



Retirement Benefits Authority

**CONSUMER  
PROTECTION  
IN RETIREMENT  
BENEFITS SCHEMES IN  
KENYA SURVEY**

**JUNE 2018**

*Safeguarding your retirement benefits*

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## **1.0 INTRODUCTION**

### **1.1 Background**

Financial consumer protection has gained attention in policy debates, especially since the aftermath of the global financial crisis in 2008. The crisis revealed some fundamental flaws and shortcomings in the existing financial consumer protection frameworks and prompted a number of broad ranging reforms in most countries (Melecky and Rutledge, 2011). It exposed unprecedented fragility of financial services consumers, particularly those with low income and low financial education (Palkina, 2016). The crisis made apparent: the low levels of financial capability among users of financial services; the financial product complexity; the lack of effective disclosure and the existence of deceptive advertising on the providers' side; business misconduct and coercive practices of financial institutions; the inefficiencies and ineffectiveness of recourse mechanisms and the limits to financial education as an effective measure of financial consumer protection (Ardic, Ibrahim and Mylenko, 2011; Melecky and Rutledge, 2011).

The policy responses during the crises have focused mainly on enhanced disclosure of pre-contractual and contractual terms and conditions of financial products, their professional and ethical distribution, debt counselling and education programmes for consumers. Only recently, more attention has been directed to the institutional design for consumer protection, including regulation, supervision and enforcement. This has been driven by the need for a sound and safe design of future financial architecture, including benchmarks for financial consumer protection worldwide (Melecky and Rutledge, 2011).

Although financial innovation has helped improved access to financial products, it has also increased its complexity. The growing complexity of financial products

has increased the probability that even the most diligent customer will not understand or notice key terms that affect a financial products cost and riskiness in material ways. When complexity reaches levels when it significantly reduces transparency, it hinders competition and leads to making poor choices (Bernanke, 2009).

The mistakes of unsophisticated consumers can create rents that distort competition (DellaVigna and Malmendier, 2004; Akerlof and Shiller, 2015). To attract unsophisticated consumers, financial institutions may lower upfront costs and raise hidden costs of financial products, effectively subsidizing consumers who are sophisticated enough to avoid the hidden costs. When households fail to understand all the costs of a financial product, firms have an incentive to lower salient “front end” costs and increase obscure “back-end” costs. The complexity of financial products may be intentional (DellaVigna and Malmendier, 2004; Grubb, 2015). Exploitation of consumer mistakes by financial institutions can lead to corrosive mistrust of the financial system and the institutions that govern the economy (Guiso, Sapienza and Zingales, 2008; Zingales, 2015).

In the pension sector, there is increased exposures of individuals to financial risks, particularly, longevity risks, following the change of the scheme designs from defined benefits scheme to defined contributions. Consumers therefore need adequate laws and regulations, and access to financial education to protect themselves in the face of increasing financial risks (Melecky and Rutledge, 2011). A comprehensive consumer policy framework is therefore necessary to check on the disadvantages of consumer of financial services more so in pension funds. Without a clear policy framework consumers find it difficult to obtain sufficient information and understand how pension funds operate.

A comprehensive consumer protection framework can help enhance and build trust in retirement benefits schemes and reduce risks on pension funds. Similarly, well-informed and empowered consumers not only protect their interest, they also ensure pension funds are administered and invested well in accordance with the relevant laws and guidelines. Consumer protection also contributes to increased efficiency of financial intermediation, transparency of financial products and services, and product innovation driven by consumers' demand. Effective consumer protection facilitates increased penetration of the financial sector, through improved awareness of financial products and services, consumer rights and obligations, and the advantages of life -long financial planning.

Financial consumer protection has two modes of delivery: (1) regulation and (2) financial education, where regulation includes self-imposed, compulsory (enforced) and voluntary codes of conducts. Financial consumer regulation imposes socially desirable constraints on the financial industry in its dealings with consumers, while financial education intends to improve financial capability of consumers with the hope to promote well-informed and responsible financial behavior (Melecky and Rutledge, 2011).

Melecky and Rutledge (2011) notes that the development and design financial consumer protection framework differ across countries and no broad convergence has been achieved. Differing examples include an economy wide consumer agency (e.g. Sweden and Russia), a financial supervisory agency (e.g. United Kingdom and Malaysia) and special purpose consumer protection agency (e.g. Canada). All the three options can work. The question is which agency has sufficient resources, technical expertise, enforcement tools, and no conflicts of interest to do a competent job.

Barr (2009) notes that consumer protection regulation should be independent, accountable, effective and balanced. Consumer protection needs a clear mission that will create a basis for accountability, and promote buildup of expertise and effectiveness, which are essential to maintain independence. The regulator need to have comprehensive jurisdiction over all financial providers because carving up markets in artificial, non-economic ways is a recipe for weak and inconsistent consumer protection standards and captured regulators. The authorities for regulation, supervision and enforcement must be consolidated, since a regulator without the full kit of tools is frequently forced to choose between acting without the right tool and not acting at all. According to Barr, splitting of authorities is a recipe for inertia, inefficiency, and unaccountability. The selection of an appropriate institutional framework is essential for implementation and enforcement of consumer protection laws and guidelines.

World Bank (2008) recommends that a well-designed consumer protection framework should incorporate the following five principles:

- 1) Transparency through clear, material and comparable information about the prices, terms and conditions and risks associated with financial products and services;
- 2) Free choice via fair, non-coercive and professional practices in the selling of financial products and services, and collection of payment;
- 3) Redress through inexpensive, speedy and effective mechanism to address complaints and resolve disputes;
- 4) Privacy through control over access to personal information; and
- 5) Access to financial education to enable consumers to empower themselves by improving their financial literacy and capability.

## **1.2 Problem Statement**

Financial products and services have become complex and certain business models, if not checked, can exploit consumer biases. The complexity of financial products poses a daunting challenge to consumers managing their financial affairs, and, the regulators attempting to assist them. Equally, the rapid changes and technological innovation in financial markets have also created more choices and opportunities to access financial products and services thus adding more complexity and risks, which are difficult to assess and understood by retail consumers. The economic consequences of financial mistakes are particularly harmful for low-income earners.

Consumers face difficulties in adapting to new market conditions and are required to make difficult decisions with bigger consequences. Consumers are obliged to make complex decisions about financial services and especially the retirement funds, which they may not be prepared and this may make them vulnerable to financial risks and market failures. The crises have also led many to question how well businesses deliver services and how well regulatory institutions address problems in consumer financial markets.

Although, the government has put various interventions to protect consumers, more so in the financial sector. Consumers and regulators still face challenges. The retirement benefits sector, still face the challenge of unremitted contributions, low levels of understanding of pension matters, imprudent investments, poor governance and market failures. Worst still, the shift from defined benefits (DB) schemes to defined contribution (DC) schemes has shifted responsibility from employers to members. Members now have to make decisions and choices of various



pension products of which may be complex and have significant risks. Members are also exposed to dealing with intermediaries especially when retire and have to purchase an annuity.

This is further exacerbated by the fact that as the retirement benefits sector evolves, the retirement products and services become complex and sophisticated. Schemes investment options become broad and complex, so as, member choices. In order to protect consumers against these risks, there is need for specific legislation that would guide the market conduct and protect the consumers. There is need for continuous improvement of the regulatory framework and enhancements to regulatory capacity to ensure consumer protection and effectiveness. The findings and recommendations this study therefore would form basis for policy formulation and the legislative changes, which would ensure the protection of members of pension funds.

### **1.3 Study Objectives**

The study will assess the extent of consumer protection in the retirement benefits sector. The specific objectives of the study are:

- i. Assess the extent of consumer protection in in the retirement benefits sector.
- ii. Establish the gaps in the current law on consumer protection
- iii. Review the best practices and existing supervisory practices aimed at enhancing consumer protection in retirement benefits schemes in Kenya.
- iv. Make policy recommendations based on the findings.

## **2.0 LITERATURE REVIEW**

### **2.1 Background**

Consumer protection in the broader sense refers to the laws and regulations that ensure fair interaction between service providers and consumers. Financial consumer protection refers to arrangements to ensure a just and fair environment of trading for both parties on the supply and demand sides of financial products and services. Consumer protection frameworks in the financial service industry are evolving as products become complex and a greater number of people rely on financial services.

Financial consumer protection concerns the interactions (interface) between individuals and financial institutions. Consumers suffer from imbalances of power, information and resources vis-à-vis financial institutions. Such imbalances create market failures. The market failures enable financial institutions to transfer risk to consumers and conduct rent seeking (cost inefficient) transactions at the expense of consumers, including by encouraging supply driven innovation that create complex financial products (Meleckey and Rutledge, 2011).

Government intervention and regulation in the area of consumer protection are justified on the basis of inherent information asymmetries and power imbalances in the markets, with producers or service providers having more information about the product or service than the consumers (Ardic, Ibrahim and Mylenko, 2011). A consumer protection framework generally includes the introduction of greater transparency and awareness about the goods and services, promotion of competition in the marketplace, prevention of fraud, education of customers and elimination of unfair practices. Financial consumer protection therefore can contribute to improved efficiency, transparency, competition, and access to

financial markets by reduced information asymmetries and power imbalances among providers and users of financial services (World Bank, 2012).

Generally, an effective consumer framework includes three complementary aspects (Ardic, Ibrahim and Mylenko, 2011). First, it includes laws and regulations governing relations between service providers and users and ensuring fairness, transparency and recourse rights. Second, it requires an effective enforcement mechanism including dispute resolution. Third, it includes promotion of financial literacy and capability by helping users of financial services to acquire the necessary knowledge and skills to manage their finances.

Palkina (2016) identified the following five G20/OECD high-level principles on Financial Consumer protection (HLPs) and the Effective Approaches (EAs) that are relevant from the pension supervisory perspective and would provide a solid framework to enhance financial consumer protection across developed and developing economies. These are:

- HLP 2: Role of Oversight Bodies
- HLP 4: Disclosure and Transparency
- HLP 5: Financial Education and Awareness
- HLP 6: Responsible Business Conduct of Financial Services Providers and Authorized agents
- HLP 9: Complaints Handling and Redress

### **2.1.1 The role of Oversight Authorities**

IOPS guidelines for Supervisory Intervention, Enforcement and Sanctions (2009) highlights that the objective of pension supervision should focus on protecting the interests of pension fund members and beneficiaries and also safeguarding the

stability of the pension industry and contributing to the stability of the financial system as a whole. Pension supervisory authorities have a key role in protecting consumers in the pension system, either through the use of their policy making powers to promote strong rules and reinforce proper standards of market conduct or through monitoring and enforcement powers to ensure that firms put the interests of customers at the centre of their business (Palkina, 2016).

### **2.1.2 Disclosure and Transparency**

IOPS (2018) on Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Pension Systems recommends that the supervisory Authorities, in cooperation with other public authorities, where relevant, should require and monitor that the key pre-contractual information to prospective consumers (e.g. through key information documents, scheme information, product dashboards) is written in a simple manner to foster understanding of the provided information and that, where relevant, a standardized format is used to foster comparability. Where various options are proposed to consumers, the development of simple, standardized and comparable documents that facilitate the choice by members should be encouraged. Suitable layering and presentation of the essential information about pension schemes and products may be required.

Generally, making rational decisions and choices about financial products often require considerable information on terms and condition, not just prices. But in many cases, consumers cannot efficiently generate information on their own, and the joint production of such information with other consumers, with its public good characteristics, is not easily coordinated (Campbell et al 2010). The service provider is the most efficient supplier of information. Market failures,

understanding complex products and understanding the roles of different service providers can be addressed by disclosure of information.

Anti-competitive practices arising from the acquisition or exercise of undue market power by service providers can result in consumer harm in form of quality or limited choices. Financial products have become more dangerous to consumers as disclosure has become a way to obfuscate rather than to inform (Warren, 2008). Therefore, competition policy will provide counterbalance to avoid situations that will lead to decreased competition in the markets.

However, even with disclosure rules in place, lack of trust is a problem, which may lead consumers to avoid certain financial products (Christelis et al 2010). There is need to boost customers' trust by coming up with the regulation that will make sure the pension funds are safe.

### **2.1.3 Business Conduct**

Palkina (2016) notes that when offering products and services to consumers, pension services providers and authorized agents including financial advisers, are expected to have a responsibility to act in prospective clients' best interests. The members' interest includes adequate retirement income. Responsible business conduct for pension providers and authorized agents engaged in conducting sales and marketing activities is generally encouraged by the endorsement of legal (prudential and conduct) requirements. It is also promoted through the adoption of codes of business conduct, which could be of statutory nature (enforceable) or voluntary (good practice) issued by industry organizations. Supervisory authorities have a major role in monitoring and contributing to the enhancement of business by pension services providers and their agents.

#### **2.1.4 Dispute Resolution**

Consumer recourse is at the heart of consumer protection. The inability of consumers to effectively dispute unfair terms and inappropriate advice from the financial institutions, their employees and agents, inhibited fair competition and the ability of financial supervisors to gather early warning signals of market failures and engage in timely implementation of corrective measures in this area (Melecky and Rutledge, 2011). The recourse mechanism for financial consumers' protection are frequently inefficient and ineffective. Timely and effective complaints and disputes resolution processes can have important positive impacts on consumer well-being, provider-client trust, product uptake and loyalty, and overall development of more responsible financial system (Chapman, Megan, and Rafael Mazer, 2013). Investing in recourse systems that effectively serve consumers can reinforce and advance responsible financial inclusion. Financial regulators and service providers interested in developing effective recourse systems in emerging markets and developing economies should focus on; institutional arrangements in providing recourse, implementing recourse for consumers, cultural and behavioral issues, challenges to effective implementation of dispute resolution, consumers' resolutions monitoring. (Chapman, Megan, and Rafael Mazer, 2013)

Complaints management system should be utilized to ensure continuous learning and accountability by collecting complaints data to support performance monitoring, analysis and evaluation of complaints trends, providing internal and public reporting on key performance indicators in complaints management on regular basis, utilizing complaints data on continuous basis to inform policy and programmatic development. This will bring effectiveness of the existing pension system. Brennan et al. (2015) notes that consumer disputes resolutions model

should encompass five stages; Research and analysis, goal setting, system design choices, process design choices, and evaluation.

### **2.1.5 Financial Literacy and Education**

Financial education refers to raising the awareness and capabilities of consumers and investors about financial products, concepts and risks by informing them. Empowered consumers help foster competition, quality and innovation in provision of financial products and services, while educated and confident investors can provide additional liquidity to capital markets for their growth and development (Gauzes, 2008).

Financial education should be taken into account within the pension regulatory and supervisory framework and considered as a tool to enhance social and economic growth and well-being through reliable, transparent, efficient and competitive markets for pension products along with prudential regulation and consumer protection. Financial education does not substitute but rather complements prudential regulation and consumer protection. The pension sector need to protect vulnerable consumers and promote market efficiency (OECD, 2008).

However, even though training in basic financial subjects can be effectively provided through schools system, teaching students about financial products and services may have little measurable impact on the levels of financial capability (Mandell, 2006), and providing information at teachable moments could prove more effective. Untimely education on financial products may embolden consumers with false sense of confidence (Willis, 2008). Similarly, there is no clear link from financial education to increased financial capability and then to responsible financial behavior (Mandell, 2006; Willis, 2008). This might be due to

the fast development of financial markets and financial innovation that could quickly make new knowledge of consumers acquired through financial education programmes outdated and leave them with misleading overconfidence. Lusardi (2009) notes that people learn through experience and even more so through adverse experience so that the aspect of learning by doing under well designed financial product safety supervision could be more effective.

## **2.2 Consumer Protection in Kenya**

### **2.2.1: Legal framework**

Consumer rights in Kenya is enshrined in the Constitution under section 46(1), which states that consumers have the right: -

- a) to goods and services of reasonable quality;
- b) to the information necessary for them to gain full benefit from goods and services;
- c) to the protection of their, safety, and economic interest; and
- d) to compensation for loss or injury arising from defects in goods or services

Section 46(2) of the Constitution requires that Parliament enact legislation to provide for consumer protection and for fair, honest and decent advertising. Arising from this, the Consumer Protection Act No. 46 of 2012 was enacted. The Act was revised in 2016 and captures broad issues on consumer protection and but not specific to financial services. The Act highlights a myriad of issues among them; consumer rights, unfair practices, rights and obligation respecting specific consumer agreements, sectors where advance fee is prohibited, and, procedures for consumer remedies. The Consumer Protection Act envisaged to provide for protection of the consumer and prevent unfair trade practices in consumer transactions. The Act also establishes the Kenya Consumer Protection Advisory



Committee to provide for the protection of the consumer and prevent unfair trade practices in consumer transactions. The purpose of the Act is to promote and advance the social and economic welfare of consumers in Kenya by:

- i. Establishing a legal framework for the achievement and maintenance of a consumer market that is fair, accessible, efficient, sustainable and responsible for the benefit of consumers generally;
- ii. Reducing and ameliorating any disadvantages experienced in accessing any supply of goods or services by consumers;
- iii. Promoting fair and ethical business practices;
- iv. Promoting consumers from all forms and means of unconscionable, unfair, unreasonable, unjust or otherwise improper trade practices including deceptive, misleading, unfair or fraudulent conduct;
- v. Improving consumer awareness and information and encouraging responsible and informed consumer choice and behavior;
- vi. Promoting consumer confidence, empowerment and development of a culture of consumer responsibility, through individual and group education, vigilance, advocacy and activism;
- vii. Providing consistent, accessible and efficient system of consensual resolution of disputes arising consumer transactions; and
- viii. Providing for an accessible, consistent, harmonized, effective and efficient system of redress for consumers.

From the foregoing, it is evident that Kenya has made strides in enacting the legislation for consumer protection. However, the provisions of consumer protection in the Constitution and the Consumer Protection Act are broad and not specific to financial services.

The specific legislations establishing the various financial regulators, Kenya has adopted a multiple (integrated) model. The mandate of each financial regulator covers both prudential supervision and financial consumer protection. The financial consumer protection legal provisions are diffused in multiple pieces of legislation establishing the various regulators in the financial sectors, that is, Central Bank of Kenya (CBK), Capital Markets Authority (CMA), Insurance Regulatory Authority (IRA), Saccos Societies Regulatory Authority (SASRA).

The diffused nature of the legal provisions relevant to consumer protection in financial services may pose a number of challenges. First, different laws contain conflicting provisions, making compliance difficult. Second, the laws assign supervisory and regulatory powers to a number of different agencies, which could pose a number of challenges in effectively implementing legislation which may include:

- Potential conflict of interests between prudential supervision and financial consumer protection;
- Possible gaps and overlaps especially issues/matters that don't fit into the traditional categories can pass unnoticed;
- Limited information about the whole financial sector;
- High cost of operation and resource limitation since each agency needs independent infrastructure;
- Insufficient cooperation and coordination;
- Potential for regulatory arbitrage and uneven playing field; and
- Consumer protection may not get enough attention if consumer protection and prudential supervision functions are not clearly separated; and,
- Limited legal teeth for the implementation of the consumer protection laws.

### **2.2.3 Retirement Benefits Legal Framework**

Provisions on consumer protection in the retirement benefits sector have been provided for in the Act though not comprehensively. Section 5(b) of the Retirement Benefits Act on the objects and functions of the Authority provides for the protection of the interests of members and sponsors of retirement benefits schemes. Similarly, section 46 (1) of the Retirement Benefits Act also provides that any member of the scheme who is dissatisfied with a decision of the manager, administrator, custodian or trustee of the scheme may request, in writing, that such decision be reviewed by the Chief Executive Officer, with a view to ensuring that such decision is made in accordance with the provisions of the relevant scheme rules or the Act under which the scheme is established. Section 47 of the Act creates the Appeals Tribunal and section 48 provides for the appeal mechanism to the Appeals Tribunal if the aggrieved party is dissatisfied with the decision by the Authority or the Chief Executive Officer. The Act therefore provides for the redress mechanism. The retirement benefits regulations also provide for various safeguards in regards to members' rights and the protection of the accrued benefits. Further, the Authority in recognition of the importance of consumer protection, created a new department (Market Conduct) to handle consumer protection, governance and consumer education issues.

#### **2.2.3.1 Resolution of Member Complaints by the Authority**

The Retirements Benefits Authority handles members' complaints as per section 46(1) of the Retirement Benefits Act. Upon receipt of a member complaint, the Authority investigates and makes decisions on the complaint or disputes between parties to the retirement benefits schemes, mainly trustees and members of schemes. The Authority's decision is subject to appeal before the Retirement Benefits Appeals Tribunal by any aggrieved party as provided for under section 48

of the Act and the Retirement Benefits (Tribunal) Rules. Where there is no appeal, the Authority's decision is enforceable a supervisory response to the matter in dispute.

The complaints or disputes should be based on breach of the Retirement Benefits Act, regulations, scheme trust deed and rules and any legislation setting up scheme. The breach of these laws, regulations and schemes rules occasion an injustice on the part of the complainant. The complainant must have reason to believe that the decision was not properly made or implemented. The injustice may not necessarily imply financial loss. It may include, among other issues, distress, delay or inconvenience. The complaint or dispute is expected to first be taken up in writing with the people or bodies thought to be at fault. The retirement benefits schemes are expected to have formal internal dispute resolution mechanism or procedure or arbitration process.

The complaints or disputes should be made to the Authority in writing within three years of the act or omission complained about or disputed. If the complainant was not aware of the matter at the time, the three years will run from the time he/she knew or ought to have known about the act or omission. The Authority may extend the time limit if the complaint is lodge after the expiry of the three-year period, only where it decides that any further delay beyond three years is reasonable. In particular, time spent going through an internal dispute resolution procedure. The complainant does not have to assemble and submit all the evidence at the onset to the Authority since the Authority would undertake an investigation and call for evidence.

In order to facilitate and make complaints process easier and ensure that critical information is captured, the Authority developed standard forms, which the

complainants/members are required to fill. The complaints can also be lodged online through <http://portal.rba.go.ke/complaints/>. The Authority also accepts complaints made via telephone and email; however, a duly completed complaint form must follow it.

Over the years, the Authority has received and resolved various complaints by members. The complaints range from unpaid benefits, withholding of benefits, assignment of benefits, wrong computation of benefits, delayed payment of benefits, delay in transfer of benefits, ill-health benefits to unremitted contributions, among others. The Authority has to liaise with the scheme trustees and service providers for information and data in order to resolve these complaints in an effective and fair manner and make an informed decision.

Depending on the nature and complexity of the complaint, the time taken to resolve the complaint differs, some take a shorter time while others take a long time. Some of the complaints are historical and date back before the enactment of the Retirement Benefits Act. In some other cases, the complaints or disputes have undergone through various arbitration processes including the courts thus making the resolution more complex and vexing.

The table below provides a summary of the number of complaints lodged with the Authority and the number of days taken to resolve over the last six years.

**Number of Complaints Received and resolved**

<b>Financial Year</b>	<b>Number of Complaints Received</b>	<b>Numbers of Complaints Resolved</b>	<b>Number of unresolved Complaints in the FY</b>	<b>Average Number of days taken to Resolve</b>
<b>2011/2012</b>	32	30	2	12.1
<b>2012/2013</b>	46	44	2	14

<b>Financial Year</b>	<b>Number of Complaints Received</b>	<b>Numbers of Complaints Resolved</b>	<b>Number of unresolved Complaints in the FY</b>	<b>Average Number of days taken to Resolve</b>
<b>2013/2014</b>	37	37	-	11
<b>2014/2015</b>	78	78	-	12.7
<b>2015/2016</b>	86	86	-	10.6
<b>2016/2017</b>	72	72	-	12.9

### **2.2.3.2 Member Education by the Authority**

The Authority undertake members' education both in organized forums/open seminars and during schemes annual general meetings (AGMs). The presentations by the Authority during schemes annual general meetings touches on members' rights and obligations. The open seminars organized by the Authority purposely focuses on retirement planning. The number of members sensitized has been increasing over the years because the Authority apart from holding open seminars, it collaborates with employers and schemes to hold in-house seminars.

The table below provides a summary of the number of members sensitized in the last six years.

#### **Number of Members Sensitized**

<b>Financial Year</b>	<b>Number of Members sensitized</b>
<b>2011/2012</b>	1,960
<b>2012/2013</b>	2,644
<b>2013/2014</b>	3,561
<b>2014/2015</b>	4,816
<b>2015/2016</b>	7,154
<b>2016/2017</b>	10,634

### **3.0 METHODOLOGY**

#### **3.1 The scope of the study**

The sample was drawn from the members of registered retirement benefits schemes. The survey majorly focused on members of occupational retirement benefits schemes, this is because, occupational retirement benefits schemes forms the bulk of the retirement schemes in Kenya. Also, majority of the members of the occupational scheme are also members of the mandatory scheme (National Social Security Fund –NSSF). The members were interviewed by trained research assistants through face to face interviews. The study utilized primary data. The data was collected using a questionnaire designed to capture both quantitative and qualitative data. The data collected was captured and analyzed using Excel.

#### **3.2 Challenges encountered**

Although the survey was largely successful, still a number of challenges were experienced. The survey covered various regions which were dispersed and in some cases remote areas which were not easily accessible.

Most of the respondents did not answered some questions especially on complaints handling and redress. Similarly, some organizations which had been sampled for interview were not willing to participate despite prior notice. On the contribution rates most of the respondents were not in sync with contribution rates.

Some organizations preferred to be left with questionnaires to fill them in themselves and have the questionnaires picked at a later date, this minimized the amount of feedback that you would get in comparison to when an interview is conducted one on one.

## 4.0 Data Analysis and Findings

This section provides descriptive statistics and analysis of the data. It also provides a brief discussion of the findings.

### 4.1 Bio data

#### 4.1.1 Gender

The total number of respondents interviewed were 867. Majority were male (56.17%) while 42.91 % were female. 1.04 % did not indicate their gender.

**Table1: Gender**

Gender	Number of Respondents	Percentage
Male	487	56.17%
Female	372	42.91%
Not Indicated	9	1.04%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

#### 4.1.2 Age Group;

Majority of the respondents are between age 30 to 47 years which constitute 72.97% of the total respondents.

**Table 2: Age Group**

Age Group	Gender					Grand Total	Percentage
	Female	Percentage	Male	Percentage	(Not Indicated)		
18-23	1	0.27%	1	0.21%		2	0.23%
24-29	45	12.10%	50	10.27%		95	10.96%
30-35	97	26.08%	123	25.26%		220	25.37%
36-41	115	30.91%	139	28.54%		254	29.30%
42-47	62	16.67%	96	19.71%		158	18.22%
48-53	37	9.95%	48	9.86%		85	9.80%
54 and above	10	2.69%	22	4.52%		32	3.69%
(not indicated)	5	1.34%	8	1.64%	9	22	2.54%
<b>Grand Total</b>	<b>372</b>	<b>100.00%</b>	<b>487</b>	<b>100.00%</b>	<b>9</b>	<b>867</b>	<b>100.00%</b>



### 4.1.3 Marital Status

Majority of the respondents are married constituting 74.86% %, 18.92% were single, 1.85% were divorced/separated and 1.50% indicated that they were widowed.

**Table 3: Marital status**

Marital Status	Gender						
	Female	Percentage	Male	Percentage	(Not indicated)	Grand Total	Percentage
Single	105	28.23%	59	12.11%		164	18.92%
Married	244	65.59%	405	83.16%		649	74.86%
Separated/Divorced	8	2.15%	8	1.64%		16	1.85%
Widowed	10	2.69%	3	0.62%		13	1.50%
(Not Indicated)	5	1.34%	12	2.46%	9	26	3.00%
<b>Grand Total</b>	<b>372</b>	<b>100.00%</b>	<b>487</b>	<b>100.00%</b>	<b>9</b>	<b>867</b>	<b>100.00%</b>

### 4.1.4 Level of education

Majority of the respondents (71.17%) had university education above.

**Table 4: Level of Education**

Level of Education	Gender						
	Female	Percentage	Male	Percentage	(Not Indicated)	Grand Total	Percentage
Primary school	2	0.54%	4	0.82%		6	0.69%
High school	14	3.76%	36	7.39%		50	5.77%
College or Technical School, Polytechnic	84	22.58%	93	19.10%		177	20.42%
University first degree	140	37.63%	195	40.04%		335	38.64%
University-Master's degree	82	22.04%	126	25.87%		208	23.99%
University Doctorate degree	46	12.37%	28	5.75%		74	8.54%
(Not Indicated)	4	1.08%	5	1.03%	9	18	2.08%
<b>Grand Total</b>	<b>372</b>	<b>100.00%</b>	<b>487</b>	<b>100.00%</b>	<b>9</b>	<b>867</b>	<b>100.00%</b>

#### 4.1.5 Working Years

50.52% of the total respondents have changed jobs in the past, while 48.10% have not changed jobs which is distributed across the working years. Upon changing jobs, 40.64% of the respondents accessed their benefits, 39.73% did not, 10.27% were either on contract or they were not members of the pension scheme.

**Table 5: Working Years**

Working Years	Number of Respondents	Percentage
Less than 5 Years	122	14.07%
6-10 Years	260	29.99%
11-15 Years	157	18.11%
16-20 Years	105	12.11%
More than 20 Years	216	24.91%
Not indicated	7	0.81%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 6: Working Years Against change in Jobs**

Working Years(Q5)	Have you changed jobs in the past						
	Yes	Percentage	No	Percentage	Not Indicated	Grand Total	Percentage
Less than 5 Years	58	13.24%	64	15.35%		122	14.07%
6-10 years	138	31.51%	118	28.30%	4	260	29.99%
11-15 Years	98	22.37%	58	13.91%	1	157	18.11%
16-20 years	50	11.42%	55	13.19%		105	12.11%
More than 20 years	94	21.46%	122	29.26%		216	24.91%
Not Indicated		0.00%		0.00%	7	7	0.81%
<b>Grand Total</b>	<b>438</b>	<b>100.00%</b>	<b>417</b>	<b>100.00%</b>	<b>12</b>	<b>867</b>	<b>100.00%</b>

**Table 7: Access of benefits upon changing Job**

Did you access your retirement benefits upon changing jobs	Number of respondents	Percentage
Yes	178	40.64%
No	174	39.73%
Not a Member/contract	45	10.27%
Not indicated	41	9.36%
<b>Grand Total</b>	<b>438</b>	<b>100.00%</b>

#### 4.1.6 Options available upon changing job

The total percentage of those who were given adequate information on accrued benefits upon changing jobs is 37.21%. However, 41.55% claim that they were not given enough information. Some of the information provided to members on changing jobs included transfer of benefits, withdrawal of benefits, and deferring of benefits and purchasing of an annuity.

**Table 8: Information on various options available**

<b>Did you get enough information about various option on accrued benefits upon changing jobs</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Yes	163	37.21%
No	182	41.55%
Not indicated	93	21.23%
<b>Grand Total</b>	<b>438</b>	<b>100.00%</b>

**Table 9: Options Provided**

<b>If Yes , which option were you given</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Withdraw	69	42.33%
Transfer	106	65.03%
Defer	21	12.88%
Buy annuity	23	14.11%

#### **Contributions**

83.62% of respondents are aware of the contributions they were making towards retirement benefits scheme. However, 13.96% are not aware. Only 2.42% failed to indicate. On the other hand, 79.93% of respondents are aware of how much their employers contributed towards retirement benefits plan, 14.99% are not aware and 5.07 % did not provide a feedback.

**Table 10: Members contribution**

<b>Do you know the percentage of salary you contribute to the retirement scheme</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Yes	725	83.62%
No	121	13.96%
Not indicated	21	2.42%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 11: Employers Contribution**

<b>Do you Know what percentage of your salary your employer Contributes</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Yes	693	79.93%
No	130	14.99%
Not indicated	44	5.07%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 12: Members Rate of contribution**

<b>Members Contribution</b>	<b>Number of respondents</b>	<b>Percentage</b>
1.00%	1	0.12%
2.00%	3	0.35%
2.50%	4	0.46%
3.00%	4	0.46%
3.30%	1	0.12%
3.70%	1	0.12%
4.00%	1	0.12%
5.00%	237	27.34%
5.50%	4	0.46%
6.00%	50	5.77%
6.10%	1	0.12%
6.50%	6	0.69%
7.00%	31	3.58%
7.10%	1	0.12%

7.25%	1	0.12%
7.50%	128	14.76%
8.00%	19	2.19%
8.30%	1	0.12%
8.33%	1	0.12%
8.50%	2	0.23%
9.00%	6	0.69%
9.40%	1	0.12%
10.00%	168	19.38%
10.50%	1	0.12%
11.00%	2	0.23%
12.00%	6	0.69%
12.50%	3	0.35%
13.00%	3	0.35%
14.00%	2	0.23%
15.00%	14	1.61%
18.00%	1	0.12%
19.00%	1	0.12%
20.00%	7	0.81%
21.50%	1	0.12%
22.80%	1	0.12%
25.00%	1	0.12%
30.00%	2	0.23%
Not indicated	150	17.30%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 13: Employer's Rate of Contribution**

<b>Employer's Rate of Contribution</b>	<b>Number Of respondents</b>	<b>Percentage</b>
2.00%	2	0.23%
2.50%	3	0.35%
3.50%	1	0.12%
4.00%	3	0.35%
5.00%	128	14.76%
5.50%	2	0.23%
6.00%	37	4.27%
6.10%	1	0.12%
6.50%	1	0.12%

7.00%	21	2.42%
7.10%	1	0.12%
7.25%	1	0.12%
7.40%	1	0.12%
7.50%	81	9.34%
8.00%	20	2.31%
8.30%	1	0.12%
8.33%	3	0.35%
8.50%	3	0.35%
8.75%	2	0.23%
9.00%	2	0.23%
9.50%	2	0.23%
10.00%	160	18.45%
10.30%	2	0.23%
10.50%	1	0.12%
11.00%	8	0.92%
12.00%	30	3.46%
12.50%	16	1.85%
13.00%	7	0.81%
14.00%	18	2.08%
14.50%	3	0.35%
14.70%	1	0.12%
15.00%	69	7.96%
15.50%	1	0.12%
16.00%	2	0.23%
17.00%	2	0.23%
18.00%	5	0.58%
18.80%	1	0.12%
20.00%	57	6.57%
22.50%	2	0.23%
25.00%	8	0.92%
(Not Indicated)	158	18.22%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

#### 4.1.7 Additional Voluntary Contribution

When asked if the respondent made additional voluntary contribution, 85.58% of the respondents said they do not make voluntary contribution towards retirement benefits, only 12.34% do. 12% of both genders make additional contribution. Majority of those who make voluntary contribution attended college/technical/polytechnic school, university first degree and master's degree.

**Table 14: Additional Voluntary Contribution**

Do you make any Voluntary contribution	Number of Respondents	Percentage
Yes	107	12.34%
No	742	85.58%
Not indicated	18	2.08%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 15: Additional Voluntary Contribution against Total Rate of Contribution**

Members rate of contribution	Do you make additional voluntary contribution			
	Yes	No	Not indicated	Grand Total
1.00%		1		1
2.00%		2		2
2.50%	2	2		4
3.00%		4		4
3.30%		1		1
3.70%		1		1
4.00%		1		1
5.00%	28	207		235
5.50%	2	2		4
6.00%	9	41		50
6.10%		1		1
6.50%		6		6
7.00%	6	24		30
7.10%		1		1
7.25%		1		1
7.50%	21	107		128
8.00%	4	15		19
8.30%		1		1
8.33%		1		1

Members rate of contribution	Do you make additional voluntary contribution			
	Yes	No	Not indicated	Grand Total
8.50%		2		2
9.00%		6		6
9.40%		1		1
10.00%	20	146		166
10.50%	1			1
11.00%		2		2
12.00%	1	5		6
12.50%	1	2		3
13.00%		3		3
14.00%		2		2
15.00%	1	13		14
18.00%	1			1
19.00%		1		1
20.00%	1	6		7
21.50%	1			1
22.80%				
25.00%		1		1
30.00%		2		2
Not indicated	8	131		139
<b>Grand Total</b>	<b>107</b>	<b>742</b>		<b>849</b>

**Table 16: Additional voluntary contribution against rate of contribution**

Employer rate of contribution	Do you make additional voluntary Contribution			
	Yes	No	Not indicated	Grand Total
2.00%		1		1
2.50%	1	2		3
3.50%		1		1
4.00%	1	2		3
5.00%	16	111		127
5.50%	2			2
6.00%	6	31		37
6.10%		1		1
6.50%		1		1
7.00%	4	17		21
7.10%		1		1
7.25%		1		1
7.40%		1		1
7.50%	16	65		81



Employer rate of contribution	Do you make additional voluntary Contribution			Grand Total
	Yes	No	Not indicated	
8.00%	6	13		19
8.30%		1		1
8.33%	2	1		3
8.50%	1	2		3
8.75%		2		2
9.00%		2		2
9.50%		2		2
10.00%	19	139		158
10.30%		2		2
10.50%	1			1
11.00%	2	6		8
12.00%	2	28		30
12.50%	2	14		16
13.00%	1	6		7
14.00%	5	13		18
14.50%		3		3
14.70%		1		1
15.00%	9	60		69
15.50%		1		1
16.00%	1	1		2
17.00%		2		2
18.00%		5		5
18.80%		1		1
20.00%	3	53		56
22.50%		2		2
25.00%		8		8
Not indicated	7	139		146
<b>Grand Total</b>	<b>107</b>	<b>742</b>		<b>849</b>

**Table 17: Additional Contribution against Level of Education**

Level of education	Do you make any Voluntary Contribution						
	Yes	Percentage	No	Percentage	Not Indicated	Grand Total	Percentage
Primary School		0.00%	6	0.81%		6	0.69%
High School	3	2.80%	46	6.20%		49	5.65%
College/ Technical School, Polytechnic	25	23.36%	150	20.22%		175	20.18%
University ,First Degree	44	41.12%	283	38.14%		327	37.72%
University-Master's Degree	27	25.23%	181	24.39%		208	23.99%
University Doctorate degree	7	6.54%	66	8.89%		73	8.42%
Not Indicated	1	0.93%	10	1.35%	18	29	3.34%
<b>Grand Total</b>	<b>107</b>	<b>100.00%</b>	<b>742</b>	<b>100.00%</b>		<b>867</b>	<b>100.00%</b>

**Table 18: Additional Contribution against Gender**

Gender	Do you make any additional voluntary contribution to the scheme					
	Yes	Percentage	No	Percentage	Not Indicated	Grand Total
Female	46	42.99%	318	42.86%	8	372
Male	59	55.14%	420	56.60%	8	487
Not Indicated	2	1.87%	4	0.54%	2	8
<b>Grand Total</b>	<b>107</b>	<b>100.00%</b>	<b>742</b>	<b>100.00%</b>	<b>18</b>	<b>867</b>

**Table 19: Additional Contribution against Age**

Age(Years)	Do you make an additional Voluntary contribution					
	Yes	Percentage	No	Percentage	Not Indicated	Grand Total
18-23		0.00%	2	0.27%		2
24-29	11	10.28%	83	11.19%		94
30-35	27	25.23%	189	25.47%		216
36-41	31	28.97%	220	29.65%		251
42-47	22	20.56%	135	18.19%		157
48-53	10	9.35%	72	9.70%		82
54 and above	4	3.74%	28	3.77%		32
Not Indicated	2	1.87%	13	1.75%	18	33
<b>Grand Total</b>	<b>107</b>	<b>100.00%</b>	<b>742</b>	<b>100.00%</b>		<b>867</b>

**Table 20: Additional Contribution against Working Years**

Working years	Do you make additional voluntary contribution					
	Yes	Percentage	No	Percentage	Not Indicated	Grand Total
Less than 5 years	14	13.08%	108	14.56%		122
6-10 Years	27	25.23%	226	30.46%		253
11-15 Years	30	28.04%	125	16.85%		155
16-20 Years	9	8.41%	96	12.94%		105
More than 20 Years	26	24.30%	184	24.80%		210
Not Indicated	1	0.93%	3	0.40%	18	22
<b>Grand Total</b>	<b>107</b>	<b>100.00%</b>	<b>742</b>	<b>100.00%</b>		<b>867</b>

**Table 21: Voluntary contribution against the Type of Scheme**

What Type of scheme do you belong	Do you make any voluntary contribution to the scheme					
	Yes	Percentage	No	Percentage	Not Indicated	Grand Total
Pension Scheme	63	58.88%	440	59.30%		503
Provident Fund	38	35.51%	269	36.25%		307
I don't Know	4	3.74%	26	3.50%		30
Not Indicated	2	1.87%	7	0.94%	18	27
<b>Grand Total</b>	<b>107</b>	<b>100.00%</b>	<b>742</b>	<b>100.00%</b>	<b>18</b>	<b>867</b>

#### 4.1.8 Type of pension scheme

Most of the respondents belong to pension scheme which stands at 58.82%. 36.10% belong to provident fund while 3.58% are not aware of the type of scheme they belong to. 12% of Pension scheme and provident fund members make voluntary contribution.

**Table 22: Type of scheme**

What Type of Scheme do you belong to	Number of respondents	Percentage
Pension Scheme	510	58.82%
Provident Fund	313	36.10%
I don't Know	31	3.58%
(Not Indicated)	13	1.50%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

#### 4.1.9 Annual General Meeting

A higher percentage of the respondents have attended AGM which is 71.40% in the last three years, while 27.22% claim that they had not attended the AGM. The following are the various reasons which were provided by the respondents for not attending the AGM; No communication, new entrant, trusting the management, not interested and committed.

**Table 23: AGM Attendance**

Have you attended AGM of you Scheme in Last 3 Years	Number of respondents	Percentage
Yes	619	71.40%
No	236	27.22%
(Not Indicated)	12	1.38%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 24: Reasons of not attending AGM**

Reasons for not attending AGM	Number of respondents	Percentage
No Communication	78	33.05%
Committed	71	30.08%
Not Interested	21	8.90%
New Entrant	12	5.08%
Trusting the management	11	4.66%

#### 4.1.10 Trustees Communication

The respondents indicated that the information, which is mostly provided by the Trustees during the AGM apart from annual accounts, was sensitization and awareness on pension matters, education on members' rights, investment portfolios, investment returns and custodial reports.

**Table 25: Information Provided by Trustees**

Information provided by Trustees	Number of respondents	Percentage
Awareness on pension Matters	263	35.30%
Members Rights	210	28.19%
Investment options	158	21.21%
Investment returns	65	8.72%
Custodians reports	49	6.58%

**4.1.11 Annual Benefits Statement**

When asked if they received annual benefits Statement, 90.31% of the total respondents said they received their annual benefits statements while 7.61 % indicated they did not. Most of the respondents indicated the trustees communicated once a year. Similarly, most (65.40 %) of the respondents preferred to receiving the communication through email.

**Table 26: Annual Benefits Statement**

Do you receive your annual benefits statement	Number of respondents	Percentage
Yes	783	90.31%
No	66	7.61%
Not indicated	18	2.08%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 27: Trustees Communication**

How often do trustees communicate with you	Number of respondents	Percentage
Monthly	50	5.77%
Quarterly	183	21.11%
Twice a year	119	13.73%
Once a year	425	49.02%
Never	62	7.15%
Not indicated	28	3.23%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 28: Mode of Communication**

Mode of Communication	How often do trustees communicate with you?						
	Monthly	Quarterly	Twice a year	Once a year	Never	(Not Indicated)	Grand Total
Email	25	123	80	196	10	9	443
Word of Mouth	24	51	25	136	5	4	245
Memos/Notices on notice boards/	1	35	21	86	1	3	147
telephone	8	16	7	14	3	3	51
SMS	5	11	2	5	4		27
Radio		2	3	12		1	18
Social Media	1	3	1	4		1	10
TV				3			3
News Papers Adverts		1		1			2

**Table 29: Mode of Communication**

Preferred Mode of communication	Number of Respondents	Percentage
Email	567	65.40%
Telephone	50	5.77%
SMS	75	8.65%
Word of Mouth	129	14.88%
TV	15	1.73%
Memos/Notices	41	4.73%
Radio	25	2.88%

#### 4.1.12 Scheme Management

Majority of the respondents (85.24%) indicated that their respective schemes were being managed well. However, 11.19% of the respondents felt that their respective schemes were not being managed well. Adequate communication, efficient management, member participation and compliance from the sponsor were some of the reasons cited by respondents who felt that their schemes are headed in the right direction. The respondents who felt that their schemes were not managed

well cited; Poor communication, poor returns from the investments, sponsor interference and poor administration of the schemes as some of the reasons.

**Table 30: Scheme Management**

<b>Do you think the scheme is managed well</b>	<b>Number of respondents</b>	<b>Percentage</b>
yes	739	85.24%
No	97	11.19%
Not Indicated	31	3.58%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 31: Reasons for Good Management**

<b>If yes, give reasons</b>	<b>Numbers of respondents</b>	<b>Percentage</b>
Efficient management	437	59.13%
Adequate communication	265	35.86%
Compliance from the sponsor	125	16.91%
Member participation	37	5.01%

**Table 32: Reason for Poor Management**

<b>If no, give reasons</b>	<b>Number of respondents</b>	<b>Percentage</b>
Poor communication	48	49.48%
Poor administration	26	26.80%
Poor returns	15	15.46%
Sponsor interference	1	1.03%

#### 4.1.13 Trust Deed and Rules

48.56% of respondents indicated that they were aware of the Trust Deed and Rules of their schemes while 45.56% are not aware. 5.88% did not indicate. For those aware of the Trust Deed and Rules of their schemes, they felt that the trust deed and rules took care of their interest as members because of transparency and accountability, compliance to the rules and regulations, good complaint handling process and the roles of stakeholders are well defined.

**Table 33: Trust Deeds and Rules**

Are you aware of the Trust Deed and Rules	Number of respondents	Percentage
Yes	421	48.56%
No	395	45.56%
Not indicated	51	5.88%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 34: Members Interests in Trust Deed and Rules**

If yes, kindly explain	Number of respondents	Percentage
Transparency and accountability	181	42.99%
Compliance	94	22.33%
Complaints handling mechanism	48	11.40%
The role of stakeholders are well defined	36	8.55%

#### 4.1.14 Complaint handling mechanism

47.29% of the respondents are aware of complaint handling mechanism while 48.67% said they are not. For those who said they are aware of complaint handling mechanism available, they indicated reporting to trustees, Retirement Benefits Authority, service providers i.e. administrators and complaining through Human Resource as some of the avenues of reporting complaints.



**Table 35: Complaint Handling Mechanism**

Are you aware of complaint handling mechanism	Number of Respondents	Percentage
No	422	48.67%
Yes	410	47.29%
Not indicated	35	4.04%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 36: Complaint Handling Avenues**

If yes, kindly explain	Number of Respondents	Percentage
Reporting to the trustees	211	51.46%
Reporting to RBA	124	30.24%
Reporting to the service providers	50	12.20%
Human resource/administration	34	8.29%

**4.1.15 Complaints**

12.68 % of the respondents indicated that they have had complaints while 82.20 % indicated they had never had complaints with the scheme. For those who ever had complaints, they reported to the trustees, the administrators, Retirement Benefits Authority and the Human Resource.

**Table 37: Had a complaint**

Have you ever had a complaint?	Number of Respondents	Percentage
Yes	52	12.68%
No	337	82.20%
Not Indicated	21	5.12%
<b>Grand Total</b>	<b>410</b>	<b>100.00%</b>

**Table 38: Where Complaint was Reported**

Where did you report your complaint?	Number of Respondents	Percentage
Trustees	20	38.46%
Pension administration	18	34.62%
RBA	9	17.31%
Human resource	1	1.92%

#### 4.1.16 Complaint Resolution

For the members who had complaints, 57.69% said their complaints were resolved while 30.77% said their complaints were not resolved.

53.85% of the respondents who had complaints said the complaint process was efficient, however, 34.64% indicated that the complaint resolution was not efficient. Members who said yes cited resolution to complaints, frequent communication and accessibility to trustees.

Respondents who said the complaint process was not efficient was due to unresolved matters and unfair complaint handling method.

**Table 39: Complaint Resolved**

Was your complaint resolved	Number of Respondents	Percentage Count
Yes	30	57.69%
No	16	30.77%
Not Indicated	6	11.54%
<b>Grand Total</b>	<b>52</b>	<b>100.00%</b>

**Table 40: Complaint Process Efficient**

was the complaint process efficient	Number of Respondents	Percentage count
Yes	28	53.85%
No	18	34.62%
Not Indicated	6	11.54%
<b>Grand Total</b>	<b>52</b>	<b>100.00%</b>

**Table 41: Reasons for Efficient Complaint Process**

if yes kindly explain	Number of Respondents	Percentage Count
Resolution to complaints	20	71.43%
frequent communication	2	7.14%
accessibility to trustees	2	7.14%
Not Indicated	4	14.29%
<b>Grand Total</b>	<b>28</b>	<b>100.00%</b>

**Table 42: Reasons for Inefficient Complaint Process**

if no kindly explain	Number of Respondents	Percentage Count
Unresolved matters	16	88.89%
Unfair complaint handling method	2	11.11%
<b>Grand Total</b>	<b>18</b>	<b>100.00%</b>

**4.1.17 RBA Complaints Section**

49.60% of the respondents noted that they were aware that RBA had a complaints section while 46.14% were not aware.

**Table 43: Complaint Section**

Are you aware that there is a complaints section in Retirement Benefits Authority	Number of Respondents	Percentage
Yes	430	49.60%
No	400	46.14%
Not Indicated	37	4.27%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**4.1.18 Members Rights and Responsibilities**

Majority of the respondents (74.05%) indicated that they were aware about their rights and responsibilities as members of the scheme while 23.07% are not aware of their right and responsibilities as a member of the scheme.

**Table 44: Members Rights and Responsibilities.**

Are you aware of your rights and responsibilities as a member of your scheme	Number of Respondents	Percentage
Yes	642	74.05%
No	200	23.07%
Not Indicated	25	2.88%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

#### 4.1.19 Awareness on Members Rights and Responsibilities

Most respondents were aware of their right to access information, access benefits on time, elect trustees, attend AGM, employer to contribute to the scheme, to complain, options available on accrued benefits upon changing job, nominate beneficiaries, equity, not use benefits to offset liabilities, make voluntary contribution, changing service providers approving trustees' remunerations.

**Table 45: Members Rights and Responsibilities**

<b>Are you aware of your rights and responsibilities as a member of your scheme</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Access to information	370	57.63%
Accessing benefits on time	189	29.44%
Election of trustees	121	18.85%
Attend the AGM	112	17.45%
Employer should contribute	84	13.08%
To complain	47	7.32%
Options available on accrued benefits upon changing jobs	43	6.70%
Nomination of beneficiaries	32	4.98%
Equity	12	1.87%
Not to use benefits to offset a liability	9	1.40%
Right to make additional contribution	9	1.40%
Changing service providers	8	1.25%
Approving trustees remuneration	1	0.16%

From table 46, majority of the respondents are aware that membership to the scheme should not be restricted based on gender, race, religion or any other manner while the minority know that persons immigrating to another country without the intention of returning are entitled to withdraw vested funds with the approval of the trustees.

**Table 46: List of Members Rights and Responsibilities**

<b>ARE YOU AWARE THAT</b>	<b>Yes</b>	<b>No</b>
Your membership to the scheme should not be restricted based on gender, race, religion or any other manner	93.54%	5.07%
You have a right to receive your annual benefit statement	92.16%	6.46%
It's your responsibility to nominate and update the list of your beneficiaries	92.39%	6.00%
Your contribution and employer's contribution, including interest therein fully belongs to you as soon as you start contributing into a retirement fund	88.00%	10.38%
It's your right to access your benefits at retirement; the employer can't deny you your benefits under any circumstances or assign your benefits to settle any claim including a loan balance	74.74%	23.99%
You have a right to attend the Annual General Meeting	85.24%	13.15%
You can make additional voluntary contribution into the fund	70.24%	28.03%
Upon changing jobs, you have a right to retain your benefits within the former employers' scheme or to transfer your benefits to your new scheme or an individual pension plan	62.86%	35.18%
You can Participate in the election of board of trustees	82.24%	15.46%
It's your right to receive your pension benefits within 30 days after your retirement	93.19%	5.07%
It's your responsibility to report any wrong doing within the scheme to the Retirement Benefits Authority	91.12%	6.92%
It's your right to file a complaint for a pension benefit for whatever reason with the Retirement Benefits Authority for investigations	92.62%	5.54%
It's is your responsibility to select the service provider from whom to purchase the annuity at retirement	72.55%	25.14%

<b>ARE YOU AWARE THAT</b>	<b>Yes</b>	<b>No</b>
It's your responsibility to approve the remuneration of the Board of Trustees during the Annual General Meeting after every three years	64.01%	32.53%
Persons immigrating to another country without the intention of returning are entitled to withdraw vested funds with the approval of trustees	65.97%	30.91%

#### **4.1.20 Retirement Planning Seminar**

41.75% of the respondent indicated that they had attended retirement planning seminar while 56.63% of the respondents had not attended any retirement planning seminar. Most of the respondents with 11 years and above working experience had attended trainings as compare to the percentage of those who had worked for less than 11 Years, the same applies to those with master's degree and doctorate degree as compared to the first degree, college/Polytechnic, secondary school and primary school.

**Table 47: Retirement Planning Seminar**

<b>Have ever attended any retirement planning seminar?</b>	<b>Number of Respondents</b>	<b>Percentage Count</b>
Yes	362	41.75%
No	491	56.63%
Not Indicated	14	1.61%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 48: Retirement Planning Seminar against Level of Education**

<b>Level of education</b>	<b>Have you ever attended any retirement planning/ Member education seminar?</b>	
	<b>Yes</b>	<b>No</b>
Primary school	50.00%	50.00%
Secondary school	40.82%	59.18%
College/technical school	41.14%	58.86%
University first degree	32.83%	67.17%
University master's degree	55.56%	44.44%
University doctorate degree	52.05%	47.95%

**Table 49: Retirement Planning Seminar against Working Years**

Working Years	Have you ever attended any retirement planning/ Member education seminar?	
	Yes	No
Less than five years	27.05%	71.31%
6-10 years	33.08%	65.38%
11-15 years	51.59%	45.22%
16-20 years	51.43%	47.62%
More than 20 years	48.61%	50.46%

**4.1.21 Organizers of Retirement Planning Seminar.**

Respondents who have attended the trainings said they were organized by service providers, Sponsor/trustees, Retirement Benefits Authority, College of Insurance, Kenya School of monetary studies and Eastern and Southern African Management Institute.

**Table 50: Organizers of Retirement Planning**

If yes, who organized	Number of Respondents	Percentage
Service providers	111	30.66%
Sponsor/Trustees	133	36.74%
RBA	141	38.95%
College of insurance	4	1.10%
Kenya school of monetary studies	2	0.55%
ESAMI	2	0.55%

**4.1.22 RBA Training**

When asked if they were aware that Retirement Benefits Authority conducts retirement planning and member education trainings ,57.09 % of the respondents said yes while 39.91% said no. For the respondents who said the training was useful, 89.78% had attended retirement planning/member education seminar while 9.27% had not. They found it useful because of education on retirement, training on saving options available, rights and roles of members and RBA mandates.

**Table 49: Awareness on RBA Retirement Planning seminar**

Are you aware that Retirement Benefits Authority conducts retirement planning and member education trainings ?	Number of Respondents	Percentage
Yes	495	57.09%
No	346	39.91%
Not Indicated	26	3.00%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 50: Usefulness of the Training**

Was the training useful? Explain	Number of Respondents	Percentage
Education on retirement	179	36.16%
Saving options available	64	12.93%
Rights and roles as a member	55	11.11%
Learnt on RBA mandate and how to launch a complain	14	2.83%
Responded to all the questions	1	0.20%

**Table 51: Retirement Planning attendance against usefulness of the training**

Was the training useful?	Have you ever attended any Retirement planning?						
	Yes	Percentage	No	Percentage	Not Indicated	Grand Total	Percentage
Saving option available	57	18.21%	6	1.92%	1	64	20.45%
Education on retirement	161	51.44%	17	5.43%	1	179	57.19%
Rights and Roles as a member	50	15.97%	4	1.28%	1	55	17.57%
Learnt on RBA mandates and how to launch a complain	12	3.83%	2	0.64%		14	4.47%
Responded to all questions	1	0.32%		0.00%		1	0.32%
<b>Grand Total</b>	<b>281</b>	<b>89.78%</b>	<b>29</b>	<b>9.27%</b>	<b>3</b>	<b>313</b>	<b>100.00%</b>

#### 4.1.23 RBA objectives

When asked if RBA has achieved its objectives, 70.01% of the respondents said yes, 24.22% said RBA has not achieved its objectives. Respondents who felt that RBA has achieved its objectives cited; proper management within the scheme i.e there



is adequate separation of roles between the stakeholders, enforcement of the regulation, retirement planning seminars, dispute resolution mechanism and awareness creation and proper guidelines as the reasons for their opinion. Those who said no, was because of; inadequate communication from the Authority, lack of proper training, poor management in the schemes, lack of enforcement of the laws by RBA i.e most complaints remain unresolved, poor returns in the scheme investments.

**Table 52: Has RBA achieved its objective**

Do you think RBA has achieved its objectives	Number of respondents	Percentage
Yes	607	70.01%
No	210	24.22%
Not Indicated	50	5.77%
<b>Grand Total</b>	<b>867</b>	<b>100.00%</b>

**Table 53: Achieved objectives**

If yes, kindly explain	Number of Respondents	Percentage
Proper management	263	43.33%
Enforcement of the regulation	156	25.70%
The retirement planning seminar	116	19.11%
Dispute resolution mechanism	62	10.21%
Awareness creation and proper guidelines	10	1.65%

**Table 54: Reason why RBA has not achieved it objectives**

If no, kindly explain	Number of Respondents	Percentage
Lack of adequate communication	83	39.52%
Lack of proper training	30	14.29%
Poor management of the scheme	25	11.90%
Poor enforcement of rules and regulations	39	18.57%
Poor returns in the schemes	4	1.90%

#### **4.1.24 Areas of improvement**

The respondents were asked to propose areas of improvement within the retirement benefit sector and the following suggestions were made:

- More training: do early trainings for members to have more knowledge on retirement benefits, more of post retirement seminars, training on options available for investments
- Review policies i.e. tax exemption, scheme expense on trustees training, Investment Policy Statement for guaranteed funds, guarantee loans using a percentage of personal saving, post-retirement medical scheme, make pension contribution mandatory.
- Better communication by updating website with current information and innovations to improve coverage.
- Improve enforcement of the regulation; Receiving benefits on time, making follow up to ensure full compliance i.e remitting the contributions, prosecution of sponsors who do not remit contributions, improve complaints handling process.
- Better investment options i.e by discouraging investment on immovable properties and making sure investments are diversified
- RBA to decentralize its operations in order to reach rural areas and informal sector.
- Different trainers during the seminar.

**Table 55: Areas of improvement**

<b>What areas in retirement benefit sector need improvement</b>	<b>Number of Respondents</b>	<b>Percentage</b>
More training	311	35.87%
Improve enforcement of the regulation	186	21.45%
Review policies	139	16.03%
Better communication	120	13.84%
Better investment options	67	7.73%
RBA to decentralize its operations	3	0.35%
Different trainers during the seminars	2	0.23%

## **5.0 Summary and Discussion of the Findings**

A Consumer Protection in retirement benefits schemes survey was carried out in Kenya during the month of June 2018 to July 2018. The sample was drawn from a list of registered retirement benefits schemes. A total of 867 respondents who are members of different pension schemes were interviewed. The survey revealed varied results regarding the consumer protection.

Of the 867 respondents ,56.17% were male while female was 42.91%, This implies that the scheme membership is distributed across the two genders though it's slightly skewed.

The age of the respondents was from 18 years; majority of the respondents are between age 30 to 47 years which constitute 72.97% of the total respondents. This means that the majority of the workforce who are members of pension schemes are middle age people.

The working years is distributed from less than 5 years to more than 20 years, meaning that the survey was never biased to a specific work group. 50.52% of the

total respondents have changed jobs in the past, while 48.10% have not changed jobs which is distributed across the working years. Upon changing jobs, 40.64% of the respondents accessed their benefits, 39.73% did not, 10.27% were either on contract or they were not members of the pension scheme.

For the members who have changed jobs before, the survey revealed that 41.55 % did not get information on various options available on accrued benefits upon changing jobs while 37.21 % got information. This means education on members' right is below average.

On the member's contribution, 83.62% of the respondents said they are informed on the percentage of salary they contribute to the retirement benefit scheme, 79.93% said they are aware of the percentage employer contributes. When asked to specify the percentage of contribution majority of the respondents could not, meaning that they are not sync with contribution rate.

Despite 70.24% of the respondents saying that they are aware that they have to make additional voluntary contribution into the fund, survey revealed that only 12.34% of the respondents make additional voluntary contribution while the majority (85.58%) do not. This means either members are satisfied with the defined rate of contribution from the trust deed and rules and they don't have enough funds to make an additional contribution. Additional voluntary contribution is independent of rate of contribution, level of education, sex, working years and type of scheme.

85.24% of the respondents are aware about their rights to attend AGM, however 71.40% of the respondents have attended AGM in the last 3 years, failure to attend AGMs is attributed to lack of communication, commitment, not interested, new entrants or have trust in management.

90.31% of the respondents receive their annual benefits while 7.61% don't receive meaning. This means sensitization on right to receive annual benefits statement has been maximized (92.16% of total respondents).

Though awareness in Trust Deed and Rules of the scheme is still below average, majority (85.24%) of the respondents feel that the scheme is being managed well, this attributed to efficient management, adequate communication, compliance from the sponsor and the members' participation in scheme matters.

Awareness in complaint handling mechanism is still low (47.29%), more need to be done on this since it forms basis of consumer protection. The complaint handling conversant with members is reporting the matter to trustees, Retirement Benefits Authority, service provider, Human Resource/sponsor. For the respondents who have had complaints 57.69% of the respondents said complaint was resolved while 30.77% said no. Awareness on RBA complaints section is below average (49.60%) this means more needs to be done on guide to retirement benefits complaints and disputes.

41.75% of the respondents are aware about the retirement planning seminar while 56.63% say they have not attended training on retirement. 57.09% of respondents are aware that RBA conducts retirement planning and member education trainings.

## 6.0 Recommendations

**Based on the findings the following recommendations are proposed:**

- **Conduct more Education:** The Authority should expand its education campaigns especially through online sessions to reach more members and enhance growth and development of the sector through regular conducting of education and retirement planning training to schemes members that will create and improve awareness. This education programs will help members to clearly understand trust deeds and rules, their rights and responsibilities as members and also be able to elaborate the mandate of the Authority in the sector.
- **The Authority should decentralize its operations:** In order to improve on the regulation and supervision of the retirement sector countrywide and to strengthen institutional capacity the regulator should decentralize its operations. The members of the scheme requesting the Authority to give them feedbacks after every survey conducted this will enable them to get all updates concerning the authority and the progress of the scheme. RBA should create an approach to its research activity as being a platform of tabling out feedback and views.
- **The regulator should improve enforcement of rules and regulations:** This will help to improve compliance within the schemes which will improve remittance and create more awareness on members' rights and roles. With full enforcement of laws complaints will be minimized
- **Preservation of Benefits:** Review of policies especially on preservation of benefits, the survey revealed 42.33% of respondents who changed job withdrew their benefits, this affects the adequacy of benefits in retirement and it defeats the purpose for saving for retirement.

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