

# How to become a pensions dashboard provider

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- we will record the session and publish on our website
- please put any questions in the 'questions' box

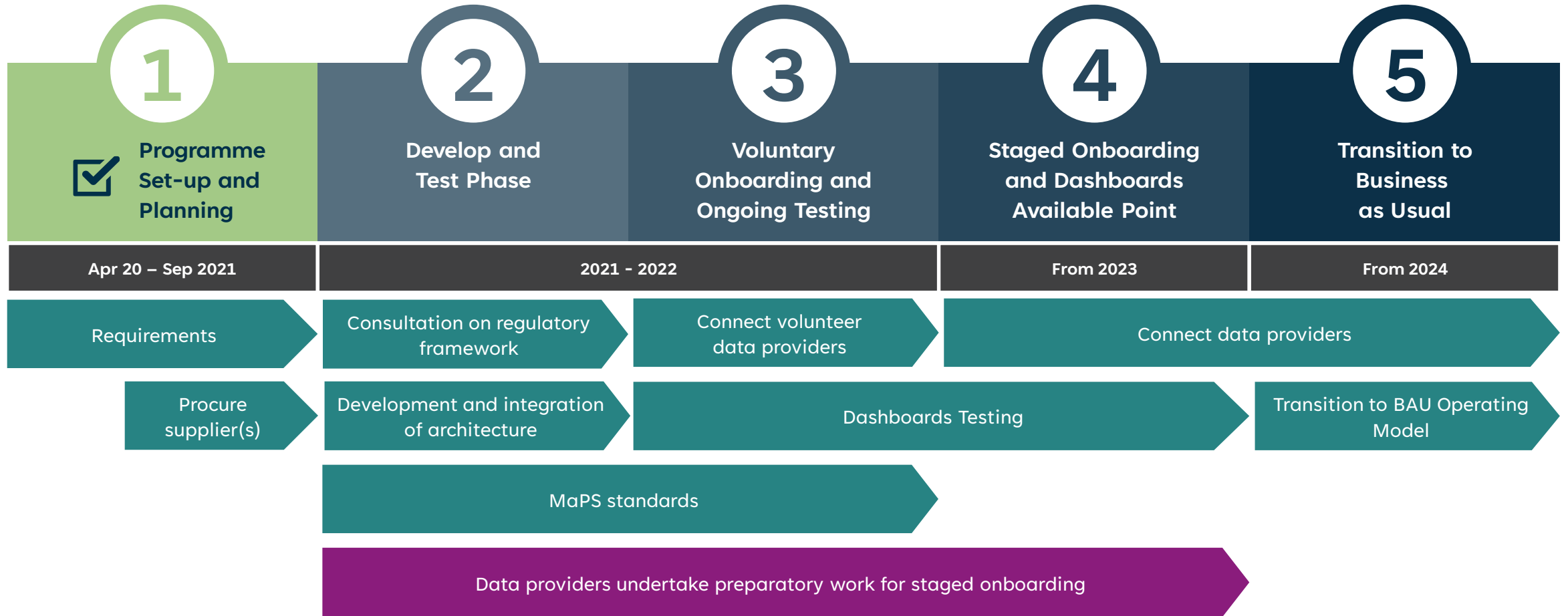
May 2022

# Agenda

1. Pensions Dashboards Programme progress update
2. Becoming a pensions dashboard provider
3. Standards
4. FCA update
5. Q&A
6. Next steps



# Phase activity plan



# What's the latest programme progress?

- completion of discovery work with Capgemini and Origo
- commencement of the alpha phase, which includes the digital architecture build and initial testing
- selection of three potential commercial dashboard providers to support with the alpha testing phase of the programme
- procurement and integration of an interim identification service
- support of the DWP consultation on pensions dashboards Regulations, including publication of draft standards and running industry webinars
- publication of the qualitative research report into pensions dashboards
- ongoing user research to inform the design of the service and feed into design standards and guidance



# What's next...

- continue to work with our suppliers on testing and integrating the different elements of the central technical architecture and connecting volunteer data and dashboard providers
- refine the onboarding process for data and dashboard providers and update our data and dashboard provider information hubs on the PDP website to enable industry readiness
- continue our work on the data, technical, reporting and design standards and the code of connection and consult on these standards during the summer
- ongoing user testing to support the development of dashboards and guidance
- DWP will publish its response to the consultation on the Regulations for pensions dashboards in the summer and will lay the Regulations as soon as parliamentary time allows
- the FCA aims to publish its Policy Statement and finalised Handbook rules for FCA regulated pensions providers alongside DWP's approved Regulations
- the FCA is currently developing the regulatory framework to apply to Qualifying Pensions Dashboard operators and plans to consult on that framework later this year

# Becoming a pensions dashboard provider

# What does it mean

- PDP working on the digital architecture and technical standards that will make pensions dashboards work
- Money and Pensions Service (MaPS) are building a dashboard, which is the front-end that consumers will see and we expect that other organisations will do the same
- keen to grow this dashboard provider market, to ensure that pensions dashboards are widely available for consumers
- providing a pensions dashboard will be an **FCA-regulated activity** and will need to meet FCA criteria
- a range of providers would create a series of benefits for both consumers and the organisations providing the dashboards:
  - consumers: choice and convenience
  - organisations: relationship and opportunity with consumer



# Pensions dashboards ecosystem



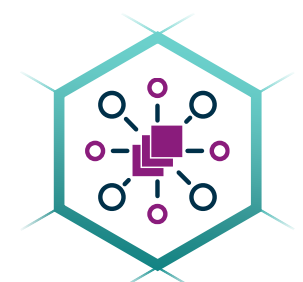
A **dashboard provider** is an organisation that operates a pensions dashboard.



**Central digital architecture** refers to the group of elements that make dashboards work. These include the ecosystem components that PDP is responsible for: the pension finder system, the consent and authorisation service, the identity service and the governance register.



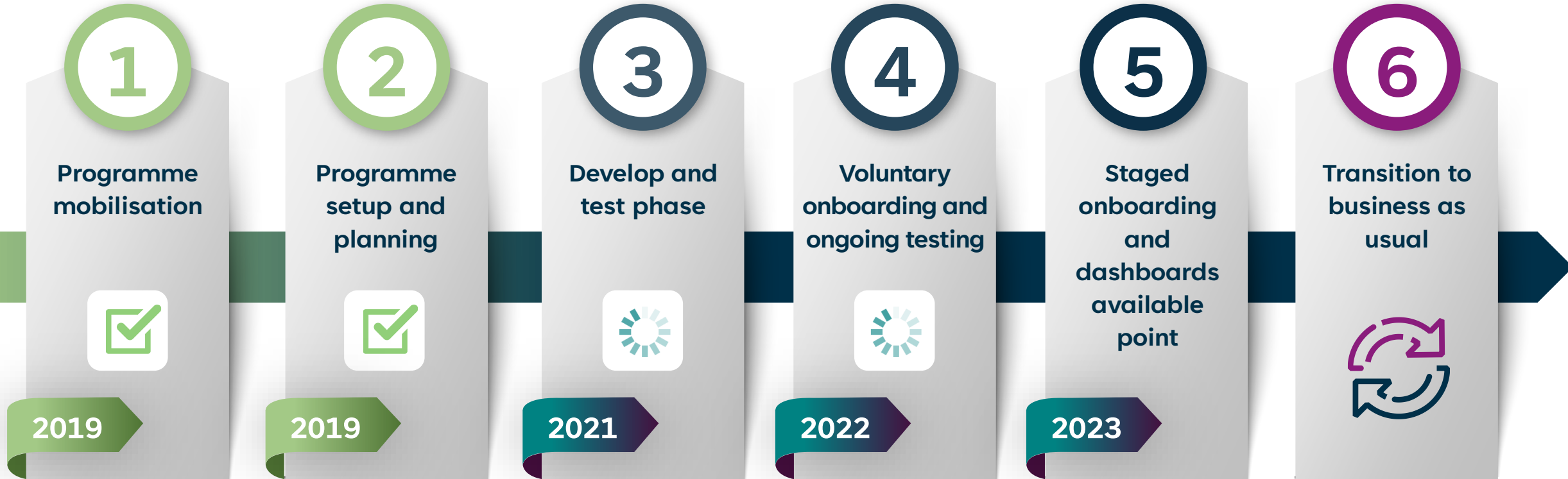
A **data provider** is a pension provider, scheme, trust, integrated service provider or other agency which is supplying data to the pensions dashboards ecosystem, including the Department for Work and Pensions (DWP) as providers of State Pension data.



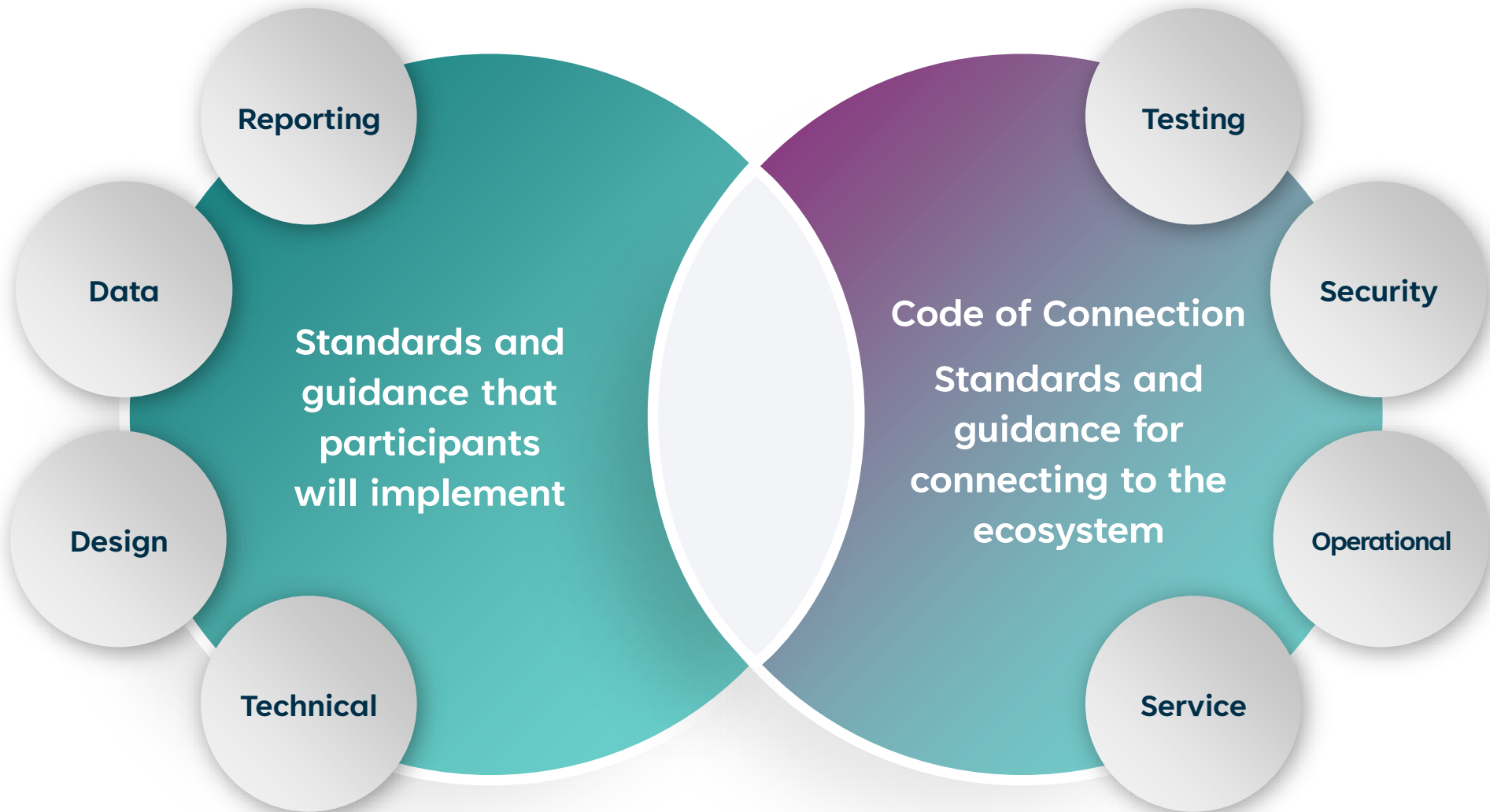
The **pensions dashboards ecosystem** is the overarching system, within which multiple parties, technical services and governance connect to make pensions dashboards work. The ecosystem contains the digital architecture which allows dashboards to work, the dashboards themselves and the governance system which monitors the ecosystem.



# Phases timeline



# What are standards?



# What will standards cover?

## Design standards

Will provide information to dashboard providers about required layouts, content elements, messaging and user journeys, to ensure a consistent positive experience for all dashboards.

## Reporting standards

Will provide a clear description of the data that both data and dashboard providers must supply to regulatory bodies, in order to monitor the effectiveness and health of the ecosystem. This will include data to provide analytics, benchmarking, oversight and monitoring, and critical success factor reports.

## Technical standards

Data and dashboard providers will use to interface with the central technical architecture and/or each other. They will define the open APIs for find and view, PDP's profile of the user managed access (UMA) protocol and the format of the pension identifier (PeI).

# What will standards cover?



## Data usage guide

The data usage guide provides clear guidelines on data items, which allow ecosystem participants to understand the format and meaning of each data item they share and exchange. It includes relevant data items for both find and view processes.

## Code of connection

The code of connection will combine the required security, service, testing and operational standards, which ecosystem participants must adhere to. It will ensure all data and dashboard providers apply appropriate levels of security, consistent operational processes and service levels.



# The wider regulatory/consumer protection framework



## Pensions Providers

- **DWP** new Occupational Pensions dashboards regulations and duties therein (compliance regulated by **TPR**)
  - **MaPS** Standards – compliance with which required by regulations
- existing pensions and trust law (regulated by **TPR**)
- **FCA** rules for Personal Pension Providers
- consumer recourse to **The Pensions Ombudsman/ Financial Ombudsman Service**



## Pensions Providers

- **FCA** rules for dashboards providers undertaking the regulated activity
- **DWP** regulations and duties on dashboards therein
  - **MaPS** Standards
- consumer recourse to the **Financial Ombudsman Service**

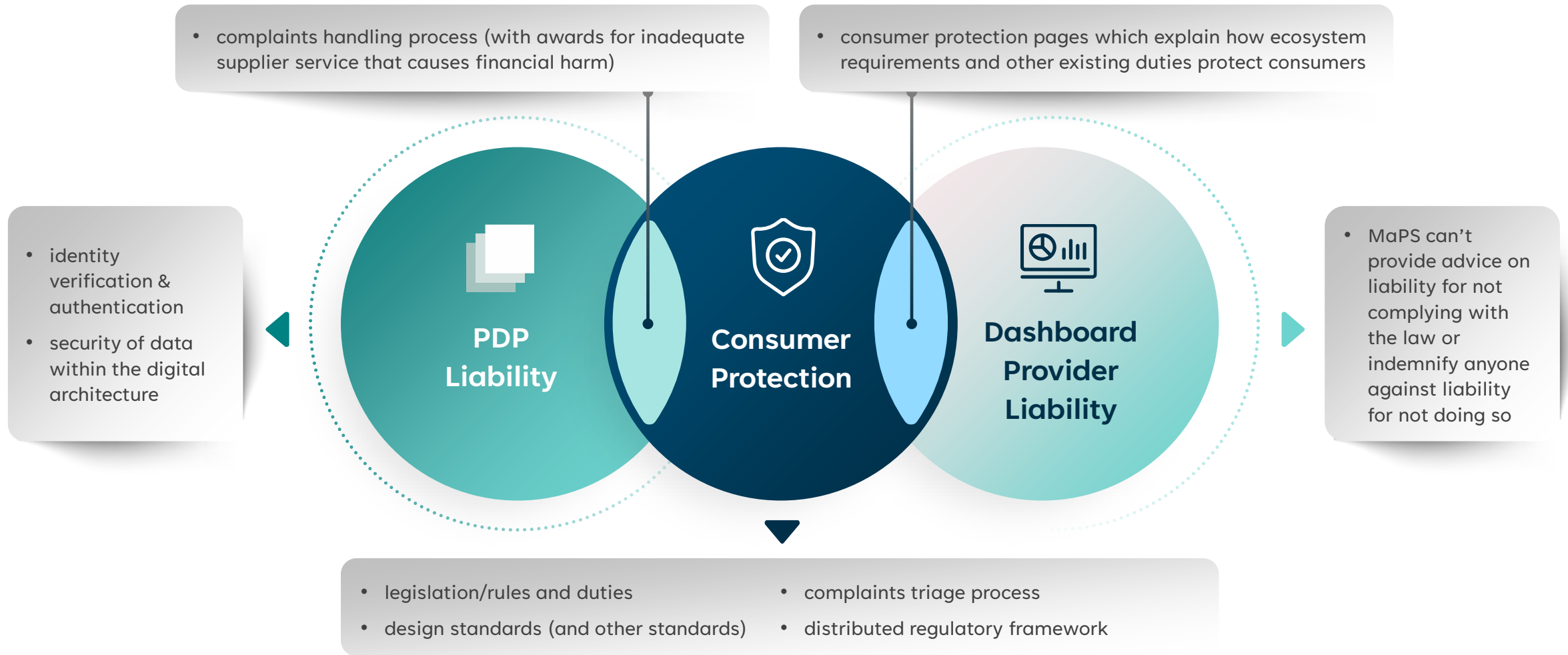
## PDP / MaPS

- digital architecture
  - internal complaints process
  - consumer recourse to the **Parliamentary and Health Services Ombudsman**
- **MaPS** dashboard
  - Pension Schemes Act 2021 duties
  - internal complaints process
  - consumer recourse to the **Parliamentary and Health Services Ombudsman**

UK GDPR

Information Commissioner's Office

# Addressing liability through consumer protection



# Financial Conduct Authority (FCA)

FCA authorisation and regulation





# Qualifying pensions dashboard services (QPDS)

## FCA authorisation and regulation

May 2022

# Introduction

**Government commitment that QPDS providers will be subject to FCA regulation – requires introduction of a new regulated activity**

**Regulated activities are introduced by amendment to the Regulated Activities Order – secondary legislation owned by HM Treasury**

**General prohibition: A person may not carry on a regulated activity in the UK (or purport to do so) unless they are either an authorised person or an exempt person.**

**Breaching the general prohibition is a criminal offence.**

**Any entity that wishes to provide/operate a QPDS must be(come) FCA authorised and obtain the regulatory permission to do so.**

# FCA authorisation

## General

The authorisation process ensures that all regulated firms meet common sets of minimum standards, known as

Threshold Conditions (TC):

- head office in the UK
- FCA's ability to supervise the applicant effectively
- appropriate resources
- suitability to conduct the business
- business model

Applicants must meet TCs before the FCA will authorise them.

## How are TCs assessed?

The FCA reviews, among other things: business plans; risks; budgets; resources; systems and controls; qualifications, experience and ability of staff.

*Other considerations:* factors that have an impact on governance and culture.

Firms must continue to meet TCs for as long as they are authorised.

If firms cease meeting TCs, FCA can take action, including varying or cancelling FSMA authorisation.

# FCA regulation

FCA consultation on regulatory framework in due course, including:

- how, and to what extent, certain elements of the FCA's existing Handbook rules will apply to QPDS firms
- new QPDS specific rules

FCA proposals must:

- be compatible with its strategic objective\* to ensure that markets function well
- advance one or more of its operational objectives\*:
  - to secure an appropriate degree of protection for consumers
  - to protect and enhance the integrity of the UK financial system
  - to promote effective competition in the interest of consumers

*\* Objectives specified in the Financial Services and Markets Act 2000 (FSMA)*

FCA proposals must be informed by, and take account of:

- outcome of DWP consultation on QPDS criteria
- MaPS standards
- PDP's user testing

Timing and content of FCA consultation interdependent on DWP and PDP outputs.

# Preparing for authorisation

## Steps that can be taken now

Potential applicants can start considering the high-level standards that apply to all FCA regulated firms, for example:

### Principles for Businesses (PRIN)

The fundamental obligations that firms must comply with at all times. There are 11 principles.

Examples include:

- Principle 3 – a firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
- Principle 6 – a firm must pay due regard to the interests of its consumers and treat them fairly
- Principle 7 – a firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading

General Provisions (GEN) – administrative duties to ensure that consumers are not misled and that firms are transparent about their regulatory status.

## Additional permissions needed?

Do any of the facilities, services or support that QPDS applicants wish to offer their dashboard users fall within the definition of other existing regulated activities?

If so:

- relevant permission required
- existing rules for that activity will apply

# Practical considerations

## Authorisation applications

FCA consultation will specify when gateway for applications will open.

### SLA:

- max. 6 months from submission of complete application
- 12 months from submission of incomplete application

### FCA experience shows:

- Applicants do not always meet all the TCs when they first apply.
- Some applicants are not ready to meet the conditions for authorisation.

## Once authorised

Firms must submit a Variation of Permission application if it:

- wishes to carry out additional regulated activities
- ceases to carry out a regulated activity

If the ownership (control) of a firm is to change, a Change in Control application must be submitted to the FCA.

# Links and additional information

## FCA authorisation process

<https://www.fca.org.uk/firms/authorisation/process>

## FCA Mission: Approach to Authorisation

<https://www.fca.org.uk/publication/corporate/our-approach-authorisation-final-report-feedback-statement.pdf>

## FCA Handbook guidance on Threshold Conditions

<https://www.handbook.fca.org.uk/handbook/COND/2/?view=chapter>

## FCA Principles for Businesses

<https://www.handbook.fca.org.uk/handbook/PRIN/2/1.html>

## FCA Perimeter Guidance Manual (PERG)

### Chapter 2 – authorisation and regulated activities

<https://www.handbook.fca.org.uk/handbook/PERG/2/?view=chapter>



# Any questions?

Please add to the 'questions' box

# Next steps

- we will publish our proposed set of standards for public consultation in the Summer and the consultation will run for six weeks
- during the consultation period, we will run a series of explanatory webinars and face to face engagements with key stakeholders and industry
- we will share learnings from our Alpha data and dashboard participants

# Stay in touch



@pensions-dashboards-programme



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