

Material Risk Factors

1. Global Competitiveness

The number one risk to the Philippine Retirement Industry is global competition. We can do well but if others do better, they will get the business. We are NOT the only show in town. What we want for others, others also want for themselves.

To address the risk and manage our country's position vis-a-vis global competition in the retirement industry, the PRA is exercising thought leadership and is promoting the implementation of the PRA RADAR (Retirement Areas Deemed as Retiree-Friendly) Index in every locality which can serve as a global framework in making the Philippines, preferred retirement destination in the world. The PRA RADAR Index is composed of different set of criteria grouped into four major parts , i.e. (1) United Nations' Principles for Older Persons; (2) International Living Annual Global Retirement Index; (3) World Health Organization's City Age-Friendliness Checklist; and (4) United Nations Population Fund's & Help Age International's Global Age Watch Index. The higher the rating that each locality, barangay, town, city, province, or region gets in the PRA Radar Index, the greater the potential of investors giving these localities international approval, and the higher the chance of foreign retirees coming to our country.

2. Foreign Exchange Fluctuation

The PRA generate deposits in US dollars. Currency rates are influenced by numerous fundamental and technical factors such as economic performance, supply and demand of the two currencies, and inflation. The relative strength, or lack thereof, of the dollar against other major currencies will dictate the industry. The cost of living and visas will definitely be expensive. Retirees' value for money is at stake as the purchasing power decreases. Competitiveness and ranking in the International Living Index is at risk.

To deter or at least lessen the great impact, the PRA, as an internal measure, upon maturity of time deposit (in dollars), converts it into Peso and invests in High Yield Savings. Also, PRA allows the conversion of the retiree's deposits into investments so that the investment will not be affected by the fluctuation.

3. New policies and mechanisms imposed by the Bureau of Immigration (BI)

Rigorousness in immigration policies will disappoint potential foreign retirees. Some nationalities find too hard to comply with certain requirements of BI with regard to visa approval and implementation. The Bureau of Immigration's policies may greatly affect our number of enrollees. The order of approval comes from them. In case there are new policies, PRA potential retirees and retiree-members will take time to adjust and comply. In order to lessen its effects, PRA is very proactive and inform their customers/ retirees well.

4. Fraud / Falsification of Requirements

Retirees submit requirements based on a given checklist. Such submission of requirements is prone to fraud or falsification. While, there have been cases where some documents submitted were found to have been falsified and procured, this is more of the exception than the rule. At any rate, the human imagination is limitless, and PRA must be ready for imaginative scams.

In order to address the issue and risk, the Department in charge of the process has created a system of verification with different government agencies and offers assistance in procuring original and authenticated requirements in NBI, DFA and other consular offices.

5. Accredited Banks' Financial Stability

The visa deposits of retirees are deposited in PRA Accredited Depository Banks. PRA cannot control the operations of the private accredited banks. It is a risk on the part of PRA and our Retirees in case of instability or mismanagement of private banks or worst, bankruptcy.

In order to keep safe of the deposits, we have accredited government banks like Development Bank of the Philippines and Land Bank of the Philippines. The government banks are known for its stability; hence, exposure of risk is minimized.

6. System Security Risk

Any computer systems and networks are prone to malfunction or breach. The infringement or material invasion of PRA's system is not impossible as Information Technology is very broad, complicated, and accessible. We do not remove such possibility.

To be able to avoid these types of risk, the Information Technology and Communications department is abreast to the technology and assure that there are solution to block viruses and hackers that could possibly affect PRA's database and system. Also, there are constant and scheduled regular back-up of the server and files.