

# Monthly Financial Sector Bulletin

Issue No. 49, September 2017 – Financial Sector Digitalizes Services



**PICTURE OF THE MONTH:** Our picture of the month is the imposing New Reserve Bank Building at 80 Samora Machel Avenue. For over 4 decades the Reserve Bank of Zimbabwe operated from the Old Reserve Bank Building also known as Bank Chambers at 76 Samora Machel Avenue adjacent to First Street. In the late 80s a competition was conducted to design the new building and the winning design was by Clinton & Evans Architects, who went on to design the Reserve Bank of Malawi Building as well. Construction of the building began in 1993 and it was officially opened by President Robert Mugabe on May 31, 1996. At 120m high and 28 floors above ground, it is the tallest building in Harare. The building incorporates high security vaults, a banking hall, a staff canteen and a conference centre.

**SoundGarden**  
Publishing



[tfc@umaxlife.co.zw](mailto:tfc@umaxlife.co.zw)



+263 4 2913145



+263 776 450 509

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!

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## SELECTED VITAL STATISTICS AT A GLANCE

### General Statistics

|   |  |
|---|--|
| Year-on-year Inflation for <b>September 2017</b>          | 0.78 % ( <b>August 2017</b> : 0.14%)                   |
| Average Annual Inflation for 2016                         | Minus 1.56% (Minus 2.4% in 2015)                       |
| Projected Annual Inflation in 2017                        | 2-3%   |
| Projected <b>2017</b> 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 <b>Jan – September 2017</b>             | US\$1.2bn (Exports – \$4.0 bn; Imports – \$5.2 bn)     |
| Zimbabwe's Foreign Direct Investment (FDI) – <b>2016</b>  | US\$319 million (US\$421m in 2015) (US\$545m in 2014)  |

### Statutory Ratios

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

### Deposits, Loans and Lending Ratios

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

## Editorial Comment

### **Product Innovation & Channel Development: Sector Digitalizes Services**

The total number of new product initiatives decreased by almost 50% from seventeen (17) in August 2017 to nine (9) in September 2017. Both product launches and promotions halved in number while product enhancement once again appeared on the radar through the revision – for the umpteenth time - of the terms and conditions of CABS Budiro Housing Project. Mainstream banking institutions were dominant, accounting for 67% of the initiatives while the microfinance sector had a look-in, with a contribution of 22% ahead of insurance.

Channel development initiatives continued the downward trend first noted in July, with the outturn in September at four (4) down from five (5) in August 2017. Notable was ZB Bank's paperless strategy effective 1 October 2017 under which it would no longer process manual RTGS and Internal Transfer application forms, both of which would now be done on the Internet Banking platform. This follows similar earlier action by Standard Chartered Bank which also adopted paperless branches effective 31 August 2017 and confirms the sector's trend to digitalise services which has the effect of reducing branch traffic. Also notable was Old Mutual's launch of its 4<sup>th</sup> Green Zone as it continued to consolidate access to all the services available from its subsidiaries.

### **Executive Management/Board Changes: Fidelity Charts a New Course**

It continued to be relatively quiet in the C-suites and boardrooms as for the second month running, there was only one notable development in the form of Rueben Java's appointment as the new Chief Executive Officer of diversified financial services provider Fidelity Life Assurance of Zimbabwe. Java, an experienced insurance hand, replaces Simon Chapereka, who died while on suspension, and his appointment charts a new course for the listed company whose prospects had been blighted by allegations of corporate governance misconduct during the Chapereka era.

### **Rebranding and Strategic Realignment: Holding Companies Prefer Monolithic Brand**

Pearl Properties (2006) Limited rebranded to First Mutual Properties Limited during the month. Following Eagle Insurance Company Limited's name change to FBC Insurance Company Limited in the previous month, this confirms the preference of holding companies for a monolithic brand across all their subsidiaries.

### **ICT Developments: Panic Buying Transactions Overwhelm ZIPIT**

In the technology space, the big news of the month was the going offline of the ZimSwitch Instant Payment Interchange Technology (ZIPIT) application for the better part of 25<sup>th</sup> September 2017, igniting a social media frenzy that it had been scrapped. Although ZimSwitch said the problem had been caused by a system upgrade, it emerged that the system had been overwhelmed with transaction volumes when banks were clearing transactions emanating from large volumes of electronic transactions made by consumers during a panic buying frenzy that happened on Saturday, 23 September 2017. This sequence of events was probably the wakeup call that jolted the authorities into action in order to stem the tide.

### **Corporate Actions: Bleak Inflation Outlook Causes Change in Dividend Policies**

Further cautionary statements in respect of transactions under consideration by Zimre Holdings Limited, Barclays Bank of Zimbabwe Limited and CBZ Holdings dominated activity in the corporate actions space during the month. However the most significant development was the payment of a quarterly dividend by Econet Wireless Zimbabwe in what turned out to be a first by a listed entity, in a market in which listed companies typically pay either an interim dividend or an annual one. The same company also set another precedent after it increased its share buyback threshold to 20 percent from the usual 10 percent. These actions were driven by the possibility of bank balances losing value given a bleak inflation outlook. Most ZSE-listed entities are sitting on huge cash piles but are failing to deploy the funds due to limited availability of foreign currency to bring in raw materials or equipment. As a result the market was likely to see more and more companies going beyond their normal dividend payment policies to reward shareholders.

### **External Financing: Country Risk Profile Worsens**

News that Zimbabwe's leading leasing company, African Century Leasing (ACL) was failing to access \$35 million worth of lines of credit from different external financiers due to challenges faced in repaying existing loans that had become due, was one of the key highlights of the month. Against the background of constrained availability of foreign currency,

it was inevitable that this would worsen the country's international risk profile and the majority of offshore lenders would invoke appropriate clauses of loan/facility agreements and review their disbursement policies. No sane lender would disburse loan proceeds where the ability of the borrower to repay is in doubt. This explains why, as we alluded before, banks were increasingly shunning lending to non-export producers in favour of exporters in order to hedge themselves against the country's worsening foreign currency shortages since exporters are better placed to repay their foreign loan obligations. This unattractive country risk profile not only jeopardises existing lines of credit but also makes it markedly difficult to secure new ones. Some foreign suppliers may also cancel credit terms for local importers. God forbid that some borrowers should default on their foreign obligations, because that can only make a bad situation worse. That is why we have no choice but to reduce consumptive imports and increase export capacity, if we are to mitigate the effects of the foreign currency squeeze. Meanwhile, as Zimbabwe's international payments backlog surged by over 200 percent to \$570 million from \$186 million recorded in May, the signs of the foreign currency crisis continued to manifest themselves. These included cement manufacturer PPC Zimbabwe saying it would resume exports into the region even at a loss, just to lay hands on precious foreign currency; and the Registrar General's department suspending the issuance of emergency passports, citing foreign currency shortages for the importation of special paper. No wonder calls for the RBZ Governor to resign on account of what stakeholders called the failure of bond notes, grew louder.

### **Capital Markets Developments: RTGS Money Drives Stock Market Binge**

As it appeared that there was no end in sight to the rally on the Zimbabwe Stock Exchange (ZSE), SECZ Surveillance and Risk Manager Noel Mahombera named the responsible creature by name when he said although the rally could be attributed to a number of other market factors, RTGS money remained the major driver of the stock market binge. Meanwhile, although Brainworks is focused on Zimbabwe where its key assets are, it has been driven away from the country by the lack of depth of the local capital markets and was granted a listing of all its issued shares in the "Equity Investment Instruments" sector of the Main Board of the Johannesburg Stock Exchange with effect from 13 October 2017. The good thing is that it can raise capital in South Africa and use it to grow its investee assets in Zimbabwe.

### **Bond/TB Issue Outlook: RBZ Resumes Open Market Operations**

The Reserve Bank of Zimbabwe's invitation to investors such as individuals, companies, pension and provident funds, insurance companies, life mutuals, financial institutions and other interested institutions to subscribe for its 7% Savings Bond, is significant for three reasons. Firstly, this suggests that having finally managed to create a local currency through RTGS balances, the apex bank has now reclaimed its role of setting monetary policy and is now attempting to carry out open market operations to mop up liquidity through the bond. Excess liquidity has partly been fuelling the currency black market and threatening to cause overheating on the stock market. Notably, the bond issuance is not once off and apparently ongoing. Secondly, the timing of the bond is interesting in that it came against the background of a bleak inflation outlook and one wonders whether an interest rate of 7% is enough to appease a restive market which is wielding liquidity like a weapon of mass destruction. Interestingly, 7% is the level at which the IMF projects inflation will end 2017. The third reason is that coincidentally, the invitation was issued on the same day Kenya's central bank invited bids for two-year and 10-year Treasury bonds worth 13 billion shillings (\$126 million) in a tap sale. The bank said the two-year bond would have an average yield rate and coupon of 11.619 percent, while the 10-year bond would have a coupon of 12.966 percent and average yield rate of 13.072 percent. (\$1 = 103.2000 Kenyan shillings).

### **Policy/Regulatory/Legal Developments: Finance Minister Taken To Task about Currency Dealers**

The then Finance and Economic Development Minister Patrick Chinamasa was on 20<sup>th</sup> September 2017 finally taken to task by legislators on why there was no effort to prosecute cash dealers who operated in broad daylight. This was one of the key highlights of the month for two reasons. First, such a question was long overdue and given the total impunity with which the dealers operated, one would say such a question was also inevitable. The fact that parallel market activities have been going on for a while right under the noses of both the Reserve Bank of Zimbabwe and Government has raised suspicions about the authorities' true motive, leading to the conclusion that they probably expect to benefit from the parallel market or are already benefiting from it, a charge the RBZ denies according to Dr John Mangudya's press statement dated 22 September 2017. But the public does not appear to believe him and one Tawanda Majoni, writing in his Corruption Watch Column in one of the local newspapers, said: "There is no ruling out the systematic involvement of RBZ officials in these massive leakages of bond notes. Old habits die hard. During previous cash shortages, the RBZ did not even make attempts to hide its involvement in offloading the local currency onto the black market to scoop up foreign currency. As the illegal forex operations swell, it is telling that the officials have chosen

to turn a blind eye and bury their heads in the sand. I don't think their lack of action is a sign that they are aware of the limitations of enforcing the law. Given the high possibility of official involvement in the illegal forex trade, this could be a deliberate omission. This is for the simple reason that the only reliable source of foreign currency for government is the black market. Instead of seeing the forex black market as merely a creation of hungry and jobless Zimbabweans in an economy that can absorb only 10% of the employable population, we need to recognise it as mostly an entity that government is too anxious to prop up, manipulate and benefit from. It is easy to see that undermining the black market would almost collapse the economy. Well, the little of it that remains." So there you have it. Who do you believe?

As the economic situation tittered on a knife edge due to a deepening foreign currency crisis and shortages of some basic commodities such as fuel and cooking oil, the RBZ was finally cornered and said it was now working on an instrument to arrest cash dealers operating on the parallel market, where they effectively controlled the economy while the authorities literally folded their hands. Government finally woke up from its deep slumber and gazetted regulations that criminalise cash vending without permission from the exchange control authorities and empowered police to arrest money peddlers and seize whatever currency was involved. This came upon Government's realisation that cash vending had become catalytic to speculative price hikes. Police in Bulawayo also launched a blitz targeting illegal foreign currency dealers popularly known as "Osiphatheleni" for hoarding cash. Apparently, Government was jolted into action by the bout of panic buying and price hikes reminiscent of the 2007-2008 era that occurred during the weekend of 22-24 September 2017.

### **Public Tenders: IDBZ Awards Contracts for Housing Projects**

The IDBZ was quite active during the month as it awarded contracts to three contractors in respect of its housing developments across Zimbabwe. Meanwhile the DPC invited tenders from reputable and well established companies for the provision of market research consultancy services although it was not clear if this was proprietary or on behalf of a financial institution under resolution.

### **Customer Service/Public Relations Management & Networking Initiatives: Building Bridges**

During the month, RBZ Governor John Mangudya attempted to build bridges with the transacting public by denying that neither the RBZ nor the Ministry of Finance and Economic Development had printed bond notes to buy U.S. dollars from the streets as suggested in social media reports. Whether this is true or not, the real issue is whether Zimbabweans believe him, given the apex bank's previous activities in the currency black market during the hyperinflationary era. Zimbabweans had a reason to expect the worst when new bond notes reportedly began to appear on the streets, apparently through Fidelity Printers and Refiners' gold buying activities. FPR pays for gold in cash with 60% being in US dollars and 40% in bond notes.

### **Domestic Lending & Financing Perspectives: Suspension of Borrowing Powers Suspect**

The suspension of borrowing powers of local authorities is suspect and looks like a poorly disguised attempt to incapacitate them for political gain as we approach the 2018 elections. It is even more absurd when one considers that Government itself currently survives on borrowing both on the domestic and international front and is also unable to meet some of its obligations. Claims that local authorities should consider other ways of improving revenue cannot be sincere since ratepayers (government included) already owe the local authorities millions of dollars and have proved that they are unable to clear these debts. The purchase of 67 ZB Financial Holdings (ZBFH) Springvale stands for over \$1 million for its employees by Pretoria Portland Cement (PPC) must have come as a huge relief for the financial services group which would be keen to avoid a debacle similar to that of CABS which has had a nightmarish experience trying to sell units under its Budiro Housing Project. There is no doubt that employer-assisted purchase programmes form a significant market for housing projects, if such opportunities can be found.

### **Currency, Pricing and Liquidity Perspectives: FX Shortages Feed Bleak Inflation Outlook**

Revelations by Reserve Bank of Zimbabwe (RBZ) Governor Dr John Mangudya that the banning of scores of imported goods enforced through Statutory Instrument 64 of 2016 had fuelled higher demand for foreign currency not only illustrates the country's limited policy options under the circumstances, but also lays bare the fact that authorities can be prone to embarking on poor policy making journeys. The status quo suggests that while SI64 was necessary, the intervention may not have been well thought out before implementation. Adequate consultation would probably have

established what's emerging now – that the number of companies likely to reopen would have a causative impact on foreign currency demand. If there had been closer cooperation between the Ministry of Industry and Commerce and the Ministry of Finance and Economic Development through the apex bank, SI 64 would have been accompanied by pre-emptive measures such as a funding facility for resurgent companies. Against this background, one hopes that the unfolding foreign currency situation will not reverse the productivity gains already made by these manufacturing entities – otherwise SI64 will have been in vain. Business sector representatives that met President Robert Mugabe on the 7<sup>th</sup> of September 2017 at State House to propose measures to address the deepening economic crisis also voiced this concern. “As a result of the current foreign currency shortages, industry import requirements are now subject to a long waiting list, often for several weeks before approvals. This has impacted on production and productivity in key sectors that were now experiencing increased production due to the promulgated SI (Statutory Instrument) 64 of (2016),” they said. Although drawdowns under the Afreximbank \$600 million Nostro Stabilisation Facility, which is meant to manage the cyclical nature of Zimbabwe's foreign currency receipts, was expected to mitigate the demand for foreign currency, the escalation of the backlog of foreign payments to US\$570 million meant that almost the entire facility would go towards filling this hole. The country's foreign currency crisis is underlined by the fact that some companies such as PPC, are prepared to export at a loss in some markets, just to lay their hands on foreign currency.

Meanwhile, in a case that was as much a clear manifestation of the country's foreign currency shortages as it was certainly test case, a Harare lawyer James Matajame of Takawira Law Chambers on 7 September 2017 approached the High Court seeking a declaratory order compelling Skynet Private Limited (Multichoice Zimbabwe) to accept other methods of payment such as bank card swipe, bank transfers and bond notes for DSTV subscriptions in addition to US dollars. The outcome of this case was no doubt hugely anticipated by many Zimbabweans who could no longer afford to pay for the DSTV service. Not that they have the sympathy of the monetary authorities, who have previously expressed their disgust about the amount of money that is shipped out of the country to pay for this service. What a time to be sued for Multichoice! Just a day later on 8 September 2017, Econet Media Limited (Mauritius) got the green light to distribute its Kwese TV satellite content to Zimbabwean viewers pending finalisation of a licence dispute pitting Dr Dish (Pvt) Ltd and the Broadcasting Authority of Zimbabwe (BAZ). Kwese TV said it was accepting swipe, bond notes and EcoCash, the very methods of payment Multichoice was not accepting.

Despite lack of official recognition, it emerged that the cryptocurrency Bitcoin was finding practical use in Zimbabwe such as settling international payments after the central bank introduced stringent currency controls; as well as preservation of the value of bank balances against the background of a bleak inflation outlook. The premium on the price of Bitcoin in local markets mirrored the price of Old Mutual shares, which was also higher in local markets than in other jurisdictions in which the shares are traded.







### The Microfinance Interview: Transition from Manual Processes a Process, Not an Event



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 Payserv Zimbabwe, an electronic payments and business processes provider whose Microserv business unit offers a core banking system that was crafted to suit MFIs. Prince T. Choguya (PTC), the company's Business Development Executive in charge of microfinance institutions, talks to the MFSB about the company's products and services, their uptake and growth prospects. He also talks about the integration capability and scalability of their offering for MFIs as well as its Unique Selling Proposition (USP). Choguya concludes by discussing the company's challenges and opportunities in respect of servicing the microfinance sector.

**WHAT OUR STAKEHOLDERS HAVE TO SAY ABOUT THE MFSB & WFSB**

We appreciate the companionship and support of all our readers, subscribers and partners on a journey full of exciting possibilities and look forward to your continued support in future years as we fulfill our destiny of becoming the premier source of financial sector intelligence. Here is what some of our stakeholders have to say about the MFSB.

|   |  |
|---|--|
| <p><b>Virginia Sibanda</b></p>  <p>CEO - Viri Financial Services</p> | <p>“Over the years MFSB has been a reputable and valuable source of information on the financial landscape in Zimbabwe. I look forward to each monthly publication as at a glance I can analyse the developments in the industry. MSFB has been instrumental in breaking down all the players in the financial ecosystem and most importantly the publication has highlighted the role that Microfinance Institutions play in the financial inclusion mandate. Access to finance is a catalyst to economic growth and MFSB provides a platform for information sharing.”</p> |
| <p><b>Lloyd Borerwe</b></p>  <p>CEO - Microcred Zimbabwe</p>         | <p>“The MFSB provides a candid summary of key financial sector developments. It indeed does and has helped in providing insights that help inform decision making.”</p>  |
| <p><b>Ruth Verah</b></p>  <p>Regional Manager - Musoni</p>          | <p>“I first read the MFSB in 2013. Then, I was engaged as Marketing Manager by a banking institution and I was immediately impressed by the detailed coverage and insights on pertinent developments in the financial services sector. The bulletin proved a useful reference point in my work. To date, I continue to refer to the Bulletin and am very pleased with the introduction and focus on the Microfinance sector, a key sector in enhancing financial inclusion which is our passion and thrust as Musoni Services.”</p>  |
| <p><b>Allen Musadziruma</b></p>  <p>PR Manager – DPC</p>           | <p>“The WFSB and MFSB provide great updates on developments in the financial services industry. The publications are well researched, factual, consistent, provided on time and provided in a format that is easy to read and follow. I enjoy reading the publications and cannot afford to miss your email updates. Keep up the great work!”</p>  |
| <p><b>Tamirira Rusheche</b></p>  <p>MD – Microhub Fin Services</p> | <p>“Information plays a very important role to any business organization as it guides in the decision-making process. The MFSB has been very useful in providing an accurate summary of key developments in the financial services which would have otherwise been missed and has become a very reliable source of relevant information. One unique feature of the bulletin is that it provides factual data which is not news-driven, thereby separating the truth from rumour-driven information, which is more prevalent in society.”</p>                                 |
| <p><b>Emmanuel Tapera</b></p>  <p>Secretary General - FSSL</p>     | <p>“The Bulletin has done well in reporting about FSSL activities. However being a new partnership, there are areas that may be improved so as to strengthen the relationship: The Bulletin may dedicate space for all teams to feature their line-ups which includes names of players so that all clubs may look forward to reading and circulating it. We also propose that the executive highlight future plans and activities lined up so that we may build hype and excitement where potential sponsors may be interested.”</p>   |
| <p><b>Sifiso Mtetwa</b></p>  <p>Director – Skyburg Systems</p>     | <p>“I have found the MFSB magazine to be very insightful. Touching on all matter concerning finance across Zimbabwe, it is rich with breaking corporate and individual finance topics that affect every citizen in the country. Skyburg Systems is happy to mention how MFSB has given us exposure to new markets and a platform to profile us to network with organizations whom we were indirectly affiliated.”</p>  |

\* \* \*

**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**



“Let’s have a moment’s silence to remember the profits we used to make.”



“This isn’t a flow chart. It’s our fee structure!”



“It’s worse than you think, it goes down to the third floor.”



Banker’s decide to ‘waive’ their bonus cheques!



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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## Life Is a Juggling Act, So Choose What You Want!



In a world in which time never seems to be enough, life has become a juggling act, both at work and at home. We are all jugglers now, and we have to learn how to do it better. As a financial services provider, we have taken time to learn how to keep several balls in the air without dropping any one of them, so that our valued clients can also do the same.

“If you look at things in only one way, you’ll be greatly restricted in how many objects you can juggle. If you look at things in many different ways, you’ll develop a depth perception that allows you to unscramble several patterns and see them all at once,” says Michael Moschen, the world’s greatest juggler.

So it starts with who we are and that is why ZB Financial Holdings has several units under its wings (or several balls in the air, so to speak): ZB Bank, ZB Building Society, ZB Reinsurance, ZB Life Assurance, ZB Transfer Secretaries, ZB Capital and ZB Associated Services.

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RECENT EVENTS IN PICTURES



The new Paynet Cup on display during the official launch of the tournament on 28<sup>th</sup> October 2017. ZB Bank are now permanent holders of the old trophy after winning it three times.



FSSL Vice Chairperson Titus Sanangurai, Fixtures Secretary Perkins Kamupira, Tamba Munemo Club Director of Cyclone Stars, Luckson Marufu Club Director of Mufakose Queens, Payserv Marketing & Communications Manager Patience Mapolisa, Secretary General Emmanuel Tapera, CAPS United Coach Lloyd Chitembwe and Chairman Kudzai Kwangwari pose for a picture after conducting the draw at Stanchart Bank Sports Club.

### THE MICROFINANCE INTERVIEW: TRANSITION FROM MANUAL PROCESSES A PROCESS, NOT AN EVENT

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 **Payserv Zimbabwe**, an electronic payments and business processes provider whose Microserv business unit offers a core banking system that was crafted to suit MFIs. **Prince T. Choguya (PTC)**, the company's Business Development Executive in charge of microfinance institutions, talks to the MFSB about the company's products and services, their uptake and growth prospects. He also talks about the integration capability and scalability of their offering for MFIs as well as its Unique Selling Proposition (USP). Choguya concludes by discussing the company's challenges and opportunities in respect of servicing the microfinance sector.



**MFSB:** How would you briefly describe your company's products and services focused on the microfinance sector?

**PTC:** Payserv offers electronic payments and Business Processes. Payserv is the holding company for Paynet, Autopay, Microserv and Softserv. Specifically for our Microserv business unit, we have a robust core banking system that was crafted to suit MFIs of all sizes. It automates their entire process from initial customer data maintenance, transaction data management, loan repayments up to historical data of the client's business. It is a system tailor made for winners in the Zimbabwe Microfinance sector.

**MFSB:** To what extent have your services been endorsed by MFIs in Zimbabwe? In other words, how many MFIs currently use the products?

**PTC:** Our Microserv solution is tried and tested, used in over 37 countries to date as Bankers Realm software, in Zimbabwe we boast of large entities such as Yonder Rift Enterprises, Fundhouse Finance, Lion Finance Bank, Hillthru Microfinance to name but a few. We have made our services known to the Microfinance mother body ZAMFI such that they have allowed us to market it to their members and also we have the blessing of the RBZ through the bank supervision unit responsible for MFIs.

**MFSB:** How would you describe the growth of your microfinance services over the years and what do the prospects look like?

**PTC:** The transition of Microfinance Institutions from manual processes to automated systems is a process not an event. It requires convincing them on the benefits of automating their processes. Microserv system is only slightly over a year old in the Zimbabwean market but the uptake has been quite significant.

**MFSB:** Financial Institutions are increasingly offering their services through Mobile Network Operators' (MNOs) mobile banking platforms in order to manage costs and increase their reach. How does your system enable or facilitate such processes?

**PTC:** Microserv Bankers Realm system offers the platform to use mobile wallets as it allows integration with Mobile Network Operators of the client's choice. Zimbabwe has moved to a cashless society where transactions are primarily wired from one end to another, therefore use of mobile banking platforms was a priority on our system.

**MFSB:** Is your system configured to enable regulatory and/or internal reporting processes?

**PTC:** Our system comes with over three hundred standard reports that meet International Financial standards, and also can allow addition of any report that the client feels is important to their entity. It is also equipped with all regulatory compliance reports.

**MFSB:** Can you describe your system's capability to integrate with other service providers through Application Programming Interfaces (APIs) for the purpose of serving the microfinance sector?

*"The transition of Microfinance Institutions from manual processes to automated systems is a process not an event. It requires convincing them on the benefits of automating their processes."*

**PTC:** Our system can be integrated with various other channels and any other service provider system that can benefit the Microfinance sector.

**MFSB:** Can you address the issue of scalability of your system? How capable is it of handling increasing volumes of work, or what is its potential to be enlarged in order to accommodate increasing transaction volumes?

**PTC:** Our system has no limit to the number of accounts, number of clients, and number of branches. It will grow with the needs of different organisations such as moneylenders, microfinance institutions, microfinance banks and commercial banks. Currently some fully-fledged banks are using the system.

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

**PTC:** Our system is not a rigid system. It is customised to suit every customer's needs, despite their differences in preferences and functionality.

**MFSB:** What are currently your biggest challenges in relation to servicing the MFI sector?

**PTC:** The harsh macroeconomic environment has scared away the microfinance institutions from acquiring our robust system as they feel the investment can be costly in such an economic environment.

**"It is to the Microfinance Institution's advantage to have a good system in place. This will aid their management, improve their efficiency and growth."**

management, improve their efficiency and growth. Hence, this system is for those with a winner's mentality, everyone wants to grow and be associated with winners.

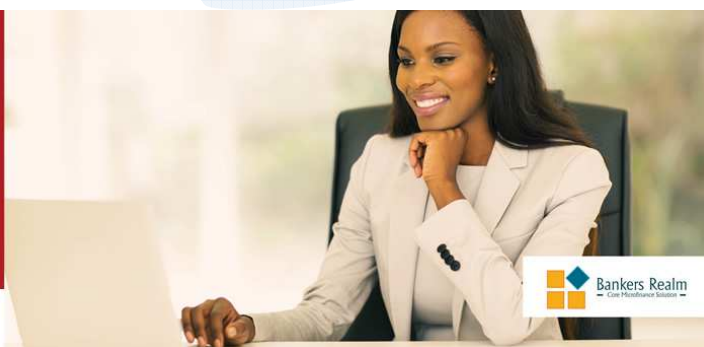
**MFSB:** Anything we haven't discussed that you think our readers would want to know?

**PTC:** Yes, our system is on a hosted platform. It takes away the need for servers and IT people in the MFIs. We host it for you and we have a fully dedicated team that is ready to assist customers for any problem solved.

**MFSB:** And opportunities. What do you think are your biggest opportunities in relation to servicing this sector?

**PTC:** It is to the Microfinance Institution's advantage to have a good system in place. This will aid their

Prince Choguya has 9 years' experience in sales, marketing and business development. He has worked in variety of technology related firms ranging from ERP systems, hardware and networking firms and presently business financial systems at Payserv. He holds a BSc in Information Science from NUST and is Success Motivation International (SMI) and Megafest trained. He is currently spearheading business development of the Microserv brand, under Payserv. He is married to Fadzi and has two sons Kundi and Kunashe.



## PRODUCT LAUNCH/ENHANCEMENT INDEX (PLEI)

- **Cell Insurance Company (Pvt) Ltd** launched a mobile application and an interactive website, as it moved to bring convenience to its clients. Called *BuzzApp*, the mobile application allows users to get insurance on the go by downloading *BuzzApp* from *Google Play* and *App Store*. "The application development was motivated by the desire to improve customer experience and make it easy for users and customers to quickly get access to the information that they require. With technology becoming more prominent, Cell Insurance has brought insurance to the client's fingertips," the firm said. This brings a new thrust to insurance which has traditionally been sold through brick and mortar channels where clients have to visit the insurer or broker's office to buy insurance. With the *BuzzApp* and website, one can create an account, buy insurance, manage one's policy, get quotations, track claims, locate preferred panel beaters, get product information and choose any of the following options to pay premiums: *Visa*, *MasterCard*, *ZimSwitch*, *EcoCash* and *Telecash*.
- **Metbank Limited** introduced the country's first *ZimSwitch* chip and pin card. "To all our valued customers. As part of our continued efforts to offer you convenience and service excellence, we are introducing a new card: **The Metbank Classic Debit Card**. The card uses chip based technology which deters cloning and skimming, thus making it one of the safest and reliable payment options in this cashless environment. The card is the first *ZimSwitch* chip and pin card in the country. All Metbank customers are requested to visit their nearest branch to apply for their new cards as from the 11<sup>th</sup> of September 2017. Please note that we will be phasing out the current Prepaid Metclick cards on the 15<sup>th</sup> of October 2017," said the bank in a public notice.
- The **People's Own Savings Bank (POSB)** partnered with **ZANU-PF** to introduce the latter's membership cards that are linked to POSB in order to work as bank cards. The linking of the cards was demonstrated to **President Robert Mugabe** during a ZANU-PF Central Committee meeting in Harare on 8 September 2017.
- On 14<sup>th</sup> September 2017, **MBCA Bank Limited** announced the launch of two new insurance products, the **MBCA Life Plan** and **MBCA Funeral Cover** under its **MBCAInsure** portfolio underwritten by **Old Mutual**. The products were expected to bring "greater convenience and create a one stop shop" for customers' financial needs. "The Life Plan allows you to secure a better financial future for your loved ones. MBCA funeral cover gives you peace of mind knowing that on the day of the inevitable your family will get the much needed financial support to carry them through their darkest hour. Visit your nearest MBCA branch and sign up for Life Plan and Funeral Cover," said the member of the **Nedbank Group**. The Life Plan enables one to enjoy up to US\$75 000 life cover, a 50% cash back option after 5 years and 100% accident cover which is available immediately. Features of the Funeral Cover includes a cash amount to cover funeral expenses, immediate accidental cover without any waiting period while benefits remain after payment of premium for a period of 10 years.
- **Success Microfinance Bank** introduced an Invoice Discounting Facility for individuals and businesses. "Now all business enterprises and individuals can immediately release up to 80% of their invoices through our Invoice Discounting Facility," said the deposit taking MFI which provides personal & corporate banking solutions, personal & business loans, agribusiness & microfinance loans as well as advisory services.
- **CABS**, a member of the **Old Mutual Group** unveiled revised conditions for the Budiriro Housing Project. "Exciting news to all our customers. New Terms and Conditions for CABS Budiriro Houses: Minimum qualifying salary now \$500; a deposit of 10% is required; Rent to Buy option over a period of 24 months; Interest rate now at 10% per annum, mortgage tenor increased from 20 years to 25 years," said the country's biggest building society by assets.

## NEW FINANCIAL INSTITUTION

- Women Affairs, Gender and Community Development Minister **Nyasha Chikwinya** said that the setting up of the **Women Empowerment Bank** was at an advanced stage and the bank was expected to officially start operations before the end of 2017. "Almost every aspect is in place to roll out Women Empowerment Bank and a nine member committee, which includes the CEO has already started operations of the bank. What's left is for some Information

## MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 49, SEPTEMBER 2017

and Communication Technology connections to be set up so that the bank will digitalise its services to modern trends, while bringing convenience to its clients across Zimbabwe. We are putting in self-service centres to increase our convenience to female customers. Customers can come in, do all the transactions they want to do in this bank," said Chikwinya.

### PRODUCT PROMOTION INDEX (PPI)

- **GetBucks Microfinance Bank** introduced a school fees loan promotion. "Get a school fee loan from GetBucks and receive a free stationary pack. Get up to \$2,000 within 24 hours, with 3 months to pay. Available to all approved employees," said the deposit taking microfinance institution and online lender. The institution's loan requirements are as follows: Copy of ID document, original and latest payslip, school fees invoice, passport photo, proof of residence or letter from employer.
- **FBC Bank** partnered with **Choppies Supermarket** to introduce the **Save BIG & Drive Promotion** running from 20 September to 15 November 2017. The main prize of the promotion was a brand new Renault Kwid car and to be eligible for the car draw, one had to make a minimum purchase of \$5 by swiping on an FBC Bank POS terminal.

### SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

| # | Organization               | Product /Promotion           | Product/Service Category     | Sub-sector   | Type of Initiative  |
|---|----------------------------|------------------------------|------------------------------|--------------|---------------------|
| 1 | Cell Insurance Company     | BuzzApp                      | Mobile Application & Website | Insurance    | Product Launch      |
| 2 | Metbank Limited            | Metbank Classic Debit Card.  | Chip & Pin Card Product      | Banking      | Product Launch      |
| 3 | POSB                       | ZANU PF Membership Cards     | Card Product                 | Banking      | Product Launch      |
| 4 | MBCA Bank Limited          | MBCA Life Plan               | Life Assurance/ Insurance    | Banking      | Product Launch      |
| 5 | MBCA Bank Limited          | MBCA Funeral Cover           | Funeral Assurance/Insurance  | Banking      | Product Launch      |
| 6 | Success Microfinance Bank  | Invoice Discounting Facility | Commercial Lending Product   | Microfinance | Product Launch      |
| 7 | CABS                       | Budiriro Housing Project     | Mortgage Lending             | Banking      | Product Enhancement |
| 8 | GetBucks Microfinance Bank | School Fees Promotion        | Consumer Lending Product     | Microfinance | Product Promotion   |
| 9 | FBC Bank                   | Save BIG & Drive Promotion   | Plastic Money                | Banking      | Product Promotion   |



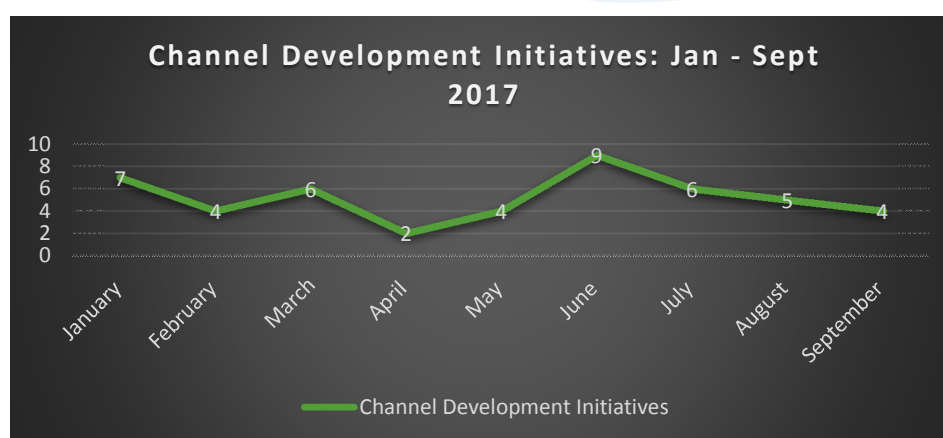


## CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

- **Tottengram Financial Services** advised that it had moved its Harare Branch to a new location. “Tottengram Harare Branch welcomes you to our new location from the 1<sup>st</sup> of September, 2017. ZB Life Towers Cnr J Moyo & 2<sup>nd</sup> Street, Ground Floor, Harare,” said the registered money lender in a public notice.
  
- **ZB Bank** issued a notice to all Stakeholders regarding Internet Banking Registration. “Please be advised that in line with our paperless strategy, we will, with effect from 1 October 2017, no longer be processing manual RTGS and Internal Transfer application forms. Individual and Corporate customers are therefore kindly requested to register on the new internet banking platform by 30 September 2017. Individual customers can register within the branch or self-register online using the following link <http://zbnz.zb.co.zw/online>. Corporate customers can get application forms from our enquiries desks, Personal Bankers or Relationship Managers. We sincerely regret any inconvenience caused,” said the bank in the notice published on 13 September 2017.
  
- **Old Mutual** launched its fourth Green Zone in Zimbabwe on **18 September 2017** at the Group’s Mutual Gardens Head Office in Harare. The event was attended by local business leaders, current and retired Old Mutual CEOs and the group’s top clients. Notable among the retired leaders were former CEOs **Luke Ngwerume, Joe Hermann, Graham Hollick** and past chairman **Muchadei Masunda**. Guest of honour Graham Hollick - who was CEO from 1998 to 2004 – said Old Mutual had always been a market leader in the financial services sector and the market has always had high levels of confidence in the company. “Whatever Old Mutual does, it turns out to be the biggest, from a life company, to the building society, to asset management, to unit trusts, to short term insurance... you have to say that you must be doing something right as Old Mutual,” said Hollick. Two more Green Zones were expected to be opened before the end of the year, adding to the two in Harare, one in Zvishavane and another in Bulawayo. Green Zones are designed to be a “one stop shop” for all services of Old Mutual subsidiaries.
  
- **Champions Insurance Company (Private) Limited** expanded the distribution channel for its motor vehicle insurance policies by including supermarket chains namely **Pick n Pay, Choppies, Bon Marche, OK Mart** and **OK Zimbabwe Limited**. “It’s renewal time! Now you can save yourself time and money when you get your Champions Motor Vehicle Insurance and vehicle licence (**ZINARA & ZBC**) at your nearest Supermarket or **Zimpost** outlet! Three birds, one stone. The ultimate convenience!” said the insurance company.

SUMMARY: CHANNEL EXPANSION/RATIONALISATION ACTIVITY

| # | Institution                   | Sector       | Type of Initiative                   | Description                                 |
|---|-------------------------------|--------------|--------------------------------------|---|
| 1 | Tottengram Financial Services | Microfinance | Branch Relocation                    | Effective 1 September 2017                  |
| 2 | ZB Bank                       | Banking      | Internet Banking Registration        | Paperless Strategy effective 1 October 2017 |
| 3 | Old Mutual                    | Diversified  | Launch of 4 <sup>th</sup> Green Zone | Mutual Gardens Green Zone on 18 Sept. 2017  |
| 4 | Champions Insurance Company   | Insurance    | Distribution Channel Development     | Effective 31 <sup>st</sup> August 2017      |



## EXECUTIVE MANAGEMENT/BOARD CHANGES

- Diversified financial services provider [Fidelity Life Assurance of Zimbabwe](#) announced the appointment of [Reuben Java](#) as the new CEO of the listed company. “The Chairman and Board of Fidelity Life Assurance Group are pleased to announce the appointment of Rueben Java as the new Chief Executive Officer of Fidelity Life with effect from **1 October 2017**. Rueben is a seasoned insurance expert with over 26 years of vast experience from 1991 when he joined Old Mutual as an Actuarial Trainee straight from university. Rueben joins Fidelity Life from Old Mutual where he was the General Manager of [Old Mutual Life Assurance Company](#). His illustrious career includes a 5-year period as Managing Director of [First Mutual Life Assurance Company](#), where he also pioneered the founding of [First Mutual Health](#). He provided valuable leadership, guidance and direction in concept design, product development and all the other relevant business development processes to bring to fruition what is known today as First Mutual Health. Rueben was also the CEO of [Old Mutual Kenya](#) for a year. During that time he was responsible for setting up the [Old Mutual Kenya Foundation](#) in 2014, a model for providing sustainable community value. Serving as the CEO of Old Mutual Kenya, he was involved in the initial governance and management activities to ensure a successful post-merger integration of [Faulu Microfinance Bank](#) and Old Mutual Kenya. Rueben holds a BSc Honours degree in Mathematics from the [University of Zimbabwe](#) in addition to an MBA from the [University of Cape Town](#) (South Africa). He is an Associate Actuary with the [Institute and Faculty of Actuaries \(United Kingdom\)](#) and has attended business leadership schools such as [Gordon Institute of Business Science](#) (South Africa) and the [INSEAD Business School](#) in France. In addition to his broad experience, immense expertise and proven leadership, Rueben is also an active industry leader. He is the current Chairman of the [Life Offices Association of Zimbabwe \(LOA\)](#) and the former President of the [Zimbabwe Association of Pension Funds \(ZAPF\)](#). Currently, he also serves as the Director at the [Insurance Institute of Zimbabwe \(IIZ\)](#) having been previously Director of [Pearl Properties](#), [Trust Finance Limited](#) and [Old Mutual Finance](#),” said the company in a public notice of executive appointment published on 26 September 2017.
- The [CBZ Holdings](#) Board, Management and Staff congratulated one of their own, [Meynard Moyo](#) – the current President of the [National Darts Association of Zimbabwe](#) – on being elected the President of the [African Union Sports Council Region 5 Darts Confederation](#) for Southern Africa.

## REBRANDING & STRATEGIC REALIGNMENT INITIATIVES

- [Pearl Properties \(2006\) Limited](#), a member of [First Mutual Holdings Limited](#) issued a notice to shareholders announcing its change of name to [First Mutual Properties Limited](#). “Shareholders are advised that the name Pearl Properties (2006) Limited has been changed to First Mutual Properties Limited. The Listing on the [Zimbabwe Stock Exchange](#) has been amended with effect from Wednesday, 13<sup>th</sup> September 2017. The abbreviation is FMP and FMP.ZW on the ZSE Data Portal. New share certificates will be issued as and when the company’s shares are traded on the Zimbabwe Stock Exchange,” said Company Secretary [S F Lorimer](#) in the notice dated 13 September 2017.

## ICT DEVELOPMENTS

- Insurance technology specialist [SSP](#) signed a deal with Masawara Group of insurance companies that saw a new core insurance system, [SSP Pure Insurance](#) being deployed in the latter’s units, [Botswana Insurance Company](#), [Lion Assurance Company](#) and [Zimnat Lion Insurance Company](#) across African territories. [SSP Pure Insurance](#) is a flexible, end-to-end core insurance system, which provides [Masawara Insurance Group](#) with the full-cycle policy administration, finance, claims, reinsurance and MI/BI reporting capabilities it needs to drive future growth. The enterprise solution will also provide Masawara Insurance Group with a web-based employee portal and a broker portal, which will make it easier for brokers to transact with the three insurers through online e-trading. [Adrian Coupland](#), customer and marketing director at SSP, said SSP was delighted to extend its partnership with Masawara Insurance Group. “With our existing customers, Botswana Insurance Company and Lion Assurance Company, and their sister company [Zimnat Lion Insurance Company](#), all live on our market-leading platform, they can benefit from a consolidated solution with best practice configuration and proactive support from the experienced team in our South African office,” said Coupland. [Mustafa Sachak](#), chief executive officer of Masawara Insurance Group

commented: “SSP Pure Insurance gives us a future-proof enterprise solution with the capability and flexibility for us to be self-sufficient, as well as centralised reporting and intelligence for the data across all three insurers.”

- **Stanbic Bank** issued a public notice in respect of a system maintenance exercise under which Blue247 Mobile Banking, Online Banking, Enterprise Online, Business Online, ATM, Point of Sale and Card services were unavailable from 0100hrs to 0600hrs and from 1800hrs to 2300hrs on Sunday, 17 September 2017. The bank said the interruption had been scheduled to facilitate a system maintenance process and accordingly advised its valued customers to carry out all necessary transactions before the scheduled downtimes. “All inconveniences caused are sincerely regretted,” said the bank, whose payoff line is “Moving Forward.”
- Interbank transaction processor **ZimSwitch** allayed fears that the **ZimSwitch Instant Payment Interchange Technology (ZIPIT)** had been suspended or scrapped after the application went offline for the better part of 25<sup>th</sup> September 2017. The facility, which allows for mobile banking, has over 20 banks on its platform and now processes an average of 14 million transactions per month, went offline igniting a social media frenzy that it had been scrapped. ZimSwitch deputy general manager **Zabron Chilakalaka** on 25 September 2017 said: “It had not been suspended or scrapped, from our end, ZIPIT is just undergoing a system upgrade. You will realise that before end of day today, selected banks will be back up and running but by tomorrow, everything will be sorted.”
- Zimbabwe’s national electronic funds switch, **ZimSwitch** froze after panic buying over the weekend of 23-24 September 2017 overwhelmed the system, triggering chaos as shoppers failed to transact in an economy now predominantly reliant on plastic transactions. The situation also affected the **ZimSwitch Instant Payment Interchange Technology (ZIPIT)**, a payment solution that enables financial transactions using mobile banking platforms. The senior bank executive said the ZimSwitch system had been overwhelmed on Monday, 25 September 2017 when banks were clearing transactions emanating from large volumes of electronic transactions made by consumers during panic buying on Saturday, 23 September 2017. He dismissed reports that this could have been caused by a systems upgrade, saying the banks would have given depositors prior notice if an upgrade was to be undertaken. “During an upgrade, we advise the market in time,” he said. Speculation had emerged that authorities had suspended the payment platform to stem panic buying but ZimSwitch said the problem had been caused by a system upgrade.

### CORPORATE SOCIAL INVESTMENT (CSI) & SPONSORSHIP INITIATIVES

- The **People’s Own Savings Bank (POSB)** and **First Mutual Life Assurance Company** were amongst the sponsoring partners of the **Zimbabwe Institute of Management’s** National Leadership Excellence Awards and 60<sup>th</sup> Anniversary Dinner held on 1 September 2017 at Rainbow Towers Hotel.
- **CABS** sponsored the T20 Cricket Tournament for schools which was held during 8 –10 September 2017 at **St Georges College**.
- **MBCA Bank Limited** donated a car to **Tariro Organisation** in Glen View on Wednesday, 6 September 2017. MBCA Bank marketing head **Dedrey Mutimutema** handed over the donation to Tariro Organisation board chairman **Walter Jena** in the presence of **Zimbabwe Mental Health Services** deputy director **Dorcas Sithole**.
- **MBCA Bank Limited**, a member of the **Nedbank Group**, was one of the partners of the **Zimbabwe National Chamber of Commerce’s** 5<sup>th</sup> Women In Enterprise Conference and Awards (WECA) 2017 held on Friday 22 September 2017 at the Cresta Lodge in Harare under the theme “Accelerating Growth: Connecting Women Owned Businesses to Sustainable Markets.” Other sponsors from the financial sector included **Homelink (Pvt) Ltd** and **ZB Financial Holdings Limited**.
- The **FMC Finance Company** donated school furniture worth US\$5,875 to **Kutama Day Secondary School** on Friday, 29 September 2017 as part of the company’s corporate social responsibility programme. **Ranga Mavhunga**, the CEO of FMC handed over the furniture to the school and said. “We are supported by the economy and it is only

prudent for us to also react positively when there is a need, and it is totally in line with corporate social responsibility initiative.”

- **CBZ Holdings** and the **People’s Own Savings Bank (POSB)** were amongst the sponsors of the **Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ)’s** 2017 Annual Conference held during the period 21-23 September 2017 at Elephant Hills Resort, Victoria Falls under theme “Chartered Secretaries – Surviving in a Turbulent Environment”

**CORPORATE ACTIONS**

- **First Mutual Holdings Limited (FMHL)** issued a notice dated 4 September 2017 to shareholders, announcing results of voting at the extraordinary general meeting of shareholders of the company held on 31 August 2017. **S F Lorimer**, the Company Secretary said: “Shareholders are advised that all resolutions put to the vote at the Extraordinary General Meeting of the Company held on 31 August 2017 were passed with the requisite majorities, as tabulated below.”

|   | <b>Resolution</b>  | <b>Result</b> |
|---|--|---------------|
| 1 | <p><b>The Proposed NDIL Acquisition</b><br/>                     “That, the Company be and is hereby authorised, to acquire up to the entire issued share capital of <b>NicozDiamond Insurance Limited (“NDIL”)</b> as follows:</p> <ul style="list-style-type: none"> <li>• The Company will acquire from the <b>National Social Security Authority (“NSSA”)</b>, up to 477,424,440 NDIL shares, representing 80.92% of the NDIL share capital at a consideration of 1 new FMHL ordinary share for every 5.02 NDIL ordinary shares held by NSSA and to issues and allot up to 95,104,470 new FMHL ordinary shares to NSSA with respect to the NDIL shares; and</li> <li>• Subsequent to the acquisition of up to 80.92% of NDIL, the company is further authorised to make a mandatory offer to the remaining 19.08% NDIL shareholders at terms and conditions to be determined by the Directors in line with prevailing market conditions”.</li> </ul> | Carried       |
| 2 | <p><b>FMHL renounceable Rights Officer</b><br/>                     “That the Directors of the Company be and are hereby authorised to raise up to US\$17.25 million by way of a renounceable rights offer of 210,371,395 (two hundred and ten million three hundred and seventy one thousand three hundred and ninety five) new FMHL shares at a ratio of 44 new FMHL ordinary shares of a nominal value of US\$0,001 per share for every 100 FMHL ordinary shares of a nominal value OF US\$0,001 per share held as of the FMHL Rights Offer Record date at a price of US\$8.20 cents and to issue and allot such shares as may be subscribed to pursuant to the Rights Offer to such Shareholders, their renounees, or the Underwriter’s”.</p>  | Carried       |
| 3 | <p><b>Proposed Merger of NDIL and Tristar</b><br/>                     “That, subject to the passing of Resolution 1 (above), the Company be and is hereby authorised, to merge, subject to regulatory and other necessary approvals, the operations of NDIL and <b>Tristar Company Limited (“Tristar”)</b> through the acquisition of Tristar by NDIL or any other appropriate mechanism”.</p>  | Carried       |
| 4 | <p><b>Directors’ Authority to give effect to the above Resolutions</b><br/>                     “That, the Directors of the Company be and are hereby authorise to do any and all such things as may generally be required or necessary to give effect to the above Resolutions”.</p>  | Carried       |

- **Zimre Holdings Limited** issued a further cautionary statement on 11 September 2017 in respect of the disposal of certain of its assets. “The Board of Directors of **ZimRe Holdings Limited “ZHL”** wishes to advise shareholders and the investing public that negotiations over the disposal of certain assets held by the company referred to in our

cautionary statement published on the 16<sup>th</sup> of August 2017, are ongoing. The proceeds of the disposal shall be utilized to support the company's new strategic endeavours. Accordingly shareholders and the investing public are advised to continue exercising caution when trading on the Company's shares. The market will be advised of the outcome of the negotiations in due course," said [Lovemore Madzinga](#), the Company Secretary about the transaction under consideration, for which [FBC Securities \(Pvt\) Ltd](#) and [FBC Bank Limited](#) were the Sponsoring Brokers and Financial Advisors respectively.

- [Barclays Bank of Zimbabwe Limited](#) issued a Further Cautionary Statement in respect of the takeover of the bank by [FMB Capital Holdings PLC](#). "Reference is made to the Further Cautionary Statement issued by the Board on 25 August 2017, in which the Directors of Barclays Bank of Zimbabwe Limited ("BBZ) advised shareholders and other stakeholders that, following negotiations between Barclays Bank PLC ("BBPLC") and FMB Capital Holdings PLC ("FMB"), an agreement had been signed between BBPLC and FMB, pursuant to which FMB will acquire BBPLC's majority shareholding in BBZ, subject to certain terms and conditions ("the Transaction"). BBPLC and FMB are in the process of fulfilling the conditions precedent to the Transaction, which include, but are not limited to, approval by the [Reserve Bank of Zimbabwe](#). Shareholders and the public are therefore advised that the Transaction is subject to statutory, regulatory and other approvals and, as such, should continue to exercise caution and to consult their professional advisors when dealing in the shares of BBZ. Further details regarding this Transaction will be made available in the circulars of BBZ and FMB to be published in due course," said the bank in the statement dated 15 September 2017.
- [Econet Wireless Zimbabwe](#) paid a first-quarter dividend for the first time since dollarisation, as cash rich Zimbabwean companies and individuals battled to preserve the value of their bank balances. In an unprecedented move, Econet announced that it had declared a dividend of 0.386 cents per share amounting to \$10m for the first quarter ended May 31 2017. Dividend-paying Zimbabwean companies normally pay interims or final dividends but with bank balances losing value by the day, Econet decided not to wait until the half year, when the value of the \$10m would have depreciated. To make payments using electronic money, Zimbabweans are charged a premium of between 30% and 50%. In another first, Econet increased its share buyback threshold to 20% against the usual 10% for most Zimbabwean companies. The company reportedly said this was at the request of its foreign investors, who preferred the company to pursue share buybacks than paying cash dividends. "Foreign investors had indicated to the company that they prefer the company to pursue share buybacks as opposed to cash dividends because the foreign shareholders are experiencing delays in repatriating their dividends to their countries of domicile," said [Lovemore Nyatsine](#), executive assistant to Econet's group CEO. He however noted that local shareholders preferred cash dividends. On why the company was not deploying cash into expansion projects, Nyatsine said the challenge was in the non-availability of foreign currency. "Business opportunities are available in the country. However in a TMT (technology, media and telecom) business, which requires a lot of technology input from outside the country, such opportunities are limited by the availability of foreign currency."
- [CBZ Holdings Limited](#) issued a fifth cautionary statement dated 20 September 2017 in respect of one of its subsidiaries. "Further to the Cautionary Statements issued by the Board on 2 May 2017, 31 May 2017, 19 July 2017 and 23 August 2017, the Directors of CBZ Holdings Limited ("the Company") 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 A. Jakanani](#).

### EXTERNAL FINANCING: LINES OF CREDIT AND GRANT FINANCE/AID

- Zimbabwe's leading leasing company, [African Century Leasing \(ACL\)](#) said it was failing to access \$35 million worth of lines of credit from different external financiers due to challenges faced in repaying loans that had become due. The company secured credit lines from two financial institutions, Botswana-based [Norsad Finance Limited](#) and

Belgium-based [Incofin Investment Management](#). ACL Managing Director [Stanley Matiza](#) said that the foreign currency situation currently affecting the country had an effect on the firm's lines of credit. "We have managed to secure credit lines from the horticulture and mining sectors, but we have had challenges in repatriating the loans that we secured in the past and such a situation has seen our financiers holding on to funding. Close to \$35 million lines of credit are stuck with different financial institutions and this poses a challenge to our plans as a leasing firm," said Matiza. ACL is a registered leasing company in terms of the Companies Act (Chapter 24:03) and is regulated by the [Reserve Bank of Zimbabwe](#) and governed by the Microfinance (Chapter 24:29) and Hire Purchase Act (Chapter 14:09).

- Government secured US\$ 153 million from [China Export-Import Bank](#) for the expansion of the [Harare International Airport](#), with construction work set to start in November 2017, in an effort to increase the facility's capacity from handling around 2, 5 million to over 6 million travellers annually. "We were being slowed down by the funding constraints but now we have secured the money and are ready to hit the ground running. The China-Export Import Bank has loaned us the US\$ 153 million required for the upgrade. [China Jiangsu](#) did the expansion of Victoria Falls International Airport and will be handling the project. They will begin work on the Harare International Airport by November. We already have the designs, we will have a new car park which will be in the form of a parkade. We will also upgrade the radar system while the runways will be expanded to allow for more than one plane to land at a time. We are looking at a facility that is at the same level as the [OR Tambo International Airport](#) in South Africa," said Transport and Infrastructure Development Minister [Dr Joram Gumbo](#).
- Africa's trade finance bank, the African Export Import Bank ([Afreximbank](#)) made a commitment to bailout Zimbabwe to the extent of \$ 1 billion to stabilise the economy. This saw the Afreximbank on Saturday, 23 September 2017 signing a memorandum of understanding with the [Reserve Bank of Zimbabwe](#) Governor [Dr John Mangudya](#) for the US\$600 million nostro stabilisation facility that constitutes the bulk of the global amount extended to Zimbabwe. The event was also used to officially hand over title deeds to Afreximbank for 1, 2 hectares of prime land for the construction of its Southern African office in Newlands.

#### CAPITAL MARKETS DEVELOPMENTS

- The [Securities Exchange Commission of Zimbabwe \(SECZ\)](#) said the sustained rally on the [Zimbabwe Stock Exchange \(ZSE\)](#) was due to high amounts of RTGS money that had been pumped into the economy by Government through debt assumption. Addressing journalists attending a workshop on Financial Reporting in Kadoma on 4 September 2017, SECZ Surveillance and Risk Manager [Noel Mahombera](#) said although the rally could be attributed to a number of other market factors, RTGS money remained the major driver. "The debt assumption bill saw a lot of liquidity being injected into the system. Now this is RTGS money and it has to find a home. People can buy property locally but they can't import anything because the money is locked into the system. Part of the money (consequently) gets to the market because your bank will tell you 'you have say a million dollars lying idle in your account, why don't you buy equities?' So it's part of the equation."
- [First Mutual Holdings Limited](#) issued a notice to shareholders in respect of its rights offer. "Following the approval of the rights offer by shareholders at an EGM held on 31 August 2017, shareholders are advised to visit or contact [First Transfer Secretaries \(Private\) Limited](#) or First Mutual Holdings Limited, or their nearest [First Mutual Life Assurance Company \(Private\) Limited](#) office to collect their Letters of Allocation. All shareholders registered as such on 8 September 2017, have been offered the right to subscribe for the new shares in First Mutual Holdings Limited at US 8.20 cents (eight point two zero United States cents) per Rights Offer share in the ratio of 44 (forty-four) new Ordinary Shares for every 100 (one hundred) Ordinary Shares in held in FMHL. Further details are contained in the Abridged and Full Circulars which were published on 10 August 2017 and can be downloaded from the company's website ([www.firstmutualholdings.com](http://www.firstmutualholdings.com)). Eligible shareholders can subscribe for all the shares offered; or sell their rights (renunciation); or split and subscribe for part of their rights. The rights offer timetable is as follows:

| Event   | Date                     |
|---|--------------------------|
| Last day to register for participation in the FMHL Rights Offer | Friday, 8 September 2017 |

|   |                            |
|---|----------------------------|
| FMHL Rights Offer record date (at 1600hrs)                        | Friday, 8 September 2017   |
| Securities listed ex-rights, dealing in LA Commences              | Monday, 11 September 2017  |
| LAs published   | Monday, 11 September 2017  |
| FMHL Rights Offer opening date (at 1000hrs)                       | Friday, 15 September 2017  |
| Last day dealing and splitting LAs (at 1600hrs)                   | Wednesday, 4 October 2017  |
| FMHL Rights Offer closing date- Last day for payment (at 1600hrs) | Friday, 6 October 2017     |
| Results of the Rights Offer Published                             | Wednesday, 11 October 2017 |
| FMHL Rights Offers shares issued and listed                       | Friday, 13 October 2017    |

Shareholders who fail to take up their rights by the closing date will forfeit them will be taken up by the underwriters," said the insurer with interests in life assurance, health, insurance, reinsurance, savings and property.

- **Brainworks Limited**, a Mauritius registered investment holding company with its investment base focused on the Zimbabwean hospitality, real estate, financial services and logistical sectors, announced that it had been granted a listing of all its issued shares in the "Equity Investment Instruments" sector of the Main Board of the **Johannesburg Stock Exchange ("JSE")** with effect from the commencement of trade on 13 October 2017 ("the Listing") and has extended an Offer to Qualifying Investors to (i) purchase up to 10,680,555 ordinary shares and (ii) subscribe to 16,843,396 ordinary shares (collectively, the "Offer Shares") in the Company at R11.50 per Offer Share ("the Offer"). The proceeds of the Offer will be used by Brainworks to settle interest bearing debt, which will strengthen the Group's balance sheet and position it for growth, and will be invested in its current investee assets to enhance future revenue generation and profitability, as well as the payment of Listing expenses," said the company in an abridged pre-listing statement and opening offer to qualifying investors dated 28 September 2017. Brainworks said the main purpose of the Offer and Listing was to raise capital in order to reduce interest bearing debt, thereby strengthening the Company's balance sheet for expansion of current investments; provide access to funding from the South African equity capital markets in order to facilitate and accelerate the Group's organic and acquisitive growth; provide Shareholders with a liquid, tradable instrument within a regulated environment; raise the Group's profile with lending institutions and access beneficial financing terms available to listed entities; and create awareness with prospective institutional and retail investors about the merits of investing in the Company.

### DEPOSIT PROTECTION & TROUBLED INSTITUTIONS RESOLUTION INITIATIVES

- The **Zimbabwe Anti-Corruption Commission (ZACC)** opened a large scale investigation into externalisation and fraud allegations involving about US\$200 million against directors and managers of six failed banks. ZACC's investigations committee chairperson **Goodson Nguni** confirmed that the probe was underway. "The net is closing in on some former directors and managers of failed banks because there are a number of questionable transactions. Money was siphoned out the country and everyone involved must be held to account," he said. According to information gathered, the failed banks under probe were **Interfin, Royal, Trust, Allied, Tetrad** and **AfrAsia**. Preliminary evidence showed that the money was siphoned from banks as insider loans while some directors reportedly gave loans to their relatives and lovers. "The investigation is expected to be complete in the next few weeks. The directors, chief executives and managers of some of the failed banks face criminal liability. These people accessed loans and gave loans to friends and relatives for purposes of externalisation. We believe serious fraud was committed against depositors because some of the funds which were stolen were ordinary people's money. The bankers thought the cases died a natural death but how can we ignore people who externalised money when the country is facing problems of foreign currency. These are the culprits who created the cash problems and they will soon be brought to book. The long arm of the law is soon catching up with the bankers," said an investigator.

### BOND/TB ISSUE OUTLOOK

- The **Reserve Bank of Zimbabwe (RBZ)** invited investors such as individuals, companies, pension and provident funds, insurance companies, life mutuals, financial institutions and other interested institutions in Zimbabwe to subscribe for the RBZ 7% Savings Bond. "Applications must be for a minimum of USD100.00 (one hundred United

States of America dollars) for both corporate bodies and individuals. Copies of the application forms are available from RBZ, Commercial Banks, Building Societies and POSB. Completed application forms should be submitted through Commercial banks, Building Societies and the POSB,” said the apex bank which outlined the features of the bond as follows:

|                             |   |
|-----------------------------|---|
| Issuer                      | Reserve Bank of Zimbabwe  |
| Interest Rate               | 7% per annum.   |
| Purpose of Issue            | To provide Investors with a platform to save and invest in high yielding instruments              |
| Offer                       | Applications to be received by banks by the end of business every Thursday for issuance on Friday |
| Submissions by banks to RBZ | Every Friday by 1200 hours  |

Special features of the bond included rolling maturities of one year, two years, three years and five years; simple interest fixed rate of 7% per annum calculated on a 365 day basis; tax free interest; acceptable as collateral, liquid asset status; bearer instrument as well as discount window at the RBZ 30 days after issuance for individuals and 180 days for other investors.

- Harare mayor [Bernard Manyenyeni](#) said the city’s \$100 million municipal bond scheme had already received ministerial approval and would not be affected by the recent ban on granting local authorities borrowing powers to raise funds. Local Government ministry permanent secretary [George Mlilo](#) recently announced that the government had stopped local authorities from using borrowing powers to raise funds but Manyenyeni said Harare’s borrowing powers were given the nod before the announcement and, therefore, would not be affected. “It was approved already, but there appears to be a rethink on the matter. However, we are of the opinion the approval won’t be rescinded,” he said. The \$100 million is earmarked for road maintenance, refurbishing of the water and sewer reticulation system, renovation of council houses in Mbare, building of two new polyclinics and informal sector factory sheds. “The process of identifying the lead sponsor is already in motion and we hope to conclude it soon,” he said. Harare was working with [CABS](#) as its lead financiers, to finalise the specifics of the bonds such as the proposed tenure, coupon rate and financial status of the bonds. “Indicative coupon rate is 6% per annum and tenure will depend on the projects to be financed, but we were looking at between five and 10 years. We wanted long term but this will depend on the sweeteners like if the bonds will be given prescribed asset status or liquid asset status and securities such as government guarantees,” Manyenyeni said. Prescribed asset status means insurance and pension houses will be obligated to invest and liquid asset status means the bonds can be freely traded on the markets, thus, making them attractive to investors who do not want to hold them to maturity. This is the first time the city, after independence, is going to the bond market to raise funding for development after more than a decade of economic deterioration that brought pressure on infrastructure.

**POLICY/REGULATORY/LEGAL DEVELOPMENTS**

- A Harare lawyer [James Matajame](#) of [Takawira Law Chambers](#) approached the High Court seeking an order compelling [Skynet Private Limited \(Multichoice Zimbabwe\)](#) to accept other methods of payment such as bank card swipe, bank transfers and bond notes for DSTV subscriptions. In the application filed at the High Court on **7 September 2017**, Matajame sought a declaratory order compelling Multichoice to accept the other methods of payment permissible in terms of the laws of the country. “The first respondent’s (Multichoice) conduct of refusing to accept subscriptions by way of swipe, [EcoCash](#), bank transfer, bond notes and coins, preferring US dollars only, is unlawful. The Government in 2016 passed Statutory Instrument 133 of 2016 and the Principal Act, the [Reserve Bank of Zimbabwe Amendment Act \(2016\)](#) through which bond notes and coins were issued as legal tender in Zimbabwe. Section 44B(2) of the said SI 133 of 2016, provides that bond notes and coins are exchangeable at par value with any specified currency other than Zimbabwean currency prescribed as legal tenders for the purposes of Section 44A. Clearly the refusal by the Respondent to accept my payment for its services in bond notes or coins, is not only illegal, but it is a massive slap in the face for the Government and lawmakers. Respondent’s conduct in this regard appears to be that of the animals, who are more equal than others. The law puts everyone at par, and



the respondent should not be allowed to gain an unfair advantage over others. Applicant implores the court to take judicial notice of the liquidity crunch that our country is facing now. Cash in US dollars is now a scarce commodity. The conduct by the respondent of demanding US dollars only for its DSTV services promotes black market, which is more averse to our country and economy," he argued. Matajame said he visited Multichoice offices in Avondale on Wednesday, 6 September 2017 to make payment for subscriptions using a bank card. "The man behind the counter informed me that they were not accepting any subscriptions through swipe, bank transfer, bond notes and coins. He told me that they were only accepting US dollars," reads Matajame's founding affidavit.

- **Econet Media Limited (Mauritius)** on 8 September 2017 got the green light to distribute its **Kwese TV** satellite content to Zimbabwean viewers pending finalisation of a licence dispute pitting **Dr Dish (Pvt) Ltd** and the **Broadcasting Authority of Zimbabwe (BAZ)**. High Court Judge **Justice Charles Hungwe** suspended an earlier decision by BAZ to terminate Dr Dish's content distribution licence and allowed the media firm to enjoy full rights and benefits of the its licence. Dr Dish was in 2007 issued with a licence to specifically provide **My TV** channels to Zimbabwean viewers, but it struggled to pay the required fees for years. It also reached a point of failing to provide the service until BAZ issued a notice of intention to cancel the licence in October 2016. In August 2017, Dr Dish partnered Econet Media Limited (Mauritius) and paid all outstanding fees before notifying BAZ of its intention to add the Kwese TV channels to its list of content. BAZ received the money, but went on to terminate the licence through a letter dated August 22, 2017.
- The **Reserve Bank of Zimbabwe** rejected a request from platinum and chrome producers to have their foreign currency retention threshold increased from 20 percent, but assured them of timely disbursements of hard currency upon request to facilitate external payments. In August 2017, the RBZ directed the miners to surrender 80 percent of their earnings to the central bank as the country continued to struggle with a shortage of hard currency. Platinum and chrome miners used to retain half of their foreign currency earnings. Zimbabwe generates about 60 percent of foreign currency earnings from mineral exports. An early-September meeting between the RBZ and the miners was held where the latter expressed concerns over the threshold they are allowed to retain, arguing the 20 percent was not enough to meet their operational requirements. However, the central bank said it was not agreeable to an upward review, but instead guaranteed allocation of any requirement of foreign currency by the miners. **Zimbabwe Platinum Producers Association** president **Winston Chitando** said that the producers would continue engaging the RBZ "to see if we can meet half way."
- The High Court on **20 September 2017** nullified transactions made by three former **Renaissance Financial Holdings Limited (RFHL)** directors after they were fired in 2012, effectively reversing the **National Social Security Authority (NSSA)**'s controversial acquisition of the financial institution. High Court judge, **Justice Owen Tagu**, declared that the RFHL board of **Christopher Chetsanga**, **Collin Kuhuni** and **Monica Mukonoweshuro** had been "validly dismissed from their directorship" of RFHL at an extraordinary general meeting (EGM) of January 25, 2012. He ruled that any business the three had "purportedly undertaken" on behalf of RFHL soon after the EGM was "null and void and of no force and effect". Chetsanga and his board had, soon after their dismissal by shareholders, signed off agreements facilitating the takeover of RFHL by NSSA, which had targeted a cache of assets held by **First Mutual Holdings Limited**. The ruling was likely to affect NSSA's acquisition of FMHL, which was on the basis of its assumption of a controlling interest in RFHL. NSSA has a 51, 33 percent stake in FMHL, followed by **Capital Bank Corporation Limited**, which has a 20, 08 percent shareholding. The judgement, made after the case had been referred back to the High Court by the Supreme Court following an appeal by NSSA of an earlier judgement, was likely to disrupt the planned takeover of short-term insurer, **NicozDiamond**, by FMHL.
- Finance and Economic Development Minister **Patrick Chinamasa** was on 20<sup>th</sup> September 2017 taken to task by legislators over Government's inaction on the illegal sale of scarce cash on the black market. Members of Parliament across the political divide asked the minister why there was no evident effort to prosecute cash dealers whom they claimed acted in cahoots with financial institutions and influential individuals. The questions were raised in the National Assembly during the questions-and-answer session. Shamva South Member of Parliament **Joseph Mapiki** of **ZANU-PF** was the first to ask why cash dealers were not being jailed and fingered members of the Indian and Chinese communities for selling cash at a premium. He added that **EcoCash** agents were also levying charges on

desperate customers. Chinamasa said there was no law providing for the arrest and imprisonment of such individuals, but the [Reserve Bank of Zimbabwe](#) was empowered to impose penalties under the Banking Act. “The law to jail people (dealing in cash) is not there. What is there are penalties for those found doing that. We have agreed as Cabinet that a law be put in place. I am not saying cash is not being sold, but I do not know about it because I would not be there when people sell it,” said Chinamasa. Legislators were riled that Chinamasa appeared to suggest he was not aware of a practice that was now rampant in the country. In an attempt to appease the lawmakers, Chinamasa said he was getting regular reports from the central bank on such vices and undertook to issue a ministerial statement in a week’s time giving full details on the matter. Glen View North MP [Fani Munengami](#) of [MDC-T](#) implored Chinamasa to give detailed responses, including information on the proposed US\$300 million stand-by liquidity facility and central bank Governor [Dr John Mangudya](#)’s views on the performance of the bond notes so far, since he had indicated that he would resign if they failed to achieve the intended objectives.

- The [Reserve Bank of Zimbabwe \(RBZ\)](#) said it was finally working on an instrument to arrest cash dealers operating on the parallel market, where they effectively controlled the economy while the authorities literally folded their hands and watched. On Monday, [25 September 2017](#) RBZ governor [John Mangudya](#) said market indiscipline was too much, as witnessed by the panic buying that took place over the weekend of 22-24 September 2017. “Enough is enough. We have to take action against the parallel market operators. We are currently working on an instrument which we hope will help us deal with these black market dealers. I think that maybe we need to engage the police to make some arrests. We have said it many times that there is a lot of market indiscipline. This is what is causing the panic buying in the shops because to us everything should be okay.” Mangudya said that the real problem was production and would keep on stressing that point, as a rise in manufactured goods would lead to better exports. However, economist [Prosper Chitambaro](#) said making the arrests would not solve the problem and would only push these dealers further underground. “It would just take those activities further into the underground economy. For as long as there are foreign currency shortages I think that will always create a breeding ground for parallel market activities. So if you make arrests what you are just doing is to further drive these activities into the underground so you are not actually illuminating the issue,” he said. Chitambaro agreed with Mangudya that the economy’s fundamentals had to be solved first to effectively deal with the problem.
- Police in Bulawayo launched a blitz targeting illegal foreign currency dealers popularly known as “Osiphatheleni” for hoarding cash at a time the cash crisis had intensified. The blitz started on Tuesday 26 September 2017 and by 27 September 2017 a number of forex dealers had been arrested. Bulawayo police spokesperson Inspector [Precious Simango](#) said the police would continue to raid cash barons. “We have launched a campaign targeting illegal money changers among other cash barons. I cannot immediately confirm the number of people we have arrested so far. But the raids will continue as we try to arrest those hoarding cash,” she said, further appealing to members of the public to assist the police with information that would lead to the arrest of the cash barons.
- Government gazetted regulations that criminalise cash vending without permission from the Exchange Control authorities and empowered police to arrest money peddlers and seize whatever currency was involved. In an Extraordinary Government Gazette published on [28 September 2017](#), President [Robert Mugabe](#) issued Statutory Instrument 122A of 2017 – Exchange Control (Amendment) Regulations 2017 (No 5) – to deal with widespread cash vending on the street, which Government realised had become catalytic to price hikes. President Mugabe amended the Exchange Control Regulations of 1996, published in Statutory Instrument 109 of 1996, in particular section 2 of the principal regulations. The amendment was done in terms of Section 2 of the Exchange Control Act [Chapter 22:05]. According to the changes, Section 40 (Orders) of the principal regulations was amended by the insertion of subsection (2c) after subsection (2b). The inserted subsection relates to dealing in currency and provides that: “an authorised officer or police officer, acting to enforce any order – (2c) (a) may, for the purpose of holding the currency as exhibit in subsequent prosecution, seize any currency upon a reasonable suspicion that the possessor thereof is dealing in it unlawfully, that is, in contravention of any order or any provision of the Act or these regulations by virtue of which the order is made. Subsection (2e) provides that for purposes of enforcing any order – “(a) it is declared, for avoidance of doubt, that any dealing in currency or foreign currency for which any licence, permit or other authority or permission is required by or under these regulations shall, if such dealing is done without such licence, permit or other permission, constitute an offence against section 5(1) (a) (ii) of the Act.

### CONFERENCES/SYMPOSIA & TRAINING EVENTS

- The People's Own Savings Bank (POSB) hosted the POSB SME Forum in Harare on 21 September 2017 at Rainbow Towers and topics covered included tax issues presented by ZIMRA, legal matters presented by designated lawyers, financial matters presented by Ernst and Young as well as Government Policy presented by the Ministry of SMEs. In order to register for the event prospective delegates had to send a text message to 0737 223 109, send an e-mail to [smedf@posb.co.zw](mailto:smedf@posb.co.zw) or collect registration forms from Kopje Plaza and Causeway branches. "Calling on all SMEs, come and get the formula to shape your business! With POSB you can now get the knowledge you need to grow your business. Take this opportunity and get the formula to success," said the country's sole savings bank.
- The People's Own Savings Bank (POSB) hosted the POSB SME Forum in Bulawayo on 25 September 2017 at Bulawayo Rainbow Hotel and topics covered included tax issues presented by ZIMRA, legal matters presented by designated lawyers, financial matters presented by Ernst and Young as well as Government Policy presented by the Ministry of SMEs. In order to register for the event prospective delegates had to send a text message to 0737 223 109, send an e-mail to [smedf@posb.co.zw](mailto:smedf@posb.co.zw) or collect registration forms from the Bulawayo Main and Fort Street branches. "Calling on all SMEs, come and get the formula to shape your business! With POSB you can now get the knowledge you need to grow your business. Take this opportunity and get the formula to success," said the country's sole savings bank.

### PUBLIC TENDER INVITATIONS/RESULTS, EOI & RFPs

- The Infrastructure Development Bank of Zimbabwe (IDBZ) issued a Contract Award Notice in respect of the University Students and Staff Accommodation (USSAP) Project. "Further to approvals granted by the Board of Directors of the Infrastructure Development Bank of Zimbabwe to undertake University Students and Staff Accommodation (USSAP) Projects, we are pleased to advise that the Bank has now concluded an agreement with Hualong Construction (Private) Limited (the Contractor) for the construction of Students Halls of Residents for the National University of Science and Technology (NUST), Bulawayo. The Contractor is in the process of mobilising for commencement of civil works at the identified project site; with the project expected to be complete within a period of twelve (12) months from commencement date," said the IDBZ Procurement Secretariat.
- The Infrastructure Development Bank of Zimbabwe (IDBZ) issued a Contract Award Notice in respect of the Kariba Housing Development Project (KHDP). "Further to approvals granted by the Board of Directors of the Infrastructure Development Bank of Zimbabwe to undertake Kariba Housing Development Projects (KHDP), we are pleased to advise that the Bank has now concluded an agreement with Masimba Construction (Private) Limited (the Contractor) for the Kariba Housing Development Project (KHDP) – Lot 1 Baobab and Lot 2 Batonga in Kariba. The Contractor is in the process of mobilising for commencement of civil works at the identified project sites; with the project expected to be complete within a period of Seventy Nine (79) days from commencement date," said the IDBZ Procurement Secretariat.
- The Deposit Protection Corporation (DPC) invited tenders from reputable and well established companies for the provision of market research consultancy services under tender number DPC/09/2017. "Tender documents will be issued to interested bidders upon payment of a non-refundable tender fee of US\$10 from The Finance & Administration Director, Deposit Protection Corporation, Evelyn House, 26 Fife Avenue, Corner Blakiston, P.O. Box 7390, Harare," said the deposit insurer. Tenders were expected to be enclosed in sealed envelopes, endorsed on the outside with the advertised tender number, description of tender and the closing date of 16 October 2017. "The following must be submitted with the bid: company profile, proof of bid bond payment to the State Procurement Board, Certified copies of current tax clearance certificate (ITF263) or VAT certificate as well as and certified copies of Certificate of Incorporation, CR14, Articles and Memorandum of Association. Tenders which are received after 1000hrs on the closing date whether by hand or post will be treated as late tenders and will be rejected. Bidders are free to witness the opening of tenders on the closing date at 1100hrs. DPC does not bind itself to accept the lowest bidder or any tender and reserves the right to accept the whole or part of any tender," read the informal tender invitation.

- The [Infrastructure Development Bank of Zimbabwe \(IDBZ\)](#) issued a Contract Award Notice in respect of the Kariba Housing Development Project (KHDP). “Further to approvals granted by the Board of Directors of the Infrastructure Development Bank of Zimbabwe (IDBZ/the Bank) to undertake Kariba Housing Development Projects (KHDP), we are pleased to advise that the Bank has now concluded an agreement with [Melrose Construction \(Private\) Limited t/a Integrated Construction Projects \(ICP\)](#) (the Contractor) for the Kariba Housing Development Project (KHDP) – Kasese and Kasese Extension, in Kariba. The Contractor is in the process of mobilising for commencement of civil works at the project site with the project expected to be complete within a period of Twelve (12) months from commencement date,” said the IDBZ Procurement Secretariat.

### CUSTOMER SERVICE/PUBLIC RELATIONS MANAGEMENT & NETWORKING INITIATIVES

- [MBCA Bank Limited](#) hosted the MBCA Golf Tournament on 8 September 2017 at [Chapman Golf Club](#) in the Four Ball: Individual Stableford with an Anonymous Alliance format, attracting a field of almost 140 golfing enthusiasts.
- The [Reserve Bank of Zimbabwe](#) on 22 September 2017 issued a press statement in respect of what it called “false and malicious social media messages designed to cause panic and despondency.” “The Reserve Bank of Zimbabwe (the “Bank”) wishes to advise the public that social media messages that are circulating and suggesting that there are going to be shortages of basic commodities in Zimbabwe are false and malicious. These messages are meant to cause anxiety, panic, alarm and despondency to the unsuspecting and peace-loving members of the public. All such false and malicious statements should be dismissed with the contempt they deserve. Peddling of such fake news is quite unfortunate. There are no shortages of basic commodities in Zimbabwe. On the contrary, foreign exchange allocation for basic and essential commodities has been increased to ensure that shortages of commodities do not occur with the economy. It is also important to appreciate that foreign exchange premiums are caused by the mismatch between US dollar bank balances and the physical foreign currency available in the economy. Premiums on the parallel market are not caused by bond notes or electronic payment systems. Zimbabweans should therefore not be hoodwinked by fake social media statements designed to increase premiums on the parallel markets by rent seekers. The Bank also wishes to advise that neither it nor the Ministry of Finance and Economic Development **did not and will not** print bond notes to buy U.S. dollars from the streets as suggested in social media and other reports. Such malicious statements are counterproductive and are meant to sabotage the economy that is on the rebound on account of the good agricultural outturn, strong performance of the mining sector and the recovery of the manufacturing sector. By working closer together we achieve more in ensuring the growth and stability of our economy,” said [Dr John Mangudya](#) in the statement.
- [Afreximbank](#) president [Dr Benedict Okey Oramah](#) paid a courtesy call on Acting President [Emmerson Mnangagwa](#) on 22 September 2017 at his Munhumutapa Offices in Harare and pledged the institution’s commitment to continue doing business with Harare. Dr Oramah, who was accompanied by [Reserve Bank of Zimbabwe](#) Governor [Dr John Mangudya](#), also briefed Mnangagwa on the bank’s plans to construct a regional centre in the capital while Dr Mangudya briefed Mnangagwa about the \$600 million nostro stabilisation facility extended to Zimbabwe by the pan-African bank. The facility is meant to deal with ongoing delays by banks in the processing foreign payments by banks for the procurement of productive imports as part of a raft of measures to stabilize the economy. The facility will cover the foreign currency gap that widened after closure of the 2017 tobacco marketing season.

### INDUSTRY AWARDS AND ACHIEVEMENTS

- [CABS](#) was the inaugural winner of the Security Team of the Year in the Banking Sector at the Zimbabwe Private Security Awards held at the [Rainbow Towers Hotel](#) on 22 September 2017.
- [Edna Mukurazhizha](#) of [WEDB Financial Services](#) was the winner in the Banking and Finance category of the Women in Enterprise Conference & Awards (WECA) held on 22 September 2017 at the [Cresta Lodge](#). [MBCA Bank Limited](#) sponsored the Construction Award which was won by [Gaylord Baudi](#) of [Excel Elevators](#), with the first runner-up being [Effie Zituta](#) of [Kotrum Construction](#).

### DOMESTIC LENDING AND FINANCING PERSPECTIVES

- Government suspended the granting of borrowing powers to local authorities purportedly to save them from the humiliation of having their properties attached when they fail to pay, the Permanent Secretary for Local Government, Public Works and National Housing Engineer [George Mlilo](#) said. “The ministry has with immediate effect suspended the granting of borrowing powers to local authorities because most of them are in financial dire straits. We have had incidents where councils end up being taken to court and losing the case after they failed to repay. This has seen council property including office desks and chairs being attached so we have said let us suspend the granting of borrowing powers to avoid such situations,” Mlilo said, adding that instead of applying for borrowing powers, councils should find other ways of improving revenue collection so as to fund their projects and improve service delivery.
- [Pretoria Portland Cement \(PPC\)](#) bought 67 [ZB Financial Holdings \(ZBFH\)](#) Springvale stands for over \$1 million for its employees as the cement producer moved to improve their living standards. After realising some financial constraints in building for its clients, the bank decided to sell the land as developed stands, and 67 stands were collectively sold to PPC. “We managed to sell 67 of our 100 Springvale stands for over \$1 million to PPC recently. The cement manufacturer saw the strategic positioning of our stands and decided to buy most of them for its staff. We are happy with our partnership with them and we hope that synergies will continue in future,” ZBFH CEO [Ron Mutandagayi](#) said, adding that the door was still open for those who wanted to buy the remaining stands.

### CURRENCY, PRICING & LIQUIDITY PERSPECTIVES(CP & LP)

- The ban on importation of at least 100 basic consumer goods imposed by government in 2016 fuelled foreign currency shortages after recovery of local companies increased demand for hard currency, [Reserve Bank of Zimbabwe](#) Governor [Dr. John Mangudya](#) said on Tuesday, 5 September 2017. Mangudya said while the ban - implemented through Statutory Instrument 64 of 2016 (SI 64) - had helped local companies to retool, it had turned into a double-edged sword. “We now have a challenge that SI 64 was a wholesale for all companies to start producing and they have religiously done so. We did stock taking and realised that almost 400 companies have resuscitated their operations because of the SI 64, but these 400 companies now need feedstock because their import content is very high, on average 50 percent,” he said. Addressing retailers in the capital, Mangudya said this had “created demand for foreign currency which was not there before SI 64. Banks now have competing needs as people are now importing raw materials, which is good for the economy.” Mangudya however pointed out that as much as this had been positive for the economy in terms of job creation, it was putting pressure on local financial institutions and the central bank. “This has translated to more demand for scarce foreign exchange and the fact that most of these revived industries are importing almost all their raw materials has not really helped. So you will then see that it is also because of this that the foreign payments backlog has been increasing significantly,” said Mangudya.
- Zimbabwe could soon start experiencing inadequate supplies of food and other products caused by worsening foreign currency shortages, local retailers warned. [Confederation of Zimbabwe Retailers \(CZR\)](#) president [Denford Mutashu](#) on Tuesday, 5 September 2017 said the retail sector was reeling from foreign payment delays which had resulted in them failing to secure imported product lines, which account for an average of 40 percent of total stocks. “Empty shelves are not far; very soon they will become the thing given that local manufacturers are also failing to secure forex allocations to import raw materials crucial in the manufacturing process. Furthermore, as retailers, we have lines that need to be imported but have not been getting allocations from the banks to procure them. In this situation, most of us have been forced to buy forex on the black market in order to import these products but there is a problem with that. The problem is the forex has been coming at a premium of between 10 and 35 percent which is frankly unsustainable. You will also notice that, in light of this, some of these costs are being passed on to the customers. Overall, there is a real chance that shortages of certain products will start very soon,” Mutashu said at a meeting of the CZR and [Reserve Bank of Zimbabwe \(RBZ\)](#) governor, [John Mangudya](#). However, Mangudya assured the retailers that they would get their pending payments cleared by mid-month via disbursements of the \$600 million nostro stabilisation facility from [Afreximbank](#) aimed at managing the cyclical

nature of Zimbabwe's foreign currency receipts. "I do not think the situation will get to shortages...We are looking for foreign currency to meet some of the challenges and we hope that by mid this month we will have drawn down the Afreximbank nostro stabilisation facility to meet some of the critical payments that you have given us and we are going to continue exporting our gold and platinum," he said.

- Zimbabwe's international payments backlog surged by over 200 percent to \$570 million, from \$186 million in May, central bank governor [John Mangudya](#) said as the country's foreign currency shortage intensified. "There are two forms of foreign payments - those backed by resources and a wish list, were people want to repatriate but there is no money. So those backed by money in their accounts currently stand at about \$220 million, while the wish list is around \$350 million. That is our backlog," Mangudya said on the sidelines of a meeting between business and [President Robert Mugabe](#) at State House on [7 September 2017](#). He said he expected the situation to ease by mid-month as government began drawing down on the \$600 million nostro stabilisation facility.
- The [Zimbabwe Congress of Trade Unions \(ZCTU\)](#) wrote to [RBZ](#) governor, [John Mangudya](#), urging him to resign after "his" introduction of bond notes failed to solve the country's liquidity crunch and triggered inflation. In a letter dated [September 11, 2017](#) signed by the Secretary General [Japhet Moyo](#), the ZCTU reminded the central bank governor of the pledge he made in 2016 to resign if bond notes failed to turn around the economy's fortunes and mitigate the cash crisis. "You recall that last year we had a meeting with you just before the introduction of bond notes wherein we forewarned you over the adverse effects of bond notes on the country's workers and general populace. Nevertheless, you remained stiff-necked and vowed that if the idea failed you would hand over the baton. As we write to you, it is our hope that you have not suffered from selective amnesia as it is clear that you have been also observing the dismal monetary trends since the introduction of bond notes," read part of the letter.
- Cement manufacturer [PPC Zimbabwe](#) said it would resume exports into the region even at a loss, in order to earn foreign currency which is increasingly in short supply in the country. MD [Kelibone Masiyane](#) said that the company had no option but to export despite the challenges likely to be faced in highly competitive regional cement markets. PPC used to export into the region but due to pricing issues and depreciation of regional currencies, exports had drastically gone down. "Exports are a priority for the company at the moment but there are still challenges. We are finding it difficult from a pricing point of view because of the high cost of manufacturing in Zimbabwe and secondly, the regional currencies at the same time depreciated against the United States dollar. In 2014 and 2015 we used to export slightly over 100 000 tonnes a year but right now our exports are virtually nothing. However, with the current foreign currency crisis we don't have an option but to export. The recently commissioned Harare plant has expanded our footprint in the country and this is likely going to see us tapping into Zambia, Mozambique and all those countries within reach. We are even prepared to export at a loss in some markets," he said.
- The [Registrar General's \(RG\)](#) department reportedly suspended issuing emergency passports, as ongoing foreign currency shortages continued to affect key public and commercial operations. The shortage of foreign exchange affected key sectors of the economy, including mines and manufacturers, who struggled to pay for raw materials and equipment imports. Officials at the RG's office confirmed the suspension of emergency passports citing foreign currency shortages for the importation of special paper. They said even plastic identity documents had been affected by the shortage of foreign currency. However, the RG's office was still issuing application forms and receiving applications for passports, they said. "At the moment, we have suspended issuance of passports because we don't have the paper. We are not sure when we will get the special paper because of shortages of foreign currency. This means it's difficult for us to import the paper," an official said on [13 September 2017](#). Another official said: "Yes, we have suspended issuing emergency passports because we have run out of the special paper which is imported. We were told there is no foreign currency to import the paper but we are processing the normal passports, which take about three or more months."
- Plastic pipe systems manufacturer, [Proplastics](#) said it was targeting to increase exports to the "ideal 10 percent" from the current two percent as the group started picking up orders from as far afield as Sierra Leone. "Exports is an area we will be pursuing aggressively. We are already now into Zambia. We also picked up some descent orders

from Sierra Leone,” said chief executive officer [Kuda Chigiyo](#) at an analysts and media briefing on the unaudited results for the half year to June on Thursday, 14 September 2017.

- Iranian MPs on 20 September 2017 described Zimbabwe’s banking system as a hindrance to business and trade between the two countries, as it had become a nightmare to transfer money across borders. MPs from the [Iran-Zimbabwe Parliamentary Friendship Group](#), led by [Mostafa Kavakebian](#), met Speaker of the National Assembly [Jacob Mudenda](#), Deputy President of the Senate [Chenhamo Chimutengwende](#) and the [Kindness Paradza](#)-led Parliamentary Portfolio Committee on Foreign Affairs. It was also revealed that currently business between the two countries was low, with Zimbabwe having exported goods worth a minuscule US\$ 1000. “We would like banking relations to be improved because Iranian businessmen in Zimbabwe are saying that it is very difficult to transfer money,” Kavakebian said. Mudenda promised to engage [Reserve Bank of Zimbabwe](#) governor [Dr John Mangudya](#) in an effort to address the banking problems.
- The [Confederation of Zimbabwe Industries \(CZI\)](#) said the central bank would be releasing foreign exchange under the \$600 million nostro stabilisation facility on a weekly basis, which was expected to clear the foreign payments backlog. The facility, which is guaranteed by [Afreximbank](#), was announced in August 2017. On Tuesday, 19 September CZI president [Sifelani Jabangwe](#) said his body had been working with government to deal with the foreign payment delays. “We have been discussing with the [Reserve Bank of Zimbabwe \(RBZ\)](#) and they are not injecting the whole \$600 million. They are actually introducing it on a weekly and monthly basis. Yes, it is not the same as tobacco so there will be a bit of a shortage in the market, which is why we are seeing the rate on the black market starting to run. So what the nostro stabilisation facility will do is reduce the impact of that (black market running) but we will feel the pain again next year when the tobacco auction floors close,” he said.
- [Fidelity Printers and Refiners \(FPR\)](#) reduced cash payouts to small-scale gold miners by 40 percent, a move some industry players feared may hurt production and give rise to smuggling out the precious mineral out of the country. Before the new arrangement, small-scale miners received 100 percent cash in US dollars upon delivery of the metal to the gold buying firm. Under the new payment system, according to [Zimbabwe Miners’ Federation](#) spokesperson [Dosman Mangisi](#) miners now get 60 percent of their earnings in US dollars, while the remaining 40 percent is deposited in bank accounts, with an option to have the 40 percent paid in bond notes. “It is true that we now have a new payment system,” said Mangisi on 26 September 2017, adding that “we fear that this may result in massive smuggling of the commodity to neighbouring countries.” Small-scale and artisanal miners, estimated to be around 40 000 in number, account for close to 45 percent of Zimbabwe’s bullion production, which hit 10 kilogrammes during the first six months of the year. Gold is Zimbabwe’s second largest foreign currency earner after tobacco. Paying miners in US dollars in full, which came alongside decriminalisation of artisanal miners’ activities, was meant to incentivise miners to increase gold production. To enhance delivery to Fidelity from small-scale and artisanal miners, authorities directed all gold sales be done on a “no-questions-asked basis.” Some industry analysts said the reduction in US dollar payouts could scale up illicit gold dealings. “We are likely to see massive gold smuggling; it is inevitable. At the same time, production may also be affected as suppliers of consumables are only accepting US dollars,” said one analyst.
- On Monday, 25 September 2017, cryptocurrency, Bitcoin, saw a price spike on the local exchange, in the wake of a buying frenzy over the weekend. Demand for Bitcoin in Zimbabwe has been on the rise as locals look for alternative ways to settle international payments after the central bank introduced stringent exchange control rules early last year in a bid to manage a foreign currency crunch. Zimbabweans have increasingly resorted to Bitcoin to make foreign payments for a variety of transactions, including paying for vehicles imports. The digital currency traded as high as \$7 200 on [BitcoinFundi](#), a local cryptocurrency exchange, representing a premium of about 85 percent against prices on [Coinbase](#) (American mainstream digital asset exchange) from the same day, \$3 900. Locally, Bitcoin typically trades at a premium, but market prices on Monday were unusually high, reflecting a surge in local demand for the cryptocurrency amid the anxiety that gripped the nation over the weekend. Investors are looking for ways of preserving the value of their bank balances, a trend that has been evident in other markets in the economy, particularly equities.

- The [National Social Security Authority \(NSSA\)](#) announced a bank charges exemption for NSSA pensioners. “Good news to NSSA pensioners. If you are 60 years and above, you are now exempt from bank charges at selected banks. This is our way of thanking you for years of dedicated service to this country. We are grateful to the following banks for extending this special service to you: [Barclays Bank](#), [CABS](#), [CBZ Bank](#), [MBCA Bank Limited](#), [Metbank](#), [National Building Society](#), [NMB Bank Limited](#), [Stanbic Bank](#), [Standard Chartered](#), [Steward Bank & ZB Bank Limited](#),” said the authority in a public notice.

### MICROFINANCE PERSPECTIVES

- Figures obtained from the [Reserve Bank of Zimbabwe](#) showed that deposits held in the country’s four registered Deposit Taking Microfinance Institutions (DTMFIs) grew by more than 312 percent between June 2016 and June 2017, according to a [September 7](#) central bank document titled *Recent Initiatives & Scope for Transforming the Microfinance Landscape*. The central bank said the deposits closed June 2017 at \$6, 6 million, up from \$1, 6 million in June 2016. The number of savings accounts grew to 1993 as at March 2017, from 522 in June 2016, as uptake of the industry’s savings product grew. The number of active clients also went up to about 28 percent to close June 2017 at 322,728 compared to 251,553 in June 2016. The number of licensed institutions stood at 187 at the end of June 2017, compared to 168 in June 2016 while the number of branches in the industry grew to 698 players compared to 600 in June 2016. Total loans grew to \$229, 4 million, up from \$183, 4 million in June 2016 while assets also grew by \$50 million to \$298 million in the period under review.
- Microfinance institutions (MFIs) said the move by the central to curb interest charges on loans had hit their operations hard, with the majority of them struggling to stay afloat due to the high cost of money. In March 2017, the [Reserve Bank of Zimbabwe \(RBZ\)](#) pegged interest charged by MFIs at 10 percent per month. Prior to the directive, microfinanciers were charging between 20 - 30 percent interest rate per month, according to the executive director of the [Zimbabwe Association of Microfinance Institutions \(ZAMFI\)](#), [Godfrey Chitambo](#) who revealed at a microfinance conference on [Thursday, 7 September 2017](#) that small microfinance institutions, which account for 60 percent of the industry, were not operating profitably. “The interest rate is a challenge especially to the small players although big players can afford it, but among the 183 registered microfinance institutions, 60 percent are small players and they are breaching this command, which attracts a fine of about \$3,800. On the 10<sup>th</sup> of October 2017, we are going to bring all practitioners to hear their experiences under the 10 percent interest rate direction, before we lodge a complaint to the RBZ, to ascertain whether they are affording it or if they are not closing branches or reducing their staff to meet their expenses,” he said.
- The US\$7.6 million loan facility under the [Organisation of the Petroleum Exporting Countries \(OPEC\) Fund for International Development](#), unveiled in July to support poverty alleviation projects in the country’s three major poverty stricken providences of Matabeleland North, Masvingo and Manicaland, would be disbursed through Savings and Credit Cooperative Societies (SACCOS) to ensure accountability. Small to Medium Enterprises and Cooperative Development Minister [Sithembiso Nyoni](#) said this on 11 September 2017. “A team of my officers are on the ground as we speak urging the intended beneficiaries in each of the targeted three provinces’ districts to form SACCOS. The funds will be disbursed only to rural projects through SACCOS to ensure accountability and reduce defaulting by the beneficiaries,” said Nyoni. Once SACCOS are established, each of the three provinces’ seven districts would receive US\$285 000 with SACCOS being supported for cash amounting to a maximum of US\$10 000 at an interest rate of 10 percent per annum over a period of 12 months.
- [Inclusive Financial Services](#) was the First runner up in the Customer Service Excellence Category of the Zimbabwe Institute of Management’s National Leadership Excellence Awards held on 1 September 2017.



**PAN-AFRICAN DEVELOPMENTS**

- Ghana's central bank raised the minimum capital required for banks three-fold to 400 million cedis (\$90.2 million) as part of measures to ensure financial stability, its spokesman [Bernard Otabil](#) said on Tuesday, September 12, 2017. "With immediate effect, the Bank of Ghana has set out a new minimum capital requirement of 400 million cedis for banks as part of a holistic financial sector reform," Bernard Otabil said. The previous capital requirement for incumbent banks and new entrants was 120 million cedis. Otabil said the increase took effect from [September 11, 2017](#) and that the lenders had up to the end of 2018 to meet them. "Going forward, banks will require a more sophisticated and robust capital framework consistent with the growing risks banks are currently facing," a statement by the regulator said.
- [TerraPay](#), the world's first mobile payments switch, announced on 8 September 2017 that it had successfully obtained regulatory approval from the [South African Reserve Bank](#) to launch cross-border money transfer services in South Africa. This made TerraPay the 5th company to be licensed as a category three Authorised Dealer in Foreign Exchange with limited authority, also known as ADLA 3, to conduct low value international money transfers in the country. TerraPay is building global payments infrastructure for low-value cross-border transactions. The service interconnects mobile wallet service providers, financial institutions and money transfer operators in key send and receive markets. The license enables the company to enter into cross-border low value person-to-person payments in South Africa. In the Initial roll-out, TerraPay will enable cross border money transfers from South Africa to mobile wallets in Zimbabwe, Nigeria, Mozambique and Uganda. According to the [World Bank](#), the global average cost of sending remittances was 7.43% of the amount sent by remitting customers. For remittances sent from South Africa, the average cost was 16.71%; more than double of the global average. [Ambar Sur](#), Founder & CEO of TerraPay said, "As per a report from [FinMark Trust](#), the bulk of remittance flows from South Africa are destined for Zimbabwe, Mozambique and Lesotho, with 85% of all migrants originating from these countries. Moreover, almost 70% of transfers to these countries are conducted informally, since the high cost of formal money transfers is a major barrier to accessing formal remittance channels. TerraPay is taking an aim to solve this problem of the migrants, by facilitating instant and cost-effective low value money transfers to mobile wallets. We are now open for business in South Africa and are actively looking to build strategic partnerships to further expand our footprint in the Southern Africa region." TerraPay's global network is expected to support the growing demand for instant transfers in the region.
- The [South African Reserve Bank \(SARB\)](#) issued an operating licence to [TymeDigital by Commonwealth Bank SA](#), the first licence issued to a new bank by the SARB since 1999. The licence was scheduled to be published in the Government Gazette on Friday 29 September 2017. TymeDigital by Commonwealth Bank SA CEO, [Sandile Shabalala](#), said: "This is a key milestone in our plans to launch a full service digital bank and disrupt banking in South Africa. We will offer South Africans the ability to open accounts and transact securely, within minutes. Through our innovative technology and financial education we aim to get more people using banking services to enhance their lives and increase economic participation." TymeDigital is part of CBA's International Financial Services (IFS) division. CBA acquired TYME (Take Your Money Everywhere), a South African fintech company, in January 2015. TymeDigital by Commonwealth Bank SA expects to provide competitively priced, accessible banking services through a growing network of partners. The bank already operates Money Transfer, in partnership with [Pick n Pay \(PnP\)](#) and [Boxer](#) stores. The bank has just entered into a ten year strategic relationship with PnP.

Well, don't forget Zimbabwe has been in arrears to the Fund and to other institutions for some time, and it's been working through those, and that's an important point. Additionally, IMF staff is assisting Zimbabwe, in the absence of financing, the IMF staff is assisting Zimbabwe with policy advice and capacity development. The financial sector is of particular focus at the moment, and its current difficulties in securing access to dollars have deeper, underlying causes that need to be addressed, including through financial consolidation, so that the government does not persistently spend more money than it is. And also on structural reforms to improve Zimbabwe's competitiveness and to facilitate capital inflows -badly needed capital inflows. Last point is that the IMF is encouraging the authorities to press ahead with its adjustment, the economic adjustment, and reforms in a timely manner so that Zimbabwe can realize its potential. – [William Murray](#), IMF Deputy Spokesperson, 28 September 2017

**MFSB SPORT: FSSL FACTS, FIGURES & LEAGUE NEWS**

**THE FSSL TIMELINE FOR 2017 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 22-0 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.

**15 September 2017:** Dates for the 2017 edition of the Paynet Cup revealed by the FSSL.

**28 October 2017:** Official Launch of the FSSL Paynet Cup Tournament at Standard Chartered Bank Sports Club

**4 November 2017:** First Group Games of the FSSL Paynet Cup Tournament 2017 played

**5 November 2017:** Final Group Games of the FSSL Paynet Cup Tournament 2017 played

**11 November 2017:** Final of the FSSL Paynet Cup Tournament 2017 played

**MFSB SPORT: WEEK 18 FSSL LEAGUE TABLE**

| Week 18  |               | FSSL League Table 2017 |           |           |           |            |            |          |            |
|----------|---------------|------------------------|-----------|-----------|-----------|------------|------------|----------|------------|
| Position | Team          | P                      | W         | D         | L         | F          | A          | GD       | PTS        |
| 1        | FBC           | 18                     | 14        | 2         | 2         | 65         | 14         | 51       | 44         |
| 2        | SCB           | 18                     | 14        | 2         | 2         | 64         | 19         | 45       | 44         |
| 3        | CABS          | 18                     | 11        | 3         | 4         | 53         | 19         | 34       | 36         |
| 4        | OM            | 18                     | 11        | 1         | 6         | 74         | 28         | 46       | 34         |
| 5        | CBZ           | 18                     | 10        | 4         | 4         | 56         | 20         | 36       | 34         |
| 6        | ZB            | 18                     | 10        | 3         | 5         | 64         | 27         | 37       | 33         |
| 7        | ECO           | 18                     | 5         | 2         | 11        | 33         | 53         | -20      | 17         |
| 8        | AGRI          | 18                     | 2         | 2         | 14        | 20         | 105        | -85      | 8          |
| 9        | RBZ           | 18                     | 1         | 3         | 14        | 22         | 124        | -102     | 6          |
| 10       | PAYSERV       | 18                     | 0         | 2         | 16        | 14         | 56         | -42      | 2          |
|          | <b>Totals</b> | <b>180</b>             | <b>78</b> | <b>24</b> | <b>78</b> | <b>465</b> | <b>465</b> | <b>0</b> | <b>258</b> |

**MFSB SPORT: FBC CROWNED 2017 FSSL CHAMPIONS..AS TITLE RACE GOES TO THE WIRE**



2017 FSSL Champions: FBC Moola Team in celebratory mood after learning that they had won the league despite being held to a goal-less draw by CABS on the last day of the season.



CABS and FBC played out a goal-less draw in one of the two title deciding matches played on the final day of the season. The grueling contest, characterised by lots of tough tackles, failed to separate the two teams after 90 minutes and a share of the spoils was the fairest result. Throughout the match, FBC players and supporters were anxious about the result at Greendale Sports Club where CBZ was hosting title contenders Standard Chartered Bank in the other title decider. Despite winning 1-0 and ending the season on the same number of points (44) with FBC, Standard Chartered Bank were pipped to the title on account of FBC's superior goal difference. CABS, which was playing at home, settled for 3<sup>rd</sup> place on the final log standings.

FBC were handed their trophy at a colourful ceremony held later that evening as part of the official launch of the FSSL Tournament. CAPS United gaffer Lloyd Chitembwe was the guest of honour while ZBC Sports News anchor Ian Zvoma was the Master of Ceremony. The well-organised event was also graced by representatives of Payserv Zimbabwe, the tournament sponsor, led by Patience Mapolisa as well as representatives of the clubs and the media.

FBC players Andrew Chiguvare and Innocent Maoko receive the 2017 FSSL Championship trophy from Patience Mapolisa as Perkins Kamupira (partly obscured) Chitembwe and Kudzai Kwangwari watch the proceedings.

## INDIVIDUALS, COMPANIES AND INSTITUTIONS MENTIONED IN THIS ISSUE

### Companies & Institutions Mentioned in This Issue

|  |                             |  |                |
|--|-----------------------------|--|----------------|
| ■ AfrAsia Bank                               | 23                          | ■ Fidelity Life Assurance of Zimbabwe          | 3,18           |
| ■ Afreximbank                                | 6,22,28,29,30,31            | ■ Fidelity Printers and Refiners (FPR)         | 5,31           |
| ■ African Century Leasing (ACL)              | 3,21                        | ■ Financial Services Soccer League (FSSL)      | 7,12,34,35     |
| ■ Agribank                                   | 34                          | ■ FinMark Trust                                | 33             |
| ■ Allied Bank                                | 23                          | ■ First Mutual Health                          | 18             |
| ■ Autopay                                    | 13                          | ■ First Mutual Holdings Limited                | 18,20,22,25    |
| ■ Barclays Bank of Zimbabwe Limited          | 3,21,32                     | ■ First Mutual Life Assurance Co (Pvt) Ltd     | 18,19,22       |
| ■ Bitcoin                                    | 6,31                        | ■ First Mutual Properties Limited              | 3,18           |
| ■ BitcoinFundi                               | 31                          | ■ First Transfer Secretaries (Private) Limited | 22             |
| ■ Bon Marche                                 | 17                          | ■ FMB Capital Holdings PLC                     | 21             |
| ■ Botswana Insurance Company                 | 18                          | ■ FMC Finance Company                          | 19             |
| ■ Boxer                                      | 33                          | ■ Fundhouse Finance                            | 13             |
| ■ Brainworks Limited                         | 4,23                        | ■ Getbucks Microfinance Bank                   | 16             |
| ■ Broadcasting Authority of Zimbabwe (BAZ)   | 6,25                        | ■ Gordon Institute of Business Science         | 18             |
| ■ Bulawayo Rainbow Hotel                     | 27                          | ■ Greendale Sports Club                        | 35             |
| ■ CABS                                       | 3,5,15,16,19,24,28,32,34,35 | ■ Harare International Airport                 | 22             |
| ■ Capital Bank Corporation Limited           | 25                          | ■ Hillthru Microfinance                        | 13             |
| ■ CAPS United                                | 12,35                       | ■ Homelink (Pvt) Ltd                           | 19             |
| ■ CBZ Bank Limited                           | 32                          | ■ Inclusive Financial Services                 | 32             |
| ■ CBZ Holdings Limited                       | 3,18,20,21,34,35            | ■ Hualong Construction (Private) Limited       | 27             |
| ■ Cell Insurance Company (Pvt) Ltd           | 15,16                       | ■ Incofin Investment Management.               | 22             |
| ■ Champions Insurance Company (Private) Ltd  | 17                          | ■ Infrastructure Development Bank of Zim       | 5,27,28        |
| ■ China Export Import Bank                   | 22                          | ■ INSEAD Business School                       | 18             |
| ■ China Jianguo                              | 22                          | ■ Instagram                                    | 11             |
| ■ Chapman Golf Club                          | 28                          | ■ Institute and Faculty of Actuaries (UK)      | 18             |
| ■ Choppies Supermarket                       | 16,17                       | ■ Insurance Institute of Zimbabwe (IIZ)        | 18             |
| ■ Clinton & Evans Architects                 | 1                           | ■ ICSAZ  | 20             |
| ■ Coinbase                                   | 31                          | ■ Integrated Construction Projects (ICP)       | 28             |
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### What is plastic money?

Plastic money is a term that is used predominantly in reference to the hard plastic cards we use everyday in place of actual bank notes. They can come in many different forms such as cash cards, credit cards, debit cards, pre-paid cash cards and store cards.

