



Pensions Dashboard to “Open Pensions” Q&A with our experts

Origo has closely analysed the Open Banking approach throughout 3 years of work on the Pensions Dashboard. We outline our thoughts given recent industry debate.

October 2018



www.origo.com

Contents

Table of Contents

Key Messages from this Q&A Paper	3
Q1. Why is there so much industry comment on Open Pensions vs Pensions Dashboard?	4
Q2. So, what exactly is Open Pensions?.....	4
Q3. So, what are the differences between Open Banking and the Pensions Dashboard?.....	6
Q4. What approach should the Pensions Industry take?	10
Q5. Is there anything we can re-use from Open Banking?	12

Data Classification: Public

The information contained in this document is intended for public use.
© Origo Services Limited, 2018

Key Messages from this Q&A Paper

1. The Pensions Dashboard Architecture **IS** Open Pensions;
2. There is a significant opportunity to learn from the Open Banking approach to governance and some of the technology approach;
3. A foundation of Open Banking would not work for the pensions industry due to the differing characteristics we have in terms of scale, complexity, cost-control and consumer experience;
4. The UK Pensions Dashboard initiative is one of enormous ambition and has a real social purpose. We really do need to get the architecture right and make sure it is fit for purpose. With appropriate governance, we can then increment the data architecture to meet emerging requirements for Open Pensions as and when they occur;
5. Open Banking will be interested in the Pensions Dashboard architecture as this evolves and is finalised. The use of a federated digital identity scheme and the techniques to enable secure attribute sharing to allow the consumer to control who has access to their data will be particularly relevant;
6. Under an appropriate governance regime, the proposed Pensions Dashboard architecture will support an innovative Open Pensions landscape where the consumer is at the heart of the solution and their privacy and consent central to the design. This will eventually enable an Open Pensions architecture that is more sophisticated than currently exists for Open Banking;

Q1. Why is there so much industry comment on Open Pensions vs Pensions Dashboard?

“Open Banking is in vogue and becoming successful with consumer offerings starting to appear. It’s natural to think ‘Open’ Pensions due to Open Banking’s success.”



Michael Roe
Development Director

Recent industry commentary has promoted an idea that the Pensions Dashboard project should leverage the approach to Open Banking and explore ‘Open Pensions’ (without a clear articulation of what that actually means). It is natural for the industry to draw parallels with the Open Banking initiative, and there are indeed similarities for what we need to do, both technically, and with governance.

Throughout our Pensions Dashboard work we have analysed the Open Banking approach and continually compared and contrasted both initiatives. This Q&A paper has been produced to highlight key similarities and differences and areas where the initiatives can complement each other.

It is worth noting that the pensions industry has a successful history of enabling Adviser Fintech software to connect with pension providers using Origo Standards (now managed through Criterion). Open Banking has added a consumer dimension to such an approach using API based technologies. It has also put in place a consumer consent model which is a relevant consideration for the Pensions Dashboard project.

We believe the current proposals for the Pensions Dashboard architecture lay down the firm foundations the industry needs to then enable the introduction of Open Pensions as and when this is fully defined.

Q2. So, what exactly is Open Pensions?

“Very good question! Nobody has defined this, and the term *Open Pensions* is possibly presumptuous at this stage.”



Michael Roe
Development Director

As we await DWP’s Feasibility Study into delivering the Pensions Dashboard, various industry observers have filled the void by proposing an Open Pensions approach. Unfortunately, there has been no clear articulation of what Open Pensions means in practice, or indeed, how such a scheme would be delivered. As a result, it isn’t clear how this vision for Open Pensions is differentiated from the work that’s been conducted across industry for 3 years under the Pensions Dashboard umbrella.

Much of the current comment for an Open Pensions agenda seems to be largely based on commercial desires to obtain access to comprehensive consumer data to provide innovative services. This is similar to the observations from Open Banking – provide “free” access to data and innovative commercial propositions will quickly emerge.

Industry’s message to Government has been mostly consistent in saying loud and clear - the Pensions Dashboard initiative should not simply deliver a single ‘public interest’ Dashboard. There should be multiple front-end consumer offerings to enable innovation, spread reach and engage with different consumer segments. These could be provided by existing pension administrators and providers, employers, banks, consumer organisations – essentially any organisation that is suitably qualified and can meet the governance requirements – just as in Open Banking.

Perhaps it’s just a naming issue? Perhaps the word ‘Dashboard’ isn’t ‘cool’ enough? It certainly doesn’t convey the full range of experiences that could be built from data delivered through the Dashboard architecture.

“The Pensions Dashboard architecture, thus far, has focussed on ‘shared data’ concerning personal information and pension products.”



Kenneth May
Chief Architect

The Pensions Dashboard is focussed on ‘Shared Data’ that requires authentication and consent to access. In Open Banking parlance this is implemented using the Open Banking Read/Write API standards. We assume a similar approach for the Pensions Dashboard will be taken, albeit with some key differences for digital identity and the consent and authorisation approach which we discuss later in this Q&A.

Open Banking started with truly *Open* Data for information such as product rates, branch locations, ATM locations that allowed comparison sites and applications to freely use this data.

It is also important to understand that the **pension products are typically more complex than retail bank accounts**. With a vast landscape of investment asset types, the amount of ‘open’ data would be considerable and comparing the entire legacy of pension products in the market would be enormously difficult.

We see that a further market for ‘Open Pensions Data’ could emerge or be provoked for certain products and provider data. However, this should be a separate discussion or topic outside of the Pensions Dashboard project once this has been successfully delivered to consumers.

However you label it – Pensions Dashboard or Open Pensions – we will require strong governance rules to ensure consumer protection. There may be limits on what data is used, how it is interpreted and displayed and the functions that can be made available to consumers.

Q3. So, what are the differences between Open Banking and the Pensions Dashboard?

“The Pensions Dashboard business solution characteristics are different to Open Banking.”

Open Banking is a regulatory driven initiative. The Competition and Markets Authority want to increase competition for (and amongst) the 9 largest banks. It is hoped this will benefit the consumer.

With Open Banking a consumer generally knows where their bank account is held across the 9 retail banks. With pensions, often this information is not known.

The Pensions Dashboard assumes a consumer **does not know** where their pensions are and searches across circa 300 pension providers. With Open Banking the consumer **knows where** their bank account is held and currently only 9 retail banks are part of the ecosystem for approved FinTech (account information service providers) to connect with.

For the Pensions Dashboard, it will be an essential measure of success that we deliver a solution which is fit for the core purpose of the Dashboard – **what have I got, where is it, and what do I do next?** Industry has spent over 3 years investigating and designing an architecture which is fit for that specific purpose. This has been subsequently tested to scale **using cost-effective central utility services** that securely verify consumer identity, find pensions and furthermore allow information to be securely shared. These are all features which are yet to exist as centrally governed utility services for Open Banking.

Consumer protection was a key theme of the Pension Minister’s recent written statement to the House. In much the same way as Open Banking, the Pensions Dashboard will enable secure, permissioned access to data. This allows user experience innovation at the front end but within a framework for consent management and consumer protection that is suited to our sector and could also include guidance and advice channels to support the consumer.

As with Open Banking, the Pensions Dashboard will provide innovative services to the consumer, using similar approaches. We can learn from the experiences of rolling out open access in the banking industry, and the organisations providing the end user experience for the Pensions Dashboard may be the same as those operating as Account Information Service Providers (AISPs) in the banking environment.



Kenneth May
Chief Architect

“We have a different starting point than Open Banking – and a need for a central infrastructure that Open Banking does not provide.”



Ian Muir
Strategy & Architecture
Consultant

Federated Digital Identity

With Open Banking a consumer is directed to authenticate at their bank with the digital identity credentials their bank already holds. There are 3 reasons that this would not work for the Pensions Dashboard:

1. Firstly, the user experience would be awful due to the average consumer having up to 11 separate pension policies.
2. Secondly, research shows the Pensions Dashboard needs to provide comprehensive information to be useful. Not all the 300 providers have an existing digital identity infrastructure. Those that do, may not have issued credentials to allow every policy to be accessed online.
3. Finally, this solution would not help with the issue of ‘lost pots’. The consumer would have to know about every pension company and be engaged enough to have, and retained, the access details. We know that for most people this is not the case.

To overcome this significant issue, the Pensions Dashboard architecture introduces a **federated digital identity** component where the consumer **authenticates just once** and **externally to pension providers**. A single set of identity credential attributes is then used for searching (matching) at all providers.

A Pension Finder Service that also provides centralised consent and authorisation

At the heart of the Pensions Dashboard is the Pension Finder Service and Authorisation Server.

These components are completely agnostic to the business data (API) payload and as central utility components of the Pensions Dashboard architecture can flex to enable an Open Pensions API in future.

The **Pension Finder Service is designed to be the Trust Anchor for the ecosystem**. It integrates with a federated digital identity scheme to acquire a trusted identity assertion and enables consumers to authorise delegate access, such as advisers or guidance body personnel, to their pension data (resources). This provides significant cost avoidance for the industry as we only need a single “utility” authorisation server.

With Open Banking consumer consent and authorisation is controlled and recorded at each end point i.e. front-end consumer FinTech and also at the retail banks.

In Open Banking – each bank requires to invest in authorisation server technology to control access – we can avoid 300 pensions companies incurring these significant costs to benefit the consumer. This means that Pension Providers (and technology suppliers or Integration Service Providers working on their behalf) can avoid the need to invest in the type of security infrastructure and code that the banks have had to implement to support Open Banking authentication and consent models e.g. OAuth2 provider and authorisation servers, consent and permission logging etc.

“The Pensions Dashboard approach to controlled sharing of data is a technological advance that we believe Open Banking will have interest in following.”

The facility to delegate access for guidance or advice is a key aspect of DWP’s candidate architecture for the Pensions Dashboard and is a key differentiator from Open Banking.



Michael Roe
Development Director

This approach could be important for the new Single Financial Guidance Body to open up access to the guidance process for consumers.

Government has a longstanding policy objective of lowering the cost of advice. This is also one of the remedies from the Financial Advice Market Review; many consumers simply cannot access the advice process. Dashboards can build the share and revoke processes into their digital proposition experience but all consent, access permissions and revocations can be set up, logged and audited centrally. The consumer can see which applications and who they have shared access with as this data is available via a central console or APIs

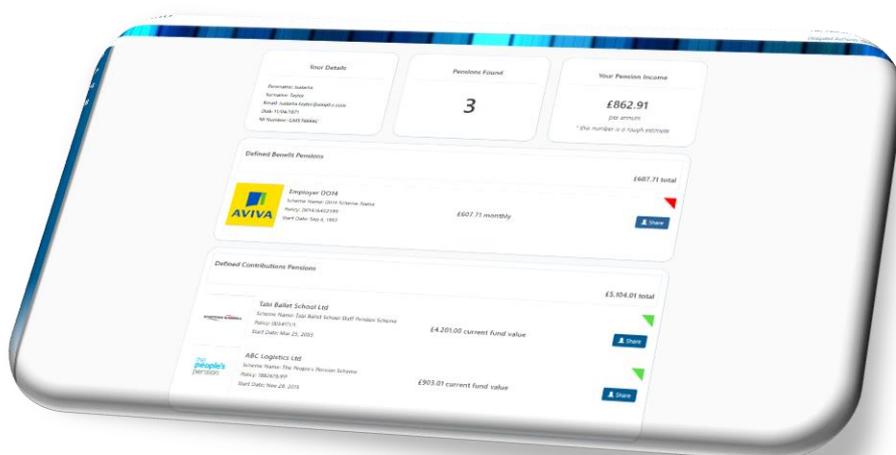
“Brands can engage consumers with a frictionless user experience helping them with the key issue – what do I have, where is it and what do I do next?”

The consumer will choose a trusted brand to engage with. The user experience is for the chosen brand to provide (subject to whatever governance rules are enforced).



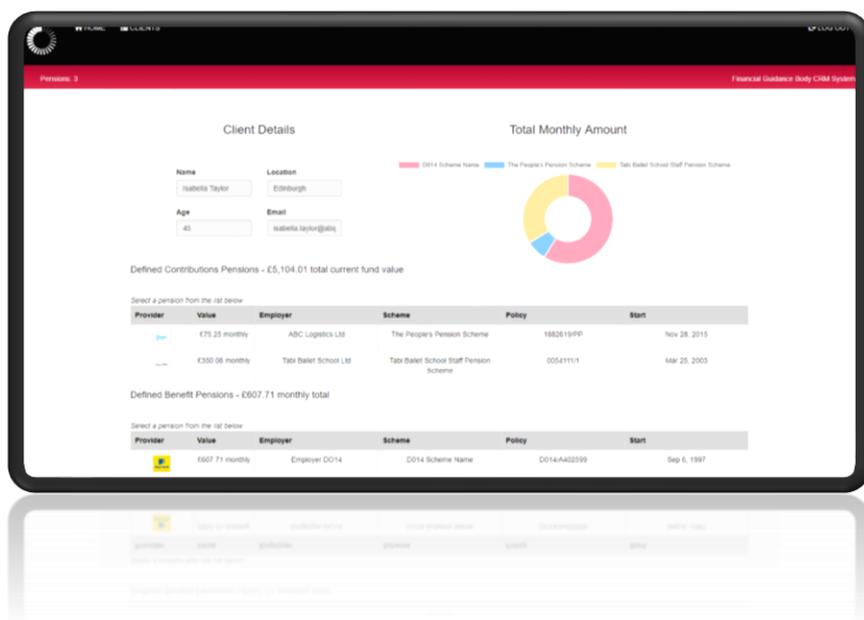
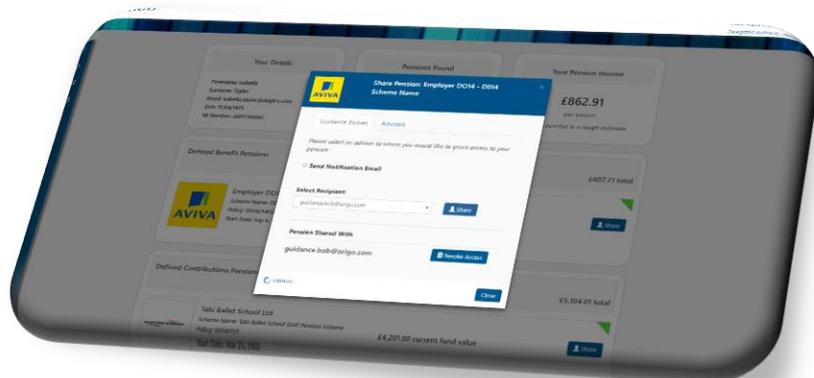
Kenneth May
Chief Architect

A single login via an Identity Provider assures the consumer’s identity providing access to all pensions data – up to 11 policies plus the state pension for the average consumer.



The architecture avoids point-to-point dependencies for authorisation and consent. This allows a consistent experience across all FinTech and brands. Dashboards can build the share and revoke processes into their digital proposition experience but all consent, access permissions and revocations can be set up, logged and audited centrally providing consistency.

When data is shared, it can be accessed by other approved tools – for example an adviser back-office system or the new Single Guidance Body's CRM system:



A customer experience to handle the consent model can be provided by either a centralised consent portal or can be embedded into the Dashboard brand using Open APIs that surface the consent and authorisation server processes.

Q4. What approach should the Pensions Industry take?

“We have an opportunity to implement a world-leading architecture that will enable consumers to access all of their pensions and control who can access their data.”

The UK Pensions Dashboard initiative is one of enormous ambition and has a real social purpose. It could truly transform our industry and indeed the public finances by encouraging people to take more responsibility for their own retirement. We really do need to **get the architecture right** and make sure it is fit for purpose. We can then **increment the data architecture to meet emerging requirements for Open Pensions** as and when they emerge.



Kenneth May
Chief Architect

A well governed Open API approach will encourage an innovative and competitive market for Fintech such as Integration Service Providers to offer cost efficient participation for pension schemes and administrators to provide the pension data to consumers. This will ensure comprehensive coverage and speed up the delivery of the Dashboard, and in turn, Open Pensions.

“The UK Pensions Dashboard will be introduced into one of the most complex financial services environments in the world. Nevertheless, we can observe and learn from other countries’ experiences.”

We’ve learned a lot from Open Banking and also other Dashboard implementations in other EU countries which are generally single solution models managed by implementation entities that are a public/private partnership. From research and discussions with these organisations, we understand there is now demand for these solutions to be ‘opened up’ to enable API models to access the data they hold. This includes providing the data to other FinTech and financial provider channels. This is following a global trend that is also evidenced with Open Banking.



Michael Roe
Development Director

What we also have to bear in mind, is that the UK’s pension system is significantly different and more complex than in many of those countries that have already adopted a dashboard. For example, the UK has some 300 private pension companies, whereas the Netherlands has 65 and Sweden 54.

Likewise, the UK has approximately 44,000 occupational schemes whilst the Netherlands has close to 400 and Sweden has approximately 90. Therefore, the scale of integration in the UK will be a greater challenge but will create a market for FinTech Integration Service Providers.

“We need to contrast and compare Open Banking’s approach to Governance. This is a key issue for the Pensions Dashboard.”



Michael Roe
Development Director

The Open Identity Exchange Pension Finder Alpha project “Creating A Pensions Dashboard” looked at governance structures in 2016 and analysed the approaches for the ABI’s Flood Re, the Employers’ Liability Tracing Office (ELTO) and the Open Banking Working Group.

Subsequently Origo has analysed the governance structures offered by the Open Banking Implementation Entity (OBIE) as well as other approaches to governing population-scale services and industry utility services.

We have recommended that DWP establish a Pensions Dashboard Implementation Entity (PDIE) and consider that a governance approach similar to Open Banking should be established for the Pensions Dashboard.

Alternatively, an interesting approach may be for the OBIE to evolve and broaden their scope to become the Open Finance Implementation Entity - an umbrella organisation catering for all API related initiatives: Open Banking, the Pensions Dashboard, Open Pensions and Open Asset Management.

Decisions on governance are now with DWP. A clearly scoped Pensions Dashboard project with a focused governance approach should be adopted that **delivers the “plumbing” in advance of compulsion** and regulation activities. Origo has suggested that work on outstanding architecture topics should be progressed as a priority.

The Pensions Industry has a long track record of developing data standards and propositions for the adviser to provider (b2b) channels. The Pensions Dashboard will now extend this reach to consumer FinTech and a user base of millions. We can definitely learn from Open Banking and look at their **experience of engaging consumer groups** in the relevant workstreams.

Q5. Is there anything we can re-use from Open Banking?

“Lots! ...
There are many architectural similarities.”



Ian Muir
Strategy & Architecture
Consultant

Although the business drivers for the Pensions Dashboard and Open Banking are fundamentally different (competition versus finding and engaging with pensions) there are some useful crossovers in the architectures and the high level features that need to be delivered.

The figure below is not exhaustive but shows areas where the Pensions Dashboard can definitely leverage or learn from the Open Banking approach to technology and governance.

1 Feature	2 Open Banking	3 Pensions Dashboard
 Security Profile	FAPI (OIDC\OAuth2) UK Banking profile	UMA (OIDC\OAuth2) Pensions Dashboard Profile
 Business Data (APIs)	Read\Write APIs	Read APIs (to start with)
 Directory	OB Directory	PD Directory
 Digital Identity authentication	Local to Bank	Federated (external to provider)
 Consumer Consent	At FinTech and at Bank or third party service	Federated (external to provider)
 FinTech	Approved AISPs	Approved Dashboards

The Open Banking governance structure and outputs are extremely useful as input, benchmarks and experience for the Pensions Dashboard project e.g.

- The Customer Experience Guidelines. Recently reformatted and excellent quality;
- The Developer Zone approach – this is well structured to provide information to developers;
- Process of working with external organisations for security profile and architecture;
- Directory and onboarding guidelines, including support for dynamic client registration;
- The Open Banking Reference Implementation provided by ForgeRock.

Similarly, we believe the Pensions Dashboard approach to its security profile, digital identity and consent processes will be of interest to Open Banking and we should ensure that alignments with the Financial-Grade API (FAPI) that Open Banking uses are considered.

The onboarding of FinTech, and supporting this, was mentioned as a key challenge when we discussed this with the Open Banking implementation entity. As we see the Pension Finder Service as a key tenet of the Pensions Dashboard architecture this can adopt lessons from the Open Banking experience.