

Questionnaire to stakeholders gathering input for the EIOPA 2024 Consumer Trends Report

A. Background

EIOPA is required under its Regulation to collect, analyse and report on consumer trends¹. 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 aim of the qualitative and quantitative data collection exercise is 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 while highlighting the positive developments of the identified trends.

For the development of 2024 Consumer Trends Report, EIOPA follows an agreed upon methodology, which includes collecting inputs from stakeholders.

B. Questions

As in previous years, EIOPA would like to collect informal input from stakeholders to complement the other sources of information available for its 2024 Consumer Trends Report. In addition to relevant information/answers, it would be very useful if supporting documents/links could be provided to complement your contribution. References to specific examples observed at national or European level are also strongly encouraged.

The deadline to provide your input is 28 June 2024.

¹ [Article 9\(1\)\(a\) of the Regulation 1094/2010 establishing EIOPA](#)

1. Pension related trends

You are invited to indicate using (+ for increase, - for decrease and = for no particular trend observed) in the column(s) what best reflects the evolution, trends, and issues observed for the respective product, during 2023. In the column further to the right please include, in brief, additional explanatory information to highlight any other issues/developments for the relevant product.

	Value for money issues (e.g., due to high costs and/or low returns)	Improvements in value for money also following EIOPA's Opinion on costs	Risks of digital exclusion and consumers' limited engagement with pensions following digitalisation	Improved access to information by members and beneficiaries (e.g., PBS and improved information of pension entitlements via Pension Tracking Systems)	Improved overall information provision beyond the one provided to members and beneficiaries (e.g., disclosure to potential participants, pre-contractual disclosures)	Issues related to the governance and conduct of IORPs (e.g., due to conflicts of interest, poor management and poor execution of fiduciary duties)	Improvement in the way in which IORPs deal with conflicts of interests (e.g. improved governance principles, better conflict of interest policies)	Increased savings/pensions product offering, including innovative products	Increase in initiatives aimed at increased participation (e.g., auto-enrolment)	Increased consumers' awareness of product offerings	Please highlight in a succinct manner any other issues/developments in your market(s) for this product
Occupational pension scheme - DB	= (DE)	= (DE)		+ (DE)	= (DE)	= (DE)	= (DE)	= (DE)	= (DE)		
Occupational pension scheme - DC	= (DE)	= (DE)		+ (DE)	+ (DE)	= (DE)	= (DE)	= (DE)	= (DE)		

Private pension product	-(DE)	-(DE)		=(DE)	=(DE)			=(DE)	=(DE)		<p>In DE the average total return of annuities slightly increased to 2,77% following to the rating agency Assekurata</p> <p>https://www.assekurata-rating.de/2024/02/29/assekurata-marktstudie-zu-ueberschussbeteiligungen-und-garantien-2024/</p>
Other (please explain)	-(DE)	-(DE)		=(DE)	=(DE)			=(DE)	=(DE)		<p>In DE the Federal Ministry of Finance published for the first time statistics on the amounts of pay-outs of the state subsidized Riester Pensions (in</p>

												April 2024). The average monthly sum of these payouts amounted only at 132 Euro, though partly due to short contribution phases.
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2. Focus topics

a. Cross-sectoral focus topic: Value for money

As outlined in last year’s consumer trends report, value for money issues continue being reported by NCAs, especially in a context of high inflation. Indeed, high costs can have a significant impact on returns for pension products/investments. However, costs should be considered jointly with performance, coverage, and benefits, as some higher costs may not be undue because of the services offered and/or because of the possibility of seeking higher performance.² In the context of rapid digitalisation, EIOPA would like to gather additional insights on trends related to value for money, as well as the risks and benefits that digitalisation presents in this area, in particular on the overall impact which digitalisation can have on the value a product offers.

- i. In your market(s) have you observed value for money issues related to pension products (e.g., due to higher costs)? Please provide further information below, and please indicate whether this relates to the costs, performance or a combination of both:

Christian Guelich, Beneficiaries, Germany:
Despite globally rising stock markets in 2023 many policyholders of “index-linked annuities” could not benefit from these gains due to over-complex profit participation mechanisms, as another rating agency reported (in German):
IVFP website: <https://ivfp.de/blog-indexpolicen/>

- ii. What benefits do you see digitalisation bringing to value for money aspects in relation to pension products?

Christian Guelich, Beneficiaries, Germany:
Digitalization can decrease distribution costs, as the example of this PPP annuity shows: Website (in German): allvest.de/cmp/home
But for this specific PPP any public figures about the number of actual contract conclusions are not available, as far as I could see. They may be low, focussing mainly on the particular target market of online-savvy clients, very probably in order not to disturb the traditional distribution channels too strongly.

- iii. What risks do you see digitalisation bringing to value for money aspects in relation to pension products?

- iv. Do you have any additional views on value for money considerations? EIOPA has carried out a number of initiatives on value for money (i.e., value for money work on IBIPs but also CPI

² [EIOPA Methodology to assess value for money in the unit-linked market](#), 31 October 2022

Warning focused on value for money). What additional activities could supervisors carry out to enhance value for money?

Christian Guelich, Beneficiaries, Germany:

The German NCA forced one EU life-insurer to reimburse overly high distribution costs of unit-linked products to their customers. This linked to strongly detrimental distribution practices by a master broker company which is known for very high commissions which are redistributed internally (in German: “Strukturvertrieb”).

WirtschaftsWoche (weekly economic magazine):

<https://www.wiwo.de/finanzen/steuern-recht/versicherer-bafin-kunden-werden-fuer-ueberteuerete-fondspolicen-entschaedigt/29681908.html>

b. Cross-sectoral focus topic: Informed decision making in the digital age

Providers are increasingly adopting digital solutions to facilitate communication and information sharing, which are well-received by policyholders and members, who increasingly use online contracting and contract management. However, risks in terms of misleading information, access to information, and/or focus on pricing when comparing products are also more common in a digital context. EIOPA seeks to gather information on the benefits and risks associated with digitalisation in the pension sector. Moreover, it aims to gather input on potential issues, such as the risk of digital exclusion and the effectiveness of digital disclosure practices, but also on how digital tools can positively impact accessibility, inclusivity, and the clarity of information provided to consumers. When providing inputs, please also think carefully about tools aimed increasing consumers’ awareness about pensions and their pension situation.

- i. In your market(s) have you observed benefits or risks stemming from the use of new digital tools (i.e., robot advisors, chatbots, platforms/dashboards on undertakings’ websites, mobile phone applications, use of social media and influencers, etc.), disclosure channels (e.g., the development of Pension Tracking System, etc.)? Please provide examples.

Christian Guelich, Beneficiaries, Germany:

In DE the national Pension Tracking System (“DRÜ”) ended its preparatory phase and the regular working process started in December 2023. All pension providers which are legally required to establish an annual PBS for their beneficiaries (for second and third pillars pensions) have to join the *DRÜ* latest at the end of 2024.

- PTS website (in German):

https://www.rentenuebersicht.de/DE/04_ueber_uns/ueber_die_digitale_rentenuebersicht_node.html

- ii. In your market(s) have you observed instances of unclear or misleading information in pension-related disclosure (e.g., Pension Benefit Statements, Pension Tracking System, disclosures to prospective members)? Was this due to the way in which the information is presented (format), or due to the language in which the information is presented (technical

jargon), or other issues? To what did the unclear/misleading information refer to (e.g., costs, investment objective, sustainability aspects, etc.)?

- iii. In your market(s) have you observed instances of consumers who are excluded or may not be sufficiently served because of the way in which information, products, and services are being distributed online? In relation to what pension products have you observed this? Have you observed any initiatives to leverage digitalisation for the purposes of financial inclusion or for providing more adaptable tools to those who require to be better informed? Please provide further information below.

- iv. Please provide below any additional views on the rapid digitalization of pension sector in relation to information provision. What is pension providers' role in enhancing the benefits of digitalization while mitigating potential emerging risks?

c. Pension focus topic: Trends in the uptake of supplementary pensions

Issues were highlighted around insufficient pension savings leading to pension gaps. Supplementary pensions can provide a major role in closing pension gaps. EIOPA seeks to further explore barriers and opportunities for the uptake of supplementary pension products, mostly, but not solely, looking at demand-side aspects.

- i. In your market(s) have you noticed whether there are broader demand-side/conduct aspects (e.g., the level of transparency and information provisions related to the terms and conditions, consumer awareness, the advice process, etc.) which can prevent the uptake of supplementary pensions? Have you noticed an increase in interest around private pension products?

- ii. In your market(s) have you noticed whether there are issues relating to the costs and performance of supplementary pensions products which may disincentivize consumers' uptake?

Christian Guelich, Beneficiaries, Germany:
Related to third pillar pension products (PPP), the public consumer organisations ("Verbraucherzentralen") took action against some life-insurers having decreased the "annuity rate" after contract conclusion. Final decision by the Federal Court of Justice is not yet made.
VZBV website (in German):
<https://www.verbraucherzentrale.de/wissen/geld-versicherungen/altersvorsorge/klagen-gegen-versicherer-wegen-rentenkuerzungen-82207>

- iii. In your market(s) have you seen any initiatives aimed at increasing the uptake of supplementary pensions? In your view, what are some of the measures that could be implemented to increase uptake? Do you see a role for digitalisation?

Christian Guelich, Beneficiaries, Germany:

In addition to Stefan’s comment I confirm that the number of new “Pure DC” schemes is still very low (only three). There is one example that in October 2023 trade-unionists even blocked the implementation of such a occupational pension scheme though other trade-unionists supported it.

- iv. Do you have any additional views on the uptake of supplementary pensions? What role do you think that pension providers should play to increase uptake?

Christian Guelich, Beneficiaries, Germany:

Life-insurers should completely change their negative attitude towards PEPP. There are already lots of PPP which could easily be transformed into a PEPP (mainly based on online distribution channels, low investments costs due to ETFs, etc.). By focussing on particular target markets of possible clients (online savvy, experienced with global capital markets, etc.) any broader conflicts with traditional distributors could be avoided.

- v. In relation to the pan-European personal pension product, why do you think there has been limited offer of this product?

- vi. Beyond the limited offer, what do you think could influence the demand for the pan-European personal pension product?

Christian Guelich, Beneficiaries, Germany:

In DE the Federal Government has still not yet published any draft law on the pension reform related to third pillar PPPs. In July 2023 an expert group under the guidance of the Federal Ministry of Finance had published a report, in which the PEPP was explicitly mentioned as one possible option for a future reform of the PPP market.

d. Pension focus topic: IORPs governance and conduct in a digital world

As IORPs integrate more digital tools, robust governance frameworks become crucial to ensure alignment with members’ best interests, emphasizing transparency, accountability, and data security. Moreover, effective governance must focus on consumer protection, addressing potential digital risks such as data breaches and cyber threats, to safeguard members’ data and ensure the integrity of pension management in a digital landscape. The continuing shift from DB schemes to DC schemes – shifting the investment risk from pension providers/sponsors to pension savers – may require enhanced monitoring and/or specific measures to enhance the protection of members and beneficiaries. Finally, potential conflicts of interest in IORPs may arise.

- i. In your market(s), and if applicable, have you observed any specific measures to enhance the protection of members and beneficiaries following the shift from DB to DC schemes?

- ii. In your market(s) have you observed any positive or negative aspects relating to the governance of IORPs and conduct implications (e.g., remuneration, conflicts of interest etc.)?

Christian Guelich, Beneficiaries, Germany:
The German NCA reported that the number of *Pensionskassen* under “intensified” supervision decreased, but three *PK* were not able to fulfil the solvency requirements (cf. *BaFin Jahresbericht (Annual Report) 2023*, published in May 2024, in German).

- iii. Do you have any additional views on the role of governance and culture in ensuring good outcomes for members and beneficiaries?

- iv. How does digitalisation affect IORPs governance and culture?