



# PASA eAdmin Working Group

The journey to full eAdministration

People and Technology working together

July 2021

# The journey to full eAdministration

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|                            |                            |
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## 1 Introduction

Significant performance improvements can be achieved when people and technology work together.

Key human skills (such as empathy, decision-making, leadership, teamwork, creativity and social skills) can be improved exponentially by the speed, scalability, and quantitative capabilities of technology. The beneficiaries of this improved service within the Pensions Industry will be scheme administrators, trustees and, most importantly, the members.

This Guidance aims to support administrators, trustees, pension managers and sponsors to benchmark their own arrangements and set objectives and plan for investment in new technology opportunities.

In order to comply with the mandatory requirement to submit electronic data to the pensions Dashboards by 2023, schemes need to start investing and planning now. Please see [PDP guidance for data providers](#).

Having an online capability supported by automated processes will:

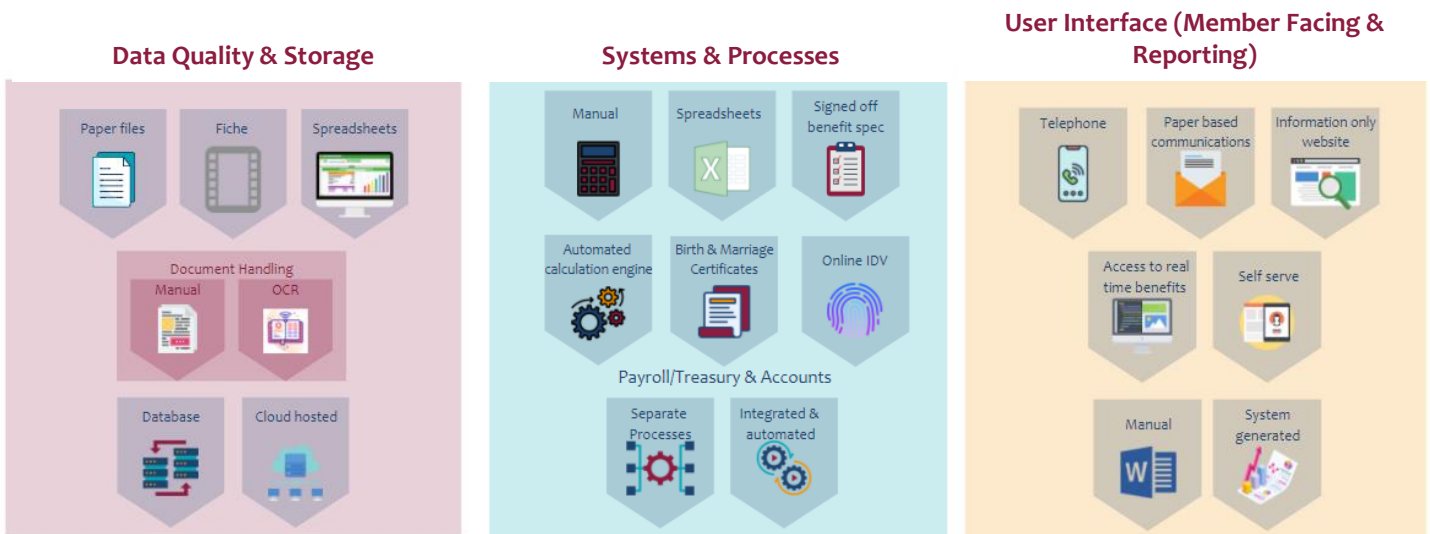
- Drive member engagement
- Provide members with immediate transparency on the status of queries and easy access to useful information
- Allow members to update personal details and self-serve online
- Allow administrators to focus on value-add tasks
- Reduce running costs
- Automate reporting
- Improve data quality (and reduce manual data-cleanse)
- Ensure your firm is ready to comply with 2023 Dashboards requirements
- Provide an opportunity to attract younger, digital native members

The extent of technology investment will depend on the systems and processes already in place in terms of:

- availability of clean, digitised data
- automation of processes
- on-demand reporting
- ID verification

Potential technical improvements range from moving away from paper files, and automating pension calculations to implementing online member access, which enables staff to focus on value-add tasks.

Maximising technology can be broken down into three components It is important to prioritise enhancements into projects with specific goals which are achievable in the short- to medium-term:



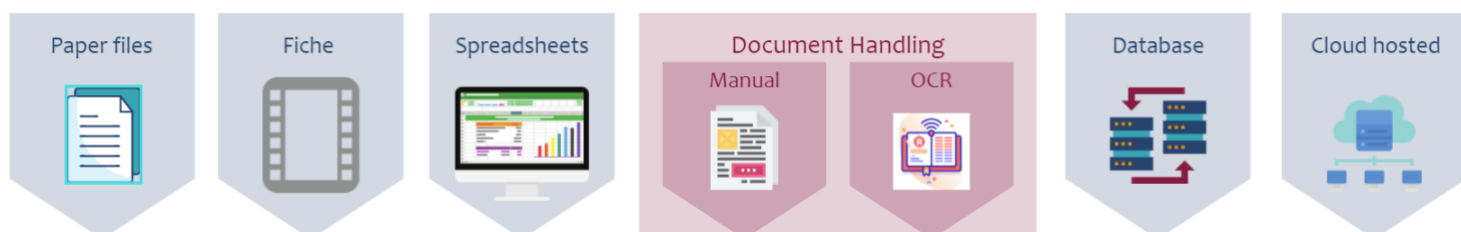
**Proposed priorities:**

We recommend to start with the basics; investing in Data Quality and Storage means you will have a solid foundation on which to build/improve automated processes.

This can then be followed up by concentrating on Systems and Processes and then User Interface and Reporting. The priorities are:

- Store all records electronically (in a database/system)
- Once on a system – data quality checks can be performed
- Validate individual data attributes (‘TPR Common data’) – name, title, DOB etc
- Ensure all data attributes interact correctly (i.e., integrity across data sets)
- Request that all members provide their personal email (enabling connectivity)
- Before upgrading or investing in technology, a cost-benefit assessment should be performed
- investing in the cloud (as a source of data storage) is expensive and could be unnecessary if you have a small number of records.
- Impact of changes on data security and GDPR must be fully understood

## 2 The Foundation: Data Quality & Storage



Good quality data is the foundation upon which the technology infrastructure will be built. The data not only needs to be accurate, complete, and easily accessible, but also needs to be stored appropriately. Failure to address data as a “first step” will limit what can be done in terms of efficiency, automation and online member access

Good Data Quality and Storage builds the foundations which will allow schemes and administrators to:

- Store all records electronically (in a database/system)
- Once on a system – data quality checks can be performed
- Validate individual data attributes (‘TPR Common data’) – name, title, DOB etc
- Ensure all data attributes interact correctly (i.e., integrity across data sets)
- Request all members provide their personal email (enabling connectivity)
- Before upgrading or investing in technology, a cost-benefit assessment should be performed
  - investing in the cloud (as a source of data storage) is expensive and could be unnecessary if you have a small number of records
  - Impact of changes on data security and GDPR must be fully understood

Although the industry is gradually moving towards scanning legacy files and digital data, there are still a large number of schemes which rely on legacy files (such as paper records and microfiche). Even if these legacy files are stored in ‘scan-on-demand’ facilities, it still reduces accessibility and increases processing time when addressing a member case. Scan-on-demand files can be processed to enable Optical Character Recognition (OCR) and linked to ‘click-through’ member files.

### Optical Character Recognition (OCR)

Enables different types of documents (such as scanned paper documents, PDF files or images captured by a digital camera) to be converted into editable and searchable data

### 2.1 Completeness and Accuracy of Member Data

PASA recently published a new paper focusing on the importance of complete and accurate data. [‘Data-is-at-the-heart-of-every-scheme’](#). As set out by the Pensions Regulator in their record keeping guidance, taking steps to ensure pension scheme data is accurate is a key governance step for trustees. There are a number of benefits to focusing on the completeness and accuracy of member data:

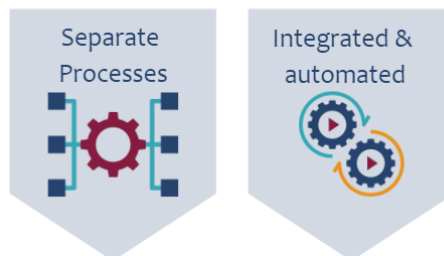
- The Pension Regulator's (TPR's) Common (personal data) and Scheme-Specific (calculation data) tests help to identify data gaps
- Allowing members to self-serve and verify their personal details annually will improve data quality and reduce administration errors and costs
- Enabling administrators to meet GDPR obligations regarding data accuracy
- However, it is only by using modern data quality improvement tools, together with manual oversight, that we can efficiently verify the quality of the underlying data and enable further automation

### 3 Systems & Processes



Upgrading (or replacing) legacy systems and processes is one of the biggest challenges facing pension administrators.

#### Payroll/Treasury & Accounts



Payroll, Treasury and Accounting processes should be automated and connected to the member portal, thereby reducing the requirement for manual intervention. This reduces risk and minimises fraud, errors and inefficiencies.

#### 3.1 Payments

e-Admin's contribution to the efficient and successful processing of pension payments is a key process which is often overlooked. £190bn was paid to pensioners in the UK last year, of which ~£6bn is paid to 600k overseas pensioners. (FCA, 2018)

An average organisation should expect losses owing to fraud to account for between 3-6% total payment, although in some cases is as high as 10%. eAdmin, biometrics and artificial intelligence (AI) offer heightened security and process efficiencies; particularly for overseas pension scheme members.

eAdmin and identity verification can also support:

- Lump Sum drawdowns with pre-payment approvals on high value payments
- New Benefit Mandates and Attestations - increasing efficiency and cutting the paperwork
- New Bank Account instructions - (reducing the current two week verification process)
- Proof of Life and Returns from deceased members

<sup>1</sup> Source - FCA, 2018; ONS – MQ5\_ Investment by insurance companies, pension funds and trusts October to December 2018



Up-to-date bank account data and verification of this data is key to the successful and timely delivery of all payments. Verified bank account data increases straight through processing rates and not only reduces the need for manual intervention from Administrators but more importantly reduces the likelihood of lost or delayed payments to Scheme Members and the distress this can cause.

eAdmin can enhance Scheme member/Policyholder engagement. Data which can be input into a provider's user interface or pensions dashboard can include payment transaction data such as:

- date of payment
- expected due date of payment
- exchange rates applied and payment fees (for overseas Scheme Members)

Identification and bank data verification can optimise payment routing and minimise fees (which can erode the total payment values significantly).

### 3.2 Automate calculations

Having a clearly defined data model, data dictionary, data standards and a data management plan<sup>2</sup> is the first step in automating calculations.

This allows an administrator to construct a pro forma – paper or spreadsheet – which can then be used to fully automate the calculation within the core pension administration system. Having the calculations fully integrated with the data allows self-service calculations as part of the member web functionality. It also frees up the administration team to focus on helping members with more involved tasks.

Scheme size is not a predictor of benefit complexity. An analysis should be performed to compare potential benefits with the cost of their implementation when prioritising enhancements.

### 3.3 Identity Verification



It is now possible to dispense with certificates and use online services for ID verification. There are commercial solutions already available to enable digital verification services and cross-checking identity (using a GDPR compliant

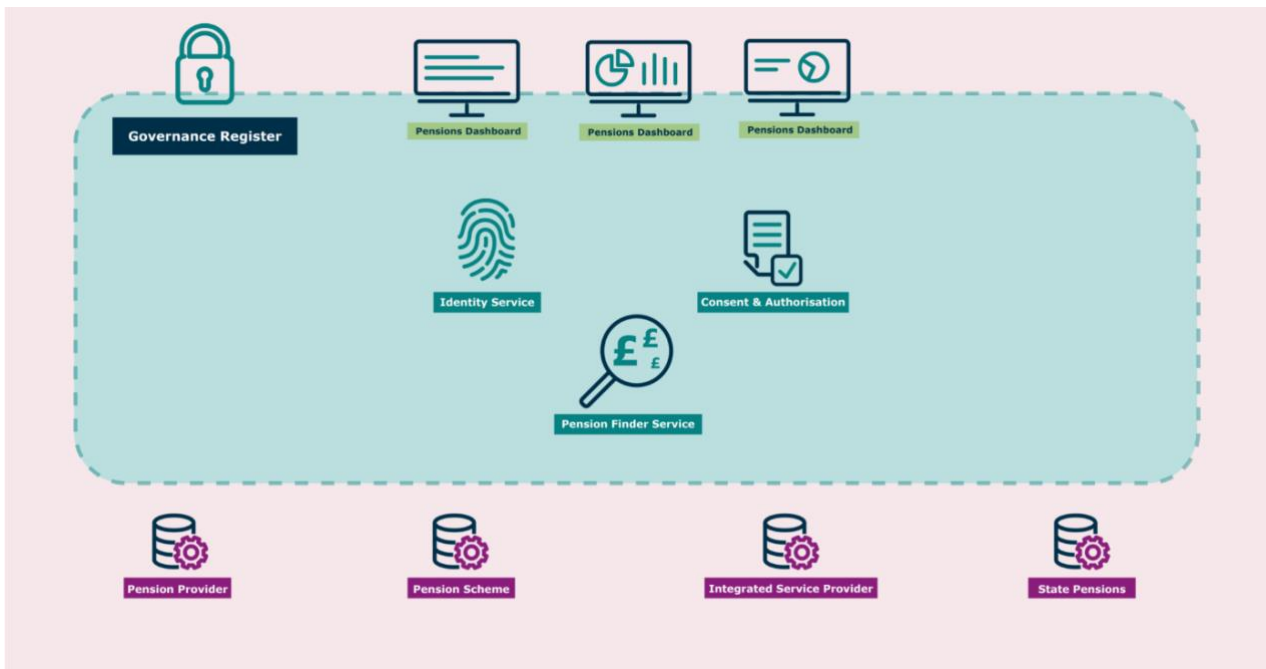
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<sup>2</sup> <https://www.pasa-uk.com/pasa-launches-data-management-plan-guidance/>

data set for address histories, voter records, passport records, DVLA databases etc). Other sectors within financial services have been using biometrics to perform secure identity check on individuals for some time. This capability has now been tailored for and made available to the pensions industry and can be readily incorporated into existing processes. Artificial-Intelligence systems trigger pre-emptive warnings of suspected fraud. Even social media is being used both to trace missing members and identify fraud.

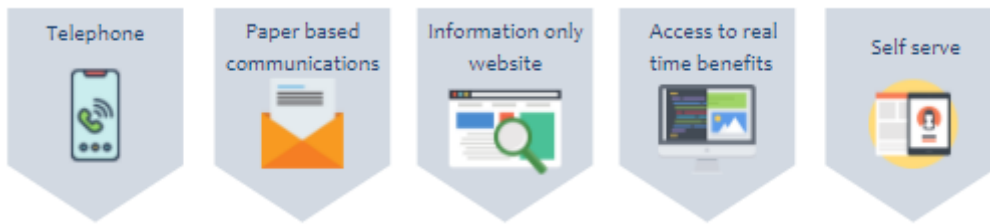
These identity services solutions are robust, efficient and secure and will be at the heart of the Pensions Dashboard project. There is a high rate of adoption of new technology, such as biometrics, even by older users, as familiarity with these services continue to increase,

The Pensions Dashboard will require schemes to return an estimated retirement income, which will be challenging without automation.



## 4 User Interface/Reporting

### 4.1 Member Communication and Engagement



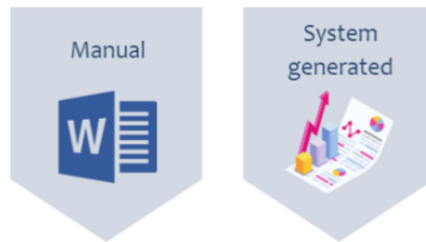
Communication with members is still predominantly paper-based. Creating member portals with engaging materials will address this issue, in line with other sectors and useful information can be shared. As a first step personal email addresses should be obtained, followed by a migration to online benefit statements, payslips and modelling tools.

Members can now update personal details, bank details and even retire on-line. Using a portal, a member can access a range of functions:

- Update Address – Companies now provides postal address checks and validations
- Update Bank details – open banking means immediate confirmation the account belongs to the member)
- Raise a query and track progress
- Retire or transfer benefits on-line
- Respond to liability management exercises or any other bulk activity requiring a member choice or consent
- View other personal or employment data held (reducing subject access requests).
- Verify data during a PPF assessment period
- View Member communications and important scheme information
- Obtain information on pensions scams and links to useful information

Automating processes allows administrators to focus on the more value-add tasks, make themselves available for interactions with members and assist vulnerable members (using multiple channels including live chat via a portal).

## 4.2 Reporting



There are two distinct categories of reporting.

- i) 'Audit trail' type reporting where actions and response times etc are monitored
- ii) Management Information (MI) Dashboard reporting

### **i) 'Audit trail' backend reporting**

Automated logging of all actions by both members and administrators helps identify process issues / potential improvements. MI can be generated on the performance of the portal (e.g. page loading times, how the member navigates the pages etc).

### **ii) MI Reporting**

Most schemes have manual reporting processes, which are time consuming and prone to error. Once the foundations of Data Quality are in place, automating calculations and reporting is straightforward and delivers significant benefits. Standard reporting templates should be defined with clear flags and triggers.

## 5 Conclusion

Every scheme will have its own journey and it will be important to prioritise and assess where investment is required to improve service delivery and member end-user experience.

The PASA eAdmin Working Group is here to partner you through this journey and we look forward to your input on any specific areas and challenges you'd like us to cover in more detail.



Get in touch:

[info@pasa-uk.com](mailto:info@pasa-uk.com)

[www.pasa-uk.com](http://www.pasa-uk.com)