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PENSION SCHEME GOVERNANCE MASTERCLASS

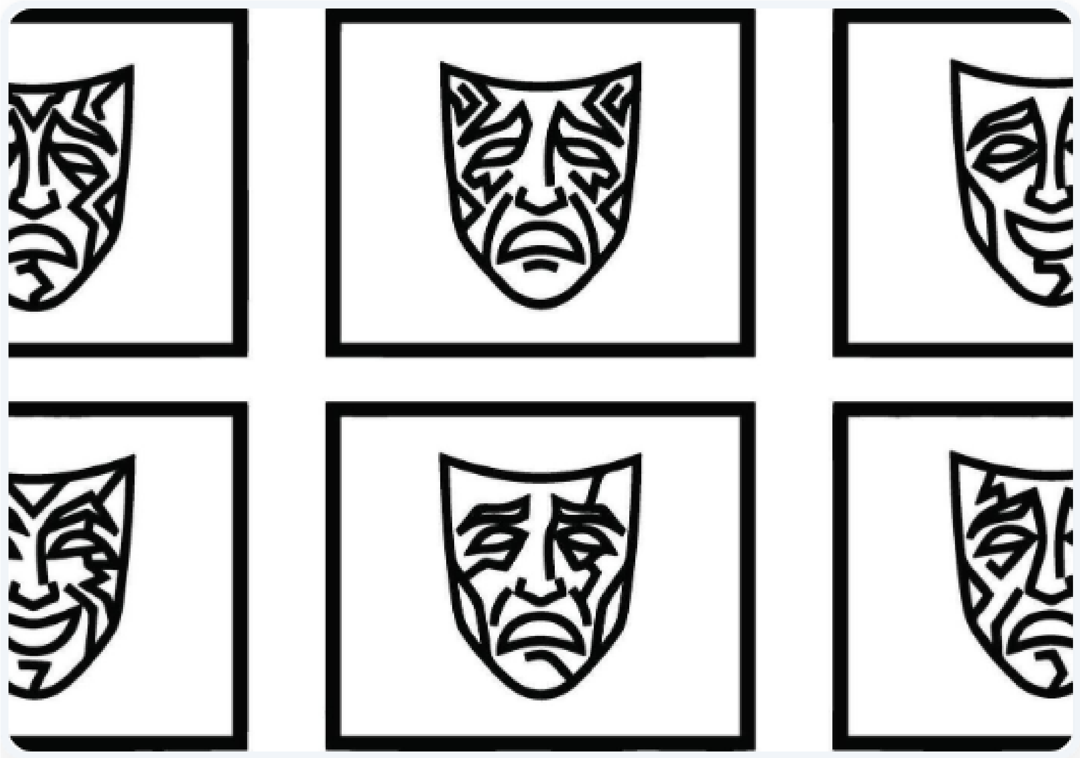
Member Complaints:
From Headache to Opportunity

UNAVOIDABLE REALITY

"Customers **always** have an experience."

Whether good, bad, or indifferent — every touchpoint defines their perception of the scheme.

Source: Managing the Total Customer Experience, MIT Sloan • http://bit.ly/og9wJx



THE CORE PHILOSOPHY

> *"Customers never disturb your job, they're the **reason** you have one."*

Shifting mindset from viewing queries as interruptions to recognizing them as the primary purpose of our operations.

DEFINITION OF A COMPLAINT

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Formal Definition

Expression of dissatisfaction made to or about an organization, related to its products, services, staff or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected or legally required.

Service Deficiencies

Communication that alleges deficiencies during or after a service.

Perceived vs Real Impact

Complaints can result from either real or perceived impacts of project activities/ processes.

Note: *Unanswered questions or ignored requests for information have the potential to become complaints and must be addressed promptly.*

WHY COMPLAINTS MATTER

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Reveal Gaps

Identify distinct failures or inconsistencies in standard service delivery pathways.

Weaknesses

Highlight systemic governance, administrative, or team performance bottlenecks.

Improvement

Provide factual, actionable feedback for continuous service and operational adjustments.

Reputation

Help protect the scheme's overall market standing by handling issues before escalation.

Build Trust

Enhance member trust and long-term confidence by showing responsiveness.

Compliance

Support full alignment with key regulatory oversight and reporting standards.

CAUSES OF COMPLAINTS

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- Inappropriate policies, laws or regulations (ambiguous, obstructive).
- Complex procedures, processes and routine.
- Inadequate capacity of government officers.
- Mistake of law (incorrect application, interpretation or ignorance of the law).
- Mistake of fact (decisions/ action based on incorrect information).
- Lack of awareness about requirements (e.g. vital documents).
- Weak & ineffective complaint handling mechanisms.
- Inaccessibility of officers & absenteeism.
- Corruption & impunity.
- Poor terms & conditions of service.
- Poor leadership and decision making.

Operational Insight

Most customer friction is caused by system design or policy flaws rather than malice.

WHY PEOPLE DON'T COMPLAIN

The silent risk: most unhappy members don't tell us.

When members choose silence over communication, they quietly exit or spread negative word-of-mouth. Understanding their barriers is critical.

- ✕ Lack of express accountabilities for handling complaints within an institution.
- ✕ Lack of information on how to make a complaint.
- ✕ Negative reception in the past when a complaint was made.
- ✕ Process being too time consuming.
- ✕ Perception that making a complain won’t make any difference.

THE PARADIGM SHIFT

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Traditional View

- Complaints are seen as a nuisance
- Focus on defending existing decisions
- Reactive approach to issues
- Complaints simply increase workload
- Seen as a high risk to reputation

Strategic View

- Complaints are valuable feedback
- Focus on solving systemic problems
- Proactive approach to resolving issues
- Complaints drive continuous improvement
- An opportunity to build deeper trust

COMPLAINTS HANDLING MECHANISMS

Systemic Definition

A formal system that provides individuals or groups a way to report issues, receive a structured investigation, and achieve a fair resolution from an organization.

It may also be defined as a clearly designated department, section, office or unit that bears the primary responsibility for complaints.

Organizational Alignment

- Various models exist to fit specific institutional frameworks.
- The choice must be suited to the work, structure, size & user needs.
- May be completely centralized, decentralized, or strategically outsourced.

ESTABLISHING SUPPORT

Every public institution must establish formal mechanisms to prioritize complaints.

This ensures complaints receive structured attention, directly informing service delivery adjustments and structural reforms.

Senior Leadership Role

It is highly desirable that complaints mechanisms are headed by reasonably senior persons who command respect.

Guarantees support and internal goodwill.

THE STRATEGIC IMPORTANCE

Accessibility

Provides an efficient, fair and highly accessible system for resolving user issues.

Information Flow

Ensures users receive timely and structured information about the progress of their issue.

Better Decisions

Promotes accurate and high-quality administrative and governance decision-making.

Public Relations

Actively fosters collaborative and peaceful relations with the broader public.

Monitoring

Allows continuous trends tracking to systematically enhance scheme operations.

Relationship

Increases user satisfaction levels and directly strengthens user-agency relationships.

TURNING COMPLAINTS INTO OPPORTUNITIES

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Operational Benefits

- Significantly improved service delivery.
- Enhanced administrative and processing efficiency.
- Highly structured record and data management.
- Reduced risk of recurring errors.

Governance Benefits

- Stronger institutional accountability.
- Data-driven, high-quality decision-making.
- Proactive and comprehensive risk management.
- Enhanced and robust oversight by trustees.

OPPORTUNITIES FOR MEMBERS

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Faster Resolution

Quick turnaround times on issues reduce user stress and build loyalty.

Better Dialogue

Open dialogue leads to improved clear communication channels.

Elevated Trust

Increased trust and long-term confidence in scheme sustainability.

Informed Members

Clear processes support a better overall understanding of benefits.

SYSTEM FORMS AND STRUCTURES

Available Setup Forms:

- Complaints Desk
- Complaints Department
- Institutional Ombudsman
- Committees (Standing & Ad hoc)
- Officer / Champion / Focal Person

A public complaints handling mechanism must be given adequate **independence, authority, and resources** to be effective.

It requires deep support and complete commitment by the institution's leadership to guarantee successful resolutions.

THE COST OF SILENCE

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Risks to the Scheme

- Increased, compounding member dissatisfaction.
- Direct escalation to regulatory watchdogs & tribunals.
- Severe and potentially permanent reputational damage.
- Loss of broader member trust and public confidence.
- Increased operational and resource resolution costs.
- Prolonged and expensive legal disputes.

Systemic Failures Indicators

Unresolved complaints are rarely isolated events. They generally indicate deep operational weaknesses in:

- Internal governance and quality controls.
- Outbound and inbound communication systems.
- Third-party service provider oversight.
- Active trustee oversight and monitoring functions.

EARLY WARNING SIGNALS

Complaint Trend / Symptom	Potential Back-end Risk
Delayed benefit payments	Cash flow problems or serious process bottlenecks
Missing employer contributions	Employer compliance risks or corporate distress
Incorrect benefit calculations	System failures or grave administrative errors
Poor or delayed communication	Severe reputational and client trust risks
Repeated service delivery complaints	Underperforming service providers / vendors

SYSTEMIC PROBLEM SOLVING

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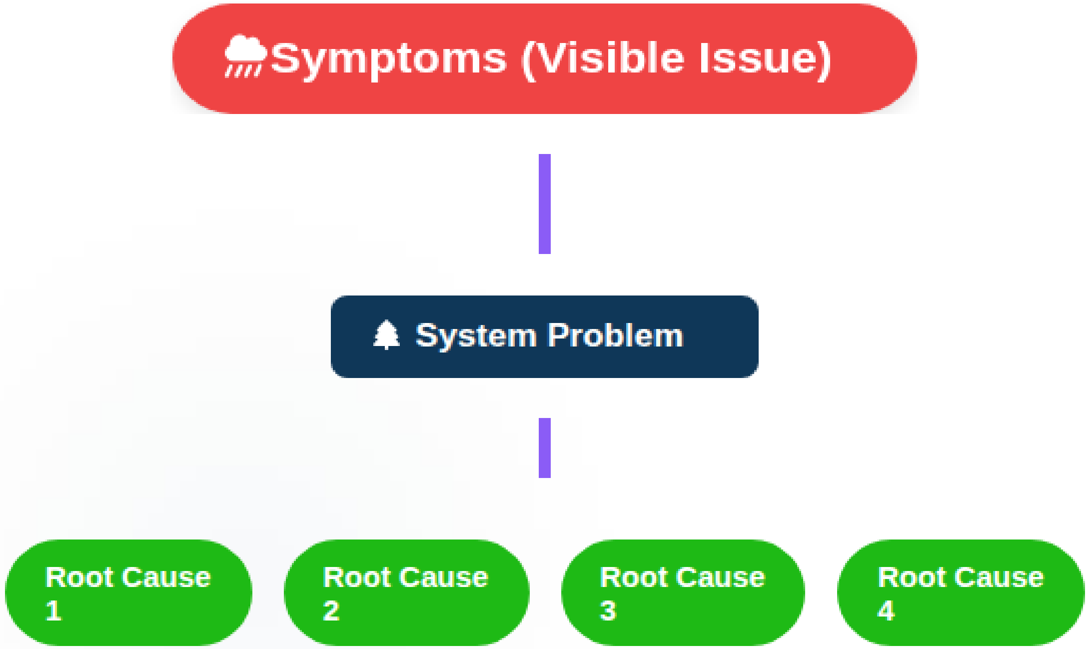
A good mechanism must strictly uphold five fundamental principles.

> *"When we fail to grasp the systemic source of problems, we are left to 'push on' symptoms rather than eliminate underlying causes".*

— Peter Senge, Author of *The Fifth Discipline*

ROOT CAUSE ANALYSIS (RCA)



A Guide to RCA

Instead of managing the outer visible symptoms of a complaint (the foliage), an effective institution digs deep to find the root flaws in their systems.

- Differentiates between acute symptoms and chronic problems.
- Prevents the same complaints from recurring repeatedly.

THE "5 WHYS" TECHNIQUE

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The method uses a series of questions to drill down into successive layers of a problem. The answer to each "Why" becomes the logical basis of the next.

Step 1
What Happened?
Identify the physical surface-level issue.

Step 2
Why did it happen?
Investigate direct operational triggers.

Step 3
Find Root Cause
Peel away outer layers to reach source.

Ideal for quick, uncomplicated problems where advanced stats are unnecessary.

MANAGEMENT FRAMEWORK (PART 1)

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1. Accessible Channels

Ensure members can reach us effortlessly on their preferred channels:

- Email Channels
- Direct Telephone
- Physical Offices
- Online Portals

2. Clear Procedures

- Defined step-by-step complaint handling pathway.
- Strict timeline goals for responses and resolution.
- Escalation procedures if issues remain unresolved.

MANAGEMENT FRAMEWORK (PART 2)

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3. Accountability

- Assign clearly designated complaint officers.
- Provide structural, direct management oversight.
- Establish transparent board trustee monitoring.

4. Documentation

- Implement a central, secure Complaint Register.
- Introduce live tracking of issue status & resolution.
- Review periodic data to extract trend analysis.

THE FOUR-STEP APPROACH

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STEP 1
Listen

Acknowledge the complaint promptly. Ensure you fully understand all aspects of the issue.

STEP 2
Investigate

Gather all relevant facts. Review backend internal records and member supporting documents.

STEP 3
Resolve

Provide a fair and timely response. Clearly explain the objective basis of the decision.

STEP 4
Learn

Identify root causes. Implement structural corrections. Closely monitor to prevent recurrence.

THE EMPATHY STANDARD

> *"Empathy is not walking in another's shoes. First, you must* ***remove your own****."*

— Scott Cook, Founder of Intuit

THE ROLE OF TRUSTEES

Trustees must ensure:

- A formal complaint handling policy exists.
- Complaints are addressed fairly and promptly.
- Complaint trends are regularly reviewed.
- Root causes are identified and addressed.
- Service providers are held accountable.
- Lessons learned inform governance improvements.

Trustee Reflection

"What are our complaints telling us about our scheme?"

COMPLAINT-FRIENDLY CULTURE

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Encouraging Feedback

A complaint-friendly culture recognizes that feedback is essential for continuous improvement.

> Key Perspective
> *"Members who complain are often giving the scheme a chance to improve before taking the matter elsewhere."*

Key Characteristics:

- Complete openness and structural transparency.
- Respectful and polite engagement with all members.
- Prompt, clear, and proactive communication.
- Relentless commitment to service excellence.
- Continuous, deep improvement mindset.

THE "5 CS" OF MANAGEMENT

Best practices in complaints management can be effectively captured as the **"5 Cs"** framework:

Clarity
Highly defined processes.

Convenience
Effortless channel access.

Consistency
Completely fair handling.

Confidentiality
Ensured member privacy.

Correction
Remedies and fast learning.

MEASURING SUCCESS

Key Metrics to Monitor:

- Total volume of complaints received.
- Average turnaround resolution time.
- Percentage resolved within target SLA timelines.
- Identification of recurring complaint categories.
- Direct member satisfaction post-resolution.
- Complaints escalated to regulators or courts.

"What Gets Measured Gets Managed"

REPORTING & ACCOUNTABILITY

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Data & Record Keeping

It is critically important to establish an airtight system for recording, documenting, and reporting on all scheme complaints.

Beyond base progress monitoring, we must capture strategic metrics to prevent systematic gaps.

Critical Variables to Capture:

- Nature & Mode of complaint (Oral vs. Written)
- Services, practices, or products identified
- Exact Location (branch, section, officer)
- Action taken, exact response/resolution time
- Final outcome provided to member
- Underlying root cause & rectifications applied

ACCOUNTABILITY ESCALATION

Review & Refinement

Regular analysis of complaint databases enables accurate trend tracking and helps identify administrative underperformance.

Periodic formal reports must be generated for management. The mechanism itself should be audited regularly to guarantee effectiveness.

Rights of Appeal & ADR

The Retirement Benefits Act explicitly guarantees rights of appeal to the regulator and Tribunal.

Resolving complaints internally enables both parties to explore all cooperative options. Explore Alternative Dispute Resolution (ADR) methods whenever possible.

CORE TAKEAWAYS

Moving forward with a progressive outlook on complaints.

How we handle friction defines our administrative integrity. A scheme that listens and corrects outperforms those that remain defensive.

- View complaints as highly valuable member feedback.
- Strengthen overall governance and public trust.
- Track trend data as early warning risk symptoms.
- Recognize issues as a strategic management tool.
- Convert errors into opportunities for growth.

PART TWO: SCHEME TRANSPARENCY

The Trust Factor:

Building Member Confidence

Presented by: Muhidin Mohamed

WHY TRUST MATTERS

The Long-Term Promise

Pension schemes operate on a promise: members contribute today with the expectation of receiving benefits in the future.

Unlike standard retail financial products, members may wait decades before realizing the value of their savings.

Consequences of No Trust:

- Members become disengaged.
- Complaints increase.
- Participation may decline.
- Confidence in trustees/admins erodes.

WHAT IS TRANSPARENCY?

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Definition

Transparency refers to the open, accurate, timely, and accessible sharing of information with members and stakeholders.

Transparency Creates:

- Confidence
- Accountability
- Credibility
- Deep Trust

THE TRUST EQUATION

Trust = Transparency + Competence + Accountability + Communication

Competence
Trustees and service providers effectively manage the scheme assets.

Accountability
Decision-makers take formal responsibility for all scheme outcomes.

Communication
Members receive timely, structured and understandable information.

WHAT MEMBERS WANT TO KNOW

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Informed Demand

Members are increasingly interested in understanding how their future security is being safeguarded.

> When information is unavailable, members often fill the gaps with negative assumptions, speculation, and distrust.

Common Member Inquiries:

- How much money is in the scheme?
- How are investments performing?
- Are my contributions up to date?
- How are trustees making decisions?
- What fees and expenses are being charged?

TRANSPARENCY IN PRACTICE (1)

Scheme Governance

- Clear trustee board composition.
- Transparent governance structure.
- Key decisions affecting members disclosed.

Financial Info

- Audited financial statements.
- Complete funding status checks.
- Detailed scheme expenses breakdown.

Investments

- Overall investment strategy details.
- Consolidated fund performance records.
- Investment risk transparency reports.

TRANSPARENCY IN PRACTICE (2)

Member Benefits

- Benefit calculation formula transparency.
- Regular, comprehensive benefit statements.
- Real-time claims processing updates.

Service Standards

- Clearly communicated complaint handling workflows.
- Guaranteed SLA response timelines.
- Service delivery commitments and charters.

THE COST OF OBSCURITY

Member Consequences

- ✕ Anxiety, uncertainty and stress.
- ✕ Increased volume of customer complaints.
- ✕ Reduced scheme confidence.
- ✕ Quiet member disengagement.

Scheme Consequences

- ✕ Severe and public reputational damage.
- ✕ Rapid escalation of basic disputes.
- ✕ Increased regulatory intervention.
- ✕ Higher backend administrative costs.

> "Members are often more forgiving of bad news than they are of surprises."

TRANSPARENCY & GOVERNANCE

The Core Pillar

Transparency enhances and acts as the structural mortar for strong, modern scheme governance.

Governance Principle

Good governance thrives in an environment where information flows freely and responsibly.

How Transparency Enhances Governance:

- **Accountability:** Trustees can be held responsible for all actions.
- **Fairness:** Members are treated equitably.
- **Integrity:** Decision-making becomes highly credible.
- **Oversight:** Regulators, auditors, and members can monitor.

COMMUNICATION & TRUST

Ensuring Comprehension

Transparency is not merely about providing information; it is about ensuring information is completely understood.

Communication Attributes:

- Clear & Simple
- Timely & Regular
- Accurate & Consistent
- Accessible To All

Primary Delivery Channels:

- Comprehensive Annual Reports.
- Dynamic Benefit Statements.
- Direct Member Townhalls and Forums.
- Websites, Member Portals, and SMS.
- Regular Newsletters and bulletins.

TURNING FRICTION TO TRUST

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The Member's Trial

When members raise concerns, they are critically evaluating:

- Whether the scheme truly listens.
- Whether the scheme deeply cares.
- Whether the scheme is fundamentally fair.
- Whether the scheme is trustworthy.

Trust-Building Response:

- Acknowledge all issues promptly.
- Investigate matters with absolute fairness.
- Communicate decisions with total clarity.
- Resolve the problem transparently.
- Extract lessons and refine feedback loops.

THE ROLE OF TRUSTEES

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Trustees Should:

- Actively promote a culture of transparency.
- Ensure timely structural disclosure of data.
- Monitor member communication metrics.
- Provide strict oversight on complaint workflows.
- Demand compliance from service providers.
- Lead by example with high ethical conduct.

Trustee Reflection

"If I were a member, would I feel sufficiently informed and confident about how my retirement savings are being managed?"

TRANSPARENCY FRAMEWORK (1)

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1. Governance Policy

- Adopt a strict transparency & disclosure policy.
- Regularly communicate trustee board decisions.
- Publish clear board meeting minutes & summaries.

2. Transparent Reporting

- Provide highly understandable annual reports.
- Simplify financial and investment metrics.
- Ensure clear tables of fees and overheads.

TRANSPARENCY FRAMEWORK (2)

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3. Engagement

Conduct structured member education programs. Host recurring interactive forums, webinars, and information drives.

4. Technology

Introduce self-service member portals. Provide real-time access to statements, contribution tracking, and claim flows.

5. Feedback

Establish smooth, easy-access channels for member feedback. Ensure the complaints loop feeds back into board reviews.

MEASURING MEMBER TRUST

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How Do We Know Members Trust Us?

Trust cannot be managed as an abstract concept. We must track physical markers of member confidence.

Administrative Principle
"What Gets Measured Gets Managed"

Key Trust Indicators:

- Positive member satisfaction survey ratings.
- Declining trends in total complaint volumes.
- Robust member participation in AGMs & forums.
- High portal login and statement download rates.
- Escalations to regulator or courts dropping to zero.
- Highly positive contribution & retention trends.

PROFILES: THE COOPERATIVE

The Friendly / Cooperative Customer

Characteristics: Polite, patient, highly open to guidance, appreciates professional assistance.

Response Strategy

Be equally polite, enthusiastic and professional. Serve them with maximum efficiency.

Pitfalls to Avoid

Never delay their service because they are nice. Maintain absolute professionalism.

PROFILES: THE AGGRESSIVE

The Aggressive / Difficult Customer

Characteristics: Rude, threatening, highly vocal, potentially insulting to staff or other customers.

Response Strategy

Stay completely calm and firm. Establish respectful boundaries immediately. Escalate if safe standards are breached.

Pitfalls to Avoid

Do not retaliate or argue back. Avoid losing control under pressure.

PROFILES: THE VIP

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The VIP / High Roller Customer

Characteristics: Expects immediate attention, may leverage status, highly influential on public perception.

Response Strategy

Deliver extremely polite service within standard processes. Emphasize fairness & consistency rules.

Pitfalls to Avoid

Do not break operational rules or show favoritism. Avoid appearing intimidated.

PROFILES: THE EXPLOITER

The Rip-Off Customer

Characteristics: Exploits system loopholes, provides falsified documents, exaggerates complaints for undue benefits.

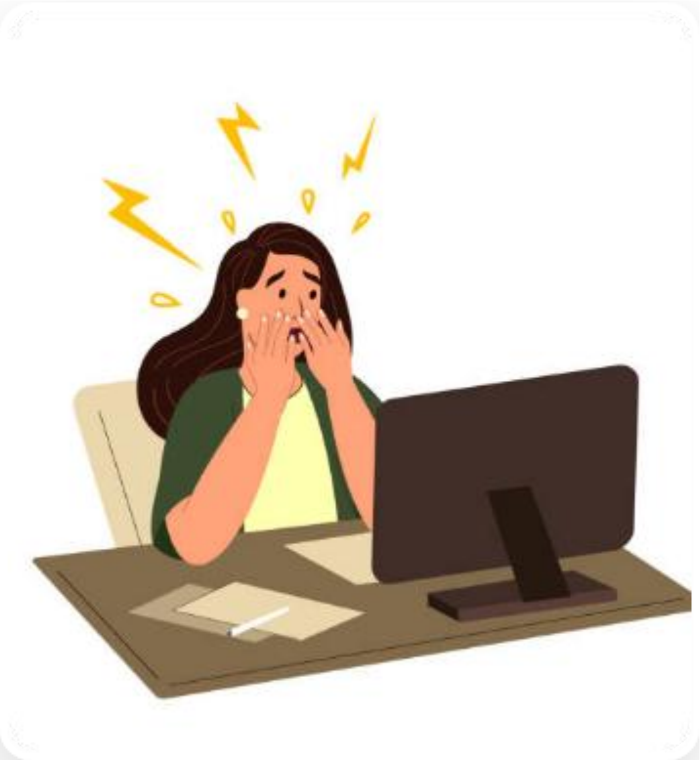
Response Strategy

Stay vigilant. Verify all details and documents thoroughly. Escalate suspect fraud to management.

Pitfalls to Avoid

Do not be naive or overly trusting. Do not bend procedures or argue emotionally.

PROFILES: THE CHRONIC



⚠ The Chronic Complainer

Characteristics: Always dissatisfied, repeatedly raises trivial issues, distrustful, demands constant attention.

Response Strategy

Listen with patience. Acknowledge frustration and offer practical, highly objective solutions.

Pitfalls to Avoid

Never promise what you cannot deliver. Do not dismiss valid core issues hidden beneath noise.

PROFILES: THE MEEK

The Meek Customer

Characteristics: Shy, quiet, hesitant to complain even if unhappy, leaves quietly but shares negative stories elsewhere.

Response Strategy

Actively invite open conversation with a warm, friendly tone. Ask clear, highly open questions.

Pitfalls to Avoid

Never assume silence equals complete satisfaction. Do not rush through their service.

Questions & Answers

Every complaint and inquiry is a unique opportunity to build trust, refine governance, and deliver on our promise.

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Thank You

ADDRESS

5th Floor, Crescent Business Centre (CBC), Parklands.
P.O. Box 48179-00100, GPO Nairobi, Kenya

CALL US

+254 719 560656, +254 740 257777, +254 111052230

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www.finnettrust.com | Facebook/LinkedIn: Finnet Trust