

SOCIAL PROTECTION AND JOBS

2019 CORE COURSES

OCT. 28–NOV. 8 | WASHINGTON DC



Data and Payment Systems - Lessons from India, Uganda, Kenya and Mexico

November 5th, 2019

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[Pensions Core Course](#)

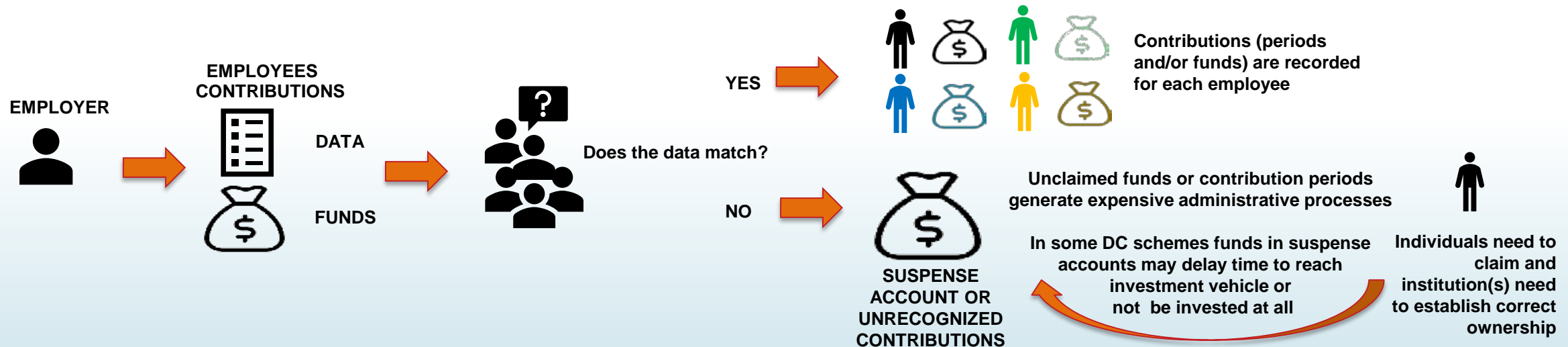
Why identity is important in contributions?

WHO OWNS THE MONEY?

It is essential to know to which individual the benefits and/or contributions should be accredited to or deposited

VIOLATED RIGHTS

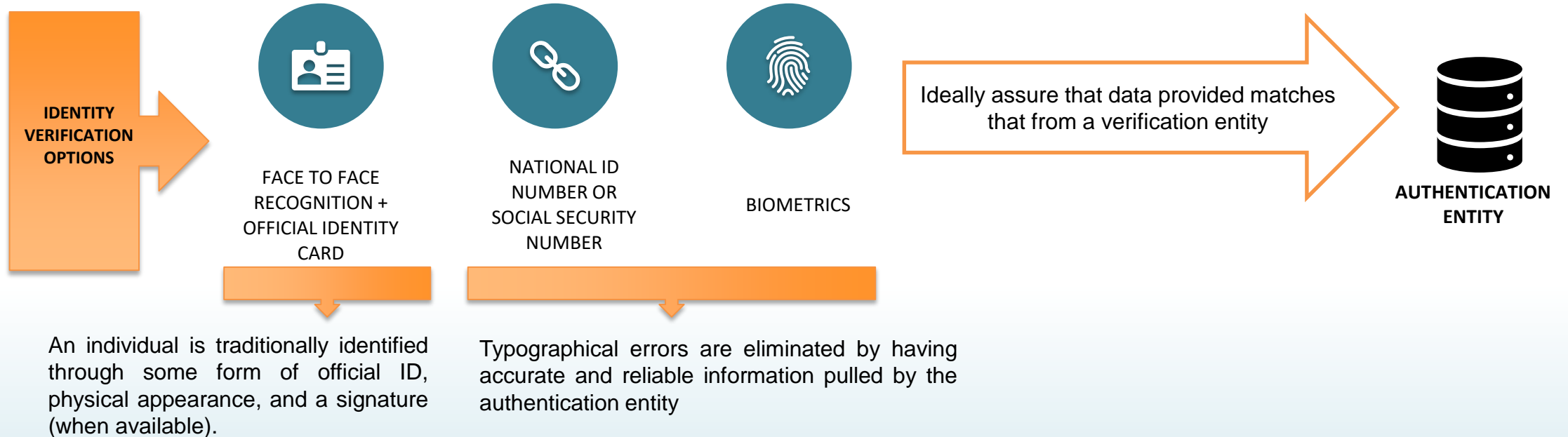
Employees benefits are eroded because contributions are not accrued



- Inefficient contribution collection affects both **Defined Contribution** and **Defined Benefit** pension schemes can have long term administrative costs that are usually addressed with very manual processes and absorbed by the employees and employers, as well as the scheme stakeholders.
- Individuals in many cases can see their pension eroded or sometimes even do not qualify to reach a benefit due to these issues, eroding trust in the pension schemes

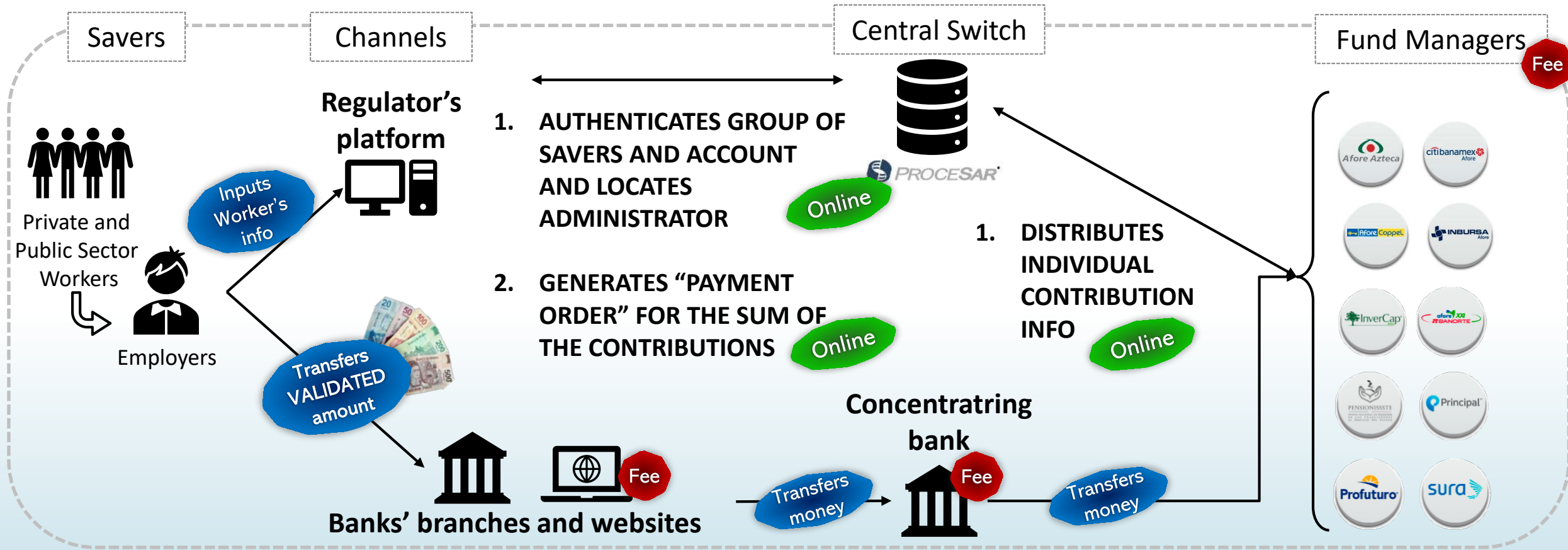
Identity verification

Most challenges start showing up when enrolling an employee and authenticating his or her identity, making sure that everyone is who they say they are.



- Contributions made by employers as well as those made voluntarily by workers (formal or informal) should be matched with data already recorded in the database from the enrolment and registration processes.
- Every time a contribution is made, a solid mechanism should be put in place to reduce contributions fall into suspense accounts

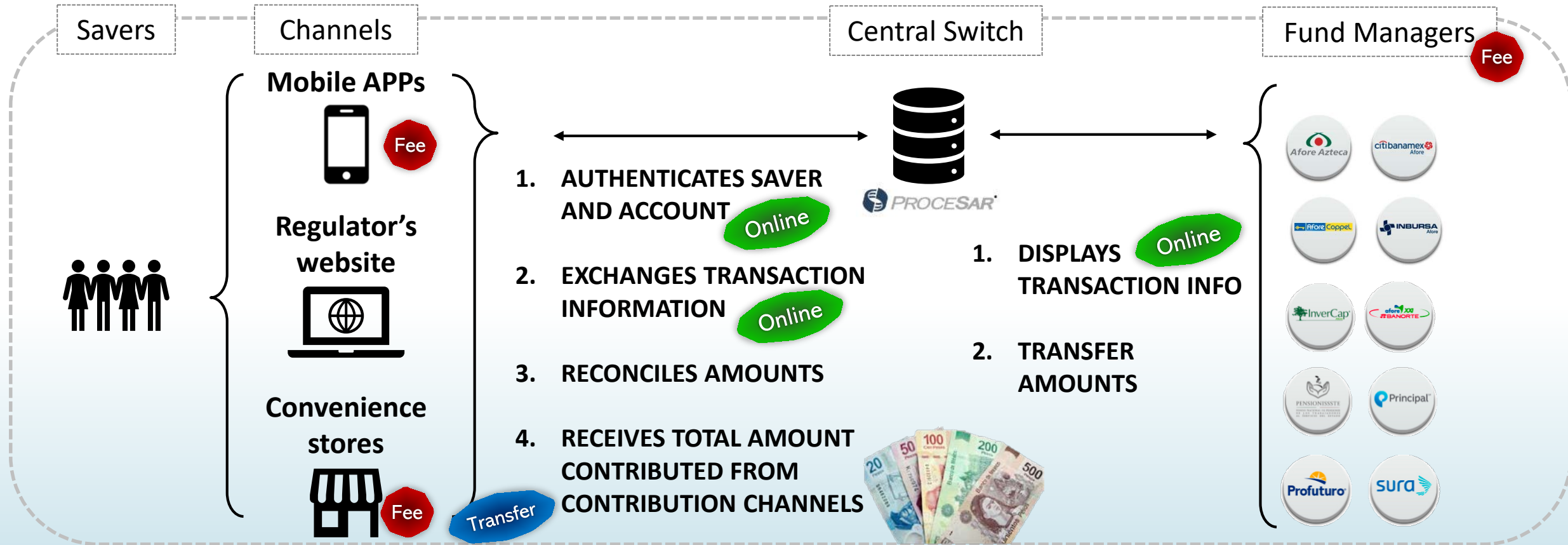
Mexico's mandatory contribution collection experience



- The contributions are authenticated from the point of collection and online
- The transaction is traceable in every step of the process and available for participants
- The amount of contributions is validated before being deposited

Mexico's voluntary contribution experience

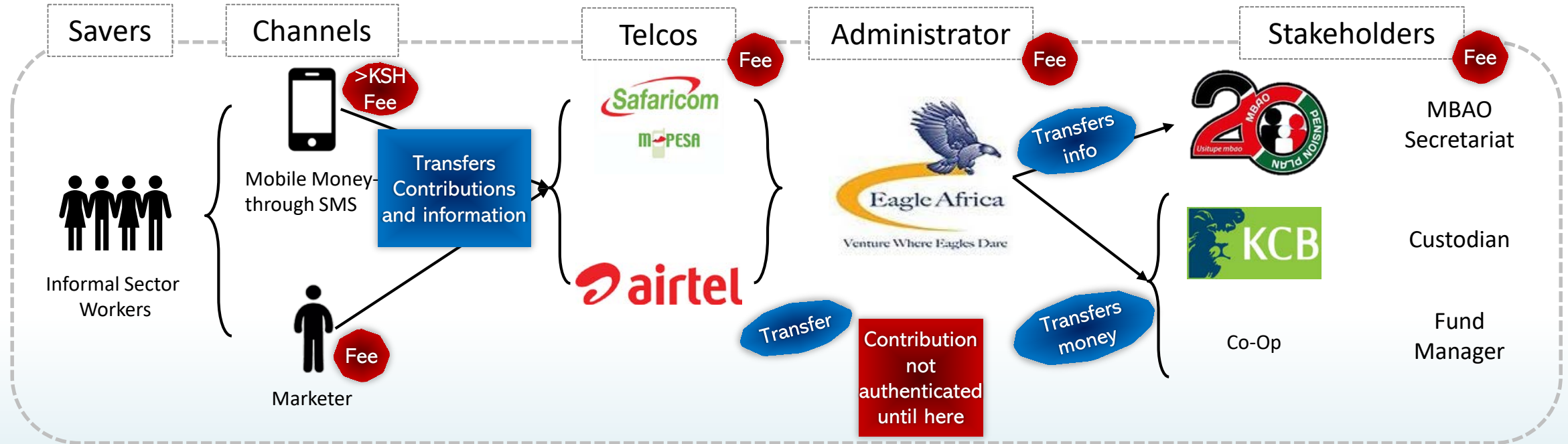
Introducing collection channels that connect all participants



- The contributions are authenticated from the point of collection and online
- The transaction is traceable in every step of the process and available for participants
- Convenience store and some Mobile APPs contributions transaction cost is fixed to a minimum fee base.

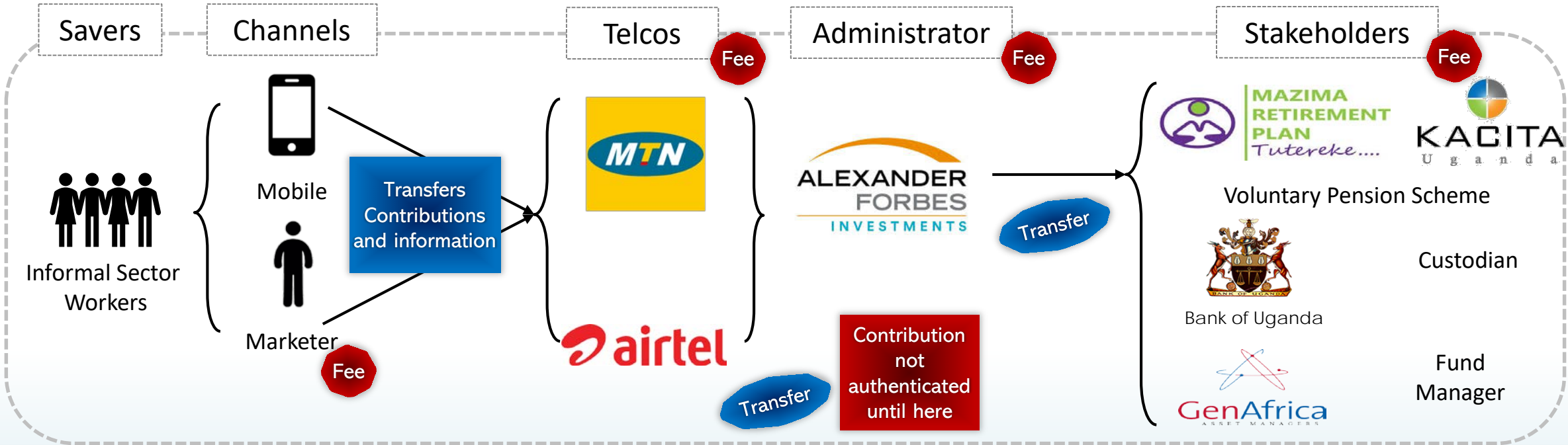
Kenya's voluntary contribution experience

MBAO: Mobile money contributions



- Throughout the MBAO pension scheme contributions made through mobile money have a low or no cost
- Contributions are authenticated loosely late in the process has a high risk, especially for the savers
- Information's collection and transfer methods can be slow and erode performance

Uganda's experience



- Throughout the Voluntary pension scheme contributions made through mobile money have a low cost
- Having contributions authenticated until very late in the process has a high risk, especially for the savers
- Information's collection and transfer methods can be slow and erode performance

Differences between online and offline systems for contribution collections

Offline

Validation notifies which ones were accepted and which were rejected

The contributions of the accepted records are the only ones that are registered in the database and the accounts of the employees

Even if the employer modifies the data for the next payment of contributions, those paid with wrong data will remain in the communal fund until the employee claims it.

Instant match validation

Contributions are received only from the records that were accepted

All data is reliable and contributions and quoted time are recorded for each employee

There is no communal fund for rejected contributions

Online

Final comments

Payment fees in Mexico for collection contributions

