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

PRESENTATION AT THE FINANCIAL INCLUSION FORUM

BY

DR. J. T. CHIPIKA

DEPUTY GOVERNOR, RESERVE BANK OF ZIMBABWE

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

GLOBAL - FINANCIAL INCLUSION & 2030 SDGs

Zimbabwe signed up to the 2030 SDGs. Financial inclusion has been identified as a key enabler to the attainment of most of the SDGs.

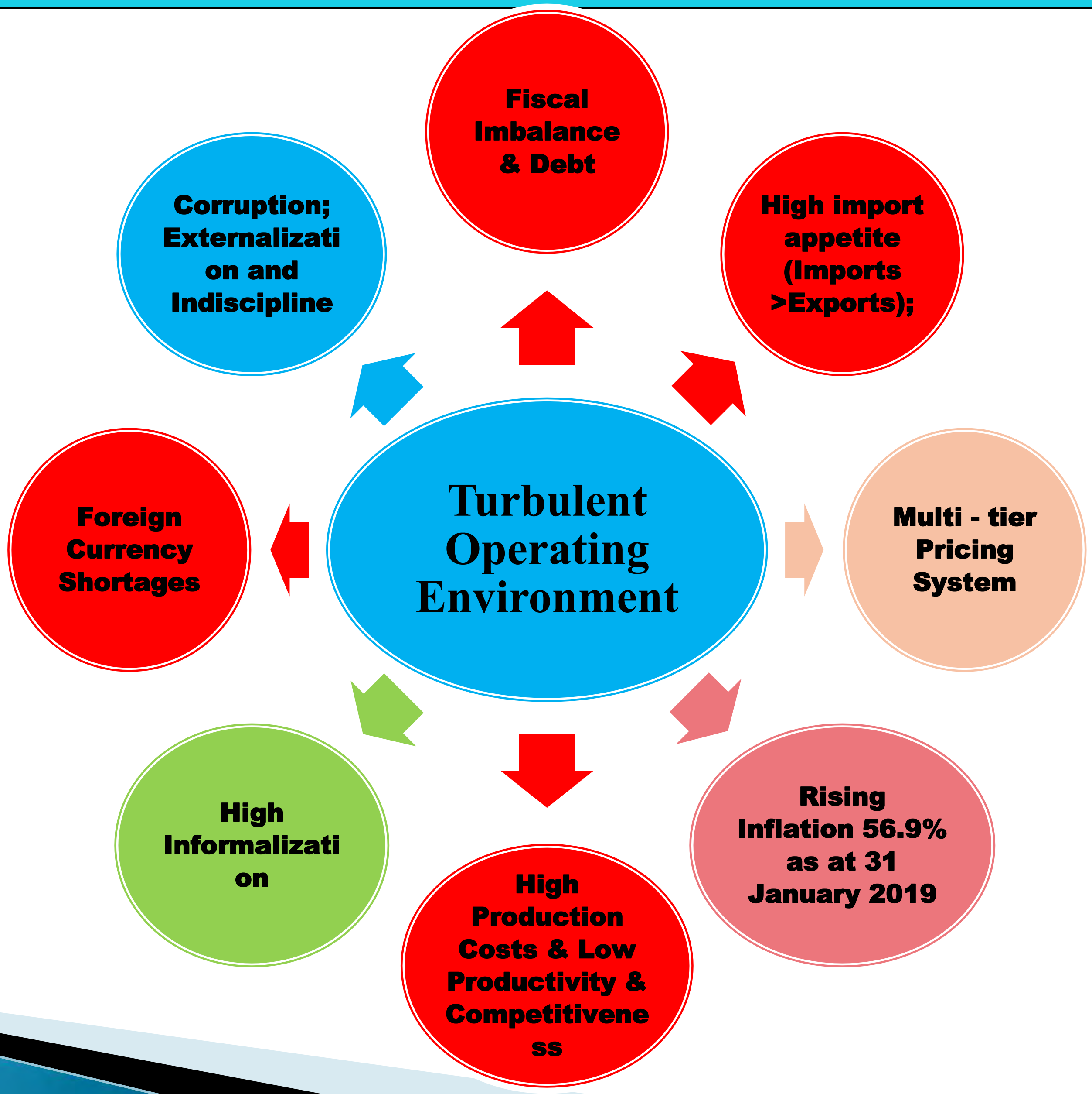
NATIONAL DEVELOPMENT CONTEXT

- **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



ZIMBABWE
National Financial Inclusion Strategy
2016 – 2020

RESERVE BANK OF ZIMBABWE

NATIONAL FINANCIAL INCLUSION STRATEGY (NFIS) 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**

Financial Service	Level of Financial Exclusion (2014)
Banking	70%
Savings and Investment	53%
Insurance & Risk Management	70%
Mobile Money	55%
Borrowing & Credit	58%
Capital Markets	99%

NFIS...

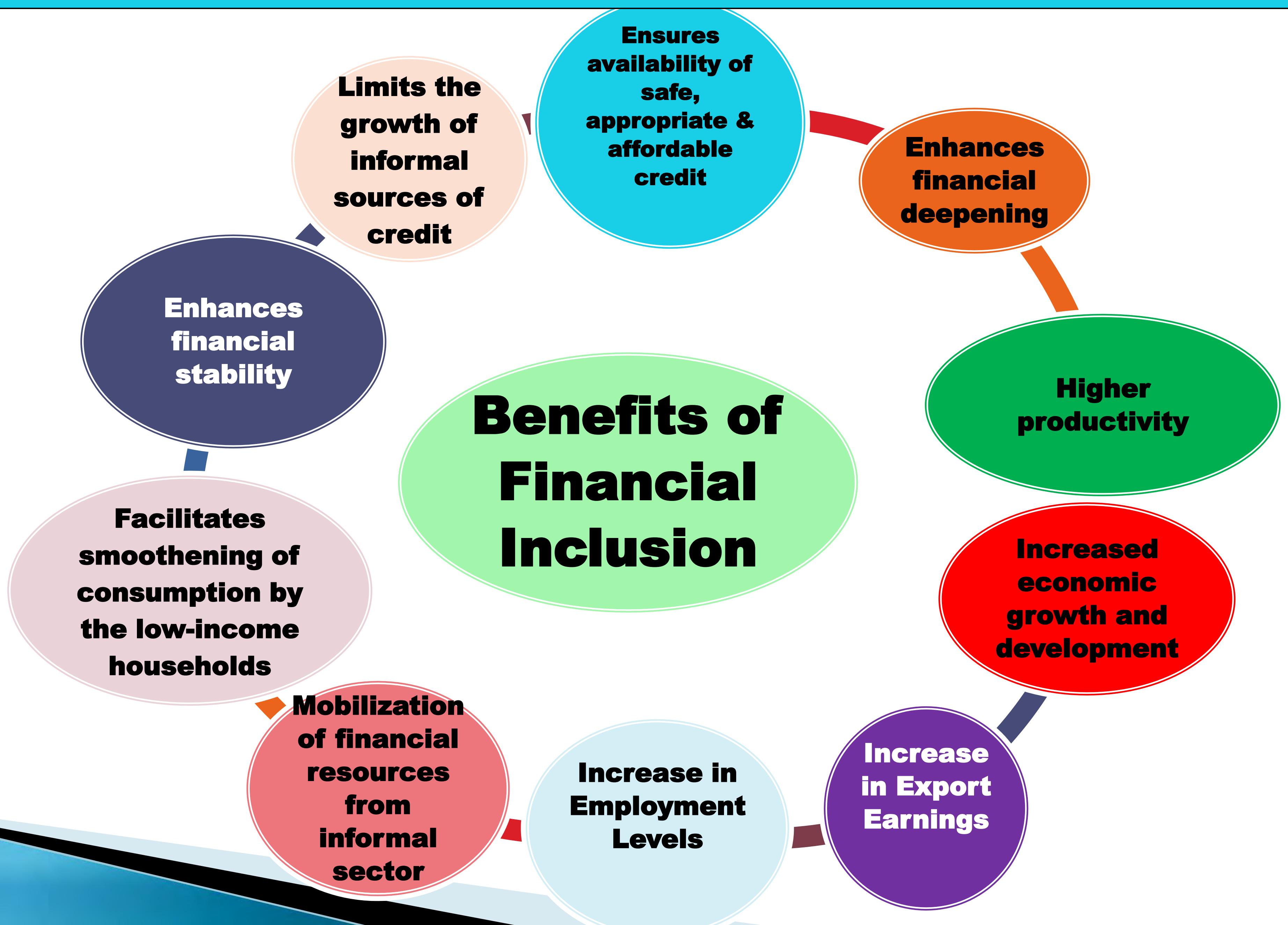
VISION...

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…



THE FINANCIAL SERVICES SECTOR PLAYERS…

FINANCIAL INCLUSION PRODUCTS AND SERVICES

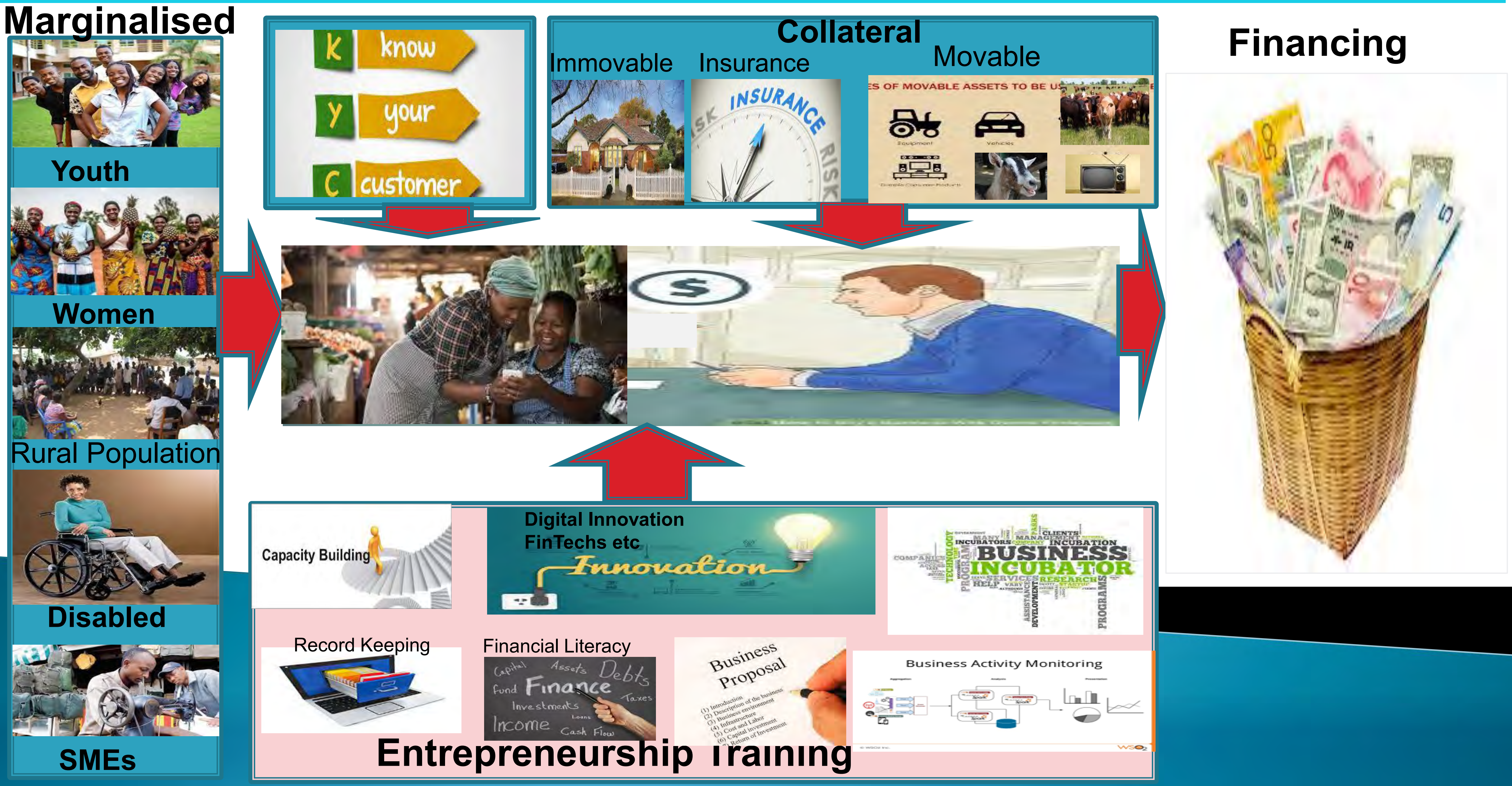
Savings

Loans

Remittances

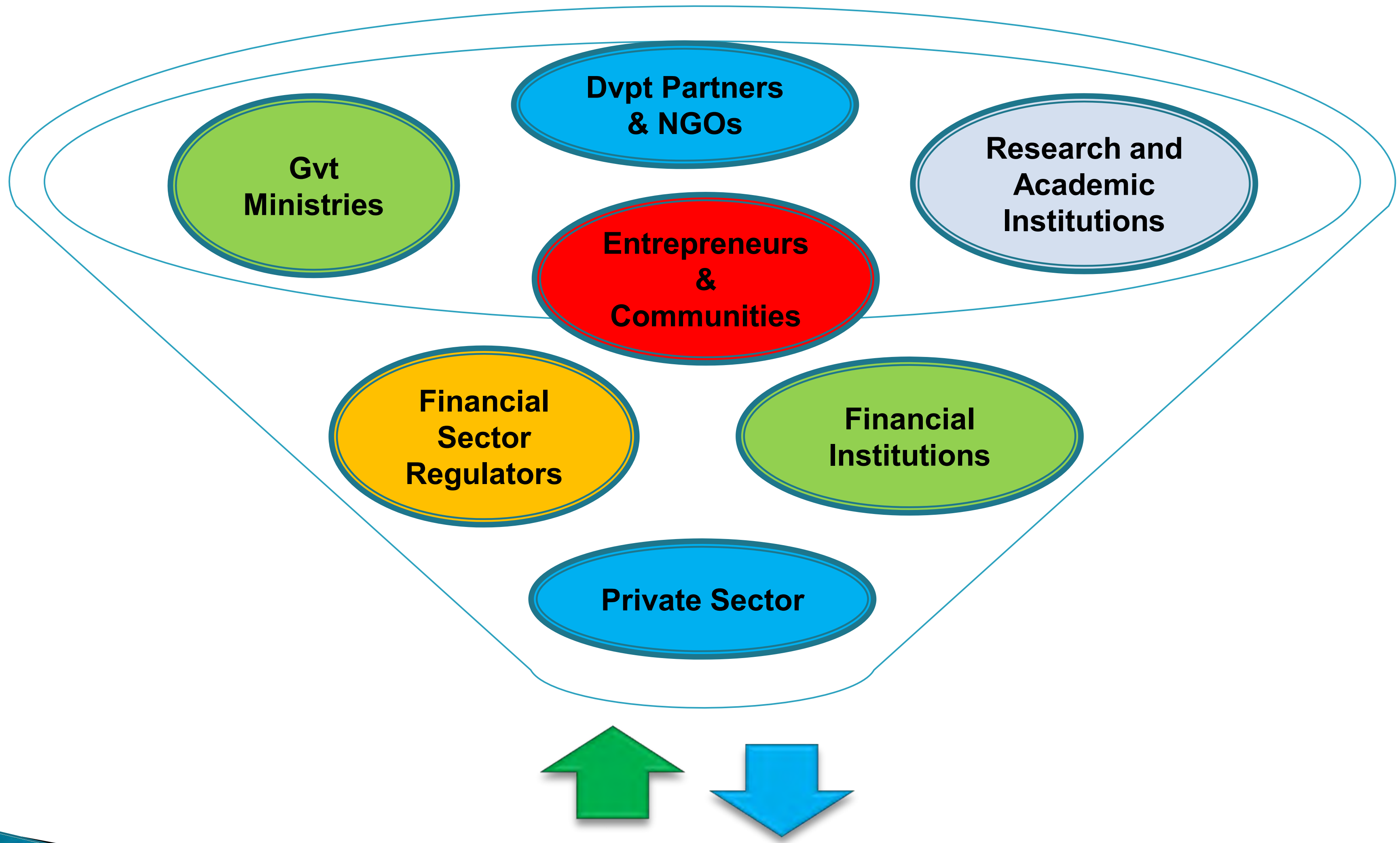
Capital Markets

FINANCIAL INCLUSION – FROM POLICY TO PRACTICE



NFIS IMPLEMENTATION SELECTED INITIATIVES

COORDINATED STRATEGIC APPROACH TO FINANCIAL INCLUSION



Sound Financial Inclusion Policies & 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
ix. Insurance & Capital Markets.

FINANCIAL INCLUSION IMPLEMENTATION PARTNERS

Association of Asset Management
EUROPEAN UNION
Ministry of Youths Sports, Arts & Recreation
Old Mutual Financial Inclusion Unit
COMMERCIAL BANKS
Ministry of Lands, Agriculture and Rural Settlement
POTRAZ
Poverty Reduction Forum Trust
Association of Transfer Secretaries
Association of Stockbrokers
ZSE
Ministry of Social Welfare
EMPRETEC
UNICEF
SECURITIES EXCHANGE COMMISSION
New Faces New Voices
Cross Border Traders Association
ZNCC
BANKERS ASSOCIATION OF ZIMBABWE
CUT
UNITED NATIONATIONS WOMEN
WUA
Ministry of Justice (Attorney General's Office)
IDBZ
NAC
Investment Professionals Association of Zimbabwe
RED LIPSTIC
M-Tron Africa
MoFED
NATIONAL YOUTH COUNCIL
Insurance Council of Zimbabwe
Association of Stockbrokers
Agriculture Marketing Authority
SMEDCO
Association of Stockbrokers
Self Help Development Foundation
ZAMFI
Association for PWDs
FINSEC
FSDA
FAO
Association of Custodial Services
GETBUCKS
Export Credit Guarantee Corporation
HOMELINK
GWEBI COLLEGE
Confederation of Zimbabwe Industries
WORLD BANK
DPC
NUST
UZ
Zimbabwe Women in Construction
Makunitronics
POSB
LION MICROFINANCE
NACSCUZ
Association of Transfer Secretaries
SNV
ZWRCN
Association of Transfer Secretaries
CREDIT ONLY MFIs
DFID
Cottco
IPEC
EMPOWER BANK
Mobile Money Operators
BUSE
Small and Medium Enterprises Association of Zimbabwe
AWIDE
ZIMRA
ZWMB
ProWeb
SUCCESS MFB
UN WOMEN
CASSAVA
Women Alliance of Business Associations of Zimbabwe
ZIMSTAT
CARE INTERNATIONAL ZIMBABWE
Master Seed Consulting
ZADT
Ministry of Primary and Secondary Education
Global Foundation
Informal Economy Associations
SACCOS & INFORMAL SAVINGS CLUBS
Ministry of Industry and Commerce
HIT
Confederation of Zimbabwe Retailers
Pepukai Madzimai
Ministry of Women, Community and SME Development
FPR
Harare Chamber of SMEs
Association of Custodial Services
Ministry of Higher and Tertiary Education
Zimbabwe Association of Funeral Assurers
FINMARK TRUST

INNOVATION AND FINANCIAL INCLUSION

FINTECH AND FINANCIAL INCLUSION

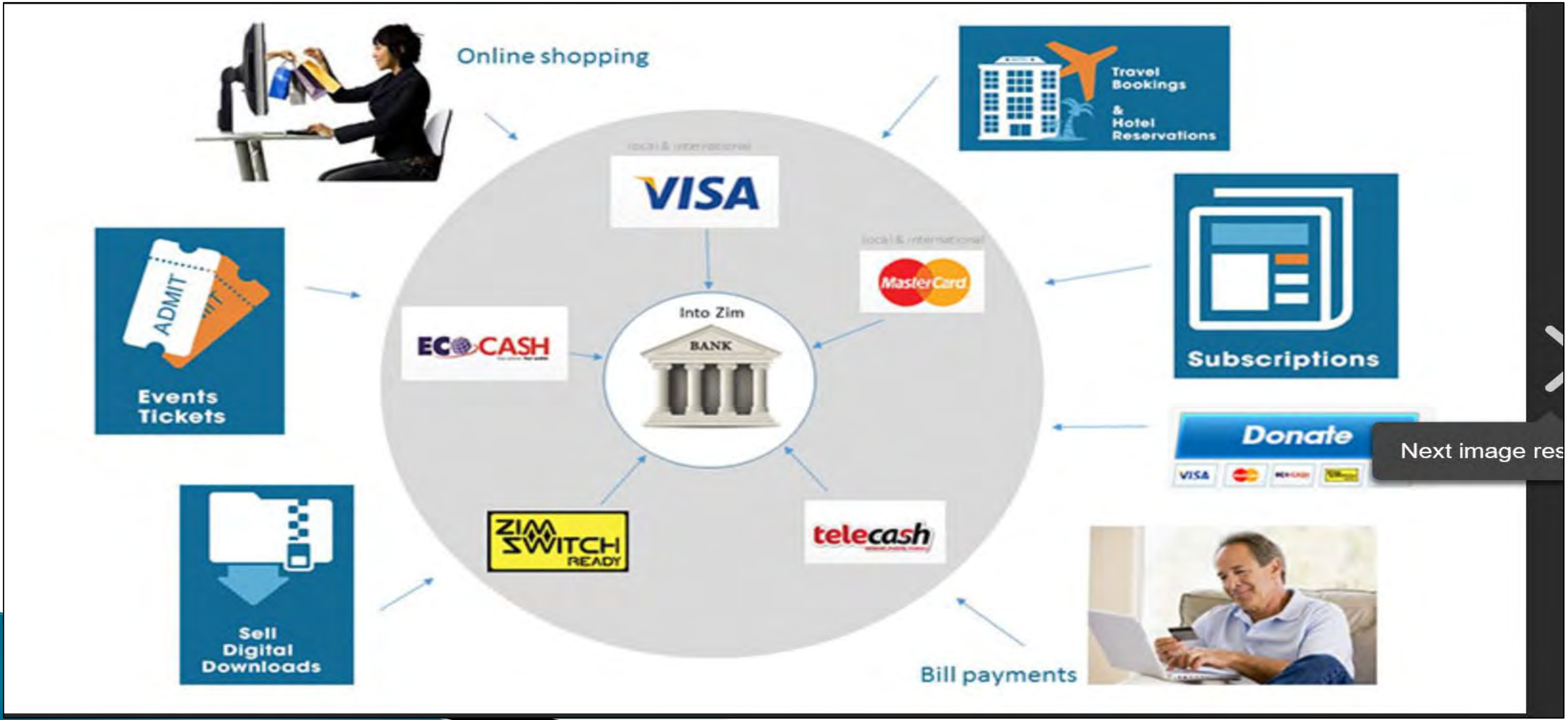
- **Banks, MFIs, Non-banking financial institutions & MNOs, continue to explore innovative ways of delivering financial services to the marginalised segments through leveraging on technology.**

- **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.**

FINTECH AND FINANCIAL INCLUSION

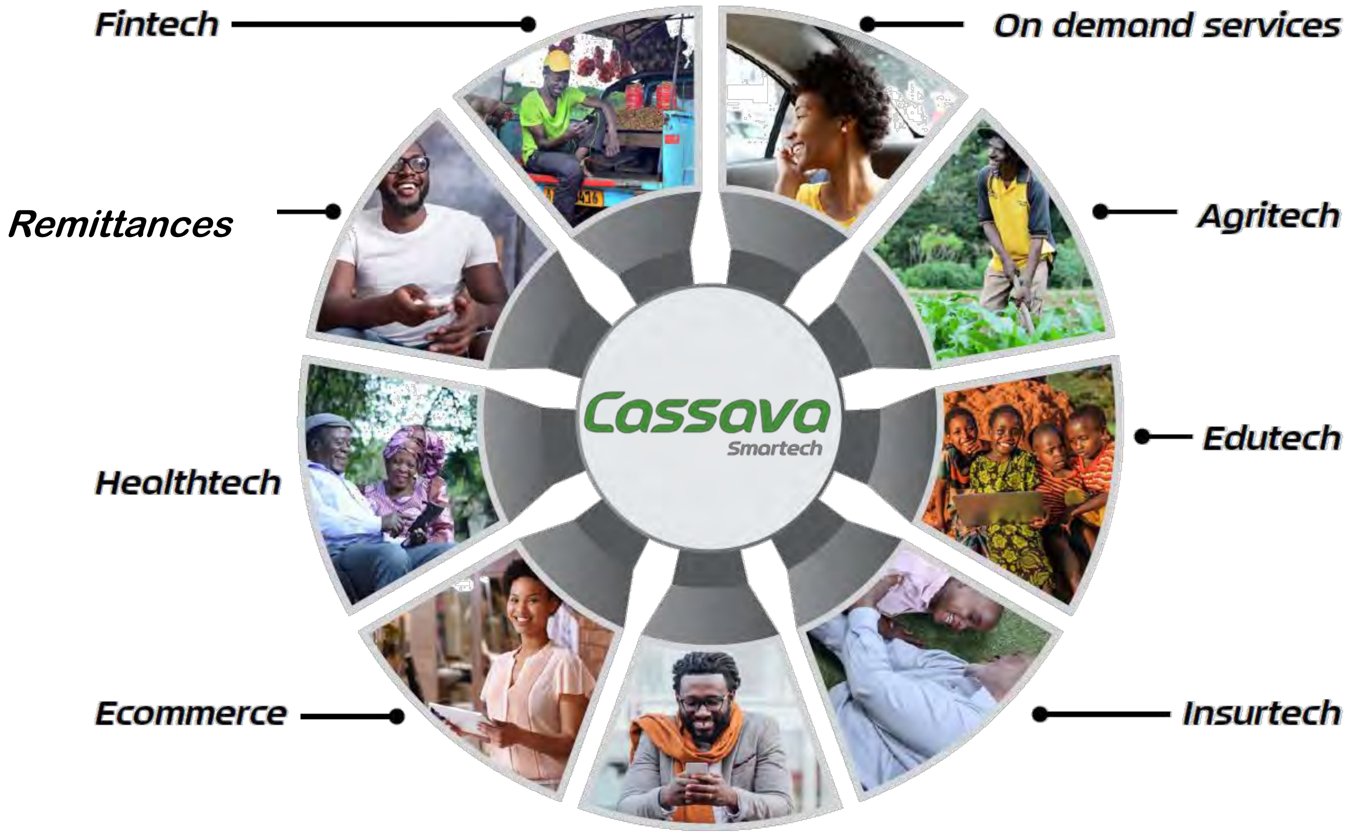
Innovation is one of the key pillars of our National Financial Inclusion Strategy.

FINTECH AND FINANCIAL INCLUSION….



Cassava Smartech | Empowering Lives Through Digital Solutions

Balanced portfolio of distinct, yet synergistic businesses, translating into an integrated business model...



EcoCash | MooVah | Cassava Remit | STEWARD BANK | EcoSure | EcoFarmer Smart Farming | KWESÉ iflix

Cassava Analytics | KWESÉ PLAY | Maisha Medik | Cassava Payments | akello edutech | VAYA | ownai

Cassava Smartech | Empowering Lives Through Digital Solutions

EcoCash	• Mobile Money payments platform • More than 9m registered customers • Over 100k channel partners-agents and merchants
EcoSure	• Micro-insurance with premiums as little as $1 • Enda Education for schools fees payment after death of bread winner
Moovah	• Motor Vehicle insurance over the phone • Providing cover for injury or damage in vehicle accident
STEWARD BANK	• Digital Bank • Digital account opening through *236# • Square World App targeting diasporans for remittances and other services back home
EcoFarmer Smart Farming	• EcoFarmer Club Card entitling members to discounts when purchasing inputs • Weather updates • Farming tips and news
Maisha	• Health tips • Maisha Medik-Dial-a- Doc • Symptom Checker
VAYA	• Vaya lift for passengers • Vaya Express for goods
ownai	• E-Commerce trading platform • Online Classifieds and E-Store

MANAGEMENT PRESENTATION

September 2018

/1

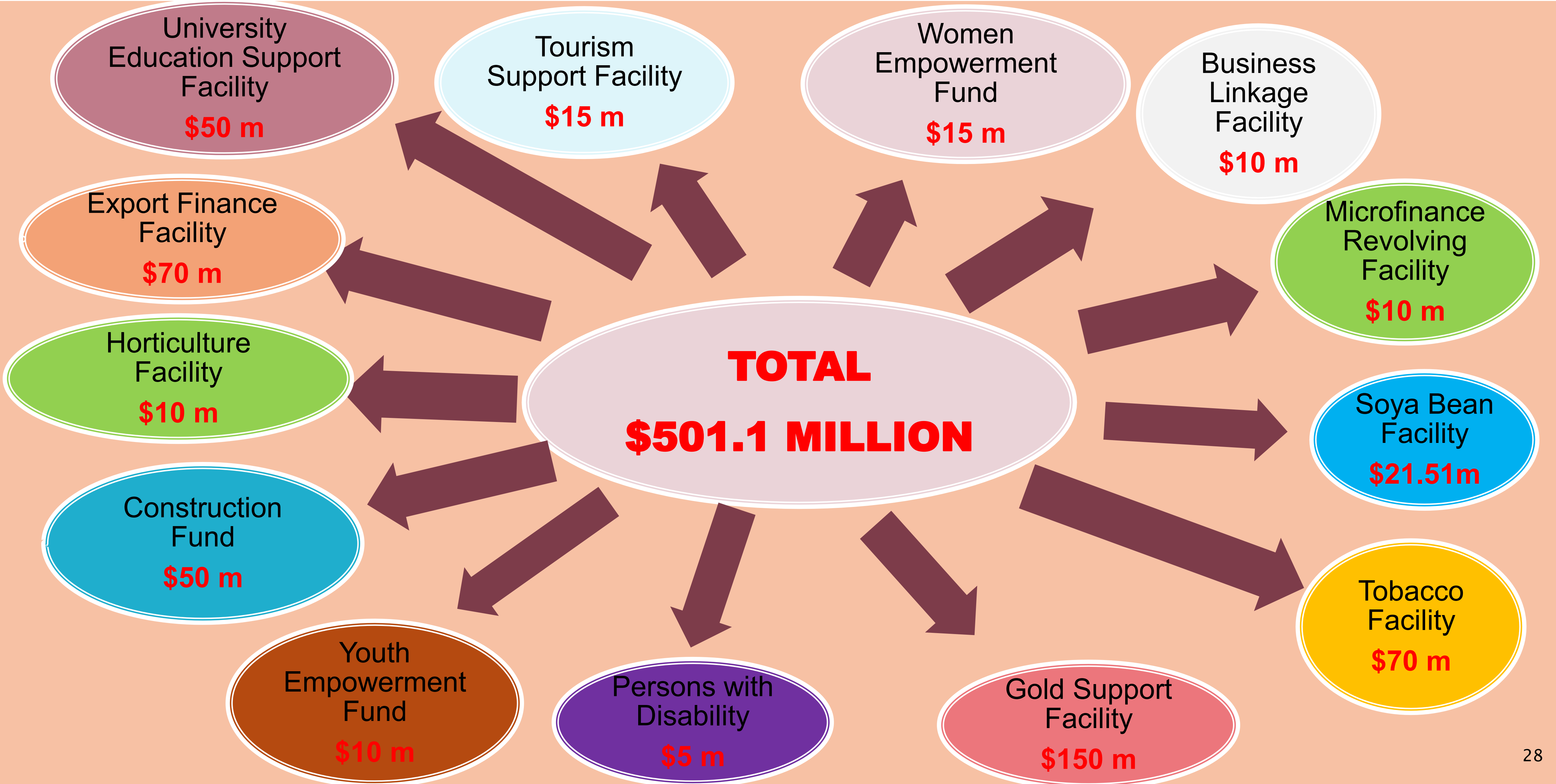
SMART AGRICULTURE - SENSOR TECHNOLOGY: WEATHER STATIONS AND SOIL MOISTURE SENSORS (iFarm)

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



RBZ FINANCIAL INCLUSION PRODUCTIVE & EMPOWERMENT FACILITIES UPTAKE

- 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**.**

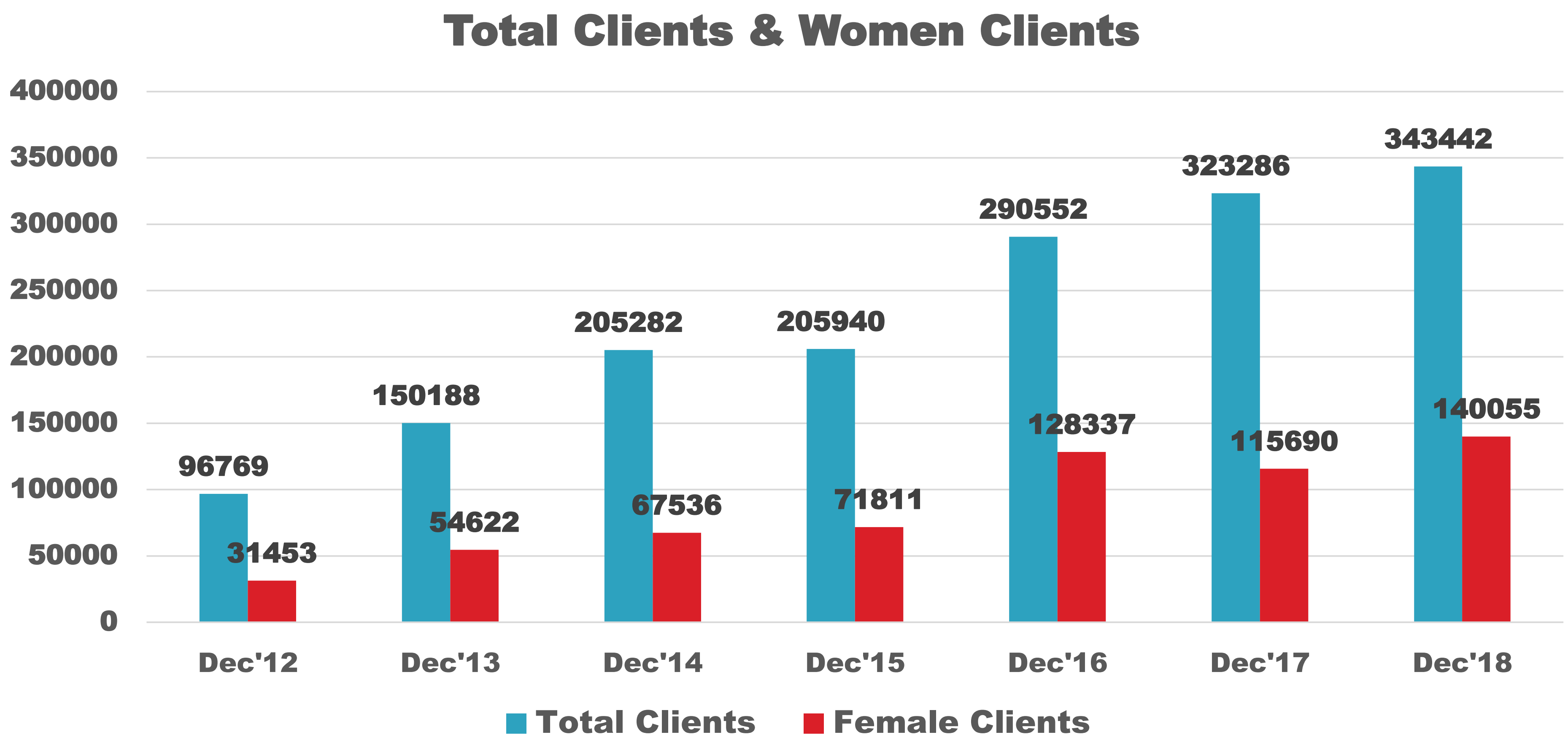
- The facilities also **support generation of exports!**

MICROFINANCE & FINANCIAL INCLUSION

MICROFINANCE & FINANCIAL INCLUSION….

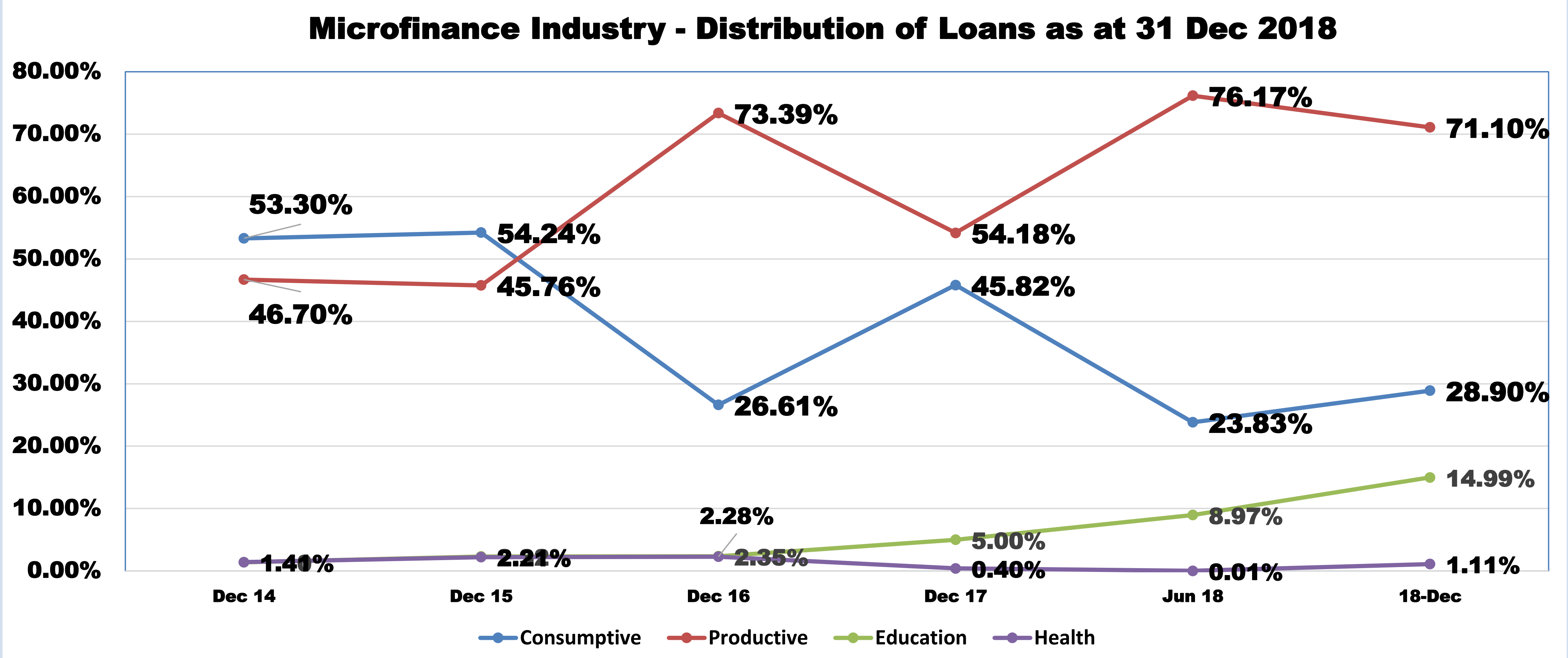
- Total of **209 MFIs** operational (**203 Credit only** and **6 DTMFIs**) **– 719 branches!**
- Continue to play a **significant role in promoting access to formal financial services by marginalised segments.**
- **Positive growth** was recorded in **outreach, loan portfolio size, equity funding, and deposit mobilisation.**

MICROFINANCE OUTREACH



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).**

DISTRIBUTION OF MICROFINANCE LOANS



- ➢ 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.


ZWMB
LAUNCH OF THE ZIMBABWE
WOMEN'S MICROFINANCE BANK
UNDP

WOMEN'S BANK – SUCCESS STORY

ZIMBABWE WOMEN MICROFINANCE BANK - PRODUCTS

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

ZIMBABWE WOMEN MICROFINANCE BANK - COVERAGE

Province	Deposit Accounts	Number of Loans	Value of Loans
Bulawayo	4,802	33	$ 42,700
Harare	6,261	214	$ 579,205
Manicaland	5,045	532	$ 147,295
Mashonaland Central	4,978	266	$ 250,921
Mashonaland East	4,270	96	$ 412,229
Mashonaland West	3,895	168	$ 160,821
Masvingo	5,870	78	$ 65,700
Matabeleland North	2,777	3	$ 14,500
Matabeleland South	3,339	2	$ 5,000
Midlands	3,429	5,681	$ 1,352,033
Total	44,666	7,073	$3,030,404

SACCOs AND FINANCIAL INCLUSION

Year	2017
Total No. SACCOs	436 (1 052 in Feb 2019)
Total No. of SACCOs regulated	436 (1 052 in Feb 2019
Total Loans on regulated SACCOs (USD)	11,478,210.00
Total Savings (USD)	13,621,576.00
Assets (USD)	7,636,579.35
No. of people employed by the cooperatives	85

EMPOWERMENT REVOLVING FACILITIES – SUCCESS STORIES

- **Successful Empowerment Projects funded through Homelink Finance (RBZ subsidiary)...**

EMPOWERMENT REVOLVING FACILITIES – SUCCESS STORIES......

- **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 DTMFIs.**

Potato project in Banket

Tomato project in Zvimba

Maize farming in Banket

VALUE CHAIN FINANCING SCHEMES – SUCCESS STORIES

- Successful community value chain financing scheme supported by a DTMFI…

Banana Plantation in Middle Sabi

Michigan Beans Plantation in Middle Sabi

VALUE CHAIN FINANCING SCHEMES – SUCCESS STORIES

- 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.

FINANCIAL LITERACY – SUCCESS STORIES

- 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

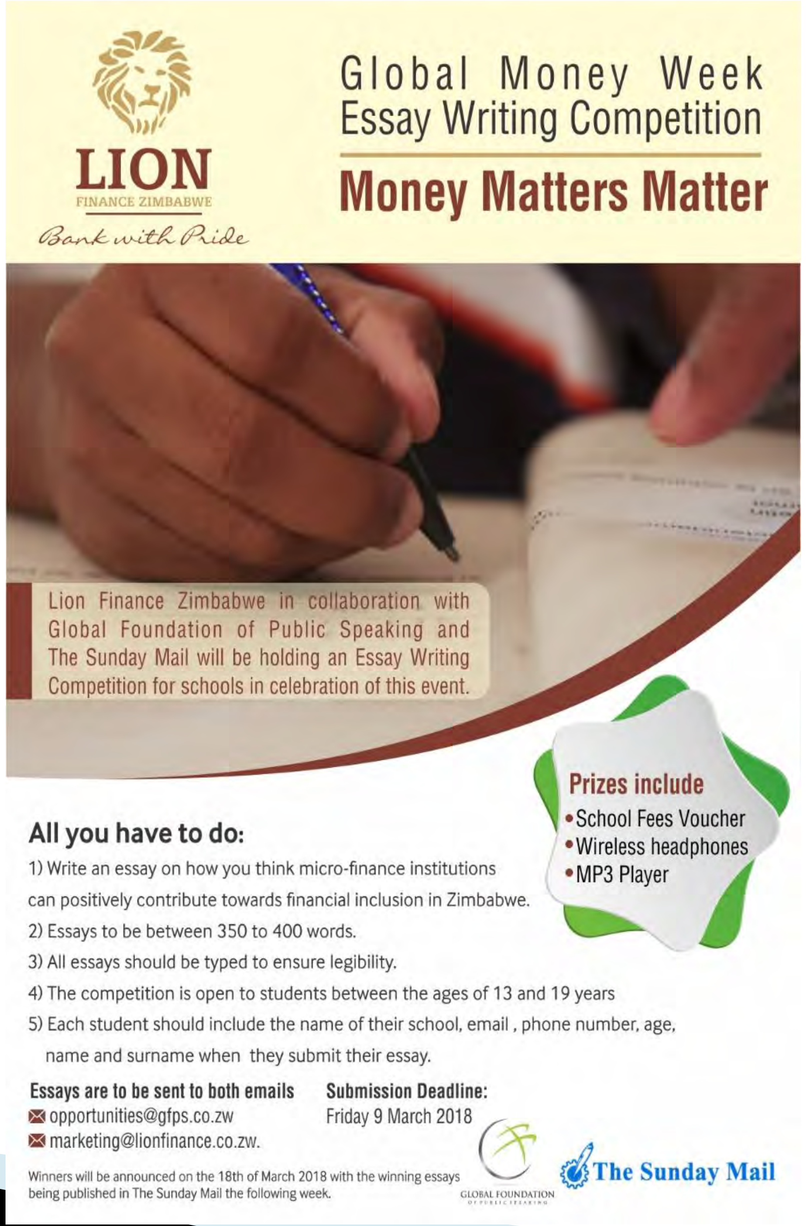
FINANCIAL LITERACY PROGRAMS – SUCCESS STORIES

Global Money Week Celebrations

Hosted at the RBZ

Hosted by a savings bank

FINANCIAL LITERACY PROGRAMS – SUCCESS STORIES



FINANCIAL INCLUSION INITIATIVES IN THE INSURANCE SECTOR

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

FINANCIAL INCLUSION INITIATIVES IN THE INSURANCE SECTOR EXAMPLE

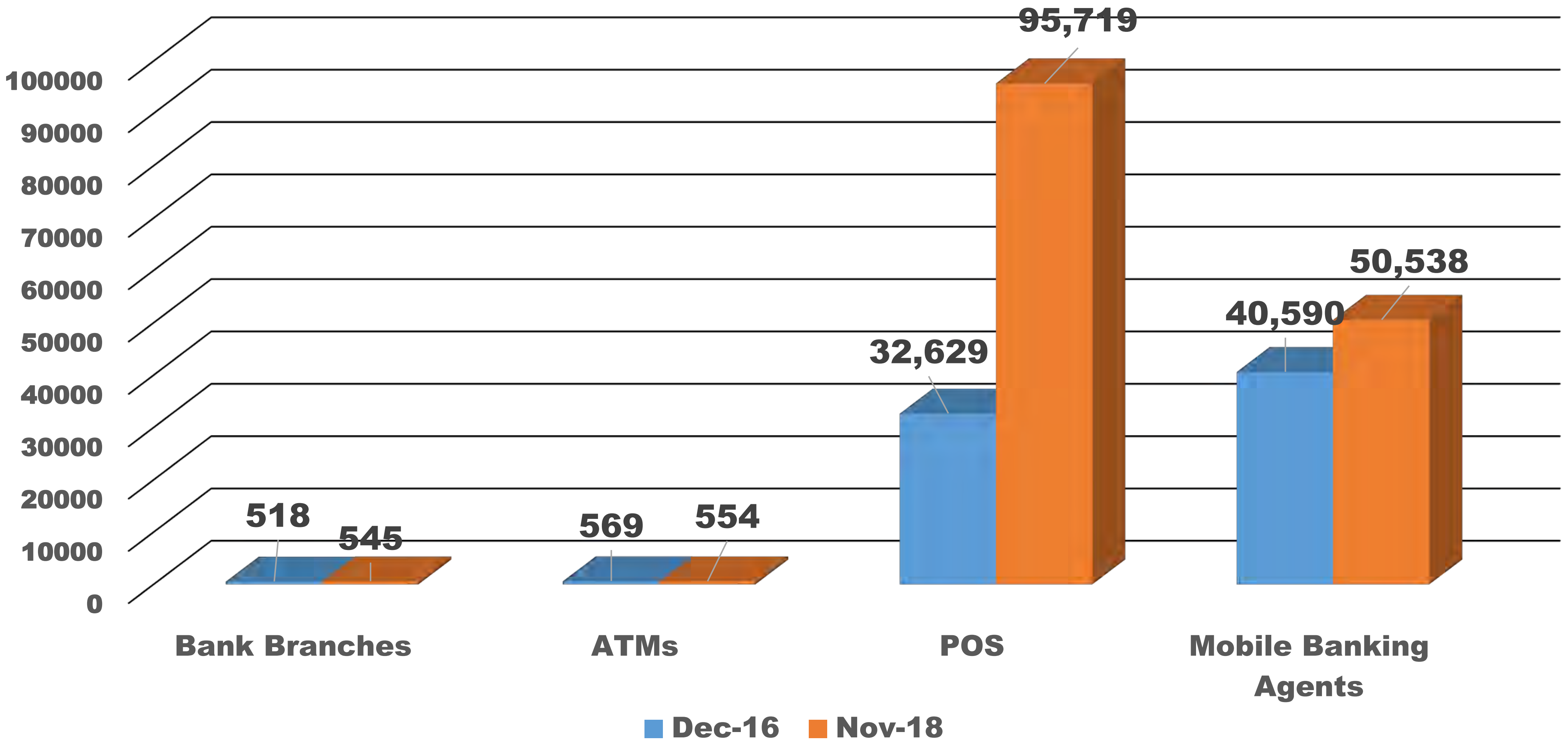
- **Micro-insurance** including medical insurance…

NATIONAL LEVEL PROGRESS INDICATORS IN THE IMPLEMENTATION OF THE NFIS

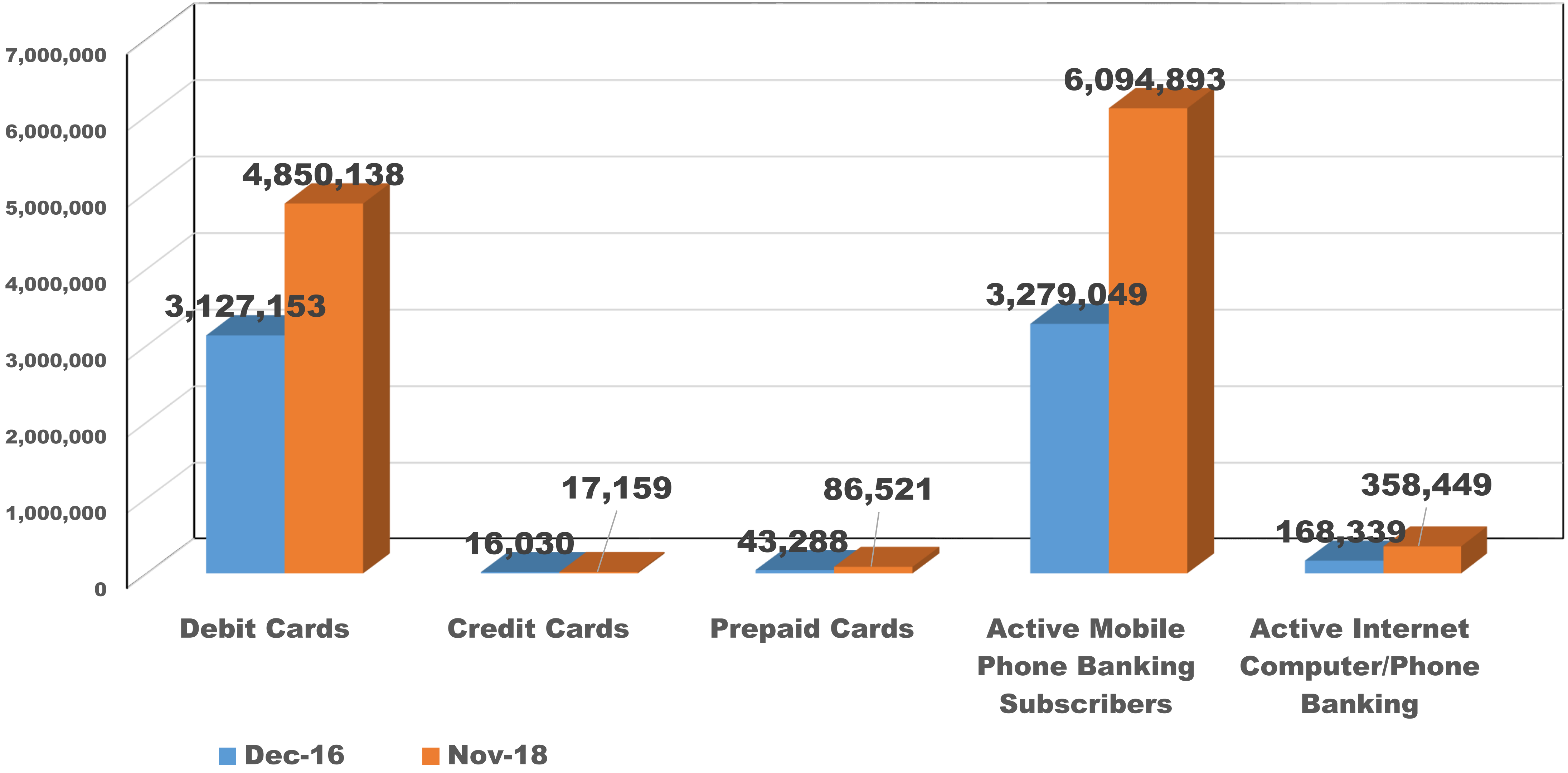
FINANCIAL INCLUSION INDICATORS

INDICATOR	Dec 2016	Dec 2017	June 2018	Sept 2018	Dec 2018
Total number of Bank Accounts	1.49m	3.07m	5.58m	5.81m	6.73m
Number of Low Cost Accounts	1.20m	3.02m	3.56m	3.31m	4.67m
Number of MSMEs with bank accounts	71,730	76,524	81,369	97,527	100,644
Number of Women with Bank Accounts	769,883	935,994	1,612,820	1,528,704	1,736,285
Value of loans to MSMEs	$131.69m	$146.22 m	$168.25m	$131.83m	$169.96m
% of loans to MSMEs over total loans	3.57%	3.75%	3.57%	3.84%	3.94%
Value of Loans to Women	$277.30m	$310.78m	$360.68m	$384.55m	$432.36m
Number of Loans to Youth	38,400	61,529	68,756	74,165	69,421
Value of Loans to Youth	$58.41m	$138.93 m	$126.64m	$146.79m	$104.43m

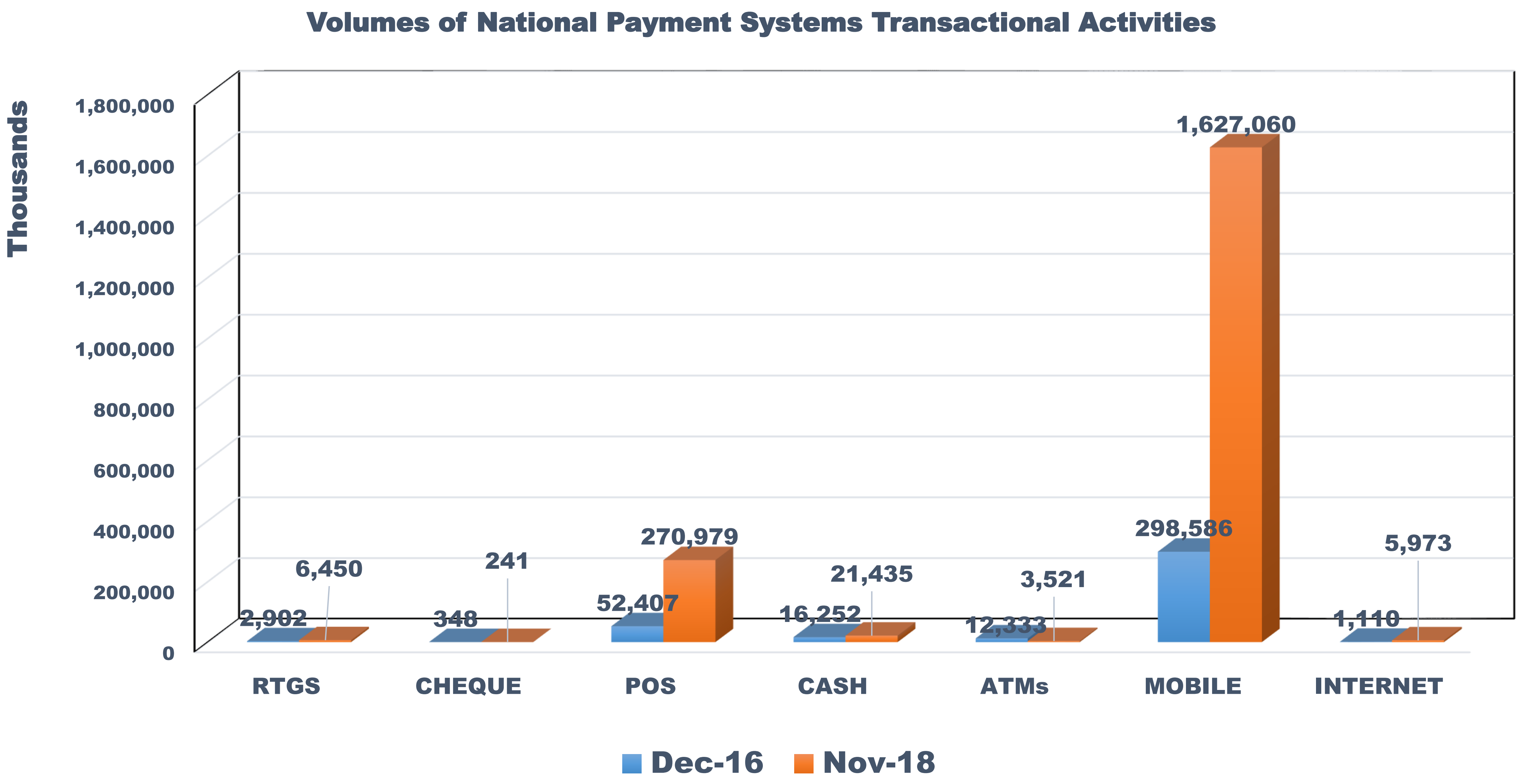
FINANCE ACCESS POINTS



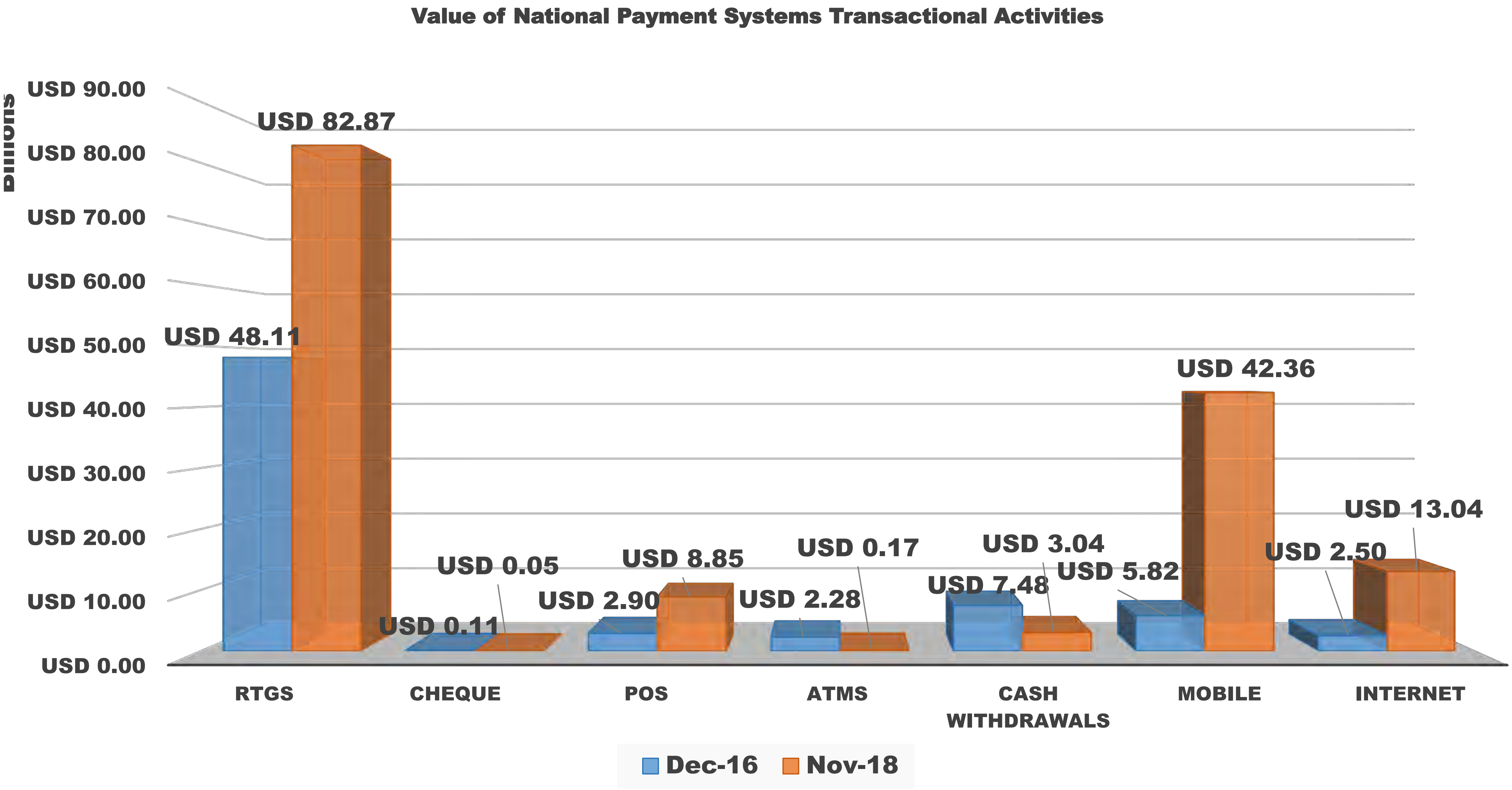
FINANCE ACCESS DEVICES



VOLUME OF TRANSACTIONAL ACTIVITIES



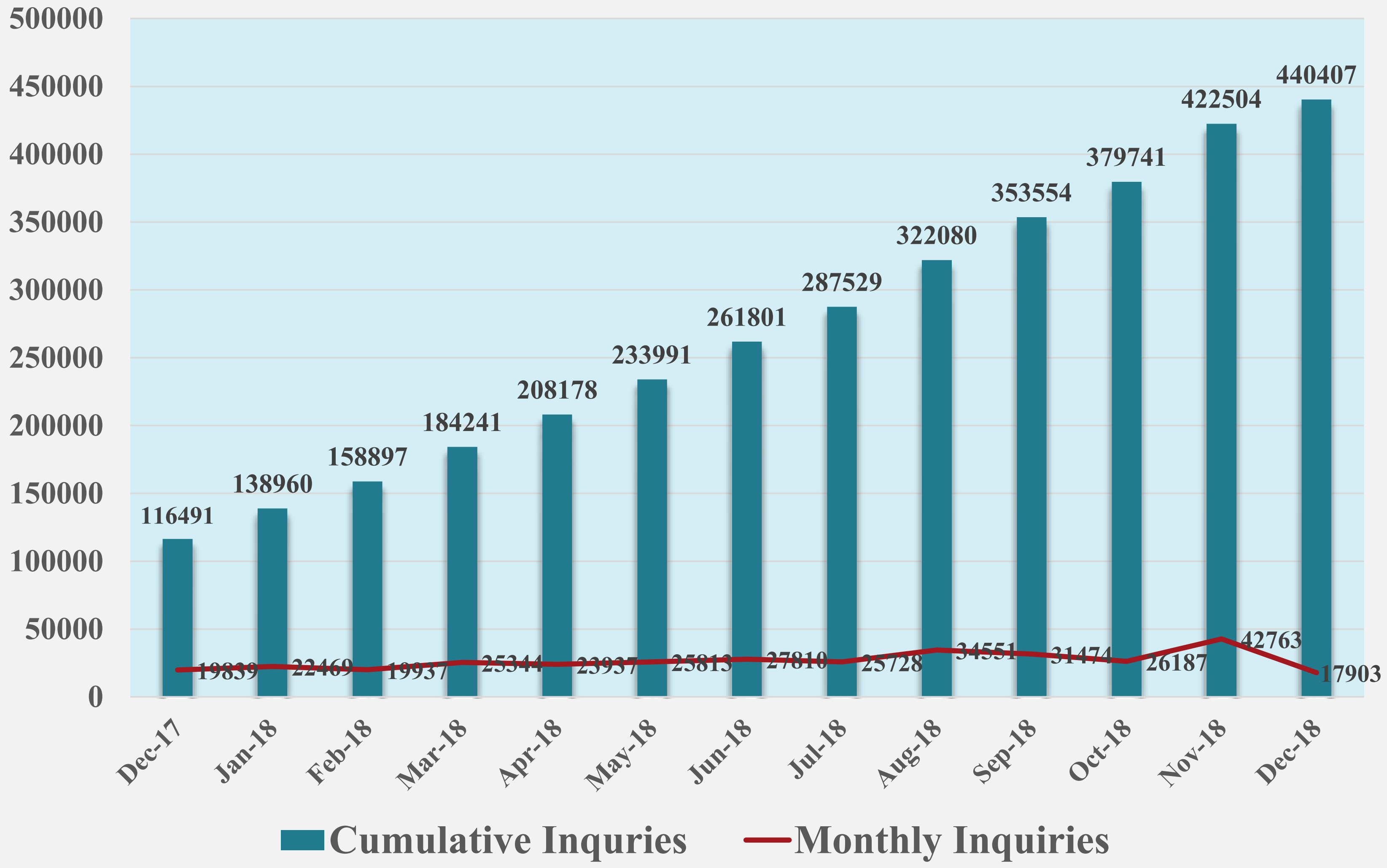
VALUE OF TRANSACTIONAL ACTIVITIES



CREDIT REGISTRY AS AT 31 DECEMBER, 2018

- 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).

Credit Registry Inquiries



SUSTAINABILITY STANDARDS AND CERTIFICATION INITIATIVE (SSCI)

- 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.**

SSCI & FINANCIAL INCLUSION

- 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