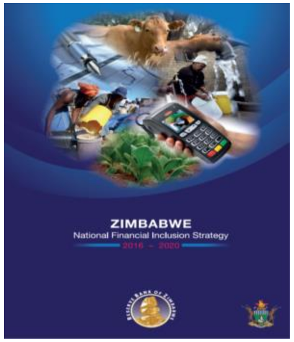
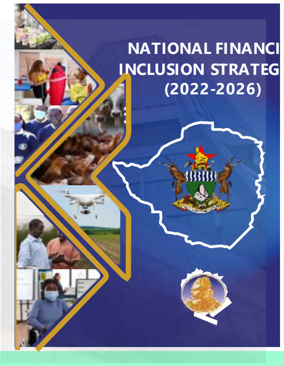




NATIONAL FINANCIAL INCLUSION STRATEGY (NFIS) IMPLEMENTATION HIGHLIGHTS

PRESENTED AT
THE ANNUAL FINANCIAL INCLUSION CONFERENCE

BY
DR. J.T. CHIPIKA,
DEPUTY GOVERNOR, RESERVE BANK OF ZIMBABWE

4 DECEMBER, 2023

VICTORIA FALLS

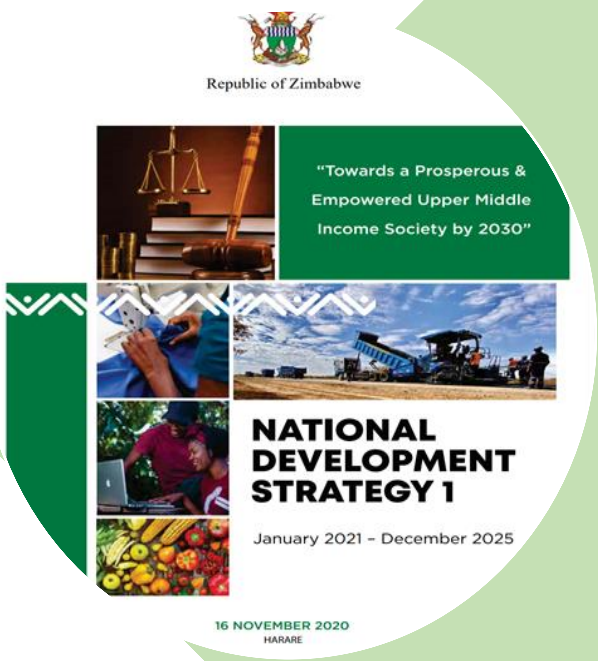
WHAT IS FINANCIAL INCLUSION?

The effective and informed use of a wide range of quality, affordable & accessible financial services by <u>all Zimbabweans</u>, on a sustainable basis, provided in a fair and transparent manner through formal/regulated entities!

GLOBAL & NATIONAL CONTEXT OF FINANCIAL INCLUSION - ZIMBABWE IS A SIGNATORY TO THE 2030 SDGs

Zimbabwe prioritized the following 10 SDGs: 8, 7, 2, 9, 6, 17, 3, 4, 13, and 5 (Plus SDG16)

THE GLOBAL & NATIONAL CONTEXT TO FINANCIAL INCLUSION IN ZIMBABWE……



Zimbabwe's Vision is to become an Upper-Middle Income Society by 2030.

The <u>Overarching Goal of the NDS1</u> is to ensure high, accelerated, <u>inclusive</u> and sustainable economic growth, as well as <u>socio-economic transformation</u> and development.

Financial Inclusion is a key enabler!

WHY DO WE NEED FINANCIAL INCLUSION IN ZIMBABWE?

HISTORICAL ENCLAVE DEVELOPMENT MODEL!

- **61.4% of population reside in rural areas, (2022 ZIMSTAT National Census).**
- **52% of the population are women,**
- **Youth constitute 62% of the population.**
- **More than 60% of GDP is from MSMEs.**
- **Historically, these were largely de-linked from accessing formal finance, including some in Urban and Peri-Urban areas!**

Wealth Creation for Economic Empowerment.

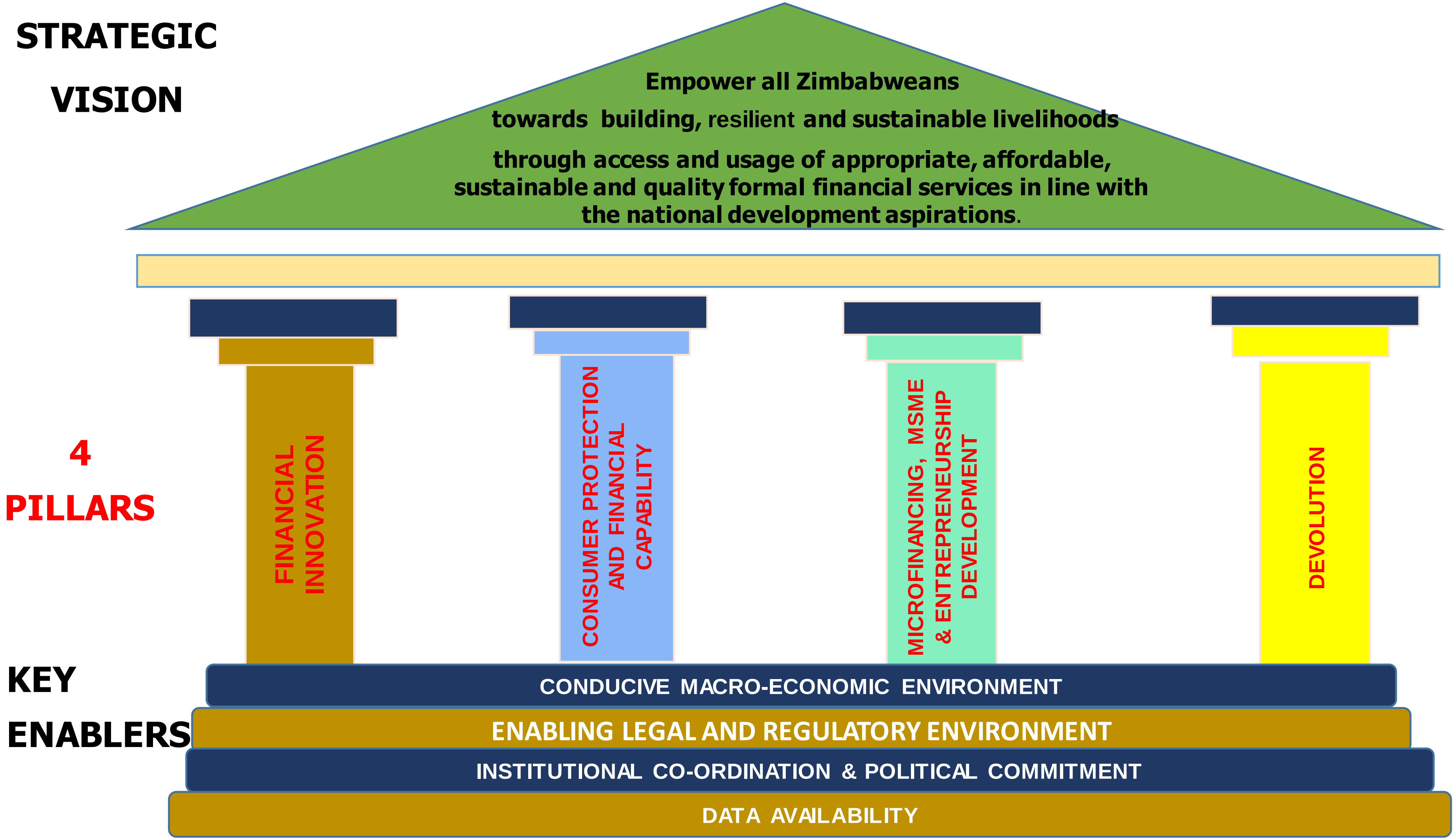
Overcoming Poverty

Financial and Social Stability

Growth of formal MSMEs

Broad based and Inclusive Economic Development

NFIS II, 2022-2026, FRAMEWORK



COLLABORATIVE INTERVENTIONS

The Strategy provides for coordinated actions by various stakeholders to achieve the country's financial inclusion objectives.

10 Thematic Working Groups

i. Women Financing and Development;
ii. SME Finance and Development;
iii. Youth Finance and Development;
iv. People Living With Disabilities;
v. Rural and Agricultural Finance Development;
vi. Digital Financial Services;
vii. Financial Literacy & Consumer Protection;
viii. Microfinance; and
ix. Insurance & Capital Markets.
x. Entrepreneurship Development (constituted under NFIS II)

Thematic Working Group Membership

NATIONAL FINANCIAL INCLUSION STRATEGY II TARGET GROUPS

WOMEN

YOUTH

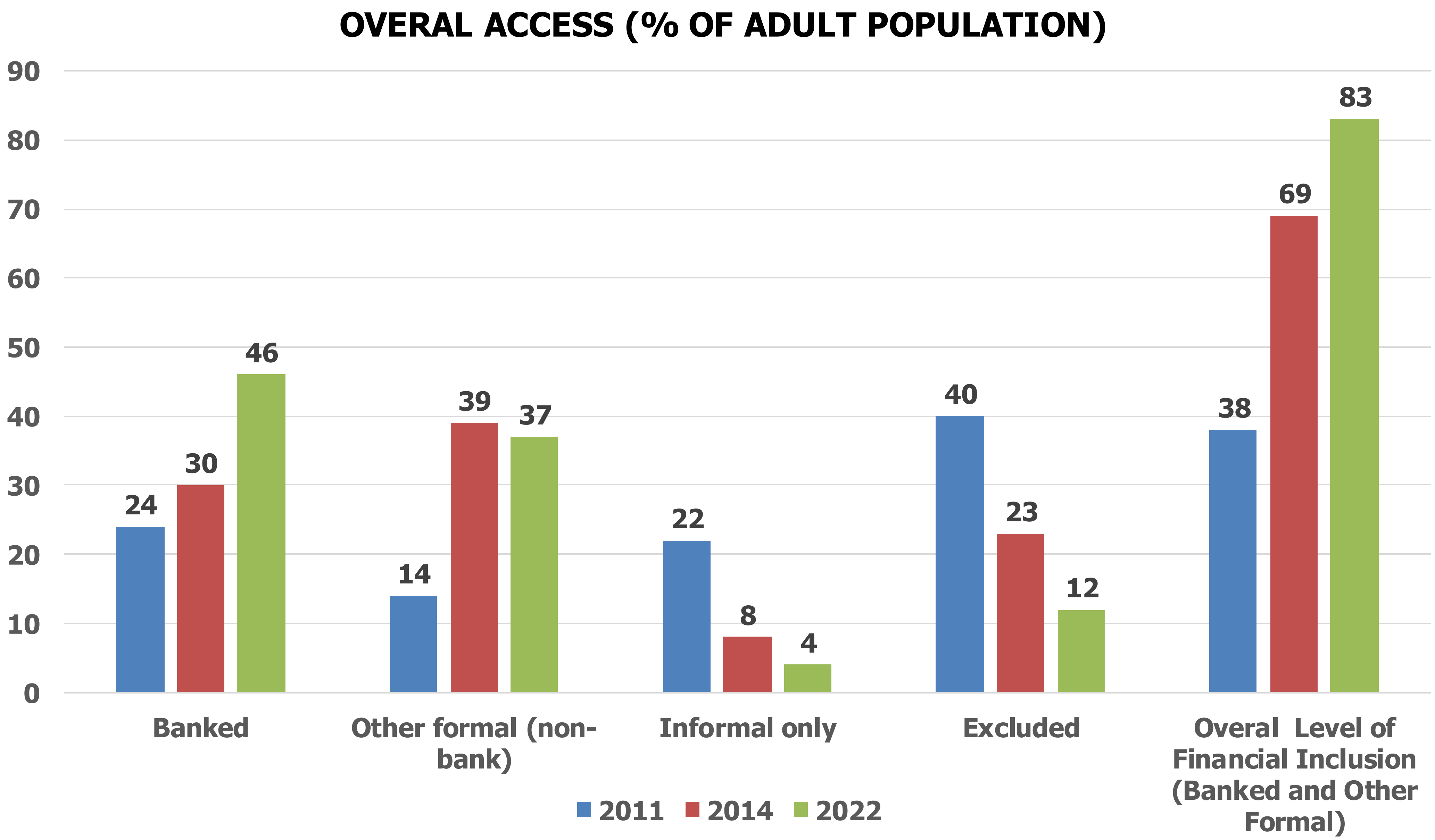
MSMEs

SMALL HOLDER FARMERS

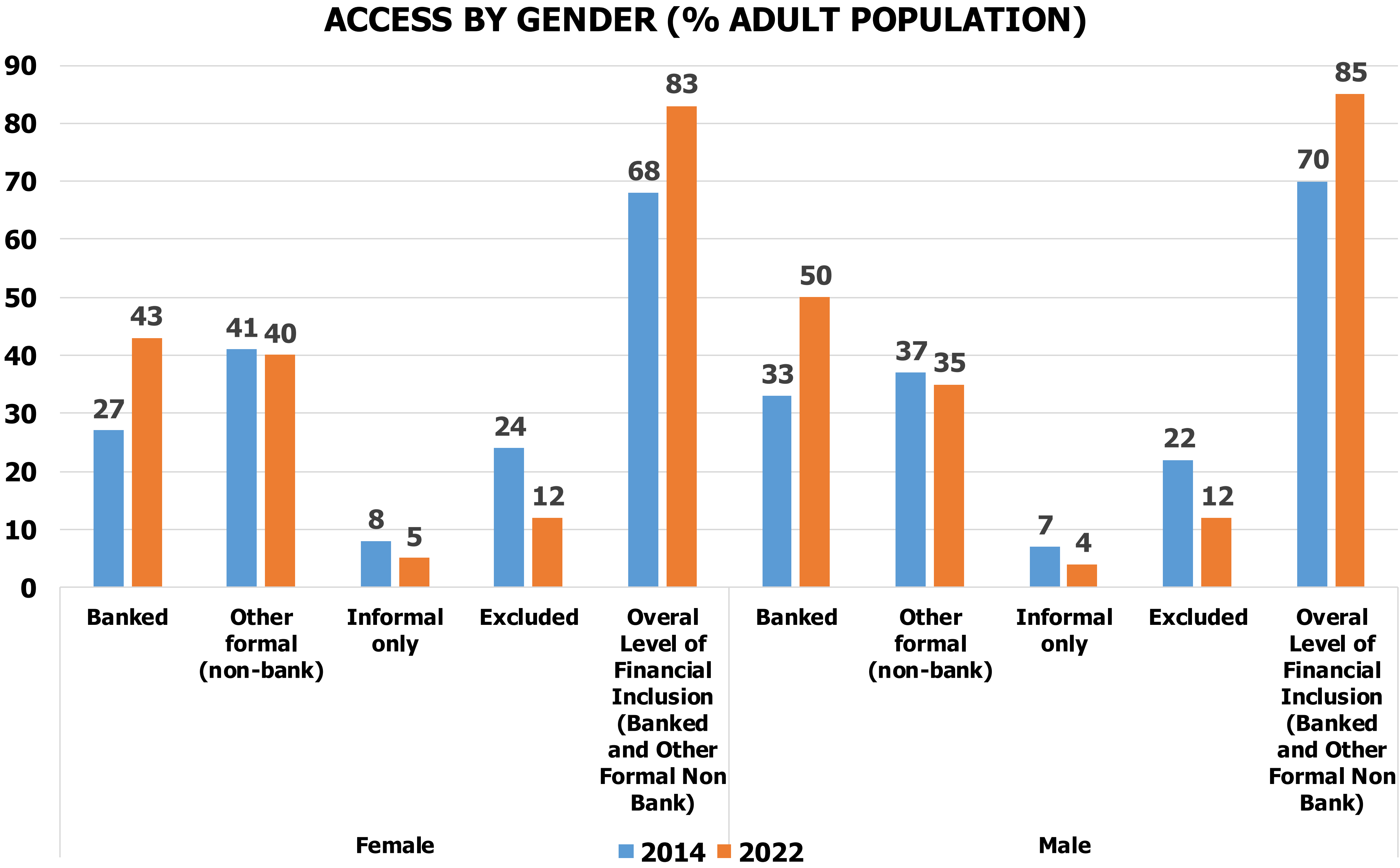
PEOPLE WITH DISABILITIES

ELDERLY & PENSIONERS

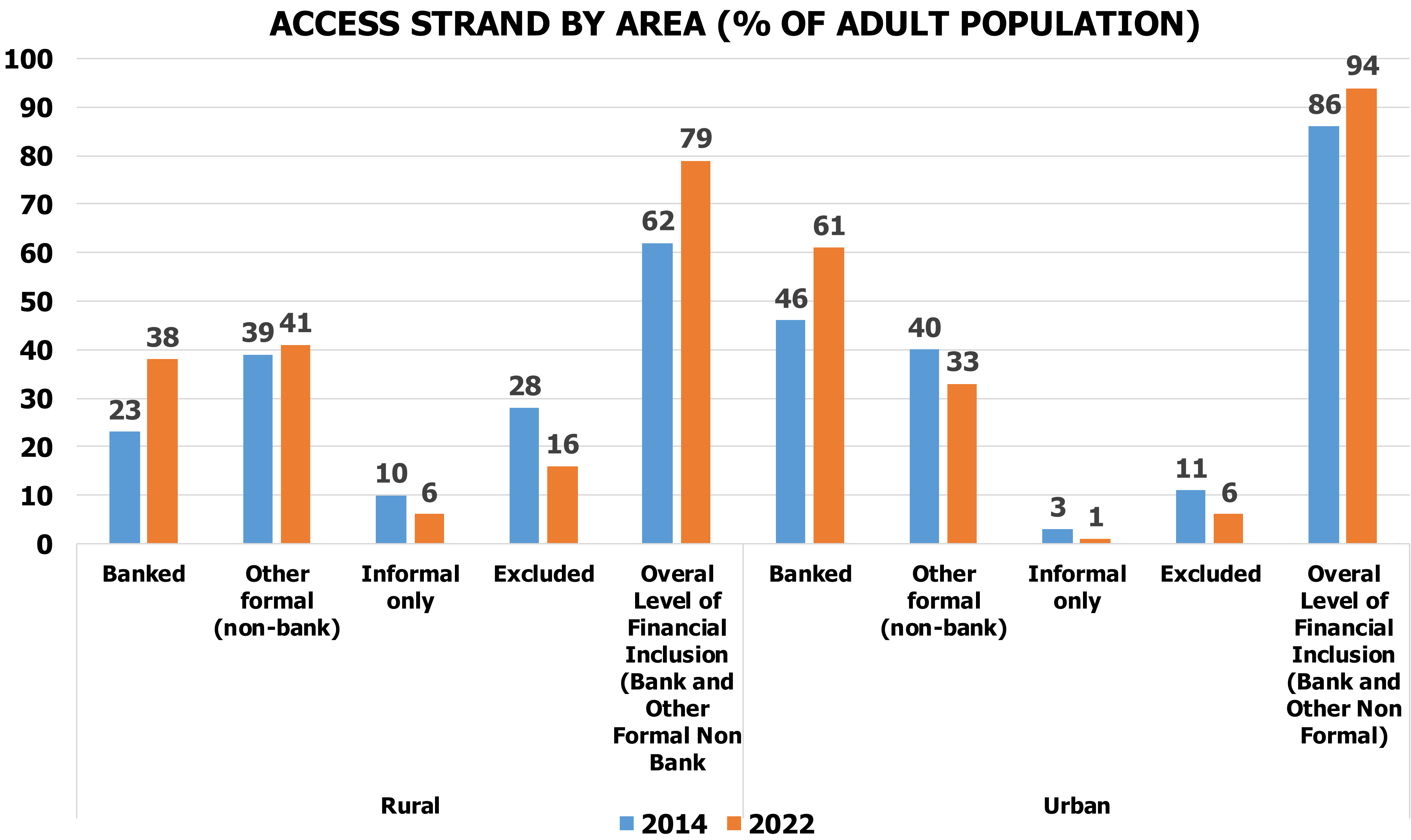
PROGRESS ACHIEVED UNDER NFIS I, 2016- 2020



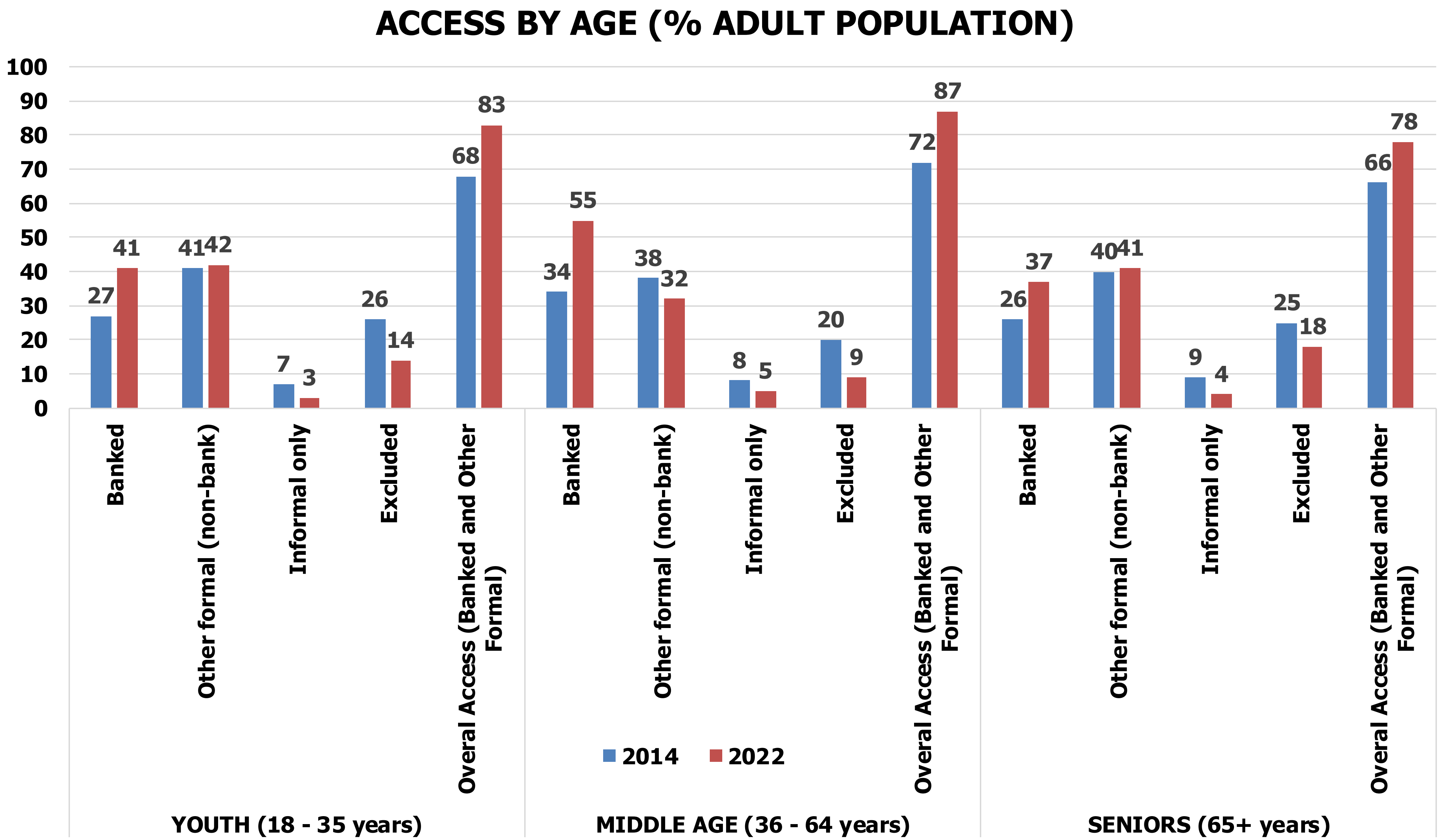
PROGRESS ACHIEVED UNDER NFIS I



FINANCIAL ACCESS STRAND

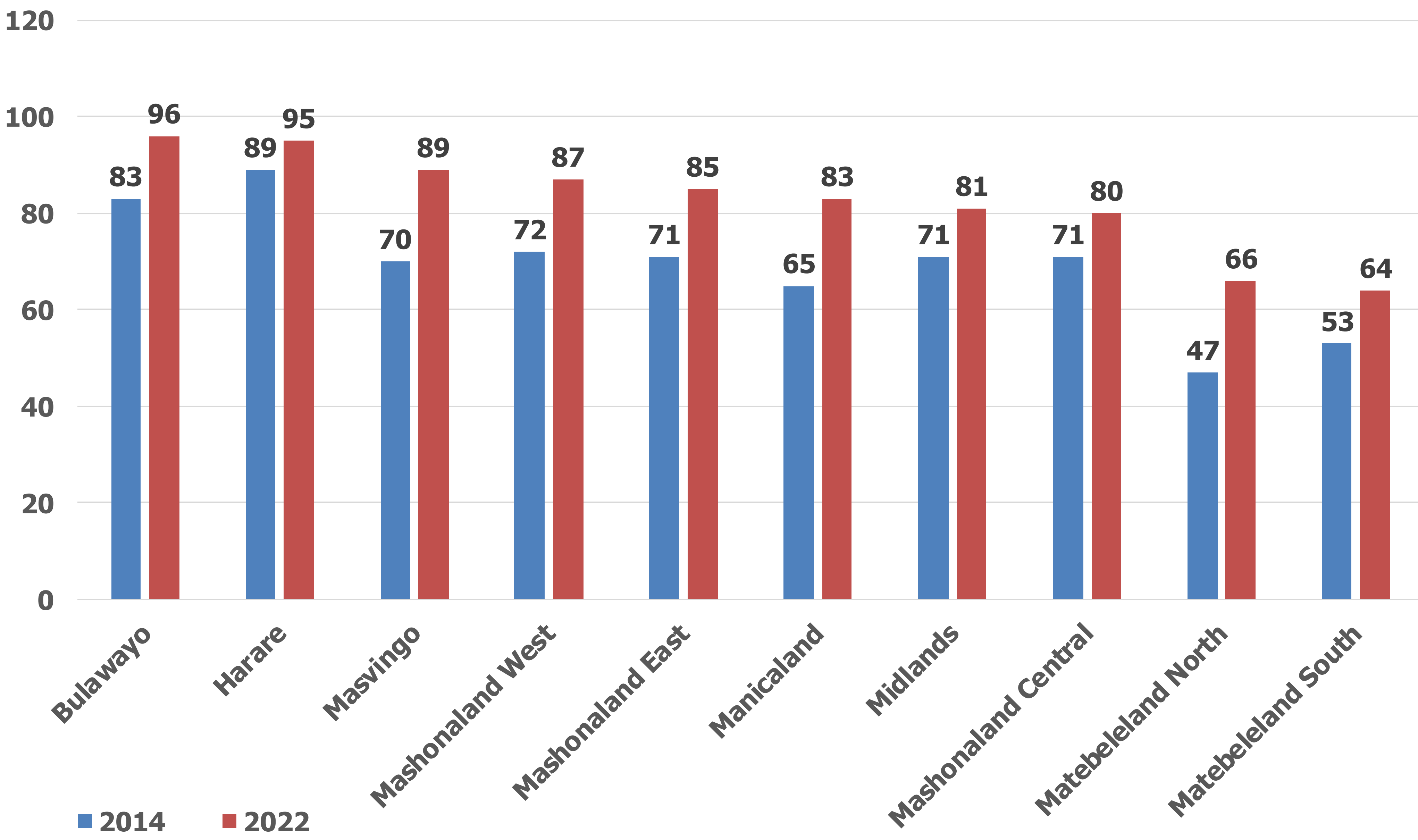


FINANCIAL ACCESS STRAND BY AGE

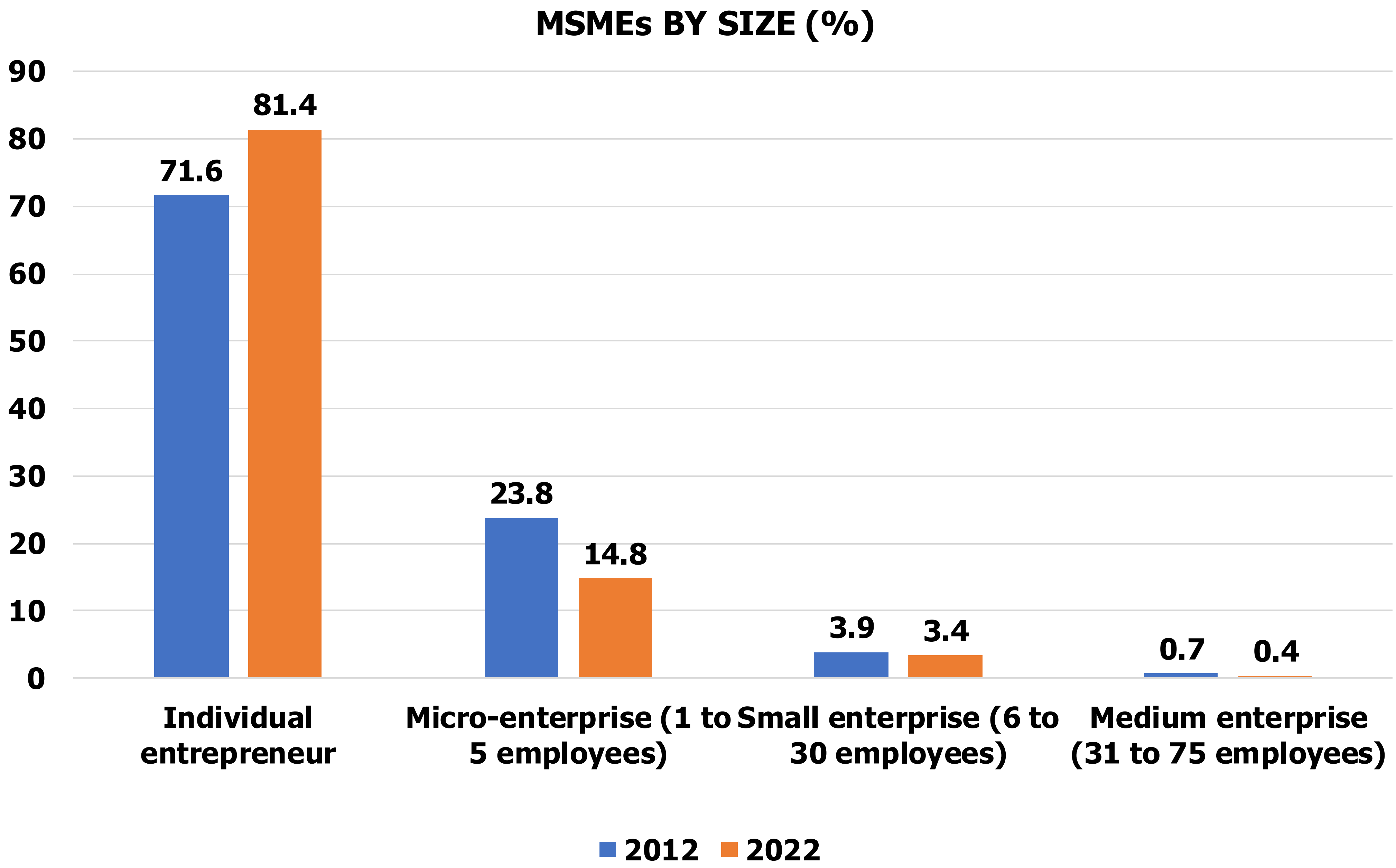


FINANCIAL ACCESS STRAND

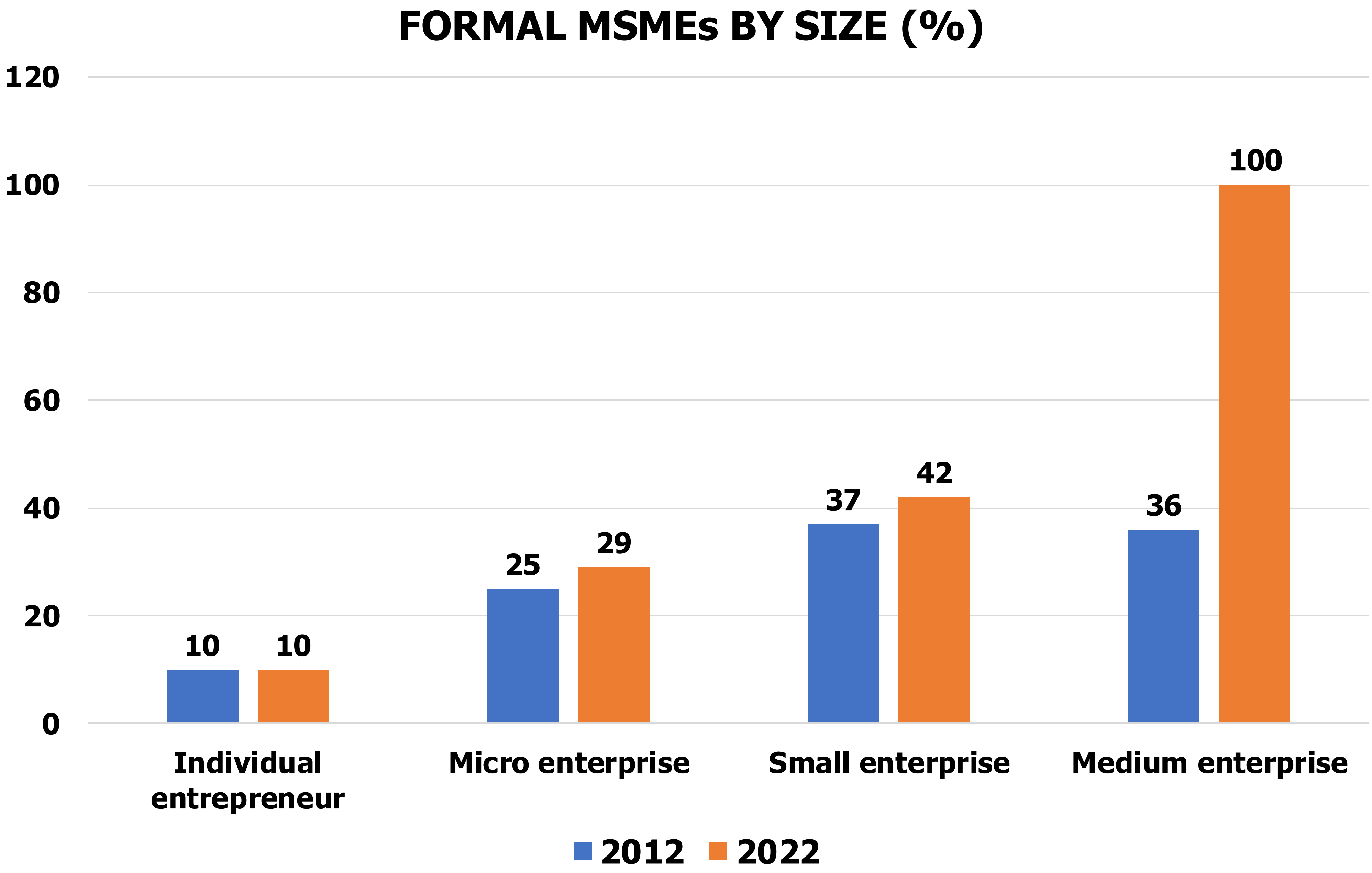
ACCESS BY PROVINCE - TOTAL (% OF ADULT POPULATION)



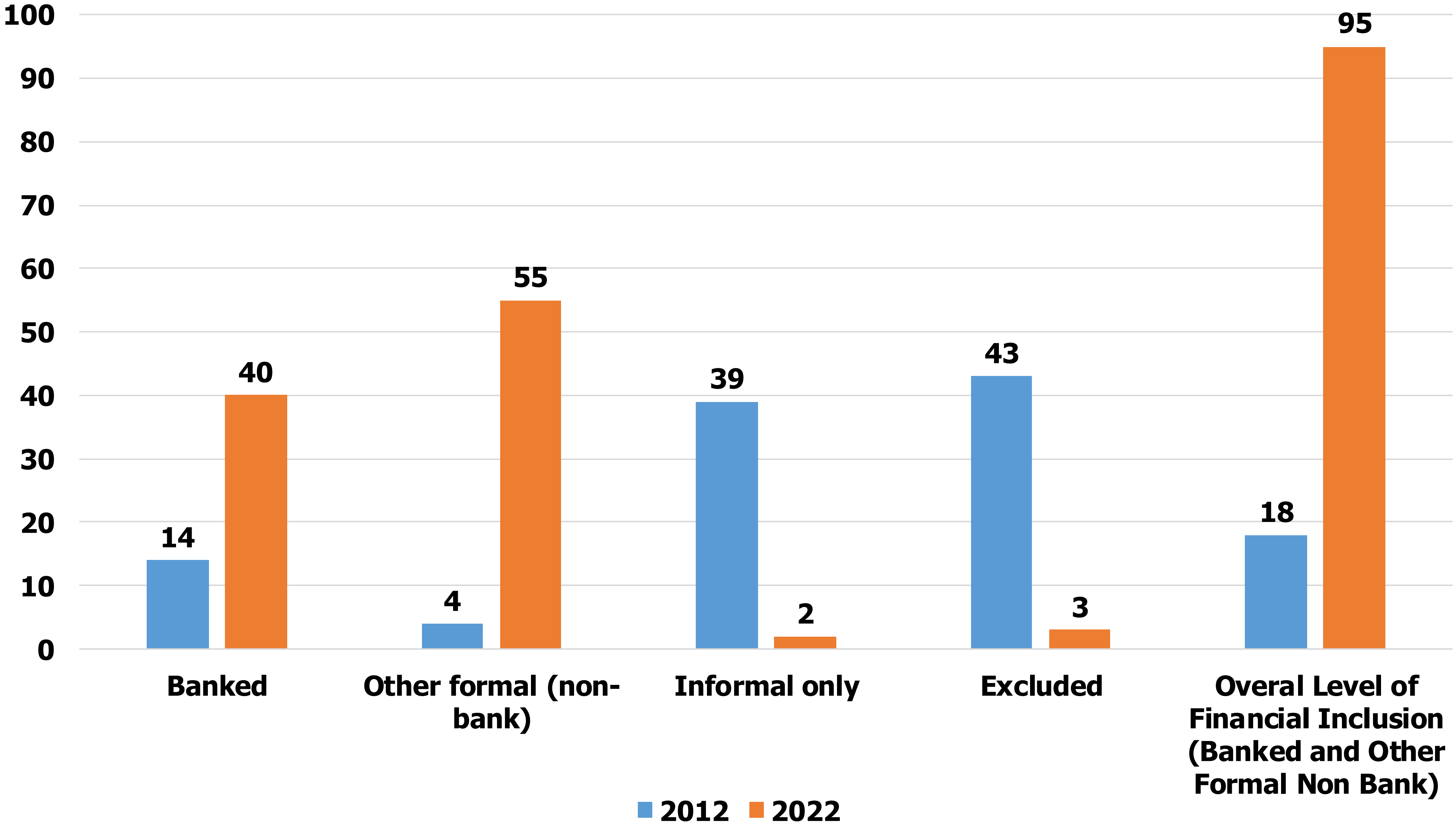
SIZE AND SCOPE OF MSMEs



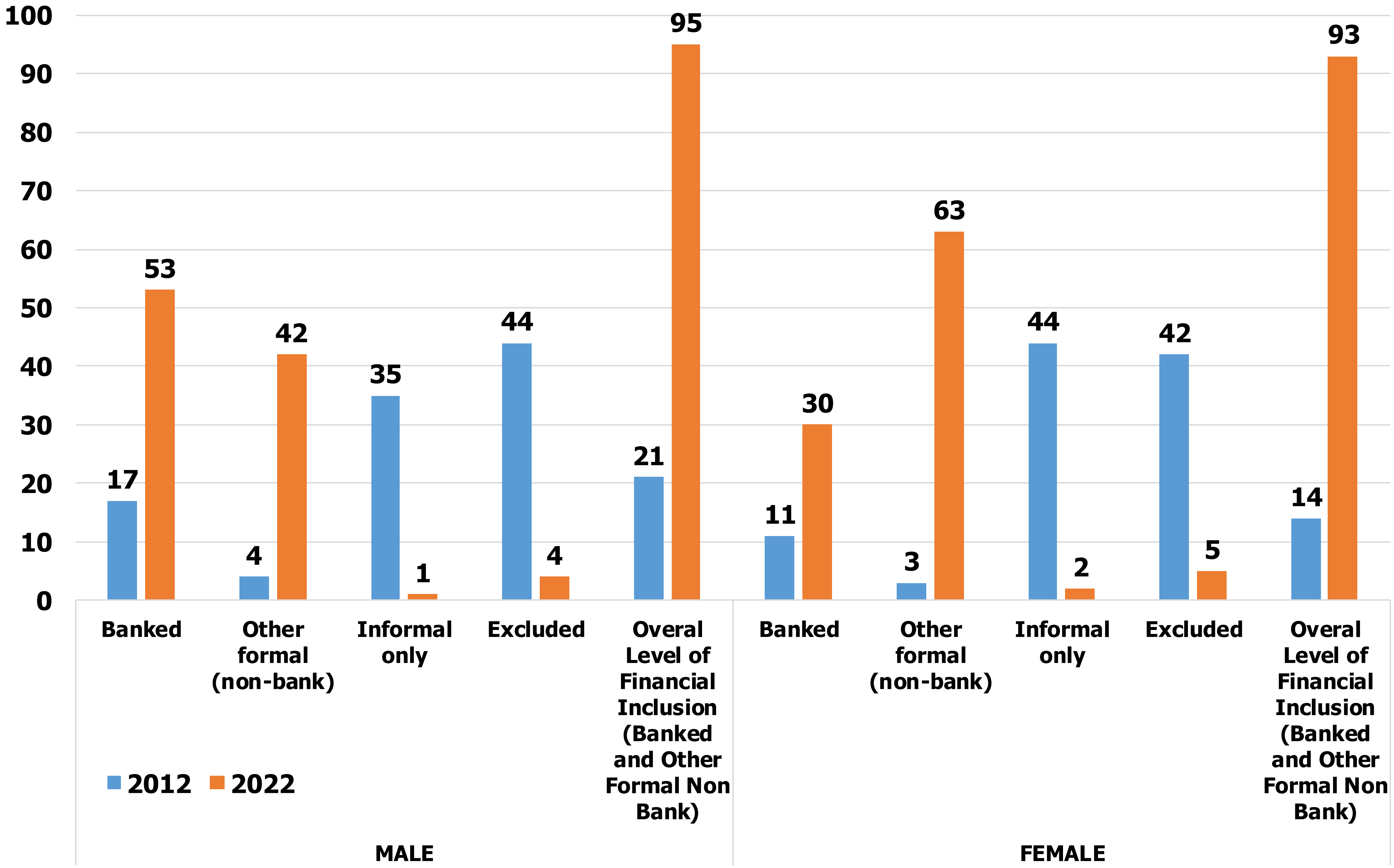
STATE OF FORMALIZATION



FINANCIAL ACCESS STRAND (% OF MSMEs)



MSMEs FINANCIAL ACCESS BY GENDER (% OF MSMEs)



FROM ACCESS TO USAGE

INITIATIVES TO ENHANCE ACCESS TO FINANCIAL SERVICES

- ✓ Registered Women's Microfinance Bank (ZWMB);
- ✓ Empower Bank;
- ✓ AFC Bank;
- ✓ SMEDCO;
- ✓ SME Foreign Currency Auction;
- ✓ Bureau De Changes;
- ✓ Low KYC/Cost Accounts;
- ✓ SME Desks;
- ✓ Women's Desks;
- ✓ Empowerment Facilities;
- ✓ Micro-insurance & MSME Equities;
- ✓ C- Trade - An online listing platform for Growth Enterprises including SMEs
- ✓ ZiG etc

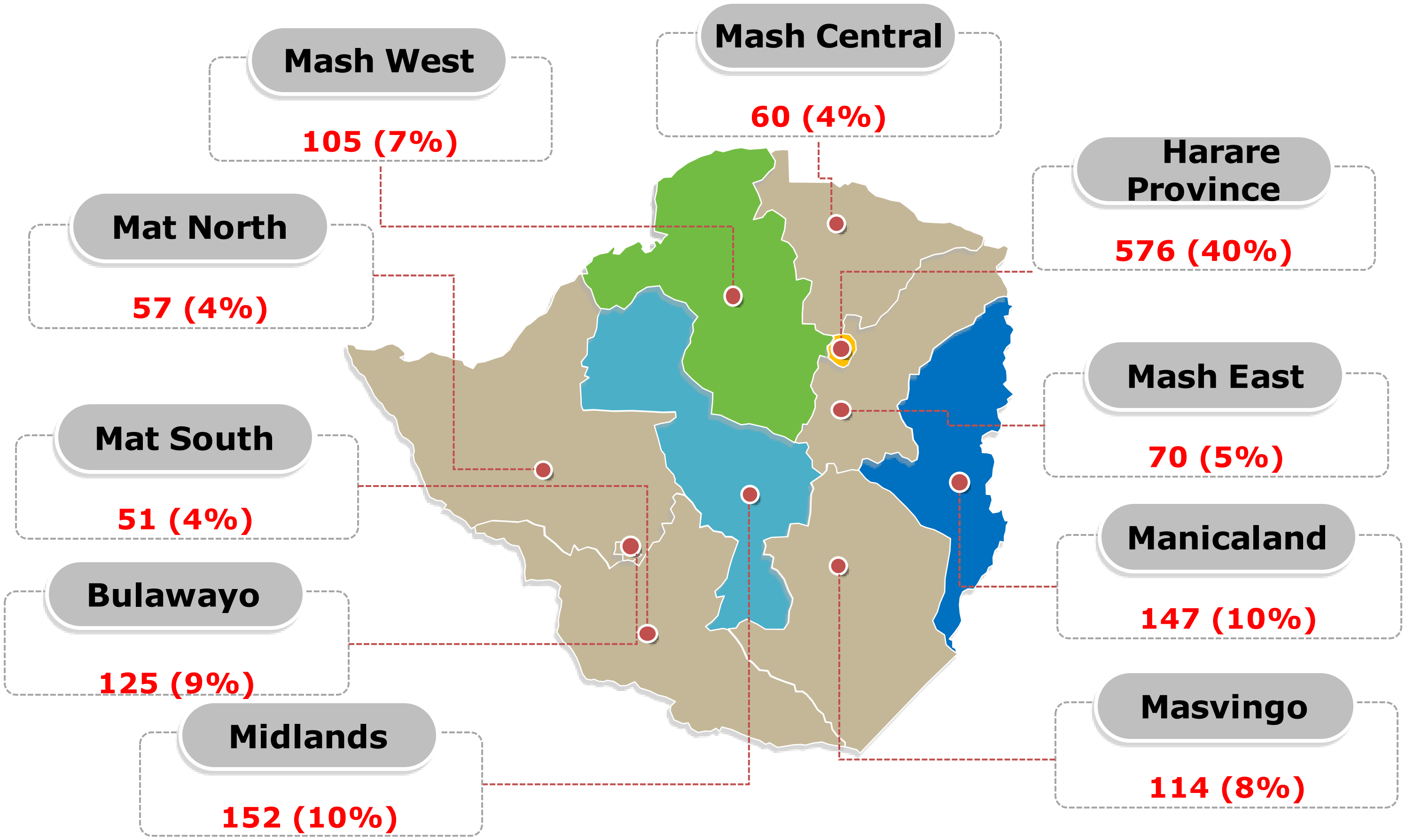
INITIATIVES TO ENHANCE USAGE OF FINANCIAL SERVICES

- ✓ Credit Guarantee Scheme;
- ✓ Credit Registry;
- ✓ Collateral Registry;
- ✓ Warehouse Receipt System;

Wealth Creation, Improved Welfare & Poverty Reduction

EXPECTED OUTCOME

Geographical Distribution of Bureaux de Change Branches as at 21 Nov 2023

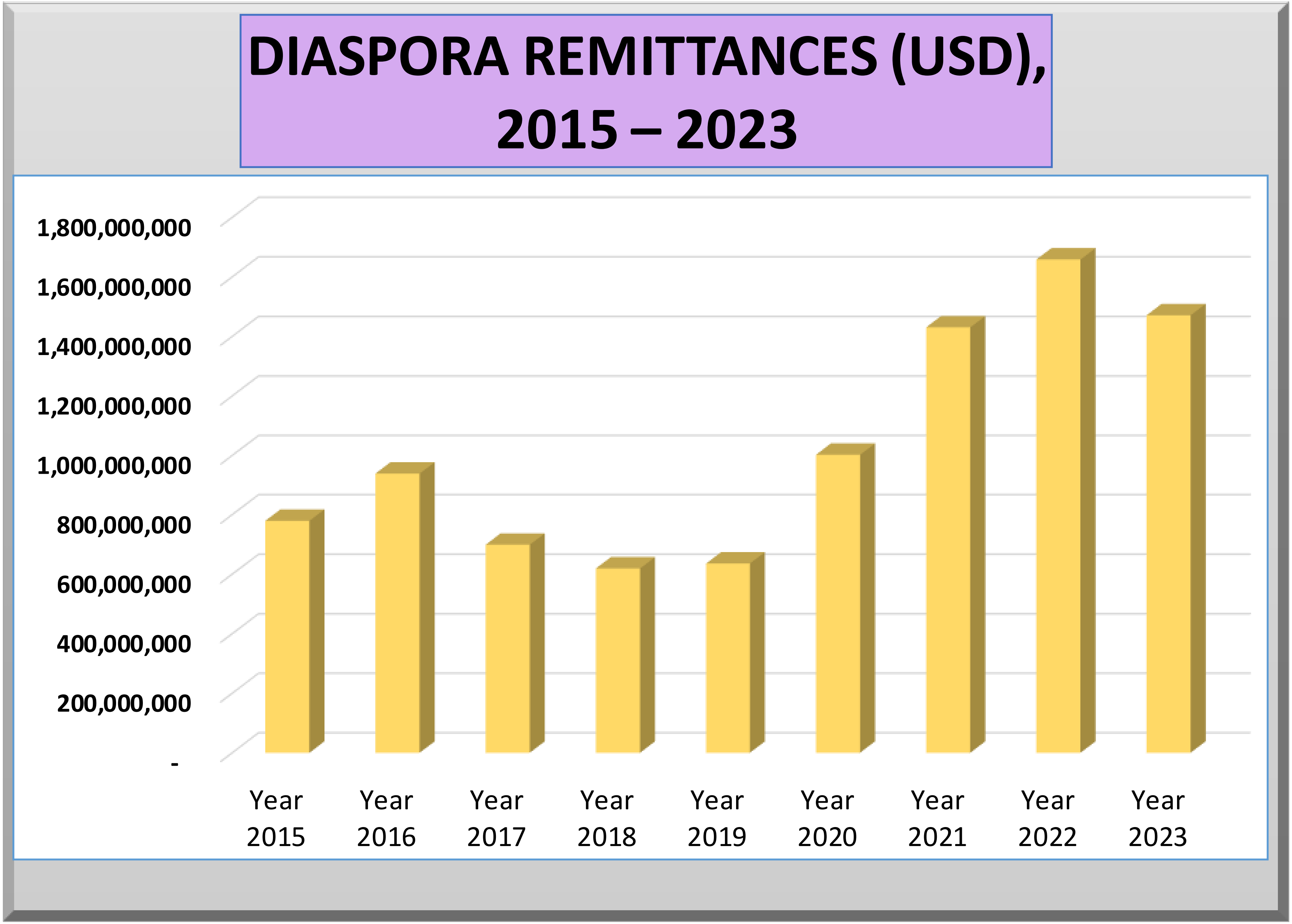


103 OPERATING AUTHORISED DEALERS WITH LIMITED AUTHORITY (ADLAs) WITH 1457 BRANCHES NATIONWIDE

DIASPORA REMITTANCES 2015 TO 2023 (*UP TO 31 OCTOBER*)

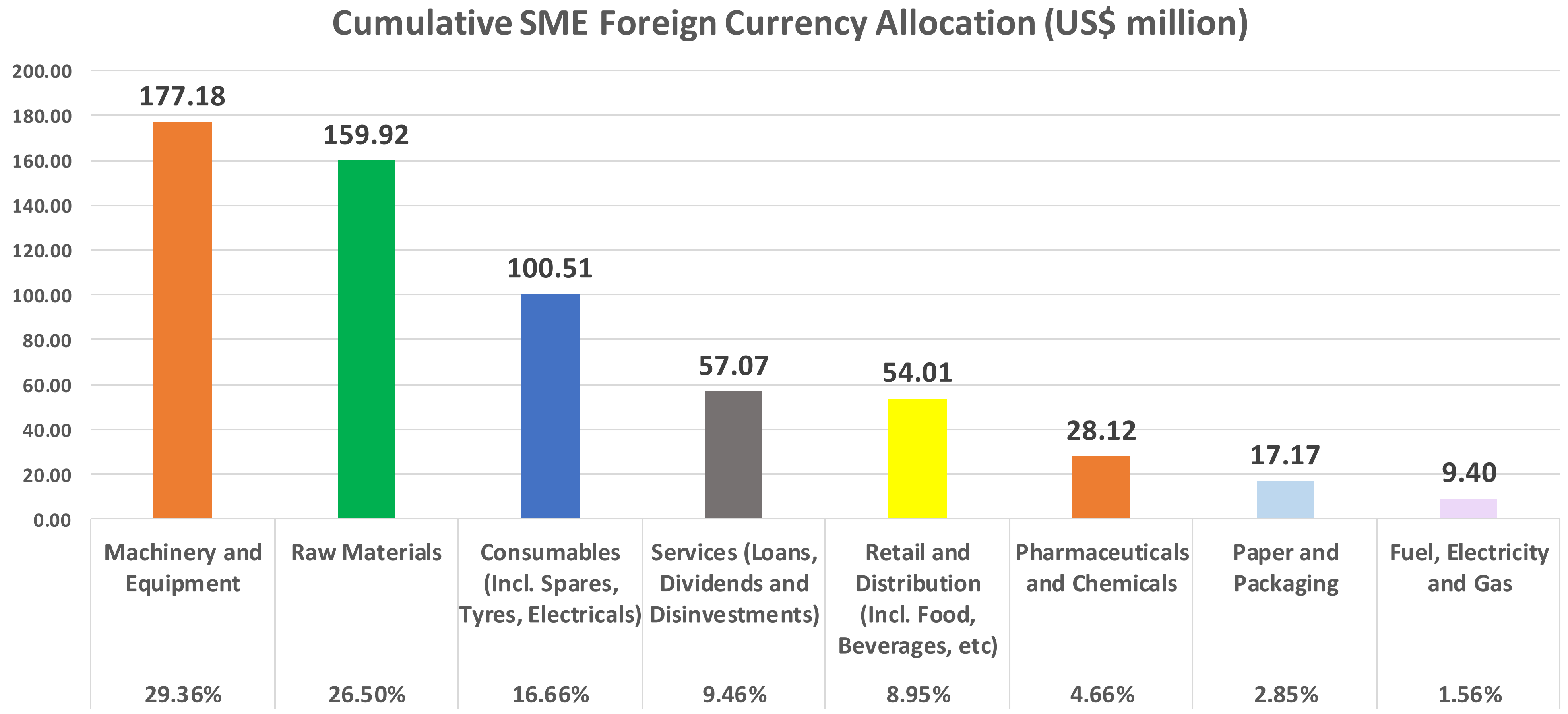
Year	Amount Received (USD)
Year 2015	779,306,223
Year 2016	939,040,307
Year 2017	698,874,247
Year 2018	619,246,960
Year 2019	635,673,465
Year 2020	1,002,100,086
Year 2021	1,430,136,278
Year 2022	1,658,359,898
Year 2023*	1,470,881,432

** - Remittances for 2023 are from January to October*


DIASPORA REMITTANCES (USD), 2015 – 2023
1,800,000,000
1,600,000,000
1,400,000,000
1,200,000,000
1,000,000,000
800,000,000
600,000,000
400,000,000
200,000,000
-
Year 2015
Year 2016
Year 2017
Year 2018
Year 2019
Year 2020
Year 2021
Year 2022
Year 2023

SME FOREIGN CURRENCY AUCTION ALLOCATIONS, 2020-2023

The Reserve Bank introduced an SMEs Foreign Exchange Auction System **in August 2020**. **As at 21 November 2023, US$603.39 million was allocated to the SME Sector.**



CREDIT REGISTRY SYSTEM

The Reserve Bank started the process of **establishing a Credit Registry in 2017.**

The development of the credit registry was against the background of **Non-Performing Loans (2012-2015),** which negatively affected lending institutions, peaking at **20.45% in September 2014**. **NPL Ratio was 2.34% as at 30 September 2023.**

The high level of NPLs was largely attributed to **information asymmetry**, **over-indebtedness of borrowers** and **weak credit referencing environment**.

The Credit registry implementation is part of measures **to enhance the credit environment in the country and to enhance access to credit.**

CREDIT REGISTRY USAGE – REGISTERED LOANS BY GENDER & AGE AS AT 31 OCTOBER 2023

WHAT IS THE COLLATERAL REGISTRY?

The Collateral Registry is a publicly available database of interests in or ownership of movable assets tendered to secure loans

WHY WE NEED THE COLLATERAL REGISTRY?

The CR will immediately benefit MSMEs, women, youth, rural populations, & other marginalised groups, to access loans and ultimately boost production.

To expand the range of qualifying collateral (MOVABLE) accepted by lenders as part of the broader reforms to promote access to finance and enhance financial inclusion

ACCEPTABLE MOVABLE ASSETS

VEHICLES!

HOUSEHOLD GOODS!

LIVESTOCK e.g CATTLE & GOATS!

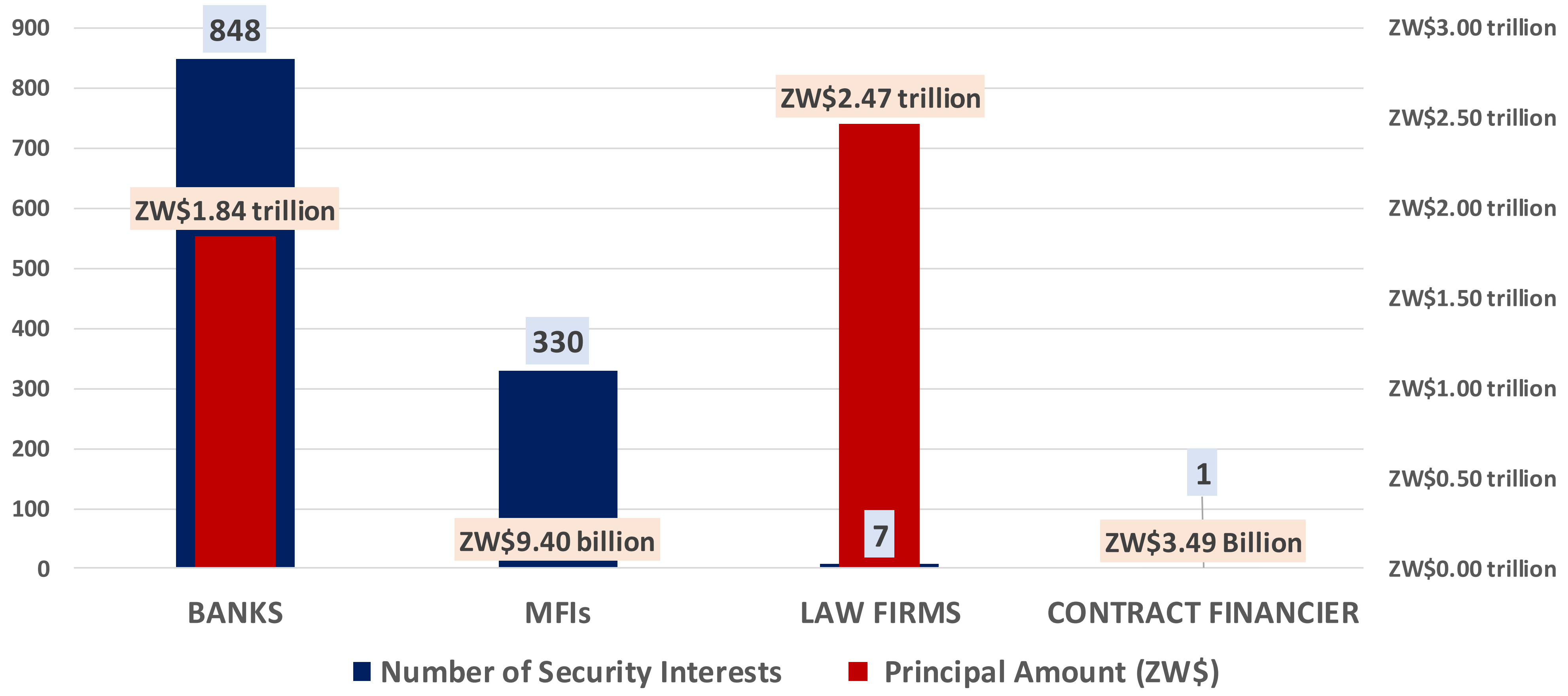
CROPS e.g MAIZE, TOBACCO, WHEAT !

FARMING AND NON-FARMING EQUIPMENT!

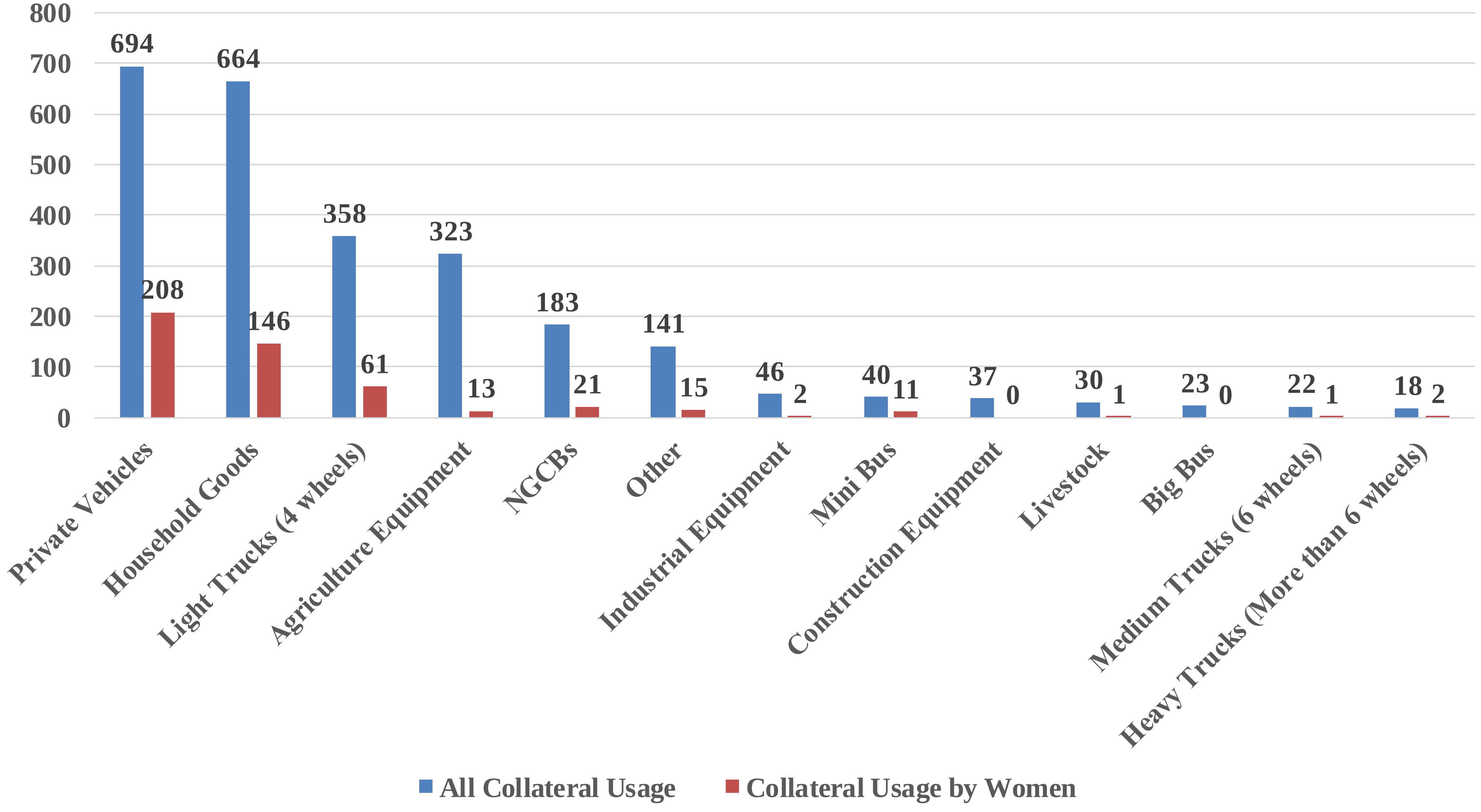
and many more!

VALUE OF REGISTERED COLLATERAL SECURITY INTEREST NOTICES AS AT 31 OCTOBER 2023

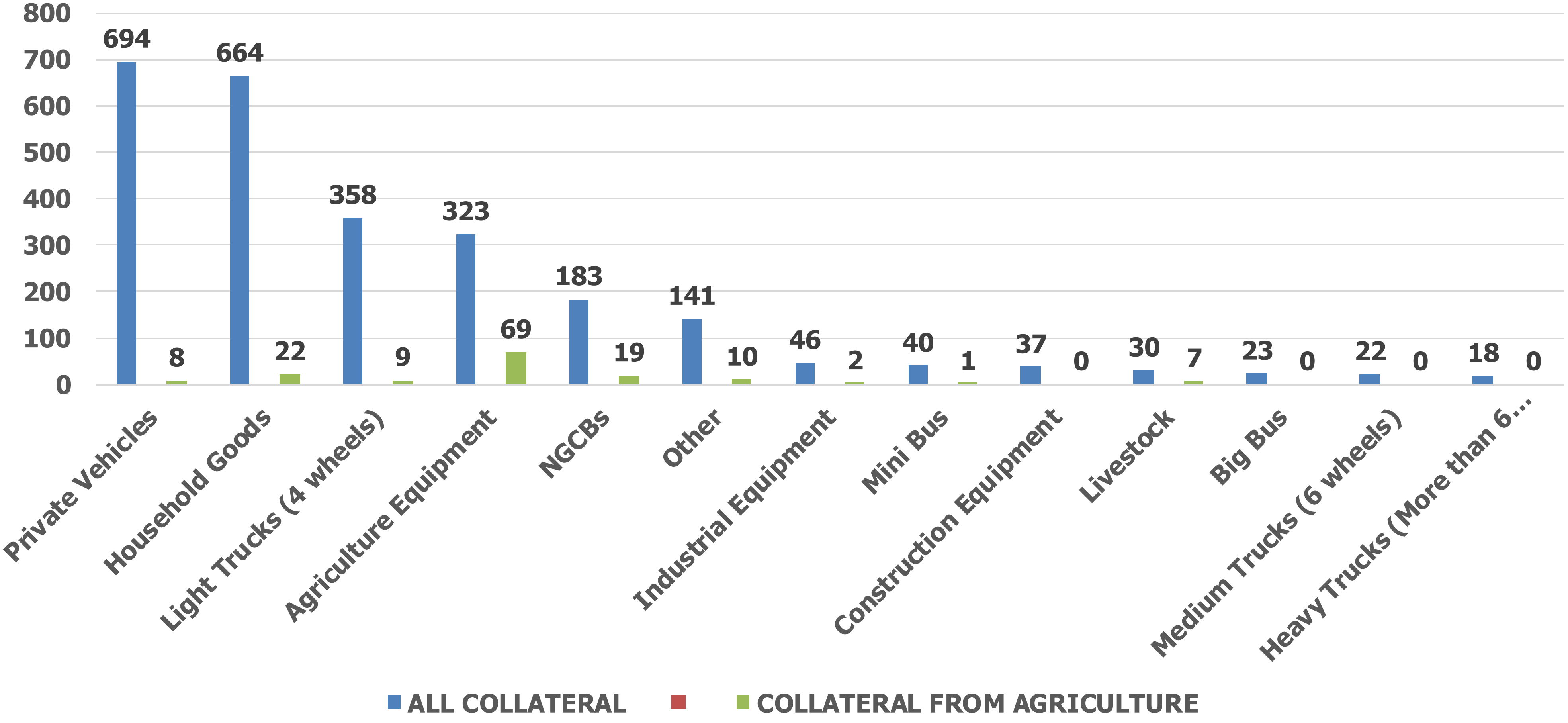
As at 31 October 2023, the Collateral Registry System had 1186 Active registered security interests with a corresponding loan amount of ZW$4.32 trillion.



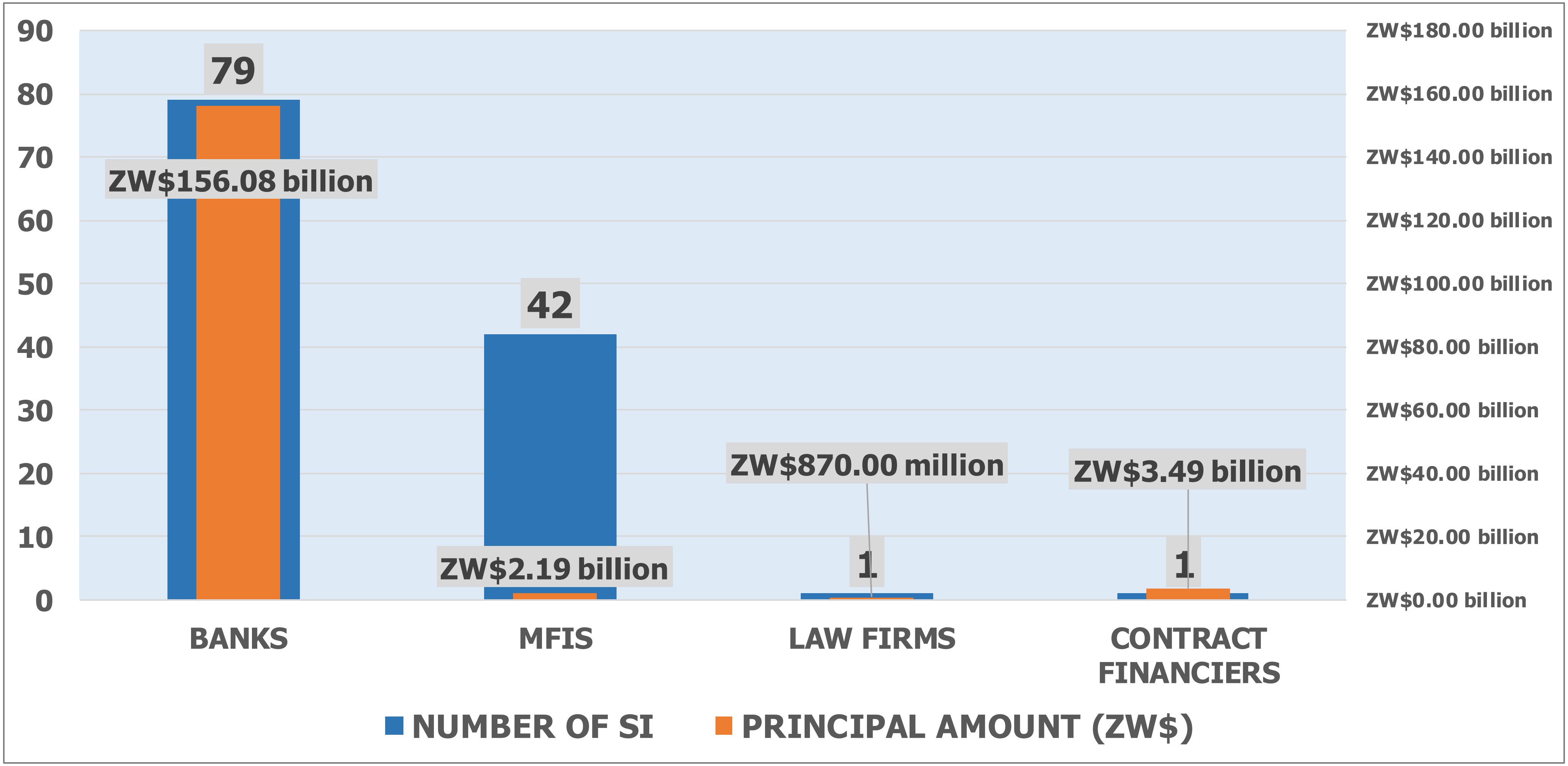
NUMBER OF COLLATERALS SEPARATELY PLEDGED BY WOMEN AS AT 31 OCTOBER 2023



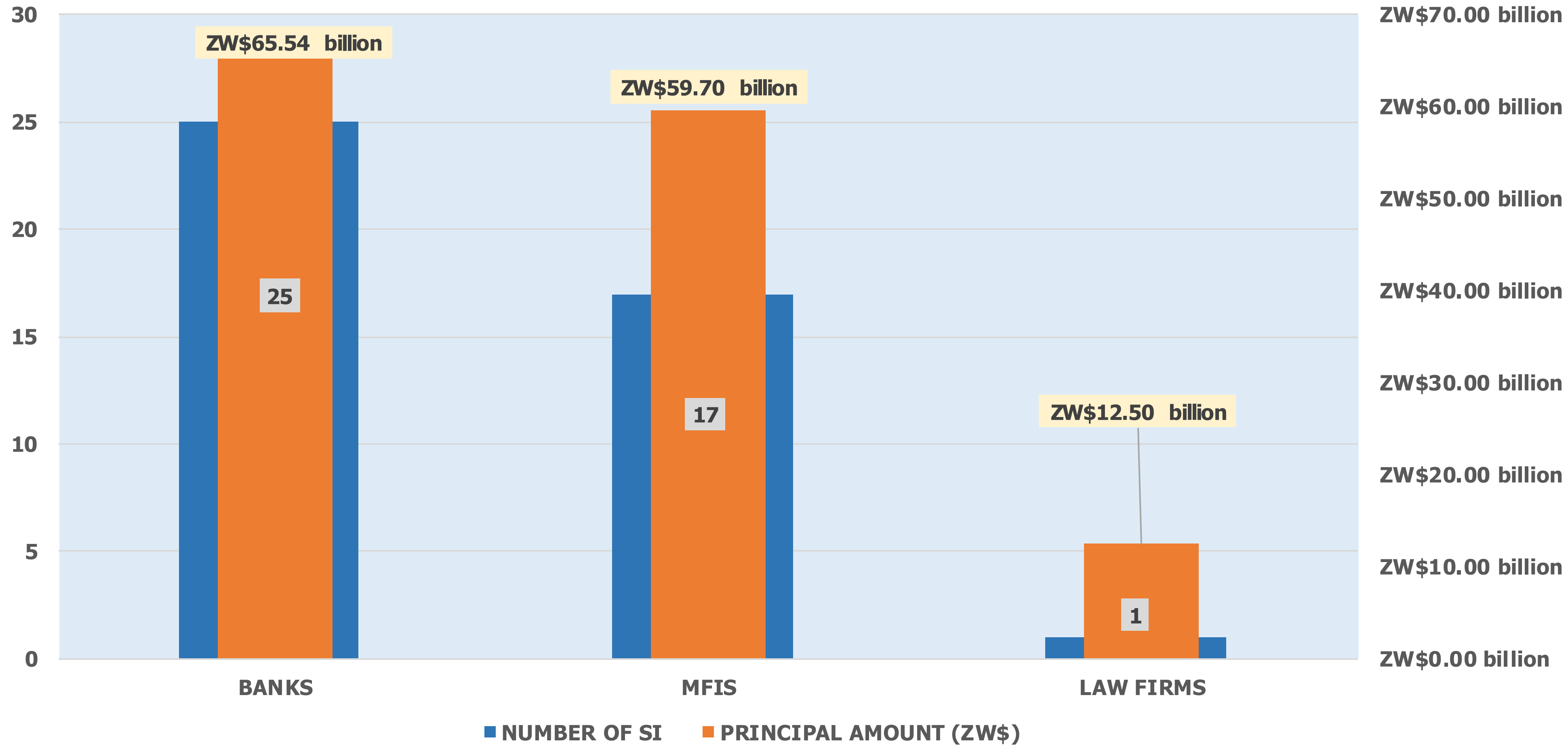
TOTAL PLEDGED BY FARMERS AGAINST GRAND TOTALS COLLATERALS



VALUE OF REGISTERED SECURITY INTEREST NOTICES BY FARMERS AS AT 31 OCTOBER 2023



VALUE OF REGISTERED SECURITY INTERESTS FOR MSMEs



RATIONALE FOR ZIMBABWE GOLD-BACKED DIGITAL TOKENS (ZiG)

E-GOLD (ZiG)

VALUE PRESERVATION

ALTERNATIVE INVESTMENT OPTION

MOVING AWAY FROM RISKY INVESTMENTS

INCLUSIVITY

ZiG issuance started on 12 May 2023, by 17 Nov 2023, 393,946,486 milligrams of gold (393.95 kg of gold) had been purchased, mopping up Z$ 78.2 billion and US$20,023.94!

FINANCIAL INCLUSION INDICATORS FROM THE BANKING SECTOR

INDICATOR	DEC 2016	DEC 22	SEPT 23
Number of Loans to MSMEs	15,747	24,987	94,670
Nominal Value of loans to MSMEs (ZW$ Million)	131.69	49,714.31	387,133.62
Inflation-adjusted - Value of loans to MSMEs (ZW$ Million)	132.93	14,461.92	326,970.96
Average loans to MSMEs as % of total bank loans	3.57	4.15	3.87
Number of Loans to Women	109,149	177,671	200,894
Nominal Value of Loans to Women (ZW$ Million)	277.30	49,854.41	448,389.80
Inflation-adjusted Value of Loans to Women (ZW$ Million)	279.90	14,502.68	378,707.60
Average loans to women as a % of total bank loans	7.52	4.16	4.48
Number of Loans to Youth	38,400	65,098	65,587
Nominal Value of Loans to Youth (ZW$ Million)	58.41	37,629.77	329,728.37
Inflation-adjusted Value of Loans to Youth (ZW$ Million)	58.96	10,946.52	278,486.80
Average loans to the youth as a % of total bank loans	1.58	3.14	3,29
Total number of Active Bank Accounts (Million)	1.49	7.36	8.02
Number of Low-Cost Bank Accounts (Million)	1.20	4.35	3.5

WAY FORWARD

Effective co-ordination, collaboration and taking ownership of the financial inclusion initiatives by all stakeholders.

- **AFI Gender Inclusive Ambassador in 2019.**
- **AFI Top 5 Finalist Maya Declaration Commitment Award, 2023, Philippines.**
- **AFI Top 5 Finalist Global Youth Financial Inclusion Award, 2023, Philippines.**
- **AFI Top 5 Finalist, Technical Leadership Award (Mrs Rachel Mushosho), 2023, Philippines.**
- **Others, Regional and Local Awards!**

WAY FORWARD……

- **Financial Inclusion is a key enabler to sustainable economic development .**

- **Technology is key in driving financial inclusion.**

- **The Collateral Registry has unlocked the potential of the marginalised groups to access formal finance.**

- **Financial Literacy at all levels is key to the building of inclusive financial systems.**
- **Formalisation of the informal sector is central to financial inclusion and stability.**

- **Green finance is key in ensuring we protect the environment as we carry out our economic activities.**

THE RACE TO FINANCIAL INCLUSIVITY CONTINUES!!….

“Leaving Noone and No Place Behind!”

TATENDA
SIYABONGA
THANK YOU