



## **Pension Fund Administrators and Financial Transparency of Retirement Savings Funds in Nigeria**

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**Abstract.** The study examined Pension Fund administrators and Financial Transparency of Retirement savings funds of Nigeria. The paper posit that pension fund administrators faces numerous challenges that hampers financial transparency in the management of retirement savings funds of Nigerian retirees. Using an historical method involving a critical but systematic analysis of secondary data, the findings revealed amongst other things that in Nigeria, low level of transparency and compliance had been reported among operators of Nigerian Contributory Pension Scheme. The studies documented unsatisfactory level of transparency and compliance among Contributory Pension Scheme operators and employers of labor in Nigeria. In exploring issues of transparency and accountability in pension fund administration in Nigeria, it was revealed that corruption remains a pervasive challenge in Nigeria, and pension fund administration is not immune. It was also revealed that there are gaps in regulatory oversight and enforcement. Inadequate monitoring and supervision can allow malpractices to go unchecked. Insufficient transparency in reporting practices was also identified to hampers stakeholders' ability to assess the performance and integrity of pension fund administrators. Furthermore, lack of adequately trained personnel within regulatory bodies and pension fund administrators with Insufficient expertise in governance, risk management, and financial oversight hinders efforts to promote transparency and accountability. Finally, political interference in pension fund administration was also identified as undermining transparency and accountability efforts. Nepotism, favoritism, and patronage networks was in addition noted to influence decision-making processes, compromising the integrity of the system. Based on these findings, the following recommendations were outlined: PenCom

should take the challenge of technological advances seriously by modernizing its systems, because the traditional approaches to business management is fast fading out. The adoption of Information and Communication Technology based methods instills reliability and confidence in the information produced. Second, PenCom should engage in effective oversight and monitoring of the PFAs and PFCs to ensure compliance with the provision of the Act. More so, government should empower PenCom to summon the Chairmen, Directors or Managers of non-compliant employers and impose severe sanctions on them. Above all, PenCom should embrace high level standard of corporate governance. While tapping into global expertise for training and education of staff, systems development, technology and information communication technology.

**Keywords:** Pension, Transparency, Accountability, Fund Administrators

### **1. Introduction**

#### **1.1 Background to the Study**

After working for an organization for a certain number of years, an employee is entitled to benefits, which may include a pension and gratuity that will be paid by the business when the individual retires. Pensions have long been accepted over the world as a programme to support the wellbeing of retired people who are eligible for them. After successfully retiring from active employment, employees in both public and private sector organisations are expected to have comfortable lives free from any kind of dependency (Oloruntoba & Ojo, 2021). Ovbiagele (2015) states that a pension is a lump sum payment made to an employee following their termination from

employment; typically, this payment is made in monthly installments. According to his additional opinions, pension plans might be single-employer or multi-employer, insured or trustee, group or individual, fixed or variable benefits, and private or public. A pension is an agreement that specifies a regular payment of a certain amount to a retiree, usually after they have completed their service. In contrast to severance pay, which is paid in one lump amount, this compensation is given in monthly payments (Abdulkadir, 2006).

The colonial government of Nigeria instituted the pension system. The 1951 Pension Ordinance was Nigeria's first pension law, going into force retroactively in January 1946. It gave public employees the ability to receive a pension and gratuity. Numerous social protection programmes have been implemented in Nigeria, although they have only been in the public sector (Ahmed, 2006). Up until 2004, Nigeria had a Defined Benefit Pension Scheme (Pay-as-you-go) that was mostly non-contributory, especially in the public sector. A retiree's final entitlement was determined by their duration of service and their terminal benefits. The Federal Government provided funding for it through budgetary allocation. The programme was beset by numerous issues: the government was unable to pay worker pensions and gratuities due to a lack of a plan, records were unavailable, administration was disorganized and underfunded, there was outright fraud and irregularities, funds were diverted, and there were eligible pensioners on the pension payroll (Ahmed, 2006). The Pension Reform Act of 2004 was created as a result of the reform of pension administration that was required during Obasanjo's tenure as a civilian president due to the issues related to pension payment in Nigeria. In addition, the Pension Reform Act was designed to close the gaps that were found in the previous Defined Benefit Pension Plan and give retirees enough money (Ojiaku, Nwatu & Aghara, 2020).

The fundamental ideas of sustainability, responsibility, equality, adaptability, and practicability also serve as guiding principles. The new pension plan is fully financed and contributes to benefits. Contributions are made to the Retirement Savings Account (RSA) of each individual employee. This sets it apart from the previous plan. The assets are based on individual accounts, and the monies are held in private third-party custody. It encompasses all workers in the Federal Capital Territory, the private sector of the economy, and the federal public sector (Mol, 2015). Every retiree born after 2007 is covered by this programme. On the direction of Pension Fund

Administrators (PFA), pension payments are remitted directly to the Pension Fund Custodians (PFC) to be retained. This new pension plan is required for all types of firms.

One of the major problems with the outdated unfunded defined pension plan in Nigeria was the lack of financial stability. The system is rife with incompetence, corruption, mishandled pension fund management, absence of oversight and regulatory bodies, inadequate budgetary allotments, infiltration of "ghost" pensioners, and release of insufficient funds to settle outstanding pension debts, all of which lead to pension arrears. Consequently, the rejection of pension benefits led to the inevitable humiliation and starving of retirees. The new contributory pension plan allowed for the management of funds by pension fund administrators and custodians under the close supervision of the National Pension Commission (PenCom) in order to guarantee stability, sustainability, efficacy, transparency, and accountability. Oloruntoba & Ojo (2021) claim that the Pension Reform Act of 2004 strongly identified with all of these characteristics, but the previous pension plan lacked the qualities of truth, honesty, impartiality, justice, integrity, ineffectiveness, and sustainability. In light of this, this study will assess Nigerian retirement savings fund managers as well as their financial transparency.

### 1.1 Statement of the Problems

When workers get closer to retirement age, one of their main concerns is how they will continue to support themselves and their families once they retire. Whether a man works or not, meeting his basic necessities for food, clothes, and shelter is a key concern that must be attended to for the duration of his life. Employers of labour package and implement terminal benefits known as pensions and gratuities based on this concept (Otinche, 2012). The new contributory pension plan was introduced in 2004 in part due to inconsistencies in the now-defunct pension system. Years after it was put into place, nevertheless, it appears that the recognisable elements of the previous pension plan are still present. Ineffective regulatory control and enforcement procedures that oversee pension fund administrators (PFAs) in Nigeria may allow retirement savings money to be misused or mismanaged. In fact, it has also been suggested that PFAs frequently lack proper openness and disclosure policies when it comes to the management of retirement savings funds, which makes it challenging for pension participants to completely comprehend how their money is being invested and managed (Oluwatoyin, 2013).

The financial security of retirees is put at risk by weak governance systems inside PFAs, which have been linked to potential for fraud and corruption, including the misappropriation of pension money. Insufficient systems check exist to ensure that PFAs behave in the best interests of pension contributions and hold them responsible for their conduct, which might lead to bad investment choices or conflicts of interest. Furthermore, according to Ovbiagele (2015), PFAs frequently participate in intricate investment plans that pension participants may not completely comprehend or find transparent, raising the possibility of financial loss and lowering the total return on investment for retirement savings accounts. Pension contributors may suffer large losses as a result of retirement savings funds being exposed to market downturns and economic shocks due to PFAs' deficient transparency and risk management procedures. It is against this backdrop that this research looks at retirement savings funds in Nigeria and their financial transparency in the context of pension fund administrators.

### 1.2 Objective of the Study

The key objective of the study is to examines pension fund administrators and the financial transparency of retirement savings funds in Nigeria. The specific objectives however include the followings:

- To determine the significant level of financial transparency in the administration of retirement savings funds by Pension Funds Administrators in Nigeria.
- To examine if the Contributory Pension Scheme enables easy access to Pension Saving Funds to the retirees in Nigeria.
- To determine whether the introduction of Pension Funds Administrators has a significant effect on the reduction of corruption in the management of pension funds in Nigeria.

### 1.3 Research Questions

The following research questions guide the study:

- What are the levels of financial transparency in the administration of retirement savings funds by Pension Funds Administrators in Nigeria?
- Has the Contributory Pension Scheme enable easy access to Pension Saving Funds to the retirees in Nigeria?
- To what extent has the introduction of PFAs has a significant effect on the reduction of

corruption in the management of pension funds in Nigeria?

## 2. Literature Review

### 2.1 Concept of Retirement

Retiring from a regular paid employment entails a permanent break. It is viewed as the time in a person's life following the cessation of employment at a specific age. The monthly salary ends at this time. Now, he or she could be dependent on retirement assets and/or benefits (such as monthly pensions and gratuities) (Kudu, 2015). Age is a key factor in determining when employees should retire since it impacts their ability to be productive. Employers can reorganize the age distribution of their staff to increase organizational efficiency through retirement programmes. By eliminating superannuated personnel, this is accomplished. The idea of scientific management regarding worker redistribution within organisations supports this concept. Pensions are given to people who are impacted by this shift as compensation. In order to address the psychological effects of retirement and old age poverty, the compensation must be sufficient (Otinche, 2012).

### 2.2 The Concept of Pension

Pension, according to Dike (2010), is the term used to describe an employee's continued income after leaving their company. According to him, employees have a right to their pension, which their employers cannot take away from them. According to Otinche (2012), this concept is reasonable in the context of a non-contributory pension plan, in which the employer was responsible for paying the pension. It might no longer be seen as continuation of the employee's wage under the contributory plan, where the employee contributes a portion of his monthly income to accumulate funds for retirement because the employer is no longer bearing all of the costs. This necessitates a broader definition. Olaniyi (2018) defines a pension as the amount of money that the state, through his former employers, pays to an individual who is unable to work due to age, disability, or as a way to support their dependant children or widow. The funds are donated by both the individual and his employers. He also emphasised that a pension plan offers an organised means of supplying financial stability to a person who is unable to sustain themselves due to advanced age or illness. It is the sum of money that is routinely provided to an individual who is no longer employed by the government or a business, either from a fund that he contributed to or did not pay to. An agreement that stipulates that the company will offer cash

benefits to the employees upon their retirement under certain conditions is known as a pension plan. The term “pension scheme” refers to the total of all plans under a certain system as established by parliament. Chile served as the model for the current pension plan that Nigeria implements (Asher & Bali, 2013).

### **2.3 Pension Reform Act 2014**

President Goodluck Jonathan signed the new Pension Reform Act 2014 into law on July 1st, 2014, nullifying the Pension Reform Act 2004 (repealed Act). Bejide (2019) states that the main goals of the reform are to guarantee that contributors receive their payments on time and to support impoverished. Although the new act is overall a positive move, there are significant gaps, ambiguities, and contradictions in the legislation since some of the modifications introduced don't seem to have been thoroughly thought out, and some of the changes seem to have been done at the last minute. Babatunde (2012) lists the following benefits of this new reform law: i. Retirement Savings Account Withdrawals: The new Act adds a new circumstance in which a contributor may be permitted to take money out of his retirement account. A worker may withdraw up to 25% of the entire amount credited to their retirement savings account if they leave their job, or if they leave before turning 50 and are unable to find another job within 4 months of leaving their current one. ii. Option for Pension Fund Administrator: Workers are still free to select their PFA.

This benefit is now available to workers whose companies run closed pension plans. These workers now have the option of selecting an outside PFA. Employers may now ask a PFA to start a minimal Retirement Savings Account (RSA) for an employee who hasn't opened one within six months of taking on new responsibilities in order to receive his pension contributions. iii. Investment of pension funds: The Act broadens the pool of assets into which pension funds may be invested. This includes various financial instruments that the Commission (Pension Commission or PenCom) may approve as well as specialised investment funds.

On the one hand, this is positive, but it's important to remember that contributors' money needs to be safeguarded. iv. Offences and punishments: A few new provisions pertaining to offences and punishments are included in the Act. The Act makes attempting to commit a crime illegal and imposes the same punishment as the actual offence. According to Cong, Frank, Gianakis, and Guo (2014), there has also been an increase in the penalty for appropriation. A person found guilty would forfeit any property, asset, or fund that had accrued interest or the proceeds of any

unlawful activity under the Act that was in their possession, custody, or control to the federal government in addition to serving a 10-year prison sentence and paying a fine three times the amount that was misappropriated.

In addition to the aforementioned, the Act specifically targets Pension Fund Custodians (PFCs) and stipulates that a conviction resulting from a PFC failing to hold funds exclusively for the benefit of the PFA and PenCom, or from the PFC using funds for personal expenses, will result in a minimum penalty of 10 million Naira (or, in the case of a director, 5 million Naira, a term of 5 years imprisonment, or both). v. Pension protection fund - Under the new Act, a pension protection fund has been established, which consists of an annual pension protection levy (the percentage of which will be decided by PenCom), income from investments of the fund, and an annual subvention of 1% of the total monthly wage bill payable to employees in the public sector. The Fund's goal is to ensure that contributors get a minimal payout in the event that pension fund investments fall short of expectations and that any contributions are withdrawn within five years. Only other uses that PenCom may occasionally decide upon are restricted by tax. vi. Dispute resolution: Before looking into arbitration or filing a case in the National Industrial Court, any employee who feels wronged by his employer or PFA must speak with PenCom. Arbitration and the Investment and Securities Tribunal were the only dispute resolution options available under the Act that was abolished (Dolls, Doerrenberg, Peichl, & Stichnoth, 2018).

### **3. Transparency and Compliance Issues in the Contributory Pension Scheme**

The goal of transparency is to improve communication between the organisation and its stakeholders (Hess, 2015). According to Ibiang, Etuk, and Okimba (2010), pension transparency is the degree to which information disclosed represents the condition of the assets managed by pension managers. Transparency is unquestionably one of the factors that determines the effectiveness of implementing a pension plan (Imhanlahimi & Joseph, 2011). According to Kantudu (2015), subscribers to the Contributory Pension Scheme in Nigeria may more easily obtain essential information when openness is included into pension plan operations.

According to Kpessa (2011), subscribers to the Contributory Pension Scheme in Nigeria can more easily obtain essential information when openness is included into the administration of pension

programmes. According to Mol (2015), social programmes like pension changes have a higher chance of lasting if they are more open. According to Crowther and Seifi (2011), openness is now required to ensure that those impacted by decisions receive timely and pertinent information. In order to foster a long-term commitment in servicing the main stakeholders—plan participants—transparency puts discipline on those tasked with administering and managing pension plans (Hess, 2015). This is ascribed to the transparency's function in minimising the fund managers' level of secrecy by enabling examination of their performance.

To enable plan members to evaluate value creation performance and risk management to prevent sustainability issues, an efficient mechanism for transparency in the pension system must be designed (Tomassetis, 2023). Transparency so increases public confidence in pension fund managers' operations. According to Hess (2015), there is a positive correlation between transparency and pension fund growth, with a lack of openness resulting in subpar fund growth, as well as inequality and inefficiencies in pension fund distribution. According to Ugwoke & Onyeonu (2013), one of the reasons why targeted participants of all ages and political affiliations show little support for pension changes is their lack of openness. Therefore, maintaining openness through appropriate regulatory frameworks is essential to pension plan sustainability. An experimental event-based research on the impact of transparency on pension savings among German pension plan participants from 2002 to 2004 was carried out by Sule & Ezugwu (2009). For participants older than 27, copies of an experimental "information letter" with more extensive pension information than standard pension statements were provided. The results showed a significant increase in pension savings among recipients of the information letter compared with those receiving normal pension statements with no crowding-out effect on other personal savings.

Research conducted outside of Nigeria on transparency have definitively demonstrated a high degree of transparency, while research conducted within Nigeria have demonstrated the possible benefits of transparency for the Contributory Pension Scheme sector. Empirical research, however, reveals a pitiful degree of openness among Nigerian Contributory Pension Scheme operators. Imhanlahimi and Joseph (2011), for example, conducted a study of 1350 government officials in the geographical zones of South South-South and South-West Nigeria who were registered in CPS. They discovered that 55% of the participants did not regularly get information on

their retirement savings accounts (RSAs) from their Pension Funds Administrators (RSAs).

Babatunde (2012) conducted a survey with 187 participants to investigate the degree of transparency exhibited by operators of Contributory Pension Schemes. According to the statistics, 124 (61%) of the operators of Contributory Pension Schemes were not providing sufficient information on their RSAs. Ojiaku, Nwatu, and Aghara (2020) investigated how consumers' loyalty to Contributory Pension Scheme (CPS) providers in Anambra South-East, Nigeria, is impacted by transparency. They found that members in Contributory Pension Plans were more loyal to Contributory Pension Plan operators when there was transparency, a positive and substantial impact. Research on the impact of openness on the long-term viability of the Nigerian Contributory Pension Scheme is still pending. This study investigated the relationship between transparency and the viability of Contributory Pension Schemes in light of the gap. As a result, the following theory was put forth: The viability of contributory pension schemes in Nigeria is positively correlated with operators' transparency in reporting and communication to PenCom and members.

The act of adhering to and implementing the laws and guidelines that control how businesses operate is known as compliance (Bejide, 2019). One of the important components in the administration of pension plans has been recognised as compliance (Ijeoma & Nwifo, 2015). In order to comply with pension management requirements, occupational pension fund managers and other stakeholders must abide by a number of rules and guidelines that are subject to periodic modification in response to new operational and managerial difficulties. According to Section 68 of The Act (2004), pension fund administrators (PFAs) and pension fund custodians (PFCs) must designate a compliance officer (CO) who will be responsible for making sure that the rules and regulations outlined in The Act (2004) are followed.

The responsibility for adhering to internal guidelines and regulations designed to control pension fund operators falls on the compliance officer (CO) (PFAs and PFCs). PenCom further strengthened the role of the compliance officer (CO) in 2009 by issuing "Regulations for Compliance Officers," which designate the CO as the officer in charge of making sure that pertinent regulations on pension matters—such as accounting disclosure, internal controls, and investment regulation—are followed. The CO is also responsible for ensuring that required returns on the management of the pension assets are made to

PenCom and the plan participants (Kantudu, 2018). The Contributory Pension Scheme compliance laws aim to reduce stakeholder worries about company failures brought on by industry participants' noncompliance with rules and regulations. Additionally, by making sure operators follow the business continuity plan, the Contributory Pension Scheme compliance legislation aims to meet the stated goals of giving a sustainable pension to worthy retired employees (PenCom, 2009).

#### **4. Transparency and Accountability in Pension Fund Administration in Nigeria**

Risk is inherent in how a pension plan functions. Pension-related risks can be classified into a number of areas, including reputational, legal, and financial risks. Pension managers' first goal is to control these risks by putting in place and keeping up a strong pension plan. According to Ibiang Etuk and Okimba (2010), pension scheme governance is a fundamental element of human resources governance and a key support system for corporate governance as a whole. A great deal of attention has been focused on the management of pension funds. Seniors want increased openness and responsibility when it comes to the management of pension funds (Dolls, Doerrenberg, Peichl & Stichnoth, 2018).

These scholars support the creation of morally sound governance guidelines for pension plans as a defence against claims of duty violations. Although there are many obstacles in the way of transparent pension plan administration, attempts are being made to get rid of the administrative vices. As mentioned by Akeni (2009), a crucial component of the Public Service Reform is pension reform. The new contributory pension plan is intended to ensure that pensioners who have worked in the public and private sectors get their retirement payments on time, as per the National Assembly's 2004 Pension Act. Not only would it eliminate all delays and tension, but it will also completely eradicate the corruption and abuses that are frequently connected to pension payments. He said that sooner or later, the involvement of the private sector and the active, transparent, and effective administration of pension funds by the stakeholders will engineer a revolution. In recent decades, there has been a new revolution in the value of honesty, accountability, and openness in pension administration. Public trust is necessary for excellence in pension fund administration, and pension fund administrators are expected to handle government resources responsibly and to fairly serve the public interest by paying employees. (Ajayi, 2009). Excellent and reliable public services and predictable decision-

making is an inspiration to public trust and therefore create a level of playing field for commerce, thus leads to proper-functioning markets and economic growth and enhancement (Ahmed, 2017). In order to promote accountability on the part of the PFA's, the PRA 2004, in Section 44, stipulated that pension funds are to be managed by PFA's licensed by the PenCom under the Act. This section, therefore, implies that the PFA's are supervised by a regulatory body PenCom. Section 45(a)- (h) stipulates that any PFA licensed under this Act shall: open RSA for an employee with a Personal Identity Number (PIN) attached; invest and manage pension funds and assets by under the provision of the Act; maintain all records of account on all transactions concerning the management of pension funds; provide proper information on their investment strategy, and its market returns and every other performance indicators to the Commission and beneficiaries of the RSA; provide customer service support to beneficiaries, including access to employees account balances and statements if demanded; cause to be paid retirement benefits to employees by the provisions of this Act; be responsible for all calculations concerning benefits; and carry out other functions as may be directed from time to time by the Commission (National Assembly, FRN, 2004).

The National Pension Commission's Director-General underlined that strict procedures are in place to preserve the pension funds. In the new contributory pension scheme, pension funds are directly credited to each beneficiary's own Retirement Savings Account rather than remaining with the employers. The funds are not accessible to the Commission, the employer, or even the PFAs. Implementing a policy to report fraud in an organization is one approach to handle it, according to Zenith Pensions Custodian (ZPC), which is working to prevent fraud in the pension business (Ahmed, 2017). The mechanism for reporting whistleblower policies is intended to facilitate employee disclosure while upholding the strictest secrecy. It is expected that a useful reporting framework will encourage employees to report suspected or known acts of fraud and improper conduct by making it more accessible, more confidential, and less adversarial. The whistle blowing guidelines issued by the Pensions Commission is to protect employees against detrimental treatment as a result of any disclosure made by them to the Commission of information generally considered to be confidential in the interest of all stakeholders of the pension system.

### 5. Exploring key Issues of Transparency and Accountability in Pension Fund Administration in Nigeria.

The transition to the contributory pension plan (CPS) in 2004 was a well-documented change of the Nigerian pension system. Providing a sustainable financed pension system is one of CPS's goals (Pension Reform Act, 2014, sometimes referred to as The Act). This goal is comparable to the World Bank's (1994) advice that any pension reform must meet the sustainability criterion. The Act gives pension fund managers the authority to administer the CPS members' cumulative fund in the best interests of the group.

In order to support the creation of a sustainable Contributory Pension Plan, operators of CPS are required to operate with a high degree of openness and conformity with Act rules. According to Mol (2015), social programmes like pension changes are more sustainable the more openness and compliance there is. Research revealed that one persistent issue facing plan is the poor degree of compliance and openness among pension plan managers and employers of labour (Adegbayi, 2016).

The Nigerian Contributory Pension Scheme operators have been found to exhibit a deficient degree of openness and compliance. Research has indicated that Nigerian CPS operators exhibit low levels of transparency (Babatunde, 2012; Imhanlahimi & Joseph, 2011), and low compliance with Contributory Pension Scheme requirements has also been highlighted by Kantudu (2015; 2018), Anantharaman & Chuk (2017), and Oluwatoyin (2013). The research findings indicate that there is an inadequate degree of openness and compliance among CPS operators and labour employers in Nigeria. For example, according to Imhanlahimi and Joseph (2011), only around 45% of participants receive sufficient information about their retirement savings accounts from their pension fund administrators (PFAs), and only 1.5% of small and medium-sized businesses properly withheld and remitted employees' CPS payments (Asinya, 2018). This buttressed Report on the Observance of Standards and Codes (ROSC) (2004) that ranks Nigeria weak in institutional regulation compliance and transparency.

The aforementioned illustrates the several obstacles involved in investigating matters of accountability and transparency in the management of pension funds in Nigeria. Principal among them are the following:

**Mismanagement and Corruption:** Babatunde (2012) argues that pension fund administration is not immune to corruption, which is still a major problem in

Nigeria. Transparency is weakened and systemic confidence is undermined by mismanagement, theft, and diversion of cash intended for retirees. According to Imhanlahimi & Joseph (2011), there are deficiencies in regulatory supervision and enforcement even while organisations such as the National Pension Commission (PenCom) are in place.

Inadequate oversight and guidance may let malpractices to continue unchallenged. Ijeoma & Nwifo (2015) also found that a lack of openness in reporting procedures makes it more difficult for stakeholders to evaluate the competence and honesty of pension fund managers. They pointed out that it is difficult to hold administrators responsible for their actions in the absence of clear and accessible information.

According to Kantudu (2018), one important problem is the complexity of pension legislation and regulations. According to him, navigating Nigeria's regulatory environment for pension fund management may be difficult and complicated. This intricacy might provide opportunities for deceitful people or organisations to manipulate or take advantage of. Nonetheless, Rocha, Hinz, and Gutierrez (2011) believe that regulatory agencies and pension fund managers might not have enough staff with the necessary training. Inadequate proficiency in risk management, financial supervision, and governance may impede endeavours to foster openness and responsibility. However, Oluwatoyin (2013) argued that because Nigeria's pension system is made up of several schemes and administrators, it is fragmented and difficult to coordinate efforts to guarantee accountability and transparency throughout. He said that a major issue is the general lack of public knowledge and involvement. It's possible that many pension participants are unaware of all of their rights or how the pension system operates. The public's lack of understanding and participation might lessen the push for improvements in accountability and transparency. Oluwatoyin (2013) went on to say that although using technology to increase transparency in pension fund management might be beneficial, efforts to successfully use digital solutions may be hampered by a lack of suitable technical infrastructure, such as dependable internet access and digital platforms. He ended by restating the obvious: attempts to promote accountability and openness in pension fund administration have frequently been thwarted by political meddling. Decision-making processes are frequently influenced by nepotism, favouritism, and patronage networks, which undermines the integrity of the system.

## 6. Conclusion

Enforcing accountability and transparency in pension fund management is a formidable job that requires the combined efforts of all industry stakeholders to overcome. It is important to recognise the magnitude of the challenge in combating corrupt practices and advancing ethics, accountability, transparency, and good governance in the public and private spheres. As a result, the primary prerequisite for accountability is that there need to be a focus of liability on one entity or individual that is answerable to another entity. Clear accountability and openness won't be possible if responsibility isn't imposed with clarity.

Both in managing the pension fund and its own organization, the governing body or individual must adhere to the principles of good governance. In other words, the Pension Commission, Pension Fund Custodians, and Pension Fund Administrators all adhere to the same legal and accounting standards that are relevant to businesses in their respective industries. Efficient accounting and audit standards accomplish two goals: they keep an eye on and verify the fund's financial transactions and act as a conduit for vital financial information to be shared with the public. Effective custody is also another crucial prerequisite for responsibility. All fund assets must always be kept in secure, independent custody; otherwise, at the end of the day, none of the requirements will be met. The core principles of pension fund management ought to be openness and reporting to all stakeholders. Lastly, it would be ideal if fund management could be verified. This should, at the very least, be done through external audits, external actuarial assessments of the assets and liabilities, and external confirmation of the investment changes.

## 7. Recommendations

PenCom needs modernise its processes in order to meet the challenges posed by technology advancements, as the conventional methods of corporate administration are rapidly becoming obsolete. Adopting techniques based on information and communication technology fosters confidence and dependability in the data generated.

The federal government need to push state governments to pass legislation allowing them to switch to contributory pension plans. Not all federation states have completely executed the scheme's requirements after more than 20 years.

Those in the unorganised sector who wish to enrol in the contributory pension plan should be covered by the

programme. It is imperative that PFAs, PFCs, and the Commission create unambiguous lines of authority, accountability, and responsibility within their management and administrative structure to enable officials to answer for their deeds.

In order to evaluate their effectiveness, PFAs and PFCs should be required to integrate outcome-oriented performance measurements and monitoring that are linked to their financial management operations.

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In order to assess PFAs and PFCs' performance, result-oriented performance metrics and monitoring linked to their financial management operations should be implemented.

To guarantee adherence to the Act's provisions, the PenCom should effectively supervise and monitor the PFAs and PFCs. Regular control and monitoring will enable early discovery of abnormalities and violations, allowing for correction before they become more serious.

The government should give PenCom the authority to call in non-compliant employers' chairmen, directors, or managers and impose harsh penalties on them. PFAs ought to take advantage of the fresh investment opportunities to broaden their portfolio by making real estate and infrastructure investments.

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The government should give PenCom the authority to call in non-compliant employers' chairmen, directors, or managers and impose harsh penalties on them. PFAs ought to take advantage of the fresh investment opportunities to broaden.

PenCom ought to adopt strict corporate governance guidelines. In light of the advantages for all parties involved, it ought to motivate PFCs and PFAs to do likewise.

In terms of staff education and training, systems development, technology, and information communication technology, PenCom, the PFCs, and PFAs ought to use worldwide experience.

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