



Pensions administration and AI: Is it just a patch?

Trustees have been captivated by the opportunities offered by artificial intelligence (AI), robotics and related technology. They are rightly demanding more from their pension administrators. But could this come at the risk of losing the people-first approach that has always sat at the core of our exceptionally complex pensions industry?

Trustees face a perfect storm

Trustees' duties go far beyond statutory obligations. They have a duty of care to members – to support them at crucial times in their lives. They must be prepared to meet new regulatory demands, while also managing large-scale scheme transformations.

They are faced with expensive GMP equalisation projects, the requirement

Isio highlights how the human touch must not be lost when integrating AI solutions into pensions administration

to connect to pensions dashboards and increasing pressure from the regulator to enhance their levels of oversight.

Adding to this complexity is a resource crunch of experienced administrators who understand our complex pensions arrangements. The 'typical member' is also changing – demanding self service and on demand apps. Is AI that secret sauce that will solve all their problems?

Amid this perfect storm, is there a unique opportunity for fresh thinking – a chance to reshape how trustees can deliver a high quality of services to their members?

The traditional approach to technology
AI does have the power to revolutionise

every aspect of how we work. There is a risk, however, that the pensions industry views it primarily as a way to cut costs.

Just as offshoring can reduce overheads without improving service or satisfaction, so AI can automate processes and interactions without benefiting members. The resulting experience is self-service, transactional and lacking empathy. It's like navigating a maze full of sharp angles and dead ends, with your destination obscured from view and human assistance hard to come by.

A new perspective on AI

There is, however, a different approach. Rather than viewing AI as an end in itself, one can use AI to analyse the

huge volumes of data it holds, including the timing and nature of member interactions. This gives us priceless insight into what members need and when they need it.

“We’ve looked at tens of thousands of communications across a range of clients,” says Isio senior admin solutions consultant, Ian Wort.

“The understanding we’ve gained is the foundation of how we design and resource scheme administration. We don’t wait for members to hit a wall; we accompany them on the journey, predicting their needs and explaining their progress along the way.”

Putting people first

Employing AI in this human-first way means that people come first.

“We use the technology, alongside behavioural analytics, to understand members, so we can support them at key moments,” adds Isio head of administration, Girish Menezes.

“We focus on what they need – encouragement, reassurance and guidance – as well as their specific requirements, such as retirement estimates or scheme updates. This could result in us building an AI-powered ChatBot, or in fact advise redesign of our telephone handling training.”

Isio’s AI-driven research shows that around 20 per cent of enquiries are best dealt with by members speaking with a knowledgeable adviser. So, rather than putting obstacles in the way, we need to make it easy to identify these interactions and connect the members with a trained administrator, who will support with empathy and expertise at the times it is needed most. Administration colleagues can help members tackle complex situations – career change, retirement and even bereavement – when they are at their most vulnerable.

Technology that augments

Data analysis shows members want

empathy, honesty about timeframes, and accessible updates, rather than cold transactions. Eight per cent of these member enquiries relating to routine matters can be dealt with, often pre-emptively, by the right sort of communication and interaction.

We need to use the latest technology to deliver the efficiency and value that every scheme requires but never forget that people are at the heart of our service. Expectations of user experience should not be based on the pension industry. We need to benchmark ourselves against the very best consumer digital experiences. Friendly updates and prompts are delivered on your preferred platform, as and when you need them. Dashboards sharing key information at a glance. After all, why shouldn’t managing your pension be as seamless and intuitive as ordering a pizza or booking a flight?

Redefining pension perspectives

At Isio, we keep three words in mind when we’re analysing and developing member experiences: ‘Thoughtful’, ‘human’ and ‘timely’. As an example, we are exploring a ‘voice-first’ experience across all devices, apps and platforms.

Here, members would simply speak their question or request – at which point they’ll be guided to the solution they need. Ways to connect directly with support staff will be clearly signposted, and we’ll know exactly when to pre-emptively offer support, thanks to data-driven, personalised insights.

“Interactions should be friction-free,” explains Wort. “We want to take away barriers to people being able to do what they want to do, however they choose to contact us.”

It’s all part of Isio’s commitment to redefine not just members’ experience of their pension, but their relationship to it. From intimidating, confusing and boring, to understanding, clear and engaging. It’s how we’re generating better outcomes for everyone.

Giving trustees the information and control they need

It is not just members who should benefit from this human-first, tech-augmented approach. The same combination of understanding requirements and maximising the power of AI enables us to inform and empower trustees like never before.

“Trustees are often bogged down by repetitive compliance and reporting,” states Menezes. “Live reporting, customisable dashboards and bespoke reports are all part of a new experience that gives trustees the information they need, how and when they need it.”

Additionally, data around compliance, stewardship, engagement and operations is constantly updated, highlighting trends and key metrics – meaning trustees can make strategic decisions with clarity and confidence.

Wort is clear about the necessary first steps: “Trustees need to get the nuts and bolts right: benefit specifications, clear trust deed lineage, proper governance, and clean data. We support schemes with these fundamentals that are essential when creating a truly friction-free member experience.”

Which path will you take?

Every scheme faces a journey of technological transformation, but the destinations vary widely. The choices taken now, at the early stages of development, will define the shape of a scheme for years to come.

It is a daunting time, but an exciting one. For those trustees ready to explore a new vision for pensions administration, it is also a time of unparalleled opportunity.

Visit stand B30 at the Pensions UK Annual Conference or visit [isio.com](https://www.isio.com).

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