Committee of Insurance, Securities and Non-Banking Financial Authorities

ANNUAL REPORT 2014

CISNA Vision and Mission

Our Vision is "*To promote and maintain financial stability and growth in SADC through a sound, harmonised regulatory framework and the effective supervision of NBFIs*."

Our Mission is "*To achieve CISNA's vision through championing a process of collaboration, engagement and co-ordination between regional NBFI regulators and stakeholders*."

CISNA will strive to achieve its Mission through:

- pro-actively identifying and mitigating systemic risk;
- harmonising and enhancing regulatory frameworks to facilitate industry growth and access and to ensure consistent, effective supervision/enforcement;
- ensuring regional adherence to applicable global principles, standards and best practice
- fostering liaison, co-operation and exchange of information between regional and international
- bodies and agencies to develop regional capability, counter money laundering and the financing of terrorism;
- facilitating the development of competent and professional regulatory capacity;
- facilitating well informed investors and consumers;
- promoting the development and deepening of non-banking financial markets; and
- promoting adherence to sound corporate governance practices

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Glossary

AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
ANG	Angola
ARSEG	Angolan Agency for Insurance Regulation and Supervision
ATS	Automated Trading System
BOT	Botswana
BSE	Botswana Stock Exchange
BVM	Bolsa de Valores de Moçambique
CA	Contribution Agreement
CAP	Common African Position
CCBG	Committee of Central Bank Governors
CG	Corporate Governance
CISNA	Committee of Insurance, Securities and Non-banking financial Authorities
CMS	Capital Markets Sub-committee
COMESA	Common Market of Eastern and Southern Africa
COSSE	Committee of SADC Stock Exchanges
CSD	Central Securities Depository
CSTO	Committee of Senior Treasury Officials
DRC	Democratic Republic of the Congo
DSE	Dar-es-Salaam Stock Exchange
EAC	East African Community
EPA	Economic Partnership Agreement
ESAAMLG	Eastern and Southern Africa Anti Money Laundering Group
EU	European Union
FATF	Financial Action Task Force
FIP	Finance and Investment Protocol
FRC	Financial Regulatory Council
FSB-RCG	Financial Stability Board Regional Consultative Group
GDP	Gross Domestic Product
GPW	Gross Premiums Written
IAIS	International Association of Insurance Supervisors
ICT	Information Communication Technology
IOPS	International Organisation for Pension Supervisors
IOSCO	International Organization of Securities Commissions
ISSM	Insurance Supervisory Institute of Mozambique (Instituto de Supervisão de Seguros de Moçambique)
JSE	Johannesburg Stock Exchange
LES	Lesotho
LuSE	Lusaka Stock Exchange
M & E	Monitoring and Evaluation
MLW	Malawi

MMoU	Multilateral Memorandum of Understanding
MRT	Mauritius
MS	Member States
MSE	Malawi Stock Exchange
MTSP	Medium Term Strategic Plan
MUR	Mauritian Rupee
MZQ	Mozambique
NAM	Namibia
NBFIs	Non-Banking Financial Institutions
NSE	Nairobi Stock Exchange
RA	Regulatory Authority
RBS	Risk Based Supervision
REIS	Regional Economic Integration Support Programme
RISDP	Regional Indicative Strategic Development Plan
SA	South Africa
SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community
SEM	Stock Exchange of Mauritius Ltd
SPPRC	Strategic Planning and Performance Review Committee
SSE	Seychelles Securities Exchange
SWZ	Swaziland
TZ	Tanzania
USD	United States Dollar
WFE	World Federation of Exchanges
ZAM	Zambia
ZIM	Zimbabwe

Authorities within CISNA

The CISNA members consist of Non-Banking Financial Institutions (NBFIs) regulators from the 15 SADC member countries:

SN	SADC Member		CISNA Member
1		Angola	• Comissão do Mercado de Capitais (Capital Markets Commission) • Angolan Agency for Insurance Regulation and Supervision
2		Botswana	• The Non-Bank Financial Institutions Regulatory Authority • Ministry of Finance and Development Planning
3		Democratic Republic of the Congo	• Non-Participating
4		Lesotho	• Central Bank of Lesotho
5		Madagascar	• Non-Participating
6		Malawi	• Reserve Bank of Malawi
7		Mauritius	• Financial Services Commission
8		Mozambique	• Instituto de Supervisão de Seguros de Moçambique (ISSM) • Banco de Moçambique
9		Namibia	• Namibia Financial Institutions Supervisory Authority
10		South Africa	• Financial Services Board • South African Council for Medical Schemes
11		Seychelles	• Financial Services Authority, Seychelles

SN	SADC Member		CISNA Member
12		Swaziland	• Financial Services Regulatory Authority
13		Tanzania	• Capital Markets and Securities Authority • Tanzania Insurance Regulatory Authority • Social Security Regulatory Authority
14		Zambia	• Securities and Exchange Commission • Pensions and Insurance Authority • Bank of Zambia
15		Zimbabwe	• Securities and Exchange Commission of Zimbabwe • Insurance and Pensions Commission • Reserve Bank of Zimbabwe

Chairperson's Report

On behalf of SADC, it is my pleasure to introduce the 2014 CISNA Annual Report. SADC is a regional forum representing 15 member states located in Sub-Saharan Africa whose mission is to promote sustainable and equitable economic growth and socio-economic development. This is achieved through efficient productive systems, deeper cooperation and integration, good governance, and durable peace and security for the region to emerge as a competitive and effective player in international relations and the world economy.

The CISNA falls under the SADC Directorate of Trade, Industry, Finance and Investment (TIFI) which is mandated with the coordination of regional trade and financial liberalisation. In addition, the mandate of CISNA emanates from the Protocol on Finance and Investment (FIP), which was established by SADC in 2006 to accelerate growth in the SADC region through increased cooperation, coordination and management of macroeconomic, monetary and fiscal policies. Annexure 10 of the FIP sets out the scope of CISNA and brings together the regulatory authorities within SADC member states responsible for the NBFIs. It aims at contributing to the sound regulation, effective supervision and rapid development of the NBFI sector.

It was at this meeting that the 2012 CISNA Annual Report, which was its maiden report, was approved by Plenary. Moreover, in October 2014, the SPPRC undertook the review of the 2011 – 2015 CISNA Strategic Plan where the strengths and weaknesses of CISNA were highlighted and measures to address them identified.

Needless to say, harmonisation remains the key objective of CISNA. For this objective to be fully realised, there is a need for political will and unwavering commitment from all Member States. As such CISNA through its various structures will continue to require all member authorities to honour their commitments to CISNA.

Mr Tafadzwa Chinamo
CISNA Chairperson

CISNA Secretariat's Report

During the 2014 reporting period, Ms Annah Manganyi, Ms Melonie Van Zyl and Ms Koko Kubelo served as CISNA Secretariat (at various times of the year), being the contact point between CISNA and its members, as well as other key stakeholders including SADC Secretariat, Committee of SADC Stock Exchanges, and Committee of Central Bank Governors. The office of the CISNA Secretariat is located within the Financial Services Board, South Africa and its contact detail is CISNA.Secretariat@fsb.co.za. During the year under review, the Secretariat coordinated the hosting of two CISNA bi-annual meetings, in Tanzania from 07 to 11 April 2014 and in Botswana from 03 to 07 November 2014. The Financial Services Board continues with its commitment to provide the Secretariat services to CISNA until the permanent Secretariat for CISNA is established. The current CISNA Secretariat, Ms Koko Kubelo, was appointed in September 2014.

CISNA Plenary

The Secretariat continued to support the CISNA Plenary, which is the highest decision making body of CISNA. The CISNA Plenary comprises CISNA member states, and is chaired by the Chairperson of CISNA with assistance from the CISNA Vice-Chairperson. During 2014, CISNA Plenary was chaired by Mr Oaitse Ramasedi from Botswana.

During the two meetings, the Secretariat, in conjunction with the host countries, recorded the meeting proceedings and provided feedback on CISNA EXCO related activities. The Plenary meetings are hosted on a rotational basis and its decisions are reached through consensus, failing which by a simple majority. Plenary is the highest decision making body of CISNA.

The powers and functions of the CISNA Plenary include the formulation of strategy and policy, endorsement, adoption, approval and ratification of recommendations by CISNA structures, acceptance of new members and observers, sanction of CISNA members, approval of CISNA Annual Report, etc.

For the period under review, CISNA Plenary had the following Sub-committees and Technical Committees:

- Plenary
  - Anti-Money Laundering Technical Committee
  - Consumer Education Technical Committee
  - Legal Technical Committee
  - Strategic Planning and Performance Review Committee
  - Training Technical Committee
- Executive Committee
- Chief Executive Officials of CISNA members
- Insurance and Retirement Funds Sub-committee [changed the name to Insurance, Retirement Funds, Medical Aid Schemes, and Financial Intermediaries Sub-committee (IRMIS)]
  - Technical Committee on Harmonisation (Insurance and Retirement Funds)

- Market Development Technical Committee (Insurance and Retirement Funds)

- Capital Markets Sub-committee
  - Market Development Technical Committee (Capital Markets- Harmonisation) and
  - Legal Technical Committee (Capital Markets).
- Micro-Finance and Financial Cooperatives Sub-committee (established in April 2014 and the Chairperson and Vice-chairperson of the Sub-committee were elected).

CISNA Executive Committee

The Secretariat also supported the CISNA Executive Committee which is a body responsible for the oversight of the implementation of the strategic plan of CISNA, execution of the decisions of CISNA Plenary, representation of CISNA at CSTO meetings and provides overall strategic oversight of the operation of CISNA structures. CISNA EXCO meets bi-annually prior to the CISNA Plenary meetings, and reports to the CISNA Plenary. It is chaired by the Chairperson of CISNA and comprised:

- CISNA Chairperson
- CISNA Vice Chairperson
- CISNA Secretariat
- Chairpersons and Vice-Chairpersons of CISNA Sub-committees
- Chairperson and Vice-Chairperson of the SPPRC
- Director TIFI (SADC) – ex-officio

CISNA Executive Officials Meeting

In accordance with the CISNA Strategic Plan, the Secretariat arranged a meeting of the Executive Officials of the CISNA members on 05 November 2014 in Botswana. The Executive Officials meeting is held at least once a year during one of the bi-annual meetings.

The Executive Officials meeting re-emphasizes member commitment to CISNA's overall objectives. The meeting is attended by Chief Executive Officers of CISNA members or any person fully mandated to represent a Chief Executive Officer from the member authority. The meeting reports to CISNA Plenary through the CISNA Chairperson.

Funding

Members funded the general operations of CISNA during the period under review, including attendance of meetings. For funding of projects and consultants, CISNA relied on SADC Secretariat to source funding from international partners. All funding offers from third parties are required to be in line with strategic objectives of CISNA and approved by CISNA EXCO. FinMark Trust continued to assist with financial resources for the harmonisation project of the regional micro-insurance industry.

Permanent Secretariat

CISNA members are all in agreement that CISNA requires resources to be able to fully implement its strategic goals. One such goal is to establish a permanent Secretariat. Due to the lack of funding this goal could not be met. The establishment of the permanent Secretariat was deferred again for reconsideration at the next Strategic Plan period 2016 to 2020.

Ms Koko Kubelo
CISNA Secretariat

Strategic Planning and Performance Review Committee

The Strategic Planning and Performance Review Committee (SPPRC) is a Plenary Committee tasked primarily with monitoring performance against set targets, and driving projects of significance for CISNA. The SPPRC is headed up by a Chairman, and is strongly supported by the CISNA Secretariat. The other members of the SPPRC include the Vice-Chairperson and five other committee members. CISNA EXCO members attend SPPRC meetings in an ex-officio capacity. The SPPRC met four times during the course of 2014.

The CISNA strategic plan has ten objectives as listed below and SPPRC monitors performance against these to:

- harmonise and enhance the effectiveness of regional financial regulatory frameworks;
- ensure regional adoption and adherence to applicable global regulator principles, standards and best practices;
- build the internal capability to ensure that CISNA is able to execute successfully on its mandate;
- foster liaison, co-operation and exchange of information between regional and international bodies and agencies;
- facilitate the development of competent and professional non-banking financial institutions (NBFI) regulatory;
- facilitate wider access to non-bank financial products and services;
- facilitate the development of well informed investors and consumers;
- proactively identify and mitigate regional systemic risk;
- promote and facilitate the free flow of non- banking financial services; and
- promote adherence to best practice corporate governance.

Monitoring of Performance

CISNA adopted a similar Monitoring and Evaluation Framework (M&E Framework) to the one used by the SADC Secretariat. The M&E Framework is a tool for monitoring the implementation of CISNA Strategic goals for all CISNA structures. All CISNA structures and sub-structures are required to apply the M&E Framework going forward in respect of their activities and to report on the status of implementation at every bi-annual meeting of CISNA. The M&E Framework for CISNA was adopted by CISNA EXCO and Plenary. The M&E Framework provides for clear assignment of responsibilities, status updates, and implementation timeframes for the various CISNA activities.

The SPPRC monitor the activities of CISNA structures through the M&E framework for monitoring the implementation of the CISNA Strategic Plan and the same was submitted to CISNA EXCO and Plenary for review and adoption. The SPPRC has been using the M&E framework for preparing status implementation reports of the Strategic Plan for CISNA EXCO and Plenary. For purposes of completing this status implementation report, the SPPRC has been obtaining feedback from each of the Plenary Committees.

Structure, Rules and Procedures

One of the fundamental activities of the SPPRC contained in the 2011 - 2015 CISNA strategic goals included the development of a CISNA Constitution, detailing the institutional framework of CISNA, membership rules and procedures to be adopted, for example: appointing CISNA leadership and sourcing of funding from the SADC Secretariat and any other possible donor. The Constitution, now known as the "CISNA Organisational Structure, Rules, and Procedures" is aligned to Annexure 10 of the FIP.

CISNA has adopted a set of Structure, Rules, and Procedures Document (the Rules) which is a working document that is aligned to Annexure 10 of the FIP. The Rules were drafted by the SPPRC and are aimed at providing clear delineation of CISNA structures and sub-structures, and their respective duties and objectives. Furthermore, the Rules are a good guide to the operations of CISNA.

An evaluation report on the Strategic Plan implementation status indicated that there has been very poor submission of information by Committees and Sub-Committees. Going forward, this issue will be addressed by identifying the individuals that fail to submit information on time and the inclusion of their names in the report for the Committee of Senior Treasury Officials.

Annual Reports

The SPPRC was also tasked with producing the CISNA annual reports. The SPPRC has prepared the 2012, 2013 and 2014 annual reports, with significant challenges with regard to submission of relevant information and/or data from some member authorities. As such, the glaring gaps in the report represented CISNA member authorities that did not submit the requested information.

Driving Projects for CISNA

The SPPRC undertook and drove, on behalf of CISNA, a number of initiatives and projects during the period under review:

- One such project was where the SPPRC developed a concept paper for the establishment of a permanent Secretariat for CISNA. This involved the submission of the draft concept paper to EXCO for discussion and comments and thereafter to the Plenary for review and adoption. The concept paper was also sent to the different member authorities that make up CISNA, for official responses, which set forth proposals for modalities for the funding of the permanent Secretariat. In the final analysis, the decision by the Senior Executive Officials of CISNA member authorities to delay the establishment of a permanent Secretariat, was adopted by Plenary. The Financial Services Board (FSB) of South Africa continues to host the CISNA Secretariat in the interim.

- The SPPRC also undertook the task of formulating a "*CISNA Organisational Structure, Rules, and Procedures*" document to cover the modus operandi of the relevant structures. SPPRC carried out research on existing Constitutions for similar organisations and from there prepared a draft structure, rules and procedures for CISNA. The draft document was presented to EXCO for comment and discussion, and the final draft was presented to CISNA Plenary for review and adoption.

- The SPPRC was also tasked with producing an annual report for the Non-bank Financial Institutions of the SADC region. A draft format of the CISNA annual report was developed, including templates for submission of required information and/or data by the respective member authorities.

The SPPRC met four times during the course of 2014 to discuss the following matters:

- CISNA structures, rules and procedures;
- Storage of documents;
- CISNA organogram;
- Legal Technical Committee;
- NBFI model laws;
- Micro-Finance and Financial Cooperatives sub-committee;
- CISNA annual report;
- Strategic plan review process;
- CISNA Permanent Secretariat;
- Election of SPPRC Chairperson and Vice-Chairperson;
- SPPRC membership; and COSSE's representation and participation at CISNA meetings

The draft documents were submitted to EXCO for discussion and comments, and then to Plenary for review and adoption. The SPPRC has subsequently prepared this annual report, with significant challenges with regard to the slow submission of relevant information and/or data from some member authorities within CISNA. This challenge also resulted in delaying the production and release of this annual report.

Mr Mohamed Nyasama
SPPRC Chairperson

Sub-Committees Reports

Capital Market Sub-Committee

Introduction

The Capital Markets Sub-committee (CMS) of CISNA maintains its efforts towards enhancing communication and exchange of information amongst securities market regulatory authorities in the region, promote sound corporate governance by market players as well as promoting alignment with Best Practice (in particular IOSCO principles). The Sub-committee is therefore still in pursuit of harmonisation of regional capital markets regulatory regimes. Capital markets development can also not take place without the promotion of new products onto the market for product diversity. In this regard, the CMS projects / activities at varying degrees of completion are in place towards enhanced regional institutional frameworks, investment products and services.

While the CMS encourages independent securities market regulation, three members of CISNA (Malawi, Mozambique and Lesotho) still have their capital markets development functions under the ambit of their respective central banks.

Industry Structure and Performance

General Market Structure

Member capital markets remain dominated by equities trading though a sizeable number of jurisdictions have managed to establish secondary bonds markets while inroads are being made to introduce and develop SME platforms as well. The South Africa Bond market, remain the single largest in the region while the rest are still at nascent stage and most bonds (if any) issued remain unlisted and highly inactive.

Market players therefore comprise exchanges, securities dealers, transfer secretaries, custodians, financial advisors, unit trust/collective investment schemes, asset managers and CSD's.

Market Infrastructure

One of the CISNA's objectives is to promote alignment by member states to international best practice through efficient and transparent trading systems that can reach a wider investor base while facilitating cross border investment. Zimbabwe, Malawi and Swaziland are yet to automate their trading systems while the rest have been automated while a number are yet to establish electronic clearance systems.

Key Supervision and Surveillance Deficiencies for the Year

A number of jurisdictions still have some unlicensed market activities / players partly due to inadequate subsidiary legislation. Corporate governance still needs to be strengthened through binding national corporate governance codes. With the call to strengthen risk management, regional regulators need to ensure adequate policies, procedure manuals, ICT systems and risk management frameworks by licensed players for investor protection purposes and the integrity of the securities market in general. There is also need to review and update the regulatory framework in line with changing operating environment and best practice. The challenging macroeconomic environment continues to present some viability threats that can result in non – permissible activities by licensees.

Limited human resources with relevant skill and qualification remain a challenge as such, staffing levels are inadequate. High concentration risk largely due to limited investment products is another are that need to be addressed particularly in smaller markets. The emergence of Ponzi Schemes is also diverting significant amounts of funds from the capital markets. Some investment advisors still resist regulation posing serious investor protection threats as well as market integrity. In addition, nationwide investor education and awareness remains critical to encourage the investing public not to deal with unlicensed market players.

Rebranding

Effective 01 March 2014, the Seychelles International Business Authority Act, 1994 was repealed and replaced by the Financial Services Authority Act, 2013, resulting in the replacement of the Seychelles International Business Authority (SIBA) by the Financial Services Authority Seychelles (FSA Seychelles).

Summary of Compliance Activities during the Year 2014

[based on info provided by the following countries]

Activity	BOT	MAL	MRT	NAM	SEY	SWA	TAN	ZAM	ZIM
Inspections	3	6	51	8	0	1	12	19	10
Investigations			15		0	1	1	2	2
Corrective Orders					0			2	2
Notices of Cancellations				8	0				2
Cancellations				13	0				4
Directives			12	1	0				1
Suspensions			13		0				1

Note: Investigations for Mauritius relate to licensees (5), officers of licensees (3) and unregulated entities (7) while inspections include 38 for Capital Markets on licensees engaged in various financial activities namely Investment Dealers, Investment Advisers, Distribution of Financial Products, Leasing, Treasury Management and Registrar and Transfer agent and also 13 under the Investment Funds and Intermediaries

The reasons for the activities were circumstantial to the operational environment with the jurisdiction of the respective Authorities. These reasons included routine exercises, risk profiling results routine exercises, complaints, non-compliance, failure to meet minimum licensing requirements, misconduct, non-permissible activities and prior regulatory approval on transfer of client assets held in nominee accounts of companies ceasing operations.

Member Market Development Initiatives during the year

Zimbabwe's Central Securities Depository went live on the 8 September 2014 while effort towards the demutualization of the ZSE is progressing well according to plan. The Securities Exchange Commission of Zambia during 2014 has also been in the forefront of spearheading the development of the Capital Markets Strategy, which is aimed at enhancing the role of Capital Markets for a greater effect on the Zambian economy. Not many SADC Capital Markets jurisdictions have long term financial sector strategies in place as yet.

Following the footsteps of Tanzania that launched an Enterprise Growth Market at the Dar-es-Salaam Stock Exchange in 2013, the Commission of Zambia in collaboration with the Private Sector Development (PSD) and the Lusaka Stock Exchange had been working towards the establishment of an Alternative Investment Market (Alt-M) for Small and Medium Enterprises (SMEs) on the Lusaka Stock Exchange. Lesotho launched their Financial Sector Development Strategy Plans are underway for Zimbabwe and Tanzania to demutualise their stock exchanges. Zimbabwe and Malawi are working on establishing a secondary market for bonds.

Corporate Governance

Investment trends show that capital now flows towards good corporate governed destination hence the CMSDC's effort in encouraging members to ensure that their members adhere to good corporate governance standards. To date, Tanzania makes use of corporate governance guidelines and EAC directives on corporate governance. While NAMFISA now has NAM Code which is a replicate of the King Code. Mauritius has a national code on a "comply or explain basis" and SA uses the King Code.

Malawi utilises a "Code of Best Practice for Corporate Governance in Malawi" which is also based on King Code. Zimbabwe has incorporated some corporate governance principles into its proposed new listing rules. There is also a proposed national code underway as well. Angola has a national code in place. Zambia uses the LuSE corporate governance code whilst Seychelles' guidelines which are based on King's Code are embedded in the listings requirements of the stock exchange.

IOSCO Membership

While the Comissão do Mercado de Capitais (CMC) of Angola was admitted as an IOSCO Associate Member on the 07 of November 2014. The committee will continue to encourage all CMS members to emulate the same until attainment of Ordinary Membership. Namibia is in the process of finalising its application, Swaziland and Mozambique are yet to submit its application. Seychelles is in the middle of the application process, after a first feedback from International Organization of Securities Commissions (IOSCO).

South Africa, Tanzania, Zambia, Malawi and Mauritius are already members of IOSCO. Meanwhile, in February 2014, Non-Banking Financial Institutions Regulatory Authority, Botswana submitted its application for ordinary membership to IOSCO. IOSCO has advised the Authority to apply for an Associate member as this is viewed as a first step to become an IOSCO MMoU signatory.

Study Tours / Familiarisation / Exchange Programmes amongst Member Authorities

The FSC Mauritius welcomed the following delegation for a study visit of the financial services sector in Mauritius:

- Delegation from Comissão do Mercado de Capitais, Angola , 24-25 March 2014
- Delegation from Rwanda Revenue Authority, 20 August 2015
- 29 representatives of several African Investment Promotion Agencies, 27 June 2014
- Delegation from Tanzania Insurance Regulatory Authority, 27-31 October 2014

The FSC Mauritius hosted the 2014 IOSCO Growth and Emerging Markets Committee (GEMC) Meeting and Conference from 23 to 25 April 2014. This international event provided a high-level platform for members to discuss the promotion of an investment culture in emerging economies. The main theme for the GEMC Conference was “Long Term Financing”. Forty-six staff members of the FSC Mauritius attended the conference. This was an opportunity for them to take note of the latest developments with regards to Long Term Financing and to foster interactions with other participants

The FSC Mauritius together with the IOSCO hosted the Africa Middle East Regional Committee Corporate Bond Markets Outreach Programme from 07 to 08 October 2013 aimed at regrouping capital markets regulators in the region for exchanging information on issues of interest regarding bond markets. The FSC Mauritius also hosted the IOSCO Technical Committee 1 on Issuer, Accounting, Audit and Disclosure from the 21–24 October 2013. The Committee focuses on improving the development of accounting and auditing standards, while improving the quality and transparency of the financial information that investors receive from listed companies and financial institutions.

2014 Market Performance Highlights

[based on info provided by the following countries]

Exchanges	Value Traded USD mn	Volume Traded (million)	Market Cap USD bn	Liquidity %	No of Listed companies	GDP at Current Prices USD bn	Market Cap % of GDP
Botswana Stock Exchange	440	591.63	44	52	35	N/A.	N/A
Dar-es-Salaam Stock Exchange	229	241.25	12.8	1.8	21	N/A	N/A
Johannesburg Stock Exchange	348, 664	61,735	989.5	37	391	350.09	282.64
Lusaka Stock Exchange	171	319	10.3	3.4	23	22.4	45.9
Malawi Stock Exchange	26.7	1,673	15.7	0.15	14	5.1	306.1
Mozambique Stock Exchange	145.857	47.26	1329.73	10.97	17	15.63	7
Namibian Stock Exchange	720.3	15.1	148.9	0.01	38	13.1	1136.6
Stock Exchange of Mauritius	586.02	2807.44	8.7	27	90	12.07	72
Swaziland Stock Exchange	2.7	10.7	0.2	1	7	3.4	6.5
Trop-X, Seychelles Securities Exchange	0.0899	0.931	0.036	2.82	4	0.668	5.38
Zimbabwe Stock Exchange	452.87	3,179.30	4,327.01	10.47	66	14.02	30.87

Legislative and Regulatory Development

In a bid to ensuring that the rules and regulations governing capital markets are in line with regulatory dynamics, the following SADC jurisdictions: Namibia, Zambia, Tanzania and Swaziland, have their amended frameworks at various stages of approval by the relevant authorities. Botswana's Securities Act was promulgated during the year 2014 but is awaiting commencement. The Act will repeal the Botswana Stock Exchange Act once it has been operationalised. Continuous update of the respective regulatory frameworks is critical for alignment with changing operation and regulatory environments as well as international standards.

NAMFISA had Regulation 29 promulgated under the Pension Funds Act 24 of 1956 during the year 2014, which requires that all Pension Funds in Namibia invest between 1.75% and 3.5% of their total investments in unlisted entities. The Authority managed to register two UIM's and one SPV. In addition, there was one regulation promulgated under the Unit Trust Control Act 54 of 1981, namely; "Regulations relating to Unit Trusts Scheme Capital Requirements". Malawi also reviewed a number of subsidiary legislation during the year which is yet to be published in the Government Gazette.

More jurisdictions are increasingly drafting and or strengthening Anti Money Laundering guidelines for the respective markets. Mozambique's Central Bank approved Anti Money Laundering guidelines for both banking and non-banking institutions. Lesotho published the capital markets regulations during the year.

Summary Member Funding

[based on info provided by the following countries]

Country	Main Source of Funding	Other	Challenges emanating from the existing funding structure
Botswana	Supervisory Fees and Levies	Government Subvention	Minimal Capacity Building
Lesotho	Licence Fees	Central Bank of Lesotho	Absence of principal law to kick start capital market activities
Mauritius	Licence Fees, Brokerage Fees and Penalties As per Section 82 of the Financial Services Act 2007, the Commission shall establish a General Fund into which all money received by the Commission shall be paid; and out of which all payments required to be made by the Commission and all charges on the Commission shall be effected.	None	Annual contribution to Government - As per Section 82 (7)a stipulates that 'Any balance in the General Fund, after the transfer under subsections (5) and (6), shall be transferred to the Consolidated Fund'
Malawi	Central Bank		Minimal Staffing Levels but are expected to be addressed
Namibia	License fees, penalties and levies	None	None
Seychelles	Licence fees, levies and penalties		Capacity building constraints
Tanzania	Government Subvention		Little budgetary support, most market activities remain unfunded, limited capacity building
Zambia	Government Grants	Own income Sources	Inadequate Funding from Government
Zimbabwe	Market Levies	None	Limited Capacity Building

Local Regional and International Cooperation

In pursuit of information sharing through regulatory cooperation below is an updated summary of the MoUs that member authorities had signed locally, regionally and internationally as at 31 December 2014.

[Based on info provided by the following countries]

Country	Local	Regional	International
Angola	• ARSEG[1] • AIA[2]	• FSC Mauritius • NBFIRA Botswana	• IOSCO – Associate Member • INFE/OECD - Ordinary member
Botswana	• Bank of Botswana • Competition Authority • Botswana Revenue Services • Botswana Accountancy Oversight Authority	• FSC Mauritius • Namibia Financial Institutions Supervisory Authority (NAMFISA) • Comissao Do Mercado De Capitais Angola • Financial Services Regulatory Authority of Swaziland • ESAAMLG • CISNA • COSSE	• Securities Exchanges Board of India (SEBI)
Malawi	• Economics Association for Malawi (ECAMA) • Institute of Accountants in Malawi (ICAM)	• FSC Mauritius • FSB South Africa • ESAAMLG • CISNA • COSSE	• IOSCO-ordinary member IOSCO-Appendix A signatory • IOSCO AMERC • IOSCO GEMC
Mauritius	• Bank of Mauritius • Financial Intelligence • Mauritius Revenue Authority • Competition Commission Mauritius • Financial Reporting Council • Statistics Mauritius	• IOSCO Africa Middle East Regional Committee MMoU • South Asian Securities Regulators Forum • SADC CISNA MMoU • 13 with African counterparts: i. Capital Market Development Authority, Maldives ii. SEC Nigeria	• IAIS MMoU • IOSCO MMoU • **25** MoUs relating to the supervision of AIFMD entities) with European Union (EU)/ European Economic Area (EEA) Member States Securities Regulators Authority

[1]ARSEG – Angolan Regulatory Authority for Insurance and Pension funds
[2]AIA – Angolan Association of the Industry

Country	Local	Regional	International
		iii. NFBIRA Botswana iv. CMA Kenya v. Central Bank of Lesotho vi. Reserve Bank of Malawi vii. SEC Zambia viii. Insurance Supervisory department, Tanzania ix. NAMFISA x. CMA Uganda xi. PIA Zambia xii. FSB South Africa xiii. CMC Angola • ESAAMLG • CISNA • FSB RCG for SSA • COSSE • IOSCO AMERC	• **7** international counterparts i. Cyprus Securities and Exchange Commission ii. Financial Services Commission, Guernsey iii. Financial Services Authority, Labuan iv. Financial Services Commission, Jersey v. Financial Services Authority, Malta vi. SEBI vii. Isle of Man Financial Services Authority • IOSCO GEMC
Namibia	• Namibia Competition Commission • Bank of Namibia	• FSB South Africa • CMC Angola • NBFIRA, Botswana • ESAAMLG • CISNA • COSSE	
Seychelles	• Central Bank of Seychelles, • Revenue Commission • Fair Trade Commission	• ESAAMLG • CISNA • COSSE	
Swaziland	• FSRA - Financial Services Regulatory Authority	• FSB South Africa • ESAAMLG • CISNA • COSSE	
Tanzania	• SSRA,TFSF	• EASRA • SEC NIGERIA • ESAAMLG • CISNA • COSSE	• IOSCO AMERC • GEMC • IOSCO MMoU Appendix A
Zambia		• ESAAMLG • CISNA • IOSCO AMERC • COSSE	• GEMC

Country	Local	Regional	International
Zimbabwe	• Reserve Bank of Zimbabwe • Insurance and Pensions Commission, • Public Accountants and Auditors Board	• ESAAMLG • CISNA • COSSE	

IOSCO: International Organisation of Securities Commissions
AMERC: Africa Middle East Regional Committee
GEMC:-Growth and Emerging Market Committee

Projects and Activities of the Sub-committee during 2014

The fact that all market players are required to adhere to certain rules and practices that would help them operate in the most efficient and effective harmonised manner. The following are projects undertaken by the Capital Markets Sub-committee:

- Harmonisation of the qualification of the Investments managers, broker-dealers
- Prospectus requirements
- CIS requirements for operation of CIS
- Licensing requirements for investment managers, broker-dealers qualifications
- Develop harmonised minimum requirements for CSD
- Requirements for broker dealers
- Code of conduct
- Develop requirements for CSD participants

These projects have since been handed over to the CISNA legal technical committee for way forward.

CMS Harmonisation Project

The CMS had undertaken to engage a consultant to carry out a regional exercise on harmonisation of regional members' securities market rules and practices. Funding for this project is yet to be secured. Efforts to date have remained futile.

Constitution of the Harmonisation Technical Committee

Subsequent to challenges in funding a consultancy based harmonisation project as well as in an effort to bring focus into CMS activities, a capital markets harmonisation technical committee was reconstituted with a separate chair and vice chair to focus on harmonisation activities. Hence the CMS now comprise market development and harmonisation technical committees.

Engagement with COSSE

For purposes of engaging with COSSE, the CMS through its Chair (or in her absence the vice chair) represent CISNA at all COSSE meeting to ensure that the two committees work together and avoid duplication of efforts. Through working together, CISNA can enhance efforts by COSSE for improved cross border investments.

- **Highlights on CoSSE**

  The Chairperson of COSSE, Mr A.D Chirume, participated in both the CISNA Plenary and Capital Markets Subcommittee meetings. Below is a summary of the highlights on CoSSE capital markets infrastructure, institutional structures, investment product diversity and membership to international standard setting bodies:

  [Based on info provided by the following countries]

Market	Automated				Member of:		Bond market
	Trading	Clearing	Demutualised	Junior Market	WFE	IOSCO	
BSE	Yes	Yes	No	Yes	No	No	Yes
DSE	Yes	Yes	In progress	Yes	No	Yes	Yes
JSE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LuSE	Yes	Yes	In Progress	Yes	No	No	Yes
MSE	No	No	No	Yes	No	No	Yes
BVM	Yes	Yes	Yes	No	No	No	Yes
NSE	Yes	In progress	In progress	Yes	"Affiliate and member"	Applying	No
SEM	Yes	Testing of CSD	Yes	Yes	Yes	Yes	Yes
SSE	No	No	No	No	No	No	Yes
SSE (Trop-X)	Yes	Yes	Yes	Yes	Associate	Applying	No
ZSE	In progress	Yes	In progress	In progress	No	No	Yes

The following selected market developments during the period under review were also highlighted:

Botswana had the Securities Act and the BSE Transition Act approved by Government. The market now awaits the Minister's advise regarding the implementation date. All listed companies now require a 100% dematerialisation.

In Tanzania, DSE recorded 7 cross listings with one (1) coming from LuSE and six (6) were from the Nairobi Stock Exchange. As per IOSCO principles, the market's CSD was connected to the National Payments System through RTGS via SWIFT platform.

South Africa had a Krugerrand – denominated bond (issued by Rand Merchant, a division of FirstRand Bank Limited) listed on the JSE on 19 August 2014 thereby giving investors direct exposure to gold. The JSE also made global amendments to its Listings Requirements which were announced to the market on 29 August 2014 and took effect immediately. The amendments provide for a fast track listing process to make it quicker and easier for international companies already listed on the Australian Stock Exchange, London Stock Exchange, New York Stock Exchange and Toronto Stock Exchange for at least 18 months to secondary list on Alt-X or the JSE main board. A high powered delegation of South African business and government leaders were in the US in October showcasing the South African investment climate. The second annual SA Tomorrow Conference took place in New York which gave American investors the opportunity to engage directly with some of the country's most important business leaders and policy makers

Meanwhile, the Zambian Government signed an executive order enabling the Johannesburg Stock Exchange (JSE), Lusaka Stock Exchange (LuSE) and Zambian Commodity Exchange (ZAMACE) to proceed with the launch of derivatives contracts on Zambian agricultural products. The Lusaka Stock Exchange had a system audit conducted by Mauritius which resulted in the preparation of an RFP for an ATS and requirements for CSD. The current CSD operations will be separated from LuSE to become a standalone national CSD. Funding for the CSD upgrade is being supported by the Financial Sector Development Plan (FSDP), a DHD / SIDA initiative coordinated by the Central Bank.

The Namibian Stock Exchange (NSE) was assigned as the lead organisation to implement a CSD for Namibia in 2015. On 15 September, NSE renewed the contract with the JSE to use the latter's trading technology and services indefinitely. The two exchanges originally signed an accord for the exchange of technology, skills and information in 1998

Finally, SEM Mauritius launched an information awareness campaign for the NewFunds eRAFI and Overall SA Index ETF. The Exchange's Chief Executive Officer was also appointed on to the board of World Federation of Exchange (WFE) for a three year term.

Conclusion

Persistent general macroeconomic environments in a number of SADC member states have persisted retarding the development and depth of capital markets in the region. Going forward, regulatory cooperation, harmonisation and alignment with international best practice remains critical. The review of existing legislative frameworks in line with the changing regulatory and operating environment coupled with further development of supporting subsidiary legislation cannot be understated.

Capital market development is anchored by a wide informed investor base hence addressing public lack of the requisite financial literacy on capital markets issues will remain part of CISNA's focal objectives. The growing use of mobile telecommunication platforms by the majority of the populace should enhance the distribution of capital markets products and information dissemination within the SADC region. Capacity building and development of markets continues to be hampered by limited financial resources.

It is however important to note ongoing efforts toward positive modernisation developments within SADC capital markets and revamping of regulatory frameworks in a number of jurisdictions. Such efforts should improve market transparency, efficiency and visibility for investor protection purposes.

There are also ongoing efforts to introduce alternative investment options onto the markets through the establishment and growth of bond and SME platforms in a number of SADC countries. Such effort should also build muscle for long term funding sources critical for infrastructure rehabilitation within the region.

Insurance, Retirement Funds, Medical Aid Schemes and Financial Intermediaries Sub-committee

Introduction

The Insurance, Retirement Funds, and Medical Schemes (IRMIS) Sub-Committee of CISNA does, as one of its regular activities, review the performances of the insurance and retirement funds industries in the region. In an effort to measure the performance of the insurance and retirement fund markets in the region, CISNA, through its Sub-committee for Insurance, Retirement Funds and Medical Schemes has been collecting statistics on various regulated retirement funds market and the more established insurance market performance indicators from each SADC member country on an annual basis. The retirement fund market information is contained in Appendix B and Appendix B1.

Analysis of the insurance statistics submitted by member countries followed by compilation of an appropriate narrative report is aimed at enabling readers to appreciate the developments of insurance markets within the region.

Insurance section

The main objective of insurance report is to present an overview of the performance of the SADC regional insurance market as a whole as well as on a country-by-country basis for the year ended 31 December 2014. Finally, the report outlines some recommendations on areas of priority within the region. Whereas SADC consists of a total of fifteen (15) member countries, only twelve (12) of these have been included in this analysis.

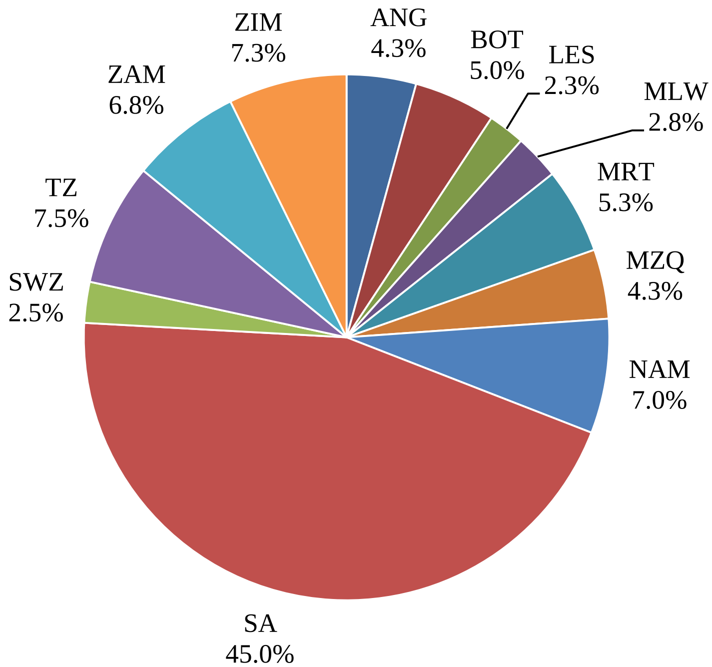
These are namely (in alphabetical order), Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe. The three (3) countries excluded in the survey namely, the Democratic Republic of the Congo, Madagascar, and Seychelles, are not active members of CISNA, and have not filed information in respect of their insurance markets' performances. Swaziland and Zimbabwe did not submit information for the year 2014. Data from 2013 has been used instead as a proxy.

Industry Structure and Performance

Market Structure Insurers

As at end of 2014, about 398 insurance companies were licensed to transact insurance business in the SADC region (2013: 379). The biggest share of insurers was held by South Africa (45%), remotely followed by Tanzania (7.5%), Zimbabwe (7.3%), and Namibia (7%) (See Chart 2.1.1.1 below).

Chart 2.1.1.1: % Distribution of Licensed Insurance Companies in SADC Countries, 2014 (Total: 398)



Reinsurers

A total of 42 reinsurance companies were licensed to transact reinsurance business by regulatory authorities within the SADC region (2013: 41) (See Table 2.1 below). Of these, 14 were based in South Africa, 9 in Zimbabwe and 9 in Mauritius. Botswana had 3 while Namibia and Zambia had each licensed 2 reinsurers. Tanzania, Mozambique, and Malawi, had licensed 1 reinsurer each. The rest of the countries were yet to license a reinsurance company. The appended Chart 2.1.1.2 provides more information on licensing status of reinsurers in the region.

Table 2.1 Number of Licensed Reinsurance Companies

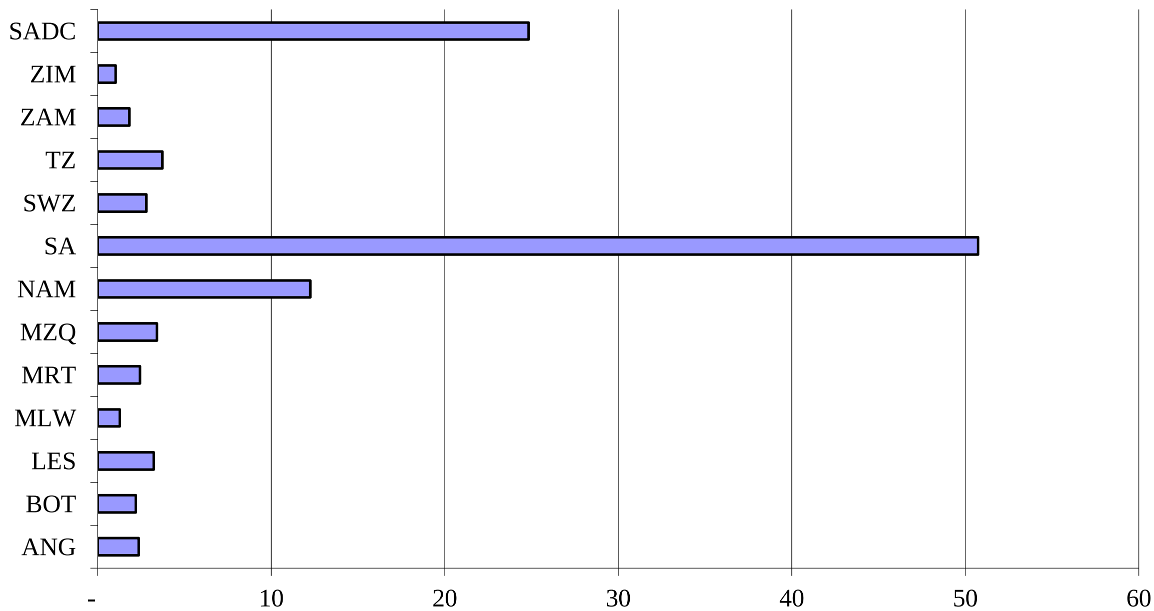
[Based on info provided by the following countries]

Country	2010	2011	2012	2013	2014
Angola	1	1	1	0	0
Botswana	1	2	2	3	3
Lesotho	0	0	0	0	0
Malawi	1	1	1	1	1
Mauritius	5	8	9	9	9
Mozambique	1	1	1	1	1
Namibia	1	2	2	2	2
South Africa	12	12	12	13	14

Country	2010	2011	2012	2013	2014
Swaziland	0	0	0	0	0
Tanzania	1	1	1	1	1
Zambia	2	2	2	2	2
Zimbabwe	12	10	10	9	9
Total	**37**	**40**	**41**	**41**	**42**

Source: CISNA member data schedules (Insurance) submitted to CISNA Secretariat

Chart 2.1.1.3: Ratio of Brokers to Insurers in SADC Countries, 2014



Brokers

With respect to insurance brokers, about 9,881 insurance brokers were operating in the region as at 31 December 2014 (2013: 9,882). South Africa had the largest number (9,083), while the rest were shared among the other SADC members.

Chart 2.1.1.3 above presents a brokers-to-insurers ratio distribution among the SADC member countries during 2014. The largest brokers-to-insurers ratio is observed with South Africa whereby an average of 51 brokers serves 1 insurer (2013:54). South African ratio appears exceptional in the SADC region as the ratios for the rest of the countries do not exceed 4:1, apart from Namibia where the ratio is 12:1.

Agents

On the insurance agency force, it is observed that 133,572 insurance agents were operating in the region as at 31 December 2014 (2013: 124,453). South Africa had the largest number (127,517), while the rest were shared among the other SADC members. The largest agents-to-insurers ratio is observed with South Africa whereby an average of 712 agents serve 1 insurer, remotely followed by Namibia (108:1). The ratio for other SADC members did not exceed 56:1.

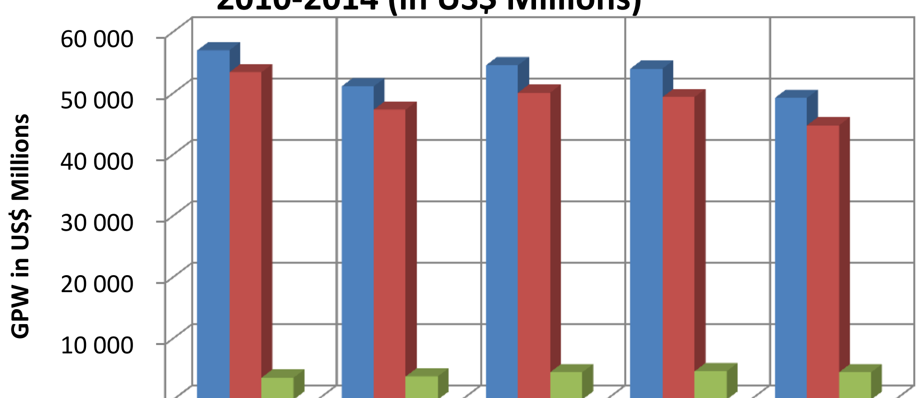
Market Size

The SADC insurance market size in terms of Gross Premiums Written (GPW) is estimated to have reached approximately US$ 49,203 million in 2014, being 8.9% lower compared to US$ 53,982 million recorded in the prior year. The 2014 GPW is now 13.6% lower compared to US$ 56,974 million written five years back in 2010.

South Africa held the largest share of the SADC insurance market with GPW of US$ 44,740 million in 2014 (2013: US$ 49,347 million), representing 90.9% of the entire market business (2013: 91.4%). It is noted that the South African market GPW experienced a contraction of 16.2% over the prior year. This trend was also reflected in the SADC regional market premium volume as indicated above.

Chart 2.1.2 below shows the market growth trends for SADC insurance market during the last 5 years.

Chart 2.1.2: Trends of Gross Premiums Written in SADC Countries, 2010-2014 (in US$ Millions)

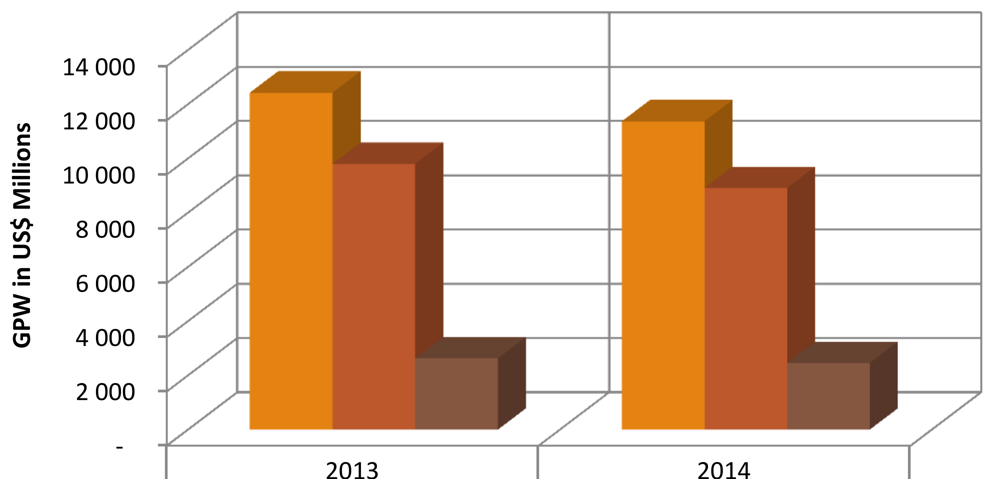


	2010	2011	2012	2013	2014
TOTAL GPW	56 975	51 097	54 532	53 982	49 203
SA Only	53 393	47 296	50 062	49 347	44 740
Non-SA	3 582	3 801	4 470	4 635	4 463

Non-Life Insurance Market Size

Non-Life insurance GPW in the SADC region were approximately US$ 11,370 million in 2014, representing 23.1% of the total GPW (Life and Non-Life). This was a decline of 8.5% (2013: 4.3%) compared to US$ 12,429 million recorded in the prior year. It is the second year running that premiums have been going down.

Chart 2.1.2.1: Volumes of Non-Life Gross Premiums Written in SADC Countries, 2013-2014 (in US$ Millions)



	2013	2014
NON-LIFE GPW	12 429	11 370
SA Only	9 802	8 912
Non-SA	2 627	2 458

South Africa held the largest share of the SADC Non-Life insurance market with GPW of US$ 8, 912 million in 2014 (2013: US$ 9,802 million), representing 78.4% of the entire market business (2013: 78.9%).

Chart 3.3.2.1 below shows the market growth trends for SADC insurance market during the last 2 years.

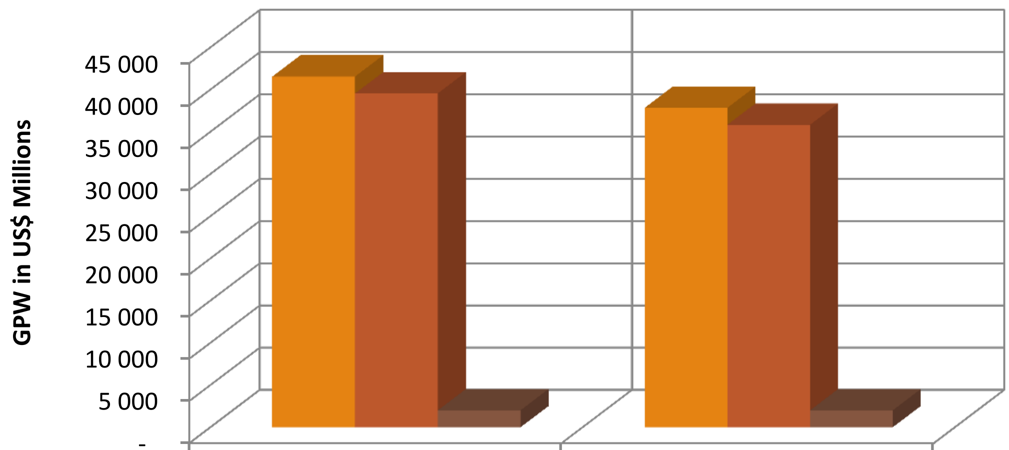
Life Insurance Market Size

Life insurance GPW in the SADC region totalled US$ 37,833 million in 2014, representing 76.9% of the total GPW (Life and Non-Life). This was a sizeable drop of 9.0% compared to US$ 41,553 million recorded in the prior year.

Again, South Africa held the largest share of the SADC Life insurance market with GPW of US$ 35,828 million in 2014 (2013: 39,545 million), representing 94.7% of the entire market business (2013: 95.2%).

Chart 2.1.2.2 below shows the market growth trends for SADC insurance market during the last 2 years.

Chart 2.1.2.2: Volumes of Life Gross Premiums Written in SADC Countries, 2013-2014 (in US$ Millions)



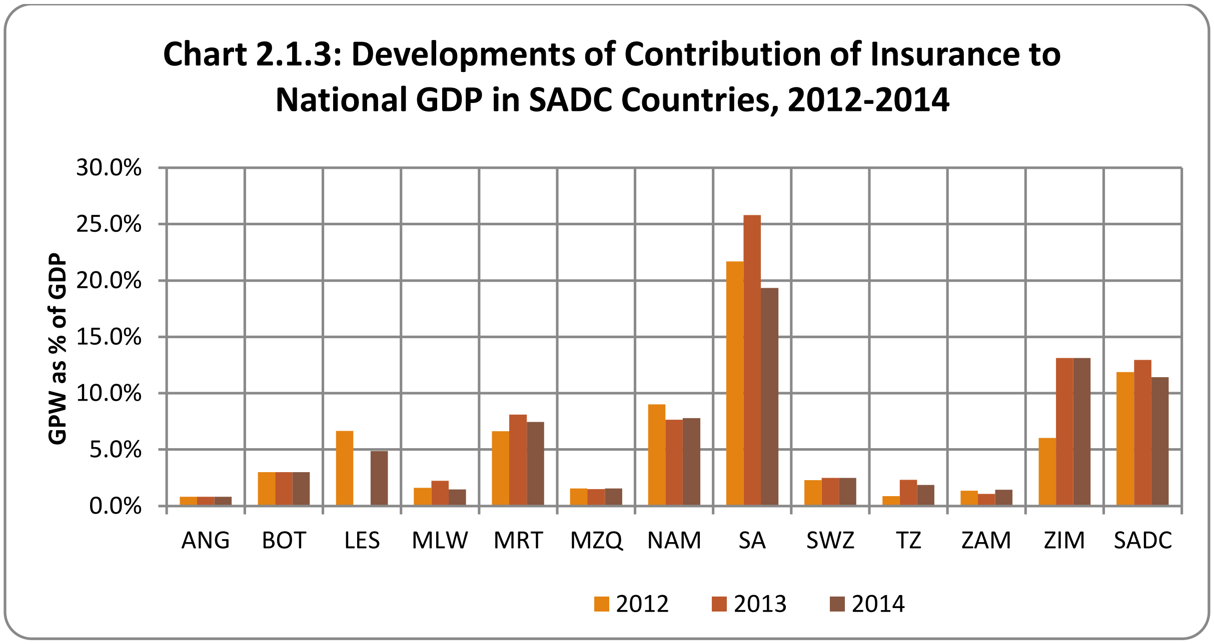
	2013	2014
LIFE GPW	41 553	37 833
SA Only	39 545	35 828
Non-SA	2 008	2 005

Market Impact

Insurance market impact to the economy can be assessed in terms of insurance market contribution to a country's GDP (insurance penetration ratio). Insurance penetration ratio is the percentage ratio of GPW to national GDP.

As far as insurance contribution to GDP is concerned, the SADC regional average was 11.4% in 2014 (2013:13%), which was mainly influenced by South Africa's relatively higher penetration ratio of 19.3%. This compares unfavourably to a regional penetration ratio of 12.5% recorded five years ago in 2010. Generally, regional-wise and on a country-by-country basis, the insurance market penetration ratios have experienced little growth during the last 5 years. This is mainly attributable to parallel growths recorded in overall economies, thus reducing the impact of insurance market growth in the region as well as within countries.

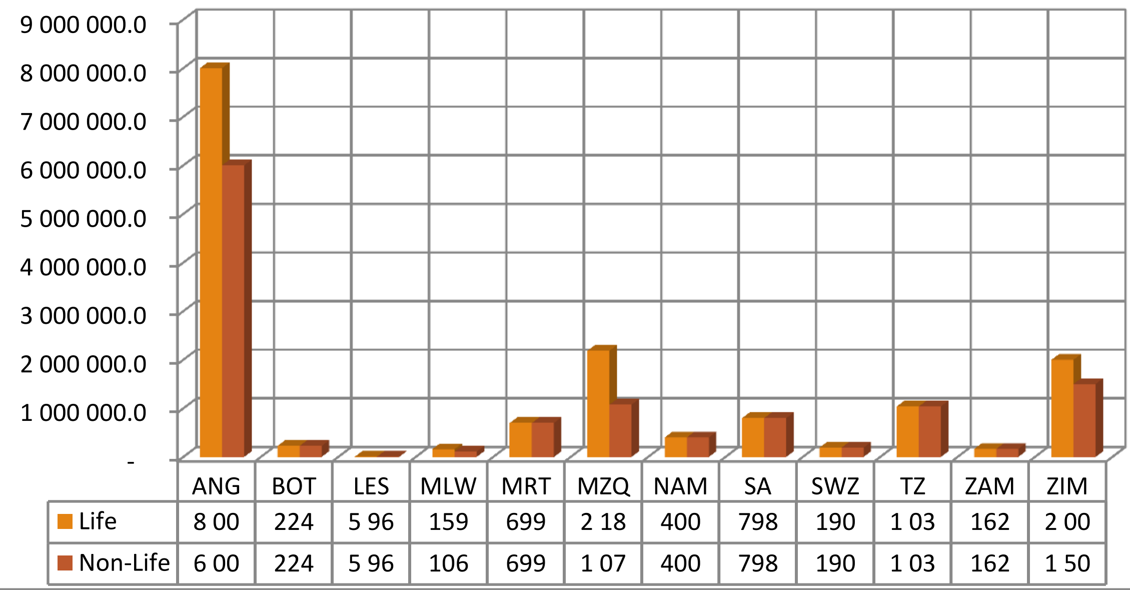
Chart 2.1.3 below presents a three-year trend in the developments of insurance penetration ratios for the years 2012- 2014 for some SADC countries.



Insurance Market Capital Requirements:

Chart 2.2 below presents a scenario of country-by-country minimum capital requirements for life and non-life businesses operating within the SADC region for 2014.

Chart 2.2: Country-by-Country Minimum Capital Requirements for Life and Non-Life Insurance Businesses within SADC region, 2014 (in US$)



On the life assurance side, Angola had the highest capital requirements for life companies valued at US$ 8,000,000 followed by Mozambique (US$ 2,180,000), in that order. Lesotho appeared to have extremely low life assurance capital requirements at US$ 5,963.

As in the case of non-life business, again Angola had the highest capital requirements for life companies valued at US$ 6,000,000 followed by Mozambique (US$ 1,074,000), in that order. Again, Lesotho had extremely low non-life insurance capital requirements at US$ 5,963.

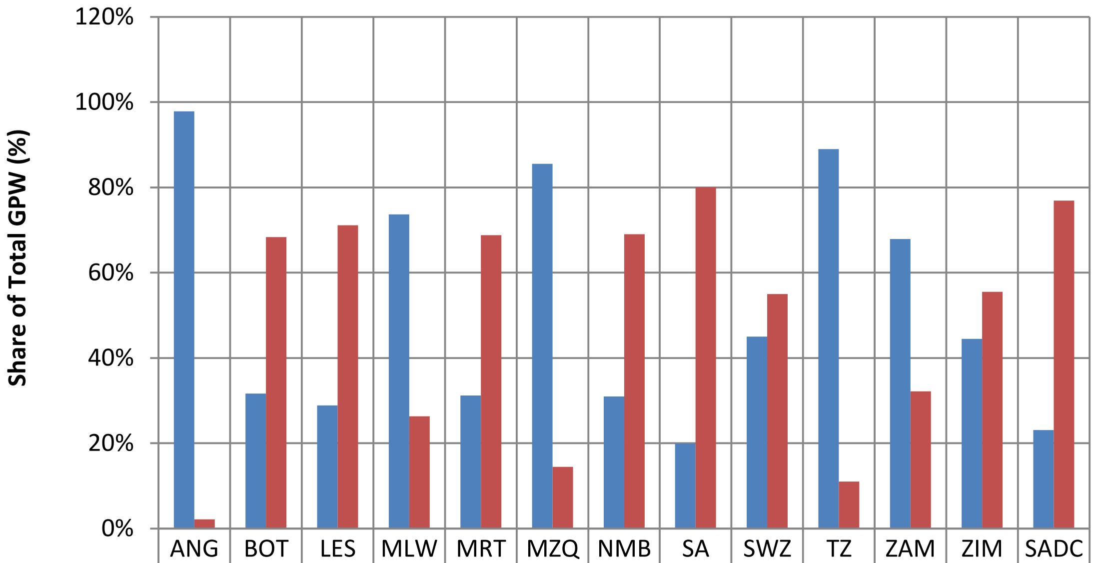
Factors which determine desired levels of capitalisation among the various SADC countries are beyond the scope of this report.

SADC Insurance Market Underwriting Performance:

Life and Non-Life Insurance Business Portfolio Distribution

Regionally, Life insurers contributed a greater share of the overall business at 76.9%, while Non-Life business accounted for the remaining 23.1% (See Chart 2.3.1.1 below). On a country by country scenario, seven (7) countries had more of life business than non-life business namely, South Africa, Namibia, Mauritius, Lesotho, Botswana, Swaziland and Zimbabwe. For the rest of the countries, Non-Life business contributed a larger share of the overall business volume ranging from Zambia (67.9%) to Angola (97.8%). These countries need to strategically develop their respective Life assurance industries.

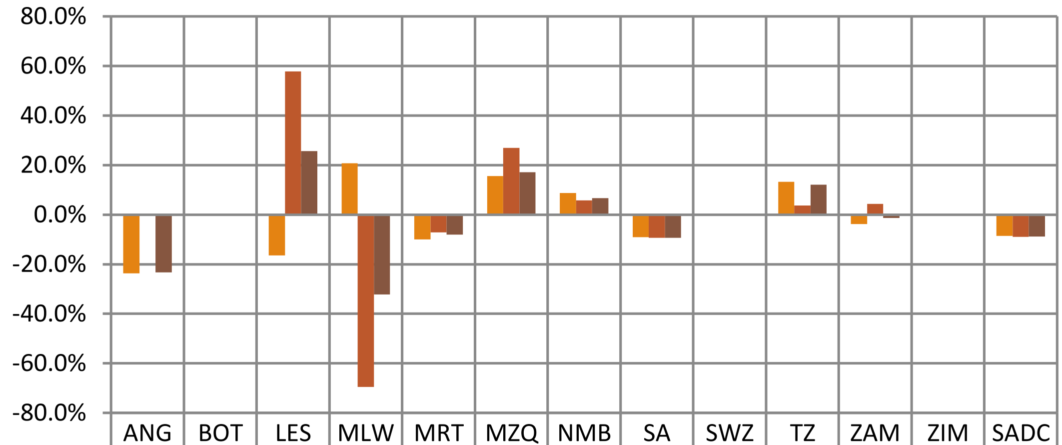
Chart 2.3.1.1: Country by Country Portfolio Distribution - Life and Non-Life Insurance Business for Some SADC Countries, 2014



	ANG	BOT	LES	MLW	MRT	MZQ	NMB	SA	SWZ	TZ	ZAM	ZIM	SADC
NON-LIFE	98%	32%	29%	74%	31%	86%	31%	20%	45%	89%	68%	44%	23%
LIFE	2%	68%	71%	26%	69%	14%	69%	80%	55%	11%	32%	56%	77%

The region's Non-Life business (gross premium written) declined by 8.5% during the year under review, while its Life portfolio declined by 9.0%, leading to the overall market decline of 8.9% (See Chart 2.3.1.2 below).

Chart 2.3.1.2: Country by Country Insurance Business GPW Growth Rates by Class in 2014 over Prior Year

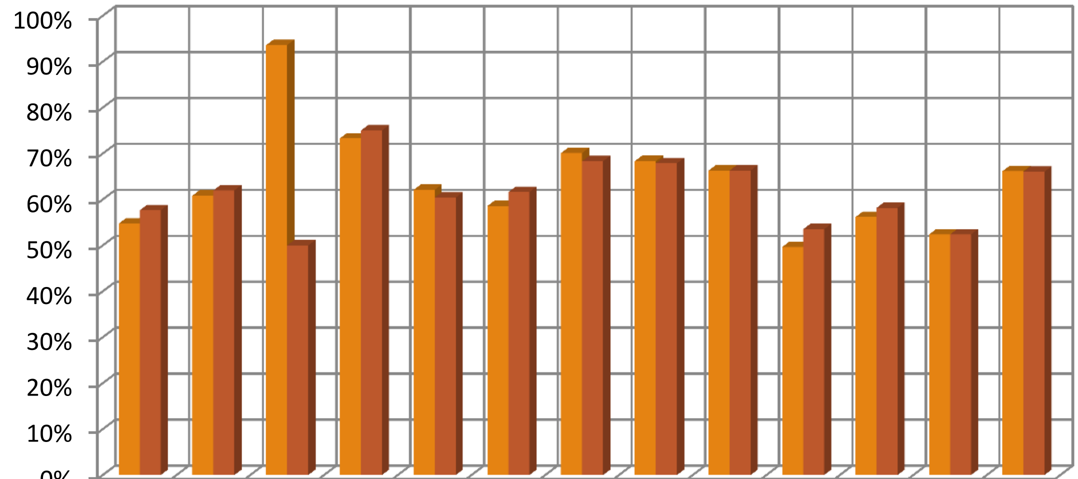


	ANG	BOT	LES	MLW	MRT	MZQ	NMB	SA	SWZ	TZ	ZAM	ZIM	SADC
Non-Life Growth	-23.7%	0.0%	-16.4%	20.8%	-9.9%	15.6%	8.7%	-9.1%	0.0%	13.2%	-3.8%	0.0%	-8.5%
Life Growth	0.0%	0.0%	57.8%	-69.5%	-7.2%	27.0%	5.8%	-9.4%	0.0%	3.6%	4.3%	0.0%	-9.0%
Total Growth	-23.3%	0.0%	25.6%	-32.2%	-8.0%	17.1%	6.7%	-9.3%	0.0%	12.1%	-1.4%	0.0%	-8.9%

Non-Life Insurance Underwriting Performance

Non-Life Market Retention

Non-Life insurance gross premium written in the regional market totalled US$ 11,370 million in 2014, of which US$ 3,864 million constituted outward reinsurance premiums. The retention rate for the regional market remained at 66% in 2014 (2013:66%) (See Chart 2.3.2.1 below). On a country-by-country basis, the lowest retention rate during 2014 is noted with Lesotho (50%), while the highest retention rate was experienced by Malawi (75%).



	ANG	BOT	LES	MLW	MRT	MZQ	NMB	SA	SWZ	TZ	ZAM	ZIM	SADC
2013	55%	61%	94%	73%	62%	59%	70%	68%	66%	50%	56%	52%	66%
2014	58%	62%	50%	75%	60%	62%	68%	68%	66%	54%	58%	52%	66%

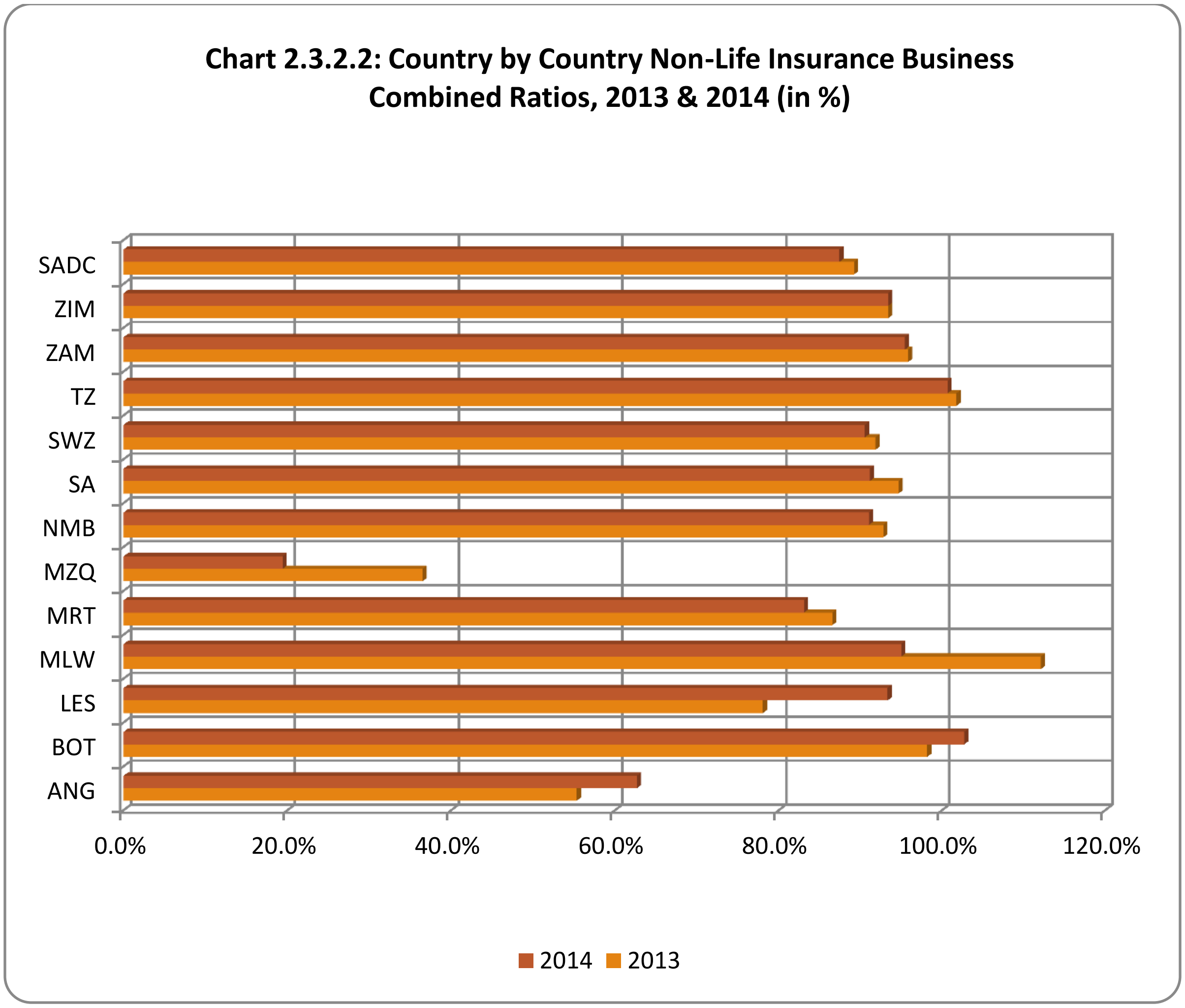
Non-Life Underwriting Expenses

The regional Non-Life market recorded Net Claims Incurred amounting to US$ 4,357 million during the year under review. Meanwhile, the market incurred Net Commissions Paid and Management Expenses of US$ 534 million and US$ 1,848 million, respectively. Accordingly, the market had an overall Loss Ratio of 57% during 2014 (2013:58%).

The market also experienced a Net Commission Ratio and a Net Management Expense Ratio of 7% and 24%, respectively.

Non-Life Underwriting Result

Regionally, the market had a favourable underwriting result as evidenced by a Combined Ratio of 87.4% attained during the year under review, lower than the standard maximum limit of 100% (See Chart 2.3.2.2 below). It is noted that two (2) countries experienced underwriting losses during the year under review namely, Botswana and Tanzania.



Life Assurance Underwriting Performance

Life insurance gross premium written in the regional market totalled US$ 37,833 million in 2014. The retention rate for most countries was on the higher side of 90%. Chart 2.3.3 below presents life assurance retention rates on a country-by-country basis.

SADC Insurers' Financial Strength:

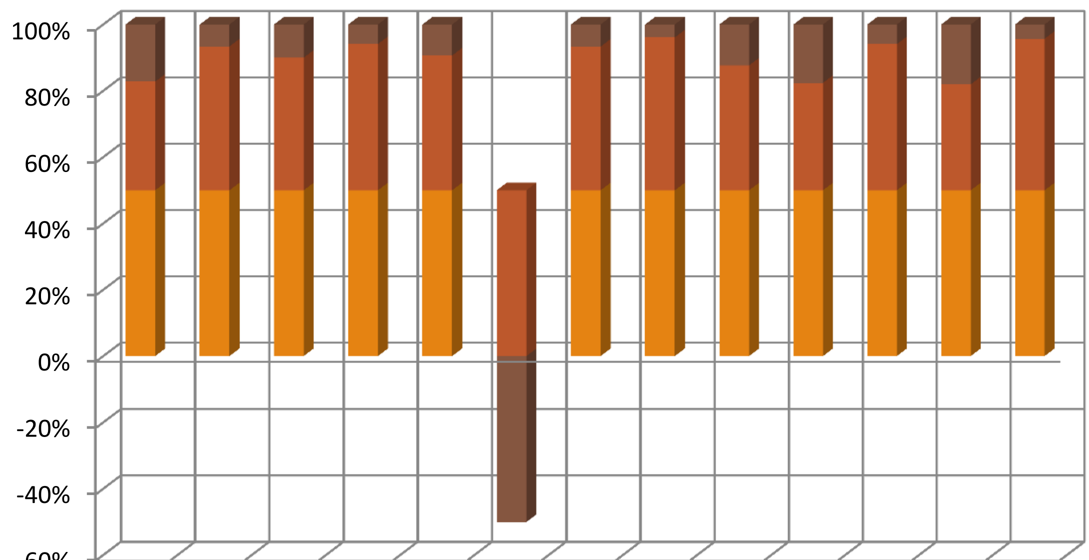
Life and Non-Life Insurers Condensed Balance Sheet Structures

Chart 2.4.1 below presents the position of insurers' balance sheet structures on a country-by-country basis in a condensed form as at 31 December 2014.

Total assets held by insurers in the region at end of December 2014 amounted to US$ 228,789 million, a contraction of 8.3% compared to total assets of US$ 249,532 million at end of prior year. Insurers' liabilities decreased by1.8 % to US$ 208,040 million in 2014 compared to US$ 211,915 million in 2013. Meanwhile, insurers' net worth in the region stood at US$ 20,748 million at 31 December 2014, having declined by 44.8% compared to net worth of US$ 37,616 million at end of prior year.

It is noted that insurers' total liabilities equalled 90.9% of total assets at 31 December 2014 (while capital and reserves equalled 9.1% of total assets (See Chart 2.4.1 below). Regionally, insurers' investment assets accounted for 97.7% of total assets at end of December 2014.

Chart 2.4.1: Country by Country Insurers' Condensed Balance Sheet Structures as at 31 December 2014 (US$ Million)

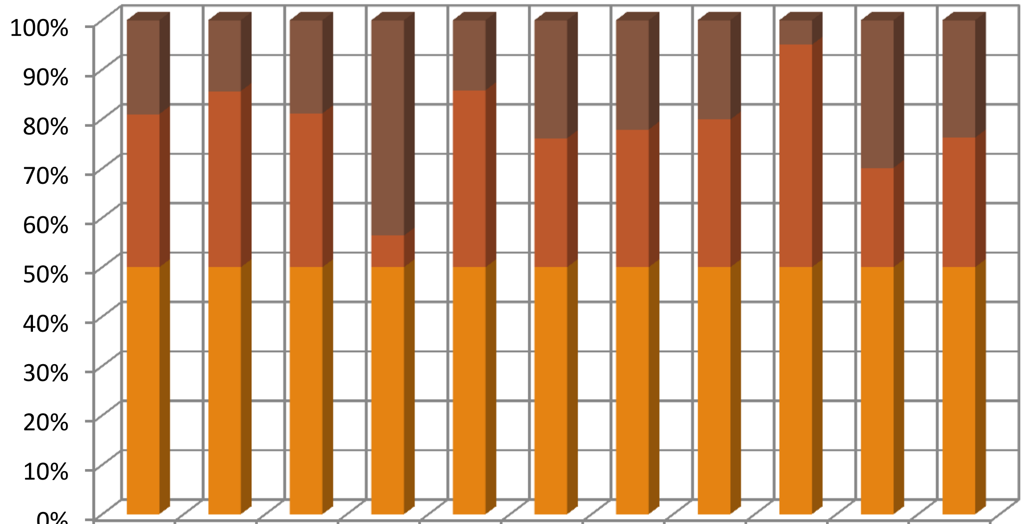


	ANG	BOT	LES	MLW	MRT	MZQ	NMB	SA	SWZ	TZ	ZAM	ZIM	SADC
Capital	525	290	309	62	681	-106	517	16 475	57	132	39	616	19 597
Liabilities	999	1 907	1 234	465	2 964	106	3 360	195 20	174	243	291	1 091	208 04
Assets	1 524	2 197	1 543	527	3 645	0	3 877	211 68	231	375	330	1 707	227 63

Non-Life Insurers Condensed Balance Sheet Structures

Chart 2.4.2.1 below presents the position of Non-Life insurers' balance sheet structures on a country-by-country basis in a condensed form as at 31 December 2014.

Chart 2.4.2.1: Country by Country Non-Life Insurers' Condensed Balance Sheet Structures as at 31 Dec 2014 (US$ Million)



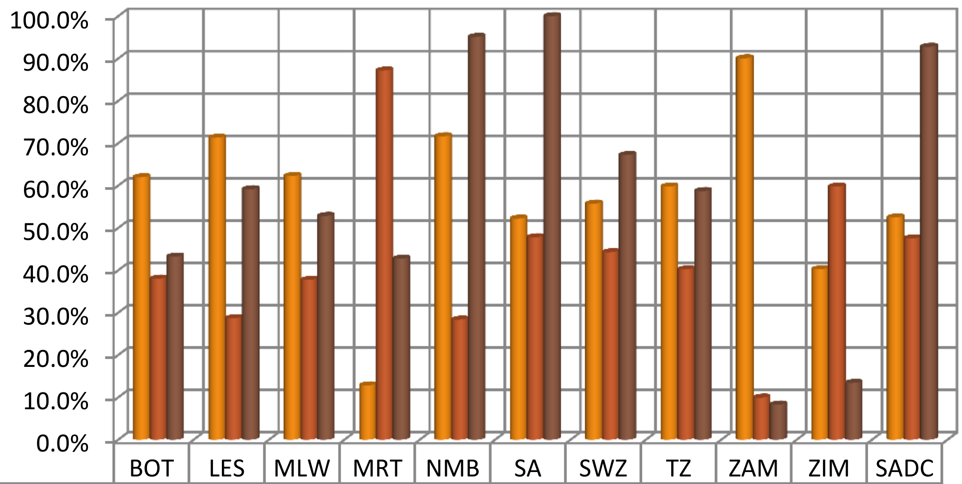
	BOT	LES	MLW	MRT	NMB	SA	SWZ	TZ	ZAM	ZIM	SADC
Capital	73	33	20	367	116	4 954	27	111	18	98	5 817
Liabilities	119	82	33	54	293	5 412	34	165	163	66	6 421
Assets	192	115	53	421	409	10 366	61	276	181	164	12 238

It is noted that two SADC member countries namely, Angola and Mozambique, do not require separate reporting of balance sheets for life insurance and non-life insurance. In view of this, analysis of balance sheet structures is restricted to ten (10) out of the twelve (12) countries involved in this report.

Total assets held by Non-Life insurers for the countries included in this analysis at end of December 2014 amounted to US$ 12,238 million, a decrease of 9.1% compared to total assets of US$ 13,469 million at end of prior year. These insurers’ Non-Life liabilities also decreased by 17.5% to US$ 6,421 in 2014 compared to US$ 7,785 million in 2013. Meanwhile, Non-Life insurers’ net worth in the region stood at US$ 5,817 million at 31 December 2014, having increased marginally 2.4% compared to net worth of US$ 5,683 million at end of prior year.

It is noted that Non-Life insurers’ total liabilities equalled 52.5% of total assets at 31 December 2014, while capital and reserves equalled 47.5% of total assets (See Chart 2.4.2.2 below). Regionally, Non-Life insurers’ investment assets accounted for 92.8% of total assets at end of December 2014. On a country by country basis, investment assets’ ratio ranged between 8.3% in Zambia to 100% in South Africa).

Chart 2.4.2.2: Non-Life Insurance Liabilities, Capital & Reserves, and Investment Assets as % of Non-Life Insurance Assets as at 31 December 2013

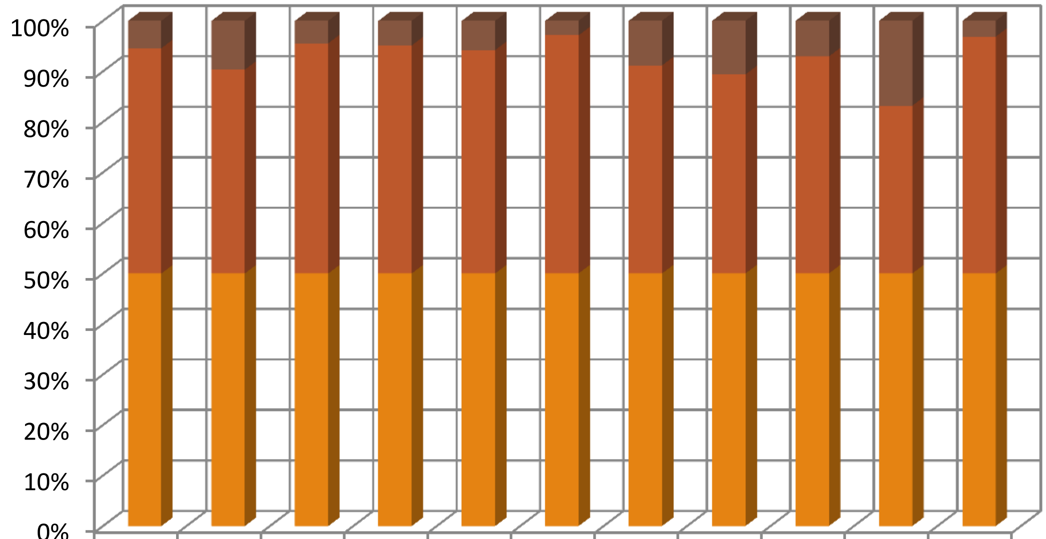


	BOT	LES	MLW	MRT	NMB	SA	SWZ	TZ	ZAM	ZIM	SADC
Liab. As % of Assets	62.0%	71.3%	62.3%	12.8%	71.6%	52.2%	55.7%	59.8%	90.1%	40.2%	52.5%
Capital As % of Assets	38.0%	28.7%	37.7%	87.2%	28.4%	47.8%	44.3%	40.2%	9.9%	59.8%	47.5%
% of Investment Assets	43.2%	59.1%	52.8%	42.8%	95.1%	100.0%	67.2%	58.7%	8.3%	13.4%	92.8%

Life Insurers Condensed Balance Sheet Structures

Chart 2.4.3.1 below presents the position of Life insurers' balance sheet structures on a country-by-country basis in a condensed form as at 31 December 2014.

Chart 2.4.3.1: Country by Country Life Insurers' Condensed Balance Sheet Structures as at 31 December 2014 (US$ Million)

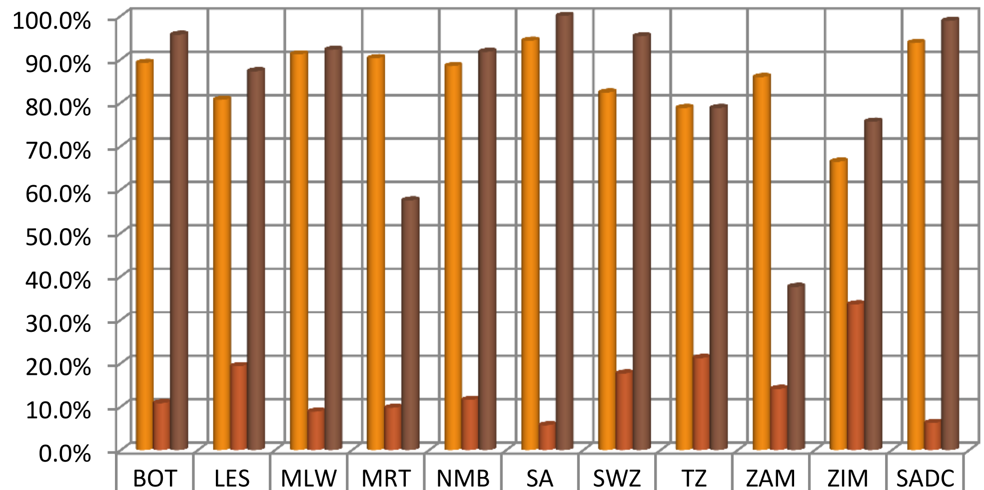


	BOT	LES	MLW	MRT	NMB	SA	SWZ	TZ	ZAM	ZIM	SADC
Capital	217	276	42	314	401	11 521	30	21	21	518	13 361
Liabilities	1 788	1 152	432	2 910	3 067	189 794	140	78	128	1 025	200 514
Assets	2 005	1 428	474	3 224	3 468	201 315	170	99	149	1 543	213 875

The analysis of balance sheet structures for Life Insurers also excludes Angola and Mozambique for the reasons stated above. Total assets held by Life insurers for the ten countries included in this analysis at end of December 2014 amounted to US$ 213,875 million, a decrease of 8.6% compared to total assets of US$ 233,905 million at end of prior year. These life insurers' liabilities also decreased by 1.1% to US$ 200,514 in 2014 compared to US$ 202,819 million in 2013. Meanwhile, Life insurers' net worth in the region stood at US$ 13,361 million at 31 December 2014, having significantly dropped by 57% compared to net worth of US$ 31,086 million at end of prior year.

It is noted that Life insurers' total liabilities equalled 93.8% of total assets at 31 December 2014, while capital and reserves equalled 6.2% of total assets (see Chart 2.4.3.2 below). Regionally, Life insurers' investment assets accounted for 98.8% of total assets at end of December 2014.

Chart 2.4.3.2: Life Insurance Liabilities, Capital and Reserves, and Investment Assets as % of Life Insurance Assets as at 31 December 2014



	BOT	LES	MLW	MRT	NMB	SA	SWZ	TZ	ZAM	ZIM	SADC
Liab. As % of Assets	89.2%	80.7%	91.1%	90.3%	88.4%	94.3%	82.4%	78.8%	85.9%	66.4%	93.8%
Capital As % of Assets	10.8%	19.3%	8.9%	9.7%	11.6%	5.7%	17.6%	21.2%	14.1%	33.6%	6.2%
% of Investment Assets	95.7%	87.3%	92.2%	57.5%	91.7%	100.0%	95.3%	78.8%	37.6%	75.6%	98.8%

Summary of Findings

This report set out to present an overview of the performance of the SADC regional insurance market as a whole as well as on a country-by-country basis for the year ended 31 December 2014. This would enable member countries and other stakeholders to appreciate the development of the market in the region, and thereby plan and implement various strategic measures aimed at enhancing the role of insurance in the socio-economic developments of SADC member countries. Accordingly, the report has attempted to explore the performances of SADC countries' insurance markets in the context of several aspects including, market structure, size, and impact; market capitalisation requirements; underwriting performance; and financial strength. Herein below are the significant findings and recommendations of this report.

The SADC insurance market size in terms of Gross Premiums Written (GPW) is estimated to have reached approximately US$ 49,203 million in 2014, being a decline of 8.9% compared to US$ 53,982 million recorded in the prior year. The 2013 GPW is also lower by 13.6% compared to US$ 56,974 million written five years back in 2010. South Africa held the largest share of the SADC insurance market with GPW of US$ 44,740 million in 2014 (2013: US$ 49,347 million), representing 90.9% of the entire market business (2013: 91.4%). It is noted that the South African market GPW declined by 16.2% over the prior year. This trend was also reflected in the SADC regional market premium volume.

Wide disparities have been observed in the levels of insurance penetration amongst SADC member countries. Insurance penetration (insurance contribution to the economy) ranged from 0.8% in Angola to 19.3% in South Africa. There is need for member countries to set up and implement within respective countries strategies aimed at promoting insurance thus boosting insurance sales. In this connection, it is critical that insurance supervisory authorities address poor public confidence in insurance services. Consumer education initiatives should also be deployed more intensively within the individual markets.

Out of the total insurance GPW by insurers in the regional market in 2014, Life insurers contributed a greater share of the overall business at 76.9%, while Non-Life business accounted for the remaining 23.1%. On a country by country scenario, seven (7) countries had more of life business than Non-Life business namely, South Africa, Namibia, Mauritius, Lesotho, Botswana, Swaziland and Zimbabwe. For the rest of the countries, Non-Life business contributed a larger share of the overall business volume. These countries need to strategically develop their respective Life assurance industries. The region's Non- Life business (gross premium written) further declined by 8.5% during the year under review, while its Life portfolio declined by 9.0%.

Regionally, the market had a favourable underwriting result as evidenced by a Combined Ratio of 87.4% attained during the year under review, lower than the standard maximum limit of 100%. Two (2) countries experienced underwriting losses during the year under review namely, Botswana and Tanzania.

Total assets held by insurers in the region at end of December 2014 amounted to US$ 228,789 million, a drop of 8.3% compared to total assets of US$ 249,532 million at end of prior year; Insurers' net worth in the region decreased significantly to US$ 20,748 million at 31 December 2014, having dropped by 44.8% compared to net worth of US$ 37,616 million at end of prior year; Total investment assets accounted for 97.7% of total assets at end of December 2014.

Non-Life insurers consolidated balance sheet declined during the year under review: Total assets held by Non-Life insurers for the countries included in this analysis at end of December 2014 amounted to US$ 12,238 million, a drop of 9.1% compared to total assets of US$ 13,469 million at end of prior year; Non-Life insurers' net worth in the region increased marginally to US$ 5,817million at 31 December 2014, going up by 2.4% compared to net worth of US$ 5,683 million at end of prior year; Non-Life insurers' total liabilities equalled 52.5% of total assets at 31 December 2014, while capital & reserves equalled 47.5% of total assets. Non-Life insurers' investment assets accounted for 92.8% of total assets at end of December 2014.

Life insurers' consolidated balance sheet also dwindled during the year under review: Total assets held by Life insurers for the ten countries included in this analysis at end of December 2014 amounted to US$ 213,875 million, a drop of 8.6% compared to total assets of US$ 233,905 million at end of prior year; Life insurers' net worth in the region stood at US$ 13,361 million at 31 December 2014, having increased by 57% compared to net worth of US$ 31,086 million at end of prior year; Life insurers' total liabilities equalled 93.8% of total assets at 31 December 2014, while capital and reserves equalled 6.2% of total assets; Life insurers' investment assets accounted for 98.8% of total assets at end of December 2014.

Medical Schemes Section

Medical schemes were incorporated into IRMIS by SADC directive issued by the SADC Secretariat and medical schemes participated in IRMIS as possible synergies were identified and until such time as a separate sub-committee of CISNA was warranted.

	Member States	Medical Aid Schemes (Indicate the Ministry)
1	Angola	Ministry of Finance
2	Botswana	Ministry of Finance and Development Planning in collaboration with Ministry of Health
3	Democratic Republic of Congo	Ministry of Health
4	Lesotho	Central Bank/Ministry of Health
5	Malawi	No information available
6	Mauritius	Ministry of Finance and Economic Development
7	Mozambique	No information available
8	Namibia	Ministry of Finance/Ministry of Health. Regulator: NAMFISA
9	Seychelles	No information available
10	South Africa	Ministry of Health Council for Medical Schemes (private medical schemes)
11	Swaziland	Ministry of Finance and Ministry of Health and Social Welfare
12	Tanzania	Ministry of Health and Social Welfare
13	Zambia	No information available
14	Zimbabwe	No information available

Status of Medical Aid Schemes Supervision among Member States

[Based on info provided by the following countries]

Country	Private Medical Aid Scheme	Medical Scheme Risk Rated	Legislation In Place	Public Health Insurance
Angola	No			
Botswana	NBFIRA		NBFIRA – separate legislation	No
DRC	Information not available			
Lesotho	Information not available			
Malawi	Restricted		No, busy with legislation	No
Madagascar	Information not available			
Mauritius	Only medical scheme insurance	Yes		Health is free
Mozambique	Yes	No	No	No
Namibia	9 schemes: 4 open, 5 closed schemes	Yes	Self-regulated; busy with legislation	Investigating NHI
Seychelles	Information not available			
South Africa	83 schemes: 24 open, 59 closed	No risk rating, open enrolment compulsory, community rating compulsory	Yes, Medical Schemes Act	NHI being developed
Swaziland	Information not available			
Tanzania			No medical scheme regulation – being drafted Social Regulations Act	NHI in place – mandatory contribution to NHI
Zambia	Information not available			
Zimbabwe			Medical Schemes Act being drafted under insurance – heavy resistance	No

Micro-Finance and Financial Cooperatives Sub-committee (MiFFCO)

Introduction

The Microfinance and Financial Cooperatives Sub-committee (MiFFCO) was formed at 32nd CISNA Bi-Annual Conference held in Dar-es-Salaam, Tanzania in April 2014. The establishment of MiFFCO was pursuant to a resolution that was adopted by SADC Ministers of Finance and Investments at a meeting held on 27 July 2009 in Johannesburg, Republic of South Africa.

The formation of MiFFCO followed a realisation by SADC that while efforts were underway to harmonise the other parts of the financial sector, namely banking sector through the Committee of Central Bank Governors, and capital markets and insurance, pensions and retirement funds under CISNA, the microfinance and financial cooperatives subsector had been ignored and this state of affairs was not good for the maintenance of financial stability in the region.

Objectives of the MiFFCO

The broad mandate of MiFFCO is to facilitate and promote financial deepening and financial stability through adoption of harmonised, investor and consumer responsive legal and regulatory frameworks and effective supervision of microfinance institutions and financial cooperatives within the SADC region.

The execution of this mandate will be undertaken through the implementation of the following objectives to:

- promote harmonisation of regulatory and supervisory frameworks for the microfinance institutions (MFIs) and financial cooperatives (FCOs) in SADC region;
- encourage networking among member states and with development partners, share knowledge and experience in the regulation and supervision of MFIs and FCOs;
- carry out research that enhances the development and deepening of the microfinance and financial cooperatives subsectors of member states;
- encourage the creation of favourable investment environment that enables the MFIs and FCOs to tap into the international microfinance investment funds;
- promote mutual relationships with development partners, international bodies and compliance with international best practices, standards and codes of conduct;
- encourage adoption of mobile technology driven services delivery channels in order to expand the provision of financial services to remote rural areas of the SADC region;
- facilitate the development of competent and professional regulatory capacity among MFI and FCO regulators; and
- promote the adoption of sound and effective consumer protection and financial education and awareness frameworks in liaison with the Consumer Financial Education Technical Committee.

Architecture of the Sector

The microfinance sector in SADC member countries is made up of savings and credit cooperative societies (SACCOs), microcredit providers (also known micro-lenders) and deposit taking microfinance institutions. The institutions offer micro loans, payroll based loans, group loans, savings and other financial products. The following table below summarises the sectors players and their products.

Architecture of the Microfinance Sector in SADC Member States[3] as at 31 December 2014

Member State	Number of Institutions		Products Offered	
	Financial Cooperatives	Micro Finance Institutions	Financial Cooperatives	Micro Finance Institutions
Botswana	49 - Service and Worker Cooperatives	226 – Micro lenders	▪ Ordinary loans ▪ Emergency loans ▪ Quick loans ▪ Ordinary savings ▪ Fixed savings	▪ Unsecured short term loans ▪ Long term salary based loans
Malawi	41 – of which 19 are supervised by the Reserve Bank of Malawi	16 – Micro credit agencies 10 – Non-deposit taking4	▪ Share contributions ▪ Savings deposits ▪ Term deposits ▪ Credit facilities ▪ Insurance ▪ ATMs	▪ Short and long-term loans ▪ Micro Insurance ▪ Savings (compulsory and voluntary savings) ▪ Business and Credit Management Trainings ▪ Small Group Loans
Namibia	Nil	289 – micro-lenders	N/A	▪ Short term loans (1 month) ▪ Long term loans (up to five years).
Swaziland	48	2 – Development Finance Institutions	▪ Withdrawable and non-	▪ Short and long term loans

[3] Some SADC member states did not submit information.
[4] These institutions offer insurance, money transfer services in addition to loans.

		Transitory period – licensing for other credit providers effective 1st January 2015.	withdrawable savings ▪ Short and long-term loans	▪ Invoice financing ▪ Working capital loans ▪ Store card credit ▪ Pawn shop transactions
Zambia	No information provided	9 – Deposit taking MFIs 28 – Non deposit taking MFIs	No information provided	▪ Short and long term loans ▪ Savings (compulsory and voluntary) ▪ Solidarity loans ▪ Deposits ▪ Training
Zimbabwe	No information provided	147 – Credit only MFIs	No information provided	▪ Short and long term (3 years) loans ▪ Group loans ▪ Lease financing; ▪ Invoice discounting; ▪ Agricultural loans

It is apparent from the table above that product offering of the microfinance sector in the region is still generic. There are opportunities for product innovation through adoption of mobile financial services.

Regulatory Framework

The microfinance sector has diverse features across SADC countries. In some countries there is currently no concept called microfinance and they engage only in micro-lending (money-lending) which is giving loans to individuals. Similarly in some countries financial cooperatives are regulated by a separate regulatory authority or by a government ministry. A summary of the regulatory framework some SADC countries is given below:

Summary of Microfinance Sector Regulatory and Supervisory Frameworks in SADC Countries

Country	Botswana	Malawi	Namibia	Swaziland	Zambia	Zimbabwe
Regulatory Authority	1. Non-Bank Financial Institutions Regulatory Authority 2. Ministry of Trade and Industry 3. Registrar of Co-operative Societies	The Reserve Bank of Malawi	Namibia Financial Institutions & Supervisory Authority	Financial Services Regulatory Authority	Bank of Zambia	1. Reserve Bank of Zimbabwe 2. Ministry of SMEs & Cooperatives Development
Regulations	1. Non-Bank Financial Institutions Regulatory Authority Act 2. Micro Lending Regulations 3. Co-operative Societies Act	1. Reserve Bank of Malawi Act 2. Financial Services Act 3. Microfinance Act 4. Cooperative Societies Act 5. Financial Cooperatives Act	1. Namibia Financial Institutions & Supervisory Authority Act 2. Usury Act 3. Inspections of Financial Institutions Act	Financial Services Regulatory Authority Act	1. The Bank of Zambia Act 2. Banking and Financial Services Act 3. Banking and Financial Services (Microfinance Regulations) 4. Money Lenders Act 5. The Cooperative Societies Act 6. Societies Act	1. Money lending & Rates of Interest Act 2. Microfinance Act 3. Cooperative Societies Act

The above include the main laws and regulations. There are, however other specific directives, rules and circular that are issued in respective countries as detailed in the respective annexures containing country specific reports under Appendix C.

Performance of the Sector

The sector is still very small in terms of asset size. Nevertheless, the quality of the portfolio is satisfactory with portfolio at risk ranging from only 1.2% to 11.3%. On average, sector players meet regulatory requirements in their jurisdictions. Most countries did not submit data on financial cooperatives because they are supervised within government ministries that had not yet joined CISNA as at 31 December 2014.

Key Industry Indicators as at 31 December 2014 (USD) for the Microfinance Sector

Indicators	Botswana		Malawi		Namibia		Swaziland		Zambia		Zimbabwe	
	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs
Number of Institutions	102	49	26	41	289	N/A	3	48	33	N/A	1475	N/A
Number of branches	N/A	Nil	418	35	N/A	N/A	6	-	103	N/A	473	N/A
Total Assets (Million US$)	297.9	33.6	64.4	10.3	0.3	N/A	77.5	85.0	340.1	N/A	202.7	N/A
Total Outstanding Loans (Million US$)	N/A	40.5	36.6	6.6	0.3	N/A	63.4	57.1	297.9	N/A	157.0	N/A
Number of Borrowers	N/A	16,000	478,744	87,000	717 031	N/A	-	-	198,746	N/A	205,282	N/A
Portfolio at Risk (PaR>30 days)6	N/A	1.5%	8.2%	1.2%	none	N/A	-	-	6.4%	N/A	11.3%	N/A
Total Deposits (Million US$)	N/A	30.0	N/A	1.0	N/A	N/A	-	69.2	13.0	N/A	N/A	N/A
Number of Members		105,900	N/A	90,000		N/A	-	38,810		N/A	N/A	N/A

[6] The value of all loans outstanding that have one or more instalments of principal past due more than 30 days. This includes restructured or rescheduled loans, the entire unpaid principal balance, including both the past due and future instalments, but not accrued interest.

Indicators	Botswana		Malawi		Namibia		Swaziland		Zambia		Zimbabwe	
	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs
(FCOs only)												

Challenges of the Microfinance Sector

The microfinance sector in the SADC region generally faces common macro and micro-structural challenges although there are some challenges that are country specific as discussed below.

Absence of Robust Credit Reference Services

The absence of robust credit reference services for use by MFIs operating in most member countries has affected the quality of MFIs' credit risk management systems. Most consumers cognisant of this shortcoming have abused the system by using the same payslip to access multiple loans from a number of microfinance institutions in the same month. This has led to clients being over indebted because institutions are not able to verify whether the client has accessed a loan somewhere else. Naturally, the over-indebtedness coupled with high penalty interest rates for default accounts increases non-performing loans and with it provisions for loan losses which reduces the profitability of the institutions.

Some countries like Namibia and Botswana have credit registry systems which helps reduce multiple payroll borrowings. Other countries like Zimbabwe are working on bridging the information asymmetry in both the banking and microfinance industry through establishing a central credit registry system within the Reserve Bank of Zimbabwe.

Shortage of Skilled Manpower

The microfinance sector is experiencing shortage of critical skills in accounting, credit analysis and administration mainly attributed to funding constraints, and inability to attract, train and retain skilled personnel. This challenge is more prevalent among the savings and credit cooperative societies (SACCOs) and the small microfinance institutions. Lack of skilled human capital has negatively affected the institutions' capacity to manage risks emanating from their activities.

Inadequate ICT Infrastructure and Weak Record Management

Inadequate funding has also affected microfinance institutions' capacity to acquire robust ICT systems to support their operations. Weak MIS has affected institutions' ability to maintain proper accounting records thereby affecting their ability to timeously submit regulatory returns.

Lack of proper accounting records has often led to mismanagement and fraud. The non-submission of regulatory returns hampers performance monitoring of the sector as well as financial stability assessments by the regulatory authorities.

In some countries like Zimbabwe, the Zimbabwe Association of Microfinance Institutions has collaborated with development partners to source an appropriate robust ICT system for the sector at a discounted cost.

Consumer Protection and Financial Literacy

The existence of a sound financial consumer protection regime is necessary for increasing responsible access to financial services, particularly in an environment where new and complex financial products (e.g. e-money) are being introduced, new delivery channels (e.g. mobile phones, smart cards) are being developed and new non-bank financial services providers (mobile network operators) are entering the market.

The absence of an appropriate and effective consumer protection and financial literacy legal and regulatory framework for the financial sector in general and the microfinance in particular is hampering product/services uptake by consumers who are not sure of their rights and feel inadequately protected from mis-selling, and other market abuses. An analysis of client complaints reveal that most of them emanate from low financial literacy and weak financial consumer protection frameworks in the sector.

Inadequate Capital

Inadequate capital is constraining the organic growth of MFIs and SACCOs and continuing to hamper the institutions' ability to offer low interest rates and unsecured lending to their clients. As a result most MFIs are focusing on salary-based lending (pay day loans) at the expense of support to the productive sector. Under these circumstances, the microfinance sector is failing to adequately support low income groups and micro, small and medium enterprises. In other countries including Malawi some SACCOS have failed to comply with the minimum capital requirement of 10% of the risk weighted assets due to persistent losses.

Constricted Liquidity

Most SACCOs in some countries including Malawi and Botswana are unable to meet savings withdrawals when they fall due owing to inadequate liquidity resulting from inadequate member commitment and support and non-compliance to liquidity policy and lack of cash flow planning.

In Zimbabwe the adoption of the multi-currency system in February 2009, resulted in the microfinance sector operating under a constricted liquidity environment which has manifested through constrained funding ability, limited credit creation and high lending rates. Late remittances of payroll deductions especially from government ministries in Malawi and Zimbabwe has also affected liquidity of MFIs.

Poor Corporate Governance

Existence of weak corporate governance and management structure is rampant among the SACCOs largely due to lack of policies and weak internal controls. This is also attributed to lack of knowledge and skills among the Supervisory Boards and management team. Weak corporate governance structures are seed beds for non-accountability, opaque operations and fraud risk.

Other Challenges

Non-compliance with laws and regulations is major challenge among MFIs in Malawi, while in Zimbabwe a number of credit-only microfinance institutions have engaged in illegal deposit taking activities as a way of boosting their funding bases. In Botswana and Namibia some incidences of unlicensed entities operating illegally have been noted. Lack of appropriate national identification card is also hampering access to credit in Malawi.

International Cooperation

In line with the objective promoting mutual relationships with development partners, international bodies and compliance with international best practices, standards and codes of conduct, SADC countries have accessed development assistance as summarised in the table below:

Country / Activity	Botswana	Malawi	Namibia	Zambia	Zimbabwe
National Surveys	• Conducted Co-operative Data Analysis (CODAS) in February 2014.	• FINSCOPE (2008, 2014) • National Financial Literacy Baseline Survey (2014)	• FINSCOPE (2007, 2011)	• FINSCOPE (2005, 2009)	• FINSCOPE (2011 & 2014)
World Bank	• Regulatory Impact Assessment (RIA) in cooperation with the World Bank • Credit Reporting System in Botswana (World Bank Team) May 2013 • FSAP (Financial Sector Assessment Program- when last done in your country)	• World Bank funding for the Financial Sector Technical Assistance Programme (FSTAP)	• The FSRA received Technical Assistance from the IMF with specific intervention in the supervision of the SACCOs sector. • The World Bank conducted a mission on the Financial Sector Development Implementation Plan of which some measure of attention was dedicated to the SACCOs landscape.	• Zambia was selected to participate in the World Bank Financial Inclusion Support Framework (FISF) program by the World Bank in 2014.	• World Bank Technical Assistance on Consumer Protection & Financial Literacy, 2014
International Conferences	• The African Confederation of Cooperative Savings and Credit Unions	• The African Confederation of Cooperative Savings and Credit	• The African Confederation of Cooperative Savings and Credit	• The African Confederation of Cooperative Savings and Credit Unions	• Alliance for Financial Inclusion (AFI); • SADC, Committee

Country / Activity	Botswana	Malawi	Namibia	Zambia	Zimbabwe
	(ACCOSCA) annual ACCOSCA Leadership Forum and Regulatory Round Table. • Botswana through Botswana Savings and Credit Co-operative Association (BOSCCA • Finmark Trust – Credit Information Sharing Meeting • Committee of Insurance Supervisors and Non-banking Authorities (CISNA)	Unions (ACCOSCA) annual ACCOSCA Leadership Forum and Regulatory Round Table. • International Credit Union Regulatory Network (ICURN) also hosts forums for regulators. • Working group meetings for Alliance for Financial Inclusion(AFI) • Committee of Insurance Supervisors and Non-banking Authorities (CISNA) • African Rural and Agricultural Credit Association (AFRACA)	Unions (ACCOSCA) annual ACCOSCA Leadership Forum and Regulatory Round Table. • The FSRA is member of the International Credit Union Regulators' Network (ICURN) • Committee of Insurance Supervisors and Non-banking Authorities (CISNA)	(ACCOSCA) annual ACCOSCA Leadership Forum and Regulatory Round Table. • The Association of Credit Reporting Agencies annual Credit Reporting Conference • The Committee for Insurance, Securities and Non-Bank Financial Institutions Authorities bi annual CISNA meetings. • The working group meetings for the Alliance for Financial Inclusion (AFI) ▪ The annual African Rural and Agricultural Credit Association (AFRACA) meetings.	of Central Bank Governors (CCBG); • SADC, Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA); and • COMESA Committee of Central Bank Governors.
Capacity building	• Co-operative Training Centre in Botswana • African	• Macroeconomic and Financial Management Institute of Eastern	•	• MEFMI • A myriad of MEFMI courses • Federal Reserve	• Making Microfinance Work: Product Diversification conducted by the

Country / Activity	Botswana	Malawi	Namibia	Zambia	Zimbabwe
	Confederation of Africa Confederation of Co-operative Savings & Credit Associations • Boulder Microfinance Training in Italy; • Toronto Centre Microfinance Leadership Programme •	and Southern Africa (MEFMI), Zimbabwe • Federal Deposit Insurance Corporation (FDIC), USA • Kenya School of Monetary Studies (KSMS) • Institute for Capacity Development (ICD), RSA • African Confederation of Cooperative Savings and Credit Union (ACCOSCA), Kenya • World Council of Credit Unions (WOCCU). • Boulder Microfinance Training in Italy		Bank Training and FDIC • Bank Examinations • Credit Risk Analysis School (CRAS) • Bank Management (BankMan) • Financial Analysis and Risk Management (FARM) • Toronto Centre • Basel II and ICAAP workshop	Training Center of the International Labor Organization. Lusaka, Zambia Sept 2014. • Financial Inclusion Course jointly conducted by Africa Training Institute and the IMF's Institute for Capacity Development (ICD), Mauritius, September 2014; and • Green Microfinance Conference hosted by HIVOS in Harare, Zimbabwe, October 2013.

Plenary Technical Committees of CISNA

There were four plenary technical committees during the period under review, namely:

a) Consumer Financial Education (CFETC); and
b) Training Technical Committee (TTC); and
c) Anti-Money laundering and Combating of Financial crime technical committee (AML/CFT TC); and
d) Legal Technical Committee (LTC)

Consumer Financial Education Technical Committee (CFETC)

Background

The CFETC is responsible for harmonising consumer education for non-banking financial authorities within the SADC region, build capacity amongst Member States, exchange information related to consumer financial education and coordinate levels of financial literacy. It promotes financial inclusion in line with the CISNA strategic plan through its various initiatives.

Achievements for 2014

In accordance with the objectives, scope of work and action plan of the CFETC the committee has in 2014:

- Successfully collated information on state of financial education in the SADC region from 12 CISNA member countries;
- Initiated research into funding models for consumer education initiatives. The research considered the collated report on the state of financial education. The research is still in process and focussed on countries that has had success in the implementation of national strategies, has a diversity of stakeholders involved and has a profile of CFE within broader market development/consumer protection agendas. It is envisaged that the research will show the diversity of funding models across the countries;
- Successfully facilitated the CISNA 2014 familiarisation programme, hosted by the FSB in South Africa. The programme exposed the participants to the consumer financial education activities of the FSB, other regulators, the financial sector and consumer bodies in South Africa; and provided delegates with the opportunity to share their experiences and challenges regarding consumer financial education in their countries. Twenty-six delegates from ten regulatory authorities in eight SADC countries participated in the programme; and
- Attended international meetings and conferences on consumer financial education hosted by the International Network on Financial Education in South Korea, Turkey and France. Knowledge and information acquired at the events were disseminated at the bi-annual meetings.

Training Technical Committee (TTC)

Background

The need for capacity building within the region through the coordination of training efforts and development of professional and accredited training for member states (MS) is an enabler for CISNA to effectively execute its functions as set out in Annexure 10 of the Finance and Investment Protocol "the FIP", the Regional Indicative Strategic Development Plan "the RISDP" through the implementation of the CISNA Strategic Plan

The TTC reports to CISNA Plenary and will be responsible for facilitating the development of competent and professional NBFA and capacity building.

Objectives of the TTC

The CISNA training technical committee "TTC" obtains its mandate from the CISNA strategic plan. Therefore, it is a strategic imperative of CISNA to ensure the development and implementation of a CISNA regional capacity building program utilizing both internal (regional) and external resources by:

- Assessing regional needs and present focused capacity building programs to support member states (MS) to build required capacity; TNQ training needs questionnaire and report and a competency model across organizational within NBFAs;
- Facilitating the development of a regional certification program for financial regulators i.e. accredited trainers and programs and appoint service providers to deliver the required training; and
- Implementation of priority programs to address immediate and urgent regulatory training needs e.g. 30 programs for 15 delegates and assess the number of person trained on "core needs" program.

Achievements for 2014

- The TTC gave input into CISNA's organisational structures, rules and procedures;
- Status report on the implementation of CISNA's strategic goals/ action plans;
- Progress report on training needs survey;
- Update of the TTC terms of reference, membership, action plan and Monitoring & Evaluation framework;
- Need for greater representation of capital markets authorities on the TTC;
- Coordination of the bi-annual familiarization programme content in collaboration with the FSB;
- Consultant finance from SADC Secretariat to assist with the TTC with the development of a CISNA competency framework for supervisors as well as a regional accreditation training programme;
- Development of a combined training needs questionnaire across all sectors supervised by CISNA;

- Updated TTC logbook and training programmes held in the region;
- Tabling of CISNA's second training needs report for the period 2010-2014; and
- Exploring the need for the establishment of a CISNA Training Academy for NBFI regulators in the region through distance learning.

Anti-Money Laundering and Combating the Financing of Terrorism Technical Committee (AML/CFT TC)

Background

The Anti-Money Laundering and Combating the Financing of Terrorism ("AML/CFT") AML/CFT technical committee was formed as a Plenary Technical Committee of the Committee of Insurance, Securities and Non-Banking Authorities ("CISNA").

The purpose of the AML/CFT technical committee is to harmonize and enhance the effectiveness of regional financial regulatory framework with respect to AML/CFT and facilitate a co-ordinated regional approach AML/CFT.

Projects and Activities of the AML/CFT technical committee during 2014

During the period under review, the AML/CFT technical committee revised its Terms of Reference in line with the Southern African Development Annexure 12 on Anti- Money Laundering in order to operate in the most efficient, effective and harmonized manner.

Further, the AML/CFT technical committee reviewed the activities under its action plan taking into cognizance the FIP and the Financial Action Task Force ("FATF") international recommendations to prevent money laundering, financing of terrorism and the proliferation of terrorist activities. It was agreed that the measurable objectives had been met by the amendments to the AML/CFT technical committee's terms of reference. These included the following to:

- enhance and promote awareness on the importance of AML/CFT efforts among CISNA member organisations and their respective regulated institutions;
- increase member awareness of the FATF Recommendations on the implementation of international standards on combating money laundering and financing of terrorism & proliferation through financial education;
- exchange information among CISNA members and to share views on AML/CFT programs, initiatives, research and findings related to AML/CFT among the non-bank financial sector entities supervised and/or regulated by CISNA members; and

- exchange, identify and develop good practices and efficient tools for AML / CFT activities among the members based on international standards and principles and in cooperation with national authorities and other regional bodies involved in the enforcement of AML / CFT programs.

Regional Co-operation

Following the request by the AML/CFT technical committee during October 2013 to be guided by AML/CFT experts, the AML/CFT technical committee was honoured by the presence of Dr Eliawony Kisanga, the Eastern and Southern African Money Laundering Group ("ESAAMLG") Executive Secretary.

Dr Kisanga presented the role of ESAAMLG and the explained the cooperation agreement on AML/CFT issues. The presence of Dr Kisanga assisted the AML/CFT technical committee to understand the mandate of ESAAMLG and that of the AML/CFT technical committee in terms of FIP. In addition, a presentation was made by Dr Kisanga on the status of AML/CFT implementation in the region, concluding that:

- There is a general low level of compliance in the region;
- Financial institutions face some challenges that affect their compliance with AML/CFT requirements;
- Compliance with AML/CFT requirements is beneficial to the financial institutions and the countries in which they operate; and
- Implementation of a robust AML/CFT regime requires concerted and collaborative effort. Hence, the support of financial institutions is important.

Challenges and the way forward

Due to the unique activities of the AML/CFT technical committee, other authorities not represented were requested to assist and nominate officials to increase the number to nine (9) members in order to ensure effectiveness of the AML/CFT technical committee and that it fulfills its mandate. Unfortunately, the Committee continued to experience low turnout resulting in inability to form a quorum, and lack of continuity of members which made it difficult to share the unique responsibilities and achieve effective and efficient results.

In terms of the way forward, the AML/CFT technical committee also noted that FinMark Trust had conducted and completed an AML/CFT Regional Study and would present their findings during 2015. The results of the study will form the basis for future studies in order to meet the AML/CFT technical committee's objectives. Further, the AML/CFT technical committee took note of the ESAAMLG typology study on Money Laundering through the securities industry whose findings will be published by September 2015.

Legal Technical Committee (LTC)

Background

The Committee was established as a Plenary Committee at the first bi-annual meeting for the year in South Africa. The mandate was availed at the next biannual meeting in Swakopmund in Namibia in October 2013.

The Committee's Terms of reference were drafted and finalised at the meeting in Tanzania, April 2013. In terms of the Rules a minimum of 7 members of the Committee is the requirement but only 3 nominations were received in Namibia. These are Zimbabwe, Angola and Swaziland.

The Secretariat advised that the Committee's main mandate was to develop a CISNA model law, in consultation with the SADC Secretariat and the Consultant, GIZ.

The LTC was officially elevated to a Technical Committee of Plenary in 2013 for the development of model laws for all NBFI sectors supervised under CISNA.

The approved mandate of the LTC is to:

- advise and prepare model legal frameworks for non-banking financial institutions (NBFI)sectors in the SADC region;
- provide legal advice on CISNA matters;
- prepare necessary legal documentation;
- provide where required from amongst the Committee's members a chairperson of the disciplinary processes;
- seek legal expert advice on CISNA related matters;
- engage where necessary the services of experts to assist it with its duties;
- review applications for CISNA membership submitted to the Secretariat;
- make recommendations to EXCO; and
- carry out any relevant initiatives as may be directed from time to time by CISNA Plenary;

Projects and Activities of the Legal Technical Committee during 2014

During the period under review, the Legal Technical Committee developed its terms of reference based on the Structure, Rules and Procedures of CISNA. The developed Terms of reference of the Committee were presented and approved by the Plenary.

The Committee then prepared its action plan and evaluation framework which would help it achieve the development of model legal frameworks for non-banking financial institutions (NBFI) sectors in the SADC region.

The major activity of the Committee under review was to prepare model legal frameworks for non-banking financial institutions (NBFI) sectors in the SADC region in an effort of harmonising and enhancing the effectiveness of regional regulatory frameworks. Under this activity, the LTC was able to obtain a record of projects of the then Capital Markets Legal Technical Committee and a record of all projects which required the LTC's attention from all other CISNA Committees.

The LTC reviewed and assessed the record of all projects requiring its attention and developed an action plan for individual projects with clear timeframes and implementation plan.

Another activity of the LTC during the period under review was to provide legal advice and assistance on CISNA matters in an effort to build the internal capability of CISNA to ensure that it is able to successfully execute on its mandate. Under this activity, LTC was able to develop guidelines on the submission of instructions by other CISNA committees to the LTC. The Guidelines on Submission of Instructions by other committees to LTC was presented and approved by the Plenary in October 2014.

Member Jurisdictional Overview

APPENDIX A

CAPITAL MARKET HIGHLIGHTS

Appendix A1

Angola

Overview of the Angolan Securities Market

The Capital Markets Commission ('CMC') is working towards the establishment of a capital markets in Angola. Consequently, work is underway to put in place a number of legal systems to regulate the market and legal proposition have been made for the supervisory process. As result of these activities, the CMC became associated member of IOSCO in November 2014.

As such the Angolan securities market (MVM) is currently underpinned by the three financial instruments mostly of sovereign debt, namely, Treasury bills, Government bonds and central bank securities. However these are all trades done on the primary market.

On 19th December was launched the BODIVA - Angola Stock Exchange which started the trading with debt. In paving way to the emergence of the Angolan capital market, a number of legal instruments have been put in place proving for the:

- Legal System on brokerage Firms and securities distributors
- Legal system on Holding Companies of regulated markets
- Legal system on Regulated Market of public debt issues and the
- Legal system on CISs

A CMC delegation visited the Brazilian Institute for Relations with Investors from 27 May to 7 June. CMC participated in the training and regulation program conducted by SEC – USA from 5 – 9 August. CMC delegation, attended the London Stock Exchange opening session of June 28.

Appendix A2

Botswana

Key Market Highlights

Table 1: Number of participants being supervised

NBFI	Number
Management Companies of Collective Investment Undertakings	6
Investment Company with Variable Capital	1
Collective Investment Undertaking Funds	26
Asset Managers	12
Trustees	2
Custodian	3
Investment Advisors	22

As at reporting date, one (1) of the management companies submitted a voluntary wind up notification due to the loss of its major client this application has since been approved and finalised.

Financial Performance of CIU Industry expressed in US dollars (quote exchange rate) – provide in the case of: [Assets under Management, Net Asset Value ("NAV") and Market Capitalisation]

As at December 31, 2014 Management Companies for Collective Investment Undertakings ("CIUs") recorded assets under management of $ 407 472 541.29 (P 3 876 998 490) being a 13% drop from the$470 853 502.33 (P4 137 552 744.57) reported June 30, 2014 the drop being attributed to the winding down of Coronation Fund Managers Botswana.

As at 31 December 2014 Coronation held nil assets under management as seen in Table 2 below. Non-CIU assets rose by 6% from $ 6 586 245 751.86 (P57 875 621 721.10) June 30, 2014 to $ 6 462 895 918.33 (P61 492 825 03.19) as at 31 December 2014. Therefore, total assets under management grew by 3.75% moving to $7 148 338 048.78 (P62 814 921 342.60) from $6 889 496 685.47 (P60 065 359 071.20) December 2013.

Table 2: NAV of the CIU Funds held by the Management Companies.

Company Name	31 Dec 2014 Net Asset Value (Pula)	31 Dec 2013 Net Asset Value (American Dollars)
African Alliance	624 734 711	65 659 618.08
Bifm Unit Trust	76 861 663	8 078 160.79
Coronation	0	0
Investec	1 044 781 283	109 806 512.84
SIMS	2 130 620 834	223 928 249.65
Total	3 876 998 491.00	407 472 541.32

Geographical allocation of CIU Total Assets

Area	Amount (Pula)	Amount (American Dollars)	% of total
Domestic	2 888 231 960	303 553 179.00	74%
Offshore	1 010 608 510	106 214 954.40	26%
Total Gross Asset Allocation	3 898 840 470	409 768 133.40	100%

Exchange Rate Pula/USD (1:0.1051) December 31, 2014 and (1:01138) June 30, 2014

Appendix A3

Lesotho

Pursuant to efforts realised in 2013 towards the development of a capital market in Lesotho:

- Central Bank (Capital Market) Regulations 2014 were published. Capital market players have been sensitized in preparing them for the establishment of the Stock market.
- Collective Investment Scheme Regulations were revised to align them with SADC Model Law. However publication will be done in 2015

Lesotho is yet to establish a stock exchange though the plan is that by end of 2015 the exchange will be up and running and will be initially house at the Central Bank. However, there is also no principal securities law but capital markets regulations meant to kick start the capital market activities within a regulated environment have been published by way of Government Gazette. The Central Securities Depository initially acquired to handle government securities' transactions is being modified to handle all corporate securities (bonds and equities) transactions.

Appendix A4

Malawi

Market Performance Highlights	
Traded Value (USD)	26,670,773.15
Traded Volume	1,724,271,388
Number of listed Companies	14
Malawi All Share Index (MASI)	14,886.12
Annual Performance (%)	8.14
Domestic Share Index	11,720.43
Domestic Share Index Performance (%)	8.31
Foreign Share Index	1,759.61
Foreign Share Index Performance (%)	-6.29
Market Capitalisation (USD billion)	15.7
Licensees:	
Stock Exchange	1
Asset Management Companies	7
Stock Brokers	4
Unit Trusts	1
Investment Trust/Closed End Schemes	1
Transfer Secretaries	5
Investment Advisors	2

Appendix A5

Mauritius

The financial services sector is an important pillar of the Mauritian economy which is fast emerging as a financial hub for the Southern African region. Mauritius ranked 39th out of 144 countries by the World Economic Forum Global Competitiveness Report 2014-2015 and 20th out of 189 economies by the World Bank Doing Business Report 2014.

Securities Act 2005

The Securities Act 2005, in force since September 2007, is the main piece of legislation governing the Capital Markets in Mauritius. It establishes a framework for the regulation of securities markets including securities exchanges, clearing and settlement facilities and intermediaries and the regulation of the offering and trading of securities and other related matters. The Securities Act 2005 is benchmarked as per international norms and best practices such as the International Organization of Securities Commissions (IOSCO) Principles.

The Mauritian Securities Exchanges: Profile and Performance

There are two Securities Exchanges which are licensed by the FSC Mauritius under Section 9 of the Securities Act 2005, namely:

The Stock Exchange of Mauritius Ltd (SEM) which started operation in 1989

The SEM operates two markets namely the Official Market (OM) for larger companies and the Development & Enterprise Market (DEM) which is tailored for medium and smaller companies. The SEM has five indices of which the SEMDEX is the main index. The DEM consists of 2 indices whereby DEMEX is the major index. It currently offers a variety of products such as shares, debt instruments, funds, Exchange Traded Funds etc. The Exchange is a member of World federation of Exchanges since 2005. The SEM launched the index SEM-10, comprising shares listed on its Official Market on 2nd October 2014. Designed to meet international standards and provide a larger and more attractive investible benchmark for both domestic and foreign market participants, the SEM-10 comprises the ten largest eligible shares of the Official Market, measured in terms of average market capitalisation, liquidity and investibility criteria. For more information, consult http://www.stockexchangeofmauritius.com/

The Bourse Africa Ltd (BAL), operational since October 2010

BAL is an international multi-class exchange which offers and trades in three segments namely, the Commodity Derivatives Segment, the Currency Derivatives Segment, and the Equity Segment. For the Commodity Derivatives Segment, three contracts namely in gold, silver and Crude Oil (WTI) are offered while for the Currency Derivatives Segment, five currency pairs are traded namely EUR/USD, GBP/USD, JPY/USD, USD/MUR, ZAR/USD. BAL is the first Exchange in Africa to launch Contracts for Differences (CFDs) on commodities and currencies, and second Exchange in the world to introduce exchange traded CFDs. For more information, consult http://www.bourseafrica.com/

The Stock Exchange of Mauritius Ltd ('SEM') Performance

Table 1: SEM Market Figures: Official Market

Particulars	Figures Dec 2014	Figures Dec 2013
No of listed companies	46	43
Total Volume Traded	2,616,694,625	1,702,719,731
Total Turnover Value Traded (USD)	515,544,204	346,003,945
Market Capitalisation (USD)	7,161,799,492	6,974,417,921

Source: Stock Exchange of Mauritius Ltd ('SEM')

Table 2: SEM Market Figures: Development & Enterprise Market

Particulars	Figures Dec 2014	Figures Dec 2013
No of listed companies	44	48
Total Volume Traded	190,741,518	408,178,438
Total Turnover Value Traded (USD)	70,472,281	122,716,228
Market Capitalisation (USD)	1,493,802,269	1,827,341,469

Source: Stock Exchange of Mauritius Ltd ('SEM')

Bourse Africa ltd ('BAL') Performance

The table below gives an overview of the performance of the GBOT for 2013 and 2014

Table 3: GBOT Total Figures for the Derivatives Segments

Particulars	Total Turnover (in USD Million)	Total Volumes (in Lots)
December 2014	4,596	818,715
December 2013	5,666	689,269

Source: Bourse Africa Ltd ('BAL')

Market Intermediaries: Capital Markets

Table 4: Domestic Investment Dealers and Advisers

	2014	2013
Investment Dealer	17	21
Investment Adviser	32	31
Representative of Investment Dealer	44	52
Representative of Investment Adviser	56	49

Source: Financial Services Commission, Mauritius

Note: Figures reflect active entities, that is, those applying for winding up and wound up entities are excluded

Investment Funds and Intermediaries

Investment Funds and their Intermediaries (CIS Managers, CIS Administrators and Custodians) are regulated by the FSC Mauritius under the Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008, which provide for a consolidated regulatory and supervisory framework.

While Investment Funds are authorised as Collective Investment Schemes and Closed-end funds, Intermediaries are granted a licence, except for CIS Administrators which are approved by the FSC Mauritius.

The table below provides a snapshot of Investment Funds and Intermediaries:

Table 5: Licences by Type

Type of Licensees	2014	2013
Total Funds *Collective Investment Schemes* *Closed-end funds*	**911** *485* *426*	**893** *498* *395*
CIS Managers	367	333
Custodians	9	9
CIS Administrators	4	4

Source: Financial Services Commission, Mauritius

All figures refer to active entities, i.e. those applying for winding up and wound up entities are excluded

Appendix A6

Mozambique

There is only one Stock Exchange in Mozambique, Bolsa de Valores de Moçambique "BVM" (the Mozambique Stock Exchange).

Market Statistics (31 December 2014)

	Official Market 2013
Number of listings	43
Listed companies	17
Traded Value (USD millions)	145,857
Traded Volume	47,258,623
GDP at Current Prices (USD billions)	15,63*
Market Capitalisation (USD billions)	1,329,17
Market Cap. % GDP	7,0%
Liquidity	10,97%
Trade in Bonds (Millions MZN)	4,299,8

Source: BVM 2014, World Bank, IFM World Economic Outlook
(*) = Estimates

Transactions in the Official Markets 31 December 2014)

	Quantity 2014	Value 2014 (Millions of MT)
Bonds	45.391.223	4.490.823,24
Commercial papers	469.250	46.925
Shares	1.398.150	69.216,54
Total	47.258.623	4.606.964,78

Source: BVM 2014

BVM range of products and financial instruments available include shares, treasure bonds, corporate bonds and corporate shares. Currently there are no market indices on BVM.

Securities (31 December 2014)

	Listed Emissions 2014
Bonds	33
Commercial papers	6
Shares	4
Total	43

Source: BVM 2014

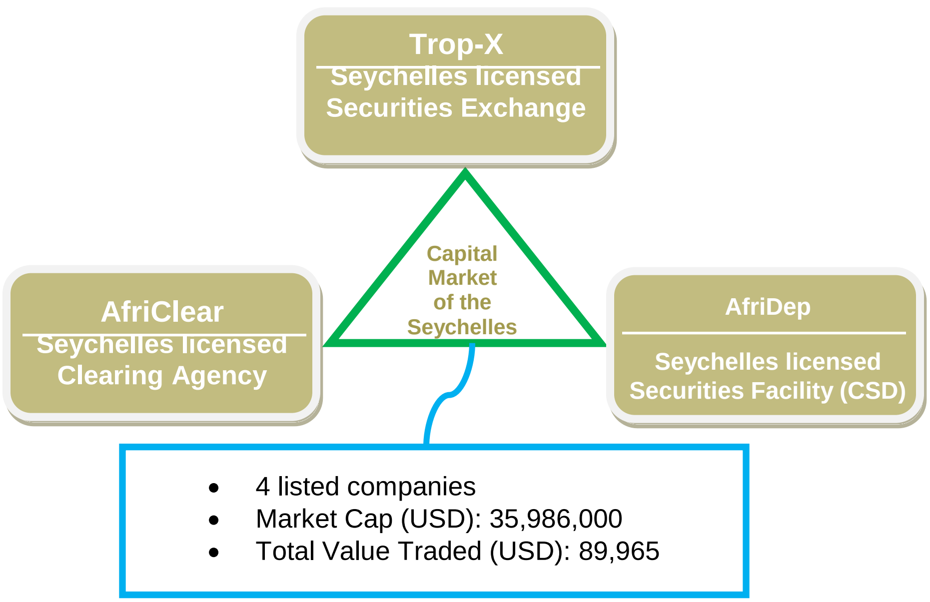
Market Players

	2014
Dealers (Commercial Banks)	9

Appendix A7

Seychelles

Capital Market Highlights | 2014



Licence Type	Licenced in 2014	Total licensees as at Dec 2014	Licence Revocations	Licence Cancellations
Securities Dealers	5	9		
Securities Dealer Representative	5	10		
Investment Advisor (Firm)	1	2	1	1
Investment Advisor Representative	1	4	1	2

To note: *Securities Dealer under the Securities Act, 2007 provides only for companies and not individuals*

Collective Investment Schemes Highlights | 2014

Licence Type	Licensed in 2014	Number of Licensees as at Dec 2014	Total NAV (USD millions	Licence Revocations	Licence Cancellations
Seychelles Fund Administrator	1	3	N/A	1	
Approved Foreign Administrator	0	7	N/A		
Private Funds	1	6	54.4		3
Professional Funds	1	5	60.5	1	

Appendix A8

South Africa

Products **Cash Equities** Number of listings	391
Turnover (USD millions)	348,664
Volume (millions)	61,735

Capital Raised	13,202.6
Market Capitalisation – Local Register (USD millions)	989,477
Number of Indices	152
Industrial Index	62,353
Mining Index	25,101
Net Inflow (USD millions)	1,150.41
Liquidity Ratio	37
Foreign Trade%	11.09

Cash Bonds	
Number of listings	1650
Capital Raised (millions)	505,989.6
Market Capitalisation-local register (USD millions)	189,767
Net Inflow (USD millions)	-0.004629
Foreign Trade % 2	11.09

Equity Derivatives	
Amount of Trading Members	116
Amount of contracts cleared	252,523,802
Amount of Clearing Members	10
Turnover (USD millions)	514,984
Initial margin held 31 Dec 2014 (USD million)	148

Interest Rate and Currency Derivatives	
Amount of Trading Members	104
Amount of Contracts Cleared	44,634,070
Amount of Clearing Members	8
Turnover (USD millions)	55,232.30
Initial Margin Held 31 Dec 2014 (USD million)	538

Commodity Derivatives	
Amount of Trading Members	20
Amount of Contracts Cleared	42
Amount of Clearing Members	6
Turnover (USD millions)	-
Initial Margin Held 31 Dec 2014 (USD million)	142

Licensing/Market Participants Securities Dealers	
Commodity Derivatives Dealers	446
Equity Derivative Dealers	639
Interest Rate & Currency Derivatives Dealers	728
Equity Traders	1303

As per the outcome of the World Economic Forum's 2013/2014 Global Competitiveness Review, the JSE was for the second successive year, ranked first in terms of regulation of securities exchanges.

Collective Investment Schemes		
Collective Investment Schemes in:	**Number of approved portfolios in**	**Total assets under management (Rbn)**
Securities(local)	1284	1 695
Securities(foreign)	349	286
Property	6	45
Participation Bonds	4**	1

**JSE Market Capitalisation of Collective Investment Schemes in Property*

***Number of approved schemes*

Appendix A9

Swaziland

Asset Under Management (USD)

Collective Investment Schemes	1,133,227,824.17
Investment Advisor	611, 009, 841.47
Total	**1, 744, 237,665.61**

Type and Number of Participants under Supervision

Securities Dealers (Firms)	2
Trustees	4
Manager of Collective Investment Schemes	5
Investment Advisors	13

With the promulgation of the Securities Act, 2010, the capital markets division has submitted the following draft rules and regulations to the Ministry of Finance to commence the legislative process;

a) Collective Investment Schemes (CIS) Unit Trust rules;
b) CIS (Accounts and Reports) Rules;
c) CIS (Investments and Borrowing Powers) Rules;
d) CIS (Prospectus Requirements) Rules;
e) Conduct of business rules;
f) Capital Adequacy Standards Notice;
g) Securities Exchanges Rules;
h) Licensing rules for dealers and Investment advisers;
i) The Central Securities Depository Rules.

A fit a proper guideline has been finalised and circulated to all market participants and is currently in use.

Appendix A11

Zambia

Below is a table that shows the performance of the Zambian Capital Markets as at 31 December 2013:

Market Performance Indicators	31/12/2014	31/12/2013	% change
LuSE All Share Index	6,160.7	5300.1	16.2 ↑
Market Capitalisation USD billion	10.271	10.484	2.03↓
Market Capitalisation/GDP ratio (%)	45.93	52.40	12.3 ↓
Volume (millions)	319	276	15.6↑
Turnover (USD millions)	171	38	350↑
Turnover /Market Capitalisation (%)	1.66%	0.42%	295
Number of brokers	6	6	-
Trades in Bonds	167	167	-
Turnover (bonds) (ZMK' billions)	2797	2035	37.4↑

Licensing of Market Players

As at 31 December 2014, the numbers of entities and individuals which were authorised, registered or otherwise lawfully conducting business on the securities sector were as follows:

Dealers	19
Dealers Representatives	72
Investment Advisers	10
Investment Advisers Representatives	21
Securities Exchanges	2
As at 31 December 2014, the Issuers of Securities were as follows:	
Listed Equity Issuers	*23*
Listed Corporate Bonds	*8*
Quoted equity Issues	*8*
Collective Investment Schemes	*7*
Quoted Fund	*0*

Appendix A12

Zimbabwe

Key Market Highlights

	Year Ended 31.12.14
Industrial Index	162.79
Mining Index	71.71
Volumes Traded (m' shares)	3,179.30
Foreign (m' shares)	2,020.90
Value (USD million)	452.87
Net Foreign Inflows (USD million)	94.19
Market Capitalisation (USD billion)	4.33
Number of Listed Companies	66

Licensing of Market Players

A summary of licensing activities by the Commission for the year ending 31 December 2014 is as shown below:

Licences	Licensee	Number
Issued	Securities dealers Individuals	41
Issued	Securities Dealers Firms	13
Issued	Custodians	5
Issued	Transfer Secretaries	3
Issued	Investment Advisors	25
Issued	Investment Managers	17
Issued	CSD	1

The licensing process however continues throughout the year.

APPENDIX B

RETIREMENT FUNDS

The following seven countries submitted their reports for the period under review covering the period until December 2014:

- Lesotho
- Mauritius
- Namibia
- South Africa
- Swaziland
- Tanzania
- Zambia

Lesotho

Retirement Funds Industry

Following approval of the Voluntary Occupational and Private Pensions Bill by the Cabinet of the Kingdom of Lesotho, a pension's bill was drafted. The World Bank is currently assisting with the review of the bill. It is expected that the World Bank will also assist with the development of the implementing regulations.

The Central Bank of Lesotho is also working towards having an overarching pension's policy for voluntary occupational pensions and the mandatory pensions under the Government's Social Security Scheme.

Namibia

Supervisory Framework

The Pension Funds department is implementing a Ladder of Supervisory Intervention by categorizing retirement funds in different risk profiles as identified from inspections conducted. The stages vary from Stage 1 which signifies no major problems to Stage 5 signifying that the entity is no longer viable or insolvency is imminent.

Pension Fund Regulations

The amended Regulation 26, 27 and 28 and a new Regulation 29 issued by the Minister of Finance in terms of the Pension Funds Act, 1956 (Act No.24 of 1956) came into effect on 01 January 2014 and the affected industries are currently obliged to comply with the respective regulations accordingly.

Regulation 26 deals outlines the daily penalty to be levied to a pension fund if it fails to submit documents within a prescribed time. On the other hand, Regulation 27 stipulates the interest to be charged on pension backed housing loans by Pension Funds.

Regulation 28 is aimed at curbing excessive capital outflows and to encourage greater local investments by pension funds. This regulation was amended to allow pension funds to invest a minimum of 1.75 percent and a maximum of 3.5 percent of their total assets in unlisted investments. This is a new asset class that was introduced by this Regulation since exposure to this asset class was not regulated, although some pension funds had indirect exposure to these alternative assets. Investment in property companies is however not recognized as unlisted investments and neither are other assets which are listed in an annexure to Regulation 28.

This list of assets includes but is not limited to government, corporate and state-owned, local authority and regional council bonds. Regulation 28 further reduces the amount of dual listed stocks that qualifies as domestic assets. The percentage of a fund's total assets acquired in a company incorporated outside Namibia that qualifies as domestic assets (dual listed) will be reduced from 30 percent starting 01 January 2014 to 10 percent starting 01 January 2018. Pension funds are given 12 months, starting 01 January 2014, to comply with the provisions of Regulation 28.

Mauritius

Regulatory Structure

- *Entity (organisation / Government department / Central Bank etc.) in the country responsible for regulating / supervising the industry.*

  The Financial Services Commission, Mauritius ("FSC Mauritius") is the sole regulator and supervisor of the private pensions industry in Mauritius and is mandated to ensure that private pension schemes operating in Mauritius comply with the law in order to maintain a fair, safe, stable and efficient private pension industry.

  The FSC Mauritius is the authority which, under the PPSA:

  i. licenses and authorises private pension schemes;
  ii. enforces compliance with prudential requirements;
  iii. applies the fit and proper requirements to persons constituting the governing body of private pension schemes; and
  iv. Intervenes in the event of misconduct of a licensed or authorised private pension scheme.

  In respect of its powers under the Financial Services Act 2007 to make FSC Rules for the purposes of relevant Acts, the FSC has issued Five FSC Rules under the Private Pension Schemes Act 2012 (PPSA) since its proclamation. As and when required, FSC Rules may be subject to amendments in order to reflect requirements of the Mauritian private pension industry and of international best practice.

  Since the proclamation of the Private Pension Schemes Act in 2012, there has been a legislative change to the private pensions industry. The PPSA is the legislative framework which is supplemented by the following Rules:

- *Private Pension Scheme (Licensing and Authorisation) Rules 2012*

  There are two different types of private pension schemes that are licenced under PPSA namely pension schemes and external pension schemes. Foreign Pension schemes require an authorisation from the commission.

- *Private Pension Schemes (Governance) Rules 2012*

  Under the PPSA, the governance concept of a private pension scheme has been further strengthened and much emphasis is put on good governance as it is a crucial aspect of an efficient private pension scheme.
- *Private Pension Schemes (Disclosure) Rules 2012*

  The purpose of the Rules is to provide for increased transparency of private pension schemes which will in turn support an effective oversight of the governance of private pension schemes.

  The two latest set of rules that were published in December 2013 were the Investment Rules and the technical funding requirement Rules. These two set of rules were thoroughly discussed via industry consultation meetings with investment & pension professionals and representatives of the private pension industry of Mauritius. Comments received from the industry were considered in a balanced fashion without compromising on the regulatory and supervisory objectives of the FSC Mauritius.

Legislation, Subordinate Legislation, Rules

The PPSA, the main legislation establishing a framework for the regulation and supervision of private pension schemes in Mauritius, came into force in 2012.

The PPSA is the legislative framework which is supplemented by the following rules:

- *Private Pension Scheme (Licensing and Authorisation) Rules 2012 [Published in November 2012]*

- *Private Pension Schemes (Governance) Rules 2012 [Published in November 2012]*

- *Private Pension Schemes (Disclosure) Rules 2012 [Published in November 2012]*

- *Private Pension Schemes (Investment) Rules 2013 [Published in December 2013]*

  The underlying Objectives of the Rules are to:
  1. ensure that the assets of a private pension scheme in Mauritius are invested in a prudent and efficient manner;
  2. ensure that a private pension scheme's investment policy and decision-making procedures are properly and adequately established;

iii. determine admissible assets, as far as practicable and desirable, especially for the valuation of the scheme's technical provisions and to require risk management parameters;
iv. provide for investment concentration limits in respect of high risk investment exposure both locally and foreign with respect to prudential measures from a regulatory point of view; and
v. ensure timely and well-executed implementation of investment decisions and monitoring of investments by the governing body or the pension investment manager of a private pension scheme, as the case may be.

- *Private Pension Schemes (Technical Funding Requirement) Rules 2013 [Published in December 2013]*

  The underlying objectives of the Rules are to:
  i. ensure a stable private pension system in Mauritius;
  ii. protect the interests of members and beneficiaries of private pension schemes by requiring that defined benefit schemes hold technical provisions and meet the technical funding requirement;
  iii. have adequate actuarial reporting on the financial soundness of private pension schemes in Mauritius;
  iv. provide clear indications on the utilisation of surplus for defined benefit schemes; and
  v. provide for rectification of underfunding of defined benefit schemes.

The Rules listed below are still at drafting stage:

i. Schedules & returns
ii. Winding up
iii. Transfer, compromise or amalgamation
iv. Appointment of the auditor & actuary
v. Pension scheme administrator (under the FSA 2007)
vi. Provision in respect of DB & DC schemes
vii. General provisions of private pension schemes

Changes to Legislation, Subordinate Legislation and Regulatory Requirements

Amendments to Current Legislation

- *Private Pension Schemes (Governance) (Amendment) Rules 2013*

  The Private Pension Schemes (Governance) (Amendment) Rules 2013 (the "amendment Rules") were made by the FSC Mauritius in December and came into force on 21 December 2013. The Private Pension Schemes (Governance) Rules 2012 have been amended to enable service providers who are promoting private pension schemes to appoint such number of persons as they think fit to act as members of the governing body of the scheme provided that such appointment is in compliance with Section 24 of the Financial Services Act, Rules 5(2) and 5(3) of the Private Pension Schemes (Governance) Rules 2012 and with any provision of the constitutive documents of the private pension scheme.

Fair Market Conduct Programme

- *Competency Standards*

The Competency Standards formalise the minimum technical competencies, in terms of knowledge and skills, which specific licensees need to have. It also provides an indication to the licensees on how to demonstrate and maintain the minimum technical competencies.

Through this initiative, the FSC Mauritius intends to align the competency standards in the Mauritian financial industry with international standards and best practices.

A phased approach was adopted for the development of the Competency Standards for the different sectors in the non-banking financial industry. The Competency Standards are applicable to the following types of licensees:

i. Insurance intermediaries: Insurance Salesperson, Insurance Agent, Insurance/Re-insurance Broker and Broking Staff
ii. Securities intermediaries: Investment Dealer, Investment Adviser and CIS Manager
iii. Management and control function: Money Laundering Reporting Officer (MLRO)

- *Guidelines for Advertising and Marketing of Financial Products*

The Guidelines for Advertising and Marketing of Financial Products set the recommended standards for licensed entities, regarding their advertising function, and promotional roles and responsibilities vis-à-vis consumers of non-banking financial products and services. The aim is to promote responsible, ethical and professional conduct by Financial Services Commission, Rep. of Mauritius. Promoters in relation to the advertising and marketing of non-banking financial products and services, targeting consumers of financial services in Mauritius.

Major Supervisory Concerns

Most of private pension schemes that were deemed to be licensed under the PPSA are Insured Pension Schemes. These are schemes that are administered and managed by insurers, pay death and disability insurance premiums, have administration charges deducted from contributions before investments are made and charge fund management fees.

However these Insured Pension Schemes are not compliant with the PPSA. There is a major restructuring being undertaken by those insurance companies servicing the insured pension schemes and this restructuring is being closely monitored by the FSC Mauritius.

Other concerns of the FSC Mauritius are:

i. Raising awareness of the new legislation governing the private pension sector;
ii. Ensuring that members of the governing body are capable of performing their fiduciary role adequately.

Trends/ Challenges/ Regulatory Opportunities

The Challenges are:

i. Regulating pension schemes that target foreign members.
ii. Expanding our pension industry by catering for QNUPS & QROPS pension schemes and such other pension schemes.
iii. Proposal to draft Regulations specific to point 1 & 2 above.
iv. Enhance our use of Risk Based Supervision for private pension schemes.
v. Improve standards of pension scheme governance, including knowledge and conduct of members of governing body, protection of members' interests, accountability, and disclosure of material information to members and contributors.

Risk Assessment of Pensions Sector

Describe the top three risks which you are most concerned with. Your description should include the reasons why these risks are selected and efforts being undertaken (by authorities and insurers / pension funds) to address them.

The Risks are:

Investment risk:

Investment is an essential aspect of pension schemes, whereby assets are invested to generate returns. Investment of these assets relies on investment decisions which may not be correct. As a result, there is a risk that the pension may be under funded by the investor and/or the value may be insufficient at retirement so that the investor's long-term retirement needs may not be met.

The Private Pension Schemes (Investment) rules addresses this issue by specifying concentration limits and admissible assets, thereby reducing the investment risk through diversification and ensuring that there are proper mechanisms in place to monitor the investment risks. The Rule also clearly specifies the Roles and responsibilities of the governing body members with regards to investment decisions.

Solvency risk:

Pension schemes provide assurance to members that a guaranteed income will be paid during their retirement. Insolvent pension schemes will downplay the credibility of the pensions sector and the financial services sector as a whole. Hence, it is crucial to ensure that pension schemes meet the required provisions.

The Private Pension Schemes (Technical Funding Requirement) Rules defines the determination and valuation of assets and liabilities. It also delineates the technical provisions such as funding ratio, assuring the stakeholders that the pension scheme does not run a high risk of being unable to meet its obligations.

Operational Risk:

The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events must be avoided at all cost as it may severely affect the proper functioning of a pension scheme, resulting in an increased number of complaints and loss of trust and confidence in the system.

The Private Pension Schemes (Governance) Rules provides that pension schemes should have a strong control environment that utilises policies, processes and systems including appropriate internal controls and risk mitigation. Internal controls should be designed to provide reasonable assurance that the members of the governing body have efficient and effective operations; safeguard the scheme's assets; produce reliable financial reports; and comply with the scheme's governing documents and legislation.

International Cooperation

- *Advise on international participation (IAIS / IOPS meetings) – Conferences / Committee Meetings*

  The following trainings were attended by officers of the FSC Mauritius:

  i. 01 - 03 October 2014, Annual OECD/IOPS Global Forum on Private Pensions
  ii. 22 - 25 October 2014, 21st IAIS Annual Conference and Meeting

- *WB / IMF / FIRST Initiative projects in the country:* N/A

- *FSAP (Financial Sector Assessment Program- when last done in your country):* 2007

- *Advise on the date of the latest assessment done according to international principles (IAIS / IOPS principles)*

  SADC Assessment of IOPS Principles in 2012

- *Advise on international participation (IAIS / IOPS meetings) – Conferences / Committee meetings*

  i. 01 - 03 October 2014, Annual OECD/IOPS Global Forum on Private Pensions

- *FSC Chief Executive: 'Mauritius: Pension Reforms, Regulations and Potentials' in ACM-Insight Magazine*

  An article by the FSC Chief Executive entitled 'Mauritius: Pension Reforms, Regulations and Potentials' was published in the Exclusive Guest Feature of the December edition of ACM-Insight! Ms Clairette Ah-Hen gave an overview of the private pensions industry in Mauritius, and said that private pension schemes constitute the lifelong savings of individuals including those who may not be conversant with financial services.

  The Chief Executive spoke on the importance of private pension schemes to be well regulated and supervised to safeguard the best interests of those who are saving for that period when they reach the pensionable age. "An overarching pension regulatory authority is important for improving the governance of the sector and for promoting reform", she said.

South Africa

The Regulatory Framework

Responsibility for the regulation and supervision of the private pensions system is mandated to the Financial Services Board, ("the FSB"). Within the FSB, the Registrar of Pension Funds executes this responsibility.

The Registrar of Pension Funds reports to the Minister of Finance and to Parliament's Standing Committee of Finance. Public sector funds such as the GEPF, Transnet, Telkom and Post Office funds are regulated in terms of separate legislation and are not subject to the Pension Funds Act.

The Legislative Framework

The Pension Funds industry is regulated in terms of the Pension Funds Act, No 24 of 1956, regulations thereof and the Financial Institutions (Protection of Funds) Act (2001), Inspection of Financial Institutions Act, Income Tax Act and other relevant legislation.

In addition to the abovementioned, the Pension Fund Act is supplemented by subordinate legislation such as Regulations, Notices and Directives.

The Registrar further provides guidelines through the publication of PF Circulars.

Prudential investment guidelines are regulated through regulation 28 which determines the framework for asset spreading requirements to ensure that the investments in pension funds are invested in a prudent manner.

Legislative Amendments

- *Financial Services Laws General Amendment Bill*

  The Pensions department is working in collaboration with the National Treasury on amendments to the Pension Funds Act No 24 of 1956 and draft regulations and draft regulations 34, 35 and 36 to address the concerns in respect of default investment portfolios and annuitisation.

  The FSB is also contributing towards the Financial Sector Bill that aims to establish the twin peaks framework for the establishment of the Prudential Authority (at the South African Reserve Bank) and the Financial Sector Conduct Authority (at the FSB).

Circulars, Information Circulars, Directives, Etc.

- *Information Circulars*

  The following information circulars were issued during the period under review:

  i. Information Circular No. 1 of 2014 regarding the submission of prescribed annual returns for 2014 year ends.
  ii. Information Circular No. 2 of 2014 regarding a list of funds affected by the registrar's intention to withdraw valuation exemption.
  iii. Information Circular No. 3 of 2014 regarding notification of the registrar's intention to impose administrative penalties on funds for outstanding valuation reports.
  iv. Information circular 1 of 2015 on section 7B(1)(d) of the Pension Funds Act regarding exemptions from the requirement that the members of a fund have the right to elect members of the board

- *Board Notices*

  The following notices were issued during the period under review:

  i. Board Notice 77 of 2014: prescribed annual financial statements to different types of funds
  ii. Board Notice 59 of 2014: valuation exemptions
  iii. Draft Notice 2 regarding the withdrawal from compliance with section 14(1) of the Pension Funds Act for the transfer of unclaimed benefits in order to afford recognition to the rights and reasonable benefit expectations of such members under section 14.
  iv. Documents issued for public comment on www.fsb.co.za
  v. Draft notice and explanatory memorandum for the appointment of valuators
  vi. Draft notice and explanatory memorandum for the recognition of the New York Stock Exchange and the London Stock Exchange
  vii. Draft notice and explanatory memorandum on appointment of Principal Officers
  viii. Draft hedge funds notice
  ix. Draft notice on the use of derivatives by retirement funds
  x. Draft Board Notice on minimum requirements for the registration of a fund

xi. Draft Board Notice on Benefit administrators in terms of section 13B of the Pension Funds Act
xii. Draft Information circular on the commencement of participation, termination and re-commencement of participation of employers participating in umbrella funds
xiii. Draft Information circular on the governance, winding up and cancellation of registration of a shell fund or dormant fund without a board or liquidator

Market Profile of Pension Industry

The South African retirement funding system features a large and well-established private pensions sector and a well-developed regulatory system. At the same time, the South African private pensions system has the parallel existence of developed and emerging components of the economy. A significant proportion of the population reaches retirement age without a funded pension benefit and hence relies on the government's social assistance grant program.

The South African government is currently engaged in a retirement reform process that seeks to build on the strengths of the established retirement funding environment, while progressively addressing its deficiencies in terms of coverage and efficiency.

Major Supervisory Concerns

- *Lack of compulsion and preservation of benefits*

  Currently, an employer may decide whether or not to participate in a retirement funding arrangement, and what categories of employee will be eligible to join the fund. Tax approval conditions provide that if the employer participates in respect of any category of employee, future new entrants to that category must join the retirement fund. Eligibility criteria, contribution rates and benefit structures are determined initially by the employer or the trade union that establishes the fund, but can be amended thereafter by the management board of the fund. In unionised environments, such amendment usually occurs after negotiation between employer and employees, or trade unions acting on behalf of employees.

  This has resulted in an environment of quasi-compulsion on individuals employed in the formal sector to belong to an occupational pension fund.

  Other domestic risks to the retirement fund system include:
  i. labour unrest and strikes which have been prevalent lately, can lead to reduced contributions to retirement funding as well as dismissal of employees that will cause funds to pay withdrawal benefits;
  ii. uncertainty regarding regulatory supervision of foreign entities in which local retirement funds invest or who provides any services to retirement funds;
  iii. Insufficient or no information provided to retirement fund
  iv. no communication by the fund to members when an employer fails to pay outstanding contributions to a retirement fund and continues to deduct contributions from the remuneration of an employee;

v. time delay between the financial year-end of a fund and the submission of returns to the regulator leading to delayed action taken by the regulator;
vi. poor governance by trustees of funds;
vii. one-stop service provided by a sponsor of a fund, being the administrator, sponsor to the fund, investment manager and service provider – may lead to the lack of independence, conflict of interest and lack of objectivity by the administrator in the administration of the fund; and
viii. trustees and principal officers are often appointed by the sponsor/employer which causes a conflict of interest and often has a bearing on the freedom of such trustee to act in the best interest of the fund and/or the members.
ix. Interconnected funding between banks, insurance and pensions:
x. Insurers also act as advisors, administrators, service providers and investment administrators of retirement funds;
xi. Banks and Insurers are also in some cases employers participating in retirement funds and as such the fund could have investments in the specific bank or insurer as a participating employer (section 19(4));
xii. Banks provide housing loans to members for which the retirement fund would provide a guarantee against the member's interest in the fund (section 19(5)); and
xiii. Banks and insurers are also investment administrators in which or through which a retirement fund may invest.

Recent Market Developments in the Pension Funds Industry

- *Pensions Reform*

One of the main focuses of the Retirement Funds Division is input into the social security and retirement reform discussions.

As part of the retirement reform process, the National Treasury and Financial Services Board are examining the consolidation and unification of pension fund legislation. This would standardise governance, funding and member protection across all retirement funds.

The primary objective of this reform is to ensure a basic level of income during retirement for all South Africans.

Secondary objectives are to:

i. encourage individuals to provide adequately for their own retirement and the needs of their dependants.
ii. ensure that retirement funding arrangements are cost-efficient, prudently managed, transparent and fair.
iii. promote the retention of purchasing power of pensions through protection against the effects of inflation, within the resource constraints of the fund.
iv. improve standards of fund governance, including trustee knowledge and conduct, protection of members' interests, accountability, and disclosure of material information to members and contributors.

v. promote competition between service and product providers in the retirement fund market to the benefit of consumers of these services.

Trends / Regulatory Challenges and Opportunities:

Other developments include the tightening by the Registrar of regulations pertaining to Section 13B administrators through the introduction of new conditions.

The following issues are currently being focused on by the Retirement Funds Division:

i. Aligning retirement funds regulation and supervision with the Treating Customers Fairly (TCF) principles and twin peaks legislation;
ii. Consulting with the National Treasury (NT) and retirement fund stakeholders about retirement reform, good governance and amendments to the Pension Funds Act;
iii. Revised conditions for retirement fund benefit administrators and contribution collectors, such introducing minimum capital adequacy requirements; increased liquidity requirements and quarterly reporting;
iv. Prescribing good governance standards to retirement funds incorporating principles of King III, the Code for Responsible Investing in South Africa (CRISA) and Treating Customers Fairly principles;
v. Prescribing minimum requirements that must be provided for in retirement fund rules;
vi. Revising the accounting framework in line with the new revised annual financial statements of funds; and
vii. Introducing a new supervisory framework, specifically to supervise beneficiary and unclaimed benefit funds.

Internationally, the department will continue its role in the activities of the International Organisation of Pension Supervisors, the OECD Working Party on Private Pensions and SADC's Committee of Insurance, Securities and Non-banking Financial Authorities (CISNA).

Risk Assessment of the Retirement Funds Sector

- *Risk-based supervision*

  The Risk Based Supervision Framework adopted by the department and which has already been implemented in respect of pension funds, has been adapted for administrators, and was rolled out as a supervisory method for administrators with effect from February 2009.

International Cooperation

The FSB is a member of IOPS and enjoys observer status on the OECD WPPP (Working

Party on Private Pensions). The Deputy Executive Officer (DEO): Pensions is also a member of the technical workgroup. The DEO and Heads continue to participate in the IOPS meetings, the technical committee meetings, the global forum and AGM.

The last FSAP (Financial Sector Assessment Program) was done in 2007 and 2012 (partial). A FATF assessment was conducted mid-2008.

A peer review was conducted against the IOPS & OECD principles as part of the work of the CISNA Technical Committee on Harmonisation during February 2012 by a Consultant. The results were published in a report to CISNA and SADC Secretariat in December 2012.

Swaziland

Regulatory Structure

The Financial Services Regulatory Authority (FSRA) is mandated in terms of the Retirement Funds Act No. 5 of 2005 to regulate and supervise the Retirement Funds industry in Swaziland. The Insurance and Retirement Funds Division is comprised of 19 technical staff members including Management. The administrative work is carried out by the Finance and Corporate Services Department of the FSRA, which is shared by all departments under the FSRA.

Market Profile of the Retirement Funds Industry

- *Current Legislations*

    i. The Financial Services Regulatory Authority Act, 2010 governs the supervision of all non-bank financial institutions in Swaziland.

    ii. The Retirement Funds Act, its regulations and directives governs the supervision of Retirement Funds.

Recent Developments within the Market

Amendments to the Retirement Funds Act, 2005.

The Retirement Funds Act, 2005 is being amended. The bill is pending with the Ministry of Finance to be submitted to parliament in due course. The following are some of the proposed amendments to the Act:

i. Registration of umbrella funds and beneficiary funds which were not catered for in the original Act.
ii. Corporate governance standards and frameworks are put in place and observed.
iii. Fit and proper requirements for all significant persons in the management of the fund.
iv. Removal of trustees, principal officer and service providers by the Registrar
v. Liability of trustees, principal officers and service providers of a retirement fund
vi. Submission of audited financial statements and unaudited quarterly and annual returns
vii. Failure to submit audited financial statements and returns
viii. Retirement funds to maintain solvency margins
ix. Mergers and transfers

Major Supervisory Concerns

It takes a long time for legislation to go through the amendment process and there exists a need for capacitating the legal system to appreciate the financial services sector. Similarly, with the prosecution of financial fraud cases.

Problem Retirement Funds

The FSRA continues to have problems with late submission of statutory returns and unapproved transfer of funds. This is due to the trustees who do not perform their duties. Currently specific problems that exist:

i. Member fund credits for transfer, especially regarding funds that were previously administered in a foreign jurisdiction, are not adequately verified. Then due to retirement funds transferring prior to application and approval by the FSRA, these were overlooked and are now causing problems for the funds.
ii. There is still a major lack of understanding of how the statutory returns should be completed, especially regarding the breakdown of the investments in order to verify compliance with the investment regulations for local investment.
iii. Some retirement funds' audited annual financial statements are delayed, though submission rate has improved over the past couple of years. This affects data collection and consolidation to provide aggregated data to the industry.
iv. Vesting scales are still being applied by some retirement funds even though it is in contravention of the legislation. Even though a circular was issued reminding the industry about this, compliance has been slow. A number of the retirement funds have changed their rules, however, they are battling to effect payment of vested benefits as these must be backdated to the effective date of the Act.

Recent Market Developments in the Retirement Funds Industry

National Social Security Schemes

There is an on-going consultation with stakeholders regarding the proposed National Social Security Scheme establishment. FSRA is playing a key role in this process and has deployed some of its officials to be part of the technical working team.

The proposed national social security scheme is made up of three pillars, namely

i. National Pension Fund,
ii. National Health Insurance, and
iii. Workmen's Compensation Insurance Fund.

Withdrawal of Donor Funds

The continuous withdrawal of international donor funds is adversely affecting a number of Non-Governmental Organisations, resulting to some of the funds under the NGO's going into voluntary liquidation or being unable to service their monthly contributions for their employees.

Trends / Regulatory Challenges and Opportunities

- *Challenges*

FSRA continues to experience problems from retirement funds with respect to:

i. Governance of umbrella funds, in particular the problem of improperly constituted board of trustees for the umbrella funds.
ii. Insufficient legal recourse for Swaziland members participating in foreign funds.
iii. Late submission of statutory returns.
iv. Failure by Fund Administrators to adhere to legislative procedures in the transfer of the administration of retirement funds.
v. Some trustees lack competence in discharging their responsibilities.
vi. Taxation of retirement funds benefits for migrant workers in neighbouring countries.

- *Opportunities*

The Mandate of the office of the Insurance and Retirement Funds Adjudicator is to resolve complaints arising from the Insurance and Retirement Funds industries in a procedurally fair, economical and expeditious manner. The following are the number of case received and determinations made by the adjudicator:

i. A total of 35 cases were received and investigated;
ii. 29 cases were pension related
iii. 6 cases were insurance related
iv. Fourteen (14) of these complaints were resolved.
v. Complainants were able to recover a total US$135,139.44 through determinations made by the Adjudicator.

It seems the office of the adjudicator is discharging its responsibilities in restoring confidence to policyholders, retirement funds members and beneficiaries by ensuring a legal recourse for them in the case of a complaint.

Risk Assessment of the Retirement Funds Sector

- *Concentration risk* – Most retirement funds make their investments through one (1) or two (2) investment manager(s) with 70% of the assets invested in South Africa. Hence, the predominant types of market risk are interest rate and investment risks. The Johannesburg Stock Exchange is a target investment destination for most investment managers, therefore the performance of "stocks" in South Africa bears a risk on the return on investments of our local retirement funds.
- *Operational risk* – There is a need for intensive training of trustees on principles of retirement funds governance and investments thereon. Trustee training regarding compliance and governance is scheduled for 12th June 2014. A lack of knowledge of such principles is evident amongst most retirement funds and it may give rise to unnecessary losses. The risk that such lack of knowledge bears on the funds is in multiple folds because it may affect other

types of risk, like liquidity risk. There is a problem of some Fund Administrators carrying out investment management work without the authority of the trustees.

- *Liquidity risk* **–** There has been instances whereby funds have failed to pay benefits due to the failure by employers to remit contributions and GLA premiums. This is also caused by the ineffectiveness of Boards of Trustees in ensuring that employers keep their promise in terms of the rules of the fund.

International Cooperation

FSRA representative have attended the following raining and seminars:

i. CISNA Conference, Namibia, September 2013
ii. Pension Lawyers Association, South Africa, March 2014

Tanzania

The Social Security Regulatory Authority (SSRA) was established under the Social Security (Regulatory) Act No. 8 of 2008, as amended with the main objective of regulating the Social Security Sector and provide for related matters. SSRA became operational in September 2010. In light of its legal mandate provided in the Act, the Authority is responsible for the regulating and supervising both private and public Social Security Schemes including pension and health services.

Principal Activities

Pursuant to section 5 of the Act, the functions of the Authority are as follows:-

i. Register all managers, custodians and schemes;
ii. Regulate and supervise the performance of all managers, custodians and social security schemes;
iii. Issue guidelines for the efficient and effective operation of the social security sector;
iv. Protect and safeguard the interests of members;
v. Create a conducive environment for the promotion and development of the social security sector;
vi. Advise the Minister on all policy and operational matters relating to social security sector;
vii. Adopt and promulgate broad guidelines applicable to all managers, custodians and social security schemes;
viii. Monitor and review regularly the performance of social security sector;
ix. Initiate studies, recommend, coordinate and implement reforms in the social security sector;
x. Appoint interim administrator of schemes, where necessary;
xi. Facilitate extension of social security coverage to non-covered areas including informal groups; and
xii. Conduct programs for public awareness, sensitization and tracing on social security.

Regulatory Structure of the Pension Sector in Tanzania

Operations and governance of social security sector in Tanzania, stems from the National Social Security Policy of 2003: The Policy among others provides for promulgation of Social Security Regulatory Act and establishment of a regulatory body that shall ensure smooth and efficient operations of the sector. The Governance structure of the sector is indicated in figure 2.0.

An Overview of Social Security Market Development

This section presents an over view of development that took place in the sector.

Legal and Regulatory Framework

- *Harmonisation of legal and regulatory framework*

The enactment of SSRA Act ushered in a new regulatory regime which aimed at regulating, supervising and reforming the social security sector. SSRA realigned the previously existing principal legislative framework to abide by the new legal order that led to enactment of the Social Security Laws (Amendments) Act, No.5 of 2012. The Authority also developed and issued number of guidelines to harmonize the functions of schemes and protect numbers interest as follows:

i. Social Security Scheme Data Management Guidelines 2012;
ii. Social Security Scheme conduct of Actuarial Services Guidelines 2012;
iii. Social Security Scheme Totalisation of Contribution Guidelines 2012 reviewed 2014;
iv. Social Security Affairs of Board Of Trustees of Social Security Schemes Guidelines 2012;
v. Social Security Scheme Membership Registration Guidelines 2012;
vi. Social Security Schemes Conduct of Schemes Annual members conference Guidelines 2014;
vii. Social Security Schemes Annual Reporting Guidelines 2014;
viii. Social Security Schemes Interoperability Guidelines 2014; and
ix. Social Security Schemes Security of electronics information Guidelines 2014.

- *Harmonisation of Investments*

  This was basically dealing with all governance structures in terms of investments processes. This was done through Social Security Schemes Investment Guidelines 2012.

- *Harmonisation of Pensions*

  This was done through the issuance of Harmonisation Rules 2014. For all new members joining from July 2014. This rule also applies. The issuance this rules aimed to harmonise pension benefit to all Defined Benefits (DB) Schemes in the country.

Surveillance and Supervision of the sector

The Authority has done the following;

i. Conducted three detailed onsite inspection to social security schemes and one targeted inspection to National health Insurance as per the SSR Act.
ii. Prepared and developed a framework for risk based supervision.
iii. Received 814 complaints from different social security members. Out of which 770 were closed by December 2014 to represent 95% closure rate. In addition, 268 walk-in customers were attended and guided accordingly.
iv. Registered 2 supplementary schemes which make a total of 5 supplementary which have been registered by the Authority

- *Research, actuarial and policy initiatives*

Regarding Research Actuarial and Policy initiative the following activities were accomplished:

i. Two baseline studies on Social protection initiatives/ programs and baseline study on social Health insurance initiatives / programs were conducted
ii. International Labour Organisation engaged to conduct Actuarial Valuation for all six mandatory Social security Scheme with the aim of separating costs of each benefit.
iii. Developed Universal Pension framework and submitted to key stakeholders for comments
iv. Authority's processes and procedures were drafted for ISO certification 2008:9001. This exercise is still going on
v. Developed Social Security coverage Extension Strategy and started implementation.
vi. Terms of Reference for the study on new social security products was prepared. Procurement of consultant is underway.
vii. The library has been established and stocked with various books and journals:
viii. Statistical Bulletin was developed.

- *Public awareness*

A number of awareness interventions were done as per the attached Communication and Education Report.

- *ICT development*

Through Core Business Application (CBA) projects various modules were developed to automate the function and process of the Authority. These modules are:

i. Document management Module (up and running)
ii. Electronic service portal(up and running)
iii. Risk management(up and running)
iv. Case management(up and running)
v. Complaints management(up and running)
vi. Registration and compliance (up and running)

vii. (Public awareness (up and running)
viii. Actuarial/ statistics (up and running)
ix. Policy analysis (up and running)
x. Business intelligence (on progress)
xi. Geo information system (on progress).
xii. Developed system to integrate with Social Security Schemes and partners such as National Identification Authority (NIDA), Tanzania Investment Centre (TIC) and Tanzania Revenue Authority (TRA)

Summary of Achievement

i. Harmonisation of Legal and Regulatory framework through Act No.5 of 2012.
ii. Harmonisation of Investments.
iii. Harmonisation of Benefits through Harmonisation Rules 2014 which has reduced Implicit Pension departments from 58 per cent of GDP to 25 per cent of GDP.
iv. Increase in awareness programs.
v. Establishment of Schemes for the informal sector.
vi. Developed framework for Universal Pension.

Challenges

Despite the above summarised achievements, the Authority encountered number of challenges as follows:

i. Low coverage of informal sector to Social Security Schemes
ii. Unstable employment that lead to members of Social Security Withdraw their Contributions Fund from the scheme despite the fact that they have enjoyed short term benefits such as health, maternity benefits etc.
iii. Low level of awareness of Social Security products and services

Way Forward

In order to address the mentioned challenges the Authority is planning to do the following increase communication, information and education

i. Develop a Collaborative data base Increase coverage
ii. Improve sustainability of the Scheme
iii. Capacity building to key players of sector

Zambia

Regulatory Structure

The Pensions and Insurance Authority (PIA) is a statutory body corporate which regulates the Pension and Insurance sectors. The Finance Minister appoints the Board of Directors of the PIA from nominees from the eight (8) institutions outlined in the Pension Scheme Regulation Act. The Board of the PIA appoints the Registrar who is the Chief Executive Officer.

The Pensions and Insurance regulatory divisions are split into the Pensions and Insurance Department respectively. The technical departments are headed by two Deputy Registrars i.e. the Deputy Registrar – Insurance and Deputy Registrar-Pensions.

Market Profile of the Pensions and Insurance Industry

The principle Acts, the Pension Scheme Regulation Act of 1996 and the Insurance Act, 1997, applies to occupational pensions, insurance companies, pension fund managers, fund administrators, insurance brokers and agents.

There are a total of 33 insurance companies, 2 re-insurers, 48 insurance brokers, 238 pension funds, 7 pension fund managers and 6 pension administrators are supervised by the PIA. Key industry figures for the period of year ended 31 December 2014 at the exchange rate of K7.5 to 1 USD are as follows

Major Supervisory Concerns

The national currency has depreciated about 20% since the first quarter of 2015 and this will have an impact on the cost of re-insurance and ultimately on ceding premiums. The PIA is yet to engage industry on how companies are coping

The matter of presiding over too many small newly licensed insurance companies may potentially lead to increase in the number of problem insurance companies. The number of pension schemes is expected to drastically reduce since many of the segregated funds have joined the multiemployer pension schemes.

However PIA is reluctant to deregister the pension schemes that have joined the multiemployer pension scheme as there is a risk that pension scheme members can claim refunds of contributions made in the segregated funds.

Problems Insurance Companies and Pension Funds.

PIA is in the process of taking over the annuity fund from Fidelity Life Assurance Zambia (2009) Limited in liquidation (voluntary). The initial liquidation period was one year but it has dragged on for over five years largely due to lack of cooperation from major shareholders.

Risk Assessments

There are a few pension schemes that were facing qualified audit reports on account of failure to comply with statutory instrument on investment guidelines. The non-compliance to the investment guidelines was largely on over investment in property which is capped at 30% of the fund size effective December 2013. PIA has extended the compliance period on a case by case basis and this means that the pension schemes concerned will now have unqualified audit reports.

International Cooperation

The Authority's staff participated in the IOPS technical committee meeting and global pension perspectives: Investments, financial culture for retirement and new generation reforms for Pension Supervisors in San Joe Costa Rica South America.

Appendix B1

Botswana

Registered under the Pension Legislation as at 31 December 2014

Total	31 Dec 2014	31 Dec 2013
Local Retirement Funds	93	93
Foreign Retirement Funds	N/A	N/A
Fund Administrators	N/A	N/A

Funds not regulated by NBFIRA:

Types of funds	2014	2013
Provident Funds	0	0
Pension Funds	93	93
Other	0	0
Total	**93**	**93**

Exchange rate as at 31 December 2014 USD = $1 Pula exchange rate: 0.1050

Market size (local currency in millions)

	2014	2013
Contributions	2 798	2335
Benefits paid	3 280	2 823
Total assets	58 985	47 408

Market impact

GDP as at 31 December 2014 US$ 15 813.3(Mil) Pula: 0.1050 (150 602.86 Mil)

Appendix B2

Malawi

Registered under the Pension Legislation as at 31 December 2014

Total	31 Dec 2014
Local Retirement Funds	1 677
Foreign Retirement Funds	0
Fund Administrators	1 677

Funds regulated by Reserve Bank of Malawi:

Types of funds	2014	2013
Provident Funds	0	0
Pension Funds	1 677	1 677
Other	0	0
Total	1 677	1 677

Exchange rate as at 31 December 2013 USD=$1 Malawian Kwacha exchange rate: 0.0021

Market size (local currency in millions)

	2014	2013
Contributions	30 632.26	23 956.94
Benefits paid	9 840.94	6 641.03
Total assets	246 300	170 753.74

Market impact

GDP as at 31 December 2014 US$ 4 258.0 (Mil) Malawian Kwacha: 0.0021 (2 027 619 Mil)

Appendix B3

Mauritius

Registered under the Pension Legislation as at 31 December 2014

Total	31 Dec 2014	31 Dec 2013
Local Retirement Funds	61	57
Foreign Retirement Funds	2	2
Fund Administrators	5	5

Funds regulated by the Financial Services Commission, Mauritius:

Private Pension Schemes

The Private Pension Schemes Act 2012 provides for a regulatory and supervisory framework for the operation of private pension schemes and for related matters in Mauritius. It is the main piece of legislation governing the Private Pension Schemes and is based on international best norms and standards such as the OECD/IOPS.

The regulatory objectives of the Commission under the Private Pension Schemes Act are as follows:

- maintaining a fair, safe, stable and efficient private pension industry for the benefit and protection of beneficiaries;
- promoting confidence in the private pension industry;
- ensuring fair treatment to beneficiaries;
- ensuring that the activities of a private pension scheme are not used in furtherance of, or for a purpose connected with, a financial crime; and
- ensuring the orderly growth of the private pension industry in Mauritius.

Types of funds	2014	2013
Provident Funds	NA	NA
Pension Funds	63	59
Other	NA	NA
Total	63	59

Exchange rate as at 31 December 2014 US$1 = MUR 32.09

Market size (local currency in millions)

	2014	2013
Contributions	NA	1,024,533,405
Benefits paid	NA	533,539,030
Total Assets	NA	40,688,386,761

Market impact

GDP as at 31 December 2014 US$ 12 054 (Mil) Mauritian Rupees: 386 812.86 Mil

Appendix B4

Namibia

Registered under the Pension Legislation as at 31 December 2014

TOTAL	31 Dec 2014	31 Dec 2013
Local Retirement Funds	109	111
Foreign Retirement Funds	120	117
Fund Administrators	10	9

Funds regulated by NAMFISA:

Types of Funds	2014	2013
Provident Funds	27	28
Pension Funds	65	65
Other **[Medical Aid Fund and Friendly Society industries combined.]**	17	18
Total	**109**	**111**

Exchange rate as at 31 December 2014 US$1 = Namibian dollar 11.57

Market size (local currency in millions)

	2014	2013
Contributions	2 642	4 414
Benefits paid	2 195	3 597
Total Assets **[medical aid funds and friendly societies combined]**	1 162	105 627

Market impact

GDP as at 31 December 2014 US$ 13 429.5 (Mil) Namibian dollar: 155 434.03 Mil

Appendix B5

South Africa

Registered under the Pension Legislation as at 31 December 2014:

TOTAL	31 Dec 2014	31 Dec 2013
Local Retirement Funds	6 398	6 580
Foreign Retirement Funds	1	1
Fund Administrators	6 399	6 581

Funds regulated by Financial Services Board:

Types of funds	2014	2013
Provident Funds	893	925
Pension Funds	947	978
Other	61	63
Total	**1 921**	**1 987**

Exchange rate as at 31 December 2014 US$1= Rand 8.64

Market size (local currency in millions)

	2014	2013
Contributions	139 711	124 721
Benefits Paid	186 197	146 349
Total Assets	2 131 111	1 859 758

Market Impact

GDP as at 31 December 2014 US$ 366 057.9(Mil) Rand: 3 496 255.01 Mil

Appendix B5

Swaziland

Registered under the Pension Legislation as at 31 December 2014

Total	31 Dec 2014	31 Dec 2013
Local Retirement Funds	69	71
Foreign Retirement Funds	44	44
Fund Administrators	4	4

Funds regulated by Financial Services Regulatory Authority:

Funds	2014	2013
Total	**69**	**71**

Exchange rate as at 31 December 2014 US$1 = SZL 9.54

Market size (local currency in millions)

	2014	2013
Contributions	412 mill	1 215.34
Benefits paid	848 mill	906.87
Total Assets	23 148 mill	20 784.99

Market impact

GDP as at 31 December 2014 US$ 3 400.4 (Mil) Lilangeni SZL 32 443 (Mil)

Appendix B7

Zambia

Registered under the Pension Legislation as at 31 December 2014

Total	31 Dec 2014	31 Dec 2013
Local Retirement Funds	238	238
Foreign Retirement Funds	0	0
Fund Administrators	13	11

Funds regulated by Pension and Insurance Authority:

Types of funds	2014	2013
Provident Funds	0	0
Pension Funds	238	238
Other	0	0
Total	**238**	**238**

Exchange rate as at 31 December 2014 US$1 = Zambian Kwacha 5000

Market size (local currency in millions)

	2014	2013
Contributions	648	663.9
Benefits paid	648.06	663.9
Total assets	4 997	4 298.5

Market Impact

GDP as at 31 December 2014 US$ 27 066.2 Zambian Kwacha: 135 331 000 (Mil)

Appendix B9

Zimbabwe

Registered under the Pension Legislation as at 31 December 2014

Total	31 Dec 2014	31 Dec 2013
Local Retirement Funds	1 152	1 152
Foreign Retirement Funds	0	0
Fund Administrators	26	26

Funds regulated by IPEC:

Types of funds	2014	2013
Provident Funds	0	0
Pension Funds	1 152	1 152
Other	0	0
Total	**1 152**	**1 152**

Exchange rate as at 31 December 2014: Zimbabwean dollar has been discontinued and replaced with USD

Market size (local currency in millions)

	2014	2013
Contributions	351 969	341 717
Benefits paid	161 000	157 000
Total Assets	2 570 438	2 495 571

Market impact

GDP as at 31 December 2014 US$ 13 663.3 (Mil)

APPENDIX C

MICRO-FINANCE AND FINANCIAL COOPERATIVES (MiFFCO)

Appendix C1

Malawi

1. CORPORATE PROFILE BACKGROUND INFORMATION

Country	Malawi
Industry	Financial Cooperatives/Microfinance Institutions
Name of Regulatory Authority	Registrar of Financial Institutions: Governor of The Reserve Bank of Malawi
Date of establishment	July, 1964
Enabling Legislation	Reserve Bank of Malawi Act Financial Services Act, 2010
Corporate Governance Structure	Minister of Finance Registrar of Financial Institutions/Governor of the Reserve Bank of Malawi Deputy Governor – Supervision Director – Microfinance and Capital Markets Supervision Chief Examiner Microfinance Principal Examiner –Deposit Taking Institutions and Banks, Principal Examiner, Non Deposit Taking Institutions and Microcredit Agencies, and Principal Examiner – Financial Cooperatives Examiner I (4) Examiner II (7)
Mandate of Regulatory Authority	To provide regulation & supervision of all Financial Institutions in Malawi

2. ARCHITECTURE OF THE SECTOR

Market Profile of Microfinance/Financial Cooperatives Sector

2.1 Type and number of institutions registered and being supervised

Financial Cooperatives

Total Registered SACCOs = 41 Institutions out of which

RBM supervised SACCOs = 19 Institutions

MUSCCO supervised SACCOs = 22 Institutions

Microfinance Institutions

Microcredit Agencies Registered (Supervised by the Malawi Microfinance Network) = 16

Non-Deposit Taking Institutions Licensed = 10

Deposit Taking Microfinance Institutions = 0

2.2 Describe the types of activities - products and services offered.

Financial Cooperatives

- Share contributions
- Savings deposits
- Term deposits
- Credit facilities
- Insurance
- ATMs

Microfinance Institutions

- Short and long-term credit and loans
- Micro Insurance
- Savings (compulsory and voluntary savings)
- Business and Credit Management Trainings
- Small Group Loans
- Treasury Facilities
- Foreign Exchange
- ATMs

Legislative and Regulatory Framework

2.3 State Acts/Guidelines/Regulations in place and year issued.

Financial Cooperatives

A. ACTS

- Financial Services Act, 2010
- Cooperative Societies Act, 1998
- Financial Cooperatives Act, 2011

B. DIRECTIVES/REGULATIONS/GUILDELINES

- Licensing Requirement Directive, 2013
- Premises Inspection Requirement Directive, 2013
- Prudential Liquidity Requirement Directive, 2013
- Asset Classification Requirement Directive, 2013
- External Borrowing Requirement Directive, 2013
- Minimum Capital Requirement Directive, 2013
- Reporting requirement Directive. 2013

Microfinance Institutions

A. ACTS

- Financial Service Act, 2010
- Microfinance Act, 2010

B. DIRECTIVES/REGULATIONS/GUILDELINES

- Microfinance (Microcredit Agency) Directives, 2012
- Microfinance (Non Deposit Taking Institutions) Directive, 2012
- Assets classification Directive for Deposit Taking MFIs 2014
- Capital Adequacy Directive for Deposit Taking MFIs 2014
- Corporate Governance Directive for Deposit Taking MFIs 2014
- Financial reporting Directive for Deposit Taking MFIs 2014
- Licensing and approval Directive for Deposit Taking MFIs 2014
- Prudential liquidity Directive for Deposit Taking MFIs 2014
- Premises inspection Directive for Deposit Taking MFIs 2014

2.4 Give a brief account of policy/strategy on microfinance/financial cooperatives (e.g. national microfinance strategy/policy; national financial inclusion strategy/policy), etc.

Financial Cooperatives

- **Financial Inclusion Policy**: Development and implementation of programmes on deliverance of financial services to the low income people. These include consumer education and financial literacy programmes.

Microfinance Institutions

Some of the policies are**:**

- **National Microfinance policy**: Bring about a dynamic and inclusive financial sector that provides full range of microfinance services to low-income people

- **Financial Inclusion Policy**: Develop and implement programmes, policies, strategies on how microfinance will operate.

2.5 Indicate any current national initiatives for the development of the microfinance/financial cooperatives sector.

Financial Cooperatives

- Financial Services Act recognises financial cooperatives as financial institutions and as such, they are subject to registration and licensing. This has promoted the growth of the sector.

- “Financial literacy Week” which is conducted annually, informs the general public on the benefits of effective personal finance management and also promotes awareness of products and services being offered by the sector.

- The registrar of financial institutions delegated the supervision of small financial cooperatives with minimal asset base to the Malawi Union of Savings and Credit Cooperatives (MUSCCO) through an MoU. MUSCCO reports to the registrar on compliance and regulatory guidance. This is promoting growth of the sector.

- Onsite and offsite examinations which are conducted regularly on the sector’s compliance to the regulatory requirements has also promoted growth of the sector.

Microfinance Institutions

- Conducting financial literacy week

- Onsite and offsite examinations which are conducted regularly on the sector’s compliance to the regulatory requirements has also promoted growth of the sector.

- The registrar of Microfinance institutions delegated the supervision of MCAs with minimal asset base to Malawi Microfinance Network (MAMN) through an MoU. MANM reports to the registrar on compliance and regulatory guidance. This promotes growth of the sector.

3. CONDITION AND PERFORMANCE OF THE SECTOR

3.1 Comment on the condition and performance of the sector.

Financial Cooperatives

SACCOs (credit unions) have grown over time, however their financial performance in terms of profitability remains weak. This is mainly due to poor internal controls and poor governance. In addition, there is poor liquidity among SACCOs in Malawi because of lack of cash flow projections

Microfinance Institutions

The performance of MFIs has improved although some institutions have faced challenges in sourcing of funds due to high cost of borrowing.

3.2 Complete table below as much as you can in US dollars (K470/DOLLAR)

Key Industry Indicators as at 31 December 2014

Indicator	Microfinance / Microcredit Institutions		Financial Cooperatives (SACCOs)	
	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Number of Institutions	26	20	41	41
Number of branches	418	457	35	35
Total Assets (US$)	64.4 million	24.7 million	10.3million	8.9million
Total Outstanding Loans (US$)	36.6 million	11.8 million	6.6million	5.7million
Number of Borrowers	478,744	243,041	87,000	98,871
Portfolio at Risk (PaR>30 days)7	US$3.01m	US$2.9m	US$76,596	US$33,587
Total Deposits (US$)	N/A	N/A	1million	808,510
Number of Members (SACCOs only)	N/A	N/A	90,000	100,000

3.3 For prudential requirements, complete the table below;

Prudential Indicator	Deposit Taking Microfinance Institutions		Financial Cooperatives	
	Minimum Requirement	Industry Average as at 31 Dec 2014	Minimum Requirement	Industry Average as at 31 Dec 2014
Minimum Capital (US$)	531, 915		4, 255.00	
Core Capital	10%		10%	
Liquidity Ratio	20%		10%	

- A SACCO's both short-term and long-term external borrowing shall be limited to: no more than five per cent (5%) of total assets for a SACCO with core capital of eight per cent (8%) or more of total assets. And no more than ten per cent (10 %) of total assets for a SACCO with core capital of ten per cent (10%) or more of total assets.

- A SACCO shall maintain a minimum institutional capital of 10% of its weighted risk assets. And Primary SACCOs should have a minimum requirement of MK2 million.

- A SACCO shall provide loan loss allowance of 35% and 100% for overdue and loss loans respectively.

- A SACCO shall maintain a minimum of 10 % of its total assets as liquid assets.

4. MAJOR SOURCES OF FUNDING

4.1 Indicate any shareholders' capital, donor support, offshore funding, etc.

Financial Cooperatives

- Minimum institutional capital of 10% of its weighted risk assets. And Primary SACCOs should have a minimum requirement of MK2 million.
- A SACCO's major local funding includes; member shares, loans from other financial institutions, deposits from its members.
- SACCOs also receive donor support/offshore funding from institutions namely Canadian Cooperatives Association (CCA), Hivos.

Microfinance Institutions

- Minimum capital requirements for NDTI is K75, 000,000.00

- Minimum capital requirements for DTI is K250, 000,000.00, however there is no prescribed minimum capital required for MCAs
- Sources of funding of MCAs and NDTIs include;
  - ➢ Shareholders' capital
  - ➢ Shareholder loans
  - ➢ Loans from Commercial Banks
  - ➢ Donor funds

5. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

5.1 Briefly explain the challenges experienced in the sector over the past year.

Financial Cooperatives

- Most SACCOs that operate in Malawi have inadequate capital and do not meet the minimum capital requirement of 10% of the risk weighted assets due to persistent losses and not retaining enough earnings. This results in inability to cushion further losses.

- Most SACCOs do not adequately provide allowance for the overdue loans and loss loan and this results in poor asset quality. Weak credit administration and abuse of credit facilities by Directors and staff also lead to poor asset quality resulting in high levels of non-performing loans.

- There is a lot of poor governance and management in SACCOs due to lack of policies and weak internal controls. This is also attributed to lack of knowledge and skills among the directors and management team. Poor governance can easily lead to fraud, theft and financial mismanagement.

- Most SACCOs in Malawi are unable to meet Savings withdrawals when they fall due owing to inadequate liquidity. This is mainly due to non-compliance to liquidity policy and lack of cash flow planning.

Microfinance Institutions

- Low financial literacy levels by MFI clients on financial services
- Non-compliance to laws and regulations governing the sector.
- Late remittances for payroll deducted loans especially from government ministries which affects liquidity for MFIs.
- Late submission of call reports
- Lack of national IDs
- Lack of credit reference services

6. COMPLIANCE WITH REGULATORY FRAMEWORK

6.1 Indicate any non-compliance issues and supervisory action taken.

- Late submission of call reports.
- Use of straight line interest calculation method as opposed to using reducing balance method
- Not reporting complaints from clients to Registrar
- Not prominently disclosing Effective Interest Rate

7. INTERNATIONAL COOPERATION

7.1 Where applicable advise on:

Financial Cooperatives

a) National Surveys conducted and when?
   - FINSCOPE (2008, 2014)
   - National Financial Literacy Baseline Survey (2014)

b) WB / IMF /WOCCU etc. initiative projects in the country:
   - World Bank funding for the Financial Sector Technical Assistance Programme
   - World Council of Credit Union donated US$25,000 from their disaster relief fund to Support Nsanje Community SACCO.

c) International participation of Conferences / Committee meetings,
   - African Confederation of Cooperative Savings and Credit Union (ACCOSCA) hosts SACCO leadership Forum and Regulatory Round Table
   - International Credit Union Regulatory Network (ICURN) also hosts forums for regulators.
   - Working group meetings for Alliance for Financial Inclusion(AFI)
   - Committee of Insurance Supervisors and Non-banking Authorities (CISNA)
   - African Rural and Agricultural Credit Association (AFRACA)

d) Capacity building and training opportunities / attendance of training seminar, etc.
   - Examiners attend trainings or workshops in order to enhance their supervisory skills
   - Training Institutions include:
     - ➢ Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), Zimbabwe
     - ➢ Boulder, Italy
     - ➢ Federal Deposit Insurance Corporation (FDIC), USA
     - ➢ Kenya School of Monetary Studies (KSMS)
     - ➢ Institute for Capacity Development (ICD), RSA

- African Confederation of Cooperative Savings and Credit Union (ACCOSCA), Kenya
- World Council of Credit Unions (WOCCU).

Appendix C2

Zimbabwe

1. **CORPORATE PROFILE BACKGROUND INFORMATION**

Country	Zimbabwe
Industry	Microfinance
Name of Regulatory Authority	Reserve Bank of Zimbabwe
Date of establishment	March 1956
Market Legislation	a. Money lending & Rates of Interest Act *[Chapter 14:14];* b. Microfinance Act *[Chapter 24:29];* c. Guideline No. 01-2004/BSD: Corporate Governance; d. Prudential Standards No. 07-2014/BSD: Fitness & Probity Assessment Criteria; e. Circular to Money lending & Microfinance Institutions; 4 June 2012; f. Circular to Money lending & Microfinance Institutions - No. 02-2014/BSD: Methods of Raising Funds; and g. Circular to Money lending & Microfinance Institutions -No. 04-2014/BSD: Minimum Capital Requirements for Microfinance Institutions.
Corporate Governance structure	Minister of Finance
	Board of Directors
	The Governor
	Deputy Governor
	Director, Bank Supervision Division
	Deputy Director, Bank Supervision Division
	Principal Bank Examiner
	Senior Bank Examiner
	Bank Examiner
Mandate of Regulatory Authority	The mandate of the Reserve Bank of Zimbabwe is the maintenance of price stability, formulation and execution of monetary policy and the fostering of a stable financial system.

2. **ARCHITECTURE OF THE SECTOR**

Market Profile of Microfinance/Financial Cooperatives Sector

a. As at 31 December 2014, there were 147 registered credit-only microfinance institutions (MFIs) compared to 143 as at 31 December 2013 that were under the purview of the Reserve Bank of Zimbabwe. The number of MFI branches increased by 41.6% from 334 as at 31 December 2013 to 473 as at 31 December 2014 as more institutions expanded their outreach to areas outside the major cities and towns of the country.

b. There were no registered deposit taking microfinance institutions in Zimbabwe as at 31 December 2014.

c. The products offered by credit-only MFIs include the following:
   a) Salary based loans;
   b) Lease finance;
   c) Invoice discounting;
   d) Micro housing loans; and
   e) Working capital.

Legislative and Regulatory Framework

a. In Zimbabwe microfinance services are provided by a spectrum of service providers which range from credit only microfinance institutions to banking institutions.

b. The regulation and supervision of the microfinance sector is conducted through a four-tiered approach as indicated in the table 1 below.

Table 1: Regulatory Arrangements for Microfinance Sector In Zimbabwe

Tiers	Institutions	Supervisory Approach	Current Legislation	Supervising Authority
Tier 1	Building Societies; Commercial & Merchant Banks.	Prudential Supervision	• Banking Act [*Chapter 24:20*]; • Building Societies Act [*Chapter 24:02*]; and • Banking Regulations, 2000	Reserve Bank of Zimbabwe

Tiers	Institutions	Supervisory Approach	Current Legislation	Supervising Authority
Tier 2	Microfinance Banks / Deposit taking MFIs	Prudential Supervision	Microfinance Act [Chapter 24:29]	Reserve Bank of Zimbabwe
Tier 3	Savings and Credit Cooperatives (SACCOs)	Prudential Supervision discretional	Cooperatives Societies Act [Chapter 24:05]	Ministry of SMEs & Cooperatives Development
Tier 4	Credit only Microfinance Institutions	Non Prudential Supervision	Microfinance Act [Chapter 24:29]; and Money lending and Rates of Interest Act [Chapter 14:14].	Reserve Bank of Zimbabwe

a. The Reserve Bank of Zimbabwe, through the Bank Supervision Division is responsible for the licensing, supervision and regulation of institutions in Tiers 1, 2, and 4 using either prudential or non-prudential supervision approach. The legislation guiding the regulation of the microfinance sector are as discussed in the Corporate Profile & Background Information section above.

b. Non-prudential regulation focuses on "conduct of business" and is applied to credit-only microfinance. It covers registration of institutions to conduct the business of lending legally, setting limits on ownership and sources of capital, consumer protection, and periodic submission of returns among other issues.

c. Prudential regulation is aimed at protecting the financial system as a whole as well as protecting the safety of small deposits in individual institutions. In addition to the requirements for non-prudential regulations, institutions are expected to meet prudential standards which include minimum capital, liquidity requirements, limits on unsecured lending and lending to a single borrower, provisioning requirements, etc.

National Microfinance Policy (NMP)

Zimbabwe has a National Microfinance Policy which was developed in 2006. The Policy seeks to achieve the following among other objectives:

- to put in place well-focused programmes to reduce poverty through empowering low income groups and MSMEs and building an inclusive financial sector;
- promote the development and integration of the microfinance industry into the formal financial system; and
- the creation of an enabling environment, conducive to the long-term development and sustainability of the microfinance industry.

The National Microfinance Policy was reviewed in 2014 to take into account major developments since 2006.

3. NATIONAL INITIATIVES

a. The national initiatives being undertaken to develop the microfinance sector in Zimbabwe and expand financial inclusion are briefly noted below.

i. **Amendment of legislative framework** for the microfinance sector. The Reserve Bank of Zimbabwe together with the Ministry of Finance are working on enhancing the regulatory and supervisory regime for the microfinance sector. The Microfinance Act is being amended to remove the current ambiguity in the definition of microfinance institutions, introduce three-year licences for credit-only MFIs and perpetual licences for deposit-taking MFIs, and the registration of wholesale funding facilities among others.

ii. **Establishment of a National Credit Registry.** The Reserve Bank of Zimbabwe is also working on establishment of a National Credit Registry. The provision of credit reference services is expected to improve credit risk management in the sector and reduce incidences of over-indebtedness and non-performing loans currently being experienced by both banking and microfinance institutions.

iii. **Capacity building for MFIs and Supervisors.** The Zimbabwe Association of Microfinance Institutions in conjunction with development partners has embarked on a capacity building programme for the microfinance sector. Some development organizations are sponsoring MFIs' staff as well as officers from the regulatory authorities to attend microfinance training and development programmes.

iv. **Introduction of Microfinance Certificate and Diploma Training Programmes.** The Institute of Bankers in Zimbabwe (IOBZ) has introduced an examination programme leading to a Certificate in Microfinance. Further at least three tertiary institutions are working towards the establishment of diploma and degree programmes in microfinance in the near future.

4. CONDITION AND PERFORMANCE OF THE SECTOR

a. The microfinance sector reported total assets of $202.71 million as at 31 December 2014 representing an increase of 9.1% from $185.73 million as at 31 December 2013. Total loans decreased from $164.20 million as at 31 December 2013 to $156.99 million as at 31 December 2014. The decline in total loans is largely due to structural changes that took place at one of the largest microfinance institution that resulted in the institution selling its entire loan book to its sister banking institution in the last quarter of 2014.

b. The table 2 below shows some key indicators for the microfinance sector under the purview of the Reserve Bank of Zimbabwe as at 31 December 2014.

Table 2: Key Indicators as at 31 December 2014

Indicator	Microfinance / Microcredit Institutions	
	Dec 2014	Dec 2013
Number of Institutions	147	143
Number of MFIs which submitted Returns	116	106
Number of branches	473	334
Total Assets (US$)	202.71	185.73
Total Loans (US$)	156.99	164.20
Number of Borrowers	205,282	150,188
Portfolio at Risk (PaR>30 days)[8]	11.29%	16.03%
Total Deposits (US$)*	n/a	n/a

**There were no registered deposit taking microfinance institutions as at 31 December 2014.*

c. The 36.7% increase in the number of borrowers from 150,188 as at 31 December 2013 to 205,282 as at 31 December 2014 is largely attributed to an increase in micro loans whose sizes range from $20 to $100 that are extended to market vendors for repayment end of day or within a week as opposed to generic loans with a tenure of one month and beyond.

[8] The value of all loans outstanding that have one or more instalments of principal past due more than 30 days. This includes restructured or rescheduled loans, the entire unpaid principal balance, including both the past due and future instalments, but not accrued interest.

d. Portfolio quality as measured by the Portfolio at Risk (PaR) (30 days) improved from 16.0% as at 31 December 2013 to 11.3% as at 31 December 2014.

e. The noted improvement in the PaR is largely due to enhanced credit analysis in the sector where some MFIs are increasingly making use of credit checks that promote rigorous analysis of borrowers to avoid over-indebtedness. Notwithstanding the above efforts, the level of the PaR (11.3%) remains above the international benchmark of 5%, largely reflecting the negative impact of the liquidity challenges that continue to constrain the economy.

Distribution of Loans as at 31 December 2014

a. The microfinance loan portfolio has remained dominated by consumption lending which is predominantly salary based loans. As at 31 December 2014 consumption lending constituted 53.3% of total loans as indicated in the table 3 below.

Table 3: Distribution of Microfinance Portfolio as at 31 December 2014

Type of Lending	Dec 2014		Dec 2013	
	Amount (US$)	% of total lending	Amount (US$)	% of total lending
Consumption	$83.55m	53.3%	$116.40m	70.9%
Productive	$73.44m	46.7%	$47.80m	29.1%
Total	**$156.99m**	**100.0%**	**$164.20m**	**100.0%**

b. There has been a notable shift towards productive lending as reflected by an increase in the proportion of productive lending from 29.1% as at 31 December 2013 to 46.7% of total loans as at 31 December 2014. This is partly attributable to the imposition by some funders, of the requirement to lend for productive purposes.

5. MAJOR SOURCES OF FUNDING

a. The main sources of funding for microfinance institutions are:
   - i. Shareholders' equity contributions towards the capital of the institutions;
   - ii. Shareholders' loans;
   - iii. Borrowings from local financial institutions; and

iv. Offshore funding mainly grants and donations from international non-governmental organizations and development finance institutions including USAID, Care International, and HIVOS.

b. In addition, the Zimbabwe Association of Microfinance Institutions (ZAMFI), which is the industry apex association, in conjunction with development partners have set up the Zimbabwe Microfinance Wholesale Facility (ZMWF) for mobilizing offshore lines of credit and donor funding for on-lending to MFIs at concessionary rates.

c. The Reserve Bank has stipulated minimum paid-up share capital requirements for credit-only and deposit-taking microfinance institutions which are $20,000 and $5 million, respectively.

6. CHALLENGES IN THE MICROFINANCE SECTOR

The microfinance sector is affected by a number of macro and microstructure challenges including the following:

Constricted Liquidity Environment

Since the adoption of the multi-currency system in February 2009, the microfinance sector has operated under a constricted liquidity environment which has manifested through constrained funding ability, limited credit creation and high lending rates.

Capitalisation

Weak capitalisation is constraining the organic growth of MFIs and is continuing to hamper the institutions' ability to offer unsecured lending to their clients. As a result most MFIs are focusing on salary-based lending at the expense of support to the productive sector. Under these circumstances, the microfinance sector is failing to adequately support low income groups and micro, small and medium enterprises.

Absence of Robust Credit Reference Services

The absence of robust credit reference services for use by MFIs operating in Zimbabwe has affected the quality of MFIs' credit risk management systems. Cognisant of these challenges the Reserve Bank is working on bridging the information asymmetry in the banking and microfinance industry through establishing a central credit registry system within its structures.

Illegal Deposit Taking by Some Microfinance Institutions

A number of credit-only microfinance institutions have engaged in illegal deposit taking activities in the multicurrency era, as a way of boosting their funding bases. Some members of the public have been lured by the attractive yet unsustainable interest rates offered and have lost funds through these illegal deposit taking activities which at some point presented a threat to financial stability.

Shortage of Skilled Manpower

The microfinance industry is experiencing shortage of critical skills in accounting, credit analysis and administration mainly attributed to funding constraints, and inability to train and retain skills. This has negatively affected the institutions' capacity to manage risks emanating from their activities.

Inadequate ICT Infrastructure and Weak Record Management

Inadequate funding has also affected microfinance institutions' capacity to acquire robust ICT systems to support their operations. Weak MIS have also affected institutions' ability to submit regulatory returns therefore hampering performance monitoring of the industry as well as financial stability assessments.

Consumer Protection and Financial Literacy

- The existence of a sound financial consumer protection regime is necessary for increasing responsible access to financial services, particularly in an environment like Zimbabwe where new and complex financial products (e-money) are being introduced, new delivery channels (mobile phones, smart cards) are being developed and new non-bank financial services providers (mobile network operators) are entering the scene.

- The absence of an appropriate and effective consumer protection and financial literacy legal and regulatory framework for the financial sector is hampering product/services uptake by consumers who are not sure of their rights and feel inadequately protected from mis-selling, and other market abuses.

7. COMPLIANCE WITH REGULATORY FRAMEWORK

- The Reserve Bank has noted an improvement in the level of compliance with regulatory requirements including compliance with capital requirements and submission of statutory returns by players in the sector.

- However, there are cases of inadequate disclosure of terms and conditions of loans to the borrowing public. Microfinance institutions are required to disclose terms and conditions of loans to their clients in terms of the Microfinance Act and Circular to Moneylending and Microfinance Institutions of 4 June 2012.

- The Reserve Bank has put in place measures to raise consumer awareness on the regulatory expectations regarding the activities of MFIs, in addition to taking appropriate supervisory action on non-complying institutions.

8. INTERNATIONAL COOPERATION

The following activities were carried out in conjunction with international organisations:

National Surveys

The following **national surveys** were conducted in 2014 in Zimbabwe:

FinScope 2014 Consumer Survey – Repeat Cycle

- In May 2014 FinMark Trust launched the FinScope 2014 Consumer Survey – Repeat Cycle as part of its regional programme in the SADC region.

- The FinMark Trust report noted the following major preliminary findings:

  a) 77% of the adult Zimbabweans had access to financial services compared to 60% in 2011;
  b) 70% of the adult population was not banked compared to 76% in 2011;
  c) reasons for not having a bank account included low disposable income, inability to maintain required minimum bank balance, and high bank charges;
  d) a total of 3.15 million (80%) of registered mobile money users conducted mobile money transfer services while 46% used mobile money to pay utility bills, buy airtime, and other services;
  e) More Zimbabweans (47%) are likely to save than to borrow (42%) despite economic hardships and low levels of income;
  f) 70% of adults do not have insurance with 68% of them claiming that insurance was too expensive;
  g) 99% of adults do not invest in formal products such as securities and lack of income (74%) and awareness (40%) contributed to barriers in the uptake of these products; and
  h) The survey concluded that consumer education and financial literacy is an important instrument to broaden and deepen financial inclusion in Zimbabwe.

World Bank Technical Assistance on Consumer Protection & Financial Literacy

The World Bank Mission on Consumer Protection and Financial Literacy (CPFL) conducted a consumer protection and financial literacy review of the financial sector in Zimbabwe during the period 14 – 25 July 2014.

The major preliminary findings included the following:

a) The consumer financial sector was recovering from the effects of the hyperinflation period and the introduction of multicurrency regime in 2009;
b) There are significant gaps in financial literacy and capability, and there are no strategies to address them through a coordinated approach;
c) There are significant gaps in the overall consumer protection legal and regulatory framework, apart from the new Microfinance Act;
d) The capacity and resources of regulatory authorities to supervise and enforce consumer protection laws is limited;
e) Mobile banking services were allowing more Zimbabweans to access formal financial services and filling significant financial inclusion gaps; and
f) While access to financial services among the low income households was high, the usage of the services remained low.

International Conferences/Committee Meetings

The Reserve Bank of Zimbabwe is a member of various international and regional organisations and participates in the International Conferences/ Committee Meetings on microfinance and financial inclusion from time to time. Some of the organisations include:

a) Alliance for Financial Inclusion (AFI);
b) SADC, Committee of Central Bank Governors (CCBG);
c) SADC, Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA); and
d) COMESA Committee of Central Bank Governors.

Training opportunities / Attendance of Training Seminars, etc

The Reserve Bank of Zimbabwe officers have attended the following training seminars and programmes in microfinance and financial inclusion in 2014:

e) Making Microfinance Work: Product Diversification conducted by the Training Center of the International Labor Organization. Lusaka, Zambia Sept 2014.
f) Financial Inclusion Course jointly conducted by Africa Training Institute and the IMF's Institute for Capacity Development (ICD), Mauritius, September 2014; and
g) Green Microfinance Conference hosted by HIVOS in Harare, Zimbabwe, October 2013.

Appendix C3

Ministry of Trade and Industry (Department for Co-Operative Development) - Botswana

1. CORPORATE PROFILE BACKGROUND INFORMATION

Country	Botswana
Industry	Financial Cooperatives
Name of Regulatory Authority	Ministry of Trade and Industry- Department for Co-operative Development
Date of establishment	1964
Enabling Legislation	Co-operative Societies Act (Cap 42:04) which was revised in 2013
Corporate Governance structure	Hon Minister
	Ass Hon Minister
	Permanent Secretary
	Deputy Permanent Secretary(responsible for Co-operative Development)
	Director For Co-operative Development
	Deputy Director For Co-operative Development
	Heads of Division
	Head of Regions/ Districts
Mandate of Regulatory Authority	(a) Register Co-operative Societies and ensure compliance with Co-operative Societies Act; (b) Encourage the formation of Co-operative Societies by providing information on Co-operative principle and practices; (c) Provide advice and promote training for members, officers and employees of Co-operative Societies.

2. ARCHITECTURE OF THE SECTOR

Market Profile of Microfinance/Financial Cooperatives Sector

a. *Type and number of institutions registered and being supervised.*

   (a) Service Co-operatives
   (b) Producer/worker Co-operatives

   The total number of Savings and Credit Co-operative Society (SACCOSs) registered and being supervised stands at 49. Out of 49 SACCOSs, 37 are institutional and 12 are communal.

b. *Describe the types of activities - products and services offered.*

   SACCOSs provide the following products: Ordinary Loans, Emergency Loans, Quick Loans, and Ordinary Savings and Fixed Savings

Legislative and Regulatory Framework

c. *State Acts/Guidelines/Regulations in place and year issued.*

   (a) Co-operative Societies Act (Cap 42:04) which was reviewed in 2013
   (b) National Co-operative Policy which came into force in 2007.
   (c) Bye Laws (which are Secondary legislations)

d. *Give a brief account of policy/strategy on microfinance/financial cooperatives (e.g. national microfinance strategy/policy; national financial inclusion strategy/policy), etc.*

   The Co-operative Transformation Strategy is anchored on the following pillars: Branding, Environment for doing business, Co-operative Financing and Insurance, Corporate Governance, Youth Involvement and Member Participation and Mind-set Change.

e. *Indicate any current national initiatives for the development of the microfinance/financial cooperatives sector.*

   - Government will continue to support those currently engaged in the Co-operative sub-sector through intensified education, skills training and advisory;

   - To attract trainable youth, women and retirees with requisite managerial skills and experience;

- Intensify efforts to encourage Co-operatives to adopt and adhere to sound management practices, including the use of strategic plans, annual performance plans, proper budgeting and internal control measures, as a way of improving their operational efficiency.

3. CONDITION AND PERFORMANCE OF THE SECTOR

a. *Comment on the condition and performance of the sector.*

SACCOSs are relatively doing well and most of them are profitable except a few which are not doing well.

b. *Complete table below as much as you can in US dollars (quote exchange rate)*

Key Industry Indicators as at 31 December 2014

Indicator	Microfinance / Microcredit Institutions		Financial Cooperatives (SACCOs)	
	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Number of Institutions/Lenders			49	
Number of branches			Nil	
Total Assets (US$)			33,600,000	
Total Outstanding Loans (US$)			40,500,000	
Number of Borrowers			16,000	
Portfolio at Risk (PaR>30 days)[9]			624,000	
Total Deposits (US$)	n/a		30,000,000	
Number of Members (SACCOs only)			105,900	

[9] The value of all loans outstanding that have one or more installments of principal past due more than 30 days. This includes restructured or rescheduled loans, the entire unpaid principal balance, including both the past due and future installments, but not accrued interest.

c. *For prudential requirements complete the table below and provide comments as necessary*

Prudential Indicator	Deposit Taking Microfinance Institutions		Financial Cooperatives	
	Regulatory Requirement	Industry Average (31 Dec 2014)	Regulatory Requirement	Industry Average (31 Dec 2014)
Minimum Capital (US$)			N/A	N/A
Core Capital Ratio			N/A	N/A
Total Capital Ratio			N/A	N/A
Liquidity Ratio				
Non-Performing Loans Ratio				

4. MAJOR SOURCES OF FUNDING

a. *Indicate any shareholders' capital, donor support, offshore funding, etc*

Savings and Credit Co-operative Societies finance themselves through shares, savings from members and accrued interest on loans

5. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

a. *Briefly explain the operational challenges experienced in the sector over the past year.*

Financial Co-operatives Industry faces the following challenges among other things: Mismanagement and fraud, unskilled Manpower, Attraction and retention of skilled personnel, Inadequate member Commitment, poor bookkeeping, Unaccountability and weak Supervisory Boards.

6. COMPLIANCE WITH REGULATORY FRAMEWORK

a. *Indicate any non-compliance issues and supervisory action taken.*

SACCOSs are not complying with the Co-operative Societies Act and the Bye-laws e.g. Audits are not conducted yearly, Annual general meetings are not held monthly and books of accounts are not maintained.

7. INTERNATIONAL COOPERATION

a. *Where applicable advise on:*

i. *National surveys conducted and when;* ***Conducted Co-operative Data Analysis (CODAS) in February 2014.***

ii. *WB / IMF / etc, initiative projects in the country;* ***N/A***

iii. *International participation of Conferences / Committee meetings,*

Botswana through Botswana Savings and Credit Co-operative Association (BOSCCA) is a member of African Confederation of Savings and Credit Co-operative Association (ACOSCCA), by virtue of its membership Botswana SACCOSs always attend seminars and Conferences organised by ACOSCCA. In addition, ACOSCCA runs tailor-made programmes for the Boards, Managers, Legislators and Accountants for SACCOSs.

iv. *Capacity building and training opportunities / attendance of training seminar, etc.*

There is Co-operative Training Centre which is accredited with Botswana Qualification Authority and the institution offers bookkeeping, Risk Management, Customer care, Financial Management and Co-operative Philosophy, over and above alter tailor made courses offered by the African Confederation of Africa Confederation of Co-operative Savings & Credit Associations

NBFIRA – BOTSWANA

1. CORPORATE PROFILE BACKGROUND INFORMATION

Country	Botswana
Industry	Micro lending
Name of Regulatory Authority	NBFIRA
Date of establishment	2008
Enabling Legislation	NBFIRA Act supported by Micro lending Regulations, 2012
Corporate Governance structure	MFDP
	BOD
	CEO
	DCEO-Regulatory
	Director LAD
	Deputy Director (Vacant)
	Manager
	Senior Analysts (2)
	Analysts (2)
	Assistant Analysts (3)
	Government Interns (3)
Mandate of Regulatory Authority	To regulate and supervise non-bank financial institutions so as to foster the: (a) safety and soundness of non-bank financial institutions; (b) highest standards of conduct of business by non-bank financial institutions; (c) fairness, efficiency and orderliness of the non-bank financial sector; (d) stability of the financial system, and (e) reduction and deterrence of financial crime

2. ARCHITECTURE OF THE SECTOR

2.1 Market Profile of Microfinance/Financial Cooperatives Sector

- As at 31 December 2014 there were two hundred and twenty six (226) micro lenders registered with the Non-Bank Financial Institutions Regulatory Authority. The micro lenders provide unsecured short term and long term salary based lending. The interest rate charged ranges between fifteen percent (15%) to thirty five percent (35%).

- There is only one micro finance deposit taking institution. And it is regulated by the Central Bank, Bank of Botswana

2.2 Legislative and Regulatory Framework

Acts/Guidelines/Regulations in place

a) Non-Bank Financial Institutions Act(NBFIRA), 2006

b) Micro Lending Regulations of 2012

c) Public Notices from time to time

2.3 Brief account of policy/strategy on micro-finance (e.g. national microfinance strategy/policy national financial inclusion strategy/policy)

a) An ongoing study on Making Access to Finance possible (MAP)

2.4 Indicate any current national initiatives for the development of the micro-finance/financial cooperatives sector.

3. CONDITION AND PERFORMANCE OF THE SECTOR

3.1 Comment on the condition and performance of the sector.

3.2 Complete table below as much as you can in US dollars (quote exchange rate)

Key Industry Indicators as at 31 December 2014

Indicator	Microfinance / Microcredit Institutions		Financial Cooperatives (SACCOs)	
	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Number of Institutions/Lenders	102	102		
Number of branches				
Total Assets (US$)	297 855 964	91 962 843		
Total Outstanding Loans (US$)	n/a	n/a		
Number of Borrowers	n/a	n/a		

Portfolio at Risk (PaR>30 days)[10]				
Total Deposits (US$)	n/a			
Number of Members (SACCOs only)				

3.3 For prudential requirements complete the table below and provide comments as necessary.

Prudential Indicator	**Deposit Taking Microfinance Institutions**		**Financial Cooperatives**	
	Regulatory Requirement	**Industry Average (31 Dec 2014)**	**Regulatory Requirement**	**Industry Average (31 Dec 2014)**
Minimum Capital (US$)	n/a	n/a		
Core Capital Ratio	n/a	n/a		
Total Capital Ratio	n/a	n/a		
Liquidity Ratio	n/a	n/a		
Non-Performing Loans Ratio	n/a	n/a		

4. MAJOR SOURCES OF FUNDING

4.1 Shareholders' funds and Borrowings and one listed on the BSE

5. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

5.1 Submission of information very slow

5.2 Late submission of returns

5.3 Complaints from clients (high interest rates charged).

5.4 Financial illiteracy leading to over indebtedness

[10] The value of all loans outstanding that have one or more installments of principal past due more than 30 days. This includes restructured or rescheduled loans, the entire unpaid principal balance, including both the past due and future installments, but not accrued interest.

5.5 Unlicensed entities operating illegally

5.6 Lack of human capacity

5.7 No Central Bureau for all lending institutions.

5.8 Lack of financial Data

5.9 Abuse of deduction codes by unions.

6. COMPLIANCE WITH REGULATORY FRAMEWORK

6.1 Indicate any non-compliance issues and supervisory action taken.

7. INTERNATIONAL COOPERATION

7.1 **Private Sector Development Programme (PSDP) -** A Government of Botswana initiative supported by the European Union and the Centre for the Development of Enterprise, Inception Report on the Development of a Regulatory Policy Framework for Micro-financing in Support of an Enabling Environment for Enterprises.

7.2 Regulatory Impact Assessment (RIA) in cooperation with the World Bank

7.3 Credit Reporting System in Botswana(World Bank Team) May 2013

7.4 International participation Conferences / Committee meetings,

- Finmark Trust – Credit Information Sharing Meeting
- Training opportunities / attendance of training seminar, etc.
- FSAP (Financial Sector Assessment Program- when last done in your country)
- Staff Members attended conferences and seminars on Micro finance at Boulder Institute (Italy) and Mauritius.
- Related training at Toronto Centre.

Appendix C3

Namibia Financial Institutions & Supervisory Authority (NAMFISA)

1. CORPORATE PROFILE BACKGROUND INFORMATION

Country	NAMIBIA
Industry	Microfinance Institutions (MICRO CREDIT)
Name of Regulatory Authority	Namibia Financial Institutions & Supervisory Authority
Date of Establishment	2001
Enabling Legislation	State the law giving regulatory and supervisory powers to the Regulatory Authority/Department: NAMFISA Act (Act No. 3 of 2001)
Corporate Governance Structure	Minister of Finance
	Chief Executive Officer
	Assistant Chief Executive Officer
	General Manager
	Manager
Mandate of Regulatory Authority	State the mandate of your Regulatory Authority 1. Exercise supervision over business of financial institutions and financial services; 2. Adviser Minister of Finance on matters related to financial institutions and financial services.

2. ARCHITECTURE OF THE SECTOR

Market Profile of Microfinance/Financial Cooperatives Sector

a. *Type and number of institutions registered and being supervised.*

Microlenders (Term lenders and Pay day lenders) and are as at end of 2014 289 registered

b. *Describe the types of activities - products and services offered.*

Microlending for short term (1 month) or long term (up to five years).

Legislative and Regulatory Framework

c. *State Acts/Guidelines/Regulations in place and year issued.*
   - Usury Act, 1968 (Act No. 78 of 1968);
   - Inspections of Financial Institutions Act, 1984;
   - Government Notice No. 189 of 2004[11]; and
   - Government General Notice No. 196 of 2004[12].

d. *Give a brief account of policy/strategy on microfinance/financial cooperatives (e.g. national microfinance strategy/policy; national financial inclusion strategy/policy), etc.*

   Namibia Financial Sector Strategy 2011-2021

e. *Indicate any current national initiatives for the development of the microfinance/financial cooperatives sector.*

   Microlending legislation -Bill (Act of 2015)

3. CONDITION AND PERFORMANCE OF THE SECTOR

a. *Comment on the condition and performance of the sector.*

   Sector is in a financial sound position, and both the values and number of lenders, (See table on key industry indicators). In addition, there are no mounting defaults.

b. *Complete table below as much as you can in US dollars (quote exchange rate)*

Key Industry Indicators As At 31 December 2014

Indicator	Microfinance / Microcredit Institutions		Financial Cooperatives (SACCOs)	
	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Number of Institutions/Lenders	289	279		
Number of branches	n/a	n/a		
Total Assets (US$)	278 91913	215 704		

[11] Notice in terms of Section 15A of the Usury Act, 1968 (Act No. 73 of 1968).
[12] General Notice No. 196 NAMFISA: Determination of the of the maximum annual finance charge rates in terms of the Usury Act, 1968 (Act No. 73 of 1968).
[13] At an exchange rate of N$12.1256, N$3 382 060 becomes US $278 919.

Total Outstanding Loans (US$)	278 919	215 704		
Number of Borrowers	n/a	n/a		
Portfolio at Risk (PaR>30 days)[14]	none	none		
Total Deposits (US$)	n/a	n/a		
Number of Members (SACCOs only)	n/a	n/a		

For prudential requirements complete the table below and provide comments as necessary.

Not Applicable

Prudential Indicator	Deposit Taking Microfinance Institutions		Financial Cooperatives	
	Regulatory Requirement	Industry Average (31 Dec 2014)	Regulatory Requirement	Industry Average (31 Dec 2014)
Minimum Capital (US$)	N/A	N/A	N/A	N/A
Core Capital Ratio	N/A	N/A	N/A	N/A
Total Capital Ratio	N/A	N/A	N/A	N/A
Liquidity Ratio	N/A	N/A	N/A	N/A
Non-Performing Loans Ratio	N/A	N/A	N/A	N/A

4. MAJOR SOURCES OF FUNDING

a. *Indicate any shareholders' capital, donor support, offshore funding, etc* (majority perhaps 99 .9 percent use own fund/savings)

5. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

a. *Briefly explain the operational challenges experienced in the sector over the past year.* None

14 The value of all loans outstanding that have one or more installments of principal past due more than 30 days. This includes restructured or rescheduled loans, the entire unpaid principal balance, including both the past due and future installments, but not accrued interest.

6. COMPLIANCE WITH REGULATORY FRAMEWORK

a. *Indicate* any non-compliance issues and supervisory action taken.
   1. Retention of bank card and PIN Codes;
   2. Not complying with 50% take-home borrowing requirements;
   3. Not respecting confidentiality of information.

7. INTERNATIONAL CO-OPERATION

a. Where applicable advise on:
   i. *National surveys conducted and when;* n/a
   ii. *WB / IMF / etc, initiative projects in the country;* n/a
   iii. *International participation of Conferences / Committee meetings,* n/a
   iv. Capacity building and training opportunities / attendance of training seminar, etc.

Appendix C4

Financial Services Regulatory Authority – Swaziland

1. CORPORATE PROFILE BACKGROUND INFORMATION

Country	Swaziland
Industry	Savings and Credit Co-operative Societies (SACCOs) and Credit Providers
Name of Regulatory Authority	Financial Services Regulatory Authority (FSRA)
Date of establishment	2012
Enabling Legislation	Financial Services Regulatory Authority Act of 2010 (FSRA Act)
Corporate Governance structure	Ministry of Finance
	BOD
	CEO
	General Manager: Credit and Savings Institutions
	Manager: Licensing and Inspections
	Financial Analysts (5)
Mandate of Regulatory Authority	To foster through the regulation and prudential supervision of financial services providers- (a) the stability of the Swaziland financial systems; (b) the safety and soundness financial services providers; (c) the highest standards of conduct of business by financial services providers; (d) the promotion of fair competition between different financial services providers for the benefit of stakeholders; (e) fairness, efficiency and orderliness of the Swaziland non-bank financial sector; and (f) the protection of stakeholders.

2. ARCHITECTURE OF THE SECTOR

Market Profile of SACCOs/Credit Providers

- For the year ending 31 December 2014 there were forty-eight (48) licensed SACCOs with the FSRA. The SACCOs include mostly employee-based SACCOs and community-based SACCOs with the former being among the largest according to the value of total assets. Financial products offered are withdrawable and non-withdrawable savings, and short and long-term loans. Long-term loans are partially secured by non-withdrawable savings being issued at two times the non-withdrawable savings.

- Credit Providers to be licensed with the FSRA include; Money lenders, Pawn brokers, Hire purchase, and Retailers. As at 31 December 2014 there were three (3) Credit Providers being Money Lenders licenced with the FSRA which fall under the classes of Development Finance Institutions (1) and Credit Institutions (2). Micro lenders were in progression of being licensed with their first year of licensing commencing January, 2015.

Legislative and Regulatory Framework

a. *Acts/Guidelines/Regulations in place*
    - FSRA Act, 2010;
    - Financial services laws;
    - SACCOs Licensing and Reporting Guidance Notes;
    - Credit Providers Guidance Notes; and
    - Public Notices from time to time.

b. *Brief account of policy/strategy on microfinance (e.g. national microfinance strategy/policy; national financial inclusion strategy/policy).*
    - A recently concluded study on Making Access to Finance possible (MAP).

c. *Indicate any current national initiatives for the development of the microfinance/financial cooperatives sector.*
    - Consumer Credit Bill – awaits Parliament approval; and
    - SACCO Bill – under development

3. CONDITION AND PERFORMANCE OF THE SECTOR

a. *Comment on the condition and performance of the sector.*

- SACCOs continue to grow according to the value of total asset with improvements displayed towards legal and regulatory compliance. Out of the forty-eight (48) licensed SACCOs the

FSRA had received forty-six (46) licence renewal applications by 31 December 2014, for the year 2015. Furthermore, there were eight (8) new applicants received for the year 2015.

- As at 31 December 2014, the FSRA continued to receive applications from Credit Providers after which the condition and performance may be determined, monitored accordingly, and produce credit industry reports.

b. *Complete table below as much as you can in US dollars (Rand/Dollar 12.3746 July 15, 2015)*

Key Industry Indicators as at 31 December 2014

Indicator	Microfinance / Microcredit Institutions		Financial Cooperatives (SACCOs)	
	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Number of Institutions/Lenders	3	n/a	48	n/a
Number of branches	6	n/a	-	n/a
Total Assets (US$)	77,522,370	n/a	84,956,040	n/a
Total Outstanding Loans (US$)	63,397,345	n/a	57,115,332	n/a
Number of Borrowers	-	n/a	-	n/a
Portfolio at Risk (PaR>30 days)[15]	-	n/a	-	n/a
Total Deposits (US$)	-	n/a	69,236,562	n/a
Number of Members (SACCOs only)	-	-	38,810	n/a

c. *For prudential requirements complete the table below and provide comments as necessary.*

Prudential Indicator	Credit Providers		SACCOs	
	Regulatory Requirement	Industry Average (31 Dec 2014)	Regulatory Requirement	Industry Average (31 Dec 2014)
Minimum Capital (US$)	n/a	n/a	404	222,910
Core Capital Ratio (to total assets)	n/a	n/a	≥10%	3.73%
Core Capital Ratio (to total savings)	n/a	n/a	≥8%	16.87%

[15] The value of all loans outstanding that have one or more installments of principal past due more than 30 days. This includes restructured or rescheduled loans, the entire unpaid principal balance, including both the past due and future installments, but not accrued interest.

Institutional Capital Ratio (to total assets)	n/a	n/a	≥8%	-4.93%
Liquidity Ratio	n/a	n/a	≥15%	24.79%
Non-Performing Loans Ratio	n/a	n/a	n/a	n/a

4. MAJOR SOURCES OF FUNDING

Members' share capital for SACCOs and mainly shareholders' funds and borrowings for Credit Providers.

5. CHALLENGES IN THE SACCO's SECTOR

- Late submission of returns;
- Appointment of a competent and capable Board e.g. Chairperson and Treasurer;
- Lack of internal policies and procedures;
- Employment of qualified staff;
- Inadequate use of Management Information Systems;

6. COMPLIANCE WITH REGULATORY FRAMEWORK

The first year of licensing, 2014, non-compliance on prudential standards was with regards to capital ratios of which conditional licenses were issued as a supervisory measure to be reviewed upon application for a licence renewal.

7. INTERNATIONAL COOPERATION

a. WB / IMF Initiative projects in the country;

- The FSRA received Technical Assistance from the IMF with specific intervention in the supervision of the SACCO sector.
- The World Bank conducted a mission on the Financial Sector Development Implementation Plan of which some measure of attention was dedicated to the SACCO landscape.

b. International participation conferences / committee meetings;

- The FSRA is member of the International Credit Union Regulators' Network (ICURN) and attends meetings of the ACCOSCA Regulators' Round Table.
- ACCOSCA normally holds training seminars in each of the meetings held.

Appendix C5

Bank of Zambia

1. **CORPORATE PROFILE BACKGROUND INFORMATION**

Country	Zambia
Industry	Microfinance Institutions
Name of Regulatory Authority	Bank of Zambia: Registrar of Banks, Financial Institutions and Financial Businesses – Deputy Governor - Operations
Date of establishment	7 August 1964
Enabling Legislation	The Bank of Zambia Act 43 of 1996
Corporate Governance structure	Ministry of Finance
	Board of Directors
	Governor
	2 Deputy Governors – Operations and Administration
	2 Senior Directors – Monetary and Supervisory
Mandate of Regulatory Authority	Regulation and supervision of commercial banks and non-bank financial institutions in Zambia excluding insurance companies, pensions houses and the capital market

2. **ARCHITECTURE OF THE SECTOR**

Market Profile of Microfinance/Financial Cooperatives Sector…

a. Type and number of Micro Finance Institutions registered and being supervised.

Deposit taking MFIs	9
Non deposit taking MFIs	28
Total	**37**

Enterprise lending MFIs	7
Consumer lending MFIs	30
Total	**37**

b. Describe the types of activities - products and services offered.

- Short and long term credit
- Savings (compulsory and voluntary)
- Solidarity loans
- Deposits
- Training

c. State Acts/Guidelines/Regulations in place and year issued.

- Banking and Financial Services Act of 1994
- Banking and Financial Services (Microfinance Regulations) 2004
- SI 179 of 1995 - Cost of Borrowing Regulations
- SI 180 of 1995 – Payment of Fees Regulations
- SI 181 of 1995 – Return of Unclaimed Funds Regulations
- SI 182 of 1995 – Reserve Account Regulations
- SI 183 of 1995 – Disclosure of Deposit Charges and Interest Regulations
- SI 184 of 1995 – Capital Adequacy Regulations
- SI 185 of 1995 – Fixed Assets Investment Regulations
- SI 57 of 1996 – Foreign Exchange Risk Management and Exposure regulations
- SI 96 of 1996 – Large Loan Exposures regulations
- SI 97 of 1996 – Insider Lending regulations
- SI 142 of 1996 – Classification and Provisioning of Loans regulations

d. Give a brief account of policy/strategy on microfinance/financial cooperatives (e.g. national microfinance strategy/policy; national financial inclusion strategy/policy), etc.

The BoZ's rationale for regulation of the financial sector is based on the need to sustain systemic stability, maintain the safety and soundness of financial service providers (FSPs), and to protect consumers. The BoZ supervisory approach to the different categories of FSPs is premised on the application of prudential or non-prudential regulation within the realm of risk based supervision. The BoZ applies more stringent prudential regulation to MFIs that take deposits and/or have an inherent risk to financial systems stability.

In order to ensure that the microfinance (MFI) sector grows in a sustainable manner and to guarantee that public deposits are protected, the BoZ in consultation with key stakeholders developed the Banking and Financial Services (Microfinance) Regulations of 2006. The regulations aimed at strengthening the sector and ensuring accountability and transparency of the sector operations and more importantly a smooth integration of the sector into the mainstream financial sector.

The Microfinance Regulations categorises microfinance into three broad categories.

Tier I	Deposit Taking Microfinance Institutions;
Tier II	Non-deposit Taking Microfinance Institutions with paid-up capital of not less than K100,000;
Tier III	Non-deposit Taking Microfinance Institutions with paid up capital of less than K100,000

Tier III MFIs are not regulated and supervised under the BFSA. Tier III are regulated and supervised under the Money Lenders Act, Cap 398; the Cooperative Societies Act, Number 20 of 1998; and the Societies Act, Cap 119. Despite these regulations, and in particular, the Money Lenders Act, there is evidence of the existence of numerous Tier III MFIs that are not registered under the Money Lenders Act (unregistered) operating alongside the registered ones.

The presence of unregistered Tier III MFIs and the inadequate supervision of the sector has led to consumer abuses. To counter these abuses the regulation and supervision of Tier III MFIs requires strengthening. This can be achieved through the enhancement of consumer protection regulations; bringing Tier III MFIs under the supervision of BoZ or a delegated Institution and general consumer education of their rights.

Further, the BoZ has proposed changes to the definition of “microfinance institution”. The current definition of “microfinance institution” as a person, who as part of their business, advances micro credit facilities has been amended to properly categorise MFIs. This is because the regulation has defined “micro credit” as a facility that does not exceed five per centum of the primary capital of a MFI. The challenge with this definition is that it has allowed the development of two categories of MFIs; namely

(i) those that provide microfinance service as defined by universally acknowledged best practices by the sector; and
(ii) those that do not provide microfinance service but regulated as MFIs because as part of their business, advance micro credit facilities to salaried employees mainly for consumption.

This categorisation has made it difficult to have a clear understanding of the extent and composition of the sub-sector and consequently this has limited the ability to address key policy interventions and institutional arrangements necessary for expanding outreach and improving access to finance.

In the new Regulations, "**microfinance institution**" will mean a person licensed to carry on, conduct, engage in or transact in microfinance service in Zambia.

Meanwhile, **"microfinance service"** will mean the provision of financial services primarily to micro or small enterprises and low income customers, usually characterised by the use of collateral substitutes except salaried backed loans; or any other services that the Bank may designate."

Further, the BoZ has adopted financial inclusion as one of its key strategic objectives anchored on financial education as the overarching intervention. Accordingly, strategies to reduce the number of adult Zambians excluded from financial services the BoZ in collaboration with other key stakeholders is pursuing a number of interventions including the following:

- Introduction of a simplified **Risk-based Know-Your-Customer (KYC) Framework** that allows individuals who currently do not have the required formal identification to use other forms of identification to enter the financial system;
- Implementation of a **Regulatory Framework for Agent Banking** to permit financial services providers (FSPs) to contract third parties to provide certain financial services on their behalf without having to put up brick and mortar. This model will therefore increase financial inclusion to the majority of the excluded Zambians at lower cost to both the FSP and the customer than would otherwise be;
- Implementation of the **National Financial Education Strategy** to increase awareness and understanding of the population on financial products and services with the goal of increasing sustainable usage;
- Development of a **Legal Framework for the establishment of a Collateral Registry** for movable assets to increase access to finance, especially for SMEs, and lead to better terms for loan contracts. Currently, many SMEs are excluded from the formal credit market largely because they lack assets that can serve as collateral, although they may generally have a wide array of productive assets that could secure a loan—but the legal framework prevents this; and
- Continued pursuance of **Mobile Payment Systems** to reduce transaction costs and enhance the ease of doing business.

e. *Indicate any current national initiatives for the development of the microfinance/financial cooperatives sector.*

- On site examinations which are conducted regularly on the sectors' compliance with regulatory requirements have contributed to the growth of the sector;
- The BoZ has taken steps towards enhancing the regulation of MFIs by **reviewing the microfinance regulations to bring them up-to-date with the changing dynamics** of the financial sector.

- Further, regional and international partnerships have been forged with institutions such as the Child and Youth Finance International (CYFI) to drive the Financial Education Agenda forward. To this end, the BoZ has so far spearheaded the commemoration of the **Financial Literacy Week** twice, in March 2014 and March 2015. The Financial Literacy Week is an event aimed at creating financial awareness and is observed in over 80 countries around the world.

3. CONDITION AND PERFORMANCE OF THE SECTOR

a. Comment on the condition and performance of the sector.

b. Complete table below as much as you can in US dollars (quote exchange rate)

Key Industry Indicators as at 31 December 2014

Indicator	Microfinance / Microcredit Institutions	
	Dec 2014 $	Dec 2013 $
Number of Institutions/Lenders	33	35
Number of branches	103	95
Total Assets (US$)	340,825,466	257,191,733
Total Outstanding Loans (US$)	297,949,266	216,304,400
Number of Borrowers	198,746	157,664
Portfolio at Risk (PaR>30 days)[16]	6.4%	5.8%
Total Deposits (US$)	12,962,000	9,458,133

Exchange rate: $1= ZWK7.5

c. For prudential requirements complete the table below and provide comments as necessary

Prudential Indicator	Deposit Taking Microfinance Institutions	
	Regulatory	Industry Average

[16] The value of all loans outstanding that have one or more instalments of principal past due more than 30 days. This includes restructured or rescheduled loans, the entire unpaid principal balance, including both the past due and future installments, but not accrued interest.

	Requirement	(31 Dec 2014)
Minimum Capital (US$)	342,000	34,253,000
Core Capital Ratio	5	21.5
Total Capital Ratio	15	37.1
Liquidity Ratio	-	-
Non-Performing Loans Ratio	10	6.4

Exchange rate: $1= ZWK7.5

4. MAJOR SOURCES OF FUNDING

a. *Indicate any shareholders' capital, donor support, offshore funding etc.*

- Shareholders' capital
- Commercial banks
- Donor support
- Multilateral institutions such as the AfDB, FMO etc

5. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

a. *Briefly explain the operational challenges experienced in the sector over the past year.*

- Five (5) out of 35 MFIs had inadequate capital and did not meet the minimum capital requirements.
- High cost of funds

Some MFIs lack cheap sources of capital and therefore have no option but to resort to expensive funds from commercial banks.

- Interest rates caps

The Government of the Republic of Zambia and the BoZ have over the last 17 years been concerned with high interest rates being charged by financial services providers (FSPs), especially MFIs which had been inhibiting the expansion of credit. Against this backdrop, the BoZ on 3 January 2013 introduced interest rate caps of 18.5% for banks, 30% for the broader category of NBFIs and 42% for MFIs involved in enterprise lending. This culminated from the demonstrated inertia by FSPs to reduce interest rates after the BoZ consistently led the way by reducing statutory reserve ratios. Also, the BoZ's attempt to employ moral suasion to influence FSPs to reduce lending rates ha miserably failed over the years.

Based on the reductions in lending interest rates because of the capping, it was expected that MFIs would generally be adversely affected by the introduction of interest rate caps. In the immediate aftermath of the introduction of the interest rate caps, the immediate impact on enterprise-lending MFIs was that they recorded monthly losses. However, after positively adjusting to the new policy environment, this MFI subsector was largely able to break-even from July 2013.

The initial impact of the interest rate cap for consumer-lending MFI subsector was a reduction in profitability. However, the subsector also responded to the interest rate caps by consolidating and expanding the scale of operations and its profitability recovered.

The response of the MFIs subsector to interest rate caps took three broad pathways;

(i) Expansion of scale to make up for the reduction in the interest margins;

(ii) Implementation of cost reduction programs; and

(iii) Cessation of operations.

6. COMPLIANCE WITH REGULATORY FRAMEWORK

a. Indicate any non-compliance issues and supervisory action taken.

- Five (5) deposit taking MFIs were capital deficient due to unsatisfactory financial performance on account of loss making, inadequate loan loss provisions and failure to generate adequate revenues to cover their costs. The BoZ took **possession** of one of the institutions and put the institution into liquidation. **Supervisory actions** have been invoked on the rest of the institutions which actions include restriction from collecting new deposits.

- Failure to adequately provide for non-performing loans in breach of Statutory Instrument No. 142.

- Poor corporate governance amongst MFIs as demonstrated by weakness at board level to provide oversight to management.

7. INTERNATIONAL COOPERATION

a. Where applicable advise on:

i. National surveys conducted and when;

FinMark Trust conducted the first FinScope study in Zambia in 2005. The study that was carried out as an integral part of the Government of the Republic of Zambia's Financial Sector Development Plan (FSDP) revealed that only 33.5 percent of the Zambian population uses formal and informal financial services while 66.5percent were financially excluded.

The follow-up FinScope study of 2009 showed only a marginal improvement in this statistic as it indicated that 37.3 percent of the Zambian population uses formal and informal financial services while 62.7 percent were financially excluded. It was further observed that the situation is more challenging in rural areas, where physical access to financial institutions is poor and literacy levels are lower.

Against this backdrop, the BoZ in collaboration with other stakeholders in the financial sector is implementing the **National Strategy on Financial Education** as another trajectory for the growth of the financial sector. It is widely acknowledged that consumers who can make informed decisions about financial products and services not only serve their own best interests, but also collectively help promote broader economic stability. The National Strategy on Financial Education spells out options to empower Zambians with knowledge, understanding, skills, motivation and confidence to make prudent financial decisions.

ii. *WB / IMF / etc, initiative projects in the country;*

World Bank Assistance – Financial Inclusion Support Framework

Zambia was selected to participate in the World Bank Financial Inclusion Support Framework (FISF) program by the World Bank in 2014. The selection was important in view of the fact that Zambia's Financial Sector Development Plan (FSDP) Phase II was to come to an end in December, 2014. Through the FISF, the World Bank would facilitate sustained financial sector development reforms and initiatives that are currently running under the FSDP.

It was proposed that a follow up Financial Inclusion Strategy that would incorporate specific interventions with indicators, targets and national coordination structures be developed as the successor to the FSDP by mid-2015. In addition to the areas highlighted for the FISF program, the Zambian strategy was expected to cover the banking and non-banking financial sector, pensions and insurance sector, as well as the capital market.

iii. *International participation of Conferences / Committee meetings,*

International participation in conferences and committee meetings

The BoZ from time to time sends staff to attend the following programmes;

- The African Confederation of Cooperative Savings and Credit Unions (ACCOSCA) annual ACCOSCA Leadership Forum and Regulatory Round Table.
- The Association of Credit Reporting Agencies annual Credit Reporting Conference

- The Committee for Insurance, Securities and Non-Bank Financial Institutions Authorities bi annual CISNA meetings.
- The working group meetings for the Alliance for Financial Inclusion (AFI)
- The annual African Rural and Agricultural Credit Association (AFRACA) meetings.

iv. Capacity building and training opportunities / attendance of training seminars, etc.

The BoZ from time to time sends staff to attend the following programmes;

- MEFMI
- A myriad of MEFMI courses
- Federal Reserve Bank Training and FDIC
  - Bank Examinations
  - Credit Risk Analysis School (CRAS)
  - Bank Management (BankMan)
  - Financial Analysis and Risk Management (FARM)
- Toronto Centre
  - Basel II and ICAAP workshop

Corporate Profiles

Corporate Profile Background Information

ARSEG
AGÊNCIA ANGOLANA DE REGULAÇÃO E SUPERVISÃO DE SEGUROS

Name of Authority: Angolan Agency for Insurance Regulation And Supervision (A R S E G)

Country: Republic Of Angola

Regulated Industry: Insurance, Reinsurance, Retirement Funds and Intermediaries

Date of Establishment: 27 September 2013

Market Legislation:
Law no. 1/00 – General-Law of Insurance Industry;
Decree no. 25/98– Approves the Regulation on Pension Funds;
Decree no. 6/01 – Reinsurance and Coinsurance;
Decree no. 2/02 – Insurance contracts and policies;
Decree no. 7/02 – Infractions and penalties;
Decree no. 79-A/02 – Insurance chart of accounts;
Decree no. 6/03 – Insurance solvency and statistical information;
Decree no. 9/03 – Pension fund solvency, statistical information;
Decree no. 10/09 – Automobile warranty fund;
Decree no 35/09 – compulsory third party motor insurance;
Notice no. 1/15 – Customer ombudsman;
Notice no. 2/15 – AML/CFT in the insurance industry

Board of Directors:

Chairman and Members of Board of Directors appointed by the Head of State.

- Mr Aguinaldo Jaime (Chairman of the Board of Directors);
- Mr Manuel De Jesus Moreira (Member of Board of Directors);
- Mrs Maria Carlota Van-Dúnem Do Amaral (Member of Board of Directors)

Chief Executive Officer: Mr Aguinaldo Jaime

Contact Details:
Physical/Postal Address: Rua Cónego Manuel das Neves, 234 – Edifício da EDEL – 12. Piso
Caixa Postal nº. 2795 – Luanda - Angola
Email: geral@arseg.ao
Phone: 222444084, 222444115
Website: www.arseg.ao

Corporate Profile Background Information

Name of Authority: Capital Markets Commission (Comissão do Mercado de Capitais - CMC)

Country: Angola

Regulated Industry: Financial Industry (Stock, Bonds, commodities and futures exchanges; Clearing, Depositories and Settlement houses; Financial Intermediation Agents, Brokers and dealers, Independent investment advisors; Securities Issuers; Institutional investors and holders of qualified shareholdings; Guarantees fund; Auditors and financial analysts; Investment companies; Companies managing patrimonies, securitization funds and holdings; Other persons exercising activities related with securities' issue, distribution, trading, registration and deposit).

Date of Establishment: March 18, 2005

Market Legislation: Securities Act n.12/5,Financial Institutions Act n.13/5, Legal Procedures for Regulated Market of Public Debt Securities (Presidential Legislative Decree n. 4/13), Legal Procedures for Brokers and Distributors Securities (Presidential Legislative Decree. 5/13), Legal Procedures for Management companies of regulated markets and financial services on securities (Presidential Legislative Decree n. 6/13), Legal Procedures for Collective Investment Schemes (Presidential Legislative Decree n. 7/13), Legal Procedures for Tax regulation of Collective Investment Schemes (Presidential Legislative Decree n. 1/14), Regulation of CMC n. 1 for Experts real estate appraisers of real estate investment funds, Regulation of CMC n. 2 for Regulated Market, Regulation of CMC n. 3 for Management companies of regulated markets, clearing, depositories and settlement houses, Regulation of CMC n. 4 for Collective Investment Schemes.

Board of Directors:

Chairman appointed by Angolan President: Mr Augusto Archer Mangueira (Presidente)

Members appointed by Angolan President:

- Mario Nascimento - Office of Administration and Finance,
- Patricio Vilar - Office of Release and Investments
- Mario Gavião - Office of Supervision and Litigation and
- Vera Daves – Office of Research and Cooperation.

Contact Details:

Physical / Postal Address: Rua do MAT, 3º B, GU 19B, Bloco A5, 1º e 2º, Sector de Talatona, Município de Belas, CP 5250 Luanda - Angola
Email: institucional@cmc.gv.ao
Phone:(+244) 222-704600/601
Fax: (+244) 222-704609
Website: www.cmc.gv.ao

Corporate Profile Background Information

Name of Authority: Non-Bank Financial Institutions Regulatory Authority (NBFIRA)

Country: Botswana

Regulated Industry: All non-bank financial sectors

Date of Establishment: By Act of Parliament in 2006, but only started operations in April 2008

Market Legislation:

i) NBFIRA Act, Insurance Industry Act
ii) International Insurance Act
iii) Pension & Provident Funds Act
iv) Botswana Stock Exchange Act
v) Collective Investment Undertakings Act
vi) Relevant portions of Part XIV of the Income Tax Act; and
vii) All Prudential Rules from above Acts

Board of Directors:

Six (6) independent non-executive Board members, out of which two are ex-officio Board Members, namely the Permanent Secretary in the Ministry of Finance and Development Planning and the Governor of the Central Bank.

The Chairman and Members are all appointed by the Minister of Finance and Development Planning, whilst the Deputy Chair elected by other Board Members. Ex-officio Board members can neither be appointed Chairpersons, nor elected Deputy Chairpersons.

Chief Executive Officer: Mr Oaitse M Ramasedi

Contact Details:

Physical: Third Floor, Exponential Building, Plot 54351, CBD, Gaborone
Postal Address: P/Bag00314, Gaborone, Botswana
Email: tmakwaeba@nbfira.org.bw
Phone: (+267)3102595 / (+267)3686100
Website: www.nbfira.org.bw

Corporate Profile Background Information

Name of Authority: Central Bank of Lesotho

Country: Lesotho

Regulated Industry: Banks, Capital market, Collective Investment Schemes

Date of Establishment: 1978

Market Legislation:

- Central Bank (Capital Market) Regulations 2014,
- Central Bank of Lesotho (Collective Investment Schemes) Regulations 2001.

Mandate:

- Licensing of CIS Asset Managers
- To license and supervise Maseru Stock Exchange as well as the other capital market players

Board of Directors:

Board of Directors is chaired by the Governor who is appointed by the King advised by the Minister of Finance and Prime Minister. There are three Executive Directors namely the Governor and two Deputy Governors. The other 5 Directors and non-executive are appointed by the Minister of Finance.

Operational Structure/Secretariat:

The day to day management of the Bank is done by the Governor assisted by two Deputy Governors and 8 directors of departments.

Chief Executive Officer: Dr A R. Matlanyane (Governor)

Contact Details:

Office Central Bank of Lesotho
Postal Address:
P.O. Box 1184,
Corner Moshoeshoe and Airport Roads
Maseru 100
Lesotho
Tel +266 314281

Corporate Profile Background Information

Name of Authority: Reserve Bank of Malawi

Country: Malawi

Regulated Industry: Banks and Non-banking Financial Services Industry, including Pension Funds, Insurance, Medical aid, Capital Markets, Collective Investments Schemes, Financial Cooperatives and Microfinance Institutions

Date of Establishment: 1965

Market Legislation:

- Financial Services Act No 26 of, 2010
- Reserve Bank of Malawi Act
- Pension Act, No 6 of 2011
- Insurance Act, No 9 of 2010
- Microfinance Act, No 21 of 2010
- Banking Act No 10 of 2010
- Securities Act, No 20 of 2010
- Financial Cooperatives Act No 8 of 2011

Board of Directors: The RBM Board comprises 7 non-executive Board members from diverse backgrounds appointed by the Minister of Finance with due regard to experience and technical skills. The Board remains primarily responsible for the oversight function over the RBM.

Registrar of Financial Institutions/Chief Executive Officer: Mr Charles S R Chuka (Governor)

Contact Details:

Physical Address:
Head Office
Convention Drive
P O Box 30063
Lilongwe 3

Telephone: +265 1 771 600 /+265 1 820 299
Fax: +265 1 774 289/ +265 1 822 118
E-mail: reserve-bank@rbm.mw
Website: www.rbm.mw

BLANTYRE BRANCH
10 Hannover Avenue
P. O Box 565
Blantyre

Corporate Profile Background Information

Financial Services Commission
Mauritius

Name of Authority: Financial Services Commission, Mauritius

The Financial Services Commission, Mauritius (FSC Mauritius) is the integrated regulator for the non-bank financial services sector and global business. Established in 2001, the FSC is mandated under the Financial Services Act 2007 and has as enabling legislations the Securities Act 2005, the Insurance Act 2005 and the Private Pension Schemes Act 2012 to license, regulate, monitor and supervise the conduct of business activities in these sectors. The mission of the FSC Mauritius is to:

- Promote the development, fairness, efficiency and transparency of financial institutions and capital markets in Mauritius;
- Suppress crime and malpractices so as to provide protection to members of the public investing in nob-banking financial products; and
- Ensure the soundness and stability of the financial system in Mauritius.

Country: Republic of Mauritius

Regulated Industry: Non-Bank Financial Services Sector and Global Business

- Capital Markets and Investments Funds and Intermediaries
- Insurance and Pensions
- Entities licensed under Second Schedule of the Financial Services Act 2007
- Global Business

Date of Establishment: 01 December 2001

Market Legislation:

- Financial Services Act 2007
- Securities Act 2005
- Insurance Act 2005
- Private Pension Schemes Act 2012

Board of FSC Mauritius:

The FSC Mauritius shall be administered and managed by a Board.

Section 4(2) of the Financial Services Act 2007 stipulates that the Board shall consist of –

a) a Chairperson, suitably qualified and experienced in the field of business, finance or law, appointed by the Prime Minister on such terms and conditions as the Prime Minister may determine; and
b) a Vice-Chairperson, and not more than 5 other members, suitably qualified and experienced in the field of business, finance or law, appointed by the Minister on such terms and conditions as the Minister may determine.

Chief Executive Officer: Ms Clairette Ah-Hen

The Chief Executive (CE), appointed by the Board with the approval of the Minister, is responsible for the execution of the policy of the Board and for the control and management of the day-to-day business of the Commission.

Organisational Structure

The FSC Mauritius has three directorates namely Licensing and Policy, Surveillance and Corporate Services. The Licensing and Policy Directorate comprises Licensing and Policy clusters. The Licensing Cluster licenses and conducts pre-surveillance of business activities in the non-banking financial services and global business sectors. The Policy Cluster is responsible for the formulation of the policy framework with a view to spearheading the development of the Mauritius International Financial Centre of good repute and substance. The Surveillance Directorate consists of the Capital Markets, Investment Funds and Intermediaries, Insurance and Pensions and Global Business Clusters. The Directorate ensures that all licensed firms and intermediaries comply with regulatory and disclosure requirements on an ongoing basis. The Corporate Services Directorate regroups the Human Resource, Administration and Enterprise Risk, Finance and Information Technology Clusters. The Directorate manages business transformation and implements the change strategy to help the FSC Mauritius effectively manage a world class regulatory regime.

Contact Details:

FSC House
54 Cyber City, Ebène, 72201
Republic of Mauritius
Tel: + (230) 403 7000
Fax: +(230) 467 7172
Email: fscmauritius@intnet.mu; fscpolicy@fscmauritius.org
Website: www.fscmauritius.org
Consumer Education Website: www.protectyourfinance.com

Corporate Profile Background Information

Name of Authority: Bank of Mozambique (Banco de Moçambique)

Country: Mozambique

Regulated Industry:

- Non-Bank Financial Industry
- Stock Market.
- Collective Investment Schemes.
- The Manager of a Collective Investment Scheme.
- Central Securities Depository.
- Brokers and Dealers.

Date of Establishment: 17 May 1975

Market Legislation:

- Securities Code, Decree-Law Nr. 4/2009, of June 2nd.
- Banks and Financial Societies' Law, Law Nº. 15/1999 of 1st November, as amended by the Law Nº. 9/ 2004, of 21st July.
- The Money Laundering and Financing of Terrorism Prevention Act, Law Nr. 14/2013, of 12th August.
- The Collective Investment Schemes, Decree Nr. 54/1999, of 8th September.
- The Money Laundering and Financing of Terrorism Prevention regulation, Decree Nr. 66/2014, of 29th October.
- Foreign Exchange Regulation, Decree Nr. 83/2010, of 31st December (Section III – Investment on securities).

Board of Directors: Governor and Deputy-Governor appointed by the President of the Republic and other Board members (General Managers) appointed by the Prime Minister.

Chief Executive Officer: Mr Ernesto Gouveila Gove

Contact Details:

P.O. Box 423
Maputo - Mozambique
Physical/Postal Address:
Av. 25 de Setembro Nr. 1695, Maputo – Mozambique
Phone:+258 21354600; Fax: +258 21323247
Website: www.bancomoc.mz

Corporate Profile Background Information

Name of Authority: Namibia Financial Institutions Supervisory Authority ("NAMFISA")

Country: Namibia

Regulated Industry: Pension Funds, Long and Short-term Insurance, Medical Aid Funds, Friendly Societies, Units Trust Schemes and Management Companies, Capital Markets and Microlending.

Date of Establishment: 2001

Market Legislation:

- NAMFISA Act,2001
- Long-term Insurance Act,1998
- Short-term Insurance Act,1998
- Inspection of Financial Institutions Act,1984
- Investment of Funds Act,1984
- Usury Act,1968
- Public Accountants and Auditors Act,1951
- Participation Bonds Act,1981
- Stock Exchange Control Act,1985
- Unit Trust Control Act,1981
- Friendly Societies Act,1956
- Pension Funds Act,1956
- Medical Aid Fund Act,1956

Board of Directors: Chair appointed by Minister of Finance; Members appointed by Minister of Finance

Chief Executive Officer: Mr Phillip Shiimi

Contact Details:

Physical/Postal Address:
154 Independence Ave,
1st floor, Sanlam Centre,
Windhoek, Namibia
PO Box 21250
Email: pshiimi@namfisa.com.na
Phone: +264612905000
Website: www.namfisa.com.na

Corporate Profile Background Information

Name of Authority: Financial Services Board

Country: South Africa

Regulated Industry: Non-banking Financial Services Industry, including Retirement Funds, Friendly Societies, Long-term and Short-term Insurance, Capital Markets, Collective Investments Schemes, Financial Services and Intermediary Services and Credit Rating Agencies.

Date of Establishment: 01 April 1991

Market Legislation:

- Collective Investment Schemes Control Act (Act 45 of 2002)
- Credit Rating Services Act (Act 24 of 2012)
- Financial Advisory and Intermediaries Services Act (FAIS Act)(Act 37 of 2002)
- Financial Institutions (Protection of Funds) Act (Act 28 of 2001)
- Financial Intelligence Centre Act (Act 38 of 2001)
- Financial Markets Act (Act 19 of 2012)
- Financial Services Board Act (Act 97 of 1990)
- Financial Services Ombud Schemes Act (Act 37 of 2004)
- Financial Supervision of the Road Accident Fund Act (Act 8 of 1993)
- Friendly Societies Act (Act 25 of 1956)
- Inspection of Financial Institutions Act (Act 80 of 1998)
- Long-term Insurance Act (Act 52 of 1998)
- Pension Funds Act, 24 (Act 24 of 1956)
- Short-term Insurance Act (Act 53 of 1998)

Board of Directors: The FSB Board comprises of 10 non-executive Board members from diverse backgrounds appointed by the Minister of Finance with due regard to experience and technical skills. The Board remains primarily responsible for the oversight function over the FSB and for strategic direction and operational performance, financial matters, risk management and compliance. The Board is also the accounting authority of the Office of the Pension Funds Adjudicator (OPFA) and the Office of the Financial Advisory and Intermediary Service (FAIS) Ombud.

Chief Executive Officer: Adv Dube Tshidi

Contact Details:
Physical Address: Riverwalk Office Park; 41 Matroosberg Road
Ashlea Gardens, Extension 6
Menlo Park, South Africa, 0081

Telephone: +27124288000
Fax: +27123466941
E-mail: info@fsb.co.za
Website: www.fsb.co.za
Consumer Education website: www.mylifemymoney.co.za

Corporate Profile Background Information

Country: Seychelles

Industry: Capital Markets, Collective Investment Schemes and Insurance

Regulator: Seychelles International Business Authority

Date of establishment: 1994

Market Legislation:

- Securities Act, 2007
- Mutual and Hedge Fund, Act,2008
- Insurance Act, 2008

Governance: In accordance with Section 5 of the Seychelles International Business Authority Act 1994, SIBA is administered by aboard of Board of Directors.

Regulatory Structure/ Mandate:

- The Seychelles International Business Authority Act 1994 specifies and regulates the functions of SIBA as an Authority and provides for matters relating to the management and operation of SIBA.
- In accordance with Section 4 of the Seychelles International Business Authority Act 1994,the objects of SIBA are as follows:
- To monitor, supervise and coordinate the conduct of international business activities from within Seychelles;
- To compile and disseminate information on Seychelles as a Centre for International Business activities;
- To carry out the functions of an Authority or Registrar for the purpose of any written law;
- Where it is required under or in connection with any written law for the purpose of which it has been designated as the Authority, to provide such infrastructural and ancillary facilities as are necessary for the purpose of the written laws;
- To ensure that international business activities are transacted in conformity with the laws of Seychelles and established norms of good and honourable conduct and to preserve and maintain the good repute of Seychelles as a Centre for international business activities; and
- To advise the Government generally on matters relating to international business activities.

Chief Executive Officer: Mrs Wendy Pierre

Address:

Bois De Rose Avenue
Victoria
P.O Box 991
Seychelles
Telephone: +248 438-08-00
Fax: +248 438-08-88

Corporate Profile Background Information

Name of Authority: Financial Services Regulatory Authority (FSRA)

The Financial Services Regulatory Authority is an integrated regulator with the mandate to license, regulate and supervise the activities of all non-bank financial institutions in Swaziland.

Country: Swaziland

Regulated Industry: Non-Bank Financial Industry

- Insurer
- Insurance Broker/Agent
- Retirement Fund
- A Provident Fund
- Fund Administrator
- The Trustee of a Retirement Fund
- SACCO
- Central Securities Depository
- Collective Investment Scheme
- Trustee of a Collective Investment Scheme
- The Manager of a Collective Investment Scheme
- Investment Advisers
- Representative of an Investment Adviser
- Credit Bureau
- Dealer
- Representative of a Dealer
- Medical Aid Scheme
- A Medical Aid Scheme Provider
- Nominee
- A Pawnbroker
- Securities Exchange
- A Building Society

Date of Establishment: 2010

Market Legislation:

- Financial Services Regulatory Authority Act, 2010

- Insurance Act, 2005
- Insurance Regulations,2008
- Retirement Funds Act,2005
- The Securities Act,2010
- Building Societies Act,1962
- Pawn Broking Act,1894
- The Hire Purchase Act,1969
- The Lotteries Act,1963
- The Money Lending and Credit Financing Act,1991
- The Money Laundering and Financing of Terrorism Prevention Act, 2009

Board of Directors: Chairperson and members are appointed by the Minister of Finance

Chief Executive Officer: Mr Sandile S. Dlamini

Contact Details:

P.O. Box 3365
Mbabane Swaziland H100
Physical/Postal Address:
2nd & 5th Floor, Ingcamu Building, Mhlambanyatsi Road, Mbabane
Email: info@fsra.co.sz
Phone: +26824068000
Website: www.rirf.co.sz www.fsra.co.sw

Corporate Profile Background Information

Name of Authority: Securities and Exchange Commission

Country: Zambia

Regulated Industry: Capital Markets

Date of Establishment: 26th August, 1993

Market Legislation: Securities Act 354 Vol. 20 of the Laws of Zambia: Statutory Instrument No. 82 Securities (Licensing, Fees and Levies) (Amendment) Rules

Board of Directors: Chairman and members appointed by The Minister of Finance

Chief Executive Officer: Dr E.D. Wala Chabala

Contact Details:
P.O. Box 35165
Lusaka, Zambia

Physical Address:
Plot No. 3827, Parliament Road, Olympia
Email: info@seczambia.org.zm
Phone:+260211222368 +26021122701
Fax: +260211225443
Website: www.seczambia.org.zm

Corporate Profile Background Information

Name of Authority: The Securities and Exchange Commission of Zimbabwe

Country: Zimbabwe

Regulated Industry:
Securities Dealers, Securities Investment Advisors, Securities Trustees, Securities Investment Management, Securities Custodians, Securities Transfer Secretaries

Date of Establishment: 2008

Market Legislation:
- Securities and Exchange Act [Chapter 24:25] promulgated in 2004 and operationalised in 2008
- Statutory Instrument 100 of 2010, Securities (Registration, Licensing and Corporate Governance) Rules

Mandate:
- Registers, supervises, and regulates securities exchanges;
- License, supervise and regulate licensed capital markets players;
- Regulates trading and dealing in securities.

Board of Directors:

SEC Zimbabwe is headed by a Non-Executive Board of Commissioners which is appointed by the Minister of Finance. The Board is responsible for overall policy direction and leadership to the Commission.

Operational Structure / Secretariat:

The day to day management of the Commission is done by the Secretariat which is headed by the Chief Executive Officer.

Chief Executive Officer: Mr Tafadzwa Chinamo

Contact Details:

Office of the Securities and Exchange Commission of Zimbabwe
20 York Avenue
Newlands Harare Zimbabwe
Postal Address:

P.O. Box H.G263
Highlands Harare
Zimbabwe
Telephone: +263 – 4 – 776045 / 065 / 206
Fax: +263 4 776166
E-mail: seczim@seczim.co.zw
Web: www.seczim.co.zw

Corporate Profile Background Information

Name of Authority: Tanzania Insurance Regulatory Authority (TIRA)

Country: Republic of Tanzania

Regulated Industry: Insurance

Date of Establishment: 2009 (previously existed as an extra-ministerial department under the Ministry of Finance known as "Insurance Supervisory Department" established in 1997)

Market Legislation: Insurance Act No. 10 of 2009 and Insurance Regulations of 2009

Board of Directors: Chair appointed by the President of the United Republic of Tanzania; Members appointed by the Minister of Finance

Chief Executive Officer: Mr Israel Kamuzora (Commissioner of Insurance and Chief Executive Officer)

Contact Details:

Physical/Postal Address: TIRA Building, Block 33, Plot No. 85/2115, Mtendeni Street, Dar-Es-Salaam
Email: coi@tira.go.tz
Phone: +255 22 2132 537
Website: www.tira.go.tz

Corporate Profile Background Information

Name of Authority: Social Security Regulatory Authority (SSRA)

Country: Republic of Tanzania

Regulated Industry: Social Security Sector

Date of Establishment: 2008

Market Legislation:

- The Social Security (Regulatory Authority) Act No. 8 of 2008
- The Social Security Laws (Amendments) Act No. 5 of 2012

Board of Directors: Chair appointed by the President of the United Republic of Tanzania; Members appointed by the Minister of Labour and Employment

Operational Structure / Secretariat: The day to day management of the Commission is done by the Secretariat which is headed by the Chief Executive Officer.

Chief Executive Officer: Ms Irene Isaka (Director General)

Contact Details:

Physical/Postal Address: Alfa House,
Plot No. 25, Bagamoyo Road,
Dar es Salaam
Phone: +255 22 276 1683-4
Fax: +255 22 276 1681
Email: info@ssra.go.tz
Website: www.ssra.go.tz

Corporate Profile Background Information

Name of Authority: Insurance Supervisory Institute of Mozambique (Instituto de Supervisão de Seguros de Moçambique)

Country: Mozambique

Regulated Industry:

- Non-Bank Financial Industry
- Complementary Pension Funds
- Complementary Pension Funds Managers
- Insurance Brokers, Agents and Promoters

Date of Establishment: 31 December 2010.

Market Legislation:

i. Insurance Act approved by Decree-Law 1/2010, of 31st December.
ii. Complementary Pension Funds constitution and management regulation approved by Decree 25/2009, of 17th August;
iii. Insurance Act Regulation, approved by Decree Law 30/2011, of 11th August;

Board of Directors: Chairperson appointed by the Cabinet and Board members appointed by the Minister of Economics and Finance.

Chief Executive Officer: Ms Maria Otília Monjane Santos

Contact Details:

Maputo - Mozambique
Physical/Postal Address:
Av. 2a de Julho Nr. 1097 ; 2º Andar Esquerdo ; Maputo – Mozambique
Phone: +258 21320892; Fax: +258 21320891
Website: www.issm.gov.mz

COMMITTEE OF INSURANCE, SECURITIES AND NON BANKING FINANCIAL AUTHORITIES

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