Micro, small and medium enterprises (MSME) survey highlights

Zimbabwe 2022

FinScope

20 years of making financial markets work for the poor
Partnering for MSME development

FinScope MSME Zimbabwe was designed to involve a range of stakeholders engaging in a comprehensive consultation process. This enriches the survey and ensures appropriateness and stakeholder buy-in. The Reserve Bank of Zimbabwe chaired the steering committee which comprised the Ministry of Finance and Economic Development, Zimbabwe National Statistics Agency, Securities and Exchange Commission of Zimbabwe, Insurance and Pensions Commission of Zimbabwe, Ministry of Women Affairs, Community, Small and Medium Enterprises, Small and Medium Enterprises Association, Zimbabwe Association of Microfinance Institution, The World Bank, and the Bankers Association of Zimbabwe with expert technical assistance and project management from FinMark Trust. The data was collected by Probe Market Research with statistical oversight (sampling and weighting) and data collection quality control from Zimbabwe National Statistics Agency (ZIMSTAT).

This survey was financed by the Zimbabwe Reconstruction Fund (ZIMREF) which is administered by The World Bank. ZIMREF’s development partners include Canada, the European Union, Foreign Commonwealth and Development Office (UK), Norway, Sweden, Switzerland and The World Bank’s State and Peacebuilding Fund.

The cover symbol

Through the evidence-based FinScope Survey, we hope to effect real change at country level and see the impact of financial inclusion on broader national growth and development.

The cover graphic features a flower synonymous with Zimbabwe. The flower symbolises growth and development while the circle represents inclusive growth. Each flower is an example of successful growth in a unique environment. By combining the flower with the currency symbol of Zimbabwe we represent the characteristics of the country, linking financial inclusion with successful growth.
Introduction

The MSME sector is recognised as a significant contributor to economic growth and development and mass employment. With this knowledge, the crucial role of MSMEs in the national economy anchors on the roles of government, the business community and the public at large to harness and optimise the sector’s development. Given the last comprehensive study was done in 2012, the lack of recent, holistic and reliable information about the MSME sector was identified to be a significant barrier. To better inform and guide the next National Financial Inclusion Strategy II, it is in this pursuit that the Government of Zimbabwe initiated the repeat FinScope MSME Survey Zimbabwe 2022 to the first 2012 survey.

Methodology

The FinScope MSME Survey Zimbabwe 2022 was conducted with a sample of 3265 adult business owners who were selected at the enumeration area level across the country. The sample for the survey was designed ZIMSTAT and had the following characteristics:

- 18 years or older
- Consider themselves to be business owners/generating an income through small business activities
- Employing no more than 75 employees
- National, provincial and urban/rural representative sample

Survey objectives

- To assess the size and scope of micro, small, and medium enterprises (MSMEs) in Zimbabwe
- To describe the levels and landscape of access, usage and quality to financial products and services (both formal and informal) as well as track the level of financial access since 2012
- To identify the most binding constraints to MSMEs development and growth with a focus on access to financial markets
- Identify the drivers and barriers to financial access for MSMEs
- To identify and describe different market segments with specific development needs in order to stimulate segment related product innovation and assist policy response by authorities

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Using geospatial modelling, the distribution of MSMEs is concentrated in the central business districts in towns, mainly Harare, Bulawayo and Mutare. Other areas indicate commercial activity close to border posts, or along the Great Dyke.
MSME size differs within sector or sub-sectors, to generalise the findings the following simplified classifications were applied to all sectors:

<table>
<thead>
<tr>
<th>Employees</th>
<th>0</th>
<th>1—5</th>
<th>6—30</th>
<th>31—75</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of assets (USD)</td>
<td>10 000</td>
<td>10 000</td>
<td>250 000</td>
<td>500 000</td>
</tr>
<tr>
<td>Turnover (USD)</td>
<td>30 000</td>
<td>Up to 30 000</td>
<td>30 001—500 000</td>
<td>500 001—1 000 000</td>
</tr>
</tbody>
</table>

NB: Mining and quarrying (USD 3 million) and construction (USD 2 million) have higher turnover thresholds to determine enterprise size. This also applies to the value of assets where the energy sector in addition to the mining and construction sector have higher thresholds of USD 50 000 (micro), USD 1 million (small) and USD 2 million (medium).

There is a higher proportion of individual entrepreneurs in 2022. However, we see more employees being absorbed by a relatively smaller number of businesses, on average.
Looking at gender, a higher proportion of female business owners reside in rural areas (72%) compared to males (69%). With the exception of the Midlands province (45%), most provinces have a higher female proportion of 2 females to one male, on average.
Business size by province reveals that Matabeleland North (94%), Mashonaland Central (89%), Harare (87%) and Mashonaland West (86%) have the highest proportion of individual entrepreneurs while Matabeleland South (63%) has the lowest proportion of individual entrepreneurs.
SIZE AND SCOPE OF THE MSME SECTOR

3 344 261 people work in the sector
(this number includes 1 334 200 individual entrepreneurs and 305 607 other business owners with 1 704 454 employees)

1 639 807 MSME owners
1 334 200 individual entrepreneurs
305 607 Employing

1 954 202 MSMEs
Owning

1 704 454
Estimated turnover (annual)
USD 14.2 billion

(including all full-time, part-time, seasonal and business owners who consider themselves as employed by the business)
SIZE AND SCOPE OF THE MSME SECTOR

Coverage comparison

ZIMBABWE MSME

2012

Business owners

Estimated adult population

18 years and older
75 employees or less

5.9 million

Estimated % of adult population that owns MSMEs

46%

2.8 million

Number of MSME owners

1.6 million

3.5 million

Number of MSMEs they own

1.9 million

2.9 million

Number of employees

1.7 million

29%  
% of businesses with employees

19%

71%  
% of individual entrepreneurs

81%

15%  
% of MSME owners with registered/licensed businesses

14%

ZIMBABWE MSME

2022

18 years and older
75 employees or less

7.05 million

23%

2.7 million business owners and sector employing

3 million adults.

NOTE:
In 2022 the survey focused more on enterprises and excluded survivalists businesses, resulting in fewer MSMEs having more than double the number of employees compared to 2012.

Using the 2012 extended MSME definition there would be:

Agriculture/farming
643 314 business owners (BO)

Wholesale/retail
611 583 BO

Tourism
86 300 BO

Manufacturing
80 349 BO

Other service activities
76 762 BO

Business services
60 796 BO

Community & household
27 252 BO

Construction
28 817 BO

Natural resources & mining
24 634 BO

0.4% Medium enterprise
6 050 BO

3.4% Small enterprise
56 201 BO

14.8% Micro-enterprise
243 356 BO

81.4% Individual entrepreneur
1 334 200 BO

Value addition was calculated using the sum of turnover less the sum of expenses of the sector.
### MSME Turnover by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total Annual Turnover (USD)</th>
<th>Mean Annual Turnover (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture/farming</td>
<td>4.6 billion</td>
<td>7 500</td>
</tr>
<tr>
<td>Wholesale/retail</td>
<td>4.6 billion</td>
<td>8 060</td>
</tr>
<tr>
<td>Natural resources &amp; Mining</td>
<td>1.6 billion</td>
<td>70 500</td>
</tr>
<tr>
<td>Construction</td>
<td>915 million</td>
<td>50 680</td>
</tr>
<tr>
<td>Tourism</td>
<td>748 million</td>
<td>17 690</td>
</tr>
<tr>
<td>Other service activities</td>
<td>586 million</td>
<td>8 410</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>500 million</td>
<td>7 740</td>
</tr>
<tr>
<td>Business services</td>
<td>256 million</td>
<td>5 470</td>
</tr>
<tr>
<td>Community &amp; household</td>
<td>284 million</td>
<td>11 200</td>
</tr>
</tbody>
</table>

**Total MSME Profit (value addition):** USD 8.6 billion

Value addition was calculated using the sum of turnover less the sum of expenses of the sector.
The proportion of start-ups has decreased in 2022 as we see a higher proportion of MSMEs in the mature phase of the business lifecycle. The businesses in the growth and established phases remain stable between 2012 and 2022.

The proportion of female business owners tend to decline as the firm grows in the business lifecycle. More female owners in start up phase - 69% versus 56% in the mature phase.
## BUSINESS LIFE CYCLE

### By sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Start Up 0 - 2 years</th>
<th>Growth 3 - 5 years</th>
<th>Established 6 - 10 years</th>
<th>Mature &gt;10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture/farming</td>
<td>18</td>
<td>25</td>
<td>20</td>
<td>37</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>28</td>
<td>24</td>
<td>17</td>
<td>31</td>
</tr>
<tr>
<td>Construction</td>
<td>28</td>
<td>23</td>
<td>21</td>
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<td>29</td>
<td>31</td>
<td>23</td>
<td>17</td>
</tr>
<tr>
<td>Community &amp; household</td>
<td>31</td>
<td>26</td>
<td>30</td>
<td>13</td>
</tr>
<tr>
<td>Other service activities</td>
<td>38</td>
<td>37</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Natural resources &amp; Mining</td>
<td>2</td>
<td>40</td>
<td>49</td>
<td>9</td>
</tr>
<tr>
<td>Tourism</td>
<td>27</td>
<td>37</td>
<td>31</td>
<td>5</td>
</tr>
</tbody>
</table>

The agriculture/farming sector has the highest proportion of its businesses in the mature phase. This may explain the high profit margins as experience helps in developing skills, creating stable value chains and building cost efficiencies.

With the pandemic being experienced in the past 2 years, those businesses in the start-up phase show a higher proportion in the business services, retail, construction, and community/household sectors which also show to be highly negatively impacted. Drivers for these sectors may well be high profitability, low start-up costs, or other opportunities. Interesting to note mining sector has most of its businesses in the growth and established phases.
Mainly individual entrepreneurs

Motivation to start the business is mainly needs driven (unemployment and to take care of family)

MSME owner

Majority have secondary education or higher

Located in rural areas

Youth entrepreneurs (18-35 years)

81%

67%

65%

71%

37%
82% Business is their main source of income

60% Are females (most females are micro businesses or smaller - 96%)

60% Independent entrepreneur

60% Micro business

74% Small business

51% Medium business

65% Business is their main source of income

40% Earn USD $200 per month or less

33% Work more than 8 hours a day on their business
**AGRICULTURE AND FARMING**

- **Crops**: 81%
- **Livestock**: 41%
- **Forestry**: 0.1%

**FARMING SECTOR (%)**

**TOP CROPS FARmed (%)**
- Corn/maize: 63%
- Vegetables: 38%
- Peanuts: 28%
- Tobacco: 26%

**TOP LIVESTOCK FARmed (%)**
- Chicken: 93%
- Cattle/buffalo (meat): 32%
- Goat/sheep: 27%
- Swine/pig: 7%

**MEDIAN LAND SIZE IS 3 HECTARES**

**643 000 farmers**
(39% of MSME sector) in primary agriculture
The markets for farm produce are spread across different players from direct consumers to retailers.

Inputs to farming show retained earnings from selling farm produce being the most common capital source. Formal credit is not common with under 3% of farmers accessing these facilities as a source of working capital.
MINING AND NATURAL RESOURCES

**24 000 MSMEs**
(2% of MSME sector)
involved in mining
17% ARE FORMAL

**MOST COMMON MINERALS MINED (%)**

- **Gold**: 83%
- **Precious Stone**: 8%
- **Other Unspecified**: 9%

**MINING BY PROVINCE (%)**

- **Mashonaland Central**: 37%
- **Harare**: 29%
- **Mashonaland East**: 16%
- **Midlands**: 13%
- **Bulawayo**: 2%
- **Mashonaland West**: 1%
- **Manicaland**: 1%
- **Matabeleland North**: 0.4%
- **Matabeleland South**: 0.2%
- **Masvingo**: 0.1%

**MARKET FOR MINERAL (%)**

- **Formal**: 17%
- **Female**: 28%
- **Male**: 72%

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**MARKET FOR MINERAL (%)**

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Most MSME miners are in the extraction phase with 1 in 5 being in the processing phase.

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of resources (eg tools, machinery, labour, etc.)</td>
<td>60%</td>
</tr>
<tr>
<td>Too many undocumented miners</td>
<td>48%</td>
</tr>
<tr>
<td>Mining land rights (ie claim access, renewal, pegging)</td>
<td>41%</td>
</tr>
<tr>
<td>Lack of support on technical expertise</td>
<td>38%</td>
</tr>
<tr>
<td>Selling prices</td>
<td>29%</td>
</tr>
<tr>
<td>Legislation and compliance - law enforcement</td>
<td>19%</td>
</tr>
<tr>
<td>Not enough water</td>
<td>18%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
</tr>
<tr>
<td>Lack of leasing equipment</td>
<td>9%</td>
</tr>
<tr>
<td>Not getting loans/lack of funds</td>
<td>2%</td>
</tr>
</tbody>
</table>

A key challenge in mining is the lack of resources especially tools and technical expertise.
Formal MSME sector (228,991)
6% MSMEs registered and 14% licenced

Informal MSME sector (1,408,203)

Only 1 in 7 MSMEs is formally registered or has a trading license.

Formal value addition is USD3.1 billion (calculated from total profit)
Informal value addition is USD5.4 billion (calculated from total profit)

Legal Structure

- Sole proprietor
- Private company
- Public company
- Partnership
- Community project
- Do not know

Comply with the law
Access to finance
Access to raw materials
Avoid harassment from authorities
Avoid fines
Access to government assistance
Only 1 in 7 MSMEs is formally registered or has a trading license.

86% of businesses are not registered/licensed.

- Sole proprietor: 55%
- Private company: 25%
- Public company: 10%
- Partnership: 4%
- Community project: 3%
- Do not know: 3%

6% of MSMEs are registered with the Registrar of Companies. The two graphs speak only to this 6%.

- Comply with the law: 37%
- Access to finance: 23%
- Access to raw materials: 18%
- Avoid harassment from authorities: 7%
- Avoid fines: 5%
- Access to government assistance: 2%

OF THOSE REGISTERED, THE PERCEIVED BENEFITS OF REGISTERING (%)

Formal value addition is USD3.1 billion (calculated from the total profit).

Informal value addition is USD5.4 billion (calculated from total profit).
**LEGAL AND COMPLIANCE**

94% of MSMEs are not registered

- Business is too small: 37%
- Do not have money to register: 17%
- Do not know how: 16%
- No benefit: 10%
- It is too complicated: 7%
- Registration is being processed: 3%
- Do not know: 2%
- Other: 2%

**GOVERNMENT ASSISTANCE TO FORMALISE (%)**

- Make it free: 34%
- Share more information on formalisation: 28%
- Show or explain benefits of formalisation: 22%
- Make it less time consuming: 9%
- Do not know: 5%
- Other: 2%

84% of MSMEs are informal with 71% agreeing to formalise their operations with the following assistance:
29% of MSMEs consider their business to be successful.

**PERCEPTION OF BUSINESS PERFORMANCE (%)**
- Very successful: 5%
- Fairly successful: 24%
- Struggling but promising: 37%
- Struggling but surviving: 37%
- At risk/in danger of failing: 37%

**OPERATIONAL PROBLEMS (%)**
- Sourcing finance: 44%
- Cashflow: 20%
- Access to markets: 18%
- Logistics: 14%

**GROWTH OBSTACLES (%)**
- Access to finance: 36%
- Space to operate: 17%
- Lack of market: 10%

**HOW BUSINESSES ARE DOING**
- Business challenges and needs
CAPACITY TO GROW & CHALLENGES

Business operational needs

54% Keep financial records
Of which 17% always keep records and 37% do so sometimes.
• Of the 17%, 6% do so electronically

47% Have regulated-related issues
Claim laws and regulation to be an issue since they started a business.

39% Highlight infrastructure issues
Lack of premises and storage. Connection to water.

FINANCIAL RECORD KEEPING

REGULATION ISSUES

INFRASTRUCTURE ISSUES

Support received

CAPACITY TO GROW & CHALLENGES

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FINANCIAL RECORD KEEPING

REGULATION ISSUES

INFRASTRUCTURE ISSUES

Support received
### Awareness of Support Organisations

92% of those aware of an organisation giving assistance or advice to MSMEs are aware of a support organisation.

### Usage of Support Organisations

- **Business Support:**
  - Reserve Bank of Zimbabwe: 43%
  - Ministry of Agriculture, Irrigation and Mechanisation Development: 41%
  - Ministry of Women Affairs, Community, Small and Medium Enterprises: 41%
  - Zimbabwe Revenue Authority (ZIMRA): 38%
  - Ministry and Mining Development of Mines: 33%
  - Ministry of Industry and Commerce: 28%
  - Zimbabwe National Chamber of Commerce (ZNCC): 22%
  - ZimTrade: 18%
  - Small and Medium Enterprises Association of Zimbabwe (SMEAZ): 16%
  - Confederation of Zimbabwe Industries (CZI): 13%
  - Zimbabwe Investment and Development Agency (ZIDA): 12%
  - Chamber of SMEs: 9%
  - SMEDCO: 7%
  - Empretec: 5%
  - WABAZ: 2%

- **Awareness of Support Organisations:**
  - 92%
  - 10%

### Support Received

- **Extension services:** 25%
- **How to get loans, finance and operating on credit:** 24%
- **Laws and regulations for MSMEs:** 14%
- **Productivity enhancement:** 13%
**ACCESS TO AMENITIES AND RESOURCES**

**ELECTRICITY (%)**

- **30%**
  - Electricity grid - 87% Publicly provided (ZESA)
  - Solar

- **27%**

**WATER (%)**

- **52%**
  - Piped water (inside)
- **17%**
  - Piped water (outside)
- **40%**

**TOILET FACILITIES (%)**

- **76%**
  - Toilet facilities outside
- **58%**
  - Toilet facilities with water
- **20%**

**BUSINESS DOCUMENTS (%)**

- Up-to-date financial/accounting records
- A written business plan
- A business budget
- A written marketing plan
- A formal training programme for staff

- 17% of MSMEs use some form of technology in their business

**CELL PHONE**

- 81%

**COMPUTER**

- 81%

**EMAIL ADDRESS**

- 81%

**POS MACHINE**

- 81%

**WEBSITE**

- 81%

**COMPUTERISED RECORD KEEPING**

- 81%

**WIFI**

- 81%

**SOCIAL MEDIA**

- 81%

**ACCESS TO AMENITIES AND RESOURCES**

*Energy is key to business growth and only 30% of the MSMEs have access to electricity.*

<table>
<thead>
<tr>
<th>Sector</th>
<th>Have electricity access</th>
<th>Proportion with electricity access that claim it is sufficient for business</th>
<th>Main supply of electricity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>63%</td>
<td>57%</td>
<td>ZESA 95% Solar 5%</td>
</tr>
<tr>
<td>Community &amp; household</td>
<td>50%</td>
<td>85%</td>
<td>ZESA 98% Solar 2%</td>
</tr>
<tr>
<td>Other service activities</td>
<td>42%</td>
<td>82%</td>
<td>ZESA 100%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>37%</td>
<td>60%</td>
<td>ZESA 95% Solar 5%</td>
</tr>
<tr>
<td>Business services</td>
<td>36%</td>
<td>66%</td>
<td>ZESA 88% Solar 12%</td>
</tr>
<tr>
<td>Construction</td>
<td>36%</td>
<td>43%</td>
<td>ZESA 100%</td>
</tr>
<tr>
<td>Wholesale/retail</td>
<td>34%</td>
<td>61%</td>
<td>ZESA 89% Solar 11%</td>
</tr>
<tr>
<td>Agriculture/farming</td>
<td>20%</td>
<td>77%</td>
<td>ZESA 75% Solar 25%</td>
</tr>
<tr>
<td>Natural resources &amp; mining</td>
<td>10%</td>
<td>91%</td>
<td>ZESA 89% Solar 11%</td>
</tr>
</tbody>
</table>

- Access to amenities is limited and highly skewed towards urban businesses. Lack of basic services might affect productivity.
• About 71% of small businesses do not keep business documents such as accounting records, business plans among others.

• Use of basic technology in business is driven by the ownership of the cell phone which gives access to communication and social media platforms for business.

• Productivity technologies such as machinery that improve efficiency e.g. computers, have low usage.
• 23% of MSMEs were/are classified as essential services during the COVID-19 lockdown period mostly those in mining (31%), agriculture (26%) and wholesale/retail (25%).

• Two in three MSMEs considered the pandemic to have had a negative nett impact on their business while others considered it positive (12%) or no major impact.

- I could not operate at all due to lockdown
- My client/customer base was affected
- Temporarily closed operations due to restrictions on interzonal movement
- I could not get supplies for my business

![Chart: NEGATIVE IMPACT ON BUSINESS (%)]

- Positive impact was experienced mainly on increased demand for the business product or more labour at home due to lockdown, particularly in agriculture.

- Started exploring new business ventures
- Diversified their product or service offering
- Applied for Government relief funds with 1% claiming to have benefitted

![Chart: FINANCIAL MEASURES BEING TAKEN OR CONSIDERED TO MITIGATE COVID-19 BUSINESS RISK]
**Community & household**
- Positive impact: 2%
- No major impact: 15%
- Negative impact: 83%

**Business services**
- Positive impact: 3%
- No major impact: 19%
- Negative impact: 78%

**Construction**
- Positive impact: 1%
- No major impact: 21%
- Negative impact: 78%

**Manufacturing**
- Positive impact: 6%
- No major impact: 17%
- Negative impact: 77%

**Tourism**
- Positive impact: 7%
- No major impact: 17%
- Negative impact: 76%

**Wholesale/retail**
- Positive impact: 6%
- No major impact: 19%
- Negative impact: 75%

**Other service activities**
- Positive impact: 8%
- No major impact: 25%
- Negative impact: 67%

**Agriculture/farming**
- Positive impact: 24%
- No major impact: 25%
- Negative impact: 51%

**Natural resources & Mining**
- Positive impact: 1%
- No major impact: 25%
- Negative impact: 59%

**NETT IMPACT OF COVID-19 BY SECTOR (%)**
- Positive impact: 28%
- No major impact: 72%
- Negative impact: 67%
• Business owner dependency on business has increased in 2022

68% of MSME owners have the business as the only source of income (up from 49% in 2012).

Of the 32%

45% get money from other businesses
35% get income from spouse
10% have income from other job

PERSONAL MONTHLY INCOME (%)

- USD700 and above: 7% (2012), 15% (2022)
- USD300—699: 17% (2012), 18% (2022)
- USD200—299: 12% (2012), 9% (2022)
- USD100—199: 17% (2012), 23% (2022)
- Less than USD100: 33% (2022)
- No income: 11% (2012), 13% (2022)
- Refused/do not know: 2% (2022)
There are about **302 thousand** full-time employers with **1.3 million** full-time employees (FTE) up from **235 thousand** employers with **622 thousand** FTEs in 2012.

**330 thousand** business owners regard themselves as employees of the business.

**65%** of full-time employees are **male**

**15%** of full-time employees are **family members**

**49%** have **high school education** and 39% have vocational or university qualification

**56%** are aged between **31—50 years**

Employee benefits include:

- **Accommodation**: 99%
- **Meal subsidy**: 9%
- **Transport subsidy**: 5%
- **Largely paid in cash**: 4%

**Of the** **BUSINESS AS SOURCE OF INCOME** 45% get money from other businesses

35% get income from spouse

10% have income from other job

330 thousand business owners regard themselves as employees of the business.

Of the **330 thousand** business owners, 68% of full-time employees are male and 15% of full-time employees are family members.

49% have **high school education** and 39% have vocational or university qualification.

56% are aged between 31—50 years.

**99%** Largely paid in cash
The agriculture/farming sector contributes significantly to full-time employment (as well as part-time and seasonal employment). Tourism, although much smaller than the agriculture/farming sector, has higher average employment in all sectors in the MSME space. It shows that focusing on tourism, together with agriculture/farming, community and household and mining sectors can have a huge impact by providing employment.
ACCESS TO MARKETS

Who do MSMEs conduct trade with?

- 88% Have walk-in, private customers
- 9% Trade with larger business
- 8% Trade with government
- 1% Export their produce (while 5% import supplies mainly to and from South Africa)
- 18% Trade with other MSMEs
- 7% Middlemen or agents
The MSME sector continues to be a key pillar for economic growth (GDP) and employment creation showing an increase in the estimated number of employees and profit (GDP) contribution of the sector up to USD 8.6 billion post the COVID-19 pandemic. It continues to absorb more female adults which is key to addressing the gender gap.

More individual entrepreneurs recorded in 2022 indicating the sector as a source of income for many adult Zimbabweans characterised by low personal monthly income. However, this segment is also key for new entrepreneurs bringing innovative products and services with most of these (55%) being in the start-up and growth phases. Over time, growing this sector will grow the other micro, small to medium segments. However, the sector is currently dominated by individual and micro-enterprises most of which are female business owners.

Formalisation has not improved over the past decade at 14%, with the lowest proportion being in the individual to small enterprises. The main barrier is due to business size where the enterprise is too small or lacks funds for registration. Hence, business owners indicate a desire to formalise if the process was made free and well sensitised to inform the business on the benefits of formalisation.

Compliance has largely been linked to formalisation as the benefits of formalisation have been mostly to comply with the law and to avoid harassment from authorities. This stigma unfortunately stifles formalisation and its benefits to the business owner or enterprise.

Business support is key to enterprise development, growth and sustainability. Awareness of support institutions is high; however, usage is significantly lower. Efforts to improve awareness of the Chamber of SMEs and SMEDCO among others should be prioritised.

The use of technology in the sector appears to be limited to communication devices and social media platforms for marketing purposes – all mobile phone based. Online presence of MSMEs in Zimbabwe is still in its infancy and would also require a strong digital payments infrastructure to grow it.
• The COVID-19 pandemic had a negative nett impact on MSMEs particularly those sectors front-facing consumers and non-essential services such as community and household, business services, manufacturing, and construction. Mechanisms applied to cope included business and/or product diversification with 1 in 20 having applied for government relief funds.

• While most MSMEs deal with the public consumers, some are involved in value chains that link to other MSMEs, large businesses and government. There is a dampened sentiment that large businesses have created opportunities for MSMEs which points to a need for supplier development programmes to uplift the sector into high(er) value chains.

• There is optimism shared in the perceived business performance. However, business challenges continue to flag access to finance issues relating to sourcing and cost of funding together with cashflow challenges being operational and growth challenges. Products that speak to these business needs are required.

• Access to energy is highlighted as a constraint as only 30% of MSMEs have access to electricity. Nearly 2 in 5 MSMEs highlight infrastructure issues concerning a lack of business premises and storage.
FINANCIAL INCLUSION

Financial inclusion - Framework

Total business owner (BO) population = Minimum age defined by the age at which individuals can enter into a legal financial transaction in their own capacity

**FINANCIALLY INCLUDED**
BO who have/use financial products and/or services for business purposes - formal and/or informal

**FORMALLY SERVED**
BO who have/use formal financial products and/or services provided by a formal financial institution (bank and/or non-bank)

**INFORMALLY SERVED**
BO who have/use financial products and/or services which are not regulated, e.g. farmer associations, saving clubs/groups, private money lenders

**BANKED**
BO who have/use financial products and/or services provided by a banking institution regulated by the Reserve Bank of Zimbabwe

**FINANCIALLY EXCLUDED**
BO who do not have/use any financial products and/or services - if borrowing, they rely only on friend/family; and if saving, they save at home

**SERVED BY OTHER FORMAL FINANCIAL INSTITUTIONS**
BO who have/use financial products and/or services provided by regulated non-bank formal financial institutions, e.g. insurance companies, mobile money and micro-finance institutions
Financial Inclusion of Zimbabwean MSMEs (with overlaps)

Total business owner (BO) population 100% (1 639 807)

FINANCIALLY INCLUDED 97% (1 565 201)
FINANCIALLY EXCLUDED 3% (74 606)

FORMALLY SERVED 95% (1 540 670)

INFORMALLY SERVED 42% (682 943)
Driven by informal savings & credit

BANKED 40% (647 083)
Driven by transactions/payments

SERVED BY OTHER FORMAL FINANCIAL INSTITUTIONS 94% (1 539 166)
Driven by mobile money account (80%) ownership & insurance (25%)

‘Formal’ is a category classifying products or services as regulated or supervised by a formal institution or any other formal regulator/agency. This is also synonymous with ‘other formal’ or ‘other formal (non-bank)’ to differentiate it from the banked which are mostly commercial and development banks.
FINANCIAL INCLUSION

Overall levels of financial inclusion, overlaps and MSME Financial Access Strand

Overalls with overlaps

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formally served</td>
<td>95%</td>
<td>18%</td>
</tr>
<tr>
<td>Banked</td>
<td>40%</td>
<td>14%</td>
</tr>
<tr>
<td>Other formal (non-bank)</td>
<td>94%</td>
<td>7%</td>
</tr>
<tr>
<td>Informal</td>
<td>42%</td>
<td>50%</td>
</tr>
<tr>
<td>Excluded</td>
<td>3%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Access Strand

In constructing this Strand, the overlaps in financial product/services usage are removed, resulting in the following segments:

Financial exclusion among business owners has decreased by 40 percentage points.

- Uptake of informal financial products among business owners who do not use formal products has decreased by 8 percentage points.
- Uptake of other formal (non-bank) products/services among business owners has ballooned to 94%. Business owners might also be using informal products or services.
- A notable increase of business owners who have/use commercial bank products/services to two in every five business owners.
'Business owners generally use a combination of financial products and services to meet their financial needs'.

- Only 0.1% of business owners rely exclusively on banking services.
- Around 40% use a combination of formal and informal mechanisms to manage their business financial needs, thus indicating that their needs are not fully met by the formal sector alone.
- About 2% of the business owners rely ONLY on informal mechanisms such as savings groups and loan sharks.

Due to rounding off, exclusion is reported as 3%.
ACCESS STRANDS

Access Strand by MSME size

- The smaller the business the less likely it is that the business owner uses/has banking products to manage the business’s finances.

Access Strand by business life cycle

- The smaller the business the less likely it is that the business owner uses/has banking products to manage the business’s finances.

39
### Financial inclusion by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Banked</th>
<th>Other formal (non-bank)</th>
<th>Informal only</th>
<th>Excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>60%</td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture /farming</td>
<td>52%</td>
<td>46%</td>
<td></td>
<td>2%</td>
</tr>
<tr>
<td>Construction</td>
<td>39%</td>
<td>60%</td>
<td></td>
<td>1%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>36%</td>
<td>51%</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Community &amp; household</td>
<td>34%</td>
<td>66%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale /retail</td>
<td>30%</td>
<td>63%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Other service activities</td>
<td>24%</td>
<td>62%</td>
<td>1%</td>
<td>13%</td>
</tr>
<tr>
<td>Business services</td>
<td>18%</td>
<td>69%</td>
<td></td>
<td>13%</td>
</tr>
<tr>
<td>Natural resources &amp; mining</td>
<td>12%</td>
<td>59%</td>
<td>29%</td>
<td></td>
</tr>
</tbody>
</table>

### Access Strand by MSME owner’s gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>2012</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>34%</td>
<td>51%</td>
</tr>
<tr>
<td></td>
<td>63%</td>
<td>42%</td>
</tr>
<tr>
<td></td>
<td>2%</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Legend:**
- **Banked**
- **Other formal (non-bank)**
- **Informal only**
- **Excluded**
Access Strand by country comparison

Financial inclusion by MSME distribution: area type
Financial inclusion by MSME distribution: Province

**ACCESS STRANDS**

<table>
<thead>
<tr>
<th>Province</th>
<th>2022</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bulawayo</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>2012</td>
<td>27%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Mashonaland West</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>57%</td>
<td>41%</td>
</tr>
<tr>
<td>2012</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Midlands</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>49%</td>
<td>43%</td>
</tr>
<tr>
<td>2012</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Manicaland</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>2012</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Harare</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>41%</td>
<td>55%</td>
</tr>
<tr>
<td>2012</td>
<td>20%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Mashonaland Central</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>39%</td>
<td>57%</td>
</tr>
<tr>
<td>2012</td>
<td>10%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Matabeleland South</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>37%</td>
<td>57%</td>
</tr>
<tr>
<td>2012</td>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Mashonaland East</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>28%</td>
<td>55%</td>
</tr>
<tr>
<td>2012</td>
<td>14%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Masvingo</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Matabeleland North</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>14%</td>
<td>68%</td>
</tr>
<tr>
<td>2012</td>
<td>16%</td>
<td>59%</td>
</tr>
</tbody>
</table>
LANDSCAPE PRODUCTS

Banking
Drivers and needs

- One in three banked businesses use bank digital financial services i.e. electronic transfers, online banking, etc.

- 2022: Banked business owner population increased to 40% largely driven by transactions.

- While bank account access has increased among the business owner population, usage for business purposes is lower i.e., only 3% of the banked business owners have the account in the name of the business.

- 3% of the banked population use a bank account in the name of the business. Bank access is mostly through a personal account.

MAIN BANK PRODUCTS DRIVING TRANSACTIONS (%)

<table>
<thead>
<tr>
<th>Product</th>
<th>2022</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cell phone banking</td>
<td>14%</td>
<td>4%</td>
</tr>
<tr>
<td>Debit card</td>
<td>15%</td>
<td>27%</td>
</tr>
<tr>
<td>Current cheque account</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>Transaction account</td>
<td>43%</td>
<td>4%</td>
</tr>
<tr>
<td>Savings account</td>
<td>57%</td>
<td>5%</td>
</tr>
</tbody>
</table>

MAIN TRANSACTIONS PERFORMED IN 2022 (%)

- Supplier payments: 19%
- Cash withdrawals: 19%
- Cash deposits: 15%
- Money transfer: 9%
- Electronic payments: 8%
- No changes in the actual barriers to banking since 2012.

- The main barrier to banking is business size. Not surprisingly, the **most unbanked** business owners are **individual entrepreneurs**

- Irregular income (personal and business) is mentioned as a barrier which points to the frequency business owners get income. Bank accounts run on a month-to-month basis.
FINANCIAL INCLUSION: OVERVIEW

Credit Strand

2022
- Credit at bank: 1%
- Credit at other formal (non-bank): 39%
- Credit at informal mechanisms: 1%
- Credit from family/friends: 60%
- Do not borrow: 59%

2012
- Credit at bank: 2%
- Credit at other formal (non-bank): 4%
- Credit at informal mechanisms: 7%
- Credit from family/friends: 85%

Savings Strand

2022
- Savings at bank: 1%
- Savings at other formal (non-bank): 39%
- Saving through informal mechanisms: 35%
- Savings with family/friends: 24%
- Do not save: 28%

2012
- Savings at bank: 13%
- Savings at other formal (non-bank): 1%
- Saving through informal mechanisms: 35%
- Savings with family/friends: 24%
- Do not save: 28%

Insurance Strand

2022
- Insured through formal (non-bank): 23%
- Insured through informal mechanisms: 1%
- Not insured: 76%

2012
- Insured through formal (non-bank): 5%
- Insured through informal mechanisms: 15%
- Not insured: 80%
**Overalls with overlaps**

- Formally served: 1%
- Save at bank: 0.3%
- Save at other formal (non-bank): 1%
- Save through informal mechanisms: 39%
- Do not save: 60%

---

**Savings Strand**

In constructing this Strand, the overlaps in financial product/services usage are removed.

- 60% of business owners do not save. A 32 percentage point decline since 2012.
- A huge decline in the percentage of business owners saving exclusively at home. No business owners are saving at home from 24% in 2012.
- 4 percentage point increase in the uptake of informal savings products. Business owners rely on informal mechanisms such as rotating savings and credit groups (they might also save at home, but they do not have/use any formal savings products).
- A sharp decline in the uptake of savings products from the bank. Only 0.3% of business owners have/use formal savings products from a commercial bank from 13% in 2012.
### FINANCIAL INCLUSION

#### Access to savings and investment by sector

- **Manufacturing**: 1% at bank, 19% informal mechanisms, 79% do not save
- **Agriculture/farming**: 1% at bank, 38% informal mechanisms, 61% do not save
- **Community & household**: 1% at bank, 22% informal mechanisms, 74% do not save
- **Tourism**: 2% at bank, 54% informal mechanisms, 44% do not save
- **Other service activities**: 4% at bank, 20% informal mechanisms, 76% do not save
- **Construction**: 4% at bank, 52% informal mechanisms, 44% do not save
- **Natural resources & Mining**: 14% at bank, 1% informal mechanisms, 85% do not save
- **Business services**: 41% at bank, 1% informal mechanisms, 58% do not save
- **Wholesale/retail**: 43% at bank, 1% informal mechanisms, 57% do not save

- Uptake of investment products such as money market accounts or shares is very low at 0.2%
Overalls with overlaps

Formally borrowing 1%
Borrow from bank 1%
Borrow from informal mechanisms 40%
Borrow from friends/family 1%
Do not borrow 59%

Credit Strand

In constructing this strand, the overlaps in financial product/services usage are removed.

- 59% of business owners did not borrow money in 2022. There is a 26 percentage point increase in business owners who borrowed from 2012.
- There is a drop in the proportion of business owners who borrow from family and friends to 1% in 2022 from 7% in 2012.
- A 35 percentage point increase in the usage of only informal credit mechanisms.
- There was no current borrowing from other formal (non-bank) institutions in 2022.
- Bank credit dropped to 1% in 2022 from 2% in 2012 indicating a drop in formal credit in 2022.
## Landcape Products

### Borrowing and credit by formalisation and business size

<table>
<thead>
<tr>
<th>Formalisation</th>
<th>Unregistered/unlicenced</th>
<th>Registered/licenced</th>
<th>Medium enterprise (31—75 employees)</th>
<th>Small enterprise (6—30 employees)</th>
<th>Micro-enterprise (1—5 employees)</th>
<th>Individual entrepreneur</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit at bank</td>
<td>1%</td>
<td>4%</td>
<td>96%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Credit at informal (non-bank)</td>
<td>40%</td>
<td>34%</td>
<td>61%</td>
<td>56%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>Credit at informal mechanisms</td>
<td>59%</td>
<td>62%</td>
<td>4%</td>
<td>4%</td>
<td>1%</td>
<td>62%</td>
</tr>
<tr>
<td>Credit from family/friends</td>
<td>1%</td>
<td>4%</td>
<td>11%</td>
<td>10%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Do not borrow</td>
<td>59%</td>
<td>4%</td>
<td>4%</td>
<td>38%</td>
<td>43%</td>
<td>62%</td>
</tr>
</tbody>
</table>

### Barriers to credit (%)

- I do not qualify: 17%
- I am scared: 15%
- Do not need to: 15%
- Borrowed in the past and paid back: 11%
- Business is slow so I am afraid to borrow: 10%
- I do not believe in borrowing money: 9%
- I’ve tried but was turned down: 6%
- My earnings change from month to month: 5%
- I have collateral/security, but I am not prepared to risk it: 5%
- Do not know: 5%

• 59% of businesses are currently not borrowing with the main barriers being lack of qualification, fear of debt and having no need to borrow.
Of businesses have insurance

Of businesses are not insured

Insurance barriers for business owners:

- Insurance too expensive: 40%
- I do not need insurance: 26%
- Do not know how to get insurance: 24%
- Do not know if there is any insurance like this: 18%
- Do not know where to get insurance: 12%
- It is not insurable or no product exists for this business risk: 8%

- 76% of MSMEs are currently not covered for any personal or property risk.
- The main barrier is that insurance is expensive and lack of information on how to get insurance and types of insurance relevant to the MSMEs.

Formal insurance is up from 5% to 23% mostly being personal insurance driven by:
- Life insurance cover (10%)
- Medical aid (36%)
- Funeral plan or cover (76%)
- Motor vehicle cover (10%)

4% of MSMEs have business insurance with 74% being compulsory cover.

The use of informal insurance alone has dropped from 15% to 1% with the main product being burial society.
Access to insurance by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Insured through formal (non-bank)</th>
<th>Insured through informal mechanisms</th>
<th>Not insured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>51%</td>
<td>1%</td>
<td>48%</td>
</tr>
<tr>
<td>Community &amp; household</td>
<td>36%</td>
<td>2%</td>
<td>62%</td>
</tr>
<tr>
<td>Other service activities</td>
<td>35%</td>
<td>5%</td>
<td>60%</td>
</tr>
<tr>
<td>Tourism</td>
<td>32%</td>
<td></td>
<td>68%</td>
</tr>
<tr>
<td>Agriculture/farming</td>
<td>27%</td>
<td>1%</td>
<td>72%</td>
</tr>
<tr>
<td>Natural resources &amp; mining</td>
<td>25%</td>
<td>18%</td>
<td>57%</td>
</tr>
<tr>
<td>Business services</td>
<td>20%</td>
<td></td>
<td>80%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16%</td>
<td>4%</td>
<td>80%</td>
</tr>
<tr>
<td>Wholesale/retail</td>
<td>15%</td>
<td>1%</td>
<td>84%</td>
</tr>
<tr>
<td>Banking</td>
<td>Savings &amp; investments</td>
<td>Borrowing &amp; credit</td>
<td>Insurance &amp; risk management</td>
</tr>
<tr>
<td>---------</td>
<td>----------------------</td>
<td>--------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>40% are banked but only 3% use an account in the name of the business</td>
<td>40% save, mainly through informal groups (98%)</td>
<td>41% borrow, mainly from informal (97%)</td>
<td>24% are insured (4% for business), mainly through funeral plan or life cover (76%) medical aid cover (36%)</td>
</tr>
<tr>
<td><strong>PRODUCT UPTAKE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NEED</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43% Growth/sustainability 20% Liquidity</td>
<td>39% to grow the business 23% for when they need the funds 21% for the future</td>
<td>30% to grow the business 32% for personal reasons</td>
<td>Insurance cover is mainly driven by funeral cover and is not insuring the business risk or assets (if any). 75% of insured agree insurance is important for business and 59% often suffer losses that are insurable.</td>
</tr>
<tr>
<td><strong>BARRIERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40% Business/income is too small 32% income is too irregular</td>
<td>49% business is not making enough to save 26% money is invested back in</td>
<td>17% do not qualify for credit 15% do not need credit 15% fear borrowing</td>
<td>40% insurance too expensive 26% claim they do not need insurance 24% do not know how to get insurance</td>
</tr>
</tbody>
</table>
CONCLUSION

General

• The SME Act is quite descriptive on how to determine MSME size. However, given the high informality and unverified turnover and value of assets, this classification is difficult to apply.
• There is no improvement in the proportion of formal to informal MSMEs. Formalisation faces a myriad of challenges particularly linked to the association with compliance. Lack of information and few perceived benefits of registering businesses dampen efforts to formalise. Government assistance is welcomed through making the registration process free and more information being shared on formalisation.
• The MSME sector offers significant employment and contributes to the country’s GDP. Challenges faced by the sector include sourcing finance, cash flow and complying with laws and regulation.
• Despite the impact of the COVID-19 pandemic, business resilience mechanisms pursued were internal i.e., looking for new business or new product offering with only 5% of the MSMEs pursuing government relief funds.

Product uptake

• Access and usage of formal financial products are limited to transactional (payments) and risk mitigation. Both bank and mobile money services show high levels of users transacting although with lower digital financial service usage in bank products compared to mobile money. Insurance cover is for the business owner and not the business assets and is largely driven by funeral plan/cover and medical aid. Access to formal credit or savings platforms is quite low.
• Linked to formalisation, most business owners owning formal products and services access these in their personal capacity - a phenomenon common to most start-ups and/or sole entrepreneurs. Understanding the risks associated with these types of businesses (and lack of registration) and tailoring formal products that speak to the business may improve the transition from personal to business products.
• Access to finance has been highlighted as a major obstacle and yet most excluded business owners not accessing credit state the lack of qualifying for the credit as the most common barrier. This may very well be linked
to the higher proportion of businesses being individual and micro enterprises in nature and may not have the necessary requirements for accessing formal credit which may result in higher access in informal mechanisms

- Informal savings and credit mechanisms such as round/mukando have at least one in three (37%) business owners using them for either business savings or credit needs. Understanding the social capital and value systems that these savings and credit groups operate in may unpack insights for how some formal products or offerings are designed.

Financial inclusion

- Financial inclusion has improved among the MSME owner population in Zimbabwe in the past decade in the first tier of access. However, findings show that this is largely through transactional products as both access to formal credit and savings have lowered. This may be reflective of the tight economic situation where businesses are using all their investments to sustain or grow their business.

- Access to finance is still a key issue that has been highlighted as both a growth and operational obstacle for businesses. Coupled with low formalisation, prospects to get formal funding are low. Breaking down access to finance to tangible products that speak to business needs is still a gap.

- Overlaps have shown that business owners use both banking and mobile money together with under 1% of the business owners being solely reliant on bank products alone. This points to the interoperability between banking and non-banking products such as mobile money which have improved the access to formal products.

- The main drivers of the formally included business owners are banking and mobile money products and services which are largely used for payments with banking (42%), mobile money (75%) and insurance having one in four business owners being formally insured.

- A few areas to be explored in the context of financial inclusion include extended access to credit through formal institutions such as MFIs, increased digital financial payments between customers and businesses as well as with suppliers, cashflow management products and improved risk mitigation mechanisms.
FinScope MSME Survey

Comprehensive study focusing on individual entrepreneurs, and owners of micro-, small- and medium enterprises (MSMEs) and their financial services needs.

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