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INVESTIGATING THE PERCEPTION OF EMPLOYEES ON THE ENACTMENT OF THE NATIONAL PENSION SCHEME AUTHORITY (AMENDMENT) ACT NO.1 OF 2023 IN ZAMBIA: A CASE STUDY OF STANDARD CHARTERED BANK ZAMBIA EMPLOYEES.

A Dissertation Submitted to the University of Lusaka in Partial Fulfilment of the Award of the Master of Public Administration

BY

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DECLARATION

I, **Temwani Nalondwa**, Student No. **MPA22112555,** hereby declare that this dissertation entitled 'Investigating the Perception of Employees on the Enactment of the National Pension Scheme Authority (Amendment) Act No.1 of 2023 in Zambia: A Case Study of Standard Chartered Bank Zambia Employees' is original work presented for the award of a Master's Degree in Public Administration under the guidance and supervision of Mr. Sikawala Musonda.

I further state that it is the work of my innovation and that due acknowledgement has been done where the work of others has been used or cited. The details of this dissertation are fully my discoveries. Hence, I am answerable for the defects, errors, contents, and anything that has been left out.

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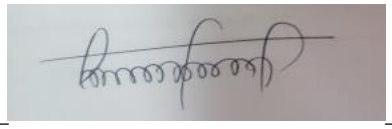
(Student)

My approval total approval has been given for this dissertation to be submitted for examination.

Supervisor**: Mr. Sikawala Musonda.**

Signed:  **Date:** 10/09/2024

DEDICATION

This research project is specifically dedicated to my parents, siblings and friends for their constant encouragement and support that keeps me going.

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LIST OF ACRONYMS/ABBREVIATIONS

LASF	Local Authorities Pension Fund
NAPSA	National Pension Scheme Authority
PSPF	Public Service Pensions Fund
SCBZ	Standard Chartered Bank Zambia
UNILUS	University of Lusaka
WCFCB	Workers Compensation Fund Control Board

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ABSTRACT

Withdrawals from retirement accounts prior to retirement have become increasingly common over time. During the Covid-19 pandemic, several countries, including Chile, Peru, Australia, the United States, and Malaysia, permitted early withdrawals of pension funds. Nonetheless, the immediate and long-term consequences of such policies are understudied. Zambia recently enacted the National Pension Scheme Authority (Amendment) Act No. 1 of 2023, which allows for partial withdrawals from pension savings.

This study sought to examine employees' perceptions of the National Pension Scheme Authority (Amendment) Act No. 1 of 2023, with a focus on awareness, decision-making processes, challenges, and overall perspectives on policy changes.

A qualitative research design was used to gather in-depth information. Data were collected from 30 employees via interviews and questionnaires. Participants were chosen using stratified sampling to ensure a diverse representation. The data were analysed thematically, with findings presented as narrative quotes and summary tables.

The National Pension Scheme Authority (Amendment) Act No.1 of 2023 was perceived differently by respondents, according to the study. While some employees viewed the policy as a chance to put more money to work, others raised fears about what it would do in the long run for retirement assets. These explanations correspond to reasons that varied across individuals rooted in financial distress, interest in the procedure per se and their own personal monetary goals.

The policy highlighted NAPSA's need to increase its sensitization efforts as it provided financial flexibility. The measures in place include raising the awareness campaigns, and increasing an educational drive to make sure that employees are much better informed about what they stand to lose from taking their money early. Other ways might include decreasing pay-out turnaround times and highlighting portfolio diversification potential, boosting employee satisfaction with the policy engagement. This study touches on key concepts such as partial and premature withdrawal, policy evaluation, social security, and stakeholder perspectives.

CHAPTER ONE

1.0 INTRODUCTION

Withdrawals from retirement accounts prior to retirement appear to have increased over time (Argento et al., 2015). Early withdrawals of pension assets were permitted in several countries during the Covid-19 period, including Chile, Peru, Australia, the United States, and Malaysia (among others; SSA 2020). Nonetheless, little is known about either the immediate or potential long-term consequences of allowing such access. Indeed, the OECD (2020) warned against the widespread practice of contribution holidays and grants of access to pension savings, as well as the use of funded pension assets for 'pet projects' (Cumbo 2020).

Zambia recently enacted the National Pension Scheme Authority (Amendment) Act No.1 of 2023, which made significant changes to the country's pension system. These changes have the potential to impact employees' financial security and retirement plans in a variety of industries, including banking. This case study examines Standard Chartered Bank Zambia employees' reactions to the passage of the National Pension Scheme Authority (Amendment) Act No.1 of 2023.

The passage of the amendment act raises critical questions about how employees perceive and react to changes in the pension system. Understanding their points of view is critical for determining the effectiveness and consequences of the amendment act in the banking sector.

In what follows, this paper intends to add new insights on the drivers and effects of allowing early pension withdrawals to the existing literature. The researcher specifically addresses several unanswered questions about Zambians' early pension withdrawal behaviour: Who made early withdrawals, and how did this relate to indicators of financial distress? What compelled people to make early withdrawals? What can the research say about where the withdrawn funds ended up? What is the likely impact of the withdrawals on the eventual well-being of retirees, as well as the fiscal impact of these withdrawals?

The findings of this study will add to the existing body of knowledge by providing empirical insights into how bank employees perceive and respond to the National

Pension Scheme Authority (Amendment) Act No.1 of 2023. The findings can help policymakers, banks, and other stakeholders understand the effectiveness and impact of the amendment act on employees' financial planning, satisfaction levels, and overall well-being.

1.1 Background to the Study

The National Pension Scheme Act No. 40 of 1996 of the Laws of Zambia established the National Pension Scheme Authority (NAPSA) in February 2000. The Zambia National Provident Fund (ZNPF) was closed after the responsible Act under which it was formed was repealed (National Pension Scheme Authority, 2021). NAPSA was established to provide income security against the risk of retirement (death and invalidity), with a focus on adequacy of benefits and monthly pension receipt in a better way than the now-defunct ZNPF. NAPSA has accomplished this by providing various types of benefits to its members.

NAPSA's key responsibilities include registration of employers and employees, collection of contributions, compliance enforcement, and investment of funds not immediately required for benefit payment, processing of claims and payment of benefits, and education of members. NAPSA is funded through contributions totalling 10% of employees' gross earnings, capped at four times the national average earnings, and split 5% employer and 5% employee. The employer representative registers with NAPSA by completing an employer registration form and ensuring that workers complete member registration forms (National Pension Scheme Authority, 2021).

The primary goal of social security is to ensure freedom from want, through collective or community provision for those who are temporarily or permanently without sufficient resources for subsistence and essential health services due to misfortune (Richardson, 1960). Any social security measure aims to provide individuals and their families with the assurance that their standard of living and quality of life will not be jeopardized by a social or economic calamity.

Medical care, sickness benefit, unemployment benefit, old age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit, and survivors' benefit are the ILO's definitions of social security contingencies. In general, pensions exist to

ensure that retired people's living standards are maintained (International Labour Standards on Social Security n.d.)

An early withdrawal is also known as a premature distribution or an early distribution. Premature withdrawal is also defined as an early withdrawal from a pension fund for non-retirement purposes by a contributing member who is under the retirement age. As a result, individuals/workers have access to their retirement account before reaching the retirement age. As previously stated, the purpose of pension is to ensure that retirees' living standards are maintained once they reach retirement age. Allowing early withdrawal would defeat the purpose of the pension plans (Copeland, 2013, Engelhardt, 2002, Engelhardt, 2003, Hurd and Panis, 2006).

Pension plans are critical to ensuring employees' financial security during their retirement years. To address specific issues and improve the pension framework, the government passed the National Pension Scheme Authority (Amendment) Act No. 1 of 2023. According to the National Pension Scheme Authority (Amendment) Act No.1, 2023, the object of this Bill is to amend theNational Pension Scheme Act, 1996 so as to provide for—

(a) Members to access a pre-retirement benefit; and

(b) Matters connected with, or incidental to, the foregoing.

In some instances, NAPSA members may be able to withdraw as much as 20% of their pension savings prior to their retirement. The execution of this policy significantly impacts both employees and employers in terms of retirement planning and financial management.

Standard Chartered Bank, as a well-known financial institution, is a significant player in the financial sector. Studying its employees' perceptions and responses to the partial withdrawal law can provide valuable insights into how the financial sector is responding to the bill's changes. This can aid in comprehending the specific challenges, opportunities, and dynamics within the financial sector associated with the law's implementation. Understanding how employees perceive and comprehend the policy is critical for evaluating its effectiveness and identifying potential areas for improvement. Financial sector employees may have unique perspectives and concerns about the partial withdrawal law. The researcher delved into Standard

Chartered Bank employees' specific experiences, attitudes, and perceptions about the bill. This provided a more nuanced understanding of how financial sector employees perceive the changes and how they may impact their retirement planning.

The research seeks to gain insights into employees' understanding, attitudes, and experiences with the policy by conducting a case study in this specific context. This can assist in identifying any gaps or misconceptions in employees' understanding of the policy objectives, as well as shed light on the policy's impact on their financial planning and retirement readiness.

The NAPSA partial withdrawal was implemented in response to employees' growing need for financial assistance. Employees have traditionally had few options for accessing their pension savings, which frequently resulted in financial constraints during emergencies or unforeseen circumstances. Recognizing this problem, NAPSA implemented the 20% partial withdrawal allowance, which allows employees to access a portion of their pension savings prior to retirement (Mapulanga, 2023).

Despite the potential benefits of this policy, its implementation and impact on the lives of employees have not been thoroughly researched. Understanding how employees perceive this policy is critical for assessing its effectiveness, identifying challenges and limitations, and suggesting improvements for better implementation.

This study will provide policymakers, employers, and NAPSA with valuable insights into how employees perceive and understand the amended Bill. The findings can be used to inform policy changes, educational initiatives, and communication strategies aimed at increasing employee awareness and engagement with the policy, ultimately contributing to the overall effectiveness of Zambia's pension scheme.

1.1.1 Background of the Pension Industry in Zambia

Zambia's social security history dates back to the pre-colonial era, as early as the 1920s, when employers' liability for work injury compensation was introduced, which is now administered by the Workers Compensation Fund Control Board (WCFCB) (Hantuba, 2005).

LASF was founded in 1954 to provide pensions for employees of local governments. LASF's coverage and mandate have evolved over time to include what are known as Associated Authorities. These are organizations that provide services that were

previously provided by local governments but have since been hived off to become autonomous quasi-government organizations or have been commercialized and/or privatized.

In Africa, the pattern of social security provision reflects colonial preferences and considerations. Social security schemes were introduced in Africa during the colonial era in response to the social security needs of expatriate white workers. According to Chingezhi (2008), the first social security schemes to be introduced were workers compensation schemes, which are based on the principle of employer liability and thus provide protection against workplace injuries and death. According to Chingezhi (2008), another type of social security introduced during the colonial era was provident fund schemes, which were limited to workers in the civil or public service.

The first pension coverage in the mainstream civil service was a remnant of the colonial legacy - a pension scheme reserved for white employees only. However, following the country's independence in 1964, there was pressure to extend coverage to indigenous Zambians working in the civil service, resulting in the establishment of the Civil Service (Local Conditions) Pensions Fund, now known as the Public Service Pensions Fund (PSPF).

The Zambia National Provident Fund (ZNPF) was established by the government in 1966 to cater to employees outside of the civil service and local governments. In the year 2000, ZNPF went through a name alteration to transform into the National Pension Scheme Authority (NAPSA). NAPSA is an essential and mandatory program that offers protection for all workers in Zambia, including those who are already enrolled in PSPF and LASF.

1.1.2 Pension Funds in Zambia

There are two types of pension funds in Zambia: statutory (public) pension funds and private occupational pension funds. The Public Service Pensions Fund (PSPF), the Local Authorities Pension Fund (LASF), and the National Pension Scheme (NAPSA) are mandatory contributory schemes in Zambia. Each scheme operates under its own set of regulations. NAPSA is a compulsory statutory scheme managed by the Ministry of Labour and Social Security, while PSPF and LASF are overseen by the Ministries of Finance and National Planning and Local Government and Housing, respectively (Martin Libinga, registrar and CEO of Zambia PIA).

In Zambia, the majority of pension funds are classified as either final salary (defined benefit) or money purchase (defined contribution) schemes. Although there are some hybrid pension funds that incorporate features of both defined benefit and defined contribution plans, the prevalent type of pension plans in the nation are defined contribution arrangements.

1.2 Statement of the Problem

The International Labour Organization defines social security as a set of measures that a society should provide to its members in order to protect them from social and economic difficulties caused by sudden loss or significant reduction of income due to events such as illness, work-related injuries, pregnancy, disability, old age, death, and medical care for children (International Labour Standards on Social Security n. d.)

In accordance with the objectives of social security, it aims to ensure that individuals in society are supported in meeting their basic needs and shielded from unforeseen circumstances, allowing them to lead a dignified life as expected socially. This is articulated by Dau (2003) and (URT, 2003).

Actuarial data from the ILO indicates that Zambians are living longer, spending more time in retirement. The figures suggest that at the current retirement age of 55, women have a life expectancy of 23 additional years, while men are expected to live 20 more years, rising to 26 and 22 years, respectively. The total mortality rate for children under six years is 9.1 per 1,000. Furthermore, by 2030, the percentage of the general employed population with sufficient access to essential health coverage (EHC) is projected to reach 75 percent for women and 71 percent for men, according to the ILO (2012) criteria.

Thus, due to the aforementioned contingencies, conventional social security measures, in the view of the ILO, should contribute to a decent standard of living for humans to be capable of earning income. It has been explained over and over again that any social security measure means offering people and their families confidence that their quality and living standard will not be adversely affected by a social or: economic disaster.

Retirement savings are crucial for retirees and individuals with disabilities who depend on their jobs to cover their living expenses. The early withdrawal of retirement savings

poses a significant challenge to Zambia's social security system. It is argued that such withdrawals undermine the fundamental objectives of social security systems, which are designed to provide long-term support and ensure a decent standard of living in the face of unexpected social or economic crises.

Scepticism arises on the proper implementation of the National Pension Scheme Authority (Amendment) Act No. 1 of 2023 and their implications of the Bill on quality of life and employee's viewpoints.

Thus, the accumulated experience, knowledge, awareness and beliefs regarding the policy of the employees could be explored to determine its effectiveness and examine the areas of improvement. The interaction between the policy objectives and how the employees perceive them could reveal their financial literacy and their planning towards their retirement.

The outcomes will expand great knowledge about pension policies and their consequences on employees' monetary security and retirement preparation. Thus, this research can assist policymakers, employers, and NAPSA in formulating recommendations on how to enhance the employees' knowledge and involvement concerning the Bill with regard to pension schemes and financial security for the Zambian population. The absence of knowledge concerning policy objectives is also evident in the current form of research among employees.

1.3 General Objective

To comprehensively investigate and analyse the perceptions surrounding the National Pension Scheme Authority (Amendment) Act No.1 of 2023 among employees at Standard Chartered Bank Zambia

1.4 Specific Objectives

1. To analyse the patterns of awareness and comprehension among employees at Standard Chartered Bank Zambia regarding the National Pension Scheme Authority (Amendment) Act No.1 of 2023.
2. To identify the factors influencing the decision-making process of Standard Chartered Bank Zambia employees concerning the partial withdrawal of their pension savings under the National Pension Scheme Authority (Amendment) Act No.1 of 2023.

3. To examine the challenges faced by Standard Chartered Bank Zambia employees in accessing their partial withdrawal under the National Pension Scheme Authority (Amendment) Act No.1 of 2023
4. To explore the perception of Standard Chartered Bank Zambia employees regarding the changes introduced by the Amendment Act

1.5 Research Questions

The study will answer the following research questions:

1. What is the level of awareness among Standard Chartered Bank Zambia employees regarding the provisions and implications of the National Pension Scheme Authority (Amendment) Act No.1 of 2023?
2. What factors contribute to the decision-making process of Standard Chartered Bank Zambia employees in considering partial withdrawal of their pension savings under the Amendment act?
3. What are the primary challenges faced by employees at Standard Chartered Bank Zambia in accessing their partial withdrawal benefits under the Amendment act?
4. How do Standard Chartered Bank Zambia employees perceive the changes introduced by the National Pension Scheme Authority (Amendment) Act No.1 of 2023 in relation to their pension benefits?

1.6 Significance of the study

Retirement savings are crucial for retirees and individuals with disabilities who depend on their jobs to cover their living expenses. The early withdrawal of retirement savings poses a challenge to Zambia's social security system, and some argue that it goes against the fundamental objectives of establishing social security systems.

The importance of this research lies in its effort to uncover the viewpoints of members who have made a 20% partial withdrawal from their retirement savings. This can offer policymakers, employers, and NAPSA valuable insights to enhance policy

effectiveness. Understanding the perceptions and concerns of employees allows for the implementation of suitable measures, such as improving communication strategies, making policy changes, or introducing educational initiatives, to ensure that the policy aligns with the needs and expectations of the target population.

From an academic standpoint, this study addresses an existing research gap within the context of Standard Chartered Bank by focusing on employees' perceptions of the NAPSA Partial Withdrawal Policy. By addressing this gap, the study contributes to the body of knowledge on pension policies, particularly in Zambia, laying the groundwork for future research and informing evidence-based policy development.

1.7 Scope of the Study

The aim of this research is to explore the viewpoints of employees at Standard Chartered Bank Zambia regarding the National Pension Scheme Authority (Amendment) Act No.1 of 2023 in Zambia. This study seeks to delve into the employees' awareness, comprehension, and opinions on the changes brought about by the amendment act, as well as its implications on retirement planning.

The investigation will be conducted as a case study, centering on Standard Chartered Bank Zambia and its workforce. By selecting Standard Chartered Bank Zambia as the focal organization for the case study, a comprehensive analysis of employees' perceptions within the banking sector can be achieved.

It is crucial to emphasize that the primary objective of this study is not to evaluate the overall effectiveness or impact of the National Pension Scheme Authority (Amendment) Act No.1 of 2023 on a national level. Rather, the study concentrates on the viewpoints of Standard Chartered Bank Zambia employees, offering insights into their comprehension, apprehensions, and satisfaction levels regarding the amendment act.

1.8 Definitions of Key Terms and Concepts

Employment Based Pensions

These pension plans were created to give retirees an income source in their later years that is dependent on government funding as their consistent income from being employed has ceased. In order to receive defined benefits at the time of retirement from this pension plan, both the employer and the employee may have to contribute

money to a fund while the employee is still working. The pension plan that this type of pension may be considered is a taxation deferred savings account that permits the money to grow, tax-deferred, until money is taken out for retirement of a participant in the pension plan. This type of pension may have funds contributed into the pension plan in a number of ways, such as union funds, government funds, or privately funded pension contributions (M.Timothy, 2017).

NAPSA

Zambia's National Pension Scheme Authority (NAPSA) functions as a corporate body tasked with overseeing the management and distribution of various benefits under the nation's pension scheme, such as retirement benefits, for eligible individuals (National Pension Scheme Authority, 2021).

National Pension Scheme Authority (Amendment) Act No.1 of 2023

The National Pension Scheme Authority (Amendment) Act No.1 of 2023 is a reference to a particular legislation made in Zambia to amend the original National Pension Scheme Authority Act, introducing changes to the pension system by modifying various aspects like the eligibility criteria, benefits, and provisions for partial withdrawal.

Partial Withdrawal

In this study, partial withdrawal pertains to the capacity of a member to access a portion of their accumulated pension savings prior to reaching the retirement age. Specifically, members are allowed to withdraw up to 20% of their pension contributions for certain reasons like financial hardship or sudden emergencies (National Pension Scheme Authority, 2021).

Premature Withdrawal

Krishnan (2016) describes early withdrawal as the act of withdrawing funds from a fixed term investment prior to the agreed-upon maturity date that would yield returns, or taking out funds from a retirement savings account like an IRA before the specified date. This usually occurs before the account holder reaches the required minimum age or before the maturity of a fixed term investment like a certificate of deposit (CD). Krishnan explains that opting to withdraw funds from a CD before its term will usually

result in an early withdrawal penalty, discouraging the investor from making multiple withdrawals before the early withdrawal period ends.

Policy Evaluation

Policy evaluation is a process in which the effectiveness, efficiency, and impact of a policy or programme are determined. In this study, policy evaluation is conceptualized as an evaluation of the 20% NAPSA Partial Withdrawal Policy, including its outcomes, benefits, challenges, fit with objectives, and other considerations.

Social Security

The majority of people believe that social security is solely a retirement program. The majority of those receiving benefits are retirees, though some do so because they are disabled, the dependent parent of a deceased worker, a spouse or child of someone receiving benefits, or the spouse or child of someone who died. Depending on your circumstances, you may be eligible for social security at any age. In fact, compared to other government programs, social security provides more benefits to children (Social Security Administration, 2017).

Article 22 of the Universal Declaration of Human Rights emphasizes the importance of social security, stating that "Everyone, as a member of society, has the right to social security and is entitled to the realization of the indispensable economic, social, and cultural rights, as well as the free development of his personality, through national effort and international cooperation and in accordance with the organization and resources of each state."

Simply put, the signatories agree that the society in which a person lives should support their development and allow them to fully enjoy all of the benefits provided by the nation.

Stakeholders:

Individuals or groups with an interest in or direct involvement with a specific policy, program, or organization are referred to as stakeholders. Stakeholders in this study may include employees, policymakers, employers, NAPSA representatives, and other interested parties in the Policy's implementation (Bryson, 2004).

1.9 Outline of the research

The outline of the research report is as follows:

Chapters One provides introduction, background to the study. In addition, the statement of the problem, research objectives, research questions, scope as well as significance of the study is given.

Chapter Two reviews the literature on theoretical and empirical understanding of the early retirement benefit withdrawal. It provides a detailed review of the existing stock of knowledge on the concept of early withdrawal of retirement benefit as explained by various scholars, with due regard to exploring the gaps that this study needs to fill. This includes literature from international, regional and local publications.

Chapter Three provides the research methodology (Research design, procedure and data analysis) to be used and justification.

Chapter Four comprises of data findings and presentation. This is where the data collected through the questionnaire is going to be analysed and tested against the research questions.

Chapter Five presents an analysis of the research findings with more insights on the research topic.

Chapter Six gives the conclusions, limitations and recommendations of the study

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents a selective review of the theoretical and empirical literature. While not comprehensive, it offers a summary of key research discoveries regarding the research topic.

2.2 Conceptualisation of Social Security

Throughout human history, people have had to deal with uncertainties brought on by things like natural disasters, employment, disease, handicap, mortality, and aging. Families and relatives have traditionally taken part in fulfilling one another's obligations, particularly for the elderly or the infirm. Assets, work, family, and charitable contributions were traditional sources of socioeconomic security. The conventional social security systems have been deteriorating as societies have advanced by evolving from simple to complicated social and economic conditions, such as the advent of urbanization.

In modern culture, official social security can be traced back to the first English poor Law during and after the Industrial Revolution, in contrast to the old social security system, when all family members contributed to providing protection during difficult times. Between 1883 and 1889, when social insurance was adopted, it is believed that Germany's modern social security system got its start. Consider sickness insurance from 1883, work injuries from 1884, and old age insurance from 1889.

It was clear for many European nations to employ state institutions and resources to safeguard their citizens from several economic risks. In order to implement social insurance during the 1930s Great Depression, when the poverty rate among older residents topped 50%, a limited type of social security was first introduced.

2.3 Theoretical Literature Review

The Life Cycle Theories of Savings and Consumption, Time Value of Money, and Demand and Supply theory are the foundations of the theoretical literature study on the investigation of the grounds for the members' premature withdrawal of their retirement savings. The next paragraphs go into further information about each of the three.

2.3.1 Life Cycle Theories of Savings and Consumption

The Life Cycle Hypothesis (LCH), Permanent Income Hypothesis (PIH), and Relative Income Hypothesis make up this. These three prevailing economic theories help to explain why people spend money and save money. The microeconomic theory of consumer choice serves as the conceptual foundation for all three theories. These theories are described below**;**

2.3.1.1 The Life Cycle Hypothesis

Pensioners are protected against shocks throughout their retirement years by retirement benefits. Retirement benefits are based on a number of variables, including age, household composition, and income. One of the most significant pillars of the economic system is savings. Modigliani, Kotlikoff, and Hogarth (1963; 1982; 1991).

The life cycle model is the most practical framework for examining the relationship between aging, consumption, and saving, according to a number of research (Modigliani, Kotlikoff, and Hogarth, 1963; 1982; 1991).

The first idea is the life-cycle hypothesis (LCH), which was proposed by Modigliani and Brumberg in 1954. The life-cycle hypothesis examines people's consumption patterns. According to the lifecycle theory, people strive to maintain a certain standard of living over the course of their lives. People must ensure they have enough money to support their way of living past retirement age because they may stop working after a certain age.

According to the theory that people optimize the utility of their future consumption, the primary reason for saving is to build up resources for future expenses, particularly to support consumption at the habitual standard throughout retirement (Jappelli, 2005). Early withdrawal runs counter to these conclusions. Early withdrawal lowers the amount of wealth that a person may amass for retirement spending.

The fundamental outcome of this paradigm is a smoothing of consumption; people will save in order to carry over their purchasing power into their retirement years. While the life cycle theory's major hypotheses frequently have empirical backing. The life cycle concept, in its most basic form, assumes that after beginning a professional activity, a person's financial life happens in three phases. Each person in the first phase earns a wage from their labor supply, but their income is insufficient to meet their needs. As a result, they take on debt to pay for durable goods (such as furniture, cars, and homes), as well as their children's education and other needs (Bronson et al., 2007).

In a subsequent phase, they pay off the debts they accrued in the first phase and start building wealth in order to fund their retirement. They spend the money they had saved up throughout retirement in the third phase. Studies on precautionary saving have demonstrated that people who are sufficiently careful and have uncertain future earnings will never borrow if there is even a remote chance that they won't be able to repay their loans. According to other studies, wealth is accumulated throughout the working years to finance consumption during retirement (Daniela, 2008). They proposed that additional incentives, such as bequest and precaution, should also be taken into account.

The risks of accidents during the active life (sickness, unemployment, death, etc.), which call for precautionary savings or particular insurance policies, including unemployment benefits of public welfare, are one factor that may have an impact on the life cycle theory. In this situation, assuming a finite life cycle horizon, the bequests are typically forced. Second, the longevity risk related to the length of retirement may lead to unintended levels of spending. Last but not least, political risk associated with modifications to pension legislation, such as early withdrawal of retirement funds, may result in uncertainty (Bronson et al., 2007).

2.3.1.2 The Permanent Income Hypothesis (PIH)

The American economist Milton Friedman created the permanent income hypothesis (PIH), a theory of consumption. The concept, in its most basic version, holds that consumers' decisions regarding their purchasing habits are influenced less by their immediate financial situation and more by their long-term income prospects (Jappelli and Modigliani, 1998). The main finding of this hypothesis is that consumer spending

patterns are not significantly affected by transient, short-term changes in income. The two hypotheses that suggest people try to optimize their utility or personal well-being by balancing a lifelong stream of wages with a lifetime pattern of consumption are the life-cycle and perpetual income hypotheses. The PIH and LCH share the fundamental idea that people strive to maximize utility by smoothing consumption over their lifetime. However, while the LCH emphasizes a balance between lifetime wages and consumption, the PIH emphasizes that consumption is more closely related to an individual's perceived permanent income than to temporary changes. This distinction emphasizes the role of long-term income expectations in shaping consumer spending habits.

2.3.1.3 Relative Income Hypothesis

The theory of relative income presents a significant contrast. As per this theory, individuals prioritize their relative consumption levels over their absolute consumption levels. The relative income hypothesis suggests that the satisfaction or utility derived from a particular consumption level is influenced more by its relative magnitude within society, such as in relation to overall consumption, rather than its absolute value (Jappelli and Modigliani, 1998). This theory is rooted in the enduring notion held by sociologists and psychologists that individuals are preoccupied with their social standing.

Relevance of the Theory

The study addresses the life cycle hypothesis (LCH) as one of the three "life cycle theories of savings and consumption." In accordance with the life-cycle model, individuals save money during their working years to fund their consumption during retirement. Therefore, early withdrawals go against this objective as it is unusual for individuals to dip into their retirement savings before reaching retirement age. Consequently, the aim of this research is to pinpoint the factors that impact individuals' choices to prematurely withdraw their social security benefits

2.3.1.4 Overlapping Generations Model (Diamond Model)

Peter Diamond developed the Overlapping Generations Model (OGM) in 1965, which serves as a foundational framework for understanding modern pension systems. Unlike the Life Cycle Hypothesis (LCH), which focuses on a person's lifetime savings and consumption patterns, the OGM emphasizes intergenerational savings and social security (Diamond, 1965; Blanchard, 1985).

The OGM economy is made up of multiple overlapping generations, each represented by a distinct cohort with a varying lifespan. Individuals are born into a generation, work and save for retirement while alive, and then die, leaving their savings to be used by future generations. This model emphasizes the importance of a sustainable pension system that balances the savings and consumption needs of different generations (Diamond, 1965).

One of the OGM's key findings is the role of government-sponsored pension schemes in facilitating intergenerational resource transfers. According to the model, a well-designed pension system can reduce the risks of economic fluctuations and demographic changes by redistributing resources across generations (Diamond, 1965; Blanchard, 1985). This ensures that retired people receive financial assistance from the current workforce, which contributes to the pension fund through taxes or contributions (Diamond, 1965).

The OGM also discusses the difficulties associated with early withdrawal of retirement savings. Early withdrawals can disrupt the balance between working and retired generations, potentially causing pension fund deficits and increased financial strain on the system. This aspect is consistent with concerns about the impact of the National Pension Scheme Authority (Amendment) Act No. 1 of 2023, which permits partial withdrawals. Such policies have the potential to undermine pension system stability by reducing funds available to support retirees, contradicting the OGM's principles of intergenerational equity and financial stability (Diamond, 1965; Blanchard, 1985).

The OGM emphasizes the sustainability and adequacy of pension systems, which complements the LCH's emphasis on individual saving behavior. While the LCH investigates how individuals plan their consumption and savings to maintain their standard of living throughout their retirement, the OGM provides a broader perspective on how these individual actions affect and are influenced by the overall pension system and intergenerational resource distribution. (Diamond 1965; Blanchard 1985).

2.3.2 The concept of time value of money

One of the fundamental ideas in business economics and managerial decision-making is that the value of money received now is not the same as the value of money received later on. Most people (Pandey, 2004) believe that receiving money right away is more valuable than waiting for it to arrive over time. Spiceland, Sepe, and Tomassini (2004) define the time value of money as money that can be invested now to earn interest and grow into a larger sum later.

The sole prerequisite for this idea to be true is that money can be invested at a positive rate of interest. A wide range of business choices are impacted by the time value of money. A cash flow in the future is less valuable than a similar cash flow today for three different reasons, according to Pandey (2004).

i. The majority of people voluntarily choose now consumption over future consumption. For people to give up their current consumption, more would have to be provided in the future.
ii. Money loses value over time when there is monetary inflation. The value difference between a cash flow received now and a similar cash flow that will be received at some point in the future will increase with inflation.
iii. The value of the future cash flow is decreased by any uncertainty (risk) related to it.

Relevance of the study

The thought of time value of money may help to explain why people withdraw money from retirement accounts prematurely. The time value of money may influence members' decisions to take early withdrawals. Because they understand the "time value of money," members may make early withdrawals to protect themselves from rising inflation rates or to eliminate the possibility that their savings will not be delivered to them personally, especially in the event of death.

2.3.1 Demand and supply theory

According to the concept, "when other things remain constant, the forces of supply and demand determine the price of things." As a result, the forces of supply and demand determine the prices of goods, although this is only achievable "when other factors remain constant". The factors of supply and demand for labour (the labor

market) directly affect the rate of unemployment or employment level in our study. This results in the determination of an early or premature withdrawal.

As a result, other factors that might affect workers' retirement decisions, like macroeconomic factors like national wealth, social factors, and political considerations, remain unaffected. For instance, from a supply-side perspective, greater unemployment rates result in more early retirement due to discouragement when unemployment rates represent the likelihood of finding new employment (Walker 1985; Blöndal and Scarpetta 1999). Similar to how fluctuations in unemployment rates are a sign of demand shocks from a supply-side perspective (Duval 2003, Dorn and Sousa-Poza 2004, 2005a).

Relevance of the theory

The demand and supply theory tries to demonstrate how the forces of supply and demand for labour will result in either a high or low rate of labour movement, and consequently, either a high or low rate of early withdrawal. As a result, this idea is relevant to the research since it outlines some potential reasons why people may opt to withdraw from social security programs early.

Conformist economic theory states that people make decisions by maximizing a utility function that considers and fairly balances all relevant constraints and preferences. People, according to the theory, are logical beings who are fully aware of all relevant aspects of their surroundings and have the ability to analyse this knowledge. According to the premise, these individuals have a consistent set of preferences and computational abilities that enable them to choose the best course of action for themselves. According to this dimension's concept, people make rational decisions, so their preferences are clearly defined and continuously assessed over time (Huggett, 2004).

The fact that social security does not and was not intended to provide all of a worker's retirement income has highlighted the importance of individual financial responsibility for today's social security beneficiaries. This suggests that Social Security fund members' decision to withdraw their retirement benefits early is based on their ability to compute and assess various courses of action, as well as a reasonable examination of the information that is currently available (Bronson et al., 2007).

Early withdrawal is, in their opinion, the best option because it would ensure their current social and economic stability while also laying the groundwork for future investments. However, the risks associated with such actions cannot be avoided, and members may face a variety of both simple and complex issues concerning their retirement funds while making any number of choices.

2.4 Empirical Studies

It is important to learn what other people have done in the past to implement early withdrawal and what the reasons are for member early withdrawal of retirement funds. We will therefore review the results from a global, Regional and local perspectives. The United States of America, Chile, Australia, Kazakhstan, Tanzania and the committee report in Zambia will be looked at under the empirical research.

The idea of early retirement benefit withdrawal draws scholars from several fields to investigate the relationship between members' decisions to withdraw their contributions early and any potential effects that may follow such actions after retirement. Many academics are interested in this subject because of the hazards associated with members' survival after retirement.

The Retirement Benefit Authority (RBA) conducted a longitudinal empirical study in Kenya and found a strong correlation between inflation fears and the decision to withdraw assets early by fund members. The majority of the employees thought that since there was no guarantee of tomorrow's value, it was better to invest their money today than to rely on the uncertain future. The study also showed that when there is a market breakdown, there is a danger of low returns for individual investments as far as the economy is concerned. A member can immediately forfeit his money (RBA, 2012).

A second study by Butrica and Issa (2010) found a link between early employee withdrawal and involuntary job loss. The study finds that when an employee loses their job unexpectedly, they often withdraw their Pensions. It has been determined that the majority of American workers were unprepared for an unexpected job loss, and as a result, they were forced to rely on their retirement benefits funds. Because it lowers the amount of retirement payments or makes the person bankrupt entirely, this has further effects on life after retirement.

Several factors have been identified in studies of the causes of premature withdrawal of pension savings in foreign literature. The first is losing a job. Furthermore, such costs as education, the purchase of their own housing, and health-care costs. Furthermore, research shows that vulnerable populations who suffer significant financial loss or hardship are more likely to withdraw their pension savings for a variety of reasons. As a result, socially and economically vulnerable populations are the most likely to withdraw funds from personal pension savings (Andrew et al., 2021). Early withdrawal of pension savings causes two major issues. When pension savings are withdrawn in advance, the value is calculated at the level of depressed asset value; second, it reduces future pension payments (Yermo, 2021).

Early withdrawals are uncommon in the United States, but they represent a significant loss of retirement savings. The withdrawals represented a relatively large portion of those who withdrew their savings. The average withdrawal amount represented 20.9 percent of the average account balance. Those with fewer assets withdrew a larger proportion of their assets than those with more assets (Butrica et al. 2010).

It should be noted that the system of pre-retirement withdrawals of pension savings in the United States is regulated by the state and the employer. Demotivators are caused by specific mechanisms. Thus, when withdrawing pension savings in advance, US residents aged 59.5 and up are exempt from a fine. Residents between the ages of 25 and 59.5 are taxed at a rate of 10% of the withdrawal amount, which is also differentiated (Butrica et al. 2010).

A majority Americans do not save for retirement outside of Social Security. Only 20% of private sector workers under the age of 65 were enrolled in employer pension plans that paid a defined benefit in retirement in 2009. Another 43% worked for companies that provided retirement savings plans such as 401(k)s, but only 70% chose to participate. Pension coverage and participation are much more common among public sector employees. Employees can also contribute to Individual Retirement Accounts (IRAs), though only about 10% did so in 2004 (Butrica, Zedlewski, and Issa, 2010).

Other developed countries, in addition to the United States, have seen the possibility of early savings withdrawal. There are, however, significant differences. Employers generally discourage early withdrawal, regardless of the purpose of the cost, in the United Kingdom, Singapore, and Germany, for example, which is a significant

difference from the liquidity system of pension savings in the United States. Payments, on the other hand, can be assigned, and in some cases exclusively, to disabled people and people suffering from incurable diseases (Beshears et al., 2015).

Early withdrawals are caused by a variety of factors, but the outcome is the same for any pension scheme. Retirement income will be reduced regardless of the purpose or amount of money taken. In China, the government is attempting to change the strategy of early withdrawal of pension funds, which has the potential to harm the country's economy and financial stability for retirees in the future. The self-employed population in China accounts for the majority of the economy, making their access to pension funds more flexible than that of those with regular jobs. This is because pension contribution systems are divided into two approaches: mandatory and voluntary (Xiang, 2021).

Some studies define financial and nonfinancial reasons for early savings withdrawal. They attribute increased demand for early retirement savings to financial difficulties as well as the economic crisis. They also note that early withdrawal of funds from pension savings makes pension savings more appealing (Mckenzie & Liersch, 2011; Kline & Pais, 2020). Furthermore, Lee and Hanna (2020) identify financial and non-financial shock as a major factor influencing early withdrawal of pension savings. Financial factors include wage loss or reduction, as well as the cost of medical needs. They consider the birth of a child, the death of a breadwinner, or divorce to be non-financial events. The decision to retire early is influenced by three major groups of factors. Disability, incurable illness, and medical expenses are all considered health factors.

Property purchases, education, financial crises, job loss, or unemployment are all reasons for necessary expenditures. Interestingly, in some countries, such as Korea, pension savings can be withdrawn for wedding expenses (Argento et al. 2014). In the case of migration and reaching a certain age, the third group of identity factors. It is 55 in the majority of countries. There is also a group of factors that have no particular reason for withdrawing funds. As a result, the amount that could be withdrawn is limited (OECD, 2019).

Early withdrawal of pension funds can be advantageous in situations where individuals must deal with financial shocks or have appealing investment opportunities. Prior research in the United States shows that using pension assets to buffer economic

shocks has reduced retirement income erosion (Copeland, 2013; Engelhardt, 2002; Engelhardt, 2003; Hurd & Panis, 2006).

In response to the COVID-19 pandemic, the Chilean Congress passed three laws between July 2020 and April 2021 that allowed pension funds to be withdrawn early without regard to eligibility. Early withdrawals are the most significant and significant regulatory change to the Chilean pension system since its inception. Affiliates could only access their pension funds after they retired prior to the pandemic. During the pandemic, the Chilean Congress passed three laws that allowed all affiliates with funds in their individual retirement accounts to withdraw their pension funds early, with no eligibility restrictions. Affiliates who had money in their mandatory individual retirement accounts could withdraw 10% of their balance under each of the laws. This amount, however, cannot be less than $1,250 or more than $5,375. Nearly 3 million affiliates with balances less than US$1,250 had to withdraw their entire balance. If all affiliates had withdrawn the maximum amount allowed by the first law, the average withdrawal would have been 44% of their balance (L'opez, 2020).

Several studies show that withdrawing pension funds can be advantageous in situations where individuals need to counteract temporary economic disruptions or have attractive investment opportunities, while causing only minor erosion of retirement income (Copeland, 2013; Engelhardt, 2002; Engelhardt, 2003; Hurd & Panis, 2006). However, in Chile, early withdrawal policies jeopardize the adequacy of pensions, which are already considered inadequate. Evidence from the United States (Argento et al., 2015) and Chile (Lorca, 2021) indicates that the more negative consequences of withdrawals are concentrated on vulnerable individuals. Furthermore, early withdrawal laws set a precedent, implying that individuals can access their pension funds whenever they want.

Respondents who express high levels of trust in Chile's financial system, political institutions, and actors are more likely to oppose early withdrawal policies. Similarly, respondents on the right of the political spectrum and those who voted for the president in office oppose early withdrawal. Overall, the findings indicate that political attitudes and beliefs played a significant role in shaping policy views on changes to Chile's pension-fund system.

According to the Central Bank of Chile's (2020) analysis, early withdrawals of pension savings were primarily used for consumption of durable goods, emergency spending, debt repayment, and housing savings. A large portion of these resources remained in households' current and savings accounts at the end of 2021, and their use would be gradual over several quarters, continuing to encourage consumption in 2022 (Central Bank of Chile various years). Increased household consumption and spending above pre-pandemic levels, combined with high global energy, food, and raw material costs, has resulted in large inflationary pressures (13% annual inflation, July 2022), necessitating a highly contractionary monetary policy by the Central Bank to reduce the inflationary imbalance and ensure inflation convergence to a central level of 3% over a 2-year horizon (Central Bank of Chile 2022).

Given the severity of the pandemic crisis, many Chileans resorted to using their pension funds when this was permitted. The consequences of this behavior are far-reaching, including, in the short term, financial stress, lower productivity, a return to high-cost sources of credit/borrowing, and a need to cut back on expenditures, which may result in the termination or reduction of pension contributions. Longer term, more people will reach retirement age with significantly lower financial resilience and wellbeing, affecting retirement outcomes. Respondents who have a strong belief in Chile's financial system, political institutions, and actors are more likely to oppose early withdrawal policies. Respondents on the right of the political spectrum, as well as those who voted for the president while he was in office, are also opposed to early withdrawal. Overall, the findings suggest that political attitudes and beliefs influenced policy views on changes to Chile's pension-fund system.

Economic activity in Australia slowed sharply in March 2020 as a result of COVID-19-related restrictions. During the COVID-19 downturn, Chile, Peru, India, Spain, and Portugal, along with Australia, made early access to privately managed retirement savings easier (Mercer, 2020; OECD, 2020).

The Australian government has pledged immediate assistance to displaced workers and small business owners. One of the first assistance measures relaxed stringent restrictions on early withdrawals from retirement savings. The COVID-19 Early Release Scheme (ERS) allowed people in financial hardship to withdraw up to

$A20,000 of their retirement savings ('superannuation') in two $10,000 increments (Bateman et al., 2022).

The Australian pension system tightly controlled withdrawals from retirement accounts prior to COVID-19. Employees in Australia who meet certain age and income thresholds receive at least 10% of their earnings as employer contributions to individual defined contribution (DC) retirement accounts, which are similar to 401(k) accounts in the United States (Bateman et al., 2022). However, unlike 401(k) accounts in the United States, participants cannot withdraw or borrow their savings until they reach a minimum 'preservation' age (55-60, depending on birthdate) and retire (or transition to retirement). Regulations do allow for some limited exceptions in extreme cases of personal or financial hardship (Beshears et al., 2015).

According to economic theory, having access to retirement savings after an economic shock, such as the COVID-19-induced rapid slowdown of the economy, can help liquidity-constrained households smooth consumption. Agarwal et al. (2020) discovered that access to some pension savings allowed liquidity constrained participants to better smooth consumption in Singapore's mandatory DC plan. Similar benefits have been found in studies examining income, health, and marital status shocks (Amromin and Smith, 2003; Butrica et al., 2010; Argento et al., 2015). In addition to immediate consumption needs, people may suddenly and unexpectedly gain access to liquid retirement savings as a precaution against potential future consumption.

In accordance with the primary policy objectives, the majority of respondents in a survey of plan participants who withdrew under the scheme stated that they intended to use the withdrawn funds to meet immediate consumption needs. However, a sizable minority stated that their primary reason for withdrawal was for safety reasons. Evidence consistent with consumption smoothing and a precautionary demand for liquidity was found in the sample of ERS withdrawers. Preliminary calculations revealed that nearly 60% of respondents reported withdrawing from their retirement account to meet immediate expenses or cover lost income (that is, to enable consumption smoothing), with just over a quarter motivated by future needs (Bateman et al., 2022).

Further examination of survey data using logit estimation of the probability of withdrawal based on self-assessed eligibility confirmed the significance of precautionary liquidity: Respondents who were more concerned about future circumstances and reported some uncertainty about future job prospects had a significantly higher likelihood of withdrawing. Many people decided to withdraw almost immediately and did not, or could not, estimate the impact of the transfer on their longer-term retirement savings (Bateman et al., 2022).

The findings have the overall implication that future policy responses to economic shocks, whether in the context of the Australian pension system or any pension system globally, must be aware of threats to the safeguards around retirement savings for retirement. There was no indication in the initial launch of the ERS that the policy intended to provide precautionary savings at the expense of retirement provision. In practice, however, it appears that, while some participants appeared to use the ERS to facilitate consumption smoothing during the COVID-19-induced economic slowdown, a sizable minority saw this scheme as an opportunity to convert tax-advantaged and otherwise illiquid retirement savings to more liquid precautionary savings. This type of retirement savings use has long-term implications not only for individuals and households, but also for fiscal sustainability and future government transfer demands (Bateman et al., 2022).

The average age for pre-retirement withdrawals in most countries is 55. However, according to recently implemented pension system changes in Kazakhstan, the amount of current savings taken is the main condition for early withdrawal of pension savings. The amount of withdrawals is determined by the sufficiency threshold, which is different for each age. This is what distinguishes the Kazakh experience.

Citizens have the right under the Law "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on the Restoration of Economic Growth" to use a portion of their pension savings to improve their living conditions, treatment that is not included in the guaranteed volume of free medical care, and compulsory social health insurance.

A Kazakhstani who wishes to withdraw a portion of his pension savings ahead of schedule must first meet the minimum sufficiency threshold, which requires that a certain amount be accumulated on the account. Everything above the threshold can

be spent on your needs, such as treatment or improving housing conditions (for example, the purchase or construction of housing). The value of the minimum sufficiency threshold is expected to be recalculated every year. According to the Government of the Republic of Kazakhstan's Decree, authorized operators for the intended use of lump-sum pension payments from the unified accumulative pension fund determine: - to improve housing conditions and pay for treatment - JSC "Housing Construction Savings Bank" Otbasy Bank "; - to improve housing conditions by making an initial contribution to obtain a mortgage housing loan for the purchase of a dwelling and (or) a dwelling with repairs under a single bank loan agreement; partial or complete repayment of debt on a mortgage housing loan for the purchase of a dwelling and (or) a dwelling with repairs under a single bank loan agreement; refinancing a mortgage loan - Second-tier financial institutions (Halyk Bank of Kazakhstan JSC, Altyn Bank JSC, Bank Center Credit JSC, and Bank Freedom Finance Kazakhstan JSC).

Kazakhstan differs from other countries in that there are no age restrictions. The most important requirement is that the amount exceed the sufficiency threshold.

A study was carried out, and an article titled "Advantages and Disadvantages of Early Withdrawal of Pension Savings: an Expert Assessment" was published. The goal of this study is to look at both the positive and negative aspects of early retirement from pension savings. Because no recent interviews on the early withdrawal were provided by official bodies in Kazakhstan, the data was gathered in a different manner. Sixteen semi-structured interviews with experts in the field of pension studies were conducted. The interview's main questions focused on identifying the benefits and drawbacks of early withdrawal from pension funds. The interview results also allowed for an analysis of the factors that motivated people to withdraw personal pension savings and the level of government readiness to the upcoming conditions that will result from early withdrawal. The experts were chosen based on their involvement in the financial sector and their knowledge of the pension system.

According to the study, the strategy of early withdrawal of pension funds has resulted in several disadvantages for the state and population. According to experts, the main disadvantage of early withdrawal of pension savings is the impact of the population withdrawing large amounts of funds at the same time. This could lead to the pension

fund system collapsing. Another disadvantage for the government is the outflow of pension savings, which results in the economy's capital outflow. The greatest disadvantage of this practice for the population is that it creates discrimination among locals. The most significant dissatisfaction that the people have developed is that only "a few" can afford this option. The early withdrawal of pension funds strategy has a high withdrawal threshold. As a result, inequality increases. According to the requirements and criteria for fund withdrawal allocation, wealthy people are thus more eligible. The increased interest in purchasing a single property has resulted in an increase in house prices, creating additional barriers for people who require a house as a first necessity.

According to the findings of a study on the outcomes of early withdrawal of pension savings, several factors such as covering education, healthcare, business management, and housing expenses were identified. Housing stands out as the strongest driver for the population to withdraw savings in advance, out of all identified factors. Approximately 95% of people who withdraw money from pension individual accounts use it for housing. However, the reasons for this vary. Rather than renting a flat, some people purchase housing as a necessity. Others wish to repay housing debt loans, while the remainder wish to purchase or invest in additional property. Because of the increased demand for individual property, housing prices have risen, including both buying and renting. This is a significant disadvantage for those who needed a property as a single place to live but could not afford it previously. In terms of the economy, it is beneficial to the country because almost all pension savings withdrawn by the population remained in the country. Nonetheless, government errors were exposed. First and foremost, the government wanted to support minorities because too many people needed social support and assistance as a result of COVID-19. The requirements to match the eligibility to take money from pension funds, on the other hand, were too difficult. As a result, those who required assistance continue to do so. The government was not prepared for, and is still predicting, the outcomes of the current pension fund withdrawal strategy.

According to studies, when people withdraw pension funds in advance, their purchasing behaviour changes and they begin spending savings on unnecessary items. As a result, it is critical to design the system in such a way that it provides strict control over the purpose of money spending. Kazakhstan's government is considering

using Singapore's experience as a model for developing a pension system. Kazakhstan is a developing country, so replicating the model of one prosperous country is difficult. As a result, it must be developed through a combination of experiences from other countries.

In the aftermath of high inflation, some members withdrawing from pension funds were using the cash to meet basic financial obligations, such as paying school fees for their children. Sadi, Shemliwa (2013). According to another study, one of the possible causes of early withdrawal from Tanzania's social security house is insufficient benefit. Because the primary goal of social security is to assist individuals in maintaining a reasonable standard of living when faced with social and economic contingencies, there is a growing recognition of the importance of understanding the adequacy of benefits.

According to Mangangila (1976), Mataba (1983), and Mlyansi (1991), the amount of benefit provided by various formal security schemes in Tanzania is insufficient to avert poverty, and as a result, they have failed to provide adequate social protection to members in distress. The payment of benefits to thousands of workers who were withdrawn prematurely from social security in Tanzania has drained the resources of the social security schemes. "By allowing members to withdraw a total of Tsh119.66 billion ($74.788 million) in 2011, schemes were denied the opportunity to increase pension payments by 5% to the detriment of pensioners." (Shemliwa Sadi 2013). Some studies are concerned about the adequacy of social security coverage in Tanzania. This includes the research of Tungu (2010) and Baruti (2007b). Tungu (2010) examines the state of community social well-being in Tanzania. According to the study, the need for a social safety net in Tanzania is more pronounced in rural areas, and the majority of Tanzanians are vulnerable to social and economic insecurity, making them vulnerable to poverty. According to Baruti (2010), despite the existence of several social security arrangements in the country, the majority of the population continues to be without formal social protection. Other studies have focused on the benefits provided by pension plans.

According to Mutero, Bishota, Kalema, and Kayiira (2010), some retirement benefit schemes in Uganda allow members to borrow to finance their housing, but this is not the case in Tanzania. The Retirement Benefits (Mortgage Loans) Regulations of 2009

in Kenya permit a retirement benefit scheme to assign up to 60% (60%) of a member's accumulated benefits to guarantee a similar amount to an approved lender, including microfinance institutions (Mutero, Bishota, Kalema, and Kayiira, 2010). Tanzania, however, is not in this category. Another factor that may contribute to the early withdrawal of retirement savings in Tanzania is a lack of these services. These findings indicate that Tanzanian SSIs are not matching with other East African SSIs.

Withdrawal of members contributions under the Provident System is not recommended by the International Labour Organization (ILO) because it contradicts the meaning of social security principles, which require steady distribution of income for the entire life of the member, and also because the system was deemed insufficient because the amount paid to members in the form of withdraw is usually affected by inflation; this is why social security schemes in Tanzania and other developing countries

2.4.1 Policy, Institutional, and Legal Framework Governing Pensions in Zambia

At the international level, there is a plethora of legal instruments that provide protection against social risks and insecurity. The ILO has played a critical role in the adoption of social security conventions and recommendations that address issues such as old age, invalidity, survivors, employment injury, sickness, unemployment, and maternity benefits, among others (Mukuka et al., 2002).

The Constitution, the National Pensions Scheme Act, the Public Service Pensions Act, the Local Authorities Superannuation Act, and the Worker's Compensation Act are all pieces of legislation that provide for social security at the national level. Different types of workers are covered by the benefits provided by social security legislation (Mukuka et al., 2002)

In Zambia, social security legislation is exclusionary in its application, encompassing only workers in formal employment. The extension of social security coverage has been a major concern for the Zambian government. The vast majority of the population works in the informal sector and is not covered by social security. According to the Labour Force Survey, there were 5,859,225 employed people in 2014, with 944,256 working in the formal sector representing 16.1 percent and 4,914,969 working in the

informal sector representing 83.9 percent (Republic of Zambia, Central Statistics Office, 2014). This demonstrates unequivocally that the vast majority of the population is not covered by social security legislation. Although many developing countries' social security systems cater primarily to those in formal employment rather than those in the urban informal sector, it is expected that social security coverage will expand as economic development creates jobs and shifts labor from the subsistence to the modern sectors of the economy (Midgley and Tracy, 1996). This gives hope even to Zambia's social security system, which is primarily based on social insurance and covers only those employed in the formal sector.

The Constitution of Zambia

In Zambia, there is no constitutional framework governing social security. Before the amendment, one of the "directive principles of state policy" in the Zambian Constitution was the regulation of social security. The Directive Principles of State Policy guided the Executive, the Legislature, and the Judiciary in the development of national policies, the implementation of national policies, the making and enactment of laws, and the application of the Constitution and any other law.

Furthermore, the Directive Principles of State Policy could only be applied if there were sufficient State resources to sustain their application, or if the general welfare of the public demanded it, as determined by Cabinet. As a result, the Directive Principles could not be enforced as a fundamental right, and the government could not be forced to provide social protection. The fact that state policy directive principles were not justiciable hampered Zambia's full realization of social security as a right.

To the extent that social security is linked to poverty alleviation issues, the Constitution provides guidance as follows:

The Government shall create an economic environment which encourages individual initiatives and self-reliance among the people, so as to promote investment, employment and wealth. The Government shall promote the economic empowerment of citizens so that they contribute to sustainable economic growth and social development (Constitution of the Republic of Zambia, Act No. 2, 2016, Art. 10).

Although there is no direct mention of social security, the concern for the general welfare and its promotion is clear. According to the Constitution, an employee, including a public officer and a Constitutional officer, has the right to a pension benefit (Constitution of Zambia, Art. 189).

The disadvantage of this pension right, at least from a constitutional standpoint, is that it is limited to those in formal employment. To address the limitation, the Zambian government proposed broader social and economic rights in the draft Constitution, which was rejected. Until this is accomplished, the Zambian Constitution will have little to say about social security.

National Pension Scheme Authority

The National Pension Scheme Authority was established in accordance with the National Pension Scheme Act (Laws of Zambia, Chapter 256), which provides social insurance to the majority of Zambian workers. Accroding to Section 14 of the National Pension Scheme (Amendment) Act, 2000, membership in NAPSA is required for all formal sector employees who began working after February 1, 2000. Workers in the self-employed or informal sector can enroll on a voluntary basis (National Pension Scheme (Amendment) Act, 2000, s. 15). Members of the armed forces, public officers appointed before the National Pension Scheme Act went into effect who were on pensionable employment under the Public Service Pension Fund (PSPF) or the Local Authorities Superannuation Fund (LASF) are exempt from membership in the Scheme (Act No. 40, 1996, Second Schedule). This implies a decrease in membership, particularly for LASF, which has not added new members since the NAPSA Act was passed.

The Worker's Compensation Fund Control Board

The Worker's Compensation Act forms the Worker's Compensation Fund Control Board (Act No. 10 of 1999, Laws of Zambia). The Workers Compensation Act addresses compensation for injuries sustained while on the job. The Workers Compensation Fund Control Board is a statutory scheme that provides compensation to workers who have been injured or killed on the job, or who have contracted an occupational disease (Social Security Administration, 2013, p. 194). It is an employer liability social insurance scheme that includes mandatory insurance with a public carrier. It is available to all employees, including casual workers,

household workers, apprentices, self-employed individuals, and public sector employees who are not covered by the special system for public sector employees (Mukuka et al., 2002).

The Local Authorities Superannuation Fund Board

Section 5(1) of the Local Authorities Superannuation Fund (LASF) Act creates a Board, which is a body corporate with perpetual succession known as the Board of Local Authorities Superannuation Fund. According to its preamble, the Act was enacted to provide for the establishment of a Superannuation Fund for employees of local governments and other public bodies who began work prior to February 1, 2000. All new employees joining member organizations on or after February 1, 2000 are required to contribute to the National Pension Scheme Authority (NAPSA) as a national basic scheme. According to Local Authorities Superannuation Fund (Amendment) Act No. 8 of 2015, the mandatory retirement age was raised from 55 to 60 years. A member who wishes to retire at the age of 55 or 65 must do so as long as he or she notifies the employer twelve months in advance of his or her intention to retire at either of the optional retirement ages and the employer approves.

Public Service Pensions Fund

Section 9 of the Act creates the Public Service Pensions Fund (PSPF). The Public Service Pensions Act (PSPA) was enacted in 1996 to codify the law governing pensions for government employees (Mwenda, 2011, p. 246). The PSPF was established to administer the Public Service Pension Scheme (PSPS) and establish eligibility criteria as well as a formula for calculating benefits based on the mode of retirement in the public service. According to the 2014 Public Service (retirement age) regulations, public service includes the Judicial Service, Civil Service, Defence Force, Police and Prisons Service, Teaching Service, and Zambia Security Intelligence Service (Statutory Instrument No. 63, 2014, Reg. 2).

The retirement age was raised to sixty years old in accordance with Statutory Instrument (SI) No. 24, 2015. However, an Officer may retire at the age of fifty-five or sixty-five by giving twelve months' notice and subject to President Approval (Public Service (Retirement Age), Reg. 4(2)). The regulations, however, do not apply to members of the Defence Force, officers with the rank of Chief Inspector in the Police

Force, and officers with the rank of Chief Officer III in the Prison Service. As a result, the mandatory retirement age for the exempted classes of people remains at 55 years.

National Social Protection Policy

The Zambian government developed the National Social Protection Policy (NSPP) to keep its citizens healthy and happy. The policy shows the government's commitment to providing social protection services to its citizens. The NSPP is comprehensive, covering a wide range of social services including social assistance and social security. Zambia has yet to implement a national social security policy that addresses the issue of social security. The Ministry of Labour, which handles social security issues, relies on the broader NSPP, which was developed by the Ministry of Community Development and Social Services (MCDSS). Zambian legislation governing social security benefits includes the National Pension Scheme Act, the Public Service Pensions Act, the Local Superannuation Act, and the Worker's Compensation Act (Musonda 2009).

National Pension Scheme (Amendment) Bill, N.A.B. No. 1 of 2023

Pension plans were established to provide benefits and pension income to employees who reached retirement age. They were also intended to provide benefits to dependents in the event that an employee died on the job or after retirement. Members can only access their benefits under the National Pension Scheme Act, Chapter 256 of Zambia's Laws. As part of the pension reforms, the government introduced the National Pension Scheme (Amendment) Bill, N.A.B. No. 1 of 2023, which sought to amend the National Pension Scheme Act to allow members to receive a pre-retirement benefit, among other things. Once passed, the Bill would allow members to access a portion of their retirement benefits before retiring. This would undoubtedly benefit their financial situation. Additionally, once accessed, the funds were likely to encourage members to engage in entrepreneurial activities, which would contribute to the country's economic development.

Bill's Objectives

The Bill's objectives were to amend the National Pension Scheme Act of 1996 to provide for - (a) members to access a pre-retirement benefit; and (b) matters connected with, or incidental to, the foregoing.

Important Bill Provisions

The key provisions of the Bill are listed below:

Clause 4- Section 19 Amendment

Clause 4 attempted to amend Section 19 of the main Act, which determined how much money a pensioner would receive each month after retirement. This amount was specified in a Statutory Instrument, and the Authority calculated it using statistics compiled by the Zambia Statistics Agency.

Clause 6 – Insertion of new section 21A

This clause attempted to amend the main Act by inserting a new section immediately after section 21 outlining the requirements that a member must meet before receiving the pre-retirement lump sum benefit. The amount payable as a pre-retirement lump sum was stated to be 20% of the total of that member's monthly contributions plus accrued interest. It also stated that when a member reached retirement age, if he or she had received a preretirement lump sum, they would receive retirement benefits based on what remained, as well as any additional contributions made after the withdrawal.

Issues Raised by Stakeholders

Many stakeholders who testified before the Committee supported the Bill and expressed their concerns, which are detailed below.

Clause 5 – Insertion of Section 19A

According to the stakeholders, clause 5 amended the main Act by inserting a new section 19A immediately after section 19. Members who received a pre-retirement lump sum were only entitled to a minimum retirement pension equal to 80% of the minimum monthly pension under the new section. While appreciating this provision, stakeholders argued that pension schemes were intended to protect workers in old age by cushioning them from income loss after leaving employment. In this regard, emphasis needed to be placed on addressing challenges such as the weak economy; unsustainable debt levels; and weak institutions, all of which contributed to financial exclusion; low wages; and high unemployment levels, which provided a fertile ground for intergenerational poverty. As a result, stakeholders recommended a complete

overhaul of the entire pension system to address the deteriorating labor market position, in line with the Eighth National Development Plan, which committed to reforming the pension system in order to: (a) increase coverage; (b) improve its effectiveness as a social safety net; and (c) make it financially sustainable.

Clause 6 – Insertion of new Section 21A

(a) One-time pre-retirement lump sum benefit (new Section 21A) and proposed Section 21A(1) age requirement(b) Stakeholders noted that the proposed new section 21A outlined the conditions under which a member would be eligible to access a pre-retirement lump sum benefit, namely that the member must: (i) consent in writing to access such benefits; (ii) be under pensionable age; and (iii) have made a minimum of sixty (60) monthly contributions or have reached the age of 45. They contended that, while the general effect of section 21A(1) was clear, the option stated in sub-section 21A(1)(b) could be problematic in practice unless qualified by another condition. This was due to the fact that the 45-year-old age specified in subsection 21A(1)(b) was not linked to any minimum number of monthly contributions that the member would be required to make before accessing the pre-retirement lump sum benefits.

In this regard, stakeholders suggested that a member who qualifies for a preretirement lump sum benefit under the proposed section 21A(1)(b) of the Act be subject to an additional condition of having made at least 36 monthly contributions to the scheme before becoming eligible to access the preretirement benefit. This was done to avoid a situation in which members met the proposed section 21A(1)(b) age requirement but did not make the required number of monthly contributions to acquire adequate financial resources. The stakeholders also requested that the tax treatment of pre-retirement lump sum benefits be deliberated, given that members would be able to access them while still working, rather than at the end of their service, as is normally the case. There was a need to specify whether the pre-retirement lump sum benefit would be treated as retirement or other final benefits payable upon termination of employment for tax purposes.

(b) Indexed Monthly Contributions – Section 21A(2) Proposed

The stakeholders noted that the pre-retirement lump sum benefit would be equal to 20% of the 'indexed' monthly contributions plus interest. However, the term 'indexed'

was not defined or used anywhere else in the Bill. In light of this, stakeholders suggested that the term 'indexed' in proposed section 21A(2) be defined for clarity.

Observations and Recommendations of the Committee

The Committee observes that, while the Bill contains progressive amendments, it also contains some ramifications that must be addressed. As a result, the Committee makes the following observations and recommendations.

6.1 Clause 5 – Insertion of Section 19A

The Committee notes that clause 5 modifies the main Act by inserting a new section 19A, which states that members who receive a pre-retirement lump sum are only entitled to a minimum retirement pension of 80% of the minimum monthly pension. While appreciating the provision, the Committee points out that pension schemes are intended to protect workers in old age by cushioning them against income loss after leaving employment. In this vein, the Committee believes that greater emphasis should be placed on addressing issues such as the weak economy, unsustainable debt levels, and weak institutions, all of which contribute to financial exclusion, low wages, and high unemployment, all of which are breeding grounds for intergenerational poverty. As a result, the Committee recommends that the pension system be completely overhauled in order to deal with the deteriorating labor market position. This is consistent with the Eighth National Development Plan, which calls for pension reform. The 8NDP also pledges to establish a statutory pension and an occupational pension, particularly for public sector workers. Furthermore, the Committee recommends that NAPSA establish other avenues for individuals to use their pension savings for other purposes. One such model is one in which pensions are used as collateral. In this case, pension funds essentially guarantee to a third-party institution that the member's pension savings will secure a loan or a portion of a loan from the lending institution (typically banks). Members of the scheme will be able to obtain lower-cost loans as a result of this.

6.2 Clause 6 – Insertion of new Section 21A: One-Off Pre-Retirement Lump Sum

Benefit

The Committee takes note of the proposed new section 21A, which outlines the conditions under which a member may be eligible for a pre-retirement lump sum

benefit. The Committee notes that, while the overall effect of this provision is clear, the option stated in proposed section 21A(1)(b) may be problematic in practice unless qualified by a further condition. The Committee observes that the age of 45 is not linked to any minimum number of monthly contributions that the member must make before receiving pre-retirement lump sum benefits.

In this regard, the Committee recommends that this provision be removed so that the only criterion for members to be eligible for the 20% lump-sum benefit remains a minimum of 60 monthly contributions. This is to avoid a situation in which a member, despite meeting the age requirement, has made very small monthly contributions that will allow them to accumulate adequate financial resources.

The motivation for the proposed Bill to allow for partial withdrawal is a genuine need to enable citizens to invest by expanding access to finance. Once passed, the National Pension Scheme (Amendment) Bill will benefit the economy by providing more people with disposable income to invest in economically productive activities. Furthermore, members will be able to access some of their money before reaching the retirement age, which will ultimately improve their standard of living. As a result, the Bill is progressive. As a result, the Committee is optimistic that the Bill will be approved by the House.

2.5 Research Gap

The trend of premature withdrawal is increasing, but it is unclear what motivates people to withdraw prematurely in developing countries. The literature on early withdrawal focuses primarily on developed economies such as the United States and Australia, with little attention paid to developing economies like Zambia. Despite several studies on early withdrawal of retirement benefits, a number of issues had yet to be thoroughly investigated or addressed. For example, most previous research on the effects of early withdrawal focused on the short-term or immediate consequences. In contrast, the goal of this study is to provide a different perspective by investigating employees' perceptions of the implementation of legislation that allows for early withdrawal.

These studies conducted in developed economies may not be representative of the situation in developing economies for a variety of reasons, including the following:

Knowledge Gap on the Impact of Early Withdrawal: There may be insufficient research and understanding of the impact of early withdrawal on retirement savings accounts, particularly in developing economies. This knowledge gap must be filled in order to gain insight into the consequences of premature withdrawal on employees' retirement savings in Zambia.

Wealth Disparities between Developing and Developed Countries: Developing economies, such as Zambia, often display significant differences in wealth distribution when compared to developed economies. These variations in wealth can impact how employees perceive and make decisions regarding the premature withdrawal policy. Therefore, it is essential to examine employee perceptions within the Zambian context to comprehend how wealth inequalities may influence their viewpoints.

Employment and Unemployment Rates Vary: The employment and unemployment rates differ between developed and developing nations. The distinct employment landscape in Zambia could affect how employees view and react to the recently introduced premature withdrawal policy. It is crucial to explore these discrepancies to gain insight into the specific dynamics at play in Zambia.

Considering these factors, it is crucial to carry out comparable research in emerging markets like Zambia. This will help us ascertain if there are similar factors and issues present in the Zambian setting. Therefore, the aim of this study is to explore how employees view the recent introduction of early withdrawal and its impacts in Zambia. Through this research, we can acquire valuable perspectives on employees' views and the consequences of the policy alteration in Zambia.

2.6 Conceptual Framework

The conceptual framework is the set of ideas, assumptions, expectations, beliefs, and theories that underpins and informs your research (Chambua and Kester, 1993). It explains the main issues to be studied, either graphically or narratively; the key factors, concepts, or variables, and the presumed relationships between them, and will thus be used to guide data collection from respondents.

The study investigates employees' perspectives on the implementation of a law allowing early withdrawal of retirement benefits from Zambia's social security system. During the research process, two major variables, independent and dependent, were identified. The independent variable was the one that had a direct influence on the dependent variables. This independent variable can have an impact both positively and negatively. The dependent variables, on the other hand, are those variables that are affected by the independent variable.

Key Variables:

Independent Variable: The National Pension Scheme Authority (Amendment) Act No.1 of 2023 serves as the key independent variable in this research. This law directly impacts different aspects of retirement benefits, such as employee perceptions and decisions.

Dependent Variables:

•Employee Perception: This variable indicates the understanding, opinions, attitudes, and viewpoints of employees regarding the modified pension scheme.

•Awareness and Understanding: This variable evaluates the knowledge and comprehension of employees regarding the provisions of the amended Act.

•Decision-making: This variable outlines the factors that affect the decisions and behaviours of employees concerning the partial withdrawal of pension savings as per the policy.

•Retirement Planning: This variable examines the influence of the amended Act on employees' retirement plans, including financial readiness and future expectations.

Intervening/Mediating Variables:

The intervening/mediating variables in this scenario are those that do not directly impact the early withdrawal of retirement benefits but play a crucial role in determining the implementation of the independent variables.

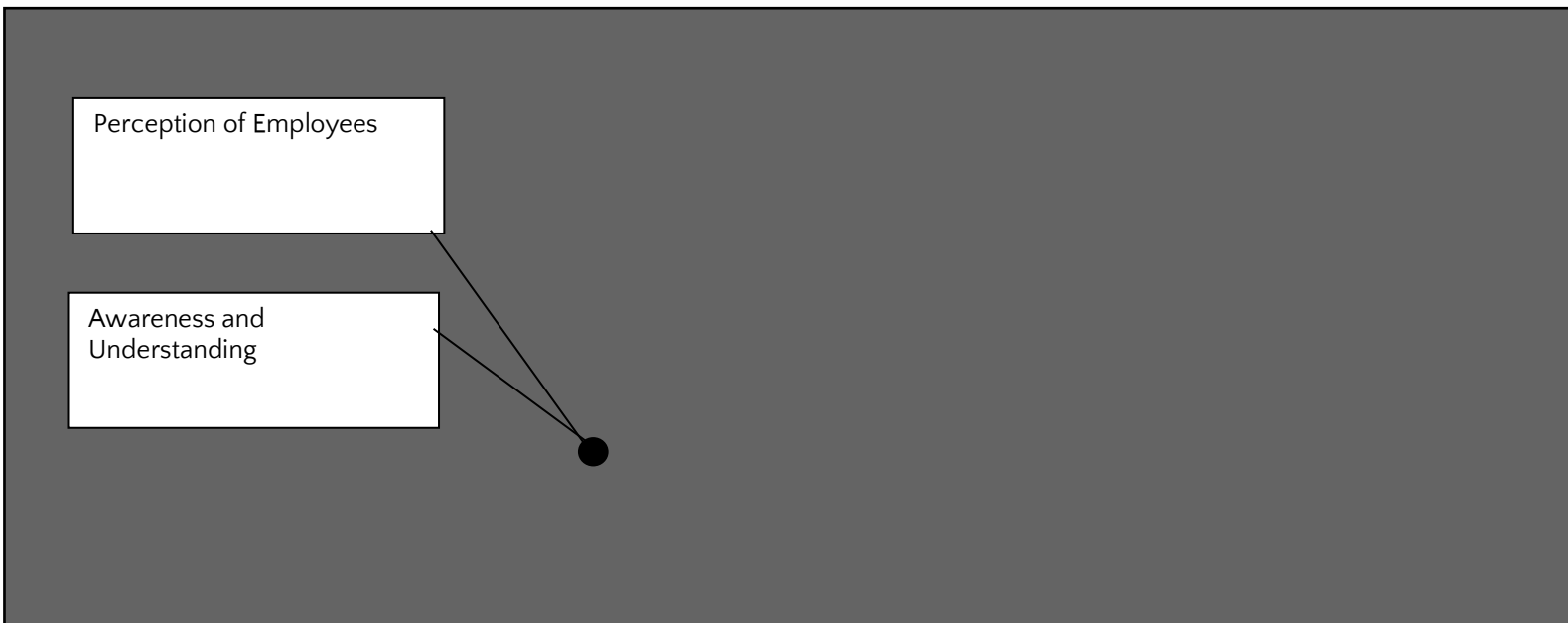
Communication and Engagement Strategies: The methods employed by Standard Chartered Bank Zambia to communicate and engage with employees regarding the amended Act, act as intermediaries between the legislation and employees' perceptions.

Contextual Factors:

•Employee Characteristics: These encompass factors such as age, gender, years of service, and occupation, all of which can affect how employees perceive and respond to the amended Act.

•Organizational Culture: This factor includes the values, beliefs, and practices of Standard Chartered Bank Zambia, which can influence employees' understanding and acceptance of the amended Act.

The diagram below illustrates the different variables and their interrelationships



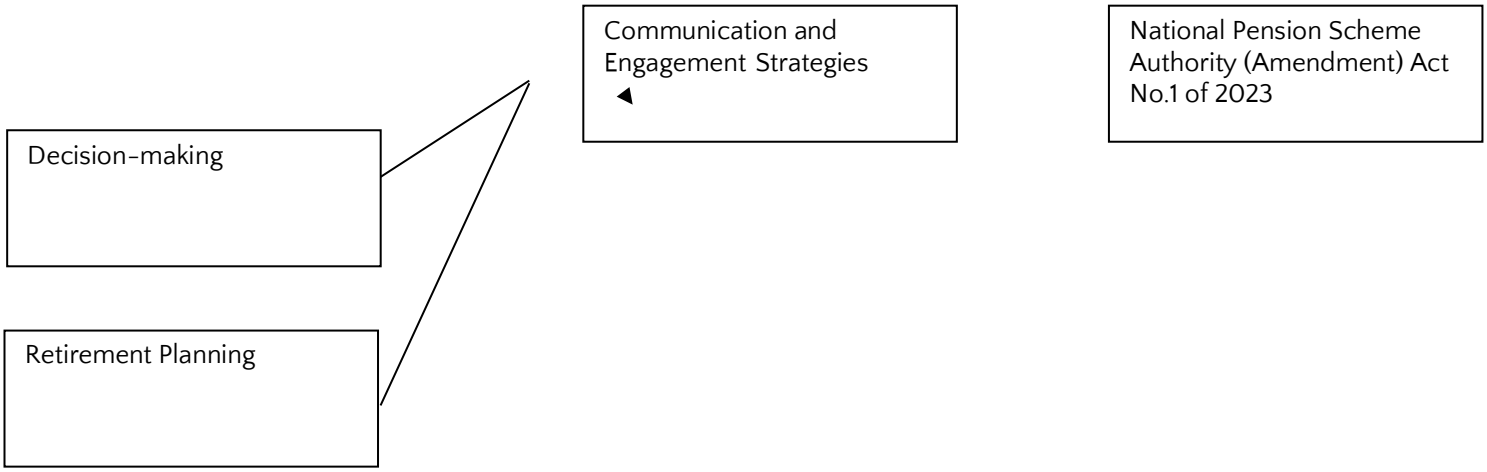


Figure 1: Shows the conceptual framework

CHAPTER THREE

3.0 METHODOLOGY

3.0 Introduction

The purpose of this section is to discuss the research methodology that will be used in this study. The discussion will cover research paradigms, research design, study area and justification, study population, sample size and sampling procedures, data collection methods and analysis, as well as data validity and reliability.

3.1 Research Approach

Patton (1986) defines research methodology as the approach researchers take to investigate a specific phenomenon. The research is based on certain philosophical assumptions. This study utilized a qualitative research methodology to gather detailed information on insights into the factors influencing early withdrawal of retirement benefits. Interpretivism is a key concept in qualitative research, focusing on how

people interpret their social environment (Bryman, 2008). This is consistent with the type of information that the researcher is seeking. Qualitative research allows for an in-depth exploration of employees' perceptions, experiences, and perspectives on the implementation of the National Pension Scheme Authority (Amendment) Act No 1 of 2023. It provides the flexibility to capture rich and detailed data through methods such as interviews, focus groups, or surveys with open-ended questions.

3.2 Research Design

The structure for gathering and analysing data is commonly known as research design. There are various research designs to choose from, including quasi-experimental, cross-sectional or survey, longitudinal, case study, and comparative designs (Bryman, 2008). However, this particular study utilised a case study design to explore different processes and their interactions. The case study design facilitated a comprehensive examination of employee perceptions within a specific context, specifically at Standard Chartered Bank Zambia. It enabled the researcher to delve deeply into the subject and gather detailed information about employees' perspectives on the policy objectives. Therefore, the reason for opting for case studies was to enable the researcher to acquire extensive knowledge about the research topic through meticulous data collection and analysis.

3.3 Scope of the Research Study

The study was undertaken in Lusaka district at Standard Chartered Bank Head Office in the Central Business District of Lusaka, the national capital, in Lusaka province, Zambia. Standard Chartered Bank is one of the leading banking institutions in Zambia.

3.4 Study Population

A study's population is the group from which the researcher wishes to draw conclusions (Babbie, 2020). The sample is drawn from a subset of the target population (Hu, 2014). This study's population will include responded of various positions, age groups and years of service/employment. The study's population will consist of Two hundred and eighty-one (281) respondents who are all employees of Standard Chartered Bank Zambia.

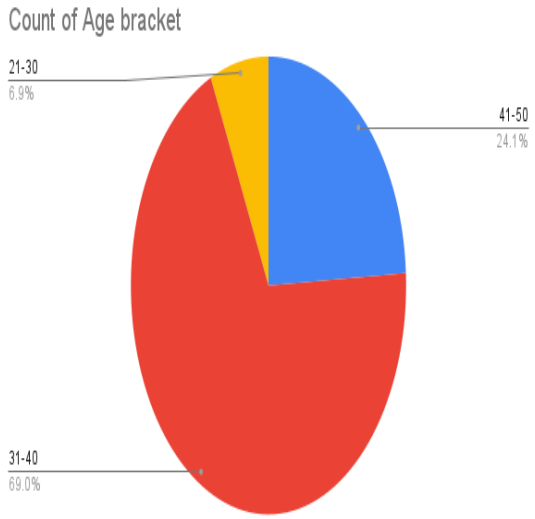


Figure 2: Shows the Count of Age bracket

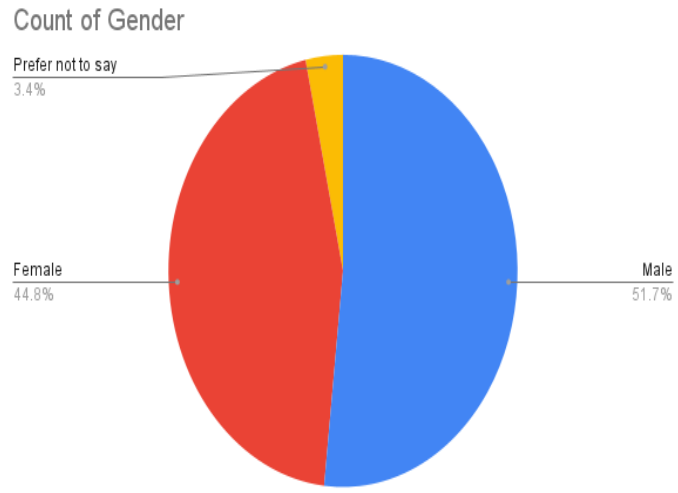


Figure 3: Shows the Count of gender

Sample Size

A sample size is a small fraction drawn from a study population for observation and analysis. It is an important feature whose goal is to draw conclusions about a population (Creswell, 2012). It is possible to make certain deductions about the entire population from which it is systematically derived by observing the features of the sample (Berg, 2009).

According to Creswell (2018), 20 to 30 interviews are frequently deemed sufficient for achieving data saturation—the point at which new information ceases to significantly contribute to the understanding of the phenomenon under study. This approach is consistent with the qualitative nature of in-depth interviews, emphasising depth over breadth.

Based on Creswell's guidelines and the specific nature of this study, a more conservative sample size of 30 respondents was used. This figure was based on the goal of avoiding data saturation while ensuring that each interview and questionnaire provides in-depth and meaningful insights into Standard Chartered Bank Zambia employees' experiences, perceptions, and opinions regarding the National Pension Scheme Authority (Amendment) Act No.1 of 2023.

3.5 Sampling Techniques

Stratified sampling is a widely recognised and accepted sampling technique. This method, according to Cochran (1976), entails dividing the population into distinct subgroups, or strata, based on certain characteristics relevant to the research objectives. This method improves sample representativeness by ensuring that each stratum is proportionally represented.

As noted by Krejcie and Morgan (1970), stratified sampling allows the researcher to have proportional representation from each stratum, ensuring that the sample includes participants from various age groups, genders, years of service, and occupations. This method reduced the potential for bias caused by an unrepresentative sample and improves the generalizability of your findings. It also helped capture a range of perspectives and experiences (Cochran,1976).

The decision to use stratified sampling was motivated by the recognition of the diverse workforce at Standard Chartered Bank Zambia. As Fowler Jr. (2009) points out, using

a stratified approach is especially beneficial when there is heterogeneity within the population. Given that the purpose of our study was to investigate the impact of policy objectives on employees with diverse characteristics, the use of stratified sampling aligned with the goal of capturing a diverse range of perspectives and experiences.

3.6 Data Collection Techniques

Data comprise factual information, numerical values, and various foundational materials, both historical and current, utilized as the groundwork for examination and analysis (Krinshnaswan, 1993). This paper will employ diverse data types, contingent on their availability and ease of access. This will encompass the utilization of both primary and secondary data sources.

Primary data refers to information that is freshly collected for the first time, making it original in nature. This type of data is obtained directly from the respondents, involving the creation of new data. The methods for collecting primary data include questionnaires, interviews, observations, and experimental studies (Kothari, 2004).

Secondary data encompasses information or records that have been previously collected and analysed by another. Researchers using secondary data must explore the various sources from which this information was obtained. Such data can exist in both published and unpublished forms (Kothari, 2004).

The study would collect data through a variety of methods, including interviews, questionnaires and document analysis. The interviews would be used to collect data on the experiences, perceptions, and opinions of stakeholders on the National Pension Scheme Authority (Amendment) Act No.1 of 2023. Secondary data will be gathered from reputable sources including the Zambian Central Statistics office, ILO, NAPSA, Websites of International Organizations, academic Journals and books

3.7 Data Analysis

Thematic analysis has emerged as a reliable and widely used qualitative technique for interpreting and comprehending patterns in textual or visual data. According to Braun and Clarke (2006), thematic analysis entails the identification, analysis, and reporting of themes within data, providing a flexible and approachable approach to qualitative

research. It is especially useful for investigating participants' subjective experiences and perceptions, making it ideal for studies focusing on qualitative insights.

Thematic analysis, according to Nowell et al. (2017), allows researchers to systematically identify patterns and themes within data, providing a nuanced understanding of the underlying phenomena.

Thematic analysis is an appropriate method for investigating diverse perspectives on the National Pension Scheme Authority (Amendment) Act No.1 of 2023 in the context of organisational research because themes can represent shared perceptions, attitudes, and responses to specific events or policies.

The use of thematic analysis in this study corresponded to the qualitative nature of the research objectives. As Braun and Clarke (2006) point out, thematic analysis is a versatile and rigorous method for identifying and exploring patterns in qualitative data. Given that the aim of this paper is to uncover and compare various perceptions related to the legislative changes introduced by the National Pension Scheme Authority (Amendment) Act No.1 of 2023, thematic analysis offered an in-depth and interpretative approach.

3.8 Validity and Reliability/ Scientific Rigor

An appropriate research design was used to suit the purpose and objective of the study. All data collection tools were evaluated and pretested through a pilot study to observe accuracy and ambiguities prior to the process. Thereafter, adjustments were made accordingly.

3.8.1 Pilot Study

The pilot study was conducted in the Risk and Compliance department of Standard Chartered Bank. The pilot study was necessary to assess the soundness and quality of data collection tools (if they are addressing the research objectives), an estimation of the duration of the data collection, and also rectify the errors identified in the process.

3.9 Ethical Consideration

The ethical authorization was acquired from the University of Lusaka Research Ethics Committee. A permission letter to conduct the study from the study setting was obtained from the Administration of the selected Bank. Informed consent (see Appendix II) was obtained from participants and before which an information sheet (see Appendix I) was given to them addressing the purpose, benefits, risks, and ethics associated with the study. Participants were assured that taking part in the study was voluntary that all information obtained was treated with confidentiality and anonymity and that the data collected is purely for academic purposes. Participants who refused to participate were excluded and those who wish to withdraw were allowed to do so.

CHAPTER FOUR

4.0 PRESENTATION OF FINDINGS

4.1 Introduction

This chapter outlines the findings of the study that were obtained on perception of employees on the enactment of the National Pension Scheme Authority (Amendment) Act using questionnaires and in-depth interviews. The results are cast in line with the objectives and presented in form of tables and summary quotes under the associated themes.

4.2 Demographic Profile of Respondents

Data was collected from a total of 30 members of staff from the selected bank. Demographic characteristics on age, gender, years of service and job position, marital status, and level of education were collected (see the narrations below).

4.2.1 Age& Gender of Respondents

Out of the 30 respondents, 51.7% were men and 44.8% were women. The majority of respondents were aged between 31 and 40 years, with less than 7% aged below 30. This age distribution suggests a relatively mature workforce, which might influence

their perception of pension-related matters due to their proximity to retirement planning stages.

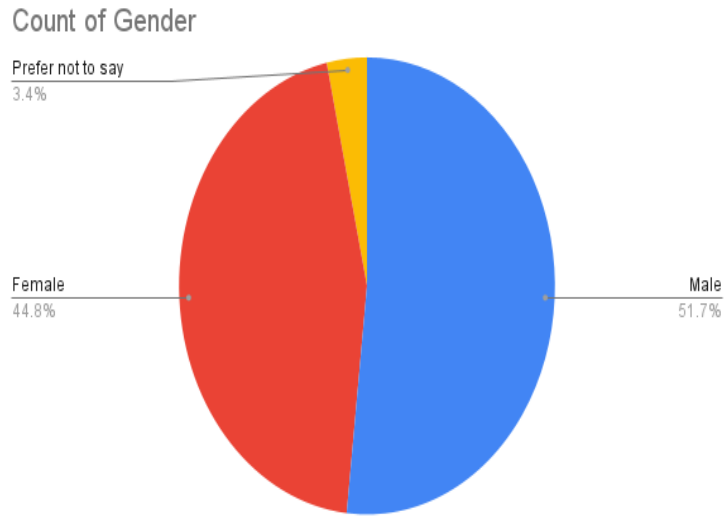


Figure 3: Shows the Count of gender

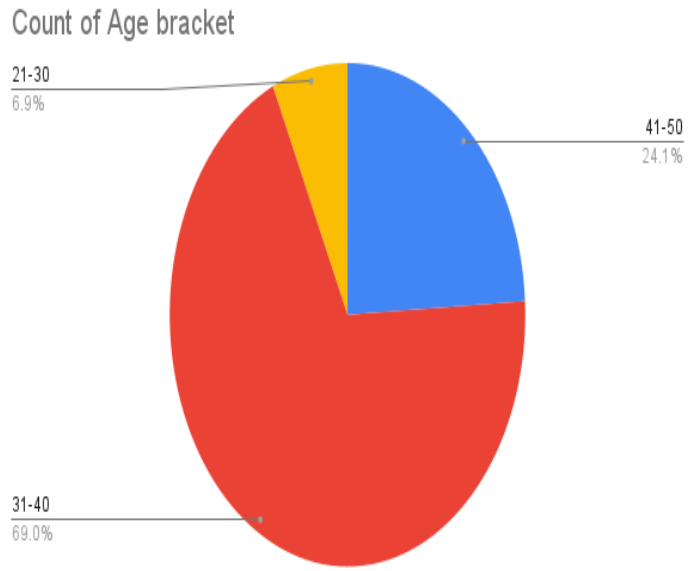


Figure 2: Shows the Count of age bracket

4.1.2 Years of Service, Job Position and Level of education.

The population spread in terms of years of service shows Majority of the population having been with the bank for over 5 years , with 20.7% having served for less than 5 years. 51.7% held post graduate qualifications and the remainder having tertiary education qualifications. The study also saw only 20.7 % of respondents being junior staff members with the remainder being in mid or senior management.

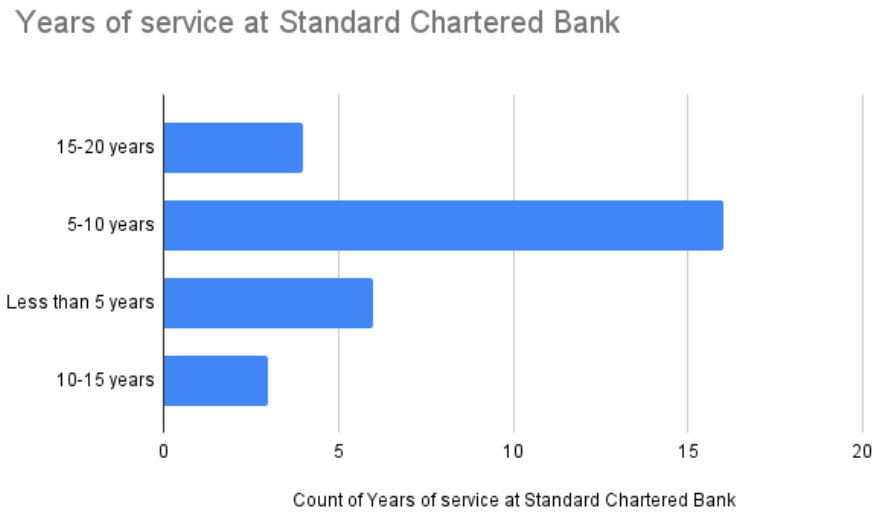


Figure 4: Shows the years of service at Standard Chartered Bank

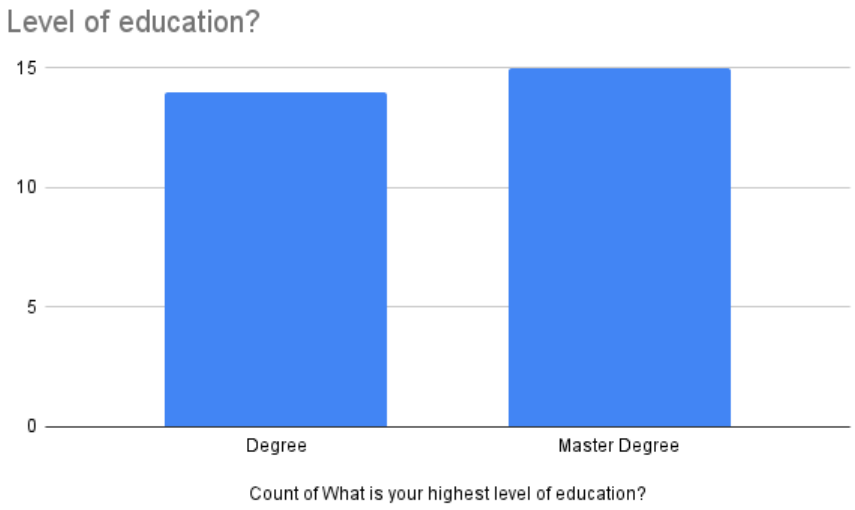


Figure 5: Shows the level of education

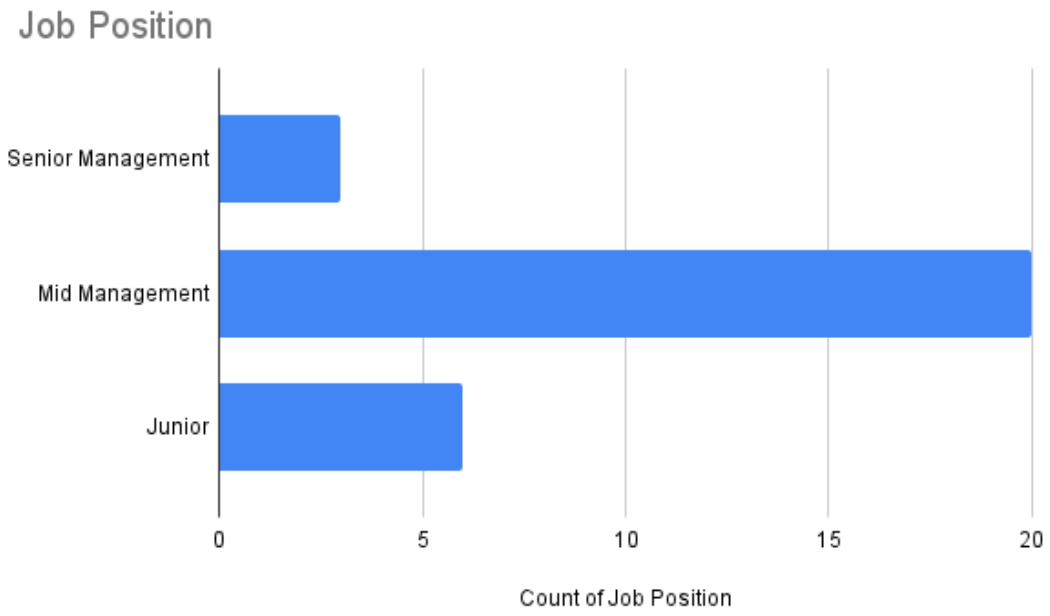


Figure 6: Shows the job position

In terms of understanding and Awareness of the NAPSA act, All respondents confirmed having an awareness of the NAPSA Act and 50% confirmed that they were very familiar with the provisions of the Act while the remaining 50% where spread between familiar and somewhat familiar with the act.

4.2 Access to the Partial Withdrawal

It was revealed that from the selected respondents over 80% accessed the partial withdrawal from NAPSA. Below are quotes from the staff members who accessed the service;

Respondent 1 indicated that:

> *"It is a productive initiative by the government to allow us citizens to make investments".*

Respondent 2 stated that:

"*I believe the Amendment Act is a positive step towards providing flexibility in pension savings".*

A few respondents did not access the withdrawal. One stated that:

"It offers flexibility, but I chose not to access partial withdrawal due to my confidence in my current financial planning and long-term investment strategy."

Another respondent said:

"I think it is a great initiative to allow people a chance to access funds… I, however, did not see the need to access it"

4.3 Factors Leading to Partial Withdrawal

To identify contributing factors four subthemes were developed namely; family, environment, personal and general factors. Respondents from the selected bank were asked questions around these themes and their responses were recorded below on each subtheme.

4.3.1 Family Factors

The analysis of the data around family factors revealed that family considerations were not a significant influence on respondents' decisions to access partial withdrawal from the National Pension Scheme. This finding was consistently supported by in-depth interview responses, which indicated a predominant view of the withdrawal as a strategic financial opportunity rather than a family-driven necessity.

Many respondents articulated a clear rationale centered on maximizing their financial returns. For example, one respondent stated that

"I looked at the return on the investments and did an opportunity cost. My money would have been making more profits than just sitting with NAPSA. So I invested in a bond."

This response highlights a calculated approach to financial management, where the decision to withdraw funds is driven by a comparative analysis of potential returns.

The data suggest that for many employees, the decision to access partial withdrawal was influenced by individual financial strategies rather than familial needs or pressures. The emphasis on investment opportunities reflects a broader trend among respondents to actively seek higher returns on their pension funds through alternative financial instruments. This behaviour indicates a sophisticated understanding of investment principles and a proactive stance on personal financial growth.

In conclusion, the minimal impact of family factors on the decision to access partial withdrawal underscores the importance of individual financial goals and the perceived benefits of higher-return investments. These findings highlight the necessity for policymakers to consider the financial acumen and investment motivations of employees when designing and implementing pension-related reforms.

4.3.2 Environmental Factors

To understand the role of environmental factors in the decision-making process for accessing partial withdrawal from the National Pension Scheme, three key questions were assessed. These touched work environment influence, ease of access due to working in a financial institution, trends in withdrawals. The data analysis reveals that environmental factors were largely not considered significant by most respondents. This trend suggests that external circumstances such as economic conditions, social influences, and workplace environment did not heavily impact their decisions.

However, a notable minority of respondents identified financial pressure as a compelling reason for opting into the partial withdrawal. This finding indicates that while environmental factors might not be universally influential, they can exert considerable pressure on certain individuals, especially those facing immediate financial challenges. One respondent highlighted this by stating, "Financial pressures led me to opt in, but I also considered the long-term impact on my retirement savings." This suggests a dual consideration of both immediate financial relief and future financial security.

Another respondent remarked that:

"I felt pressured by everyone around me and also felt like I needed to get my funds."

This comment underscores the potential impact of social and peer pressures within the workplace or personal circles, which can amplify the perceived necessity to access available financial resources.

In summary, while environmental factors were not a predominant influence for the majority, their significance for a subset of employees underlines the complexity of financial decision-making. These findings highlight the importance of considering individual circumstances and pressures when evaluating the effectiveness and reception of financial policies such as the NAPSA Amendment Act.

4.3.3 Personal Factors

The analysis of personal factors revealed a diverse range of motivations among respondents who accessed partial withdrawal from the National Pension Scheme. The responses were notably mixed, reflecting the varied personal circumstances and financial outlooks of the employees.

A significant portion, 43%, cited personal curiosity as a primary driver for their decision. This indicates a proactive approach to financial management, where individuals are keen to explore the benefits and implications of the new policy. Such curiosity can be interpreted as a sign of engagement and interest in optimizing personal financial strategies.

In contrast, 20% of respondents reported financial pressure as a critical factor. This highlights the immediate economic challenges faced by some employees, compelling them to access available funds to alleviate their financial burdens. The reliance on partial withdrawal in these cases underscores the importance of accessible financial resources during periods of economic strain.

Another 20% of respondents expressed concerns about their future financial status, which influenced their decision to withdraw funds. This concern reflects a forward-looking perspective, where individuals are mindful of securing their financial well-being

in the long term. These respondents likely view the withdrawal to bolster their financial security through strategic investments or savings.

To conclude, the mixed responses regarding personal factors illustrate the complex and multifaceted nature of financial decision-making. Employees' motivations ranged from curiosity and proactive financial planning to immediate financial relief and long-term security concerns. These insights emphasize the need for flexible and supportive policies that cater to the diverse financial needs and motivations of employees.

4.3.4 Other Factors

Additional factors such as peer pressure had little effect on the decisions of the participants to choose partial withdrawal from the National Pension Scheme. Less than a quarter of the participants indicated that peer pressure played a role in their decision-making process, suggesting that social influences from co-workers or friends were not significant drivers for the majority.

Furthermore, approximately 21% of the participants explicitly stated that none of these factors influenced their decision to pursue NAPSA partial withdrawal. This clear rejection of peer influence underscores the autonomy and self-sufficiency of employees when it comes to financial decisions. It demonstrates the participants' tendency to base their decisions on personal financial strategies and needs rather than external social pressures.

The limited impact of peers and other social factors indicates a strong focus on individual empowerment and financial goals. Employees are more likely to rely on their own analysis and understanding of their financial situations rather than being influenced by the actions or opinions of their peers.

Therefore, it can be concluded that peer pressure and other factors affecting an employee's decision to opt for partial withdrawal are limited, while self-determination and financial motives take precedence. These findings confirm that employees at Standard Chartered Bank Zambia are less influenced by social factors and prioritize their personal circumstances and financial aspirations, underscoring the importance of tailoring financial services and addressing such needs to adapt financial planning strategies according to their requirements and expectations.

4.4 Awareness of the NAPSA Act

The analysis of how respondents learned about the National Pension Scheme Authority (Amendment) Act and their understanding of its provisions indicates a knowledgeable employee base. Many respondents demonstrated a good grasp of the Act, showing a solid understanding of its key elements and implications.

Employees utilized a variety of channels to access information, with news outlets, social media, and internal communications ("the grapevine") being the most prominent

sources. This diverse range of information sources suggests a strong dissemination of information both within and outside the organization.

Respondents mentioned different channels through which they became aware of the Amendment Act and stated that:

> *"I fairly understand it through the news."*
>
> *"I learned about the Amendment Act through internal grapevine communications and understood its provisions fairly well."*
>
> *"Through social media."*
>
> *"I first learned about the Amendment Act through a social media memo and took time to understand its implications."*
>
> *"I became aware of the Amendment Act through the draft bill and took time to understand its implications."*
>
> *"I learned about the Amendment Act through internal informal comms and sought additional information to understand its provisions thoroughly."*
>
> *"Social media."*
>
> *"The news, and sought further information to understand its implications."*

The reliance on multiple channels for information highlights the effectiveness of a multifaceted communication strategy in reaching employees. News outlets provided formal and detailed explanations of the Amendment Act, while social media platforms offered quick updates and discussions. Internal communications facilitated immediate and contextual understanding among colleagues, enhancing the overall awareness of the Act's provisions.

The respondents' fair understanding of the Amendment Act and the utilization of various information sources underscore the importance of comprehensive and accessible communication strategies. These findings demonstrate that employees are well-equipped to comprehend and engage with important legislative changes.

The knowledge of the Act is summarised in the table below.

Table 1: Summary of knowledge of the effects of the partial withdrawal

Theme	Findings
Knowledge of NAPSA Act	● *Through the news, I understand it fairly* ● *I learned about the Amendment Act through internal grapevine communications and understood its provisions fairly well.* ● *I first learned about the Amendment Act through a Social media memo and took time to understand its implications.* ● *I became aware of the Amendment Act through the draft bill and took time to understand its implications.* ● *I learned about the Amendment Act through internal informal comms and sought additional information to understand its provisions thoroughly.* ● *I learned about it in a one of my Masters classes* ● *I first learned about the Amendment Act through industry news and researched its provisions extensively*

Perceptions of the Act

When asked about their perceptions of the NAPSA Amendment Act, employees had mixed views. Some saw it as a means for investment, while others saw it as a tool for dealing with pending financial commitments.

Table 2: Summary of the perceptions of the Act

Theme	Findings
Perception of the NAPSA Act	● Positive- the employees really responded well as it gave them a chance to have extra income ● Generally, employees view the changes introduced by the Amendment Act positively, appreciating the added flexibility. ● Most welcomed the change. Most had financial pressures that were easily sorted by the 20% withdraw ● Employees generally welcome the changes introduced by the Amendment Act, seeing it as a step towards modernising the pension system. ● Employees have mixed perceptions of the changes introduced by the Amendment Act, with some appreciating the flexibility and others cautious about accessing funds prematurely. ● Employees generally view the changes introduced by the Amendment Act positively, appreciating the added flexibility and control over their savings ● Employees have mixed perceptions most cautious about accessing funds prematurely.

CHAPTER FIVE

5.0 DISCUSSION OF FINDINGS

5.1 Introduction

In this chapter, the study findings obtained from the respondents are discussed with earlier studies that were conducted on perceptions towards similar policy amendments.

The study showed that most of the respondents from Standard Chartered Bank Zambia selected were over the age of 30 with an almost even split between males and females.

5.2 Discussion

This research delves into the factors impacting premature withdrawal from retirement savings, utilizing established theoretical frameworks and empirical data. The ensuing discourse amalgamates theoretical concepts and empirical results to offer a holistic view on the reasons and repercussions of early withdrawals.

The Life Cycle Hypothesis (LCH), a pivotal theory in this study, posits that individuals aim to optimize their lifetime consumption by saving during their working years to sustain their retirement (Modigliani & Brumberg, 1954). As per the LCH, premature withdrawal from retirement savings disrupts this strategy, potentially leading to inadequate retirement funds. The Permanent Income Hypothesis (PIH) suggests that individuals base their spending and saving choices on anticipated lifetime income rather than current income (Friedman, 1957). Similarly, the Relative Income Hypothesis underscores that individuals' spending habits are influenced by their income relative to others in their social circle (Duesenberry, 1949).

Empirical data from this study and similar research corroborates these theories. For instance, the Retirement Benefit Authority (RBA) of Kenya discovered that concerns about inflation prompt early withdrawals, contradicting the LCH's focus on future-oriented savings (RBA, 2012). Butrica and Issa (2010) identified job loss as a significant factor triggering early withdrawals, with individuals prioritizing immediate financial needs over long-term planning.

The current study found that respondents who had been in the workforce longer and were in middle or senior management positions were more likely to opt for partial withdrawals. This is consistent with statements by Modigliani et al., indicating that those with larger savings pots due to longer work tenure are better positioned to afford partial withdrawals. This cohort's desire to broaden their investment portfolios, including bonds, aligns with their financial stability and investment savvy. However, this finding conflicts with Andrew et al. (2021), who suggest that socially and economically vulnerable populations are more likely to withdraw funds from personal pension savings. This could align with a few respondents who sighted personal financial pressures as a considerable factor in the decision to withdraw.

Another important consideration for this study is the Time Value of Money.The time value of money principle states that money available today is more valuable than the same amount in the future because of its potential earning capacity (Pandey, 2004). This concept explains why some people prefer early access to their retirement funds. By withdrawing money early, they may be able to invest or use it in ways that generate immediate returns, reducing the risks associated with future uncertainties. It is an important factor to consider, especially given the negative impact that inflation can have on pensions and savings.

Empirical studies back up this claim. Economic crises and financial difficulties, such as job loss or unexpected medical expenses, frequently result in early withdrawals. These circumstances indicate a preference for immediate liquidity to meet pressing financial needs (Butrica et al., 2010; McKenzie and Liersch, 2011). For example, during economic downturns, people may prioritize current consumption over future savings in order to maintain their standard of living. Individuals who invest in fixed assets such as real estate or financial assets such as stocks/bonds, on the other hand, may earn a higher ROI than those who leave their pensions untouched because the value of pensions can erode over time, according to the Time Value of Money principle.

The study discovered that respondents, regardless of gender or marital status, were equally likely to opt for early withdrawals. This demonstrates a degree of autonomy in financial decision-making among various demographic groups. Respondents took deliberate steps to evaluate the impact of partial withdrawals on their future financial

prospects, echoing Bronson et al. (2007). Someone said, "Financial pressures led me to opt in, but I also considered the long-term impact on my retirement savings."

Finally, demand and supply theory suggests that labor market conditions have a significant impact on retirement decisions. High unemployment rates can lead to increased early withdrawal rates, as people who lose their jobs may rely on their retirement savings for support (Walker, 1985; Blöndal & Scarpetta, 1999). This theory is especially relevant during economic downturns, when job opportunities are scarce and people may feel compelled to withdraw their savings prematurely.

Job loss and economic instability are consistently identified as the leading causes of early withdrawal, according to empirical evidence. According to Andrew et al. (2021) and Lorca (2021), individuals facing prolonged unemployment or reduced income are more likely to withdraw from their retirement accounts to meet immediate financial needs.

Global Perspectives

International studies provide valuable insights into the motivations behind early withdrawals. In the United States, early withdrawals are frequently associated with job loss, health emergencies, and financial crises. Regulatory environments play a crucial role in shaping withdrawal behaviors, with penalties and taxes imposed to discourage premature access to retirement savings (Butrica et al., 2010). Despite these disincentives, the need for immediate liquidity often outweighs the long-term benefits of retaining savings.

In Chile, the COVID-19 pandemic led to regulatory changes allowing unrestricted early withdrawals from retirement accounts. This policy shift aimed at providing immediate financial relief, poses significant long-term risks to pension adequacy (López, 2020). Empirical evidence indicates that these withdrawals were primarily used for consumption, illustrating the tension between short-term needs and long-term financial security. Similarly, Australia’s COVID-19 Early Release Scheme (ERS) permitted withdrawals from superannuation accounts to help alleviate economic hardship, particularly for immediate consumption needs. The literature raises concerns about the scheme's implications for retirement savings adequacy and traditional retirement age norms, consistent with the findings of the study.

In Kazakhstan, the study observes a structured approach to early withdrawals based on a sufficiency threshold, allowing funds for housing improvements, medical expenses, and specific needs. This contrasts with other age-based restrictions and raises concerns about the strain on pension funds and socioeconomic inequality, which are consistent with literature findings. In Kenya on the other hand, the primary drivers of early withdrawals include inflation fears and economic instability (RBA, 2012). Similar trends are observed in other developing countries, where financial shocks and the need for immediate liquidity often outweigh the benefits of long-term savings (Xiang, 2021). These findings underscore the impact of macroeconomic conditions on individual financial behaviours.

5.3 Perceptions of the NAPSA Act

The study found mixed responses regarding perceptions of the NAPSA Act, attributed to a lack of exhaustive efforts to raise awareness of both the pros and cons of accessing the funds. While some respondents saw it as an opportunity to invest in higher yield assets, others were cautious and refrained from engaging in the process. Yermo (2021) identifies two major issues with early withdrawal of pension savings: calculating the value at a depressed asset level and reducing future pension payments. These concerns were echoed by respondents who opted not to withdraw their funds.

The study identified common themes in Chile, Australia, Kazakhstan, and Tanzania regarding early pension withdrawals. According to the Central Bank of Chile's analysis, withdrawals were primarily used to meet immediate needs such as durable goods, emergency expenses, debt repayment, and housing savings. This reflects a pattern where short-term financial relief takes precedence over long-term retirement savings, potentially compromising financial resilience in the future.

Employee perceptions of the NAPSA Act and its Amendment Act reflect both optimism and apprehension. The initial NAPSA Act aimed to provide a structured approach to pension savings, allowing employees to secure their financial future. However, the study found varied reactions, indicating different levels of awareness and understanding about the benefits and implications of accessing these funds.

Individuals make decisions based on maximizing utility over their lifetime by balancing consumption and savings to maintain a consistent standard of living (Modigliani et al.,

1963; Friedman, 1957). According to the life cycle theory, people save during their working years to support consumption in retirement, with the goal of smoothing their income over time (Jappelli, 2005). Employee reactions to the NAPSA Act were somewhat consistent with these theories. Some employees see the Act as an opportunity to improve their financial security by strategically investing in pension funds, reflecting the theory's emphasis on long-term retirement savings. Concerns about the risks of early withdrawals align with economic theories that highlight the possibility of reduced future pension payments and asset depreciation (Yermo, 2021).

One notable observation is the disparity in perceptions about the use of pension savings. While some employees view the Act as a path to lucrative investment opportunities, others approach it with caution, aware of the consequences of premature withdrawal. Yermo's (2021) findings emphasize the long-term consequences of early withdrawal, including reduced future pension payments and asset valuation at depreciated levels. These concerns are significant for employees considering their options under the NAPSA Act.

The Amendment Act added complexity to employee perceptions by introducing changes aimed at increasing flexibility and access to pension funds. While some employees enthusiastically welcomed these changes, seeing them as a means to meet immediate financial obligations or pursue investment opportunities, others remained cautious. The 20% withdrawal allowance drew considerable attention, with many employees using it to relieve financial pressures. However, alongside the positive responses, there was apprehension about the risks associated with premature fund access.

According to the life cycle theory, individuals save during their working years to support consumption in retirement, maintaining a consistent standard of living throughout their lives (Modigliani et al., 1963; Jappelli, 2005). This theory provides a framework for understanding how employees respond to pension legislation such as the NAPSA Act, which aims to structure and protect retirement savings.

The study found that employees had varied perceptions influenced by this theory. Some view the NAPSA Act as an opportunity to earn higher yields through investment, consistent with the theory's premise of saving for future consumption. Others express caution, citing potential risks such as lower future pension payments due to early

withdrawals (Yermo, 2021). This cautious approach aligned with the theory's emphasis on ensuring long-term financial security.

The overarching theme defining employee perceptions is ambivalence. On one hand, there is appreciation for new efforts that aim to increase flexibility and control over pension savings. Those who value the opportunity to navigate their financial trajectory with greater autonomy support the Amendment Act. However, this optimism is countered by caution and skepticism, with some employees hesitant to take advantage of the newfound liberties provided by the legislation.

Finally, the diverse reactions to the NAPSA Act and its Amendment Act highlight the importance of broad awareness campaigns and educational initiatives. It is essential to bridge the knowledge gap and promote informed decision-making among employees in order to maximize the potential benefits and minimize the risks associated with pension fund usage. Continuously assessing and improving the legislative framework can help ensure that it adapts to the evolving needs and concerns of the workforce, leading to a stronger and fairer pension system.

5.4 Implications

The amalgamation of theoretical and empirical insights obtained from this study reveal that early withdrawals are predominantly driven by immediate financial pressures and economic uncertainties. This type of behaviour is consistent with the" life cycle" and "permanent income hypotheses" theories explored in this studies literature review. They acknowledge the impact of income expectations and financial shocks on consumption and savings patterns. Based on the insights synthesised from this study the following implications have been drawn;

Policy Implications

The policy implications of these findings are profound. To mitigate the adverse effects of early withdrawals, several strategies can be employed:

1. Enhanced Financial Education-Financial literacy programs should educate individuals on the importance of long-term savings and the risks associated with early withdrawals. Improved understanding of compound interest and the time value of money can help individuals make informed decisions about their retirement savings.

2. Improved Social Safety Nets- Strengthening social safety nets can reduce the need for individuals to tap into their retirement savings during economic crises. Programs that provide unemployment benefits, health insurance, and financial assistance during emergencies can help individuals manage short-term financial shocks without compromising their long-term financial security.

3. Flexible Yet Restrictive Policies-Regulatory frameworks should balance flexibility with measures that discourage premature withdrawals. For example, offering low-interest loans against retirement savings during emergencies can provide immediate financial relief without depleting retirement funds. Penalties and taxes on early withdrawals should be structured to deter non-emergency withdrawals while allowing access in genuine cases of need.

4. Behavioural Interventions-Incorporating behavioural economics principles, such as automatic enrolment and default contribution increases, can enhance retirement savings behaviors. Nudging individuals towards maintaining their retirement savings through default options can help counteract the temptation to withdraw funds early.

Study Limitations

The present study encountered several challenges:

1. Cross-Sectional Design-The study was cross-sectional, examining perceptions at the point of or immediately after accessing withdrawals. A longitudinal approach, interviewing respondents before and after partial pay-outs, would provide a more comprehensive understanding of changes in perceptions over time.

2. Sample Characteristics-The study sample comprised individuals with existing access to financial information and systems as bank employees. These individuals likely had more access to information about the pay-outs and peer-to-peer support during the decision-making process, potentially biasing the findings.

By addressing these limitations in future research, a deeper understanding of the factors influencing premature withdrawals from retirement savings can be achieved.

CHAPTER SIX

6.0 CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

This study explored perceptions towards the amended NAPSA Act and the factors that influenced employee responded to the option to access partial withdrawals. The findings of this study provide valuable insights into employee awareness, decision-making processes, challenges encountered, and perceptions of the amended Act at Standard Chartered Bank Zambia.

Awareness and Comprehension:

The study found that employees have varying levels of awareness and comprehension of the National Pension Scheme Authority (Amendment) Act No.1 of 2023. While some employees demonstrated a clear understanding, others were unaware of the changes enacted by the Amendment Act.

Decision-making Process:

Personal factors emerged as significant influencers in Standard Chartered Bank Zambia employees' decision-making processes regarding the partial withdrawal of their pension savings under the amendment Act. Financial stress, curiosity, and the perceived benefits of accessing funds all influenced employees' decisions.

Challenges Faced:

The study identified several challenges that employees at Standard Chartered Bank Zambia faced when attempting to access their partial withdrawal benefits under the Amendment Act. Delays in the pay-out process were identified as a major concern, contributing to negative perceptions among NAPSA clients. The study also highlighted the need for NAPSA to increase its sensitization efforts in order to effectively address these challenges.

Perception of Changes:

Employees' perceptions of the changes enacted by the National Pension Scheme Authority (Amendment) Act No.1 of 2023 varied. While some saw the Amendment Act

as an opportunity to diversify retirement investment portfolios, others were concerned about the pay-out process and the overall impact on their pension benefits.

6.2 Recommendations

Based on feedback from respondents, the study had the following recommendations.

1. For Pensioners:

Improve NAPSA's communication and dissemination of information about the terms and conditions of the Amendment Act, as well as the consequences of withdrawal. Faster processing times would be ensured to improve the partial withdrawal process experience for users.

2. For Policy Makers:

Provide more investment education to employees who had considered a partial withdrawal, allowing them to make informed decisions about their options after withdrawal. This would improve the overall experience and enable employees to effectively manage their retirement savings.

3. For NAPSA:

Enhanced the clarity of the qualification criteria and access procedures for employees eligible for partial withdrawal to facilitate a smoother process and enhance the overall employee experience. Organized educational clinics to raise awareness among employees regarding the effects of choosing a 20% partial withdrawal and the possible long-term outcomes, aiding them in making well-informed decisions about their retirement funds.

4. Future research Recommendations:

It was recommended to replicate the study using a new set of participants in order to confirm the results and explore differences among different groups. This step will help to establish the credibility and dependability of the research outcomes.

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APPENDICES

Appendix I: INFORMED CONSENT FORM

"INVESTIGATING THE PERCEPTION OF EMPLOYEES ON THE ENACTMENT OF THE NATIONAL PENSION SCHEME AUTHORITY (AMENDMENT) ACT NO.1 OF 2023 IN ZAMBIA: A CASE STUDY OF STANDARD CHARTERED BANK ZAMBIA EMPLOYEES"

INFORMATION:

This research is conducted by Temwani Nalondwa a master's student, at the University of Lusaka.

This study investigates Standard Chartered Bank Zambia employees' perceptions of the National Pension Scheme Authority (Amendment) Act No.1 of 2023. The amendment significantly alters Zambia's pension system by allowing members to receive a pre-retirement benefit. The study seeks to uncover employees' awareness, comprehension, and reactions to these changes against the backdrop of an increasing trend in early pension withdrawals globally.

The study investigates patterns of awareness, decision-making factors influencing partial withdrawals, challenges faced by employees in accessing these benefits, and perceptions of the changes implemented by focusing on Standard Chartered Bank Zambia.

The study makes an academic contribution by filling a research gap in the context of Zambia's pension policies, thereby laying the groundwork for future research and evidence-based policy development.

Why have you been chosen?

Individuals working at Standard Chartered Bank Zambia are invited to participate in this study.

What will happen if I take part?

You will be requested to complete a questionnaires and engage in interviews related to your experiences with the National Pension Scheme Authority (Amendment) Act No.1 of 2023. Your responses will remain confidential, and identifiers will be anonymized for research purposes.

Do you have to take part?

Your participation is entirely voluntary, and you are free to decline participation without any consequences.

What will happen to the information I give?

All information you provide is confidential. Your identity will not be disclosed, and data collected will be anonymized. The study aims to contribute to understanding and improving the experiences of employees affected by the mentioned amendment.

Who can I ask if I have any questions?

If you have any questions about the research, please contact Mr Sikawala Musonda at smusonda@unilus.ac.zm

Thank you for reading this.

Appendix II: Consent Form

CONSENT FORM

The nature of this study has been well explained and I fully understand the purpose, risks, benefits and confidentiality involved in this study. I fully understand that if I agree to take part in the study, I have the right to withdraw from the study at any time without having to give any explanation, and am also aware that my participation is voluntary.

I, therefore, agree to take part in this research study and give the researcher permission to collect information from me.

Signature:_____ Date _____ (Participant)

Signature:_____ Date _____ (Researcher)

Appendix III: Questionnaire

School of Postgraduate Studies

QUESTIONAIRE

TOPIC:

INVESTIGATING THE PERCEPTION OF EMPLOYEES ON THE ENACTMENT OF THE NATIONAL PENSION SCHEME AUTHORITY (AMENDMENT) ACT NO.1 OF 2023 IN ZAMBIA: A CASE STUDY OF STANDARD CHARTERED BANK ZAMBIA EMPLOYEES

This questionnaire is an integral part of the research initiative aimed at comprehending your perceptions regarding the recent enactment of the National Pension Scheme Authority (Amendment) Act No.1 of 2023, particularly focusing on the amendments related to partial withdrawal. We are keen to explore your insights on awareness, decision-making factors, challenges, and perceptions concerning these amendments. Your participation is voluntary, and your responses will be treated with the utmost confidentiality. Your valuable input is essential in shedding light on the impact of these legislative changes. Thank you for your time and contribution to this significant study. Please put a tick in the appropriate box to each questions.

Section 1: Demographic Information

1.1 Employee Information:

a) Gender

1. Male [ ] 2. Female [ ] 3. Prefer not to say [ ]

b) Age (years)

1. 18 – 25 [ ] 2. 26 – 35 [ ] 3. 36 – 45 [ ] 4. 46 – 55 [ ] 5. 55 and above [ ]

c) Marital Status

1. Single [ ] 2. Married [ ] 3. Divorced [ ] 4. Widowed [ ]

d) Education level

1. Primary [ ] 2. Secondary [ ] 3. Tertiary [ ] 4. Postgraduate [ ] 5. Other Specify_____

e) Job Position

1. Junior [ ] 2. Mid-management [ ] 3. Senior management [ ]

f) Years of Service at Standard Chartered Bank Zambia

1. 0 – 5 [ ] 2. 6 – 10 [ ] 3. 11 – 16 [ ] 4. 16 and above years [ ]

Section 2: Awareness and Comprehension

a) Are you aware of the National Pension Scheme Authority (Amendment) Act No.1 of 2023?

1. ☐ Yes
2. ☐ No
3. ☐ I don't Know

b. To what extent are you familiar with the provisions of the Amendment Act?

1. ☐ Very Familiar
2. ☐ Somewhat Familiar
3. ☐ Not Familiar at All

c. How would you rate your overall awareness of the implications of the Amendment Act on your pension benefits?

1. ☐ Very Aware
2. ☐ Somewhat Aware
3. ☐ Not Aware at All

Section 3: Decision-Making Factors

a) Did you access the partial withdrawal?

1. ☐ Yes
2. ☐ No

b) If you selected “yes” to question 3 above, what factors did you consider when deciding on partial withdrawal of your pension savings under the Amendment Act? (Select all that apply)

Which of the following contributed to you accessing the 20% partial withdrawal?	**Yes**	**No**
Family Factors		
Influence from family members or close relations who have withdrawn from their pension		
Having a supportive family environment regarding early pension withdrawals		
Receiving encouragement from family members to utilize the 20% partial withdrawal		
Financial independence and decision-making without strict family oversight		
Lack of financial guidance from family members		
Environmental Factors		
Influence from colleagues or mentors at work who have accessed partial pension withdrawals		
Working in an environment where there is a prevalent trend of pension withdrawals		
Easy accessibility to information about pension withdrawals in the workplace		

Personal Factors		
Personal curiosity about pension planning and early withdrawals		
Low confidence in long-term financial planning without accessing the partial withdrawal		
Poor financial self-control, leading to an early withdrawal decision		
Experiencing work-related stress or financial pressure		
Previous history of financial challenges or mismanagement		
Other Factors		
Peer pressure from colleagues or friends to access partial pension withdrawals		
Having friends or colleagues who have already accessed their pensions early		
Desire for social acceptance within the workplace		
Perception that studying pension options is complex, and withdrawal is a simpler option		
Social media		

c) If you selected “no” to question 3 above, what factors did you consider when deciding against the partial withdrawal of your pension savings under the Amendment Act (Select all that apply)

Which of the following contributed to you NOT accessing the 20% partial withdrawal?	**Yes**	**No**
Family Factors		
Influence from family members or close relations who have chosen not to withdraw from their pension		
Having a family environment that discourages early pension withdrawals		
Lack of encouragement from family members to utilize the 20% partial withdrawal		
Reliance on strict family oversight for financial decisions		

Seeking financial guidance from family members and following their advice		
Environmental Factors		
No influence from colleagues or mentors at work who have accessed partial pension withdrawals		
Working in an environment where there is a lack of trend in pension withdrawals		
Limited accessibility to information about pension withdrawals in the workplace		
Personal Factors		
Lack of personal curiosity about pension planning and early withdrawals		
High confidence in long-term financial planning without accessing the partial withdrawal		
Strong financial self-control, leading to a decision against early withdrawal		
Minimal work-related stress or financial pressure		
No previous history of financial challenges or mismanagement		
Other Factors		
Absence of peer pressure from colleagues or friends to access partial pension withdrawals		
No friends or colleagues who have already accessed their pensions early		
Lack of desire for social acceptance within the workplace regarding pension withdrawals		
Perception that studying pension options is manageable, and withdrawal is not a simpler option		
Limited influence from social media promoting pension withdrawal as a viable financial optio		

d) How would you rank the importance of these factors in your decision-making process?

1. ☐ Very Important
2. ☐ Moderately Important
3. ☐ Not Important

Thank you for taking part in the study

Appendix IV: Interview Guide

1. What is your gender? Age? And highest Qualification?

2. What is your Job Position at Standard Chartered Bank Zambia?

3. How long have you been with Standard Chartered Bank Zambia in your current position?

4. Have you accessed the 20% Partial withdrawal?

5. In your own words, what are your thoughts/feelings towards the National Pension Scheme Authority (Amendment) Act No.1 of 2023?

6. Can you provide more details about how you became aware of the Amendment Act and how well you comprehend its provisions?

7. In your opinion, what factors influence employees when deciding to access or not access the partial withdrawal benefits under the Amendment Act?

8. For the factors that influenced your decision, could you explain how each of them played a role in your choice regarding the partial withdrawal of your pension savings?

9. How would you describe the general perception of employees toward the changes introduced by the Amendment Act in relation to their pension benefits?

10. Did you observed any challenges faced when accessing the partial withdrawal benefits? If yes, could you please elaborate?

11. How did you access the benefits? Did you use the portal, an agent or physically went to NPSA? Why did you opted for that route?

12. As a Standard Chartered Bank Zambia employee, what is your level of satisfaction with the overall provision provided by amendment? Are there specific aspects that stand out as particularly satisfying or dissatisfying?

13. How confident do you seem about your financial planning for retirement, considering the factors influencing your decision-making regarding partial withdrawal?

14. From your perspective, what recommendations would you suggest to enhance the process and support mechanisms related to the partial withdrawal under the National Pension Scheme Authority (Amendment) Act No.1 of 2023?

15. Are there any additional comments or insights you would like to share regarding employees' experiences with the National Pension Scheme Authority (Amendment) Act No.1 of 2023?

UNIVERSITY OF LUSAKA

SCHOOL OF POSTGRADUATE STUDIES

SUBMISSION OF DISSERTATION FOR EXAMINATION

Name of student: TEMWANI NALONDWA

Student number: MPA22112555

Programme of study: MASTER OF PUBLIC ADMINISTRATION

Dissertation title:

INVESTIGATING THE PERCEPTION OF EMPLOYEES ON THE ENACTMENT OF

THE NATIONAL PENSION SCHEME AUTHORITY (AMENDMENT) ACT NO.1 OF

2023 IN ZAMBIA: A CASE STUDY OF STANDARD CHARTERED BANK ZAMBIA EMPLOYEES.

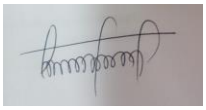
Signature of student: 

Date: 8/7/2024

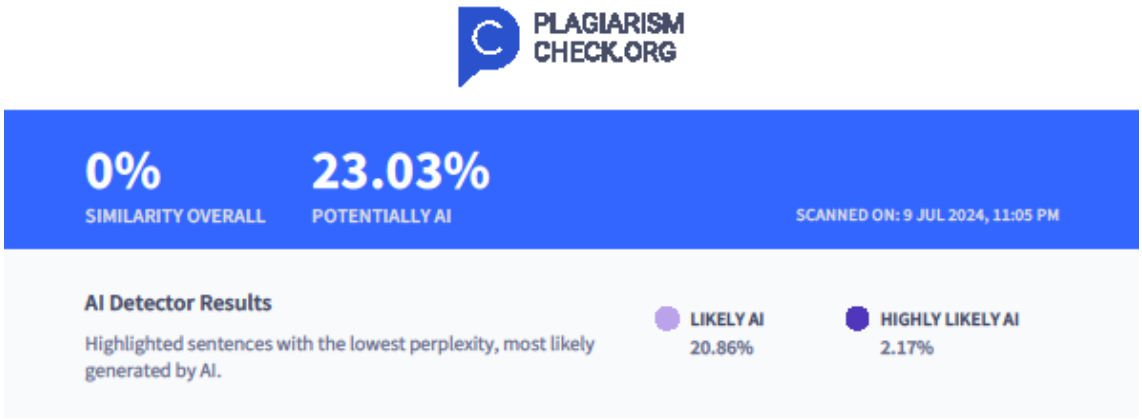
Supervisor's Comments:

I recommend/ do not recommend this dissertation for submission for examination (If you do not recommend, kindly provide a written report and attach hereto).

Name of Supervisor: Sikawala Musonda

Signature of Supervisor: 

Date: 08/07/2024



Report #21973477

79375059055 SCHOOL OF POSTGRADUATE STUDIES INVESTIGATING THE PERCEPTION OF EMPLOYEES ON THE ENACTMENT OF THE NATIONAL PENSION SCHEME AUTHORITY (AMENDMENT) ACT NO.1 OF 2023 IN ZAMBIA: A CASE STUDY OF STANDARD CHARTERED BANK ZAMBIA EMPLOYEES. A Dissertation Submitted To the School Of Postgraduate Studies, University Of Lusaka in Partial Fulfilment of the Award of the Master of Public Administration BY TEMWANI NALONDWA MPA22112555 ©2024 DECLARATION I Temwani Nalondwa, student no. MPA22112555 hereby declare that this dissertation entitled: Investigating the perception of employees on the enactment of the national pension scheme authority (amendment) act no. 1 of 2023 in Zambia: a case study of standard chartered bank Zambia employees is an original work presented for the Master's Degree in Public Administration award, under the guidance and supervision of Mr. Sikawala Musonda. I further state that it is the work of my innovation and that due appreciation has been made where the work of others has been used or cited. The details of this dissertation are fully my discoveries. Hence, I am answerable for the defects, errors, contents, and anything that has been left out. Reservation of all rights: No copy, publication, or transmission without the permission of the owner, any part