

# BEHAVIORAL ARCHITECTURE: HELPING PEOPLE GET A BETTER PENSION

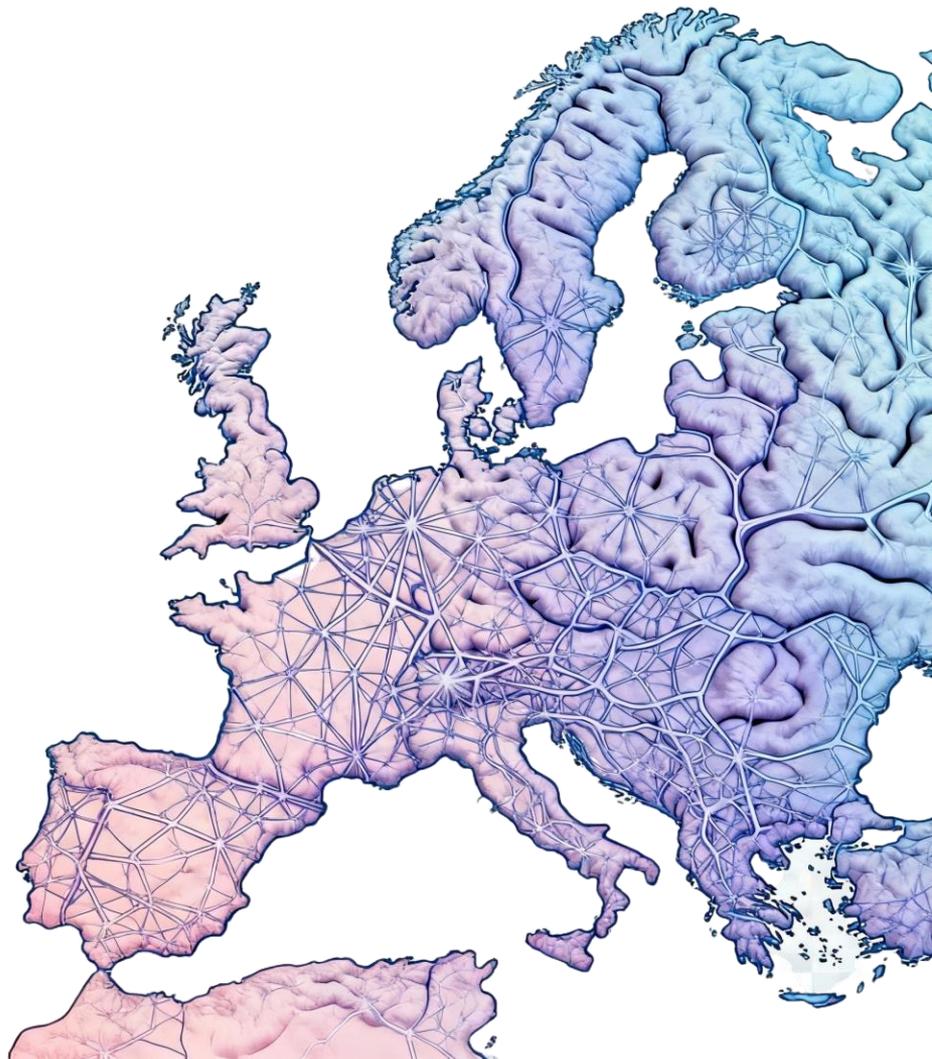
March 19<sup>th</sup> 2026

 **Novaster**



Dr. Diego Valero

 President of Novaster  
Professor UB  
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IPE European Outstanding Contribution to Pensions Industry Award 2025

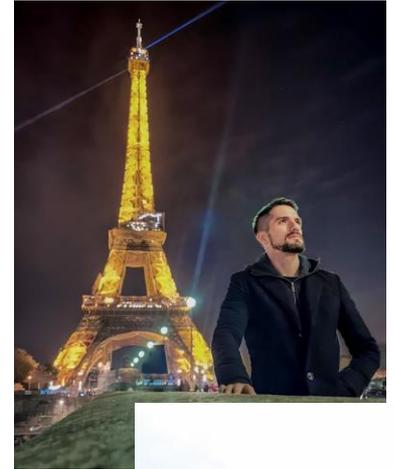


# Who knows someone who has worked in more than one European country?



## David Chief Behavioral Officer A true citizen of the world

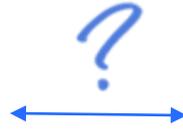
His career is global, but his pension is a headache



# The Paradox



**10.1M EU citizens**  
working in another  
member state



**EU's Solution:**

**The Pan-European  
Pension Product (PEPP)**

*A massive market yet only need*

**2**

registered providers  
today

Sources:

European Commission, Directorate-General for Employment, Social Affairs and Inclusion (2025). Annual report on intra-EU labour mobility 2023-2024.  
European Insurance and Occupational Pensions Authority (EIOPA). PEPP Central Register

# A Human History

This isn't a technical problem,  
**It's a human one**

To solve it, we must see the journey through the **individual's eyes**. Their path is a labyrinth, filled with invisible obstacles.





Herbert  
Simon

# The Labyrinth's Architect: Bounded Rationality



We do not have access to all the existing information.



Even if we did, we do not have the capacity to process it.



We seek the alternative that best meets personal needs without thoroughly considering all possible options (*satisficing*).

Our decision-making capacity is limited by our cognitive limitations

# The Scientific Toolkit: Behavioral Economics

## Automatic

### System 1

- Uncontrolled
- Effortless
- Associative
- Fast
- Unconscious
- Expert



## Reflective

### System 2

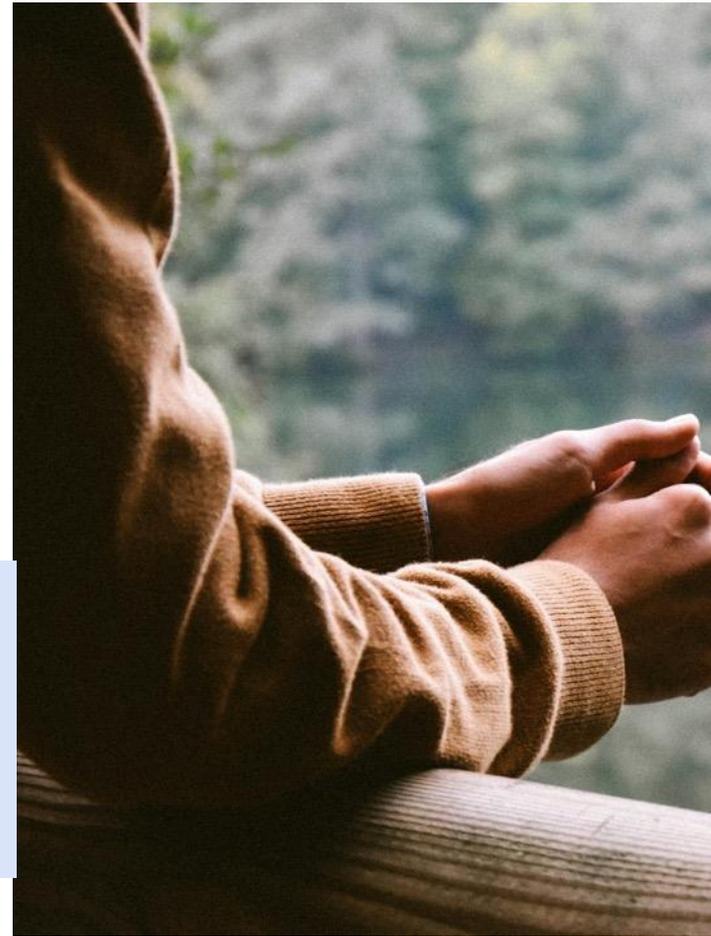
- Controlled
- Laborious
- Deductive
- Slow
- Self-aware
- Follows rules

The labyrinth is designed for **System 2**, but it's **System 1** that decides whether to enter.

# The Labyrinth's Blueprints: Heuristics and Biases

## Heuristics

**Mental shortcuts** that lead to subjective decision-making.





# Biases

The **errors we make** due to the use of heuristics

- ✓ There are predictable, so we can act them
- ✓ Low volatility

2 Types

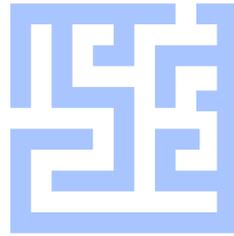
**Cognitive**  
**Emotional**

# The Obstacles in the Labyrinth



## ***Inertia***

The powerful gravitational pull of doing nothing



## ***Sludge***

The swamp of bureaucracy and complexity that drains all motivation



## ***Home Bias***

The innate distrust for financial products that feel 'foreign'



# A True Story of Sludge

*David once received a crucial pension document in Athens....*

The problem?  
It was all in Greek

*He knew exactly one word: "Ευχαριστώ" (Efcharistó).*

The result?  
he said "thank you" to the paper and..

***did nothing***

# Basic Tools of Behavioral Economics

## Nudging:

the way to “push” people to make decisions that benefit them in the long term.

## Choice Architecture:

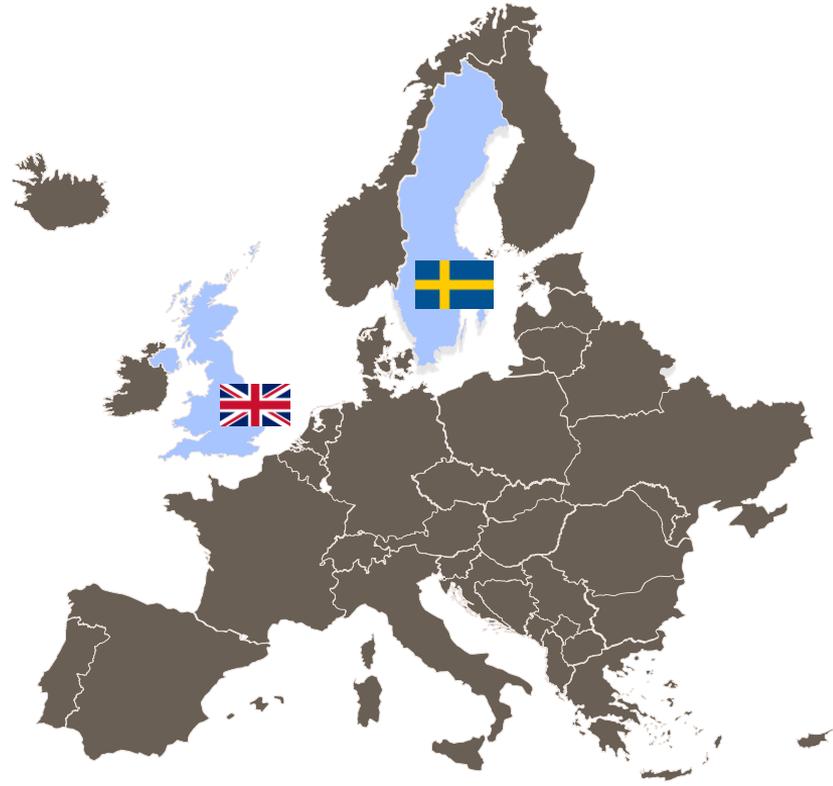
intervention in contexts to help people make better decisions.



# Forging the Tools: Evidence from Europe

This is not theory.  
It's **proven practice**

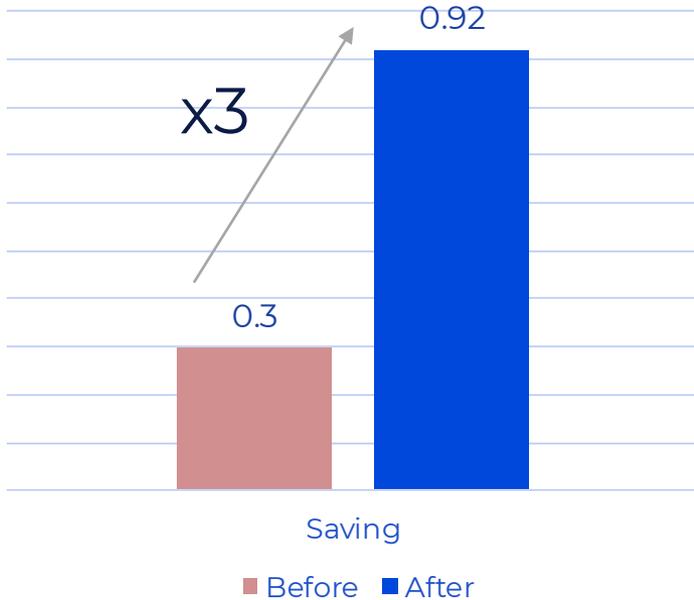
Across Europe, the **tools to clear  
the path** have already been  
forged.



1

# Tool #1: The Shield of Defaults

vs. *INERTIA* 



## Autoenrolment



### The UK Case:

- Before AE: 30% saving
- After AE: 92% saving

Source:  
*Automatic enrolment – current issues. UK Parliament Research Briefing (2025).*

2

## Tool #2:

# The Compass of Simplicity

vs. SLUDGE & COMPLEXITY



## Smart Default Funds

### The Swedish Case:



The state fund, AP7, successfully manages the savings of over 5.9 million Swedes by being the simple, automatic choice.

Sources:

*Annual and Sustainability Report – AP7 (2024)*

*Sweden's AP7 returns 27.3% in 2024. European Pensions (2024).*

*AP7 | Global Pension Transparency Benchmark.*



3

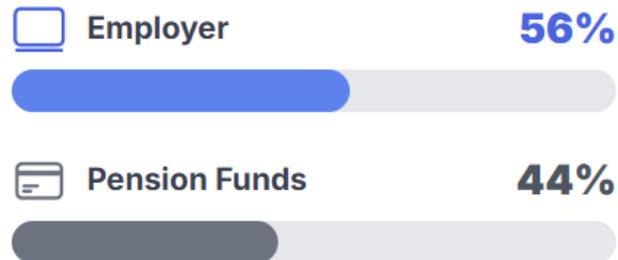
## Tool #3: The Bridge of Trust

vs. HOME BIAS & DISTRUST 

### The Trusted Channel

People trust their employer more than pension funds. The solution is to leverage this existing relationship.

Who do people trust with their finances?



Leverage the trust in the Employer

Source:  
Eurobarometer 2024: Consumer Trends in Insurance and Pension Services. EIOPA (2024).

# A New World for the **European Saver**



A future where a pension follows you seamlessly



From Madrid, to Munich, to Paris



Simple. Automatic. Secure.

# Re-Architecting the State: The Commission's Roadmap (2025)

- ✓ The compass: Pension Dashboards
- ✓ The engine: Autoenrolment

= A Unified Europe



Brussels, 20.11.2025  
COM(2025) 839 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN  
CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE  
AND THE COMMITTEE OF THE REGIONS

Enhancing the capacity of the EU supplementary pension sector to improve retirement  
income and supply long-term capital to the EU economy

{SWD(2025) 367 final}

## Recommendation on pension tracking systems, pension scoreboards and automatic enrolment in supplementary pension schemes

The Commission recommends that Member States should:

1. Implement, in line with national circumstances and with full respect for the role and autonomy of the social partners and collective bargaining prerogatives, the **automatic affiliation** of workers to supplementary pensions, with full freedom for individuals to choose to refuse them. Best practices in the EU and lessons learned from other countries will be guided. This is a way to increase participation in supplementary pension schemes and unlock supplementary pension markets on a larger scale.

Source:

*Press Release: "Commission proposes boosting supplementary pensions to help ensure adequate retirement income"- European Commission (2025)*

# Building Scalable Infrastructure

## Scaling for Efficiency:

Bringing small national schemes into the **IORP II** framework.

## Delivering Value for Money:

Redesign **PEPPs** to be flexible, transparent and competitive.



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Enhancing the capacity of the EU supplementary pension sector to improve retirement income and supply long-term capital to the EU economy

{SWD(2025) 367 final}

### Legislative proposal to amend the Institutions for Occupational Retirement Funds (IORP) II Directive

The IORP II Directive sets out common EU rules to ensure good management and supervision of IORPs, while respecting the role of the social partners. However, many schemes are still too small to diversify their investments and deliver optimal results for savers.

### Legislative proposal to amend the Pan-European Personal Pension Products (PEPP) Regulation

The revision of the PEPP Regulation aims to make the pan-European personal pension product (PEPP) a more attractive, accessible and cost-effective option for savers. It will remove existing requirements and design features that have hindered the uptake of the PEPP, while still ensuring a high level of consumer protection.

Source:

*Press Release: "Commission proposes boosting supplementary pensions to help ensure adequate retirement income" - European Commission (2025)*





# The Architect's Calling

*The science is clear. The tools are proven. The path is known.*

The question is no longer how... but  
*who will be the architects to lead  
the way?*

# Thank you!

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