



FINANCIAL INCLUSION

Bulletin

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ABBREVIATIONS

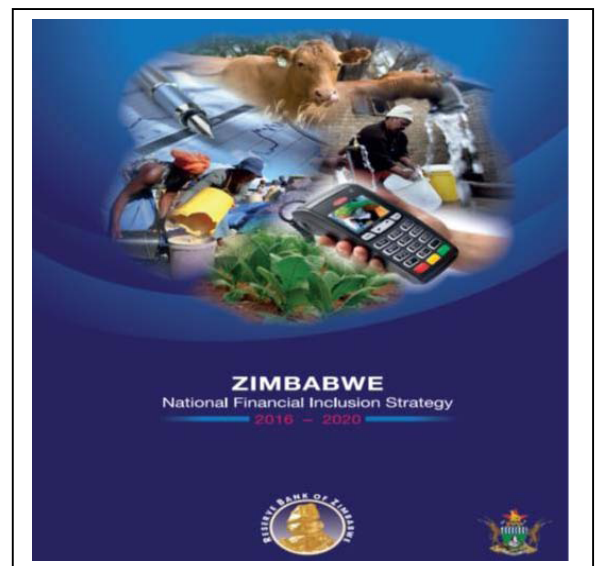
AFI	– Alliance for Financial Inclusion
ATM	- Automated Teller Machine
FIU	- Financial Intelligence Unit
FAO	- Food and Agricultural Organisation
IPEC	- Insurance and Pensions Commission
GMW	- Global Money Week
KYC	- Know-Your Customer
LFSP	- Livelihoods and Food Security Programme
MSME	- Micro, Small and Medium Enterprises
NDS	- National Development Strategy
NFNV	- New Faces New Voices
NFIS	- National Financial Inclusion Strategy
NPS	- National Payment System
POS	- Point of Sale Machine
PWD	- Persons With Disabilities
RTGS	- Real Time Gross Settlement
SECZ	- Securities and Exchange Commission of Zimbabwe

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A. INTRODUCTION

1. This is the maiden Zimbabwe Financial Inclusion Bulletin covering the period January 2021 to 31 December 2021. The Financial Inclusion Bulletin, which will be issued bi-annually, seeks to provide a synopsis of the financial inclusion initiatives by the various financial inclusion implementing partners, including the financial sector regulatory authorities, regulated entities in the banking sector, insurance and pensions sector, the capital market operators, mobile network operators (MNOs), and other development partners.
2. The National Financial Inclusion Strategy Phase 1- NFIS 1 (2016-2020) came to an end on 31 December 2020. A desk-top review of the financial inclusion initiatives under NFIS I was done and is encapsulated in the National Financial Inclusion Journey Report which is available on the Reserve Bank website. The desk-top review was aimed at evaluating the effectiveness of the strategies deployed under NFIS I, as well as identify challenges during implementation of NFIS I.
3. Drafting of the National Financial Inclusion Strategy 2021-2025 (NFIS II) commenced in 2021. In order to facilitate development of an evidence-based financial inclusion strategy, two FinScope Surveys, the FinScope MSME Survey and the FinScope Consumer Survey have been commissioned, the results of which will inform financial inclusion targets for NFIS II.
4. Financial inclusion activities initiated under NFIS I continued, with the implementing partners embarking on various programs to facilitate financial inclusion of the previously marginalised groups including the women, the youth, the micro, small and medium enterprises (MSMEs), rural and smallholder farmers, and persons with disabilities (PWD).
5. Despite the negative impact of the Covid-19 pandemic, the country continues to register significant inroads into the financial inclusion space. Notable increase was recorded in the value of loans to MSMEs, women and youth over the review period. Digital financial services played a key role in



facilitating access and usage of financial services during the review period under the Covid-19 pandemic era.

6. Given the important role of digital financial services, digital financial literacy has become a key area of focus in order to facilitate access and usage of financial services on digital platforms particularly by the women, micro, small and medium enterprises (MSMEs), the elderly and pensioners, as well as people living with disabilities (PWD).

B. FINANCIAL INCLUSION INITIATIVES BY THE RESERVE BANK

1. The Bank continued to embark on financial inclusion initiatives in line with its mandate to drive the financial inclusion agenda.

Zimbabwe National Financial Inclusion Strategy Journey (2016-2020) Report

2. Following the end-term of the National Financial Inclusion Strategy Phase I - 2016-202 (NFIS I), a desktop review of the NFIS I was done which culminated in the development of the Zimbabwe National Financial Inclusion Journey Report. The report highlights the successes and challenges of NFIS I and recommendations for NFIS II.
3. A virtual stakeholder consultative workshop was held on 22 June 2021 as part of the development of NFIS II. The workshop highlighted some of the financial inclusion success registered under NFIS I, as well as the challenges during implementation of the same. The virtual workshop was attended by key stakeholders drawn from Government Ministries, financial institutions, development partners, tertiary institutions and other financial sector regulators.
4. It was noted that the key considerations in developing NFIS II include alignment of NFIS II with the National Development Strategy (NDS 1) and Vision 2030, managing over-expectations whilst embracing transformation, and appreciation of financial service needs of financial consumers.
5. Alliance for Financial Inclusion (AFI) attended the virtual meeting and made a presentation on the AFI NFIS Policy model which is a codification of NFIS best practices developed and verified by AFI members over a decade, addressing the most common hurdles experienced by AFI Members throughout their NFIS journeys.
6. Some of the challenges noted under NFIS I are summarised hereunder:

- a) Pre-formulation challenges which included lack of an effective coordinating national structures to facilitate oversight and buy-in at the national level;
 - b) High levels of informality which in turn impede the effectiveness of financial inclusion strategies deployed as the majority of the target groups operate in the informal sector where the NFIS strategies are not reaching out to;
 - c) Financial inclusion strategies and initiatives were largely centred in urban areas and yet the majority of the marginalised are in the rural areas;
 - d) Inadequate resources to implement financial inclusion initiatives;
 - e) Absence of a robust Monitoring and Evaluation Framework;
 - f) Lack of robust ICT systems within the financial institutions to collect and collate data, particularly microfinance institutions which serve the 'bottom of the pyramid'.
7. The Stakeholders Workshop, having noted some of the challenges under NFIS I, made some recommendations to be incorporated in the drafting of NFIS II. A summary of the recommendations from the Stakeholder's Workshop is indicated in hereunder.

Table 1: Financial Inclusion Stakeholders Recommendations

a.	Expedite the FinScope MSME and Consumer Surveys to provide baseline statistics for setting NFIS targets.	b.	Entrepreneurship development should be one of the key pillars of NFIS II.
c.	Develop an NFIS Communication Strategy to facilitate dissemination of information on national financial inclusion initiatives and statistics.	d.	Development of a robust Monitoring & Evaluation Framework to monitor progress during implementation of NFIS II.
e.	Urgent operationalisation of the Collateral registry system under NFIS II	f.	Adoption of an additional thematic working group on the Elderly and Pensioners.
g.	Widen the NFIS framework to cater for some industry specifics which the previous plan may not have included.	h.	Encourage formalization by spelling out the benefits of formalizing against the popular belief that formalization is expensive.
i.	Publish a regular financial inclusion bulletin bi-annually or on a quarterly basis.	j.	Need to establish a well-funded budget for financial inclusion activities.
k.	Strengthen collaboration with banks, MNOs and MFIs to fund financial awareness programmes at association levels.	l.	Strengthen collaboration between POTRAZ and RBZ together with other stakeholders to drive financial inclusion
m.	Have role clarity across regulators and consistent engagement with their industry players to ensure good order and consistency.	n.	Prioritise and continue consulting the marginalised groups and creating programmes that promote financial inclusion;
o.	Aggregation of national database for KYC.	p.	Promote collection of disaggregated data to facilitate informed policy interventions
q.	Encourage appointment of more women leaders in the financial services sector to facilitate gender lensing in financial issues.	r.	Strengthen interoperability and infrastructure sharing by players to reduce costs to the consumers of financial services.

s.	NFIS II to support innovation hubs and emergence of new products and emerging businesses.	t.	Development of trade portal for buyers and sellers to share information and allow small entities to trade or network with well-established entities

8. The Secretariat has commenced implementation of some of the recommendations of the Stakeholders workshop with view to making NFIS II more robust and effective in engendering the financial inclusion agenda.

9. These include:

- a) Putting in place a **National Financial Inclusion Governance Structure** to provide oversight over the implementation of NFIS II. A three-tier governance structure comprising of the **National Financial Inclusion Steering Committee** – to provide oversight and strategic direction; the **Financial Inclusion Technical Committee**, to provide the technical expertise and implement strategy from the National Financial Inclusion Steering Committee; and the **Secretariat**, to support the two committees. The governance structures will facilitate effective coordination which is critical in the development and implementation of the second phase of the financial inclusion strategy.
- b) As at 31 December 2021, a draft **Communication Strategy** was already in place. The Communication Strategy will facilitate effective communication among financial inclusion stakeholders and implementers.
- c) Entrepreneurship Development has been incorporated as one of the major pillars of the National Financial Inclusion Strategy II in line with recommendations from the stakeholders.
- d) As part of the development of a robust **Mentoring and Evaluation Framework**, the Reserve Bank has secured technical assistance from Alliance for Financial Inclusion to provide training on Monitoring and Evaluation as well as assist in developing a robust M & E framework tapping into AFI's experience across the globe. Training on Monitoring and Evaluation is scheduled for 23 February 2022.
- e) In terms of coordination of financial inclusion initiatives and **role clarity among regulators**, while the Reserve Bank, through the Financial Inclusion Secretariat is the

national co-ordinator of financial inclusion activities and initiatives, each financial sector regulator will be working with regulated entities under their respective jurisdictions, to further the financial inclusion agenda in line with the National Development Strategy 1.

Drafting of the NFIS II

10. Drafting of the National Financial Inclusion Strategy II is currently underway and emphasis is more on usage, quality of financial services, fintech & product innovation, financial inclusion data disaggregation and sustainability. Development of NFIS II is taking into account recommendations from the Stakeholders in order to improve on the short comings of NFIS I. Drafting of NFIS II is also utilising available National Financial Inclusion Tool kits, Guiding Notes from the Alliance for Financial Inclusion website, as well as surveys from other AFI members who have either implemented their national financial inclusion strategies or are transitioning to the next phase of their financial inclusion strategies.

11. As at 31 December 2021, the Draft NFIS II was already in place, awaiting results of the two FinScope Surveys to incorporate lessons learnt, as well as obtain baseline statistics to set financial inclusion targets.

The FinScope MSME and Consumer Surveys

12. The Stakeholders' workshop noted the importance of FinScope Surveys in informing the development of an evidence –based NFIS II, and as part of developing an evidence-based National Financial Inclusion Strategy Phase II, it was resolved that two FinScope Surveys be commissioned, the FinScope MSME Survey and the FinScope Consumer FinScope Survey.

13. The main objectives of the two surveys are to determine the effectiveness of the strategies deployed under NFIS I, identify challenges during the implementation of NFIS I, ascertain the level of financial inclusion and progress made since implementation of NFIS I, and provide baseline statistics for setting financial inclusion targets for NFIS II.

14. The FinScope MSME Survey, which was funded by the World Bank, was commissioned in December 2021 and is expected to be completed by 31 March 2022, while the FinScope Consumer survey was funded by the Alliance for Financial Inclusion.

NFIS Thematic Working Groups

15. During the period under review, all the thematic working groups were able to meet to deliberate on performance under NFIS I as well as map a way forward under NFIS II. A summary of the issues discussed during the thematic working group meetings is highlighted in the table below.

Table 2: NFIS Thematic Working Group Discussions

Thematic Working Group	Key Issues Discussed
Agriculture & Rural Finance & Development 	• Finalisation of the collateral registry should be expedited to address the key challenge of lack of collateral by most farmers. • Entrepreneurship development and Financial literacy are key to ensure effective and sustainable development of the agricultural and smallholder farmers. • Side marketing is a perennial challenge causing financiers to shy away from financing smallholder farmers; and • Some smallholder farmers viewed loans disbursed through or in partnerships with Non-Governmental Organisations (NGOs) as grants which are not expected to be repaid, resulting in high default rates.
Persons with Disabilities 	• Financial institutions need to pay attention to the special needs of Persons with Disabilities including not requiring them to join queues because of their various impairments. • There is need to enhance disaggregation of data for PWDs under the NFIS 2. • Uptake of empowerment facilities for Persons with Disabilities was low due to Lack of collateral, lack of credit history, and lack of information on financial products and services by the PWDs • The majority of the projects for PWDs were not bankable, their businesses were not formally registered and they struggled to grow their business further beyond street vending.

SMEs Finance & Development



- Collaboration of financial inclusion stakeholders around collateral, formalisation, entrepreneurial development and financial literacy training is required, to ensure that SMEs have access to finance.
- Establishment of a financial services sector value chain and identification of key players that will be involved in serving SMEs market.
- Zimbabwe's economy is largely informal, with the informal sector accounting for more than 60% of GDP, while the national financial inclusion strategies are mainly focusing in the formal sector which is only 40% - there is need to formalise the informal sector.

Women Finance Development



- There is need for collaboration among various stakeholders including development institutions, commercial banks and the government to ensure that there is enough capital and land for developing housing units that are affordable to the women. This will enable empower women and enable them to access other financial services using these assets as collateral.
- In the advent of increasing digitalisation of financial services, focus should be on digital financial literacy for women through creation of programmes aimed at addressing digital financial illiteracy.
- NFIS II should have gender disaggregated data and indicators for digitisation.

Insurance, Pensions & Capital Markets Development



- Some of the challenges faced in the securities market included lack of knowledge of the securities market, perception that the capital markets are for the wealthy and lack of finance to fund financial inclusion activities.
- IPEC is working on foreign currency denominated policies to address the challenge of low confidence levels in the market, due to loss of value of policies on the back of inflation and currency depreciation..

Financial Literacy & Consumer Protection



- NFIS II should incorporate consumer protection in emerging delivery platforms such as digital platforms, gauge the levels of financial capabilities in target segments and responsible finance especially on digital financial inclusion.
- Securities Commission of Zimbabwe indicated that the anchor of the financial inclusion thrust in the capital markets is a handbook called **Investment 101**, which has all the information an investor requires to make an informed decision.

Digital Financial Services



- RBZ has issued guidelines on digital finance, anti-money laundering and cyber security, with the Government working on legislation on cyber security.
- Data usage costs in conducting digital transactions and the acquisition of the infrastructure remained problematic to the development to digital financial solutions for the capital markets.
- RBZ to conduct stakeholder consultations in order to come up with appropriate costing models for consideration in policy formulation.

Youth Finance Development



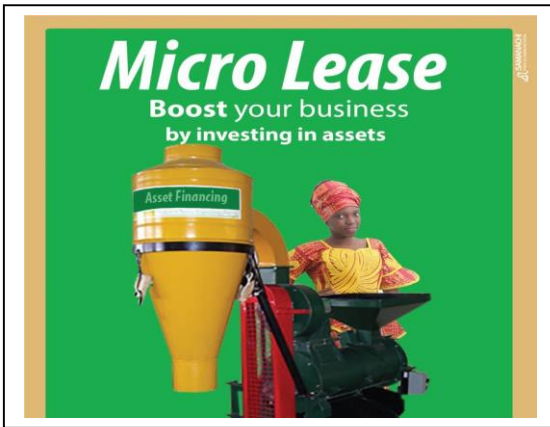
- Financial service providers should embrace social media platforms to ensure effective communication with youth.
- Industry hubs should also be set up in rural areas for the benefit of youth in agriculture.
- The need to put in place collaborative financial literacy training programs that bring together all players such as financiers, business training providers, career development specialists and teachers.

Entrepreneurship Development



- There is need to consolidate the activities being done on entrepreneurship development and support existing structures, such as innovation hubs and entrepreneurship hubs.
- Establish an institutional mechanism so that NFIS thematic working groups are linked to the inclusive economic growth pillar of the Government's NDS I.
- Financial inclusion indicators should include both borrowings and savings by consumers, as a way of inculcating a savings culture as well as monitoring sustainable usage of financial services.
- The NFIS II should consider incorporating other anchor sectors of the economy like tourism, manufacturing and mining, as they have an important role in boosting the country's economy.
- Entrepreneurship training should commence from primary school levels instead of the current practice where entrepreneurship training is available at tertiary levels only.

Microfinance



- Support to financial services providers, through a conducive policy, economic environment and currency stability to enable financial services providers to lower the cost of providing financial services to microfinance clients.
- Establish a forum for FSPs and Fintech companies to discuss among other matters, product development.
- Relook at the legal framework, for instance, shareholding limits for MFIs.
- Addressing prevailing socio-economic norms that constrain women's uptake and usage of financial services.

MSME Medium Term Facility

16. The Covid-19 pandemic had a debilitating effect particularly on the micro, small and medium enterprises, the majority of which are owned by women.

17. The lockdown restrictions adversely impacted on the mobility and functioning of the majority of MSMEs, most of which rely heavily on the face-to-face business model.

18. Due to the lockdown restrictions, the greater part of the year witnessed a decline in demand and supply of products which in turn impacted negatively on the cash flows of the majority of MSMEs.



19. Following the devastating impact of the Covid-19 pandemic on the micro, small and medium enterprises, the Bank introduced a ZW\$500 million facility through banks and microfinance institutions, to cater for the funding requirements of MSMEs and enhance productivity across all sectors of the economy.

20. As at 31 December 2021, a total of ZW\$535 million had been disbursed through banks and microfinance institutions and the facility supported MSMEs across various sectors including agriculture, manufacturing, services and mining.

Foreign Exchange Auction System for Small and Medium Enterprises (SMEs)

21. The Bank introduced the second Foreign Exchange Auction for SMEs to cater for foreign currency needs of the Small and Medium Enterprises. Bidders are required to submit their bids through authorised dealers and the bids are to have a minimum of US\$2,000 and maximum of US\$20,000 per bid. The main objective of introducing the SME Foreign Exchange Auction was to facilitate access to foreign currency by SMEs for the import of essential services and raw materials for their businesses.

22. As at 31 December 2021, the Bank had conducted a total of 71 SMEs Auctions, in addition to the 77 Main Auctions. A total of \$1.97 billion was allotted during the year, with the SMEs Auctions accounting for 19% of the total auctions during the review period.

23. SME auctions for period January to December 2021 are summarised in the table below.

Table 3: SME Foreign Exchange Auctions: Jan – Dec 2021

FX Month	Weighted Auction Rate	US\$ Total Bids	US\$ Allotted	Share Allotted
Jan	82.2834	8,315,029.29	7,652,493.47	92.03%
Feb	83.5972	8,154,447.42	8,154,447.42	100%
Mar	84.0749	15,971,131.05	15,971,131.05	100%
Apr	84.4664	14,095,252.36	14,095,252.36	100%
May	84.6294	22,105,623.47	22,105,623.47	100%
Jun	85.1752	35,031,337.92	35,031,337.92	100%
Jul	85.5743	34,855,026.98	34,855,026.98	100%
Aug	85.8032	48,591,453.03	48,591,453.03	100%
Sep	86.7765	37,068,743.23	33,569,656.33	90.56%
Oct	92.2124	42,577,077.11	38,739,428.84	90.99%
Nov	103.1933	39,387,694.85	39,377,226.53	99.97%
Dec	108.6669	12,823,500.40	12,823,500.40	100%
Total	88.87109	318,976,317.11	310,966,577.80	97.80%

24. Foreign currency allotted to SMEs through the SME Foreign Exchange Auction has been trending upwards indicating more support to the SME sector as highlighted in the table below.

Table 4: Total Foreign Exchange Auction (Main & SME): Jan - Dec 2021

FX Month	Weighted Auction Rate	US\$ Total Bids	US\$ Allotted	Share Allotted	SME Allotted as %age of total Allotted
Jan	82.2834	110,929,604.25	99,194,883.44	89.42%	7.71%
Feb	83.5972	110,408,398.69	110,408,398.69	100%	7.39%
Mar	84.0749	178,876,453.24	178,876,453.24	100%	8.93%
Apr	84.4664	128,056,464.11	128,056,464.11	100%	11.01%
May	84.6294	159,699,140.93	159,699,140.93	100%	13.84%
Jun	85.1752	207,003,994.99	207,003,994.99	100%	16.92%
Jul	85.5743	180,633,020.47	180,633,020.47	100%	19.30%
Aug	85.8032	247,709,690.90	236,874,671.22	95.63%	25.74%
Sep	86.7765	173,042,153.92	158,898,807.74	91.83%	21.13%
Oct	92.2124	188,518,966.79	171,331,941.65	90.88%	22.61%
Nov	103.1933	222,083,221.71	216,110,080.53	97.31%	18.22%
Dec	108.6669	82,598,235.02	82,598,235.02	100%	15.53%
Total	88.8711	1,989,559,345.02	1,929,686,092.03	97.09%	15.69%

Weekly US\$50 Bureau de Change Facility

25. The Bank introduced a weekly US\$50 Bureau de Change Facility in the second half of 2021, to cater for the general foreign currency requirements for members of the public, particularly the marginalised, at the official exchange rate.

26. As at 31 December 2021, a total of US\$23.1 million had been disbursed to 461,908 individuals. The purpose of the facility was to further the financial inclusion of the marginalised by facilitating access to foreign currency to pay for, among other things, medical expenses and fuel at the official exchange rate.

27. In pursuit of financial inclusion of the marginalised, the US\$50 facility has been further refined to cater for vulnerable members of the society, in particular, pensioners, senior citizens, people living with disabilities and those requiring foreign currency for medical purposes.

CREDIT INFRASTRUCTURE

28. As part of the financial inclusion agenda, and addressing challenges to access and usage of financial services, the Bank continues to forge the development of a robust credit infrastructure.

The credit infrastructure which is currently established includes the Credit Registry and the MSME Guarantee.

Credit Registry

29. The online Credit Registry system continues to complement and facilitate provision of digital financial services, such as automated lending, and effective management of credit risks by the banking sector.
30. The Credit Registry system received a total of 980,187 enquiries in 2021, up from 275,829 in 2020 reflecting increased usage of the as the credit registry system matures over time.
31. All banking institutions and microfinance institutions are required to consult the Credit Registry before granting a loan or a facility to their clients. Further, banks are required to submit to the Registry, information on the credit-worthiness of their clients as part of dealing with issues of information asymmetry.
32. Use of data from the Credit Registry is critical in building “***reputational collateral***” through accumulation of repayment data and making the data available to lenders thereby facilitating access to formal financial services and products by the previously underserved and marginalised. The Credit Registry system is also key in preventing over-indebtedness on the part of the borrower.

MSME Credit Guarantee Scheme

33. The Micro, Small and Medium Enterprises (MSME) Guarantee Scheme continued to facilitate access to finance to the MSMEs which did not have sufficient collateral to access funds from conventional banks. As at 31 December 2021, the MSME Guarantee Scheme had supported business for MSMEs valued at \$1,380,105,310 across the agricultural sector, retail and the manufacturing sector.

The Collateral Registry

34. Significant progress has been made towards the operationalization of the collateral registry. Following some delays occasioned by the Covid-19 pandemic, the Bank successfully conducted the first User Acceptance Testing of the Collateral Registry system in December 2021. The second and final testing session is now scheduled for January and February 2022 and shall involve banking institutions and microfinance institutions.

35. The Bank is targeting to go live soon after the second User Acceptance Testing when the vendor has considered stakeholder input on system functionalities during the first quarter of 2022.

THE NATIONAL PAYMENT SYSTEMS (NPS)

36. The National Payment Systems continued to register increases in the use of digital payment channels during the year under review as the transacting public consistently leveraged on digital financial services in the wake of the Covid-19 pandemic induced measures.

37. Banking institutions and deposit-taking microfinance institutions strengthened their partnerships with payment services providers which included mobile money operators in the provision of a wide array of financial products and services to the transacting public.

38. In terms of the volume of transactional activities, mobile money payments accounted for 84.8%, while accounting for only 8.3% of the total value of payments transactions. This indicates the wider usage of mobile money payments to make low-value transactions.

39. The Real Time Gross Settlements was represented by 63% of the total value of transactions, and 0.9% in volume terms thereby indicating an increased use of the platform for high value payments.

40. The table below highlights the transaction values through the available payment platforms during the year 2021.

Table 5: Value of National Payment Systems Transactional Activities Jan - Dec 2021

TRANSACTION VALUES IN BILLIONS							
MONTH	RTGS	ATM	POS	MOBILE	INTERNET	Values Total	Total Change
Jan-21	255.55	2.30	21.04	35.35	66.62	380.87	-15%
Feb-21	226.34	2.29	22.88	36.43	63.60	351.54	-8%
Mar-21	320.42	3.32	28.57	44.52	86.46	483.30	37%
Apr-21	288.96	2.81	30.07	44.13	90.58	456.55	-6%
May-21	361.43	3.19	36.77	49.75	89.47	540.60	18%
Jun-21	388.76	3.20	38.54	51.44	115.15	597.08	10%
Jul-21	379.66	2.49	45.81	57.57	145.03	630.55	6%
Aug-21	397.54	4.09	52.85	60.91	159.21	674.59	7%
Sep-21	477.93	4.18	52.26	64.14	181.19	779.71	16%
Oct-21	481.18	3.84	53.17	65.33	197.97	801.49	3%
Nov-21	621.90	4.88	56.03	63.44	252.41	998.65	25%
Dec-21	747.04	4.71	67.90	76.51	264.75	1,160.91	16%
TOTAL YTD	4,946.70	41.28	505.89	649.52	1,712.44	7,855.83	
Proportion	63.0%	0.5%	6.4%	8.3%	21.8%	100.0%	

41. The table below highlights the transaction volumes through the available payment platforms during the year 2021.

Table 6: National Payment Systems Transactional Activities January - December 2021

TRANSACTION VOLUMES IN MILLIONS							
MONTH	RTGS	ATM	POS	MOBILE	INTERNET	Total Volumes	Total Change
Jan-21	0.72	0.35	12.02	95.46	0.87	109.41	-21%
Feb-21	0.81	0.53	12.31	90.08	0.75	104.47	-5%
Mar-21	1.11	0.75	15.18	105.27	1.00	123.32	18%
Apr-21	0.95	0.61	15.18	97.25	1.04	115.04	-7%
May-21	1.03	0.66	16.51	103.71	0.99	122.91	7%
Jun-21	1.08	0.58	14.80	99.35	0.98	116.79	-5%
Jul-21	1.03	0.55	15.22	102.59	0.98	120.37	3%
Aug-21	1.05	0.48	14.39	105.30	0.96	122.17	1%
Sep-21	1.19	0.49	15.40	105.81	2.09	124.99	2%
Oct-21	1.11	0.43	18.21	107.29	2.34	129.39	4%
Nov-21	1.14	0.48	17.44	99.31	2.32	120.69	-7%
Dec-21	1.22	0.52	20.03	106.43	2.58	130.78	8%
Total YTD	12.44	6.43	186.68	1,217.85	16.91	1,440.32	
Proportion	0.9%	0.4%	13.0%	84.6%	1.2%	100.0%	

RISK-BASED APPROACH TO KNOW-YOUR-CUSTOMER POLICY

42. The Bank adopted the Risk-based Approach (RBA) to anti-money laundering and counter the financing of terrorism (AML/CFT) requirements, which requires institutions to identify, assess and understand the money laundering (ML) and terrorism financing (TF) risks to which the institution is exposed and to put in place effective measures to mitigate the risks.

43. In this regard, institutions are required to introduce products and services that are aligned to the level of risk identified, resulting in enhanced due diligence requirements being applied to high risk scenarios and simplified due diligence measures being applied to low risk and low income earners.

44. The Bank, through its Financial Intelligence Unit (FIU), and in pursuit of financial inclusion of the low income and marginalised groups, put in place a number of initiatives to ensure financial institutions come up with products and services that promote financial inclusion, including reduction in KYC requirements (KYC-Lite) for low cost accounts and low risk customers.

45. Banking institutions have been able to introduce KYC lite products for the low risk and low income customers. Some of KYC lite requirements include facilitating customers to open accounts with a

minimum deposit of an equivalent of USD5.00 and transactions through these accounts are limited to a balance of USD 300 or equivalent. This is meant to accommodate individuals with less resources and are unable to meet standard KYC requirements into the financial sector.

46. To date, the Reserve Bank has approved seventeen (17) KYC lite product applications from banks.

Financial Intelligence Unit Financial Literacy & Consumer Education Outreach

47. The Financial Intelligence Unit, as part of the financial literacy programs under the National Financial Inclusion Strategy, rolled out consumer education awareness campaigns aimed at educating members of the public on AML/CFT issues in simple language that the transacting public is able to understand.

FINANCIAL INCLUSION CONSTITUENCY OUTREACHES

48. The Reserve Bank attended and presented at four constituency sensitization workshops held from 24 September 2021 to 13 November 2021 as shown in the table below:

Table 7: NFIS Constituency Sensitization Workshops

Constituency	Date	Approximate Attendance
Gokwe North	24 September 2021	100
Makonde	16 October 2021	200
Buhera	30 October 2021	100
Zvimba North	13 November 2021	100
Total		500

49. The workshops were hosted by Southern African Parliamentary Support Trust. The Trust was established to provide technical and financial support to the Zimbabwean parliament. Major objective of the workshops were to provide a platform to share knowledge with the constituency on the Reserve Bank's National Financial Inclusion Strategy.

50. The workshop drew participants from the business community, civic society, small holder farmers, small scale miners, local political leadership, and government ministries.

51. The community highlighted some of the major constraints to financing which are summarised below:

52. Limited access to fuel sold in local currency;

- 53. High bank and mobile money charges;
 - 54. Lack of markets for agricultural produce;
 - 55. Widening gap between the official and parallel market rate;
 - 56. Delays in payment of agriculture produce;
 - 57. Limited number of financial access points;
 - 58. Poor road network.
 - 59. Unstable network on mobile payment platforms.
60. NFIS II will seek to address some of the challenges to access and usage of quality financial services identified by the stakeholders in these constituencies.

GLOBAL MONEY WEEK CELEBRATIONS

61. The Bank coordinated and participated in a number of activities during the 2021 Global Money Week Celebrations in Zimbabwe.

62. As part of the celebrations, the Reserve Bank organised a series of activities including electronic ones in view of the public health and safety concerns posed by the Covid-19 pandemic.



63. The Bank published on its website, the Global Money Week Booklet which introduces youth to important financial topics such as importance of financial literacy, role and structure of the financial system. The booklet is accessible on <https://www.rbz.co.zw/documents/BLSS/2021/GMW-Booklet-.pdf>.

64. Further, an online financial literacy quiz competition targeting high school and tertiary students and an animated GMW 2021 video were also posted on the Reserve Bank's website.

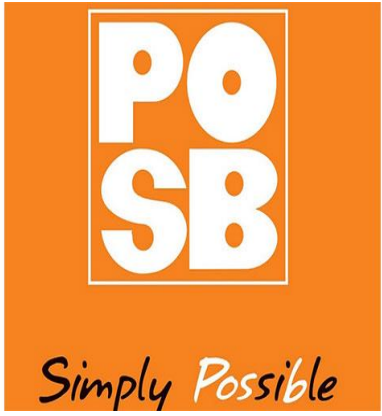


65. During the week, the Reserve Bank visited some schools in Harare to raise awareness of the architecture of the financial sector, money matters, saving, earning money through entrepreneurship and the importance of financial literacy to young people.

Global Money Week Celebrations by Banks and Microfinance Institutions

66. Banking institutions and microfinance institutions also participated in the Global Money Week Celebrations as summarised in the table below.

Table 8: The 2021 Global Money Week Celebration Activities

INSTITUTION NAME	SUMMARY OF ACTIVITIES
	• The Bank promoted two of its products, the Student Savings Account and Student Nostro Account targeting students in "A" Level classes preparing to get into college the following year. • The students were invited to complete account-opening forms online and accounts were activated within 2 weeks of online submission of forms. • The first 10 accounts activated per branch would 'win' free account opening deposit of Z\$1,000.00 or USD10.00 for the account opened for both ZWL and Nostro Savings accounts respectively.
	The POSB conducted a number of activities including a • 30 minutes daily Radio Competition on money-related matters where the winners would receive various prizes. • A 3-day social media GMW video challenge - To enter, students were required to post a 2-minute video to a dedicated POSBGMW hashtag challenge on the Bank's Facebook and WhatsApp platforms. In the video, entrants either recited or sang an original song or poem in line with the GMW theme (Take care of yourself, take care of your money). • Social media followers were then invited to vote for their favourite video/poem, and those participants with the highest votes would win the specified prizes. • Virtual Debate Tournament on ZOOM Webinar - The Bank invited 2 participants and 1 patron from 16 institutions to participate in the inter-university debate tournament. Topics debated on were of a financial nature and related to the Zimbabwean economy. • Debate experts were engaged to facilitate the tournament which will be conducted remotely. This

	was the Bank's first virtual interuniversity tournament conducted in line with Covid-19 preventative measures.
	• CBZ Bank undertook a number of activities to create awareness and inculcate a savings culture among the young people. • These included encouraging families to instil a savings culture within the family unit; and encouraging savings for bride-price 'lobola'
	• The activities the bank participated in were included: • inviting schools and young adults to attend an online webinar; • advertising on social media and Newsday and online paper; and • conduct financial literacy training for local social groups. • The bank partnered with Junior Achievement Zimbabwe to give financial literacy training throughout the country.
	• GetBucks Microfinance focused on digital outreach due to the covid-19 pandemic and the thrust was in line with the 2021 Global Money Week theme : <i>Take care of yourself, take care of your money'</i>

C. FINANCIAL INCLUSION INITIATIVES BY FINANCIAL INSTITUTIONS

67. Over the review period, banks and microfinance institutions continued to provide access to finance to the marginalised and target groups under NFIS I.

Table 9: Financial Inclusion Initiatives by Financial Institutions

THEMATIC AREA	ACTIVITIES BY IMPLEMENTING PARTNERS
Women Finance Development	GetBucks Microfinance Bank • GetBucks Microfinance Bank supported Hilart Investments (Private) Limited t/a Kacholo in chili production in Dewure, Gokwe, Bubi, Ruware, Zaka and Chipendeke irrigation schemes. <i>More than 80% of the employees in the Hilart Investments Chilli Pack Shed are women</i> • GetBucks Microfinance Bank financed working capital and capital expenditure requirements for smallholder sugarcane farmers in Chiredzi, Hippo Valley and Mkwesine, and of the total amount of ZW\$816,000.00 which was disbursed to ninety-four (94) beneficiaries, thirteen (13) women benefited. • GetBucks disbursed ZW\$90.07 million to one hundred and fourteen (114) SMEs for the period January 2020 to September 2021, and of these beneficiaries, twenty-three (23) women benefited from the funds. FBC Holdings Limited established a dedicated Women's Desk in June 2017, whose main mandate is: ○ To grow FBC's Women's Market portfolio through formulating products tailor made to suit women's peculiar needs; ○ To offer technical support and advisory services to women entrepreneurs to ensure that they run successful businesses; ○ To offer business loans to women to help them grow their businesses; ○ To reduce gender based barriers to access of formal financial services through offering low cost accounts and collateral light loan facilities; ○ To train and up skill women to ensure they are enlightened and financially literate; and ○ To engage with all stakeholders and ensure the business case for a profitable women's market portfolio is accepted throughout FBCH. • The desk is managing a growing portfolio of women in education, health services, manufacturing and tourism. Some of the projects led by women are summarised hereunder:



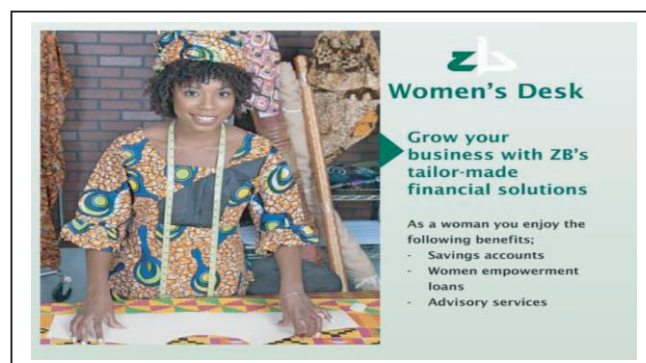
Name of Borrower	Geographic Location	Amount Borrowed	Industry
Caudliss t/a Nutrifoods	Harare	10,000,000	Manufacturing of peanut butter, jam, honey and distribution of packaged dry foods such as rice, sugar beans and groundnuts.
Decrire Enterprise P/L t/a Booties Pharmacies	Harare	12,000,000	Pharmacy
Palm Pharma P/Lt/a MedOrange	Harare	3,600,000	Pharmacy
Pump In Style t/a Kumaya Fashions	Bulawayo	1,300,000	Clothing
Beams & Rays P/L	Harare	3,000,000	Manufacturing of plastic packaging
Mavy's Bakes & Cakes P/L	Harare	1,000,000	Confectionary
Pershia Nyadzawo	Marondera	460,000	Agriculture
Sacred Heart Pharmacies	Harare	9,000,000	Pharmacies
Megabulk Distributors P/L	Harare	7,800,000	
Irene Makamba	Shamva	3,000,000	Agriculture
TOTAL		56,925,000	

- FBC Bank is projecting to grow its direct women's market portfolio to \$150 million by June 2022.

ZB Bank

- As part of facilitating financial inclusion of women, ZB Bank The institution disbursed an amount of ZW\$1,729,809,358.00 to 154 052 women.
- The institution offered the following products tailor made for women:

- Informal traders accounts;
- Business loans;
- Lease hire facilities;
- Overdraft facilities; and
- Micro Finance Loans



POSB

- POSB, disbursed a total amount of ZW\$610,500,000.00 to women to boost their projects across various sectors as part of the financial inclusion initiatives.

Agricultural Finance Corporation (AFC)

- About 47% of the total number of borrowers in AFC's Microfinance Unit, are women borrowers. The Bank packaged 'All Weather Women Savings Account (AWWSA)' which is a low cost account targeted at women. The AWWSA is a prepaid low cost account for women which is opened in 2 minutes with minimum KYC requirements.
- Further, the institution accessed RBZ facilities for Women, where a total of 744 women benefited from the scheme.

Youth Finance Development	• In an effort to financially include the young people, NMB Bank engaged universities across the country to ensure that all students have access to an account. The bank opened 1,092 student accounts. • GetBucks Microfinance Bank introduced WhatsApp lending to allow the techno savvy youth access to finance in the comfort of their homes. iThis was also in response to the impact of the COVID-19 pandemic which required financial institutions to be innovative and adopt digital platforms as a key delivery channel. • Agriculture Finance Corporation (AFC) designed specific accounts to tap into the youth as a way of offering banking services to the group. AFC has a Young Entrepreneurs Savings Account (YES), a prepaid low cost account for the youths which is opened in 2 minutes with minimum KYC requirements. During the year 2021, the bank had opened 238 YES accounts. • Standard Chartered Bank Executive team has been delivering online mentorship sessions in partnership with Junior Achievement Zimbabwe to youths aged between 15-25 years across the country with over 500 youths reached to date focusing on Financial Intelligence, Personal and Business Branding, Communication, Time Management and The Constitution of Zimbabwe. • The bank has come up with solutions to emancipate the youth through the CEO's 30 Chapters on Savings Culture aimed at raising awareness to the public and the youths who are sometimes faced with financial exclusion. The Chapters are being published in The Financial Gazette and eventually will be available on wider platforms and vernacular languages for maximum reach. • SCBZ provides financial services to 46 minors and currently has over 2,000 low cost accounts, underscoring the bank's commitment to youth financial inclusion.
Agriculture and Rural Finance	  NMB Bank • NMB Bank collaborated with the Grain Marketing Board (GMB) to establish farmers' accounts for individuals to facilitate selling of grain and receipt of funds. The bank also participated in the tobacco selling season assisting the smallholder tobacco farmers. NedBank • Decentralisation of tobacco encashment facilities alleviated the plight of women and children. A total of 5,232 small-scale farmers' accounts were utilised during the season as indicated in the table below

NEDBANK TOBACCO AGENCIES			
AGENCY	No. USD transactions	No. of ZW\$ Transactions	Debit cards issued
Southerton	5,461	-	-
Karoi	3,343	2,483	1226
Bindura	2,899	2013	1001
Mvurwi	2,581	1992	1022
Green Golden	1,809	1262	196
Marondera	2,340	1681	819
Rusape	1,310	1165	435
Other Branches	699	-	
TOTAL (Volume)	20,442	10,586	4669
VALUE	US\$13,216,075	ZW\$17,365,565	

GetBucks Microfinance Bank

- GetBucks harnessed the use of digital channels to reach out to its clientele base across the country. GetBucks Microfinance Bank financed working capital and capital expenditure requirements for smallholder sugarcane farmers in Chiredzi, Hippo Valley and Mkwazine. The bank accessed a concessionary line of credit from the Zimbabwe Agricultural Development Trust (ZADT).
- The Bank partnered and funded farmers in Middle Sabi – Chipangayi Estate to grow Michigan Pea beans under an off-taker contract with Cairns Foods. The Michigan Pea Beans are used for the production of Cashel Valley baked beans.
- A total **of 148.5 hectares** were covered. Loan proceeds were used to meet working capital and capital expenditure requirements. The first cycle was affected by a myriad of challenges which included power cuts which affected irrigation cycles as well as extremely high temperatures that were experienced in the Middle Sabi area.
- The microfinance bank also supported Hilart Investments (Private) Limited t/a Kacholo in chili production in Dewure, Gokwe, Bubi, Ruware, Zaka and Chipendeke irrigation schemes.

Central African Building Society (CABS)

- In support of the agricultural smallholder farmers, the institution opened the following number of accounts:
 - Cotton Farmers Accounts: 23,937
 - Maize Farmers Accounts: 2,477
 - Tobacco Farmers: 10,531

Standard Chartered Bank : Small Scale Farmers

- Standard Chartered Bank supported **15,000 downstream small-scale tobacco farmers** through the Bank's funding of two of the top three Tobacco merchants in the country. The total value of loans advanced to the agriculture sector accounted for 53% of the total loan book value as at 31 September 2021.

	- The bank entered into a strategic partnership with POSB to provide point of sale (POS) machines to small scale farmers. To date 12% of client base has SCB facilitated POSB POS machines deployed. Tie ups with Dandemutande for internet access to marginalised or remote areas where its transaction system, Straight2Bank is whitelisted. ZB: Small Holder Farmers - ZB Bank has been assisting smallholder sugar cane farmers in the lowveld and has issued loans amounting to ZW\$ 130,242,736 as at 30 September 2021. The facilities offered as working capital have enabled the smallholder farmers in the region to become more economically productive.
Microfinance	Zimbabwe Association of Microfinance Institutions (ZAMFI): National Microfinance Excellence Awards - Reserve Bank attended and was guest of Honour at the ZAMFI National Microfinance Excellence Awards held on 3 December 2021, at the Great Zimbabwe Hotel in Masvingo. - The awards provide an opportunity to reward microfinance institutions that have excelled in providing access to financial products to their clients and have impacted positively on the lives of the beneficiaries. Virl Financial Services - Virl Financial Services continues to impact positively the lives of the marginalised and underserved through micro loan intervention. Virl Financial Services, through the AECF Sun-King Solar project is offering Pay-as-you-go Solar lighting solutions to rural households and SMEs in Zimbabwe. - The project has seen improvement in business and production for micro enterprises in chicken production, with the chicks now able to feed even during the night, lighting of business premises at night and showing live TV programs in the business premises, which in turn has also attracted a lot of customers. - The beneficiaries of the project have also received training on installation and maintenance of the solar product.



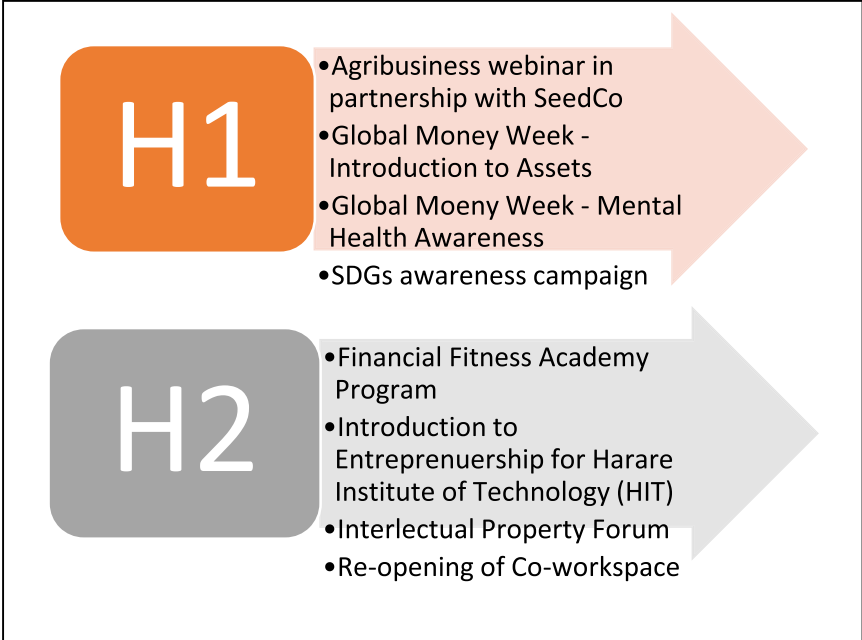
MSME Finance and Development	Standard Chartered Bank • Business working capital of ZW\$50 million was disbursed to SMEs as at August 2021. SCBZ has recently launched finance for green energy to help SMEs have back-up power. • Stanbic Bank Limited is running an Incubator hub in its Small and Medium Enterprises Division, activities of which are summarised in the figure. 
Financial Literacy and Consumer Education	• Standard Chartered Bank Limited, in line with the rapidly changing environment, continues to engage in financial literacy in the communities through rolling out financial literacy workshops. The banking institution launched a 'Future Makers' programme under the global initiative which was being delivered on online platforms. • To increase coverage to schools and youths, the bank delivered online coaching and mentorship programmes by Senior Executives and reached out to more than 2,000 students. • CABS conducted on the money training through SME management training where the building society partnered a youth and women owned organisation to provide training to SMEs with a bias towards women owned and controlled SMEs and also utilised social media channels to create financial awareness and education. • Empowerbank Limited facilitated financial literacy training for youths who accessed funding under Mhuri Tobacco scheme. A total of 22,280 youths were trained as shown on the table below.

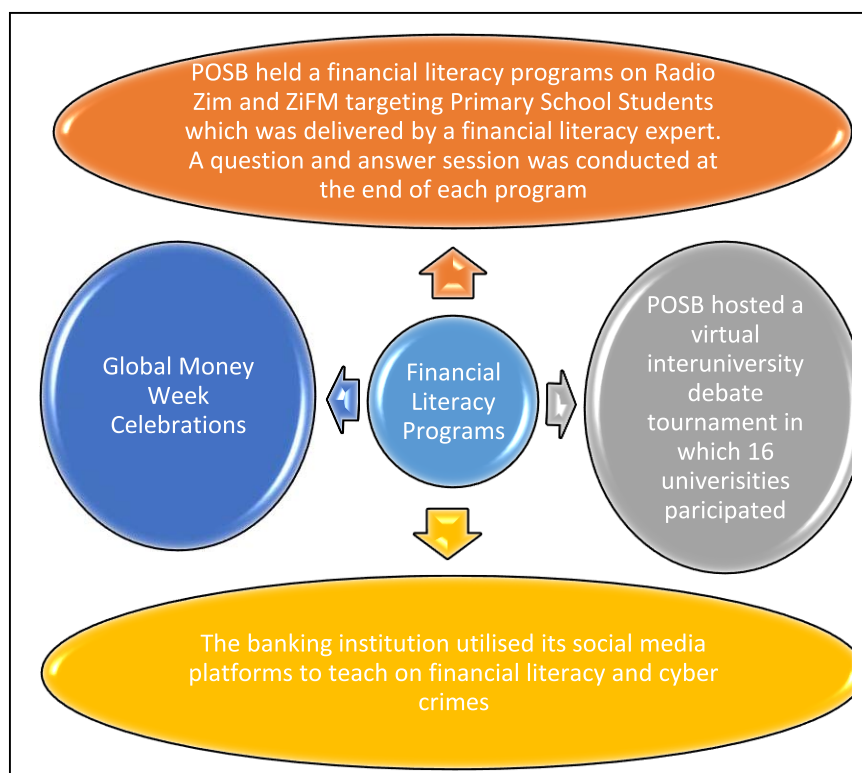
Table 10: Financial Literacy Training

Summary of Annual Performance	Participants	
TRAINING	2020	January 2021 to date
Harare Branch	11,176	8,082
Bulawayo Branch	8,825	6,935
Masvingo Branch	20,988	2,950
Mutare Branch	1,608	4,313
Total	42,597	22,280

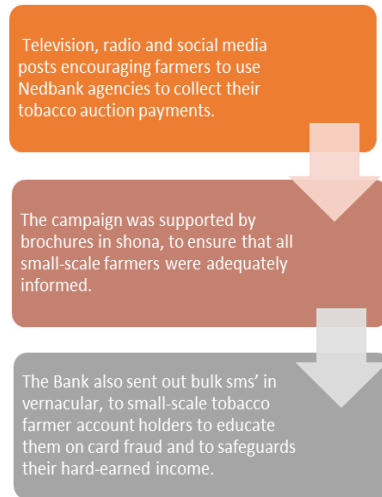
- **Agriculture Finance Corporation**, in support of financial literacy initiatives, launched Financial Literacy Training which targeted women groups, youth groups, tertiary institutions and organizations for people with disabilities.



- The financial literacy training programs covered areas on budgeting, financial planning, savings and investments, credit channels, insurance, bank account management, consumer protection and financial platforms for transactions.
- **POSB** has undertaken the following activities during 2021 under its financial literacy programs earmarked for 2021.



- **Nedbank Limited**, in support of Consumer Education, ran a “transact and win” Promotion targeted at small-scale tobacco farmers, featuring Madzibaba Zachakaria.
- The bank conducted a number of financial literacy activities on television, radio and social media. A summary of the activities is summarized hereunder.



LOW-COST ACCOUNTS

68. In line with the thrust of NFIS II in increasing not only access to quality financial services and products, but increasing sustainable usage of quality financial services and products, a number of banking institutions embarked on facilitating opening of low cost accounts for the marginalised and underserved.

NMB Lite Accounts

69. In the wake of Covid19 pandemic, account opening was predominantly on the digital platforms and of the total 246,938 NMB Lite accounts on book, a total of **109,040 accounts were opened on USSD *241#**. A total of **116,120 accounts out of the 246,938** accounts were for women.

70. The bank engaged universities across the country to ensure that all students have access to an account, and a total **of 1092 accounts for students were opened during 2021**. The program is still underway.



POSB Low-KYC Accounts as of 31 October 2021

71. POSB embarked on account opening program to facilitate access to formal financial services by the currently unbanked and underserved.

Low KYC Account	20-Oct	21-Oct	% Change
People's choice	102,372	102,597	0.22%
Youth Account	44,302	44,397	0.21%
Party Card	37,902	39,766	4.92%
Total	184,576	186,760	1.18%

African Century KYC Lite Accounts

72. The Bank has approved the KYC lite account product, subject to thorough review of intended use and mitigating measures to contain abuse of the accounts through money laundering activities. The product was previously used for paying rural farmers who were selling cattle to MC Meats. The product could not be sustained when the rural farmers started demanding payments in USD cash. The KYC lite product remains a valid Bank product, which would be provided when viable and legitimate needs arise.

Stanbic Low Cost Accounts - Tobacco Accounts

73. During the just ended Tobacco selling season, the bank managed to facilitate account opening for Tobacco farmers in all the major Tobacco growing areas throughout the country. The bank opened temporary branches (Implants) in Rusape, Mvurwi, Karoi and Marondera.

74. A total **of 40,000 Tobacco accounts** were opened and farmers did not need to travel to Harare to open their accounts. The farmers managed to sell their tobacco and receive their cash within their locality. This was hailed as a huge success story as it was very convenient for the farmers, merchants and the bank.

AFC Low Cost Accounts

75. The bank designed specific accounts to tap into the underserved segments of the economy as a way of offering bank services to these groups.

76. The bank packaged three types of low cost accounts, namely;

77. All Weather Women Savings Account (AWWSA) for women

78. Young Entrepreneurs Savings Account (YES) for youth.

79. Agriplus Account for farmers and low income earners.

80. Since January 2021, the following low cost accounts were opened: 32,628 Agriplus, 446 AWWSA and 238 YES low cost accounts.

FBC Instant Low Cost Accounts

81. The table below shows the trend in the number of instant cards issued.

Table 11: Trend in Number of Instant Card

	Dec `17	Dec `18	Dec `19	Dec `20	Jun `21	Sep `21
Instant Card Number	57,583	188,986	236,254	201,441	237,601	197,160
Growth (%)		228	25	-15	18	-17

82.FBC bank has been regularly reviewing and improving the security and functionality of the main KYC Lite product, the ***mobile moola Instant card*** in line with customer preferences and economic developments. This enhances its appeal and relevance to the low income segments of the population.



83.A ***digital wallet*** was introduced with lower limits and no physical card to the KYC-Lite product suite. The opening of the digital wallet is fully digital on USSD and Mobile Moola Application. The chip Instant card was also introduced which comes with name of account holder printed for added security and EMV compliance.

Stanbic - Unayo Account

84. The bank is in the process of finalizing the launch of a low cost digital account/wallet called Unayo. This is targeted at the previously unbanked who will be enabled to open the account on production of an identity document only. The customer will only require their mobile phone and immediately they can start transacting up to prescribed limits. The customer does not need to visit a bank branch to open an Unayo account.

D. FINANCIAL INCLUSION INITIATIVES BY IPEC & SECZ

FINSEC Commodity Exchange

85. The Government in partnership with the Financial Securities Exchange (FINSEC) Zimbabwe launched a commodity exchange, the Zimbabwe Mercantile Exchange (Private) Limited (ZMX), which facilitates farmers in trading about 18 agricultural commodities, including options and futures.



86. ZMX runs a Warehouse Receipt System (WRS) whereby farmers can take their agricultural commodities to the warehouse and receive a receipt which can be used as collateral to access facilities from financial institutions.

87. In addition to facilitating access to finance to the small holder and rural farmers, the ZMX platform is expected to facilitate formalisation of small-scale farmers which in turn will ensure sustainability of farming activities.

Securities Commission Financial Inclusion Initiatives

88. The Securities and Exchange Commission of Zimbabwe in its endeavour to facilitate development and deepening of capital markets, developed products and services to serve the marginalised segments. The regulatory authority established Investor Protection Fund to compensate protected investors.

89. Departmental videos were created to raise awareness of the roles of the departments within the SECZ. In compliance with the national policy and to ensure inclusion, the SECZ also produced information videos in ChiShona and isiNdebele.

90. The Commission published the Investment 101 handbook which guides investors in their journey into Zimbabwe's Capital Markets. The Commission spearheaded financial literacy programs using online platforms and social media as the principal channels of communication.

91. SECZ guided the Association of Investment Managers of Zimbabwe to collaborate and restore the prominence of unit trusts as viable investments for the majority using the monthly publication of prices and related information of investor interest and for their empowerment. This is supported by the annual performance survey.



92. In addition, SECZ conducted an online basic knowledge assessment survey to gauge the public's awareness of the Capital Markets in Zimbabwe for inclusivity.

93. The Commission launched a microsite to focus on investor Education, WhatsApp platform for prompt communication with the general public and mobile application which provides a low cost high impact information and interaction point.

Insurance and Pensions Commission (IPEC) Financial Inclusion Initiatives

94. The Insurance Act [Chapter 24:07], Pension and Provident Funds Act [Chapter 24:09] and the Insurance and Pensions Commission Act [Chapter 24:21] are undergoing amendments to align with international standards and close regulatory gaps. This will enable the Commission to execute its mandate which includes financial inclusion strategies.



95. In order to deal with loss of value thereby restoring confidence in the sector, the Insurance and Pensions Commission:

- a) in collaboration with stakeholders, is developing compensation modalities for the 2009 loss of value in line with the Justice Smith-led Commission of Inquiry
- b) issued and is enforcing the Guideline on re-allocation of revaluation gains arising from the 2019 currency reforms

96. The Commission has enabled relaxation of regulatory requirements barring early access to pension benefits through allowing full commutation of accumulated benefits at disinvestment where there are no prospects of resuming contributions by the individual or employer.

E. FINANCIAL INCLUSION INITIATIVES BY OTHER STAKEHOLDERS

FAO LFSP Lessons Leant Event

1. The Food and Agriculture Organisation of the United Nations (FAO) and its partners, initiated the Livelihoods and Food Security Program (LFSP) in 2014, aimed at boosting the agricultural productivity and incomes of over 200,000 farming households (over 1 million people) in 12 rural districts across four provinces in Zimbabwe. The program came to an end in August 2021.
2. FAO noted that access to financial services particularly by rural and smallholder farmers, lack of knowledge of products and services offered by financial institutions and poorly functioning markets were the major bottlenecks to agricultural performance in Zimbabwe.
3. As a result, FAO implemented the following three (3) key strategies to enhance access to rural finance for smallholder farmers and MSMEs in Zimbabwe;
 - a. capacity building of smallholder farmers;
 - b. capacity building of financial institutions;
 - c. refinance facility, technical assistance facility, and guarantee facility.
4. The model, which capitalized on the existing community groupings such as the ISLAs and SACCOs, proved to be very effective on the intended targets with all of them testifying that the program had revolutionized their lives for the better. Deputy Governor J.T. Chipika delivered the main guest of honor speech on the occasion of marking the end of the LFSP Program in Zimbabwe. The Reserve Bank also presented an update on the National Financial Inclusion Strategy
5. FAO, through a program called Gender Action Learning Systems (GALS) adopted gender mainstreaming in all its programs and increased women's decision making power over agricultural production, agricultural sales/income and expenditure which in turn had a significant positive impact on food security of the beneficiary households.



6. Through various strategies aimed at equipping farmers with analytical tools to map own household decisions in production and marketing, FAO was able to reach out to more than 114,000 farmers.

Zimbabwe Agricultural Development Trust (ZADT)

7. ZADT implemented and rolled out the Bank Agency and project Co-investment Joint Venture Lending Models as well as an Equity Model to improve financial inclusion for the smallholder farming sector and agribusinesses.
8. As at 31 December 2021, total cumulative disbursements through participating banking institutions amounted to \$83,878,425, while the cumulative figure through microfinance institutions for the same period amounted to \$9,394,850.
9. ZADT is currently facilitating a training and mentorship programme targeted at MSMEs that are run by young entrepreneurs in Zimbabwe, as part of an initiative funded by the African Development Bank and implemented by the African Guarantee Fund of Kenya, aimed at supporting capacity building programs for Youth led MSMEs in five countries; namely: Ghana, Togo, Nigeria, Malawi and Zimbabwe.
10. The training programme is an initiative that supports entrepreneurship development in Zimbabwe and is aimed at capacitating young entrepreneurs with start-up and growth oriented projects. The training programme initially started with a pilot phase of 40 youth-owned MSMEs with startup projects and 40 youth-owned growth oriented MSMEs projects from Harare and Bulawayo.
11. Entrepreneurship has been identified as the missing link under NFIS I, and having added the pillar on Entrepreneurship to NFIS II, this program is expected to go a long way in building and inculcating entrepreneurship among the marginalized and in particular, the micro, small and medium enterprises.

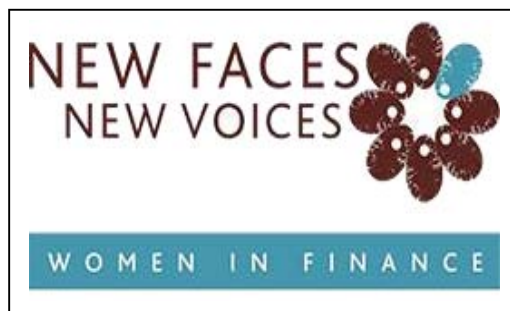


New Faces New Voices (NFNV)

12. As one of the key financial inclusion implementing partners, New Faces New Voices embarked on a number of activities aimed at facilitating not only financial inclusion of women, the majority of whom are generally marginalized, but also increase the visibility of Zimbabwean Women in Leadership and Decision-making positions in the financial services sector.

Virtual Round Table

13. New Faces New Voices hosted a virtual Roundtable in which the Bank participated and made presentations, on “supply and demand side issues of digital finance for women’s financial inclusion” on 7 October 2021.
14. The Roundtable identified Digital Finance as a key enabler in promoting financial inclusion for women in the wake of the COVID-19 pandemic and noted the importance of strengthening of existing strategic partnerships between mobile network operators (MNOs) and financial institutions.
15. Digital finance was noted to be one of the key pillars of NFIS II. However, statistics shared by Banks and Mobile Network Operators (MNOs) indicate that benefits from digital finance products are disproportionate for women versus their male counterparts, and that generally, women are lagging behind in terms of accessing digital finance products.
16. A number of challenges to women accessing the full benefits of digital finance were noted including:
- Digital financial illiteracy;
 - Limited digital finance infrastructure and the need for Fintech Companies need to devise appropriate and user-friendly digital finance applications;
 - Language barriers – the need to offer digital solutions in the local languages particularly women and the informal sector;
17. The Roundtable called for an all-inclusive, effective and appropriate communication strategy to facilitate timely and broader dissemination of information on financial inclusion matters to stakeholders, and also facilitate access to information by the consumers of financial products and services.
18. Further, the roundtable recommended increased focus on digital financial literacy for women in order to close the currently existing digital finance skills among women.



Virtual Event on Strategies for Financial inclusion: Sphere of Influence

19. NFNV hosted an event themed "***Strategies for Financial Inclusion: Sphere of Influence***" on 9 December 2021, an event in which the Bank actively participated and made a presentation on various initiatives to facilitate women financial inclusion.
20. The main thrust was to share experiences and thought leadership on the success and challenges for women financial inclusion under NFIS I. The event which was attended by various women representative groups, financial institutions and development origination, and recommendations from the event will be taken into account as NFIS II is being drafted.

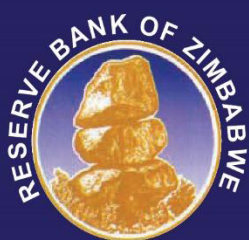
F. FINANCIAL INCLUSION INDICATORS – DECEMBER 2021

1. During the period under review, digitisation of financial services continued to play a pivotal role in driving access and usage of financial services on the back of the covid-19 induced lockdowns. The number of active mobile money subscribers increased from 4.05 million to 4,13 million active subscribers during the review period.
2. As at 31 December 2021, banks and deposit-taking microfinance institutions availed loans to MSMEs, women and the youth by banks valued at ZW\$10.28 billion, ZW\$14.39 billion and ZW\$6.25 billion compared to ZW\$7.16 billion.
3. While significant inroads into the financial inclusion of women and MSMEs was noted during the review period, loans to these marginalised groups as a proportion of the total banking sector loans remains low. As at 31 December 2021, average loans to MSMEs accounted for 3.90% of total banking sector loans, while average loans to women for the same period, accounted for 5.57% of total banking sector loans.
4. The table below shows the trend in the movement of the financial inclusion indicators from during the review period.

TABLE 12: Financial Inclusion Indicators: Dec 2020 – Dec 2021

Indicator	Dec 2020	Mar 2021	Jun 2021	Sept 2021	Dec 2021
Number of Loans to MSMEs	11,452	24,129	24,681	35,224	35,224
Value of loans to MSMEs (ZW\$ Million)	3,013.85	3,967	5,511.15	7,164.95	10,280.92
Average loans to MSMEs as % of total bank loans	3.66	3.79	3.85	3.89	3.90
Number of Loans to Women	521,018	514,492	486,672	523,550	173,810
Value of Loans to Women (ZW\$ Million)	3,280.61	5,039	6,716.62	11,905.96	14,666.06
Average loans to women as a % of total bank loans	3.98	4.82	4.69	6.47	5.57
Number of Loans to Youth	71,832	68,452	72,924	77,446	75,188
Value of Loans to Youth (ZW\$ Million)	1,947.52	2,719	3,825.46	5,488.16	6,249.97
Average loans to the youth as a % of total bank loans	2.36	2.60	2.67	2.98	2.37
Total number of Active Bank Accounts (Million)	8.64	9.06	7.17	6.69	8.18
Number of Low Cost Bank Accounts (Million)	5.85	5.82	4.41	4.45	4.78

5. The number of active bank accounts increased by 22.27% from 6.69 million as at 30 September 2021, to 8.18 million as at 31 December 2021, while there was a 7.40% increase in the number of low cost accounts to 4.78 million as at 31 December 2021 from 4.45 million as at 30 September 2021.



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