

# STRATEGY DIVISION



**NURHISHAM HUSSEIN**  
*Acting Chief Strategy Officer*

**2019 saw the EPF taking a holistic approach towards setting the benchmark for a quality retirement. Focused on our mission to ensure that our members have sufficient savings for their golden years, the Strategy Division explored the various other factors affecting members ability to lead a meaningful life, and explored potential solutions and interventions available at the EPF's disposal.**

**As we step into the new decade, existing challenges in retirement planning, such as financial adequacy and literacy, remain acute, while new ones, such as digitalisation, workforce readiness, and rising informality, have escalated, requiring an urgent reconsideration of our strategy priorities.**

**The year in review saw our division increasing efforts in redefining social protection for the golden years, especially for those in economically vulnerable groups. This includes our retirees, the unemployed, freshly graduated jobseekers, people with disabilities, and housewives.**

## **REDEFINING SOCIAL SECURITY IN A VOLATILE FUTURE**

For the first time in our history, the EPF is catering to five generations of members under one roof, with a unique, though at times overlapping, set of challenges defining each of them. While most retiring Malaysians are burdened with insufficient savings to cover increasing healthcare costs, the young are also saddled with the burden of higher household debt amidst meagre income growth at their stage of life. The EPF therefore has to step up its efforts to cast a wider social protection net for more, if not all Malaysians.

Currently an ageing nation with 7% of the population above 65 years old, Malaysia is expected to become an aged nation in about 25 years, with our elderly population expected to double to 14% by the year 2045. This is in many ways a positive development, arising from better nutrition and healthcare, and increasing access to education and employment opportunity for women. Nevertheless, an ageing workforce raises many challenges, including the gradual loss of labour productivity, muted investment returns, and slower economic growth.

With digital solutions substituting manual labour, employment opportunities in the formal sector are also being impeded, causing more people, especially the young, to drop out of the formal workforce in favour of piecemeal and temporary jobs readily available in the gig economy. While many of these gig-type and freelance jobs offer flexibility and freedom, there is also a real concern over the trade-off with income security in retirement.

## STRATEGY DIVISION

Towards the end of 2019, the onset of COVID-19, threatening to be the worst global pandemic since the Spanish flu a century ago, pushed our world further into unfamiliar territory – one that has been characterised by lockdowns, market swings, and downgraded forecasts as the world struggled between balancing saving lives and preserving livelihoods.

### STRATEGY FOR THE FUTURE

It is amidst this landscape of escalated Volatility, Uncertainty, Complexity, and Ambiguity (VUCA) that the EPF must reassess its role in social security to ensure no one is left behind in its vision to help its members achieve a better future.

To meet these challenges, EPF continues to push boundaries with our EPF Three-Year Rolling Plan 2019-2021 (E3YRP), which emphasises a customer-first mindset. Key to this is to balance our immediate requirements to enhance the member experience now, via a digital-and mobile-first strategy in the implementation of our core products and services, while at the same time deepening our efforts to improve financial literacy among members towards assisting them in their own retirement planning efforts.

In 2019, we also activated a long-term strategy to enable our more financially literate members to opt to make their own investment decisions via the i-Invest facility within i-Akaun. The EPF will continue to explore ways to empower this segment of our members with the ability to allocate their own EPF funds.

We also plan to further empower members by providing unbiased advisory services

while improving financial literacy levels and extending this coverage to all Malaysians. To help achieve this goal, we are looking into new facilities and initiatives that can better serve our members' needs in the new decade. For employers, the EPF aspires to promote self-compliance, increase efficiency and productivity levels, and ultimately reduce the costs of doing business.

We embarked on a total of 35 initiatives, both a continuation from the previous year's efforts as well as new ones for 2019. Of that total, 26 were strategic initiatives that included five flagship initiatives, namely Digital Business Transformation, Employer Advisory Services, Member Investment Scheme (e-MIS), Data Hub, and ICT Transformation. These initiatives were centred on four Strategic Thrusts – Sustainable Investing, Customer Centricity, Digital Enablement, and People Development. These thrusts are an evolution from the previous plans, which focused on Operations, Customer, Retirement, Investment and Digital, and People Excellence.

### BRINGING FINANCIAL LITERACY INTO THE PUBLIC CONVERSATION

Given the low levels of financial literacy and awareness in the country, the EPF continued its efforts to redress these gaps in Malaysians' financial understanding and help them plan for their future.

Among these efforts include *Belanjawanku: Expenditure Guide for Malaysian Individuals and Families*, which was launched together with the Social Wellbeing Research Centre (SWRC) of University of Malaya in March 2019.

*Belanjawanku* provides estimates on the minimum monthly expenditure for various goods and services for different categories of households residing in the Klang Valley. The guide's aim is to provide a benchmark on a reasonable standard of living or well-being for Malaysians together with information on expenditure for basic necessities, social participation, recommended savings, loan repayment, and emergencies. The guide has been adopted by our Retirement Advisory Service officers to assist in providing our members with financial guidance and advice.

To help raise financial awareness in a holistic manner, the EPF is also a founding member of the Financial Education Network (FENetwork), an inter-agency group co-chaired by Bank Negara Malaysia and the Securities Commission, which in July 2019, launched the five-year National Strategy for Financial Literacy.

The strategy calls for improving the country's financial literacy levels by focusing on three aspects of financial awareness – saving and managing money, planning ahead for a sustainable future, and protection against frauds and financial scams – aimed at equipping Malaysians with the knowledge to make informed financial decisions and to nurture healthy attitudes to financial management.

In support of this, the EPF has published *My Money Matters*, a tool to assist individuals in kickstarting their financial planning and understand their financial needs for each life stage, by outlining steps for good practices such as budget planning, income diversification, and retirement planning.



### INTERNATIONAL SOCIAL WELL-BEING CONFERENCE 2019 (ISWC 2019)

The EPF convened our eighth international conference in November 2019. This was renamed the International Social Well-being Conference (ISWC) from the previous International Social Security Conference, to better reflect the wide scope of issues that are rapidly changing the world and which requires urgent attention.

ISWC 2019 also reflected the EPF's recognition of the challenges of operating in an unpredictable global landscape of technology disruption and demographic changes, and how these factors will impact lives and the world of work.

Themed 'Shaping Destiny – Between Hope and Extinction', ISWC 2019 attracted some 500 local and international thought leaders to share thought provoking ideas

and debate on solutions that can catalyse change and create a positive impact on society.

Among the renowned speakers for the conference were Dr Jane Goodall, founder of the Jane Goodall Institute; Surina Shukri, CEO of the Malaysia Digital Economy Cooperation (MDEC); Dzameer Dzulkipli, founder of Teach for Malaysia; Malene Rydahl, author of 'Happy as a Dane'; and Freaky Clown (FC), co-founder and Head of Ethical Hacking at Cygenta. The speakers discussed topics surrounding economic, environmental, and civil, issues as well as their longer-term, wider-ranging impact on human well-being and the ability to live meaningful lives.

At the same conference, we also signed a Memorandum of Understanding (MoU) with the National Pension Service (NPS) of the Republic of Korea, one of the

world's largest pension fund with assets under management (AUM) worth USD600 billion, as part of our continuing efforts to gain better understanding in social protection from the best practices of other countries. The mutually-beneficial MoU formalises cooperation in training activities encapsulating the areas of pension policy and initiatives, research projects, and sharing information on best practices.

The discussions from ISWC 2019 have grounded the thinking that a quality retirement can only be sustainable for the long term with an evolved definition of 'social security', one that has adapted to disruption and continues to remain relevant through the good times, and the bad. Thus, while championing bold ideas to provoke change, we are now proactively creating the groundwork for a better future via embracing sustainability as a key business strategy.

## STRATEGY DIVISION

**In line with ELC's purpose as the Centre of Excellence in Social Well-being Learning, the Faculty of Social Security was established as a learning platform tailored for EPF employees, as well as all Malaysians, to better understand the nation's policies on social security and the practices that constitutes wise financial management.**

### **NURTURING CRITICAL THOUGHT ON WELL-BEING POLICIES**

2019 also marked a new phase in the journey of our EPF Learning Campus (ELC) as the core institute for learning and development amongst EPF employees, with various initiatives such as better infrastructure, and quality of teaching and learning materials undertaken to improve learning experience.

In line with ELC's purpose as the Centre of Excellence in Social Well-being Learning, the Faculty of Social Security was established as a learning platform tailored for EPF employees, as well as all Malaysians, to better understand the nation's policies on social security and the

practices that constitutes wise financial management. We also ensured that critical thinking was included as a key competency into our learning programmes, in alignment with the EPF's efforts to evolve for the future while remaining relevant. This was incorporated into our annual KFAIR 2019 in October, themed 'Brave New World: Staying True to Our Core', which aimed at providing all EPF staff with the necessary skills and knowledge to endure an ever-changing world.

Along with that, we forged strategic collaborations with local organisations and agencies like Kwasa Land Sdn. Bhd., on leadership, as well as the Ministry of Finance Malaysia, Bank Negara Malaysia, the Credit Counselling and

Debt Management Agency (AKPK), and the Ministry of Health Malaysia, on policy development programmes, especially in regards to social security. ELC was also selected by a few international organisations to undertake programmes such as the International Training Centre (ITC)-ILO For Policy Making Programme and Behavioral Insight for Policy Making.

For the upcoming year, ELC will continue to bolster its operations by collaborating to deepen our expertise in the area of social security, equipping ELC staff with the aptitude for growth in learning and development practices, and adopting digitalisation for a better customer experience.



## INCREASING AWARENESS THROUGH EFFECTIVE COMMUNICATIONS

With increasing complexity factoring into our business decisions and results, the EPF is well-aware of the urgent need to assist members to embrace this new reality. In the area of communicating our efforts and outcomes to our members, we are consciously moving beyond a paternalistic approach to more collaborative and interactive communications.

By this we mean that the EPF now harnesses a wider media universe – social media, digital media, and traditional mass media – in reaching out to our diverse and multi-generational pool of members and employers. While the EPF continues to safeguard our members' retirement funds, we aim to communicate to all Malaysians the necessity of social well-being and financial literacy as the tools to future-proof their golden years.

We have also been preparing our staff to face the complexities impacting our investments and operations. Our newly updated staff portal (*Infoklik*), informative emails, casual talk sessions, and townhalls have been geared to keep them abreast of the latest events and policy directions affecting the EPF. As the face of the organisation, they play a crucial role in providing assurance to our members and the public on the rapid transformation that the EPF is undertaking.

## UPSKILLING OUR PEOPLE

Recognising that our people are at the core of the EPF, we take very seriously efforts to nurture and retain our top talent to ensure their continued well-being and career success within our corporate family. On top of the various ongoing efforts to keep our employees engaged, the EPF also

has specific initiatives aimed at the very best of our people.

Our Trailblazers Programme, formerly known as the Accelerated Development Programme, helps us identify top performing talents within the organisation and puts them into an intensive bootcamp-like experience, with exposure to leadership and strategy situations. Taking a cue from the Shark Tank series, Trailblazers 2019 took a novel approach for equipping our future leaders with digital-age skills such as use-case development, prototyping, and pitching.

Our People Matters Department also organised Future-Fit 2019, an internal thought leadership session for the benefit of our employees. Themed 'Leadership Next: Digital Frontrunner', the two-day event was a success, with more than 200 attendees participating. The session was designed to expose participants to important digital competencies, such as digital marketing, social media strategy, and data analytics, that would engender trust and improve customer experiences.

A number of renowned speakers were invited to share their thoughts and experiences, including Sharala Axyrd, founder of the Centre for Applied Data Science (CADS); Joel Neoh, founder and CEO of Fave; Francesca Chia, founder and CEO of GoGet; Datuk Jake Abdullah, CEO of Astro Radio; and Nadhir Ashafiq, founder and CEO of theLorry.com.

## CASCADING STRATEGY INTO ACTIONABLE EFFORTS

To pave the way for the E3YRP, the EPF's Board Strategy Meeting 2019 (BSM2019) was held in Kota Kinabalu, Sabah. The meeting generated meaningful discussions on the EPF's future, our key

concerns, and how we can move forward. BSM2019 was also the first time that the Board, the Investment Panel, and the Shariah Advisory Committee met in one meeting with the Management. The Board has proposed having this meeting on a semi-annual basis.

With the changes in management in 2019, we also organised the 2019 Management Retreat (MR2019) in Langkawi, Kedah to align everyone's expectations while fostering better working relationships and understanding within the Management team towards common goals.

A key highlight of MR2019 was the CEO's presentation on the status of the EPF, ranging from operations, investments, digital technologies, to strategy. The retreat, which saw more than 95% in attendance from the Management team, set the path for what the EPF needed to do to achieve a better future for its members.

To reach out to our 5,842 employees nationwide, the EPF held 10 CEO Townhall sessions, 20 roadshows, and various management meetings at both state and regional levels. To ensure that no one is left behind, we also leveraged extensively on online learning modules and regular updates through our internal communication channels.

Finally, it is becoming more apparent that the traditional perspective of social security, which was largely defined by having adequate retirement savings, is too narrow. Therefore, the EPF, moving into the new decade, will be expanding the narrative of retirement not just as a financial target, but also a sustainable way of living as members approach their golden years.