



# Monzo, Open Finance and the Pensions Revolution

**John Parker highlights the importance of providing savers with a holistic view of their pensions and wider finances through Open Finance technology**

Almost a year after its plans to move into the pensions market went public in August 2023, Monzo announced in July 2024 it will be launching a new pension consolidation solution that finds users' pension pots and brings them into one fund, accessible through the Monzo app.

The announcement comes as Monzo's research revealed that 51 per cent of UK adults don't know how much they have saved for retirement. It asked 2,000 people what would make engaging with their pension easier, and 38 per cent said a process that felt more accessible to manage alongside their everyday finances.

## Pensions engagement in the UK

Earlier this year at Moneyhub, we conducted our own research<sup>1</sup> into consumer attitudes towards their pension and investment providers. We found that:

- 36 per cent of 35-44 year olds said too little information from their providers was putting them off adding to their pension or investments
- 2 in 5 (42 per cent) of all consumers say they don't find it easy to interact with their providers
- 4 in 5 (79 per cent) consumers "could save more money" if they had one app to view and manage all their bank accounts and financial products

And this lack of engagement is having a detrimental effect on financial health. Recent research has shown that around 88 per cent of individuals with workplace pensions have at least one

pension that remains unclaimed<sup>2</sup> and there is an estimated £26.6 billion of lost pension pots in total and nearly a million pensioners in the UK are living in poverty<sup>3</sup>.

## The power of 'all in one place'

A holistic approach can lead to better outcomes, and it begins with virtual aggregation on an easy-to-use app, through mechanisms such as incoming pensions dashboards. Bringing pension pots together helps people understand their true financial position, and answer important questions like "will I have enough?" or "when can I retire?". It also helps people make better informed decisions based on the performance of their pensions over time, both financially and ethically, and explore options such as consolidation.

At Moneyhub we go one step further and bring other investments such as savings, shares and even property, debts and loans into that view. Quite often people will take a lump sum earlier, or draw down faster than they need to when they have other options open to them.

**Monzo's solution reflects what we are seeing from major players within the pensions industry; pensions are one piece of the puzzle, and need to be understood in the wider context of someone's overall financial world.**

Providers such as Mercer, Standard Life, SEI and Scottish Widows are taking a proactive approach to helping members engage with their pensions and understand what they

have, and what they might need for a comfortable retirement. By using Open Finance to position pensions alongside daily spending, savings, investments, properties and all other financial accounts, these firms are increasing engagement and enabling better financial futures for their members.

## The future of pensions and Open Finance

Monzo's announcement came hot on the heels of the King's Speech (17 July 2024) in which it was announced that the government will bring forward the Digital Information and Smart Data Bill, as well as a Pension Schemes Bill.

Paving the way for Open Finance legislation, the Smart Data Bill seeks to set a clear framework for consent-driven data sharing, offering new opportunities for innovation to firms, and improved transparency, products and services to consumers. The Pension Schemes Bill focuses the industry on value and outcomes for members. Paired with incoming and much needed commercial pensions dashboards, we see this as a positive step towards helping millions of consumers achieve healthier financial futures.



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<sup>1</sup> <https://www.moneyhub.com/gift-for-you-report>

<sup>2</sup> <https://www.pensionsage.com/pa/Nine-in-ten-uk-savers-have-at-least-one-unclaimed-pension.php>

<sup>3</sup> <https://www.theguardian.com/society/2024/apr/16/nearly-1m-uk-pensioners-deprivation-official-figures>