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PenCom

# ICT GUIDELINES

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National Pension Commission

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elines serving as a minimum IT requirements for the licensed Pension Fund Administrators in Nigeria.

The key objective is to midwife a system that is robust, efficient and transparent in its entirety, based on principles required to assure the success of a Define Contribution Pension System.

The ultimate goal of a system is to guarantee the payment of benefits to affiliates of the Pension System.

## 1.10 General

Pension Processes require transactions and associated data to flow seamlessly between Pencom, PFAs, Contributors and other stakeholders.

A proactive management of the Pension Administration environment is imperative to a successful running of the system. Consequently, the desired system is based on the following major thrust:

- To enable effective and efficient customer service to the delight of the contributors.
- To provide cost efficient operations.
- To facilitate easy flow and accuracy of information that will serve as the life blood of the Define Contribution Pension Scheme.
- To make the administration of the Pension System transparent to all participants
- Provide for easy collaboration among participating entities
- Provide for simplification of the contribution procedures
- Guarantee adequate distribution of payments to the individual accounts
- Enable security in the flow of money and information
- Guarantee accuracy on the process of payments of benefits

The key issues to be considered for efficient information flow and effective system interoperability among the schemes stakeholders are as follows:

- System Management: Hardware, Operating System, Application, Database, Storage and backup.

- Network Management: Telecom infrastructure Management, Configuration Management, Performance and Security.

## 2.00 Hardware

The desire system should have all the standard specifications found in a server used for mission critical operations like pension Administrator Package System, including a high degree of interoperability with the other RISC base system and devices.

## 2.10 Servers

As a minimum requirement, each PFA should have a high grade Application Server, two Database servers, one to serve as a backup, and a communication Server.

## 2.20 Auxiliary Devices

- Security Firewall
- Intrusion Detection Devices
- Modems and Routers
- Enterprise Antivirus

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n any of the appropriate medium (VSAT, leased Line, etc.)
- Broadband Internet access.

**2.40 Call Center Systems**

There will be a need for a well equipped call center to take care of a contributors' enquiry and other stake holders' information needs. IVR and other business intelligent applications will b highly desired.

**2.50 Collection/Remittance:**

Collection will be operated through collaboration with existing payments platform like switching systems. Consequently, the expected system will need to be enabled to integrate with major e-payment platforms.

**3.00 Other Issues:**

**3.10 Disaster Recovery**

The key disaster recovery methods shall include:

- Mirroring of the database with RAID storage implementation.
- Complete redundancy of all components of the server.
- A Standby server to take over the functional server in case of server failure.
- Regular backup of the database onto a different physical location in the form of Compact Disk or DAT Media.

**4.00 Security Features:**

The key security features shall include:

- Biometrics enabled User Security features.
- Access Permissions restricted to the authenticated users only.
- Data Security to be done at:

  •Data entry level restricted to privileged group only.

  • Storage level.

4.10 **Software:**

All the standard features found in a Pension Administration Package System, including a high degree of integration with the other standard Front Office Operations and Back Office Applications, are expected. The system shall be based on standard ODBC database platform running on a legacy Operating System at the back end.

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| 1. | The system should be capable of interfacing with other external systems and reduce the dependency of process on manual intervention and paper flows. |
| 2. | Utilization of open architecture tools for scalability and compatibility with other systems (web, legacy systems) or databases (Oracle, DB2, Ingress Server 7, Sybase) |
| 3. | The system is expected to be able to support a growing database that could support a growing number of contributors, in the region of 2 Million within the next six months. |
| 4. | The system should consist of the following modules, among others:<br>-Registration:<br>o Employees,<br>o Employers,<br>o Affiliates/ agents.<br><br>-Retirement Savings Account Management:<br>o Transfers.<br>o Retirement/ Benefits.<br>o Voluntary Contribution.<br>o Sales.<br>o Customer Relationship Management.<br>o Self-service centre.<br>-Investment & Assets management:<br>o Risk Modeling & Measurement concept<br>o Risk types(market, credit, liquidity).<br>o Risk factors(`interest rates, exchange rates, price indexes, stock indexes)<br>o Risk concentration, volatility, sensitivity analysis, etc.<br>- Accounting Management<br>- Transfer of accounts between Pension Fund Managers<br>- Collection &distribution of payments/ Remittances.<br>- Research /Statistical and Analytical System<br>- Executive Information System.<br>- Interactive Web Site |
| 5. | All of the modules of the system should be tightly integrated with one another. A multi-tier business architecture which offers differentiated access, security and look and feel for different types of users or pension related businesses. |
| 6. | The system should be easy to learn to use , as would be reflected by an intuitive user interface and helpful tools, e.g. wizards, to introduce key concepts to new users. |
| 7. | The system should be Web-enabled and web transaction enablement |
| 8. | Ability of the system to link an intranet site and facilitate occasional users sending information to the system, and obtaining reports and other information from the system |
| 9. | The system should offer a very high degree of reporting flexibility and offer a range of easily customizable pre-defined report (content and formation) to suit individual preferences. |
| 10. | The system should be compatible with the standard payroll package to enable contribution processing providing automated collection and reconciliation from HR system. |
| 11. | Facility to accept and validate files of postings generated by external system. |
| 12. | The system should have the ability to output reports into spreadsheet format. |
| 13. | The system should be able to link directly to standard word processing package that can enable mail merging and other office automation operations. |
| 14. | The system should be capable of integrating standard Biometrics devices. |

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| | should be available on line. |
| 16. | The system should be available in a full client/server version, using an industry standard database at the server. |
| 17. | The system should be capable of performing selective, incremental and full back up and recovery. |
| 18. | The system should have document image processing (DIP) facilities, including the ability to display scanned images of contributor forms and other source documents as part of standard enquiry routines. |
| 19. | The system should have full support for multi-user operation. |
| 20. | The system should have the option to post on a batch basis, with a full range of batch handling facilities, including the ability to print unfinished –posted batches, allow users to create but not post batches, with only authorized users permitted to post batches. |
| 21. | The system should have the option to allow specified users to post on a real time basis, with each transaction posted to the system as it is entered. |
| 22. | The system should have the facility to attach free text memorandum notes to any header record/ transactions, and view such notes on demand. |
| 23. | Ability to print hard copy output on either pre-printed or blank stationery. |
| 24. | The system should have a context sensitive on line help facility, with help available at field-level. |
| 25. | Ability to capture contributions offline either on diskettes, flash drive, CDs or any other storage media and update at a later time |
| 26. | Ability to handle registration of contributors- employers / employees on selected media (diskette, CD, etc) |
| 27. | Capability to automatically check that the value of the sums collected and that of the amount on the instruments of payments of payment are the same (equal). |
| 28. | Capability to distinguish a batch of transaction to be made up of each schedule from a given employer. |
| 29. | Capability to ensure that each batch balances before acceptance into the database. |
| 30. | The system must be able to facilitate the electronic/biometric identification of claimants. This could be by any or combination of then following;<br>Photographic identity;<br>Signature verification;<br>Thumbprint digitalization; and<br>It should be capable of identifying the claimants online by accessing his bio data |
| 31. | It should be able to generate up to date information of all contributors that will be due for retirement pension on a regular period. |
| 32. | Capability to generate the claim history of every claimant and also to flag and duplicate claim for the same benefit. |
| 33. | The system should provide sufficient security of access to allow user accounts to be defied for each type of user and segregation of duties to be maintained. |
| 34 | The system should be able to maintain a permanent log file which keeps information of all creates edits, deletes, or accesses.<br>Ability to access log files only by authorized personnel.<br>Ability of information stored to include time and date of operation, function performed, and user identification. |
| 35. | Ability to produce exception reports on users who modify the system configuration and static data. |

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| 36. | Web enabled to facilitate interaction with other stakeholders (PenCom & PFC) and also enable self service by Employee & Employer. |
| 37. | Capability to integrate with the National Data Bank using standard tools. |
| 38. | Automated updating of the contributor's portfolios with transactions |
| 39. | Capability to create and maintain Retirement Savings Accounts. |
| 40. | Capability to distribute aggregate return on fund investment across individual RSA |
| 41. | Capability to enable:<br>• Customer Relationship Management.<br>• Recording of all payments related transactions for each contributor.<br>• Documenting all transfers related activities.<br>• Conducting reconciliation of customer accounts |
| 42. | Enable valuation of investments and risk management of the contributors' fund. |
| 43. | Enable requirement phase management by providing:<br>• Withdrawal facility options with details procedures<br>• Purchase of Life Annuity option with details procedures<br>• Facility for assessing accrued benefits amounts by the appropriate contributors |
| 44. | Enable flexible investments processing for both internal and external fund management, interest based, unit linked and unitized with profits processing and life styling. |
| 45. | Enable computations of financial ratios |
| 46. | Enable comparisons of each investment portfolio against regulations limits. |
| 47. | Enable analysis of:<br>• Asset quality of PFAs portfolio.<br>• Asset concentration of PFAs portfolio.<br>• Diversification of income source of PFAs portfolio<br>• Maturity mismatch<br>• Future cash flow requirement of PFA.<br>• Overall rate of return of investment portfolio.<br>• Return of each asset class.<br>• Market and industry risk of each asset class, etc |
| 48. | Immediate recall of any information the system statistically manages (e.g. contributors historical data, display of the contributors portfolios or any moment in the past) |
| 49. | The system should be able to generate report into different standard format, e.g. XML, for transaction to a designated location |
| 50. | The system should enable a rules based "engine" enabling flexible and innovative (pension) product design for the provision of an excellent platform for both today's business requirements and for your needs |