

 Z.A.P.F.

Issue 4, 2020.

PensionMag

THEME:

"SHIFTING GLOBAL
ECONOMICS - SURVIVAL
OF THE ZIMBABWE
PENSIONS INDUSTRY."

**WORKING FROM
HOME-BUSINESS
CONTINUITY
STRATEGIES IN
THE PENSIONS
INDUSTRY**

**THE FUTURE
OF PENSION
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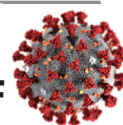


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DIRECTOR GENERAL'S NOTE

Welcome to our 2020 first issue of the ZAPF newsletter. Indeed, it is not business as usual. We would have hoped, following discussions and themes, that today we would be talking about the progress we have made so far. But today, here we are faced with an uncertain future, which hasn't spared anyone, the novel corona virus. No one was prepared and no one would ever have dreamt that we would be spending most of our time working from home with skeletal staff in our offices.

You will agree with me that the emergency of this pandemic has the effect of undoing some of the things that we had implemented in the past and that which we had planned for. This time last year we would have been discussing the outcomes from our annual conference and looking forward to other great things. Anyway life has to go on and the fact that we cannot do things a normal way, calls for extraordinary ways of thinking.

On the backdrop of this global pandemic we had to come up with articles that direct us in the way we should take as we try to stay afloat thus the theme; Shifting Global Economics - Survival of the Zimbabwe Pensions Industry.

As they say, desperate times calls for desperate measures, the pandemic has forced us to embrace technology like never before, most of which we did

not know or have never been exposed to, but work has to be done ensuring business continuity. Besides the corona virus, we have also witnessed a number of new regulations in the first quarter of the year, what do they mean to the industry? The Pensions and Provident Funds Bill was finally published in the Government Gazette on 21 February 2020 and the regulator (IPEC) has also issued a number of circulars which seek to guide the industry.

(see the IPEC report in the magazine)

As the economy continues to face macro-economic challenges, there is need to strike a balance between adjusting to the effects of the corona virus and employing new strategies in the face of economic decay, which in all fairness is the threat to the very existence of the pensions industry.

I would like to thank all our article contributors who went out of their way during this crisis to make this newsletter a reality as well as all our partners in this endeavor. A million thanks .

Sandra **Musevenzo**

happy reading

Z.A.P.F.
PensionMag

3 Penn Place Close
Strathaven
Harare.

P. +263-242-333341/42
E. zapf@zapf.co.zw
W. www.zapf.co.zw

Editor

Melody Chikono

Contributors

Norbert Musa Phiri
Joice Benza
Ranga Mtungwazi
Tanaka Gariremo
Insurance24 Staff writer

Advertising

marketing@insurance24.co.zw
insurance24brandvest@gmail.com

Magazine produced by **Insurance24**



info@insurance24.co.zw/www.insurance24.co.zw

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ZAPF 2020

The future of Pension Fund Asset Classes

RANGA MTUNGWAZI

Introduction

The COVID-19 has had a catastrophic impact on the markets around the world and Pension Fund trustees need to urgently ascertain the impact it is having on their investments. Trustees must revise their statements of Investment Principles (IPS). The review of IPSs is one of the most critical functions for a Pension Fund.

World Focus going Forwards

Central to the IPS reviews is the fundamental understanding of the assets and investment options that were traditionally meaningful but are now requiring new assessment. The new considerations may be as follows:

- **ICTs:** - The reality is that the world has changed and the way we look at things has to be adaptive. We have to embrace the new ways of life. Firstly, formal jobs are going to be lost in line with the new "working from home" concept. Secondly, operations are going to change and the usual "walk-in" systems are going to be replaced by online purchase systems. **The world is going cyber.** The ICT industry is expected to grow because of increased demand for software and social media platforms in the areas of teleworking, telemedicine, food delivery and logistics, online and contactless payments, remote learning, virtual events and entertainment.
- **Green Energy:** - Global fossil energy prices are on the drop and the global warming mindset is now growing. This means that there will be a shift towards green energy beyond previous trends. According to the International Renewable Energy Agency (IREA) renewable energy could power an economic recovery from Covid-19 by spurring global GDP gains of almost \$100tn (\$100 million in bond traders terms)between now and 2050.
- **Pharmaceuticals, Water, Health & Sanitation:** - almost 200 thousand lives have been lost to the COVID 19 pandemic. This has altered the minds of the world. The 2001 terrorism attacks changed the aviation industry and this was a loss of just around 481 000 lives. The SARS swine flue and the Bird Flue affected fewer lives. This means that the world will have more focus on survival. Another epidemic may wipe us out.
- **Nutrition:** - We need to be continuously well nourished in order to maintain our health. As such, going forward, food and

nutrition will be the focus for societies.

- **Tourism, Leisure and Travel:** - The World Tourism Organization (UNWTO) in its updated assessment of the likely impact of the COVID-19 expects that international tourist arrivals will be down by 20% to 30% in view of the extreme uncertain nature of the current crisis.

Opportunities

Traditionally, Pension funds invest in two asset classes, these are listed equity securities and money markets. Considering the nature of the returns over the past two decades, the returns have been negative both ways. However, the country still has opportunities and the future of investing for Pension Funds is shifting the asset portfolios for the future.

1. **Tourism business** is going to change and that reality must be embraced. Owning tourism property was trendy in the past because it was a USD1bln industry but the revenue will drop over the next few years according to global expectations. This presents an alternative opportunity in accommodation business that focuses on "Long Stay" as opposed to the traditional "Travellers" approach. So Pension Funds holding on to properties in the hotel and tourism industry must shift to domestic long stay models and afar from international arrivals.
2. **Listed Equities:** - the ZSE was formed in the mid-1990s and consists of companies that were relevant at the time and a few new listings have come onboard. However, even though they fit into the Pension Fund asset classes, they are largely non-relevant. Zimbabwe sits on mineral reserves and other assets that are not represented by most ZSE companies and that has to change. Pension Funds have the potential of funding alternative investments. Listing them on the ZSE and this has to be the new mandate and focus of IPSs going forward.
3. **Commodity Markets:** - The country has numerous commodities that fit into the new global demand trends but they are not traded on official markets. The Zimbabwe Agricultural Commodities Exchange (ZIMACE) was closed in 1999 and we have no exchange for precious and other minerals despite having a huge resources base. The Pension Funds industry may become the lead investor in such assets.
4. **ICTs:** - going forwards, ICTs will become the business systems for all consumers. The current penetration rates of

Zimbabwe mean that over 6 million users are online and as we move further, there may be more. Financial payment gateways and services are going to be the future of business.

5. **Energy:** - The Southern African energy deficit was predicted many years ago and the global warming impacts are being experienced now. With the REDD+ and other investment options available, green energy is the future. Pension Funds need to produce energy commercially and reduce carbon emissions for REDD+ Credits as return on Investments (ROI).
6. **Water, Sanitation, Health:** - The devastating impact of the COVID 19 pandemic will shift the global mindset on health matters. Pension Funds must invest in health and other related industries for their members and for the returns that these industries may present.

Role of Asset Managers

In view of the above, Pension Funds must work with reputable asset developers into investing in alternative asset classes for sustainability. The key areas of investment should be in:

1. **Research and Development (R&D):** - This creates room for origination of new investment opportunities;
2. **Origination of opportunities:** - When new opportunities are designed, they will require feasibility and other analysis so that they are explored.
3. **Due diligence and structuring (Implementation):** - Opportunities require implementation which will include listing on exchanges such as the ZSE (Zimbabwe Stock Exchange) so that they become traditional asset classes and restore the fundamentals of Pension Fund investments.
4. **Management and Monitoring:** - Pension Funds will need to ensure that the investments perform. This will require monitoring and ensuring that Board representation which include appointment of executives in their investments is observed.
5. **Exit Strategy:** - When the time is right, Funds need to exit or extend their asset baskets to ensure value protection.

The role of asset managers has to be that of ensuring the above processes for the future of Pension Funds and value preservation. If this is ignored, the future may be bleaker after COVID 19.

Ranga Mtungwazi is the Managing Director of MHMK Capital

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COVID-19

COVID-19 and the additional pressures of Administering Pension Funds: **Guidelines for Trustees**

NOBERT MUSA PHIRI

THE impact of COVID-19 (Coronavirus) and the measures taken to contain it have been swift and severe. This heightens the need for the Pensions Industry to understand the possible impacts and the package of measures taken by government. There are a whole range of issues that Trustees of Pension funds, Employers and Administrators are facing as a result of COVID-19.

We provide some guidance to support Trustees of Pension Funds.

Pension assets can take an immediate hit due to equity exposure and the economic downturn. The resulting monetary policy statement by the Reserve Bank of Zimbabwe on the 27th of March 2020 and Statutory Instrument 85 of 2020 permitting businesses to trade in United States Dollars (using free funds) further enhances uncertainty in an already difficult pensions industry. We recommend that trustees consider the following;

Advice and governance

It is important in these difficult times to continue to fully document decisions, whether they seek advice or not.

Over the next couple of weeks (and or months) government measures in response to COVID-19 and any directives by the Regulator IPEC are going to have short and long term effects on pension funds and Trustees should consider specialist advice on all such measures taken.

Investments

The preparation and maintenance of the Investment Policy Statement (IPS) is one of the most critical functions for a Pension fund as it establishes the formulation of Investment policy statements by Pension funds. The trustees of every registered fund are responsible for directing, controlling and supervising of the operations of the fund¹.

Trustees should consider the following:

- Review their investment governance structures to ensure they can continue to function and make decisions in light of the government imposed lockdown or restrictions on movements.
- Urgently review the funds cash flow requirements and how they expect obligations to be met.
- Urgently review any previously agreed investment and risk management decisions due to be implemented in the future. This is to ensure they remain appropriate, efficient and do not introduce risks or crystallise losses.
- Review, the Investment Policy Statement taking appropriate considerations of COVID-19 on the sustainable long-term performance of a fund's assets.

Engaging the Employer

This is an extremely difficult time for many businesses, with significant uncertainty around trading continuity, staffing, and the longer-term implications for a number of sectors. Funds require payment of contributions from

participating employers and these may be delayed or disrupted. As a key stakeholder, Trustees of Pension Funds should be kept informed with the best available information, on the employer operations. This may prove too complicated but the current times will demand enhanced engagements and communication.

Pension Fund Administration

COVID-19 is placing huge additional pressures on the administration of pension schemes. With many fundamentals of business operations changing in a dramatic and unpredictable way, forecasting will be difficult. Trustees and administrators should focus their activities on the key risks to pension savers:

- benefits need to be paid timeously
- processing of bereavement services
- employers need to continue contributing

Trustees should have appropriate monitoring and contingency plans in place and to be alive to risks pension funds are facing. The Trustees of all pension funds should work closely with their service providers, administrators, employers and IPEC to ensure that their pension funds continue to be administered on a timely basis. ■

*Nobert Musa Phiri | Partner Muvungi & Mugadza
(Member of Alliot Group)
phiri@mmmlawfirm.co.zw*

¹Section 6 E (1) (f) of SI 80 of 2017



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ZAPF 2020

“Working from home -business continuity strategies in the pensions industry”

JOICE BENZA

THE Corona virus pandemic, coined COVID-19 has had a radical impact on organisations and their Digital Transformation Strategies (DTS) putting their Business Continuity Plans (BCPs) to test. Business continuity ‘typical disasters’ traditionally tended to be associated with Information and Communications Technology (ICT) infrastructure and/or software failures, fire disasters, floods and any other physical vis-major occurrence. Working from home was also considered a privilege for ICT staff and Executives.

While terms BCP and Disaster Recovery Plan (DRP) tend to be loosely referred to interchangeably, the BCPs are the strategies for ensuring that the loss of a business is avoided, while the DRP refers to processes and procedures that should be followed during and after the loss. Most organizations have a Disaster Recovery Plans (DRP) which in some cases tends to just focus on ICT operations.

The 4th Industrial Revolution (4IR) has further enhanced virtual flexibility and agility thus making it easier for the implementation of ‘working from home strategies’ and related tracking techniques.

Strategies to manage the remote working cyber threats and vulnerabilities have become an imperative as hackers see lucrative opportunities and are working overtime to come up with new hacking tools.

It is also worthy to note that technology has never in the recent past been as critical to most businesses as it has become.



The Desktop-as-a-Service is also becoming a critical facility for organisations to consider as work-from-home-service is also becoming more desirable.

Pension Funds also find themselves in this dynamic and demanding environment, therefore the need to prioritise and utilize virtual processes and operations from home.

Most Pension Funds are at different stages of digital transformation.

Some recently replaced their legacy application systems, while others are still running systems replacement implementation projects, but had to suddenly invoke “working from home” business continuity strategies.

While some of the (BCP) strategies might have been formalised but not fully tested, others had to be randomly formulated and implemented to ensure business continuity in order to sustain productivity during the lockdown.

In the Pensions Industry, some organizations already had people given access to operate from home for various reasons. These numbers were probably below 10% of the full staff complement.

Even in cases where Cloud systems were in place and there were replications to the remote backup data centers, company policies demanded that all staff be physically present in their offices.

The biometric access systems had also been set up to record who went in and out of the offices and at what times of the day to the extent of linking them to the payroll computation.

Successful remote working is more than just setting up the home environment and getting access to the relevant systems. It requires a paradigm shift and a different mindset. It has brought about a new way of collaboration and team management required

The on-site quick chats or those standing meetings have to be substituted by some virtual conference or phone calls and made effective.

A redefinition of employer-employee relationships will also be required to ensure the

expected levels of productivity are achieved. During the pandemic, the ‘staying safe’ mode of operation i.e. repeatedly washing hands, social/physical distancing, general hygiene and other key recommendations also need to be taken into account and budgeted for time and process wise.

Communication with the supply chain and other stakeholders about the relocation of staff to start working from home is critical. Customers and similarly, suppliers, will require formalised communication as a top priority. Details of who to contact for specific requirements and relevant contact numbers is an imperative. Other stakeholders should also be advised of the new arrangement in order to avoid ‘headless chicken mode’. Communication with staff members also becomes critical such that they can remain calm and get organized.

The Original Strategic Focus – What was on the ground

Some infrastructure tools have capacity to automatically expand the number of employees who can access systems via virtual private networks (VPN) without any additional expenditure. In such instances these became ‘turn key’ and instant upgrades where the additional numbers with remote access were turned on for home working.

With Cloud based systems, access to the internet was the only critical requirement and users were enabled to access the systems from their homes. In most companies, junior members of staff still use desktop computers and the decision had to be made either to relocate them to homes and/or configure access to systems on their mobile phones. The latter obviously being a high risk and needed Cybersecurity consideration. Source documents for transaction processing which are highly confidential in most respects are usually locked up for security. A decision to allow staff to take these home requires Human Resources policy clearance except in cases where these would already have been approved in the home working BCP procedures.

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Business Continuity Planning also required identification of the most essential functions of an organization and carrying out a Business Impact Analysis (BIA) in order to confirm the most critical business elements.

Some of the most critical elements considered included receipting and processing of contributions, claims and payroll processing. The working from home BCP strategy would hence require resilience, recovery and contingency. In cases where working from home BCPs were already in place the above would already have been fully documented and just needing actioning.

The preparedness levels at the homes, also needed consideration. Facilities such as Wi-Fi, access to VPNs or NoVPN facilities for on premise systems (systems sitting at the data centers), cost for data hotspot tethering where appropriate and other facilities, including working desks and areas are of utmost importance. It is also critical to note that during lockdown everyone is at home, spouses who may also be working from home, children who may be students at universities or high schools and then the 'exciting group' - junior school and below also needing attention and doing their own 'work'. Proper planning and alignment hence would be required to ensure online conference meetings and collaboration discussions are given priority in suitable environments.

In cases where some Pension Funds were able to leave skeleton operational staff working from the office, this ensured that daily transactions were processed. This was also coupled with staff rotation to ensure that critical Departments were represented. The critical downtime and business loss due to lack of preparedness to deal with such a pandemic will need to be assessed and used as a basis to prepare for future similar situations.

Budget Considerations

In organizations which already have the infrastructure enabled for their users to connect from home the costs are minimal. Depending on the number of people operating from home and their location from the office, there will also be a cost saving on fuel and other travel costs. Other cost savings could be related to canteen lunches and bus trips to and from the offices. Other power and related costs and issues will be passed onto the end user at home and need to be considered.

Wi-Fi, data and other connectivity costs also need to be taken into account. Investment in the conferencing and collaboration system

license to include all staff could also be an additional cost.

Some Funds may need to start budgeting for home infrastructure enabling products/tools. The Fund can also decide to manage and accept some of the Cyberspace risks and hence scale down on the infrastructure and Cybersecurity tools required.

Lessons Learnt

A number of lessons have been learnt from COVID-19 and these include the following;

- It is inevitable that Pension Funds immediately review their Business Strategies and hence in line with the review process, the BCP Strategies must be based on prioritised critical elements and processes of the business.
- Business Impact Analysis structures must always be in place. Budgeting for critical items such as laptops, printers and enabling infrastructure must always be prioritized.
- Technology now plays a pivotal role in all processes of the business related to virtual home working.
- Cybersecurity is critical for opening up infrastructure for home working which could increase threats and vulnerabilities.
- Resilience must be built into the infrastructure to ensure adequate adaptability and redundancy.
- Pension Funds should budget for strengthening enhanced digital communication incorporating home working facilities.
- Employer-Employee Relationships need to be managed and relevant HR Policies crafted to deal with COVID-19 and similar situations.
- Provision of a health budget for contingency measures and testing should be prioritised in the future.
- Training in conferencing and collaboration for all staff should be prioritized.

BCP Preparedness Issues to Consider

The most critical points for organizations to take into account should include;

- Business Continuity Strategies - These must be top on the Agenda for the Company Boards and Executive Committees.
- An assessment of the current overall BCP and identification of any gaps while applying some of the lessons learnt.
- Try to adhere to originally scheduled meetings through conferencing and collaborations.

- Consider projects which can be moved forward and/or 'parked' temporarily.
- Review technology, including bandwidth levels, connectivity and security tools required.
- Carry out detailed Business Impact Analysis (BIA). Application of tried and tested BIA tools and metrics.
- Appoint a team with representation from all critical functions of the business.
- Incorporate a cross-functional budget and ensure each business unit participates and cost their relevant components to the plan.
- Identify top players to ensure that they receive appropriate training.
- Determine minimum staff requirements for key business functions, in case there is need to operate with a reduced workforce. Review HR policies and advise employees of their rights in case of quarantine or lockdown isolation time off.
- Check on required licensing requirements for home working. Globally suppliers are considering giving grace periods and concessions for license payments.
- Review medical aid and health insurance arrangements to ensure employees are adequately covered during the pandemic.
- The BCP and DRP will also need to be simulated and thoroughly tested.

The Pensions Industry Leaders therefore need to prioritize building business resilience incorporating working from home as a critical component of their Business Continuity Strategies. Eleanor Murray, a senior fellow in management at Oxford University has stated that "Most organizations will have some form of business continuity plans in place, but these plans may be insufficient for the scale and duration of COVID-19 public health emergency".

As management and staff become more familiar and confident working from home, virtual operations will soon be considered a part of the normal structures of the organization in the Pensions Industry. For those starting up on the model, there may be high initial cost outlays. However, the overall benefits should outweigh the costs in the long run. ■

Joice Benza is the Managing Consultant and CEO of X-Per Solutions. She is a Business Continuity Planning and Cybersecurity Expert and a seasoned Project Manager with over 30 years' experience in the Pensions and Insurance Industry acquired locally and abroad. Joice is also a Council member of the Computer Society of Zimbabwe as the Visibility/Marketing Chair.



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The impact of Information Technology on the Pensions Industry

KELVIN GARIREMO

A pension fund is a trust to which employees and employers alike contribute for the ultimate financial benefit of the member, his or her beneficiaries in the case of withdrawal, disability, retirement, retrenchment or death.

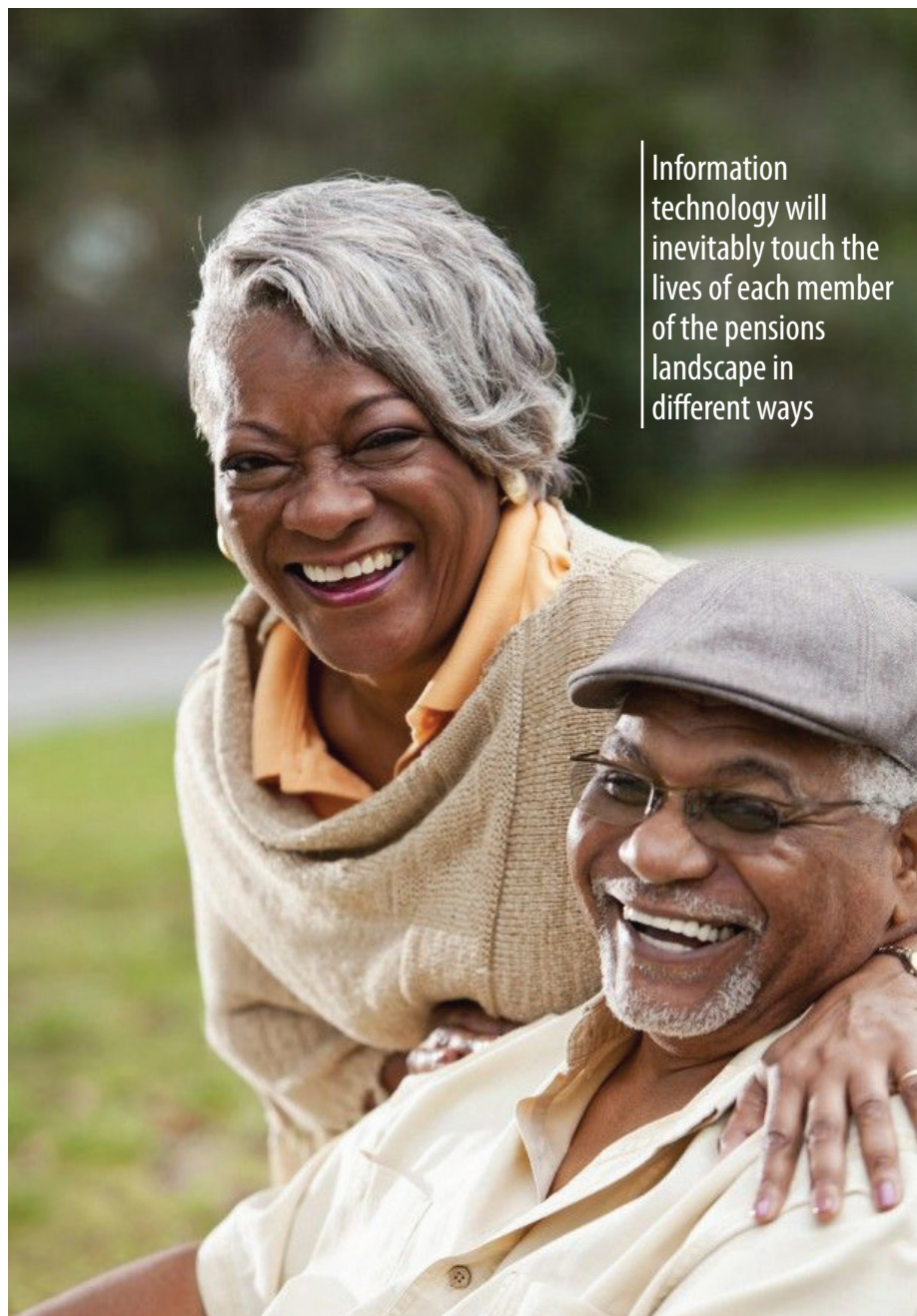
Pension funds are pooled monetary contributions from pension plans set up by employers, unions, or other organizations to provide for their employees' or members' retirement benefits. Pension funds are the largest investment blocks in most countries and dominate the stock markets where they invest. And it is our responsibility to provide and protect the interest of our members by collecting, circulating and exchanging information which will be of service and interest to the members to the members also assisting and further developing pension and provident funds

Technology has the potential to change the way we work, how we make choices, and help us achieve our long-term objectives – whether as pension scheme members, trustees, sponsors, advisers or even regulators and policymakers.

Just as technology is transforming other industries, information technology in the pension industry can turn pensions on its head, with better decision making, closer collaboration and common platforms, advanced analytics, and smarter use of resources for all parties in the pensions landscape.

The theme “Emerging trends in the Pension Industry” which was ZAPF's theme for 2019 gives us a bigger picture of the direction we should take as an industry.

Information technology will inevitably touch the lives of each member of the pensions landscape in different ways. For trustees, the promise is reduced cost, improved governance and security, and an enhanced member experience. For scheme sponsors, IT offers accurate information in real time that will empower strategic decision-making and more effective de-risking. For members, the benefits will include a much connected, direct and informed pensions experience that ultimately enables them to make much better provision for retirement.



Information technology will inevitably touch the lives of each member of the pensions landscape in different ways

Information technology can be used to enhance interactions with pension members, it help to generate member engagement through the use of digital technologies in communications, including periodic reporting, marketing communications and other information.

It is clear that pension managers have a strong desire to increase and improve the range of interactions they have with their members, in an effort to improve the understanding of pensions, and they see the internet as one of the key tools they can use in this mission.

The availability of the internet outside of traditional office hours and the working day of the pension manager is a key advantage; the Martini principle (anytime, anyplace, anywhere) of web access can move from being a fanciful notion to an everyday part of life. Communication and pensions have always gone hand in hand — because of resistance to the basic concept. The very product itself is intangible, and deferred a long way into the future. People do not want to think about pensions because as one communicator said 'it's to do with getting old and having less money'.

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Southern X provides the member centric administration solution called **Fundworx** and it is now available locally in Zimbabwe.

Are you getting into a quandary as to how to manage the arrear contributions and interest for the members?

This will always present a challenge for batched based administration systems. You need to update all of the records before you can run the required processes.

With a real-time solution such as Fundworx, it will allow each participating employer or pay centre to be processed independently to other employers in an umbrella arrangement or other cost centres in a single fund arrangement.

The ability to be able to provide a Age Analysis at Member level on Fundworx will go a long way in managing this issue and the ability to report to the regulators as required will certainly take the pressure of administrator, Principal Officers and Trustees alike.

Should you require any additional information, please contact Gary Hughes on gary@southernx.co.za



The impact of Information Technology on the Pension Industry

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Digital communications can involve simply the storage and delivery of documents electronically, or it can involve "smart" communications, with use of other media, personalisation, or interactivity to communicate with our members.

Some experts say the world is a global village as new trends are emerging every second. As the pension industry we have to cope up. Digitalisation is the way to go! A digital transformation is necessary to increase productivity and to avoid lagging behind. In these tough times digital presence enables flexible working hours or teleworking as meetings can be done remotely through video conferencing.

Digital technologies could also encourage greater transparency and allow people to manage their own data more efficiently, ultimately increasing their bargaining power and lowering the cost of private pensions. These facilitate comparison sites or allow people to aggregate and analyse their own data. Ultimately, individuals might be able to manage all their finances from a single platform

Information Technology facilitate pension scheme administration and risk management, particularly for smaller plan sponsors who may have fewer resources and could benefit

the most from lower costs and improved efficiency. It is easy to create platforms to facilitate the management of pension schemes for employers by providing a digital auto-enrolment platform. These are especially useful for small employers who may not have the resources or expertise to select a scheme or connect it with their payroll systems. New analytical techniques and big data could lead to the creation of more efficient and more personalised retirement solutions, in particular for the pay-out phase. Financial data and analytics improve our understanding of consumers and their savings and spending habits, therefore solutions for financing retirement could be better tailored to individuals' specific circumstances.

Amid the disruption, there will be challenges and opportunities. One of the major drawbacks is cost. This is because these Information systems are very expensive to implement and require an IT administrator for constant routine check-ups, backups as well as upgrades. Employers and pension providers will need to learn to work more closely with savers. We will need to confront the huge threats posed by cyber attackers and develop new standards of data security. Engaged employees will need education as they take control of their retirement planning.

In the area of interaction with members,

there are a number of potential risks. IT could aggravate financial exclusion for those who do not engage with digital communications, conversely, there is some concern that consumers will place too much trust in technological solutions and so the fall-out from any problems which will be particularly damaging.

One example of this is crowd funding, where small investors might take more risk than with traditional investment products

Even if the reality is that commercial pension products are now simpler, there is no doubt that the fear amongst members of company scheme is that they are still complicated, and they might not enjoy the experience.

Access is another threat as only 7.16 million people in Zimbabwe have internet and almost 65% of that number are teenagers who do not even understand this sector. Several replies commented that their members lacked access to the internet either at work or at home. Perhaps not surprisingly, this was an issue for those with a large proportion of manual employees; 'we must not be drawn into the illusion that most people have access to the web.

Trust appears regularly as one of the features limiting the growth of e-commerce and has a number of aspects so Data security is key. One of the issues which seems to be a regular cause of concern for trustees is whether they can satisfy their legal requirements to provide information to members via material on a website.

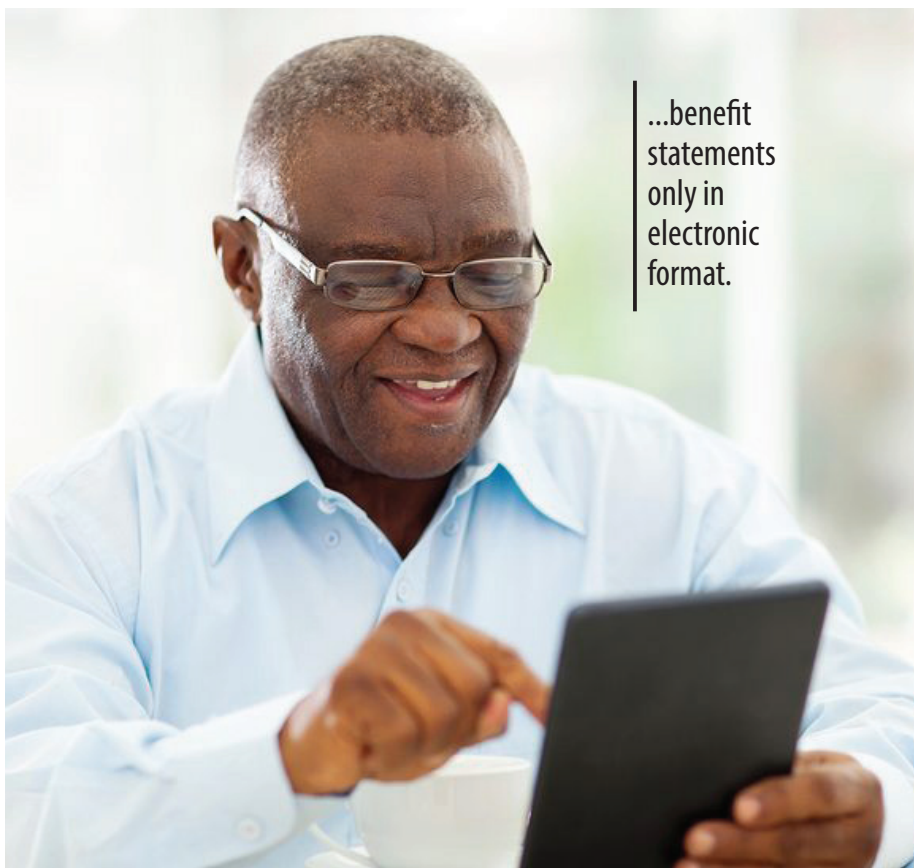
The majority still provide paper copies just in case, although there are already some examples of forward thinking schemes, in the IT sector, who provide all information booklets, forms, benefit statements only in electronic format.

Ahead of its time?

In conclusion, Information technology has a great positive impact but we simply have to be more patient and wait for it to be more prevalent in the pensions space.

While pensions technology will develop in unpredictable new ways, the genie is out of the bottle. Now is the moment to harness it for the wider good in the pension industry of Zimbabwe. ■

Kelvin Gariremo is an IT student at Mutare Polytechnic. Currently doing his attachment at the ZAPF



...benefit
statements
only in
electronic
format.



CALL FOR PAPERS AND ARTICLES

CORPORATE GOVERNANCE

The Institute of Directors Zimbabwe is extending an invitation to its members and members of the Women on Boards Zimbabwe (WoBZ) to submit corporate governance related articles for publishing

Articles submitted to the Institute of Directors Zimbabwe should satisfy the following requirements :

- Author must be a member of IoDZ /WoBZ
- Papers and articles should not be more than 2000 words
- Submissions are done periodically : Deadline 30 July 2020
- Articles must be submitted to : zimdirector@iodz.co.zw / research@iodz.co.zw

BECOME A MEMBER OF IoDZ & WoBZ CONTACT:

Cathrine Nyachionjeka
membership@iodz.co.zw / iodz@iodz.co.zw
+263 774 377 640 / +263 774616820
www.iodz.co.zw

'Integrity and Enterprise'





IPEC

BY IPEC

Introduction

It is the Commission's pleasure to provide an update on its regulatory activities during the quarter ending 31 March 2020. In its quest to attain the vision of a safe, vibrant and sustainable insurance and pensions industry by 2022, IPEC continue to enhance the legal, regulatory and institutional frameworks for the industry to align them with regional and international benchmarks. The desire is to meet the objectives of the Commission's establishment through regulatory excellence in prudential, market conduct and Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) supervision. Highlights of regulatory activities during the quarter under review are presented hereunder: -

Update on Pensions and Provident Funds Bill

The Pensions and Provident Funds Bill was published in the Government Gazette on 21 February 2020. The Commission issued Circular 4 of 2020 advising industry about the publication of the Bill and calling for submission of comments on the Bill to the Office of the Clerk of Parliament. The window for submission of comments was 14 working days from publication of the Bill, after which public hearings would be conducted. Various stakeholders submitted comments on the Bill through the Office of the Clerk of Parliament. However, the processing of the Bill was disrupted by the COVID 19 Pandemic. Industry will be advised of resumption of the Parliamentary processes once the situation normalises.

Recent Frameworks/ Circulars/ Guidelines issued to the industry

The Commission issued the following Regulations, Supervisory frameworks and Circulars in terms of its enabling Acts in response to the dynamic nature of the industry and emerging risks that call for regulatory interventions to ensure adequate

protection of policyholders, pension scheme members as well as shareholders of insurers:- The minimum disclosure requirements for pension funds and fund administrators are aimed at empowering policyholders and pension scheme members with information regarding their benefits and the operations of their pension funds. The Guidelines on Adjusting Insurance and Pension Values in Response to Currency Reforms are aimed at ensuring a seamless and flawless transition from foreign currency-denominated pension values to the local currency to safeguard interests of policyholders and pension scheme members.

Non-Pensionable Cushioning Allowances

Whilst the industry's investments in real assets such as property and listed equities have revalued in response to inflation developments, IPEC has observed that pension contributions have not been responding positively to inflation developments. The main reason being that most employers are awarding non-pensionable cushioning allowances that are as high as 10 times the pensionable salary. Whilst such practice increases monthly disposable incomes of workers, it has a negative bearing on pension benefits that will be payable in future. To this end, worker representative bodies and employers are urged to reconsider the impact of awarding non-pensionable cushioning allowances on future benefits. Pension funds and pension administrators are also urged to engage sponsoring employers on this development.

AML/CFT Supervision

In line with its mandate derived from the Money Laundering and Proceeds of Crime Act [Chapter 9:24], the Commission is enhancing its oversight function on AML/CFT supervision and awareness.

Following the launch of findings of the Money Laundering and Terrorism Financing National Risk Assessment Report by Government

in February 2019, regulated entities are expected to develop and implement AML/CFT measures on a risk sensitive basis. As part of the National AML/CFT Strategy (2020 to 2025), IPEC has commenced a sectoral risk assessment to buttress findings of the National Risk Assessment. Accordingly, insurers, pension funds and administrators are expected to conduct institutional money laundering and terrorism financing risk assessments in terms of the requirements of the Money Laundering and Proceeds of Crime Act. The risk assessments are important in ensuring that AML/CFT measures are implemented on a risk sensitive basis to optimise scarce resources by allocating resources to the identified risk areas.

The Commission will roll out AML/CFT awareness programmes during the year to equip the industry to fully appreciate its reporting obligations. The ultimate objective is to maintain the integrity of the industry by preventing proceeds of crime from being laundered in the insurance and pensions industry or misuse of the sector to finance terrorist activities.

Need for Business Continuity in the Face of COVID19

In line with its statutory mandate of ensuring alignment of the industry's activities with the economic, financial and social policies and objectives of the state, the Commission issued Circular 6 of 2020 on 24 March 2020 calling on industry to submit business continuity plans. The plans were to, among other issues, address the following issues:-

- Accessibility - industry entities to remain accessible to policyholders and fund members to receive and resolve policyholders and fund members' queries and enquiries;
- Business Continuity - to avoid disruptions and delays in the processing and payment of claims and benefits to policyholders and fund members;
- Information dissemination - to ensure that policyholders and fund members continue to receive updated information on their policies and benefits;
- Meeting regulatory requirements - which include filing of quarterly and annual returns and responding to correspondence from the regulator and key stakeholders.

Document	Release Date	Content
Circular 1 of 2020	10 February 2020	Guidelines on Resolution of Troubled Entities
Circular 2 of 2020	10 February 2020	Guidelines on Minimum Disclosure Requirements for Pension Funds and Fund Administrators
Circular 4 of 2020	13 March 2020	Guidelines for the Insurance and Pensions Industry on Adjusting Insurance and Pension Values in Response to Currency Reforms
Circular 6 of 2020	24 March 2020	Call for Business Continuity Plans in view of the COVID 19 Pandemic
SI 69 of 2020	13 March 2020	The S.I. that empowers IPEC to issue guidelines, directives, and circulars to industry



Actuarial Society of Zimbabwe



Mr. Donald T Hove (FIA)

Congratulations, Makorokoto Amhlope!

The Actuarial Society of Zimbabwe (ASZ) would like to congratulate Mr. Donald T Hove (FIA) on his appointment as the New ASZ President.

Donald has over ten years' experience in the actuarial field. He has solid experience in carrying out all aspects of actuarial work within the Southern Africa region. He has specific exposure in life, general and health insurance work.

He has a passion for developing actuarial involvement in wider fields and leadership roles. He believes Zimbabwean actuaries should be significant enablers for entrepreneurs by going beyond statutory roles. He is also driven by a vision of using information technology advances to improve the local insurance industry.

We have all the confidence that he will lead the actuarial profession and deliver on the ASZ Strategy of enhancing the contribution of actuarial professionals to the Socio-Economic Dialogue in Zimbabwe.

Sincerely,

The Actuarial Society of Zimbabwe Council

The COVID 19 pandemic is a real test of the industry's business continuity plans and robustness of management information systems. All players are urged to draw lessons from the ongoing pandemic to improve business processes.

Major Challenges Facing the industry and Measures to address them

The Commission urges players to come up with measures to deal with challenges facing the industry, which include low consumer confidence on account of low benefit values, data integrity challenges, high expense ratios, weak internal controls, weak corporate

governance systems and emerging threats such as COVID 19.

Conclusion

The Commission remains committed to facilitating the development of a safe, vibrant and sustainable pension industry that meets the primary mandate of smoothening consumption at old age or incapacitation due to various reasons. IPEC is also confident that the pension industry will continue to deliver secondary benefits to the economy such as savings mobilisation for financial intermediation and infrastructure financing, among other developmental roles. ■

The Insurance and Pensions Commission (IPEC) is a statutory body established in terms of the Insurance and Pensions Commission Act [Chapter 24:21], to regulate the insurance and pensions industry with the objective of developing the industry for the protection of insurance policyholders and pension fund members' interests.



WOMEN IN INSURANCE

We recognize, support and uplift women working in the Insurance Industry in Zimbabwe.

www.womenininsurance.co.zw

INTRODUCING WOMEN IN INSURANCE ZIMBABWE (WIZ)

We have exciting news!

As we celebrated International women's month, came the formation of Women in Insurance Zimbabwe (WIZ), an independent association affiliated with organizations within the Insurance Industry. The objective of the association is to recognize, support and uplift women working in the Insurance Industry in Zimbabwe. WIZ other core mandate is to develop women leaders, in order to drive equality in career advancement and leadership throughout the insurance industry.

The association is based on the ideals of leadership development, support, growth and mentorship. We are also driven by our values (TIPEI)

- Trust
- Innovation
- Professionalism
- Excellence
- Integrity

This initiative came about after realising the need to promote and increase diversity through inclusion of women to leadership positions in the insurance sector. As evolving technologies continues to change the way business is natured and done, while a high proportion of the insurance workforce aging and imminently retiring, and brain drain due to economic challenges, the industry has found itself with a critical need to recruit and nurture top talent. This has presented an opportunity to change the face of the industry, and empower women in their careers.

With an estimated 55% of employees in the insurance industry being women, as WIZ we believe there is no better time to partner for the purposes of women empowerment than this moment. The ceiling can be smashed, allowing the industry to see more women march to the top. As an association, we aim to create tangible impact and transformation for

the whole financial services industry and our country at large. We also aim to promote and increase diversity and inclusion by developing insurance as a dynamic industry for women, with a hunger to adapt in this ever-changing environment for the betterment of societies.

Women contribute immensely to the economy and it is high time the world starts investing in the development of women, setting the right path of gender equality. Driven by this, we continue to form strategic partnerships with key stakeholders in the industry and we wish to extend an invite to all organisations to partner us in this great initiative. ■

Visit our website www.womenininsurance.co.zw for more information. You can also get social with us on Facebook and LinkedIn - Women in Insurance Zimbabwe.

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Ruth Ncube
Managing Director
for First Mutual
Life Assurance
Company (Private)
Limited

WIZ is being spearheaded by Ruth Ncube who is a seasoned business leader.

- Ruth Ncube has 20 years' experience in the Insurance Industry, providing strategic and operations leadership. She is a recipient of Honours and awards in leadership both locally and internationally.
- Ruth is the Managing Director for First Mutual Life Assurance Company (Private) Limited, having served for 10 years in this position.
- Ruth is a versatile new generation transformational leader with a distinct track record in implementing winning business strategies and delivering value that surpasses stakeholder expectations.
- Ruth is a dynamic, results oriented leader with strong track record of performance in turn around and high paced environments.
- She utilizes team approach to drive organisational improvements and implementation of best practice through keen analysis and insights.
- Superior interpersonal skills, capable of motivating staff in various multiple layers, (Sales, Operations, Financial, Risk, ICTs.)
- She has over 25 years leadership experience spanning across various economic sectors notably banking, retail, hospitality and insurance.
- Ruth Ncube is a holder of an MBA degree with Nottingham Trent University, UK. She is also a graduate with the Institute of Marketing Management (RSA), leadership certificates, a member of the Chartered Institute of Marketing (UK) and several diplomas in sales and marketing United Kingdom.
- She completed the International Executive Development Programme with Wits University and London Business School.
- She has served in several Public and Private sector boards. ■



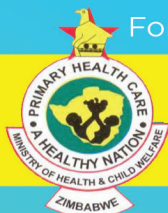
Superior interpersonal skills, capable of motivating staff in various multiple layers, (Sales, Operations, Financial, Risk, ICTs.)

MAZVITA SIYABONGA THANK YOU

Solidarity Trust Zimbabwe would like to acknowledge all the companies and individuals that have supported and continue to support the fight against COVID-19.



For a full list of donors, please visit our website. www.sotzim.org



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SOTZIM

coordinating efforts
against COVID -19

Z.A.P.F. Pension**Mag**

3 Penn Place Close, Strathaven, Harare.

P. +263-242-333341/42 | **E.** zapf@zapf.co.zw

W. www.zapf.co.zw

