Pensions dashboard governance challenge panel – 13 February 2017 – Summary of feedback –

Overview

The challenge panel event heard from around 60 stakeholders not directly involved in the prototype project, including pension providers, intermediaries, technology companies, regulators, and consumer groups. There was overall support for the project, albeit differing opinions on current assumptions that could underpin any potential governance models. However, the complexity of the challenges ahead and work required were acknowledged.

This note summarises the general feedback under each theme, as discussed during the two individual sessions.

Regulation and accountability

There was broad consensus that regulation was essential and that, when it comes to consumers' data, a high degree of visible assurance was needed to engender trust. It was noted that regulation was a way to expedite pension providers improving the quality of their data. Most attendees acknowledged that getting the right balance of regulation which provides appropriate protection but does not create barriers to entry was needed. Some commented that the current regulatory framework is very complex (with dashboards sitting across multiple regimes) and that it would be key to identify any gaps in regulation rather than duplicating rules. Participants observed that some dashboard providers will already be regulated whereas others will not and whether this could be a barrier to entry. Some noted the risk of heavy regulation benefiting incumbents, stifling innovation and causing consumer detriment. Others cautioned that an overly saturated market at launch could confuse consumers.

It was noted that any potential governance body must work with the regulators, particularly if, for example, there is a register for new dashboard providers – such a register would need to be monitored. Attendees commented that strong regulation was needed around who can actually provide dashboard services – this would prevent consumer detriment that could damage the credibility of the project.

While the direction of accountability would depend on governance structure, some participants felt the risk should ultimately fall on government. Others highlighted that the dashboard will expedite existing processes for data requests and so should fall back on existing accountability frameworks.

Governance body

Most attendees agreed that it was important to have a balance between a commercial and public governance body where securing trust was essential – it was noted that a purely commercial model would not be representative and some questioned whether such a body would be able to put the consumer first. It was highlighted that membership of any governance board should represent both industry and consumer voices. Some attendees commented that the further we go towards mandatory participation, the more likely it will be that we will end up with a public governance body. Mandation would also increase the need for flexibility to work across a highly diverse industry.

It was agreed that a clearly defined regulator needs to be involved in the governance process as the infrastructure will be processing vast amounts of consumer data.

In terms of the role of a governance body, attendees commented that setting the data architecture standards would be important as well as monitoring the market and ensuring that there are no barriers to innovation.

On competition, some attendees stated that allowing for open participation for all aspects of the infrastructure could cause consumers to be overwhelmed and that keeping it simple was preferable. However, others acknowledged the benefits of competition driving down costs. Some suggested differentiating a simple start-up governance and more complex steady-state.

Funding

There was broad consensus that there was a need for upfront funding to get the infrastructure and governance body up and running. It was noted that any means of raising funds needed to be fair and that pension scheme members should not take on undue costs. There were suggestions that the presence of a 'public good' dashboard would mitigate this risk. Some pension providers commented on the assumption that a dashboard will be free at the point of use for consumers. It was noted that this might stifle innovation as there would be no impetus for firms to provide interesting or innovative products. Consumer groups stated that consumers would just not engage with the dashboard if there was an upfront fee for basic access.

Attendees identified a levy, possibly administered by the TPR, as being one way to raise funds for the dashboard infrastructure to function. It was suggested that the levy could be differential and based on e.g. the size of the scheme etc. There was broad consensus that significant cost should be borne by front-end providers, who had the greatest opportunity to realise profit.

Attendees highlighted that having multiple pension finder services (PFS) might increase costs but could drive down fees through competition. If there were to be just one PFS, it would need to be regularly reviewed.

It was acknowledged that government would not be able to fund the dashboard. Some attendees suggested that government funding could cover set-up costs and be recouped later in the project (e.g. via levy). Others highlighted that as public sector schemes will be a participant in the infrastructure, it was only fair that they should contribute.

There were suggestions around having a 'pay per click' funding method and acknowledgement that early adopters of the dashboard should not be penalised. However others flagged that a pay per usage model would not be helpful for new dashboard providers who did not have a large customer base, and some upfront capital fee may be required from entrants. Additional revenue streams e.g. advertising on dashboard sites were also identified

Data

Participants highlighted that data should be requested rather than 'fed' or constantly processed as part of the dashboard infrastructure. Limiting the market in this respect was important. Tech providers observed the need for consistency in terminology used on any dashboard but that it shouldn't be too prescriptive in terms of layout etc. which they see as hindering innovation.