

Let's Talk FinTech!

**RFIN Conference R³,
21-22 September**



OUR RETIREMENT
RESPONSIBILITY

2023 R³ CONFERENCE: Towards a RELEVANT, RESILIENT and RESOURCED future

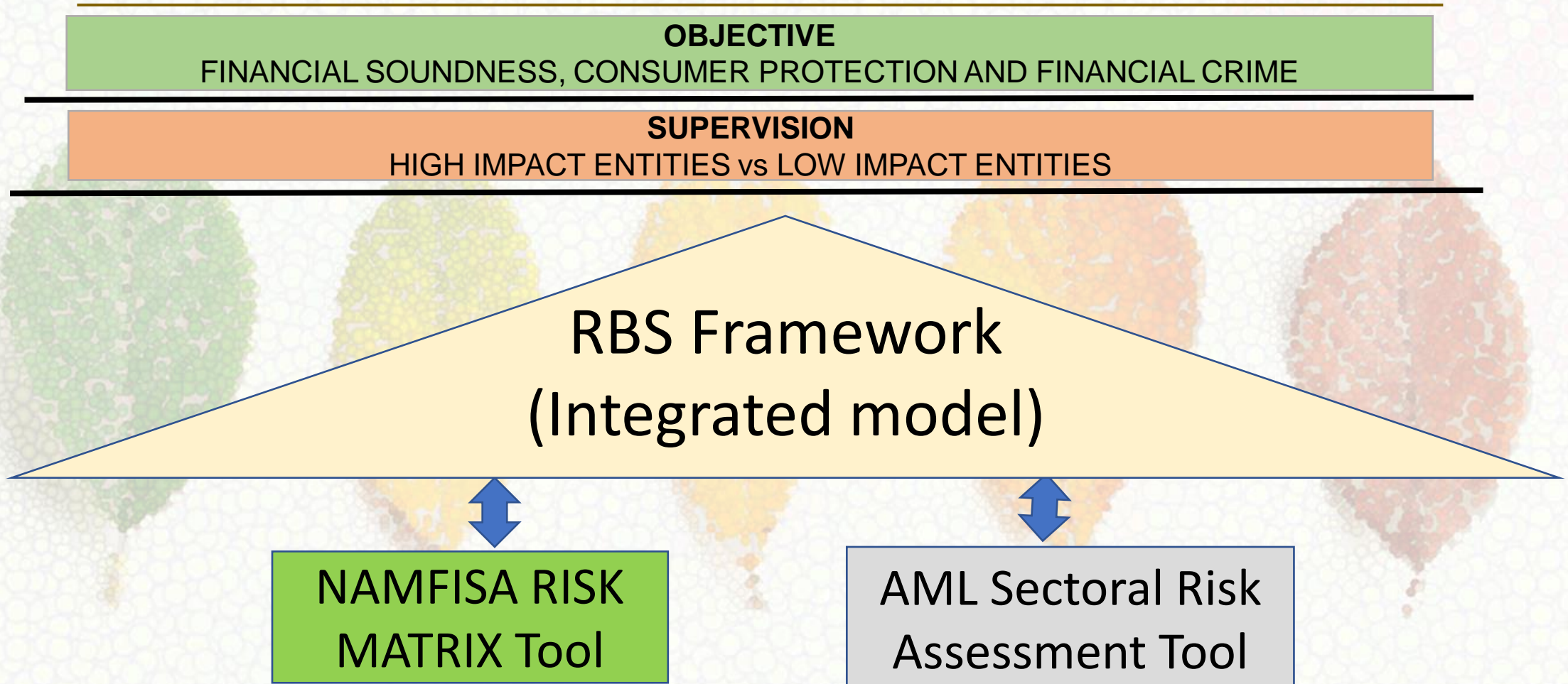
Putting the “R” back into Savings

OUTLINE

1. **NAMFISA Regulatory Framework**
2. **Overview of PENTECH**
3. **Examples of Fintech Solutions in Pension Funds Industry**
4. **Potential Benefits of Pentech Solutions**
5. **NAMFISA Fintech and Regulatory Sandbox**
6. **Conclusion: Pentech Regulatory Impediments**



1. NAMFISA REGULATORY FRAMEWORK



Definition: RBS is a systemic comprehensive approach which assesses and prioritizes material risks using a risk matrix. Further, RBS is more proactive as opposed to the current compliance approach which is static and reactive in nature.



2. OVERVIEW OF PENTECH

2.1 COVID-19 brought about the speed of adaption of technology in the Non-bank Financial Sector

2.2. Financial innovation enabled by digital technologies and related technological developments have potentially re-shaped the design and delivery of pension funds.

2.3. The technology can now increase trust in financial products, by making them more accessible, transparent and comprehensible.

2.4. In some countries such as Australia , The Netherlands , Sweden and United Kingdom pension providers interact with individual members more through digital means.



3. EXAMPLES OF FINTECH SOLUTIONS IN PENSION FUNDS INDUSTRY (1/2)



1. Robo Advisory Services

Robo-advisors are automated investment platforms that use algorithms to create and manage investment portfolios based on individual investor preferences and risk profiles. Pension funds could leverage robo-advisory services to offer personalized investment options to their members, ensuring optimal asset allocation and risk management. This could improve member engagement and help in achieving retirement goals.



2. Blockchain and Smart Contracts

Blockchain technology can enhance transparency, security, and efficiency in pension fund operations. It could be used to maintain accurate records of member contributions, benefit distributions, and investment transactions. Smart contracts could automate processes such as pension disbursements upon retirement or disability, reducing administrative costs and the risk of errors.



3. Digital Identity Verification

Digital identity solutions could streamline the verification of pension fund members' identities, ensuring accurate disbursement of benefits and preventing fraudulent claims. Biometric authentication, digital KYC (Know Your Customer) processes, and secure identification methods can enhance security and efficiency.

3. EXAMPLES OF FINTECH SOLUTIONS IN PENSION FUNDS INDUSTRY (2/2)



4. Predictive Analytics for Risk Management

Advanced data analytics and machine learning can be applied to predict investment risks and market trends, enabling pension funds to make more informed investment decisions. This can potentially lead to better fund performance and more stable retirement outcomes for members.



5. Pension Aggregation Platforms

Aggregation platforms could consolidate pension data from multiple sources, providing a comprehensive view of a member's retirement savings and investments. This can help members track their progress, set goals, and make necessary adjustments to their retirement plans.



6. Digital Communication Channels

Using mobile apps, web portals, and other digital communication channels, pension funds can enhance member engagement by providing real-time updates on fund performance, contribution status, and retirement planning tools. This can empower members to take a more active role in managing their retirement savings.

4. POTENTIAL BENEFITS OF PENTECH SOLUTIONS

1. Enhanced Oversight:

Regulators can utilize technology to monitor pension fund activities more efficiently and in real-time, ensuring compliance with regulations and identifying potential issues early on.

2. Data Analysis:

Access to accurate and real-time data through FINTECH solutions enables regulators to perform better analysis of pension fund operations and identify trends that could impact the stability of pension systems.

3. Risk Assessment:

Advanced analytics can help regulators assess the financial health of pension funds and identify potential risks, enabling them to take proactive measures to protect retirees' interests.

4. Fraud Prevention:

Utilizing digital identity solutions and blockchain technology can help prevent fraudulent activities in pension funds, safeguarding retirees' savings.

5. Efficiency and Transparency:

FINTECH solutions can enhance the transparency and efficiency of pension fund operations, making it easier for regulators to evaluate fund performance and ensure compliance with transparency requirements.

6. Collaboration:

Regulators can collaborate with FINTECH companies to develop innovative solutions that address challenges faced by pension funds, fostering a more resilient pension system.



5. FINTECH SQUARE AND REGULATORY SANDBOX (1/2)

A **Regulatory Sandbox** is a regulatory approach that allows real time testing of innovations within a controlled environment overseen by a regulator.



The **NAMFISA Regulatory Sandbox** is an evidence-based tool that promotes (1) digital and non-digital innovation and (2) financial inclusion in the Namibian non-bank financial sector.



The **NAMFISA FinTech Square** is the platform that hosts the Regulatory Sandbox.

5. FINTECH SQUARE AND REGULATORY SANDBOX (2/2)

REGULATORY SANDBOX

What is it?

A regulatory sandbox is a regulatory approach that allows real time testing of innovations within a controlled environment overseen by a regulator.

Why is it necessary?

A sandbox allows innovators to test innovative products, services and solutions in a controlled and safe space, to confirm (1) compliance with existing regulation and (2) protection of consumers, before implementing them within the wider sector.

What about the NAMFISA Regulatory Sandbox?

The NAMFISA Sandbox is an evidence-based tool that promotes (1) digital and non-digital innovation and (2) financial inclusion in the Namibian non-bank financial sector.

What will the NAMFISA Regulatory Sandbox contribute to Namibia?

The ultimate benefit for the country would be to bring about innovations that can increase access to financial services and create affordable digital platforms through which financial services providers can offer products to consumers throughout Namibia.



6. CONCLUSION PENTECH REGULATORY IMPEDIMENTS (1/2)

CURRENT CHALLENGES:

- Cyber security and data privacy concerns
- Incompatibility of traditional systems with new technology and FinTech solutions
- Outdated laws and regulations
- Low technological literacy and digital knowledge rate

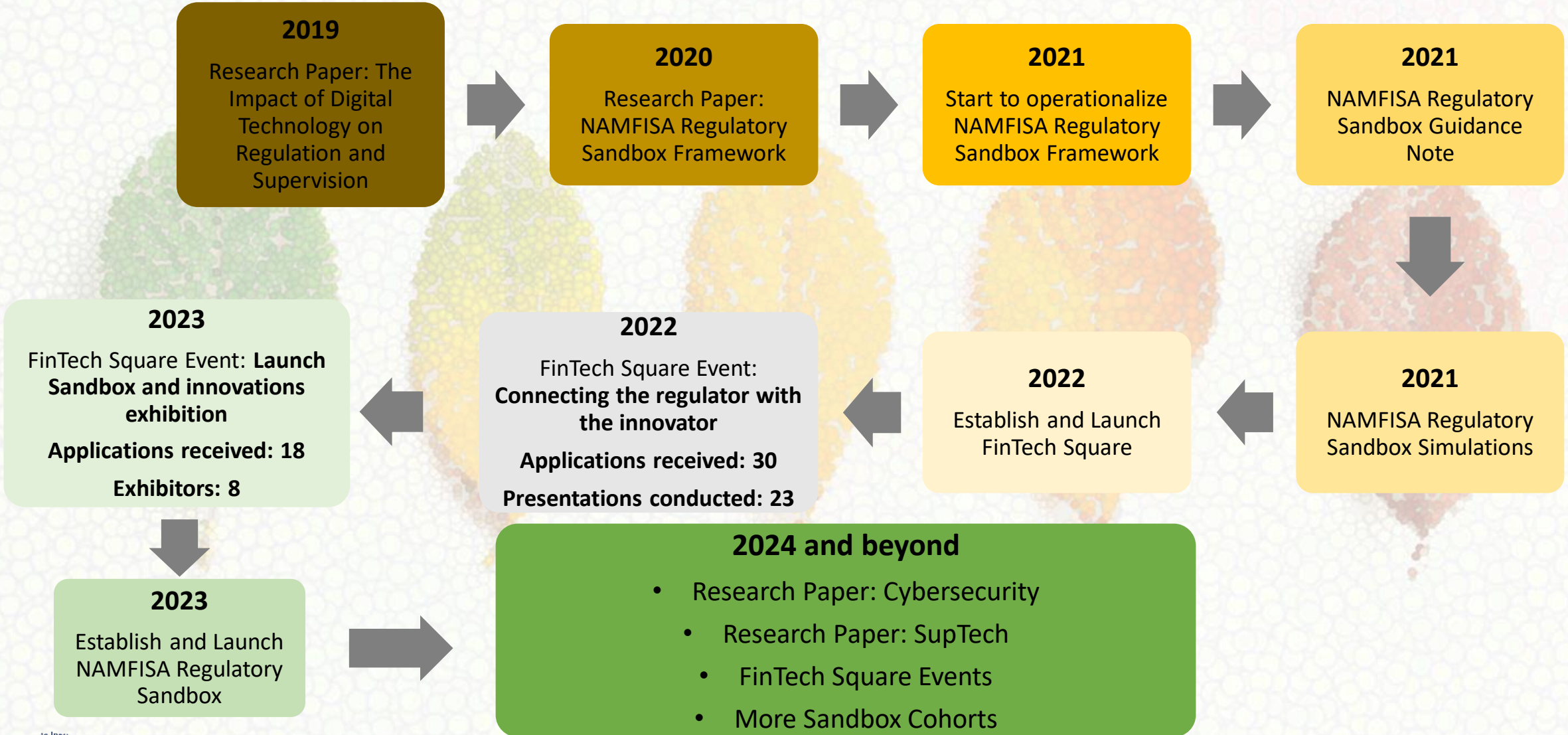
Outcomes, lessons
learned and
recommendations
informs regulations and
policy decisions

NAMFISA INITIATIVES:

- FinTech Square platform hosts annual thematic events promoting innovation and bringing leading players together
- Regulatory Sandbox environment that encourages digital and non-digital innovation and financial inclusion.
- Forward-looking research on SupTech and Cyber security.



6. CONCLUSION PENTECH REGULATORY IMPEDIMENTS (2/2)



THANK YOU

