

PHILIPPINE RETIREMENT AUTHORITY  
**RISK MATERIAL 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, 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, a preferred retirement destination in the world.

**2. FOREIGN EXCHANGE FLUCTUATION**

PRA generates 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. 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 impact, the PRA, as an internal measure, upon maturity of time deposit (in dollars), converts it into Peso and invests in High Yield Savings (for PRA Account only). Also, PRA allows the conversion of the retiree's deposits into investments.

**3. REGULATORY RISK**

Some potential retirees find it difficult to satisfy Bureau of Immigration requirements and policies.

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 vulnerable to fraud or falsification. 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 from 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 view of this, we have accredited a government bank, the Development Bank of the Philippines (DBP) for the retiree's deposits. At the same time, the DBP and Land Bank of the Philippines serve as depository banks of PRA funds. The government banks are known for their stability, hence, exposure to risk is minimized.

## **6. SYSTEM SECURITY RISK**

The increasing sophistication of security breach is a global concern. Thus, the Information and Communications Technology Division continually keeps abreast of developments and conduct regular file back-ups.

## **7. SAFETY RISK**

PRA believes that a safe and sound working environment creates productive employees and encourage systematic and easy flow of transactions between and among divisions and units. Employees and even other stakeholders transacting with PRA are prone to risk of associated with poor physical working environment.

PRA, through the Administrative Support Division ensures compliance with the Occupational Safety and Health Center, an agency regulated by the Department of Labor and Employment (OSHC-DOLE), as a means of mitigating potential safety risk focused on preventing work related-illnesses , injuries and diseases, eliminating work environment hazards and their effects and improving the workplace environment.

## **8. GOOD GOVERNANCE RISK**

As a GOCC, PRA regards good governance as good risk management, especially that it involves the Board and the Management performance. There are various good governance conditions that PRA must not just comply with but also understand. The risk of not being able to meet the requirements of good governance poses an impression of a GOCC with weak performance and inadequate governance and management.

In order to mitigate or reduce the effects of the good governance risk, PRA has a division who will coordinate with the IATF -AO 25 and the GCG for the good governance compliance. The Compliance Officer and the Corporate Secretary participates in different corporate governance seminars and training for capacity building.

## **8. HEALTH RISK**

As PRA aims for greater number of foreign retirees enrolled, the risk of them being able to transmit communicable diseases also becomes great.

To address the risk, PRA has been very stringent with its policy on the medical examination requirement for SRRV applicants. Also, PRA has accredited medical clinics/facilities for SRRV applicants and has also been strict with the requirements for accreditation.

## **9. PROPERTY RISK**

Plant, Properties and Equipment used by PRA in its operations are also prone to property damage and business interruptions.

To reduce the undesired effect of this risk, the Authority has property insurance for its PPE.