

## Chapter 8

# Choice architecture

## 8.5 Presentation of the choice architecture

- 8.5.1** **R** A *firm* must ensure that the choice architecture is designed such that the presentation of the choices is:
- (1) accessible to the *customer* from the point at which they access their *pensions dashboard view data* onwards;
  - (2) impartial, so that the *customer* is able to easily identify all of the choices available to them; and
  - (3) designed in a way that enables the *customer* to understand all the choices available to them and to make choices based on this understanding.
- 8.5.2** **G** A *firm* may choose the design, form, language and delivery for the presentation of the choices.
- 8.5.3** **G** The following are examples of factors which may be relevant to a *firm* when designing the choice architecture:
- (1) whether each choice should be presented in the same way (this does not necessarily mean that the choices must be presented together as a whole); and
  - (2) the use of pop-ups, layering, or drop-down functionality to present the choices. The choices may be grouped in common themes, but a *firm* should ensure that all choices remain easy to locate and that certain choices are not hidden or obscured.
- 8.5.4** **G** *Firms* are reminded of their obligations under *Principle 12* in relation to the consumer understanding outcome and communications to *retail customers*, in particular:
- (1) ■ **PRIN 2A.5.3R**, which requires *firms* to support *retail customer* understanding and to communicate information to *retail customers* in a way which is clear, fair and not misleading; and
  - (2) ■ **PRIN 2A.5.10R**, which requires *firms*, where appropriate, to test and monitor communications to identify whether they are supporting good outcomes for *retail customers* and correct any deficiencies identified.

**8.5.5** **G** *Firms* are reminded they must comply with the requirements of *Principle 12* and ■ PRIN 2A on *product design* and *product testing*. In particular, *firms* are reminded of the requirements in ■ PRIN 2A.3.4R, ■ PRIN 2A.3.9R and ■ PRIN 2A.3.10R, and should assess whether the presentation of the choice architecture:

- (1) is designed to meet the needs, characteristics and objectives of the *target market*;
- (2) does not adversely affect groups of *consumers* in the *target market* including groups with characteristics of vulnerability; and
- (3) avoids causing foreseeable harm to the *target market*.

**8.5.6** **G** *Firms* should make changes to improve their communications if common areas of *consumer* misunderstanding are identified through a *firm's* testing or monitoring.