

GOVERNANCE



CURRENT STATE OF BENEFITS ADMINISTRATION AND GOVERNANCE

*CS GODWIN SIMBA, EXECUTIVE DIRECTOR, FINNET TRUST SERVICES LIMITED
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What we do

Finnet Trust is a leading provider of trusted services in governance consulting, pension advisory and employee benefits, insurance risk intermediation, and training services. Our governance consulting services cater to pension funds, public institutions, SMEs, NGO's and corporate organizations.

We do this through provision of strategic advice in leadership and management, employee benefits advisory and deploying innovative proprietary technology and solutions that help our clients improve productivity, scale existing services and create sustainable value for its stakeholders





Consulting

- Governance audits and reviews
- Board evaluation
- Strategic plan development and Implementation
- Policy development and formulation
- Organization and Management Systems

Training

- Pension management
- Trustee induction and management
- Strategic planning and policy formulation
- Corporate governance risk management
- Financial literacy and member education
- Change management and pre retirement

Technology

- Risk and governance Data Management E-voting system
- Document management
- Business integration
- Marketplace digital solutions
- Payment integrations
- Data share solutions and cloud support services.

Employee Benefits

- Pension fund set ups and restructuring
- Scheme liquidation
- Pension, annuities, income drawdown and trust funds
- Group Life and GPA
- Health/Medical insurance

CS Godwin Simba



**Executive Director, Finnet Institute
Lead Expert, Finnet Trust Services
Limited**

- Godwin is an expert in Governance consulting, investment advisory, pension inclusion, business reengineering, and innovation.
- More than 17 years of experience in Strategy and governance, pension administration, fund management, and insurance sectors
- Developed strategic plans, Board Evaluations and Governance Audits for more than 100 pension funds and institutional clients
- Holds an MBA in Strategic Management and a Bachelor's degree in Actuarial Science.
- Certified governance Auditor, Certified Trustee –TDPK, Certified Public Secretary, and Certified Trainer of Trainers.
- Member of the Institute of Certified Secretaries and the Pension Sector Skills Advisory Committee.
- Council Member, Association of Pension Trustees and Administrators of Kenya
- Creator of innovative retirement solutions in Kenya, including Mobikeza, a digital mobile-based micro-pension and micro-insurance product.
- Founder of the Institute of Pension Management, offering knowledge management and professional excellence in the pension sector.
- Led the introduction of Pension Awards in East Africa and developed the OPAS, a leading pension administration system with enhanced efficiency.

Current State of Benefits Administration and Governance

CS Godwin Simba

Executive Director, Finnet Trust Services Limited

25th November 2025

By the end of this session, you will:

1. Understand the current landscape of pension benefits administration in Kenya
2. Identify key governance challenges facing pension schemes today
3. Recognize emerging trends reshaping benefits delivery
4. Learn practical strategies for enhancing administrative efficiency
5. Understand regulatory expectations for modern governance

"Building a Better Tomorrow, Today"

The Pension Sector Today:

- Total Assets Under Management: ~KES 2.5 Trillion (USD 18 Billion)
- Over 8 million members across all schemes
- 1,300+ registered pension schemes
- Growing regulatory expectations
- Increasing member sophistication

Key Question: Are our administration and governance frameworks keeping pace with growth?

Our Members Already Live Digital Lives:

Three-Tier System:

Tier 1: Public Sector Schemes

- Civil Service Pension
- NSSF
- Assets: ~KES 800 billion

Tier 2: Occupational Schemes

- Individual company schemes (Kenya Power, KCB, Kenya Pipeline)
- Umbrella schemes
- Assets: ~KES 1.3T

Tier 3: Individual Retirement Schemes

- Personal pension plans
- Assets: ~KES 200 billion

M-PESA: 30M+ users transacting KES 58T annually

- Mobile banking: 85% of transactions now digital
- iTax: 95% digital filing rate
- eCitizen: 20M+ users accessing 300+ services

The Trustee Challenge: How can we justify paper-based pension administration when our members manage everything else digitally?

The Five Pillars of Benefits Administration:

1. Member Registration & Records Management

- Accurate data capture
- Real-time updates
- Compliance with KYC requirements

2. Contributions Management

- Timely collection and reconciliation
- Employer compliance monitoring
- Investment allocation

3. Benefits Processing

- Retirement benefits
- Death benefits
- Withdrawal benefits
- Preservation and transfers

4. Member Communication

- Annual statements
- Benefit illustrations
- Educational programs

5. Compliance & Reporting

- RBA reporting
- Tax compliance
- Audit requirements

1. Data Quality Issues

- Incomplete member records (estimated 30% of schemes)
- Missing beneficiary information
- Outdated contact details
- **Impact: Delayed benefit payments, unclaimed benefits**

2. Processing Delays

- Industry average: 30-40 days for retirement benefits
- Best practice: 30 days
- Root causes: Manual processes, incomplete documentation, verification delays

3. Technology Gaps

- 40% of schemes still using manual/semi-automated systems
- Limited member self-service portals
- Poor integration between systems
- **Consequence: Inefficiency and member dissatisfaction**

4. Member Communication Deficits

- Low financial literacy among members
- Inadequate benefit education
- Poor complaint resolution mechanisms
- Result: Member disengagement and disputes

5. Regulatory Compliance Burden

- Multiple reporting requirements
- Changing regulations
- Resource constraints
- Challenge: Balancing compliance with service delivery

Leading Schemes Are Doing This:

1. Digital Transformation

- Online member portals (24/7 access)
- Mobile applications
- Automated benefit calculations
- E-statements and notifications
- **Example: Top schemes achieving 78% digital adoption**

2. Data Governance Frameworks

- Regular data audits
- Data quality standards
- Centralized data management
- Privacy and security protocols

3. Service Level Agreements (SLAs)

- Clear processing timelines
- Performance metrics
- Regular monitoring
- Benchmark: 30 days for retirement benefits, 14 days for death claims

4. Member Education Programs

- Pre-retirement seminars
- Financial wellness workshops
- Regular communications
- Benefit calculators

5. Outsourcing Strategic Functions

- Professional administrators
- Specialized service providers
- Focus on core governance

What is Pension Scheme Governance?

"The system by which pension schemes are directed, controlled, and held accountable to achieve their objectives of delivering retirement benefits to members."

Key Governance Actors:

1. Board of Trustees - Strategic oversight
2. Committees - Specialized functions (Benefits, Investment, Audit, Risk)
3. Scheme Administrator - Day-to-day operations
4. Fund Manager - Investment management
5. Custodian - Asset safekeeping
6. Auditors - Independent assurance
7. Regulator (RBA) - Supervision and enforcement

Legal Foundation:

- Retirement Benefits Act (Cap 197)
- RBA Regulations and Guidelines (GGG 2018)
- Trustees (Perpetual Succession) Act
- Tax Laws (Income Tax Act)

Key Regulatory Requirements:

- Trustee qualifications and training
- Fit and proper person tests
- Conflict of interest management
- Investment guidelines compliance
- Annual audits and actuarial valuations
- Member communication standards

Recent Regulatory Focus:

- ESG integration
- Climate risk disclosure
- Cybersecurity standards
- Shariah-compliant schemes
- Treating Customers Fairly

CURRENT GOVERNANCE CHALLENGES



1. Board Composition and Competency

- Challenge: Skills gaps among trustees
- Statistics: Only 60% of trustees have completed mandatory RBA training
- Impact: Poor decision-making, regulatory breaches
- Solution: Continuous professional development, professional trustees

2. Committee Effectiveness

- Challenge: Unclear mandates, overlap of functions
- Reality: Many schemes lack properly constituted committees
- Impact: Inefficient governance, delayed decisions
- Solution: Clear terms of reference, regular evaluations

3. Conflict of Interest Management

- Challenge: Trustee conflicts (employer-nominated vs. member interests)
- Reality: Inadequate disclosure and management frameworks
- Impact: Compromised fiduciary duty
- Solution: Robust policies, independent trustees

4. Risk Management

- Challenge: Limited risk management frameworks
- Statistics: Less than 50% of schemes have comprehensive risk registers
- Impact: Exposure to operational, investment, and compliance risks
- Solution: Enterprise risk management, dedicated risk committees

5. Transparency and Accountability

- Challenge: Poor communication with members
- Reality: Many members don't understand their benefits
- Impact: Low trust, increased disputes
- Solution: Regular reporting, member engagement

6. Service Provider Oversight

- Challenge: Weak monitoring of administrators, fund managers
- Reality: Reliance without verification
- Impact: Service failures, cost inefficiencies
- Solution: Performance monitoring, regular reviews

1. Board Effectiveness

- Structure: 7-9 members with diverse skills
- Composition: Mix of member-elected, employer-nominated, and independent trustees
- Training: Minimum 40 hours annually
- Evaluation: Annual board assessments
- Meetings: Quarterly minimum, with clear agendas and minutes

2. Committee Structure

- Essential Committees:
- Benefits & Administration Committee - Member services, benefit approvals
- Investment Committee - Investment strategy, manager oversight
- Audit & Risk Committee - Financial oversight, risk management

Governance Committee - Board development, policy review

3. Policy Framework

- Governance charter
- Investment policy statement
- Risk management policy
- Conflict of interest policy
- Communication policy
- Data protection policy

4. Performance Monitoring

- Key Performance Indicators (KPIs):
- Benefit processing times
- Investment returns vs. benchmarks
- Member satisfaction scores
- Compliance ratings
- Cost ratios
- Dashboards: Real-time monitoring tools
- Reporting: Quarterly board reports, annual member reports

5. Stakeholder Engagement

- Regular member meetings
- Employer engagement forums
- Regulator relationship management
- Industry participation

Technology Reshaping Administration:

1. Automation

- Robotic Process Automation (RPA) for routine tasks
- Automated benefit calculations
- Digital workflows for approvals
- Impact: 60% reduction in processing time

2. Member Self-Service

- Online portals for benefit statements
- Mobile apps for contributions tracking
- Chatbots for member queries
- Adoption: Growing from 20% to 70% in leading schemes

3. Data Analytics

- Predictive analytics for member behavior
- Risk profiling
- Personalized communication
- Benefit: Better decision-making

4. Blockchain & Distributed Ledger

- Secure record-keeping
- Transparent transactions
- Cross-border portability
- Status: Pilot projects underway globally

Environmental, Social, and Governance Integration:

Regulatory Push:

- RBA guidelines on ESG integration (2024)
- Mandatory climate risk disclosure coming

Governance Implications:

- Trustee ESG training requirements
- Investment policy updates
- Impact measurement frameworks
- Member communication on ESG

Current State:

- 30% of Kenyan schemes have ESG policies
- Growing member demand for responsible investing
- Opportunity: Align with global best practices

Kenya has a significant Muslim population—about 10-15% of the country. For years, many Muslims have been uncomfortable with conventional pension schemes because they involve interest-based investments, which are prohibited in Islamic finance.

The good news: The RBA has established a regulatory framework for Shariah-compliant schemes. This is a significant development.

Growing Segment:

- Increasing demand from Muslim members
- Regulatory framework established
- Unique governance requirements

Governance Considerations:

- Shariah Supervisory Boards
- Compliant investment options
- Separate accounting
- Conversion challenges (covered in the Programme)

Shift from Compliance to Value Creation:

Traditional Approach:

- Focus on regulatory compliance
- Trustee-centric decision-making
- Limited member engagement

Modern Approach:

- Member outcomes as primary goal
- Member representation in governance
- Continuous feedback mechanisms
- Personalized benefit options

Leading Indicators:

- Member satisfaction surveys
- Net Promoter Scores (NPS)
- Benefit adequacy ratios
- Engagement rates

What's Coming:

1. Enhanced Disclosure Requirements

- Detailed fee disclosures
- Investment performance reporting
- Governance quality metrics

2. Cybersecurity Standards

- Mandatory security frameworks
- Incident reporting
- Member data protection

3. Outcome-Based Regulation

- Focus on member outcomes, not just process compliance
- Value-for-money assessments
- Scheme consolidation pressures

4. Cross-Border Portability

- EAC pension portability initiatives
- Governance harmonization

1. Conduct Governance Audit

- Assess current state vs. best practices
- Identify gaps
- Develop action plan

2. Establish/Strengthen Committees

- Benefits & Administration Committee
- Clear terms of reference
- Regular meetings

3. Implement Service Level Agreements

- Define processing timelines
- Monitor performance
- Hold service providers accountable

4. Enhance Member Communication

- Quarterly newsletters
- Annual member meetings
- Complaint resolution mechanism

5. Update Policies

- Review and update governance charter
- Conflict of interest policy
- Risk management framework

1. Digital Transformation

- Implement member portal
- Automate benefit processing
- Integrate systems

2. Data Quality Project

- Data cleansing exercise
- Beneficiary verification
- Contact information updates

3. Trustee Development Program

- Comprehensive training plan
- Board evaluation process
- Succession planning

4. Risk Management Framework

- Develop risk register
- Establish risk committee
- Regular risk assessments

5. ESG Integration

- Develop ESG policy
- Trustee training
- Investment strategy alignment

Long-Term Vision (2-5 Years):

1. Governance Excellence

- Professional board with diverse expertise
- Effective committee structure
- Robust policy framework
- Regular independent evaluations

2. Operational Excellence

- Fully automated administration
- Real-time member access
- 100% digital adoption
- Industry-leading processing times

3. Member Outcomes

- Adequate retirement income
- High member satisfaction
- Financial wellness programs
- Personalized benefit options

4. Sustainability

- ESG-integrated investments
- Climate risk management
- Social impact focus
- Long-term value creation

5. Innovation Leadership

- Technology adoption
- Product innovation
- Industry thought leadership
- Regional collaboration

Remember These Five Points:

1. Benefits administration is the heartbeat of pension schemes - Get it right, and everything else follows
2. Governance is not just compliance - It's about creating value for members and building trust
3. Technology is not optional - Digital transformation is essential for efficiency and member satisfaction
4. Continuous improvement is critical - Regular assessments, training, and adaptation
5. Member-centricity wins - Put member outcomes at the center of every decision

Q&A SESSION



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