“FINANCIAL INCLUSION IN ZIMBABWE, FROM POLICY TO PRACTICE: LESSONS AND WAY FORWARD”.

PRESENTATION AT THE FINANCIAL INCLUSION FORUM

BY

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19 FEBRUARY 2019, WILDE GEESE, HARARE
PRESENTATION OUTLINE

THE GLOBAL & NATIONAL DEVELOPMENT CONTEXT OF FINANCIAL INCLUSION

ZIMBABWE NATIONAL FINANCIAL INCLUSION STRATEGY (NFIS) 2016-2020

NFIS IMPLEMENTATION SELECTED INITIATIVES

NATIONAL LEVEL PROGRESS INDICATORS IN THE IMPLEMENTATION OF THE NFIS

NEW SUSTAINABILITY STANDARDS AND CERTIFICATION INITIATIVE (SSCI)
THE GLOBAL & NATIONAL DEVELOPMENT CONTEXT OF FINANCIAL INCLUSION

2030 SDGs
Zimbabwe Vision 2030
TSP 2018-2020
National Budget – ‘SSS’ Growth
Zimbabwe signed up to the 2030 SDGs. Financial inclusion has been identified as a key enabler to the attainment of most of the SDGs.
Zimbabwe’s vision is to become an Upper-Middle Income economy by 2030.

According to the Transitional Stabilization Programme (TSP) 2018-2020, aspirations of Vision 2030 will be realised through five strategic clusters, namely: Governance, Macro-economic Stability and Re-engagement, Inclusive Growth, Infrastructure and Utilities and Social Development.

National Budget 2018/19 highlighted the “SSS” Growth Trajectory – Strong, Sustainable, & Shared Growth.
MACROECONOMIC ENVIRONMENT RE-BALANCING TURBULENCE

- **Fiscal Imbalance & Debt**
- **High Import appetite (Imports >Exports)**
- **Corruption; Externalization and Indiscipline**
- **Foreign Currency Shortages**
- **High Informalization**
- **High Production Costs & Low Productivity & Competitiveness**
- **Multi-tier Pricing System**
- **Rising Inflation 56.9% as at 31 January 2019**
ZIMBABWE
National Financial Inclusion Strategy
2016 – 2020
The country’s National Financial Inclusion Strategy (2016-2020) was launched on 11 March 2016 to facilitate inclusive/shared/broad-based economic growth.

- FI consists of ACCESS; USAGE; and QUALITY OF SERVICES (Emerging – SUSTAINABILITY!!!!)

The Strategy is anchored on 4 Pillars, namely, Innovation, Financial Literacy, Financial Consumer Protection & Microfinance. (Emerging Pillar – Entrepreneurship!!!!)

Priority areas of support :- Youth, Women, Small-holder Farmers, Rural Communities, MSMEs, & PWDs.
## Baseline Level of Financial Exclusion in Zimbabwe

### 2014 CONSUMER SURVEY
- 23% Financially excluded
- Only 30% of Zimbabwe’s adult population made use of banking services as at 2014
- Only 20% of the adult population made use of formal savings channels

### MSMES 2012 SURVEY
- Only 14% of MSME owners banked.
- Only 18% of MSME business owners are formally served, including both bank and other formal non-bank products/services.
- 57% of the MSME business owners in Zimbabwe are women

<table>
<thead>
<tr>
<th>Financial Service</th>
<th>Level of Financial Exclusion (2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>70%</td>
</tr>
<tr>
<td>Savings and Investment</td>
<td>53%</td>
</tr>
<tr>
<td>Insurance &amp; Risk Management</td>
<td>70%</td>
</tr>
<tr>
<td>Mobile Money</td>
<td>55%</td>
</tr>
<tr>
<td>Borrowing &amp; Credit</td>
<td>58%</td>
</tr>
<tr>
<td>Capital Markets</td>
<td>99%</td>
</tr>
</tbody>
</table>
NFIS...

VISION...

To have an inclusive financial system that is responsive to the needs of all Zimbabweans

STRATEGIC GOALS...

1. To increase the overall level of access to formal financial services within the country from 69% in 2014 to at least 90% by 2020.
2. To increase proportion of banked adults from 30% in 2014 to at least 60% by 2020.
Benefits of Financial Inclusion

- Ensures availability of safe, appropriate & affordable credit
- Enhances financial deepening
- Higher productivity
- Increased economic growth and development
- Increase in Export Earnings
- Increase in Employment Levels
- Mobilization of financial resources from informal sector
- Facilitates smoothening of consumption by the low-income households
- Enhances financial stability
- Limits the growth of informal sources of credit

Benefits of Financial Inclusion...
FINANCIAL INCLUSION PRODUCTS AND SERVICES

Savings

Loans

Remittances

Capital Markets
NFIS
IMPLEMENTATION
SELECTED INITIATIVES
9 THEMATIC AREAS

i. Women;
ii. MSMEs;
iii. Youth;
iv. PWDs:
v. Rural and Agriculture;
vi. Digital Finance;
vii. Financial Literacy & Consumer Protection;
viii. Microfinance; and
INNOVATION AND FINANCIAL INCLUSION
FINTECH AND FINANCIAL INCLUSION

- Banks, MFIs, Non-banking financial institutions & MNOs, continue to explore innovative ways of delivering financial services to the marginalised segments through leveraging on technology.

- Innovations such as: mobile banking, digital finance, psychometric credit scoring models, biometric technology, value chain financing, group lending, micro insurance, micro business and housing loans, etc are increasing access to, usage and quality of finance for low-income clients.
Innovation is one of the key pillars of our National Financial Inclusion Strategy.
FINTECH AND FINANCIAL INCLUSION....
Balanced portfolio of distinct, yet synergistic businesses, translating into an integrated business model...
<table>
<thead>
<tr>
<th>Company</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>EcoCash</td>
<td>• Mobile Money payments platform</td>
</tr>
<tr>
<td></td>
<td>• More than 9m registered customers</td>
</tr>
<tr>
<td></td>
<td>• Over 100k channel partners-agents and merchants</td>
</tr>
<tr>
<td>EcoSure</td>
<td>• Micro-insurance with premiums as little as $1</td>
</tr>
<tr>
<td></td>
<td>• Enda Education for schools fees payment after death of bread winner</td>
</tr>
<tr>
<td>Moovah</td>
<td>• Motor Vehicle insurance over the phone</td>
</tr>
<tr>
<td></td>
<td>• Providing cover for injury or damage in vehicle accident</td>
</tr>
<tr>
<td>STEWARD</td>
<td>BANK</td>
</tr>
<tr>
<td></td>
<td>• Digital account opening through *236#</td>
</tr>
<tr>
<td></td>
<td>• Square World App targeting diasporans for remittances and other services back home</td>
</tr>
<tr>
<td>EcoFarmer</td>
<td>• EcoFarmer Club Card entitling members to discounts when purchasing inputs</td>
</tr>
<tr>
<td></td>
<td>• Weather updates</td>
</tr>
<tr>
<td></td>
<td>• Farming tips and news</td>
</tr>
<tr>
<td>Maisha</td>
<td>• Health tips</td>
</tr>
<tr>
<td></td>
<td>• Maisha Medik-Dial-a-Doc</td>
</tr>
<tr>
<td></td>
<td>• Symptom Checker</td>
</tr>
<tr>
<td>VAYA</td>
<td>• Vaya lift for passengers</td>
</tr>
<tr>
<td></td>
<td>• Vaya Express for goods</td>
</tr>
<tr>
<td>Ownai</td>
<td>• E-Commerce trading platform</td>
</tr>
<tr>
<td></td>
<td>• Online Classifieds and E-Store</td>
</tr>
</tbody>
</table>
Cassava
Smartech
SMART AGRICULTURE - SENSOR TECHNOLOGY: WEATHER STATIONS AND SOIL MOISTURE SENSORS (iFarm)
SMART AGRICULTURE - SENSOR TECHNOLOGY: WEATHER STATIONS AND SOIL MOISTURE SENSORS (iFarm)....
Soil and Leaf Sampling of Small Scale Coffee Growers carried out in Mutasa, Mutare, Chipinge and Chimanimani Districts.

Weather Station installation in Mwenezi and Beitbridge Districts.

Soil Moisture Sensors at Seed Co Rattray Research Station and Seed Co Seed Grower Farms.
RBZ FINANCIAL INCLUSION PRODUCTIVE & EMPOWERMENT FACILITIES

- University Education Support Facility: $50 m
- Tourism Support Facility: $15 m
- Women Empowerment Fund: $15 m
- Business Linkage Facility: $10 m
- Microfinance Revolving Facility: $10 m
- Soya Bean Facility: $21.51 m
- Tobacco Facility: $70 m
- Export Finance Facility: $70 m
- Horticulture Facility: $10 m
- Construction Fund: $50 m
- Youth Empowerment Fund: $10 m
- Persons with Disability: $5 m
- Gold Support Facility: $150 m

TOTAL: $501.1 MILLION
As at 31 December 2018, a total of $233.12 million had been disbursed under the empowerment facilities representing 55% of the total available funds.

RBZ facilities have also contributed to the development of various value chains particularly in agriculture, mining, manufacturing, horticulture and resuscitation of irrigation schemes and tourism in various parts of the country.

The facilities also support generation of exports!
MICROFINANCE
ACCELERATING
BUSINESS GROWTH
Total of **209 MFIs** operational (203 Credit only and 6 DTMFIs) – 719 branches!

Continue to play a **significant role in promoting access to formal financial services by marginalised segments.**

**Positive growth** was recorded in outreach, loan portfolio size, equity funding, and deposit mobilisation.
As at 31 December 2018, active women clients constituted **40.78%** of the total number of active clients compared to **32.50%** as at 31 December 2012. Total loans to women clients (**$112.28m**) constituted **29.01%** of the **total loans ($386.99m)**.
Increased access to RBZ Empowerment Facilities by MFIs is expected to increase funding of productive sectors.

Funding to education has increased on the backdrop of the introduction of the Educational Loan Facility in August 2017.
WOMEN’S BANK – SUCCESS STORY
Commenced operations in **June 2018.** Delivery through **AGENCY NETWORK** (48 District Offices; 30 - One Money Branches; and 8 ZFU Provincial Offices).

**Value Chain Projects supported**

- **Sorghum – Chegutu; more than 2,000 hectares**
- **Sesame – Gokwe; more than 1,750 hectares**
- **Cotton – Gokwe; more than 3,000 hectares**
- **Caster Beans – Countrywide; more than 3,000 hectares**
- **Sunflower – Checheche; more than 2,000 hectares**

**Targeted Women Groups**

- **Farmers**
- **Churches**
- **Associations – e.g. WABAZ, PROWEB**
- **Women targeted Programs**

**Products and Services**

- **Financial Literacy Programs – more than 20,000 women trained.**
- **Savings Accounts – more than 44,666 as at 31 December 2018.**
- **Loans - 7,073 borrowers; $3.03 million as at 31.12.18,**
- **Micro Leasing**
- **Medical Aid Insurance Cover**
<table>
<thead>
<tr>
<th>Province</th>
<th>Deposit Accounts</th>
<th>Number of Loans</th>
<th>Value of Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulawayo</td>
<td>4,802</td>
<td>33</td>
<td>$42,700</td>
</tr>
<tr>
<td>Harare</td>
<td>6,261</td>
<td>214</td>
<td>$579,205</td>
</tr>
<tr>
<td>Manicaland</td>
<td>5,045</td>
<td>532</td>
<td>$147,295</td>
</tr>
<tr>
<td>Mashonaland Central</td>
<td>4,978</td>
<td>266</td>
<td>$250,921</td>
</tr>
<tr>
<td>Mashonaland East</td>
<td>4,270</td>
<td>96</td>
<td>$412,229</td>
</tr>
<tr>
<td>Mashonaland West</td>
<td>3,895</td>
<td>168</td>
<td>$160,821</td>
</tr>
<tr>
<td>Masvingo</td>
<td>5,870</td>
<td>78</td>
<td>$65,700</td>
</tr>
<tr>
<td>Matabeleland North</td>
<td>2,777</td>
<td>3</td>
<td>$14,500</td>
</tr>
<tr>
<td>Matabeleland South</td>
<td>3,339</td>
<td>2</td>
<td>$5,000</td>
</tr>
<tr>
<td>Midlands</td>
<td>3,429</td>
<td>5,681</td>
<td>$1,352,033</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44,666</strong></td>
<td><strong>7,073</strong></td>
<td><strong>$3,030,404</strong></td>
</tr>
</tbody>
</table>
### SACCOs AND FINANCIAL INCLUSION

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
<td>2017</td>
</tr>
<tr>
<td><strong>Total No. SACCOs</strong></td>
<td>436</td>
</tr>
<tr>
<td></td>
<td>(1 052 in Feb 2019)</td>
</tr>
<tr>
<td><strong>Total No. of SACCOs regulated</strong></td>
<td>436</td>
</tr>
<tr>
<td></td>
<td>(1 052 in Feb 2019)</td>
</tr>
<tr>
<td><strong>Total Loans on regulated SACCOs (USD)</strong></td>
<td>11,478,210.00</td>
</tr>
<tr>
<td><strong>Total Savings (USD)</strong></td>
<td>13,621,576.00</td>
</tr>
<tr>
<td><strong>Assets (USD)</strong></td>
<td>7,636,579.35</td>
</tr>
<tr>
<td><strong>No. of people employed by the cooperatives</strong></td>
<td>85</td>
</tr>
</tbody>
</table>
> Successful Empowerment Projects funded through Homelink Finance (RBZ subsidiary)...

![Empowerment Projects Image]
High Potential Successful Women Empowerment Projects...

Pepukai Madzimai – Chitungwiza (with a membership of about 1,000)
FINANCIAL INCLUSION INITIATIVES

- Successful projects financed by one of the DTMFs.

Potato project in Banket  Tomato project in Zvimba  Maize farming in Banket
Successful community value chain financing scheme supported by a DTMFI…

Banana Plantation in Middle Sabi

Michigan Beans Plantation in Middle Sabi
• Successful community value chain financing scheme supported by private sector players in the citrus industry.

Some of the members of the Shashe Irrigation Scheme. (total membership is 186, each with 50 orange trees).

Shashe irrigation Scheme receives support from commercial farmer (Andrew Nott - extreme left) as well as other partners.
Stakeholders continue to invest in financial literacy programs focusing on various concepts and skills including financial planning, budgeting, saving and debt management skills, as well as promoting the understanding of consumer rights and responsibilities.
FINANCIAL LITERACY PROGRAMS – SUCCESS STORIES

Hosted by a Credit Only Microfinance Institution
Global Money Week Celebrations

Hosted at the RBZ

Hosted by a savings bank
FINANCIAL LITERACY PROGRAMS – SUCCESS STORIES

GFPS Kwanzaa
Celebrating the Day of the African Child
Invitational Debate and Quiz Competitions
16 JUNE
Kutama College
8AM – 4PM

PARTICIPATION FEE
Strictly by Invitation

TO REQUEST AN INVITATION LETTER FOR YOUR SCHOOL, PLEASE EMAIL OR WHATSAPP
THE FOLLOWING PEOPLE:

ANESU MUTANDRO
DEBATE LEAGUE ADMINISTRATION
an@gfps.co.zw
0772 043 397
086 544 145 079

TYRONE USAYI
DEBATE LEAGUE ADMINISTRATION
usayi@gfps.co.zw
076 044 397
086 544 145 098

Global Money Week
Essay Writing Competition
Money Matters Matter

Lion Finance Zimbabwe in collaboration with
Global Foundation of Public Speaking and
The Sunday Mail will be holding an Essay Writing
Competition for schools in celebration of this event.

All you have to do:
1) Write an essay on how you think micro-finance institutions
can positively contribute towards financial inclusion in Zimbabwe.
2) Essays to be between 350 to 400 words.
3) All essays should be typed to ensure legibility.
4) The competition is open to students between the ages of 13 and 19 years
5) Each student should include the name of their school, email, phone number, age,
name and surname when they submit their essay.

Prizes include
- School Fees Voucher
- Wireless headphones
- MP3 Player

Submission Deadline:
Friday 9 March 2018

Winners will be announced in the 19th of March 2018 with the winning essays
being published in The Sunday Mail the following week.

IN PARTNERSHIP WITH

SPONSORED BY

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TEL: 086 544 145 078 | 080 577 133 806
FINANCIAL INCLUSION INITIATIVES IN THE INSURANCE SECTOR

- Micro-insurance
- Financial literacy initiatives
- Digital delivery channels
- Risk-based KYC
Micro-insurance including medical insurance...

Get Shield Plan

$10

Per month

With subscriptions of $10 per member per month, everyone can now genuinely afford quality healthcare with Shield Plan from PSMAS

04- 705186-8/793186/791816
PSMAS Zimbabwe
www.psmos.co.zw
marketing@psmos.co.zw
NATIONAL LEVEL PROGRESS INDICATORS IN THE IMPLEMENTATION OF THE NFIS
<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>Dec 2016</th>
<th>Dec 2017</th>
<th>June 2018</th>
<th>Sept 2018</th>
<th>Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of Bank Accounts</td>
<td>1.49m</td>
<td>3.07m</td>
<td>5.58m</td>
<td>5.81m</td>
<td>6.73m</td>
</tr>
<tr>
<td>Number of Low Cost Accounts</td>
<td>1.20m</td>
<td>3.02m</td>
<td>3.56m</td>
<td>3.31m</td>
<td>4.67m</td>
</tr>
<tr>
<td>Number of MSMEs with bank accounts</td>
<td>71,730</td>
<td>76,524</td>
<td>81,369</td>
<td>97,527</td>
<td>100,644</td>
</tr>
<tr>
<td>Number of Women with Bank Accounts</td>
<td>769,883</td>
<td>935,994</td>
<td>1,612,820</td>
<td>1,528,704</td>
<td>1,736,285</td>
</tr>
<tr>
<td>Value of loans to MSMEs</td>
<td>$131.69m</td>
<td>$146.22m</td>
<td>$168.25m</td>
<td>$131.83m</td>
<td>$169.96m</td>
</tr>
<tr>
<td>% of loans to MSMEs over total loans</td>
<td>3.57%</td>
<td>3.75%</td>
<td>3.57%</td>
<td>3.84%</td>
<td>3.94%</td>
</tr>
<tr>
<td>Value of Loans to Women</td>
<td>$277.30m</td>
<td>$310.78m</td>
<td>$360.68m</td>
<td>$384.55m</td>
<td>$432.36m</td>
</tr>
<tr>
<td>Number of Loans to Youth</td>
<td>38,400</td>
<td>61,529</td>
<td>68,756</td>
<td>74,165</td>
<td>69,421</td>
</tr>
<tr>
<td>Value of Loans to Youth</td>
<td>$58.41m</td>
<td>$138.93m</td>
<td>$126.64m</td>
<td>$146.79m</td>
<td>$104.43m</td>
</tr>
</tbody>
</table>
FINANCE ACCESS POINTS

- Bank Branches: Dec-16: 518, Nov-18: 545
- ATMs: Dec-16: 569, Nov-18: 554
- POS: Dec-16: 32,629, Nov-18: 95,719
- Mobile Banking Agents: Dec-16: 40,590, Nov-18: 50,538
VOLUME OF TRANSACTIONAL ACTIVITIES

Volumes of National Payment Systems Transactional Activities

Thousands

<table>
<thead>
<tr>
<th></th>
<th>Dec-16</th>
<th>Nov-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTGS</td>
<td>2,902</td>
<td>6,450</td>
</tr>
<tr>
<td>CHEQUE</td>
<td>348</td>
<td>241</td>
</tr>
<tr>
<td>POS</td>
<td>52,407</td>
<td>270,979</td>
</tr>
<tr>
<td>CASH</td>
<td>16,252</td>
<td>21,435</td>
</tr>
<tr>
<td>ATMs</td>
<td>12,333</td>
<td>3,521</td>
</tr>
<tr>
<td>MOBILE</td>
<td>298,586</td>
<td>1,627,060</td>
</tr>
<tr>
<td>INTERNET</td>
<td>1,140</td>
<td>5,973</td>
</tr>
</tbody>
</table>
The Credit Registry commenced operations in January 2017.

The Credit Registry held 845,672 of which 563,420 were active loan accounts.

Individual records represented 99.99% of the active loan records.

Total subscribers were 165, comprising 18 banking institutions, 143 MFIs (including SMEDCO), DPC and 3 non-banks (Thomas Meikles Stores, Mashonaland Holdings and Nicoz Diamond Insurance).
The world over, businesses including financial institutions are increasingly incorporating sustainability principles in their business operations.

RBZ became a member of the Sustainability Standards and Certification Initiative (SSCI) Council in September 2018.

The SSCI is driven by the European Organisation for Sustainable Development (EOSD) under the Global Sustainable Finance Network.

To date, eight (8) financial institutions have confirmed their readiness to participate in the SSCI Pilot.
Enabling financial institutions to unleash their organizational innovation capacity.

Creating socially responsible, environmentally sustainable & economically feasible business models.

Helping in poverty reduction & social protection.

Helping financial institutions in capital raising.

Transforming risk management into comprehensive risk and opportunities management; and

Supporting building of public trust & confidence in the financial industry.
THE FI JOURNEY CONTINUES!!....

TATENDA
SIYABONGA