

DIGITALIZATION IN PRIVATE PENSIONS

TURKISH EXPERIENCE

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SİGORTACILIK VE ÖZEL EMEKLİLİK
DÜZENLEME VE DENETLEME KURUMU

Turkish Pension System - Overview

PENSION SYSTEMS

1st Pillar

Social Security

Social Security
Institution

Provident Funds

Supervisor:
MoLabor
Social Security

2nd Pillar

Mandatory

OYAK
Amele Birligi
ILKSAN

Supervisor:
Oyak: Self-Reg.
Amele Birligi: MoLSS
ILKSAN: MoEdu.

Quasi-Mandatory

Auto Enrollment
System (based on BES)

Supervisor:
IPRSA
Capital Markets
Board

Voluntary

Provident Funds
Foundations

Supervisor:
Directorate General
for Foundations
IPRSA

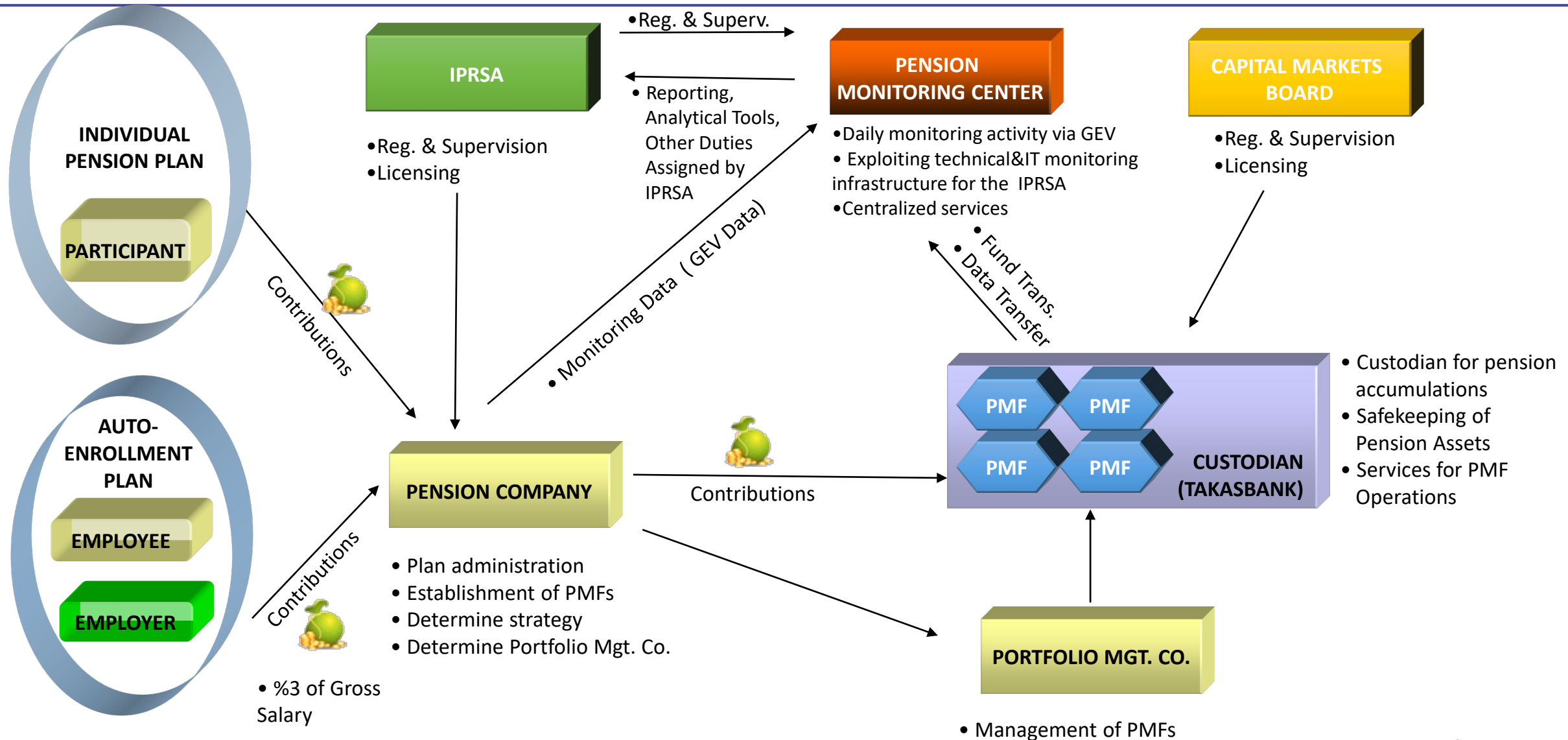
3rd Pillar

BES

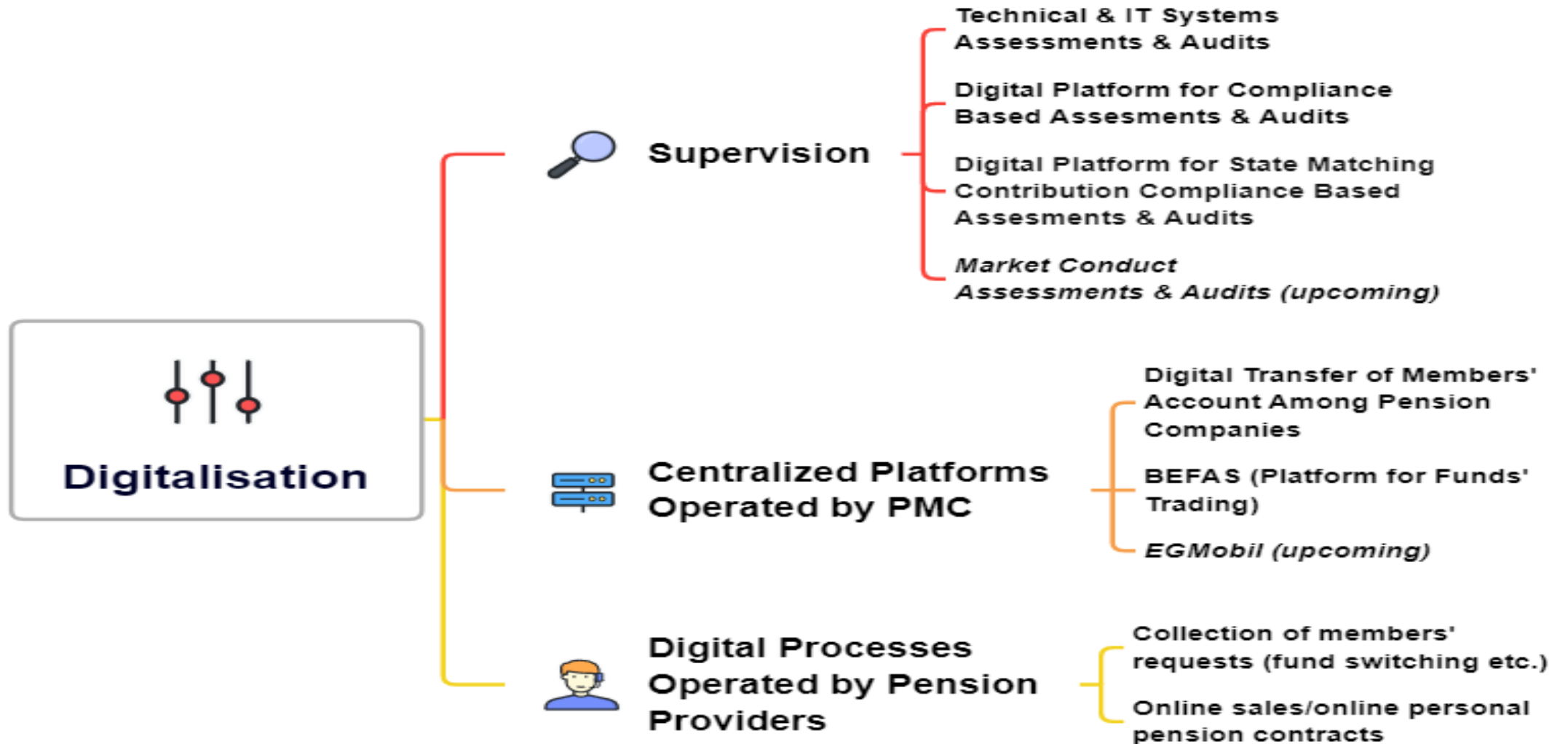
Pension Companies

Supervisor:
IPRSA
Capital Markets
Board

BES & AE System in Operation: PMC has a central role



Main Topics of Digitalization in BES: Pervasive Use of Digital Tools



EXISTING DIGITAL PLATFORMS: AIDING PENSION SUPERVISION



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- **TITP (Technical Infrastructure Testing Procedure)**

- Involves testing of the technical infrastructure of pension companies via GEV platform

- * *GEV=BES Monitoring Dataset Platform*

- Might be conducted for testing the infrastructure of

- * New pension license applicants

- * Existing pension companies



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- **Digital Platform for Operational Compliance**

- Involves the detection and reporting of legislative incompliance
- Monitors a wide set of compliance rules *e.g. investment rules, timing rules for the realization of member requests such as changing the allocation of assets, withdrawal of benefits etc.*
- Utilizes E-BPM web services tools



- **Digital Platform for the Monitoring of State Matching Contribution (SMC) Operations**
 - Involves the detection and reporting of incompliance related to the state matching contribution legislation
(e.g. proper & timely channeling of SMCs to the relevant funds, timely reimbursement of unvested SMCs to the state etc.)
 - Utilizes E-BPM web services tools

UPCOMING DIGITALIZATION MECHANISMS TO AID PENSION SUPERVISION



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- A mechanism to measure the service quality
 - Will utilize **Machine Learning** tools to measure & rate service quality of pension providers (*will use data from the digital platforms and GEV*)
 - Also involves utilization of **Natural Language Processing Tools** (*which is a subset of Art. Int.*) to detect anomalies & outliers regarding complaints

EXISTING CENTRALIZED OPERATION PLATFORMS OPERATED BY THE PMC



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Digital Platform for Transfer of Pension Accounts Among Providers



- **A digital platform for the transfer of accounts among pension providers safely&timely**

Prevents of delays in operations

Ensures the consistency between the data and funds transferred

Supplies the necessary data from the central database of PMC to the new company, ensuring data consistency sectorwide

Web services, data interpreted & calculated with algorithms

BEFAS (Pension Fund Trading) Platform



- **Open Architecture Digital Platform Which Provides Access to All Pension Mutual Funds for All Members in BES**
 - Involves a digital platform which allows all the BES members to access to all pension mutual funds provided by all the pension companies
 - Involves an additional «BEFAS Informatory Platform»
 - Utilizes E-BPM web services tools

UPCOMING CENTRALIZED OPERATION PLATFORMS OPERATED BY THE PMC



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EGMobil (Mobile Application Dashboard)



- **Mobile Application that Allows BES Members to View Info. About His/Her All Pension Contracts in BES, All-in-One App.**
 - Fund value
 - Retirement date
 - State matching contribution amount
 - Updated Vesting info. about state match. contr.
 - Data about the funds/contract
- Might be utilized to manage member requests in the future

ADVANTAGES&CHALLENGES OF DIGITALIZATION FOR THE SUPERVISORS: TURKISH EXPERIENCE



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- Digitalization allows good quality reporting & «to the point» analysis for the supervisors
- Saves a great deal of cost & time for the supervisors: *(and the pension companies)*
 - * little need to go on-site
 - * allows pro active intervention to emerging problems
- Enables the standardization of sector-wide operations, eases the assessment and comparison of service quality
- Allows easy integration with other stakeholder institutions *(eg. SSI, Ministry of Finance etc.)*

- Diverse levels of IT capabilities of supervised entities delay improvements
- Initial IT system development costs beared by the PMC and the pension companies
- Lack of global experience, research&evidence on the effectiveness of new technologies

THANK YOU

For more information:

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