



Role of Pension Funds in Capital Market Development

Dardan Sejdiu, MBA
CEO, Slovene-Kosovo Pension Fund

- Pension reforms usually have pursued several **key objectives** (though Kosovo not the usual case)
 - To provide a reliable **source for retirement** income
 - To reduce **the financial drain** on governments
 - To boost **local savings**
 - To provide a stable **domestic source of development finance**, and last but not least
 - To promote the **development of local capital markets**
-

- A system developed as a tool to support ageing population, => **increasingly difficult because of the ageing population** => issue in developed countries .
 - Kosovo a bit “luckier” by starting immediately with “fully funded” three pillar system => even luckier cause **70% of the total Kosovo population not older than 35 yrs old but 50% unemployment rate.**
 - When started, the three pillar system, **not supported by a developed capital market**, the situation has not evolved much since.
-

Pension Funds & Capital Markets - What have we missed?

Impact of a funded pension system on capital markets

- Positive effect in national **savings and investment**
 - Financial **Competition** & Financial **Market Expansion**
 - Financial **innovation** as a consequence of proper pension system and the need to invest in financial instruments
 - Strengthening of **financial regulation**, hence a better protection of the individual investor (basic premise of fully funded schemes)
 - The role of pension funds and capital markets in **corporate governance system**
-

Pension Funds & Capital Markets - What have we missed?

- There is a close relationship between the pension system and the capital market, which is evident in developed countries , and also in countries where fully funded has been introduced.
 - Pension funds, with the AUM, are the key institutional investors in the capital markets of developed economies
-

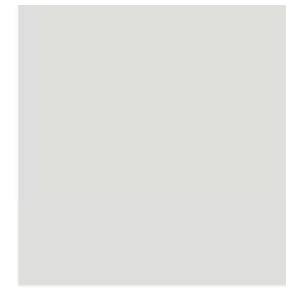
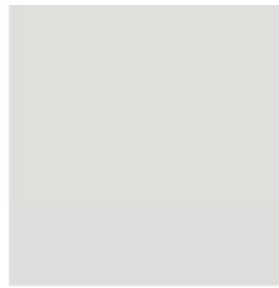
Pension Funds & Capital Markets - What should we look at?

- Evolve the pension system by liberalizing the market and ensure better regulation of the pension fund-industry (if we think of developing a pension fund industry).
 - Liberalize restrictions on investment options and develop instruments (a small step in evolving the capital market) which can provide sufficient space for pension fund administrators to invest prudently in the local market
 - Hence, provide investment options to both the individual saver, institutional investor, enhance governance and last but not least offset the dependence on volatile developed international capital markets
-

FONDI
SLLOVENO-KOSOVAR

■ ■ ■ I PENSIONEVE

Member of Prva Group



Q&A

DARDAN SEJDIU, MBA

CEO, SLOVENE-KOSOVO PENSION FUND

DARDAN.SEJDIU@FSKP.EU

