



CENTRAL BANK OF CYPRUS
EUROSYSTEM

STATISTICAL RELEASE

Pension fund statistics for 2025

Summary of remarks

- The number of pension funds in Cyprus has declined by more than 30% following the implementation of the Law on Occupational Retirement Provision. However, the country remains the euro area's third-largest by number of pension funds and ranks at the lower end in terms of average assets per fund among the euro-area countries, indicating a persistently fragmented sector.
- The pension landscape is dominated by defined contribution schemes, as opposed to defined benefit schemes, which account for over 80% of pension funds, reflecting lower costs and reduced risk for employers.
- The investment composition of pension funds remains focused on traditional asset classes, however, there are signs of gradual diversification, which may support higher returns, albeit with increased volatility.
- Pension funds in Cyprus exhibit relative resilience, contributing to the sector's stability and supporting the long-term sustainability of pension benefits. However, approximately 20% of the total value of defined benefit schemes is estimated to be underfunded (i.e. in deficit).
- Pension entitlements remain significantly higher in defined benefit schemes, reflecting their design to provide predetermined income levels, with risks largely borne by employers.

I. Introduction

The current release of the Division Statistics of the Central Bank of Cyprus (CBC) gives an overview of the main developments in the assets and liabilities¹ (e.g. pension entitlements) of pension funds resident in Cyprus. Assets of pension funds are analysed by category holdings, while pension entitlements are broken down by type of scheme i.e. defined contribution and defined benefit schemes (refer to [Appendix](#) for further information).

The release also provides useful information on the number of pension funds, as well as their members.

¹ The published data are collected in accordance with the [Regulation \(EU\) 2018/231 of the European Central Bank of 26 January 2018 on statistical reporting requirements for pension funds \(ECB/2018/2\)](#).

Pension funds' economic footprint

Pension funds constitute an important component of the economy, enabling households to build retirement savings and supporting the efficient deployment of long-term capital within the financial system.

This importance is particularly pronounced in Cyprus, which is currently undergoing its most significant pension reform since 1980, with a comprehensive restructuring aimed at strengthening the adequacy, sustainability, and fairness of the pension system.

II. Analysis

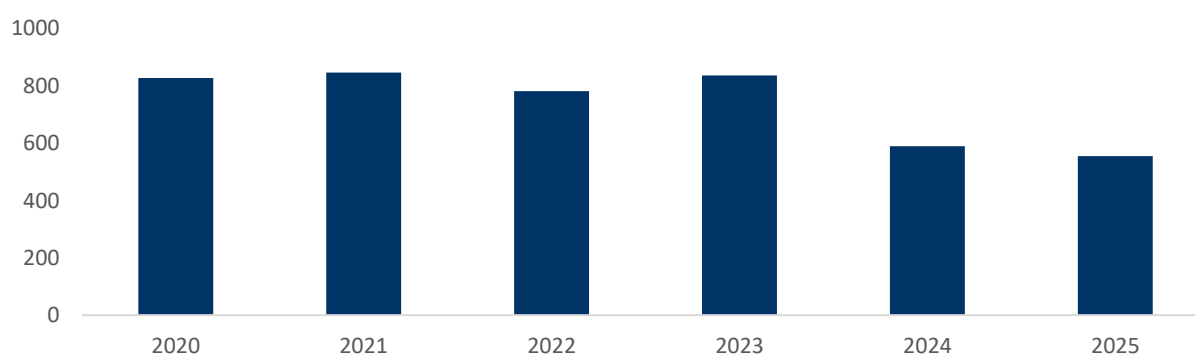
(a) Evolution of the total number of pension funds

The total number of pension funds in Cyprus has undergone a significant reduction in recent years. According to **Chart 1**, the total number of pension funds in Cyprus amounted to fewer than 600 at the end of 2025, reflecting a decline of more than 30% over the past five years.

This sharp reduction is primarily attributable to the transposition of the European Directive on Occupational Retirement Provision² into national law in February 2020³, introducing enhanced governance, internal control, risk management, and custodianship requirements for pension schemes. These strengthened obligations placed a disproportionate burden on smaller schemes, many of which lacked the capacity to meet the new standards efficiently. As a result, numerous small pension funds either merged or transferred into larger multi-employer arrangements, accelerating the consolidation of the sector.

Despite the overall decline, it is important to note that Cyprus still ranked third in the euro area in terms of the total number of pension funds, following Ireland (approximately 5.000) and Spain (approximately 1.000).

CHART 1: Total number of pension funds in Cyprus per year



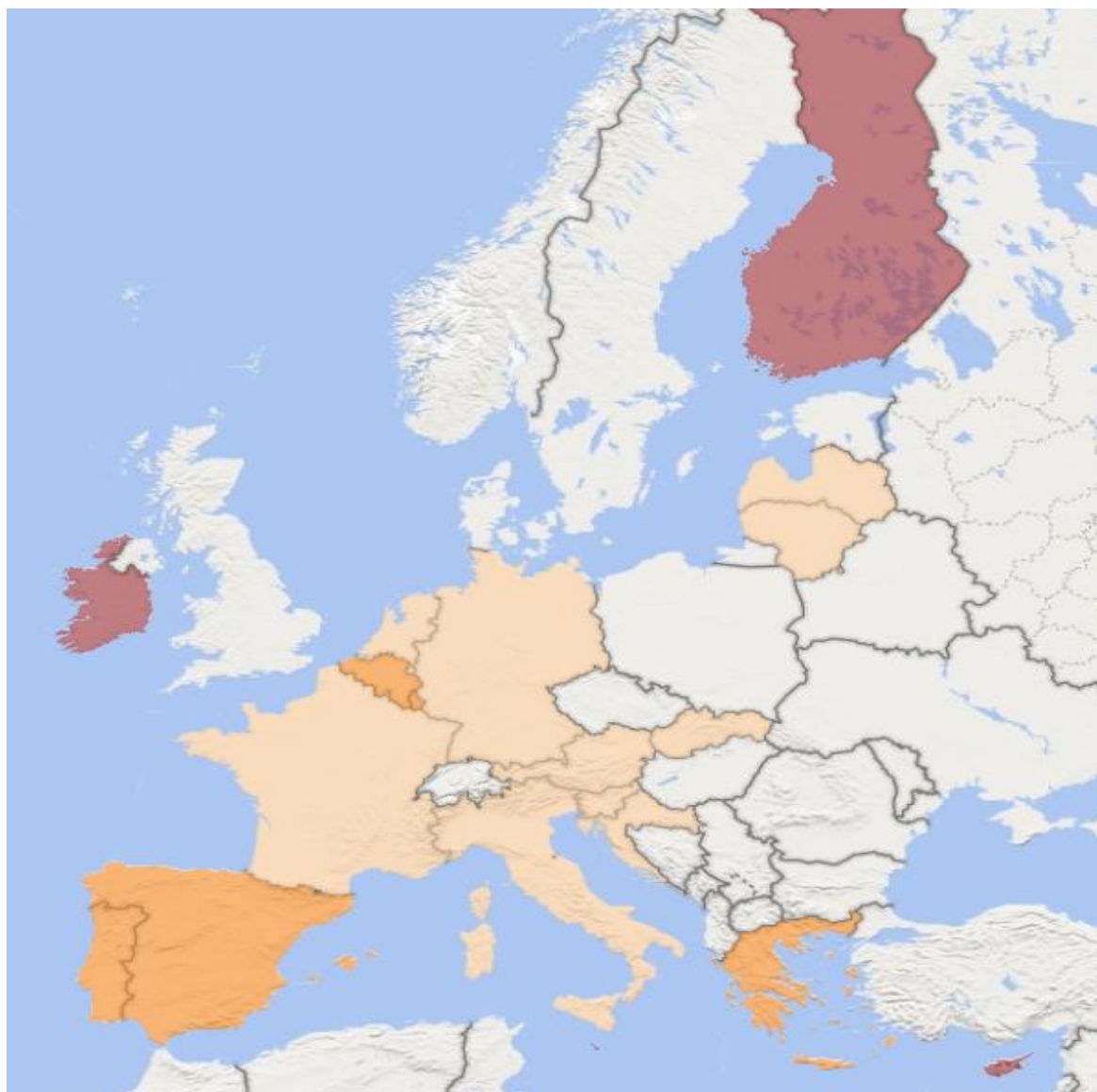
² [Directive \(EU\) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision \(IORPs\).](#)




³ [The Cyprus Law on the Establishment, Activities, and Supervision of Institutions for Occupational Retirement Provision of 2020](#), Law 10(I)/2020 (available only in Greek).

Map 1 illustrates the degree of pension fund fragmentation across euro-area countries, measured as the number of pension funds per 100.000 active members. Higher values indicate a more fragmented system, with a larger number of smaller funds. Conversely, lower values suggest a more consolidated pension fund structure.

This ranking shows that Cyprus has one of the most fragmented pension fund landscapes in the euro area, characterised by a large number of small funds with a limited membership base. These funds are often associated with higher operating costs, increased governance risks, and weaker protection for members.

MAP 1: Number of pension funds per 100.000 active members by country in the euro area

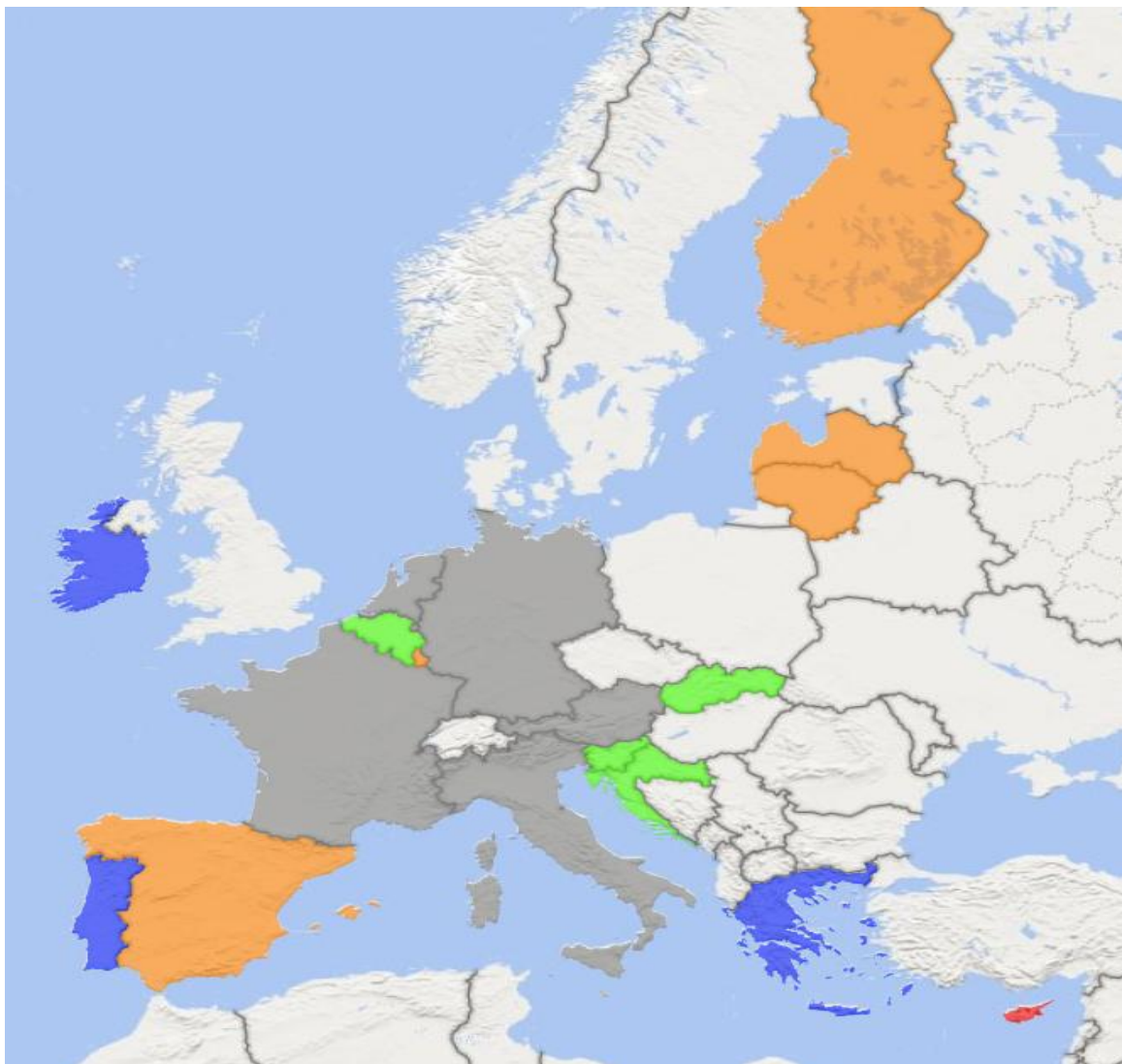


Colouring	Number of pension funds per 100.000 active members by country
	0-9
	10-100
	101-900

Map 2 presents the average assets per pension fund by euro-area country, providing insights into cross-country differences in fund size and market concentration.

Cyprus ranks at the lower end in terms of average assets per fund among the euro-area countries, indicating a fragmented pension fund sector. In particular, a large number of funds is observed, which is characterized by relatively low asset values compared to other countries.

MAP 2: Average assets per pension fund by country in the euro area



Colouring	Average assets per pension fund by country
Red	<€10m
Blue	€10m - €100m
Orange	€100m - €300m
Green	€300m - €1bn
Grey	>€1bn

(b) Pension funds by type of scheme

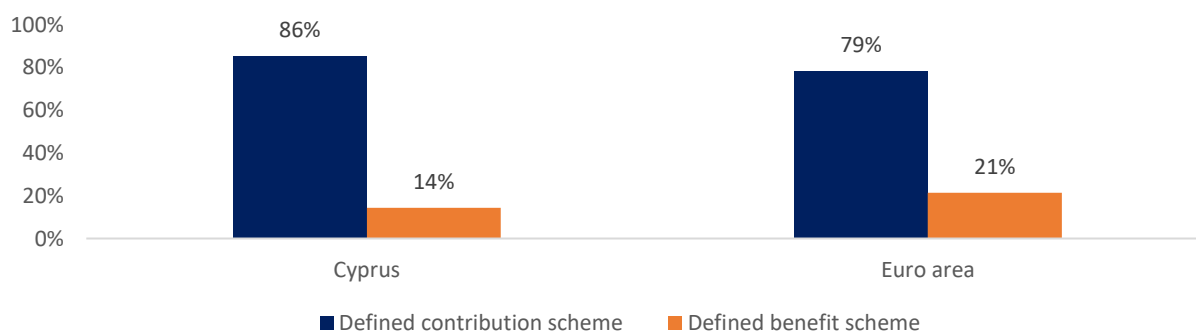
Pension funds are categorised into two main types of schemes: defined contribution and defined benefit. As shown in **Chart 2**, defined contribution schemes constitute the most dominant type of pension arrangement in Cyprus in terms of numbers, representing approximately 86% of the total number of pension funds.

At the euro-area level, the total number of pension funds is estimated at around 8.000, with defined contribution schemes accounting for the majority of these funds, representing roughly 79% of the total.

Defined benefit schemes are generally considered more complex and costly to administer, primarily due to increasing life expectancy, prolonged periods of low interest rates, and stringent regulatory funding requirements. As a result, defined benefit schemes have become prohibitively expensive for most private-sector employers and transitioned to defined contribution schemes, which are simpler to manage, offer predictable employer costs, and shift future financial risk to employees. The proportion of defined benefit schemes in Cyprus - approximately 14% of all pension funds - remains lower than the corresponding share in the euro area, where defined benefit schemes represent around 21% of total pension funds.

The number of defined benefit schemes in Cyprus has more than tripled over the past three years, primarily due to the mass registration of Pension Funds owned by the local municipal authorities and community councils. This increase reflects the obligation of the local municipal authorities and community councils to bring their Pension Funds into full compliance with the requirements of the European Directive (IORPs) and the provisions of the corresponding Cyprus Law (10(I)/2020).

CHART 2: Number of pension funds (%) by type of scheme in Cyprus and the euro area



(c) Members of pension funds by category of participants

The total number of participants in pension funds in Cyprus amounted to approximately 140.000 persons. Pension fund participants are classified into three main groups, namely: (a) active members, (b) deferred members and (c) retired members.

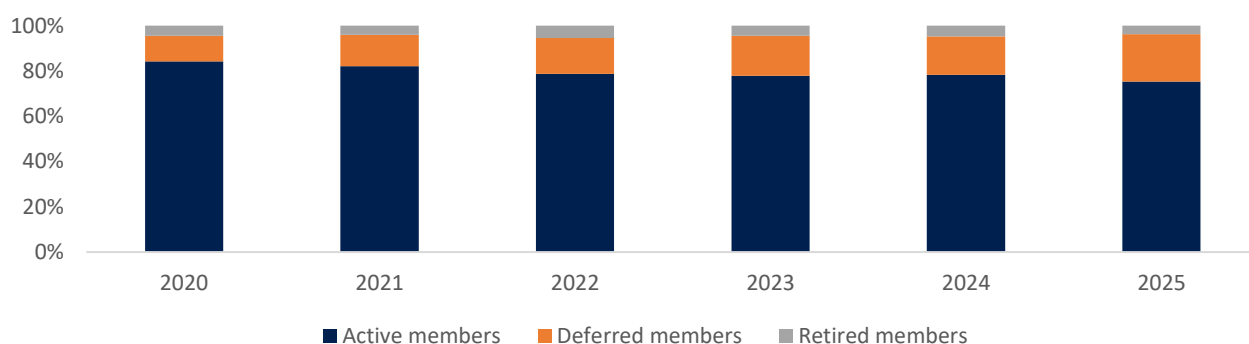
Chart 3 indicates that, at the end of 2025, active members of pension funds in Cyprus represented 75% of total members, while retired members accounted for 4% and deferred members for 21%.

In Cyprus, there has been a gradual decline in the proportion of active members contributing to the economy. Active members represented 84% of all pension fund members at the end of 2020, but this share had decreased to 75% by the end of 2025. This downward trend is likely linked to demographic aging, driven by rising life expectancy and declining birth rates⁴.

By contrast, participation patterns in the euro area differ significantly. The share of active members in euro area pension funds is considerably lower, standing at 58% of total members, while retired and deferred members account for 12% and 30%, respectively. Moreover, unlike the gradual decline observed in Cyprus, the proportion of active members in the euro area remained relatively stable throughout the period from the end of 2020 to the end of 2025, consistently hovering around 58%.

This comparison highlights that, although Cyprus maintains a higher share of active contributors than the euro area average, the country is nonetheless experiencing a faster decline - reflecting the growing pressures of population ageing.

CHART 3: Number of pension fund members (%) in Cyprus



(d) Analysis of total assets of pension funds

At the end of 2025, the total assets of pension funds in Cyprus remained relatively stable at €4,8 billion compared with the end of 2024, representing around 13% of GDP.

Correspondingly, in the euro area, total pension fund assets remained broadly unchanged at approximately €3,7 trillion at the end of 2025, compared with the previous year, representing around 23% of GDP.

Main asset category holdings

Chart 4 shows that the asset type most commonly held by Cyprus pension funds are debt securities⁵, accounting for 26% of total assets as at the end of 2025, followed by equity⁶ (25%) and currency and

⁴ [Press release 'Demographic Statistics 2024' of CYSTAT dated 19 December 2025.](#)

⁵ Includes direct investments in debt securities and bond mutual funds.

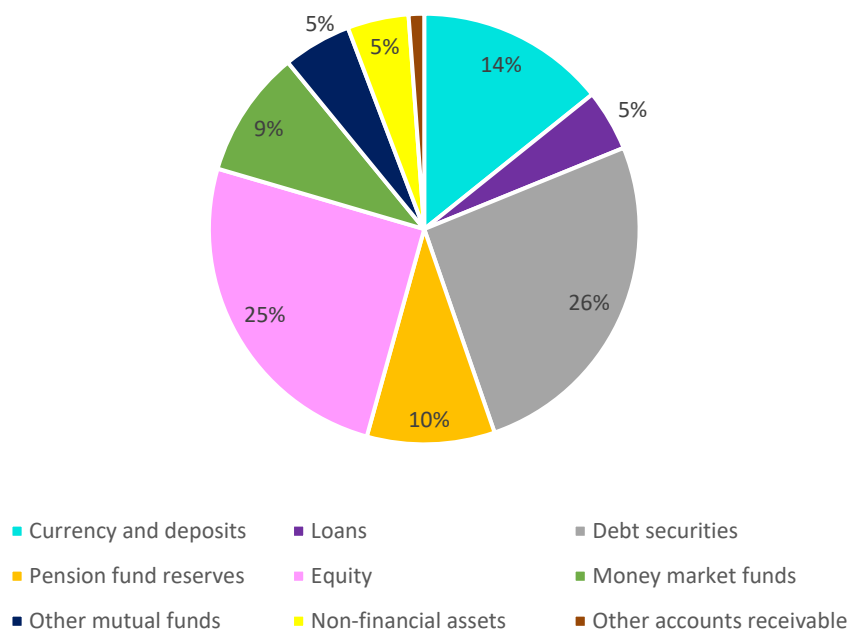
⁶ Includes listed and unlisted shares, other equity and equity mutual funds.

deposits⁷ (14%). Other, smaller-scale investments include pension fund reserves⁸ and money market funds.

On the other hand, euro-area pension funds primarily hold debt securities (32%), and their second-largest asset category is equity (22%) over the same period.

It is noteworthy that currency and deposits in Cyprus pension funds remain high at 14%, which is twice the euro-area average of 7%.

CHART 4: Breakdown of total assets of pension funds in Cyprus (%)



Movements in asset category holdings

As illustrated in **Chart 5**, Cyprus pension funds have experienced significant changes in their asset allocation in recent years. Currency and deposits declined by approximately 15% over the past three years, whilst still remaining higher than the euro-area average, falling to €0,7 billion at the end of 2025.

On the other hand, investments in debt securities and equity increased by approximately 60%, reaching €1,2 billion each, during the same period, while investments in money market funds increased by more than 50%, reaching €0,5 billion by the end of 2025.

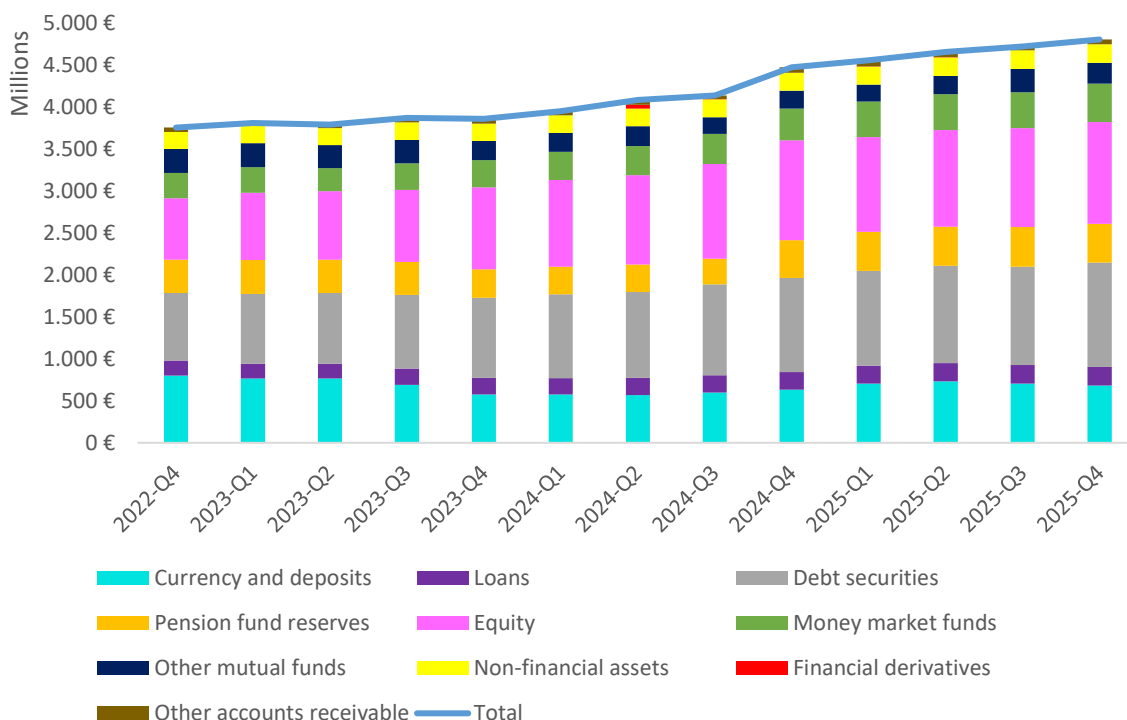
This shift away from currency and deposits - although its share still remains high relative to euro-area holdings - and toward other investment instruments such as money market funds, debt securities and

⁷ May include overnight deposits, deposits with agreed maturity and deposits redeemable at notice, as well as claims under reverse repos or securities borrowing against cash collateral (this applies only if the counterparty is a deposit-taking corporation).

⁸ Technical reserves refer to the amounts recoverable from reinsurers and claims on pension managers.

equity likely reflects expectations of higher long-term returns and greater portfolio diversification, with the aim of preserving the purchasing power of assets and meeting the future liabilities of pension funds.

CHART 5: Evolution of total assets of pension fund in Cyprus (€ millions)



Geographical distribution of debt securities and equity

Debt securities and equity constitute the main asset categories in the portfolios of Cyprus pension funds, displaying significant geographical diversification.

Specifically, more than 84% of the investments in debt securities relate to euro area countries, 12% are issued by Cyprus, and only 4% originate from countries outside the euro area. With regard to equity investments, 80% originate from euro area countries, 14% from Cyprus, while the remaining 6% come from countries outside the euro area.

This allocation demonstrates a relatively conservative investment strategy that seeks geographical diversification and access to broader investment opportunities, while maintaining a clear preference for euro area assets in order to limit exchange rate risk and ensure greater portfolio stability.

(e) Analysis of pension entitlements by type of scheme

Pension entitlements accounted for the vast majority (99%) of the total liabilities of pension funds in Cyprus. At the end of 2025, the total pension entitlements in Cyprus remained relatively stable at around €4,7 billion compared with the end of 2024.

Similarly, in the euro area, total pension entitlements remained broadly unchanged at approximately €2,8 trillion at the end of 2025, compared with the previous year.

The distribution of these entitlements between defined benefit and defined contribution schemes is presented in **Chart 6**. Indicatively, at the end of 2025 in Cyprus, the split between pension entitlements of defined benefit schemes and pension entitlements of defined contribution schemes was 45% and 55%, respectively.

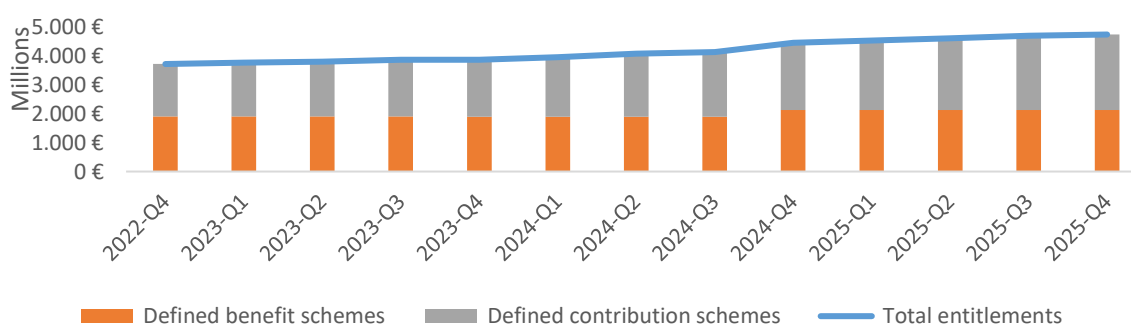
In the euro area, the split between pension entitlements of defined benefit schemes and pension entitlements of defined contribution schemes was 71% to 29%, respectively.

Although defined benefit schemes⁹ account for only a small share of the total number of pension schemes, they tend to offer higher pension entitlements than the more numerous defined contribution schemes, both in Cyprus and in the euro area. However, their contribution remains much higher in the euro area than in Cyprus highlighting that Cyprus and the euro area are in different stages of the shift towards defined contribution schemes.

Defined contribution schemes transfer the investment and long-term financial risk to the employee, and in practice, have been accompanied by lower contribution rates than defined benefit schemes. In this context, and taking into account the growing need for better information and enhanced transparency, the [Government’s online service](#), which enables insured persons to obtain a preliminary estimate of their statutory pension prior to retirement, represents a small but important step toward supporting more informed and effective retirement planning.

While pension funds in Cyprus demonstrate relative resilience overall, certain vulnerabilities persist. Notably, around 20% of the total value of pension entitlements under defined benefit schemes is estimated to be underfunded¹⁰, pointing to potential gaps in funding adequacy and reinforcing the need for strengthened risk management frameworks.

CHART 6: Pension entitlements by type of scheme in Cyprus (€ millions)



⁹ In case that the scheme's investments perform poorly, or if people live longer than expected, the employer is obligated to cover the shortfall.

¹⁰ It mainly relates to the funds of semi-governmental organizations and local authorities.

Occurs when there isn't enough money to pay, i.e. when the liability is greater than the assets.

III. Concluding remarks

Cyprus's pension sector has undergone significant consolidation since the introduction of the Occupational Retirement Provision Law in 2020; nevertheless, it remains one of the most fragmented in the euro area. The continued shift away from defined benefit schemes toward defined contribution schemes - mirroring broader euro area trends - has important implications for risk allocation, governance, and member protection.

Despite the higher share of active members in Cyprus (75%) compared with the euro area (58%), a faster decline was recorded over the period 2020–2025, reflecting the increasing pressures arising from population ageing.

Pension fund investment strategies have become increasingly diversified, with reduced reliance on cash holdings and greater exposure to European debt securities and equity, reflecting a search for higher long-term returns in a low-yield environment.

As pension entitlements continue to grow, greater emphasis on cost transparency, fee awareness, and financial literacy becomes increasingly important to safeguard retirement outcomes.

Against this backdrop, the absence of an independent and unified supervisory authority for pensions remains a key institutional gap in Cyprus¹¹. Establishing a single supervisory framework would strengthen confidence in long-term savings, enhance oversight, and support the resilience and sustainability of the pension system amid demographic ageing and evolving market conditions.

¹¹ Cyprus remains one of only two EU member states without an independent supervisory authority for pensions, and one of just five countries without a unified supervisory framework for this sector. Source: 16th Cyprus Pensions Forum, speech by Professor Andreas Milidonis, University of Cyprus, 25th of November 2025.

APPENDIX

Methodological Notes:

1. The published data are collected in accordance with [Regulation \(EU\) No 2018/231 of the European Central Bank of 26 January 2018 on statistical reporting requirements for pension funds \(ECB/2018/2\)](#) (“the Regulation”). Detailed data are published by the ECB in the [Statistical Data Warehouse](#).
2. The methodology underpinning the current release entails the collection of statistical information from all Pension Funds resident in Cyprus.
3. Definitions:
 - i. *Pension fund (PF)* means a financial corporation or quasi-corporation that is principally engaged in financial intermediation as the consequence of the pooling of social risks and needs of the insured persons (social insurance). A pension fund as a social insurance scheme provides income in retirement and may provide benefits for death and disability.
The following are not included within the definition:
 - (a) investment funds (IFs) as defined in Article 1 of Regulation (EU) No 1073/2013 of the European Central Bank (ECB/2013/38);
 - (b) financial vehicle corporations engaged in securitisation transactions as defined in Article 1 of Regulation (EU) No 1075/2013 of the European Central Bank (ECB/2013/40);
 - (c) monetary financial institutions (MFIs) as defined in Article 1 of Regulation (EU) No 1071/2013 of the European Central Bank (ECB/2013/33);
 - (d) insurance corporations (ICs) as defined in Article 1 of Regulation (EU) No 1374/2014 of the European Central Bank (ECB/2014/50);
 - (e) non-autonomous pension funds, which are not institutional units and remain part of the institutional unit that set them up;
 - (f) social security funds as defined in paragraph 2.117 of the ESA 2010;
 - ii. *pension entitlements* broken down by defined contribution and defined benefit schemes.
 - (a) *Pension entitlements of defined contribution schemes*
The amount of capital that the PF holds in order to meet the future pension claims of its defined contribution scheme policyholders.
In a defined contribution scheme the benefits paid are dependent on the performance of the assets acquired by the pension scheme. The liability of a defined contribution scheme is the current market value of the fund's assets.
 - (b) *Pension entitlements of defined benefit schemes*
The amount of capital that the PF holds in order to meet the future pension claims of its defined benefit scheme policyholders.
In a defined benefit pension scheme the level of pension benefits promised to participating employees is determined by a formula agreed in advance. The liability of a defined benefit pension scheme is equal to the present value of the promised benefits.
Notional defined contribution schemes and hybrid schemes are grouped as defined benefit schemes (ESA 2010, paragraph 17.59). A notional defined contribution scheme is similar to a defined contribution scheme but with a guaranteed minimum amount payable. Hybrid schemes are those schemes which have both a defined benefit and a defined contribution element. A scheme is classified as ‘hybrid’ either because both defined benefit and defined

contribution provisions are present or because it embodies a notional defined contribution scheme and, at the same time, a defined benefit or defined contribution provision.

- iii. Number of members of pension schemes are classified as
1. active members: An active member is a pension scheme member who is making contributions (and/or on behalf of whom contributions are being made) and is accumulating assets or has accrued assets in the past and is not yet retired.
 2. deferred members: A deferred member is a pension scheme member who no longer contributes to or accrues benefits from the scheme but has not yet begun to receive retirement benefits from that scheme.
 3. retired members: A retired member is a pension scheme member who no longer contributes to or accrues benefits from the scheme and has begun to receive retirement benefits from that scheme.