulness of the dashboard will be severely limited. The result of such a restricted dashboard might mean that it would only be used for the checking of state benefits and/or employer schemes.