PENSIONS   TECHNOLOGY   OPINION

Ros Altmann: Let's make pensions digital

By **Ros Altmann** | 29th July 2019 10:50 am

Amid a political crisis, focus on financial matters has taken a back seat. However, the need for pension reforms remains vital to help achieve good outcomes for the millions of people who, through auto-enrolment, have started paying in to a pension.

Imagine a world where, at the click of a button, you can summon up your pension position. Past and present pensions are listed, with programmes that generate forecasts of future contribution rates and investment return scenarios. The pensions dashboard could move us towards such a reality, but much needed changes have been slow to materialise.

Data input will be key to any meaningful pensions dashboard. Currently, far too little attention is being paid to the accuracy of underlying pension records. The legacy of manual records plus complex rules raise questions over the possibility of including all past pensions on a dashboard soon.

Providers will need to transfer customers' information to systems that comply with dashboard requirements, which will be expensive and time-consuming. Some providers and many DB schemes will struggle to do this.

For modern pensions – especially new DC schemes and master trusts set up for AE – the technology exists to ensure customer records are stored more efficiently, reliably, accurately and securely. But the industry is not investing properly in the systems and checks essential for making the most of opportunities. Compared to banking, it is way behind the digital curve.

Millions of workers' contributions are paid in to pension accounts each month using manual spreadsheets and uploads of CSV files. Payroll operators, accountants, book-keepers and employers could all handle data far more effectively through cloud-based, integrated systems.

Providers and administrators recognise that using APIs would be cheaper, quicker and more reliable, yet the investment in adopting new technologies has hardly begun.

If the industry wants to move into the modern era, retain all the new customers who have so far decided not to opt out of their workplace pension, and encourage higher contributions, it needs to consider the opportunities of technology to drive business growth.

An industry-wide project to move away from manual processes and devote resources to cleaning up contribution records is essential. Problems of past data errors have been well known for years, but even the newer AE records are error ridden. Both issues must be addressed to produce a meaningful pensions dashboard.

There are so many advantages of making pensions digital. Employers and payroll would reduce GDPR risks, pension providers would have more reliable customer records, data transfer would be cheaper, pension costs could come down and pensions dashboard delivery would be quicker. Making pensions digital is a project that can revolutionise the future of pensions for all.

Ros Altmann is former pensions minister

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