

## **Artificial intelligence in occupational pensions - results of the 2024 survey**

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### ***New opportunities through artificial intelligence***

Since the launch of ChatGPT in 2022 at the latest, Artificial Intelligence (AI) has been in the focus of a broad public. The high level of investment by leading technology companies in the development of AI models and their integration into numerous services shows the potential attributed to this technology. Generative AI, in particular, is opening up new opportunities through easier access to AI solutions and a wide range of applications in many business areas.

AI solutions have also been used for many years in the administration of occupational pension schemes (e.g. categorization of data). The new technological capabilities raise the question of the extent to which they are being used for pension services and how they will be integrated into other services in the future. To get a snapshot of these questions within the pension community, WTW surveyed pension managers. This article summarizes the key findings of that survey.

### ***To the WTW survey***

For more than 10 years, WTW has been surveying companies in Germany on occupational pension administration, technology, services and their further development. In 2024, the focus was on the use of AI in occupational pension schemes. Those responsible for occupational pensions were asked about their assessment of the potential use of AI, the opportunities and risks of AI, and their expectations for the further development of occupational pension services.

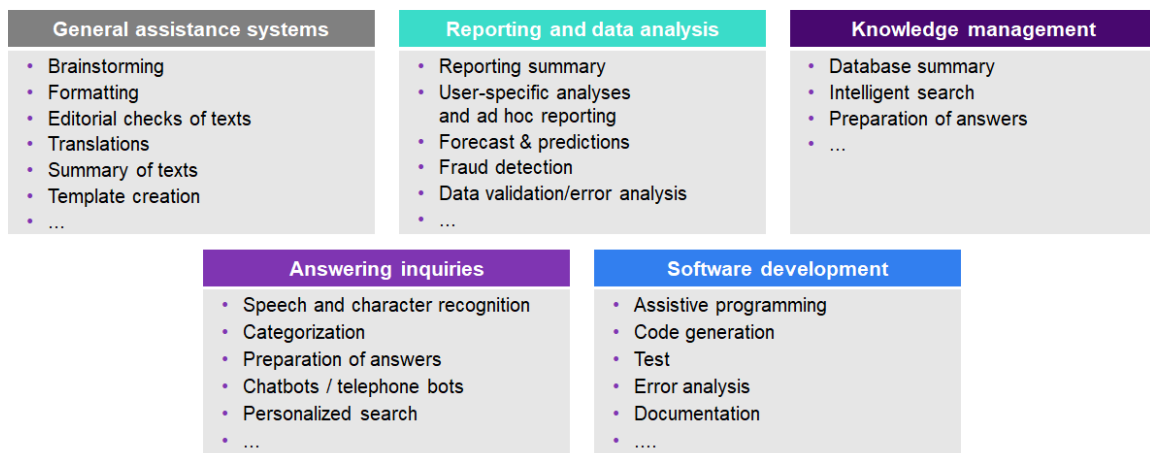
The survey was conducted via an online survey in June 2024. The group of participants included companies with a total of more than 1.7 million members (employees, vested leavers, pensioners).

### ***Possible areas of application for AI***

According to the survey, AI is primarily used in customer service. 60 percent of the companies surveyed use AI in these areas. Another key area of application is general

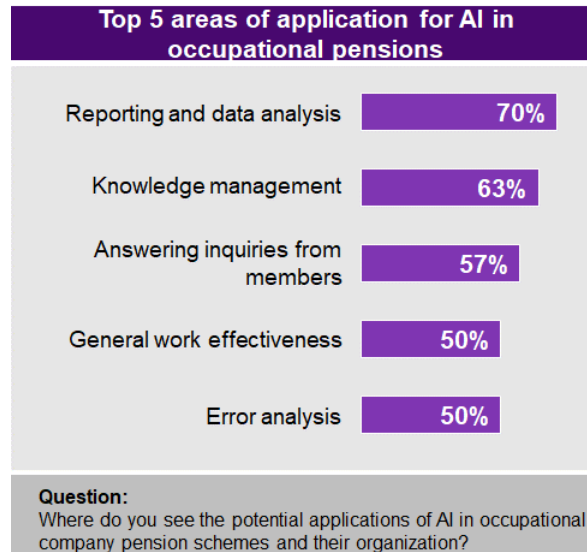
administration, human resources and technology, where around 50 percent of companies have implemented AI solutions.

There are many conceivable areas of application for AI in occupational pension schemes. Examples include assistance systems to increase productivity in daily work, knowledge management to cope with complexity, the use of data for reporting and analysis, automated and personalized responses to queries to improve member services and the entire IT and software development process.



*Illustration 1: Typical use cases for the use of AI*

The companies surveyed assessed the potential uses of AI in the area of occupational pensions. Reporting and data analytics is the most commonly cited application area, with nearly three-quarters of companies considering it relevant. In addition, 63% see the use of AI in knowledge management and 57% in responding to inquiries as useful. Around 50 percent of companies say that AI can be used to increase work efficiency and support error analysis.



*Illustration 2: Top 5 areas of application for AI in occupational pensions*

Other, less common, areas of application include the expansion of self-service solutions. These include automating benefit applications, supporting communication, and performing automated checks.

Overall, this feedback shows that a wide range of activities could be supported by AI.

**Status quo and plans for the use of AI**

When using AI, most companies rely on generative AI platforms in the cloud (58%) and self-developed solutions (52%). These approaches dominate the current landscape, while specialized providers and extensions to existing platforms still playing a secondary role.

Companies are divided in their plans for the future use of AI. Currently, 20 percent of companies are using AI assistants and 7 percent are using AI for knowledge management. Half of the companies plan to use AI in many areas within the next two years. However, there is also the other half of companies that do not currently plan to use AI. These figures illustrate the diversity of approaches and the uncertainty that still exists with regard to the widespread use of AI technologies in the occupational pension sector.

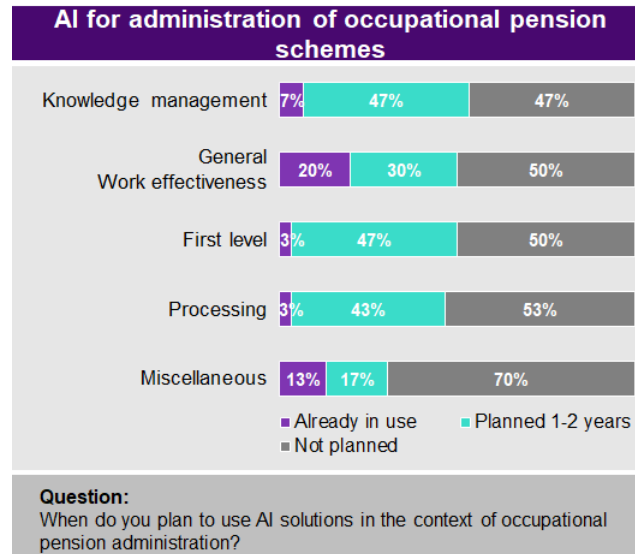


Illustration 3: Plans for the use of AI for occupational pension schemes

### Experiences with AI

According to this survey, companies are gaining experience with AI in occupational pension schemes mainly through smaller projects that focus on specific individual topics. These projects were used to gain initial practical experience and to better understand the potential applications of the technology. AI was mainly used in "workshop mode", i.e. in an experimental and less production-oriented environment.

" We are experimenting with various possible applications. "

Feedback from these pilots has been mixed. On the one hand, the implementation of AI solutions has often been described as challenging and time-consuming. On the other hand, there have also been positive experiences, especially with tools that help increase productivity. In some cases, these applications have been able to support more efficient workflows and thus add value to the administration of occupational pensions. These mixed experiences show that AI

in the field of occupational pensions is still in its infancy, but also offers potential for future developments.

" Mixed experiences. Some good approaches, but sometimes difficult or lengthy to implement. "

### Opportunities and barriers

More than three-quarters of the companies surveyed view the use of AI in occupational pensions positively. Companies see AI as an opportunity to make the administration of occupational pension schemes and related services faster, qualitatively better and more efficient. Relieving occupational pension experts of standard tasks is also seen as an advantage against the backdrop of demographic developments. Automation allows specialists to focus on more complex activities. Overall, companies see the integration of AI solutions as an opportunity to sustainably improve the performance and efficiency of occupational pension administration as well as the user experience.

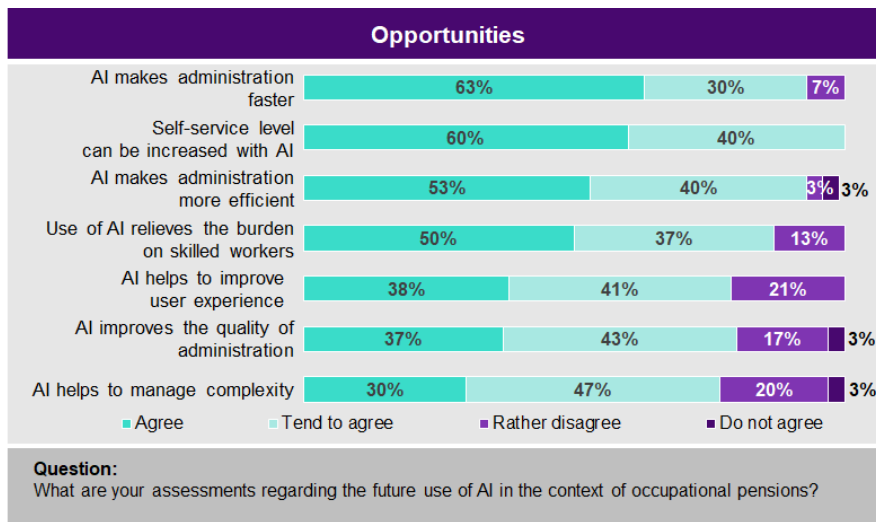


Illustration 4: Opportunities

In addition to the opportunities, companies also assessed the barriers to the use of AI. Nearly three-quarters of the companies cited data protection as the most significant barrier. Compliance issues and a lack of resources were also cited as challenges by 60 percent of companies. These obstacles make it difficult to implement AI solutions, and delay or prevent the use of AI for the pension services.

Other barriers cited include issues of codetermination, which are particularly relevant in larger companies. There is also uncertainty due to the highly dynamic nature of technological change, which leads to a reluctance to adopt new technologies. Finally, the lack of professional and technical resources is also seen as an obstacle. Successful implementation of AI requires a holistic approach that considers both business requirements and technical capabilities. It is clear from these statements that the integration of AI into occupational pension processes is seen as complex and requires a longer planning horizon.

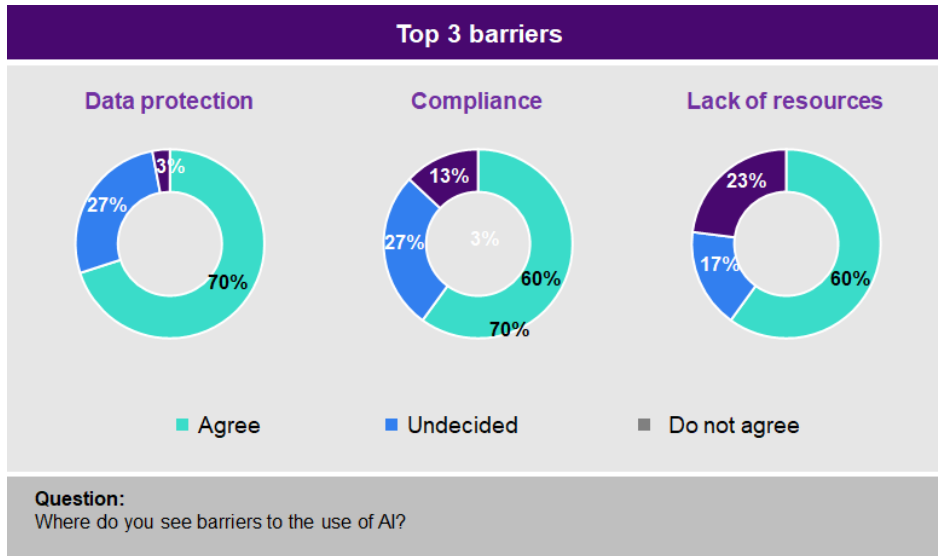


Illustration 5: Barriers

**Economic efficiency and risks**

When it comes to the question of economic viability and risk, the opinions of the companies surveyed are mixed. While a quarter of companies believe that the potential of AI is overestimated, three quarters do not. This difference in perception reflects the different experiences and expectations that companies have had or expect to have with the technology.

The risks associated with the use of AI are also assessed differently. 44 percent of companies see major risks in the implementation of AI. These concerns often relate to potential sources of error, security issues and uncertainty about the future viability of the technologies. A small majority of companies (55%) consider the risks to be manageable. These differentiated assessments by companies show that many questions still need to be clarified. The use of AI presents both opportunities and challenges that need to be carefully weighed up.

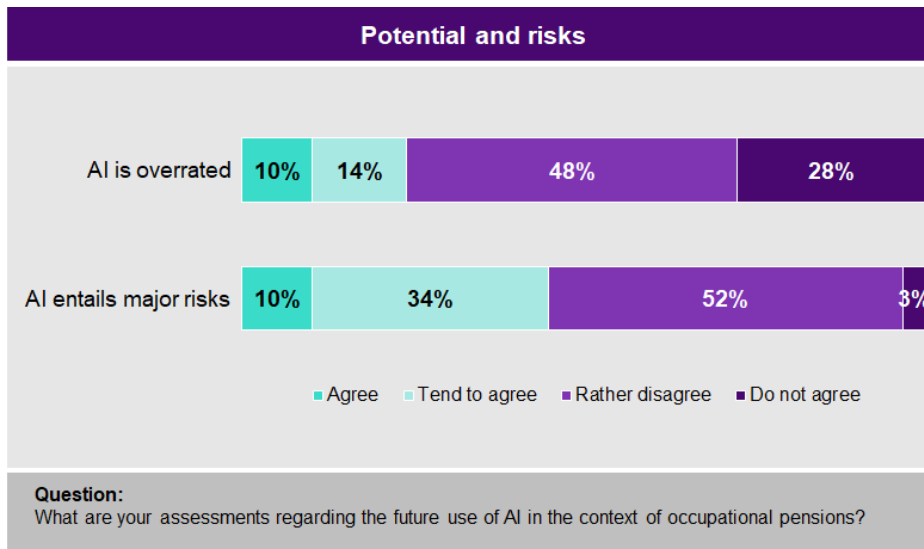


Illustration 6: Potential and risks

The question of whether AI will lead to a revolutionary change in all business processes or rather represent a gradual evolution is also viewed differently by the public.<sup>1</sup> While the general use of AI in companies is widespread, it is clear that integration into business processes is often more difficult and time-consuming than originally expected.<sup>2</sup> To realize the full productivity potential of AI, it must be fully integrated into business processes.

In practice, companies often focus on selected business processes where the use of AI promises the greatest value. This cautious and incremental approach underscores the evolutionary nature of technology adoption. Companies prefer to test and optimize AI in specific areas first, before considering broad application in other processes. This development shows that AI is more about continuously improving and adapting existing systems than radically optimizing all business processes.

Companies' expectations for the evolution of administrative costs through the use of AI vary over time. While 48% of companies expect costs to increase in the short term, 52% expect costs to stay the same or even increase. In the medium term, however, a clear majority of respondents (83%) expect AI to reduce the cost of administering occupational pensions.

<sup>1</sup> Source: Economist, "What happened to the artificial-intelligence revolution?", July 2, 2024, Link: <https://www.economist.com/finance-and-economics/2024/07/02/what-happened-to-the-artificial-intelligence-revolution>

<sup>2</sup> In Germany, every third company with more than 250 employees was already using AI in 2023 (source: Federal Statistical Office, press release no. 453 dated November 27, 2023, link: [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/11/PD23\\_453\\_52911.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/11/PD23_453_52911.html))



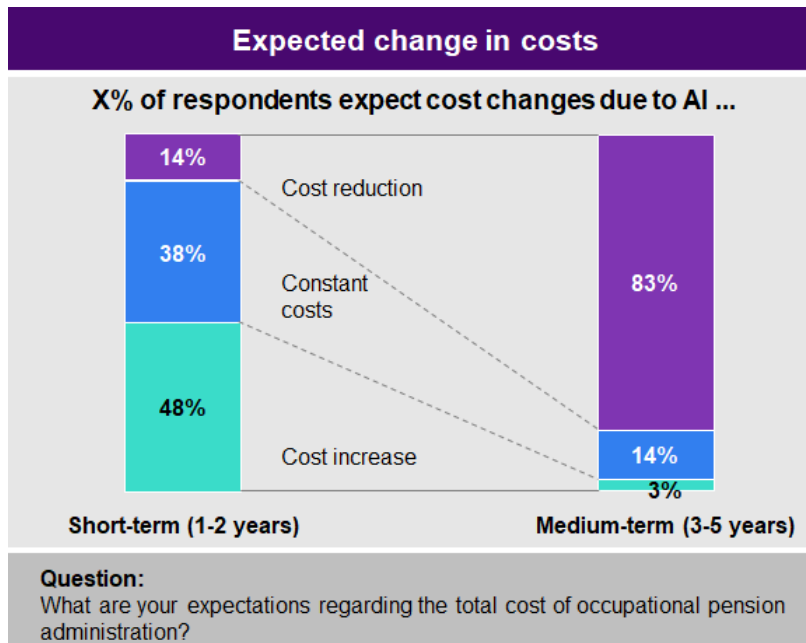


Illustration 7: Expected change in costs

These differences in the time dimension can be attributed to various factors (e.g. investment costs). Demographic change in Germany is also leading to cost increases in occupational pension administration. It remains to be seen whether the use of AI can at least partially offset these cost increases. The decisive factor will be the extent and speed with which productivity gains can be realized through the use of AI. The cost of implementing and running AI solutions will also need to be taken into account in any overall assessment.

**Expectations**

The companies surveyed have clear expectations regarding the use of AI in occupational pensions. Above all, they see AI technologies as a suitable means of making occupational pension services faster, better and more transparent. Companies expect AI to take over simple and standardizable tasks. This makes it possible to process routine tasks efficiently and thus reduce administrative costs. In addition, AI solutions are expected to relieve occupational pension specialists of simple, recurring tasks. This creates capacity to focus on more complex issues that require human expertise and experience (and can only be handled by human experts). By reducing the workload, companies can not only increase efficiency, but also improve the quality of service. Overall, companies expect profound changes to the entire process landscape.

According to the occupational pension managers ...		
	... the AI...	... but is challenging at the same time
Customer Service	... improve occupational pension services	... to create user acceptance
Areas of application	... take over simple facts	... to manage complexity
Processes	... profoundly change all processes	... to bring about change in the short term
Added value	... perform (standard) activities	... to replace specialists (will not be possible)
Quality	... improve quality controls	... to set up comprehensive risk management

**Question:**  
What is your personal opinion on AI? What do you think will change in the use of AI for change in the use of AI for occupational pensions?

*Illustration 8: Expectations*

Despite the expected benefits, companies also see major challenges in deploying AI. One of the biggest hurdles is user acceptance. There is often uncertainty or skepticism about new technologies, which must be addressed through appropriate change management. Organizations see another challenge in applying AI to more complex problems. While AI is well suited for simple and standardized tasks, it often reaches its limits when it comes to complex issues. This is particularly true in areas that require a deep understanding of individual customer needs or comprehensive occupational pension expertise. Here, companies need to develop appropriate (risk management) systems to ensure that AI solutions work reliably and correctly.

### **Outlook**

The results of WTW's survey show that companies predominantly see AI as an opportunity to improve occupational pension services. The use of AI is conceivable in many areas of occupational pension provision and many companies are planning to use AI for occupational pension services in the next two years. However, many questions still need to be clarified before widespread use is possible. These include data protection, compliance and technology topics.

The results of the survey underscore the importance of engaging with AI to stay ahead of the curve. AI offers enormous opportunities for occupational pensions. With a balanced approach, companies can leverage the benefits of this technology while minimizing the associated risks.

***Further information on AI***

For more information on the use of AI in occupational pensions, see our recent articles "[Artificial intelligence for occupational pensions - using AI for occupational pension services](#)" and "[Interview with Barthold Albrecht, Intelligent Artificials, and Franziska Kühnemund, WTW](#)".

You can find more publications in our series "[The future of occupational pension services](#)".

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