

# 2019 - 2023 STRATEGIC PLAN

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We watch over the future of the  
pension system!



PENSION MONITORING CENTER

[www.egm.org.tr](http://www.egm.org.tr)



2019  
2023



# We set **new goals** for a **seamless** **transformation!**

This plan is created to define the PMC's mission, vision, core values, focus areas and new governance philosophy; determine strategic objectives, targets and strategies for the period until the end of 2023; and lay out the principles that will govern the strategic transformation.



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PLAN**

**We play a key role in  
maximizing the contribution of  
the individual pension system  
to the Turkish economy and the  
welfare of the Turkish people.**

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# Preface



Pursuant to the Individual Pension Savings and Investment System Law No. 4632 and the related legislation, the PMC conducts monitoring activities to ensure the effective and safe functioning of the individual pension system and to protect the rights and interests of its participants. This is one of the most critical elements of our country's individual pension system.

As the first strategic plan of the PMC, which commenced its activities in 2003, this document was prepared following comprehensive studies carried out in a participatory manner by considering the best practices, relevant literature and the PMC's internal regulations.

Within the framework of the strategic planning studies, the PMC has received consultancy from the Boston Consulting Group (BCG), one of the most prestigious management consulting firms in the world. Accordingly, BCG has conducted detailed analyses on global individual pension practices, developed proposals for our country by obtaining industry stakeholder opinions and made recommendations to the PMC about its positioning.

The Situation Analysis studies incorporated the results of surveys conducted with approximately 1.5 million participants in the period from 2009 to 2019, the consultant interviews held with critical stakeholders and the outputs of various workshops.

Within this framework, the PMC's mission, vision, core values, focus areas and new governance philosophy have been defined; the strategic objectives, targets and strategies for 2023 have been determined; and the strategic transformation principles have been laid out.

The strategies aimed to bolster the PMC by maximizing its strengths, managing risks as effectively as possible, taking advantage of opportunities and eliminating threats, and focusing on approaches that would contribute to the continuous improvement of the individual pension system.

The additional costs to be incurred due to the performance targets and related actions for the relevant calendar year shall be determined annually during the budgeting period. Accordingly, the performance measurements for that year shall be carried out in a healthy manner. In the period following the relevant calendar year, the level of strategic target attainment shall be reported and the reasons for deviations shall be explained in detail.

Studies, such as situation analysis, risk, cost-based balanced scorecard and strategy mapping, have been prepared as separate documents. The Strategic Plan may be revised during the period if necessary.

Additionally, in the preparation of the Strategic Plan, it was envisaged to take the necessary measures to ensure that all individual pension system targets in the 11th Development Plan and the New Economy Program (NEP): Steps to Structural Transformation 2019 top policy documents are achieved.

We hope that the Strategic Plan benefits our organization, our country and our industry.

**Mustafa AKMAZ**  
CEO

**Fırat KURUCA**  
Chairman





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# Our Vision

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We have pioneered a plain and understandable individual pension system where pension savings are managed effectively and savings are secure. **We aim to take our place among the most respected, innovative and reliable monitoring organizations in the world.**



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# Our Mission

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We are committed to increasing the welfare of individuals in their retirement years, ensuring the safe and smooth running of the system, **and protecting the rights and interests of its participants to ensure the healthy growth of the individual pension system and make the maximum contribution to sustainable economic growth and financial stability by:**

- Monitoring the operations of pension companies, portfolio management companies that manage pension mutual funds and individual pension intermediaries in the most effective manner;
- Actively supporting the activities of the regulatory and supervisory authorities, and ensuring coordination between these authorities and industry stakeholders;
- Becoming a center of excellence that creates value by developing advanced technologies, data- and science-based solutions for all stakeholders;
- Forging strategic alliances by supporting research and development activities and innovative initiatives;
- Safeguarding the reputation of the individual pension system and contributing to the management of perceptions in the most appropriate way.



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# Our Core Principles and Values

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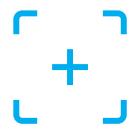
- **Independent, impartial and objective**
- **Open, transparent and accountable**
- **Solution-oriented and scientific**
- **Competent, innovative, and constant learner, developing and improving**
- **Providing a quality, stakeholder-oriented service in a participatory manner**



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# Our Focus Areas



## 1. Effective Monitoring

- Effective, quality and efficient monitoring
- Providing a strong infrastructure to monitoring authorities
- Protection of participants' rights

- Observing compliance with the legislation and market rules
- Optimal management of systemic risks

## 2. Operational Excellence

- Central management of non-competitive operations
- Increasing productivity and minimizing costs
- Fast, high-quality design and execution of processes based on end-to-end value chain and a system-based approach

- Reducing workload by ensuring healthy data flow among stakeholders

## 3. Development and Communication

- Contributing to the communication efforts undertaken to improve the recognition and reputation of the system
- Carrying out research and development activities to unlock the industry's growth potential

- Taking part in international projects and collaborations
- Supporting legislation development activities
- Developing social responsibility projects related to the individual pension system

## 4. Advanced Technology

- Ensuring that the IT infrastructure is compatible with the latest technologies
- Building a strong big data, data analytics and artificial intelligence infrastructure

- Strong data integration with stakeholders
- Ensuring cybersecurity maturity

## 5. Modern Human Resources Management, Strong Organizational Structure and Corporate Culture

- Having qualified human resources that cater to the needs of the organization and the industry
- Establishing and developing a strong corporate culture that respects the core principles and values of the organization

- Becoming an agile and innovative organization that successfully applies the latest human resource management principles, particularly with regards to employee satisfaction and stress management



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# Objectives and Targets

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**We keep our goals and strategies up to date in line with the needs of our stakeholders!**

## **Objective 1**

Carrying out the monitoring activities in the most effective way

## **Objective 2**

Reaching operational excellence to ensure that participants receive the fastest and highest-quality service from pension companies and other key stakeholders

## **Objective 3**

Ensuring system improvement; working to increase reliability, recognition and reputation; and taking an active role in policy and strategy development processes

## **Objective 4**

Becoming an organization that takes maximum advantage of opportunities offered by advanced technology.

## **Objective 5**

Having a modern human resources management, innovative organizational structure and strong corporate culture

## Objectives and Targets

# Objectives and Targets

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### **Objective 1: Carrying out the monitoring activities in the most effective way**

**Target 1.1.** Monitoring of the operations of pension companies, portfolio management companies responsible for pension mutual funds, and individual pension intermediaries shall be carried out efficiently and effectively with advanced technological tools.

**Target 1.2.** A strong supervisory infrastructure shall be provided to regulatory and supervisory authorities.

**Target 1.3.** Various metrics/methods shall be developed to measure the regulatory compliance of the stakeholders' activities within the scope of monitoring, quality of the data subject to monitoring, protection levels of participant rights and risk management abilities. Accordingly, regular objective measurements shall be made and the results shall be reported to the relevant authorities.

### **Objective 2: Reaching operational excellence to ensure that participants receive the fastest and highest-quality service from pension companies and other key stakeholders**

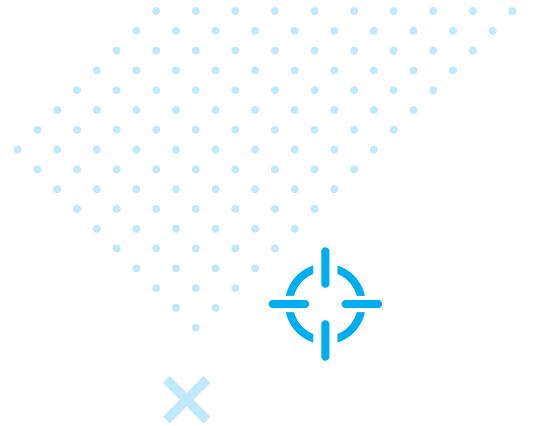
**Target 2.1.** Similar activities of pension companies that are not subject to competition and directly affect participant satisfaction shall be conducted through the centralized digital platforms provided by the PMC. In this context, the processes shall be designed with a "system-based approach" designed around an end-to-end value chain and a fast, high-quality delivery service.

### **Objective 3: Ensuring system improvement; working to increase reliability, recognition and reputation; and taking an active role in policy and strategy development processes**

**Target 3.1.** Mechanisms shall be developed and proposed to the relevant authorities to ensure that any initiatives or major developments that may be detrimental to the private pension system or the reputation of the system, and any people who make libelous or slanderous publications or statements, are monitored and that the necessary actions are taken.

**Target 3.2.** Our country's individual pension industry shall be promoted and know-how will be imported.

**Target 3.3.** Innovative projects shall be realized to increase recognition of the individual pension



system, elevate financial literacy in society and intermediary competencies, and to meet the information needs of the stakeholders.

**Target 3.4.** Policy and strategy suggestions for improving the system shall be developed and shared with the relevant authorities.

**Target 3.5.** Contributions shall be made to help transform the individual pension system into a simple, comprehensible, well-functioning and trust-inspiring structure.

**Target 3.6.** Efforts shall be carried out and passed onto the relevant authorities to encourage the participation of individuals with Islamic sensitivities, foreign nationals and Turkish citizens living abroad.

**Target 3.7.** Research shall be conducted and system improvement and product development suggestions will be made to ensure that investments are realized in a way that supports sustainable growth and financial stability.

### **Objective 4: Becoming an organization that takes maximum advantage of opportunities offered by advanced technology.**

**Target 4.1.** PMC's IT infrastructure shall be bolstered by utilizing state-of-the-art technologies.

**Target 4.2.** Information governance shall be elevated to the level of best practices.

### **Objective 5: Having a modern human resources management, innovative organizational structure and strong corporate culture**

**Target 5.1.** Corporate governance shall be realized by emphasizing the human, information and technology resources within the organization.

**Target 5.2.** Internal control, risk management and internal audit systems shall be strengthened based on international standards and good practices.

*Pursuant to the resolution of the board of directors, strategies, performance indicators and some other aspects of the plan have been removed from this document and arranged as separate documents.*



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# Others

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- > **Risk Management**
- > **Benefit and Cost Assessment**
- > **Monitoring and Evaluation**
- > **Updating the Plan**

## **Risk Management**

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The risks related to each target have been identified and analyzed in the target-setting and elaborating stages, and the measures relating to these risks have been determined. The risks that may be encountered when achieving the targets are described below with their corresponding explanations and control activities.

**Dependency:** The successful completion of the targets set in the axis of warehouse use for the collected data depends on the pension companies, which are the sources and owners of the data, and other relevant data-owning organizations exhibiting the expected level of effort and concentration. This also relates to the PMC's governance structure and is the most critical factor in determining its success in achieving the targets. It is also a risk that must be managed.

This same dependency is the key to building the right data governance processes within the organization. Without these, pension companies risk failure and cannot take advantage of advanced technology.

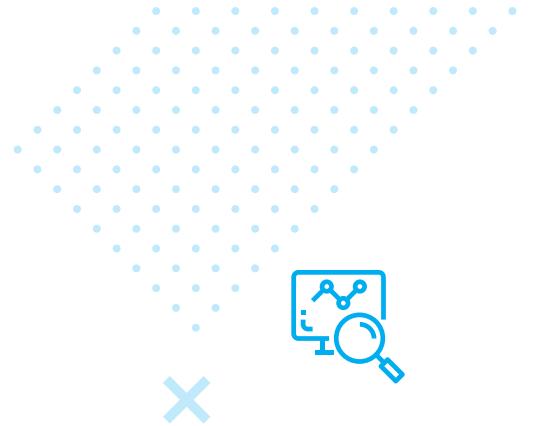
**Cybersecurity and Protection of Personal Data:** Given the size of the PMC data, increasing complexity and diversity of cyberattacks are among the most significant risks in the upcoming performance period.

Possible integrations to be realized in line with the strategic plan and the use of data utilization opportunities will require the re-evaluation of vulnerabilities. The data leakage caused by a potential attack may have financial and reputational repercussions that will affect short- and long-term strategic objectives.

**Uncertainties Regarding the Content and Timing of the Reforms in the NEP – Possible Changes in the Regulatory Structure:** Although there are targeted reforms in the new economic program, there is no clear information about its content and timing. A possible reform process may cause the PMC and pension companies to focus their current efforts to issues that require operational regulation in new processes.

The incomplete nature of the Insurance Regulation and Supervision Agency's (SDDK) assigned positions and new governance structure may lead to task-switching between the PMC, the SDDK and the Insurance Association of Turkey, resulting in deviations from the strategic targets.

## Others



**Talent Management:** Achieving strategic goals relates to determining the competencies required for the PMC and acquiring and retaining talents. Talent management failure caused by limited resources and lack of proper organizational structure is among the most significant risks that may prevent the PMC from achieving its strategic goals.

**Third Party Risks:** Unlike the PMC's possible ways of doing business so far, it will be important to manage the "third party risks" during collaborations. These must be established to achieve the strategic targets. The success of the projects hinges on the proper management of the risks involved.

## Benefit and Cost Assessment

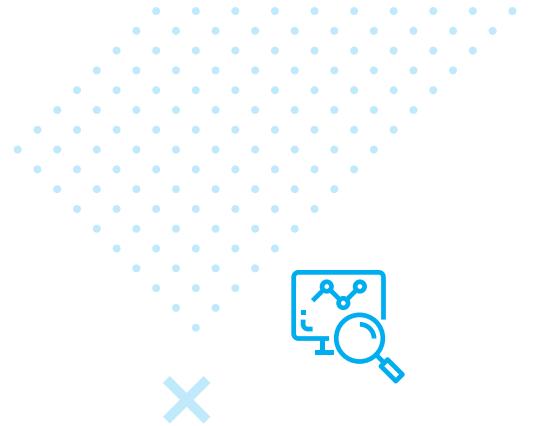
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The targets in the strategic plan shall be realized within the budget.

As it is known, more than 12 million participants/employees have more than 14 million pension contracts in the system. If the reform package announced in the NEP is implemented, this number will increase exponentially. Therefore, efforts shall be made to transform the large data pool in the PMC database into services that will create value in an impartial manner. This can only be achieved through the products provided by using consolidated information and will determine the PMC's potential to generate significant revenue in this context.

Within the scope of data monetization, similar to the practices in organizations to which the PMC can be compared (the Insurance Information and Monitoring Center, Kredi Kayıt Bürosu, the Interbank Card Center, and so on) and by using our large data pool, we aim to develop products that will provide fully utilizable economic benefits for participants, pension companies, universities and research institutions, financial institutions and public authorities.

The most significant results that will be achieved with the strategic plan include saving the PMC from depending on the service fees it collects from its shareholders through contracts; transforming into a strong, financially self-sufficient monitoring organization; evenly distributing significant dividend income to its shareholders through its value-added services; and successfully utilizing advanced technology and presenting it to the industry.



## Monitoring and Evaluation

A reporting system shall be designed in which quantitative and qualitative data are collected and analyzed systematically to monitor the progress made with regards to monitoring, objectives and targets.

## Others

### Updating the Plan

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The strategic plan may be updated for the remaining years of the plan period. The update may include the changes made to the targets for the remaining years of the strategic plan period without changing the mission, vision or objectives. Where additional resource procurement is not possible, the amendments should be such that they do not change the total resource requirement of the plan being implemented. The strategic plan monitoring report and strategic plan evaluation report shall be consulted to determine whether an update is necessary.

The update request shall be submitted to the board of directors together with the issues to be updated prepared with an accompanying justification and based on a specific template. In this context, new determinations and needs arising from the situation analysis findings in the update request and providing justification for the update shall be identified.



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