

Monthly Financial Sector Bulletin

Issue No. 47, July 2017 – Taking Deposit Protection and Financial Education to The People



PICTURE OF THE MONTH: The Deposit Protection Corporation's CEO John Mafungei Chikura stresses a point during the Mashonaland region awareness workshop for banks and media practitioners hosted by the Corporation on 5th July 2017 as part of efforts to raise awareness of and deepen understanding of the operations of the Deposit Protection Scheme. DPC has embarked on a massive campaign to take deposit protection and financial education to the people through a series of workshops and roadshows across the length and breadth of the country in collaboration with the ZBC's National FM and Radio Zimbabwe. **Picture Credit:** Deposit Protection Corporation.

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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 four solid 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, please go to [page 13](#). You can also see more subscription options on [page 43](#).

MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 47, JULY 2017

CONTENTS

Editorial Comment	03
Laughing and Learning All the Way to the Bank	07
Recent Events in Pictures	09
MFSB Intern Tops Business Studies Class	10
The Microfinance Interview: Mifos Most Affordable Software of Its Magnitude	12
Guest Column: Rethinking the Role of the State in the Financial Sector	14
Product Launch/Enhancement Index (PLEI)	17
Product Promotion Index (PPI)	18
Channel Development/Rationalisation Activity	19
Executive Management/Board Changes	20
ICT Developments	22
Corporate Social Investment (CSI) & Sponsorship Initiatives	23
Corporate Actions	24
External Financing: Lines of Credit & Grant Finance/Aid	25
Capital Markets Developments	26
Fiscal, Public Debt & Public Investment Issues	27
Deposit Protection & Troubled Institutions Resolution Initiatives	28
Bond/TB Issue Outlook	28
Policy/Regulatory/Legal Developments	29
Public Tender Invitations/Results. EOIs & RFPs	33
Customer Service/Relationship Management Initiatives	34
Industry Awards and Achievements	35
Domestic Lending and Financing Perspectives	36
Currency, Pricing & Liquidity Perspectives (CP & LP)	38
MFSB SPORT: FSSL Facts and Figures	41
July 2017: Key Financial Sector Dates	42
Individuals, Companies & Institutions Mentioned in This Issue	44

SELECTED VITAL STATISTICS AT A GLANCE

General Statistics

Year-on-year Inflation for June 2017	0.31 % (May 2017 : 0.75%)
Average Annual Inflation for 2016	Minus 1.56% (Minus 2.4% in 2015)
Projected Annual Inflation in 2017	2-3%
Projected 2017 Gross Domestic Product (GDP) Growth	3.7% (Initial projection for 2017 – 2.7%; 2016 - 0.7%)
Original 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 Jan – May 2017	US\$1,109.7bn (Exports –\$1,130.2 bn; Imports – \$2,149.9 bn)
Zimbabwe's Foreign Direct Investment (FDI) – 2016	US\$319 million (US\$421m in 2015) (US\$545m in 2014)

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 (30 June 2017)	US\$6.99 billion (US\$6.51 billion - 31 Dec 2016)
Total Banking Sector Loans and Advances (30 June 2017)	US\$3.64 billion (US\$3.69 billion - 31 Dec 2016)
Loans-to Deposit Ratio (30 June 2017)	52.11% (31 Dec 2016 - 56.64%)
Banking Sector Non-Performing Loans (NPLs) (30 June 2017)	7.95%(7.87% - Dec 2016 & Peak 20.45% as at 30 Sept 2014)
Total Banking Sector Assets (30 June 2017)	US\$9.65 billion (31 Dec 2016 - US\$8.73 billion)

Editorial Comment

Product Innovation & Channel Development

Total product development and promotional activity reversed the decline recorded in June and recorded a 50% increase attributed to the number of product launches that doubled from two to four. Meanwhile product enhancement initiatives stayed put at two and there were no promotions during the review period just like in the previous month. Banking institutions accounted for half of the initiatives while the insurance sub-sector and a non-bank player accounted for the remainder.

Channel development activity fell by 30% from the nine recorded in June to six during the month under review, half of which were in response to either foreign currency or cash shortages. Like CABS before it, Steward Bank limited DStv payments to a very select few, thereby limiting its foreign currency exposure since the payments ultimately have to be remitted in foreign currency. This development is related to the bank's introduction of the Platinum Account which seeks to segment the bank's customers. The scaling down of the issuance of EcoCash Debit Card also illustrates the continued impact of foreign currency shortages on product development. The Premier Soccer League's adoption of the EcoCash payment option for instance, is as much an economic necessity as it seeks to advance the less-cash agenda, lest attendance at matches begin to fall due to cash shortages.

While Steward Bank's introduction of the Platinum Club is a progressive move, I have always thought that it's kind of vain, if not entirely pointless to advertise a service that is available by invitation only. As part of a process to improve its service offering, the bank is segmenting its customers through the Platinum Club. All along the bank had maintained a one-size-fits-all approach to servicing its customers and being a truly mass market bank, this had disadvantaged its high-net-worth clients. It was not clear however, how the bank intended to segment its client base – but this would most likely be based on income levels. While the Avondale branch started out as the branch for such clients, it quickly degenerated into a free-for-all as the bank continued to take on new clients in an unrestrained manner.

Executive Management/Board Changes

Barely a year after its formation, corporate governance concerns reared their ugly head at National Building Society, culminating in the suspension of managing director Ken Chitando and Luckson Mondo, the executive in charge of ICT, to facilitate examination of the bank's procurement and operational issues since inception. This paved the way for Lameck Danga to act as the Managing Director. Meanwhile, Champions Insurance Company (Private) Limited announced the departure of former managing director Nathan Chikono, apparently "to pursue other personal interests", which is usually a euphemism for some other reason for departure. Tambudzai Madzivire took over the reins of the insurer. Another notable development was the appointment of Noah Manomano Matimba as Chairman of the CBZ Holdings Limited Board with effect from 18 July 2017, replacing Elliot Mugamu who left suddenly at the end of February 2017. Meanwhile CBZ Holdings' Principal Risk Management and Compliance Officer Dr Walter Zure passed on during the month. May his dear soul rest in peace. Dr Zure was the Founding Trustee of the recently launched Compliance Society of Zimbabwe.

Corporate Actions

Revelations that FBC Holdings was forced to withdraw a resolution seeking shareholder approval for a share buyback since the resolution would have been impossible to implement due to the country's banking laws, raises two questions. Wasn't the board aware of this piece of legislation? Secondly, either financial institutions don't care to make contributions when laws that affect them are being amended or the regulatory authorities simply do not consult the affected stakeholders. Meanwhile GetBucks shareholders voted to officially change the name of the company from "GetBucks Financial Services Limited" to "GetBucks Microfinance Bank Limited to reflects the services that institution now offer as a deposit taking microfinance institution.

External Financing

The RBZ's revelation that the country had lost about 50 corresponding banking relationships since 2008 mainly due to compliance issues and sanctions puts into perspective the country's hand-to-mouth foreign currency situation. Against this background it's hardly surprising that the country will need to secure facilities of at least US\$500 million in order to plug the gap for foreign currency once the tobacco season comes to an end.

Capital Markets Developments

The Real Estate Investment Trusts proposed by the Insurance and Pensions Commission (IPEC) are an innovative way of mobilising liquidity against the background of an illiquid operating environment. The capital markets should take this proposal seriously and seek to bring it to fruition at the earliest possible opportunity in order to harness its utility.

Despite a bright start to Getbucks' capital raising through its medium-term note programme, illiquid market conditions caught up with the capital raising exercise and slow uptake meant that the regulatory threshold required to bring the securities to listing was not achieved. Consequently, the company had no choice but to place the notes privately by way of a tap issue. This was despite the company getting an external credit rating, which it had hoped would boost the prospects of the capital raising exercise.

Fiscal, Public Debt & Investment Issues

On July 5, 2017, the Executive Board of the International Monetary Fund (IMF) concluded Article IV consultations with Zimbabwe and on July 7, 2017 the IMF Communications Department issued an attendant press release. The directors stressed the urgency of fiscal consolidation to restore policy credibility and economic stability. They noted that public sector employment costs remained at an unsustainable level, constraining social and infrastructure spending. Directors encouraged the authorities to engage only in well-targeted, cost effective, and properly budgeted support to the agricultural and other productive sectors. They noted the potential to enhance tax revenues, and highlighted the need to strengthen public financial management and reform state-owned enterprises. The directors underscored the need to restore credibility of the currency regime and safeguard the financial sector. "Even as private sector credit growth remains subdued, bank asset concentration on non-liquid central bank deposits and treasury bills has increased financial sector fragility. The extensive use of quasi-currency instruments exacerbates this fragility," said the Executive Board.

On Thursday 20 July 2017, the Minister of Finance and Economic Development Patrick Chinamasa presented the Annual Budget Review and Outlook for 2017 which despite being a highlight was underwhelming given that the Minister uncharacteristically avoided commenting on government's current fiscal position, opting instead to dwell on historical (2016) revenue collection figures and performance of the economy. He did not mention anything about initiatives to deal with the cash shortages and the liquidity constraints. Other than emphasizing that government expected to achieve its 2017 growth projections, there was not much detail about year-to-date performance in a way that was rather exasperating.

Troubled Institutions Resolutions Initiatives

Marsh Employee Benefits Zimbabwe (Pvt) Limited issued a liquidation notice on 13th July 2017 in respect of the Allied Banking Group Pension Fund after the Insurance and Pensions Commission (IPEC) granted approval. Meanwhile the court application filed by the Zimbabwe Amalgamated Housing Association (ZAHA) demanding its \$1.4 million from the liquidated Allied Bank was emblematic of the concern of creditors from various sectors about the slow pace at which the liquidation processes of failed financial institutions generally proceed due to endless court processes.

Bond/TB Issue Outlook

As the Agricultural Marketing Authority (AMA)'s issue of AMA Bills of up to USD80 million through CBZ Bank to finance the purchase of maize for the 2017 buying season opened at the end of July, municipal bonds were set to make a comeback after a long absence from the market, following Harare City Council's announcement that it planned to issue a \$100 million bond to finance projects with a bias towards housing development. Meanwhile NSSA said it intended to raise at least US\$500 million by end of 2017 through floating a bond to finance infrastructure projects that would enable it to not only meaningfully participate in infrastructure projects, but also allow the authority to match its long term pension liabilities with cash flows from long term infrastructure projects.

Policy/Regulatory/Legal Developments

The Reserve Bank of Zimbabwe's call for registration of individuals and institutions to operate as Bureaux De Change was a highlight of the month. While the attendant reduction of registration fees for Bureaux de Change is couched as an initiative towards improving ease of doing business and enhancing access to formal services for exchange of currencies, it is also materially an effort to counter the burgeoning black market for foreign currency, which

has seen illegal money changers dominating the market. It is also an attempt to have oversight over forex trading outside formal banking channels and influence the exchange rates but it looks like the authorities have left it until too late but as they say, better late than never. It is inconceivable that those who are already conducting this business informally on the streets essentially without the fixed costs associated with physical infrastructure and licensing/registration fees could consider formalising their operations simply because the RBZ has lowered registration fees. Individuals, who are being encouraged to register, are likely to continue as if nothing has happened. However, registered financial institutions such as banks and microfinance institutions (MFIs) who already have infrastructure are expected to take advantage of this opportunity to diversify their revenue streams and benefit from cross-selling opportunities.

The case in which RioZim Limited decided not to honour a \$4.5 million debt owed to AfrAsia Bank (in liquidation), after engaging the services of the Interest Research Bureau (IRB) - an independent and privately-owned firm that helps companies to re-compute interest on loans – is a test case. It could open the floodgates for other debtors seeking to avoid paying their debts on the basis that they were overcharged, considering the high interest regime in Zimbabwe over the years. The appeal by AfrAsia was therefore eagerly awaited by many a stakeholder. On a related matter, another landmark development during the month was the Constitutional Court on 12 July 2017 declining to entertain proceedings to invalidate the State Liabilities Act on a technical basis, after noting that the High Court judge who invalidated the Act should not have referred the matter to the ConCourt and should instead have allowed the Registrar of the High Court to submit the case to the highest court in the land for confirmation.

Calls by Zimbabwe's \$4 billion insurance industry for regulatory permission to invest some of its funds in offshore markets as the country's economy showed signs of growing strain, are in line with recent trends whereby a number of companies are seeking to mitigate domestic risk by diversifying exposure away from the country either through foreign listings or establishing foreign operations or consolidating existing ones.

Public Tender Invitations/Results. EOIs & RFPs

Public tender invitations during the month under review were for products and services such as Implementation of IFRS9 and supply and installation of standby core network equipment both for Agribank; supply, customization and installation of a Core Banking Solution for an anonymous deposit taking microfinance institution as well as a Job Evaluation and Grading Exercise including Salary Structuring for a major Financial Services Group whose description closely fitted CBZ Holdings. The People's Own Saving Bank (POSB)'s invitation for tenders in respect of shop fitting works for its proposed Borrowdale Branch Outlet confirms the fact that every bank in Zimbabwe wants a presence in Borrowdale, seen as the playground for high net worth individuals.

Customer Service/Relationship Management Initiatives

The commencement of the Deposit Protection Corporation (DPC)'s series of awareness workshops across the country, in respect of the operations of the Deposit Protection Scheme, was one of the highlights of the month. The MFSB was at the workshop for the Mashonaland region, held on 5 July 2017 at Cresta Lodge and included sessions on the Overview of the Deposit Protection Scheme by the Chief Executive Officer of the DPC, John Chikura, and Publicity of the Deposit Protection Scheme by the corporation's Public Relations Manager, Allen Musadziruma, capped by a lively Question & Answer session. The Corporation has embarked on a massive campaign to take deposit protection and financial education to the people through a series of workshops and roadshows across the country in collaboration with the ZBC's National FM and Radio Zimbabwe.

Industry Awards & Achievements

Interestingly, two sets of awards with digital finance components, the Agent Banking and Digital Financial Services Awards and the 2nd edition of the Zimbabwe Digital Awards were held on the same day, indicating what might be seen as the proliferation of awards in Zimbabwe, a phenomenon which sometimes tends to duplicate effort. Be that as it may, mobile financial service platform, TeleCash, was awarded the Best Digital Financial Services Aggregator at the Agent banking and Digital Financial Services Awards in recognition of the mobile service's promotion of interoperability in the mobile financial services sector. TeleCash said it deserved the recognition as it is the only mobile financial platform in Zimbabwe that has a ZimSwitch enabled debit card which can be used at point of sale devices for purchasing goods

and making payments. Furthermore, TeleCash is the only mobile financial service that allows bank to wallet and wallet to bank transfers with all the 13 ZimSwitch-ready banks. Also notable was Agribank's four awards at the Public Sector Audit Conference & Financial Management Awards held on the 27th July 2017 in Harare.

Domestic Lending & Financing Perspectives

The Budiriro Housing Project has given both the city fathers and CABS sleepless nights due to low uptake of the housing units which has seen only 800 units out of a possible 2879 being taken up even after dispensing with the deposit requirement and opening up eligibility to those not on the City's waiting list. The perceived poor quality of the housing units and CABS' tight mortgage criteria has not helped matters. During the month under review, two possible solutions emerged: leasing the houses or allocating them to council employers in exchange for allocation of more land to CABS. Let's wait and see how this pans out. CBZ Bank became the second bank to offer the Value Addition/Business Linkages Facility and Horticulture Facility in conjunction with the Reserve Bank of Zimbabwe after Agribank. The distribution/delivery channels may increase but the key issue remains that of increasing uptake of these facilities.

Currency, Pricing and Liquidity Perspectives

As far as currency issues are concerned, the revelation that bond notes were likely to end up accounting for up to 50% of the money in circulation by year-end, given their increasing dominance in both the formal and informal markets was one of the key highlights of the month. Further, calls for authorities to let the market determine the true value of bond notes in order to curb their externalisation and in turn reduce cash shortages, were quite revealing. The fact that Professor Ashok Chakravarti, who made the observation and gave the piece of advice, is an advisor to Government, means his advice stood a good chance of being adopted. Those of us who have always felt that the RBZ and Government were just biding their time and would eventually spring a local currency surprise on everyone, may soon be vindicated. In a month in which the currency issue was quite topical, Vice President Emmerson Mnangagwa stoked the fires by confirming that the local currency would certainly be introduced although he declined to disclose when that was likely to be. He however dropped a hint by stating that "our own currency" would come back when the mineral reserves to back it had reached the desired levels. The grand plan is well and truly on course and by the time we go to elections all the pieces will probably be in place. It is clear now that bond notes were never really about the export incentive scheme but more about easing the local currency back into circulation. On a related note, MEFMI executive director Caleb Fundanga urged Zimbabwe to make a clear and final decision on the currency issue to halt the prevailing liquidity crisis. Although Government appears to be holding its cards close to its chest and is being secretive about its plans, he urges the authorities to be consensual in their approach.

The announcement by the African Medallion Group that it now had a virtual version of its African Medallion Dollar that could be easily encashed in various jurisdictions, including Zimbabwe highlights the need for monetary authorities to start dealing with the issue of cryptocurrencies. Typically, regulation always lags innovation and the authorities should move quickly and set the regulatory agenda by preempting the prevalence of cryptocurrencies instead of being reactive.

The Microfinance Interview: Mifos Most Affordable Software of Its Magnitude



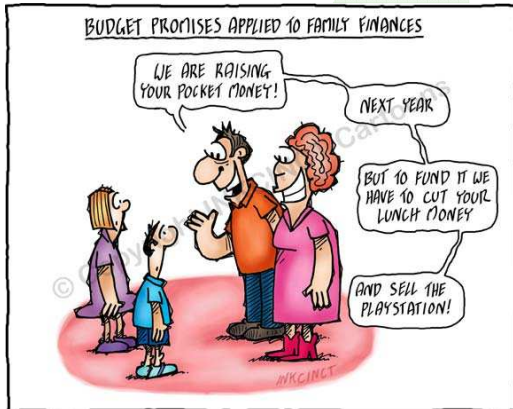
The Microfinance Interview is a monthly question-and-answer feature through which we engage key stakeholders of the sector such as MFIs, funders, service providers, development partners and regulatory authorities amongst others on issues of topical and mutual interest. This is in recognition of the influential role of microfinance as one of the four pillars of the National Financial Inclusion Strategy (NFIS) alongside financial innovation, financial literacy and financial consumer protection. In this instalment, the spotlight is on Skyburg Systems, which provides a range of integrated digital business solutions and services including software for Microfinance institutions. Sifiso Mtetwa, the company's Operations Director talks to the MFSB about their Management Information System (MIS),

Mifos X, the minimum end user system resources requirements to use the system, unique selling proposition (USP) as well as the extent of its endorsement in Zimbabwe. Mtetwa also talks about Mifos' challenges and opportunities in relation to the local microfinance sector in particular and the financial sector in general.

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



“Waiter, there’s a bank in the soup!”



“I think there’s been some mistake - I came in to buy socks not stocks.”



On **2 September 1969**, America’s first Automated Teller Machine (ATM) made its public debut, dispensing cash to customers at Chemical Bank in Rockville Centre, New York. ATMs went on to revolutionize the banking industry, eliminating the need to visit a bank hall to conduct basic financial transactions. By the 1980s, these money machines had become widely popular and handled many of the functions previously performed by human tellers, such as cheque deposits and money transfers between accounts. Today, ATMs are as indispensable to most people as cell phones and e-mail. Several inventors worked on early versions of a cash-

dispensing machine, but Don Wetzel, an executive at Docutel, a Dallas company that developed automated baggage-handling equipment, is generally credited as coming up with the idea for the modern ATM. Wetzel reportedly conceived the concept while waiting in a line at a bank. The ATM that debuted in 1969 was only able to give out cash, but in 1971, an ATM that could handle multiple functions, including providing customers’ account balances, was introduced.



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RECENT EVENTS IN PICTURES



Agribank executives after the bank had won four awards at Public Sector Financial Management Awards. Left to right Divine Ngwenya (Head Retail Banking), Priscilla Munyeza (Head of Corporate Banking), CEO Sam Malaba, Tinotenda Nhwede (Head of Business Risk), Paidemoyo Mahundi (Head of Legal & Compliance), Godwin Kadumba (Head of Audit), Elfes Chimbera (Finance Director) Francis Macheke (Executive Director, Retail & Agric Development) & Joseph Mverecha (Head of Strategy, Marketing & Business Development).



Bank personnel and media practitioners follow proceedings at the Deposit Protection Corporation's Mashonaland region awareness workshop on the operations of the Deposit Protection Scheme held in Harare on 5th July 2017

CONGRATULATIONS TO ONE OF OUR OWN!

MFSB Intern Tops Business Studies Class

The MFSB congratulates Rutendo Claudia Muza (pictured below) for achieving the highest mark in her Business Studies mid-year exam at Dominican Convent High School in Harare where she is in Form 3. Rutendo helps out with typing and other administrative duties as an Editorial Assistant at the MFSB during school holidays, earning herself a few dollars for pocket money in the process. For coming up tops in her class, 15-year old Rutendo earned herself the first prize, which was set to be presented to her during the school's Annual Prize Giving Ceremony on 22nd September 2017 followed by a dinner at Veritas Sports Centre in the main hall.

"Rutendo is an enthusiastic learner who contributes fully in lessons. She is the highest in her class and needs to keep up the good work. Well done," said Ms. J. Kapfumvuti, the subject teacher.

The aspiring businesswoman is the Chief Executive Officer of S-cool Tings, a company started by the 24 students in Form 3B (Business) as a way of getting the hand of how an actual business is run, thereby enhancing their learning experience. S-cool (pronounced School) Tings sells items that students need at school such as stationery and confectionary (sweets). Through the company, the students seek to understand how activities involved in businesses are conducted and to gain a better understanding of the tasks performed by persons in management. The company also seeks to earn profits, which the MFSB understands will be shared amongst the students.

Rutendo attributed her success mainly to three factors: genuine interest in the subject reading widely and ahead as well as the exposure she is getting through the holiday internships at the MFSB.



Rutendo Muza



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THE MICROFINANCE INTERVIEW: MIFOS MOST AFFORDABLE SOFTWARE OF ITS MAGNITUDE



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 regulatory authorities 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 (NFIS) alongside financial innovation, financial literacy and financial consumer protection. In this instalment, the spotlight is on Skyburg Systems, which provides a range of integrated digital business solutions and services including software for Microfinance institutions. Sifiso Mtetwa, the company's Operations Director talks to the MFSB about their Management Information System (MIS), Mifos X, the minimum end user system resources requirements to use the system, unique selling proposition (USP) as well as the extend of its endorsement in Zimbabwe. Mtetwa also talks about Mifos' challenges and opportunities in relation to the local microfinance sector in particular and the financial sector in general.

MFSB: Can you give us an overview of your Mifos Microfinance System? What is it all about?

SM: Mifos X is an extended platform for delivering the complete range of financial services needed for an effective financial inclusion solution. It is affordable, adaptable and accessible for any segment of the market - small medium sized or large financial organisations.

MFSB: Who is behind this system?

SM: Skyburg Systems, a forward thinking, new business technology based in Zimbabwe specializing in development for all aspects of information technology through digital development and outsourcing, is behind Mifos X. Formed in 2012, Skyburg brings together a wide skill set across digital technology to ensure that we can both meet and exceed your business requirements. We provide a comprehensive range of professional and highly integrated digital business solutions and services such as Microfinance software, accounting systems, School/College systems and Enterprise resource planning (ERP). All our systems can be accessed either on online or offline.

MFSB: What are the minimum ICT/System requirements for those who want to use your MIS?

SM: The minimal end user system resources include an Internet speed of at least 2Mb/s for smooth navigation, a hard drive of 50GB and a memory of 2GB. The browser can be Firefox, Google Chrome, Safari, Internet Edge or Opera. Mifos can function on any operating system but requires the latest Android Version for the mobile package.

MFSB: What type of organisations are using this service in Zimbabwe and how many are they, currently?

SM: Microfinance Institutions (MFIs) as well as Savings and Credit Cooperative Societies (SACCOS) are currently using Mifos X. Skyburg has deployed a total of 56 instances in total.

MFSB: How long has the system been in Zimbabwe and during that period what partnerships has your organisation forged?

SM: The system has been in Zimbabwe since 2013 and we have so far partnered with the Zimbabwe Association for Microfinance Institutions (ZAMFI).

MFSB: What challenges have you faced trying to penetrate the Zimbabwean market in your quest to service MFIs?

SM: In Zimbabwe there is still little understanding as to the full benefits of Management Information Systems. A good number of financial institutions are still using excel or outdated software. Yet analytical and business intelligent information is very important in reaping the full profits of your services. And the better the system, the more you get out of your organisation.

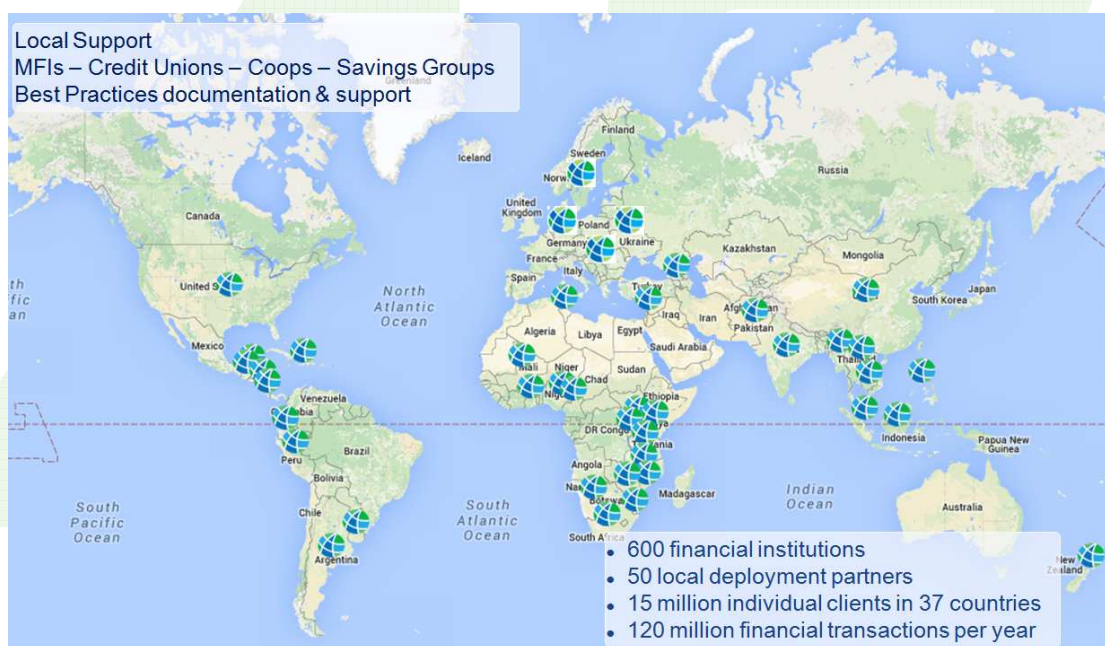
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MFSB: What would you say are Skyburg Systems' opportunities in relation to Zimbabwe?

SM: We see the potential of hosting most of the financial institutions in Zimbabwe within the next 5 years. As the system evolves into a fully-fledged banking project, Mifos looks forward to serving the banking sector.

MFSB: There are several Management Information Systems (MIS) on offer in Zimbabwe for MFIs. What's Mifos' unique selling proposition (USP)?

SM: Mifos provides both cloud-based and desktop installations. It is locally supported, comes with an android app for field officers and is fully customisable. It is the most affordable software of its magnitude. One can also run integrated SMS messaging.



An illustration of the global profile of Skyburg Systems' Mifos X.

TIPS ON HOW TO GET THE BEST VALUE OF THE MFSB

Source of Reference	The Monthly Financial Sector Bulletin (MFSB) is data-based and not news-driven since it is intended to be a source of reference, so keep an archive of the bulletins as there is some cross-referencing between the issues. You can also compile cumulative information from past issues.
Distinct Sections	You don't have to read the whole bulletin because the information is presented in distinct sections, so you can just go straight to your favourite section!
Editorial Comment	The Editorial Comment is a quick way to digest the content of the entire bulletin without necessarily reading it section by section. It not only summarizes but is also an analysis of the key developments during the review period.
Time Value of Information	If the time value of information is a critical consideration for you and you prefer to receive information more regularly, the Weekly Financial Sector Bulletin is (WFSB) is available on a very affordable subscription. Please see page 6 for subscription information.
Index of Names	If you want to quickly establish how often you or your organization (or indeed any other organization/institution) refer to the index of names at the end of the bulletin. You will find out how many times your name or that of your organization appears.

GUEST COLUMN: RETHINKING THE ROLE OF THE STATE IN THE FINANCIAL SECTOR

Ronald Rateiwa, Phd Candidate

"Evidence from the recent global financial crisis shows that the role of the State in the financial sector should not be static, but rather dynamic in the ever-evolving financial markets."



In my previous contribution to this column, we looked at how banks in the country can rediscover their relevance by learning from the experience of other countries, yet defining a new development pathway for Zimbabwe. The objective was to stimulate a discussion on what banks could have done better in those circumstances. Now we turn to the State, and ask the same question: what could the State do better to change the fortunes of the financial sector in Zimbabwe?

Since the dawn of independence in 1980, the country's financial system has suffered more than 20 bank failures¹. Of these failures, the following banks quickly come to mind; Barbican Bank, Royal Bank, Trust Bank, Allied Bank Limited, AfrAsia Bank, Interfin Bank, First National Building Society, ReNaissance Merchant Bank (RMB), CFX Bank and Genesis Investment Bank. While some of the owners and directors of those banks are still enjoying benefits obtained during their tenure in those institutions, the sad reality is that many still live with the pain of lost savings. A variety of factors ranging from regulatory to corporate governance failures have been put forward to explain such bank failures, and when one relooks at the narrative from the perspective of the hapless depositors, one cannot help but conclude that the regulators and the bankers are protecting the interests of the rich, while ignoring the interests of the poor. Even to date, the poor saver still struggles to withdraw what is rightfully theirs, yet bankers are expanding their empires, and the regulator seems to be watching while the very beast that yesterday feasted on the savings of the poor roams around without restraint. Earlier in 2017, bank profitability surged by 42% and was mostly attributable to charges that many consider to be still quite high, yet depositors could not even spend the

¹ Dr C. L. Dhliwayo (Deputy Governor of the RBZ): Limiting the risk of bank failure in financial institutions (2015)

December holidays with their loved ones while queuing for cash, which they never got anyway....OK, enough of that, let me stop being emotional!

The point I am trying to make is: given the critical role that financial systems play in promoting economic growth and alleviating poverty, I can only imagine how the well-being of our citizenry could have been uplifted.

It is well established that the role of the state (through the central bank) is to ensure the stability and growth of the financial system. Evidence from the recent global financial crises shows that the role of the state in the financial sector should not be static, but rather dynamic in the ever-evolving financial markets. Depending on the part of the business cycle, intervention by the state can either be direct, indirect or a combination of both. Thus, by adjusting the level and nature of intervention to the needs of the financial sector, the state's intervention in the financial sector can help maintain financial stability, promote economic growth and protect jobs. We discuss some of the options which the state should consider². Please note that this list is not exhaustive in both length and breadth because each aspect is a thesis in its own right.

Creating the right incentives

The million-dollar question to the State on its role in the financial sector is how to align private and public incentives without subsidising private risk-taking behaviour. For instance, the state's intervention to save under-capitalised or bankrupt institutions may prevent the exit of inefficient firms, thus distorting competitive outcomes in the long-run. Thus, misaligned incentives between financial institutions and the regulatory and supervisory authority can result in suboptimal outcomes. From the regulator's perspective, insufficient incentives to enforce rules, coupled with lack of capacity to enforce the same affects the

² This suggestions are based on discussions in the Global Development Finance Report (2013)

efficiency of financial markets. Also, more importantly, does the state have sufficient incentives to correct market imperfections? History has it that the state sometimes uses its powers for less altruistic reasons than to correct market imperfections and promote the public interest.

For instance, a reading of the current situation in Zimbabwe shows that market agents prefer to hold hard currency (US\$) even when procured at a premium instead of the bond notes, yet they are purported to be of equal value. Why? This emanates from lack of adequate information (which leads to mistrust) and misaligned incentives between the regulators and market participants. Therefore, there is need to disclose sufficient and adequate information related to financial sector regulation coupled with the right incentive to encourage all market participants to behave in a manner that is consistent with public interest.

Guarantees

Credit guarantees are programmes that are designed (and normally provided by the state to public institutions) to reduce risk exposure for the investors. A guarantee is a process of reducing risk by providing collateral, insurance or other agreements to assure the potential lender that they will be compensated if the borrower defaults on its loan. Traditionally, guarantees are used when the state wants to encourage lending by private lenders into a sector that is perceived to be risky. In our country, agriculture is one such sector to which banks are generally reluctant to lend. Instead of government increasing its fiscal burden by directly lending or getting involved in the sectors, as is the case with Command Agriculture, it could simply design a credit-guarantee scheme to encourage private lenders to participate. Such an arrangement would have multiple secondary line benefits such as efficiency, creation of new jobs and enhanced financial depth.

Role of Development Finance Institutions

According to the Organisation for Economic Cooperation and Development (OECD), development finance institutions (DFIs) are specialized development banks or subsidiaries set up to support private sector development in developing countries. They occupy the intermediary space between public aid and private investment. Thus, they bridge the gap between private sector investment and state aid by providing credit and other financial services to individuals, firms and

strategic sectors of the economy that private financial institutions are unable or unwilling to serve to the extent desired by policymakers. These institutions are distinct from the aid or transfer agencies in that their focus is on profitable investments. Also, they are expected (or required) to play to the market rules. Furthermore, their mandate is to provide finance for economic growth and sustainable growth in a self-sustaining manner.

DFIs can be national or international. They are usually majority-owned by national governments and source their capital from national or international development funds or benefit from government guarantees. This ensures their creditworthiness, which enables them to raise large amounts of money on international capital markets and provide financing on very competitive terms. Our focus will be on national DFIs.

In Zimbabwe, there is currently Agribank and the Infrastructure Development Bank of Zimbabwe (IDBZ) as the only DFIs. The Industrial Development Corporation (IDC) has recently been accorded that status to operate as a DFI by offering loans to the productive sector. The need to allow the IDC to operate as a DFI cannot be overemphasised in light of the undercapitalization of the manufacturing sector in Zimbabwe. Although Agribank achieved a profit of US\$4.8 million in 2016 as a result of the impact of Capitalisation Treasury Bills (TBs), the entity has previously been loss making. TBs make up a significant portion of Agribank's assets, which suggests that inadequate funding is being channeled to the agricultural sector, in a manner commensurate with the bank's mandate. Some of the factors for this sub-optimal performance include non-performing loans and undercapitalization with the bank currently in need of further capitalisation.

Similarly, the IDBZ is also searching for additional funding to finance its projects. Also, it appears the institution has mostly been focusing on housing projects and not infrastructure, which is critical to facilitate economic growth. This shows that the DFIs sector in Zimbabwe is still underdeveloped, but with a lot of growth potential, provided the regulatory framework is set right to align incentives correctly and protect investor rights.

Looking at the current state of the IDBZ and Agribank shows that these institutions are not undertaking their

roles as defined in their mandate as DFIs. IDBZ is concentrating on housing projects, which projects can be done by building societies. This implies that the construction sector, which the institution is supposed to focus on is left without sufficient resources. On the other hand, Agribank seems to be focusing more on sectors other than the agricultural sector that it is mandated to support. This suggests that DFIs in Zimbabwe seem to have long neglected their core mandate to focus on areas in which they probably do not have comparative advantage.

Thus, there is need to realign the operations of DFIs in Zimbabwe to focus on their developmental role. Firstly, DFIs in Zimbabwe should be capacitated to help them appreciate and be active in their role to support economic growth in the country. There is a need for skills to identify, assess and monitor profitable projects in the productive sector. Secondly, to manage sovereign risk, local DFIs should partner with international DFIs to be able to attract meaningful levels of funding. Thirdly, instead of competing with

private sector lenders, DFIs must collaborate with such institutions in a manner that maximizes both public and private welfare. As discussed above, DFIs are instrumental in providing instruments such as credit guarantees, which encourage private sector players to lend more to the private sector. Lastly, there is a need for an appropriate regulatory environment that safeguards the interests of investors and creates the right incentives for all market agents involved. Currently, foreign investors have a negative perception about the country in respect of political risk, the indigenisation policy and foreign exchange regulations. Therefore, there is need for the State through its regulatory architecture to allay such fears. In this way, I believe that DFIs are ready to be explored and exploited for the benefit of the economy.

Given the importance of the three aspects discussed above, I intend to devote future instalments to in-depth discussions of how each of them can re-define the role of the State in the financial sector in Zimbabwe!

Ronald Rateiwa is a competition policy and development finance specialist with more than ten years' combined experience across Southern African countries. Before joining DNA Economics, he spent six years as an economist in the Enforcement and Exemptions division at the Competition Commission in South Africa. Ronald holds an MSc in Banking and Financial Services and is currently completing his PhD in Development Finance

Please note that the views expressed in this article belong to the author and do not necessarily reflect those of the MFSB, its publishers and staff of SoundGarden Publishing. If you wish to contribute to this guest column, please get in touch with us on ffc@umaxlife.co.zw and let's discuss your idea.

"Instead of competing with private sector lenders, DFIs must collaborate with such institutions in a manner that maximizes both public and private welfare," - Ronald Rateiwa.

PRODUCT LAUNCH/ENHANCEMENT INDEX (PLEI)

- MBCA Bank Limited** launched **MBCA Axxess 24/7**, its Mobile Banking Application. “We are pleased to advise that MBCA has launched a Mobile Banking Application and an enhanced MBCA Mobile banking USSD platform on the 10th of July 2017. The MBCA mobile banking platform includes additional bill payments. You can now purchase Pre-paid ZESA tokens as well as pay your **DSTV, TelOne, ZOL** and **City of Harare** bills. The DSTV payments are limited to a maximum of \$105 per month for one DSTV account. The MBCA Mobile application is another innovation as an alternative to the current MBCA Mobile banking USSD platform. You can make all of the above mentioned bill payments via the current Mobile banking platform which can be accessed by dialling *299# or by searching for the MBCA Mobile app, which can be accessed from your smartphone either on the **Apple store** or **Google Playstore** for Android,” said the **Nedbank Group**’s banking franchise in Zimbabwe.
- CABS Custodial Services** announced that it was now licensed to provide **Trustee Services**. “You can trust us to help achieve your financial goals. Our Trustee Services are tailor-made to provide independent oversight and risk management on the administration of trust funds,” said the member of the **Old Mutual Group**. The company said its services included safeguarding and safekeeping of assets in trust for investors; timely trade settlement of equity, bond and money market instruments; compliance monitoring and reporting; timely collection and distribution of all trust income; proper record keeping and reconciliations of all trust transactions; effective client reporting framework and professional trust administration.
- Telecel** unveiled a **TeleCare mobile insurance** which it said was “now revamped and revitalised.” “TeleCare’s renewed benefits let you cover the whole family. To join a customer must only dial *808#,” said the government-owned mobile network operator. The available packages were revealed are as follows:

	Plan	Monthly Premium	Funeral	Hospital Cash
Value	Single	\$0.50	\$250.00	\$25 / Day (Accident only)
	Family	\$2.15	\$250.00	\$25 / Day (Accident only)
Premium	Single	\$1.40	\$500.00	\$50 / Day
	Family	\$7.30	\$500.00	\$50 / Day
Prestige	Single	\$3.00	\$1000.00	\$100 / Day
	Family	\$14.10	\$1000.00	\$100 / Day

Under the enhanced product, which is underwritten by **Zimnat**, an associate company of the South Africa’s **Sanlam Group**, customers can also opt in for Travel and Medical Cover.

- Fidelity Life Assurance** launched a joint medical aid-funeral cover scheme called **Fidelity Life Medcover**. Fidelity Life general manager (marketing) **Melanie Gumbo** said that the new scheme - available to all funeral policyholders - would give access to free prescription drugs for clients of **Fidelity Life Medical Aid Society (FLIMAS)**. “This product was created as a direct response to market needs that show that the majority of Zimbabweans do not have access to medical insurance. The medication bill can be a bitter pill to swallow and this is an innovative way to use the group’s synergies by offering our customers a free prescription drug cover with each funeral policy,” said Gumbo. Under the scheme, a policyholder issued with a prescription while covered by FLIMAS will get free medication. Gumbo added that Fidelity Life was “one of the first on the market to offer a micro-insurance type product”, in line with micro-insurance framework recently launched by the **Insurance and Pensions Commission (IPEC)** to assist marginalised groups.
- FBC Bank Limited** and **FBC Building Society** announced a service improvement in respect of Mobile Moola, its mobile banking offering. “We are pleased to advise that effective 7 July 2017, you no longer need to use the branch code for transferring and receiving money from FBC and other bank accounts on Mobile Moola. This is line with our continuous efforts to improve our e-banking channels with a clear objective of offering user friendly, reliable, value driven and innovative solutions to our valued clients’ financial service needs. FBC Bank and Building Society

MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 47, JULY 2017

clients can now send and receive funds from FBC and other bank accounts without using the branch code as illustrated below: Before the Mobile Moola Service Improvement for ZIPIT transfers

Samora Machel Branch Code	001
Samora Machel Branch Account Number	2110112345678

To receive and transfer money to Samora Machel branch, clients would enter the branch code plus the account number (0012110112345678). The Mobile Moola system showed an error message “No Universal Account” when a client used a wrong branch code or attempted to transfer/receive money without using the correct branch code. After the Mobile Moola Service Improvement clients can now receive and transfer money using just the account number (2110112345678) only. Please note that both methods can now be successfully used,” said the sister companies in a joint announcement.

- **Appliance Expert** which sells various electronic appliances such as smartphones, tablets, laptops, computers, printers, cameras and related accessories introduced credit facilities financed by **ZB Bank** on terms and conditions which were however not disclosed.

PRODUCT PROMOTION INDEX (PPI)

- **National Building Society (NBS)** announced the eight monthly winners for June 2017 who won \$100 each under the Yakha Eyakho/Vaka Yako Promotion running from 1 April to 31 September 2017. In order to enter the promotion, one must open an account with NBS and save at least \$200 per month over the promotion period, which puts one in the running to win a house. Every \$200.00 unit that one keeps increases the entry chances, so the more one saves, the more their chances of winning! Prize money is deposited directly into the winners’ NBS Account.

SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

#	Organization	Product /Promotion	Product/Service Category	Sub-sector	Type of Initiative
1	MBCA Bank Limited	MBCA Axxess 24/7	Mobile Banking Application	Banking	Product Launch
2	CABS Custodial Services	Trustee Services	Trustee Services	Banking	Product Launch
3	Fidelity Life Assurance	Fidelity Life Medcover	Insurance	Micro-Insurance	Product Launch
4	Appliance Expert/ZB Bank	Credit Facility	Consumer Lending	Non-Bank	Product Launch
5	Telecel	TeleCare mobile insurance	Mobile Insurance	Insurance	Product Enhancement
6	FBC Bank/Building Society	Mobile Moola	Mobile Banking	Banking	Product Enhancement



CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

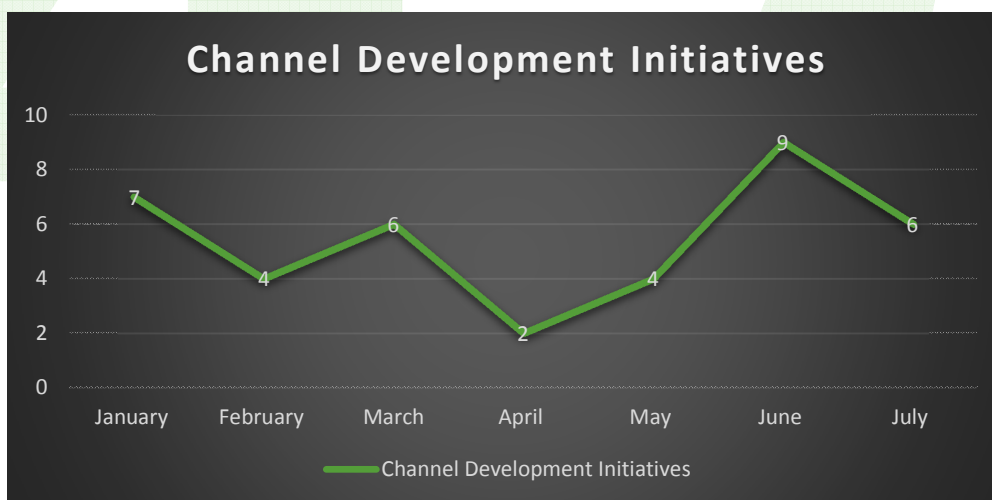
- The [National Building Society](#) said it had attracted more than 45 000 new depositors barely a year after its inception, and planned to open more branches around the country. Speaking on the sidelines of belated celebrations to mark Africa Public Service day in Masvingo on Monday, [3 July 2017](#) acting general manager [Lameck Danga](#) said in the next three months the financial institution would open another branch in Masvingo, its fifth after the one set to be opened in Gweru in mid-July 2017. "So far we have more than 45 000 depositors countrywide and we are going to open another branch here in Masvingo but we are yet to disclose how much we are going to use because there are a lot of processes that are considered," he said.
- [Steward Bank](#) announced an immediate suspension of DSTV Payments for certain of its classes of accounts. "Dear Valued Customer. Due to industry wide shortages of foreign payments, and to assist in effective allocation of foreign currency reserves at this critical time, we would like to advise that with immediate effect, the Bank has suspended [DSTV](#) payments for all account classes with the exception of iAccount and Platinum Club Accounts. We sincerely regret any inconvenience caused by this difficult but necessary decision. Customers will be advised in due course should there be any change in this regard," said the banking subsidiary of [Econet Wireless](#).
- The [Premier Soccer League \(PSL\)](#) introduced the [EcoCash](#) platform as a method of payment for the Castle Lager Premiership matches starting with the high-profile match between former champions [Chicken Inn](#) and [Dynamos](#) at [Barbourfields Stadium](#). This came after the league successfully introduced the Point of Sale (POS) payment option at the start of the season. The trial run was the match between Chicken Inn and Dynamos at Barbourfields on [9 July 2017](#) which generated a lot of interest and saw the hosts hiking gate charges. The cheapest ticket was increased to \$5 from the usual \$3 while fans wishing to sit on the wings had to pay \$10 and those in the VIP Section parted with \$15. In a brief statement, the league's chief executive officer [Kenny Ndebele](#) said they were happy to bring convenience to the football family and would start with the big match before introducing the platform to all other league matches. Ndebele said "we have heeded the calls from football fans to adopt cashless payment methods and we are pleased to bring them the convenience of accessing football matches without having to wait in queues to withdraw money. The POS system proved to be a success and it is something we are going to continue with as we look for ways to enable access to the stadium and improve attendance figures owing to the current cash shortages," he continued.
- [Grant Thornton Zimbabwe](#) officially opened its offices on [18 July 2017](#) with the Minister of Finance and Economic Development [Patrick Chinamasa](#) as the Guest of Honour while Reserve Bank of Zimbabwe Governor [Dr. John Mangudya](#) was also in attendance.
- [FBC Insurance](#) partnered [SSP Pure Insurance](#), a digital insurance firm, to support the growth of its Zimbabwean general insurance business in line with its strategic objectives. SSP Pure Insurance is a flexible end-to-end core insurance system for all lines of business and all channels. In a statement from SSP on Monday, [24 July 2017](#) FBC Insurance managing director, [Musa Bako](#) said they needed a system that would enable them to achieve growth, while cutting costs. "We needed a system that will enable us to achieve our growth and cost-cutting objectives. Investing in SSP, a technology partner with a broad footprint on the African and global markets, took the risk out of the decision-making process. In addition to its knowledge and experience of the Zimbabwean market, SSP demonstrated it has the financial stability to support our evolution over the long term." As a single solution with consistent best practice processes for policy administration, claims management, finance and credit control, as well as strong reporting MI, SSP Pure Insurance enables FBC Insurance to operate more efficiently and remain compliant with the stringent Zimbabwean regulatory environment. "FBC Insurance will focus on its transformation from being an intermediated bancassurer and move into direct writing. Currently, a large proportion of business is driven through the FBC bancassurance sales force, and FBC Insurance now has a platform that will help it achieve exponential growth of its direct distribution. SSP Pure Insurance enables FBC Insurance to simplify the product design and development process, so it can respond more agilely to these market conditions," SSP said.

MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 47, JULY 2017

- **Steward Bank Limited**, the banking subsidiary of **Econet Wireless** introduced the **Steward Bank Platinum Club** which is available by Invitation Only. "Exclusive Banking Services for our Platinum Customers. Because you are worth it," revealed the bank in an advertisement on 30 July 2017.
- Listed telecoms firm, **Econet Wireless** said it had scaled down the issuance of new debit cards for its mobile money service, **EcoCash**, in line with the central bank's directive to monitor foreign expenditure. "EcoCash has scaled down on the debit card as all other financial institutions in Zimbabwe to manage foreign currency spend obligations in line with a directive from the **Reserve Bank of Zimbabwe** to financial institutions to observe meticulous usage on foreign expenditure," said executive assistant to group chief executive **Lovemore Nyatsine**. The EcoCash debit card was launched in July 2014, and it was anticipated that three million customers would be issued with the debit card within five years. This has, however, been affected by foreign currency shortages, although the telecoms firm indicated the market had responded well to the initiative. "We are overwhelmed with the success of the debit cards whose performance has exceeded our expectations based on demand from customers," said Nyatsine.

SUMMARY: CHANNEL EXPANSION/RATIONALISATION ACTIVITY

#	Institution	Sector	Type of Initiative	Description
1	Steward Bank Limited	Banking	Suspension of DStv Payments	Except for iAccount and Platinum Club Accounts
2	Premier Soccer League	Sport	Adoption of EcoCash Option	Effective 9 July 2017 (Dynamos & Chicken Inn Game)
3	Grant Thornton Zimbabwe	Auditing	Official Opening of Office	18 July 2017
4	FBC Insurance	Insurance	Purchase of ICT System	SSP End-to-End Core Insurance System
5	Steward Bank Limited	Banking	Introduction of Platinum Club	Exclusive Banking Services By Invitation Only
6	EcoCash	Non-Bank	Scaling Down Card Issuance	EcoCash Debit Card



EXECUTIVE MANAGEMENT/BOARD CHANGES

- The Board of the **Zimbabwe Consolidated Diamond Company (Pvt) Ltd (ZCDC)** announced the appointment of **Dr. Moris Bekezela Mpfu** as the company's substantive Chief Executive Officer with effect from 1 March 2017. "Dr. Mpfu joined ZCDC on 1 March 2017, on secondment from the **Reserve Bank of Zimbabwe (RBZ)** where he was Director, Exchange Control. He spent 26 years at the RBZ where he gained considerable senior management experience and advisory expertise in the financial sector, foreign exchange, foreign investment deals, exports and imports, structured trade, investment finance and international banking. In 2005, he was assigned to establish **Homelink (Pvt) Ltd**, a subsidiary of the RBZ becoming the first Chief Executive Officer, at its inception. Dr. Mpfu holds a Bachelor of Science (Honours) in Economics from the **University of Zimbabwe** (1990) and a Masters of Science degree in International Economics, Banking and Finance from **Cardiff Business School** (1995), **University**

of Wales (UK). He holds a PhD in Business Administration from [Washington International University](#). Dr. Mpofo is currently the Deputy Chairman of Homelink (Pvt) Ltd and Chairman of one of its subsidiaries, [Homelink Finance \(Pvt\) Ltd](#). From 2010 - 2015, Dr. Mpofo was Chairman of the Technical team and Chief Negotiator on the Master Loan Facility with [China Eximbank](#) and conducted an intensive due diligence programme of the diamond sector to securitize borrowing by Government; read part of the ZCDC's announcement, published on 6 June 2017.

- [National Building Society \(NBS\)](#) managing director, [Ken Chitando](#) was sent on three months forced leave to pave way for an audit into the bank's financial accounts, after an audit discovered irregularities. Chitando was initially given a three-week suspension on June 9 but the NBS board later extended the suspension period to three months to allow for a comprehensive audit after a preliminary investigation discovered irregularities. "We put the MD on forced leave for three weeks to allow for a team of investigators to look into some irregularities which we had been alerted to. Certain things have since cropped up and the board felt it necessary to extend the suspension to three months," said a board member, who did not want to be named for professional reasons and declined to give further details. [National Social Security Authority \(NSSA\)](#) and NBS sources reportedly said Chitando was being investigated over anomalies in the issuance of mortgage loans. Audit firm, [Grant Thornton](#), was roped in to do the audit after an internal audit team initially unearthed the alleged irregularities.
- Mortgage lender, [National Building Society \(NBS\)](#) suspended its ICT director, [Luckson Mondo](#), to facilitate investigations into alleged delinquency at the lender. This came barely a month after the board sent the financial institution's managing director, [Ken Chitando](#), on three months' leave. The [National Social Security Authority \(NSSA\)](#) subsequently hired an external auditor to audit NBS' finances. NSSA board chairman, [Robin Vela](#) confirmed the developments. "The NBS board has determined that it wanted to examine the procurement and operational aspects of NBS since inception, without interference, and to this end the NBS managing director and NBS executive in charge of IT, were placed on special leave for a period of 3 months. In this period [Mr. Lameck Danga](#), will act as the managing director of NBS," said Vela.
- Local Government, Public Works and National Housing Minister [Saviour Kasukuwere](#) assumed chairmanship of pan-African housing finance institution, [Shelter Afrique](#), in a development which could help Zimbabwe access housing credit. Kasukuwere took over the helm of Shelter Afrique, a partnership of 44 African governments, [African Development Bank](#) and [African Reinsurance Company](#), during the annual general meeting of the pan-African grouping that took place on 3-8 July 2017 in Victoria Falls and was jointly organised by Shelter Afrique and the Ministry of Local Government, Public Works and National Housing. Shelter Afrique is the only pan-African finance institution that exclusively supports the development of the housing and real estate sector on the continent.
- The Board of Directors of [CBZ Holdings Limited](#) announced the appointment of [Noah Manomano Matimba](#) as Chairman of CBZ Holdings Limited Board with effect from 18 July 2017. "Noah, a highly experienced Business Management Executive and Consultant in the areas of strategy development and implementation spanning over 31 years, brings extensive experience in the mining and manufacturing sectors, as well private, public and non-governmental organisation sectors, having worked and undertaken consultancy projects in different countries in Southern Africa. Noah holds amongst other qualifications, a Bachelor of Accountancy (Hons) Degree from the [University of Zimbabwe](#) and a Master's in Business Leadership from the [University of South Africa](#). He is currently Chairman of the Board of Governors of the [Zimbabwe Institute of Public Administration and Management \(ZIPAM\)](#), Chairman and Partner at [Q Partnership Consultancy](#). Some notable previous appointments include being on the Board of [BancABC Zimbabwe](#), Chief Executive Officer at a mining company, [RioZim](#), Managing Director at a jewellery manufacturing company, [Aurex Pty Limited](#) (A [Reserve Bank of Zimbabwe](#) Subsidiary), and as Divisional Finance and Commercial Director at [Anglo American Corporation](#). The Board, Management and staff at CBZ Holdings Limited congratulate Noah on his appointment and wish him well in his new role," said [Rumbidzayi A Jakanani](#), the Group Legal Corporate Secretary on 19th July 2017.
- [Reserve Bank of Zimbabwe \(RBZ\)](#) deputy governor [Dr. Kupukile Mlambo](#) was appointed chairman of the recently established [Macroeconomic and Financial Management Institute of Eastern and Southern Africa \(MEFMI\)](#) Academic Board, created to oversee the output of the institution's programme. Other members of the board

included [Dr. John Nhavira](#) from the [University of Zimbabwe](#), [Dr. Naomi Ngwira](#), a consultant from Malawi, [Dr. Angelica Njuguna](#) from [Kenyatta University](#) and Professor [Faustine Adolf Mkenda](#), permanent secretary in Tanzania's Ministry of Industry, Trade and Investments. Commenting on the board [Dr. Mlambo](#) said "there is no doubt that the establishment of the academic board will bring about more improvements and greater impact of the programme in the region and beyond through raising the standard of the programme to international benchmarks." He added that one of the key targets of the academic board was to increase both graduate and accredited fellows from 21 percent (in March 2017) to over 50 percent by the end of Phase V. This followed the graduation and accreditation of a number of candidate and graduate fellows under MEFMI's training programme on 21 July 2017 in Harare.

- [Champions Insurance Company \(Private\) Limited](#) informed its stakeholders that [Dr. Nathan Chikono](#) and [Brian Nyanyiwa](#) had left Champions Insurance to pursue other personal interests. "As such they no longer represent Champions Insurance in any way and any business issues should be directed to the Executive Management. We sincerely apologise for any inconvenience caused," said the company in a public notice of the staff changes.
- [Champions Insurance Company \(Private\) Limited](#) Board of Directors informed the company's stakeholders that [Tambudzai Madzivire](#) had been appointed the new Managing Director for the company. "Tambudzai Madzivire brings in a wealth of insurance experience having been in the insurance industry for over 20 years. She joined Champions Insurance in 2016 as the Chief Operating Officer a position she held until her appointment to the Managing Director position effective 1st of July 2017. Champions Insurance Shareholders, Board, Management and Staff would like to wish Madzivire all the best in steering the organisation to greater heights," said the company in its notice of appointment.
- A proposed corporate governance law for public entities could result in long-serving chief executives being forced out of parastatals, some constitutional commissions and government-owned commercial entities. The Public Entities Corporate Governance Bill, gazetted on Friday, 21 July 2017, seeks to improve the management of parastatals and other public entities which contribute 14 percent to the country's gross domestic product and employ about 40 000 people, according to the [World Bank](#) data. However, possibly the most contentious provision of the draft law seeks to impose term limits of up to ten years on chief executives. "Chief executive officers will be appointed for maximum terms of five years, renewable once only, and their tenure will be reviewed annually by their boards to ensure satisfactory performance," reads the draft law. It was feared that this clause would almost immediately end the careers of some public sector stalwarts such the [People's Own Savings Bank \(POSB\)](#) head [Admire Kandlela](#).
- [CBZ Holdings Limited](#) announced the death of its Principal Risk Management and Compliance Officer. "Our heartfelt condolences. Prayers and fond memories are what we have to remember our dearly departed Principal Risk Management & Compliance Officer, [Dr. Walter Zure](#), who passed away on Saturday, 22 July 2017. To the Zure family may the love of family and friends comfort you during these difficult days. May his soul rest in eternal peace," said [ZSE](#)-listed financial services group.
- [Loice Ngulube](#), the [People's Own Savings Bank \(POSB\)](#)'s IT Executive was elected to the [Computer Society of Zimbabwe](#) Council. "The Board, Management and Staff of the People's Own Savings Bank heartily congratulate POSB IT Executive, Ms Loice Ngulube, for being elected into the 2017 Computer Society of Zimbabwe Council. We are confident that your expertise will continue to improve the IT landscape in Zimbabwe as well as fly the POSB flag high. Makorokoto, Amhlope," said the government-owned savings bank whose pay-off line is "Simply Possible."

ICT DEVELOPMENTS

- [CABS](#) issued a notice in respect of planned service maintenance and the attendant disruption to its banking services. "We would like advise our valued customers that we will be undertaking planned banking services maintenance work on our banking system on Sunday, 9 July 2017, from 3.00am to 11.00am. To minimise any disruption to your banking needs, we kindly encourage our customers to make use of our POS machines in major

retail outlets across the country, as other banking services will be unavailable during this period. We expect all banking services to resume on the same day at 11.30am. We sincerely apologise for any inconvenience caused and appreciate your patience. Thank you for choosing CABS," said the country's biggest building society.

CORPORATE SOCIAL INVESTMENT (CSI) & SPONSORSHIP INITIATIVES

- **POSB** and **ZB Bank** were among the sponsors of the 7th Annual Buy Local Summit & Investment Forum held from 5 - 7 July 2017 at the Elephant Hills Resort in Victoria Falls under the theme "Driving Industrialisation through local content."
- The **THI Insurance Nursery** at Pitlochry Estate in Karoi, Mashonaland West Province was unveiled on July 6, 2017, by Provincial Affairs director in the Ministry of Environment, Water and Climate **Jim Kadziya**, Minister of State for Provincial Affairs, Mashonaland West **Faber Chidarikire** on behalf of Environment, Water and Climate Minister **Oppah Muchinguri-Kashiri**. The project, which is a collaborative effort with **Friends of the Environment (FOTE)**, is a long-term strategy to support the reforestation initiative, ensuring farmers within the community benefit from sustainable timber lots, as well as orchards. The area is currently affected by deforestation by many farmers who need valuable timber to cure their tobacco. Kadziya spoke on behalf of Muchinguri-Kashiri, who applauded the venture which supports the government's current environmental theme "Agroforestry for Climate Change Resilience and Food Security", and added that "government is committed to restoration and increase of forest cover as a way of improving the quality of life for our people and all the other living things on earth."
- **Old Mutual** and **CBZ Holdings Limited** were amongst the sponsors of the 72nd Annual General Meeting and Winter School of the **Real Estate Institute of Zimbabwe (REIZ)** held during the period 6 - 9 July 2017 at the Troutbeck Resort in Nyanga.
- **FBC Bank Limited** launched a \$10 000 donation to schools that qualified for the prestigious Secretary's Merit Award, that recognises the academic excellence of primary and secondary schools in all the country's 10 provinces. The donation goes towards the purchasing of e-learning equipment, consisting of 45 laptops, a standard projector, an interactive board and a white board. "These awards have been in existence for a number of years now, and they recognise the academic excellence of primary and secondary schools in all the 10 country-wide provinces. I am glad to reiterate that the best performing schools in the national exams are rewarded with the most esteemed Secretary Merit," said FBC Bank head group marketing and public relations **Priscilla Sadomba**, adding that the bank had partnered the Ministry of Primary and Secondary Education as a way of ploughing back into the community. "As FBC we are not just here as sponsor and we are not just here this year but we are here as an institution that has committed itself to education as our corporate social responsibility initiative. This is our gift to the nation of Zimbabwe. The bank's core value is lifelong learning," she said. The award is only given to two schools in each province one primary school and one secondary school.
- **Lafarge Cement Zimbabwe** hosted the 2017 Run for a Good Cause in Saturday, 8 July 2017 at Belgravia Sports Club in Harare. This is a fundraising run that is held annually in line with Lafarge Cement Zimbabwe's commitment to creating shared value in the communities it serves. The company partnered with suppliers and contractors such as **National Building Society (NBS)** to fundraise for 419 blankets for the elderly in Mabvuku and Tafara and 351 pairs of school shoes for primary school children in Chishawasha.
- **FBC Holdings Limited** was one of the partners and sponsors of **Zimbabwe Newspapers (Pvt) Ltd** at the launch of the **Business Weekly** newspaper on 10 July 2017.
- **NMB Bank** sponsored the 2017 National Enactus World Cup competition and from a group of 11 university teams from across Zimbabwe, the Enactus team from **Midlands State University** was named the 2017 National Champion. Nearly 600 students, academics and business leaders assembled at Celebration Centre for the competition on 14th July 2017. NMB provided seed money for the nine university teams that participated in the competition to enable each university team to start a business project that would benefit and empower members of a disadvantaged

community. NMB senior managers also had an opportunity to share business expertise with the participating students as they were part of the university teams' business advisory boards. The bank said it decided to sponsor the competition because it fitted in well with its drive to promote financial inclusion and empowerment. When he handed over the seed money to [BOOST Fellowship](#), Chief Finance Officer [Benson Ndachena](#) praised the programme for encouraging university students to be innovative. "As NMB we are happy and feel greatly privileged to be able to play our own small part in promoting this programme and in developing the university teams and communities they will be working with," he said. NMB Bank marketing manager [Lindiwe Thebethebe](#) said she was impressed with the projects the different university teams had come up with. "What is particularly impressive about this programme is the way in which it promotes among university students innovativeness, entrepreneurial skills and the use of those skills to empower disadvantaged communities," she said. Special thematic awards were also up for grabs including the [CABS Financial Literacy Award](#) which went to the [Chinhoyi University of Technology](#).

- [BancABC](#) and [Ecobank](#) were among the sponsors and partners of the 2017 Mine Entra (Mining, Engineering and Transport) Expo held under the theme "Exploring Linkages in the Mining Value Chain" between 19 and 21 July 2017 at the Zimbabwe International Exhibition Centre in Bulawayo.
- The Broadband Economy Conference (BEC 2017), was hosted by [Techzim](#) on 20 July 2017 at the Sango Conference Centre, Cresta Lodge in Harare with the support of [Steward Bank](#) and various other partners in the telecommunications sector.
- [ZB Bank](#), [CBZ Holdings Limited](#), [Old Mutual](#), [POSB](#), [NicozDiamond](#) and [First Mutual Life](#) were among the sponsors of the [Institute of Chartered Secretaries and Administrators in Zimbabwe \(ICSAZ\)](#) 2017 Winter School held at Elephant Hills Resort in Victoria Falls, Zimbabwe during the period 20 - 23 July 2017.
- [MBCA Bank Limited](#) was the sponsor of the Zimbabwe Quoted Companies 2017 Survey Awards Dinner held by [The Zimbabwe Independent](#) on 26 July 2017 under the theme "Adapting to the New Normal", to celebrate the good performance of listed companies.
- The 2017 [Institute of People Management of Zimbabwe \(IPMZ\)](#) was held at the Elephant Hills Hotel in Victoria Falls during the period 26-29 July 2017 under the theme: "HR Winning the Race on the Market." [Old Mutual](#), [FBC Bank Limited](#), [EcoSure](#) and [CBZ Holdings Limited](#) were the gold sponsors while the People's Own Savings Bank (POSB) was amongst the silver sponsors.

CORPORATE ACTIONS

- [Barclays Plc](#) was set to pay an equivalent of five months' salary to all [Barclays Bank of Zimbabwe \(BBZ\)](#) employees on top of the 15 percent shareholding issued to the workers as a "thank you" as the group sold off its African operations. "As part of Barclays Plc's exit plan there's an ex-gratia bonus equal to five months' salary per person to be paid to every employee of Barclays, taxable in line with local regulations," an authoritative source said. Ex-gratia is sum of money paid when there is no obligation or liability to pay it. The sources said Barclays Plc, which signed a binding agreement with [First Merchant Bank of Malawi](#) in May for the disposal of 42 percent of the 67.68 percent stake it held in BBZ, was keen to empower workers instead of a few members of management. The transaction, including the deal to "thank" BBZ employees was brokered by Barclays Plc lawyers in London, [Norton Rose Fulbright and Baker](#) and the bank's local representative and corporate lawyer [Addington Chinake](#).
- [CBZ Holdings](#) issued a third cautionary statement after the two it issued at the beginning and end of May 2017. "Further to the Cautionary Statements issued by the Board on 2 May 2017 and 31 May 2017, the Directors of CBZ Holdings Limited advise shareholders and other stakeholders that the regulatory matter which one of the Company's subsidiary is involved in, is still under discussion and may, on finalization have an impact on the value of the Company's shares. The Directors of CBZ Holdings Limited advise the Company's shareholders and members of the public to exercise caution and to consult their professional advisors when dealing in the shares of the

Company until a further announcement is made. The Company's shareholders and members of the public will be updated on the matter in accordance with the [Zimbabwe Stock Exchange Listing Rules](#)," said Group Legal Corporate Secretary, [Rumbidzayi Jakanani](#), on 17 July 2017.

- [FBC Holdings](#) said it wanted to embark on a share buyback but was falling to do so due to current legislation which bars banking institutions from doing so. The company was forced to withdraw a resolution seeking shareholder approval for a share buyback since the resolution would have been impossible to implement due to the country's banking laws. FBC Holdings chairman, [Hebert Nkala](#), told a recent shareholders' meeting: "The Banking Amendment Act of 2015 prohibits the purchase of own shares. The item was therefore dropped in line with bank's strong compliance. We are therefore appealing to the authorities to amend the Act because this is negatively impacting the group's ability to attract foreign shareholding through the purchase of shares." According to the Banking Act Chapter 32 (1a), no banking institution shall buy or make loans against its own shares. Banking institutions are also proscribed from purchasing their own shares or shares in any other institution through which they conduct banking business. "This (restriction) would not enable us to bring deep pocketed shareholders. It is our hope that the regulatory authorities will help us in the purchase of own shares," said Nkala.
- [GetBucks Microfinance Bank Limited](#) announced results of its Extraordinary General Meeting (EGM) of the shareholders held on 20 June 2017 at 10:00am, to consider and, if thought fit, to pass with or without modification the resolution set out as follows: The change of name of the company from "[GetBucks Financial Services Limited](#)" to "[GetBucks Microfinance Bank Limited](#)". "The change in name had been necessitated by the change in the nature of business activities that now include banking services as part of our product offering. Hence the new name better reflects the services that we offer as a deposit taking microfinance institution. Share certificates with previous name will be replaced on request or when they are received for change of ownership. The [ZSE](#) code will change from "GBFS" to "GBZW"," said Company Secretary, [Paul Soko](#), on behalf of the board on 31 July 2017.

EXTERNAL FINANCING: LINES OF CREDIT AND GRANT FINANCE/AID

- The [Reserve Bank of Zimbabwe \(RBZ\)](#) said it was seeking a \$500 million facility to cover the foreign currency gap that was expected to widen once the 2017 tobacco marketing season came to an end. Tobacco is Zimbabwe's top foreign currency earner, accounting for at least a third of the country's total foreign currency earnings. Speaking on the sidelines of an Economic Symposium hosted by the [University of Zimbabwe \(UZ\)](#) on 12 July 2017, central bank governor [Dr. John Mangudya](#) said foreign currency was particularly critical insofar as a number of companies in the productive sector had been revived hence they required foreign exchange for raw materials. "There is usually a dry spell between end of August and beginning of March... it is common knowledge. To this extent we are looking for facilities to ensure that we have enough foreign currency to see us through. This is the most difficult period of time because we have revived some companies, they need feed stock, they need raw materials, therefore foreign currency becomes critical. We are negotiating for a facility to the tune of \$500 million for that position, because tobacco gave us about \$500 million," he said. The RBZ governor told the Symposium that Zimbabwe currently had about \$1.5 billion in Real Time Gross Settlement (RTGS) balances, hence should have 40 percent (or \$600 million) of that amount as foreign currency in nostro accounts. However, the country had around \$350 million in its nostro accounts resulting in the cash shortages which fuelled cash premiums on the parallel market.
- Government confirmed that it had made an application for a \$153 million loan facility to [China Eximbank](#) for the upgrade of [Harare International Airport](#). With a passenger capacity of 2.5 million per year, the airport was last upgraded in 2001. Transport and Infrastructure Development Minister [Dr. Joram Gumbo](#) said that all the requirements by the Chinese financial institution had been met. "We are looking at securing \$153 million for the Harare International Airport upgrade from China EximBank. All the applications have since been made and what we are only waiting for is the response from the Chinese bank. This loan will be an extension of the Victoria Falls Airport upgrade which the Chinese funded. Therefore, all the requirements as tendered by China Eximbank have been met. The loan documents were done and some executives of China Eximbank have already visited the country to assess the project," said Gumbo.

- Reserve Bank of Zimbabwe Governor, [Dr. John Mangudya](#) on 12 July 2017 said Zimbabwe was starved of access to foreign finance and only had three international banks availing credit to the country due to isolation and sanctions imposed by Western countries. Having adopted multiple foreign currencies in 2009, Zimbabwe has struggled to keep the multi-currency system in place as it did not have access to direct support from multilateral and other international financial institutions. Dr. Mangudya said the isolation had seen the country struggling to service its huge debts as well as lose support of 50 corresponding international banks in the past decade. “Zimbabwe is a very isolated country. We only have about two or three banks throughout the whole world that can finance us. The rest see Zimbabwe as a high risk country, as a result our access to foreign currency is so minimal. Other countries have access to foreign finance but Zimbabwe cannot access because of isolation and sanctions and that is a fact. Between 2008 and to date, we have lost about 50 corresponding banks as a country because of compliance issues and sanctions. The contradiction is we are using other people’s currencies but have no access to foreign finance, so it means we need to generate it, we need to make it ourselves,” he said at a [University of Zimbabwe](#) organised business and media symposium, adding it was imperative for the country to boost exports and cut on unnecessary imports. Dr. Mangudya said the country had prematurely dollarized in 2009 when it did not have the correct fundamentals in place. “If it was in the context of building, we were supposed to have what is called a special foundation. We should not have opened up the economy when we did,” he said.

CAPITAL MARKET DEVELOPMENTS

- The [Insurance and Pension Commission \(IPEC\)](#) made a proposal to capital markets to develop Real Estate Investment Trusts to cushion against the current challenges affecting the viability of the property sector. The Real Estate Investment Trusts will result in indirect ownership of properties through shares whose value is based on the value of the underlying property. Where a fund has a liquidity need, instead of selling the whole property, which is difficult given the prevailing economic environment, the same fund would only sell a small parcel of shares with a value corresponding to the liquidity need. By so doing a fund would have met its liquidity requirements without having to sell the whole underlying property. “In a bid to enable pension funds to unlock small parcels of liquidity from their commercial properties, it is critical that the capital market players develop Real Estate Investment Trusts,” IPEC Commissioner [Tendai Karonga](#) said.
- The [Securities Commission of Zimbabwe \(SECZ\)](#) launched an investor awareness campaign aimed at increasing public awareness of the importance of investing in capital markets. Speaking at the launch of the media campaign on Tuesday, [25 July 2017](#), SECZ chief executive [Tafadzwa Chinamo](#) said the initiative was borne out of the need to increase awareness of capital markets. He said the world over; capital markets have potential to drive economies if there is enough participation. However, lack of interest from the public in trading in stocks has been a major challenge. “We want to make it easy for the investing public to access capital markets and we are of the opinion that there is money in the country which can add much value to economic development and the investors themselves. “The media campaign, spearheaded by [Magna Carta](#) also included [FINSEC](#), the country’s second securities Exchange Company which operates the first Alternative Trading Platform (ATP), [Chengetedzai Depository Company](#) and the [Zimbabwe Stock Exchange \(ZSE\)](#).
- [GetBucks Microfinance Bank Limited](#) announced the close of the offer to the public to subscribe to the 2nd series of the medium-term note programme. “Notice is hereby given that GetBucks Microfinance Bank Limited (formerly [GetBucks Financial Services Limited](#)) has closed the offer to the public of the second series of the US\$30 million Medium Term Note Programme. Current subscribers to this issue as at 21 July 2017 will be issued with pricing supplements. Uptake has been slow and is yet to meet the regulatory threshold to bring the securities to listing. The notes will now be placed privately by way of a tap issue. This second series of the Programme will be listed by introduction on the [Zimbabwe Stock Exchange](#) after the threshold has been achieved,” said Company Secretary [Paul Soko](#) on 31 July 2017.

FISCAL, PUBLIC DEBT & INVESTMENT ISSUES

- Zimbabwe's trade flow for the first five months showed some improvement, as the economy continued to respond to measures put in place to foster macro-economic stability and curtail leakages. Data released by [Zimstat](#) showed that the country's exports increased 19.19 percent to \$1.13 billion between January and May 2017, compared to the \$948.2 million recorded during the same period in 2016. Imports slightly edged up 3.67 percent to \$2.14 billion, although they were now mainly composed of capital goods, raw materials and intermediate goods, with finished goods being restricted to critical goods that are needed to propel the economy. Resultantly, the trade deficit also declined by 9.5 percent to \$1.01 billion, as the country continued to enforce import substitution measures and increase measures to curb smuggling at the ports of entry.
- On [July 5, 2017](#), the Executive Board of the [International Monetary Fund \(IMF\)](#) concluded the Article IV consultation with Zimbabwe and on [7 July 2017](#) the IMF Communications Department issued a press release in respect thereof. "Zimbabwe's economy is facing difficulties. A severe drought and slow reform momentum have led to high expenditure levels since late 2015 despite subdued revenues. With limited access to foreign inflows, the ensuing fiscal imbalances have become unsustainable, and are being financed by rising domestic borrowing. The expansionary fiscal stance, curtailed net capital flows, and declining investor confidence have resulted in cash shortages. In response the government has introduced capital and current account controls and quasi-currency instruments in the dollarized economy. An overvalued real exchange rate is hurting external competitiveness. Budgetary operations are crowding out the private sector, and the expenditure profile tilted towards employment costs and unsustainable agricultural support is inhibiting investments in other priority sectors, particularly infrastructure and social outlays. On the financial side, credit to the private sector remains subdued, and some domestic banks face increasing risks emanating from fiscal imbalances," said the IMF. In their Executive Board Assessment, the directors stressed the urgency of fiscal consolidation to restore policy credibility and economic stability. They noted that public sector employment costs remained at an unsustainable level, constraining social and infrastructure spending. Directors encouraged the authorities to engage only in well-targeted, cost effective, and properly budgeted support to the agricultural and other productive sectors. They noted the potential to enhance tax revenues, and highlighted the need to strengthen public financial management and reform state-owned enterprises. The directors underscored the need to restore credibility of the currency regime and safeguard the financial sector. "Even as private sector credit growth remains subdued, bank asset concentration on non-liquid central bank deposits and treasury bills has increased financial sector fragility. The extensive use of quasi-currency instruments exacerbates this fragility," said the Executive Board.
- Finance and Economic Development Minister [Patrick Chinamasa](#) challenged the recently appointed [Special Economic Zones Authority \(SEZA\)](#) board to spearhead an export-led growth of the economy and enhance the country's capacity to earn foreign currency. Chinamasa said this on 17 July 2017 when he met members of the board led by former [Reserve Bank of Zimbabwe](#) Governor [Dr. Gideon Gono](#). Chinamasa implored the board to ensure that companies operating in Special Economic Zones (SEZs) built linkages with other firms operating outside the zones and said the board should implement some of the SEZs areas that had been approved by Cabinet. These included the restoration of Bulawayo as the industrial hub of the country, development of Victoria Falls as a SEZ in financial services, and the establishment of a SEZ Tourism Corridor connecting Victoria Falls, Hwange Game Park, Binga, Kariba and Mana Pools. The board was also tasked with creating a SEZ for the cutting and polishing of diamonds in Mutare. Dr. Gono said the board was enthusiastic about fulfilling the task ahead. "Since our appointment on the 27th of June, your board has met three times and the level of passion and enthusiasm is something that I have not seen. We spent a lot of time getting to understand the nature of SEZs and scanning the world to come up with best practices both in terms of incentives and institutionally," he said.
- On [Thursday, 20 July 2017](#), the Minister of Finance and Economic Development [Patrick Chinamasa](#) presented the Annual Budget Review and Outlook for 2017. Below are some highlights from the presentation:
 - The economy is expected to register significant growth of 3.7% in 2017, underpinned by strong performance in agriculture of 21.3%; mining, 5.1%; and electricity and water, 2.5%.

- Going forward, in order to contain the Budget deficit, Government will be implementing fiscal deficit targeting, with enforcement of tighter expenditure control mechanisms
- Growth in the financial sector, inclusive of the banking, insurance and pension, securities and micro-finance sectors, averaged 2% in 2016.
- As at 31 March 2017, the [Reserve Bank of Zimbabwe](#) had captured 60% of the total banking sector loan records in the Credit Registry, comprising both individuals and corporates. The long-term benefits of the Credit Registry include reduction in the level of non-performing loans in the banking sector and improved access to credit.
- Work by the Commission of Inquiry into the Conversion of Insurance and Pension Values from the Zimbabwe dollar to the United States dollar progressed well in 2016 and was concluded in February 2017.
- Cabinet invoked Section 11 of the Reserve Bank Act which limits Central Bank overdraft lending to the State to 20% of the previous year's revenue. Section 11 of the Debt Management Act provides that outstanding Government debt as a ratio of GDP should also not exceed 70% at the end of any fiscal year.

DEPOSIT PROTECTION & TROUBLED INSTITUTIONS RESOLUTION INITIATIVES

- [Marsh Employee Benefits Zimbabwe \(Pvt\) Limited](#) issued a liquidation notice dated 13th July 2017 in respect of the [Allied Banking Group Pension Fund](#) "Notice is hereby given that the [Insurance and Pensions Commission \(IPEC\)](#) has approved the liquidation of the [Allied Banking Group Pension Fund](#) in terms of Section 10(1) (a) of the Pension and Provident Fund Act (Chapter 24:09) and Section 10.2 of the Rules of the Allied Banking Group Pension Fund as at 30 April 2017. Independent Consulting Actuary, [David Mureriwa](#) has been appointed the Liquidator of the Fund. All members, deferred pensioners, pending exits or other stakeholders of the Fund are requested to visit the Administrator's Office at Marsh Employee Benefits Zimbabwe (Pvt) Limited, 5th Floor Beverley Court, 100 Nelson Mandela, Harare to confirm their membership or claims on the Fund. Members and interested parties should bring supporting documents during working hours (Monday to Friday from 0800 hours to 1630 hours) for the period 13th July 2017 to 13th August 2017 to confirm their claims. Queries and claims regarding the Fund to be addressed in writing to: The Liquidator, Allied Banking Group Pension Fund, Marsh Employee Benefits Zimbabwe (Pvt) Limited, 5th Floor Beverley Court, 100 Nelson Mandela, Harare," said Marsh, a member of the [Marsh and McLennan Companies](#)."
- The court application filed by the [Zimbabwe Amalgamated Housing Association \(ZAHA\)](#) demanding its \$1.4 million from the liquidated [Allied Bank](#) was emblematic of the concern of creditors from various sectors about the slow pace at which the liquidation process of the financial institution was proceeding. In his High Court application, ZAHA director [Dr. Killer Zivhu](#), wanted the liquidating agent [Dr. Cecil Madondo](#) to be either relieved of his duties or forced by the court to reveal the assets of the bank. In his response Dr. Madondo said he was being wrongly cited as the liquidator of the bank, when in fact he was the liquidating agent. He referred Dr. Zivhu to the [Deposit Protection Corporation](#), which he said was the actual liquidator of the bank and urged the court to dismiss the case based on wrong citation. As part of his response, Dr. Madondo said that at least \$31 388 855 needed to be recovered to ensure the bank's successful liquidation. He said what needed to be recovered included: "value of assets amounting to US\$ 16 790 000 to be recovered from [Trebo and Khays \(Private\) Limited](#). However, the matter is before the High Court under case No. HC8287/15... With respect, the recovery of the remaining assets as stated above is subject to court proceedings...Therefore, the final Liquidation and Distribution Account being sought by the Applicant (Dr. Zivhu) will only be prepared after the conclusion of the matters pending in the court. Nothing less will suffice," he said. Allied Bank, whose majority shares are owned by a vehicle linked to Economic Planning and Investment Promotion Minister [Obert Mpofu](#), had its licence cancelled by the [Reserve Bank of Zimbabwe](#) in January 2015 after it was found to be in an unsafe financial position.

BOND/TB ISSUE OUTLOOK

- [CBZ Bank](#) revealed that the [Agricultural Marketing Authority \(AMA\)](#) intended to issue AMA Bills of up to USD80 million to finance the purchase of maize for the 2017 buying season through the [Grain Marketing Board](#). "[CBZ Holdings Limited](#), as the Financial Advisor, hereby invites investors including, but not limited to, pension and

provident funds, insurance companies, life mutuals, commercial banks and other interested institutions as well as individuals to subscribe for the AMA Bills. Applications must be for a minimum of USD5 000 and in multiples of USD10 000 thereafter. Copies of the application forms are available from [CBZ Holdings Limited](#), Structured Trade Finance Department, 2nd Floor, CBZ Place, 7 Selous Avenue, Harare, or can be emailed on request. Completed application forms should be delivered to the same address,” said the bank which further outlined the features of the AMA Bills follows:

Issuer	Agricultural Marketing Authority
Type of issue	Tap Issue
Interest Rate	7.5% per annum
Tenor	360 days from the first day of allotment
Purpose of Issue	To finance the purchase of maize for the 2017 buying season
Payment	On allotment
Offers Opens	Monday, 24 July 2017

The bank also revealed that the special features of the bills comprised of Prescribed Asset Status; Liquid Asset Status and Tax Exemption Status while the security was in the form a Government Guarantee. The Information Memorandum and documents relating to the special features could be inspected at CBZ Holdings, Structured Trade Finance Department, 2nd Floor, CBZ Place, 7 Selous Avenue in Harare.

- [Harare City Council](#) said it planned to issue a \$ 100 million bond to finance projects with a bias towards housing schemes as the local authority moved to close the national housing gap. “We are still in discussions with the Local Government, Public Works and National Housing Ministry. Harare is in need of major investments in terms of infrastructure and actually requires in excess of \$ 100 million. But we need to test the market’s capacity,” said Harare Mayor Councillor [Bernard Manyenyeni](#). He said that the bulk of the funds would go towards housing, not only because there was a long waiting list, but there was revenue assurance and the security required to repay the funds. “After those deliberations we will have a clear path on whether we go the [Zimbabwe Stock Exchange](#) route or we push them through private players. As you are aware, municipal bonds have not featured in a long time. We are also aware that roads need rehabilitation but according to the country’s law, a road bond can only be issued by the road authority ([ZINARA](#)). The minister, however, has an inclination towards roads but there could be challenges there. In any case the revenue recovery and assurance is lower,” he said. He added that Local Government Minister [Saviour Kasukuwere](#) was expected to seek prescribed asset status for the project in order to appeal to pension funds and insurers.

- The [National Social Security Authority \(NSSA\)](#) said it intended to raise at least US\$500 million by end of year through floating a bond to finance infrastructure projects, Chairman [Robin Vela](#) said. NSSA would lead the exercise, which “various agencies” such as pension funds and insurance companies would participate in. “It is a number of substance that will be in excess of half a billion dollars. We are looking to lead the capital raise to support a mix of investments in infrastructure including housing. But we do not want to set a parameter that we cannot reach,” said Vela. He said raising of the funds through the proposed bond would help NSSA, which held assets worth about US\$800 million as at December 31, 2016, to meaningfully participate in infrastructure projects, which allows the authority to match their long term pension liabilities with cash flows from long term infrastructure projects. “If we want to be significant we have to raise the bond. This is part of our mandate and we are very keen to ensure the bond succeeds ... by end of the year,” he said.

POLICY/REGULATORY/LEGAL DEVELOPMENTS

- The [Reserve Bank of Zimbabwe](#) issued a public notice calling for registration of individuals and institutions to operate as Bureaux de Change. “In an effort to enhance the ease of doing business and foster financial inclusion and the level of participation in the financial services sector, the Reserve Bank of Zimbabwe (RBZ) is inviting all interested individuals and institutions to register as Bureaux de Change under the Authorised Dealers with Limited Authority framework as provided for under Exchange Control (Authorised Dealers with Limited Authority) Order

2015, Statutory Instrument 104 of 2015. Currently, there is a limited number of licensed Bureau de Change with the majority of urban centres, including ports of entry/exit, having no formal Bureaux de Change services. Accordingly, interested parties are being called to embrace this opportunity and provide Bureau de Change services to the public and travellers and enhance access to formal services for exchange of currencies in the country's multicurrency system including bond note. Consistent with the initiatives towards improving ease of doing business, the Bank has with immediate effect, reviewed the regulatory framework governing the operations of Bureaux de Change to allow increased participation. The licensing fees for all Bureau de Change have been revised downwards as shown below:

	Old Fees (\$)		New Fees (\$)	
	Initial	Renewal	Initial	Renewal
Head office	1000	800	500	250
Branch	400	200	200	100
Rural Branch	200	100	50	50

Applications for registration as Bureaux de Change are available on the Bank's website or can be obtained at the Bank. Any enquiries and completed forms should be forwarded to the: The Director Exchange Control Division, Reserve Bank of Zimbabwe, 80 Samora Machel Avenue, Harare," said the RBZ's Exchange Control Division in the public notice dated 10 July 2017.

- RioZim Limited** decided not to honour a \$4.5 million debt owed to **AfrAsia Bank** (in liquidation), after it emerged that the financial institution could have unfairly bloated interest and bank charges on the debt. The mining company engaged the **Interest Research Bureau (IRB)** - an independent and privately-owned firm that helps companies to re-compute borrowed loans - to audit the debt due to AfrAsia Bank (formerly **Kingdom Bank**). High Court judge Justice **Lavender Makoni** recently nullified the deed of settlement entered between the bank and gold miner. Justice Makoni ruled that RioZim was not aware at the time the company concluded the deed that it had been overcharged on interest. "It was later on when new directors came on board that a query was raised regarding the amounts that had been paid and those that were outstanding. That is when a decision was made to engage IRB. I will, therefore, make a finding that at the time when the respondent concluded the compromise it was not aware of the fact that it had been overcharged on interest and bank charges," said Justice Makoni. AfrAsia Bank was ordered to pay the cost of the suit. The bank's lawyer, **Farai Siyakurima**, of **Sawyer and Mkushi** law firm submitted that the deed was a compromise, which contained a variation clause, but RioZim wanted to vary the deed without the bank's consent. He submitted that the mining giant was bound by terms of the deed and no error was made on both parties as RioZim was at the time represented by a competent financial manager and counsel with "fine brains".
- Government gazetted legislation which establishes the framework governing the operation of trustees of local pension funds, among them conduct, qualifications, term of office and appointment. According to the **Statutory Instrument 80 of 2017**, the trustees of every registered fund shall be responsible for directing, controlling supervising the operations of the fund in accordance with the Act and rules of the fund. Unless exempted by **IPEC**, every trustee shall undergo training on core skills within six months of appointment or election as a trustee. Further, the regulations say, any trustee who without good cause shown fails to comply with the regulations shall be disqualified to act as such until he or she acquires the training on core skills. In terms of the Pension and Provident Funds Amendment Act, administered by **IPEC**, registered funds shall have at least three and not more than nine trustees, of which half shall be elected by the members of the fund. A trustee shall hold office for such period not exceeding five years and upon the expiry of their term of office are eligible for re-appointment or re-election for another period not exceeding five years. On expiry of the period for which a member has been appointed or elected, trustee shall continue to hold office until they have been appointed or his or her successor has been appointed. However, this will be the case provided that a trustee shall not continue to hold office under this provision for more than three months. Apart from passing the probity test for fit and proper persons, no person shall be appointed to be a trustee if they have been adjudged or otherwise declared insolvent or bankrupt in terms of a law in force in any country, and has not been rehabilitated or discharged. One will also not qualify to be a

fund trustee if they have made an assignment to or arrangement or composition with creditors in terms of a law in force in any country, and the assignment, arrangement or composition has not been rescinded or set aside. The legislation also said, if within a period of five years preceding application for appointment or election, one has been convicted inside or outside Zimbabwe of an offence involving dishonesty, they may not be eligible to become a fund trustee.

- The [Constitutional Court](#) on 12 July 2017 declined to entertain proceedings to invalidate the State Liabilities Act on a technical basis, after noting that the High Court judge who invalidated the Act should not have referred the matter to the ConCourt. In March this year, [Justice Edith Mushore](#) delivered a landmark ruling invalidating the Act, saying it was being used by the government to evade settlement of debts and complying with court orders. Justice Mushore's judgment came after Mutare businessman, [Tendai Mangwiro](#) approached the High Court, seeking an order to invalidate the Act, saying it was hindering his efforts to be recompensed over \$1, 5 million, which was seized from him by the police in 2012. The ConCourt bench said Justice Mushore, after making a determination that the Act was inconsistent with the Constitution, should have rested the matter and allowed the Registrar of the High Court to submit the case to the highest court for confirmation rather than making an order for referral. "The judge had no legal basis to make that order (of referral to the ConCourt) and, therefore, all the processes starting from the judge up to this day are a nullity. The court had no jurisdiction for referral once it made a determination, it's not provided for at law," Chief Justice [Luke Malaba](#) said, advising Mangwiro's lawyer, Advocate [Tawanda Zhuwarara](#), to revisit the matter and resubmit it. The matter was eventually struck off the roll by consent.
- The [Reserve Bank of Zimbabwe](#) issued a press statement in respect of the payment arrangements for seed cotton growers for the 2017 season. "The Reserve Bank of Zimbabwe wishes to advise that it is committed to ensuring that seed cotton growers are timeously paid after delivering their seed cotton to various cotton buying centres across the country. The bank, in consultation with the [Agricultural Marketing Authority \(AMA\)](#), the [Cotton Ginners Association of Zimbabwe \(CGAZ\)](#) and Cotton Merchants, has established a framework for payment for seed cotton in terms of which each seed cotton grower shall be paid USD40.00 in cash per bale, and the balance being paid directly into the grower's bank account and/or through mobile wallet. The bank therefore calls upon all cotton growers to open low cost bank accounts and/or register for mobile wallets in order to facilitate timeous payments for their delivered seed cotton. Seed cotton growers are further reminded that the adjusted prices of Grade "A" and "B" seed cotton (after grading) shall be paid directly into the bank accounts and/or through mobile wallets. Please also note that in terms of current regulations governing the marketing of seed cotton, side marketing of seed cotton, side marketing is a punishable offence. Cotton growers are therefore advised to desist from this practice," said RBZ governor, [Dr. John Mangudya](#) on 14 July 2017.
- Zimbabwe increased the limit of the amount of money consumers could use on online payment platforms amid an explosion of online and mobile payment transactions. "In line with the goal to encourage the use of electronic means of payments, the limits have been broadened to facilitate payments by the transacting public and business whilst taking cognisance of the anti-money laundering requirements which are key in any financial system," acting Finance Minister [Joseph Made](#) told the Senate, adding that bank to wallet transactions were not limited. "Banked individual customers transact up to \$10 000 per month on their wallet with a daily limit of up to \$5 000. Non-banked individual customers can transact up to \$3 000 with a daily limit of \$1 000. Merchants, farmers and SMEs can also transact on mobile wallets up to \$50 000 per month depending on their category," he said.
- [AfrAsia Bank](#) filed an appeal at the Supreme Court challenging the High Court's decision to nullify the deed of settlement signed between the bank and mining company [RioZim](#). This came as the bank lost its bid to force RioZim to settle over \$4.5 million in interest charges and loans after it emerged the financial institution could have unfairly bloated interest and bank charges on the debt. In its notice and grounds of appeal, AfrAsia represented by [Farayi Siyakurima](#) of [Sawyer and Mkushi](#) law firm argued that the lower court erred at law in refusing to confirm the deed of settlement. "The *court a quo* (Lower Court) misdirected itself in law in finding that the respondent (RioZim) had been overcharged on interest when the issue was not properly before it and in any event would have been best dealt with in a trial or through *viva voce* (oral evidence). The court a quo erred in law concluding that there was an error in justice on the part of the respondent when it entered into the deed of settlement when such an issue could only be disposed of in proceedings seeking to set aside the deed," argued Siyakurima. Accordingly,

Siyakurima urged the court to consider his grounds of appeal and reverse the High Court decision in favour of his client. Rio Zim declined to honour its obligation on the loans following the findings of the [Interest Research Bureau \(IRB\)](#) audit of the debt due to AfrAsia Bank (formerly Kingdom) which established that the mining giant was overcharged. High Court judge Justice [Lavender Makoni](#) nullified the deed of settlement entered between the bank and the gold miner. She ruled that RioZim was not aware at the time the company concluded the deed that it had been overcharged on interest.

- Zimbabwe's \$4 billion insurance industry said it wanted regulatory permission to invest some of its funds in offshore markets in a bid to mitigate domestic risk as the country's economy showed signs of growing strain. In a wide-ranging presentation, [Life Offices Association of Zimbabwe \(LOAZ\)](#) chairman, [Reuben Java](#), said offshore investments would help the insurance industry spread risk and mitigate losses during turbulent times. Java said had insurance firms invested part of the funds offshore, the impact of the hyperinflationary crisis experienced in the last decade could have been mitigated by returns from stable markets. "We are not allowed to invest offshore. We keep having conversations with regulators but we are not allowed. In other countries, insurance companies are allowed to invest offshore so that if there are problems in one country, assets in other countries are safe. Hyperinflation destroyed value. It wreaked (havoc on) on our savings...Inflation ran away, it became uncontrollable. It killed our exchange rate; whatever we had became worthless," said Java, who is also general manager at [Old Mutual Life Assurance Company](#).
- In an application for joinder filed at the High Court, the [Zimbabwe Amalgamated Housing Association \(ZAHA\)](#) accused [Allied Bank](#) liquidation agent [Dr. Cecil Madondo](#) of masquerading as the bank's liquidator, thereby deceiving creditors. ZAHA recently filed an application at the High Court citing Dr. Madondo as the liquidator in a case in which the housing association wants to recover its \$1.4 million locked in Allied Bank. In response to the application, Dr. Madondo said he was only a liquidating agent, and referred ZAHA to the [Deposit Protection Corporation \(DPC\)](#) which he said was the actual liquidator. In the application for joinder, ZAHA wanted the DPC to be joined as the first respondent, Dr. Madondo as the second, Allied Bank as the third and the Master of the High Court as the fourth. ZAHA director general [Dr. Killer Zivhu](#) said in his affidavit accompanying the application for joinder that Dr. Madondo had not been truthful in his dealings with creditors. "I could have simply cited the 1st Respondent as the liquidator in my initial application, but this information was not known to me. In fact, I verily believe that there was a deliberate ploy by the 1st and 2nd Respondents, for the 2nd Respondent to masquerade as the liquidator. I do not think I am the only one who operated under the belief, but all the other creditors were deceived in that regard. I say so because at all material times, the 2nd Respondent has acted as the liquidator. In all correspondences, he passed off as the liquidator. Even at the first creditors meeting he never disclosed that he was simply the liquidating agent. How he was appointed and assumed the statutory duties of protecting citizen monies remains veiled in obscurity," Dr. Zivhu said, adding that he was disheartened that the DPC would delegate its statutory obligations to Dr. Madondo without the input of those intending to recover their funds. "This is precisely why there has not been any meaningful progress for the last two years in the recovery of the creditors' money, while the liquidator and its agent continue to draw commissions and monies to the prejudice of the applicant and other creditors. It is just and fair in the circumstances that the first Respondent (DPC) be joined to the main application to show cause why he should not be removed from the office of the liquidator or be compelled to disclose how he intends to pay creditors their money," reads Dr. Zivhu's affidavit.
- The [Insurance and Pensions Commission \(IPEC\)](#) said it had made a case to Government for medical aid societies to be placed under its regulatory purview to improve governance and protect policyholders' funds. IPEC commissioner [Tendai Karonga](#) said the regulator was negotiating with industry players and Government to develop a framework to regulate the medical aid insurance industry with an estimated value around \$340.2 million. "We are engaging authorities to explain our position that we are legally mandated to regulate insurers and have the capacity to regulate medical insurance for the benefit of policyholders, service producers; ensuring that the industry grows. There is need to avoid fragmentation in regulation because the negative effects of that are costs and variations in standards, which could prejudice taxpayers and members of these medical aid organisations," said Karonga. Debate over the regulation of the medical aid industry has been raging since the Ministry of Health and Child Care tabled a motion before Parliament seeking to set up a regulatory body, which would operate under the ministry and be regulated by it. Karonga said IPEC was a statutory body set up to regulate the insurance

industry in Zimbabwe and by law should regulate medical insurance, as it was not different from all the other insurance businesses being regulated under the commission. "It is not about IPEC having an appetite to regulate medical aid schemes, but the legal provision that establishes IPEC through an Act of Parliament-the Insurance and Pensions Commission (Chapter 24:21), which on Part 11 (4) (1) states that, the functions and powers of the Commission shall be, "(a) to register insurers, mutual insurance societies and insurance brokers in terms of Insurance Act (Chapter 24:07) and subject to the Act, to regulate and monitor their business. It is evident that medical aid societies offer insurance services to their members who transfer the risk of personally paying for their medical bills to the health care insurer by paying premiums," he said.

- The [Insurance and Pension Commission \(IPEC\)](#) raised a red flag over the continued minimal participation by funeral assurance companies in funding the economy's strategic projects. The funeral assurance industry's current prescribed asset ratio at slightly above 1 percent, was well below the required prescribed assets ratio of 7.5 percent. IPEC commissioner [Tendai Karonga](#) told delegates attending the Funeral Assurance and Services conference in Bulawayo the 31st of July 2017 that it was of great concern to both IPEC and the Ministry of Finance that the funeral assurance sector was non-compliant with the required minimum prescribed asset ratio. "By implication, your sector is lagging behind in terms of contributing to the economy's strategic projects. Your duty is not only to employ people and offer dignified funeral services but to take part in developmental aspects of the economy, like what other insurance sub-sectors are doing," said Karonga. As at March 31, 2017, level of prescribed asset investments by funeral assurers was only around \$480 000, with some companies having not contributed anything to date. "IPEC takes great exception to this and continues to urge funeral assurance industry players to comply with 7.5 percent prescribed asset ratio. IPEC expects [Zimbabwe Association for Funeral Assurers](#) to present a plan on how the industry intends to deal with this deficit," said Karonga. He said there was also a plan to increase the current minimum capital requirements for funeral companies - a move the Commissioner regarded as the way to go in minimising risk and increasing the cash base in case of claims. The current minimum capital requirement for funeral assurers, as guided by Statutory Instrument 21 of 2013, is \$1.5 million while the revised minimum capital requirement for funeral assurers will be \$2.5 million once the new Statutory Instrument is published. As at March 31, 2017, Karonga pointed out three funeral assurers as having capitalisation levels below the minimum capital requirement of \$1.5 million. He said funeral assurers failing to meet the minimum capital requirements should explore the possibility of merging so that they become stronger.

PUBLIC TENDER INVITATIONS/RESULTS, EOI & RFPs

- The [Agricultural Bank of Zimbabwe \(Agribank\)](#) invited bids from registered Accountants and Accounting Firms for the [Implementation of International Financial Reporting Standards 9: Financial Instruments \(IFRS9\)](#) under tender number AGRINF12/2017 with a closing date of 26 July 2017. "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, Agricultural Bank of Zimbabwe, 2nd Floor, Hurudza House, Head Office, Harare. Tenders must be enclosed in sealed envelopes and deposited in the "Tender Box" addressed to Procurement Board Chairman, 11th floor, Hurudza House, Head Office, Harare," said the bank which is wholly owned by Government through the Ministries of Finance and Agriculture, in the invitation to informal tender published on 10 July 2017.
- [Agricultural Bank of Zimbabwe \(Agribank\)](#) invited bids from reputable companies for the supply and installation of [standby core network equipment](#) at Hurudza House Head Office under Tender Number - AGRINF13/2017 with a closing date of 2 August 2017. Documents for the tender were to be issued to interested bidders from the bank's Procurement Department on 2nd Floor, Hurudza House, Head Office, Harare, upon payment of a non-refundable tender fee of US\$10.00. "Tenders must be enclosed in sealed envelopes and deposited in the "Tender Box" addressed to Procurement Board Chairman, 11th floor, Hurudza House, Head Office, Harare," said the bank in the invitation to informal tender issued on 17 July 2017.
- A Deposit Taking Microfinance Bank invited tenders from interested and reputable bidders for the Supply, Customization and Installation of a Core Banking Solution under Tender Number - ZWMFB/02/2017) whose closing date was 27 July 2017. "Tenders must be enclosed in sealed envelopes and endorsed on the outside with the advertised tender number, description, the closing date and must be submitted to The Chairperson:

Procurement Committee, Ground Floor, Trust Towers, 56 - 60 Samora Machel Avenue, Harare before 1000hrs on the closing date. Tender documents are available for collection during normal working hours from the Procurement Officer, Ground Floor, Trust Towers, 56 - 60 Samora Machel Avenue, Harare, upon proof of payment of a non-refundable fee of US\$ 10 in cash. The tender shall remain valid for 90 days from the tender closing date," said the bank, which chose to remain anonymous.

- **BDO Tax & Advisory Services (Pvt) Ltd** invited tenders from reputable and registered Consulting Firms/Consultants to undertake a Job Evaluation and Grading Exercise including Salary Structuring for a major Financial Services Group with SBUs in the Banking, Insurance (Short-Term and Life Assurance), Risk Advisory Services, Asset Management and Property Development Sectors which are supported by Support Services at Group level (Shared Services), under Informal Tender Number 301/17. "Detailed requirements will be obtained from the tender document. All Consulting Firms/Consultants that wish to participate in the tender may collect the tender document upon paying a tender document fee of US\$ 100.00. Banking details and tender documents are available from: BDO TAX & Advisory Services (Pvt) Ltd, Kudenga House, 3 Baines Avenue, Harare (fmasiyazi@bdo.co.zw). The deadline for written queries submission by bidding Consulting Firms/Consultants is 3 August 2017. You may send written letters via email. BDO will clarify all queries raised through written response, by 4 August 2017. The tender bids should be submitted to the undersigned (The Tendering Committee Secretary) not later than 10:00am on 10 August 2017. Late submissions will not be accepted," said the Audi, Tax and Advisory firm.
- The **People's Own Saving Bank (POSB)** issued an invitation for tenders in respect of shop fitting works for its proposed Borrowdale Branch Outlet. "The People's Own Saving Bank invites sealed bids from eligible contractors or shop fitting Companies to offer shop fitting services for the establishment of a Banking outlet at the Borrowdale Sam Levy complex. Documents for this tender are obtainable from The Finance Office, 4th Floor Causeway Building, Corner Third Street and Central Avenue, Harare, upon payment of non-refundable deposit fee of US\$25.00 per set. Tenders shall be delivered and deposited in sealed envelopes in the Tender Box installed in the 4th floor at Causeway Building, Corner 3rd Street and Central Avenue, Harare on or before the closing date of 18 August 2017 at 10:00am where they will be opened in the presence of bidders who wish to attend. A compulsory site meeting will be conducted on 4 August 2017 at 10:00am at the Parking space adjacent to the News Café, Borrowdale Sam Levy complex," said the country's sole savings bank which is wholly owned by the Government of Zimbabwe.

CUSTOMER SERVICE/RELATIONSHIP MANAGEMENT INITIATIVES

- As part of efforts to raise awareness of and deepen understanding of the operations of the Deposit Protection Scheme, the **Deposit Protection Corporation (DPC)** hosted an awareness workshop for banks and media practitioners. The workshop for the Mashonaland region, which was part of a countrywide campaign, was held on 5 July 2017 at **Cresta Lodge** (Sango Conference Centre) from 08:00am - 11:00am. It included sessions on the Overview of the Deposit Protection Scheme by the Chief Executive Officer of the DPC, **John Chikura**, and Publicity of the Deposit Protection Scheme by the corporation's Public Relations Manager, **Allen Musadziruma** as well as a Question & Answer session.
- **ZB Financial Holdings** held its annual Golf Day at the **Chapman Golf Club** on Friday, 7th July 2017, also partly in celebration of the group's 65 years in operation. The event, which attracted a field of 120 participants, was held in Individual Stapleford format.
- **EcoCash** hosted its first **Digital Payments Golf Day** at the Borrowdale Brooke Golf Day Club. Mainly targeting its key channel partners (merchants, payroll partners, agents and billers), the event was also attended by customers from various sectors of industry including retail, insurance and financial sectors. The event saw more than 88 golfers contesting with winners walking away with a Solar Geyser, 5.5KVA Generator, Golf Putters, latest models of smartphones and household utensils. The Golf Day coincided with the slashing of EcoCash merchant fees by up to 50%, a development aimed at encouraging customers to continue experiencing the convenience of transacting using EcoCash without need to handle cash. **Eddie Chibi**, the EcoCash chief executive said: "We believe in relationships as one of the key enablers to the growth of any business. As EcoCash we are fully aware that the

growth of the EcoCash brand has been made possible by the support that we have received from our partners throughout the years - firstly the agents and now the merchants, payroll partners and billers. This was not just an ordinary golf day but a Digital Payments Golf Day which our current and potential partners. The future of transactions in Zimbabwe lies in digital payments especially at this juncture in our economy and we will continue to play our part in driving electronic payments.”

INDUSTRY AWARDS AND ACHIEVEMENTS

- **Telecel Zimbabwe’s** mobile financial service platform, **TeleCash**, was awarded the **Best Digital Financial Services Aggregator** at the Agent banking and Digital Financial Services Awards held on **13 July 2017**. The best aggregator award is in recognition of the mobile service’s promotion of interoperability in the mobile financial services sector. Telecel through TeleCash is the only mobile network in Zimbabwe on Zipit and ZimSwitch platforms which allow TeleCash users the ability to send and receive funds from all 13 local banks that are affiliated to the ZimSwitch platform out of the 15 local banks. Commenting on the award, Telecel’s head of Mobile Financial Services, **Violet Masunda** noted that Telecel was deliberately focused on making banking services widely available across all financial institutions to improve the overall experience of their customers and the ease of doing business. “Telecash’s focus on improving the ease of doing business and transacting is the key consideration in the development of our services. Telecash deserves the recognition it has received as it is only mobile financial platform in Zimbabwe that has a **ZimSwitch** enabled debit card which can be used at point of sale devices for purchasing goods and making payments. Furthermore, Telecash is the only mobile financial service that allows bank to wallet and wallet to bank transfers with all the 13 ZimSwitch ready banks. This makes us a leading banking aggregator and has opened up access to banking services of the previously unbanked,” said Masunda.
- The **Institute of Digital Strategy** hosted the 2nd edition of the Zimbabwe Digital Awards on **13 July 2017** at Rainbow Towers, Harare, running under the theme “Celebrating Digital Excellence”. Fifteen winners were awarded under various categories after being voted by the market and general public through the website www.zimdigitalawards.tech. This year, 27 307 people participated in the polls, an improvement from the 2016 edition in which 21 907 voted. Winners from the financial sector were as follows:

Category	Winner
Financial Services: Most Digitalised Bank of the Year	CBZ Bank Limited
Best Mobile App of the Year	CBZ Touch
Digital Money: Best Digital Payment Solutions of the Year	Paynet

- **Buy Zimbabwe** organised the top 100 local brands awards, an initiative to promote local content and a new drive meant to buttress the Statutory Instrument 64 of 2016 and encourage citizens to buy locally produced goods and services. Those honoured kept at least 30 percent local content in selected products and demonstrated procurement from local manufacturers and service providers. The ‘top brands’ also offered significant support towards the local economic growth through fiscus contributions, employment creation, infrastructural development and relevant value chain linkages while also maintaining a proven market resilience and a superior brand position. **CBZ Bank**, **FBC Bank**, **Nyaradzo Group**, **POSB**, **Steward Bank** and **ZB Bank** were amongst the corporate brands from the financial sector whilst **EcoCash** was one of the two service-related brands amongst the product brands.
- The second edition of the Megafest Women in Business Awards was held on **21 July 2017** at the **Rainbow Towers Hotel**, Harare. Held to recognise outstanding women in the country’s business sector, the awards saw several winners from the financial sector as follows:

Award	Winner	First runner-up	Second runner-up
Outstanding IT & Innovation Leader of the Year			Bianca Pasipanodya (First Mutual Holdings)
Outstanding Insurance Leader of the Year	Tambudzai Madzivire (Champions Insurance)		

MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 47, JULY 2017

Banking and Finance Leader of the Year	Ethel R. Chitanda (National Building Society)		
Outstanding Advocate & Legal Leader of the Year		Mirirai Washaya (BancABC)	Aisha T Tsimba-Nyamwedza (Stanbic Bank)
Outstanding Personal Assistant of the Year		Shamiso Ratisai (Steward Bank)	Ashleigh Dube (First Mutual Life)

- **Agribank** scooped four financial management excellence awards under the State Enterprises and Parastatals Category at the 2nd annual Public Sector Audit Conference & Financial Management Awards held on the 27th July 2017 in Harare. The awards are designed to recognise and celebrate public sector entities that distinguish and achieve financial prudence. Held under the theme “Emerging Trends in Public Sector Audit – Cornerstone of Socioeconomic Transformation” the conference was organised by principal partners, the **Office of the President and Cabinet (OPC)** and the Ministry of Finance and Economic Development while private companies **Innotec (Private) Limited** and **Ribal Brand Solutions** were involved as event facilitators. The idea behind the annual awards is to highlight the significance of an effective and efficient public sector, through harnessing insights arising from audit reports of public sector entities. Agribank – which is 100 percent owned by Government, came out tops in The Financial Turnaround of the Year, Revenue Collection, Credit and Risk Management, and Overall Best Financial Management categories while **POSB** was the First Runner Up in each of these categories. Agribank was the first runner-up in the Budgeting and Financial Planning category and chief executive officer **Sam Malaba** said they were humbled by the recognition of the progress they were making towards turnaround and profitability achieved through sustained business growth and new income generation activities.

DOMESTIC LENDING AND FINANCING PERSPECTIVES

- The **Harare City Council** said it was concerned with the low uptake of houses at **CABS’** Budiro Housing Scheme and urged CABS to consider leasing the houses after only 800 out of 2 879 were occupied even after scrapping the deposit requirement. The project was commissioned in 2014 with high hopes that it would help ease accommodation problems in the capital. Deliberating at a full council meeting on **11 July 2017**, councillors raised concerns on the quality of work on the houses, some of which they said were cracking. The councillors said the houses’ price was too high for the targeted population of low income earners. Rugare councillor **Peter Moyo** said the houses, which cost between \$21 000 and \$27 000, were too expensive. “CABS should revise the prices downwards. We gave them land for almost nothing - 50 cents per square metre. We have a target to deliver 105 935 houses by 2018 under Zim-Asset and it is not helping that more than 2 000 houses are lying idle,” he said. Councillor **Stewart Mtizwa** said council and CABS should consider leasing the houses. “We say no to compensation of CABS because it would be to the city’s disadvantage; we gave land to these people at a very low price they should consider leasing,” Mtizwa said. The Education, Health, Housing and Community Services and Licensing Committee noted that in spite of the efforts by council and CABS to motivate homeseekers to take up the houses, demand remained low. Homeseekers cited high costs of units or they simply did not qualify in terms of mortgage criteria by CABS, which preferred bankable clients, formally employed or at least with consistent monthly incomes. CABS gives a 10-year mortgage to qualifying beneficiaries, who will pay at least \$200 per month depending on the number of rooms.
- The **Harare City Council (HCC)** resolved to allocate houses built in partnership with **CABS** in Budiro high density suburb to its employees, in exchange for land for the country’s largest mortgage lender, council minutes revealed. CABS and HCC entered into a partnership for the construction of about 3 000 low-cost housing units in the suburb but as of April 3, 2017, only 800 out of the 2 879 housing units had been occupied. Acting Harare Town Clerk, **Josephine Ncube** told HCC’s Education, Health, Housing and Community Services Committee that council was already in the process of identifying land to compensate CABS for the properties in the event that these were allocated to staff. It was not immediately clear if the employees would be occupying the houses on a rent-to-buy basis or just as tenants. In arriving at the decision, council noted that despite spirited efforts by both parties to motivate home seekers to take up the houses, which included slashing deposit requirements by more than half, interest remained very low. A report by the HCC’s Education, Health, Housing and Community Services Committee,

which was adopted at a full council meeting in mid-July, indicated that council had resigned from attempting to attract home seekers to take up the housing units. “Home seekers cited high cost of units or simply did not qualify in terms of the mortgage criteria by CABS, which preferred clients who were bankable, formally employed or at least with consistent monthly incomes,” the committee noted. “Further to that, the proliferation of housing co-operatives, pay schemes and even illegal settlements seem to have provided cheaper accommodation options to home seekers. Many employers were in salary arrears with their staff and that was a threat to mortgage repayments which could cause defaults and subsequent repossession of the properties by the bank,” the report said.

- **CBZ Bank** started offering the Value Addition/Business Linkages Facility valued at US\$10 million. “CBZ Bank, in conjunction with [Reserve Bank of Zimbabwe](#), is actively supporting value addition and export promotion through availing facilities for Value Addition and exports,” said the bank, outlining the terms of the facility as follows:

Purpose	Financial value chain linkages for manufacturing entities to farmers for value addition and beneficiation
Availability	Immediate (Upon approval of projects)
Eligibility	Manufacturers requiring linkages to farmers
Interest Rate	Up to 10% per annum
Tenure	Up to 1 year for working capital) and up to 36 months capital expenditure

- **CBZ Bank** started offering the [horticulture facility](#) worth US\$ 10 million. “CBZ Bank, in conjunction with the [Reserve Bank of Zimbabwe](#), is actively promoting horticulture production by availing appropriately priced financing for Horticulture Producers,” said the bank, outlining the terms of the facility as follows:

Purpose	Financing horticulture produce
Availability	Upon signing of the agreement between lender and CBZ Bank
Eligibility	Horticulture Farmers: (Cut flowers, fresh fruits, nuts and vegetables)
Interest rate	Up to 10% per annum
Tenure	Up to 12 months for Working Capital & Up to 3 years for Capital Expenditure

- Government on [24 July 2017](#) launched a \$7.6 million fund under the [Organisation of the Petroleum Exporting Countries \(OPEC\)](#) Fund for International Development to support poverty alleviation projects in the country’s three major poverty stricken provinces. Speaking at the launch of the \$7.6 million fund in Bulawayo, Small to Medium Enterprises and Co-operatives Development Minister, [Sithembiso Nyoni](#), said each of three provinces with seven districts, would receive \$285 000. “As Government we recognize the critical role played by the MSMEs and co-operatives in addressing the issues of poverty reduction, job creation and income generation. That is why my ministry successfully lobbied for a \$7.6 million OPEC Fund for International Development (OFID) loan for projects aimed at alleviating poverty,” she said. Savings and Credit Co-operatives (SACCOs) income generating projects, livestock development ventures and those ventures seeking to optimize local endowments such as fruit juice manufacturing, fish farming and small scale mining would be supported by OFID. The fund also supports projects related to the setting up of entrepreneurial training institutes. The OFID poverty alleviation project would be implemented over the next four years beginning in 2017. “Three provinces, Manicaland, Masvingo and Matabeleland North, which were chosen on the basis of the Zimbabwe Atlas of Poverty will benefit from the loan. Beneficiaries of this loan facility will be chosen basing on competitiveness and viability of their project proposals. Projects that will have a ripple effects in alleviating poverty in the community will be given utmost priority,” said Nyoni. SACCOs would be supported for cash amounting to a maximum of \$10 000 with a 10 percent interest rate per annum. Livestock development projects can access up to a maximum of \$50 000 attracting an interest rate of 10 percent. Entrepreneurs with projects aimed at optimizing local resources endowment can also access up to a maximum of \$50 000 at 10 percent per annum interest rate. The loan for all the projects that can be funded under the facility is payable over 12 months. The projects under the \$7.6 million fund seek to alleviate poverty through value addition of abundant local resources. It also seeks to foster income diversification and increased food production for self-sufficiency in terms of dietary needs.

- Land developers cried foul over a principle known as commonage, which forces contractors to surrender 10 percent of serviced residential stands and all the commercial and institutional stands when developing State land saying it made them incur losses incapacitating them to carry out other projects. Developers bear the costs of servicing the land but surrender to Government at no charge putting the cost of housing development unbearable. [Infrastructure Development Bank of Zimbabwe \(IDBZ\)](#) chief executive officer [Thomas Zondo Sakala](#) highlighted the concern while addressing Government Ministers and beneficiaries of stands at the handover ceremony for Clipsham Housing Project in Masvingo on Monday, 24 July 2017. "Another Government department (Local Government Ministry) gets 10 percent of serviced residential stands free. It also gets all serviced commercial stands free. It's not sustainable and we will not be able to do more of these projects when we looked at the financial impact it's prejudicial to the developer. We have therefore started discussions with the Ministry, and the honourable Minister supports us fully and we will be preparing submissions jointly to Cabinet in order to revisit this issue. For the IDBZ it is financially unsustainable and hence might push us out of this sector completely," said Sakala.
- [Stanbic Bank Zimbabwe](#) said it had channelled \$273.2 million towards financing the tobacco industry in 2017. The bank's head of corporate and investment banking, [Rhett Groves](#), on 26 July 2017 said the support was in recognition of the leading role played by the agriculture sector and the golden leaf in particular, in earning foreign currency and revenue generation. "Since the beginning of the year, various tobacco merchants have benefited from the [Standard Bank Group](#) subsidiary's funding enabling facility, which has so far made \$245 million available to tobacco merchants alone. Our pay off line is moving forward and we have taken this in the agricultural context to play a pivotal role in moving not only agriculture but the economy forward and we have done this by making resources available to trigger production and exports," he said, adding that besides tobacco merchants, farmers of the golden leaf had also benefited from the bank's agribusiness services. "In addition to the \$245 million availed to tobacco merchants we also directly finance tobacco farmers through our agribusiness portfolio and in this financial year we have invested \$28.4 million in that regard," he said.

CURRENCY, PRICING & LIQUIDITY PERSPECTIVES(CP & LP)

- The year-on-year inflation rate for June shed 0.43 percent to close the month at 0.31 percent on the May rate of 0.75 percent, according to the [Zimbabwe National Statistics Agency](#). This meant that prices as measured by the All Items Consumer Price Index increased by an average of 0.31 percent points between June 2016 and June 2017. The year-on-year inflation rate is given by the percentage change in the index of the relevant month of the current year compared with the index of the same month in the previous year. The latest developments in the year-on-year rate of inflation reflected a slide towards negative territory as prices continued to fall. Economics lecturer at [Africa University](#), [Thomas Masese](#), said the worsening cash crisis was dampening consumer demand and consumption of some products hence firms could be slowing the rate at which they reviewed prices. The month-on-month inflation rate was - 0.24 percent shedding 0.27 percentage points on May 2017 rate of 0.03 percent. This meant that prices as measured by the all items CPI decreased at an average rate of -0.24 percent from May to June 2017. The month-on-month inflation rate is given by the percentage change in the index of the relevant month of the current year compared with the index of the previous month in the current year.
- Government was set to inject more bond notes into the system in an effort to ease the cash crisis with negotiations for a top-up of the initial \$200 million facility now at an advanced stage. Without disclosing the figure being negotiated for, [Reserve Bank of Zimbabwe \(RBZ\)](#) governor [Dr. John Mangudya](#), on 16 July 2017 said that the plan to top-up the initial \$200 million [African Export Import Bank \(Afreximbank\)](#) facility that backs the surrogate currency was definitely in the pipeline. "We are currently in negotiations with Afreximbank to give us another facility. We have to ensure that whatever we issue as bond notes need to be secured by a foreign currency facility and we will continue with our drip-feeding mechanism. I cannot say the figure because we are still negotiating and we will come back to you when we finalise the deliberations." Mangudya said.
- The [Reserve Bank of Zimbabwe \(RBZ\)](#) said it had now injected \$175 million worth of bond notes in the market, as cash shortages pushed the central bank to draw on the [Afreximbank](#)-backed surrogate currency. This amount reflected a \$15 million increase in the bond notes injected into the market from \$160 million that was reported at

the end of June. RBZ governor, [John Mangudya](#) told journalists on the sidelines of the official opening of the [Grant Thornton](#) headquarters in Harare on Tuesday, 18 July 2017 that according to their books, there should be sufficient amounts of cash in the economy. “We have \$ 175 million of bond notes and, as to our estimates, we have about \$600 million of currency under the multicurrency, which is in mainly United States dollars, in the market and that comes to around \$800 million. If you compare the \$800 million dollars with the amount which is usable balances, bank balances that are usable as measured by real time gross settlement (RTGS) transactions, which is about \$ 1,5 billion, if we divide \$800 million by the \$ 1,5 or \$ 1,6 billion (RTGS) that is about 50%. So, if you have more than 40% of cash within the economy versus the \$ 1,5 or \$ 1,6 billion of RTGS balances that is sufficient liquidity in the economy.” Mangudya said what was afflicting the Zimbabwean economy was the lack of money in circulation. “We have said many times, when money does not circulate, like blood within your body, you collapse if you have got a blood clot, so if money does not circulate in the economy, it is more like a haemorrhaging effect,” he said.

- South Africa-based [African Medallion Group \(AMG\)](#), which has had three issues of its cryptocurrency African medallion dollar in 2017, in mid-July said it now had a virtual version of the product that could be easily encashed in various jurisdictions, including Zimbabwe. AMG issued 100 AM\$5's on May 25, 2017. By June 18, 2017, their bid price had risen by 2 000 percent to more than \$100. Subsequently, 10 one-quarter ounce medallions, which were sold out before their launch date, were released on April 2, 2017, followed by the gold-backed AM\$1 that was released on June 16, 2017. In mid-July 2017, the company started issuing AM\$1 virtual medallions that could be bought online and redeemed in Malawi, South Africa, Tanzania, the UK, the United States, Zambia and Zimbabwe. “The virtual medallion is a cash on demand solution which gives you the ability to purchase desired units of virtual medallions using a debit or credit card from any country. After your purchase is complete, you will be able to immediately cash-out your virtual medallions in any currency (for example, British pound, South African rand, United States dollar, etc). This is a global solution which works in multiple locations (including UK, USA, Zambia, Malawi, Tanzania, Malawi, Zimbabwe, South Africa etc),” said AMG in a statement on its website. The company announced a card-payment threshold of R5 000 (US\$385) per transaction, with values above the limit being processed in batches thereafter.” AMG will then payout relevant funds to either the AMG Visa card or any bank account of the customer’s choice around the world,” it added. In essence, cash-out transaction can be made through the AMG Visa card, which can facilitate instantaneous withdrawals from an automated teller machine in South Africa, or fund transfers to any bank account around the world. Fading faith in fiat (paper) money has led to people increasingly turning to cryptocurrencies.
- [Ashok Chakravarti](#), an economic consultant in the Office of the President and Cabinet told delegates at the [Confederation of Zimbabwe Retailers](#) breakfast meeting in Harare on Tuesday, 25 July 2017 that bond notes were likely to end up accounting for 50% of the money in circulation by year-end given their current dominance in a both the formal and informal markets. By December 2017, bond notes may be 50% of currency in circulation. It is then no longer a surrogate currency, but a new Zimbabwe dollar. Dollarisation is a dead end unless the country has a source of United States dollars,” Chakravarti said. As such, he said, the [Reserve Bank of Zimbabwe \(RBZ\)](#) had been forced to inject more of the bond notes currency to alleviate currency gaps on the market. The RBZ was already in talks with the Afreximbank, which is backing the bond notes in circulation through a US\$200 million facility to extend it even further. According to the RBZ, only 25% of transactions in the formal sector are cash with the majority of that being bond notes and it is estimated that 75% of transactions in the informal sector are cash with the majority of that being bond notes. On the parallel market, bond notes are trading at a 5 to 7% discount vis-à-vis the United States dollar, and electronic balances reportedly exchanged at a 5 to 20% discount. Financial expert [Persistence Gwanyanya](#) said there was a cash and nostro funding gap of more than \$300 million which made illicit foreign currency dealings difficult to control.
- [University of Zimbabwe](#) economics professor and government advisor [Ashok Chakravarti](#) on Tuesday 25 July 2017 said Zimbabwean monetary authorities should let the market determine the true value of the bond note currency to curb its externalisation and in turn reduce cash shortages. “The problem with the bond note in my view is the peg with the US dollar. We have a black market and what is happening is that anyone who wants to trade the bond note for a discount or premium, has to do it illegally on Fourth Street or in Messina or at the Roadport or somewhere else. In my opinion Government should remove the peg from the bond note, all the

trading happening across the border will come back into Zimbabwe; why should it trade outside the country when you would like it over here. So what we need to do is to legalise the system and create a market. The Reserve Bank has taken the first step already by trying to extend the bureau de change," he said.

- **Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)** executive director, **Caleb Fundanga** said Zimbabwe must make a clear and final decision on the currency in use to halt the prevailing liquidity crisis in the country. Speaking at the 2017 Zimbabwe Independent Quoted Companies Survey on Wednesday, **26 July 2017** Fundanga told delegates that government should deal with deep-seated structural challenges in the economy. "Given the fast-changing economic environment, it is critical that the government of Zimbabwe makes a clear and final decision on how to proceed regarding the currency options, a deeper dialogue on currency options has to be opened. Government needs to make a bold decision by pronouncing the optimal policy choice, given the alternative options that have come out of dialogues so far." Fundanga said the decision taken should be able to halt the currency crisis and proposed closer engagement with the Zimbabwe's Diaspora community, as they were critical in investing. "For the currency option to be agreed on, there should be national consensus by all key stakeholders as to how to move forward. It is, however, important to emphasize that if the currency option chosen is to succeed, it should be accompanied by strong fiscal discipline."
- Vice-President **Emmerson Mnangagwa** on **27 July 2017** declined to disclose when the local currency would be re-introduced, but said it would come back when mineral reserves reached desired levels. Responding to questions on the prevailing cash shortages, the Vice President said Government was working on ways to stem the shortages. "We are building reserves of gold and diamonds which if they reach a certain level I will not tell you here, it will then allow us to introduce our own currency that will be backed by those minerals. I am not at liberty to disclose to you the level that we want those minerals to reach before they can back our own currency. We only get foreign currency when we export something or through NGOs that come into the country. Forex also comes from bilateral and multilateral financial support or through Foreign Direct Investment and if we do not get this there will be no forex because the US dollar that we are using is a reserve currency," said Mnangagwa.
- The **Confederation of Zimbabwe Industries (CZI)** issued its 2nd Quarter Update which included a take on foreign currency shortages. "The current challenge of access to foreign currency to import raw materials has become a serious threat to business in Zimbabwe. The situation is threatening to reverse the progress that has been achieved through various policy initiatives. There is need for a prudent all stakeholder approach to this threat. CZI is concerned that there is no clear strategy to address the situation. Granted, there is need to increase exports, but this would not happen overnight as there is need to increase concerted effort to establish or regain certain markets. The ability to export is also being frustrated by the punitive operating environment. Some of the initiatives to address the challenging environment are yet to be implemented. CZI will continue to engage the relevant authorities on behalf of business to find ways of providing relief for business," said the Business Member Organisation (BMO).
- Illegal foreign currency trading on the parallel market was hindering efforts by the **Reserve Bank of Zimbabwe (RBZ)** to clear the backlog of foreign payments of close to \$200 million, RBZ Deputy Governor, **Dr. Kupukile Mlambo** said, adding that some of the foreign payments backlog were between three and six months old. Speaking in Bulawayo on 27 July 2017, Dr. Mlambo said following the adoption of bond notes, illegal foreign currency trading on the parallel market had resurfaced. A survey carried out on illegal foreign currency dealers commonly referred to as *Osiphatheleni* in Bulawayo on 28 July 2017 established that to get US\$100, one needed to have between \$107 and \$108 in bond notes. "What is interesting is that in 2009 when we dollarized, the cash-deposit ratio was 43 percent, which was really high and there was no cash in the economy. In December 2016, that ratio was 4.8 percent and even more alarming for me is that when I look at the cash and notes holdings for commercial banks, as a share of liquid assets, it is only two percent. This also means that every time we throw in bond notes into the market, they come out of the formal system, and that is why we are all puzzled where the bond notes are, because no one wanted them, but suddenly they have disappeared. But more alarmingly is the rise of the black market that we are seeing now. If you go near the Tredgold Building (in Bulawayo) there is a huge market that is going on there. If you go to Roadport or Eastgate in Harare, you see people holding huge amounts of bond notes and

dollars.” If the country is to sustain economic recovery on the back of constraints, Dr. Mlambo said, Zimbabwe needed to address the large domestic fiscal deficit, large external deficit, and confidence deficit which had made it difficult for the country to attract foreign direct investment. “It is these three deficits that are actually behind your current liquidity deficit. We are facing a shortage of foreign currency, not a shortage of liquidity,” he continued.

MFSB SPORT: FSSL FACTS AND FIGURES

THE FSSL TIMELINE SO FAR THIS SEASON



9 March 2017: The Financial Services Soccer League (FSSL) Annual General Meeting (AGM) is held, ushering in the new executive chaired by Kudzai Kwangwari of FBC Holdings.

29 April 2017: 2017 Fixtures commence with three matches being played while the fourth is a walkover. The standout development is the 2-0 drubbing of Payserv by FBC, prompting the League’s Executive Committee to deliberate on the result and pass a decision in the spirit of sportsmanship.

8 May 2017: The withdrawal of the NMB Bank team from the League is formally communicated after the team reportedly fails to secure sponsorship from the employer and accordingly, revised fixtures are released.

25 June 2017: Window period opens, enabling clubs to de-register and register players.

8 July 2017: Window period closes, signalling the end of the process of registration and deregistration of players.

29 July 2017: Resumption of week 10 games after all outstanding matches were played.

MFSB SPORT: WEEK 13 FSSL LEAGUE TABLE

The latest round of matches in the FSSL were played on the 26th of August 2017 at different venues around Harare. Agribank beat Payserv 2-1, and CBZ Holdings drew 2-2 with ZB Bank while Old Mutual walloped Ecobank 4-0. After this round of matches, FBC still sat atop the 10-team league with 10 wins and one loss. Payserv were still without a win but had since managed to salvage a point in a recent draw.

Week 13

FSSL League Table 2017

Position	Team	P	W	D	L	F	A	GD	PTS
1	FBC	11	10	0	1	53	10	43	30
2	SCB	12	8	2	2	41	16	25	26
3	CABS	12	8	1	3	34	15	19	25
4	OM	12	8	0	4	44	17	27	24
5	CBZ	12	7	2	3	47	16	31	23
6	ZB	13	7	2	4	52	23	29	23
7	ECO	13	3	2	8	23	42	-19	11
8	AGRI	13	2	2	9	19	82	-63	8
9	RBZ	12	1	2	9	18	81	-63	5
10	PAYSERV	12	0	1	11	10	39	-29	1
	Totals	122	54	14	54	341	341	0	176

JULY 2017: KEY FINANCIAL SECTOR DATES

- 1 July 2017:** The Insurance Industry held Insurance Awareness Day commemorations in Harare.
- 1 July 2017:** Ms. Ellen Ruparanganda was appointed the Director of the Competition and Tariff Commission.
- 1 July 2017:** Tambudzai Madzivire was appointed the new Managing Director of Champions Insurance Company (Private) Limited.
- 5 July 2017:** As part of efforts to raise awareness and deepen understanding of the operations of the Deposit Protection Scheme, the Deposit Protection Corporation (DPC) organised an awareness workshop for banks and media practitioners.
- 7 July 2017:** FBC Bank Limited and FBC Building Society announced a service improvement in respect of mobile banking offering Mobile Moola under which users no longer needed to use the branch code for transferring and receiving money from FBC and other bank accounts.
- 5 July 2017:** The Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Zimbabwe.
- 10 July 2017:** MBCA Bank Limited launched a Mobile Banking Application and an enhanced MBCA Mobile banking USSD platform.
- 10 July 2017:** The Reserve Bank of Zimbabwe (RBZ) issued a public notice calling for registration of individuals and institutions to operate as Bureaux de Change.
- 13 July 2017:** The second meeting of creditors and contributories of Altfin Life Assurance (Private) Limited (In liquidation) was held at Rainbow Towers in Harare for the purpose of further proof of claims and presentation of the liquidators report.
- 13 July 2017:** The Institute of Digital Strategy hosted the 2nd edition of the Zimbabwe Digital Awards at Rainbow Towers, Harare, running under the theme "Celebrating Digital Excellence".
- 13 July 2017:** The Agent Banking & Digital Financial Services Conference 2017 was held at Celebration Centre, Harare.
- 13 July 2017:** Finance and Economic Development Minister Patrick Chinamasa made a keynote presentation at the SADC Financial Inclusion Forum.
- 14 July 2017:** The Reserve Bank of Zimbabwe issued a press statement in respect of the payment arrangements for seed cotton growers for the 2017 season in terms of which each seed cotton grower was to be paid USD40.00 in cash per bale, with the balance being paid directly into the grower's bank account and/or through mobile wallet.
- 17 July 2017:** Finance and Economic Development Minister Patrick Chinamasa met members of the recently appointed Special Economic Zones Authority (SEZA) board led by former Reserve Bank of Zimbabwe Governor Dr. Gideon Gono.
- 17 July 2017:** A midterm review workshop on the 100 days ease of doing business reforms was held in Harare.
- 18 July 2017:** Grant Thornton Zimbabwe officially opened its offices with the Minister of Finance and Economic Development Patrick Chinamasa as the Guest of Honour while Reserve Bank of Zimbabwe Governor Dr. John Mangudya was also in attendance.
- 18 July 2017:** The Board of Directors of CBZ Holdings Limited announced the appointment of Noah Manomano Matimba as Chairman of the Board.

MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 47, JULY 2017

- 20 July 2017:** Minister of Finance and Economic Development Patrick Chinamasa presented the Annual Budget Review for 2016 and Outlook for 2017.
- 21 July 2017:** The Megafest Women in Business Awards were held at the Rainbow Towers from 1800hrs – 2230hrs under the theme “A brighter future is possible in Zimbabwe.”
- 21 July 2017:** The Insurance Institute of Zimbabwe (IIZ) held its graduation ceremony in Harare.
- 21 July 2017:** The Securities and Exchange (Investor Protection Fund) Rules, Statutory Instrument 83 of 2017 was published in the Government Gazette.
- 22 July 2017:** CBZ Holdings’ Principal Risk Management & Compliance Officer, Dr. Walter Zure passed away on this day.
- 24 July 2017:** Government launched a \$7.6 million fund under the Organisation of the Petroleum Exporting Countries (OPEC) Fund for International Development to support poverty alleviation projects in the three of the country’s poverty stricken provinces.
- 24 July 2017:** IDBZ held a handover ceremony for stands under its Clipsham Housing Project in Masvingo.
- 25 July 2017:** The Securities and Exchange Commission of Zimbabwe (SECZ) launched an investor awareness campaign aimed at increasing public awareness of the importance of investing in capital markets.
- 26 July 2017:** Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) executive director, Caleb Fundanga said Zimbabwe must make a clear and final decision on the currency in use in order to halt the prevailing liquidity crisis in the country.
- 27 July 2017:** Zimbabwe Corporate Social Investment Conference 2017 held at Rainbow Towers Hotel under the theme “Corporate Social Investment - Towards the attainment of Sustainable Development Goals”, hosted by CSR Network Zimbabwe.
- 27 July 2017:** Vice-President Emmerson Mnangagwa declined to disclose when the local currency would be re-introduced, but said it would only come back when mineral reserves reached desired levels.
- 27 July 2017:** The 2nd annual Public Sector Audit Conference & Financial Management Awards are held and Agribank won four financial management excellence awards under the State Enterprises and Parastatals Category.



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INDIVIDUALS, COMPANIES AND INSTITUTIONS MENTIONED IN THIS ISSUE

Companies & Institutions Mentioned in This Issue

■ AfrAsia Bank	5,14,30,31,32	■ Docutel	7
■ Africa University	38	■ Dominican Convent High School	10
■ African Development Bank (AfDB)	21	■ DSTV	3,17,19,20
■ Afreximbank	38,39	■ Dynamos	19,20
■ African Medallion Group (AMG)	6,39	■ ECGC	8
■ African Reinsurance Company	21	■ Ecobank	24,41
■ Agribank	5,6,9,15,16,33,36,41,43	■ EcoCash	3,19,20,34,35
■ Agricultural Marketing Authority	4,28,29,31	■ Econet Wireless	19,20
■ Allied Bank	28,32	■ EcoSure	24
■ Altfin Life Assurance (Private) Limited	42	■ FBC Bank Limited	17,18,23,24,35,42
■ Anglo American Corporation	21	■ FBC Building Society	17,18,42
■ Appliance Expert	18	■ FBC Holdings Limited	3,23,25,41
■ Apple Store	17	■ FBC Insurance	19,20
■ Aurex Pty Limited	21	■ Fidelity Life Assurance	17,18
■ BancABC Zimbabwe	21,24,36	■ Fidelity Life Medical Services (FLIMAS)	17
■ Barbican Bank	14	■ Financial Services Soccer League (FSSL)	41
■ Barbourfields Stadium	19	■ Finsec	26
■ Barclays Bank Zimbabwe	24	■ First Merchant Bank (FMB)	24
■ Barclays Plc	24	■ First Mutual Holdings	35
■ BDO Tax & Advisory Services (Pvt) Ltd	34	■ First Mutual Life Assurance Company	36
■ BOOST Fellowship	24	■ Friends of the Environment (FOTE)	23
■ Business Weekly	23	■ First National Building Society	14
■ Buy Zimbabwe	35	■ Genesis Investment Bank	14
■ CABS Custodial Services	17,18	■ GetBucks Financial Services Limited	3,4,25,26
■ Cardiff Business School	20	■ GetBucks Microfinance Bank Limited	3,25,26
■ CBZ Bank Limited	4,6,28,35,37	■ Google Playstore	17
■ CBZ Holdings Ltd	3,5,21,22,23,24,28,29,42,43	■ Grain Marketing Board (GMB)	28
■ CABS	3,6,22,23,24,36,41	■ Grant Thornton Zimbabwe	19,20,21,39,42
■ CFX Bank	14	■ Harare City Council	4,29,36
■ Chapman Golf Club	34	■ Harare International Airport	25
■ Champions Insurance Company	3,22,35,42	■ Homelink Finance (Pvt) Ltd	21
■ Chemical Bank	7	■ Homelink (Pvt) Ltd	20,21
■ Chengetedzai Depository Company	26	■ Industrial Development Corporation (IDC)	15
■ Chicken Inn	19,20	■ Infrastructure Development Bank of Zim	15,38,43
■ China Eximbank	21,25	■ Innotec (Private) Limited	36
■ Chinhoyi University of Technology (CUT)	24	■ ICSAZ	24
■ City of Harare	17	■ Institute of Digital Strategy	35,42
■ Competition and Tariff Commission	42	■ Institute of People Management of Zimbabwe	24
■ Compliance Society of Zimbabwe (CoSoZ)	3	■ IPEC	4,17,26,28,30,32,33
■ Computer Society of Zimbabwe	22	■ Insurance Institute of Zimbabwe (IIZ)	43
■ Confederation of Zimbabwe Retailers	39	■ Interfin Bank	14
■ Confederation of Zimbabwe Industries	40	■ International Monetary Fund (IMF)	4,27,42
■ Constitutional Court	5,31	■ Interest Research Bureau (IRB)	5,30,32
■ Cotton Ginners Association of Zimbabwe	31	■ Kenyatta University	22
■ Cresta Lodge	5,24,34	■ Kingdom Bank	30,32
■ CSR Network Zimbabwe	43	■ Lafarge Cement Zimbabwe	23
■ Deposit Protection Corporation	1,5,9,28,32,34,42	■ Life Offices Association of Zimbabwe	32
■ Deposit Protection Scheme	1,5,9,11,34	■ MEFMI	6,21,40,43
■ DNA Economics	16	■ Magna Carta	26
		■ Marsh and McLennan Companies	28
		■ Marsh Employee Benefits Zim (Pvt) Ltd	4,28

MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 47, JULY 2017

■ MBCA Bank Limited	17,18,24,42
■ Midlands State University (MSU)	23
■ National Building Society (NBS)	3,18,19,21,23,36
■ National FM	1,5
■ National Social Security Authority (NSSA)	4,21,29
■ Nedbank Group	12
■ NicozDiamond	24
■ NMB Bank Limited	23,24,41
■ Norton Rose Fulbright and Baker	24
■ Nyaradzo Group	35
■ Office of the President and Cabinet (OPC)	36
■ Old Mutual	17,23,24,41
■ Old Mutual Life Assurance Company	32
■ OECD	15
■ Paynet	35
■ Payserv	41
■ People's Own Savings Bank	5,22,23,24,34,35,36
■ Premier Soccer League (PSL)	3,19,20
■ Q Partnership Consultancy	21
■ Radio Zimbabwe	1,5
■ Rainbow Towers	35,42,43
■ Real Estate Institute of Zimbabwe (REIZ)	23
■ ReNaissance Merchant Bank	14
■ RBZ	3,4,5,6,14,19,20,21,25 - 31,37,38,39,40,41,42
■ Ribal Brand Solutions	36
■ RioZim Limited	5,21,30,31
■ Royal Bank	14
■ Sanlam Group	17
■ Sawyer and Mkushi Law Firm	30,31
■ S-cool Tings	10
■ SECZ	26,43
■ Shelter Afrique	21
■ Skyburg Systems	6,12,13
■ SoundGarden Publishing	16
■ Special Economic Zones Authority	27,42
■ SSP Pure Insurance	19
■ Stanbic Bank Zimbabwe	36,38
■ Standard Bank Group	38
■ Standard Chartered Bank	41
■ Steward Bank	3,19,20,24,35,36
■ Techzim	24
■ TeleCash	5,6,35
■ Telecel Zimbabwe	17,18,35
■ TelOne	17
■ THI Insurance Nursery	23
■ Trebo and Khays (Private) Limited	28
■ University of South Africa	21
■ University of Wales	20
■ University of Zimbabwe	20,21,22,25,26,39
■ Washington International University	21
■ World Bank	22
■ ZB Bank	11,18,23,24,35,41
■ ZBC	1,5

■ ZB Financial Holdings	34
■ Zimbabwe Amalgamated Housing Assoc	4,28,32
■ Zimbabwe Association of Funeral Assurers	33
■ ZAMFI	12
■ Zimbabwe Broadcasting Corporation (ZBC)	5
■ Zimbabwe Consolidated Diamond Company	20
■ ZIPAM	21
■ Zimbabwe National Road Authority (ZINARA)	29
■ Zimbabwe National Statistics Agency	27,38
■ Zimbabwe Newspapers (Pvt) Ltd	23
■ Zimbabwe Stock Exchange (ZSE)	25,26,29
■ Zimnat	17
■ ZimSwitch	5,6,35
■ ZOL	17

People Mentioned in This Issue

■ Bako, Musa	19
■ Chakravarti, Ashok, Professor	6,39
■ Chibi, Eddie	34
■ Chidarikire, Faber	23
■ Chikono, Dr. Nathan	3,22
■ Chikura, John	1,5,34
■ Chimbera, Elfas	9
■ Chinake, Addington	24
■ Chinamasa, Patrick	4,19,27,42,43
■ Chinamo, Tafadzwa	26
■ Chitanda, Ethel R.	36
■ Chitando, Ken	3,21
■ Danga, Lameck	3,19,21
■ Dhliwayo, Charity, Dr.	14
■ Dube, Ashleigh	36
■ Fundanga, Caleb	6,40,43
■ Gono, Gideon, Dr.	27,42
■ Groves, Rhett	38
■ Gumbo, Joram, Dr	17,25
■ Gumbo, Melanie	17
■ Gwanyanya, Persistence	39
■ Jakanani, Rumbidzayi	21,25
■ Java, Reuben	32
■ Kadumba, Godwin	9
■ Kadziya, Jim	23
■ Kandlela, Admire	22
■ Kapfumvuti, J	10
■ Karonga, Tendai	26,32,33
■ Kasukuwere, Saviour	21,29
■ Macheke, Francis	9
■ Made, Joseph	31
■ Madondo, Dr. Cecil	28,32
■ Madzivire, Tambudzai	3,22,35,42
■ Mahundi, Paidemoyo	9
■ Makoni, Lavender, Justice	30,32
■ Malaba, Luke, Justice	31

MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 47, JULY 2017

■ Malaba, Sam	9,36	■ Ngulube, Loice	22
■ Mangudya, Dr. John	19,25,26,31,38,39,42	■ Njuguna, Angelica Dr.	22
■ Mangwiro, Tendai	31	■ Nkala, Hebert	25
■ Manyenyeni, Bernard	29	■ Nyanyiwa, Brian	22
■ Masese, Thomas	38	■ Nyatsine, Lovemore	20
■ Masunda, Violet	35	■ Nyoni, Sithembiso	37
■ Matimba, Noah Manomano	3,21,42	■ Pasipanodya, Bianca	35
■ Mkenda, Faustine Adolf	22	■ Rateiwa, Ronald	14,16
■ Mlambo, Dr. Kupukile	21,22,40,41	■ Ratisai, Shamiso	36
■ Mngagwa, Emmerson	6,40,43	■ Ruparanganda, Ellen	42
■ Mondo, Luckson	3,21	■ Sadomba, Priscilla	23
■ Moyo, Peter	36	■ Sakala, Thomas Zondo	38
■ Mpofo, Moris Bekezela, Dr.	20,21	■ Siyakurima, Farayi	30,31,32
■ Mpofo, Obert	28	■ Soko, Paul	25,26
■ Mtetwa, Sifiso	6,12,13	■ Thebethebe, Lindiwe	24
■ Mtizwa, Stewart	36	■ Tsimba-Nyamwedza, Aisha T.	36
■ Muchinguri-Kashiri, Oppah	23	■ Vela, Robin	21,29
■ Mugamu, Elliot	3	■ Washaya, Mirirai	36
■ Munyeza, Priscilla	9	■ Wetzel, Don	7
■ Mureriwa, David	28	■ Zhuwarara, Tawanda	31
■ Musadziruma, Allen	5,34	■ Zivhu, Dr. Killer	28,32
■ Mushore, Edith, Justice	31	■ Zure, Walter, Dr.	3,22,43
■ Muza, Rutendo	10		
■ Mvreacha, Joseph	9		
■ Ncube, Josephine	36		
■ Ndachena, Benson	24		
■ Ndebele, Kenny	19		
■ Ngwenya, Divine	9		
■ Ngwira, Naomi Dr.	22		
■ Nhavira, John Dr.	22		
■ Nhewede, Tinotenda	9		

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