

## **National Financial Inclusion Strategy**

- 1.1. The Reserve Bank is coordinating the implementation of the National Financial Inclusion Strategy (NFIS) which was launched on 11 March 2016 by the Minister of Finance and Economic Development.
- 1.2. The NFIS is a five (5)-year road map of coordinated actions that will be followed to achieve the country's financial inclusion objectives during the period 2016 to 2020.
- 1.3. Development of the NFIS followed consultations with stakeholders including government ministries, the banking sector, other financial sector regulatory authorities and development institutions.
- 1.4. The NFIS seeks to address barriers to financial inclusion, prioritise and address the needs of special target groups which are currently underserved, through the implementation of key priority measures that will facilitate the building of robust financial infrastructures with the view to reducing the level of financial exclusion.
- 1.5. The following special groups have been identified for targeted special focus in the NFIS:
  - a) Low income households;
  - b) Micro, Small and Medium Enterprises;
  - c) Women;
  - d) Youth;
  - e) Small Holder Farmers;
  - f) People with Disabilities; and
  - g) Rural areas.
- 1.6. The NFIS is targeting to increase the overall level of access to formal financial services within the country from 69% in 2014 to at least 90% by 2020 and to

increase the proportion of banked adults to at least 60% by 2020.

- 1.7. Formal financial services are financial services and products offered by institutions licensed and supervised by a financial sector regulator.

## **2. National Financial Inclusion Strategy Implementation**

- 2.1. As part of the implementation of the NFIS, nine thematic working groups were constituted to focus on key priority areas. The thematic working groups are championing the implementation of initiatives targeted at the identified focus areas.
- 2.2. The table below shows the various Thematic Working Group and their broad terms of reference.

<b>Working Group</b>	<b>Broad Terms of Reference</b>
<b>Women Finance and Development</b>	Promote development of innovative financial products for women and facilitate capacity building programs for women to complement access to financial services.
<b>SMEs Finance &amp; Development</b>	Promote innovative financial products for SMEs and capacity building programs.
<b>Rural and Agricultural Finance &amp; Development</b>	Develop and recommend agricultural finance solutions for small holder farmers and the rural community.
<b>Insurance, Pensions and Capital Markets</b>	Facilitate the development and uptake of appropriate insurance, pensions and capital markets products for low income groups and ensure effective capacity building and awareness programs.
<b>Digital Finance</b>	Promote the development of innovative and affordable digital financial products and services that to promote financial inclusion.
<b>Microfinance</b>	Promote development of innovative products, delivery channels and capacity building in the microfinance sector, and positive contribution of microfinance to financial inclusivity.
<b>Youth</b>	Promote development of innovative financial products for the youth and facilitate capacity building programs for the youth to complement access to financial services.
<b>Financial Literacy and Consumer Protection</b>	Facilitate the design and implementation of tailored financial literacy programs for special groups e.g. school children, youth,

	women, SMEs. Facilitate the design and implementation of a sound framework for financial consumer protection.
<b>People With Disabilities</b>	Promote development of innovative financial products for PWDs and facilitate capacity building programs to enable PWDs to access financial services.

2.3. The Reserve Bank is also implementing a number of initiatives aimed at building an inclusive financial system. The initiatives include the following:

- a) Establishment of the Empowerment Funds earmarked for the benefit of target sectors as follows:

<b>Facility</b>	<b>Facility Size (\$m)</b>	<b>Max Interest % p.a.</b>	<b>Max Interest % p.m.</b>	<b>On-lending Institutions</b>
Export Finance	70	7.5	2	Banks & Microfinance Institutions
Tobacco Facility	70	10	-	Tobacco Industry Marketing Board & Agribank
Business Linkage	10	10	2	Banks & Microfinance Institutions
Horticulture	10	10	2	Agribank & CBZ
Women Empowerment	15	10	2	Banks & Microfinance Institutions
Persons With Disabilities	5	10	2	Banks & Microfinance Institutions
Youth Empowerment	10	10	2	Banks & Microfinance Institutions
Tourism Facility	15	10	2	Banks & Microfinance Institutions
SMEs	15	10	-	Homelink
Small Scale Gold Support	150	10	-	Fidelity Printers & Refinery

<b>Higher &amp; Tertiary Education</b>	<b>50</b>	<b>10</b>	<b>2</b>	<b>ZB, POSB, NMB, CBZ, Eduloan &amp; GetBucks</b>
<b>Microfinance</b>	<b>10</b>		<b>2</b>	<b>Microfinance Institutions</b>

b) Other financial inclusion initiatives include the following:

<b>Initiative</b>	<b>Objective</b>
<b>Credit Registry System (CRS)</b>	The Reserve Bank with support from development partners established a CRS to enable lenders to determine the level of indebtedness and credit history of current and potential borrowers. The CRS has alleviated the problems of information asymmetry between borrowers and lenders (reputation collateral), which is expected to enhance financial inclusion, lower the cost of credit in the country and contribute towards sound credit risk management.
<b>Collateral Registry</b>	RBZ is establishing a collateral registry to enable previously disadvantaged groups to pledge movable assets such as vehicles, equipment, tractors, harrows and ploughs as collateral to access funding from lending institutions. It is envisaged to spur the growth of lending to MSMEs and small-holder projects.
<b>Credit Guarantee Scheme</b>	The Reserve Bank resuscitated the Credit Guarantee Scheme to facilitate productive lending to the target marginalized groups with inadequate collateral, in order to stimulate economic growth and development. The scheme is administered by the Export Credit Guarantee Company.
<b>Financial Consumer Protection Framework</b>	<p>The Reserve Bank issued the Financial Consumer Protection Framework in June 2017 to enhance consumer protection in the banking sector. The Framework applies to all banking and non-bank financial institutions that are regulated by the Reserve Bank of Zimbabwe.</p> <p>The framework empowers consumers with information and basic rights, while providing an important source of market discipline to the financial services sector. It also fosters competition by encouraging regulated entities to offer better products and services. The existence of a sound financial consumer protection framework is fundamental to increasing access to and usage and quality of financial services, along with supporting further banking sector deepening.</p>
<b>Financial Literacy</b>	<p>RBZ is developing a National Financial Literacy Framework to facilitate awareness of financial services and responsible access.</p> <p>The Reserve Bank also conducts financial education and awareness campaigns through brochures, showcasing at exhibitions and workshops.</p>
<b>Innovative Financing schemes</b>	Lending institutions have been urged to adopt innovative financing schemes such as group or cluster lending models to facilitate improved loan performance and be able to lend to marginalised segments of the population with viable projects but lacking acceptable collateral.
<b>Low Cost Accounts</b>	Banking institutions are opening low cost or ‘no frills’ accounts with minimum affordable requirements. As at 30 June 2018 more than 3.41 million low cost accounts had been opened.
<b>SMEs Units</b>	Banks have been establishing SME Units to facilitate development of tailor made products that meet the specific needs of SMEs. Thirteen (13) banking institutions had established SME units as at 30 June 2018.

<b>Women's Desks</b>	<ul style="list-style-type: none"> <li>• RBZ encouraged banks to establish women desks to focus on developing products and services that meet the specific needs of women. Ten (10) banking institutions had established women desks as at 30 June 2018. The Zimbabwe Women's Microfinance Bank opened its doors to the public on 31 May 2018. The microfinance bank's main target market are women in rural areas, marginalized women in urban areas, A1 and A2 women farmers, SMEs owners, pensioners, students under women care; and women in social groups such as burial societies, community projects, ROSCAs.</li> </ul>
<b>MSMEs Lending Collateral Substitutes</b>	Banks have been urged to develop appropriate collateral substitutes in order to address the challenge of inadequate collateral among MSMEs. Some of the loan products include invoice discounting, order finance, debt factoring, group guarantees, etc
<b>Value Chain Finance &amp; WRS</b>	<p>Lending institutions were urged to adopt the value chain financing approach to enhance access to finance for small producers / businesses e.g. smallholder and rural farmers.</p> <p>Stakeholders are currently working towards the establishment of a robust Warehouse Receipt System (WRS) to enhance access to finance for small holder farmers.</p> <p>A sound WRS will go a long way in addressing challenges of marketing and post-harvest losses encountered by small holder farmers.</p>
<b>Agency Banking</b>	RBZ approved the agency banking model to enhance outreach of financial services to previously unserved and underserved areas.
<b>Mobile Financial Services</b>	As part of financial innovation, financial services providers in partnership with mobile network operators are offering mobile financial services such as micro-insurance, micro-credit and payments, which has enabled them to reach out to marginalised segments of society and those in remote areas.
<b>Capacity Building</b>	The Reserve Bank, in collaboration with development partners, has been conducting capacity building workshops for various stakeholders that include financial institutions to enhance their capacity to adequately serve the marginalised segments of the population.