Beyond mass production: how digitisation can customise member services

Could digitisation of pension schemes move us beyond mass production towards customised member engagement?

“Any customer can have a car painted any colour that he wants so long as it is black.”

Most people know Henry Ford’s quote about mass production and standardisation. Ford used standardisation to make affordable cars for US consumers and revolutionise American manufacturing. But standardisation also has its limits.

I worked at an insurance company in the 1990s and saw the pensions version of extreme standardisation. We had a two-page letter to request documents from members. It listed every document under the sun, and we all had a pile of them next to our desk. All we did was tick the documents on the list we wanted the member to send us, add their address and pop it in the post. We could churn these letters out quickly… but they were less successful at getting the right documents back.

Vulnerable people have particular needs

Administering a pension, like building a car, is complicated. Standardisation brings many benefits: it reduces risk, cuts costs and makes it easier to train people in your processes, to name a few. But it does lead to standard member engagement – and members don’t come in standard sizes. Each member is unique, and this is especially important when thinking about what vulnerable people need when engaging with their pension benefits.

Technology is creating opportunities for us to respond to these needs and make life easier for the pension scheme members we serve. By aiming at the digital environment Lorraine Harper discussed in the first article in this series, you can start to create a world that lets you tailor engagement towards individual members.

As James Wilday pointed out in his follow-up insight, this means making both your member data and scheme data digitally consumable. Understanding how the member and scheme data interact in a digital environment and using that digital data to refine your interactions lets you improve how you engage with members.

There are good reasons to think about these things now. As the population ages and pension schemes consolidate, administration is moving to the forefront of the pensions industry. Recognising this, the Pensions Regulator has stepped up engagement with administrators, and it’s up to us to meet the challenge of what we at Aptia call the Administration Age.

How can we support bereaved people?

I spend a lot of time thinking about how we can better support people with bereavement. Trying to sort out a dependant pension can be challenging, especially if the bereaved person knows little about the pension while dealing with sadness and stress.

Many scheme administrators send lengthy generic forms for bereaved people to complete. But our analysis shows that lots of the questions are only relevant for certain people in certain types of schemes. In this scenario, the administrator is creating extra work for a potentially vulnerable person who may already be overloaded with

tasks linked to their loved one’s death.

Digitised administration can transform members’ experience

This is where digitised administration comes in. If your digital process can consume data about member benefits and scheme specifics, you can deliver a shorter, tailored questionnaire that only asks the person questions that are relevant to them.

If you have effective online portals, you can take this to the next level. By making the form digital, the answers the person gives you become the data inputs, and you can immediately verify them or ask for an amendment. This saves people lots of time and effort.

You can also revise the questions in real time, removing irrelevant requests in response to the person’s answers. By combining digital member and scheme data with a well-designed member platform, you can make a difficult situation more manageable.

Here’s an example of how this can work:

Cutting the administrative burden

Someone contacts their pensions administrator on an online portal to report that their spouse has died. By consuming the member and scheme data digitally, we can see straight away that there is a spouse’s pension payable but no lump-sum death benefits. We can then tailor the next steps on the portal to ask the user for only the data we need to set up the spouse’s pension. This will cut out much of the information required on a typical form sent by post and reduce the administrative burden for the bereaved person.

Like carmakers, we can offer customised features

So, when thinking about digital transformation, I’d urge you not just to think about efficiency and standard letters to members. Instead, take the chance to consider the overall member experience and use new technologies to make it personal to them – while making your job easier at the same time.

Technology has driven the automotive industry well beyond the limits Henry Ford’s famous diktat. Even the cheapest cars come in a variety of colours – and luxury models combine mass produced components with personalised features.

Let’s apply this model to the world of pensions delivery. Digitisation and other technological advancements mean we can offer our members the range of colours and customised features they want and need.

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