

Questionnaire gathering input for the EIOPA 2022 Consumer Trends Report

1. Background

EIOPA is required under its Regulation to collect, analyse and report on consumer trends¹. To date, EIOPA has produced ten Consumer Trends Reports. The term 'consumer trend' is not defined in EIOPA's Regulation. EIOPA therefore devised the following working definition:

"Evolutions in consumer behaviour in the insurance and pensions markets related to the relationship between consumers and undertakings (including intermediaries) that are significant in their impact or novelty"

The term 'trends' is understood in a broad sense: it covers, for example, evolutions in volumes of business or in the relationship between customers and undertakings/intermediaries, as well as the emergence of new products or services, or other linked financial innovations. The trend may already be consolidated for a number of years, but it may also be only emergent, with the possibility of becoming significant in the future.

The report aims to inform EIOPA in the identification, prioritisation and development of targeted policy proposals or issues requiring supervisory measures. EIOPA seeks to identify possible consumer protection issues arising from identified trends. Nevertheless, positive developments are also identified and highlighted.

For the development of Consumer Trends Report, EIOPA follows an agreed upon

¹ Article 9(1)(a) of the Regulation 1094/2010 establishing EIOPA



methodology, which includes collecting inputs from stakeholders.

2. Questions

Like in the past years, EIOPA would like to collect informal input from stakeholders to complement the other sources of information available for the Consumer Trends Report. In addition to your experience as stakeholders, it would be very useful if you could attach or provide the links to any relevant sources of information to complement your feedback. You are also encouraged to refer to specific examples they may have observed at national or European level.

The deadline to provide input is **Friday 20 May 2022**.

2.1. Top 3 risks and positive developments observed in the market

2.1.1. Top 3 Consumer Protection Issues

Kindly highlight what are the most concerning consumer protection issues. The information on product specific initiatives will be requested in section 3 of the questionnaire.

Note: The wording 'first', 'second', and 'third', is not meant to rank the top 3 issues.

Consumer Protection Issue 1

Falco Valkenburg, NETHERLANDS, Professional Associations:

Members of pension funds have more and more choices available. Many choices are one-time choices at the start of their pension. Examples are: distribution of capital among the old-age and partner's pension. The issue is that the Dutch Ombudsman observes more and more participants who regret the choice they made and would like to reverse it, which is most of the times not possible.

Antonello Motroni, ITALY, IORPs:

The effects of geopolitical risks on inflation and on financial markets and their effects on the income at retirement.

Valdemar Duarte, PORTUGAL, IORPs:

Following the Covid Pandemic and the face-to-face communication constrains that happened during the periods of lockdown, there has been an increase on the demand of information through online channels. These are positive developments, to which the operators have been responding, adapting there operational procedures and communication channels to respond to the needs of the consumers/clients.



Christian Gülich, GERMANY, Beneficiaries:

Already in October 2020 Allianz had announced that its "Pensionskasse" will go into run-off from 2022 on. It is the second biggest "Pensionskasse" in Germany with more than 838.000 future beneficiaries and more than 27.500 current beneficiaries (balance sheet: 12,8 bn Euro) in 2018. The main reason for this decision is the ongoing low interest rate phase and the problem of guarantees given. This step can only be interpreted that general change from IORPs to insurance based pension products ("direct insurances") within occupational pension schemes will even be accelerated from January 2022 on.

Pauline Azzopardi, MALTA, Beneficiaries:

As stated later, we saw insurers operating only online to avoid issues due to the pandemic. This trend meant that there was hardly any face-to-face contact. In order to understand the client especially when designing financial planning or a portfolio, a relationship has to be build up and this can be achieved successfully by face-to-face contact. Unless consumers are highly digital and are able to converse well online, this means that consumers may lose out on this relationship and not continue with their financial planning. Insurers must be aware of this. Please also keep in mind that in Malta, occupational pension schemes are mostly insurance based personal pension products.

Olav Jones, EUROPE, Professional associations:

Insurance Europe conducted its [second pan-European pensions survey](#); a [video](#) in support of the survey is also developed, which gives an idea of consumers' attitudes towards saving. Key observations include:

- A bit more than a fifth of respondents said their pension savings were impacted by the pandemic. Precisely, 17% said they experienced a negative impact which can consists in reducing their contributions, delaying their decision to start saving for retirement and/or withdrawing funds from their pots.
- Breaking down the results by country, we can see that there are again significant differences between countries. Some were barely impacted (eg. only 8% of respondents from LU, DK, FI reported negative impact) other experienced severe consequences (eg 33% of Portuguese respondents reported a negative impact).
- This reflects not only local legislation (how much people were allowed by Law to access their savings to cope with the crisis) but also public intervention meaning how much government stepped in to support people experiencing financial hardship/job losses due to the pandemic.
- Breaking down the results by group of respondents shows that some categories of respondents were more impacted by the pandemic. Precisely,



unemployed, non-standards workers (part-time employees and self-employed) and younger people aged below 40 years old.

- The results also confirm the well-known pension saving gap with more than a third (38%) of respondents not saving for their retirement.
- Also, respondents confirmed the strong appetite for security when saving for their retirement
 - Security of investment was **ranked the most common priority by 49% of respondents.**
 - When asked to choose between **safety and performance, 83% preferred the former.**
- **Another “trend” we see emerging is the appetite for digital disclosure (72% of respondents).**

Consumer Protection Issue 2

Falco Valkenburg, NETHERLANDS, Professional Associations:

The new Dutch pension system is fundamentally different from the old, well-known system. The new system is no longer based on fixed benefits, but on premiums. As a result, participants will bear more risks due to variable benefits, among other things, and they will have to make more complex choices. Pension administrators also face impactful and complex choices. The new pension schemes should not burden participants with more financial risk than they can and are willing to bear. This can lead to disappointment and misunderstanding.

Valdemar Duarte, PORTUGAL, IORPs:

Moreover, there is an increase on the demand of online services.

Consumer Protection Issue 3

Falco Valkenburg, NETHERLANDS, Professional Associations:

In recent years, more and more consumers have started investing. They do this mainly through self-investment, also known as execution only. This can lead to consumers, particularly in the execution-only channel, being insufficiently protected and confronted with foreseeable disappointments or financial problems.

The way in which financial companies market their products and offering services influences the decisions consumers make. Digitisation makes it possible that providers, online and in apps, can more easily guide consumers in their choices. In addition, consumers increasingly base their investment decisions on



information on social media and reports from so-called finfluencers. These are influencers who recommend certain investments. This can cause investors to engage in behaviour that could harm their sustainable financial well-being. Trade a lot, spread little, purchase (too) complex products. Expecting to earn a lot of money quickly.

Valdemar Duarte, PORTUGAL, IORPs:

As such, there is an increase of the number/frequency of contacts established by clients/consumers.

2.1.2. Top 3 Initiatives Observed

Kindly provide information about the top 3 initiatives observed. These can be initiatives put in place by pension schemes to ensure the fair treatment of consumers. Initiatives referred to in this section should be focused on specific actions taken to guarantee the fair treatment of policyholders/members/savers in general.

Note: The wording 'first', 'second', and 'third', is not meant to rank the top 3 initiatives.

Initiative 1

Falco Valkenburg, NETHERLANDS, Professional Associations:

A major challenge for pension providers is to encourage participants make one-time choices carefully. This is possible, when the communication to participants is organised from the participant's perspective and not or less from the administrative perspective with the focus on 'just' starting the pension benefit administratively. Best practice is providing personal individual advice shortly before reaching the retirement age.

Valdemar Duarte, PORTUGAL, IORPs:

Fostered mainly by the challenges imposed by Covid Pandemic, it is clear the increase in digitalisation.

Christian Gülich, GERMANY, Beneficiaries:

In April 2022 *BdV (German Association of Insured)* made a successful claim at a higher regional tribunal (second judicial instance of "Oberlandesgericht") against a life insurer related to non-transparent cost disclosures as well in the terms and conditions as in the key information documents of a Riester pension product. The tribunal clearly decided that the life insurer has to implement "remedial action"



("Folgenbeseitigungsanspruch") for the concerned policyholders. The life insurer has to inform the policyholders that the clauses were non-transparent and that the policyholders may take action for possible reimbursements. Additionally the life insurer has to proof if asked that it actually informed the policyholders.

Initiative 2

Falco Valkenburg, NETHERLANDS, Professional Associations:

In preparing for an explainable transition in the light of the new Dutch pension system, the Dutch Authority for the Financial Markets (AFM) ensures that pension providers ask for the risks that participants are able and willing to bear. The AFM also wants communication towards participants to be careful. The expectations communicated with regard to the pension must be realistic. In addition to transparent information to participants about the consequences of the pension transition, it is also necessary to include participants in the complex pension themes in a timely manner. An explainable arrangement can contribute to more trust.

Valdemar Duarte, PORTUGAL, IORPs:

As digital communication becomes more relevant, the need to develop the relationship with the consumer/client through digital channels has urge Pension Funds Management Companies to simplify their administrative processes.

Initiative 3

Falco Valkenburg, NETHERLANDS, Professional Associations:

The AFM wants investing consumers to be adequately protected. Market parties must put the interests of the investor first. Customers are offered a suitable product and no unexpected costs and/or risks may be implied in revenue models (and associated advertisements). The broader aim is for market parties to commit themselves to careful wealth accumulation, so that consumers' financial resilience increases and they are better prepared for their future. We also expect market parties to ensure that their business operations are in order and that they maintain sufficient control over their IT systems and the use of digital applications, such as artificial intelligence.



2.2. Product related trends

You are invited to explain how the members in occupational pension schemes and demand and/or offer personal pension plans and products has increased/decreased/remained unchanged, during 2021. Please, where relevant, refer to any possible financial innovations, market developments, and/or changes in market practices, as well as any possible consumer protection issues arising from such developments.

	Developments in demand / offer / financial innovations / market environment / market practices/ consumer protection
Occupational pension schemes overall	<p>Valdemar Duarte, PORTUGAL, IORPs:</p> <p>i) Following the amendments performed on the legal framework that rules Pension Funds, published on July 2020 (mainly due to the incorporation of IORP II), new requirements in terms of information to the members/participants and beneficiaries have been implemented during these past months.</p> <p>ii) In terms of market/product trend, it is expected an increasing relevance of sustainability issues and the need to incorporate the clients' sustainability preferences, what brings also challenges in the offering of products that respond to those preferences, especially when there is still a lack of information about these features.</p> <p>Janina Petelczyc, POLAND, Academics:</p> <p>Given the entry into force in 2019 of the new Employee Capital Plans based on auto-enrolment (Pracownicze Plany Kapitałowe, PPK), the number of participants of occupational pension plans in Poland has increased. System has been gradually enlarged and in 2021 it covered public sector employers and the smallest companies. At the end of 2021, 2,547.9 thousand people participated in PPK. It is more of 1 064.1 thousand compared to 2020, which means 71.7 percent increase.</p>

Christian Gülich, GERMANY, Beneficiaries:

Following to BaFin's latest Annual Report 2021 (published in May 2022) in Germany by 31 December 2021 there were 132 "Pensionskassen" (four with no business activity at all) and 35 "Pensionsfonds". The total GWP of "Pensionskassen" decreased from 6,9 bn Euro (in 2020) to 6,6 bn Euro (in 2021) and the total GWP of Pensionsfonds decreased from 7,4 bn Euro (in 2020) to 5,6 bn Euro (in 2021). The net return of assets of "Pensionskassen" increased slightly from 3,4% (in 2020) to 3,6% (in 2021).

As in the year before 40 "Pensionskassen" were under "intensified supervision" by the NCA at the end of 2021. By the end of December 2021 there were three "Pensionskassen", which were not able to fulfil the solvency capital requirements.

Based on an obligatory forecast for the four next years made by "Pensionskassen", nevertheless the NCA clearly states that their ongoing return of assets will decrease more quickly than the average interest rate being used for the long-term calculation of the capital reserves. In consequence "Pensionskassen" will have to ask either their sponsors or their shareholders for more support in order to build up additional capital reserves.

Pauline Azzopardi, MALTA, Beneficiaries:

In my country Malta we experienced generous state support for companies to hold on to their employees by giving them 800 per employee per month. I believe that even the self-employed were also assisted.

Unfortunately education suffered. Many had to go online and stayed at home. This caused lack of social interaction which is crucial in young people.

Also having to do insurance business online, may have helped those who are digitally savvy and even was an advantage not to waste time visiting offices but this was not good for the elderly or those not good with computers. The latter had to rely on others to do their insurances.

In Malta tax incentive to save for pensions is very low at 750 euros per year refund as a maximum.

Occupational pension schemes (Defined Benefits)	<p>Falco Valkenburg, NETHERLANDS, Professional Associations:</p> <p>Preparations for a big change on a national basis from defined benefit to defined contribution based on legislation that is expected to come into force as from 2023. It is likely that many pension schemes will use the possibility to transfer the accrued DB pension in into the new DC pension scheme. (Generational) Fairness of this transferring in possibility is a huge topic. How to achieve fairness? How to communicate the proposed way of transferring in to participants? Litigation cases are likely given the rumour that is already created by different groups of participants, especially the elderly.</p> <p>Valdemar Duarte, PORTUGAL, IORPs:</p> <p>See above.</p> <p>New regulation on financing requirements for DB Plans has also been issued at the end of 2021.</p> <p>Janina Petelczyc, POLAND, Academics:</p> <p>Not applicable.</p> <p>Christian Gülich, GERMANY, Beneficiaries:</p> <p>With regard to "Pensionsfonds" the new Annual Report of BaFin on 2021 states that there is a slight increase of current and future beneficiaries (from 1.185m in 2020 to 1.233m in 2021). Out of these total figures there are about 840.000 future beneficiaries, and out of these future beneficiaries only about 106.000 are part of a DB scheme (having increased by about 10% in one year).</p>
Occupational pension schemes (Defined Contributions)	<p>Falco Valkenburg, NETHERLANDS, Professional Associations:</p> <p>Fair, transparent information about projected pension outcomes and well communicated to the participants is key, but at the same time difficult and probably</p>

hard to achieve. Asking participants about their risk preferences is a requirement, but again hard to do in a way that really makes sense and will protect the individual households.

Antonello Motroni, ITALY, IORPs:

The Iorp 2 package has been almost fully implemented during 2021. Especially for small IORPs the new provisions are burdensome and expensive.

Another source of concern are the new provisions coming from ESG regulations (SFDR, Taxonomy). The requirements are complex to deal with, also due to a lack of information. The new provisions could trigger further increase on costs and on red tape that, in the end, would be borne by members/beneficiaries who, in return, won't have a significant gain in terms of knowledge of ESG features of the investments, given the complexity and the length of the information to disclose.

In general, the legal framework of IORPs is becoming more and more complex, burdensome and expensive. A proportional approach on the regulation and on the supervisory activity is deemed necessary.

Valdemar Duarte, PORTUGAL, IORPs:

See i) and ii) above.

Janina Petelczyc, POLAND, Academics:

The net assets of the Employee Capital Plans (PPK) funds at the end of 2021 amounted to PLN 7.7 billion, which means their increase by PLN 4.8 billion during the year. This is a partially a novelty effect, so far new members are coming, but there are no people entitled to benefits so far.

The information on Occupational Pension Plans in 2021 (Pracownicze Plany Emerytalne, PPE), another form of occupational pension in Poland are yet unavailable. However, employers that offer PPEs are not obliged to create PPK if the employer contributes at least 3.5 percent of pay to the PPE and at least the PPE covers 25 percent of employees. Therefore, there

	<p>was a one-off increase in the number of PPEs (reported in 2020), which is unlikely to happen again.</p> <p>Christian Gülich, GERMANY, Beneficiaries:</p> <p>The so-called „Pure DC“ (<i>„Reine Beitragszusage“</i>) was established by the legislator from 2018 on. But up to now no single project was actually implemented. One of the reasons for this failure may be the obligation that a “pure DC pension scheme” can only be realized by collective agreements between employers and trade unions. Single employers not belonging to any industry or service business association are not included. That is why the coalition treaty of the so-called “traffic light” coalition in Berlin since November 2021 included a possible reform of this law by allowing exceptions from this general rule, but until now no draft legislative act has been presented by the new Federal Government.</p>
<p>PPP overall</p>	<p>Falco Valkenburg, NETHERLANDS, Professional Associations:</p> <p>Fair, transparent information about projected pension outcomes and well communicated to the participants is key, but at the same time difficult and probably hard to achieve. Asking participants about their risk preferences is a requirement, but again hard to do in a way that really makes sense and will protect the individual households.</p> <p>Antonello Motroni, ITALY, IORPs:</p> <p>National legislation on PEPPs is going to be approved by Parliament. Concerns relate to the possible regulatory asymmetries between PEPPs and PPPs (and IORPs). PPPs and IORPs share the same legislative and regulatory framework (largely based on the IORP2 directive). Given that PEPPs will be entitled the same tax treatment of PPPs (and IORPs), the different legislative framework could favour regulatory arbitrage between supplementary pension schemes regulated by the national legislation and PEPPs.</p>

Valdemar Duarte, PORTUGAL, IORPs:

See i) and ii) above.

Janina Petelczyc, POLAND, Academics:

No significant changes have been made in 2021. PPP consists of individual retirement accounts (Indywidualne Konta Emerytalne, IKE) and Individual retirement savings accounts (Indywidualne Konta Zabezpieczenia Emerytalnego, IKZE). The number of IKEs opened in 2021 was 112,244, and the number of IKZEs opened at that time reached 69,796. At the end of 2021, there were 796,489 IKE and 462,651 IKZE which is still a small proportion (compared 17 million of people at the labour market and 38 million of citizens overall).

Christian Gülich, GERMANY, Beneficiaries:

Following to the figures of *GDV* in 2020 there was an overall slight decrease of new business of pension contracts (about 2,1 million contracts representing minus 3,7% compared to 2019), with only unit-linked products increasing, but representing a market share of just 6,8%. Nevertheless the proportion of pension products in the entire life insurance markets continue to grow slowly but constantly (in 2020: 55,7%; in 2010: 38,9%).

The new business of Riester-Pensions (mainly for employees) decreased by 5,5%, but the one of Rürup-Pensions (mainly for self-employed workers) slightly increased by 1,7%, both in 2020. Quite obviously there is a strong need for fundamental reform of the Riester-Pension scheme, as the total number of concluded contracts stagnates at a bit more than 10 million insurance contracts since 2010. The total number of Rürup-pension contracts increased constantly from 1,2 million contracts in 2010 up to nearly 2,4 million contracts in 2020.

Source: GDV - Deutsche Lebensversicherung in Zahlen 2021, S. 10-18.



2.3. Focus topics

In addition, you are invited to provide input on the following focus topics:

2.3.1. PensionTech: digitalisation in the pension sector

New technologies can improve retirement outcomes for pension fund members. Low pension coverage and insufficient pension savings, especially in voluntary private pension systems, are among key concerns in many jurisdictions. Considering that emerging FinTech applications attract in particular the attention of younger generations (millennials) and other digital natives, the use of new technologies may contribute to greater adoption of digital solutions to plan and manage financial resources.

Q1: In your market(s) have you observed evidence of PensionTech? If so, please indicate below which advantages (e.g. ease of communication between scheme and members) or disadvantages (e.g. data privacy concerns) PensionTech is bringing.

Falco Valkenburg, NETHERLANDS, Professional Associations:

Quite a few pension providers offer individual pension planner software to make forecasts and the possibility to see the impact of choices that the participant can make. In most cases the planning tools are limited to the pension scheme of that pension provider and it doesn't take into account pensions accrued elsewhere. Further other sources of income are not included. There are tools that can provide this broader scope, but most pension providers are not willing to offer such a tool as their job is limited to inform participants about their pension scheme. A big focus on cost cutting hinders in this respect to offer broader tools to the participants as pension providers don't want to pay for the additional cost, whilst on the other hand this would be necessary in order to live up to the goals that this type of financial information and education should really be putting the participant in the middle.

Antonello Motroni, ITALY, IORPs:

The use of emails, web sites, apps and social media is becoming more and more widespread between IORPs and PPPs. The pandemic and the work from remote gave a decisive push to that move. All pension schemes strongly advise their members and beneficiaries to communicate with the plans through email and/or restricted areas of web sites; PBSs may be requested by email.



Under the IORP2 framework on information to provide to members (prospective) and beneficiaries, the national authority defined a set of rules to boost electronic communications. By March 2022 all supplementary pension schemes have a web site and a legal mail service in place. Web sites have to abide by the legal requirements defined in the aforementioned regulations, both for home pages and for restricted areas.

Web sites have to be easily accessible from every type of device (pc, tablet, mobile phone).

Finally, the regulation on online enrolment has been updated.

Valdemar Duarte, PORTUGAL, IORPs:

No initiatives have been registered in the PensionTech area.

Janina Petelczyc, POLAND, Academics:

Employee Capital Pans portal has a new setting facilitating the verification of occupational retirement account.

Christian Gülich, GERMANY, Beneficiaries:

The Leipzig based initiative NEW PLAYERS NETWORK (in cooperation with University of Leipzig) publishes an annual report on insurtechs in Germany. In its latest report, published in May 2021, there were included more than 180 insurtechs (from offering only technical support to actual brokers):

Website: <https://newplayersnetwork.jetzt/insurtech-ubersicht/>

It is quite obvious that life insurances and pension products still only have a minor importance in the range of products being offered. But this does not imply that big insurance companies try to offer even pension products only by using online distribution channels in order to get in touch with that part of the possible customers who are highly biased towards digital media. *Allianz* with its pension product *Allvest* is an exemplary case for this business model:

Website: <https://www.allvest.de/de/av/home>

This is all the more contradictory to the generalized attitude of the insurance industry at least in Germany *not* to offer PEPP as a new possibly standardized and digitalized pension product.



Q2: If there are pension tracking systems or pension dashboards (see definition below) available in your market(s), what are the benefits that you have observed for consumers?

Falco Valkenburg, NETHERLANDS, Professional Associations:

Each citizen can access the national pension dashboard that provides your individual information on your first and second pillar pension entitlements.

Antonello Motroni, ITALY, IORPs:

There are no tracking systems or pension dashboards in place. However supplementary pensions give members the access to tools for estimating their future retirement incomes. Members can also add to the estimate data on public pension to have a more accurate projection.

The State Social Security gives the citizens the opportunity to access to a tool projecting their public pension income at retirement, based on the current level of accrued contributions, alongside the expected age of retirement.

Valdemar Duarte, PORTUGAL, IORPs:

Until the moment, neither pension tracking systems nor pension dashboards have been implemented.

In what concerns "pension dashboards", there is a clear lack of micro data from the public system of pensions that would allow the existence of studies about the sustainability and adequacy of the pensions.

Janina Petelczyc, POLAND, Academics:

In December 2021, the new pension dashboard for Employee Capital Pans (PPK) has been introduced. Using Polish Trusted Profile (which is an electronic signature available for everyone in Poland via e.g. bank account) everybody can log into the "mojeppk" portal and check user-friendly (with graphics) information on the total value of accumulated funds, the amount of payments (on the part of the employee, the employer, and the state), investments and many others.

There is also accessible access to information on the public first pillar of the pension system (account, sub-accounts, valorisation, retirement calculator, etc.). However, these portals are not coordinated, and each pillar of pension system must be checked separately.



Christian Gülich, GERMANY, Beneficiaries:

For a general evaluation of second and third pillars of retirement provision in Germany the most comprehensive documents are the special reports published by the Federal Ministry of Labour and Social Affairs ("*Alterssicherungsbericht*", latest published in November 2020) every four years:

<https://www.bmas.de/DE/Service/Presse/Pressemitteilungen/2020/alterssicherungsbericht-rentenbericht-2020.html>

In fact these special reports can already be considered as a kind of *Pension Dashboard* which shall be established by every EU member state (cf. EIOPA Advice on Pensions Dashboard of 01 December 2021). Up to now the benefits of these reports are mainly for researchers and less for consumers. There should be published shortened versions in order to be read by a wider public.

Q3: If there are no pension tracking systems or pension dashboards (see definition below) available in your market(s), are you aware of any plans to implement such initiatives in the future? Can you please briefly describe such plans?

Antonello Motroni, ITALY, IORPs:

No, as far as I know.

Valdemar Duarte, PORTUGAL, IORPs:

There is a plan, but in a very early stage, to implement a pension tracking system.

Janina Petelczyc, POLAND, Academics:

There is no information about the entire system pension dashboard, however separate access to information from each pillar of retirement provision is well developed.

Christian Gülich, GERMANY, Beneficiaries:

In February 2021 the national law of pension tracking system ("*Gesetz Digitale Rentenübersicht*") was published in the Federal Official Journal (*Bundesgesetzblatt*, Teil I, Nr. 6 vom 17. Februar 2021). The regulation of the composition of the



“Steering Committee” (“*Steuerungsgremium*”) was published in June 2021 (including representatives of the State Pension Administration, of insurers, of IORPs and of consumers). Only after a period of testing of at least two years the pension tracking system will be implemented definitely. In its comments on the draft legislative act BdV criticized the strong focus on pensions excluding non-insurance related vehicles of private retirement provision.

BdV-comments of 14 August 2020:

<https://www.bunddersicherten.de/presse-und-oeffentlichkeitsarbeit/pressemitteilungen/falsches-signal-digitale-rentenuebersicht-privilegiert-lebensversicherung>

Q4: In relation to PensionTech innovations, which is the role of supervisor in your view? Which actions/tools should be undertaken/implemented to promote the use of technological innovation in pension?

Falco Valkenburg, NETHERLANDS, Professional Associations:

The supervisor could play a role to ensure that the tools used are providing trustworthy unbiased results based on acceptable (economic) assumptions and provide sensitivity results as well.

Valdemar Duarte, PORTUGAL, IORPs:

It may be helpful, if the Supervisor promotes more knowledge and information about these topics and the legal framework to be applied in these cases, by disclosing information or organizing workshops / training sessions related to PensionTech.

For example, it would be a good practice and a way to highlight the benefits that technology can bring to the market, in terms of innovation, the development of the communication channels and IT Systems used by the Supervisor in its relations with the operators and with the public in general.

Janina Petelczyc, POLAND, Academics:

It might be helpful, if the Supervisor promoted information on pension dashboards and how easily it can be used. In Poland, the Trusted Profile is used by many adult



citizens (it allowed, for example, to register for C-19 vaccination, which is why it has become almost universal)

Secondly, in Poland there are almost no regulations regarding sustainable investments (apart from the implementation of EU regulations). It would be good if Supervisor put attention to this aspect and disclosure was much more common so that people on the "mojeppk" portal could see what they invest in and how sustainable their investments are.

DEFINITIONS:

- **Pension Tracking Systems** are on-line tools that provide citizens with an overview of their future retirement income, based on their entitlements from all pension sources to which they contribute.
- **A pension dashboard** constitutes a "macro" tool to enhance the monitoring of adequacy and sustainability of pension systems.

2.3.2. Conflicts of interests

Conflicts of interests when IORP delegates administration or investments to an external entity

When the administration of the IORP or the investment management are outsourced to an external entity, be it a managing company that runs the IORP, or when the investment activities are outsourced to investment advisor or external asset manager, conflicts of interest might occur. How is the due diligence "check" when selecting an internal provider carried out by the IORP? Which internal monitoring processes are in place to address the potential conflict of interests?

Q1: In your market(s), have you observed evidence of conflicts of interests due to IORPs outsourcing activities (e.g. outsourcing of key IORP functions to the sponsor)? How frequent are these? Please explain below what kind of conflicts of interests you have observed.



Falco Valkenburg, NETHERLANDS, Professional Associations:

No, generally the outsourcing goes to a few well-known professional parties. I have no observation of conflicts of interest.

Antonello Motroni, ITALY, IORPs:

No. Single sponsor IORPs are quite limited as the largest share of IORPs is represented by collective schemes, established through collective bargaining. They do not rely on a particular sponsor for outsourced activities.

NCA passed specific guidance to prevent conflicts of interests in the case of outsourcing key functions to the sponsor. By law this kind of outsourcing has to be approved by the competent authority.

In general, IORPs are requested to define the policy on conflicts of interests.

Valdemar Duarte, PORTUGAL, IORPs:

To our knowledge, there is no relevant evidence in this field.

Janina Petelczyc, POLAND, Academics:

To our knowledge, there is no relevant evidence in this field.

Q2: In your experience what are the most effective mitigating actions to manage conflict of interests? Which internal monitoring processes are in place to address the potential conflict of interests? Can you provide some examples observed in your market(s)?

Falco Valkenburg, NETHERLANDS, Professional Associations:

It starts with adopting a policy on managing conflicts of interest. It is a good practice to start of each meeting of a pension board with the question whether one or more persons feel that they have a potential conflict of interest on a certain point of the agenda. Such potential conflict of interest could then be discussed, minuted and a decision can be made how to deal with the conflict (e.g. the person leaving the room when that particular point on the agenda is discussed).



Antonello Motroni, ITALY, IORPs:

The contracts with the service providers. They should define the safeguards for IORPs in case of potential conflicts of interests, in accordance with the policy on conflicts of interest of the IORPs.

Valdemar Duarte, PORTUGAL, IORPs:

Not applicable.

Janina Petelczyc, POLAND, Academics:

Not applicable.

Q3: Please provide below your view with regard to conflict of interests in your market(s). What are the main risks for members that you see? In your view, which actions/tools should be undertaken/implemented to mitigate such risks?

Falco Valkenburg, NETHERLANDS, Professional Associations:

A risk could be that certain parties get (more) work without the required scrutiny in selecting providers and negotiating price and service levels.

Individuals might (financially) benefit from decisions when they are conflicted.

I believe that even the appearance of a conflict of interest should be avoided.

Mitigating actions:

Key decisionmakers to sign the code of conduct

Key decisionmakers to confirm annually that they have complied to the code of conduct

Key decisionmakers to report any potential conflict of interest to the compliance officer.

Start board meetings with asking whether there are (potential) conflicts of interest, discuss them, decide how to deal with them and minute any findings/decisions.

Antonello Motroni, ITALY, IORPs:

All in all, the matter seems to be properly managed.