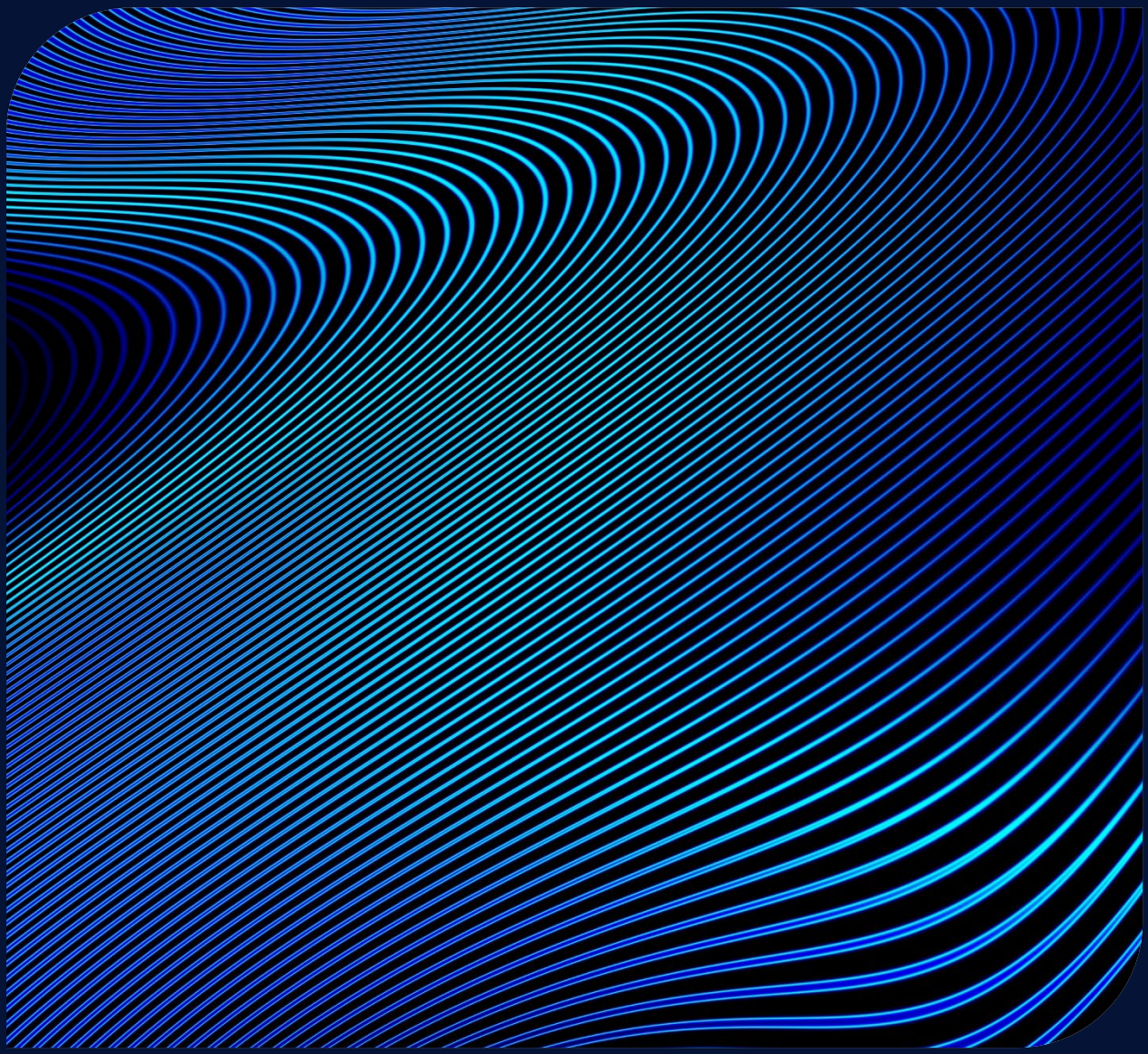
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Trusteeship in the Age of Artificial Intelligence: The Value of Judgment

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This is the first in a three-part series exploring how Artificial Intelligence (AI) will affect trustees, beneficiaries and the future fiduciary workforce. We begin with the commercial and professional implications for trusteeship, before turning to changing client expectations and the skills firms will need to develop next.

AI is creating a tension for professional trustees. Boards, owners and management teams recognise that AI could materially improve document review, information management, regulatory processes and client service, particularly as beneficiaries expect greater responsiveness, transparency and access to information. At the same time, many are rightly cautious about applying technology to a profession founded on judgement, discretion and personal accountability. Our view is that these positions may not be in conflict.

AI will not assume the responsibilities of a trustee, but it will change the economics of fiduciary administration and place greater scrutiny on the value trustees provide. The commercial question is whether firms can improve service and operating efficiency while preserving clear human responsibility for decisions and enhancing the information available to support those decisions.



AI Can Increase Capability, but Not Transfer Responsibility

A trust places control of something valuable with a person or institution that owes enforceable duties and can be held accountable for substantively exercising them at a specific time and place. Technology can already review trust instruments, analyse financial information, identify anomalies, prepare summaries and support recommendations. More advanced systems will increasingly coordinate complex activities and process volumes of information that would be difficult for an individual trustee or administration team to manage manually. These capabilities are significant, but they do not amount to a change in fiduciary responsibility. In fact, being able to do more through AI will increase both expectations for trustees and opportunities for those that can effectively govern deployment.

A trustee must determine not only what can be done, but what should be done. It must consider the purpose of the structure, the interests of beneficiaries, potential conflicts and the long-term consequences, then separate the relevant from the irrelevant and make a decision.

Should a distribution be made to one beneficiary but not another? Should a family business be retained despite short-term financial pressure? Should confidential information be disclosed?

Consider a beneficiary requesting a substantial distribution under a discretionary trust to invest in a new business. AI can do a lot, including analysing the trust instruments (including trustee powers and any letters of wishes), summarising previous decisions, analysing the trust's financial position, modelling possible outcomes and proposing a reasoned recommendation. But at the point that a decision needs to be made, the trustee must step in because the decision requires more than information: balancing competing interests, weighing context and risk and accepting responsibility for exercising the legal power. AI can support and accelerate that process, but it cannot owe fiduciary duties or be held accountable for how the power is exercised.

AI can organise the relevant information, but it cannot itself assume responsibility for the final decision. Like lawyers, accountants and investment managers, AI may support the trustee's decision-making, but it does not remove the trustee's accountability. So, although the trustee's responsibility may be unchanged, the way fiduciary services are operated and delivered is likely to shift, with implications for the commercial proposition.

AI Will Likely Change How Fiduciary Value Is Priced

Although AI does not replace fiduciary responsibility, it can significantly alter the work performed around it. Professional trustees operate in an environment of rising regulatory, tax, governance and financial crime obligations. These obligations have increased the cost of administering structures and placed sustained pressure on operating margins, resources and service delivery.

A considerable proportion of that cost arises from information-intensive work across the fiduciary lifecycle, including reviewing records and historical advice, supporting onboarding and communications and monitoring actions and reporting obligations. AI has the potential to reduce the time required for many of these activities. This creates an immediate challenge for operating models that have historically linked fees closely to administrative effort and time spent.

In our view, fiduciary businesses may increasingly need to distinguish between activities priced by reference to the time they consume and those valued for the judgement, responsibility and risk they involve.

This distinction could become increasingly important as younger, more AI-native beneficiaries take a greater role in family wealth and trust structures. Their expectations of access, transparency and responsiveness are likely to place further pressure on traditional service models, giving fiduciary businesses another reason to reconsider how the trustee's offer is packaged, communicated and priced.

As routine work becomes faster, clients may expect lower administrative costs, improved response times or a better overall service. It is unlikely to be sufficient for firms to retain the benefit of efficiency without demonstrating a corresponding benefit to the client. At the same time, reduced administrative effort does not mean that fiduciary value disappears. The responsibility attached to the trustee's role remains, as do the consequences of poor decisions. The opportunity is to articulate and price that value more clearly.

Professional trustees will need to demonstrate value through the quality of their judgement, their understanding of the parties and structure, the strength of their challenge to advisers and the clarity and accountability of their decisions. AI may therefore increase the value of good trusteeship by allowing more time and attention to be directed towards these activities. It will also make it more difficult for firms to justify pricing that relies principally on the volume of routine work performed.

The Objective Should Be Better Trusteeship, Not Simply Greater Volume

The business case for AI is often expressed in terms of scale. Fiduciary firms may be able to administer larger or more complex portfolios without increasing headcount at the same rate, but a volume-led argument is incomplete. In our work with fiduciary businesses, the more immediate challenge is often delivering the right quality of service within existing operational constraints.

Information is frequently fragmented across documents, correspondence, administration systems and the personal knowledge of individual practitioners. Compliance obligations can consume disproportionate attention. Senior professionals may spend considerable time finding and organising information before they can apply their judgement to it. AI could help distil the issues requiring attention, improve board preparation, identify gaps and unresolved actions, strengthen scrutiny of professional advice and provide faster access to historical decisions and institutional knowledge.

The client benefit should be explicit: better-informed trustees, faster access to relevant information, more consistent service and greater attention to judgement-rich matters.

There is also a broader opportunity. By reducing administrative costs without weakening oversight, AI may make some smaller or less complex structures commercially viable again. It may also help trustees oversee a wider range of asset classes, including private companies, real estate and other illiquid or specialist assets, by improving access to information, monitoring and analysis. For more complex structures, this could allow firms to devote more time to difficult decisions, stakeholder management and risk management.

Most Fiduciary Businesses Are Not Yet AI-Ready

The operational constraints described above expose a more fundamental issue: many fiduciary businesses are not yet ready to deploy AI effectively. Too often, discussion begins with the technology rather than with the condition of the business expected to use it. A firm cannot expect reliable outputs if its underlying information is incomplete, inaccessible or poorly structured. Nor can it use sensitive trust and beneficiary information without addressing confidentiality, permissions, data protection and vendor risk.

AI readiness should therefore be treated as a business transformation issue rather than a technology procurement exercise. Before moving from experimentation to implementation, boards should ask:

- Is our information complete, accurate and accessible?
- Do we have the necessary rights and controls to use it?
- Are our core processes sufficiently clear and consistent?
- Who reviews and approves AI-supported outputs?
- Can we provide evidence of how material decisions were reached?

These are not post-implementation details. A poorly organised business will not become well organised by adopting AI; it may simply produce poor-quality work more quickly. Firms need a clear governance framework for AI, underpinned by reliable data, defined ownership, mandatory human review and documented decision-making, so fiduciary accountability remains with the trustee.

Expertise Will Become More Important, Not Less

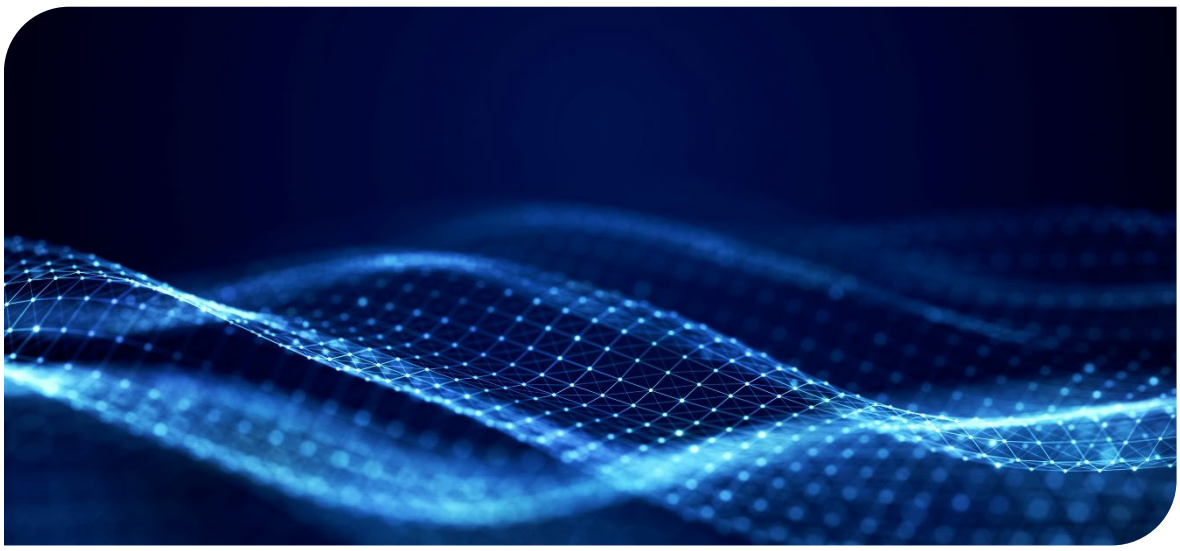
The early experience of AI adoption across sectors suggests that efficiency and expertise cannot be separated as easily as some organisations initially assumed. Reducing roles before understanding where knowledge resides can leave businesses without the experience required to govern, challenge and improve AI-supported work.

For fiduciary businesses, readiness is not only about data, systems and controls. It also depends on retaining the expertise required to interpret and challenge AI-supported outputs. AI can make information easier to retrieve. It cannot guarantee that the information will be interpreted correctly or applied appropriately. Fiduciary expertise is built through exposure to complex situations, professional challenge, supervision and an understanding of how decisions affect people over time.

Much of a firm's most valuable knowledge resides in practitioners who understand why previous decisions were made, how relationships have evolved and when a technically defensible answer may nevertheless produce a poor fiduciary outcome.

AI can help capture and deploy this knowledge, but it does not remove the need for those who possess and develop it. Used solely to reduce headcount, it may weaken institutional memory and professional judgement. The stronger opportunity is to reduce low-value work and make experienced practitioners more effective.

This wider pattern is explored by Teneo's CEO Paul Keary and Thoughtworks' CEO Mike Sutcliff in *Fortune*, where they argue that organisations can inadvertently undermine the benefits of AI adoption by removing the institutional knowledge and experienced talent needed to govern and improve it.



A More Visible Value Proposition

The commercial opportunity is not to automate trusteeship, but to redesign the work around it while keeping responsibility clearly with the trustee. Firms that reduce administrative friction, strengthen decision-making and demonstrate visible client benefit will be better placed to protect margins and differentiate their services. Those that adopt AI without addressing data, governance and expertise may simply accelerate existing weaknesses.

The strategic choice is whether AI is used merely to preserve the existing model or to build a stronger one.

In the next article, we consider what a more digital, transparent and responsive fiduciary relationship could mean for beneficiaries.

Share your perspective on how AI is shaping the future of fiduciary services.

Findings will inform a forthcoming Teneo report, which will be shared with participants.

Register to participate in Teneo's Fiduciary and AI Survey

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