Impact of Pension Fund Investment on Capital Market Performance in Nigeria

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Abstract

The study investigates impact of pension fund investment on capital market performance in Nigeria. The study adopted Ordinary Least Square (OLS) in order to compare the relationship among the variables of interest. Variables of interest comprise of Market Capitalization, All Share Index and Debt Capitalization while the study period is from 2008 - 2018. To achieve these objectives, relevant secondary data were sourced from different sources. The result reveals that Pension Fund Net Asset value has a positive and significant effect on Market Capitalisation and Debt Capitalization but negative and insignificant effect on the All Share Index of the economy. It is recommended that PENCOM should ensure effective monitoring, supervision and enforcement of the provision of the PRA2004, which are the inevitable ingredients in the Contributory Pension Scheme towards Gross Domestic Product (GDP). Also, more emphasis should be placed on the management of pension assets in the capital market as well as government bond, real estate, investment trust to boost Gross Domestic Product (GDP) of the country (Nigeria).

Keywords: Pension Fund, Investment, Capital Market, Performance

INTRODUCTION

Globally, pension industry had undergone a series of reforms during the last two decades, as it is considered as a catalyst of economic growth and development. These reforms are largely necessitated by the increase in the population ageing and shortcomings of old age support mechanisms. The main objective of the reforms in pension industry is to ensure income security in old age at a least cost manner (Davis and Hu, 1998), they also targeted some macroeconomic benefits including aiding labour and financial markets developments. The resultants quality labour and efficient capital market are expected to facilitate economic growth and provide adequate resources for the elderly population in the economy without an undue burden on the working population. Yermo (2005) defined pension fund as a legal amalgamation of financial assets to which contributions are remitted for the sole reason of servicing retirement benefits liabilities. It is viewed as a sum of money paid regularly to a person who no longer work because of old age, disability or retirement or to his widowed or dependent children by the state, former employers or from provident fund to which he and his employer both contributed.

Capital market is a market for securities - debt or equity, where companies and governments can raise long term-term funds. It is defined as a market in which money is provided for periods longer than a year (Sheffrin, 2003) and also seen as a major catalyst of economic growth and development of any nation. It

impacts positively on the economy by providing financial resources through its intermediation process for the financing of long-term projects. This is supported by Coronado (1998), Vitta (2000) and Meng and Pfau (2010)that the creation of funded pension plans have major long-term implications for the functioning and growth of financial markets. Hence, without an efficient capital market, the economy may be starved of the required long term funds for sustainable growth.However, Pension funds are required by regulatory agent to allocate a large fraction of their capital in investment in a broad range of domestic assets and diversify risk as much as possible within the country. Henshaw (2012) argued that pension funds investment could provide long term funds for economic and social development of the country.Though, there have been considerable numbers of study in this field, most of the previous studies conducted were based on impact of pension fund investment on economic development in Nigeria, its sociological impact and its impact in financial institutions. It will be interesting to understand its impact on capital market performance in Nigeria. This study seek to examines the impact of pension fund investment in capital market development in Nigeria using data from Pension Fund Administrators (PFA) in Nigeria, Nigerian Stock Exchange and Securities Exchange Commission from the year 2008 to 2018, employing Ordinary Least Square regression technique to test its impact on dependent variable.It is a known fact that Pension funds have massive assets at their disposal which form part of investment landscapes all over the world.

An emerging economy like Nigeria needs a deep and liquid stock-market to achieve economic growth and development. It was recently reported that Nigerian pension funds' assets have grown by 3% between March and April 2017 alone to a record ₦6.5 trillion. By nature, pension funds are long-term assets which when invested in the capital market would promote access to financing for underdeveloped sectors of the economy (Okpaise, 2009). Pension funds also face the regulatory requirements to allocate a large fraction of their capital domestically and given the large size of their capital, they are expected to invest in a broad range of domestic assets and diversify risk as much as possible within the country. Therefore, relative to other institutional investors, pension funds are thought to be the ones which would contribute the most to the development of domestic capital markets. Based on this, there is need for investigation into how pension funds significantly contributed to the performance of capital market in Nigeria particularly; the value of shares traded per annum, the market capitalization held by pension funds. The hypothesis of this study is stated thus;

H_{01}: Pension Fund investments have no significant effect on the stock market capitalization in Nigeria.

LITERATURE REVIEW

Conceptual Framework

Concept of Pension Fund Investment

Pension Fund Investment is a full funded pension scheme that tries to generate adequate funds (contribution) through savings. The scheme assists improvident individuals to save, and these savings are meant to satisfy the interest of the employee at retirement, shareholders, and also contribute effectively to economic development. Pension Fund Investment has been identified as an institutional investor that generates long-term contractual savings and stimulates the development of securities market (Mesike and Ibiwoye, 2012). This is made possible through some of the vital roles played such as accumulation of savings that enhance economic development, financial market development, reducing old age poverty, acting as consumers of financial services and provision of long-term investible funds. The new pension scheme in Nigeria is of immense relevant to the development of the Nigerian capital market. The Pension Fund Investment, which replaced the pre-reform Defined Benefit (DB) scheme, has grown its pension assets from N649.92 billion in 2006, when the scheme became generally effective to N3.1 trillion in December 2012 (PENCOM, 2014).Vittas (2010) stated that the creation of funded pension plans has major long-term implications for the functioning and growth of financial markets. He went further to state that The steady accumulation of long-term financial resources, which is a basic feature of funded pension plans, is bound to affect the composition of financial savings, even if it may not affect the rate of national saving. The Pension Fund Investment has enhanced mobilization of savings for the development of Nigerian Capital Market (Gunu & Tsado, 2012).

Capital Market Performance in Nigeria

The theoretical framework of the link of the secondary capital market to pension funds development, as savings and investment platform include opportunity to realize or liquidate holdings when pension liabilities crystallize. That is, such market can offer lower information and trading cost, diversified asset class and efficient clearing and settlement system. Hence, the loanable fund theory contends that ceteris paribus interest rate is determined by the interaction of savers and investors, such that investment varies inversely with the rate of interest, while savings is directly related with interest rate. Meng and Pfau (2010) examine the role of pension fund in capital markets development among OECD using least square dummy variable (LSDVC) estimation in a panel data study. All-together the study found that the impact of pension fund on capital market differs significantly depending on the depth of financial development. Countries with well-developed financial market (i.e. well managed investment strategies in the stock and bond markets) enjoy significant growth in their pension funds than those with thin financial development. Also, Megginson (2012) findings reveal that countries that rely mainly on compulsory private financed pension tends to have larger capital market and are most efficient (e.g. United States, United Kingdom; Netherlands; and Switzerland), compared to others, such as continental European countries that rely on state run unfunded pension system, who are characterized by relatively smaller market

EMPIRICAL REVIEW

Catalan, Wilbert, Kenneh, Friedman and Paddison (2010) conduct Granger causality tests on 14 OECD countries and 5 developing countries, separately, to see the causal relationship between stock market development and contractual savings institutions including pension funds. They conclude that contractual savings predominantly Granger cause stock market development. To a lesser extent, the causality happens simultaneously between them, and very slightly, the causality runs the other direction. Even though they find such causal evidence, their estimation might suffer from the small number of time period observations. For example, the number of observations is only 6 for Austria, 8 for Portugal, and 9 for Australia.

Catalan, et al (2011) examined whether there is a Granger-Causality relation between Capital Market All Share Index (ASI) and contractual savings via pension funds. They use two capital market indicators, stock market capitalization and stock market value traded across 26 countries, of which six are developing countries. They show that contractual savings institutions like pension funds granger-cause stock market capitalization. Furthermore, the potential benefits of developing contractual savings sectors are stronger for developing countries than for developed countries. Success in capital accumulation and mobilization for economic growth and development varies among nations and largely dependent on domestic savings and inflows of foreign capital.The positive relationship between capital market activities and real economic growths has long been established in previous empirical studies but in country specific studies, the structural variations among economies may not have been adequately accounted for. For instance, Olarenwaju (2011) focused on its sociological impact in the society, Odia and Okoye (2004) compare old pension scheme with pension reform act 2004 while others employed only descriptive statistics. The omission of these core variables that accounts for specific differences in the specification of the growth models have introduced some bias and inconclusiveness in the result of these previous studies. In other to fill the gap in the above literatures, this study will incorporates some vital variables such as total market capitalization, all share index traded in order to investigate the impact of pension fund investment on capital market development in Nigeria.Kigen, A. K. (2016)conducted a study on the effect of fund size on the financial performance of pension funds in Kenya fora period of 5 years (2011-2015) using contribution density, accumulated fund assets, number of members, administration costs and investment costs as independent variables. The results showed that administrative expenses, investment expenses, pensioncontribution and accumulated fund assets all had significant effect on the financial performance of pension funds in Kenya.Another work regarding the financial performance of pensionfunds was done by Were, Iravo and Wanjala (2017). The study aimed to determine the effect

access to capital, theimpact of firm size, retained earnings and leverage has on thefinancial performance of Pension schemes in Kenya. The result revealed that access to capital,leverage, retained earnings and firm size are the main factorsthat determine of financial performance of pension funds inKenya

Theoretical Framework

Rational Expectations Theory

Rational expectations theory states that the players in an economy will act in a way that conforms to what can logically be expected in the future. That is, a person will invest, spend, etc. according to what he or she rationally believes will happen in the future. Although this theory has become quite important to economics, its utility is doubtful. For example, an investor thinks a stock is going to go up, and by buying it, this act actually causes the stock to go up. This same transaction can be framed outside of rational expectations theory. An investor notices that a stock is undervalued, buys it, and watches as other investors notice the same thing, thus pushing the price up to its proper market value. This is the problem with Nigerian stock market trying to restore market confidence since after the global financial crunch. The general expectation of Nigerian investors is pessimistic and hence the market is dragging irrespective of the innovations introduced by the regulatory agency and the Nigerian stock exchange (Yunusa, 2013)

The Pension Fund Investment Theory

Fund accounting theory was first established by the economist William Joseph Vatter in 1947 in his book "The Fund Theory of Accounting and Its Implications for Financial Reports". According to the Dictionary of Accounting Terms, fund theory is a system applied to government organizations as well as non-profit bodies such as charitable organizations and hospitals. The fund includes a group of assets on which restrictions are placed as they are intended for specific purposes. Each fund has its assets restricted for concrete purposes and liabilities determine restrictions against those assets (Vittas, 2013).

Capital Asset Pricing Model (CAPM)

The Capital Asset Pricing Model (CAPM) is a model that describes the relationship between the expected returns and the risk of investing in a security. It shows that the expected return on a security is equal to the risk-free return plus a risk premium which is based on Beta of that security.

$ER_i = \beta_i (ER_m - R_f)$
ER_i = Expected return of investment
R_f = Risk-free rate
β_i = Beta of the investment
ER_m = Expected return of the market
$(ER_m - R_f)$ = The market risk premium, which is calculated by subtracting the risk-free rate from the expected return of the investment account.

Arbitrage Pricing Theory (APT)

Arbitrage pricing theory (APT) is a multi- factor a asset pricing model based on the idea that an asset's returns can be predicted using the linear relationship between the asset's expected return and a number of macroeconomic variables that capture systematic risk. It is a useful tool for analyzing portfolios from a value investing perspective, in order to identify securities that may be temporarily mispriced. It is expressed as follows:
$E(r)_i = E(r)_z + (E(i) - E(R)_z) + \beta$
$E(R)i$=Expected return on the asset
R_z=Risk-free rate of return
β= Sensitivity of the asset price to macroeconomic factor n
E_i=THEORY

METHODOLOGY

In this study, correlational research design is adopted to examine the impact of pension funds' investments on capital market in Nigeria. The choice of this design is informed by the effectiveness of the method in investigating the relationships among theoretically related variables. The study will use secondary data from different sources: CBN quarterly economic reports and financial Statistical Bulletin, Nigeria Stock World Bank economic reports and the quarterly publications of the Pension Commission of Nigeria as well as the National Bureau of Statistics Economic reports. The data will be collected from the sources is a time series for the period 11 years (2008 - 2018). The sample for this study consists of 20 PFA's registered with PENCOM. Variables of interest comprise of Market Capitalization, All Share Index and Debt Capitalization while the study period is from 2008 - 2018.

The study also employed secondary data to achieve its objectives. The secondary data is derived from library documents and relevant materials to be researched. The study will incorporates secondary sources of data to enhance a balance between the research observation and available literature on the matter under consideration. This is always believed to promote objectivity. The plan, structure and strategy of investigation are conceived so as to obtain answers to research problems. It ensures that the required data are collected and they are accurate. Documentary evidence constitutes the instrument of data collection as the study is based on secondary data. The data is time series and are extracted from the Central Bank of Nigeria Statistical bulletin and the publications of Pension Commission of Nigeria for the year 2017. The study period covers the year 2008 - 2018. The study is restricted to 2018 due to the fact that data for 2019 are not available.

Procedure for Data Analysis and Model Specification

Ordinary Least Square (OLS) regression technique is ustilized and it is useful for estimation. Some statistical and econometric test would be used to evaluate the regression. These include Multiple R, which is the correlation coefficient and it, measures the extent of relationship between variables, R − squares, which is the coefficient of determination measures the percentage (proportion) of variation in the dependent variable that can attribute to the independent variables. The F statistics, The Beta coefficient measures the relative significance of each of the independent variable, "t" statistics and Durbin Watson test. The logistic regression has multiple independent variables, in which all are categorized in to k levels. The dependent variables are explained by the odd ratio of the explanatory variables. The logistic regression is similar to the ordinal least square regression; however, it violates the assumption of explanatory variables such that Heteroskedasticity, linearity and normality assumption of ordinary least square regression. The variables of the study are the capital market performance variables (market capitalization, Nigerian All Share Index and Debt Capitalization) and Pension Funds' Assets. Pension funds' investments are measured using the total pension funds' assets. Therefore, the econometric models of the study are mathematically expressed as follows;

$$MCAP_t = \gamma_0 + \gamma_1 PFNAV_t + \mu_t \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \text{i}$$

$$ASI_t = \gamma_0 + \gamma_1 PFNAV_t + \mu_t \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \text{ii}$$

$$DCAP_t = \gamma_0 + \gamma_1 PFNAV_t + \mu_t \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \text{iii}$$

Where; $PFNAV_t$ is the Pension Fund Net Asset Value at time t; $MCAP_t$ is the Total Market Capitalization in time t; ASI_t is the total Nigeria All Share Index at time t; $DCAP_t$ is the total Debt Capitalization at period t. t; γ_0 is the intercept, γ_1 is the coefficient and μ_t is the stochastic error term/disturbances.

RESULT AND DISCUSSION

Here, the result of regression analysis of the impact of Pension Fund Investment on capital market performance using Ordinary Least Square technique is presented, along side the results of other statistical

estimations such as correlation, R^2, Adjusted R^2, t-statistic and F-statistic. Table 1 presents the data used for the analysis in their raw form.

Table 1

Year	MCAP	DCAP	PFNAV	ASI
2008	222.77	705.26	1,099.01	31,450.8
2009	223.51	1,112.17	1,529.63	20,827.2
2010	382.13	1,446.96	2,029.77	24,770.5
2011	320.05	1,869.98	2,450.38	20,730.63
2012	364.06	2,496.6	3,153.12	28,079
2013	592.16	3,152.3	4,057.44	40,000
2014	542.29	3,740.4	4,611.62	34,657.15
2015	519.79	4,435.71	5,302.89	28,642.25
2016	500.43	5,269.78	6,164.77	26,874.62
2017	672	5,724.33	7,514.26	38,243.19
2018	649.21	6,256.56	6,960.11	31,430.50

Source: CBN Statistical Bulletin (2019 EDITION), Pencom Annual Report and Authors Computation

Note: **MCAP** = total market capitalization, **DCAP** = total Debt Capitalization, **PFNAV** = the Pension fund Net asset Value, **ASI** = the total Nigeria All Share Index.

In addition to the above, the research also examine the trends of Market Capitalisation, Debt Capitalisation, Pension Fund Asset Value and the total Nigeria All Share Index (2008-2018). Figure 1, 2, 3 and 4.below present their trends.
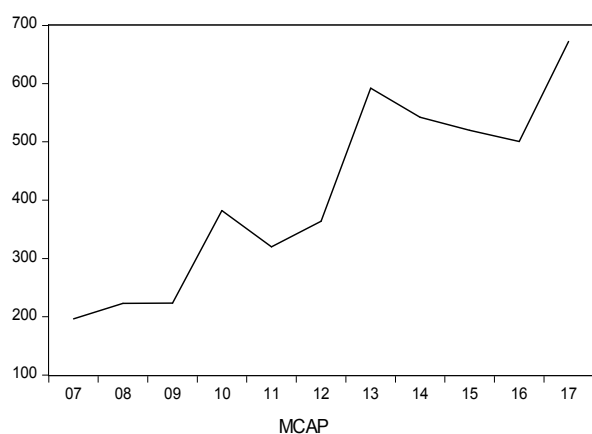

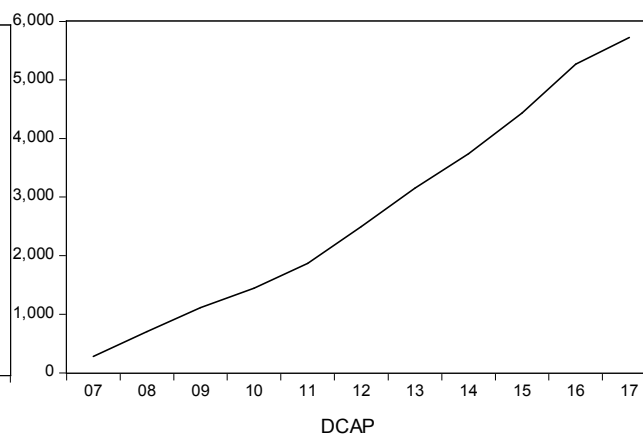**Figure 1: Total Market Capitalisation**
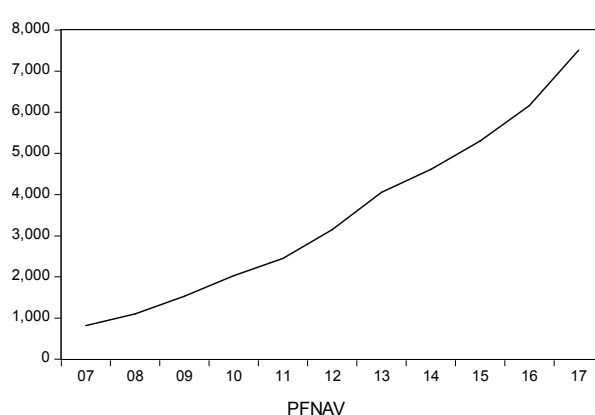
Figure 2: Debt Capitalisation
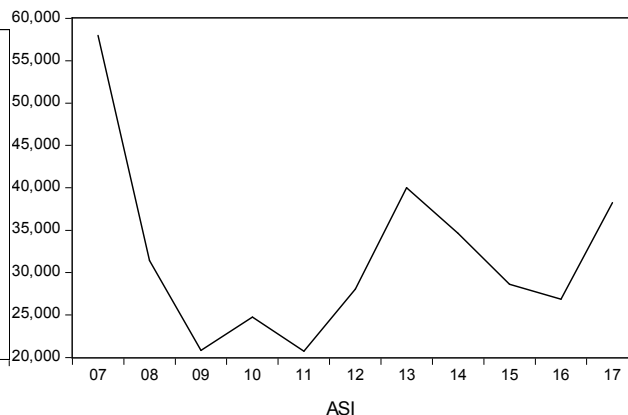
Figure 3: Pension Fund Net Asset Value

Figure 4: Total Nigeria All Share Index

Descriptive analysis
Descriptive statistics gives a presentation of the mean, maximum and minimum values of variables applied together with their standard deviations in this study. Table 2 in this study shows the descriptive statistics for the variables applied in the study. An analysis of all variables was obtained using the "Eview" software for the period of eleven years (2008 – 2018).

Table 2: Descritive Statistics of the Variables

	MCAP	DCAP	PFNAV	ASI
Mean	412.3409	2748.497	3520.734	32024.14
Median	382.1300	2496.600	3153.120	28642.25
Maximum	672.0000	5724.330	7514.260	57990.20
Minimum	196.5600	279.9800	815.1800	20730.63
Std. Dev.	163.0541	1862.291	2196.506	10690.36
Skewness	0.070665	0.282108	0.423544	1.271443
Kurtosis	1.693106	1.766240	2.007341	4.177521
Jarque-Bera	0.791976	0.843564	0.780509	3.599211
Probability	0.673015	0.655877	0.676885	0.165364
Sum	4535.750	30233.47	38728.07	352265.5
Sum Sq. Dev.	265866.5	34681269	48246378	1.14E+09
Observations	11	11	11	11

Eview Output (2020)

Table 2 presents the descriptive statistics of the capital market variables and the pension funds' investments in Nigeria during the period (first quarter of 2008 to last quarter of 2018). The table shows that the total market capitalization (equity and debt) has a mean of 4.12% of GDP with a standard deviation of 163.0541and the minimum and maximum values of 196.5600 and 672.0000 of the GDP respectively. Although the range between the minimum and maximum is wide, it implies a stable performance as the standard deviation indicated that there is no wide dispersion of the data from the mean value. From the other measure of capital market performance, total debt capitalization (DCAP) the table shows a mean of 2748.497 of GDP with standard deviation of 1862.291 and the minimum and maximum values of 5724.330 and 279.9800 of GDP respectively. This implies that capital market performance in terms of total debt traded is volatile during the period, as the standard deviation is large compared to the mean, together with the wide range between the minimum and maximum values. Similarly, Table 4.2

shows that the pension fund investments (PFNAV) during the period has an average value of 3520.734 of GDP with standard deviation of 2196.506 and the minimum and maximum values of 815.1800 and 7514.260 of the GDP respectively. This implies a tremendous increase in the pension fund assets during the period from 815.18 of GDP in 2008 to 7514.260 in the last quarter of 2018.

Regression Analysis

In regression analysis, the ultimate goal is estimation of the relationship between dependent and independent variables. This goal can be achieve through the estimation of the coefficients of each independent variable in the model. The sign of coefficients of independent variables indicate their relationship with dependent variable, while the magnitude of the coefficients implies the responses of dependent variables to independent variables.

Test of Hypothesis

H_{01}: Pension Fund investments have no significant effect on the stock market capitalization in Nigeria.

$MCAPt = \gamma_0 + \gamma_1 PFNAVt + \mu_t$

Where:
MCAPt = Total Market Capitalization in time t
PFNAVt = Pension Fund Net Asset Value at time t
γ_0 = the intercept of the regression line
γ_1 = the slope of the regression line
μ_t = Stochastic error term
A Priori Theoretical Expectation

From economic theoretical expositions and conventions, we expect: $\gamma_1 > 0$ and the result of the estimated regression model is presented below:

$MCAPt = \gamma_0 + \gamma_1 PFNAVt + \mu_t$
$MCAPt = 172.9802 + 0.067986 PFNAV$
Dependent Variable: MCAP
Method: Least Squares
Sample: 2008 2018
Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	172.9802	40.70276	4.249839	0.0021
PFNAV	0.067986	0.009936	6.842464	0.0001

R-squared	0.838765	Mean dependent var		412.3409
Adjusted R-squared	0.820851	S.D. dependent var		163.0541
S.E. of regression	69.01438	Akaike info criterion		11.46947
Sum squared resid	42866.86	Schwarz criterion		11.54182
Log likelihood	-61.08210	Hannan-Quinn criter.		11.42387
F-statistic	46.81931	Durbin-Watson stat		1.804023
Prob(F-statistic)	0.000075			

E-view output

The coefficient of multiple determinations (R^2) is 0.838765. This indicates that about 83.88 percent of the total variations in market capitalization is explained by the variations in the explanatory variable (pension fund asset value) while the remaining 16.12% of the variation in the model is captured by the error term.

This indicates that the model represent a good fit (i.e. the line of best fit is highly fitted). The standard error test is applied in order to measure the size of the error and determine the degree of confidence in the validity of the estimates. Usually if the standard error is smaller than half the numerical value of the parameter estimate, we conclude that the estimate is statistically significant. Having carried out a standard error test on the parameters estimated and as also indicated by their respective probability values, the parameter estimate for pension fund asset value is statistically significant. Durbin Watson test shall be adopted to test for Autocorrelation. The Durbin Watson statistic is given as 1.804023 (approximately 2) which show that there is no autocorrelation in the model. The value of F-statistic is 46.81931 and the value of the probability of F-statistic is 0.000075. This result implies that the overall regression is statistically significant at 5% level of significant given that the probability of F-statistic is 0.000075 less than 0.05. The intercept is 172.9802. This shows that if the explanatory variable is held constant, market capitalization will be 172.9802. The coefficient of Pension Fund Net Asset Value (PFNAV) is 0.067986. This shows that PFNAV is positively related to market capitalization and that a unit increase in it will increase market capitalization by 6% approximately. This result is consistent with 'a priori' expectation which hypothesizes that increase in PFNAV will lead to increase in market capitalization. The result shows that PFNAV has significant positive impact on market capitalization in Nigeria. Therefore we fail to accept the null hypothesis that Pension Fund investments have no significant effect on the stock market capitalization in Nigeria. In other word, an increase in the volume and revenue of pension fund sector translates to more market capitalization in Nigeria.

CONCLUSION AND RECOMMENDATIONS

The study sought to establish the impact of pension fund investment on capital market performance in Nigeria. The specific objectives of the study were to examine the effect of pension fund investment on the stock market capitalization in Nigeria, assessing the effect of pension fund investment on the Nigerian all Share Index and to assess the effect of Pension fund investment in Bond in Nigeria. The null hypothesis was formulated to determine the significant relationship between pension fund investment and capital market performance. The independent variable for the study was pension fund net asset value while the dependent variables were stock market capitalisation, all share index and debt capitalisation. The study adopted acorrelational research design. Secondary data was obtained from CBN quarterly economic reports and financial Statistical Bulletin, the quarterly publications of the Pension Commission of Nigeria as well as the National Bureau of Statistics Economic reports were analysed using "Eview" software. The study used annual data covering a period of 11 years (2008 - 2018). The result of the regression analysis shows that there is a significant relationship between the variables. The Ordinary Least Square (OLS) regression compares the relationship among the variables. The result shows significant relationship between capital market performance and pension fund investment. The result shows that pension fund net asset value has significant positive impact on market capitalization.

The study also reveals that the introduction and implementation of the funded pension scheme has had atremendous impact the Nigerian economy as a whole. The sectoral pension fund contribution has constituted ahuge investment of fund in the capital and money markets, thus creating employment opportunities as well asimproving the investment climate. The regression results also reveals that both public sector and private sectorpension contributions (whether in its aggregated or disaggregated form), total pension fund assets, and market capitalization have appreciable impacts on gross domestic product. Undauntedly, the new contributory pension scheme has encouraged the release of un-invested fund and the channeling of excess liquidity into capital and money markets through instruments such as investment, bond, ordinary share, dividends etc. With good risk and portfolio management by pension fund administrators' and custodians, the contributory pension has served in effective and efficient capacity in boosting the GrossDomestic Product (GDP) in Nigeria and very convenient to retirees compared to the previous defined benefitscheme. Given the foregoing, the following recommendations are those which are fundamental to the study:

i.   One of the functions of the stock exchange is mobilization of surplus funds and makingthem available to the deficit sector to hasten the rate of investment. In the Nigerian context, this basically needs public enlightenment. More robust and far reaching advocacy should be undertaken, to arouse the interest of potential investing public who wish to avail themselves ofthe opportunities of investing in financial securities. Also, public awareness about the returns and benefits drivable from trading in stock and shares should be encouraged. Infrastructural deficiencies and malfunction are major impediment affecting the pace ofinvestment growth in Nigeria. As a result, the overall result is drags and delays in handlingof securities transactions and low dissemination of information as regards the operations ofNigerian stock exchange. Enabling infrastructural facilities, proper monitoring anddissemination of information should be adequately put into commensurate marketexpectations.

ii.   Adequate investment and management of the pool of fund contributed by employees and employershas immensely contributed to development of the economy.

iii. There should be more emphasis on the management of pension assets in the capital market as well asgovernment bond, real estate, investment trust to boost Gross Domestic Product (GDP) of the country (Nigeria).

iv.   PenCom should ensure effective monitoring, supervision and enforcement of the provision of the PRA2004, which are the inevitable ingredients in the Contributory Pension Scheme towards GrossDomestic Product (GDP).

v.   There should be prompt reconciliation between PFAs, PFCs and PENCOM and statements of accountsshould be given to contributors regularly. This will bring transparency and accountability to thesystem.

vi.   Professionals should be employed by PFAs to bring competence and professionalism to the investmentof funds and risks and return thereon.

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