
ANNOUNCEMENT

Mandatory Funded and Mixed Pension Schemes Development Prospects

On September 28, 2023, an International High-Level Round Table “Mandatory Funded and Mixed Pension Schemes Development Prospects” was held in Almaty, in which leading international and Kazakh experts took part. This Event was organized on the occasion of the 25th anniversary of the Mandatory Funded Pension System of the Republic of Kazakhstan. The Event is organized under the auspices of Unified Accumulative Pension Fund of Kazakhstan in cooperation with International Social Security Association (ISSA) which is a leading international organization uniting government agencies, organizations and departments in the field of social security.

Opening the ceremony, ISSA President Dr Mohammed Azman noted that “The changing landscape of pension systems and the challenges posed by global aging trends require constant collaboration and innovation. The Round-Table offers a unique platform for experts, policymakers and stakeholders from around the world to exchange views, best practices and chart a course for the future of pension systems. Together, we can explore innovative solutions, harness technology, and ensure that pension schemes remain robust, adaptable, and responsive to the changing needs of our societies. Therefore, I envision that this event will serve as a milestone not only for Kazakhstan but for the global community interested in the development of pension systems”.

During the Round Table, such topical issues as pension provision, multi-pillar pension models, challenges, opportunities and solutions in funded and mixed pension systems, communications, financial literacy of the population and pension planning were discussed.

Participants and guests of the Round Table were greeted by:

Deputy Prime Minister of the Republic of Kazakhstan Ms Tamara Duysenova, who presented an overview of the pension system in Kazakhstan;

Chairperson of the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market Ms Madina Abylkasymova with a report on the Stages of development of the pension asset management system in Kazakhstan;

Deputy Governor of the National Bank of Kazakhstan Mr Vitaly Tutushkin with a report on the Financial stability of the Funded Pension System through the prism of effective investment management of pension assets;

Member of the Board, Minister in charge of Economy and Financial Policy of the Eurasian Economic Commission Mr Bakytzhan Sagintayev with a report on Pension provision in the integration space of the Eurasian Economic Union;

Chairperson of the Board of the Association of Financiers of Kazakhstan Ms Yelena Bakhmutova with a report on the Challenges and prospects for financial market players within the Funded Pension System in Kazakhstan.

The first part of the Round Table was concluded by the CEO of UAPF JSC **Mr Zhanat Kurmanov** with a welcoming speech to the participants of the Event and a report on the topic: “Mandatory Funded Pension System of Kazakhstan: current status and development prospects”. In his speech, he noted that in Kazakhstan, as well as throughout the world, the number of people whose age exceeds 65 years is increasing. Therefore, the issue of pension provision for the population after retirement is particularly acute. The CEO of UAPF JSC spoke about the Kazakhstan multi-pillar pension system, noting the increased importance of the fully-funded component, and also reported how the indicators on savings and the number of pension accounts have changed over the years of UAPF operation, gave forecasts for the further development of the system, including the main parameter of the effectiveness of the pension system - the replacement rate, which according to international standards should be at least 40 percent.

At the first panel session of the Round Table “Population aging and pension reform” its participants exchanged views and made presentations on assessing the effectiveness of pension systems and the historical path of their reforms, on using the potential of international social security standards to create sustainable pension systems and social protection systems, on overview of the best pension systems in the world and prospects for their development, etc.

The moderator was one of the architects of the Kazakh fully-funded pension system and the developers of the pension reform, Mr Grigory Marchenko. The speakers at the session were Senior Social Protection Specialist of the World Bank Ms Himanshi Jain, Social Protection Policy and Legal Specialist of the ILO Social Protection Department Mr Krum Markov (Geneva, Switzerland), ISSA Regional Coordinator for Eurasia Mr Dmitry Karasyov (Geneva, Switzerland), FIAP President Mr Guillermo Arthur (Santiago, Chile), Senior Partner, Mercer Dr David Knox (Melbourne, Australia), President of Greycells, Dr Alejandro Bonilla-Garcia (Geneva, Switzerland).

The moderator of **the second session on the topic “Coverage and public awareness”** was a statesman, a famous Kazakh financier, Chairman of the Kazakhstan Khalkyna Foundation, Mr Bolat Zhamishev, who is one of the developers of the concept of pension reform and an active participant in its implementation. The session discussed strategic decisions to expand the coverage of social and pension systems, ways to increase awareness and financial literacy in the field of pensions, research on the level of financial literacy, etc.

Presentations were made by Dr Guillaume Fillon, Senior Project Manager at ISSA Social Security Development Branch (Geneva, Switzerland), a representative of the Hebrew University, Dr Abigail Hurwitz (Jerusalem, Israel), Senior Economist of Allianz SE, Dr Michaella Grim (Munich, Germany), Director Representative of Retirees and Pensioners at the Social Security Bank Mr Ariel Ferrari (Montevideo Uruguay), OECD Policy Analyst (financial education) Ms Sona Lalayan (Paris, France).

Mr Oraz Zhandosov, a Kazakh economist, manager and statesman, who was one of the authors of the reform of the pension system in Kazakhstan and, as a Deputy Prime Minister, oversaw its formation in the most difficult early years, moderated **the third panel session “Investment strategies, risk management and supervisory regulation”**. During the session, issues of global research on risk management, modern standards and trends in the field of regulation and supervision of pension funds, long-term investment strategies for asset management in social security systems, and international practice in the investment activities of pension funds were discussed. The speakers were: Partner, National ERM Lead KPMG Mr Edouard Bertin-Mourot (Toronto, Canada), President of IOPS Mr Ambrogio Rinaldi (Rome, Italy), Senior Advisor to Hassana Investment Company, former Assistant Governor at General Organization for Social Insurance, Dr Paul Sweeting (Riyadh, Saudi Arabia), Director-General of Social Insurance Fund Regulation Bureau of the Ministry of Human Resources and Social Security of the People's Republic of China Ms Xiaoli Tang (Beijing, China).

The panel session “The future of social security and pension systems: prospects and key drivers” was moderated by Kazakh financier and banker Mr Anvar Saidenov, who was also at the origins of the pension reform. The session discussed some of the most topical issues of our time: client-oriented design and flexible methodologies in social security institutions, digitalization of pension plan management, artificial intelligence, and the use of financial robo-advisor technology in pension planning.

Speakers during the session included: Director of the Social Security Development Branch at ISSA Mr Raul Ruggia-Frick (Geneva, Switzerland), Executive Director (Policy) at Mandatory Provident Fund Schemes Authority Mr Eric Cheng (Hong Kong, China), Independent Advisor Mr Brian Lee-Archer (Canberra, Australia), Head of the Investor Intelligence and Academic Partnership at Amundi Institute, Dr Marie Brière (Paris, France).

At the conference, 26 reports were presented on current topics, emphasizing the importance of the pension sphere worldwide and the further development of the fully-funded pension system.

You can find presentations of all speakers on the enpf.kz website in a special section dedicated to the Event.

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The UAPF was established on August 22, 2013 on the basis of GNPf APF JSC. The UAPF founder and shareholder is the Government of the Republic of Kazakhstan represented by the State Institution “Committee of State Property and Privatization” of the Ministry of Finance of the Republic of Kazakhstan. UAPF pension assets are managed by the National Bank of the Republic of Kazakhstan. From January 1, 2016, the functions for developing proposals to improve the management of pension assets were transferred to the National Fund Management Council. In accordance with the pension legislation, the UAPF attracts compulsory pension contributions, compulsory occupational pension contributions, voluntary pension contributions, pension benefits, individual accounting of pension accumulations and benefits, provides the contributor (beneficiary) with information on the status of his pension accumulations (for more information visit www.enpf.kz)