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REGULATORY TECHNOLOGY AND COMPLIANCE

Pension Strategy Formulation Excellence & Innovation Driven Transformation

INTRODUCTION

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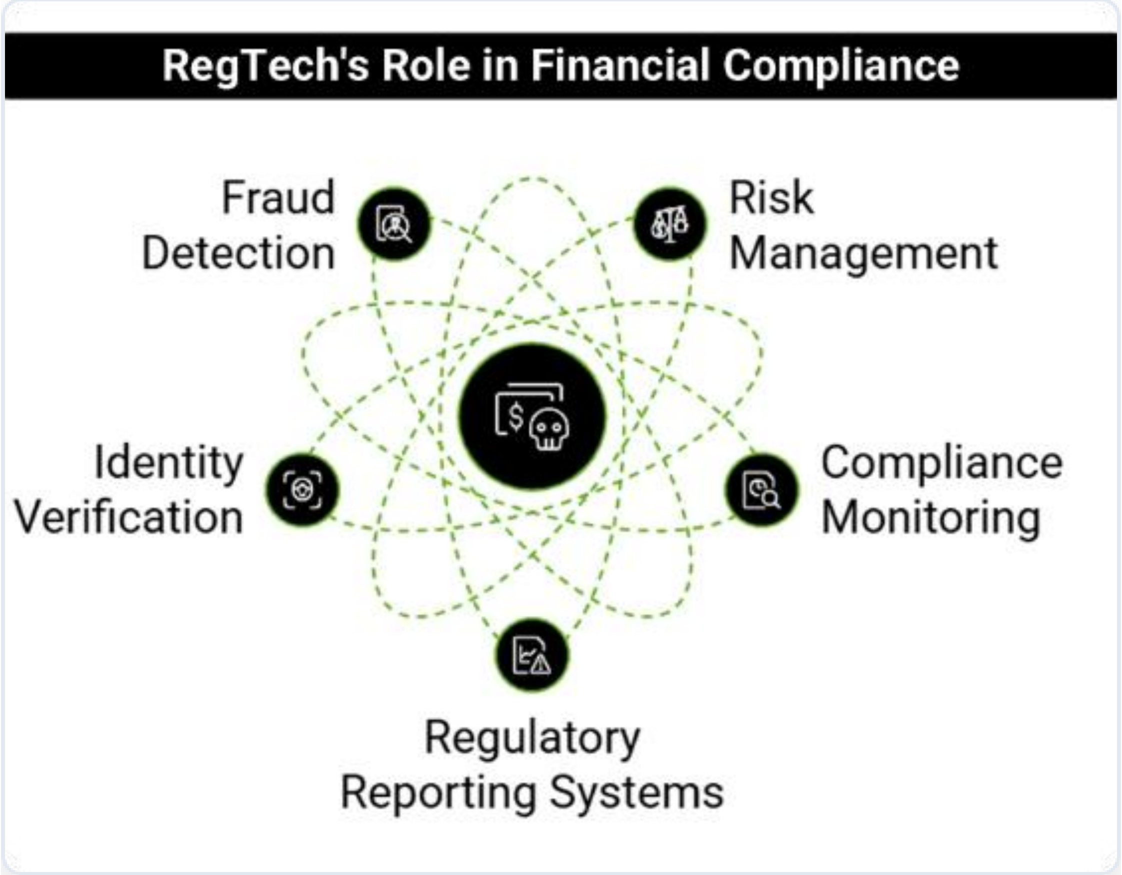
Regulatory Technology (RegTech) is the use of technology in the context of regulatory monitoring, reporting, and compliance, with the aim of streamlining and improving regulatory processes.

A study conducted by RBA (*Application and Effects of Modern Computing Technologies on Supervision and Management of Retirement Benefits Schemes in Kenya 2024*) revealed that the pension sector in Kenya has a **huge potential to transform its operations** by adopting modern computing technologies.



INTRODUCTION CONT…

With the adoption of modern computing systems, there is a consequent need to customise regulatory strategies to match the growing technology.

Additionally, the shift in contribution models for pension schemes has increased the focus on member outcomes and diversified investment strategies, heightening supervisory complexity.

Therefore, regulators must navigate the rapidly changing regulatory landscapes and increased expectations for transparency and accountability.

REGULATORY TECHNOLOGY IN FIN-TECH

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In the world today, various sectors are recognising the importance of updating laws and regulations to address the challenges of emerging technologies and the innovative models they enable.

In the financial sector specifically, the rapid technological advancements has seen the emergence of various financial technologies (Fintechs) including mobile money, mobile lending and saving platforms that have significantly enhanced financial inclusion and in **2025 the Virtual Assets Service Providers Act was passed under the regulation of CBK and CMA**.

Due to these rapid innovations in fintech, there has been the need for **policy alertness and agile regulatory framework** to keep up with the ever-evolving products and services as well as to harness the opportunities and mitigate against threats that arise with the use of these technologies.

REGULATORY TECHNOLOGY IN FIN-TECH CONT...

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Regulation Technology in fin-tech supports labour-intensive regulatory and compliance processes.

It involves the employment of technology to automate compliance with financial regulations.

In Kenya for example, the prevalence of mobile money services has facilitated the need for increased regulation on money laundering practices.

Mandatory Compliance Obligations

Compliance obligations such as:

- KYC (Know Your Customer)
- Transaction Monitoring
- PEP Screening & Sanctions Screening
- Suspicious Transaction Report (STR) filing

Mandatory for banks, fintech startups, mobile money providers (e.g. M-Pesa), and insurance firms.

REGULATORY TECHNOLOGY IN FIN-TECH CONT...

Software Automation & Analytics

These modern Anti-money Laundering (AML) solutions combine software automation and analytics to create more resilient and adaptive compliance programs.

Impact & Outcomes

These tools help organizations comply with Kenyan AML regulations, reduce false positives, and improve detection accuracy.

REGULATORY TECHNOLOGY AND COMPLIANCE FOR PENSION SCHEMES

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Global Pension Digitalization

Several countries across the world have implemented various aspects of pension digitalization to enhance interactions with pension members and to improve internal processes.

Technological applications are used to support risk management and for compliance through making compliance monitoring and risk training more efficient and transparent.

Key Processes Supported

- Real-time transaction analysis
- Online registration
- Risk weighted asset calculations
- Data analytics and aggregation
- Modelling, scenario analysis and forecasting
- Complying with customer protection processes

REGULATORY TECHNOLOGY FOR PENSION SCHEMES IN OTHER JURISDICTIONS

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United Kingdom Experience

In the United Kingdom for example, technology is used to provide financial advice ("robo advice") for schemes.

Robo-Advisors

Robo-advisors are digital platforms that provide automated, algorithm-driven financial planning services provided by digital platforms with little or no human supervision.

Regulatory Sandbox

This is regulated though the use of regulatory sandbox, which offers guidance to such automated advice models to ensure algorithmic integrity and compliance before or during live deployment.

REGULATORY TECHNOLOGY FOR PENSION SCHEMES IN OTHER JURISDICTIONS CONT...

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Member Engagement & Compliance

Technology has also been used to generate member engagement through the use of modern computing technologies in communications, including periodic reporting, marketing communications and other information.

In regulating this, reg-tech automates compliance auditing and consent tracking to ensure member engagement communications remain accurate, transparent, and legally compliant.

Australia Superannuation Model

In Australia, members of superannuation schemes can access their accounts through a mobile phone app.

In this case, reg-tech tools are implemented to automatically check that employers pay correct contribution rates and meet strict statutory deadlines.

REGULATORY TECHNOLOGY FOR PENSION SCHEMES IN OTHER JURISDICTIONS CONT...

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National Pension Dashboards

A number of countries have created "pension dashboards" to give members and beneficiaries an easy-to-use and overview of their likely pension finances. Pension dashboards provide a one-stop shop for individuals to view their pension status.

Dashboard Functionalities

- View pension entitlements
- Compare different schemes
- Enter personal information once for multiple providers
- Receive regulatory & marketing communications
- Compare different pay-out options

RegTech Application

Regulatory technology applies to national pension dashboards by automating data standardization across diverse providers, enforcing real-time privacy and disclosure compliance, and continuously auditing system feeds to ensure accurate, unified benefit projections for members.

LEGAL FOUNDATION FOR REG-TECH IN KENYA

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In Kenya, there is currently no dedicated legal or regulatory framework specifically providing for reg-tech in the retirement benefits sector. However, the RBA has taken the approach of broader ICT governance mandates to regulate the use of technology in schemes.

Guideline 42 Mandates

Guideline 42 of the Retirement Benefits (Good Governance Practices) Guidelines provides guidelines on the use of information and communication technology in scheme governance. The guideline requires the board of trustees to manage scheme information by:

- Enforcing ICT policies
- Ensuring qualified staffing for IT management
- Ensuring robust business continuity plans
- Data protection compliance
- Proper management of scheme records through security controls

APPLICATION OF REGULATORY TECHNOLOGY FOR SCHEMES IN KENYA

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Pensioners' Self-Registration Portal

The Kenya National Treasury launched the Pensioners' Self-Registration Portal as a precursor to the larger, end-to-end Enterprise Resource Planning (ERP) system aimed at enhancing the efficiency and reliability of pensions management.

This represents a fundamental shift from fragmented, manual record-keeping to a unified, data-driven scheme management.

The self-registration Portal is intended to ensure the accuracy and completeness of pensioners' data.

Full-Fledged ERP Frameworks

Similarly, pension schemes and administrators across the country have also deployed full-fledged ERP frameworks to streamline the entire member lifecycle.

These ERP platforms help to consolidate member profiles, historical contributions, and employer remittances into a single source of truth.

APPLICATION OF REGULATORY TECHNOLOGY FOR SCHEMES IN KENYA CONT…

Modern Computing & ERP Backbone

Modern computing systems such as ERP systems act as the underlying data backbone for Regulatory Technology.

Synergy Between ERP & RegTech

While reg-tech provides the specialized tools to analyze compliance requirements and submit reports to regulatory authorities, ERP systems supply the unified and real-time data needed to make reg-tech effective.

APPLICATION OF REGULATORY TECHNOLOGY FOR SCHEMES IN KENYA CONT...

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Electronic Returns Submission

Most retirement benefit schemes now submit periodic returns electronically through the returns portal, allowing the Authority to collect supervisory data more efficiently.

This form of electronic reporting has improved consistency, reduced delays and enhanced data analysis.

RBA Digital Ecosystem Tools

Additionally, the RBA website hosts several digital tools such as:

- The Returns Portal
- Whistle Blower tool for reporting
- Complaints Tool for stakeholder concerns

Although this counts as significant effort in adopting regulatory technology, there is still need for a more robust adoption of reg-tech to keep up with the dynamic technology of the world today.

POTENTIAL AREAS FOR GROWTH

The Government is set out to roll out an **Online Pension Information Management System (OPIMS)** that is aimed at modernising pension administration and enhancing service delivery for retired civil servants.

Pre-Retirement Enrolment

Civil servants can initiate, submit, and track their pension files online up to nine months before their official retirement date.

Automated Workflow Approvals

Replaces physical document transit across individual ministries, departments, and agencies (MDAs) with a unified, digital approval loop.

Remote Management

Allows retired officers to check payment statuses and view monthly statements directly from home or mobile devices without traveling to Treasury Headquarters.

POTENTIAL AREAS FOR GROWTH CONT..

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The Integrated Pension Information Management System (IPIMS) is a strategic project spearheaded by RBA in collaboration with FSD Africa. It is designed to act as a centralized data engine, overhaul data flows, and digitize the supervision of retirement funds in private and occupational pension assets across the country.

Centralizing Data

Unifies data flows between pension scheme administrators, fund managers, and custodians into one standard repository.

Real-Time Reporting

Transitioning the industry away from slow, manual quarterly returns towards automated compliance reporting.

Risk-Based Supervision

Allowing RBA to track financial health and calculate real-time safety scores to proactively intervene before distress.

WHY THE SECTOR NEEDS ROBUST REG-TECH ADOPTION

There are several factors that justify accelerated reg-tech adoption:

- **Asset Growth & Complexity:** Kenya's pension assets have grown substantially, increasing the complexity of supervision and necessitating more sophisticated regulatory tools.
- **Resource Efficiency:** Manual compliance processes consume considerable time and resources for both regulators and regulated entities.
- **Early Detection:** Real-time supervision would enable earlier detection of governance failures, investment breaches and operational risks.
- **Data Quality & Policy:** Greater automation will reduce reporting inconsistencies and improve the quality of regulatory data available for policy development.
- **Security & Protection:** Accelerated reg-tech adoption will enhance digital infrastructure which would lead to improved cybersecurity, fraud detection and protection of sensitive member information.

CONCLUSION

Evidently, the Retirement Benefits Authority has demonstrated a growing commitment to digital transformation through online regulatory services, electronic reporting, digital public engagement tools and research into modern computing technologies.

Nevertheless, Kenya's retirement benefits sector remains at an intermediate stage of reg-tech adoption.

Compared with leading jurisdictions, there remains considerable scope for greater automation, data integration, artificial intelligence and real-time supervisory capabilities.

Essential Pillar of Regulation

As pension assets continue to grow and governance expectations become increasingly sophisticated, regulatory technology should no longer be viewed as an optional enhancement but as an essential pillar of effective pension regulation.

By embracing advanced reg-tech solutions, the RBA can improve supervisory efficiency, reduce compliance costs, strengthen governance, and protect members' retirement savings.

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

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