

Emerging Legal, Risk and Compliance Obligations for Pension Schemes

Advanced Trustee Leadership

& FIDUCIARY EXCELLENCE PROGRAMME

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Regulatory Reforms

Tightened oversight and consolidated regulation (e.g., **URBRAA**) emphasizing beneficiary protection and trustee accountability.



Economic Uncertainty

Market volatility, inflation cycles, and geopolitical tensions requiring **resilient portfolios** and complex risk management.



Technological Advancement

Digital disruption and AI efficiency balanced against **cybersecurity threats** and data breach risks.



Demographic Shifts

Aging populations and changing work patterns creating **longevity risks** and benefit adequacy challenges.



Rising Stakeholder Expectations

Members demand **transparency, ESG integration**, and ethical governance, scrutinizing decisions through regulatory and social channels.



Protecting Beneficiaries & Building Confidence

Ensuring retirement savings are **safeguarded** and benefits are accurately paid to maintain system-wide trust.



Ensuring Fair, Efficient & Transparent Operations

Preventing discrimination and hidden **conflicts of interest** through standardized operational requirements.



Reducing Systemic Risk

Mitigating risks that could propagate through the financial system and damage the **broader economy**.



Preventing Fraud & Financial Crime

Implementing **Anti-Money Laundering (AML)** and fraud detection controls to protect scheme integrity.



Maintaining Stakeholder Confidence

Creating **accountability mechanisms** that assure members their schemes are properly governed.

Risk Reduction Focus

Prudential regulation requires schemes to maintain **adequate funding** and conservative investment strategies relative to liabilities.

Transparency & Disclosure

Mandatory reporting and regular communication **deter misconduct** and enable members to evaluate scheme health effectively.

Integrated Structure

Capturing all entities (administrators, managers, custodians) under **consistent standards** to prevent regulatory arbitrage.

Sound Legal Framework

Clear statutory authority and defined enforcement mechanisms (e.g., **URBRAA**) provide the foundation for credible supervision.



Legal Compliance

- Evolving pension legislation
- Tax & employment law
- Contractual commitments
- Trust law principles



Risk Management

- Investment volatility
- Cybersecurity threats
- Operational failures
- Reputational damage



Regulatory Governance

- Reporting standards
- Fit-and-proper requirements
- Conflict management
- Service provider oversight

Interconnection & Reinforcement

"Strong governance enables effective risk management; risk frameworks inform legal compliance; together they ensure sustainable regulatory standing."



Evolving Pension Laws (URBRAA)

Consolidated framework establishing clearer standards for conduct, reporting, and **enforcement mechanisms**.



Increased Fiduciary Accountability

Explicit duties of care, skill, and prudence with **personal liability** for breaches and scheme losses.



Data Protection & Privacy

Strict requirements for collecting, storing, and securing member data with mandatory **breach response protocols**.



ESG & Sustainability Expectations

Regulatory mandates to integrate **environmental and social factors** into investment policies and reporting.



Contractual & Outsourcing Oversight

Enhanced due diligence and monitoring of service providers; **outsourcing does not eliminate** trustee responsibility.

Evolving Risk Exposures in Pension Governance



Investment Risk

Market volatility, inflation, and **low interest rates** affecting funding levels and benefit adequacy.



Operational & Fraud Risk

Internal control failures, **misappropriation of funds**, and administrative errors causing financial loss.



Cybersecurity Risk

Ransomware, phishing, and **data breaches** targeting sensitive member information and scheme assets.



Longevity & Demographic Risk

Increasing lifespans and **changing workforce mobility** creating long-term funding challenges.



Reputational Risk

Loss of **member confidence** and stakeholder trust following governance failures, poor performance, or ethical breaches.

Governance Standards

Adherence to **Board Charters**, conflict-of-interest policies, and regular board effectiveness evaluations.

ALM / KYC Requirements

Rigorous **Know-Your-Customer** standards and Anti-Money Laundering (AML) checks for all stakeholders.

Fit and Proper Standards

Ensuring trustees and service providers meet **integrity and competence** benchmarks set by regulators.

Transparent Communication

Mandatory **annual general meetings (AGMs)**, regular member statements, and clear reporting of scheme performance.

Ethics & Whistleblowing

Implementing **confidential reporting channels** and ethical conduct codes to detect and prevent mismanagement.



Setting the Tone at the Top

Establishing an **ethical culture** and governance standards that prioritize member interests and regulatory compliance.



Approving Robust Frameworks

Developing and sanctioning comprehensive **risk management** and compliance policies tailored to the scheme's profile.



Monitoring Service Providers

Continuous oversight of administrators, managers, and custodians to ensure **service level agreements (SLAs)** are met.



Ensuring Continuous Training

Investing in **trustee capacity building** to keep pace with evolving legal, risk, and compliance landscapes.

Proactive Regulatory Response

Engaging with regulators and **anticipating changes** rather than merely reacting to enforcement actions.



Regulatory Sanctions

Heavy fines, **suspension of licenses**, and mandatory remedial orders from regulators like URBRA.



Personal Liability

Trustees facing **individual statutory liability**, disqualification from office, and potential criminal prosecution.

Financial & Reputational Damage

Loss of scheme assets through **penalties and litigation**, coupled with permanent brand erosion.



Loss of Member Confidence

Erosion of trust leading to **member activism**, mass withdrawals (where permitted), and sponsor dissatisfaction.



Comprehensive Governance

Clear board structures, defined roles, and **robust policy frameworks** for all scheme operations.



Integrated Risk Management

Systematic identification and **mitigation of exposures** across investment, operational, and cyber domains.



Compliance Systems

Automated monitoring and **regular reporting cycles** to ensure continuous alignment with URBRAA standards.



Continuous Learning

Ongoing **trustee education** and adaptation to emerging legal and market trends.



FIDUCIARY EXCELLENCE

The core objective: Protecting member interests through superior governance.



Stakeholder Communication

Transparent engagement with members, sponsors, and regulators to **build lasting trust**.

- ✔ **Trustee Leadership:** The primary driver for navigating legal and risk complexities.
- ✔ **Integrated Governance:** Commitment to a unified framework for compliance and risk.
- ✔ **Capacity Building:** Continuous investment in trustee skills and digital literacy.
- ✔ **Proactive Engagement:** Anticipating regulatory shifts and market volatility.

*"The future of pension sustainability depends on **proactive trustees** who embrace their evolving obligations with integrity, competence, and a **forward-looking perspective**."*



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