

Regulatory & Supervisory Philosophy of PenCom

by

**Muhammad K. Ahmad
National Pension Commission**

National Pension Commission

- **Apex body to regulate and supervise pension schemes**
- **Formulate, direct and oversee the overall policy on pension matters in Nigeria**
- **Approve, licence and supervise PFA, PFC and other institutions relating to pension matters**
- **Maintain National Data Bank on pension matters**
- **Receive and investigate complaints against PFA, PFC and Employer**
- **Membership include NLC, NECA & National Union of Pensioners, SEC, CBN, MOF & HOSF**

PenCom's Primary Focus

- The Employee shall remain the Focal point of the Commission
- PenCom will ensure that everyone who worked receives his/her retirement benefits as and when due
- PenCom will ensure the protection of employees' interest and safeguard the stability of the system

PenCom's Key Objectives

- **Ensure the safety and soundness of the pension industry**
- **Maintain and promote the efficiency, competitiveness, transparency and orderliness of the pension industry**
- **Promote public confidence and the development of efficient pension industry**
- **Facilitate public understanding of the pension scheme**
- **Minimize crime and misconduct in the pension industry**

PenCom's Core Values

- **Goal oriented**
- **Responsiveness**
 - Prompt and efficient response
 - Timeliness and accuracy in service delivery
- **Integrity**
 - Honesty
 - Fairness
 - Transparency
- **Professionalism**
 - Competence & Accountability
 - Respect & Confidentiality
 - Teamwork & Creativity

Regulatory Philosophy

- Regulation will be rule-based, & limits oriented
- PenCom will continuously challenge and refine its practices to remain effective & efficient
- PenCom will balance the burden and benefits of regulations

Supervisory Philosophy

- Board & Management of licensed entities have the ultimate responsibility for their institutions
- Market forces to operate to the extent of promoting competition and safety of the industry
- To consult and collaborate with the market, other supervisors & relevant professionals in the industry
- To promote effective risk management & best practices
- Outsource supervisory services where necessary & rely on work of other professionals
- Supervision will be proactive & risk-based
- Extensive disclosure requirements

Rationale for Regulatory & Supervisory Philosophy

- Less sophisticated employees
- Inadequate expertise in investment & funds management
- Less developed capital & insurance markets
- Higher exposure to macro instability
- Need to control moral hazard & prevent failure of operators

PenCom's Expectations

- Skilled, Experienced & Competent Management for Regulated Institutions
- Good Corporate Governance
- All stakeholders must promote and maintain acceptable standards & practices of information disclosure
- Operators must compete on the basis of quality of service and returns
- Operators should understand & be conversant with laws, rules, regulations and guidelines on pension matters

House keeping Rules

- **Be considerate to other participants**
 - ***Switch off all PHONE SETS***
 - No Smoking, please
 - Make brief and concise comments
 - Avoid repeating Questions/ Comments
- **Be time conscious**
- **We can be orderly in our movements, contributions & comments**