

Balancing Enforcement and Customer Service in Singapore Central Provident Fund Board (CPF Board)

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Organisation: Central Provident Fund Board (Singapore)

Country: Singapore

Level of government: Central government

Sector: Social protection

Type: Public Service

Launched in: 2012

Overall development time: 4 year(s)

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Description

The Central Provident Fund (CPF) formed in 1955 is a mandatory social security savings scheme and key pillar of Singapore's social security system. It serves to meet our housing, retirement and healthcare needs. All working Singaporeans, Permanent Residents and their employers, are required to make monthly contributions under the CPF Act. The CPF framework is also the means through which much Government assistance is channeled. Low-wage workers are given incentives to continue working. The CPF Board will ascertain if a worker qualifies through the worker's CPF contribution history, and determine how much cash payments and CPF contributions he should receive under the scheme. Hence, it is critical for employees to receive their rightful contributions. This has led CPF Board to step up our enforcement actions in 2012. In CPF Board, there is also great emphasis on service excellence. Hence, there remains a need to balance the step-up in enforcement actions with quality customer service.

Why the innovation was developed

- Instead of increasing intensity of our enforcement initiatives, the team adopted a three-pronged approach: (i) education and outreach, (ii) deterrence, (iii) enforcement, and integrated the entire service chain from Employer Collections (e.g., registration, paying CPF contributions etc) to Enforcement (e.g. CPF late/nonpayments).
 - We have an enhanced collections system to make CPF submission and payment simpler, for the convenience of employers. To educate on CPF compliance, we also have outreach and deterrence initiatives targeted at employers and the general public.
 - This allows CPF Board to achieve good enforcement results and yet deliver excellent customer service.
 - There are about 150,000 Singapore employers making CPF contributions monthly. In 2015, these employers contributed a total of SGD32 billion (USD23billion, based on exchange of USD1 = SGD1.40) for 1.96 million of employees. In 2015, CPF Board was able to recover more than USD360 million for about 360,000 employees.
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Objectives

Enhance public trust, Improve effectiveness, Improve efficiency, Improve service quality, Improve user satisfaction, Increase citizen engagement

Main beneficiaries

General population, Low-income groups

Results

Efficiency

- Continuous review and innovation to streamline collection processes. e.g. various CPF submission (CPF eSubmit @Web/AXS/Mobile), and payment modes [Direct Debit (Giro), ATM, NETS, eNETS, Cash and Cheque] are available for employers contribute to CPF.
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Effectiveness

- Our friendly Collection System enables employers to pay easily, conveniently, correctly and promptly. The employer default rate improved significantly over the years.
 - As at December 2014 the employer default rate was 4.01%, and was 2.40% as at December 2015. As at April 2016, the employer default rate declined again to 1.57%.
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Service quality

Accessibility:

- 85% of employers submit their employees' monthly CPF contributions for 97% of active employees seamlessly through our e-sub platforms (i.e. web, mobile, AXS machines).

Reliability:

- We have a dedicated e-submission hotline for employers to seek assistance on submitting CPF and online demonstration for CPF eSubmit in the CPF website.
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User satisfaction

- In 2015, 93.5% of employers who had interacted with our enforcement unit indicated that they were satisfied or very satisfied with the service rendered, in the Employer Satisfaction Survey conducted by CPF Board. The overall service satisfaction scores have also improved from 88.5% in 2013 and is similar to 94.0% in 2014. In 2014 and 2015, our collections and enforcement officers received a total of 4,487 and 4,202 compliments from members and employers respectively (an average of 15 compliments per officer per year).

Development

Design

This approach was from the brain storming and collaboration of the five departments in the Employer Collections and Enforcement group consisting of 280 staff (out of about 2,000 in CPF). There are many staff engagement platforms such as the annual strategic planning session and ambassador seminar, biannual innovation workshops, town-halls and bimonthly learning forums to discuss the feasibility of cross-departmental collaborations to align strategies across the Group, share on achievements and work plans so as to keep staff informed and aligned with the Board's and Group's mission and vision. Committees and special task-forces consisting of staff from all departments were also setup to review and study potential improvements to the system, processes and customer service provided. The School of Enforcement trains and builds up the capability of staff. It is important to keep our staff engaged, motivated and trained to continuously come up with initiatives to improve customer service. Design time: 6 month(s)

Testing

- The team reviewed having tiered composition amounts imposed on defaulting / recalcitrant employers to increase the deterrence factor, and also help employers with financial difficulties through a more robust waiver of late payment interest.
- Employers found with noncompliance are provided with various assistance such as installment repayment plans for CPF arrears, waiver of processing fees and assistance with the computation of CPF liabilities for their self-rectification process.

Testing time: 1 year(s)

Implementation

Tools used:

- The innovativeness of this project lies in the shift from the traditional approach to enforcement, which relies heavily on the stepping up of enforcement efforts. This project instead adopts an innovative three-pronged approach to enforcement: (i) education and outreach, (ii) deterrence, (iii) enforcement, which allows CPF Board to achieve good enforcement results, yet deliver excellent customer service at the same time.

Resources used:

- Other than the taskforce and steering committees formed to undertake interdepartmental collaboration projects, all staff in the Employer Collection and Enforcement group contributed to the project initiatives under the approach. As mentioned, we also engaged other departments in the Board for cross collaborations.
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Diffusion

- Collaborations between Collection and Enforcement departments in the group include the automated refund of excess late payment interest to employer and the review of Financial Regulations so that all first-time employer interest waiver appeals would be considered. Previously, only appeals with no past record of late CPF payment would be considered.
- The group also work closely with other departments within the Board. For example, the Outreach and Partnership Department on employer engagement efforts such as employer classroom seminars, roadshows etc, and the Management Information Department for data analytics projects (e.g. employer profiling project).
- Some of these initiatives also spin-off to cross agencies collaborations such as the WorkRight Campaign which promotes jointly educating employers and employees on their obligations under the employment laws (i.e. CPF Act and the Employment Act, both under the purview of the Ministry of Manpower).

Diffusion time: 1 year(s)

Challenges and solutions

- The team has to ensure the compliance cost for employers is not compromised as part of our excellent customer service strategy. Examples, we (1) enhanced our collections process (e.g., flexible direct debit deduction date if arrangement fails on the first deduction date), (2) waived processing fees for manual payment of CPF arrears when employers convert to e-submission, (3) implemented Employer Avatar/ Profile Link to provide personalised service to the employers, (4) provided option for email submission of wage records with encryption and collection of wage records for audit cases (5) automated refund of late payment interest paid in excess, which eliminated employers' need to request.
- It is also important to inculcate the customer service mindset among staff, keep staff engaged, motivated and trained to continuously come up with initiatives to improve customer service, so that staff know how to manage employers and employees. We have the staff engagement platforms mentioned earlier.
- Under whole-of-government approach, the team collaborated with other government agencies to harness synergies in efforts to effectively engage, deter and enforce employment related non-compliances, such as WorkRight' project to raise compliance with the CPF Act and Employment Act through joint publicity and inspections.
- Compliance with employment standards is important as poor working conditions can discourage workers from participating in the workforce.

Lessons Learned

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- We believe that majority of the employers are and wish to be compliant. For the minority who are not, it could be due to ignorance of the CPF Act.
 - the first of the three- pronged approach emphasizes one education and outreach initiatives to the employers followed by deterrence strategies and lastly enforcement on the non-compliant/ recalcitrant employers, which is very minority of the whole employer population
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Conditions for success

- Easy and efficient systems and processes
 - Customer centric services
 - Effective and equitable enforcement
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