

# What's next? How communication strategies address pension industry challenges

**A**s scale and scope underpin the UK pensions industry, trustees and scheme providers remain under increasing pressure to address industry challenges, in an environment of uncertainty and disruption. Historically, pension communications have been managed operationally, for legality and regulatory disclosure. For several years, industry experts have urged providers to engage more strategically with members; addressing the challenge of disengagement and a lack of understanding. Contrastingly, scheme priorities appear to compete against this industry-wide call for action. Perhaps it's time we turn engagement on its head; evaluating what's in it for the provider and how this can reduce operating costs.

## Digitalisation

Evolving technologies, including API driven video statements or augmented reality tools, enable stronger personalisation and informed decision making to support changes, such as drawdown options or workplace transfers. Inbound transformation can include a blend of human and technology-developed chatbots, digital mailrooms, e-signatures and de-materialising the original receipt of cherished documents. Through strategic outsourcing, providers can build a suite of channels, while still supporting traditional preferences through a closed loop incoming-to-outgoing multi-channelled single platform.

## Outsourced partnerships

As pension business process outsourcing (BPO) grew since the 1990s and early part of this century, the paradigm began to shift. Several providers started developing a network of strong partnerships, tapping into supplier R&D in disruptive technologies, human capital talent and volume-driven cost effectiveness.

## ✓ With 34 million UK pension consumers, John Dovey, at Paragon Customer Communications, discusses how communication strategies are addressing critical industry challenges

Communication management is no exception. Today, outsourcing physical communications can deliver cost savings by up to 60 per cent, while reducing disparity and interoperability challenges from internal legacy systems.

### Abandoned pots

Despite outsourced cost savings, abandoned pensions cost schemes £130 million in administration annually. This is expected to increase significantly by 2035, due to auto-enrolled abandonment during employment mobility. Automated tracing services, combined with exciting opportunities through the Pensions Dashboard Programme, provide opportunities for members to re-evaluate their investment objectives against current life-stages and to minimise the risk of unauthorised third-party access.

### Mitigating pension and identity fraud

According to the FCA, consumers lose an average of 22 years' savings, from pension scamming. Of 3.8 million cases of fraud, 15 per cent were targeted through digital channels, while only 1 per cent related to postal channels. Developing easy-to-use authentication, email encryption and signposting techniques can enhance online member trust.

### Population transformation

Digital barriers aside, investor platforms reported an accelerated focus by homebased millennials towards their savings during the pandemic. Either side of this generation is a growing cohort of auto-enrolled employees entering the workforce, within an increasing ageing population. This intergenerational

spread is reshaping and transforming the population, requiring a differentiated, yet coexistent, CCM platform.

### Communicating without a footprint

With demand from younger investors, several schemes have pledged to become carbon neutral within an ambitious timeframe. Test marketing content about ethical investments will help us to understand the consequent impact on savings behaviours. Importantly, companies must review the environmental impact of their internal route to investments, such as supply chain and procurement activities.

### Tomorrow's pension landscape

With a strategic partner, schemes can interact with members through data-enabled technologies – including apps and social media platforms – and blended with traditional channels. This not only drives process automation and cost-efficiency but deliveries stronger investment outcomes for all members.

**For more information: please contact Orinn Checkley, Business Development Director, [Orinn.Checkley@paragon-cc.co.uk](mailto:Orinn.Checkley@paragon-cc.co.uk), and download Paragon's pension engagement paper: <https://www.paragon-cc.com/en-gb/inspiration/closer-look-pension-technology-and-its-impact-communication-innovation-ebook>**



✦ **Written by Paragon Customer Communications client relationship director, John Dovey**

In association with

**PARAGON**  
Customer Communications