

## PENSION TRENDS

## Admin e-volution

Pensions administration is on an upward trajectory  
as it embraces the new digital age,  
writes Francesca Fabrizi

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The administrator has always been regarded as the poor relation in the pensions world – having to work within the tightest budgets in record times, and often for little recognition. The crucial role the administrator plays, however, truly came to light when the pandemic hit, and the essential yet challenging task of getting the right payment to the right member at the right time was finally recognised.

The general impression today is that pensions administrators truly stepped up to the plate in response to the Covid-19 crisis, argues PensionsEurope director and Irish Association of Pension Funds CEO, Jerry Moriarty: “Generally, pensions administration seems to have held up really well both from an Irish and European perspective – comments from regulators have been positive. Administrators coped remarkably well with the transition to working from home in 2020 and, most importantly, pensions continued to be paid and contributions collected and invested.”

Success was experienced

particularly by those that were already up-to-speed technology-wise. Previnet Outsourcing Solutions for example, which provides services for pension funds across Europe, was already ahead of the game on the technology front pre-Covid, which assisted them in managing the new world more effectively.

Senior manager, Martino Braico, comments: “The impression is that the majority of pension administrators survived the pandemic. This of course applies to those already taking advantage of technology to run back-office administration tasks, interfacing members and sponsoring employers through web portals and dedicated secure channels. These administrators have been coping well with the hybrid-working environment of the past two years.”

That’s not to underestimate the mammoth task that faced administrators – even those with strong technology skills – over the last 24 months. Previnet senior manager, Dejan Malesic, emphasises the dual challenges that all administrators faced between

meeting business needs, while ensuring staff safety: “In such challenging years as 2020 and 2021, business priorities went along with human priorities. It was vital to guarantee to local and pan-European plans the continuance of good servicing, with no disruptions, while keeping the staff as safe as possible. Luckily, we were capable of both.”

Where the right technology was lacking, however, argues Momentum Pensions managing director, Susan Brooks, it caused understandable delays. As a pensions solution provider that administers over £2.5 billion in assets in the international retirement landscape, for Momentum technology was “of the essence in ensuring business continuity in pensions administration during the pandemic and therefore the speed of adopting online services and electronic signatures was the industry’s bottleneck”.

Notwithstanding the benefits of technology, she adds, this still needed to be combined with high standards of personal service to ensure ease of business, as well as creating an opportunity for pension providers to demonstrate the value of specialist and transparent services.

### Crisis management

To some extent, in addition to technology, pre-existing pressure from regulators to be prepared for a crisis helped ensure administrators were able to cope with the sudden change in working patterns. MN executive committee member for pensions management, Ralf Rikze, explains how their long-standing crisis preparations assisted them in ensuring uninterrupted service.

“We have a general crisis protocol that ensures continued company-wide operations and client services. This crisis plan, which gets tested on a regular basis, is mandatory from our regulation authorities and

is designed to cope with the most common and predictable crisis situations that could cause operational disruption or result in financial hazards.”

Following these protocols meant they were able to swiftly respond to the Covid outbreak with regard to their pensions management operations. “We coped with the vast majority of our people having to work from home instantly, starting in March 2020 and in fact still today. A small number of critical roles have of course continued to work from the office, compliant with governmental Covid regulations.”

### **A changing perspective**

Member demand for better online access was already starting to build pre-Covid, with increasing pressure on the pensions industry to come up-to-speed in comparison to other parts of the financial services space. But, importantly, where there have been shortcomings and a lack of e-admin implementation, the pandemic has acted like a catalyst for improvement, while a change has also been seen in consumer attitudes.

Braico comments: “In the last year, we have all learned that a lot, even pensions, can be done remotely, with a self-service approach. The pandemic is pushing pension administrators to leave behind any manual activity. Administrators have consistently reinforced automation and straight-through-processing capabilities. Also, members have been somehow forced to change their habits. They are more and more experiencing that their pension journey has a digital future.”

Brooks agrees that client demand for accessing products and services online is transforming the pension admin sector and, she says, there is no doubt that the pandemic has played a key role in speeding up the digital transformation.

“By embracing remote working, the industry continued to develop and adapt – from bringing forward technological automations and online services, to finding new ways of working and focusing more than ever on the importance of wellbeing and mental health in the workplace.”

Looking ahead, the emphasis on technology and e-admin will continue to dominate Europe’s pensions landscape, as the realisation sets in that there is no longer an excuse to not offer as seamless a service as possible.

“Pensions and technology have long been discussed as separate topics,” says Brooks, “however it is the digital transformation of the pensions administration sector that will provide increased efficiency, transparency and diversification in the retirement landscape. Online servicing, including the use of technology to enable online applications and 24/7 access to member data and reports, will be shaping the pensions sector in the year to come. In addition, the continued focus on increased industry standards and regulatory requirements will continue to play a key role in 2022.”

### **Regulation**

Regulatory change is indeed likely to be an additional influential factor in pensions administration across the continent. Many administrators are continually having to manage their day-to-day operations with an over-arching eye on both European and local pension reform.

The pension system in the Netherlands, for example, is experiencing significant change, with administrators therefore having to meet their day-to-day demands, whilst also having to meet the requirements of Dutch regulatory reform. Rikze comments: “Last year, our top priorities were of course to

maintain the stability of our administration systems, continue to deliver client services to PMT, PME and Bpf Koopvaardij, secure the timely transition of PME administration data per the 1st of January 2022 deadline, monitor and support the vitality of our professionals, continue to build our new admin system NPS MAP (working together with PGGM), as well as start to prepare for the implementation of the new future pension system in the Netherlands.”

Similarly in the UK, where the development of the new pensions dashboards is under way, as well as a significant move towards consolidation and buyout, there are two big themes which will influence UK pensions administration in 2022 – data and the digital age. Capita Pension Solutions business development director, Colin Hamilton, comments: “The first big theme in the coming year is for schemes to ensure their data is clean and accurate as this underpins everything – whether this is getting dashboard ready, schemes looking to buyout or ensuring a fantastic modern end-to-end user experience, having the right data will be crucial.”

The second, he argues, is about providers “really embracing the digital age – implementing and enabling transformational technology to meet current and future member needs. This will inevitably mean new delivery models that will better serve the demands of members and trustees.”

From a European-wide perspective, the future landscape in pension admin will also include the PEPP initiative, explains Malesic, as well as “a different and improved way to support members, such as virtual assistants, chatbots, and automated advice being some of the new features on the agenda”. ■