

# What is holding the dashboard back?

Pensions dashboards could transform the way people interact with their pensions, but the accuracy, reliability and security of customer data will be instrumental in their long-term viability

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The employment market has changed dramatically over the past two decades. No longer can a worker expect to spend their entire career at one employer. Workers may even have several careers during their working life. As a result, it became apparent that millions of UK workers were not saving enough, if anything at all, for their retirement. So, in 2012, the UK government introduced auto-enrolment.

This required employers to place most of their employees in a qualifying pension scheme. As of March 2019, there were more than ten million more individuals saving for a pension than before the launch. But more jobs means more pension funds per individual. There was a danger there could be a proliferation of orphaned funds as workers left jobs and lost track of their pensions. So the idea of a pensions dashboard was born.

## What is the pensions dashboard?

The concept of a pensions dashboard is simple: it is an online search engine that enables consumers to find old pensions they have lost track of and in theory understand how much they have saved in them.

The initiative was formally announced in the 2016 Budget with the government proposing it would launch a pensions dashboard that was designed and funded by the industry by 2019.

This first deadline was seemingly lost between Brexit and a change of administration. By last year, Department for Work and Pensions had taken control and given the Money and Pensions Service the responsibility of delivering the project.

Delivering new technology systems is never simple and the passing of the original deadline resulted in claims that the industry has dragged its feet on keeping pace with technology. Coronavirus has certainly given notice to the pension sector that any who resist the harnessing of technology "need to stop procrastinating and just get on with it", says Lesley Carline, director of KGC Associates and president of the Pensions Management Institute.

But she says the notion of the pensions dashboard project being delayed is a misconception. Although the Pension Schemes Bill has been delayed, the project is continuing and, like a lot of large projects, will take time, she says.



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The Pension Schemes Bill, once passed, requires every pension scheme and provider to have a suitable technology solution that will provide dashboard users with access to their data. There are, however, a number of challenges that must be addressed.

"There is always a note of caution when we talk about technology being the answer to everything and that note is data," says Carline. "Unless the data is there and accessible, technology is useless."

## Planning for digital architecture

Pensions are no different to other branches of financial services when it comes to problems with data. Accuracy, reliability, security and whether it can be accessed easily, without adding the delay and cost of human intervention, are as relevant to banking and insurance as the pensions dashboard project.

The matter of data standards – having all providers singing from the same hymn sheet – is currently being addressed and good progress has been made, despite the disruption of COVID-19. But there are more fundamental considerations for those managing this data.

“Put simply, can you handle the data?” asks Chris Connelly, who is the propositions and solutions director at technology and outsourcing provider Equiniti, and as a data expert is representing the Pensions Administration Standards Association in its work with the dashboard project.

Many, and in particular pension schemes, should not focus on their own membership, but look at the overall size of the market. “Everyone who goes to a dashboard will generate a search, so you must consider the overall usage,” says Connelly.

If the dashboard is a success and millions of individuals use the dashboard a year, will your organisation be able to handle that in house or will you need to work with a technology partner to manage that traffic?

## The challenge of data standards

Data quality issues will not only impede the process of servicing dashboard requests, but increase the cost of providing responses. The data must be found, provided in a specified format so it can be presented to a consumer in a way for them to understand their pension savings.

But once the data standards are set, there is no guarantee that the assumptions used to arrive at the data will be standardised to provide consumers with information they will understand.

This is a major concern for former pensions minister Baroness Ros Altmann, who fears that without simplified standard, there is little chance of delivering a meaningful consumer dashboard. A meaningful dashboard for Lady Altmann would include figures that a consumer can either understand or trust to make an informed decision about their retirement saving.

But how will that be achieved when there is no consensus on standardising the simplest of paper-based pension statements?

“A dashboard would potentially help consumers, but it needs to be accurate and introduced in a way that consumers can be confident in security and reliability,” says Lady Altmann. “Standardised simpler statements, simplified terminology, better financial education and more guidance or advice will be needed to deliver a new approach that consumers can relate to.”

## A future for financial wellbeing?

Before COVID-19, a growing number of employers had begun to evolve their benefit structures. They were moving from specific milestones such as retirement to encompass a holistic approach and focusing on how finances affected not only wealth, but the mental and physical health of their employees.

Programmes usually focus on clearing debt and setting goals for short-term saving. The ultimate objective is to give the individual not only sight of potential objectives, but empower him or her to achieve them. Some believe pensions dashboards will only succeed if they are integrated into consumers' everyday financial dealings.

"If it links with open banking and banking or budgeting apps, and we can integrate patient information with money information, it will become more mainstream, says Sir Steve Webb, former pensions minister and partner at LCP. But this remains a long-term project, he says, and we are years away from achieving that level of engagement.

## Helping consumers plan for retirement

But dashboards present the opportunity to transform the way people interact with their pension, making it simple and easy for them to find out basic information at the touch of a button or stroke of a key.

Development has been slow, but progress is now being made in creating the dashboard ecosystem, and this momentum must be maintained, says Darren Philp, director of policy and communications at technology business Smart Pension. "This project doesn't have to be a moonshot," he adds. "Starting simple and getting basic information to people that they can use to help plan their retirement would be a positive first step."

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