



PensionsEurope input to EIOPA on the Development of Pension Tracking Systems

September 2021

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Question 1: *Do you agree with the main goal, the scope and the attributes of a national PTS defined by EIOPA (please explain why)? If not, what is missing or what workable alternative would you propose which meets the principles set out in this consultation?*

PensionsEurope welcomes that the European Commission has committed to developing best pension practices that could assist Member States facing demographic challenges. The development of a Pension Tracking System (PTS) was part of the Commission's new Capital Markets Union action plan (of September 2020) and we welcome the development particularly in the light of the CMU. The PTS can be a very powerful tool to make people aware of their financial situation for the old age and can help them to take the right financial decisions. A PTS is one important element in a retirement system, and it should of course be accompanied by other measures fostering good retirement provisions. PensionsEurope supports the development of national pension tracking services and the European Tracking Service project.

Generally, pension policy falls under the responsibility of the Member States (MSs). This also includes the definition of pension schemes and products and hence the design and the specificities of the PTS. We highlight that there are very good reasons behind the decision of not including in European legislation on occupational and personal pension providers (e.g. IORP II Directive including information requirements; Solvency II Directive) a uniform EU pension definition.

Thus, whilst it could be useful to have at least some kind of recommendation from the EU level, we think that the decisions on the main "design parameters" of a PTS should be left to the Members States, e.g.:

- which types of pension providers shall be included under which terms (mandatory or voluntary association with a PTS)
- the exact range of pension schemes or products that will be covered.

We agree with the main goal defined by EIOPA and highlight that Member States should always have enough flexibility to find the solutions that suit the specific needs of citizens and pension providers best. Generally, we believe the technical advice should better reflect this.

We agree on the progressive roll-out of the PTS over time suggested in par. 28: especially for MSs seeking to develop a PTS, we strongly advise focussing first on doing the basics well. In this light, the optional functionalities described in 1.1.2 can be "good to have", depending on the specific needs of the MSs but, although we understand the list of optional functionalities is based on factual experience from existing PTSs, we note that many of them would require data beyond the amount of information that is currently required in legal information requirements such as the Pension Benefit Statements of IORPs. Therefore, we suggest limiting the scope of data provided to the PTS to the scope of information required by the relevant sectoral regulation for the respective pension provider. Optional functionalities also produce additional costs for the pension providers, which ultimately will be borne by members and beneficiaries. Any additional functionality and new data reporting requirements must be always weighted with the cost and benefit for providing it.

If the service of a PTS should be free for participants, and if indeed a PTS must be independent and objective, which all seem reasonable, it follows that financing must come from public budgets or from levies on pension providers or a combination of these. Although the creation of a PTS by private initiative and cooperation between pension providers is not entirely impossible (see for instance the example of Denmark), it nevertheless would be very complicated. Some form of compulsion both to provide and share the necessary data, as well as to achieve an equitable distribution of costs, is necessary. This can best be realised by public action. At least in the construction phase of PTSs, public funding from Member State budgets may be the best option (and the EU budget for an ETS). More broadly, we would like to stress that a public good does not necessarily mean public ownership.

We also agree on the scope defined in Chapter 1.2.2, which includes the distinction between statutory pensions, occupational pensions, and personal pensions. We stress that the decision, which exact pension schemes and products should be included, and whether they should be included on a mandatory or voluntary basis should be made by the Member State.

As for the attributes, the classification as a public good raises far-reaching questions (not only but also) about the financing of a PTS and the possibility to decide for a merely voluntary instead of mandatory association for some pension schemes and products or institutions. Please refer to Q3 for further explanations.

Question 2: *What do you consider to be the main costs in the establishment of a PTS?*

The main costs result from a potential (legal or factual) requirement to establish a data interface to a digital platform that requires appropriate safeguards for the protection of sensitive pension data. It should also be kept in mind that, if a PTS is not financed by public funds and a levy is charged on pensions providers, these costs are borne by the beneficiaries (e.g. via lower pensions). Fixed costs for the initial IT investments as well as running costs disproportionately affect smaller pension providers.

Question 3: *EIOPA views a PTS as a public good, considering the need for public intervention to address market failures stemming from limited rationality. Do you agree with the public good framework as preferred option to provide objective and impartial pension information to citizens (please explain why)? If not, what is missing or what workable alternative would you propose which meets the principles set out in this consultation?*

Yes, we agree.

If the service of a PTS should be free for participants, and if indeed a PTS must be independent and objective, which all seem reasonable, it follows that financing must come from public budgets or from levies on pension providers or a combination of these. Although the creation of a PTS by private initiative and cooperation between pension providers is not entirely impossible (see for instance the example of Denmark), it nevertheless would be very complicated. Some form of compulsion both to

provide and share the necessary data, as well as to achieve an equitable distribution of costs, is necessary. This can best be realised by public action. At least in the construction phase of PTSs, public funding from Member State budgets may be the best option (and the EU budget for an ETS). More broadly, we would like to stress that a public good does not necessarily mean public ownership. See also our response to Q 30.

Generally, we feel that the consultation should focus only on technical aspects for the realisation of PTS rather than on such broad political questions that would have to be answered on the national level according to the specific features of the individual Member States' pension systems.

Question 4: *Do you agree that the PTS should provide personal information on statutory and supplementary pensions and should exclude the provision of information on other financial products that do not constitute a pension (please explain why)? If not, what would be the desirability, feasibility and benefits for bringing non-pensions long-term investment products into scope of the PTS?*

Yes, we agree on the views of EIOPA on the scope, i.e. that the PTS should provide information on statutory and supplementary pensions and exclude the provision of information on the financial products that do not have an explicit objective of retirement provision according to the national social and labour law or tax rules. Public and supplementary pensions represent a very large part of the retirement income of individuals. Given the diversity of pension systems in Europe and the different designs of the pension pillars, it should be the sole responsibility of MS to decide what kind of financial products are recognized as pension schemes and pension products or not.

Question 5: *Do you agree that MSs should assess to what extent a (digital) PTS may exclude some citizens and, depending on the outcome, consider offering alternative ways to facilitate PTS access to the digitally excluded citizens (please explain why)? What workable solutions would you propose to either make the PTS also available to non-digital or digitally excluded citizens or to make the PTS information available in a non-digital format?*

Yes, we agree. It is important that competent authorities assess which citizens could be excluded from a digital PTS and why. Ideally, they should offer them alternative ways to access this information.

It is important to distinguish between a factual exclusion due to the remaining digital gap between people with and without reliable internet access and digital competences on the one hand, and the exclusion of citizens with specific types of pension entitlements.

As for citizens without reliable internet access or with no digital competences, sensible and practical solutions should be found at the EU or MS level. As to the citizens without reliable internet access, an exclusion of this group is somewhat inevitable (and inherent to the idea itself) if the PTS is designed as an online information resource. This remaining exclusion effect can be viewed as politically acceptable, especially if the PTS is designed as merely an add-on to other information requirements (in written form) and not as a full substitute for such information. In the recent past, one approach by

the European legislator has been to allow electronic forms of the information under certain conditions, such as the recipient having access to it and having the possibility to store or print this information.

In the second case, we agree that MSs should have the flexibility of excluding certain retirement savings of some citizens. Generally, it appears as a reasonable approach restricting mandatory participation in a PTS to those types of pension providers who already have a legal obligation to provide information (e.g. pension benefit statements) regularly. Here, the task of standardizing the data needed by the PTS will be much easier compared to pension providers without such an obligation. The latter group should nevertheless be given a voluntary option to join in. Already today, many of these pension providers, often provide information to their beneficiaries but on their own terms. For these pension providers it could potentially be a competitive disadvantage if their entitlements would not show up in a PTS. Thus, there is a strong incentive to join but the possibility of not connecting to the PTS would remain, e.g. if the costs for compiling, standardizing the data, and connecting to the PTS would be disproportionately high.

Question 6: *EIOPA has identified a set of behavioural principles which should drive the front-end design of the PTS. Do you agree with this approach (please explain why)? If not, what other behavioural principles should apply to the front-end design of the PTS?*

We agree on the approach and the set of behavioural principles identified.

In the live access model, the PTS will need to retrieve the information real time from data providers. From the viewpoint of transparency, it is very helpful if the PTS shows where it is retrieving its data from and also shows if for any reason this data retrieval was not (completely) successful.

As a more general remark. The paper points to the challenges a PTS has in presenting to the user personal, relevant and up-to-date information on his pensions in a simple and understandable way. The PTS in its current form offers a generic solution for a very diverse group of users (diverse in life phase, personal situation, professional occupation, financial knowledge and interests, etc.) whilst having to deal with the reality of a MSs pension system, very often resulting in many different types of pensions that have to be shown in a comprehensible way. The PTS also has to keep up with changes in pension law in a MS and may also have to deal with challenges of getting the required data and at the same time keeping data quality in check.

One strategy to deal with this challenge is for the PTS to limit its ambitions in what information is shown and leaving the provision of other types of information to, for example, pension providers. Another option is that the PTS's front and backend are architecturally separated. The backend being the basis infrastructure for gathering (and defining) data and keeping data quality in check. And the front end being the user interface. That would make it possible to build several front ends based upon the same information but with different user groups in mind (for example people who need to make choices on their retirement, people working in a specific sector, etc.). A third option is to build a data exchange facility (in the form of an API) for the PTS's data to be transferrable to pension providers

that (in concert with their own data) can provide specific information or services to service the individual.

Question 7: *Do you agree that the PTS has a broader scope than the PBS? Whilst the PBSs can be used to feed the back-end, the front-end of the PTS should not be constrained by (all) the content or format of the PBSs.*

No, we do not agree. The PTS should not have a broader scope than the PBS. European legislation should allow MS to decide whether in the longer term it makes sense to replace the PBS (which is an expensive, limited and static information carrier) by the PTS.

It is important that the front-end of the PTS is as simple as possible and that the information included in layer 1 is the essential one.

We note that in this and in other questions, EIOPA deals with distinctions between the contents of PBS and the services provided by a PTS. This touches on a very important matter. As well described by EIOPA, the PBS and the PTS not only have different scopes but also different objectives. The PBS includes a long set of information that is not entirely needed for the PTS. Therefore, PBS should be used to feed the back end. However, it is pivotal that information provided by the PTS:

- is fully consistent with the contents of the underlying data, that recommendations and calculations or computations on the platform follow a transparent and universally recognized approach
- and, most importantly, it does not lead to additional data requirements for pension providers. Avoiding such additional data requirements is key to a cost-efficient implementation.
- Finally, we wonder whether the expectation to receive feedback within 30 seconds can be realistically fulfilled by national PTS in all MSs.

Question 8: *Do you agree that the information on costs and investment funds should not be part of the front-end of the PTS and that it is a good practice for the PTS to provide a link to the website of each pension provider?*

Yes, we agree. Even recognising the importance of costs, we agree that they should not be part of the PTS's frontend. This information is also not pertinent for first pillar pensions. And in case of compulsory participation in occupational pension schemes, this information does not provide any perspective for action by the users of a PTS or ETS.

The primary objective of the PTS should be to provide citizens with a clear and reliable overview of their retirement income. People need to have access to very simple and clear information. As for IORPs, information on costs could be included in a second or third layer of information, e.g. embedding the PBS in the platform, if they affect the outcome of the pension scheme.

A link to the website of pension providers that have a legal requirement to publish cost information on their website should be part of the structured data sent to the PTS. As for IORPs, such a requirement is not set by the IORP II Directive, but it may be required by the applicable national legislation.

Question 9: *Do you agree that the landing page (layer 1) of the PTS should display the expected monthly retirement income and the retirement date in a simple manner whilst the accrued entitlements and pension providers (i.e. breakdown by source) should be disclosed in a second layer easily accessible to users wanting to know more? If so, do you have supportive evidence? If not, what would you propose as the key elements for the landing page (Layer 1) and those for subsequent layers (Layers 2 and 3) considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?*

Yes, we do agree with the key elements identified by EIOPA for layer 1 divided by source of pension income. It would potentially be misleading to aggregate all sources into a single number. Smartly layering the information is key to reach the PTS's success, for both the users and the pension providers.

New PTSs should focus on the needs of their specific user groups and develop their customer journeys and user interfaces based on that, rather than just copy what other PTSs do.

Question 10: *Do you agree that difficult concepts, such as inflation, purchasing power, communication of projections, etc. should be accompanied by with visual aids, such as short movies, use of metaphors, pictures or additional explanations (pop-up windows)? Do you have supportive evidence and any examples of such "aids"? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?*

Yes, we agree that difficult concepts could be explained clearly and concisely in further layers of information. General statements, maybe combined with meaningful visualisations, could be a good way to help the user further and keep the costs low. To the contrary, complex calculations would require assumptions that themselves are fraught with uncertainties and create higher costs with little added value.

In general, making use of these possibilities is commendable especially if a PTS wants to show the risks and uncertainties involved in pension outcomes. However, this is also something which is quite dependent on the particular way a PTS is set up. Therefore, we feel that more than a general recommendation, is not necessary.

Question 11: *Do you agree that information on the assumptions used to calculate projections or projections with scenarios should be placed in second or third layer? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose*

considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?

No, we do not agree. On the lowest layer any information provided in the PBS on this issue should be shown.

Question 12: *Do you agree that additional information that is not linked to the goal of the PTS, such as ESG factors, should be accessed via signposting to the pension provider or placed in the third layer of the PTS? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?*

Yes, we agree that additional information not linked to the goal of the PTS may be accessed via signposting to the pension providers or could be placed in the third or further layer of the PTS.

The information on the PTS is kept to the minimum and is information on which the participant can base decisions, for example whether it is necessary to save more for retirement. An overflow of information would undermine the objectives of the PTS.

The PTS should not include information on ESG factors (or costs and investment strategy). It could be considered to signpost to existing information provided by pension providers under the SFDR, where applicable, and the Statement of Investment Policy Principles.

Finally, in general, we would like to stress that the PTS should not produce additional data requirements to pension schemes.

Question 13: *Do you agree that the PTS should ultimately help the user understand if he is saving enough for his retirement such that its role is clearly not to provide financial advice, but to show the user in a neutral manner the types of actions he can take, especially if it is integrated in a wider strategy (e.g. support auto-enrolment reforms, improve financial capability)? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?*

Yes, we agree, although we note that the ability of the PTS to assist citizens to make the right financial decisions very much depends on the specific features of the PTS considered, and on the completeness and width of the information included. As correctly described by EIOPA, whether the amount reported in the PTS will be enough to allow the individual to live in retirement at the desired level will depend also on other sources of income, non-pension assets available, housing, etc. In this light, we agree the PTS should not provide financial advice but could be helpful for users to understand if they are saving enough. In any case the PTS should be better suited to allow individuals to make financial decisions

than the PBS of a single pension product that only gives a fraction of the financial picture of the individual.

Establishing whether a user is saving enough for his retirement requires having a rather complete overview of the future income sources and spending habits. In general, PTSs do not have that kind of information. Looking at the challenges of a PTS in terms of completeness, simplicity and correctness whilst maximizing its usage, it seems better to have the PTS focus on its core task of providing basic information on entitlements and projected retirement income. So, helping the user with this type of evaluation and giving guidance is best left to other players in the ecosystem that have more knowledge of the individual's personal situation.

Information on possible remedies for a projected pension gap can only be rather global. In some cases, options exist in working behaviour (e.g. increasing working hours for part-time employees) and in all three pillars (e.g. contacting the employer to use an existing entitlement to join a deferred compensation scheme or use remaining liquidity for a private pension product). It is not conceivable how the pros and cons of such a decision can be presented concisely and accurately. What is achievable though, is facilitating contacts between the PTS' users and the respective pension providers.

Question 14: *Do you agree that the PTS, by designing a smooth user-journey, can help reduce the time and effort to take actions towards more sensible financial decisions, if facilitated through the use of nudges, interactive tools and signposting to where users can find more help or information? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?*

Yes, we agree. However, we would advise against over-engineering. It is important to keep the service clear and simple. Signposting is an important element of a PTS, as the signpost redirects to the pension providers where benefits were tracked. Only there and only based on the specific contractual clauses it can be determined what can be done. We do not believe a PTS, given its neutrality, should signpost to specific external sources where general information on pension choices can be found because no known source can guarantee full neutrality.

Question 15: *The main advantage of a live access model is the increased data protection. Do you agree that if one can start the PTS from a 'blank page', if it is technologically feasible and if the only aim of the PTS is to show the data to the user, then a live access model is the optimal solution?*

We do not have a strong opinion on whether it is preferable to adopt a live access model or a central data storage. As correctly reported by EIOPA, the question of which model to adopt is mainly of a legal and technical nature. While from a data protection and user's perspective a live model is arguably the preferred solution, the complexity of a decentralised model might lead certain MS to opt for a central data storage.

Disadvantage of a live access model is that functional changes in the PTS where extra data is needed, lead to an impact for all data providers which can be costly and time consuming. As a result, this type of PTS may not be as agile in introducing new functionality or information. This aspect needs to be taken into consideration when creating a (new) PTS.

So, the answer depends on the specific situation considered. EIOPA should probably be more neutral on this choice.

Question 16: *Do you agree that a pilot project should be conducted to test its technological feasibility? In which circumstances would it not be necessary to conduct a pilot?*

Yes, if you are implementing really new technologies a pilot project is a good idea, although the cost of conducting a pilot should also be considered.

Obviously, before starting a pilot phase for testing the overall viability of PTS, it is important to test the capacities when connecting to the PTS. Web services tend to be rather sensitive to errors (e.g. by expired certificates) and it often takes several rounds of finetuning until server communication runs smoothly in the context of web services.

Question 17: *Which additional principles should apply to ensure a secure digital access to the PTS?*

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Question 18: *Do you agree that a PTS in its bare minimum could consist only of the following fields: user ID, provider ID, accumulated savings/accrued entitlements, projected retirement income, retirement age and provider email or telephone number? If not, which elements are missing and should be added to operate the PTS? What would be the impact on providers of pension data to the PTS?*

Yes, we agree. The impact on IORPs and PEPP providers, in this case, would be rather limited, as these elements are currently included in the PBS and the PEPP BS. It should also be considered that very small pension providers can often not guarantee immediate availability. Therefore, telephone numbers should be a voluntary element in order not to raise unrealistic expectations. If the data set is joined by the PBS as an electronic document the contact information will always be accessible anyhow.

In general, the impact for data providers of needing to provide additional data depends on many factors. The obvious one being the question if they have the required data element in their administration in the first place. Easiest expansions for PTS and data providers are those that they already have and use and are well defined across all data providers, for example because they are part of the PBS.

Question 19: *Can the PBS be used as a basis to define the data needs for the PTS related to occupational pensions? Which elements would need to be added, which are redundant? What would be the impact on providers of pension data to the PTS?*

Yes, the PBS must be used as a basis to define the data needs for the PTS related to occupational pensions. We do not believe additional elements would need to be added to the PBS data. Following this approach, the impact on IORPs in terms of data provision would be rather limited. Additional or inconsistent data requirements for the purposes of the PTS compared to already existing PBS requirements should be avoided.

Question 20: *Do you agree that setting the data standards (data standardisation, transmission) should be done by an independent body after consulting the various stakeholders?*

No. Standardization at the national level can be important but not always possible due to the different frameworks applicable to pension providers. As for IORPs, the IORP II directive does not set a standard methodology for calculating the pension projection to be included in the PBS and MSs are mandated to set the rules to determine the assumptions of the projections. We agree with EIOPA that the data provided to the PTS should be consistent with the data provided in the PBS for IORPs.

We also agree that the involvement of stakeholders is indispensable to make sure that the data requirements correspond with the data inventory the pension providers have and to make sure that this data can easily be made available for a PTS. Therefore, we see limited room for an independent body. Decisions should be taken by the authority or institution responsible for operating the platform, with the involvement of stakeholders.

Question 21: *EIOPA recommends that data standardisation should be structured, include clear definitions, make use of a uniform reference date, align with agree technical standards and determine the necessity. Do you agree with this approach? If not, what other principles should apply to data standardisation? What would be the impact on providers of pension data to the PTS?*

X Yes

In a live access model, data minimization should also be a starting point. Starting from the ambition of the PTS to provide a specific service it first needs to be established what information is shown, to what level of accuracy and what data source is needed. If the conclusion is that the data providers need to transfer the appropriate data, then the conditions mentioned above would apply.

Example for systems with uniform rules on early retirement. If a PTS wants to show the effects of early retirement and the ambition is to just give an impression of what the impact of, for example, retiring two years early could have on pension income, the PTS could suffice with a calculation tool, and it would not need data from the data providers. Here, it is important for PTS to involve pension providers

and other stakeholders early to get a complete picture of how data is structured and what data requirements can (or cannot) be easily implemented. However, the data *content* should be provided by the pension providers according to their calculations (e.g. no uniform reference data). As to “definitions” transparency is key: there must be clear documentation of all data requirements and technical details for the functioning of interfaces.

Question 22: *Primarily EIOPA stresses that the methodology for projections included in the PTS should not differentiate across pension sources. It also referred to solutions in case there could be a differentiation in projection methodologies or assumptions used. However, EIOPA also suggests a legal analysis to assess if there is scope for coherent projections of statutory and supplementary pensions. What are your views about coherent projections between statutory and supplementary pensions and uniform projections for supplementary pensions? Which barriers should be removed to achieve coherent projections for all pension products? What would be the impact on providers of pension data to the PTS?*

We do not believe a common methodology for projections able to grasp the differences across pension schemes exists for IORPs. Even more difficult would be to find a methodology able to also fit statutory pensions and third pillar pension products.

As for IORPs, the IORP II directive does not set a standard methodology for calculating the pension projection to be included in the PBS and MSs are mandated to set the rules to determine the assumptions of the projections. We agree with EIOPA that the data provided to the PTS should be consistent with the data provided in the PBS for IORPs.

Similarly, projections of first and third pillar pensions should be based on the respective legal requirements to avoid inconsistencies and the provision of misleading information. It is not without reason that for different pension schemes and products different rules apply when it comes to making projections. We see limited value and the risk of distortions if projections are being forced with a uniform set of assumptions. Our approach would also avoid additional data requirements for pension providers while allowing to display the respective projections of each pension entitlements.

Finally, we are not (at all) convinced that EIOPA should recommend that those MSs in need of guidance should consider the projection methodology suggested in the PEPP (see par. 147), as PEPP and DC occupational (or other personal) pensions can be very different in practice. A blind replication could have detrimental consequences.

Question 23: *Are the following assumptions commonly used for calculating projections complete: interest (discount) rate, the return on investments, contributions paid during the year, real wage growth, inflation, the volatility of asset classes, correlations between asset classes and state incentives – tax discounts, costs of pension plan and retirement products, assumed longevity?*

Yes, generally these are the assumptions commonly used, but only for funded pensions. For pensions on a pay-as-you-go (PAYG) basis, however, a constant basis of affiliated members and the evolutions of wages are key. Therefore, we do not see the need for setting common assumptions across different pension sources. See also our answer to Q22.

Question 24: *EIOPA recommends that data quality checks are the responsibility of both the provider and the PTS. The data transmitted to the PTS should be complete, timely updated and consistent. Which other principles would further enhance the data accuracy of PTS?*

We agree on these principles, and we recommend restricting the role of the PTS to a formal validation of the incoming data. It is difficult to envision a PTS making its own assessments on the quality of the data received.

A PTS could look for improbabilities and report them back to the data provider, but it cannot really check data. Data quality checks should take place at the source in a live access model. The user can also play a part in improving the data quality in that the PTS could offer him the option to make remarks on the information that is presented in terms of it being incorrect or incomplete.

Question 25: *Do you agree that there should be a level playing field on data transmission between all pension providers meaning that if a certain product or product category is included in the scope of the PTS, then the protocol for the exchange of information should apply to all providers of these products, independent from the provider type, their size and their technological capacities? What would be the impact on providers of pension data to the PTS?*

The answer to this question depends on how broad “certain product” or “product category” is defined. Generally, the correct approach in dealing with differences in terms of size, nature, scale or complexity would be to apply the principle of proportionality. However, in the narrow concept of an automated communication through computer interfaces the goal should be to define the requirements such in a way that also small pension providers can meet the requirements.

Question 26: *Notwithstanding that the requirements on data exchange identified in this consultation are not specific to PTSs, what other safety certificates and requirements would ensure the security of the PTS?*

Safety certificates are indispensable for secure communication between servers. We also agree with the notion that the access for users (but also for pension providers when signing up to the platform) through digital authentication and identification must be secure and unique. The technologies that are used should be universally accessible, they should not create technical barriers for users (this would be the case if a decision for an electronic ID card is made that has not yet reached high levels of dissemination) and should be free from written form requirements for pensions providers when they sign up to the PTS.

Question 27: *Do you agree with the recommendations made by EIOPA on the connectivity with the ETS? Which other recommendations would be needed to make the ETS a success?*

Yes, PensionsEurope supports the ETS project and agrees that it is important that national PTSs can connect with a (future) ETS.

We appreciate that EIOPA explicated the hurdles around the data protection issues. We agree that as in some MSs PTSs might have restrictions to transfer personal data to the ETS without a legal basis, setting a legal basis for delivering data to the ETS linked to the principle of free movement of workers might be useful. Since pension data are sensitive and particularly protected social data, a regulation concerning data transfer would certainly be a necessary and sensible choice. We highlight that data protection issues also stem from the purpose limitation principle defined in Article 5(1)(b) of the General Data Protection Regulation (GDPR): personal data shall be collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes.

We agree with the recommendation to use an eIDAS verified authentication method.

We believe a European pension register would not be appropriate for data security and protection reasons. In this respect, we also agree with the live-access approach, insofar as the connected PTSs can fulfil this requirement.

The national data standards would have to take the ETS data standard into account as far as possible to avoid higher costs. For this reason, these standards must be defined commonly in a cost-efficient and feasible way. We particularly support the approach of the ETS project to jointly develop an appropriate European data model for structured data exchange. The framework of an ETS network of experts and representatives of the countries to be connected seems a promising approach. In addition, fostering a common exchange on pension communication in a new European Pension Forum could also make the participation of stakeholders in the network attractive.

Recommendations:

1. There should be a legal basis for PTS's to share data with the ETS. Currently both national legislations in combination with GDPR make this very difficult.
2. ETS: Identification and authentication needs to be addressed at the EU level, this could be done through an eIDAS extension or through other technical solutions.
3. EC will need to invest in creating the ETS and encourage PTS's to engage with the ETS.

Question 28: *To what extent do you see the technological developments identified in this consultation as enablers for the development of future PTSs? Which other technological developments could enhance the establishment of PTSs or support the connection to the ETS?*

The technological developments identified in the consultation could be enablers for the development of future PTS to a large extent. We do not have additional suggestions but stress that it is difficult to

predict which technological solutions could emerge in the years to come and how fast they will evolve and how largely they could be implemented.

Question 29: *To foster citizens' trust, do you agree that the governance structure of the PTS should be set in national measures, which should specify the development and delivery of a non-profit, independent, credible and transparent service run through a public-private partnership or by a public entity? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?*

Yes, we agree that citizens' trust is essential and that the service should run through a public-private partnership or by a public entity. The governance structure of the PTS is key and we agree on the principles identified in this consultation.

We share the idea that the PTS should be non-profit, credible and transparent. We note that independence should primarily be understood in the sense of independence from commercial interests and political influence.

Question 30: *To ensure full participation in PTS, do you agree that MSs planning to implement a PTS should introduce national measures specifying the modalities for setting up and funding the PTS as well as the legal duties and responsibilities of both the PTS and the different parties involved in the PTS? What would be the impact of this approach on your organisation/sector? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?*

Although the Danish example demonstrates that in principle a PTS can be set-up by private initiative, and the Dutch example that private initiative can be underpinned by ensuing legislative measures, in general it seems most effective to introduce national measures, while also involving the pension sector in creating appropriate public private partnerships.

National measures should define the purpose of the PTS, designate ownership and ensure its actual creation and operation. It should also enforce all involved parties to participate in the effort to create and operate the PTS. At the same time these measures should not focus on specifying the functionality.

Question 31: *To facilitate the effective implementation of the PTS, do you agree with a progressive roll-out of the PTS over time based on a well-defined strategy which accounts for data providers' different readiness levels and adjustments to new requirements ensuring the complete and accurate transmission of personal data to the PTS? What would be the impact of this approach on your organisation/sector? If not, what is missing or what workable alternative would you propose which meets the principles set out in this consultation?*

Yes, we agree. Implementing a PTS is a very complex process that presents difficulties of political, technical, and economic nature. A progressive roll-out can be a good approach, in particular in first achieving the most important information categories.

Question 32: *Do you agree that the PTS should be free of charge for users, hence the PTS should be financed through general taxation, or a levy on providers of supplementary pensions or a combination of both whilst MSs should also consider how these costs may be shared between government and relevant partner organisations? What would be the impact of this approach on your organisation/sector? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?*

Yes, we agree that the PTS should be free of charge for users. Explicit fees for the use of the platform would be a great disservice to the potential success of a PTS and counterproductive given the well-documented cognitive biases and the people's reluctance to deal with pension issues.

In our opinion, the PTS should preferably be fully financed by the national budgets, perhaps with some help from EU grants. We would not advise the competent authorities to put a levy on providers of supplementary pensions, as the related costs would impact such providers and would finally have to be borne by members and beneficiaries, implying that they will get a lower retirement income.

If competent authorities would decide to levy costs on providers, there will be relevant implications for them and their members and beneficiaries. Passing on the costs to the users of the PTS is completely out of question. The high costs of setting up the PTS would translate into high usage fees, which would deter individuals from using the PTS.

The alternative not considered is a combination between national funding and EU funding. This could be further explored by EIOPA.

Question 33: *Do you agree that the successful implementation of the PTS necessitates integrating the PTS in a wider strategy (e.g. support auto-enrolment reforms, improve financial capability) which also aims to provide useful tools for the development of the PTS (e.g. national guidance on pension communication/language)? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?*

Yes, we agree that the successful implementation of the PTS requires a more holistic approach on pensions. Generally, a PTS can be a good service and a valuable add-on for any type of pension system, irrespective of whether the adherence of the beneficiaries is mandatory, automated or voluntary. However, the mere existence of a PTS does not by itself solve problems such as a lack of financial capability for additional pension savings. In sum, a PTS can be one of many factors in the development of a multi-pillar pension strategy.

The pension objectives and the choice of the right instruments are up to the Member States. The introduction of the PTS is an instrument that should contribute to ensuring that as many people as possible have an adequate pension. We are convinced that collective funded pensions have an important role to play here.

Question 34: *Do you have any other comments to share with EIOPA?*

The awareness for the privacy aspects of digitization is growing. This includes the need for consumers to get control over their own data. With the introduction of GDPR and PSD2 the EC has set steps to give citizens more control over their own data. One of the next steps is EC's Digital Finance Strategy that is expected to open up the data that is currently held by financial services organisations, possibly including pension providers. That means data sharing (on basis of the users consent) becomes the standard. PTS's should prepare for that. At the same time the fact that these privacy aspects are regulated at the European level, implies that there is a need for providing clarity at the European level that for instance GDPR does not stand in the way of the needed data exchange for the creation of either a national PTS or an ETS.

About PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace and other funded pensions. Some members operate purely individual pension schemes.

PensionsEurope has **24 member associations** in 17 EU Member States and 4 other European countries¹.

PensionsEurope member organisations cover different types of workplace pensions for over **110 million people**. Through its Member Associations PensionsEurope represents more than **€ 4 trillion of assets** managed for future pension payments. In addition, many members of PensionsEurope also cover personal pensions, which are connected with an employment relation.

PensionsEurope also has **22 Corporate and Supporter Members** which are various service providers and stakeholders that work with IORPs.

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope has established a **Multinational Advisory Group (MAG)** which delivers advice on pension issues to PensionsEurope. It provides a collective voice and information sharing for the expertise and opinions of multinationals.

What PensionsEurope stands for

- A regulatory environment encouraging workplace pension membership;
- Ensure that more and more Europeans can benefit from an adequate income in retirement;
- Policies which will enable sufficient contributions and good returns.

Our members offer

- Economies of scale in governance, administration and asset management;
- Risk pooling and often intergenerational risk-sharing;
- Often “not-for-profit” and some/all of the costs are borne by the employer;
- Members of workplace pension schemes often benefit from a contribution paid by the employer;
- Wide-scale coverage due to mandatory participation, sector-wide participation based on collective agreements and soft-compulsion elements such as auto-enrolment;
- Good governance and alignment of interest due to participation of the main stakeholders.

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¹ EU Member States: Austria, Belgium, Bulgaria, Croatia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Portugal, Romania, Spain, Sweden. Non-EU Member States: Iceland, Norway, Switzerland, UK.