

Monthly Financial Sector Bulletin

Issue No. 42, February 2017 – Taking Financial Sector Soccer to Greater Heights



PICTURE OF THE MONTH: Laura Gwatiringa (Group Executive-Marketing & Corporate Affairs), Pinky Siphon Mudzingwa (YEP National Winner) and CBZ Holdings CEO Never Nyemudzo at the Youth Entrepreneurs Programme (YEP) Prize Giving Ceremony where the top three entrepreneurs were selected from 10 provincial finalists. Started in October 2016 when CBZ Holdings partnered Empowered Life Trust (ELT), a non-profit making organisation, YEP is a three-phase and practical initiative meant to produce growth-oriented (not survivalist) profitable businesses that are run professionally by youth of 18-30 years of age from all the 10 provinces of Zimbabwe.

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The MFSB is a monthly roundup of key Zimbabwean financial sector developments produced by SoundGarden Publishing, a provider of proprietary data, business intelligence and analytical content supporting decision-making in financial markets.

SINCE SEPTEMBER 2013: For over three years, the Monthly Financial Sector Bulletin (MFSB) has been consistently providing reliable aggregated financial sector information enabling industry professionals and other stakeholders to make data-driven decisions! For information on how to get the best out of the MFSB and on subscription options, please go to [page 25](#).

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SELECTED VITAL STATISTICS AT A GLANCE

General Statistics

Year-on-year Inflation for February 2017	0.06 % (January 2017 : Minus 0.7%)
Average Annual Inflation for 2016	Minus 1.56% (Minus 2.4% in 2015)
Projected Annual Inflation in 2017	1-2%
Projected 2017 Gross Domestic Product (GDP) Growth	1.7% (2016 – Initial 1.4%) (Revised to 0.6%)
Budget for 2017	US\$4.1 billion
2016 Weighted Manufacturing Sector Capacity Utilisation	47.4 % (2015 - 34.3%) (2014 - 36.5%) (2013 – 36.1%)
Trade Deficit for 2016	US\$2.38billion (Exports – US\$2.83 bn; Imports – US\$5.21 bn)
Zimbabwe's Foreign Direct Investment (FDI) – 2015	US\$421 million (US\$545 million in 2014)
ZSE Market Capitalisation: As at 31 October 2016	US\$3.328 billion (September - \$2.725 billion)

Statutory Ratios

Formula	Ratio
Minimum Capital Adequacy Ratio: (Total Qualifying Capital/Total Risk Weighted Assets) x 100	12%
Minimum Liquidity Ratio: (Total Liquid Assets/Total Liabilities to the Public) x 100	30%

Deposits, Loans and Lending Ratios

Total Banking Sector Deposits	US\$6.51 billion (31 Dec 2016)
Total Banking Sector Loans and Advances	US\$3.69 billion (31 Dec 2016)
Loans-to Deposit Ratio (31 Dec 2016)	56.64% (86.07% - 31 Dec 2015)
Banking Sector Non-Performing Loans (NPLs) (31 Dec 2016)	7.87%(10.82% - Dec 2015 & Peak 20.45% as at 30 Sept 2014)
Total Banking Sector Loans (31 Dec 2016)	US\$8.73 billion (US\$7.8 billion – Dec 2015)

Editorial Comment

Product Innovation & Channel Development

There was a 50% increase in new product initiatives from three (3) in January to six (6) in February, with the banking sector contributing over 80% of these initiatives. Notably, the only two lending initiatives recorded during the month involved banking institutions and non-bank parties collaborating in an effort to stimulate demand for credit. Both product launches and product promotions doubled to four and two respectively as institutions continued the steady recovery from the slowdown attributed to the festive season. The standout initiative was Stanbic Bank's launch of Host to Host, an automated two-way data transfer solution which enables customers to migrate 100 percent of their transactions from manual to electronic capture. Apart from offering a way of reducing costs and managing risk, Host to Host has the impact of ring-fencing a client and signifies deepening competition for corporate clients in the financial sector. Once a client is locked into this system, it is unlikely that they will turn to less cost-effective or manual solutions, especially after having achieved a reduction in the lengthy manual processes related to making payments using the RTGS system. Given the cash shortages currently obtaining in the financial markets, the banking public has switched to electronic means of payment including RTGS and this has resulted in huge backlogs of RTGS transactions, sometimes taking banks days to clear. This is therefore a timely solution which should be popular with corporates, particularly those situated outside the major towns.

Channel development initiatives decreased from seven (7) in January to four (4) in February 2017, with the two key developments a reflection of the worsening foreign currency situation in Zimbabwe. The decision by Standard Chartered Bank to cancel the automatic use of VISA debit cards outside Zimbabwe with immediate effect and without any prior notice was either an acknowledgement that the foreign currency situation had deteriorated sharply (since Standard Chartered Bank was one of the banks that had appeared to hold its own in coping with the foreign currency shortages) or was the result of external pressure from the regulatory domain. External usage of cards is considered by the authorities as one of the channels for continued outflow of dwindling foreign currency resources. RBZ governor, John Mangudya is on record as saying the continued use of these cards was contributing to the challenges in adequately allocating foreign exchange, as they were not going back into production, so it was a matter of time before banks started to adjust. The redeeming feature of Stanchart's move is that clients who wish to use their cards outside Zimbabwe may still apply for special consideration at least 72 hours before their date of departure but the fact that all advance applications will be reviewed in line with the RBZ Priority List Guidelines effectively means that access to foreign currency through debit cards will no longer be guaranteed the way it used to be before this development since funding of credit cards falls in the "Not Priority" category of the Priority List. Earlier, FBC Bank also suspended the use of its MasterCard outside the country, directing its clients to use a prepaid one instead. To underline the gravity of the foreign currency situation, this development came against the backdrop of Government's imminent introduction of the managed foreign currency system under which 50% of export revenues from the country's exports – which include the two biggest, namely, gold and tobacco – will be retained by the central bank to be redistributed toward import dependent manufacturers. During the month under review, EcoCash revised its MasterCard limit to US\$400 per month split between ATM Cashout (US\$200.00) and POS Machine & Virtual payments (US\$200.00). This deepening shortage of foreign currency is the reason why the tobacco marketing season was eagerly anticipated by both the authorities and the financial sector as it traditionally eases the liquidity situation.

Executive Management/Board Changes

The month of February was one of the most active in the C-Suite. Starting with IPEC's appointment of Mr. Tendai Karonga to the position of Commissioner of Insurance and Pensions with effect from 1st February, 2017, the month ended with the departure of CBZ Holdings non-executive Chairman Elliot Mugamu apparently due to shareholder activism by NSSA which expressed doubts about his independence given the remuneration structure he was reportedly enjoying. Meanwhile, Old Mutual Emerging Markets' appointment of Jonas Mushosho to the position of chief executive officer for their Rest of Africa business, with immediate effect is no doubt another fine feather on his cap and an endorsement of Zimbabwe's capability to produce leaders that are fit for purpose on the pan-African stage. On a sad note, the death of veteran investment manager and Zimnat Asset Management Company managing director Tony Fisher on 5 February 2017 at the age of 70, is an immense loss to the country's investment community.

The sudden departure of John Vitalo, a man considered to be Bob Diamond's lieutenant, from Atlas Mara owned ABC Holdings (ABCH) so soon after assuming the reins, was one of our highlights of the month. This does not portend well for a company that is on a recovery path and had been tipped to shake the financial services landscape in Africa. Vitalo took over from Blessing Mudavanhu on 29 August 2016. This implies that there may be deep-seated structural challenges that need to be addressed at the pan-African banking group and that the changing of personnel might not be the solution to the group's poor performance.

Brainworks Capital founder George Manyere's stepping down as chief executive officer, as the investment holding company prepared to list on an undisclosed international stock exchange, is testimony of the company's lofty ambitions and the fact that the key shareholders are prepared to step aside to pave way for the achievement of corporate goals.

Rebranding & Strategic Realignment Initiatives

The big strategic re-alignment news of the month was the announcement of state-owned DFI, Infrastructure Development Bank of Zimbabwe (IDBZ)'s abandonment of the commercial banking model to focus on its original core mandate of medium to long-term infrastructure development in key sectors of the economy. Given Zimbabwe's infrastructure deficit, this is a befitting move and in any case, there was no way IDBZ was going to compete effectively in the retail space with only two branches in Zimbabwe.

Corporate Actions

In the corporate actions space, the big news of the month was Econet defiantly forging ahead with plans for its capital raising exercise despite a directive from the board of the Zimbabwe Stock Exchange. While this development is emblematic of the rift between the board and CEO of the bourse, which saw Alban Chirume being suspended as seen earlier; it also confirms Econet's reputation as a litigious company that won't take any perceived incidence of injustice lying down. The market however expected the ZSE to save face by sanctioning the telecommunications company.

External Financing: Lines of Credit and Grant Aid/Finance

While Zimbabwe continued to struggle to access reasonably priced external lines of credit of appropriate tenure to refurbish the country's crumbling infrastructure and revive ailing industries, grant funding from multilaterals such as the AfDB is at least still forthcoming. This ensures that the centre continues to hold by taking care of projects to improve public finance and economic management performance while facilitating parastatal reform as seen during the month.

Capital Market Developments

The announcement by Econet that it would open a Rights Offer account with a local Receiving Bank into which its Resident Shareholders could deposit the proceeds of the Rights Offer using cash, Bond Notes, or electronic money, was ostensibly meant to protect minority shareholders. However, the MFSB considers this a non-issue, since most of these minorities would most likely not follow their rights anyway due to lack of capacity. While the launch of VOTs, giving viewing rights to the ZSE's live trading on the Automated Trading System were a positive step in the right direction for Zimbabwe's capital markets, they were not likely to find many takers outside the stockbroking community and a few investors as the majority of Zimbabweans generally do not yet have a culture of trading in stocks.

Bond/TB Issue Outlook

The according of prescribed asset status to financial instruments designed to raise project funding on the domestic market in respect of ZPC's equity contribution for the Gwanda solar and Gairezi hydropower projects is understandable in as far as it enables pension funds and insurance companies to support the projects. In an environment in which most of the market players lack the capacity to participate in these bond issuances, pension funds are the only hope for the success of the fundraising exercise, though one wonders about this sector's capacity to continue supporting the fundraising efforts. With a total requirement of US\$283 million for the two projects, at least US\$43 million will need to be raised on the local market.

Fiscal, Public Debt & Investment Issues

The fact that Zimbabwe's domestic savings ratio is around -11 percent of GDP is emblematic of the country's greater fiscal crisis, which makes it difficult to mobilise the required resources for infrastructure development. In the previous edition, we learnt about Government's failure to secure a loan of about US\$300 million from local financial institutions,

which would trigger the release of US\$ 1.17 billion in concessionary funding from China Eximbank for the expansion of Hwange Power Station, an indication of both government's compromised creditworthiness and lack of liquidity in the local market, which is ultimately attributable to the low domestic savings.

Deposit Protection & Troubled Institutions Resolution Initiatives

Confirmation by the Deposit Protection Corporation (DPC) that it had surpassed its target to provide cover for and refund over 90 percent of bank depositors in the event of a collapse of the banking system, is a welcome and opportune development for long-suffering depositors, at a time confidence in the banking system is probably at an all-time low. This followed the hiking of the refundable amount that can be paid to a single depositor from \$500 to \$1000 in 2016, which enabled the DPC to widen its cover to 92.98 percent of total bank depositors.

Policy/Regulatory /Legal Developments:

The striking off the roll of Zimbabwe People First leader Dr Joice Mujuru's application challenging the validity of the Presidential decree that introduced bond notes was the notable development of the month on the regulatory/legal developments front. The Constitutional Court made a ruling on a procedural point raised by President Mugabe and his co-respondents, that Dr Mujuru should first challenge the Presidential (Temporary Measures) Powers Act. The fact that Dr Mujuru lost her case on a technicality appears to imply that anyone who wants to challenge the issuance of bond notes is destined to keep going around in circles like a dog trying to bite its own tail, while the substantive issue of whether the President actually acted within the law remains undetermined. In the meantime, the bond notes continued to circulate in the financial markets, with the January Monetary Policy Statement revealing that US\$94 million worth of the notes was now in issue, although the jury was still out on whether they were causing more good than harm.

Public Tender Invitations/Results/EOIs & RFPs

Tender activity during the month included National Building Society Limited's invitation to eligible parties to supply an Enterprise Content Management & Workflow System (ECMWS) and to conduct Vulnerability Assessment & Penetration Testing (VAPT) of the mortgage lender's ICT ecosystem. On paper, this suggests that the new building society, which started operating in mid-2016, is leaving no stone unturned in ensuring that it puts in place robust systems for its operations. Meanwhile, as it geared itself for the process of resolving the NPLs it has been acquiring, ZAMCO invited tenders for the supply of a loan management system. Agribank on the other hand invited bids for the establishment of a Contact Centre as it sought to improve the quality of its Customer Experience (CX).

Currency, Pricing and Liquidity Perspectives

In the currency space, the introduction of the \$5 bond notes with effect from 2 February 2017 was a notable development, with US\$15 million worth of the notes being brought into circulation. The Reserve Bank of Zimbabwe's decision to introduce a facility prioritising foreign currency allocation to companies benefiting from import restrictions so that they could increase production, was a sensible move, otherwise the benefits of Statutory Instrument 64 would be lost. Meanwhile the opening of the tobacco floors for the 2017 marketing season was expected to boost the country's foreign exchange earnings and go a long way in ameliorating the liquidity challenges in the market.

The Microfinance Interview: VIRL Targets 60% Women Borrowers



In this fifth installment, the spotlight is on VIRL Financial Services, one of the very few women-owned microfinance institutions (MFIs) operating in Zimbabwe today. Mrs. Virginia Sibanda (VS) co-founder and current CEO talks about Viri Financial Services' business model and target market, the difficulties she has faced as a woman entrepreneur in financial services as well as the technical assistance her organisation has received and how this has impacted on operations and business goals. VS also outlines her experiences in pioneering the formalisation of the mukando/marounds concept, and how her organisation is leveraging on technology in its operations. She further outlines Viri's position on topical issues such as the capping of interest rates and the importance of external ratings. The MFSB also asks VS about Viri's challenges and opportunities and whether there is an intention to broaden the sources of funding by pursuing a deposit-taking licence.

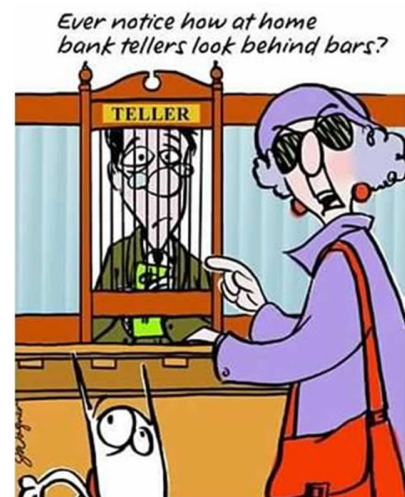
LAUGHING & LEARNING ALL THE WAY TO THE BANK

Welcome to a brand new extra editorial page which is a collage of facts, figures and some humour. “Laughing All the Way to The Bank”, as its name suggests, brings you some of the best humour - inspired by the often too serious subject of banking. “Did You Know?” profiles facts and figures you probably didn’t know about the Zimbabwean economy in general or the banking sector in particular.

LAUGHING ALL THE WAY TO THE BANK



I'm very pleased to offer you the role of "Vice President of Value-Add and Customer Journey Re-Engineering." I think that means you work in I.T.



World Cancer Day, takes place every year on **4 February**, and unites the world’s population in the fight against cancer. It aims to save millions of preventable deaths each year by raising awareness and education about the disease, pressing governments and individuals across the world to take action. Currently, 8.2 million people die from cancer worldwide every year, out of which, 4 million people die prematurely (aged 30 to 69 years). World Cancer Day is the ideal opportunity to spread the word and raise the profile of cancer in people’s minds and in the world’s media. Taking place under the tagline **‘We can. I can.’**, World Cancer Day 2016-2018 explores how everyone – as a collective or as individuals – can do their part to reduce the

global burden of cancer. Just as cancer affects everyone in different ways, all people have the power to take various actions to reduce the impact that cancer has on individuals, families and communities. World Cancer Day is a chance to reflect on what you can do, make a pledge and take action. Whatever you choose to do ‘We can. I can.’ make a difference to the fight against cancer. Visit <http://www.worldcancerday.org/about/2016-2018-world-cancer-day-campaign> for key messages on what YOU can do.



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ZB BANK CASHLESS OPTIONS

What is Cashless Banking?



Cashless banking is the use of payment options that do not include the use of physical cash. The options that one can use are plastic money, cheques, mobile and Internet transfers. ZB Bank has various cashless options which are:

1. Internet banking
2. Mobile banking
3. Use of cards on ZimSwitch-enabled POS and ATM machines

Internet Banking



This is a cashless payment option that allows customers of the Bank to transact on the Bank's website. The link to our internet banking is www.zbnet.zb.co.zw/online. The ZB internet banking offering is currently being refreshed to include features such as inbox function

that allows customers to directly get in touch with the Bank, payment scheduling function, one view for all accounts; savings, investments and loans and so much more. Registration for Internet banking for individuals is done through the website and one simply follows the instructions and an email will be sent directly to the customer for verification. For existing customers, after completing the process they need to send an email to their branch or ebanking@zb.co.zw or info@zb.co.zw and advise that they need to have their account activated for Internet banking. However, on completing the above process new customers do not need to contact the branch for activation as this is done automatically.

Mobile Banking

The ZB mobile banking is a cashless option that allows a customer to use their mobile phone to carry out banking transactions. We call it the ZB E-Wallet. The various ways in which you can use ZB E-Wallet on your mobile are:

- ❖ The use of an SMS function i.e. one goes on the message panel and writes what they want to do e.g. to check balance one enters 6*bal or to pay ZETDC one enters 6*pay*zetdc*amount and send to 440
- ❖ The use of the USSD code *440*600# for Econet subscribers and *225# for Telecel and NetOne subscribers
- ❖ The use of the mobile app which is available on Google Play and Apple store as "ZB Mobile Banking"



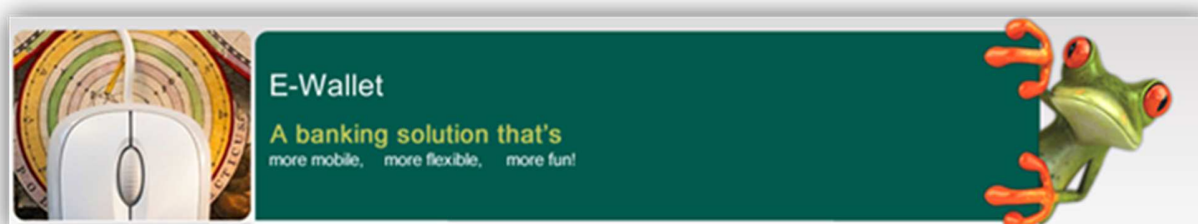
Through the use of mobile banking which uses the ZB E-wallet system one can perform the following transactions:

- ❖ ZIPIT (transfer money to any other Bank registered for ZIPIT. Monies transfers less than \$3000 are instantly transferred)
- ❖ Balance enquiry
- ❖ Pay Bill (Truworths, Edgars, Topics, City of Harare, City of Bulawayo etc)
- ❖ Zesa Prepaid
- ❖ Zesa Postpaid

- ❖ Withdraw
- ❖ Card registration
- ❖ Mini statement
- ❖ Airtime top up (all networks and you can top up for a friend)
- ❖ Send money (internal transfers or to any mobile number)

What you need to do for you to be on ZB Mobile Banking (ZB E wallet)

This facility is open to anyone who has a cellphone and cellphone number of any network whether they are ZB account holders or non ZB Account Holders. To be on this service all you need to do is visit your nearest ZB Bank branch with your ID and you will have a mobile banking account **within a few minutes**. It is absolutely free!



Use of plastic money

All ZB cards are ZimSwitch-enabled and can be used at any ZB ATM or POS machine as well as at ZimSwitch-enabled terminals for any other financial institution.

Benefits of Cashless Banking

Some advantages for using cashless options are:

- ❖ **Convenience:** There is no need to stand in long queues to access banking services
- ❖ **Discounts:** To incentivize the move towards a cashless banking, ZB Bank has partnered with Cash Back to provide its customers discounts when they use their cards in selected stores.
- ❖ **Lower risk:** Carrying cash is a huge risk and cards are pin-protected, which makes it difficult for a non-accountholder to access to the account.

To find out more about the cashless options available from ZB Bank as well as registration on Cash Back App in order to start earning discounts that can be used for purchase of other goods once one has reached the redemption level, kindly contact any of the ZB Bank branches or write to info@zb.co.zw



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Instagram: **zb bank**



Twitter: **@zbbank1**



YouTube: **ZB Bank**

THE MICROFINANCE INTERVIEW: VIRL TARGETS 60% WOMEN BORROWERS**...Geared to Work with Institutional Investors Focuses on Rural finance**

The Microfinance Interview is a monthly question-and-answer feature through which we engage key stakeholders of the sector such as MFIs, funders, service providers, development partners and regulators amongst others on issues of topical and mutual interest. This is in recognition of the influential role of Microfinance as one of the four pillars of the National Financial Inclusion Strategy alongside financial innovation, financial literacy and financial consumer protection. In this fifth instalment, the spotlight is on Virl Financial Services, one of the very few women-owned microfinance institutions (MFIs) operating in Zimbabwe today. Virginia Sibanda (VS) co-founder and current CEO talks about Virl Financial Services' business model and target market, the difficulties she has faced as a woman entrepreneur in financial services as well as the technical assistance her organisation has received and how this has impacted on operations and business goals. VS also outlines her experiences in pioneering the formalisation of the mukando/marounds concept, and how her organisation is leveraging on technology in its operations. She further outlines Virl's

position on topical issues such as the capping of interest rates and the importance of external ratings. The MFSB also asks VS about Virl's challenges and opportunities and whether there is an intention to broaden the sources of funding by pursuing a deposit-taking licence.

MFSB: What is your business model and target market?

VS: Virl Financial Services is a developmental microfinance institution focused on working with economically active individuals in urban, peri-urban and rural Zimbabwe. The overarching target market is women within these geographical locations as our target is to lend to 60% women.

MFSB: We have just celebrated International Women's Day under the theme "Be Bold for Change" and your organisation is one of the few woman-owned local MFIs. What difficulties have you had to overcome (if any) in order to be where you are today?

VS: The difficulties include operating in an unstable economic environment where policy inconsistencies cause high regulatory risk. Under such circumstances, planning for the medium to long term is difficult and short term survival tactics do not necessarily align with long term objectives for the firm. Having said that, the major direct challenge is access to finance to grow the business given the uncertain environment. I have overcome these challenges by having the strong belief that as an individual I have a role to play in shaping the Zimbabwean story post-crisis. I am driven by finding solutions. Virl provides small loans to individuals with irregular incomes and this work is now even more relevant in the Zimbabwean context where everyone is depending on their own ability to start a small business to sustain themselves and their families. Understanding that Developmental Partners like USAID, DFID and SIDA have invested a lot in rural Zimbabwe has been one of the biggest breakthroughs and Virl business has been built on developing these

partnerships with a view of providing local long term solutions to build the Zimbabwean economy.

MFSB: What's the organisation's size in terms of loan book, number of branches and number of customers?

VS: The business currently has a book size of just over \$3m, has 7 branches supported by 4 satellite branches and a staff compliment of 56 reaching out to 5000 customers.

MFSB: As an organisation, have you received any technical assistance? If that is the case, what was the nature and source of the TA?

VS: Virl has received Technical Assistance from CARE International Zimbabwe through training in group lending methodologies and understanding Internal Savings and Lending Scheme (ISALS). Virl has also been given TA to reach out to youths through CARE initiatives funded by SIDA. Apart from this Virl has also received TA through the Livelihoods and Food Security Program (LFSP) through FAO funded by DFID. This technical assistance was to build the institutional capacity through staff training, improvement in systems and processes, developing delivery channels, designing products and coming up with a solid business strategy underpinned by a strong risk management framework to scale up the business operations. The TA was done by MEDA, a Canadian-based company with local assistance from Mustard Seed Consulting. Both institutions have vast experience in building capacity for MFIs.

MFSB: What has been the impact of this TA on the furtherance of your business goals?

VS: Under MEDA TA, VIRL has been able to reach its target market and now has a good presence in rural Zimbabwe and it has developed into a better MFI with good corporate governance structures; good loan processing and accounting system as well as well trained staff. The TA has repositioned the business such that it is better configured to meet the demands of the targeted market segment. VIRL was started on a capital base of \$5,000 so the growth before the TA had been just incremental as and when resources could permit and while this was necessary at the time, it also resulted in an institution that was not very strong but trying to do hard things. So this TA was instrumental in commercialising the business. Under the CARE TA VIRL was able to work with women in groups as well as reaching out to youths. VIRL was able to issue loans to youths and the repayment rate was 71% which is much better than repayment rates under other loan products targeted at youth in Zimbabwe.

MFSB: Your organisation was one of the MFIs to pioneer the formalisation of the mukando/marounds concept. Tell us more about your experience doing this.

VS: This was the first time for VIRL to collaborate with an NGO and what was amazing was that CARE took us seriously at a point we had only been in operation for 2 years. There was a meeting of minds. CARE had developed Mukando Model successfully and VIRL was looking for customers to work with. It was therefore logical for VIRL to develop products for these women in groups. This was a 16-month project back in 2012 and VIRL worked with 500 women, which was a real big deal for a small MFI. 232 women opened bank accounts and the repayment rate during the project phase was really good at 96%. More than three quarters (79%) of the ISAL clients that accessed the MFI loans realized higher productivity/profits in their IGAs as a result of increased access to capital through the linkage project when compared to the period before the linkage project where only 19% of the linked clients were realizing high profits. About a quarter (24%) of interviewed ISAL clients that received loans from the MFI realized enterprise growth and product diversification with others starting new business ventures and a similar number (24%) of linked clients managed to buy immovable assets including residential stands

MFSB: What's your view on the capping of interest rates at 10% by the regulatory authorities? What's the impact of this on availability of microfinance loans?

VS: This is a rather difficult question but in my opinion goes back to why people start Microfinance Institutions, how they start, what funding structure is in place, what motivates them to be in this business and most importantly what target market is the

microfinance institution focusing on. If these questions have been rationalised, in my opinion one does not have to be told to cap interest rates, one does what is rational to ensure that their own business is sustainable and the people they are seeking to serve also run sustainable businesses. The reason why institutions can charge high levels of interest rates is that the demand for such priced loans is there. It boils down to demand and supply dynamics. Given the nature of the MFI that I am thriving to run it makes more sense for me to support lower rates of interests.

As for how this affects the availability of microfinance loans, a lot will depend on whether the financial institutions determine that it makes business sense to remain open at the lower interest rates or not. Regarding the effects on borrowing clients, it is my opinion that borrowers still exercise their logic on what makes sense to them depending on the purpose of the loan. This is why you see an MFI that charges 2.5% per month (which in some quarters is assumed to be too high, can open side by side with an MFI charging 15% per month). Clients do not flock to the 2.5% MFI but they go to the MFI that meets their need measured by: how soon do I get the money, what documents are needed, what do I want to use the money for, am I getting this in cash etc. This is a complex issue but market forces normally have a way with things.

MFSB: What opportunities do you see in the local market for your organisation in particular and for the microfinance sector in general?

VS: Zimbabwe is now so behind in terms of developmental microfinance therefore the country is ripe for serious players who are not just looking for making a quick return. For VIRL we are in the right place we want to be and making a difference so we feel we are well positioned to work with institutional investors targeting rural finance and women and youth in particular.

MFSB: And what are your key challenges, given the market segments you serve?

VS: The obvious one will be the economic situation but the main underlying challenge is the lack of support in terms of financial literacy for women, youth and individuals living in rural areas. Another issue is that Zimbabweans have to get back to being people who feel that their word means something - that getting a loan and not paying it back is an issue. From my experiences in lending, that social fabric seems to have been compromised.

MFSB: What in your view, is the market structure of the local microfinance sector? What can be improved?

VS: There is need to have sub-sectors in the MFI Sector. Everyone is trying to work in their space and there is

no one who is better than the other but Zimbabwe needs to ensure that the reporting of the different players in the market is separated. The cost structures of pure developmental MFIs and non-developmental MFIs differ. The source of repayment mode makes the two very different. With statistics currently on hand due to the combined reporting, MFI business could be considered very lucrative and may not provide the correct indicators to the world at large.

MFSB: We understand that Viril's current sources of funding are equity, shareholders' loans and loans from domestic and international financial institutions (FIs). Any plans to broaden the scope of funding sources by acquiring a deposit-taking licence?

VS: Definitely VIRL is looking at broadening its scope of funding as the business is ready to scale up but the initial preference will be getting an institutional investor on-board followed by deposit taking licence. Before converting into deposit taking, VIRL has to be sure of its client's ability to repay loans and over the past 6 years the portfolio at risk has been generally higher than preferred levels. However with the institutional capacity alluded to above, I am sure that VIRL should be able to build trust with its customers who will form the bedrock of deposits if we turn into a deposit taking institution. Zimbabwe has gone through too many failed financial institutions and when an institution takes deposits, they have to be sure that they will meet cash demands. We still need to develop a bit more as a business.

MFSB: You had a Crowdfunding Campaign running at some point. What was the objective of that initiative?

VS: The objective was to find alternative funding for the business. The campaign itself did not meet its objectives in terms of funding but incidentally, the VIRL brand got some mileage in the process and in retrospect, the structure of our crowdfunding initiative was too broad. It was a good experience for VIRL staff as we now know how to tell the VIRL story better.

MFSB: To what extent is the company leveraging on technology in its operations?

VS: To a very large extent. Our loan system Musoni has a lot of capabilities and this has helped VIRL to grow the business on the back of technology. When they are in the field, Loan Officers can use tablets which interface with the system. However despite the

improvement in technology, developmental microfinance still remains high touch. Customer contact remains critical so the development in GPS might provide some possibilities I suppose.

MFSB: Viril was in late 2016 rated by MicroFinanza of Italy. What was the rationale/strategic imperative of this move? Is it something you urge other MFIs to do?

VS: This was the most logical move for a business that is trying to court investors. Getting the rating done shows that we are opening our doors to expose both the good and the bad. This was one of the good things that also came from the TA through FAO. In other countries, investors do not invest when the MFI is not rated therefore this is indeed an important journey for any MFI.

MFSB: We know Viril as primarily a development focused MFI but what's your take on the argument that some loans acquired under the "consumer lending" banner are actually deployed for productive purposes?

VS: Ah... I do like this analogy. Microfinance has gone through a number of phases, first it was just micro credit, then it was microfinance and now we talk about financial inclusion. In between there is the fact that MFIs provide a critical service that normal commercial banks were not serving. I therefore get it that a loan is just a loan. However the essence of focusing on the source of repayment and not the usage of the loan speaks to the core of the issue. The decision making process that bases the repayment on the salary is not the same as the decision making process on a loan that has to be fully repaid by the project being funded. How many organisations who deploy salary based loans for productive purposes actually leave the office to go and assess the productive activity? How many times do they leave the office to check on the productive activity? This is a good development but it is not the same. Both can co-exist and it is about business strategy but they are not the same.

MFSB: Anything else you might want to share with our readers?

VS: Starting and running a business as a woman requires a lot of tenacity. It is important for governments to develop financing models that assist women entrepreneurs if women are to make a mark as entrepreneurs. I trust in God and I believe in having a purpose and working hard while involving others to achieve that goal.

You can also read Virginia's profile on Page 29.

"Whenever you put monetary measures to structural issues, it doesn't work. Monetary policy is the engine oil in a car. The car will not move if it does not have fuel or wheels," – Economist

MFSB SPORT: FINANCIAL SERVICES SOCCER LEAGUE (FSSL) UNVEILS NEW EXECUTIVE

On Thursday, 9 March 2017, the Financial Services Soccer League (FSSL) held its Annual General Meeting (AGM) which ushered in a new executive to run the affairs of the League until the end of the year. The new executive lines up as follows:

Position	Executive Member	Financial Institution
Chairperson	Kudzai Kwangwari	FBC Bank Limited
Vice Chairperson	Titus Sanangurai	Old Mutual
Secretary General	Emmanuel Tapera	CBZ Holdings
Treasurer	Ivan Vambe	CABS
Fixtures Secretary	Perkins Kamupira	ZB Bank
Committee Member	Olleny Muringani	Standard Chartered Bank
Patron	Mubaiwa Mubaiwa	Standard Chartered Bank
Patron	Godfrey Marongwe	ZB Bank

In future editions of the bulletin, we intend to bring you profiles of these colleagues who will be driving the growth of financial sector soccer in the forthcoming season. We also expect to bring you league news including match reports and the league table once the season commences.

“We expect the league to start on 29 April 2017,” said Secretary General Emmanuel Tapera, adding that in its current format, the FSSL was the result of a merger of the Bankers Soccer League and the Insurance League. The highlight of the season will be the end of year League Cup tournament, dubbed the Paynet Cup, sponsored by Payserv, with all league teams and other invited teams from the banking and insurance sectors competing for honours over two days.



The Payserv Cup at the 2016 event held at Barclays Sports Club during the weekend of 19-20 November.

MFSB SPORT: PAYSERV FSSL LEAGUE CUP TOURNAMENT IN PICTURES



Patience Mapolisa (Marketing & Communication Manager); George Wekwete (Business Development Manager) both of Payserv, during handover of an award to a Standard Chartered Bank player.



A CBZ Holdings player, supporters and officials in front of the CBZ stand doing what they do best – rooting for their beloved team.

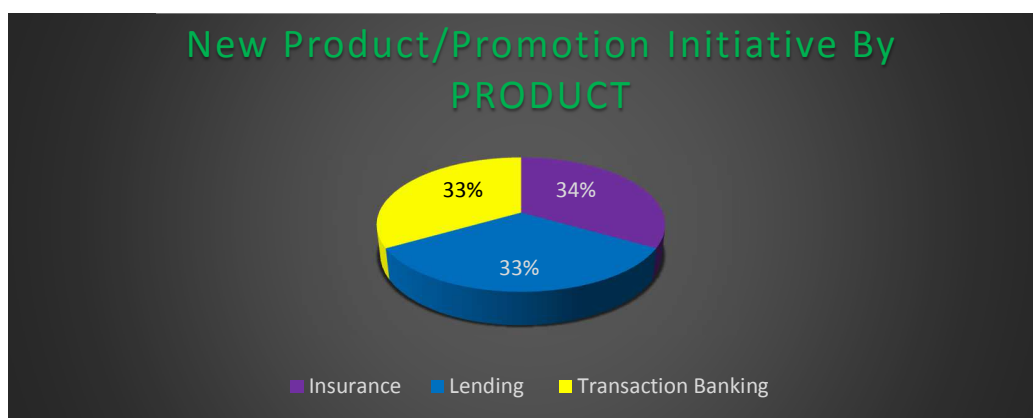
PRODUCT LAUNCH/ENHANCEMENT INDEX (PLEI)

- The **Adventist Laymen Services and Industries** pioneered a self-insurance fund, the **ASI Life & Health Fund**, aimed at meeting the financial needs of its congregants. The fund, which is registered under the Insurance Act of Zimbabwe as a Friendly Society will provide funeral, education and primary health insurance cover and will be administered by **Comarton Consultants (Private) Limited**, a registered fund administrator. “We are in the final stage of delivering a total financial services package to our members in the Seventh Day Adventist Church. The product was consummated after a long consultative process with key stakeholders and wide cross section of technical partners,” said ASI chairman **Edson Goniwa** speaking at the unveiling of the product at **Solusi University** in early February. One of the technical partners present at the unveiling of the Fund, Senior Actuarial specialist at Comarton, **Tawanda Chituku** said the fund had been set up after the realisation that there was need to maximise value for money spent on insurance. “On the health side you find that the main focus is on curing diseases and not enough focus is placed on preventative healthcare. The healthcare space is fragmented and this leads to inefficiencies and high cost burdens but we want to make sure that space is well coordinated. You find that 95 percent of all healthcare problems are primary. This healthcare product seeks to reduce the number of cases that graduate to sickness leading to loss of productive time and resources,” Chituku said.
- The **Zimbabwe Property Owners Trust (ZIPOT)** in conjunction with the **People’s Own Savings Bank (POSB)** introduced a loan facility which enables borrowing of funds for the purposes of transferring title in property. ZIPOT is a civic society organisation whose objective is to ensure that every Zimbabwean who has a house or stand has title deeds to that property. “In an effort to assist members to raise finance for property registration, POSB together with ZIPOT have come up with a **Title Deed Loan Facility** which enables one to borrow money from the bank for the purposes of conveyancing that is, transferring the title in property to the relevant person. One simply has to open an account with POSB and have it functioning for a least a month. The maximum loan available is \$1000 with an interest rate of 12 percent per annum over a 12 month period,” said ZIPOT chief executive **Paul Mangwana**. If the property is owned by an individual, one pays 7 percent of the purchase price to have the property transferred to their name, or a company name. This is made up as follows: 3 percent conveyancing fees to the lawyer doing the transfer, and 4 percent stamp duty paid to ZIMRA for transfer fees. Mangwana said the idea was the first of its kind in Zimbabwe and it was the organisation’s effort to get as many people in Zimbabwe as possible to have registered property. “The idea is newly incepted and we hope that soon the Zimbabweans will be flocking to POSB to access this great facility. Throughout my experience in the legal fraternity I have realised that the general populace is so much engrossed in human rights neglecting the other side which is equally important and that is property rights,” said Mangwana. He said Section 71 of the Constitution specifically provides for the protection of Property Rights yet the majority of Zimbabweans are not realising them. From the survey done by ZIPOT, more than 75 percent of houses and stands in Zimbabwe do not have title deeds while more than 75 percent of all housing stock in Zimbabwe is not titled including growth points. “That means all this housing stock is dead capital that is not in circulation,” Mangwana said.
- **SKM Motorcycles**, in association with the **Salary Service Bureau (SSB)** and **CABS**, a member of the **Old Mutual Group** as a credit partner, introduced a facility under which customers could buy motorcycles and bicycles on credit. In order to qualify for the loan, one needed a copy of their identity document, proof of residence, a copy of their current pay slip, a passport- sized colour photo and a SSB Loan application form, completed in full.
- **Stanbic Bank** launched a financial solution for corporate clients in Zimbabwe, called **Host to Host** - an automated two-way data transfer solution which enables customers to migrate 100 percent of their transactions from manual to electronic capture. The system works in such a way that once the client accesses their Enterprise Resource Planning (ERP) system, they will start transmitting payment instructions to the bank, for immediate processing. Thereafter, the client is able to get periodic updates into their ERP on transactional activity on their accounts. **Unki Mines (Pvt) Ltd** took the product on board, driven by the desire to reduce costs as well as achieving a reduction in the lengthy manual processes related to making payments using the RTGS system. Speaking at the Go Live ceremony, **Mbongeni Dhlamini**, Head of transactional, product and services said, “Host to Host is a key strategic channel for our top tier clients and we are extremely delighted that Unki has led the way by being the first corporate client to come on board. Congratulations Unki! We are confident that going forward Unki will enjoy

enhanced efficiencies as they make their payments leveraging on Host to Host capabilities.” Unki Mines Chief Financial Officer [Colin Chibafa](#) said they supported the project because it translated to savings in transactions costs and resulted in a reduction in fraud risk.

PRODUCT PROMOTION INDEX (PPI)

- [Stanbic Bank](#) introduced the “[Renew your motor Insurance & Win](#)” promotion, running from 1-11 February 2017. Under the promotion, those who bought or renewed their motor vehicle insurance at any Stanbic Bank branch stood a chance to win instant rewards. Stanbic bank insurance is underwritten by [NicozDiamond Insurance Limited](#).
- [ZB Bank](#) introduced a Valentine’s Day promotion under which two couples stood a chance to win “a full day of pampering plus dinner for two at a five star hotel on Valentine’s Day.” “All you need to do is record a 30 second video reciting a poem to your sweetheart. Upload it onto the ZB Bank Facebook page. The more likes and shares your video gets, the more chances of winning!” said the bank. The prizes included flowers and chocolates, His & Her’s Spa vouchers and a dinner for two at a five star hotel.



SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

#	Organization	Product /Promotion	Product/Service Category	Sub-sector	Type of Initiative
1	The Adventist Laymen Services and Industries	ASI Life & Health Fund	Insurance Cover	Insurance	Product Launch
2	ZIPOT/POSB	Title Deed Loan Facility	Commercial Lending	Banking	Product Launch
3	SKM Motorcycles/CABS/SSB	Motorcycle Credit Facility	Consumer Lending	Banking	Product Launch
4	Stanbic Bank	Host to Host	Transaction Banking	Banking	Product Launch
5	Stanbic Bank	Renew your motor Insurance & Win	Motor Vehicle Insurance	Banking	Product Promotion
6	ZB Bank	Valentine’s Day Promotion	Transaction Banking	Banking	Product Promotion



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The WFSB is a weekly roundup of key Zimbabwean financial sector developments produced by SoundGarden Publishing, a provider of proprietary data, business intelligence and analytical content supporting decision-making in the financial and related markets.

CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

- **London Stock Exchange**-listed financial services group **Atlas Mara** entered into a partnership with international payment platform networks, **Mastercard** and **Visa** in a move expected to provide financial access to Sub-Saharan Africa customers. Atlas Mara – which owns **BancABC Zimbabwe**, on 1 February 2017 signed three strategic business agreements with Mastercard, which aim to build a stronger digital payment ecosystem with a focus on accelerating financial inclusion in sub-Saharan Africa. While the bank's local customers may not enjoy the full benefits of the partnership, given that the country no longer facilitates Mastercard transactions, Atlas Mara chief digital officer **Chidi Okpala** said the development was going to position the financial group for future growth. "These MasterCard assets will position Atlas Mara to lead on-going industry efforts to create cash-lite payments ecosystems, entrench financial independence, promote intra-Africa trade and remittances thus fast tracking attainment of scale as an Africa-focused bank," Okpala said. The strategic alliance will pave the way for up to 20 million consumers and 100 000 merchants across Africa to be digitally and financially included in the formal financial sector by 2020. "The digital payment solutions developed by the Mastercard Lab for Financial inclusion in collaboration with Atlas Mara will help create a highly efficient society and facilitate the inclusive growth in Africa while reducing transaction costs across the continent," he added. By leveraging the Mastercard worldwide network and other processing assets – including the host of Mastercard secure digital payment platforms, such as HomeSend, Masterpass QR and Mastercard Payment Gateway Services – the partnership will enable Atlas Mara's operating banks in Africa to build stronger payment ecosystems and expand access to fast and secure remittances. Masterpass QR, the Mastercard mobile-driven, Person-to-Merchant (P2M) payment solution, will also be rolled-out as part of the partnership, facilitating access to an alternative to traditional point-of-sale (POS) terminals for merchants to accept electronic payments from their customers, benefiting the entire economy.

- **Standard Chartered Bank Zimbabwe** issued a notice to its valued clients advising of the cancellation of use of **VISA** debit cards outside Zimbabwe. "We regret to advise that we have cancelled the automatic use of your VISA debit card outside Zimbabwe with immediate effect. However, clients who wish to use their cards outside Zimbabwe may still apply for special consideration prior travel. Please note, there are no changes to the local functionalities of the VISA Debit Card. This decision has been taken to ensure best use of the increasingly scarce foreign currency resources which is disbursed in line with the Priority List issued by the **Reserve Bank of Zimbabwe** if and when available. Once again, we regret this move and apologise for any inconvenience that this may cause. We will continue to monitor the environment and should there be any other changes, you will be notified accordingly," said the bank in a notice published on 7 February 2017. Regarding the process of applying for a special consideration in advance of travel, the bank said, "Clients who wish to use their cards outside Zimbabwe may apply for special consideration at least 72 hours before their date of departure. Customers are requested to submit evidence of all the expected expenses to be incurred whilst travelling outside the country at any Standard Chartered branch or to their Relationship Manager. Alternatively customers can send their application to contactus.zw@sc.com, attaching all documentation which confirms travel dates and expenses expected to be incurred. All advance applications will be reviewed in line with the Priority List Guidelines on external payments announced by the Reserve Bank of Zimbabwe in 2016."

- **Standard Chartered Bank Zimbabwe**, the country's oldest financial institution, said it was planning to refurbish nine branches across the country in 2017 as part of its optimisation strategy, aimed at reducing excess space by creating lean and cost effective branches with more emphasis on digital touch points. Work to refurbish three branches, Robert Mugabe branch in Harare, Gweru and Bulawayo, had already been completed. Now, the bank looked to renovate branches in Mutare, Kadoma, Kwekwe, Bindura, Chiredzi, Victoria Falls, Masvingo, Africa Unity Square and Marondera. In early February 2017, the bank's head of corporate affairs, brand and marketing, **Lillian Hapanyengwi**, revealed that the financial institution would spend about US\$6.5 million on the project. "A total of 12 branches will be renovated under the optimisation project. About US\$6.5 million will be spent," she said. Speaking at the launch of the refurbished Robert Mugabe branch, which was first opened in 1892, **Ralph Watungwa**, the bank's CEO said: "Investing in refurbishing branches is a very important undertaking for us. This is a physical presentation of our desire to spend more years in Zimbabwe. It demonstrates our commitment and our confidence in the future. We are here for our customers and here for the long run. We are also here for progress. This is why we continuously strive to bring innovative solutions to meet our customers' evolving needs," he said.

- **EcoCash** revised its **MasterCard** limit downwards to US\$400 per month as follows: ATM Cashout US\$200.00, POS Machine & Virtual payments US\$200.00 apparently in response to the cash shortages prevailing in the economy.
- **BancABC** announced that its Point of Sale (POS) network was now enabled for payment of water bills. “Do more with BancABC POS! You can now use any **ZimSwitch** Enabled Card to pay your rates, water or any other council bills on BancABC Point of Sale Machines countrywide. Convenient, reliable, safe. Take a step into our world of Convenience!” said the bank, which is a part of pan-African financial services group **Atlas Mara**.
- **MBCA Bank Limited** announced the opening of its new Borrowdale Branch. “The All New MBCA Borrowdale Branch is now open. Join us at the new state of the art Borrowdale branch at Sam Levy’s Village. Experience convenience, expertise and innovation at its best,” said the bank, a member of the Nedbank Group. The branch is situated as Shop SV112.

SUMMARY: CHANNEL EXPANSION/RATIONALISATION ACTIVITY

#	Institution	Sector	Type of Initiative	Description
1	Standard Chartered Bank Zim	Banking	Cancellation of Use of Visa	Automatic Use Outside Zimbabwe
2	EcoCash	Non-Bank/Telco	Reduction of MasterCard Limit	US\$400 (ATM - \$200; POS - \$200)
3	BancABC	Banking	POS Network Development	Enabling Payment of Council Bills
4	MBCA Bank Limited	Banking	New Branch Opening	Borrowdale Branch, Sam Levy’s Village

EXECUTIVE MANAGEMENT/BOARD CHANGES

- The **Zimbabwe Stock Exchange (ZSE)** on 6 February 2017 sent its CEO **Alban Chirume** on indefinite leave to pave way for investigations after **Econet Wireless Zimbabwe Limited** disregarded a directive from the regulator not to hold an extraordinary general meeting. In defying the ZSE directive, Econet said it was authorised to hold the EGM by a committee of the board hence he EGM was held on Friday, 3 February 2017 with shareholders approving the \$130 million cash call to pay foreign obligations. “We have sent him on indefinite leave to investigate what has been happening.” ZSE board chairperson **Caroline Sandura** said adding that ZSE senior operations executive **Martin Matanda** would be the acting CEO. The decision to send Chirume on forced leave came after board members had caucused following the embarrassing incident in which its directive was ignored. Chirume has been CEO of the bourse since May 2013.
- Veteran investment manager and Zimnat Asset Management Company managing director **Tony Fisher** died on 5 February 2017 at the age of 70. He joined Zimnat in January 2013 from fellow asset management firm **TSF Management Company**. Both Zimnat and TSF Management became household names in the asset management business under Fisher’s watch. When he joined Zimnat, the fund was underperforming but he managed to grow it to a positive return in a short space of time. As at January 31, 2017, the fund was sitting on \$54.6 million from about \$16 million when he joined. “The **Zimnat Asset Management Company (Private) Limited** would like to extend its sincere condolences to the Fisher family on the loss of a husband, father and friend. Fisher was the Managing Director of the Asset Management Company from 2013 until his untimely passing on Sunday, 5 February 2017. He served the Asset Management Company with distinction and will forever be cherished. The Chairman and the Board wish to thank his family for his capable leadership in driving the Company to the position it holds today as a prominent Asset Management Company,” said Chairman **G.T. Manhambara** on 9 February 2017.
- **National Social Security Authority (NSSA)** chairperson **Robin Vela** was appointed to the **Institute of Chartered Accountants in England and Wales (ICAEW)** members' advisory board, following the creation of an African chapter of the organisation. The newly-established Members Advisory Board (MAB) – which consists of prominent chartered accountants from across Africa – also hand-picked other prominent African accountants like former **Deloitte East Africa** managing partner, **Daniel Ndonge**. ICAEW is a professional membership organisation that promotes, develops and supports more than 147 000 chartered accountants worldwide. Vela is a chartered

accountant and an experienced investment banker. He is also a fellow of both ICAEW and the [UK Chartered Securities Institute](#) and holds membership of the [Institute of Directors in Southern Africa](#). He founded and led a Johannesburg and London Stock Exchange (AIM List)-listed entity; co-founded two separate UK equity investment funds and worked for top tier bulge bracket financial institutions in the City of London as a senior private equity/investment banking executive for more than 20 years. Inaugurated in Kenya in 2017, the new ICAEW board will meet regularly to identify and discuss issues faced by the accountancy and finance profession, and provide advice and guidance to ICAEW's Africa operations.

- [Brainworks Capital](#) founder [George Manyere](#) was set to step down as chief executive officer as the investment holding company prepared to list on an undisclosed international stock exchange. Brainworks, one of Zimbabwe's foremost investment companies, has a presence in financial services, hospitality, real estate, logistics and advisory services. It was founded ten years ago and has grown to total shareholder's equity of more than \$65 million. Manyere was stepping down after successfully overseeing what the company said "was the critical first phase of development" characterised by driving growth through acquisitions, start-ups, attracting strong international operating partners in its investments and spearheading business turnaround. According to the company, the second phase of Brainworks' development would focus on driving growth through completing the institutionalisation process having already streamlined management structures, formalised corporate governance frameworks and established a strong board. To drive this second phase, the company appointed [Brett Childs](#), to succeed Manyere. A Chartered Accountant originally from Zimbabwe, Childs is a business veteran with 25 years of experience in capital raising, IPOs, managing investments and corporate exits. He spent 15 years in London, where he helped to build a successful venture business, listed assets on the [London Stock Exchange \(LSE\)](#) and [Helsinki Stock Exchange \(HEX\)](#). Childs has been based in Mauritius for the last 16 years and has managed and been a director of a number of listed investment businesses, largely with a pan-African focus.
- [Old Mutual Emerging Markets](#) appointed [Jonas Mushosho](#) to the position of chief executive officer for their Rest of Africa business, with immediate effect. [Old Mutual Rest of Africa](#) includes all African countries in which it operates, except South Africa. The 13 countries falling under this banner are Zimbabwe, Malawi, Swaziland, Botswana, Namibia, DRC, Tanzania, Rwanda, Kenya, Uganda, South Sudan, Nigeria and Ghana. Prior to this appointment, Mushosho doubled as CEO for [Old Mutual Southern and East Africa \(OMSEA\)](#), as well as for [Old Mutual Zimbabwe](#). Interim CEO for Old Mutual Emerging Markets, [Ian Williamson](#), said Mushosho was tasked with spearheading Old Mutual' s vision of becoming a financial services champion in Africa. "With our strong and growing presence on the African continent, the time is right to return our business in the Rest of Africa under one overall structure that will allow us to unlock more opportunities. Jonas is exceptionally well qualified to take up this position. A chartered accountant and MBA graduate, Jonas has been a Mutualite for the past 26 years and has critical knowledge and experience in insurance – both life and short-term – and banking that will come in handy in driving our Africa strategy forward and in strengthening our footprint on the continent," said Williamson. Mushosho will be based in Harare and will retain his responsibilities over the Zimbabwe business.
- The [Insurance & Pensions Commission \(IPEC\)](#) Board of Directors announced the appointment of [Mr. Tendai Karonga](#) to the position of Commissioner of Insurance and Pensions with effect from 1st February, 2017. "Tendai brings wealth of knowledge and skill to the Commission. He has wide experience in the financial services sector and has extensive insurance and risk management experience at executive level spanning 22 years. Tendai is past Chairman of the [Insurance Council of Zimbabwe \(ICZ\)](#), the Technical Sub-Committee of the ICZ, Council Member of the [Insurance Institute of Zimbabwe \(IIZ\)](#), Member of the Special Risks Professional Indemnity Sub-Committee, Council Member/Director of the [Motor Bureau of Zimbabwe](#) and Secretary General of the Zimbabwe Association of Reinsurance Offices. Tendai received his insurance training from [British Chartered Institute of Insurance](#) and some advanced insurance and reinsurance training at [Swiss Re](#) in Zurich. He was also offered and also took up a [USAID](#) grant to study major USA insurance, reinsurance, risk management companies, training and educational institutions as well as regulatory authorities. Tendai has an MBA from [Aston Business School \(ABS\)](#) at the [University of Aston](#) in Birmingham and is a full member of the [British Chartered Institute of Management](#). IPEC welcomes Tendai aboard and looks forward to his leadership of IPEC," said Board Secretary [B. Kazengura](#).

- As heads rolled over poor business performance, [Atlas Mara](#) chief executive officer [John Vitalo](#) stepped down on Wednesday, 15 February 2017, less than six months after his appointment, as the parent company of pan-African banking group [ABC Holdings](#) moved to reduce operating expenses and staff costs by more than US\$20 million per year. Vitalo, former [Barclays Plc](#) CE for Middle East and North Africa, took over from [Blessing Mudavanhu](#) in September 2016. Mudavanhu had succeeded [Doug Munatsi](#) who exited the group after selling his stake to Atlas Mara. The business is co-owned by former Barclays Plc CE [Bob Diamond](#) and billionaire [Ashish Thakkar](#). In 2016, Atlas Mara embarked on a restructuring exercise that could result in up to 35% in job cuts at ABC and its Dubai office. “The group’s three core businesses will be run by existing group leadership: [Sanjeev Anand](#) will become group MD for retail and commercial banking, [Mike Christelis](#), group MD for markets and treasury, and [Chidi Okpala](#), group MD for Fintech,” Atlas Mara said in a statement released on 16 February 2017. “Effective 15 February, John Vitalo stepped down as CEO and from the board. John joined the company in 2014 as Atlas Mara’s first CEO, leading the company to its current, profitable seven-country footprint and operational scale. The board will appoint a new group CEO in due course.”
- The Board of Directors of [CBZ Holdings Limited](#) announced the retirement of [Elliot Mugamu](#) from the position of Board Chairman as well as membership to the Boards of CBZ Holdings Limited and [CBZ Bank Limited](#) with effect from [28 February 2017](#). “The Board acknowledges and sincerely expresses its gratitude to Elliot Mugamu for his leadership and service to the Group for 9 years. The Board wishes him well in his future endeavours. [Richard Dawes](#) has been appointed Acting Chairman,” said Group Legal Corporate Secretary [Rumbidzayi Jakanani](#) on 2 March 2017.

REBRANDING & STRATEGIC REALIGNMENT INITIATIVES

- [Standard Chartered Bank Zimbabwe](#) said it was consolidating its property division to create one single external supplier and improve operational efficiencies. “In line with the bank’s global strategy to streamline business operations and improve operational efficiencies, Standard Chartered’s property division is consolidating its multiple real estate service providers to one single external supplier, across all markets. The benefits of such a partnership enables standardisation of processes, efficient governance, and streamlined communication, auditing and reporting,” Standard Chartered head of corporate affairs, brand and marketing [Lillian Hapanyengwi](#) said. She said in Zimbabwe, the realignment process was still in its early stages, adding the bank looked forward to enhanced efficiencies and delivery within its property division, with minimal impact on staff. “As always, the Bank will take every step to minimise the impact on staff, with many individuals becoming part of the supply partner’s delivery capability in the interest of continuity and leveraging existing skills,” she added.
- [Akribos Wealth Managers](#) issued a notice to the public advising of its change of name. “Members of the investing public are hereby advised that following regulatory approval by the [Securities and Exchange Commission of Zimbabwe](#) of the transfer of [Ecobank Asset Management Company \(Private\) Limited](#) to [Akribos Capital Incorporated \(Private\) Limited](#), we are rebranding and changing our name from Ecobank Asset Management Company (Private) Limited to [Akribos Wealth Managers \(Private\) Limited](#),” said the company in the notice published on 9 February 2017. The company also advised that [Akribos Capital Incorporated \(Private\) Limited](#) had changed its name to [Akribos Advisory Services \(Private\) Limited](#).
- State-owned [Infrastructure Development Bank of Zimbabwe \(IDBZ\)](#) abandoned commercial banking to focus on the infrastructure development business. Finance and Economic Development Minister [Patrick Chinamasa](#) said the bank, which had adopted a commercial banking model to ensure that it survived a harsh economic environment, had returned to its original core mandate, which is medium to long-term infrastructure development in key sectors of energy, transport, water and sanitation, information communication technology and housing. “Government has taken the decision to focus IDBZ operations on infrastructure development and to move away from commercial banking,” said Chinamasa. Government in 2016 injected fresh capital into IDBZ amounting to US\$20 million. “Given the importance of infrastructure, government will continue to support economic players spearheading the development of infrastructure. Government is committed to strengthening IDBZ through recapitalisation of the bank,” he added.

CORPORATE SOCIAL INVESTMENT (CSI) & SPONSORSHIP INITIATIVES

- [Portifa Dombojena](#) and [Lizzie Chokore](#) on 5 February 2017 underlined their status among the best long distance athletes when they both retained their titles at the Old Mutual Relay Challenge, organised by the [Harare Athletics Club \(HAC\)](#) and sponsored by the integrated financial services group. Dombojena and Chokore won the Open Men and Open Women 42.2 km marathons at the race which started and ended at [Old Georgians Sports Club](#) and over 620 participants took part in four categories – 42.2km, 21km, 10km and 5km.
- Leading financial services group First Mutual unveiled an US\$80 000 scholarship fund with the [Reformed Church University \(RCU\)](#), set to run until 2021. The RCU - First Mutual Scholarship Fund, which is part of First Mutual's corporate social responsibility, will be used to provide bursaries and ancillary support to primary school children with multiple vulnerabilities. A total of US\$20 000 will be made available each year over the next four years to six potential beneficiaries, covering tuition, boarding fees and living expenses. The scholarship fund, to assist beneficiaries from the Reformed Church University, will be awarded on the basis of humanitarian need and academic merit. Speaking at the ceremony to sign the memorandum of understanding in early February 2017, [First Mutual Holdings Limited](#) chief executive officer [Douglas Hoto](#) said the partnership with the Reformed Church was one that they valued as it was aligned to one of their core values which is "care". "As a responsible corporate citizen we care about the environment and communities within which we operate. We applaud the Reformed Church University of Zimbabwe for going beyond in the extension of their brand to include a university and particularly in special needs education which deals with learners with disabilities," he said.
- The [Insurance Council of Zimbabwe \(ICZ\)](#), [NicozDiamond Insurance Limited](#), [CBZ Holdings](#), [Champions Insurance Company \(Pvt\) Ltd](#), [Doves](#) and [ZB Bank](#) were amongst the [Traffic Safety Council of Zimbabwe \(TSCZ\)](#)'s partners for the 4th Edition of the Road Traffic Safety Awards (RSJA).
- The [Road to Anfield 2017](#) Zimbabwe edition, a popular five a-side football tournament hosted by [Standard Chartered Bank Zimbabwe Limited \(Stanchart\)](#), made a comeback after a one year hiatus, with teams set to tussle for a once-in-a lifetime opportunity to travel to the home of English Premiership giants [Liverpool Football Club](#). In a statement on 22 February 2017, Stanchart said 16 teams, selected from the institution's clients, would face off at a national tournament to be held at the bank's Sports Club in Harare on March 4. "Participating teams will be drawn from the bank's existing clients in its various business segments, that is, client and institutional clients, commercial banking and business banking. This tournament provides Standard Chartered Bank with a platform from which to actively engage its clients and staff, who are football fans. It is also an opportunity for Standard Chartered Bank to reinforce its partnership with Liverpool FC and generate direct benefits to the businesses," the bank said. Organisations interested in taking part in the tournament were expected to complete and submit a registration form at the first Floor Africa Unity Square branch by the deadline date of 23 February 2017. [Lillian Hapanyengwi](#), the head of corporate affairs, brand and marketing, said everything was in place and the tournament was set to be launched on Wednesday, 1 March 2017

CORPORATE ACTIONS

- Shareholders of [Econet Wireless Zimbabwe](#) on Friday, 3 February 2017 passed all six resolutions relating to its proposed \$130 million capital raising exercise after it proceeded with its extraordinary general meeting despite a regulatory directive on 2 February 2017 to postpone the EGM. Zimbabwe's biggest mobile telecoms operator defied a [Zimbabwe Stock Exchange](#) board directive to defer the EGM until it had clarified certain technical issues relating to the rights issue. One of the contentious issues regarding the rights issue had been the requirement that all shareholders deposit proceeds of the rights issue and debenture scheme into an [Afreximbank](#) account held by [Standard Chartered Bank](#), London. However, Econet said on 2 February 2017 it had agreed with the central bank that a local bank account would be opened with its subsidiary, [Steward Bank](#), where Zimbabwean shareholders would deposit their funds to participate in the offer using all currencies permitted in the country including bond notes. At the EGM, 16.5 percent of the votes were cast against the rights issue while 9.5 percent of the shareholders abstained. Excluding [Econet Wireless Global](#), 56 percent of shareholders voted to approve the transaction.

- [CBZ Holdings](#) on 23 February 2017 issued a notice of a dividend declaration. “Notice is hereby given that the Board declared final dividend of \$ 1,602,155.00 (0.23 US cents per share) for the year ended 31 December 2016, payable in respect of all the ordinary shares of the Company. This dividend will be payable in full to all Shareholders of the Company registered at the close of business on 17 March. The payment of the dividend will take place on or about 31 March 2017. The applicable withholding tax will be deducted from the Gross Dividends. The shares of the Company will be traded cum-dividend on the [Zimbabwe Stock Exchange](#) up to the market day of 10 March 2017 and ex-dividend as from 13 March 2017,” said Group Legal Corporate Secretary [Rumbidzayi Jakanani](#).

EXTERNAL FINANCING: LINES OF CREDIT AND GRANT FINANCE/AID

- Zimbabwe failed to raise the requisite US\$350 million deposit to secure a US\$1, 2 billion loan facility from the [Export-Import Bank of China](#) for the refurbishment of Hwange 7 and 8 thermal power stations. The development prompted the Asian financial institution to direct the [Zimbabwe Power Company \(ZPC\)](#) to form a joint venture with Chinese firm [Sinohydro Corporation](#) through a Special Purpose Vehicle (SPV) called the [Hwange Electricity Supply Company \(HESC\)](#), as a precondition for the release of the funds. ZPC sources said while the development was good as it would guarantee the release of funds, the company would however not have its way as Sinohydro would be involved in the day-to-day running of the stations long after completion of the refurbishment. “Sinohydro through its involvement with HESC will be involved in running the stations for a long time until a certain amount of the loan is repaid. This speaks into issues of sovereignty and complete ownership of the project because the loan repayment is up to 20 years.” ZPC said. In mid-2016, Finance Minister [Patrick Chinamasa](#) published the loan agreement in the Government Gazette detailing its terms, including the 20-year repayment stipulation with a grace period of seven years at an interest rate of 2% per annum. The loan also has a commitment fee of 0, 25% per annum on the undrawn amount and management fee of the same percentage.
- The [Postal and Telecommunications Regulatory Authority of Zimbabwe \(POTRAZ\)](#) planned to use its cash rich Universal Services Fund (USF) as collateral to access loans from China. ICT, Postal and Courier Services Minister [Supa Mandiwanzira](#) said this on Thursday, 2 February 2017 after meeting with Chinese Ambassador [Huang Ping](#) that the USF raises about US\$2 million per month from telecommunications operators who contribute at least 1.5 percent of their gross revenue to the fund. The fund is meant for infrastructure development in outlying areas. The fund is cash rich, and between 2009 and 2015 had raised nearly \$70 million from contributions of telcos – [Econet Wireless](#), \$55 million; [Telecel](#), \$10 million and [NetOne](#), 4 million.
- Government secured a \$24 million grant from the [African Development Bank](#) for funding the Capacity Building for Public Finance and Economic Management Project (CBPFEM). Under the facility, equipment worth \$3.8 million was handed over on Friday 3 February 2017, comprising one server based in Harare and an identical server based in Bulawayo. The CBPFEM project was approved in December 2012 and came into effect in January 2013 with the overall objective of the project being to improve public finance and economic management performance, contributing to macroeconomic stability and poverty reduction. “The equipment will go a long way in enhancing Public Finance Management Reform Programme and expand the service to all district offices. These servers are part of the equipment that has been procured under the project.” said programme manager [Naome Chimbetete](#) in a statement. Beneficiary institutions under the programme include Ministry of Finance and Economic Development comprising the Accountant General’s Office, Public Sector Investment Programme, and the Revenue Department; [Zimbabwe Revenue Authority](#), [Zimbabwe Debt Management Office](#), [Zimbabwe National Statistical Agency](#); Ministry of Industry and Commerce and Ministry of Foreign Affairs. The AfDB had to date provided Government with six grants amounting to \$53.4 million, with tree of the grants, worth \$39.9 million, being funded from the [Zimbabwe Multi-Donor Trust Fund](#) while the remaining ones, worth \$13.5 million were to be financed by the [African Development Fund](#).
- The [African Development Bank \(AfDB\)](#) extended US\$4.2 million to Zimbabwe to facilitate parastatal reforms under the Institutional Support for State Enterprise Reform and Delivery Project (ISERDP). The fund is expected to help finance forensic audits for entities that are targeted for transformation. “The Government of Zimbabwe has received a grant (US\$4.2 million) from the African Development Fund to finance the Institutional Support for State Enterprise Reform and Delivery Project (ISERDP). The principal objective of this project is to strengthen the result-

based management system within Government and improve efficiency of the State Enterprises and Parastatals. The project specifically aims at supporting the Government of Zimbabwe in enhancing corporate governance compliance and delivery, and performance review of selected state enterprises, through technical assistance,” said Finance Minister [Patrick Chinamasa](#) in a statement.

CAPITAL MARKETS DEVELOPMENTS

- The [Zimbabwe Stock Exchange](#) issued a notice to the investing public in respect of [Econet Wireless Zimbabwe Limited’s](#) rights offer Extraordinary General Meeting scheduled for 3 February 2017. “It has come to the attention of the Zimbabwe Stock Exchange (ZSE) Board that there is uncertainty regarding the Econet Wireless Zimbabwe Limited (Econet) Extraordinary General Meeting scheduled for 3 February 2017. The ZSE Board would like to inform the investing public, that it has advised Econet to defer the EGM until certain technical issues relating to the Rights Issue transaction have been clarified to the satisfaction of the ZSE Board. In this regard Econet will publish a supplementary circular in due course explaining these issues to the investing public,” [Mrs. Caroline Sandura](#), the Chairperson of the Zimbabwe Stock Exchange on 2 February 2017.
- [Econet Wireless Zimbabwe Limited](#) revealed that it had entered into an agreement with the [Reserve Bank of Zimbabwe](#) to facilitate local participation in its Rights Offer. “In order to protect the Zimbabwean Resident shareholders to Econet Wireless Zimbabwe Limited who were designated as Resident in the Register of Members of the Company as at the 17th January 2017 (“the Resident Shareholders”), being the date of issue of the Rights Offer Circular, Econet Wireless Zimbabwe Limited and the Reserve Bank of Zimbabwe have agreed as follows: Econet shall open a Rights Offer account with a local Receiving Bank into which those shareholders designated as Resident Shareholders in the Register of Members of Econet Wireless Zimbabwe Limited shall deposit the proceeds of the Rights Offer using cash, Bond Notes, or electronic money in accordance with the Rights Offer timetable as published in the Company’s Circular dated 17 January 2017. In this regard, two accounts have been opened and the Rights Offer proceeds from the Resident shareholders shall be deposited into either of the following accounts:

Account Name	Bank	Account number	Branch
Econet Rights Offer Account	Steward Bank Limited	1001676152	Kwame Nkrumah Avenue
Econet Rights Offer Account	CBZ Bank Limited	03320597880261	Sapphire Branch

In exchange for the amount paid by the Resident Shareholders into the Company’s account with a local receiving bank, the Underwriter shall pay the equivalent of the amount contributed by the Resident Shareholder to the international Receiving Bank, [Afreximbank](#) in accordance with the terms of the Circular. Those Resident shareholders who follow their rights by paying into the designated local account shall be deemed as having discharged their obligations as set out in the Rights Offer Circular and shall be entitled to the issue and allotment of their Right Offer Shares in accordance with the terms of the Rights Offer Circular,” said [CA Banda](#) in a media release issued on 3 February 2017.

- The [Zimbabwe Stock Exchange \(ZSE\)](#) advised that as part of efforts to improve informational efficiency in the local capital market, it was launching View Only Terminals (VOTs) with effect from [8 February 2017](#). “VOTs are in actual essence viewing rights to ZSE’s live trading on the Automated Trading System (ATS). The ZSE will grant clients a username and password which will enable them to log in to the ATS and be able to “watch” trading during normal market hours from the comfort of their homes or offices. VOT clients will neither be able to post any trades nor to import reports (except for screenshots) from the VOT. VOTs will be availed to any willing subscriber with the option for the subscriber to be configured under a Stockbroker of their choice or directly under ZSE. In line with the ZSE Market Data Policy, subscribers will have a 30 days’ free trial period, after which they will be subjected to the relevant data fees. For further detail, please contact the ZSE Business Development Team on +263 4 886830 – 5 or data@zse.co.zw,” said Acting CEO [Martin Matanda](#) in a notice to the public dated 7 February 2017.

BOND/TB ISSUE OUTLOOK

- Cabinet, through the Ministry of Finance and Economic Development, accorded prescribed asset status to financial instruments designed to raise project funding on the domestic market for the Gwanda solar and Gairezi hydro power projects. The 100-megawatt Gwanda solar project requires about \$173 million, as per the engineering, procurement and construction contract for the project while US\$110 million is needed for the 30MW Gairezi. The two projects are being executed by the [Zimbabwe Power Company \(ZPC\)](#). Funding raised from the local market will constitute only 15 percent of the project owners' equity contribution while the balance of 85 percent will be sourced by the contractors from Export Credit Agencies (ECAs). In terms of the Gwanda project, [China Export and Import Bank](#) will lead the process to raise the vendor financing while [African Export Import Bank](#) will headline the process to raise funding for Gairezi. "I confirm that I have granted prescribed asset status to the two projects. This is to facilitate investment into the projects by insurance companies and pensions funds. Both projects require equity capital of 15 percent. This will assist and promote pension funds and insurance firms to invest in the projects," said Finance Minister [Patrick Chinamasa](#). The bonds will have liquid asset status and are scheduled to be listed on the [Zimbabwe Stock Exchange's](#) debt market. The bonds also have a Government guarantee. In its application for liquid asset status, ZPC said the bonds would help mitigate supply side constraints in the power sector. Further, [ZESA Holdings'](#) power generating unit said the liquid asset status of the two energy bonds would enable the participation of pension funds in the development of key energy infrastructure in Zimbabwe.

FISCAL & PUBLIC INVESTMENT ISSUES

- Finance and Economic Development Minister [Patrick Chinamasa](#) and Switzerland's Ambassador to Zimbabwe [Ruth Huber](#) signed an agreement on international co-operation in Harare on [9 February 2017](#), which will see Switzerland providing at least \$10 million per year to fund various development projects in Zimbabwe in the next five years.
- Zimbabwe's domestic savings ratio is around -11 percent of the gross domestic product and the country relies on 'inadequate' foreign savings for infrastructure development, Finance and Economic Development Minister [Patrick Chinamasa](#) said on the 9th of February 2017. Officially opening the handover ceremony of residential stands to beneficiaries of the New Marimba Park Housing Project, developed by the [Infrastructure Development Bank of Zimbabwe \(IDBZ\)](#), Chinamasa said there was need to mobilise domestic resources for sustainable economic recovery and growth. Zimbabwe's savings ratio to the GDP has been negative at -3.5 percent in 2011, -2 percent in 2012, -4.7 percent in 2013, -4.2 percent in 2014 and -1.5 percent in 2015; meaning that economic agents are spending beyond the gross national income. In the [Southern African Development Community \(SADC\)](#) region, the average savings ratio to GDP is 10 percent. South Africa, Malawi, Mozambique ratios are at 15 percent while Tanzania, Zambia, Botswana are at 20 percent. Chinamasa said Zimbabwe's financial markets could not meaningfully develop with low long term savings. "We can't fully develop our financial markets when savings levels are low. There are no meaningful long term savings to talk about in Zimbabwe. Our domestic savings are about -11 percent of the gross domestic product. The international best practice is that we should be around 25 percent of the GDP and there are countries with over 40 percent and above. Domestic resources should act as a magnet of foreign resources instead of the other way round. We need to mobilise vast domestic resources," he said.
- Treasury said it had paid about half of the US\$1.4 billion debt Government assumed from the [Reserve Bank of Zimbabwe](#), in order to enhance financial sector stability as well as to enable the RBZ to perform its core functions. The US\$1.4 billion debt was made up of US\$690.5 million domestic debt and US\$733.4 million external debt. Settlements are only processed after a validation process required by the Reserve Bank Debt Assumption Act of 2015. Principal director for Fiscal Policy in the Ministry of Finance and Economic Development [Pfungwa Kunaka](#) who stood in for permanent secretary [Willard Manungo](#) at a Parliamentary Portfolio Committee on Finance and Economic Development hearing said the validation process was in progress for the outstanding payments. "Of the total RBZ debt amounting to US\$1.4 billion, about US\$745.7 million has been issued while the balance of US\$678.2 million is outstanding. To date treasury bills amounting to US\$376.9 million and cash amounting to US\$4.2 million has been paid out to domestic creditors against a total of US\$690.5 million stated in the Act. With

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regards to settlement of external creditors, treasury bills amounting to US\$364.6 million have been issued out of a total of US\$733.4 million stated in the Act," said Kunaka.

- An African Development Bank (AfDB) team led by Sibry Tapsoba, the bank's director for the Transition Support Department, began a mission to Zimbabwe on Tuesday, 28 February 2017 gauge Zimbabwe's progress in its re-engagement with the international community. While in Zimbabwe, Tapsoba, the most senior AfDB official to visit Zimbabwe in several years, met with civil society organisations and the Paris Club development partners at the National Association of Non-Governmental Organisation (NANGO) offices in Harare.

*



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DEPOSIT PROTECTION & TROUBLED INSTITUTIONS RESOLUTION INITIATIVES



Protecting Your Deposits

Deposit Protection Scheme Highlights

BENEFITS OF DEPOSIT PROTECTION TO DEPOSITORS.

Peace of Mind
Deposit Protection Scheme (DPS) provides peace of mind to depositors in knowing that their deposits will be reimbursed in the event their contributory institution becomes illiquid or insolvent. Deposit protection reduces financial uncertainty, builds confidence in the financial system and enhances financial intermediation on a nationwide basis.

Free Membership
There is no charge to depositors as banking institutions bear the cost of deposit protection. Depositors do not need to apply or fill in application forms, as deposit protection is automatic once a depositor opens an account with a member institution.

Financial Inclusion
A DPS promotes inclusivity. The establishment of a DPS catering for both individual and corporate clients, as opposed to a Scheme for small depositors alone, also reduces incidences of deliberate financial exclusion.

Minimize Losses & Protects Majority of Depositors
Sophisticated depositors and creditors normally invest or deposit their money with a bank after making thorough investigations as they have the skills and resources, hence are presumed to be better informed than the small ones. The establishment of a DPS therefore reduces the risks of information asymmetry between banks and depositors. A DPS with a bank resolution mandate also protects the interests of large depositors and creditors via the liquidation process and prompt orderly exit of failed institutions.

Public Awareness
This is an important objective. When a bank fails, the Deposit Protection Corporation (DPC) informs depositors on how and when reimbursement will be made. Banks also have a legal obligation to inform depositors regarding the nature and extent of coverage.


Prompt & Orderly Exit of Failed Banks
A DPS provides for the orderly exit for failed banks, prompt reimbursements and protects interests of large depositors and creditors as well via the liquidation process.

REMINDER:
Compensation to depositors of the following closed banks is in progress: AfrAsia, Allied, Interfin, Royal, Trust and Genesis Investment Bank. If you have not received any reimbursement to date, kindly contact us today.

For more information on the Deposit Protection Scheme contact:

PUBLIC RELATIONS DEPARTMENT
Evelyn House, 26 Fife Avenue/Cnr Blakiston Street, Harare.
P.O. Box 7390
Email: info@dpcorp.co.zw | Telephone: +263 4 250900-1

www.dpcorp.co.zw



The [Deposit Protection Corporation \(DPC\)](#) on Wednesday, 8 February 2017 said that it had surpassed its target of being able to provide cover for and refund over 90 percent of bank depositors in the event of a collapse of the banking system. A hike of the refundable amount that can be paid to a single, small depositor from \$500 to \$1000 approved by Government in 2016 allowed the DPC to widen its cover to 92.98 percent of total bank depositors. Before the review of the cover limit in June 2017, the DPC was covering 88.5 percent of depositors. “At the current cover of US\$ 1000, about 92.98 percent, which represents about 1.5 million depositors are covered in full, in line with the public policy objective of covering at least 90 percent of insured depositors,” the DPC said in an update on its operations. Depositors with more than \$ 1000 in their accounts at the closure of a bank will only be able to get a full refund after completion of the liquidation process, provided sufficient funds have been mobilized to meet the requirements. The DPC depends on funding from contributions by member institutions which pay a prescribed annual rate of 0.2 percent of average eligible deposits, with premiums paid on a quarterly basis. Membership of the DPC includes all commercial banks, merchant banks, building societies, discount houses, finance houses and deposit-taking micro-finance institutions.

The [Deposit Protection Corporation \(DPC\)](#) issued a notice of a meeting of creditors and members of [Trust Bank Corporation Limited](#). “Notice is hereby given that the second meeting of creditors and members of Trust Bank Corporation will be held before the Master of High Court at the Harare Agricultural Society Showgrounds (Andy Miller Hall) Corner Samora Machel Avenue West/Rekai Tangwena Avenue, Harare on Tuesday 7 March 2017 at 09.00am. The purpose of the meeting is submission of proof of claims by creditors and presentation of the Liquidator’s report. If you are owed money by Trust Bank (In Liquidation), please contact our offices so that you can collect and complete the proof of claim forms. The proof of claims are also available via electronic mail upon request and can also be downloaded from our website; www.dpcorp.co.zw. You will be required to complete these forms in triplicate and lodge them with the Master of the High Court, Master House, Herbert Chitepo Street/Sam Nujoma Street, Harare, at least 48 hours before the meeting. In other words, your claim forms must be lodged with the Master of the High Court by Friday, the 3rd March 2017 before 09.00am. On Tuesday 7 March, you in person or a duly appointed representative of your organisation should then appear in person before the Master of the High Court in order to prove your claim. If you, or your representative are not in attendance on the day of the meeting, your claim will be rejected for non-appearance. If your claim was provisionally accepted at the first meeting, you are not required to submit another set of forms but you are encouraged to attend the forthcoming meeting for the purpose of receiving the Liquidator’s update.” said [John M. Chikura](#), the Chief Executive Officer/Managing Director of the DPC.

POLICY/REGULATORY/LEGAL DEVELOPMENTS

- Government said it had created a “managed foreign currency” system under which the central bank would retain 50% of export proceeds for further distribution to import dependent manufacturers, as it moved to resolve foreign payments delays. This came as the [Confederation of Zimbabwe Industries \(CZI\)](#) argued that the delays in paying foreign suppliers had led to manufacturers failing to meet production deadlines, with a growing number now facing the prospect of closing. Finance minister [Patrick Chinamasa](#) on 8 February 2017 told reporters on the sidelines of the official opening of [Lesaffre Zimbabwe’s](#) new baking centre that the delays were as a result of the government taking too long to plug the siphoning of foreign currency from the market in 2016. “We moved to a managed foreign currency system. What that means is with any exporter, 50% of the foreign currency is taken over by the central bank for use by other economic players, who are into import substitution (dependent on outside raw materials) and who do not export. Now, 50% (the other 50%) is given to the exporter for themselves for raw materials, spares and also to the bank for their clients. So that process has already started and we think that the problem you have mentioned, a legitimate complaint, will be sorted out sooner rather than later. This is why we are looking forward to inflows from the sale of our tobacco,” said Chinamasa.
- [Zimbabwe Cricket \(ZC\)](#) was dragged to the High Court by [CBZ Bank](#), which sought to recover over US\$ 1.9 million loaned to the cricket body. The bank also sought an order to execute all the property that was surrendered as surety. The financial institution filed the summons on December 14, 2016 citing the ZC and its guarantors including former managing director of the organisation [Ozias Bvute](#), [Esther Lupepe](#) currently employed as finance director as well as two companies namely, [Stodola Investments \(Pvt\) Ltd](#) and [Secody Investments \(Pvt\) Ltd](#), as respondents. In its declaration, CBZ Bank said it had decided to take drastic measures against Zimbabwe Cricket and its guarantors after realising the latter was reneging on the agreement entered between the parties over a period of time. The bank further said sometime in October 2016, all the monies owed by Zimbabwe Cricket were consolidated into a single new offer letter for which the agreement that was signed between the parties provided, *inter alia*, that CBZ would advance to ZC a rolled overdraft amounting to US\$ 1 793 009. “The plaintiff (CBZ) would be entitled to charge and debit the 1st defendant (Zim Cricket’s) account with interest compounded monthly on the daily balance owing from time to time in accordance with the fluctuations in interest rates. In the event of plaintiff instituting legal proceedings to recover monies due by the 1st defendant, the 1st defendant would be liable to pay collection commission and costs on an attorney and client scale. As of November 2016, the balance outstanding on the account was the sum of \$ 1 922 395.20 calculated as follows; capital claim \$ 1 811 875.24, interest \$ 1 10 243.96 and bank charges \$ 285,” CBZ said. The bank further said as security for the advanced loan, Stodola Investments passed a mortgage bond in favour of the bank by offering land in Goromonzi District called Lot 7 of James Farm measuring 6.4805 hectares held under title deed No. 1521/2007, dated May 15, 2007.
- [Zimbabwe People First](#) leader [Dr Joice Mujuru](#) hit another snag on 15 February 2017 when her application challenging the validity of a Presidential decree that introduced bond notes in November 2016 was struck off the roll. The [Constitutional Court](#) made a ruling on a procedural point raised by [President Robert Mugabe](#) and his co-respondents, that Dr Mujuru should first challenge the Presidential (Temporary Measures) Powers Act under which the President acted to introduce the bond notes. In their unanimous decision, the nine judges felt there was no justification for implicating the President on the basis that he breached the Constitutional Court application. Dr Mujuru, who was being represented by constitutional law expert [Professor Lovemore Madhuku](#), had gone directly to the apex court challenging the action of President Mugabe in promulgating the disputed legal document. The court however, felt this could not be done before challenging the law itself. In the end, outgoing [Chief Justice Godfrey Chidyausiku](#) ruled that the matter be struck off the roll. “The court having considered the papers filed of record in this matter and submissions by counsel is of the unanimous decision that the preliminary point be upheld and the matter is struck off the roll with costs,” said Chief Justice Chidyausiku.
- Financial executive and farmer [Hashmon Matemera](#) – accused of externalising US\$ 300 million - was on 8 February 2017 removed from remand after the State kept requesting for more time to institute extra-territorial investigations. The ex-[BancABC](#) managing director appeared before Harare magistrate [Rumbidzai Mugwagwa](#) who ordered the State to proceed by way of summons. Having been charged for allegedly conniving with [Jinan Mining](#) to open

accounts, which were to be used to siphon the money, Matemera was placed on an unprecedented US\$ 10 000 bail and US\$250 000 property surety. However, as the state continuously struggled to proffer any meaningful explanations on its so-called external checks, legal experts also queried how the former banker could successfully be charged or prosecuted for conniving to open an account - sometime in 2016 – that had already been running for 16 months.

PUBLIC TENDER INVITATIONS/RESULTS, EOI & RFPs

- **National Building Society Limited** invited tenders from reputable, reliable and well established firms for conducting Vulnerability Assessment & Penetration Testing (VAPT) of their ICT ecosystem under tender number (NBS/VAPT-2601/2017). “Tender documents (RFP) are obtainable from the Reception at National Building Society Limited (NBS), 14th Floor Social Security Centre upon payment of US\$ 10.00. Tenders must be enclosed in sealed envelopes and endorsed on the outside with the advertised tender number, the description and the closing date and must be delivered by hand or post to, The Procurement Officer, National Building Society (NBS), 14th Floor Social Security Centre Corner Sam Nujoma Street and Julius Nyerere Way, Harare, before 10am on the closing date,” said the building society which is also a member of the Deposit Protection Scheme. The mortgage lender advised that the closing dates was February 24, 2017 and that late bids would not be considered.
- The **Zimbabwe Asset Management Corporation (Pvt) Ltd** issued a tender invitation for the supply and installation of a Loan Management System under tender number ZAMCO//PROC/001/17. Tenders were expected to be enclosed in sealed envelopes, addressed to the Administrator and endorsed on the outside with the advertised tender number, the description and the closing date and delivered by hand to ZAMCO, Hardwicke House, 72-74 Samora Machel Avenue, Harare before 1000hrs on 2 March 2017. Documents for the tender were obtainable upon production of proof of payment of a tender fee of USD 10.00 from the ZAMCO offices.
- The **Agricultural Bank of Zimbabwe Limited (Agribank)** issued an invitation to informal tender inviting bids from reputable companies for the establishment of a Contact Centre at Hurudza House Head Office under tender number AGRINF02/2017. “There will be a compulsory site meeting on 02 March 2017 at 10:00hrs and the tender will close on 07 March 2017 at 10:00hrs. Documents for the above tender will be issued to interested bidders upon payment of a non-refundable tender fee of US\$ 10.00 from Procurement Department, 2nd Floor, Hurudza, Head Office, Harare. Tenders must be enclosed in sealed envelopes and deposited in the “Tender Box” addresses to Procurement Board Chairman, 11th Floor, Agribank Hurudza House, Head Office on or before 10:00hrs on the closing date,” said the state-owned bank whose pay-off line is ‘Your all weather bank’.
- **National Building Society Limited** invited tenders from reputable, reliable and well established firms for the supply of an Enterprise Content Management & Workflow System (ECMWS) under tender number NBS/ECMWS - 1602/2017. “Tender documents (RFP) are obtainable from the Reception at National Building Society Limited, 14th Floor Social Security Centre upon payment of US\$ 10.00. Tenders must be enclosed in sealed envelopes and endorsed on the outside with the advertised tender number, the description and the closing date and must be delivered by hand or post to: Procurement Officer, National Building Society Limited (NBS), 14th Floor, Social Security Centre, Corner Sam Nujoma Street and Julius Nyerere Way, Harare, Zimbabwe before 10am on the closing date (15 March 2017). Late bids will not be considered,” said the NSSA-owned mortgage lender in the informal tender invitation released on 23 February 2017.

DOMESTIC LENDING PERSPECTIVES

- The **Infrastructure Development Bank of Zimbabwe (IDBZ)** completed servicing of residential stands in New Marimba, paving the way for the official handover ceremony held on Thursday 9 February 2017. “The ceremony heralds progress made by the bank in its contribution to delivery of affordable housing across the country in pursuit of the IDBZ overall mandate in the infrastructure development,” said IDBZ in a statement. The development bank spent about \$3 million on the project which consists of 202 high density stands measuring an average of 300 square metres and 136 medium density stands measuring at 510 square metres each. The New Marimba Housing

Project is a result of collaboration between the Infrastructure Development Bank of Zimbabwe, Ministry of Local Government, Public Works and National Housing and the [Harare City Council](#). The scope of work at Marimba included construction of the water reticulation system, sewerage reticulation, electrification, road surfacing, storm water drainage and associated culverts. The tender for construction was awarded to [Masimba Construction](#) through a competitive bidding process and the contractor commenced works on the property in May 2016.

CURRENCY, PRICING & LIQUIDITY PERSPECTIVES(CPLP)

- The [Reserve Bank of Zimbabwe \(RBZ\)](#) released \$15 million worth of \$5 bond notes into the market, which started circulating from 2 February 2017. This brought the total value of bond notes released so far to \$88 million. RBZ Governor [Dr. John Mangudya](#) confirmed the introduction of the \$5 bond note. "We have released \$15 million into circulation. The notes started circulating today," he said. The purple \$5 bond note has balancing rocks and three giraffes. Security features on the notes include a Zimbabwe bird watermark, see-through perfect register, tactile marks for the visually impaired, security thread, alpha-numeric lettering and optically variable ink.
- The [Reserve Bank of Zimbabwe](#) came up with a facility prioritising foreign currency allocation to companies benefiting from import restrictions so that they could increase production. Companies with potential to export, but facing financial challenges to produce were also set to benefit from the facility. The facility, aimed at enhancing exports, came at a time the country was facing serious foreign currency shortages, which resulted in some firms failing to import raw materials. "We have supported them through temporary imports restrictions and in the long run, they should be competitive when we open up the markets," said Minister of Industry and Commerce [Mike Bimha](#).
- Zimbabwe's inflation continued on its upward trend to reach its highest level in more than 24 months in January although it still remained negative according to data released on 15 February 2017 by [Zimstat](#). "The year-on-year inflation rate for the month of January 2017 stood at -0.65 percent, gaining 0.28 percentage points on the December 2016 rate of -0.93 percent. The month-on-month inflation rate in January 2017 was 0.23 percent gaining 0.18 percentage points on the December 2016 rate of 0.06 percent." said Zimstat. Costs of goods and services were noted to have been rising over the past few months as a result of increased foreign currency shortages, which forced some economic agents to resort to the black market where they paid a premium of up to 25 percent to get the elusive US dollars. The premium would then be passed to the final consumer, which increases the general price level.
- The [Tobacco Industry Marketing Board \(TIMB\)](#) announced dates for the start of the 2017 Tobacco Marketing Season. "All stakeholders are advised that the 2017 Auction Marketing Season starts on Wednesday 15th March 2017. Contract Tobacco Sales will start on Thursday 16th March 2017. Sales bookings will open on Wednesday 1st March 2017 and deliveries accepted as from Monday 6th March 2017," said TIMB, which touts itself as an "icon of excellence in the production and marketing of Zimbabwe flavour tobacco." The opening of the tobacco floors is expected to boost the country's foreign exchange earnings and go a long way in ameliorating the liquidity challenges in the market.

Virginia Sibanda is a co-founder of VIRL Financial Services which commenced operations in 2010 and is its current CEO. Prior to this she was the Managing Director of Microking Savings and Credit Company (Pvt) Limited, then one of the biggest MFIs in Zimbabwe. She has worked in various capacities in Barclays Bank but had a particular interest in developing small business and was the Branch Manager of the Small Business Unit. Mrs. Sibanda is a holder of a Master of Business Administration Degree. She has attended International Leadership Visitors Program sponsored by USAID and was part of 21 women from different countries that visited USA for a women entrepreneurship program. She has attended Boulder Institute of Microfinance and for the past 3 years has been attending the Financial Inclusion Symposium held by Mastercard Foundation. She is the past vice Chairperson of Zimbabwe Association of Microfinance Institutions (ZAMFI) as well as a past Chairperson of the Steering Committee set up to come with the Credit Providers Association of Zimbabwe which is seeking to rationalise credit information sharing for better credit risk management.

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016: HIGHLIGHTS

The financial sector reporting season swung into motion during the period under review, as at 28 February 2017 three banks had released their audited financial statements for the full year ended 31 December 2016, highlights of which are given in the table below, ranked according to profit after tax (PAT). Compared to the prior year, CBZ Bank and MBCA Bank recorded declines in profitability while Barclays Bank's profit after tax increased:

Bank	Profit Before Tax (US\$)	Profit After Tax (US\$)	Total Income (US\$)	Total Expenses (US\$)	Total Assets (US\$)
CBZ Bank	20,049,585	18,681,085↓	118,328,130	78,634,241	1,912,591,402
Barclays Bank	14,441,000	10,825,000↑	58,028,000	42,654,000	476,210,000
MBCA Bank	6,953,598	5,652,569↓	31,186,860	24,233,262	298,896,152

FEBRUARY 2017: KEY FINANCIAL SECTOR DATES

- 1 February 2017:** Atlas Mara – which owns BancABC Zimbabwe signed three strategic business agreements with Mastercard, which aim to build a stronger digital payment ecosystem with a focus on accelerating financial inclusion in sub-Saharan Africa.
- 1 February 2017:** The IPEC Board of Directors appointed Mr. Tendai Karonga to the position of Commissioner of Insurance and Pensions.
- 2 February 2017:** The Reserve Bank of Zimbabwe (RBZ) released \$ 15 million worth of \$5 bond notes into the market bringing the total value of bond notes released so far to \$88 million.
- 2 February 2017:** The Zimbabwe Stock Exchange issued a notice advising the investing public that it had requested Econet Wireless Zimbabwe Limited to defer the Extraordinary General Meeting scheduled for 3 February 2017 until certain technical issues relating to the Rights Issue transaction were clarified to the satisfaction of the ZSE Board.
- 3 February 2017:** Shareholders of Econet Wireless Zimbabwe passed all six resolutions relating to its proposed \$130 million capital raising exercise after it proceeded with its extraordinary general meeting despite a regulatory directive (on 2 February 2017) to postpone the EGM.
- 3 February 2017:** The Ministry of Finance and Economic Development received two servers valued at around US\$3.9 million from the African Development Bank (AfDB) procured under the Capacity Building for Public Finance and Economic Management Programme (CBPFEM).
- 6 February 2017:** The Zimbabwe Stock Exchange sent its CEO Alban Chirume on indefinite leave to pave way for investigations after Econet Wireless Zimbabwe Limited disregarded a directive from the regulator not to hold an EGM, saying it was authorised to do so by a committee of the board.
- 7 February 2017:** Standard Chartered Bank cancelled the automatic use of your VISA debit card outside Zimbabwe with immediate effect, in a decision taken to ensure best use of the increasingly scarce foreign currency resources.
- 8 February 2017:** The Zimbabwe Stock Exchange (ZSE) launched View Only Terminals (VOTs) as part of efforts to improve informational efficiency in the local capital market.
- 8 February 2017:** Former BancABC executive and farmer Hashmon Matemera – accused of externalising US\$300 million - was removed from remand after the State kept requesting for more time to institute extra-territorial investigations.

- 9 February 2017:** Finance and Economic Development Minister Patrick Chinamasa and Switzerland Ambassador to Zimbabwe Ruth Huber signed an agreement on international co-operation which will see Switzerland providing at least \$10 million per year to fund various development projects in Zimbabwe over five years.
- 9 February 2017:** The Infrastructure Development Bank of Zimbabwe held the official handover ceremony for New Marimba Housing Project stands following completion of the residential stands.
- 15 February 2017:** Zimbabwe People First leader Dr Joice Mujuru hit another snag when her application challenging the validity of a Presidential decree that introduced bond notes in November 2016 was struck off the roll.
- 15 February 2017:** ABC Holdings chief executive officer John Vitalo stepped down, less than six months after his appointment.
- 15 February 2017:** Reserve Bank of Zimbabwe Governor Dr John Mangudya released the January 2017 Monetary Policy Statement titled “Stimulating Economic Growth and Bolstering Confidence.”
- 16 February 2017:** The Minister of Finance and Economic Development, by SI 26A/2017— repealed the much-criticised SI 20/2017 [which was in effect as law from 1st to 15th February and which applied 15% VAT to beef, chicken, fish, rice, potatoes, margarine and mahewu, causing a public outcry] with immediate effect.
- 28 February 2017:** An African Development Bank (AfDB) team led by Sibry Tapsoba, the bank’s director for the Transition Support Department, began a mission to Zimbabwe to gauge Zimbabwe’s progress in its re-engagement with the international community.



Mobile money kiosks of different MNOs located right next to each other, making a mockery of the idea of infrastructure sharing. The fact that one is open for business and the other is closed says it all.

INDIVIDUALS, COMPANIES AND INSTITUTIONS MENTIONED IN THIS ISSUE

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■ AfrAsia Bank	26	■ Lesaffre Zimbabwe	27
■ Afreximbank	21,23,24	■ Liverpool Football Club	21
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■ African Development Fund	22	■ Masimba Construction	29
■ Agribank	5,28	■ Mastercard	3,17,18,30
■ Akribos Advisory Services (Private) Limited	20	■ Mastercard Foundation	29
■ Akribos Capital Incorporated (Private) Limited	20	■ MBCA Bank Limited	18,30
■ Akribos Wealth Managers (Private) Limited	20	■ MEDA	10,11
■ Allied Bank	26	■ MicroFinanza	12
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■ Aston Business School	19	■ Motor Bureau of Zimbabwe	19
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World Cancer Day's primary objective

To get as many people as possible around the globe to talk about cancer on 4 February



WE CAN



I CAN

A THREE-YEAR CAMPAIGN
FOR REACH AND IMPACT