

# Current confidence in data quality likely misplaced, survey shows

✓ Detailed breakdown suggests perception and reality gap



A major survey conducted by *Pensions Age* and Equiniti has revealed that general confidence in scheme data quality is at all-time high for both common and conditional data. Yet, when we delve into the detail, there appears to be a disparity in the emotional levels of confidence around data quality versus the actual levels of preparedness. So, do schemes understand what quality data actually means?

## Confidence with caveats

The survey, with over 100 responses, asked separately how confident schemes were that their common and their conditional data met TPR's expectations. For common data, an impressive 89 per cent were either confident or very confident it did. For conditional data, the numbers were also high at 80 per cent. However, only a quarter of that group were 'very confident' in their conditional data compared to nearly half for common data.

The fact that a large majority of the respondents were either confident or very confident that their common data met TPR targets is nothing unexpected particularly as common data standard

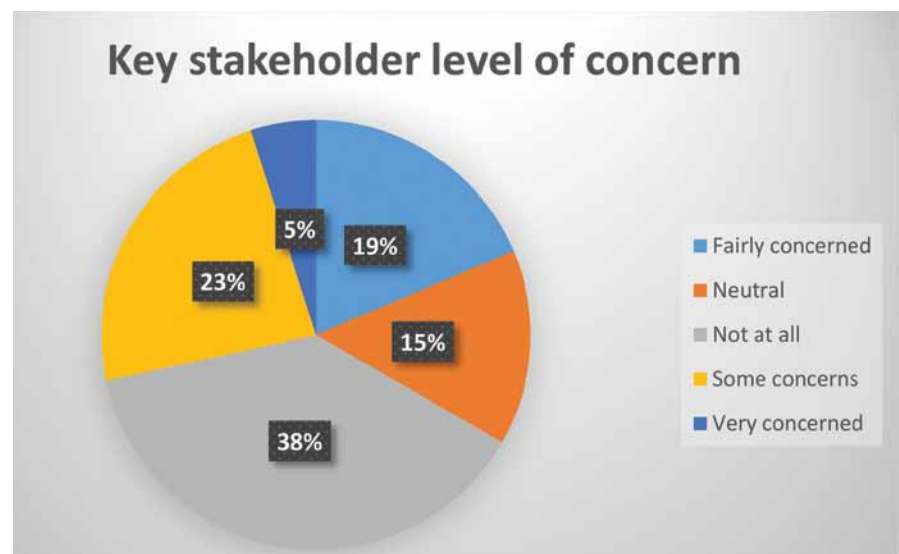
targets were set some time ago. For conditional data scores, TPR has never set targets but does expect schemes to have decided upon the conditional data items relevant to them, assessed those items and have a plan in place to address any shortcomings.

The level of confidence in data quality seems to falter somewhat when trustees and administrators were questioned around plans to do data quality exercises outside those required by the Regulator. A significant 61% of firms say they are

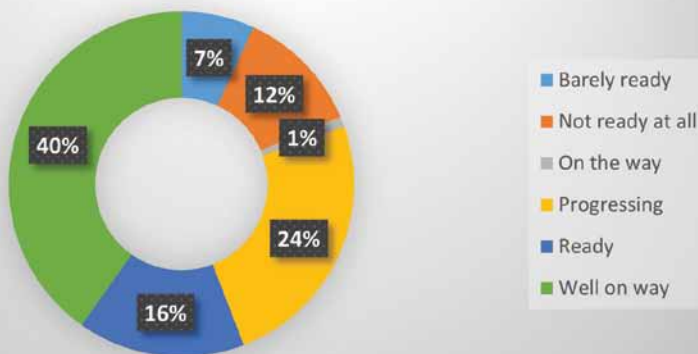
potentially planning such initiatives, suggesting there are some real concerns around the overall integrity of data.

These concerns appear to also extend to key stakeholders. Nearly half of them have expressed a level of concern about the scheme data. This stakeholder concern could be for a number of reasons. On the one hand it could be due to awareness of historical data issues, results from data audits or indeed it could equally point to an inability by the trustees and administrators to clearly articulate the data challenges to the stakeholders. Similarly the fact that 38 per cent of key stakeholders have absolutely no concerns at all could be fully justified or simply down to the fact that data quality is just such a low priority for them to not consider it at all.

These statistics should also be considered against the TPR survey of 530 occupational schemes published last year. In the TPR survey, 30 per cent of members were in schemes where



## Pension dashboard readiness



conditional data was not measured and 39 per cent of administrators and trustees felt measurement of conditional data was not a priority for their scheme.

### Dashboard data-ready already

With the Pensions Dashboard due for delivery in 2019, much is still yet to be determined. While many large pension providers have already signed up to take part voluntarily, concerns are already being raised that some defined benefits pension schemes might be unwilling to do so. DB schemes typically have more work to do to prepare their data for the dashboard and they are put off by the cost and effort.

The recently announced Pensions Dashboard Working Group will work with the Pension Regulator to set minimum data standards, ensuring that these standards are attainable for all schemes. So, as of now, we don't know what good data looks like for the purposes of the Pensions Dashboard.

In the survey we asked how ready schemes thought their data was for the Pensions Dashboard. A striking 56 per cent of respondents believed their data either ready or well on its way. Perhaps the question we should next be asking is therefore 'do you have automated calculations linked to this data?'

### Compliance over user engagement

When asked to identify the main drivers

for improving data quality, the survey results were telling in that the majority of answers reflected risk reduction or regulatory concerns. In a market where Pension Freedoms have made benefit options more challenging to explain to members, schemes often publicly cite their increased focus on improving members' experience and engagement through the enhanced use of technology. If improving the administration experience was indeed the priority then we would have expected results to have been more focussed on initiatives such as increased automation or self-service.

This therefore reinforces the view that data quality is now widely perceived as a compliance exercise rather than being something that is essential if you are going to pay the right benefit to the right person at the right time - which is, after all, what pension schemes are all about.

### Quality data with gaps

When respondents were asked about the areas of record keeping they had particular concerns about, some fundamental areas surfaced. In all, only 15 per cent of those surveyed claimed to have no areas of concern. For the remainder a significant 36 per cent mentioned the availability of current and deferred member addresses - a figure we must again consider in the context of the high levels of confidence sown earlier in the quality of common data.

The fact that so many respondents retain concerns about current and deferred member addresses is significant in that the absence of such addresses would certainly be viewed by the TPR as presenting a major risk that the scheme will ultimately be unable to pay the member his or her benefits when needed.

It is also worth noting that an address, along with a post code, is a common data item which is something that 89 per cent of respondents are either confident or very confident about. Such a gap between confidence in the data and actual gaps in the data indicate there is an opportunity for those providing tracing services.

### Conclusion

Defining what good data quality looks like for the particularities of your scheme needs to be a priority. Data quality and data management have long been the poor relations when it comes to attracting budget and attention. Operational risk tends not to be deemed as urgent as investment or funding issues which are often considered to be higher risk items and get the immediate attention. Without accurate data you can't be sure your funding position is accurate. The importance of good quality data is often therefore underestimated and doesn't get the attention it actually deserves.

Data quality is also much more than regulatory compliance. It sits at the heart of effective pension scheme administration. Achieving and maintaining good quality data is not effortless and should not be seen as a one-off exercise. Data quality is a behaviour, not a project. Where good data is present, a scheme's ability to pay the right member, the right amount, at the right time is greatly enhanced.

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