PMI

Technology and AI Industry Guide 2026



INTRODUCTION



Helen Forrest Hall
Chief Strategy Officer
PMI

The pensions industry has always adapted to change. New regulations, shifting economic conditions, evolving member expectations and advances in technology have all shaped the way schemes operate today. What feels different about the current wave of technological innovation, however, is both its pace and its potential impact across every part of the pensions landscape.

Artificial intelligence, automation and increasingly sophisticated data capabilities are already influencing how pension schemes, administrators, advisers and providers deliver services. From improving operational efficiency to enhancing member communications and strengthening decision-making, technology is moving from an interesting future possibility to an integral part of day-to-day activity.

As the professional body for pensions, the PMI's role is to support informed discussion about these developments. We want to help the industry understand not only what is possible, but also what is practical, responsible and ultimately beneficial for savers. This guide brings together a range of expert perspectives that help advance that conversation.

The contributions in this publication demonstrate the breadth of innovation taking place across our sector. Peter Paterson of Paragon DCX explores the growing role technology can play in improving engagement and creating better experiences for members. Tracy Weller of Pi Partnership examines how trustees and organisations can embrace AI while maintaining appropriate governance and oversight. Jonny Muir of Procentia highlights the critical importance of data and infrastructure in supporting successful digital transformation. Meanwhile, Robert Cochran of Scottish Widows looks at how innovation can help reshape pension services, strengthen member engagement and support better outcomes for savers in the years ahead.

Lucy Stone of The Pensions Regulator (TPR) says technology and AI can improve pension scheme outcomes and urges trustees to act now to ensure these tools are deployed responsibly, with strong governance, high-quality data and effective oversight at the heart of decision-making.

While the articles approach technology from different perspectives, there are several consistent messages throughout. One is the importance of strong foundations. Whether discussing administration systems, artificial intelligence or member-facing tools, success depends on reliable data, clear governance and a thorough understanding of the needs of scheme members.

This emphasis on responsible adoption has also been reflected in **recent guidance from The Pensions Regulator**, which encourages trustees to embrace the opportunities presented by AI while ensuring appropriate oversight, transparency, accountability and risk management remain in place. These principles will be critical if the industry is to realise the benefits of innovation while maintaining the trust of savers.

Another theme is the opportunity to improve how savers interact with pensions. For many people, pensions remain complex and difficult to engage with. Technology offers the possibility of making information more accessible, communications more relevant and support more responsive. Used thoughtfully, these developments can help people make better-informed decisions about their financial futures.

At the same time, the guide reminds us that technological innovation should never be viewed as an objective in its own right. The pensions industry is built on trust, professionalism and accountability. New technologies must complement those principles rather than replace them. Human expertise, judgement and oversight will remain essential as organisations evaluate new opportunities and manage emerging risks.

What is particularly encouraging is that the discussion has moved beyond efficiency alone. Increasingly, technology is being considered in terms of the value it can create for schemes and the outcomes it can help deliver for members. That shift in focus is both welcome and necessary.

I would like to thank Peter, Tracy, Jonny and Robert for sharing their expertise and practical experience. Their contributions provide a valuable snapshot of how different parts of the industry are approaching technological change and the challenges and opportunities that lie ahead.

Technology will undoubtedly play an increasingly important role in the future of pensions. The task for our industry is to ensure that innovation is adopted thoughtfully, governed responsibly and always focused on delivering better outcomes for the people whose financial futures depend upon us.

TECHNOLOGY AND INNOVATION:

IMPROVING OUTCOMES RESPONSIBLY



Lucy Stone
Pensions Dashboards Lead
The Pensions Regulator

Technology has an important role in helping schemes improve administration, strengthen governance and support members. Better systems, automation and digital services can make processes more reliable and efficient. Artificial intelligence (AI) offers further opportunities, but carries its own risk. The starting point in all cases should be what your scheme and members need, and where technology can make a meaningful difference.

Trustees and scheme managers do not need to become technology experts, but they remain accountable, including where work is outsourced. Understanding how technology supports your scheme is part of this.



Technology, and in particular AI, can feel unfamiliar and even daunting. But you already have the tools you need – the general code sets out our expectations in terms of internal controls, managing providers, business continuity planning, risk management and the maintenance of IT systems. And our recently published AI guidance explains how these existing expectations apply in the context of artificial intelligence.

Start with the problem, not the technology

Technology should be a means of improving outcomes, not an end in itself. Be clear about the problem you want to solve and whether the proposed approach is the right solution. Consider how you will assess whether it delivers the intended benefits. The answer may be better use of existing systems rather than a new tool.

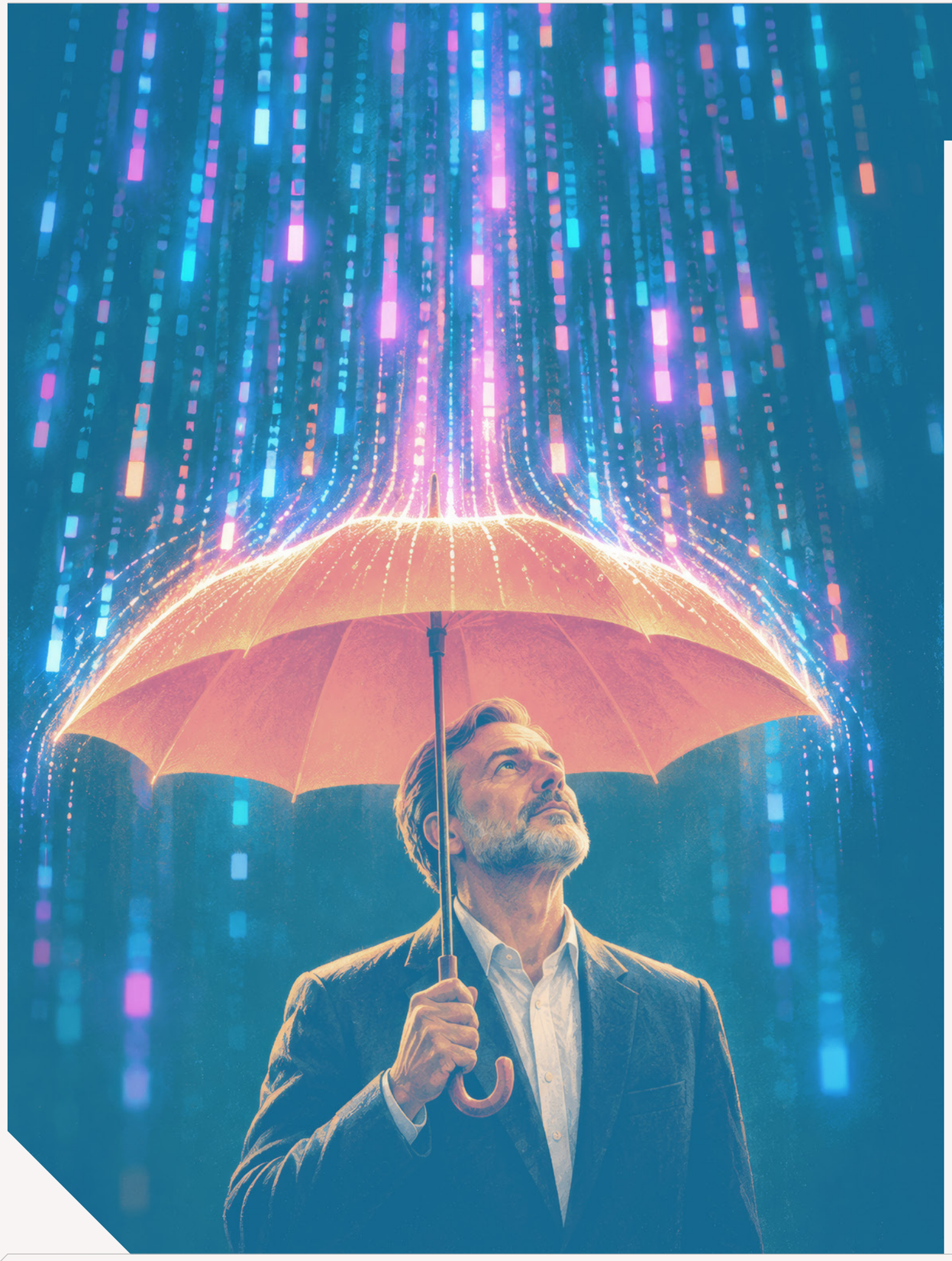
You should also understand the systems and tools your scheme relies on, including those used by your providers, as well as within your own board. Ask what processes these tools support, where manual work remains and what improvements are planned. Where AI is used, understand what decisions it may influence and who is responsible for checking the results. AI should support trustee judgement and meaningful challenge, not replace them.

Good systems and good data go together

Data quality is essential for good member outcomes. Trustees should treat it as a core accountability, not an operational afterthought. The successful deployment of technology and AI depends on accurate, up-to-date information. Where AI is used, inappropriate data can introduce bias, with consequences for members. You need to make sure that your data controls are robust, and not just consider data when a special project comes along.

In turn, automating appropriate tasks and processes can improve the accuracy and reliability of data, and many schemes are successfully deploying AI to help improve data, for example by identifying gaps or inconsistencies.

Regularly consider whether administration or technology innovations could improve data quality. Where AI is used, understand the data it relies on, its limitations and whether it is appropriate for the task. You also need to understand how scheme and member information is used and protected, where data is being used, and seek assurance that appropriate arrangements are in place.



Governance is ongoing

Introducing or upgrading technology is not a one-off decision. Keep its performance, risks and controls under review, including whether it continues to meet your scheme's needs. Systems should be tested when implemented and regularly afterwards, and properly maintained. You need to understand how errors are identified and corrected and who is accountable when something goes wrong. In many cases trustees don't directly control the technology, but they will need to seek assurance and oversee their providers – consider these issues when you procure services, reflect them in contracts, get regular reports and ask questions. Seek advice where you need it.

When it comes to controls, it's all about proportionality: the level of oversight should reflect the consequences of an error or failure, the information involved and how much the scheme relies on the system or technology. When it comes to AI, consider the autonomy with which they operate – a tool which can independently change records or initiate transactions needs greater oversight than one which creates first draft summaries of meetings.

Plan for disruption and protect members

Technology can strengthen operational resilience, but it can also create dependencies and cyber security risks. Understand what would happen if a key administration system, member service or supporting tool failed or became unavailable, and include these dependencies in your business continuity planning. Your scheme needs to be able to continue operating when technology does not work as expected.

When introducing digital services, consider how members will access support, including those who cannot or do not wish to use digital channels. Where AI informs decisions affecting members, you should be able to explain those decisions, address bias and provide a route to challenge them. Better technology should support fair and accessible outcomes, taking account of the needs of vulnerable and digitally excluded members.

Act now: put technology and AI on your board agenda

There is no time like the present – if technology and AI aren't already on your board agenda, add them. Make time to discuss whether your scheme's technology continues to meet its needs and where improvements could benefit members. Ask your administrator, advisers and other service providers what investment and changes are planned, what benefits they should deliver and how progress will be assessed. Ask them how they are using AI, why, how it is tested, how it can be challenged or overridden. For any significant technology change, understand why it is needed, what it should improve, who is accountable and what happens if it goes wrong.

Be curious about the opportunities, but pursue these responsibly, mindful of the risks. The aim is not simply to adopt new technology. It is to use it well, with strong governance and better outcomes for members at the centre.

Procentia®
Innovating PenTech since 2002

HOW TECHNOLOGY IS RESHAPING PENSION OPERATIONS



Jonny Muir
Chief Product and AI Officer
Procentia

For decades, pensions administration has centred on process execution: completing transactions, maintaining records, meeting service standards and remaining compliant. The industry has become remarkably good at this, often despite its systems rather than because of them. Yet many operations still depend on manual effort, knowledge held by a small number of specialists and action taken only after problems emerge.

Technology and Artificial intelligence (AI) make an ambitious redesign of pensions administrations and operations possible.



From recording systems to intelligence systems

The pressures are compounding. Data quality affects dashboards; dashboards expose service capability; and that capability depends on systems, people and processes working together. Add ageing technology, regulatory change, constrained capacity and a widening skills gap, and the question is no longer how technology can support administration, but how pension operations should be redesigned around it.

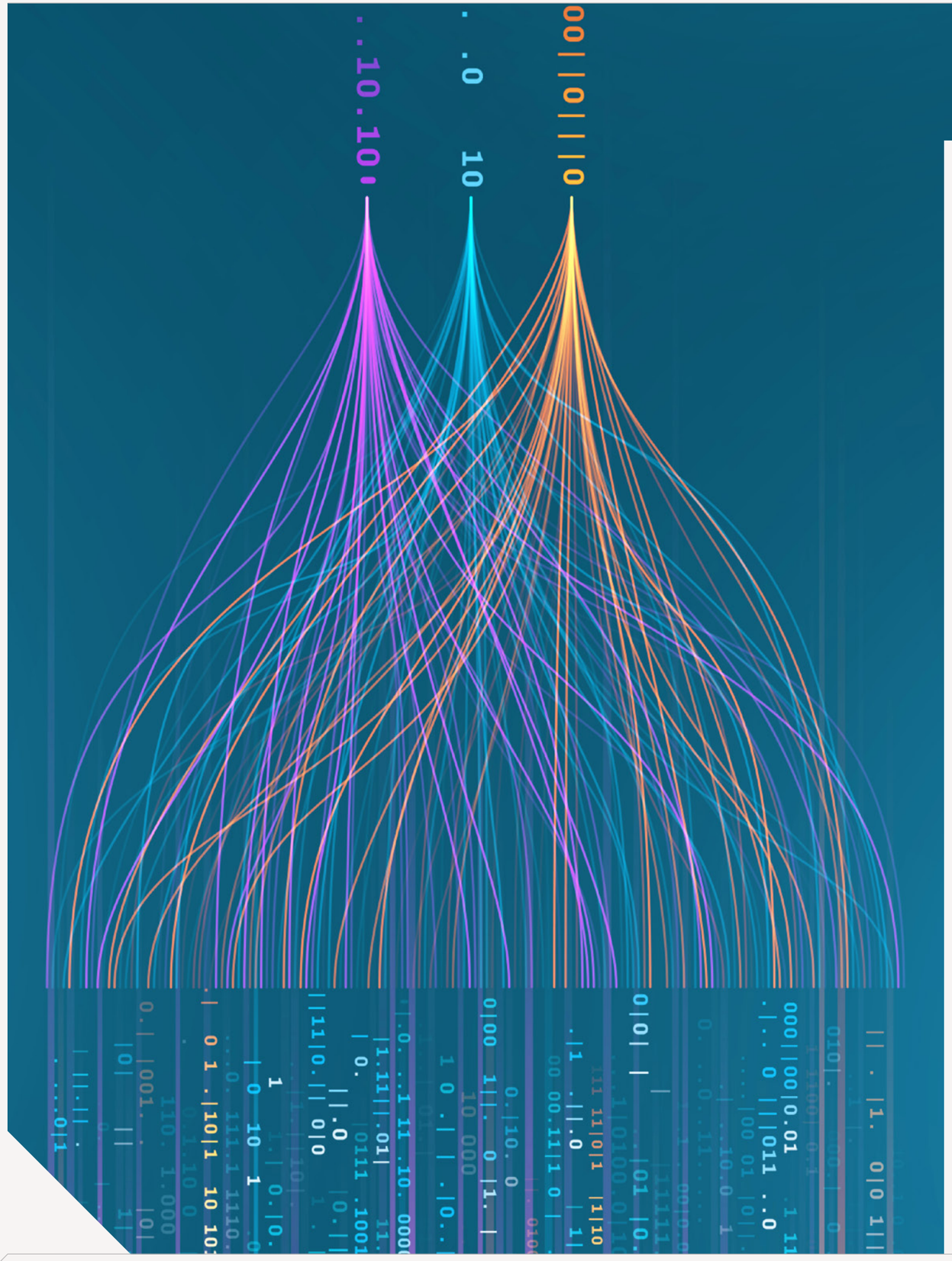
Combined with connected data, cloud platforms and well-designed digital workflows, it can turn information processing into operational intelligence: identifying risk before it materialises, anticipating demand and preparing work before a person picks it up. At the centre of this change is the administrator, evolving into a Digital Operator who uses data, AI and professional judgement to manage outcomes rather than simply complete tasks.

Members now judge their pension against the digital services they use every day, expecting real-time information, intuitive self-service, and personal guidance. That is hard to deliver from mainframe systems, manual data feeds and paper-based workflows.

Connected, cloud-based technology changes the equation. Specialist components can work together through well-defined integrations, allowing new journeys and regulatory changes to be absorbed through configuration rather than costly replacement. A governed information layer, with common definitions, clear ownership and appropriate security, is the foundation for using AI safely at scale. Traditional systems record what has happened; an intelligence layer can identify patterns, surface likely causes and help teams anticipate what may happen next.

The pensions dashboards programme shows what the industry can achieve with common data standards. Applying the same discipline to tracing, transfers, and other cross-scheme journeys would remove friction for everyone.

> ***"The question is no longer how technology can support administration, but how pension operations should be redesigned around it."***



Data: the foundation AI depends on

No AI model can compensate for poor data. In a digital operation, data is the operating layer: it connects platforms, drives workflows, and underpins every member interaction. When it is spread across systems, suppliers, and formats, the cost shows up as delayed reporting, hidden risk, rework, and dependence on a few experts who know where the problems lie.

Modern data platforms and analytical models allow organisations to test relevant datasets rather than rely solely on samples. Rules-based controls and AI-assisted analysis can identify duplicates, gaps, unusual patterns and potential inconsistencies for investigation. For schemes approaching buy-in, buy-out or an administrator change – and for insurers onboarding risk transfer business – this provides an earlier, clearer view of issues, helping to protect timelines and reduce uncertainty in pricing.

The bigger shift is from periodic cleansing to continuous data governance: clear ownership, quality measures reported alongside service metrics and defined escalation routes. Dashboards have already elevated data from a back-office concern to a board-level capability. Schemes that use dashboard readiness as a catalyst for wider improvement will be better placed to benefit from AI.

This thinking underpins Procentia's new solution, Intelli-AI, an intelligence layer designed to work alongside its administration platform and turn fragmented pensions data into trusted insight, predictive intelligence and automation.

AI-enabled workflows: redesigning for purpose

Consider a retirement or transfer journey built around duplicated forms, manual validation and multiple hand-offs. Rebuilt as one digital workflow with AI at the front door, it changes completely. AI can read incoming emails, scanned letters, uploaded documents and calculation data; classify the request; launch the right workflow; and pre-populate the case for review. Members receive faster answers, administrators work from a connected view and schemes can absorb growth without increasing headcount at the same rate.

Not every scheme can transform at once, but every scheme can set a clear target operating model. Start by mapping where friction sits today, measured in hand-offs, rework, and elapsed time. Tackle first the journeys where AI and redesign deliver most value, prove the benefit, then scale.

But AI should not be implemented for the sake of it. The biggest gains rarely come from automating a process that was never designed for a digital world.

> ***"Don't just ask yourself if a process can go online and AI needs to power it. Instead, ask whether it makes sense to do it all and if it's going to be relevant in a few months' time."***

From reactive to predictive operations

Connected operations bring new dependencies, and a cyber incident, failed integration, or supplier outage can quickly disrupt service and erode member trust. Resilience can no longer sit at the edge of the operating model; it must be built into everyday work.

AI shifts operations from reactive to predictive. Combining real-time operational data with predictive analytics, it can forecast workloads, anticipate demand spikes, flag likely service-level breaches before they occur, and recommend next steps on urgent cases. Paired with mapped dependencies, tested recovery plans, and clear decision rights, that lets teams intervene early rather than explain afterwards.

The administrator becomes a Digital Operator

Across industries, AI succeeds when it augments people rather than replaces them. When AI handles data entry, triage, and other repeatable work, the administrator's role moves from task completion to operational orchestration: overseeing exceptions, interpreting data, managing risk, and improving how services are designed.

Success is measured differently too: by data quality, resilience, service performance, and member outcomes rather than tasks completed. That calls for new skills, including data stewardship, digital workflow management, AI literacy, operational risk oversight, and service design.

The Digital Operator is also the essential check on the technology. AI can triage cases, draft communications and surface inconsistencies, but its output may still be wrong through hallucination or misinterpretation. Organisations must define where AI may assist, where human approval is mandatory and where it should not be used. Outputs require proportionate validation, clear accountability, traceability, access controls and routes for challenge and override. Controls should reflect the consequences of error, particularly where member benefits, personal data or regulated communications are involved.

What it means for trustees and members

Trustees remain responsible for paying the right benefits to the right members at the right time, and AI should make that oversight easier, not harder. They should expect clear reporting on data quality, security, and how delegated authority is exercised, and feel confident asking where AI is used, how it is governed, and how it improves member outcomes.

Governance has shaped Procentia's approach from the outset. Intelli-AI is built on a governed data foundation with security, auditability, and data quality controls, and keeps a human in the loop, with a full audit trail of every recommendation and decision.

For members, the benefit is support that is timely and relevant. AI can use data and behavioural insight to target help at the moments that matter, such as approaching retirement or considering a transfer. Increasingly, members will be able to ask questions in plain English and receive timely answers grounded in trusted scheme information, with appropriate controls and routes to human support where interpretation or judgement is required.



Moving from digital ambition to operational advantage

The future of pensions administration will not be fully autonomous. It will be defined by AI working alongside skilled professionals, helping them make faster, better-informed decisions. The organisations that benefit most will invest in the operating model and digital skills, not just the systems.

In practice, organisations should put data under continuous governance before layering AI on top, then apply it first where friction is greatest and member value clearest. Baseline the time spent on manual work, exceptions and member support, and reinvest released capacity in quality, governance and complex cases rather than allowing volume to absorb it. Test resilience against realistic scenarios, establish clear rules for human oversight and develop people alongside platforms so administrators can become confident Digital Operators.

The industry is moving from task delivery to digital operations. Procentia's focus is to help turn fragmented data into a strategic advantage for providers, trustees and members. As PASA's Digital Admin Expert Partner, we are working with the industry on shared challenges in technology, member engagement and AI – supporting operations that are insight-led, resilient and member-focused.

SCOTTISH WIDOWS

AI IN PENSIONS:
REGULATORS RESPOND AS AI USE GROWS



Robert Cochran
Innovation and engagement specialist
Scottish Widows

AI is already becoming part of the pensions journey for many. Regulators are now moving quickly to ensure it is used safely, responsibly and in members' interests.

2026 is the year UK financial services stopped talking about AI as a future trend and started treating it as a present-day reality. As consumers use it and increasingly trust it to help them make financial decisions the regulators have it firmly in their sight.

The FCA Mills Review into advanced AI and The Pensions Regulator's AI Plan show the regulatory focus is no longer whether firms use AI. It is about how they govern it, monitor it, test it and remain accountable for the outcomes it creates.



Over the past few years, AI has become a fixture at financial services conferences. Pilots, innovation projects and bold predictions about its potential to transform investing, saving and pensions have been hard to miss.

But 2026 feels different.

In 2026, it feels like we've crossed the AI Rubicon. We've moved from debating what AI might mean to dealing with the reality of widespread use. It is becoming embedded in how we work, how consumers find information and, increasingly, how they make decisions.

In many ways, it reminds me of the journey we have been on with social media.

Consumers embraced social media long before most financial services firms fully understood how it would influence financial decision making. Eventually providers, advisers, and regulators adapted and what started as a new communication channel became a regulated part of the financial services landscape.

A recent FCA case underscored this shift, with seven social media influencers sentenced for unauthorised financial promotions. The FCA has also led wider action against so-called 'finfluencers', making clear that consumer protections apply regardless of whether financial content appears on a website, in a newspaper or through social media feeds.

AI feels like it is following a remarkably similar path. But the speed is quicker. And potential consequences are greater.

Consumers are already using it. Providers are rapidly deploying it. Regulators are responding. The conversation has moved on from 'should we use AI?' to 'how do we use AI safely and responsibly?'

Why 2026 feels different

What has been striking is not any single development, but the sheer volume of activity across the first nine months of the year.

The FCA launched the Mills Review into advanced AI, consumers, markets and regulation. It expanded its AI Lab activities, reopened its AI Input Zone and published a major review of how regulation may evolve in an age of increasingly autonomous AI.

The shift was reinforced in June by Nikhil Rathi, Chief Executive of the Financial Conduct Authority, in a major speech on regulation in the age of AI. Scottish Widows was subsequently included in the second cohort of the FCA's Anthropic Supercharged Sandbox as the sole pension provider selected to participate.

Meanwhile, The Pensions Regulator published its AI Plan and set out clear expectations for pension schemes, trustees and administrators on governance, oversight, data quality and member protection.

Taken individually, each announcement was noteworthy. Together, they signal something bigger.

The regulatory focus is no longer whether firms use AI. It is about how they govern it, monitor it, test it and remain accountable for the outcomes it creates. As AI becomes more capable, regulators want evidence that firms understand the risks as well as the opportunities.

For those of us working in workplace pensions, it feels very much like a 'let's get serious about AI' moment.



Consumers aren't waiting

One of the most interesting findings from the FCA's work is that consumers are already bringing AI into their financial lives.

Research highlighted during the Mills Review found that nearly a third (29%) of people who had sought pension advice in the previous 12 months had used AI.

That chimes closely with what we found in the Scottish Widows Retirement Report 2026 when we explored the role of technology and AI in retirement decision making.

Our research found 30% of people would trust AI tools to provide guidance about their pension. However, perhaps the more important finding was around who they trust.

Of those willing to trust AI, four in five said they would place most trust in AI that was backed by a pension provider or regulated financial expert. Just one in five placed greater faith in technology companies.

The findings suggest people are open to AI but want safeguards. They told us they could see clear value in AI helping explain pension jargon, estimate retirement needs and support everyday financial decision making. However, they had concerns around unsuitable recommendations, personal data and whether AI would fully understand their individual circumstances.

What struck me when comparing the Scottish Widows research with the conclusions of the Mills Review was not how different they were, but how similar.

Both point to a future where AI becomes a normal part of financial decision making. Both highlight trust as the critical ingredient. And both suggest the immediate opportunity is not replacing advice but helping people understand their options before engaging with guidance, advisers or providers.

Moving on from the Mills report and bringing things up to date, in October 2026 the FCA stated the answer is not simply to expand its remit but to make the existing boundary clearer. With a call on general AI providers to introduce "clear, proportionate and consistent disclaimers" with a goal of helping consumers know where advice is regulated and they have protections.

Learning from real life

In the first half of 2026, Scottish Widows launched the InvestAI agent, which has since supported more than 8,000 conversations with pension scheme members.

For us, AI is far from theoretical: it is helping real people with questions about pensions, investments, retirement and financial wellbeing.

Every conversation teaches us something: how customers naturally talk about pensions, where jargon creates barriers, what topics generate uncertainty – and where people want more support. In many respects, the learning is as valuable as the technology itself.

One of the big learnings from InvestAI is that people often want help understanding rather than deciding. They are looking for explanations, clarification and confidence.

The difference is that, unlike general-purpose AI, this agent operates in a regulated environment, with clear accountability for the answers it gives.

AI arrives in trustee boardrooms

Trustees feel the impact of AI without deploying it directly themselves. They increasingly report seeing AI- generated content in Internal Dispute Resolution procedures, as members use it to draft complaints, challenge decisions and organise detailed submissions.

This can help members articulate their concerns and engage with complex issues that might otherwise be difficult to explain.

But AI can also produce convincing arguments built on misunderstandings, incomplete information or assumptions that do not apply to a particular scheme. It is making AI governance highly relevant to trustee boards, as well as providers and administrators.

What should providers and trustees do now?

- Understand where AI is already being used across the organisation and supply chain.
- Make accountability clear. AI may support decision making, but responsibility cannot be outsourced to an algorithm.
- Strengthen governance, testing and ongoing monitoring.
- Equip administration and customer-facing teams to deal with AI-generated queries and complaints.
- Be transparent with members about when AI is being used, what it can do and where human support is available.

The future is closer than we think

The Mills Review talks about a future where AI does more than answer questions. It recommends preparing for a world in which AI systems recommend actions, initiate transactions and operate within agreed permissions on behalf of consumers.

This is often described as agentic AI, and it sounds futuristic.

Yet we have already come across a customer who built their own AI agent and used it to interact with the insurance part of our business in pursuit of a better deal.

This is why I think we underestimate the pace of change. When people talk about the future, they often imagine something decades away. But reality may be much closer than that.



As we move towards the end of the 'Connected Twenties' – the decade when digital became everyday – we can already see the building blocks coming together: pensions dashboards, connected finances, trusted digital identities, AI-powered guidance and, eventually, agent-to-agent interactions.

A few years ago, I wrote that pension savers are fundamentally trying to answer three simple questions:

> ***What have I got?***
>
> ***Is it enough?***
>
> ***What can I do next?***

Pensions dashboards will make it dramatically easier to answer the first question. AI can help people understand the second. And agentic AI may eventually help people act on the third.

That is an exciting prospect.

But if 2026 has shown us anything so far, it is that the future of AI in financial services will not be determined by technology alone. It will be shaped by trust, governance and the confidence people have that these powerful new tools are genuinely working in their interest.

PARAGON

THE BIG SQUEEZE:
WHAT GOOD MEMBER ENGAGEMENT LOOKS LIKE NOW



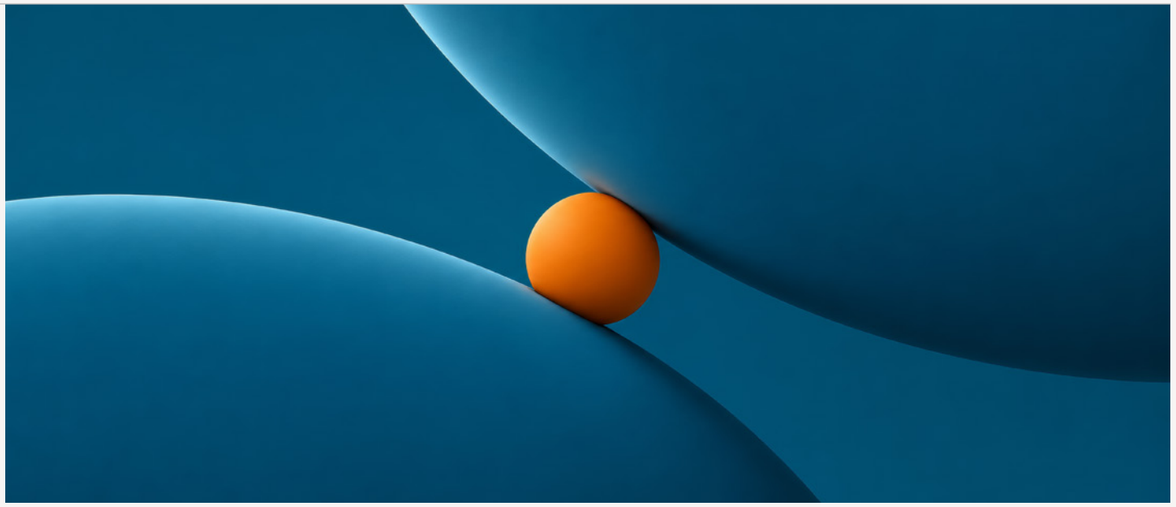
Peter Paterson
Managing Director
Paragon DCX

Regulation, member expectations and cost are tightening at the same time. Member engagement is where that pressure lands.

Every pensions leader I meet has the same brief. Modernise the member experience. Adopt AI. Move faster. Do all of it under close watch from the FCA and TPR.

Most teams answer it with a pilot. It looks great in a controlled environment, then stalls when it meets a real member journey, real data and a real audit trail. The technology never reaches the members it was built for.

Waiting for regulation to ease gets you nowhere. What needs to change is how your own organisation designs and runs regulated work.



The squeeze is already here

Pensions carries the full regulatory load. Consumer Duty, operational resilience, data protection and pensions dashboards all apply at once, with every in-scope scheme due to connect to dashboards by 31 October 2026.[1]

Small pots consolidation adds another layer. The policy targets dormant pots: those worth £1,000 or less that have been dormant for at least 12 months.[2] Consolidation is expected to begin in 2030, because the detail is still at consultation.[2,3]

Every dormant pot is a member who has stopped engaging. Reaching those members clearly, before consolidation starts, is an engagement job. It starts now.

AI is already part of the answer

In their 2026 survey, the Bank of England and FCA found 86% of financial services firms already using AI, with a further 10% planning to within three years.[4]

So the useful question has moved on. Which firms can run AI on regulated member work, at scale, with outcomes a regulator would stand behind? That is a harder test than a proof of concept, and it is the one that separates the firms getting value.

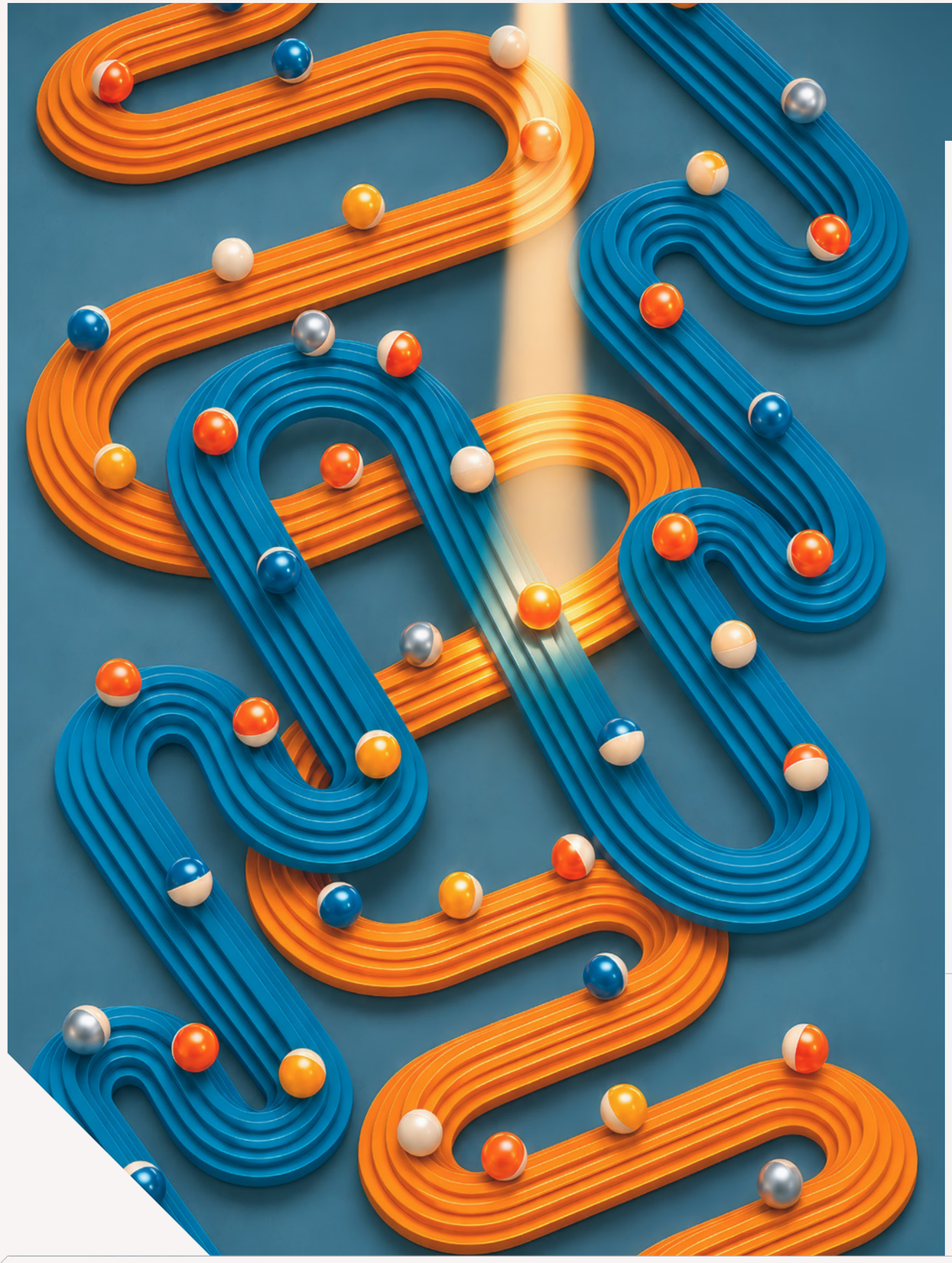
Change the operating model

UK regulation is technology-neutral and outcomes-focused. It sets the outcome and leaves you to decide how to reach it, provided you own the result.

Consumer Duty, model risk management and data protection still apply in full. In my experience, they are rarely what stalls an AI programme. The operating model around the work is.

The familiar sequence: risk reviews the work near the end, compliance signs off after the build, and evidence is pulled together when someone asks. By the time a concern is raised, the design is locked and fixing it is slow and expensive.

The fix is to move those conversations to the front. A Consumer Duty outcome or a dashboard deadline should shape the member journey from the first sketch.



Proof from other regulated markets

NatWest's Cora assistant handled 12.9 million retail banking conversations in 2025.[5] That scale rests on nine years of governed journeys, authenticated data and operational learning. GenAI arrived once the groundwork was in place.

Our own two examples come from banking and insurance. Both sectors face the same scrutiny as pensions, and the method transfers directly.

On a Tier 1 banking group's motor finance redress portal, we used the published FCA scheme as the starting point for journey design. Every requirement was modelled as a state and checked against quality and regulatory gates before build. We went from regulatory requirement to live customer journey in six weeks.

For a multinational insurer, our Paragon IQ agents process inbound documents in an approved environment. Every prompt and decision is logged, and a person steps in whenever a call is unclear. In production, it automatically classifies more than 80% of documents.

Pension administration, transfers, retirement journeys and member communications share the same ingredients: regulated data, documents and decisions that need an audit trail.

Production is where members feel it

Value reaches members on live, regulated work, day after day, with the evidence to show for it. The firms getting there share three habits:

Risk sits in the room during design. Compliance is embedded in the build. Evidence is generated as the system runs.

It works as a short loop on every change. Design against the requirement, surface risk early, confirm the outcome a regulator would expect, then release and monitor. The loop repeats for the life of the service.

Three places to start

1. Pick one journey that matters to members. Re-engaging dormant pot holders is a strong candidate. Map how regulation applies to it from day one.
2. Health-check a stalled initiative. Be honest about where the delay sits. More often it is the operating model than the rule itself.
3. Design for the requirement. When the next regulatory change lands, use it to shape the first draft of the journey.

With dashboards connecting, small pots consolidation on the way and member trust under scrutiny, good engagement means building the rules into how you work from the start.

Sources

1. The Pensions Regulator, When your scheme needs to connect with dashboards. thepensionsregulator.gov.uk/trustees/contributions-data-and-transfers/dashboards-guidance/when-your-scheme-needs-to-connect-with-dashboards
2. A&O Shearman, UK pensions: what's new this week, 21 September 2026. aoshearman.com/en/insights/uk-pensions-whats-new-this-week-september-21-2026
3. DWP, Small pots: a pathway for consolidation (consultation, published 15 September 2026, closes 17 November 2026). gov.uk/government/consultations/small-pots-a-pathway-for-consolidation
4. Bank of England and FCA, Artificial intelligence in UK financial services 2026, www.bankofengland.co.uk/report/2026/artificial-intelligence-in-uk-financial-services-2026
5. NatWest Group, Tech, data and AI. natwestgroup.com/who-we-are/about-natwest-group/tech-data-and-AI.html

BALANCING AI BENEFITS WITH COSTS – THE TRUSTEE DILEMMA





Tracy Weller
Professional Trustee
Pi Partnership

Whether we like it or not, AI is here to stay. And whilst it is clear that it offers wide-ranging benefits to pension scheme management, it also comes with many costs and risks that trustees need to consider.

As AI continues to develop, we know that members are increasingly using this technology in uncontrolled environments, and using it as a basis to make financial decisions. In addition to this, it is becoming more apparent that the environmental cost is too significant to ignore. Trustees therefore need to make the best judgements they can, using an environmental, social and governance (ESG) lens and keeping member outcomes at the centre.

It is not possible for trustees to see or govern the totality of AI's benefits and costs across pensions administration, investment and member decision-making. It is also not possible to claim that a particular use of AI is carbon neutral or creates a net environmental benefit – statistics can be selected or framed to support a desired outcome. And whilst it is sensible to take a cautious approach to using AI, trustees should not use this as a reason to avoid pursuing ESG objectives or mitigating the risks associated with AI, it should make us ask better questions.

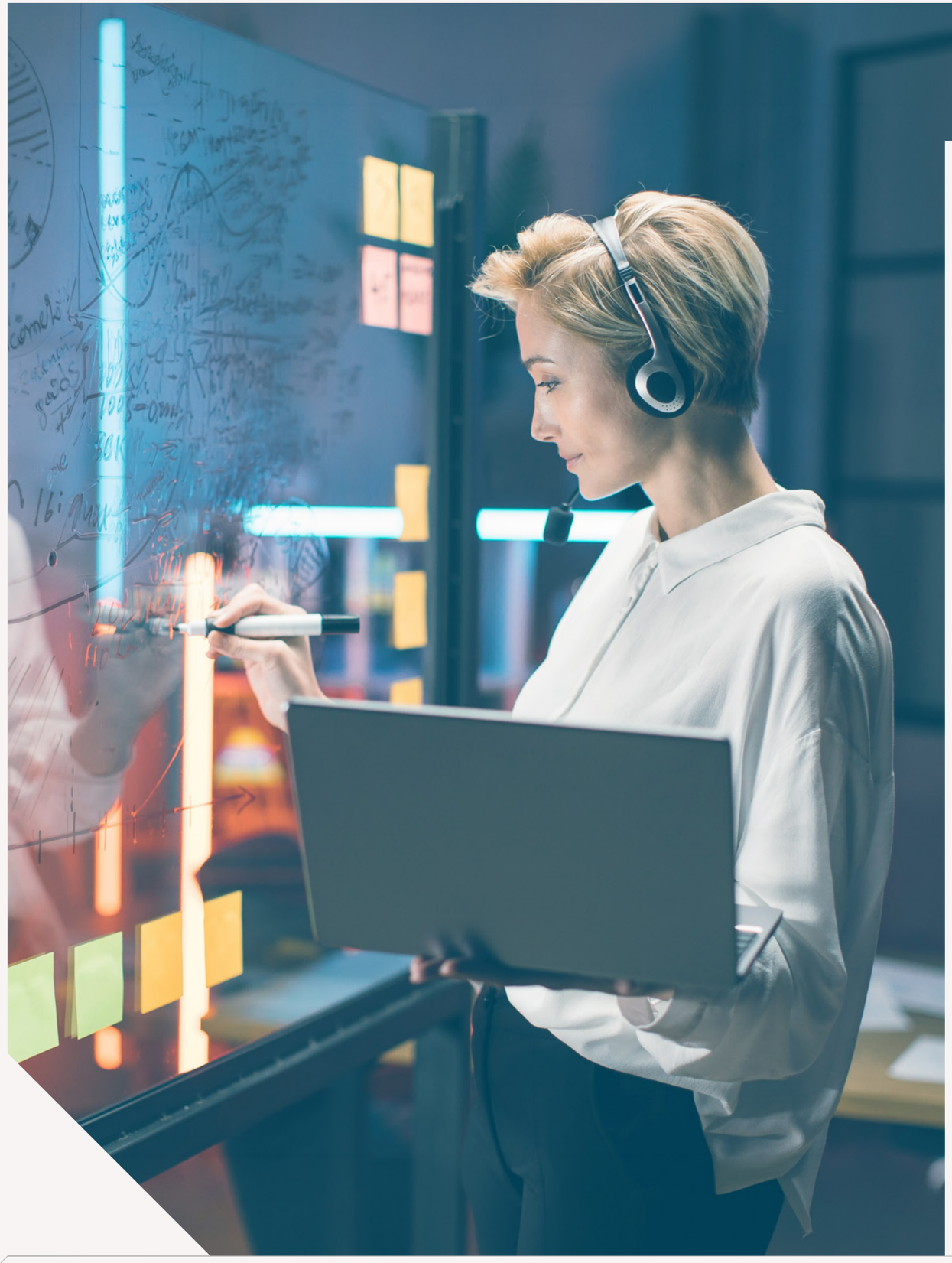
Environmental Costs and Benefits

AI, like many other technologies, places demand on the earth's resources. The International Energy Agency (IEA) predicts that growth in AI will increase global data-centre electricity consumption from 415 TWh in 2024 to 945 TWh by 2030. That means greater demand for electricity, water for cooling and computing hardware containing mined minerals, alongside wider infrastructure requirements.

At the same time, AI can be used to reduce carbon emissions, energy use and water consumption, for example, by managing traffic flows more efficiently or improving the balance of supply and demand across energy grids.

However, some of these efficiencies rely on further development of the world's infrastructure, which creates additional demands on the same resources. Those able to model these developments may conclude that AI produces a net gain, but it is difficult to see how that efficiency on its own will be enough.

Human nature is to consume. If AI makes us more productive, we may simply use the time and capacity to consume more. This raises a more difficult question – is the greatest environmental challenge not just to become more efficient, but to consume less per person? AI may enable us to do more with fewer resources per task, but that may just lead to an increase in the overall number of tasks we undertake. Trustees should therefore look beyond headline efficiency claims and ask whether total resource use is falling.



Risks and Opportunities for Members

There are significant investment and trustee policy concerns with the use of AI, but they are not the only issues. There are also immediate risks and opportunities for members. It is increasingly reported that people are using AI to help make key financial and pensions planning decisions, creating understandable concern about the quality of those decisions. Despite this apprehension, there is little research to confirm that the use of AI is leading to poorer member outcomes. In fact, AI may help improve member engagement with pensions and learn in their own time, in an environment where they feel comfortable asking basic questions. Automation has long supported pensions administration, and well-designed systems can reduce human error.

The difference is that pensions technicians are trained to use those systems. They understand the data, know how it is structured and can judge what information should be considered when processing a transaction and whether the automated answer looks reasonable. For members, the greater risk is not necessarily that AI will give the wrong answer, but that members may not know how to frame the question, provide the right data or check whether the source used is appropriate, current and accurate. They may also disclose personal or financial information without understanding how it will be used. Trustees should be concerned about inaccurate outputs, data protection, bias, digital exclusion and the point at which guidance begins to look like regulated advice.

We should also remember that human advice is not perfect. An FCA historic review of 1,142 pieces of investment and pensions advice found that 93.1% was suitable, 4.3% was unsuitable and 2.5% was unclear. This was advice provided by qualified professionals. The relevant comparison is therefore not between unreliable AI and flawless human judgement. It is whether a carefully designed AI service, with appropriate controls and access to human support, can improve on current member outcomes.

We should encourage members to use AI to help them understand pensions and unfamiliar language, but we should also support them in using it safely and validating its output. That means reminding members not to enter sensitive personal data to public AI tools, to check answers against scheme information and to seek regulated advice where appropriate.

Conclusion

Trustees will never have perfect information about the total benefits and costs of AI. The right response is neither unquestioning enthusiasm nor outright rejection. A basis of informed scepticism is most likely the best starting position – first asking what problems members are experiencing and then considering how AI could be used to solve them. When designing these solutions, it will be important to compare them with the existing processes to understand who carries the risks and keep the outputs under review. As the technology continues to evolve, trustees will need to keep ESG and member outcomes at the heart of their decision making.AI should remain a tool used in members' interests, not an objective in itself.

Registered Office:
6th Floor
9 Appold Street
London EC2A 2AP

T: +44 (0) 20 7247 1452

E: info@pensions-pmi.org.uk

pensions-pmi.org.uk