Data: What's the future?

The pensions industry is changing; regulation, technology and disruptors are all influencing the challenging yet opportunistic environment the industry is in. Our data seminar, in association with ITM, looked at where the industry is heading and what the industry can learn from the past

Beginning the day, ITM executive chairman, and conference chair, Duncan Howorth, noted that the seminar's aim was to cover looking ahead, rather than look back on the past, setting the tone for an agenda that was full of forward-thinking, intelligent and thoughtful discussion.

Keynote speaker, The Pensions Regulator (TPR) policy manager, regulatory policy directorate, Louise Sivyer, was very much focused on the future, giving delegates an update on the current master trust authorisation process.

She stated that the master trust authorisation process is not only key to maintaining consumer confidence, but it will also allow TPR to pay much closer attention to administration, including data standards and systems, and processes for managing data and information. "What we want is to make sure that trustees have the right knowledge and experience, and the right controls in place that oversee the running of their schemes," she said.

Top of the agenda

In a panel session, three pensions experts discussed what is top of the agenda for their schemes. West Midlands Pension Fund head of operations, Amy Regler, noted that one of the schemes' priorities is on digital transformation. "It's about enhancing the online services that provide for our members and employers; we're working in partnership with our software providers to create more efficiencies and also to improve the service that we offer to members."

National Grid UK Pension Services pensions technical manager Simon Lewis gave a similar response, noting that his scheme's focus is very much on pensions technical projects as well. However, it was also noted by Cosan Consulting director, Ian Bloxham, that there hasn't been a time in his career when administration has been more critical on a member and project side.

Regler added that one of the biggest issues for her scheme is that the employer base has grown a great deal in recent years, from around 300 to over 640 employees, which means they have to make sure the data they are getting is accurate.

Adding input on Local Government Pension Schemes, ITM client delivery manager, Sarah Millson, noted that one of the biggest changes in the LGPS over the past few years was the introduction of CARE in 2014. She also stated that there is much more focus on quality of data across the public sector now.

With regards to data, Lewis said

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that for his scheme it is about having a "joined-up approach" with the sponsoring employer, and he is trying to find out as much information about other projects going on in the business as he can.

Looking at the administration market, Bloxham said that it is a very interesting period as there has been a lot of providers withdrawing from the market, and some consolidation. He also said that there are some very interesting changes afoot, and "people are waiting in the wings with new disruptive models, particularly around digital transformation." He believes this is a good thing as "choice has been restricted over the past couple of years".

Pensions dashboard

The upcoming pensions dashboard was a popular subject during the day. Sivyer believes it will play a key role in helping people plan for the future. She said the regulator welcomes the government's commitment that all schemes will need to supply data, adding that good quality data is "absolutely critical".

The general consensus from all the speakers was how important the dashboard's role can be in helping people to plan and understand their retirement. In a panel session dedicated to the pensions dashboard, independent pensions professional, Richard Smith, said that there is a real opportunity for the dashboard to increase the national level of confidence in retirement.

However, the slow progress of the dashboard development was noted by PensionBee CEO, Romi Savova, who stated that it was first mentioned in 2002. Smart Pension head of policy and communications, Darren Philp, added that a pensions dashboard is "long overdue".

During the panel session there was debate surrounding how to get the dashboard up and running, and whether all of an individual's pension information needs to be on the dashboard right from the start. Philp said the big question is whether the state pension should be on the dashboard from day one, because for many people the state pension is a big chunk of their retirement.

There was also the question of whether fees should be available to view on the dashboard. However, this could all affect when the dashboard will be ready available to the public. Savova said the main trade-off will be how soon does the industry want to get the dashboard live and "that really should drive what is achievable".

"The industry has no common format for reporting charges today, and if we have to go through that process first before we can get the dashboard live then we're definitely in the middle of the process of getting a dashboard," she said.

Smith, who drew up the plan for automatic enrolment, believes that compulsion of data from providers can't start until 2022, and that we will start to see a comprehensive dashboard by 2024. Savova agreed for the most part with Smith, but she does not think the dashboard will be comprehensive by 2024. "I think there will be a staging time that will likely begin in 2024," she said. Also taking part in the debate was Royal Mail Pensions and Civil Service head of engagement, Mick Mulligan, who added that 2024 was a "reasonable timeframe".

Good data

It is no surprise that the focus on schemes having good data was a key theme of the day. Arc Pensions Law, Anna Copestake, praised the regulator for pushing the industry in the right direction when it comes to data. She also noted that when you think about data, you should focus on getting back to basics – it's about paying the right people, the right benefits at the right times.

"From my perspective it's not just about data. Data is the bedrock, but it's about what can you check that data against? There's another half of that story…ultimately it's against what's in the scheme documentation to work out what the member requirement is. It is the core trustee legal duty to administer the scheme as set out in the legal documentation."

However, Copestake did not shy away from the fact that the pensions industry might be falling short, as data is often unreliable. "The regulator knows

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mistakes will happen, and we know mistakes will happen, and there's nothing we can do about it."

Whilst nothing can be done to stop mistakes occurring, ITM does help lots of schemes to put them right. Blue Prism account manager Adam Reynolds may also have a solution, as he talked to attendees about the company's Digital Workforce that automates many of the processes holding financial organisations back. He explained that simply put, it is software that emulates what humans are doing.

"It interacts with your current systems and applications the same way your staff do, there's no invasive techniques and it's code free." There are many benefits to the software, Reynolds said, but one of them is that no human errors are made, which take time to rectify. "That's one of the main things that customers come back to me and say they have realised," he noted.

De-risking

Copestake noted that the industry has moved away from "if you haven't got good data you might not get a good price, to if you haven't got your data in line then you probably won't get a seat at the table".

De-risking was also discussed in detail in a panel session featuring representatives from three different companies that offer de-risking options in their own way. Featuring on the panel was Clara Pensions CEO, Adam Saron, who said that de-risking is all about making "pensions safer for the member".

With regards to consolidation, Saron said that is not only about costs but it is also about governance, and there is also the question of covenant, as he believes you can improve member outcomes with a stronger covenant.

Saron noted that Clara Pensions offers a bridge to buyout, noting that a buyout is the "gold standard" for pension schemes. However, TPT Retirement Solutions head of direct distribution, Adrian Cooper, explained that his firm operates as a DB master trust, aimed at schemes with assets between £25 million and £500 million, where they can achieve "economies of scale".

With regards to the digital world and de-risking, Aviva commercial lead, John Smitherman-Cairns, said as a company they "completely buy in to digital engagement with customers" because a significant proportion want to engage digitally. However, he said that once people hit 65 they see a real turning point with people who want to engage digitally.

"It's not a one-size-fits-all; you need to be able to engage with people digitally, but we have customers that need to be able to engage with us in a way that suits them," he said. He stated that he has a team focused on engaging with people over the phone, particularly for members of buyout schemes, he said, who tend to be older.

Rounding up the day, ITM director Matt Dodds said that all of the speakers had their own points to make. "Almost every presenter has talked about being on a journey of some description, whether that's journey to buyout, journey to better efficiency etc," he said, adding that everyone is on their own journey and it's completely different. "That's good for us because it makes things more interesting."

Data in the wrong hands

One of the highlights of the day was a talk by comedian Bennett Arron on how having his identity stolen has impacted his life. He was one of the first major victims of identity theft in the UK, with companies claiming he owed thousands of pounds to banks, phone companies and department stores – but it wasn't him that had racked up this debt.

It all happened 20 years ago, when he was about to buy a house, but due to this identity fraud, was unfortunately denied a mortgage and was left homeless. The process of clearing his name was long and drawn out, taking him two and half years, by which point house prices had soared, leaving him unable to get on the property ladder.

But how was the identity thief able to commit the crime? "The home shopping company had sent out little postcards to people saying 'would you like a catalogue' to anyone that had received one of these in the past," Arron explained. "Even though I had my post redirected this had filtered through to my previous address. The guy moved in there, said yes, and they sent him a catalogue.

"He ordered something, and set up an account in my name. With this account he went to a mobile phone shop and said this is me, 'can I have a phone', and he was given two, with these two proofs he went to a bank, credit card company, building everything up from this one little post card."