



# Committee of Insurance, Securities and Non-Banking Financial Authorities

## ANNUAL REPORT 2015

# 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
ATS	Automated Trading System
BOT	Botswana
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 for 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
EAC	East African Community
EPA	Economic Partnership Agreement
ESAAMLG	Eastern and Southern Africa Anti Money Laundering Group
EU	European Union
EXCO	Executive Committee
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 Organisation of Securities Commissions
ISSM	Insurance Supervisory Institute of Mozambique (Instituto de Supervisão de Seguros de Moçambique)
LES	Lesotho
M & E	Monitoring and Evaluation
MFIs	Micro Finance Institutions
MLW	Malawi
MMoU	Multilateral Memorandum of Understanding
MRT	Mauritius
MS	Member States
MTSP	Medium Term Strategic Plan
MZQ	Mozambique
NAM	Namibia
NBFIs	Non-Banking Financial Institutions
NRA	National Risk Assessment

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
SPPRC	Strategic Planning and Performance Review Committee
SWZ	Swaziland
TZ	Tanzania
US \$	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	<ul style="list-style-type: none"> <li>Comissão do Mercado de Capitais (Capital Markets Commission)</li> <li>Angolan Agency for Insurance Regulation and Supervision</li> </ul>
2		Botswana	<ul style="list-style-type: none"> <li>The Non-Bank Financial Institutions Regulatory Authority</li> <li>Ministry of Finance and Development Planning</li> </ul>
3		Democratic Republic of the Congo	<ul style="list-style-type: none"> <li>Non-Participating</li> </ul>
4		Lesotho	<ul style="list-style-type: none"> <li>Central Bank of Lesotho</li> </ul>
5		Madagascar	<ul style="list-style-type: none"> <li>Non-Participating</li> </ul>
6		Malawi	<ul style="list-style-type: none"> <li>Reserve Bank of Malawi</li> </ul>
7		Mauritius	<ul style="list-style-type: none"> <li>Financial Services Commission</li> </ul>
8		Mozambique	<ul style="list-style-type: none"> <li>Instituto de Supervisão de Seguros de Moçambique (ISSM)</li> <li>Banco de Moçambique</li> </ul>
9		Namibia	<ul style="list-style-type: none"> <li>Namibia Financial Institutions Supervisory Authority</li> </ul>
10		South Africa	<ul style="list-style-type: none"> <li>Financial Services Board</li> <li>South African Council for Medical Schemes</li> </ul>
11		Seychelles	<ul style="list-style-type: none"> <li>Financial Services Authority, Seychelles (FSA Seychelles)</li> </ul>
12		Swaziland	<ul style="list-style-type: none"> <li>Financial Services Regulatory Authority</li> </ul>
13		Tanzania	<ul style="list-style-type: none"> <li>Capital Markets and Securities Authority</li> <li>Tanzania Insurance Regulatory Authority</li> <li>Social Security Regulatory Authority</li> </ul>
14		Zambia	<ul style="list-style-type: none"> <li>Securities and Exchange Commission</li> <li>Pensions and Insurance Authority</li> <li>Bank of Zambia</li> </ul>
15		Zimbabwe	<ul style="list-style-type: none"> <li>Securities and Exchange Commission of Zimbabwe</li> <li>Insurance and Pensions Commission</li> <li>Reserve Bank of Zimbabwe</li> </ul>

# Chairperson's Report

In 2015 CISNA continued to make strides in pursuit of achieving its mandate, and being an election year CISNA elected its new leadership, the Executive Committee (EXCO), led by myself as the Chairperson and Mr Kenneth S. Matomola as the Vice Chairperson. It was also a year when the second CISNA Annual Report was released.

In its quest to successfully deliver on its mandate, CISNA had to develop the new 5-year Strategic Plan 2016–2020. Added to that, CISNA had to review its Structure, Rules and Procedures in order to align with the focus of the new Strategic Plan.

The challenge we continue to face as a region is dealing with issues of financial exclusion for the majority of the population. There is an urgent need to build an inclusive society and broaden opportunities for all. By so doing, we will align with the SADC vision of *“a future in a regional community that will ensure economic well-being, improvement of standards of living and quality of life, freedom and social justice and peace and security for the people of Southern Africa”*.

The promotion of regional integration and harmonisation by NBFIs remains a key pillar in Africa's growth and developmental agenda. The region needs a sense of urgency to deal with harmonisation and regional integration agenda.

To this end, the role of CISNA calls for greater commitment by all member states. I thank all committed member states for continuously supporting the objectives and mandate of CISNA by committing staff members to CISNA work and activities.

Last but not least I wish to take this opportunity to thank the Financial Services Board, South Africa for its continued commitment to provide the Secretariat services to CISNA until the permanent Secretariat for CISNA is established. The CISNA Strategic Plan 2016-2020 makes provision for the establishment of the permanent Secretariat by 2017.

I am confident that more will be achieved in the years ahead, as we progress forward *“to promote financial stability by effectively and efficiently championing a process of collaboration, engagement and co-ordination between the NBF1 regulators and stakeholders in line with the new Strategic Plan.”*

Undaunted, we look forward to the future with interest and confidence that our Strategic Plan 2016 -2020 will propel the SADC region into achieving the developmental objectives in non-banking financial sector.

**Mr Tafadzwa Chinamo**  
**CISNA Chairperson**

# CISNA Secretariat's Report

During the 2015 reporting period, Ms Koko Kubelo served as CISNA Secretariat, 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](mailto:CISNA.Secretariat@fsb.co.za). In addition, details of the CISNA activities and reports are available on its website [www.cisna.net](http://www.cisna.net).

In 2015, the Secretariat coordinated the hosting of two CISNA bi-annual meetings, in Malawi from 20 to 24 April 2015 as well as in Mozambique from 26 to 30 October 2015. It also coordinated hosting of two SPPRC meetings in Zimbabwe and Mauritius respectively.

## CISNA Plenary

The Secretariat continued to support the CISNA Plenary. The CISNA Plenary comprises CISNA member states, and is chaired by the Chairperson of CISNA with assistance from the CISNA Vice Chairperson. For the 2015 review period, CISNA was chaired by Mr Oaitse Ramasedi from Botswana, who resigned in May 2015. His resignation led to his deputy Mr Tafadzwa Chinamo from Zimbabwe to become the Chairperson.

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, and the approval of CISNA Annual Reports.

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

- Anti-Money Laundering and Combating the Financing of Terrorism Technical Committee;
- Consumer Financial Education Technical Committee;
- Legal Technical Committee;
- Training Technical Committee;
- Strategic Planning and Performance Review Committee;
- Executive Committee;
- Insurance, Retirement Funds, Medical Schemes, and Intermediaries Sub-committee;
  - Technical Committee on Harmonisation (Insurance and Retirement Funds); and
  - Market Development Technical Committee (Insurance and Retirement Funds).
- Capital Markets Sub-committee;
  - Market Development Technical Committee (Capital Markets-Harmonisation);
  - Legal Technical Committee (Capital Markets); and
- Micro-Finance and Financial Cooperatives Sub-committee.



## **CISNA Executive Committee**

The Secretariat also supported the CISNA Executive Committee (EXCO) which is a body responsible for the oversight of the implementation of the Strategic Plan of CISNA, execution of the decisions of CISNA Plenary, and representation of CISNA at CSTO meetings. CISNA EXCO is chaired by the Chairperson of CISNA and is 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 one meeting of the Executive Officials of the CISNA members on 28 October 2015 in Mozambique. The Executive Officials meeting is held at least once a year during one of the bi-annual meetings to deliberate among others on critical policy issues relating to the mandates of member Authorities. The Executive Officials meeting re-emphasised member commitment to CISNA's overall objectives.

## **Funding**

Members funded the general operations of CISNA, 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 CISNA strategic objectives. During the year, FinMark Trust continued to assist with financial resources for the harmonisation project of the regional micro-insurance industry. On behalf of the CISNA members I wish to express our appreciation to FinMark for the support and cooperation. We hope that this cooperation will strengthen in the future.

**Ms Koko Kubelo**  
**CISNA Secretariat**

# Strategic Planning and Performance Review Committee

The Strategic Planning and Performance Review Committee (SPPRC) is headed up by a Chairman, and is strongly supported by the CISNA Secretariat. The SPPRC held four meetings during the course of 2015. The Committee during the year drafted and tabled to Plenary the new 5-year CISNA Strategic Plan 2016 – 2020, reviewed the Structure, Rules and Procedures to align it with new Strategic Plan, drafted the Funding Guidelines. The SPPRC also drafted the 2013 and 2014 CISNA Annual reports for consideration by Plenary.

## Strategic Plan: 2016 - 2020

During 2015, the SPPRC spearheaded the drafting of the new 5-year CISNA Strategic Plan: 2016 – 2020, which was approved by Plenary in October 2015. The new CISNA Strategic Plan is in line with Annex 10 of the SADC Protocol on Finance and Investment (FIP) which is about “*Co-operation on non-banking financial institutions and services*”.

The Strategic Plan: 2016 - 2020 focuses on addressing issues affecting the member states as well as consumer, investors and industry players. Four strategic themes have been identified as follows:

- a. Harmonisation;
- b. Capacity Building and Cooperation;
- c. Market Development; and
- d. Consumer Protection and Education.

## Strategic Goals

In addition, the Strategic Plan has identified six strategic goals which emanates from the four themes identified above. The goals are:

- a. Goal 1: To harmonise and enhance the effectiveness of regional financial regulatory and supervisory frameworks in line with applicable global regulatory principles, standards and best practices;
- b. Goal 2a: To build capability to ensure that CISNA is able to execute on its mandate successfully.  
  
Goal 2b: To facilitate the development of competent professional NBFi regulatory capacity.
- c. Goal 3: To foster liaison, Co-operation and exchange of information between CISNA and regional and international bodies and agencies;
- d. Goal 4: To foster liaison, co-operation and exchange of information between CISNA and regional and international bodies and agencies;
- e. Goal 5: To facilitate wider access to non-bank financial products and services;

- f. Goal 6: To foster fair treatment of consumers and investors;

*The above achievement would not have been possible without the support and cooperation from the CISNA members' states as well as other inputs from CISNA structures. I wish to register my appreciation to the Members of the SPPRC for their professionalism, dedication and commitments. It is my hope that the observed spirit will be continued in the future.*

**Mr Mohamed Nyasama**  
**SPPRC Chairperson**

# Plenary Technical Committees of CISNA

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

- a) Consumer Financial Education Technical Committee (CFETC);
- b) Training Technical Committee (TTC);
- c) Anti-Money Laundering and Combating the Financing of Terrorism Technical committee (AML/CFT TC); and
- d) Legal Technical Committee (LTC).

## Consumer Financial Education Technical Committee

### Background

The Consumer Financial Education Technical Committee (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 2015

In accordance with the objectives, scope of work and action plan of the CFETC, the committee had in 2015:

- Started the process of updating the questionnaire on state of financial education in the SADC region. This will provide an update on the information gathered in 2013/14 and also provide revised or additional questions to enhance the quality of the data;
- Received the draft research report into funding models for consumer education initiatives from FinMark Trust. The report shows a heavy reliance of SADC countries on donor funding and that its model is not sustainable for financial education. It further proposes that consumer financial education must be part of national objective irrespective of the funding model and that the national objective should be driven by a champion;
- Successfully facilitated the CISNA 2015 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. The programme content focused on the Research, Implementation and Monitoring and Evaluation of Financial Education programmes. A session on complaints handling was also introduced. It was challenging to conduct the programme at a specific level as junior and senior staff attended. Twenty-six delegates from CISNA regulatory authorities from Mozambique, Namibia, Malawi, Swaziland, Zambia and Botswana participated in the programme;

- Attended international meetings and conferences on consumer financial education hosted by the International Network on Financial Education in France and Malaysia. Knowledge and information acquired at the events were disseminated at the bi-annual meetings.

**Mr Lyndwill Clarke**  
**CFETC Chairperson**

## Legal Technical Committee

### Background

The Legal Technical Committee (LTC) 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 bi-annual 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 NBFIs 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 2015

During the period under review, the LTC prepared its action plan and evaluation framework which would help it achieve the development of model legal frameworks for NBFI sectors in the SADC region.

The major activity of the Committee under review was to prepare model legal frameworks for NBFI sectors in the SADC region in an effort of harmonising and enhancing the effectiveness of regional regulatory frameworks. Under this activity, the Committee reviewed a model legal framework for Licensing Requirements of broker dealers, investment managers and financial intermediaries.

The Committee then reviewed and assessed the model legal framework for Central Securities Depository and Licensing requirements for participants, together with the Legal

framework for Micro-Insurance regulation. The reviewed model legal frameworks are expected to be presented to the CISNA Plenary for adoption in October 2016.

Another activity of the Committee 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, the Committee reviewed the CISNA Multilateral Memorandum of Understanding (MMoU) of 2001 and presented it to the EXCO and SPPRC respectively; the latter accepted the Reviewed MMoU.

### **Challenges and the way forward**

During the period under review, only two members of the Committee were present and such, this affected the quorum of the meetings of the Committee. EXCO and Plenary were requested to urge member states to avail personnel with legal background and drafting skills.

**Mr Ketelo Nkoebele**  
**LTC Chairperson**

## Anti-Money Laundering and Combating the Financing of Terrorism Technical Committee

### Background

The Anti-Money Laundering and Combating the Financing of Terrorism Technical Committee (AML/CFT TC) was formed as a sub-committee of the CISNA.

The purpose of the AML/CFT TC is to harmonise 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 2015

During the period under review, the AML/CFT technical committee revised its Terms of Reference in line with the SADC Annexure 12 on the Anti- Money Laundering to the Protocol of Finance and Investment in order to operate in the most efficient and effective harmonised manner.

Further, the AML/CFT TC 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, the 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 TC'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;
- To 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;
- To exchange information among CISNA members and to share views on AML/CFT programmes, initiatives, research and findings related to AML/CFT among the non-bank financial sector entities supervised and/or regulated by CISNA members; and
- To 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 programmes.

FinMark Trust undertook a study of the region's AML/CFT which was not sector-specific to the NBFIs but however the TC noted the following common traits:

- i. *Implementing a risk-based approach to Customer Due Diligence*: most of the statutes in the SADC region do not provide risk based approach when conducting customer due diligence. FinMark recommends that other countries in SADC consider Angola



approach to insert such a provision including simplified due diligence processes in their AML law in order to comply with FATF Recommendation 1;

- ii. *Internal controls:* Regulations do not address FATF requirement that financial groups should have group-wide AML/CFT programmes that include policies on information within the group;
- iii. *New technologies:* New technology brings new AML/CFT risks which must be mitigated. Most of the regional statutes do not require that AML programmes include policies and procedures to prevent misuse of technological developments; and
- iv. *Harmonisation of regulatory frameworks in the SADC region:* Each country has its own unique circumstances and will develop regulatory frameworks that suit them.

The reports was noted and considered to be a valuable source of reference for future studies to assist the TC in meeting its strategic goals

### **Achievements during 2015**

The following countries were identified to have made progress on AML/CFT National Risk Assessment's (NRA):

- Namibia (updating NRA)
- Malawi
- Zimbabwe

The AML/CFT TC proposed that countries that have completed their NRA be requested to submit sanitised versions of the NBFIs risk assessments reports subject to relevant authorisation.

The AML/CFT TC also noted the completion of ESAAMLG typology study on Money Laundering in the securities industry whose findings were published on the ESAAMLG website in September 2015. TC agreed to use it as a relevant case study for the NBFIs sector.

The Reporting Template for all member states was drafted and forwarded to Secretariat for circulations

The AML/CFT TC developed Technical Assistance reporting template for circulation to member states.

**Mr Munyaradzi Machinjika**  
**AML CFT TC Chairperson**

## Training Technical Committee

### 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 Training and Technical Committee (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 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 utilising both internal (regional) and external resources by:

- Assessing regional needs and present focused capacity building programmes to support MS to build required capacity; training needs questionnaire and report and a competency model across organisational within non-banking financial authorities;
- Facilitating the development of a regional certification programme for financial regulators i.e. accredited trainers and programmes and appoint service providers to deliver the required training; and
- Implementation of priority programmes to address immediate and urgent regulatory training needs e.g. 30 programmes for 15 delegates and assess the number of person trained on “core needs” programme.

### Achievements for 2015

- 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, Monitoring and Evaluation framework;
- Need for greater representation of capital markets authorities on the TTC and the Capital Markets have promised to avail representatives going forward;
- Coordination of the bi-annual familiarisation programme content in collaboration with the FSB- Mauritius, South Africa and Namibia will facilitate in conjunction with the TTC; and
- Finance Consultant 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.

**Mr Togarepi Pupurei**  
**TTC Chairperson**

# Sub-Committees Reports

## Capital Market Sub-Committee

### Introduction

#### Macroeconomic Developments

The general recovery prospects remained diffused as weaker macroeconomic indicators continued to filter onto most regional capital markets. The situation was exacerbated by global economic and financial markets volatility that had a ripple effect across the region. A sustained collapse in international commodity prices, China's economic slowdown, the U.S. interest rate hike and subsequent strengthening of the US dollar amongst others continued to exert pressure onto general global market performance. Ensuing global developments saw most member markets resultantly underperforming prior periods as investor sentiment hit its worst, the region's overreliance on commodity exports as well as the dependency on China as the single largest trading partner. Member states' capital markets progress during the year was thus generally impeded as underlying hurdles to most key economic fundamentals continued unabated. Below is a summary of available information on members' capital markets structure and performance statistical highlights for the year ended 31 December 2015:

## Member Data for the 2015 Calendar Year

	Securities/ Stock Exchanges	Market/ Board types	Clearance Agency Facility	Central Securities Depository	Licensed Brokers/ Dealers	Member Brokers / Dealers	Investment Advisors	Custodians/ Trustees	Investment Managers	Listed Companies	New Listings	Delistings	Value Traded US \$ mn	Volume Traded (mn)	Market Cap US \$ bn	Liquidity %	GDP at Current Prices US \$ bn	Market Cap as % of GDP
Angola	1	-	-	-	15	10	-	-	-	-	-	-	829	0.66	-	-	-	-
Botswana	1	2	2	1	4	4	5	-	-	32	6	3	64.23	187	4.53	1455	3.19	138.16
DRC	Not Active																	
Lesotho	In the process of establishing a Stock Exchange																	
Madagascar	Not Active																	
Malawi	1	-	4	-	4	4	5	-	-	14	-	-	13.92	297.38	11.32	0.0012	4.82	235.04
Mauritius	2	-	2	-	15	12	31	-	-	142	17	7	100.79	509.624	6.88	0.0587	-	64.08
Mozambique	1	2	-	1	15	9	-	-	-	4	-	-	329.07	152	1.228	26.8	13.11	9.37
Namibian	1	3	1	-	4	4	-	23	-	37	3	-	1.24	257.97	89.35	0.68	1.94	4.6
Seychelles	1	4	1	1	8	2	1	-	-	5	1	1	0.71	0.07	0.04	0.018	0.53	11.66
South Africa	1	-	1	1	12,640	1,443	-	-	-	395	23	22	377,638	74,407	865,219	43.65	229,920	376
Swaziland	1	2	-	-	-	2	12	4	-	10	0	0	1.53	0.43	2.77	0.06	3.9	71.03
Tanzania	1	5	3	2	10	10	22	4	10	22	1	-	130.39	68.56	9.32	0.13	11.22	82.07
Zambia	2	3	-	1	25	10	10	-	-	23	-	-	1.36	5.49	5	0.000079	26	19.23
Zimbabwe	1	3	-	1	13	37	31	6	15	65	2	3	228.63	2223.5	3.073	7.44	13.9	22.13

# Harmonisation Activities

## Market Infrastructure Developments

Modernisation of market infrastructure in line with international standards remains central to CMS efforts. International fund managers also judge and rate a market by its infrastructure. Modern infrastructure enhances transparency through an increased opportunity for price discovery. It improves adherence to best practice in delivery and settlement thereby promoting investor confidence in market mechanisms and cross border investments. More complex investment products are also difficult to formulate, trade and promote in traditional manual trading environments. Meanwhile, most member capital markets remain largely dominated by equities trading only.

In this regard, CMS thus encourages member states to modernise their respective underlying market infrastructure to accommodate a diverse range of products and services in a transparent and efficient for improved portfolio investment purposes. The majority of the member states are also reviewing and or developing new rules and regulations in line with the changing operating and regulatory environment. Below is an updated summary of regional capital markets infrastructure, institutional structures, investment product diversity and membership to international stock exchange standard setting bodies:

Market	BSE	BVM	DSE	JSE	LuSE	MSE	NSE	SEM	SSE	SSE (Trop-X)	ZSE
<b>Automated? Trading?</b>	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
<b>Clearing?</b>	Yes	Yes	Yes	Yes	Yes	No	Yes*	Yes	No	Yes	Yes
<b>Demutualised?</b>	No	Yes	In progress	Yes	In Progress	No	In progress	Yes	No	Yes	Yes
<b>Junior Market</b>	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	In progress
<b>Bond market?</b>	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No
<b>WFE?</b>	No	No	No	Yes	No	No	"Affiliate and member"	Yes	No	Associate	No

\* Currently being served by State

## Angola

- In establishing the Angola Stock Exchange:
  - The market witnessed the installation and configuration of the clearing and settlement modules of SIMER platform (CEVAMA's activities support application)
  - Four settlement members of SIMER were connected / linked during the year under review.
  - Developments are underway for the link to the SIGMA and SPTR sub-systems from the Central Bank (BNA).

## Zimbabwe

- The first phase of the ZSE registration process to become a private company has now been completed resulting in a 32%:68% shareholding structure for the Government and the stockbrokers. All company documents and share certificates are now in place. Shareholders were handed over their share certificates on the 20 March 2015 thereby bringing the ZSE demutualisation process to near total transformation from a member club run institution to a corporate entity.
- Automation of the ZSE trading platform went live on the 06 July 2015.

## Namibia

- Plans are underway to establish a CSD which will be jointly owned by the central bank and the stock exchange with a 49% and 51% shareholding respectively. The Central Bank of Namibia will shed off its holding over time.
- Demutualisation of the Namibia Stock Exchange is underway.

## Mauritius

- The Central Depository & Settlement Co Ltd was endorsed as Legal Entity Identifier Regulatory Oversight Committee (LEI-ROC) Pre-LOU by the LEI-ROC of the Financial Stability Board on 05 March 2015. In this regard, Mauritius becomes the third African jurisdiction, along with South Africa and Nigeria, (and the twenty-first operational pre-LOU in the world) to issue Legal Entity Identifier (LEI) to any entity that makes an application for registration with the CDS.
- The FSC Mauritius also embarked on the Online Submissions Platform (OSP) project to convert much of its current paper-based application process into online submissions and introduce online payments. The strategy, as regards to the deployment of OSP, is to operate in a phased manner. Ultimately, the OSP will be extended to the public at large including Domestic Companies and Global Business Companies.

## Swaziland

- The Central Bank of Swaziland acquired a CSD that would temporarily be administered by the Central Bank. This system is currently limited to use by the Central Bank and 4 Commercial Banks. Phase two of its implementation will involve rolling the system out to regulated entities including the stock exchange, CIS, Investment managers. The FSRA has just begun the process of ensuring that the CSD is licensed first before this second phase begins.
- FSRA acquired a bank supervision application for automation of some regulatory functions for instance entities can now file their returns online.

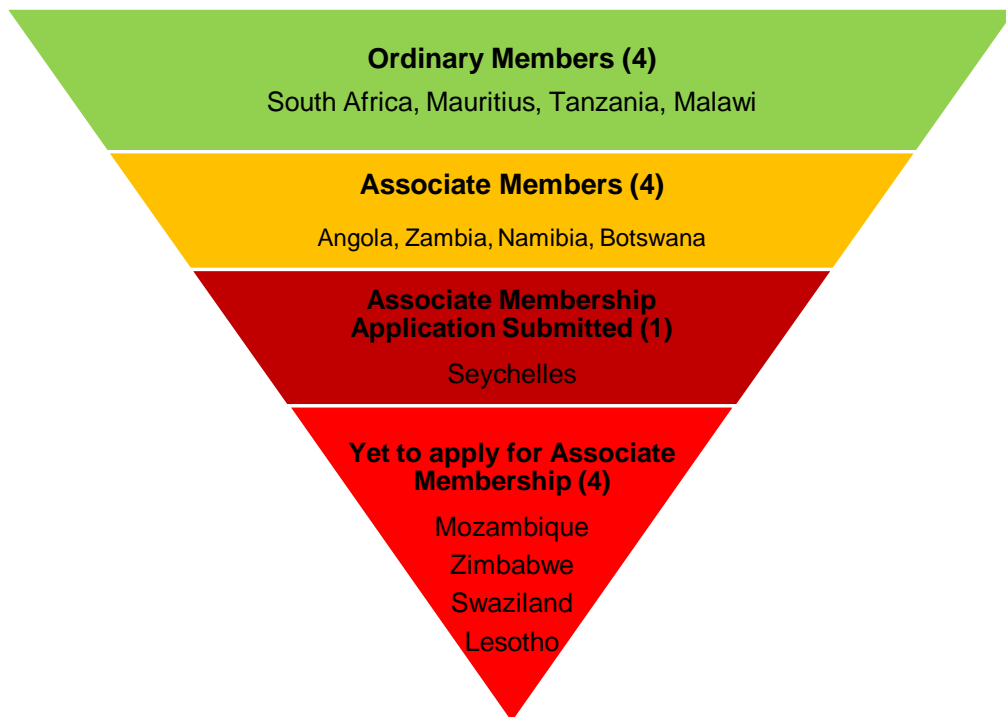
- Plans are underway to purchase an Automated Trading System for the Swaziland Stock Exchange

### Tanzania

- Mobile trading platform on listed shares became operational in November.
- Phase 1 of linking the CSD (involving the development of the core module and the client registration messages between the Stock exchange (DSE) and BOT) has since been initiated and is scheduled for completion within the first half of next year.

### IOSCO Membership

The CMS maintains its thrust towards encouraging member Securities Market Regulators to become full IOSCO members aimed at aligning the members' regulatory activities with Best Practice. Below is a summary of efforts by members towards attaining full IOSCO membership:



- SECZ's initial application for IOSCO ordinary membership was unsuccessful. However, IOSCO advised that the Commission applies for Associate membership first. Work is thus currently underway to align laws to IOSCO principles.
- Seychelles lodged its application for IOSCO Associate membership during the first quarter of the year under review.
- NBFIRA and NAMFISA attained IOSCO Associate membership in August and December 2015 respectively.
- NBFIRA has since made its final submission for admittance as an IOSCO Ordinary Member and it is expected that the application will be presented before the Committee in September of next year.
- Meanwhile, CMC Angola has also initiated the application process for IOSCO ordinary membership

## Ongoing Research Activities

As the previous Strategic Plan reached its terms by end of 2015, the CMS strategic thrust of activities is now centered around four main themes i.e. harmonisation (core function), market development, capacity building and cooperation, consumer education and protection. In this regard, the CMS has embarked on a number of research projects aimed at developing model laws benchmarked to international best practice and capable of accommodating a wider range of capital market products and services. All member states will ultimately be expected to align with set CISNA minimum requirements for harmonisation purposes. The projects underway, once complete, are meant to proactively equip members' capital market regulators with the relevant legislation / guidelines for regulating deeper and more developed markets. The projects are also meant to enhance cross border investment and market integration. Below is a list of the CMS new research initiatives during the period under review:

- Small to Medium Enterprises (SME) Market
- Financial inclusion
- Over The Counter (OTC's)
- Exchange Traded Funds (ETF's)
- Cross Directorship
- Global Depository Receipts (GDRs)
- Bond Market
- Advertising Guidelines
- Contract for difference (CDFs)

All research projects are ultimately aimed at development of model laws to be harmonised across the member states. Preliminary findings from research work to date show that:

- a) To overcome barriers faced when investing across borders, the regulation of global depository receipts needs to include registration of the security itself in order to ensure protection of the depository receipt holders' rights.
- b) Key common challenges that inhibit the development of bond markets in the region include lack of transparency due to the absence of necessary infrastructure, limited disclosure, the absence of efficient information dissemination mechanisms, lack of long term benchmarks and illiquidity.
- c) Existing legislation for most CISNA member states does not have comprehensive and clear regulatory provisions / guidelines on advertising.
- d) Regulatory practices for SMEs within the region tend to vary from one jurisdiction to the other. However, there is room for raising funds by way of an organised, transparent, orderly and reliable capital market as an alternative source of finance for SMEs. Yet in most of these jurisdictions, with the exception of 1, the ongoing obligations are similar to those companies listed on the main market. SME markets should consist of less stringent regulatory frameworks for daily operational, basic prudential as well as disclosure and ongoing requirements among others.



The CMS is also aiming at ensuring completing the following research projects brought forward from the previous strategic plan:

- i. Licensing requirements for Investments managers, broker-dealers, compliance officers
- ii. Requirements for operation of CIS
- iii. Risk management requirements
- iv. Requirements for CSDs and CSD participants
- v. Code of Conduct

Research work in all the above highlighted areas is scheduled for completion by the October 2017 for further processing by the legal technical Committee. The CMS is targeting to complete at least three model laws by the end of 2018.

### **Committee of SADC Stock Exchanges (CoSSE)**

The CMS had improved collaboration with CoSSE during the year having attended two CoSSE meetings during the year for information sharing purposes as well as keeping abreast with regional exchanges' regulatory needs. The collaboration is also aimed at promoting harmonised cross border investments and ultimate market integration. In this regard CoSSE has indicated that the proposed project for a technology hub-and spoke Smart Order Router (SOR) solution to link trading systems of member exchanges is progressing according to plan. CoSSE took a decision to kick start the project by reviewing the existing plan in line with the changing operating and regulatory environment. Initial funding for this initial exercise has been secured from the AfDB. The update of the business plan started in September 2015 through engagement of stockbrokers, institutions, exchanges, technology providers in view of the regulatory and institutional investor landscape and developments such as SIRESS. The updated plan is scheduled for completion and presentation to CoSSE at the first bi-annual meeting of the 17 March 2016 in Namibia. The project is aimed at ultimately developing a technology driven order routing system to support:

- Wider pool of liquidity to benefit both investors and issuers in the region
- Increased secondary trading on the CoSSE member exchanges
- Advancing regional integration, including harmonisation
- Increasing cross-border trading and capital raising
- Boosting liquidity, attractiveness and efficiency of individual exchanges
- Increase economic integration and growth in Southern African

**Mr Johannes Naanda**  
**CMS Chairperson**

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

## Insurance Section

The main objective of this 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 2015. 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, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe. The two (2) countries excluded in the survey are the Democratic Republic of the Congo and Madagascar.

### Market Structure

As at end of 2015, about 431 insurance companies were licensed to transact insurance business in the SADC region (2014: 398). The biggest share of insurers was held by South Africa at 41%, remotely followed by Zimbabwe at 8%. The number of reinsurance companies licensed to transact reinsurance business by regulatory authorities within the SADC region increased to 46 in 2015 from 42 in 2014. Of these, 14 were based in South Africa, 11 in Zimbabwe and 10 in Mauritius. As at 31 December 2015, about 11,047 insurance brokers (2014: 9,881) were operating in the region while 138,420 insurance agents (2014: 133,572) were licensed regionally

### Insurance Market Players in the SADC Region in 2015

Member State	No. of insurers	No. of reinsurers	No. of Brokers	No. of Agents	Broker-Insurer Ratio	Agent-Insurer Ratio
Angola	18	-	52	399	3	22
Botswana	21	3	46	205	2	10
Lesotho	12	-	30	250	3	21
Malawi	13	1	16	86	1	7
Mauritius	311	10	59	219	2	7
Mozambique	18	1	67	79	4	4
Namibia	30	2	912	3,307	30	110
Seychelles	5	-	13	2	3	0.4
South Africa	175	14	9,620	132,637	55	758
Swaziland	11	-	32	105	3	10
Tanzania	30	1	123	392	4	13
Zambia	33	3	46	222	1	7
Zimbabwe	34	11	31	517	1	15
<b>SADC</b>	<b>431</b>	<b>46</b>	<b>11,047</b>	<b>138,420</b>	<b>112</b>	<b>984.4</b>

<sup>1</sup> Include both domestic and global business

## Premium Income and Expenses

The SADC insurance market size in terms of Gross Premiums Written (GPW) is estimated to have reached approximately US \$ 43,023 million in 2015, being 12.6% lower compared to US \$ 49,203 million recorded in 2014. South Africa held the largest share of the SADC insurance market with GPW of US \$ 38,753 million in 2015 (2014: US \$ 44,740 million), representing 90.1% of the entire market business (2014: 91.9%). It is noted that the South African market GPW experienced a contraction of 16.2% over the prior year based on US dollars. This trend was also generally reflected in the SADC regional market premium volume as indicated above.

Non-Life insurance GPW in the SADC region were approximately US\$ 10,333 million in 2015, representing 24.0% of the total GPW (Life and Non-Life).

### Premiums for Insurers in the SADC Region (US \$ Million)

Member State	Gross Written Premiums			Reinsurance Premiums		
	Non-Life	Life	Total	Non-Life	Life	Total
Angola	803	-	<b>803</b>	289	-	<b>289</b>
Botswana	115	297	<b>412</b>	45	7	<b>51</b>
Lesotho	26	63	<b>89</b>	13	2	<b>15</b>
Malawi	45	28	<b>73</b>	10	2	<b>12</b>
Mauritius	465	277	<b>742</b>	189	18	<b>207</b>
Mozambique	201	44	<b>245</b>	78	12	<b>90</b>
Namibia	244	514	<b>758</b>	69	16	<b>85</b>
Seychelles	24	5	<b>29</b>	10	0	<b>10</b>
South Africa	7,762	30,991	<b>38,753</b>	2,460	2,052	<b>4,512</b>
Swaziland	33	31	<b>64</b>	13	2	<b>15</b>
Tanzania	275	34	<b>309</b>	119	5	<b>124</b>
Zambia	126	65	<b>191</b>	50	6	<b>56</b>
Zimbabwe	214	341	<b>555</b>	95	7	<b>102</b>
<b>SADC</b>	<b>10,333</b>	<b>32,690</b>	<b>43,023</b>	<b>3,440</b>	<b>2,129</b>	<b>5,568</b>

The regional Non-Life market recorded Net Claims Incurred amounting to US \$ 3,511 million during the year under review. Meanwhile, the market incurred Net Commissions Paid and Management Expenses of US \$ 1,177 million and US \$ 1,973 million, respectively. Accordingly, the market had an overall Loss Ratio of 50% during 2014 (2014:57%).

The market also experienced a Net Commission Ratio and a Net Management Expense Ratio of 16.8% and 28.1%, respectively

## Underwriting and Operational Expenses for Non-Life Insurers in the SADC Region (US \$ Million)

Member State	Net Claims Incurred	Net Commission Paid	Management Expenses	Total U/W Expenses
Angola	275	26	339	640
Botswana	35	17	18	70
Lesotho	6	4	3	13
Malawi	17	2	10	29
Mauritius	154	18	60	232
Mozambique	50	-	-	50
Namibia	90	17	37	144
Seychelles	7	1	5	13
South Africa	2,712	1,063	1,350	5,125
Swaziland	7	1	5	13
Tanzania	80	11	57	148
Zambia	25	8	35	68
Zimbabwe	53	9	54	116
<b>SADC</b>	<b>3,511</b>	<b>1,177</b>	<b>1,973</b>	<b>6,661</b>

### Capital, Liabilities and Assets

Total assets held by insurers in the region at end of December 2015 amounted to US \$ 203,012 million, a contraction of 11.3% compared to total assets of US \$ 228,789 million at end of 2014. Insurers' liabilities decreased by 15.6 % to US\$ 175,568 million in 2014 compared to US \$ 208,040 million in 2014. Meanwhile, insurers' net worth in the region stood at US \$ 27,444 million at 31 December 2015, having increased by 32.3% compared to net worth of US \$ 20,748 million at end of prior year

### Capital, Liabilities and Assets of Insurers in the SADC Region (US \$ Million)

Member State	Total Assets		Total Liabilities		Capital & Reserves	
	Non-Life	Life	Non-Life	Life	Non-Life	Life
Angola	1,834	-	1,634	-	200	-
Botswana	159	1,705	88	1,482	71	223
Lesotho	28	355	19	282	9	73
Malawi	47	416	30	380	17	36
Mauritius	983	3,013	253	2,813	730	201
Mozambique	594	515	422	354	172	161
Namibia	391	3,129	276	2,692	115	437
Seychelles	28	37	4	1	24	36
South Africa	9,595	177,652	5,750	157,111	3,845	20,541
Swaziland	40	174	24	148	16	26
Tanzania	291	73	182	60	109	13
Zambia	121	99	106	83	15	16
Zimbabwe	194	1,539	109	1,265	85	274
<b>SADC</b>	<b>14,305</b>	<b>188,707</b>	<b>8,897</b>	<b>166,671</b>	<b>5,408</b>	<b>22,036</b>

## Pensions Section

### PENSIONS SECTORS WITHIN CISNA MEMBER DATA FOR THE 2015 CALENDAR YEAR

Country	No. of Pensions Technical Staff	Year of Pensions Legislation	Name of Pensions Legislation	Total No. of Registered/ Licensed Retirement Funds	Licensed Administrator Companies			Total Contributions		Total Payments millions	Total Number of Members Coverage	Total Assets millions	Total Contributions US \$	GDP Per Capita	Pension Fund contributions as a % of GDP	Inflation Rate (%)	Exchange Rate US \$	Bank lending Rate (%)	Population millions	Local Currency
					Employer	Benefit	Investment	Employers millions	Members millions											
Angola	3	1998	Pension Funds Decree no 25/98	32		9			18 497.26	10 417.63	232 399.93	136.7	494 398.76	0.15%	21.74	135.32	9.25	25.78	Kwanza	
Botswana	7	1987	Pension and Provident Funds Act	87				2 540.20	908.9	3 305	237 482	73 845	305.00	7 080.11	2%	4.5	.3025	7.5	2.2	Pula
Malawi	5	2011	Pension Act 2010	23	4	19	0	27 298.00	13 651.00	24 600.00	217, 081	312 150.00	66.70	US \$ 494	10%	24.9	614.1699	27.0	16.3	Malawi Kwacha
Mauritius	7	2012	Private Pension Schemes Act 2012	728	NA	NA	NA	Not Ready	Not Ready	Not Ready	92940	44 500	Not ready	US\$ 11 176.9 (Mil)	1.3%	36.512	6.25-8.50*	1,262, 605 **	Mauritian Rupee	
Namibia	15	1956	Pension Funds Act No. 24	97	0	0	0	3 498.00	2 654.00	4 768.00	341 036	133 088.00	396 857 483.00	81 346	3%					Namibian Dollar
South Africa	53	1956	Pension Funds Act No. 24	99	3596	3221		71 829	75 887	196 299	9 758	2 308 734								Rand
Swaziland	13	2005		238		5		1019	417	1 150	0	22 320	1436		3.00%	5.60		5.75	1,286, 970	Lilangeni
Zambia	11	1996	Pension Scheme Regulations Act No. 28 of 1996 (Amended by Act No. 27 of 2005)	238		6	7	435	295	138	112260	5 664	139.100 6098	18951.03 176	2%	21	10	15.50	15,60 2,751	Zambian Kwacha

\* End June 2015

\*\* (Mid-year population excluding Agalega & St. Brandon)

NA = Not applicable

## Mauritius

### Regulatory Structure

The FSC Mauritius is the single 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 relevant laws in order to maintain a fair, safe, stable and efficient private pension industry.

The Private Pension Schemes Act 2012 (PPSA) is administered by the FSC Mauritius. The FSC Mauritius is involved in various regulatory and supervisory engagements, *inter alia*:

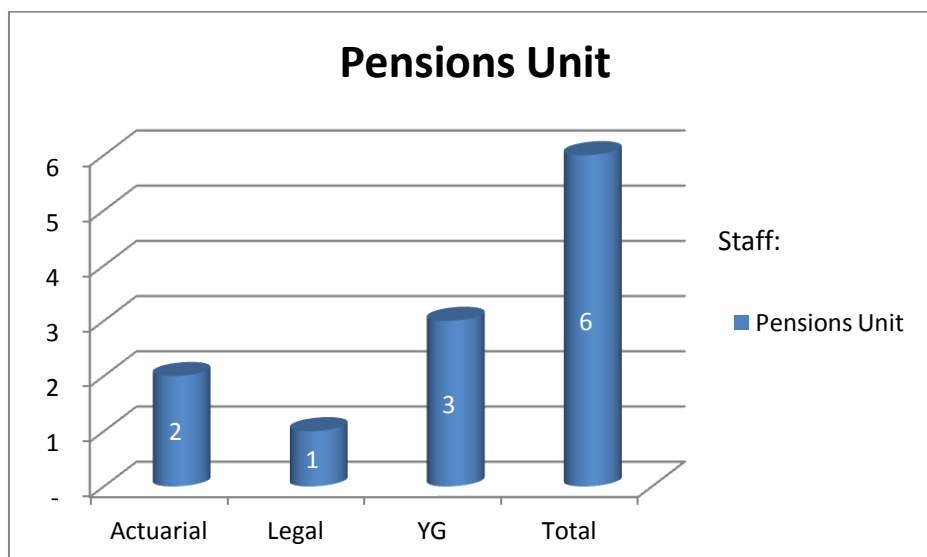
- Conducting off-site analysis of data gathered through annual statutory filings from the licensees;
- Meetings with members of governing bodies and other key stakeholders of the pensions industry;
- Conducting on-site examinations and making recommendations on probable regulatory actions, where required;
- Processing specific requests for approval from private pension schemes such as amendments to constitutive documents and authorisation to administer;
- Assessing compliance with statutory and regulatory requirements under the PPSA 2012 and FSC Rules;
- Using powers under the laws, as and when necessary, to obtain information from various sources in order to ensure the protection of the best interests of members and beneficiaries.

In 2015, the FSC Mauritius issued another set of FSC Rules under the PPSA 2012, namely the Private Pension Schemes (Auditor and Actuary) Rules 2015. As at date, eight FSC Rules under the PPSA 2012 have been issued by the FSC Mauritius and are operational.

### **Composition of pension funds division and number of staff (including administrative staff)**

Pensions Unit is a unit under the Insurance and Pensions Surveillance Cluster at the FSC Mauritius. The Pensions Unit has 3 permanent staff members and 3 young graduates working on contractual basis. Breakdown by qualifications:

- 2 Actuarial and Investment background;
- 1 Legal background
- 3 Young graduates (YG) on contractual basis



### Market Profile of Pension Industry

#### Legislation in place (Act name and year issued)

The PPSA, the main legislation establishing the framework for the regulation and supervision of private pension schemes in Mauritius, came into force in November 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]
- Private Pension Schemes (Technical Funding Requirement) Rules 2013 [Published in December 2013]
- Private Pension Schemes (Administration) Rules 2014 [Published in July 2014]
- Private Pension Schemes (Returns) Rules 2014 [Published in July 2014]
- Private Pension Schemes (Auditor and Actuary) Rules 2015 [Published in July 2015]

**Key industry figures expressed in US dollars (quote exchange rate) – provide in the case of:**

*[Insurance-Premium income; Assets and Liabilities Retirement Funds – Contributions; Assets and Benefits paid]*

As per FSC Mauritius records, as at 31 December 2015, 67 private pension schemes were structured either as Trust, Foundation or Superannuation Fund. Among these private pension schemes, some are structured as multi-employer pension schemes which regroup individual employer sponsored schemes that were previously commonly known as insured pension schemes. It is to be noted that a number of major pension funds completed their transitional phase at the end of 2015 in order to become compliant with the PPSA and will be submitting their statutory returns by end of 2016.

**Recent Developments within the Retirement Fund Market**

Since the proclamation of the PPSA 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 FSC Mauritius.

- *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 efficiently operating 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.

- *Private pension schemes (Investment Rules) 2013*

The main objectives of the Rules are to ensure that the assets of a private pension scheme in Mauritius are invested in a prudent and efficient manner as well as ensure that a private pension scheme's investment policy and decision-making procedures are properly and adequately established;

- *Private Pension Schemes (Technical Funding Requirement) Rules 2013*



The purpose of this Rule is to 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.

- *Private Pension Schemes (Administration) Rules 2014*

The underlying principle of the Rules is to ensure that an administrator of a private pension scheme has the adequate skills, experience and systems in place to perform administration functions as per the requirements of the law, without conflict of interest and in a manner that provides confidence among stakeholders of the private pensions industry.

- *Private Pension Schemes (Returns) Rules 2014*

The objective of these Rules is for the FSC Mauritius to have timely, detailed and consistent disclosure from private pension schemes and hence, allow for the quantification of key aspects of the pensions market and enable insightful analysis during offsite surveillance and monitoring.

The latest set of rules that has been published in July 2015 is the Private Pension Schemes (Auditor and Actuary) Rules 2015. The Auditor and Actuary Rules was thoroughly discussed via industry consultation meetings with relevant professionals and representatives of the private pension industry of Mauritius. Comments received from the industry were considered in a balanced fashion without compromising on regulatory and supervisory objectives.

- *The Private Pension Schemes (Auditor and Actuary) Rules 2015*

These Rules were made by the Financial Services Commission on 20 July 2015 and came into operation on 1 August 2015. The underlying provisions of the Rules are to:

- provide for the appointment of an auditor or actuary by a private pension scheme or by the Commission;
- ensure that an auditor or actuary appointed by a private pension scheme or by the Commission satisfies certain qualifications and experience; and
- provide for the resignation or termination of appointment of an auditor or actuary of a private pension scheme.

### **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.

In October 2014, the Competency Standards were issued for licensees in the insurance sector, the securities sector and other licensees performing a management and control function across sectors. In June 2015, the Competency Standards has been extended to licensees performing a management and control function in the pension sector. The FSC Mauritius also issued a consultation paper on the proposed competency standards for the members of the governing body of the private pension scheme.

### **Problem pension funds (provide reason(s) for problems that exist). Amendments to Current Legislations**

#### *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.

## **Recent market developments in pension funds market**

During the period under review, FSC Mauritius continued its focus on the supervision of multi-employer schemes, especially those managed and promoted by insurance companies, by requiring them to adhere to the provisions of the PPSA 2012.

By the end of 2015, FSC Mauritius ensured that all the major insurance companies promoting private pension schemes completed their restructuring process regarding establishing new multi-employer schemes that are compliant with the PPSA 2012 and FSC Rules. These schemes are now licensed with the FSC Mauritius and are operational. They are in the current process of capturing all individually managed private occupational pension schemes under one umbrella scheme.

## **Risk assessment of the retirement funds 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:

### *Solvency and longevity 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.

### *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 address 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 Rules also clearly specify the roles and responsibilities of the governing body members with regards to investment decisions.

*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 and the Private Pension Schemes (Administration) Rules provide 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 caters for efficient and effective operations; safeguard the scheme's assets; produce reliable financial reports and comply with the scheme's governing documents and legislation.

## South Africa

### The Regulatory Framework

Responsibility for the regulation and supervision of the private pensions system is mandated to the Financial Services Board (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).

#### *Information Circulars*

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

- 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
- Information Circular 4 of 2015: Request for information relating to unclaimed benefits
- Circular No3 of 2015 (2): FSB Media Roundtable - Unclaimed Retirement Fund Benefits
- Information Circular 2 of 2015: Implementation of the appointment of a Principal Officer or deputy Principal Officer in terms of section 8 of the Pension Funds Act
- Information Circular 1 of 2015: Section 7B(1)(b) of the Pension Funds Act. Exemptions from the requirement that the members of a fund have the right to elect members of the Board

### *Board Notices and Notices*

The following notices were issued during the period under review:

- Notice and Explanatory Memorandum on Financial Soundness
- Notice and Explanatory Memorandum: Section 9A - Appointment of a Valuator

### **Documents issued for public comment on [www.fsb.co.za](http://www.fsb.co.za)**

- Revised Draft Notice and Explanatory Memorandum on Financial Soundness
- Notice and Explanatory Memorandum: Regulation 28 conditions for investments in Hedge Funds
- Notice and Explanatory Memorandum: Section 9A - Appointment of a Valuator
- Draft Information circular: Prescribed Training for members of boards of funds in terms of section 7A of the Pension Funds Act, 1956
- Notice and Explanatory Memorandum: Appointment of board members in terms of section 7A of the Pension Funds Act, 1956
- Draft Notice No 2: Withdrawal of exemption from compliance with section 14(1) of the Pension Funds Act, for transfer of liabilities in respect of unclaimed benefits
- Draft Information Circular No 2: The governance, winding up and cancellation of the registration of a Shell Fund or dormant fund without a Board or Liquidator
- Draft Information Circular No 3: Commencement of participation, termination and re-commencement of participation of participating employers in umbrella fund

### **Industry Overview**

As at 1 March 2016, there were 5126 (2015: 5139) registered retirement funds in South Africa, of which 1940 (2015: 2023) were active retirement funds, while the remainder comprised inactive funds. The inactive funds have not yet been cancelled for the following reasons:

- Full transfers between funds, where such transfer has either not been approved by the Registrar or the transfer has been approved by the Registrar, but the assets have not yet been transferred.
- Funds where a liquidator was appointed, but the process of liquidation has not been finalised yet.

- Funds in the process of liquidation, which were exempted from the liquidation process, but the distribution of assets process have not been finalised yet.
- Funds where the Registrar was notified that the fund had ceased to exist and the Registrar is awaiting confirmation that such funds have no assets, liabilities and members (i.e. dormant orphan funds).

The latest available published statistics are for the year ended 31 December 2015 and include information on the Government Employees Pension Fund (GEPF), the Transnet and Telkom Funds. Included in this report is the top 100 FSB registered funds that submitted their 2013 annual financial statements that comprised 80% of the total assets for all FSB registered funds.

The defaulting funds are mainly smaller funds with assets lower than R 25 million, which include funds that have informed the Registrar that they are terminating, have ceased to operate or are transferring to another fund or an umbrella fund. Challenges faced by smaller funds in finalising their financial returns can, in most cases, be attributed to a lack of adequate administration, of effective governance and of proper management.

### **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.

### **Structure of the South African retirement funding system**

In terms of the World Bank's "multi-pillar" approach to pension systems, South Africa currently has the first pillar (a welfare – based age support by government) and the third pillar (a large and highly developed retirement fund sector).

The retirement funds sector covers about 60% of workers in the formal sector of the South African economy. Private and funded pension arrangements include employer sponsored occupational pension and provident funds, as well as retirement annuities, which are personal pension plans, available for the self-employed, for those employees who are not offered pension schemes by their employers and those employees who choose to provide extra retirement benefits in addition to their occupational plans.

Retirement funds in South Africa are large institutional investors with assets under management comprising 105% of GDP according to World Bank/ IMF in 2015. They can be divided into the following categories:

- Privately administered funds which are responsible for their own assets.

- Underwritten funds, whose assets are underwritten by insurance companies.
- Private sector funds, which cover pension arrangements for civil servants and certain state owned entities.

The occupational funds also include multi-employer “umbrella” funds favoured by unions and bargaining councils and, which are also offered by corporate pension providers to smaller employers.

+90% of private pension arrangements are Defined Contribution Schemes, whilst the majority of public sector funds are Defined Benefit arrangements.

### 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:**

- 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;
- uncertainty regarding regulatory supervision of foreign entities in which local retirement funds invest or who provides any services to retirement funds;
- insufficient or no information provided to retirement fund regarding investments in foreign products or through foreign service providers;
- 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;
- 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;
- poor governance by trustees of funds;
- 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



- 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.

Interconnected funding between banks, insurance and pensions:

- Insurers also act as advisors, administrators, service providers and investment administrators of retirement funds;
- 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));
- 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
- 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:

- Encourage individuals to provide adequately for their own retirement and the needs of their dependants.
- Ensure that retirement funding arrangements are cost-efficient, prudently managed, transparent and fair.
- Promote the retention of purchasing power of pensions through protection against the effects of inflation, within the resource constraints of the fund.
- Improve standards of fund governance, including trustee knowledge and conduct, protection of members' interests, accountability, and disclosure of material information to members and contributors.
- 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:**

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

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

## **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.

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).

## **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 and 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.

## **Types and Number of Pension Funds Being Supervised (Private Pensions Industry)**

- “Self-administered funds” are pension and provident funds which invest their assets on their own behalf (utilising the services of asset managers) and must comply with the full requirements of the Pension Funds Act, 1956. Most large occupational pension funds are self-administered, DC (defined contribution) schemes.
- “Underwritten funds” are funds invested exclusively in insurance policies issued by registered South African insurers. These funds have historically been exempted from certain provisions of the Pension Funds Act, because the funds are administered by registered insurers – the most important of these being an exemption from a requirement that the funds be audited. This audit exemption was removed for all funds with assets exceeding R50 million (\$ 344352) irrespective of the type of funds.. Most small occupational pension funds and the vast majority of voluntary additional retirement saving schemes are DC underwritten funds. Funds with assets exceeding R 50 million must conduct a full scope audit while funds with assets between R 50 million and R 6 million submit a factual findings report signed by an auditor based on agreed upon procedures (AUP) as identified by the registrar in collaboration with auditors, industry and stakeholders.
- “Bargaining council funds” are funds established and maintained by collective bargaining agreements in terms of the Labour Relations Act, 1998. The number is small because an increasing proportion of such funds have voluntarily registered under the Pension Funds Act, 1956, and have bound themselves to comply with its provisions. Once this takes place, such funds are included under “self-administered” funds or “underwritten” funds, depending upon the nature of their investment and administration.

There are only two classes of fund which are exempt from the provisions of the Pension Funds Act:

- “Official funds” are funds established by special legislation for employees of the state and certain parastatals. The National Treasury supervises these funds under the relevant legislation. By far the largest official fund is the Government Employees Pension Fund (GEPF), which is a DB scheme with total membership of 1,6 million members and assets of R 1.263 trillion (\$ 1 238 billion) in 2013 (compared with R 345 billion in 2004).
- “Parastatal funds” are funds which have also been established by special legislation, and consist of three Transnet funds, the Post Office Pension Fund and the Telkom Pension Fund. These funds are either Defined Benefit, Defined Contribution or hybrid schemes.

## Key industry figures expressed in US Dollars

**Table 1: Country Statistics**

Country statistics	
Land Area	1 219 090 km <sup>2</sup>
Population	54 million (est.)
Currency	SA Rand (R 15.57 = 1 US \$ @ December 2015)
GDP	US \$ 323.809 billion (R4.92 trillion)
Per Capita GDP	US \$ 5 996
No of registered funds	5 123 (2015)
Size of the Pensions Industry	US \$ 3.211 billion (R3.211 trillion)
Number of retirement fund members	15.2 million (some belong to more than one fund)
Pension Assets to GDP Ratio	65%
Pension Assets to Population Ratio	US \$ 5 981

Source: World Bank/ IMF

The number of funds (occupational, preservation and retirement annuity funds) has somewhat consolidated over time, but the number of members has been more stable (as illustrated in Table below). The trend in consolidation is almost certainly a result of the merger of a number of small funds into multi-employer funds.

**Table 2: Number of Retirement Funds in South Africa**

Fund Type	2014	Additions	Cancellations	Conversions	2015
Privately administered funds <sup>(Note 1)</sup>	<b>2966</b>	9	(8)	48	
Underwritten funds <sup>(Note 1)</sup>	<b>2175</b>	2	(10)	(35)	
Government Employees Pension Fund (GEPF)	1				1
The Associated Institutions Pension Fund (AIPF) <sup>(Note 2)</sup>					
The Temporary Employees Pension Fund (TEPF) <sup>(Note 2)</sup>					
Transnet funds <sup>(Note 3)</sup>	3				3
Telkom Pension Fund	1				1
Post Office Retirement Fund	1				1
Foreign funds	1				1
<b>Total</b>	<b>5 148</b>	<b>11</b>	<b>(18)</b>	<b>11</b>	

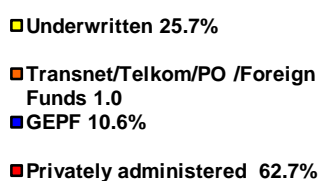
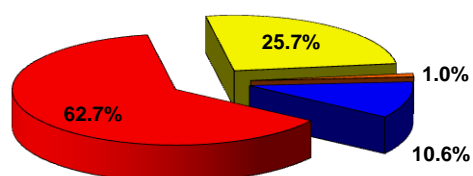
Note: the three Transnet funds are the Transnet Pension Fund, the Transnet Retirement Fund and the Transnet Second Defined Benefit Fund

**Table 3: Number of Members of Retirement Funds in South Africa**

	2015	2014
<b>PRIVATELY ADMINISTERED FUNDS</b>	<b>9 773 211</b>	10 156 311
a) Contributing members	<b>6 002 444</b>	6 128 093
b) Deferred benefit members	<b>255 476</b>	295 340
c) Pensioners in receipt of regular payments	<b>61 639</b>	261 447
d) Dependants and nominees	<b>163 259</b>	167 594
e) Persons entitled to unclaimed Benefits	<b>3 090 393</b>	3 303 837
<b>UNDERWRITTEN FUNDS</b>	<b>4 000 835</b>	3 960 245
a) Active members	<b>3 495 057</b>	3 482 478
b) Deferred pensioners	<b>892</b>	1 972
c) Pensioners in receipt of regular payments	<b>74 615</b>	75 050
d) Dependants and nominees	<b>910</b>	837
e) Unclaimed Benefits	<b>429 361</b>	399 908
<b>GEPF</b>	<b>1 654 709</b>	<b>1 667 824</b>
a) Active members	<b>1 287 360</b>	1 276 753
b) Pensioners	<b>367 349</b>	391 071
<b>TRANSNET FUNDS</b>	<b>130 232</b>	133 954
a) Active members	<b>65 829</b>	66 070
b) Pensioners	<b>64403</b>	67 884
<b>TELKOM PENSION FUND</b>	<b>111</b>	132
a) Active members	<b>50</b>	71
b) Unclaimed benefits	<b>61</b>	61
<b>POST OFFICE RETIREMENT FUND</b>	<b>23 553</b>	23 454
a) Active members	<b>15 129</b>	15 210
b) Pensioners	<b>8 424</b>	8 244
<b>FOREIGN FUNDS</b>	<b>621</b>	634
a) Active members	<b>621</b>	634
<b>TOTAL</b>	<b>15 583 272</b>	15 942 554

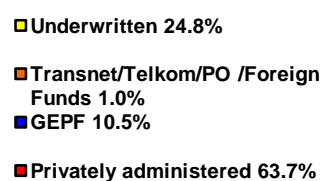
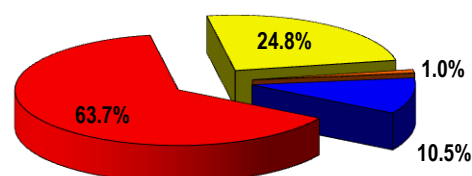
**Table 4: Membership by Fund Category of Retirement Funds in South Africa**

**Membership of Funds - 2015**



**Total members: 15 583 272**

**Membership of Funds - 2014**



**Total members: 15 942 554**

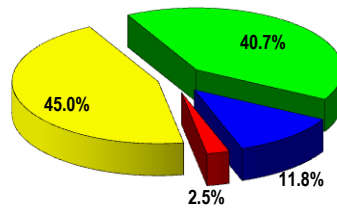
**Table 5: Aggregate Assets of Retirement Funds in South Africa**

Fund Type	2015 R'm	2014 R'm
1. Privately administered funds	<b>1 795 012</b>	1 695 927
2. Underwritten funds <sup>(Note 2)</sup>	<b>469 529</b>	435 184
3. GEPF	<b>1 623 465</b>	1 449 951
4. Transnet funds	<b>83 845</b>	80 626
5. Telkom Pension Fund	<b>326</b>	381
6. Post Office Retirement Fund	<b>15 503</b>	14 884
7. Foreign funds	<b>340</b>	291
<b>TOTAL</b>	<b>3 988 020</b>	3 677 244

1. Foreign funds furnish guarantees to cover their liabilities to South African resident members
2. The three Transnet funds are the Transnet Pension Fund, the Transnet Retirement Fund and the Transnet Second Defined Benefit Fund

**Table 6: Aggregate Assets by Fund Category of Retirement Funds in South Africa**

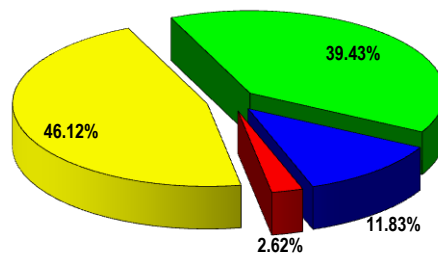
**Aggregate Assets of All Funds - 2015**



**Total Assets: R 3 988 billion**

- Privately administered 45.0%
- GEPF 40.7%
- Underwritten 11.8%
- Transnet/Telkom/Post Office/Foreign 2.5

**Aggregate Assets of All Funds - 2014**



**Total Assets: R 3 677 billion**

- Privately administered 46.12%
- GEPF 39.43%
- Underwritten 11.83%
- Transnet/Telkom/Post Office/Foreign 2.62%

**Table 7: Contributions Received By Retirement Funds in South Africa**

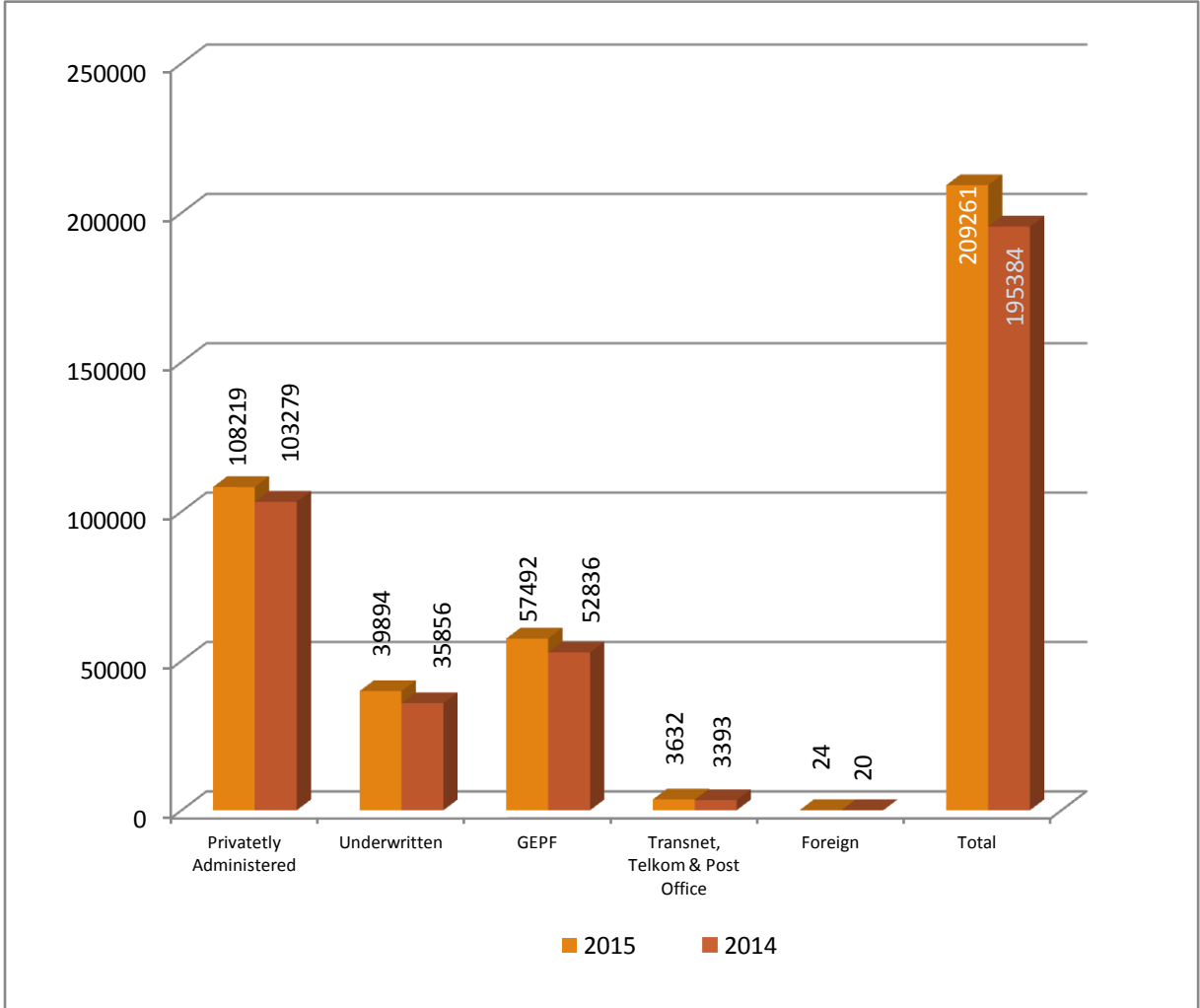
<b>FUND TYPE</b>	<b>2015 (R'm)</b>	<b>2014 (R'm)</b>
<b>1. PRIVATELY ADMINISTERED FUNDS<sup>(Note 1)</sup></b>	<b>108 219</b>	103 279
- Members	49 607	47 749
- Employers	58612	55 530
<b>2. UNDERWRITTEN</b>	<b>39 894</b>	35 856
- Members	25460	23 427
- Employers	14434	12 429
<b>3. GEPF</b>	<b>57492</b>	52 836
- Members	20 260	18 666
- Employers	37 232	34 170
<b>4. TRANSNET FUNDS</b>	<b>3248</b>	2 981
- Members	1264	1 157
- Employers	1984	1 824
<b>5. TELKOM PENSION FUND<sup>(Note 2)</sup></b>	<b>1</b>	2
- Members	1	2
<b>6. POST OFFICE RETIREMENT FUND</b>	<b>383</b>	410
- Members	137	146
- Employers	246	264
<b>7. FOREIGN FUNDS</b>	<b>24</b>	20
- Members	9	7
- Employers	15	13
<b>TOTAL</b>	<b>209261</b>	195 384

1. The three Transnet funds are Transnet Pension Fund, Transnet Retirement Fund and Transnet Second Defined Benefit Fund
2. Telkom Pension Fund: The employer has been on a contribution holiday since 1 December 2007. The contributions offset against the Fund's surplus amounted to R 2 461 777 (2013: R 3 005 588).



**Table 8: Contributions by Fund Category**

**Contributions (R Million)**



The total contributions received increased by 7% from R 195 385 million in 2014 to R 209261 in 2015. Contributions to GEPF, Transnet, Telkom and Post Office funds increased by 7.04%, whilst total contributions to privately administered and underwritten increased by 4.93%.

**Table 9: Benefits Paid By All Retirement Funds in South Africa**

FUND TYPE		2015	2014
<b>1.</b>	<b>PRIVATELY ADMINISTERED FUNDS</b>	<b>147 169</b>	<b>134 904</b>
(a)	Pensions	22 274	21 340
(b)	Lump sum payments	124 895	113 564
-	On retirement or death	59 671	52 852
-	Resignations and terminations	55 526	49 569
-	Other	9 698	11 143
<b>2.</b>	<b>UNDERWRITTEN FUNDS</b>	<b>42887</b>	<b>37 106</b>
(a)	Pensions	904	932
(b)	Lump sum payments	41983	36 174
-	On retirement or death	24 837	22 757
-	Resignations and terminations	16 799	12 948
-	Other	347	469
<b>3.</b>	<b>GEPF</b>	<b>79 764</b>	<b>53 729</b>
(a)	Pensions	27 819	24 721
(b)	Lump sum payments	51 944	29 008
-	On retirement or death	4 172	4 221
-	Resignations and terminations	35 607	15 066
-	Other	12 165	9 721
<b>4.</b>	<b>TRANSNET FUNDS</b>	<b>8 636</b>	<b>7 448</b>
(a)	Pensions	2 481	2 223
(b)	Lump sum payments	6 155	5 225
-	On retirement or death	4 428	3 423
-	Other (transfer out)	1 727	1 802
<b>5.</b>	<b>TELKOM PENSION FUND</b>	<b>1</b>	<b>2</b>
(a)	Pensions	1	-
(b)	Lump sum payments	-	2
-	On retirement or death	-	2
<b>6.</b>	<b>POST OFFICE RETIREMENT FUND</b>	<b>1311</b>	<b>920</b>
(a)	Pensions	411	389
(b)	Lump sum payments	900	531
-	On retirement or death	287	106
-	Resignations and terminations	606	419
-	Other	7	6
<b>7.</b>	<b>FOREIGN FUNDS</b>	<b>14</b>	<b>6</b>
(a)	Pensions	-	-
(b)	Lump sum payments	14	6
-	On retirement or death	7	1
-	Resignations and terminations	7	5
<b>TOTAL</b>		<b>279 782</b>	<b>234 115</b>

**Table 10: Benefits by Funds Category of All Retirement Funds in South Africa**

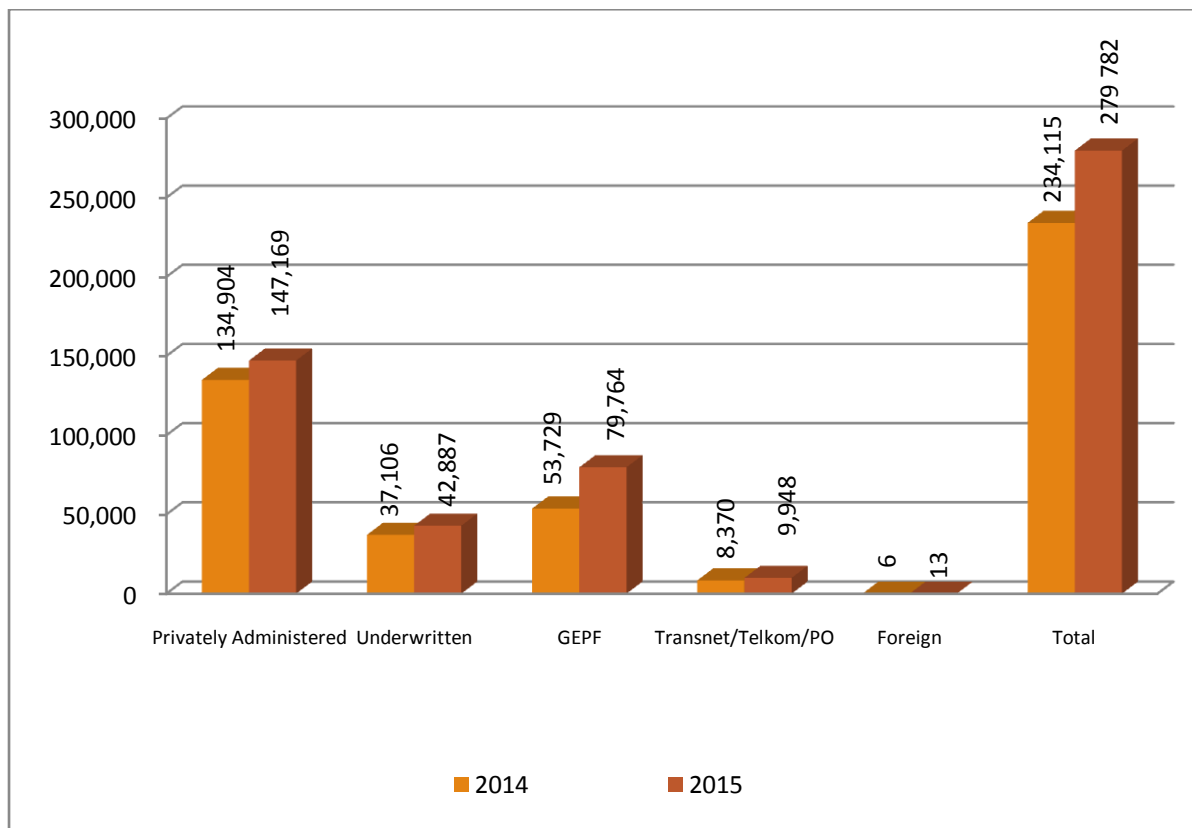


Table 10 shows a summary of benefits paid by all pension funds. The benefits paid increased by 19.51%, from R 234 115 million in 2014 to R 279 781 million in 2015.

## Namibia

### Market Composition

Pension funds industry had a total number of 108 active licensed retirement funds as at 30 June 2015. The data collected from 95 of the active funds shows that the total membership of funds stood at 364 045, of which 324 686 (89%) were active members and 39 359 (11%) were pensioners. The number of active licensed retirement funds as at 30 June 2015 stood at 108. Table 1 shows, amongst others, the total number of funds and pension fund industry membership.

**Table 1: Key financial indicators**

Financial year ending	2013	2014	% change 2013/2014
Number of funds	111	108	(2.7)
Membership	297 455	364 045	22.4
Contributions (N\$' million)	4 414	5 627	27.5
Benefits Paid (N\$' million)	3 885	4 855	25.0
Assets (N\$' million)	105 267	119 569	13.6

### Financial Information

This section contains the key financial information relating to the retirement fund industry in Namibia.

**Table 2: Assets and liabilities (N\$ Million)**

Category	31 Dec 2014
Non-current assets	118 044
Current assets	1 525
<b>Total Assets</b>	<b>119 569</b>
Funds and reserves	116 980
Current liabilities	2 589
<b>Total Funds, Reserves and Liabilities</b>	<b>119 569</b>

The total assets increased by 13.6 % from N\$ 105.3 billion recorded as at 31 December 2013 to N\$ 119.6 billion as at 31 December 2014 (Table 2). The growth is mainly attributed to growth in financial assets.

**Table 3: Income and expenses (N\$ Million)**

Category	31 Dec 2014
Contributions received	5 627
Net investment income	9 143
Capital appreciation	1 443
Insurance proceeds	128
Other income	22
<b>Total Income</b>	<b>16 363</b>
Administration expenses	242
Investment fees	280
Insurance premiums	258
Other expenses	149
<b>Total Expenses</b>	<b>929</b>
<b>Net Income before transfers and benefits</b>	<b>15 434</b>
Net transfers	(472)
Benefits paid	4 855
Net transfers and benefits paid	4 383
<b>Net Income</b>	<b>11 051</b>

Table 3 shows that contributions increased by 27.5% to N\$ 5.6 billion for the year ended 31 December 2014. Benefits paid increased by 25% from N\$ 3.9 billion as at 31 December 2013 to N\$ 4.9 billion for the year ended 31 December 2014. Expressing benefits as a percentage of contributions indicates the industry's ability to pay benefits from contributions without necessarily divesting funds from the markets. This value decreased slightly from 88% for the 2013 calendar year to 86% as at 31 December 2014, indicating that the industry as a whole remains fairly liquid.

The industry recorded a consolidated net surplus of N\$11 billion during the year ended 31 December 2014 compared to N\$ 15.8 billion recorded for the year ended 31 December 2013. The slowed increase in the net surplus is primarily ascribed to the 32% decrease in investment income and capital appreciation earned by the retirement funds over the same period.

In terms of Regulation 28 of the Pension Funds Act, all pension funds are required to keep in Namibia, assets of which the value shall not at any time be less than 35% of the total assets of such a fund. As at 31 December 2014, 40.6% of the industry's assets were invested in Namibia. The investment allocation as at 31 December 2014 was as per Table 4.

**Table 4: Asset allocation per class (N\$ Million)**

Investment class	Namibia	CMA	Outside CMA	Total
	2014	2014	2014	2014
Equities	27 979	21 127	27 457	76 562
Fixed interest	7 537	9 515	6 572	23 624
Property	865	541	116	1 522
Money Market	5 000	1 242	1 498	7 741
Unlisted investments	1 783	0	1 226	3 008
Other	4 394	-326	637	4 705
<b>Total</b>	<b>47 558</b>	<b>32 099</b>	<b>37 506</b>	<b>117 163</b>

## Supervisory and Regulatory Activities

### Regulatory reform updates

In line with NAMFISA's regulatory reform strategy, the Department issued one (1) circular and three (3) Directives during the quarter under review as indicated in Table 5 below:

**Table 5: Directives and Circulars issued during Quarter 2 of 2015**

Directive/ Circular issued	Effective Date	Objective or purpose of the directive or circular
PI/PF/DIR/02/2015	20-Apr-15	Administration of funds to be done in Namibia
PI/PF/DIR/03/2015	24-Apr-15	Submission of Resolutions for Rule Amendments
PI/PF/DIR/04/2015	18-Jun-15	Registration of Special Rules in respect of Participating employers under umbrella funds.
PI/PF/CIR/01/2015	25-Jun-15	Approved Bills, Bonds, Securities, Loans, Institutions and countries.

The three Directives issued during the period under review, are in respect of the localisation of administration of funds, submission of resolutions for rule amendments and registration of special rules in respect of participating employers under umbrella funds. These Directives were effective during the months of April and June 2015. In addition, a Circular was also issued, effective during the month of June 2015, in respect of the approval of bills, bonds, securities, loans, institutions and countries pursuant to Regulation 28 of the Pension Funds Act.

### Industry forums and meetings

Industry consultation sessions are held once in every 6 month period. The last session took place during the previous quarter (16 March 2015), and a total number of 39 industry representatives attended the meeting. The next industry meeting is scheduled for 03 December 2015.

## **Consumer education developments**

During the period under review the department contributed an article titled “*Options Available to an individual Pre-retirement*” to the Corporate Communications department to be included in the Consumer Education Bulletin. The article dealt with the benefits of preserving ones pension savings retirement.

## **Supervisory Developments**

The following section summarises the supervisory developments recorded by the department during the quarter ended 30 June 2015:

### *Inspections Conducted*

The department conducted a follow-up inspection on one fund during the quarter under review.

### *Penalties and/or Fines*

While performing its regulatory activities, NAMFISA issued penalties in the current quarter, in accordance with Regulation 26 of the Pension Funds Act 1956 (Act no.24 of 1956), for non-compliance with various sections of the Act. The department issued penalties amounting to N\$ 199,500 to a total of 24 funds during the quarter under review. The Penalties were mostly issued to funds that failed to submit either the annual return or the quarterly return by the prescribed due date.

## 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 comprises of 19 technical staff members, inclusive of 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 Legislation

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

The Retirement Funds Act, 2005; its regulations and directives governs the supervision of Retirement Funds.

#### Type and Number of Pension Funds Supervised

##### Registered Retirement Funds

Total	30 June 2015	31 December 2015
Local Retirement Funds	72	69
Foreign Retirement Funds	35	38
Fund Administrators	5	5

##### Key Industry figures for the Quarter Ended 31 December 2015

*(Source quarterly returns for the period 30 September – 31 December 2015)*

Exchange rate as at 31 December 2015 US \$: SZL15.4512

Exchange rate as at 30 September 2015 US \$: SZL13.8388

	31 September 2015		31 December 2015	
Contributions	US\$ 34.24 million	SZL 474 million	US\$ 29.94 million	SZL 463 million
Total Assets	US\$ 1 770 million	SZL 24 498 million	US\$ 1 618 million	SZL 25 003 million



## Recent Industry Developments

### **Amendments to the Retirement Funds Act, 2005**

The Retirement Funds Act, 2005 is in the process of being amended. The draft Bill has been submitted to the Ministry of Finance and thereafter will be submitted to cabinet before final transmission to parliament.

Some of the key proposed amendments to the Act are as follows:

- Registration of umbrella funds and beneficiary funds which was not catered for in the original Act
- Requirements for financial services providers to put in place corporate governance standards and frameworks
- Fit and proper requirements for key functionaries in the management of the fund
- Removal of trustees, principal officer and service providers by the Registrar
- Liability of trustees, principal officers and service providers of a retirement fund
- Submission of audited financial statements and unaudited quarterly and annual returns
- Maintenance of solvency margins by Retirement Funds
- Mergers and transfers

### **Major Supervisory Concerns**

The amendment process for legislation takes a long time and there exists a need for capacitating the legislative authorities on the role and importance of the financial services sector as well as the need for prosecution of financial crime.

### **Problem Retirement Funds**

The FSRA continues to have problems with late submission of statutory returns and unapproved transfers of funds. This is mainly due to trustees who fail to perform their duties.

### **Recent Developments in the Retirement Funds Industry**

#### *Retirement Funds Disclosure Directives*

The FSRA has developed retirement fund disclosure directives in terms of Regulation 16 of the Retirement Funds Regulations, 2008. The object of these directives is to describe the information that shall be disclosed to members and beneficiaries of retirement funds to meet the responsibilities of trustees as provided for under Section 9(d) of the Act; to assist trustees in ensuring that members are provided with sufficient information in a timely, accurate and understandable manner; and enable members, beneficiaries of retirement benefits to make sound decisions on the basis of information about how retirement funds work, what their benefit entitlements and options under retirement funds are, what their rights and obligations are and the performance of the retirement fund and those responsible for its management.

## *Prudential Standards for Retirement Fund Administrators*

The FSRA is in the process of issuing Prudential Standards for Retirement Fund Administrators. The Prudential Standards supplement but do not replace the Retirement Act, 2005 as well as the rules, regulations and circulars governing the retirement funds industry.

The objective of the Prudential Standards is to promote the sound operation of retirement fund administrators. This in turn will contribute to the prudent administration of retirement funds.

## **Trends / Regulatory Challenges and Opportunities**

### *Challenges*

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

- a) Insufficient legal recourse for Swaziland members participating in foreign funds
- b) Lack of trustee capacity which leads to weakness and at times failure in fund governance
- c) The ombudsman's office is not yet operational
- d) Failure by Fund Administrators to adhere to legislative procedures in the transfer of the administration of retirement funds

### *Opportunities*

The authority appointed Ms Nondumiso Simelane, a former Principal Magistrate as the Ombudsman of the financial services in Swaziland, in accordance with Section 74 of the Financial Services Regulatory Authority Act, 2010.

Section 74 of the Act stipulates that the authority may appoint an independent person as Ombudsman of the financial services. The appointment of the Ombudsman means that complaints or disputes in the financial services sector will be resolved much quicker and with less formality required.

## **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. The last Trustee training regarding compliance and governance was held on the 12 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.

- **Liquidity risk** – There have 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 Board 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 training and seminars:

• IOPS Conference	Namibia	September 2014
• 10th Annual Eastern and Southern Africa Pension Fund Seminar	Uganda	May 2015

## Lesotho

The Retirement Funds industry is still unregulated as the legal framework is not yet in place but progress is being made towards regulation of the industry. Following extensive consultations with stakeholders, the Pensions Bill is expected to be submitted to the Office of Parliamentary Counsel (OPC) in the second quarter of 2016. Assets of the retirement funds industry are valued at over Maloti 3 billion.

## Tanzania

The Social Security Regulatory Authority (SSRA) was established under the Social Security (Regulatory Authority) 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.

### Vision, Mission and Values

#### *Vision Statement*

Tanzanians enjoying quality, extended and sustained social security services.

#### *Mission Statement*

To ensure quality social security services reach every Tanzanian through soundly regulated Social Security Sector.

## SSRA Core Values

### **(i) Integrity**

SSRA will be consistent, fair and objective in dealings with all parties, demonstrating neither favours nor prejudice.

### **(ii) Professionalism**

SSRA is and will continue to be very professional and transparent in the implementation of the regulatory framework and in decision-making. SSRA will always provide sufficient reasons and relevant information to justify decisions and to ensure fairness.

### **(iii) Team work**

SSRA believes in team work. The Authority will build synergies and teamwork to promote and achieve its vision and strategic objectives.

### **(iv) Innovation**

Having a strong and very dynamic team, SSRA will encourage innovation both in-house and in the sector in order to come up with both broad and specific products and services that meet the need of stakeholders. SSRA will always be ready to recognise innovators.

### **(v) Confidentiality**

SSRA believes in confidentiality of sensitive information from its Schemes, Custodians, Fund Managers and other stakeholders.

### **(vi) Customer Focused Services**

SSRA shall strive to know its customers and deliver services that customers are expecting. SSRA shall remain relevant to customers, aligning organizational capabilities to optimize relationship.

## Principal Activities

Pursuant to Section 5 of the Act No. 8 of 2008 (as amended), the functions of the Authority are as follows:-

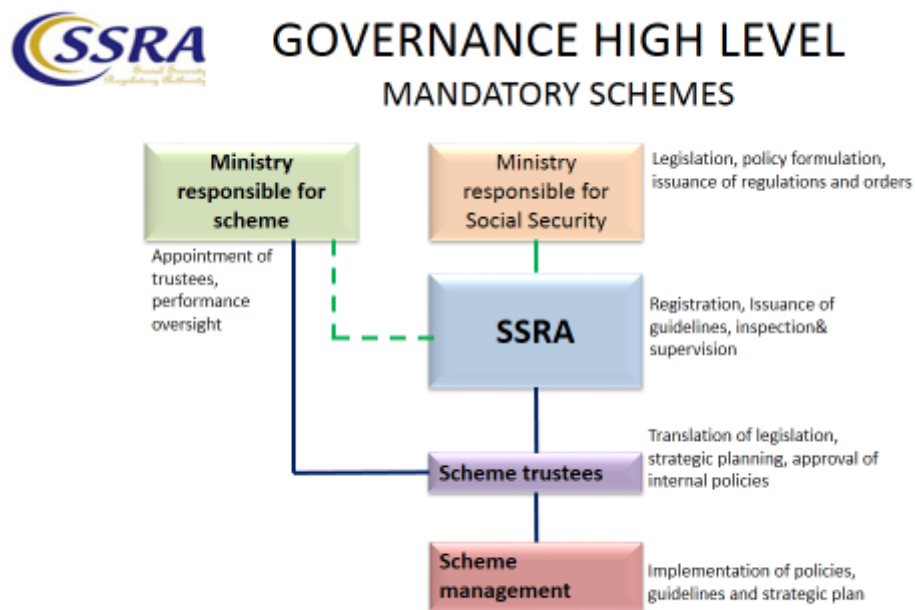
- i. Register all managers, custodians and Schemes;
- ii. Regulate and supervise the performance of all managers, custodians and Social Security Schemes;
- iii. Issue guidelines for the efficient and effective operations of the Social Security Sector;
- iv. Protect and safeguard the interests of members;
- v. Register, regulate and supervise administrators;
- vi. Advise the Minister on policy and operational matters relating to Social Security Sector;
- vii. Adopt the promulgate broad guidelines applicable to all managers, custodians and Social Security Schemes;

- viii. Monitor and review regularly the performance of the 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 on non-covered areas including informal groups; and
- xii. Conduct awareness, sensitisation and tracing on social security.

### Regulatory Structure of the Pension Sector in Tanzania

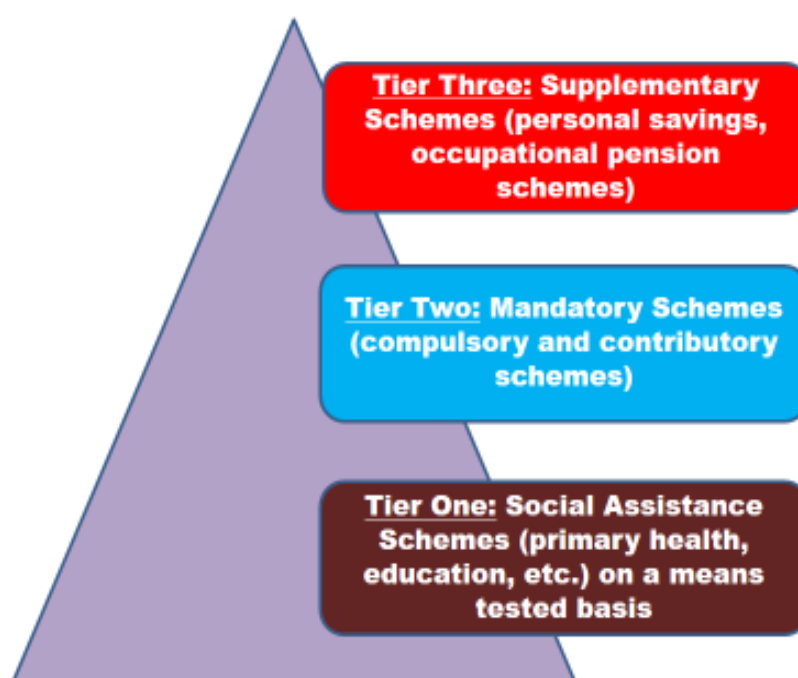
Operations and governance of the social security sector in Tanzania, stems from the National Social Security Policy of 2003. The Policy among others provides for promulgation of Social Security Regulatory Act and establishment of a regulatory body that shall ensure smooth and efficient operations of the sector. The Governance structure of the sector is indicated in Figure 1.

**Figure 1: High Level Governance Structure**



Tanzania follows a three tier social security system as per the ILO standards as indicated in Figure 2.

**Figure 2 Structure of the Social Security System in Tanzania**



### **An Overview of Social Security Market Development**

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

### **Legal and Regulatory Framework**

The Authority has submitted to the Attorney General the reviewed Social Security (Regulatory Authority) Act, and follow ups are being made to ensure the reviewed laws are printed. The Social Security (Amendments) Regulation of 2015 and the Social Security Tribunals of 2015 have been submitted to the Ministry for further processes. The Authority has also prepared the first draft of the Investment Regulation of 2015 and has also conducted Stakeholders meeting with the Social Security Schemes to discuss the Draft Regulations on Home Mortgage of 2015.

### *Surveillance and Supervision of the Social Security Sector*

The Authority has done the following:

- (i) Issued onsite inspection report to the Chairman of the Board of Trustees of LAPF;
- (ii) Conducted onsite inspection to National Social Security Fund (NSSF);
- (iii) the Authority provided training to the Board of Trustees and Management of PPF, on various developments and operationalisation of all the Social Security Guidelines;
- (iv) Received a total of 181 complaints and resolved 173 equal to 95.6% of closure rate and further attended 10 walk-ins cases.
- (v) Carried pilot test of the Risk Based Supervision Framework to NSSF in line with the implementation road map;

### *Registration of Schemes, Managers, Administrators and Custodians*

The Authority also registered 1 supplementary Scheme (Puma Energy Tanzania Provident Fund) and renewed the custodial certificate of Standard Chartered Bank.

### *Social Security Clearance Mechanism*

The Authority continued to work with Ministry of Industry and Trade, and other key stakeholders on how issues of social security can be known in advance by potential investors. These issues include information on the available social security schemes, benefits offered, and registration of employers and employees.

### *Data Gathering Web Services*

The Authority has continued to consolidate its data and all internal applications supporting core activities have been integrated so that data gathered from one source is available throughout the other applications and visible on a dashboard for the Director General and Management.

Creation of single sign-on window/portal for all internal applications was undertaken. In addition, data exchange with Tanzania Revenue Authority was started with the exchange basing on Employer data.

### *Actuarial valuation and policy initiatives*

The Authority continued to coordinate the ILO contract on actuarial valuation of all mandatory Social Security Schemes with focus on costs and separation of benefits accounts. A consolidated actuarial valuation report has been received from the consultant. As part of the implementation of recommendations of ILO; the Authority also developed the Guidelines for Funding Policy of Social Security Schemes which was tabled to the Board. During the period under review, NHIF completed its own Actuarial Valuation as at June 2013 and submitted the Report to the Authority.

The Authority also carried out the review of the implementation of the National Social Security Policy 2003 in order to advise the Minister. The report of the review was concluded and submitted to the Ministry of Labour and Employment for further actions in November 2015. Further, the Ministry formulated a taskforce to oversee the review of the policy in November 2015, and the work is ongoing.

### *Extension Strategy*

The inputs for Cabinet Paper on recommendations on establishment of Universal Social Pension Scheme were prepared and submitted to the Ministry responsible for social security during the period under review. Further deliberations from the Ministry including involvement of stakeholders are being awaited.

The Authority proceeded with the implementation of the National Social Security Collaborative Databases Bridging project. Documentation of initiatives in social security begun, and

discussions with stakeholders were held. An analysis on user needs from the data that is being captured as part of the project was done.

### *Capacity Building to stakeholders*

The Authority has conducted training sessions to key Government Officials and Authority's Awareness Team on basics of social protection and reforms. Key Government stakeholders included participants from Cabinet Secretariat, Public Service Management, Ministry of Labour and Employment, Ministry of Health and Social Welfare, Ministry of Community Development; Gender and Children, Ministry of Finance and Prime Minister's Office - Local Government. The capacity building sessions were run in collaboration with International Labour Office, Dar es Salaam Country Office.

### *Public Awareness*

A number of awareness interventions were done including the following:

- (i) Production of 15 TV and radio programmes on issues regarding social security was done. These programmes were aired in various TV and radio channels. Coverage through different electronic media and blogs was also attained;
- (ii) One (1) live Radio program was aired through Radio one, thirty one (31) radio programmes were aired through different radio stations. The Authority also got coverage on different electronic media and Blogs such as Bayana, Full Shangwe, Michuziblog spot, Mtaa kwa Mtaa and Robert Okanda blog spot.
- (iii) The Authority participated in the Bunge Exhibitions held in Dodoma (whereby about 231 newly elected Members of Parliament visited SSRA booth) and World Habitat Day at Karimjee Hall, Dar es Salaam.
- (iv) The Authority placed three (3) adverts about Nyerere Day Commemoration in The Guardian, Mwananchi and Uhuru newspapers, four (4) adverts to congratulate the 5th Government regime in Habari Leo, Mwananchi, Mtanzania and Raia Mwema newspapers;
- (v) The Authority has continuously updated information (pictures and stories) on the website and social networks such as Face Book. Uploading of SSRA newsletter on Intranet was done, also sent Festival presents and festival greetings.
- (vi) An awareness team which consisting of 16 members from different departments was formed. The team commenced its assignments on 1st August, 2015. The Authority through a newly formed awareness team conducted awareness sessions to 326 farmers, 298 Government Officials, 1,670 students of 11 Universities, 235 Prisons Officers and 571 Police Officers in Arusha, Mwanza, Mtwara, Dodoma and Mbeya Regions.

### *ICT Development*

An enterprise architecture has been developed. The Data Governance Framework is being implemented and a VPN connection to Tanzania e-Government Agency as recovery site (backup site) that will enable transfer of data for storage, was implemented.

The new National Social Security Collaborative Databases Bridging Project commenced as scheduled and two staff have been recruited. Within the Authority, ICT infrastructure continued



to be maintained and upgraded. A transport requisition system has been developed during the period under review.

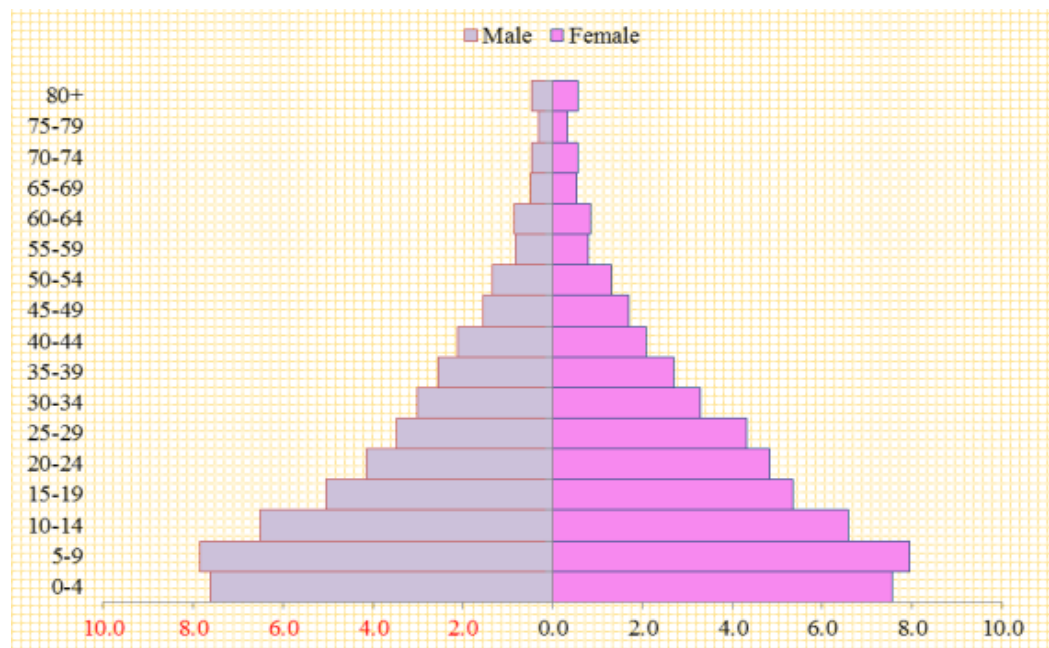
The Core Business Application Project that has been ongoing since January 2014, was closed in December, 2015. The Project delivered all the intended modules, and was completed on time and within budget. The project deliverables have been handed back to the end user departments and are in use in the day to day activities of the Authority. Enhancements to the ABACUS HR/ Payroll system was also made during the period under review.

### Market Profile of Social Security Industry in Tanzania

#### Demographic profile

According to recent census total population stands at 44.9 million. The population distribution is 43.6 million in Tanzania Mainland and 1.3 million in Zanzibar. Annual rate of growth in population is 2.7% with children of aged between 0-17 being 22.5 million, while the population of legal working age of 18-59 is 19.92 million. The number of old persons aged 60 and above is 2.51 Million.

**Figure 3 shows Population pyramid by age and sex in Tanzania.**



Source: NBS: Tanzania in Figures, 2012

#### Labour force profile of Tanzania

Labour force stands at 22.5 million. Employment in the formal sector is 1.55 million.

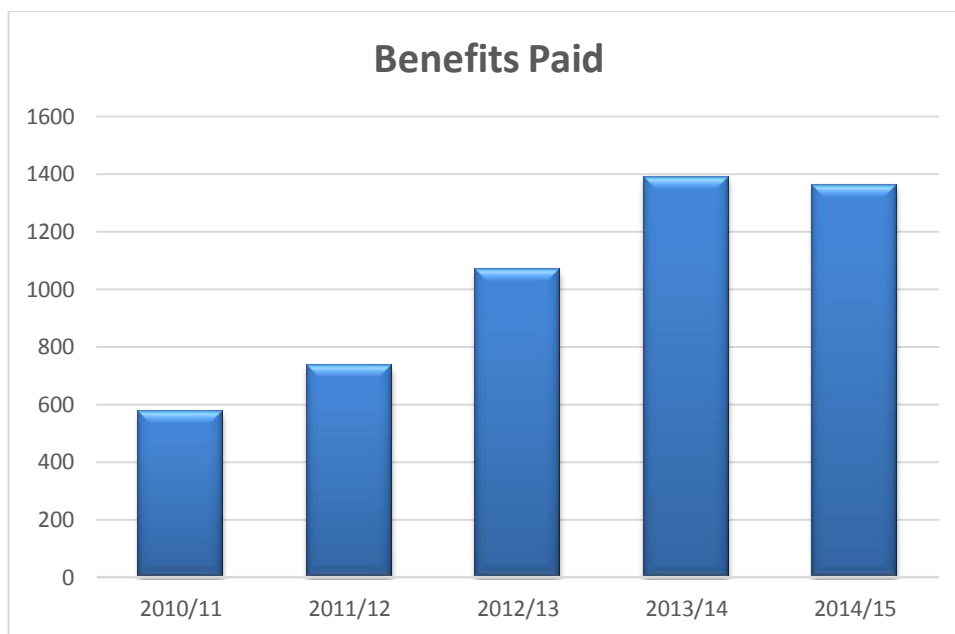
## Membership of Social Security Schemes

The total membership is **2,142,350** in 2014/15. This figure includes members of pension schemes and the National Health Insurance Fund (NHIF).

## Benefits

Long term benefits offered by Social Security Schemes are old age retirement pension, survivor and invalidity pension. Short term benefits are maternity, funeral grant, education grant, employment injury and health among others that are provided specific by each scheme. For the year 2013/14 total benefit payment was **TZS 1,389.33**.

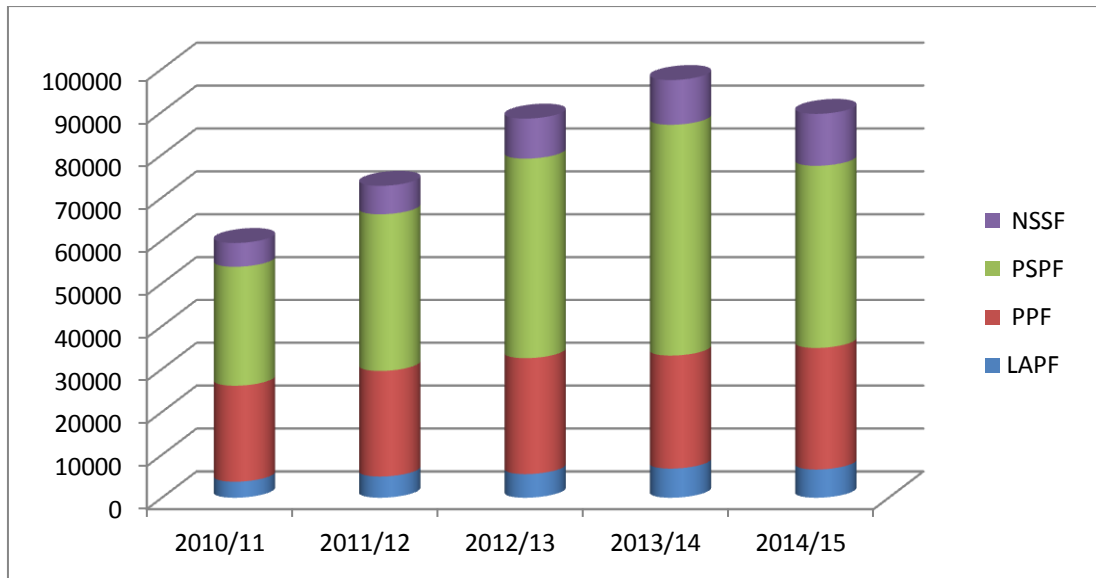
**Figure 4: Total benefit pay out for all schemes from year 2008/09 to 2013/14**



## Pensioners and beneficiaries

Four schemes provide old-age pension benefit to retired members. The number of pensioners in the sector is **97,425**. Figure 5 shows the cumulative number of pensioners in each scheme for five years.

**Figure 5 Number of Pensioners, 2011-2015**

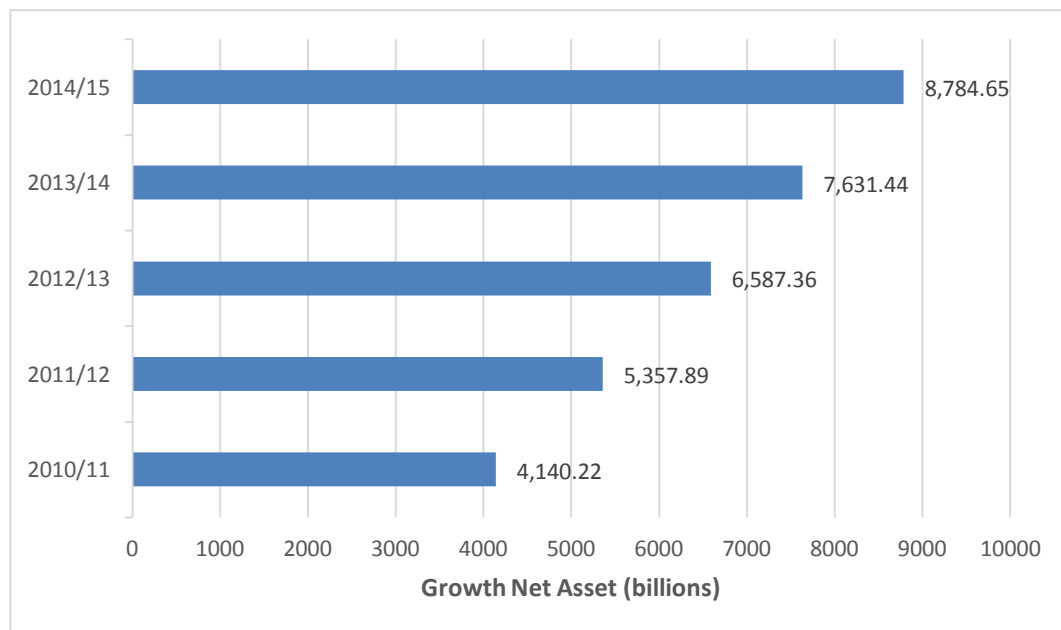


**Net Assets**

During the year ending 2013/14 the Net assets of the Social Security Schemes was TZS **8,784.65** million.

Figure 6 below shows the overall growth of the net asset of all schemes between 2011 and 2015.

**Figure 6 Growth of Net Assets**



## Summary of Achievement

- Developed Mobile app for Complaints and awareness which is now available at Google Play Store;
- Carried pilot test of the Risk Based Supervision Framework to National Social Security Fund (NSSF) in line with the implementation roadmap;
- Carried out the review of the implementation of the National Social Security Policy 2003 in order to advise the Minister;
- Conducted training sessions to key Government Officials and Authority's Awareness Team on basics of social protection and reforms;
- Conducted awareness sessions to 326 farmers, 298 Government Officials, 1,670 students of 11 Universities, 235 Prisons Officers and 571 Police Officers in Arusha, Mwanza, Mtwara, Dodoma and Mbeya Regions

## Challenges

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

- Low coverage of informal sector to Social Security Schemes
- Unstable employment that leads 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.
- 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

- Continue developing a collaborative data base increase coverage
- Improve sustainability of the schemes
- Capacity building to key players of sector
- Implement the Communication Strategy
- Implement the Strategy for Extension of Social Security Coverage

## Zimbabwe

### Regulatory Structure

The Insurance and Pensions Commission (IPEC) was created via the Insurance and Pensions Commission Act Chapter 24:21 to supervise, regulate, develop and administer the business and operation of insurance companies and pension funds. It became operational in the year 2006. Prior it was a department in the Ministry of Finance and Economic Development (MOFED).

In line with section 5 of the IPEC Act, the board is appointed by the Minister of Finance and

must be composed of the its Permanent Secretary as an ex-officio member and 5 other members seconded on the basis of their proven knowledge and experience in insurance and pensions matters. In turn the board chooses the CEO known as the Commissioner of IPEC who forms part of the board.

Operationally, IPEC is divided into three divisions namely Prudential Supervision, Risk Management and Finance and Administration. Currently the Commission has a staff compliment of 22 including administrative staff, with 15 doing the core regulatory work.

### Legislation

The two Acts that are under the purview of IPEC are the Insurance Act [Chapter 24:07] and the Pensions and Provident Funds Act [Chapter 24:09]

All the Acts [IPEC Act. Insurance Act Pensions and Provident Funds Act] are now at bill level awaiting presentation and debate at Parliament level. They have been crafted with due guidance from International Core Principles and other emerging best practices.

### Industry Profile

Type and number of insurers as at 31 December 2015.

Type of Insurer	Number of Insurers
Short Term Insurers	24
Short Term Reinsurers	9
Life Assurers	11
Life Reinsurers	2
Funeral Assurers	9
Self-Administered Funds	178
<b>Total</b>	<b>239</b>

Cumulative Level of Gross Premium Written and Total Assets for direct insurers for the half year ended 31 December 2015 is shown in the table below.

Type of Insurer	Gross Premium (US\$)	Total Assets (US\$)
Short Term Insurers	214,706,000	193,946,000
Short Term Reinsurers	103,826,000	134,435,000
Life Assurers	332,014,000	1,525,564,000
Life Reinsurers	8,765,000	14,186,000

Funeral Assurers	36,499,000	51,440,000
Total	695,810,000	1,919,571,000
Self-Administered Funds	Contributions -\$522 099,000	2,111,184,000

## Major Regulatory Measures Instituted Over the Period under Review

### *Review of Legislation*

Work on the review of legislation is still ongoing. The Pensions and Provident Funds Act ,Insurance Act and IPEC Act are now at Bill level awaiting parliamentary scrutiny. The Insurance Bill has since been escalated to the Ministry of Finance for onward submission to parliament and cabinet. The Acts were crafted using International core principles and some other emerging best practices

### *Modernising Insurance Regulation*

The commission has commenced work to modernise insurance regulation through the development of a version of the Solvency II framework that will be applicable in Zimbabwe

### *Development of Micro insurance Framework*

The Insurance and Pension Commission started to develop a micro insurance framework that will govern all micro-insurance activities in the country. The framework is expected to among other things to address weaknesses in the current regulations which do not spell out key issues such as the minimum capital requirements or licensing process for player offering micro insurance services.

## Challenges Being Faced

### *Outdated Legal Framework*

The insurance and pension legislation is outdated and fails to protect and incorporate the latest developments in international best practice such as corporate governance.

### *Low liquidity*

The industry is facing liquidity constraints owing to a myriad of challenges being faced in the economy. With most short- term institutions being run on a cash basis, they face challenges in settling claims.

### *Arrear Contributions*

Sponsoring employers were having challenges in remitting contributions within the stipulated 14 days after the end of each month.

### *Limited investment Options*

The investments vehicles have remained few which has resulted in the insurance industry is failing adequately diversify its portfolios.

### *Legacy of the Hyper-inflationary Period*

The period which followed hyper-inflation has generally resulted in many people losing faith in most forms of saving, particularly the life industry. This has caused pure life products to suffer as most people who had policies in the Zimbabwean dollar era and failed to recover anything when they matured decided to totally ignore this product, this time around.

## Medical Schemes Section

The following supervisors of privately administered medical schemes have been admitted to CISNA according to the SADC Secretariat confirmation received in August 2013. The Table below indicates Ministries and Regulators of privately administered Medical Aids Schemes in each Member State.

SN	Member States	Medical Aid Schemes
1	Angola	Ministry of Finance
2	Botswana	Ministry of Finance and Development Planning in collaboration with Ministry of Health  To be regulated by NBFIRA
3	DRC	Ministry of Health
4	Lesotho	Central Bank/Ministry of Health
5	Malawi	Information not 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 Regulator: Council for 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	Ministry of Health and Child Care



## Namibia

### Market Composition

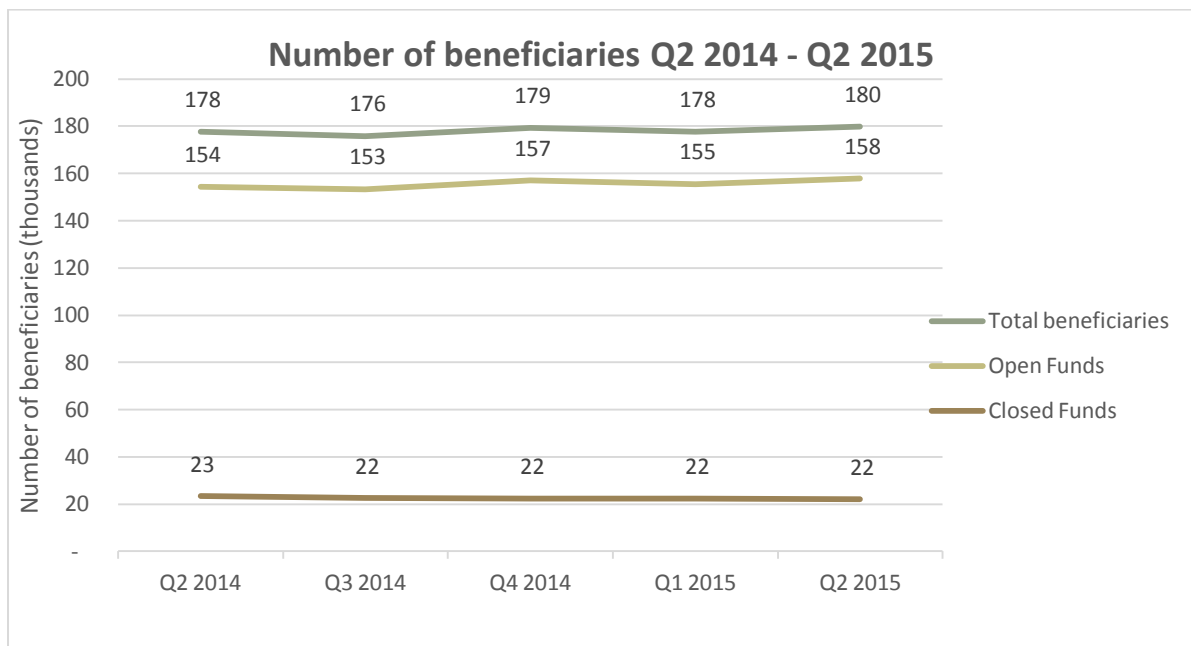
The authority supervises medical aid funds in terms of the Medical Aid Funds Act, No. 23 of 1995. The sections below summarise the developments within the medical aid fund industry.

The industry experienced a marginal increase of 1.2% in membership numbers which grew from 177 732 beneficiaries as at 31 March 2015 to 179 855 beneficiaries as at 30 June 2015. The total number of principal members increased by 1.4% from 74 511 members as at 31 March 2015 to 75 553 members as at 30 June 2015. The pensioner ratio for quarter 2 of 4.8% for the industry, was in-line with the ratio of 4.7% as reported for quarter 1 2015.

The dependant ratio measures the average number of dependants per principal member. The dependant ratio remained unchanged at 1.2 across the entire industry for the period under review, compared to quarter 1 2015.

Figure 1 depicts the trend in medical aid fund coverage for the past five (5) quarters.

**Figure 1: Total beneficiaries April 2014 - June 2015**



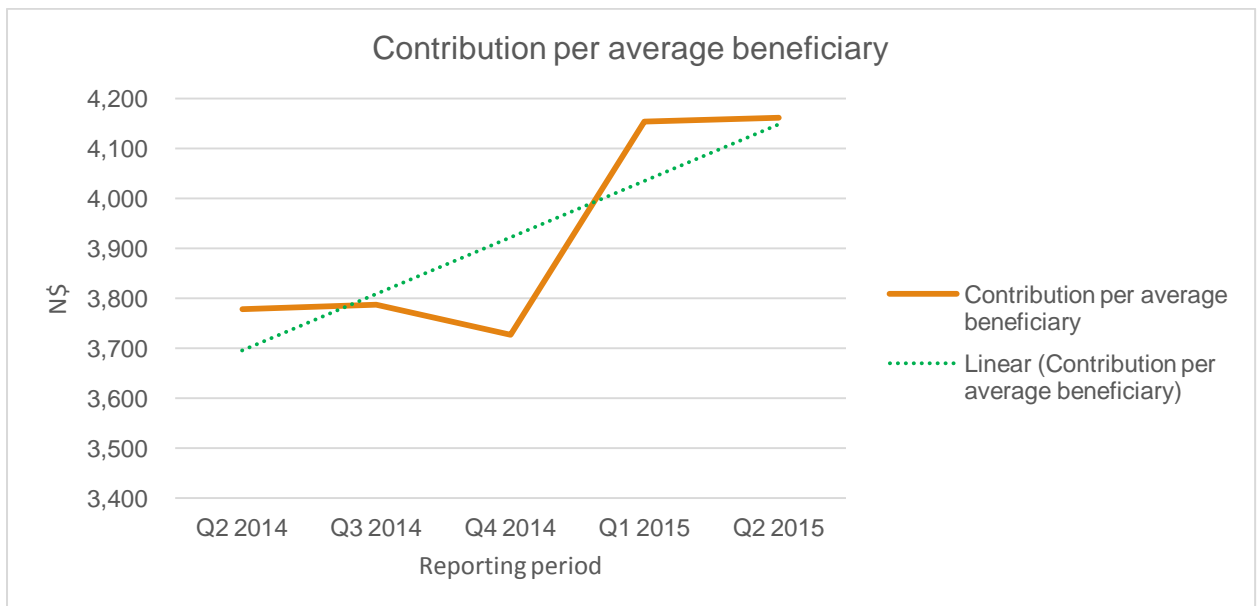
Year on year the number of beneficiaries increased to 179 855 in quarter 2 from 177 625 in quarter 2 2014. This represents an increase of 1.3% over the course of the past five (5) quarters. There is a slight increase in beneficiaries of open funds over the past five (5) quarters as depicted in Figure 1, whereas the beneficiaries of closed funds have remained steady over the same reporting period. Beneficiaries belonging to open funds constitute 87.7% of the total number of beneficiaries in quarter 2 2015, with those in closed funds accounting for the remainder 12.3%.

## Financial Performance

### Gross contributions

Total gross contributions for all medical aid funds amounted to N\$ 748.5 million for the quarter ended 30 June 2015, which was 1.4% higher than the N\$ 738.3 million reported for the quarter ended 31 March 2015. The gross contribution per average beneficiary of N\$ 4 162 for the quarter ended 30 June 2015 increased by 0.2% from N\$ 4 154 for the quarter ended 31 March 2015. Figure 2 illustrates the average gross contributions trend over the past five (5) quarters. Figure 2 shows the long term trend in the contribution per average beneficiary. The variation in contributions per beneficiary over the past five (5) quarters was marginal due to the slow increase in the membership of medical aid funds.

**Figure 2: Gross Contributions per beneficiary**

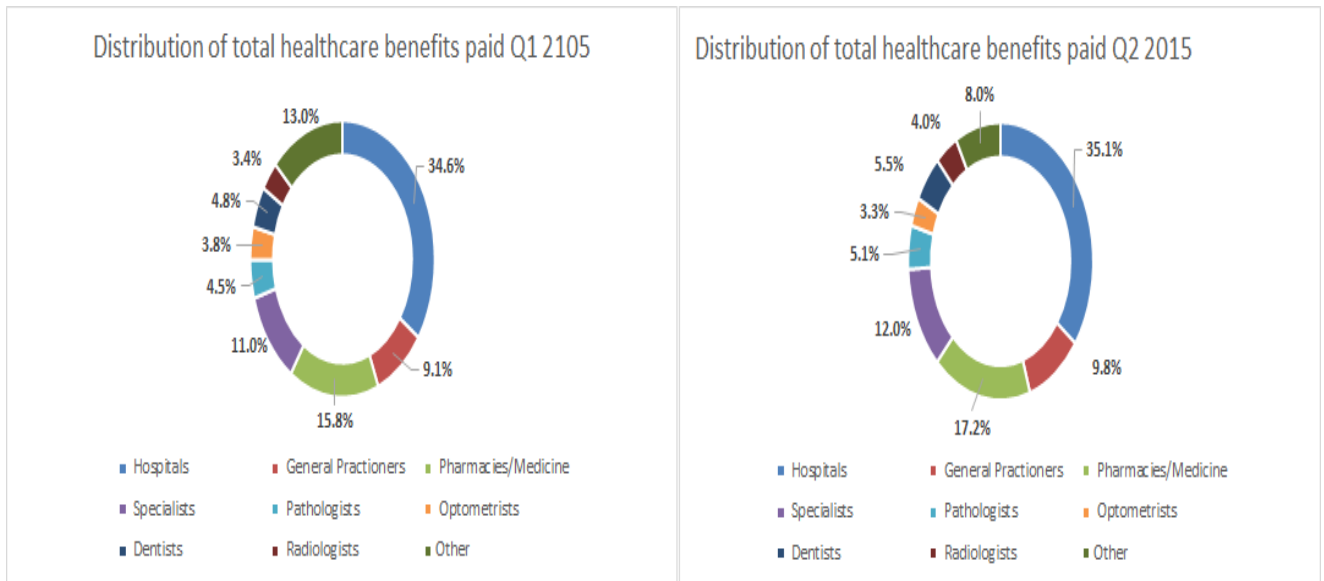


### Healthcare expenditure

The total healthcare benefit claims paid is the sum of the benefits paid from the risk pools of medical aid funds and the savings accounts of the members. Medical aid funds spent 8.3% more on healthcare benefit claims in quarter 2 2015 compared to quarter 1 2015. This expenditure increased (in nominal terms) to N\$661.1 million in quarter 2 2015 from N\$610.6 million in quarter 1 2015. The increase follows the seasonality trend where the increase in the utilization of benefits is expected due to the start of the winter season.

Furthermore the frequency in the submission of healthcare benefit claims as well as the efficiency in the processing of claims also contributed to the increase in healthcare benefit claims for the period under review. This means that more claims are captured and recorded within a short space of time indicating a higher volume compared to prior periods. Figure 3 shows the proportions of benefit expenditure paid by medical aid funds to various categories of healthcare providers.

**Figure 3: Distribution of total healthcare benefits paid**



Total hospital expenditure by medical aid funds accounted for N\$ 231.8 million or 35.1% of the N\$ 661.1 million that medical aid funds paid to healthcare providers during quarter 2 2015. Total medical aid fund expenditure on hospitals increased by 9.7% from N\$ 211.4 million during quarter 1 2015 to N\$ 231.8 million during quarter 2 of 2015.

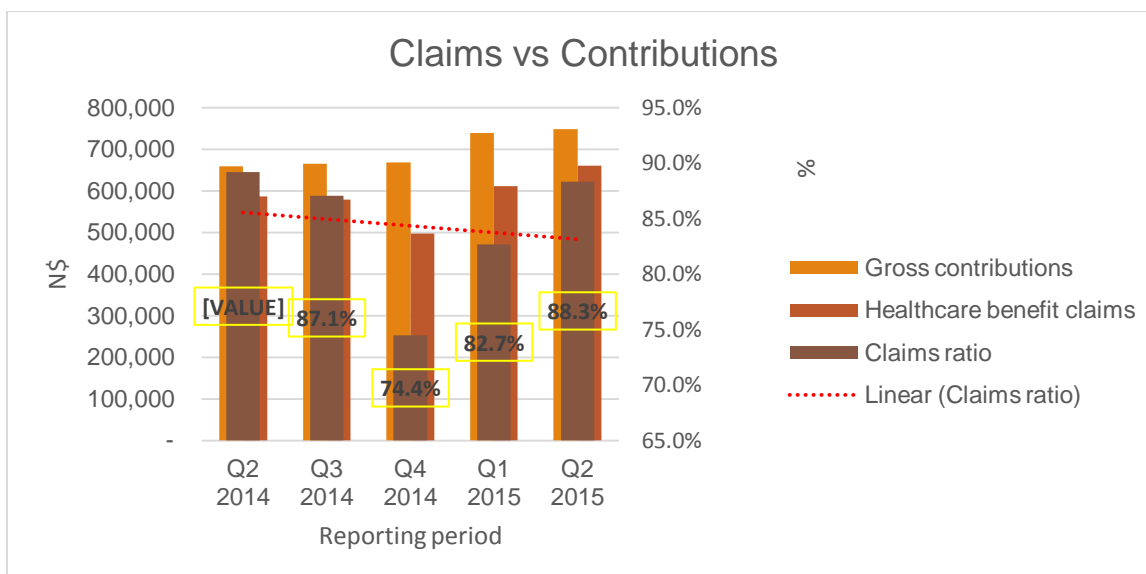
Payments made to general practitioners amounted to N\$ 64.7 million during the period under review. This was an increase of 17.0% relative to the first quarter of 2015.

Healthcare benefits which medical aid funds paid for medicines dispensed by pharmacies and providers other than hospitals amounted to N\$ 113.7 million or 17.2% of total healthcare benefits paid. This was an increase of 17.9% compared to the N\$ 96.4 million spent during quarter 1 2015.

The most significant increase (in terms of percentage) in benefit claims paid during quarter 2 2015, compared to quarter 1 2015 was in respect of medical specialists. The expenditure increased by 18.8% from N\$ 66.9 million incurred during quarter 1 of 2015 to N\$ 79.4 million incurred during quarter 2 2015.

Figure 4 illustrates the industry's claims trend compared to gross contributions over the last five (5) quarters.

**Figure 4: Claims trend vs. gross contributions**



The industry's claims ratio of 88.3% as at 30 June 2015 was 5.6% higher than the claims ratio of 82.7% recorded during the quarter ended 31 March 2015. Both the open medical aid fund and the closed medical aid fund market segments experienced the claims ratios similar to the industry's claims ratio trend as depicted in Figure 4.

Figure 4 also shows the industry's claims ratio trend. The industry's claims ratio is usually high during quarter 2 and quarter 3 of any financial year due to the winter season, where members tend to claim more as a result of winter related illnesses. The industry's claims ratio habitually decreases during quarter 4 of any financial year, due to the depletion of medical aid fund benefits and due to the commencement of the festive season. This is so because during the festive seasons people travel hence the period is normally characterised by few claims. It has been observed that members of medical aid funds do not make as much use of their medical aid fund benefits during the festive season, compared to quarter 1 and quarter 3 of any financial year. The claims ratio for medical aid funds for quarter 1 of any financial year is generally higher relative to quarter 4, due to the commencement of a new benefit year.

#### *Non-healthcare expenditure*

Non-healthcare expenditure of medical aid funds, consists mainly of:

- administration costs,
- operational expenditure (which includes salaries, utilities, distribution costs, marketing costs and impaired receivables amongst other expenditure);
- managed healthcare: management services (fees for managing health benefits); and
- professional fees paid to consultants for services rendered.

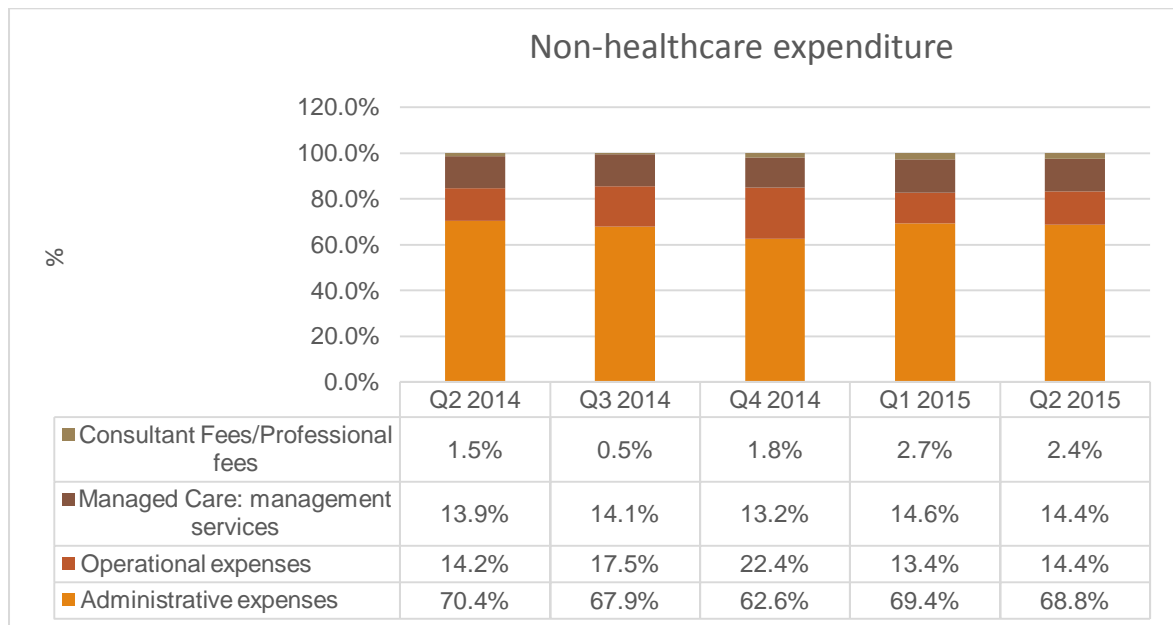
Total non-healthcare expenditure for all medical aid funds amounted to N\$ 73.7 million for the quarter ended 30 June 2015, which was 3.1% higher than the N\$ 71.5 million reported for the quarter ended 31 March 2015. The non-healthcare expense per average beneficiary for the

quarter ended 30 June 2015 grew by 1.9% from N\$ 402 per beneficiary during quarter 1 2015 to N\$410 per beneficiary during quarter 2 2015.

Non-healthcare expenditure, when expressed as a percentage of gross contribution income was, 9.8% for the quarter ended 30 June 2015, which was in-line with 9.7% reported for quarter 1 2015. The constant rate introduces stability.

Figure 5 shows the various non-healthcare expenditures expressed as a percentage of total non-healthcare costs for the last five (5) quarters.

**Figure 5: Non-healthcare expenditure**

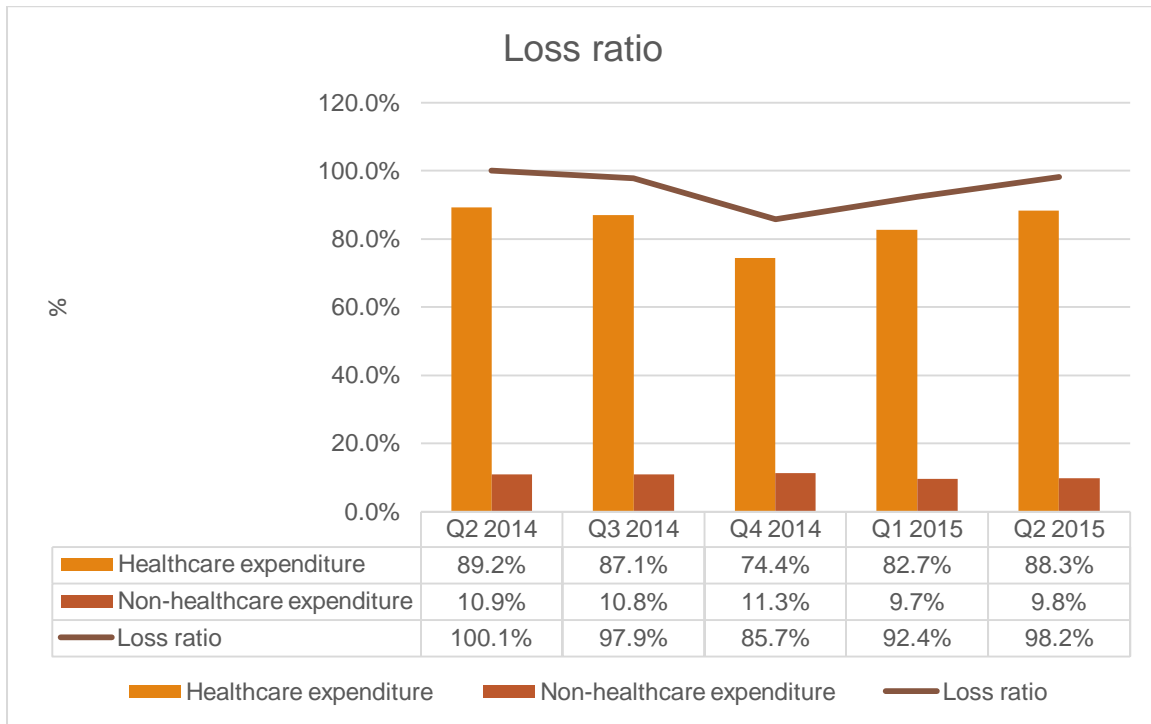


The medical aid fund industry spent the majority of non-healthcare expenditure on administration fees, followed by operational expenses and managed care services fees.

Figure 5 illustrates the loss ratio for the preceding five (5) quarters. The loss ratio measures the ratio of the healthcare expenditure and non-healthcare expenditure paid by a medical aid fund, to the contributions received.

The ratio determines the percentage of contribution used, to pay for healthcare expenditure and non-health care expenditure. A loss ratio which is lower than 100% indicates that the total contributions of a medical aid fund cover its total healthcare and non-healthcare expenditure and is commendable.

**Figure 6: Total costs as a percentage of contributions (Loss Ratio)**



The industry recorded a loss ratio of 98.2% as at 30 June 2015 which was higher than the ratio of 92.4% reported as at 31 March 2015. The gross contributions earned by the industry for the quarter ended 30 June 2015 could cover all healthcare and non-healthcare expenditure for the same period.

### Operating results

The Medical Aid Fund industry incurred an operational deficit (before taking investment and other income into account) of N\$ 17.7 million for the quarter ended 30 June 2015, which was significantly lower than the operational surplus of N\$ 20.9 million reported for the quarter ended 31 March 2015.

Open medical aid funds incurred an aggregated operational deficit (before taking investment and other income into account) of N\$ 24.2 million for the quarter ended 30 June 2015 whereas closed medical aid funds incurred an aggregated operational surplus (before taking investment and other income into account) of N\$ 6.4 million for the same period.

Investment and other income reduced by 66.3% from N\$ 35.7 million for the quarter ended 31 March 2015 to N\$ 12.0 million for the quarter ended 30 June 2015. Investment asset returns were reduced during quarter 2 2015, while overall market volatility was pronounced, owing to a number of factors. These factors included:

- Further commodity price weaknesses on the back of fears fanned by a decelerating Chinese economy as well as unfavourable supply-demand dynamics;
- A volatile Chinese equity market;
- The Greek debt crisis; and

- Uncertainty around the timing of US interest rate hikes.

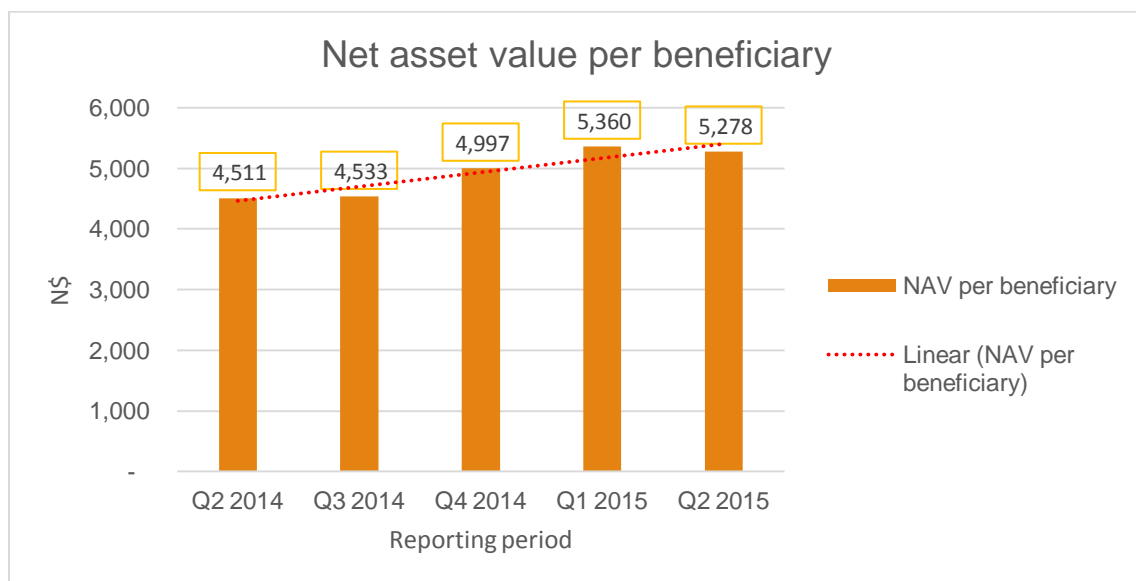
The inclusion of investment and other income resulted in the industry reporting a net deficit of N\$ 5.7 million for the quarter ended 30 June 2015. It is however worrying to note that funds heavily rely on investment income to supplement contributions in order to meet obligations. Such over-reliance on investment income may have a detrimental effect on the reserve levels of funds and could potentially lead to breach of prudential requirements.

## Financial Position

### Assets

The total assets of the industry marginally increased by 1.4% from N\$ 1.2 billion as at 31 March 2015 to N\$ 1.3 billion as at 30 June 2015. Positive movements were noted in investment assets which grew by 3.9% as a result of capitalised investment gains and the reinvestment of excess cash reserves. Figure 7 illustrates the industry's net asset value per beneficiary.

**Figure 7: Industry Net Asset Value per beneficiary**

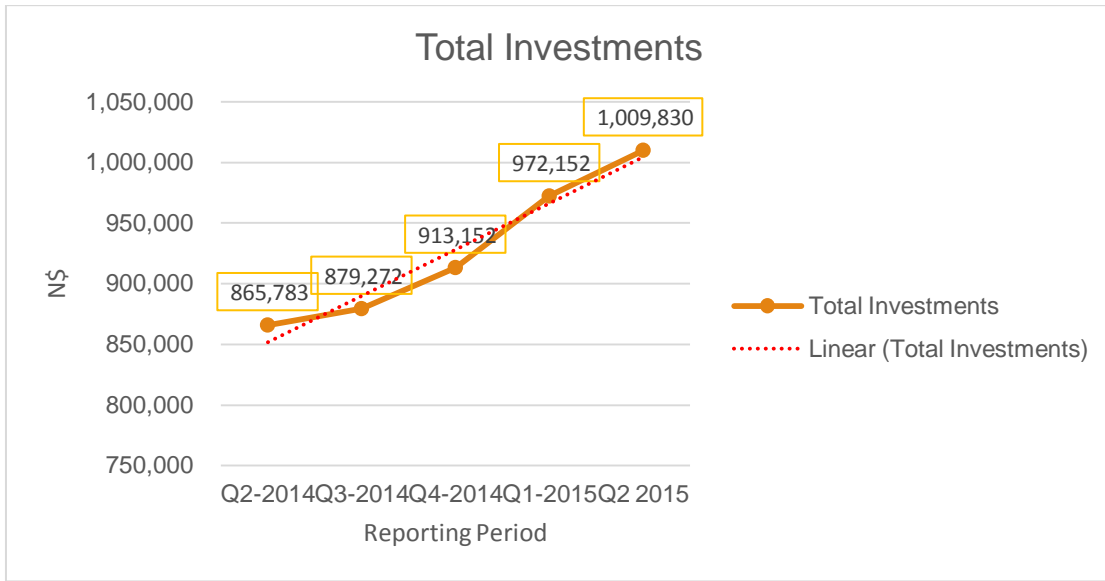


The industry's average Net Asset Value (NAV) per beneficiary decreased from N\$ 5,335 reported as at 31 March 2015 to N\$ 5,278 reported as at 30 June 2015. The decrease is noted because the rate at which the industry's beneficiaries increased (1.2%) was higher than the rate at which the Members accumulated Funds increased (0.11%).

The total assets to total liabilities ratio for open funds as at 30 June 2015 was 3.9 (Q1 2015: 4.2), whereas for closed funds it was 5.5 (Q1 2015: 4.2).

Figure 8 outlines the total investments held by the industry for the past five (5) quarters.

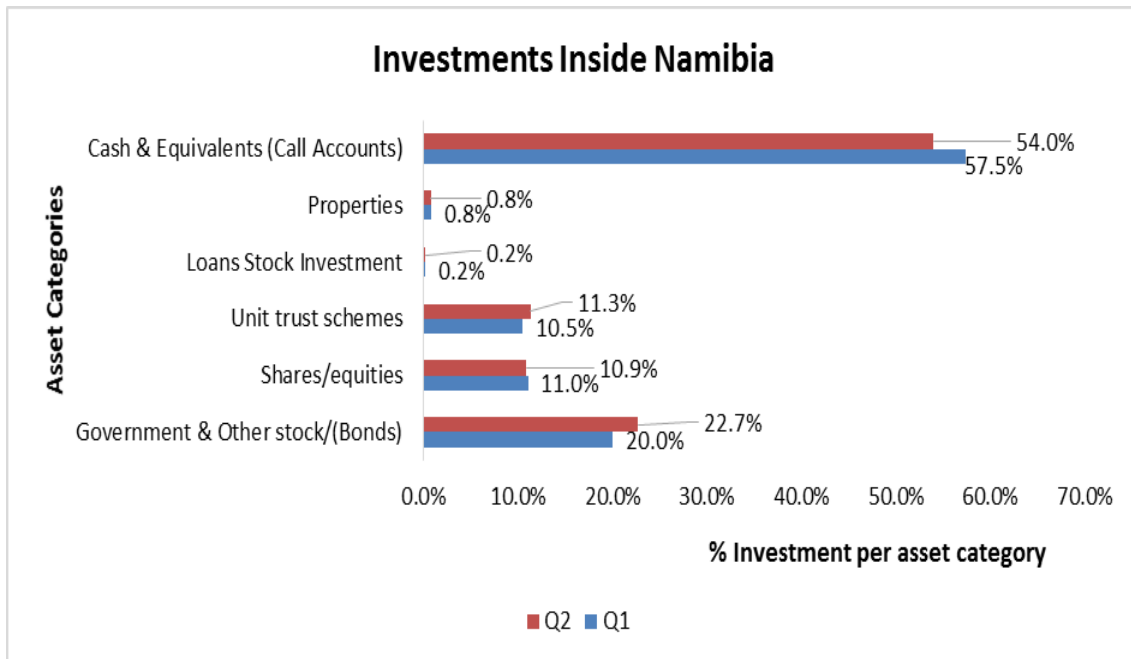
**Figure 8: Total investments**



All the funds complied with Regulation 9, which requires registered Medical Aid Funds to invest at least 35.0% of their financial assets in Namibia. The open medical aid funds had 49.8% of their holdings invested in Namibia, whereas the holdings of closed medical aid funds averaged 47.7% in Namibia.

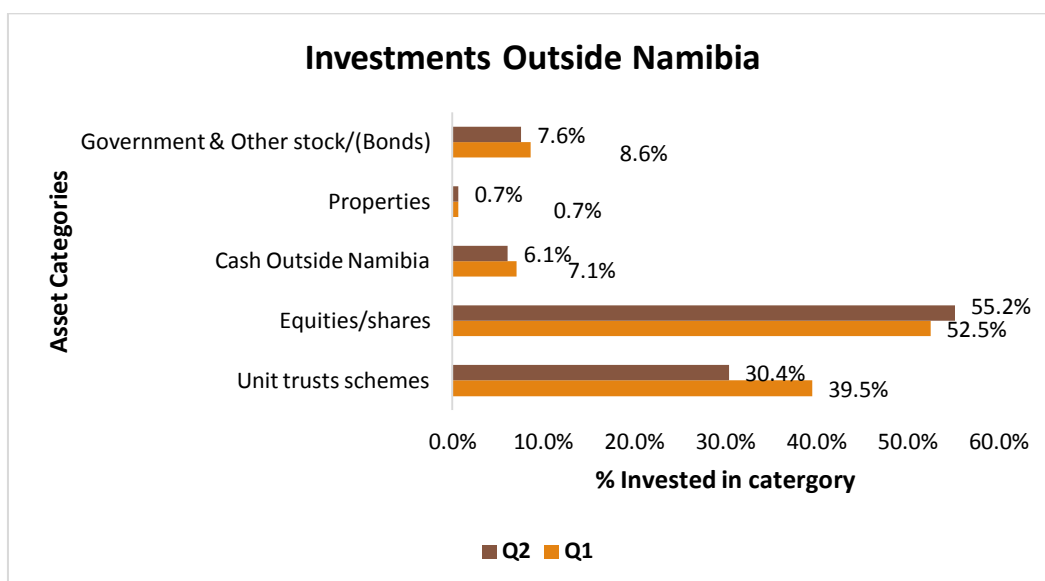
The industry invested 49.5% of its investments in Namibia. Figure 9 illustrates the breakdown of the investment classes in Namibia while Figure 10 shows the investment classes held outside Namibia.

**Figure 9: Investments inside Namibia**





**Figure 10: Investments outside Namibia**



### Reserves

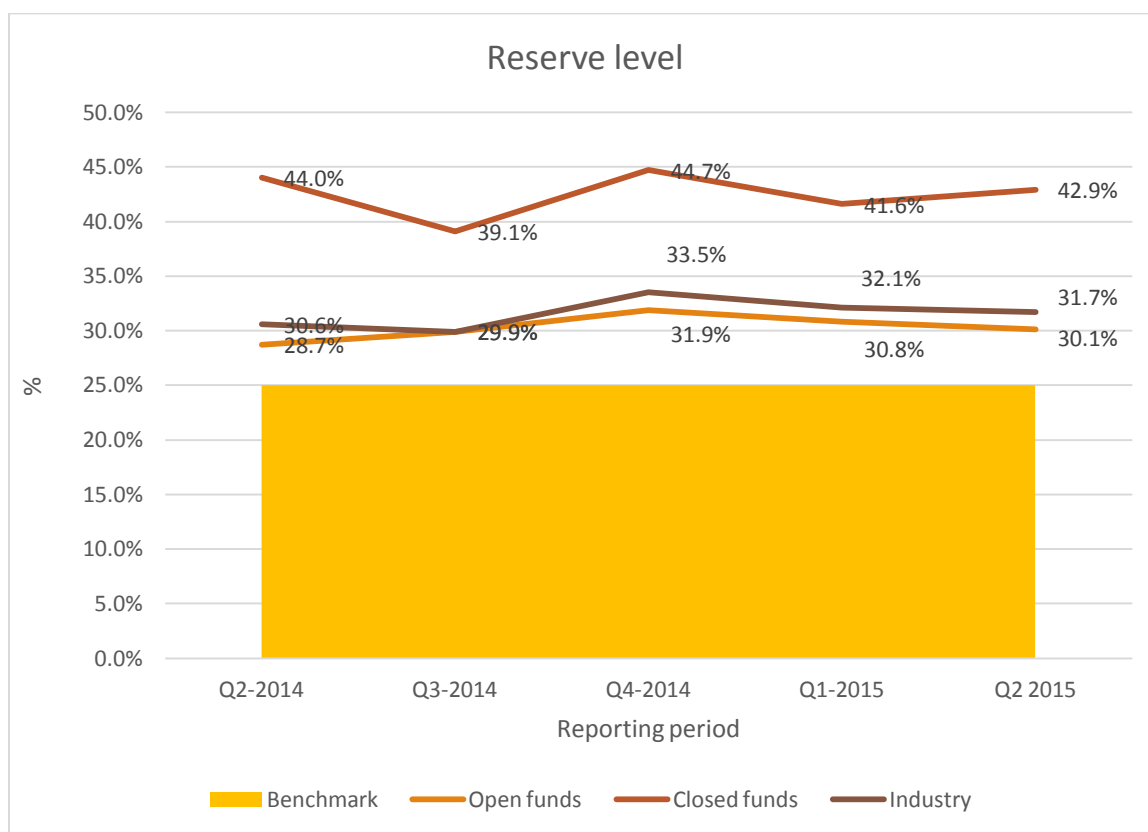
The industry's reserve level decreased from 32.1% recorded as at 31 March 2015 to 31.7% as at 30 June 2015. The open medical aid funds' reserve level decreased from 30.8% reported as at 31 March 2015 to 30.1% as at 30 June 2015, whilst the closed medical aid funds' reserve level increased from 41.6% as at 31 March 2015 to 42.9% as at 30 June 2015.

It is however worth noting that two (2) open medical aid funds reported a reserve level below the prudential required benchmark of 25.0% for the quarter under review. An additional open medical aid fund reported a reserve level that has been steadily decreasing from 30.1% to 25.0% over the six (6) months ended 30 June 2015.

Similarly a closed medical aid fund also reported a reserve level that steadily decreased from 26.1% to 25.0% over the same reporting period. Figure 11 illustrates the industry's reserve levels over the past five (5) quarters.

The noted decline in reserve levels and potential breaches of the prudential limits is a result of significant declines in investment income and shows the industry's potential vulnerability to adverse investment and market experiences.

**Figure 11: Industry Reserves level**



### *Liabilities*

Total liabilities increased by 5.6% from N\$ 295.0 million as at 31 March 2015 to N\$ 311.4 million as at 30 June 2015. The increase in liabilities was mainly attributable to an increase in benefit claim liabilities and non-current liabilities.

Benefit claim liabilities increased due to the frequency in the submission of claims by the service providers, as well as efficiency in the processing of claims. A medical aid fund incurred non-current liabilities during the quarter under review to fund their working capital requirements.

## Swaziland

### Regulatory Structure & Legislation

- The Financial Services Regulatory Authority (FSRA) is mandated to regulate and supervise the Medical Aid Schemes industry in Swaziland.
- There is currently no regulatory framework for medical aid schemes.
- The Authority issued provisional registration requirements and has invited all players in the industry to register. It has further developed renewal requirements.
- The authority has engaged a consultant to draft a Medical Schemes Bill.

### Type and Number of Medical Aid Schemes Supervised

- Currently only one medical aid scheme and one medical aid scheme administrator are registered provisionally.

### Challenges

- There is currently no regulatory framework for medical aid schemes.
- The Authority is seeking technical assistance to develop the supervisory framework for the industry and has not received any assistance yet.

## Micro-Finance and Financial Cooperatives Sub-committee

### Introduction

The broad mandate of Micro-Finance and Financial Cooperatives (MiFFCO) is to facilitate and promote financial deepening and financial stability through adoption of harmonized, investor and consumer responsive legal and regulatory frameworks and effective supervision of microfinance institutions and financial cooperatives within the SADC region.

Following the establishment of the MiFFCO Sub-committee in April 2014, with a potential membership of more than 20 regulatory authorities as shown in the table below, the Sub-committee has struggled to attract a full house. The most membership to have attended a meeting was six (6) and this has negatively affected implementation of the Sub-committee's objectives.

**Table indicating Ministries and Regulators Overseeing Micro-Finance and Financial Cooperatives in each Member State**

SN	Member States	Micro-Finance	Financial Cooperatives
1	Angola	Ministry of Finance	Ministry of Finance
2	Botswana	Ministry of Finance and Development Planning	Ministry of Trade and Industry
3	DRC	Banque Centrale du Congo	Banque Centrale du Congo
4	Lesotho	Central Bank/Ministry of Finance	Central Bank/Ministry of Trade
5	Malawi	Reserve Bank of Malawi/Ministry of Trade	Reserve Bank of Malawi/Ministry of Trade
6	Mauritius	Ministry of Finance and Economic Development	Ministry of Business, Enterprise and Cooperatives
7	Mozambique	Banco de Mocambique	Banco de Mocambique
8	Namibia	Ministry of Finance. Regulator: NAMFISA	Ministry of Agriculture. Regulator: Registrar of Cooperatives
9	Seychelles	No information available	No information available
10	South Africa	Ministry of Trade and Industry and National Treasury  Regulator: National Credit Regulator	Ministry of Trade and Industry
11	Swaziland	Ministry of Finance	Ministry of Finance
12	Tanzania	Ministry of Industry and Trade	Ministry of Agriculture Food Security, and Cooperatives

SN	Member States	Micro-Finance	Financial Cooperatives
13	Zambia	Bank of Zambia	Department of Cooperatives under the Ministry of Trade Commerce and Industry
14	Zimbabwe	Ministry of Finance Regulator: Reserve Bank of Zimbabwe	Ministry of Small and Medium Enterprises and Cooperative Development

### **Achievements to Date**

Notwithstanding poor attendance of the MiFFCO meetings, the Sub-committee managed to develop its terms of reference which are anchored on the broad CISNA objectives.

The Sub-committee presided over a Southern Africa Microfinance Project (SAMP) that was conducted by Planet Finance under the sponsorship of FinMark Trust under the topic “Towards an enabling and investor friendly microfinance regulatory and policy environment”. The SAMP final report was launched in November 2014, in Maun, Botswana. The research identified areas of regulatory and supervisory convergence and divergence within the SADC region with respect to the microfinance sector.

The SAMP study revealed that there was no common understanding of the definition of microfinance in the SADC region which led to different regulatory and supervisory framework for the sector. In addition there was no standard framework for statistical data collection, transparency and disclosure requirements in the region.

### **Consensus Guidelines for Microfinance Sector**

The findings of the SAMP study informed the development of MiFFCO’s Action Plan for the implementation of CISNA Strategic Plan 2016 – 2020 in particular the achievement of Goal 1 – Harmonisation and enhancement of effective regulatory & supervisory framework for microfinance sector in the region. MiFFCO undertook to develop consensus guidelines for the microfinance sector. Consensus guidelines will identify areas of the region’s regulatory and supervisory frameworks that can be harmonised. The exercise is expected to result in the development of a model law for the regulation and supervision of microfinance sector in SADC.

Below is a general discussion of the performance and condition of the microfinance sector of the reporting member states. There is great challenge in reporting for financial cooperatives, which are in the main under the regulation and supervision of government ministries or departments, which have difficulties in collecting statistical data from these institutions.

## 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 (also known as microfinance banks). The institutions offer micro loans, payroll based loans, group loans, savings and other financial products. The following table summarises the sector's players and their products.

### Architecture of the Microfinance Sector in SADC Member States<sup>2</sup> as at 31 Dec 2015

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	<ul style="list-style-type: none"> <li>▪ Ordinary loans;</li> <li>▪ Emergency loans;</li> <li>▪ Quick loans;</li> <li>▪ Ordinary savings; and</li> <li>▪ Fixed savings.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unsecured short term loans; and</li> <li>▪ Long term salary based loans</li> </ul>
Malawi	41 – of which 19 are supervised by the Reserve Bank of Malawi	20 – Micro credit agencies 9 – Non-deposit taking <sup>4</sup> 1 – Deposit taking	<ul style="list-style-type: none"> <li>▪ Share Contributions;</li> <li>▪ Savings and Term deposits;</li> <li>▪ Credit Facilities;</li> <li>▪ Insurance; and</li> <li>▪ ATMs.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Short and long term loans;</li> <li>▪ Micro Insurance;</li> <li>▪ Savings (compulsory and voluntary savings);</li> <li>▪ Business and Credit;</li> <li>▪ Management Trainings;</li> <li>▪ Small Group Loans; and</li> <li>▪ Foreign exchange.</li> </ul>
Namibia	Nil	278 – micro-lenders	N/A	<ul style="list-style-type: none"> <li>▪ Short term loans (1 month); and</li> <li>▪ Long term loans (up to five years).</li> </ul>
Swaziland	51- Financial cooperatives	86 Credit Providers (2 development finance institutions; 2 credit institutions; 5 retail outlets; 55 micro-lending	<ul style="list-style-type: none"> <li>▪ Withdrawable and non-withdrawable savings; and</li> <li>▪ Short &amp; long-</li> </ul>	<ul style="list-style-type: none"> <li>▪ Short and long term loans</li> </ul>

<sup>2</sup> Some SADC member states did not submit information.

<sup>4</sup> These institutions offer insurance, money transfer services in addition to loans.

Member State	Number of Institutions		Products Offered	
	Financial Cooperatives	Micro Finance Institutions	Financial Cooperatives	Micro Finance Institutions
		institutions; and 22 micro-lenders)	term loans	
Zambia	No information provided	9 Deposit taking MFIs  26 Non deposit taking MFIs	No information provided	Short and long term loans; Savings (compulsory and voluntary);
				Solidarity loans;
				Deposits; and
				Training.
Zimbabwe	No information provided	152 – Credit only MFIs 3- Deposit taking MFI's	No information provided	Short and long term (3 years) loans
				Group loans
				Lease financing;
				Invoice discounting;
				Micro Housing loans

The product offering of the microfinance sector in the region has remained generic. There are opportunities for product innovation through adoption of mobile technology to offer mobile financial services.

### Regulatory and Supervisory Framework

The regulatory and supervisory framework for the microfinance sector in the CISNA member states is made up of diverse laws, guidelines, directives, circulars, regulations and frameworks as reported in the CISNA Annual Report 2014.

During 2015 member states continued to strengthen the regulatory and supervisory framework to facilitate the growth and stability of the microfinance sector in their respective jurisdictions. Some of the national initiatives are discussed below.

#### *Swaziland*

The Financial Services Regulatory Authority spearheaded the development of a Consumer Credit Bill and SACCO Bill. The Consumer Credit bill aims, inter alia to protect consumers from unscrupulous microfinance services providers, while the SACCO bill will strengthen the regulatory and supervisory framework for the savings and credit cooperatives, which is currently being supervised under the SACCOs Licensing and Reporting Guidance Notes.

## *Zambia*

In Zambia, the Bank of Zambia in collaboration with other key stakeholders initiated a number of measures aimed at improving the regulatory and supervisory environment for the microfinance sector. The interventions included:

- a) Introduction of a simplified **Risk-based Know-Your-Customer** Framework which introduced other forms of identification which can be used by those without formal identification details.
- b) Implementation of a **Regulatory Framework for Agency Banking** to enable financial services providers to contract third parties to provide financial services, particularly to consumers of microfinance services in the remote areas of the country.
- c) Development of a **Legal Framework for the Establishment of a Collateral Registry** to enable small and medium enterprises to use moveable assets as collateral and access financial services; and
- d) Implementation of a **National Financial Education Strategy** aimed at increasing awareness and knowledge of financial products and services among the population and promote sustainable usage of products.

## *Zimbabwe*

- a) In October 2015 the Reserve Bank of Zimbabwe spearheaded the development of a National Financial Inclusion Strategy (NFIS) in consultation with various stakeholders including the Ministry of Finance & Economic Development. The NFIS is expected to enable determination of priority areas and action points in order to achieve the financial inclusion vision and mission; and identify key stakeholders and their respective roles and responsibilities in the implementation of the various financial inclusion initiatives.
- b) The Reserve Bank of Zimbabwe together with the Ministry of Finance & Economic Development initiated Amendments to the Microfinance Act with view 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.
- c) Further during 2015 the Reserve Bank of Zimbabwe spearheaded the establishment of a Credit Reference System which is expected to reduce information asymmetry and improve credit risk management in the microfinance sector.

## **Performance of the Sector**

The microfinance sector continues to play a critical role in the provision of financial services to the marginalised communities and expansion of financial inclusion in the region as shown in the table below.



### Key Industry Performance Indicators as at 31 December 2015 (US \$) 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	218*	N/A	30	30	278	N/A	86	51	35	N/A	152	N/A
Number of branches	N/A	Nil	N/A	N/A	N/A	N/A	66	N/A	127	N/A	571	N/A
Total Assets (Million US\$)	317	N/A	49.9	9.1	273,69	N/A	167,4	88,64	298,2	N/A	225,13	N/A
Total Outstanding Loans (Million US\$)	289	N/A	54.5	6,03	273,69	N/A	136,92	60.59	270.95	N/A	187,16	N/A
Number of Borrowers	N/A	N/A	434,802	94,639	N/A	N/A	-	-	241,118	N/A	202,242	N/A
Portfolio at Risk (PaR>30 days) <sup>3</sup>	N/A	N/A	N/A	6.99	none	N/A	-	-	7%	N/A	10.72%	N/A
Total Deposits (Million US\$)	N/A	N/A	N/A	6,85	N/A	N/A	-	62,78	15,48	N/A	N/A	N/A
Number of Members	N/A	N/A	N/A	94,639	N/A	N/A	-	39,908		N/A	N/A	N/A

*\*Although there were 218 registered micro-lenders, the data is based on the 20 largest micro-lenders that submitted statistical information.*

The unavailability of standard statistical figures and harmonised performance indicators in the region hampers informative comparative analysis of the performance of the microfinance sector.

<sup>3</sup> 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.

It is also worth noting that most of the microfinance regulatory authorities in member states do not have appropriate instruments to enable them to collect complete data from the microfinance institutions. As a result the significance of the sector to the economic development of the region will remain unnoticed.

### **Challenges of the Microfinance Sector**

The microfinance sector in the SADC region has continued to be affected by a number of macro and microstructure challenges such as capitalisation, constricted liquidity environment, absence of credit reference services, shortage of skilled manpower, inadequate ICT infrastructure, weak record management and low financial Literacy which has negatively affected financial consumer protection.

### **International Cooperation**

In line with the CISNA's objective of promoting mutual relationships with development partners, international bodies and compliance with international best practices, standards and codes of conduct, member states continue to develop developmental relationships with development partners including the World Bank. In 2015 some member states accessed technical assistance from World Bank as summarised below:

#### **Zambia**

In 2014 Zambia got technical assistance from World Bank in the area of Financial Inclusion Support Framework. The project was on an ongoing basis and the 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.

#### **Zimbabwe**

Zimbabwe accessed World Bank Technical Assistance on establishment of the Credit Reference System & Collateral Registry. The Reserve Bank of Zimbabwe with the technical support of experts from the World Bank is working towards the establishment of a credit reference system which will alleviate the information asymmetry in the financial sector. The Reserve Bank has also accessed technical support from the World Bank to establish a collateral registry which will enhance access to finance for lower income groups on the back of movable assets as collateral.

**Simbarashe Mashonganyika**  
**Chairperson, Micro-finance and Financial Cooperatives Sub-committee**

# 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. Since attainment of the IOSCO associate membership last year, 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, most trades still being done on the primary market.

Debt securities started trading on the secondary market through the official BODIVA - Angola Stock Exchange which was launched last year. Efforts towards full establishment of the Angolan capital market have seen a number of legal instruments have been put in place including:

- The Securities Act was published in the third quarter of the year 2015
- Rules No. 6/15 and No. 6/15 instructions and No. 7/15 were approved in the fourth quarter of the year to operationalise all aspects of the clearing activities, settlement and centralized custody of securities.
- Regulation n.º 1/15 of May 15<sup>th</sup> , on the Intermediary Agents and Investment Services
- Regulation n.º 2/15 of May 15<sup>th</sup> , on the External Auditors
- Regulation n.º 3/15 of May 15<sup>th</sup> , on the Trade Repositories
- Law n.º 12/15 of June 17<sup>th</sup> , the Financial Institutions Basic Law.
- Law n.º 22/15 of August 30<sup>rd</sup> , which approves the Securities Code
- Presidential Legislative Decree n.º 4/15 of September 16<sup>th</sup> , on the Legal Framework of the Venture Capital Collective Investment Schemes.
- Presidential Legislative Decree n.º 6-A/15 of November 16<sup>th</sup> , on the legal framework of CIS's of Securitisation Assets.

# Appendix A2

## Botswana

### Key Market Highlights

Number of Licensed participants at 31 December	2015	2014
Management Companies of Collective Investment Undertakings	4	6
Investment Company with Variable Capital	1	1
Collective Investment Undertaking Funds	17	26
Asset Managers	11	12
Trustees	2	2
Custodian	3	3
Investment Advisors	6	22

### CIU Funds held by Management Company

Net Asset Value as at 31 December	2015 (US \$)	2014 (US \$)
African Alliance Botswana	99 945 544.83	65 659 618.08
Bifm Unit Trust	130 533 905.59	8 078 160.79
Investec	91 965 401.48	109 806 512.84
SIMS	246 220 541 .00	223 928 249.65
Total	568 665 392.89	407 472541.32

### Geographical allocation of CIU Total Assets

Amount as at 31 December	2015 (US \$)	2014 (US \$)
Domestic	468 830 264.21	303 553 179.00
Offshore	94 848 221.20	106 214 954.40
Total Gross Asset Allocation	563 678 485.47	409 768 133.40

\*Exchange Rate Pula/US \$ (1:0.1051) December 31, 2014 and (1:0.089) December 31, 2015

# Appendix A3

## Malawi

### Key Market Highlights

As at 31 December	2015	2014
Traded Value (US \$)	101,857,955.72	26,670,773.15
Traded Volume	2,355,317,369	1,724,271,388
Number of listed Companies	14	14
Malawi All Share Index (MASI)	14,562.53	14,886.12
Annual Performance (%)	-29.94	8.14
Domestic Share Index	11,462.87	11,720.43
Domestic Share Index Performance (%)	-29.96	8.31
Foreign Share Index	1,762.13	1,759.61
Foreign Share Index Performance (%)	-28.29	-6.29
Market Capitalisation (US \$ billion)	11.3	15.7
<b>Licensees:</b>		
Stock Exchange	1	1
Asset Management Companies	7	7
Stock Brokers	4	4
Unit Trusts	1	1
Investment Trust/Closed End Schemes	1	1
Transfer Secretaries	5	5
Investment Advisors	5	2

# Appendix A4

## Mauritius

### Key Market Highlights

SEM Market Figures: Official Market	2015	2014
No of listed companies as at 31 December	51	46
Total Volume Traded for the year ended	3,965,970,523	2,616,694,625
Total Turnover Value Traded (US \$) for the year ended	492,830,159	515,544,204
Market Capitalisation (US \$) as at	5,525,672,537	7,161,799,492

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

SEM Market Figures: Development & Enterprise Market	2015	2014
No of listed companies as at 31 December	44	44
Total Volume Traded for the year ended	151,357,764	190,741,518
Total Turnover Value Traded (US \$) for the year ended	53,337,388	70,472,281
Market Capitalisation (US \$) as at 31 December	1,354,503,506	1,493,802,269

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

Bourse Africa Ltd ('BAL') Performance for the year ended 31 December	2015	2014
Total Turnover (in US \$ Million)	1,387	4,596
Total Volumes (in Lots)	127,529	818,715

Source: Bourse Africa Ltd ('BAL')

Domestic Market Intermediaries as at 31 December	2015	2014
Investment Dealer	16	17
Investment Adviser	34	32
Representative of Investment Dealer	51	44
Representative of Investment Adviser	68	56

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 Licensees as at 31 December	2015	2014
<b>Total Funds</b>	<b>934</b>	<b>911</b>
Collective Investment Schemes	478	485
Closed-end funds	456	426
CIS Managers	381	367
Custodians	18	9
CIS Administrators	7	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 A5

## Mozambique

### Key Market Highlights

	Official Market 2015	Official Market 2014
Number of listings	46	43
Listed companies	15	17
Traded Value (US \$ millions)	329	145
Traded Volume (m' shares)	152	47
GDP at Current Prices (US \$ billions)	13.14	16.89
Market Capitalisation (US \$ billions)	1,222	1,329
Market Cap. % GDP	8%	7,0%
Liquidity	10.9%	26.9%

Source: BVM 2015, 2014, INE, World Bank, IFM World Economic Outlook

(\*) = Estimates

### Transactions in the Official Markets as at 31 December

	Quantity 2015	Value 2015 (US \$ m)	Quantity 2014	Value 2014 (US \$ m)
Bonds	41.715.640	92,452	45.391.223	142,611
Commercial	157.000	0,00035	469.250	0,002
Shares	2.241.044	6.067	1.398.150	2,198
Public	108.244.112	230,924	-	-

Source: BVM 2015, 2014

### Securities as at 31 December

Listed Emissions	2015	2014
Bonds	38	24
Commercial papers	3	6
Shares	4	4
Public	1	-

Source: BVM 2015, 2014

### Market Players as 31 December

	2015	2014
Dealers (Commercial Banks)	9	9

# Appendix A6

## Seychelles

### Key Market Highlights

Capital Market Set up at 31 December		2015
Number of Securities/Stock Exchange		1
Number of Market/Board types		4
Number of Clearing Agency/Facility		1
Number of Central Securities Depository		1
Licensed Players as at 31 December		2015
Broker/Dealers		8
Broker/Dealers which are members of exchange		2
Number of Investment Advisors		1
Securities Dealers Representatives		10

### Collective Investment Schemes Highlights

Licence Type	Number of Licensees as at Dec 2015
Professional Funds	5
Private Funds	6
Public Funds	2
Fund Administrators	3

# Appendix A7

## South Africa

### Key Market Highlights

Capital Market Set up As at 31 December		2015
Number of Securities/Stock Exchange		1
Number of Clearing Agency/Facility		1
Number of Central Securities Depository		1
Number of licensed Broker/Dealers as at 31 December per Market		2015
CDM Dealers		2706
EDM Dealers		2737
IRM Dealers		2937
EQM Dealers		4260
Number of licensed Broker/Dealers which are members of exchange as at 31 December per Market		2015
CDM Member Firms		357
EDM Member Firms		417
IRM Members Firms		415
EQM Members Firms		254

Collective Investment Schemes as at 31 December 2015 in :			
	Securities	Participating Bonds	Property
Total Assets Under Management (US \$ Billions)	141,449	99,014	0.500,636

# Appendix A8

Swaziland

## Key Market Highlights

Capital Market Set up as at 31 December		2015
Number of Securities/Stock Exchange		1
Number of Market/Board types		2
Type and Number of Participants under Supervision		
Number of licensed Broker/Dealers		2
Number of licensed Broker/Dealers which are members of exchange		2
Number of Investment Advisors		12
Trustees / Custodians		4
Collective Investment Scheme Managers		5
Investment Advisors		13

## Asset under Management (US \$) as at 31 December

	2015	2014
Collective Investment Schemes	986 576 033.42	79 468 991.88
Investment Advisor	615 495 788.58	42 847 814.97
<b>Total</b>	<b>1 602 071 822.00</b>	<b>122 316 806.85</b>

# Appendix A9

## Tanzania

### Capital Market Highlights

Market Set up as at 31 December	2015
Number of Securities/Stock Exchange	1
Number of Market/Board types	5
Number of Clearing Agency/Facility	3
Number of Central Securities Depository	2

Licensed Players as at 31 December	2015
Number of licensed Broker/Dealers	10
Number of licensed Broker/Dealers which are members of exchange	10
Number of Investment Advisors	22
CIS	5
Fund Managers	10
Bond Traders	4
Nominated Advisors	5
Custodians	4

Collective Investment Schemes as at 31 December	2015
Fund Manager	10
Open ended scheme	4
Closed ended scheme	1

# Appendix A10

## Zambia

### Key Market Highlights as at 31 December

Market Set up	2015
Number of Securities/Stock Exchange	2
Number of Market/Board types	3
Number of Central Securities Depository	1

Market Performance Indicators	2015	2014
LuSE All Share Index	5,734.7	6,160.7
Market Capitalisation US \$ billion	5.849	10.271
Market Capitalisation/GDP ratio (%)	20.76	22.26

Market Performance Indicators for the year ended	2015	2014
Volume(millions)	117	319
Turnover (US \$ millions)	67.57	171
Turnover /Market Capitalisation (%)	2.47	1.66%
Trades in Bonds	270	167
Turnover(bonds) (ZMK' billions)	1934	2797

Licensing of Market Players	2015	2014
Number of brokers	7	6
Dealers	28	19
Dealers Representatives	103	72
Investment Advisers	10	10
Investment Advisers Representatives	19	21

Issuers of Securities	2015	2014
Listed Equity Issuers	23	23
Listed Corporate Bonds	7	8
Quoted equity Issues	12	8
Collective Investment Schemes	8	7

# Appendix A11

## Zimbabwe

### Key Market Highlights

A summary of the market performance as at 31 December

Market Set up	2015	2014
Industrial Index	114.85	162.79
Mining Index	23.72	71.71
Volumes Traded (m' shares)	2,223	3,179
Number of Listed Companies	65	66
Market Capitalisation (US \$ billion)	3.07	4.33

A summary of the market performance for the year ended

	2015	2014
Foreign Deals (m' shares)	1,045	2,020
Total Turnover (US \$ million)	228.63	452.87
Net Foreign Inflows (US \$ million)	-4.32	94.19

A summary of licensing activities by the Commission for the year ended 31 December

Licensing of Market Players	2015	2014
Securities dealers	37	41
Securities Dealing Firms	13	13
Custodians	6	5
Transfer Secretaries	3	3
Investment Advisors	31	25
Investment Managers	15	17
CSD	1	1

The licensing process however continues throughout the year.

## Appendix B - Retirement Funds



# Appendix B1

## Angola

### Registered under the Pension Legislation as at 31 December 2015

Total	31 Dec 2015	31 Dec 2014
Local Retirement Funds	N/A	N/A
Foreign Retirement Funds	N/A	N/A
Fund Administrators	9	9

### Funds regulated by ARSEG:

Types of funds	2015	2014
Provident Funds	N/A	N/A
Pension Funds	32	27
Other	N/A	N/A
Total	32	27

Exchange rate as at 31 December 2015 US \$=1 Angolan Kwanza exchange rate: 135.32

### Market size (local currency in millions)

	2015	2014
Contributions	18 497.26	11 566.45
Benefits paid	10 417.63	5 869.51
Total assets	232 399.93	180 521.63

### Market impact

GDP as at 31 December 2015 US\$: 102 000.00 (Mil) Angolan Kwanza: 12 745 600.00 (Mil)

## Appendix B2

### Botswana

#### Registered under the Pension Legislation as at 31 December 2015

Total	31 Dec 2015	31 Dec 2014
Local Retirement Funds	87	93
Foreign Retirement Funds	N/A	N/A
Fund Administrators	2	N/A

#### Funds regulated by NBFIRA:

Types of funds	2015	2014
Provident Funds	4	0
Pension Funds	83	93
Other	0	0
<b>Total</b>	<b>87</b>	<b>93</b>

Exchange rate as at 31 December 2015 US \$ = 1 Pula exchange rate: 0.1130

#### Market size (local currency in millions)

	2015	2014
Contributions	3 449	2 798
Benefits paid	3 305	3 280
Total assets	73 845	58 985

#### Market impact

GDP as at 31 December 2015    US\$ 14 390.8(Mil)    Pula: 0.1130 (127 352 Mil)

## Appendix B3

### Malawi

#### Registered under the Pension Legislation as at 31 December 2015

Total	31 Dec 2015	31 Dec 2014
Local Retirement Funds	23	1 677
Foreign Retirement Funds	0	0
Fund Administrators	8	1 677

#### Funds regulated by Reserve Bank of Malawi:

Types of funds	2015	2014
Provident Funds	0	0
Pension Funds	23	1 677
Other	0	0
Total	23	1 677

Exchange rate as at 31 December 2015 US \$ =1Malawian Kwacha exchange rate: 0.0015

#### Market size (local currency in millions)

	2015	2014
Contributions	40 948.99	30 632.26
Benefits paid	24 578.40	9 840.94
Total assets	312 150.40	246 300

#### Market impact

GDP as at 31 December 2015 US\$ 6 565.3 (Mil) Malawian Kwacha: 0.0015 (4 376 866.6 Mil)

# Appendix B4

## Mauritius

### Registered under the Pension Legislation as at 31 December 2015

Total	31 Dec 2015	31 Dec 2014
Local Retirement Funds <sup>4</sup>	65	61
Foreign Retirement Funds <sup>5</sup>	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	2015	2014
Provident Funds	NA <sup>6</sup>	NA
Pension Funds <sup>7</sup>	67	63
Other	n/a	NA
<b>Total</b>	<b>67</b>	<b>63</b>

Exchange rate as at 31 December 2015 US \$ 1 = MUR 36.512

<sup>4</sup> Private Pension Schemes set up as Trust, Foundation or Superannuation Funds.

<sup>5</sup> Private Pension Schemes set up as Trust and termed under the Act as *External Pension Scheme*.

<sup>6</sup> NA = Not applicable

<sup>7</sup> Private Pension Schemes set up as Trust, Foundation or Superannuation Funds.

### Market size (local currency in millions)

	2015	2014
Contributions	2,057 <sup>8</sup>	1,024
Benefits paid	1,241 <sup>9</sup>	533
<b>Total Assets</b>	<b>44 500</b>	<b>40,688</b>

### Market impact

GDP as at 31 December 2015 US\$ 11 176.9 (Mil) Mauritian Rupees: 408 307 Mil

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<sup>8</sup> Figures based on 44 Private Pension Schemes set up as Trust, Foundation or Superannuation Funds that have, as at date, submitted their returns for year ending 2015.

<sup>9</sup> Figures based on 44 Private Pension Schemes set up as Trust, Foundation or Superannuation Funds that have, as at date, submitted their returns for year ending 2015.

## Appendix B5

### Mozambique

#### Registered under the Pension Legislation as at 31 December 2015

Total	31 Dec 2015	31 Dec 2014
Local Retirement Funds	8	8
Foreign Retirement Funds	n/a	n/a
Fund Administrators	n/a	n/a

#### Funds regulated by ISSM of Mozambique:

Types of funds	2015	2014
Provident Funds	n/a	n/a
Pension Funds	8	8
Other	n/a	n/a
Total	8	8

Exchange rate as at 31 December 2015 1 USD=38.3 Mozambican Meticaís

#### Market size (local currency in millions)

	2015	2014
Contributions	4.123	4.682
Benefits paid	210	1.052
Total assets	3.213.0	3.038.2

#### Market impact

GDP as at 31 December 2015      US\$ 14690 (Mil)      Mozambican Meticaís: 562 627 (Mil)

# Appendix B6

## Namibia

### Registered under the Pension Legislation as at 31 December 2015

Total	31 Dec 2015	31 Dec 2014
Local Retirement Funds	97	107
Foreign Retirement Funds	51	50
Fund Administrators	7	7

### Funds regulated by NAMFISA:

Types of Funds	2015	2014
Provident Funds	16	18
Pension Funds	74	70
Other	7	19
Total	97	107

Exchange rate as at 31 December 2015 US\$ 1 = Namibian dollar 15.50

### Market size (local currency in millions)

	2015	2014
Contributions	6 150	5 627
Benefits paid	5 476	4 855
Total Assets	133 088	119 568

### Market impact

GDP as at 31 December 2015  
Mil

US\$ 11 546.0 (Mil)

Namibian dollar: 178 963

# Appendix B7

## South Africa

Registered under the Pension Legislation as at 31 December 2015:

TOTAL	31 Dec 2015	31 Dec 2014
Local Retirement Funds	5 123	6 398
Foreign Retirement Funds	1	1
Fund Administrators		6 399

Funds regulated by Financial Services Board:

Types of funds	2015	2014
Provident Funds	846	893
Pension Funds	889	947
Other	83	61
<b>Total</b>	<b>1 818</b>	<b>1 921</b>

Exchange rate as at 31 December 2015 US\$1= Rand 15.57

Market size (local currency in millions)

	2015	2014
Contributions	151 695	139 711
Benefits Paid	207 717	186 197
Total Assets	2 308 734	2 131 111

Market Impact

GDP as at 31 December 2015

US\$ 312 797.5(Mil)

Rand: 4 810 257 Mil



# Appendix B8

## Swaziland

### Registered under the Pension Legislation as at 31 December 2015

Total	31 Dec 2015	31 Dec 2014
Local Retirement Funds	71	68
Foreign Retirement Funds	47	43
Fund Administrators	5	5

### Funds regulated by Financial Services Regulatory Authority:

Types of funds	2015	2014
Provident Funds	28	26
Pension Funds	43	42
Total	<b>71</b>	<b>68</b>

Exchange rate as at 31 December 2015 US\$1 = SZL 16.51

### Market size (local currency in millions)

	2015	2014
Contributions	1 833	2 348
Benefits paid	1 150	848
Total Assets	25 314	22 983

### Market impact

GDP as at 31 December 2015      US\$ 4 060 (Mil)      Lilangeni SZL 67 030 (Mil)

## **Appendix C - Micro-Finance and Financial Cooperatives**

# Appendix C1



## Malawi

### 1. CORPORATE PROFILE BACKGROUND INFORMATION

<b>Country</b>	Malawi
<b>Industry</b>	Microfinance Institutions/Financial <i>Cooperatives (delete inapplicable)</i>
<b>Name of Regulatory Authority</b>	Reserve Bank of Malawi
<b>Date of Establishment</b>	July, 1964
<b>Enabling Legislation</b>	<i>State the law giving regulatory and supervisory powers to the Regulatory Authority/Department</i> Financial Services Act 2010 Microfinance Act 2010
<b>Corporate Governance Structure</b>	Minister of Finance
	Registrar of Financial Institutions/The Governor of Reserve Bank of Malawi
	The Deputy Governor - Supervision
	Director – Microfinance and Capital Markets Supervision
	Manager - Microfinance
<b>Mandate of Regulatory Authority</b>	<i>State the mandate of your Regulatory Authority</i> 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	RBM supervised SACCOs	MUSCCO supervised SACCOs
41	19	22

#### Microfinance Institutions

Microcredit	Agencies	Non-Deposit	Taking	Deposit	Taking
-------------	----------	-------------	--------	---------	--------

Registered (Supervised by the Malawi Microfinance Network)	Institutions Licensed	Microfinance Institutions
20	9	1

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

FINANCIAL COOPERATIVES	MICROFINANCE INSTITUTIONS
Share contributions Savings deposits Term deposits Credit facilities Insurance ATM's	Short and long-term credit and loans Micro Insurance Savings (compulsory and voluntary savings) Business and Credit Management Trainings Small Group Loans Foreign Exchange Credit facilities

## 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/GUIDELINES**

- 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/GUIDELINES**

- 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.*

### **A. FINANCIAL COOPERATIVES**

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

### **B. MICROFINANCE INSTITUTIONS**

Some of the policies are:

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

### **A. FINANCIAL COOPERATIVES**

- I. 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.
- II. “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.
- III. 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 the growth of the sector.

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

## B. MICROFINANCE INSTITUTIONS

- I. Conducting financial literacy week
- II. Onsite and offsite examinations which are conducted regularly on the sector's compliance to the regulatory requirements has also promoted to the growth of the sector.
- III. The registrar of Microfinance institutions delegated the supervision of MCAs with minimal asset base to the MAMN through an MOU. MANM reports to the registrar on compliance and regulatory guidance. This promotes the growth of the sector.

## 3. CONDITION AND PERFORMANCE OF THE SECTOR

- 3.1. Comment on the condition and performance of the sector.

### A. 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 the lack of cash flow projections.

### B. MICROFINANCE INSTITUTIONS

The microfinance sector generally improved its performance by making profits in the year under review except for a few institutions. However, the high cost of borrowing is still a challenge to most MFIs.

- 3.2. Complete table below as much as you can in **US dollars** (*K690/Dollar*)

#### KEY INDUSTRY INDICATORS AS AT 31 Dec 2015

Indicator	Microfinance / Microcredit Institutions		Financial Cooperatives (SACCOs)	
	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Number of Institutions/Lenders	30	26	30	41
Number of branches		418	n/a	n/a
Total Assets (US\$)	49.9million	32.6million	9,100,000	7,137,681
Total Outstanding Loans (US\$)	54.5million	10.8million	6,031,884	4,652,173
Number of Borrowers	434,802	478,951	94,639	87,455

Portfolio at Risk (PaR>30 days) <sup>10</sup>	none	none	421,739	357,971
Total Deposits (US\$)	n/a	n/a	6,847,826	6,043,478
Number of Members ( <b>SACCOs only</b> )	n/a	n/a	94,639	87,455

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 (30 Dec 2015)	Regulatory Requirement	Industry Average (30 Dec 2015)
Minimum Capital (US\$)	362,318	3,271,255	2,899	37,213
Core Capital Ratio	>10%	25.2	n/a	n/a
Total Capital Ratio	>15%	29.4	>=10%	11%
Liquidity Ratio	>20%	40.6	>=10%	16%
Non-Performing Loans Ratio	< 5%	5.6	=<5%	6%

#### 4. MAJOR SOURCES OF FUNDING

4.1. *Indicate any shareholders' capital, donor support, offshore funding, etc (majority perhaps*

##### FINANCIAL COOPERATIVES

- A SACCO's major local funding includes; shares, loans from other financial institutions, deposits from member from its members.
- SACCOs also receive donor support/offshore funding from institutions namely
- World Council of Credit Union (WOCCU)
- Canadian International Development Agency (CIDA)

##### MICROFINANCE INSTITUTIONS

- Sources of funding of MCAs and NDTIs include;
- Shareholder loans
- Loans from Commercial Banks
- Capital injection from shareholders
- Donor funds

<sup>10</sup> 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. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

5.1. *Briefly explain the operational 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 reads 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 to inadequate liquidity. This is mainly due to non-compliance to liquidity policy and lack of cash flow planning.

### MICROFINANCE INSTITUTIONS

- Non-Disclosure of terms and conditions of microfinance products
- Low financial literacy levels by MFI clients on financial services
- Non-compliance with laws and regulations governing the sector.
- Late submission of call reports
- Lack of national ID
- Lack of credit reference services

### COMPLIANCE WITH REGULATORY FRAMEWORK

- 5.2. *Indicate any non-compliance issues and supervisory action taken.*
1. Not prominently displaying Effective Interest rate (EIR) on loan contracts;
  2. Late submission of call reports;
  3. Use of straight line interest calculation method as opposed using reducing balance method;
  4. Not reporting complaints from clients to Registrar.

## 6. INTERNATIONAL CO-OPERATION

- 6.1. *Where applicable advise on:*
- a) *National surveys conducted and when;*
    - FINSKOPE (2008, 2014)
    - National Financial Literacy Baseline Survey (2014)
  - b) *WB / IMF / 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



## Appendix C2

### Zimbabwe

#### 1. CORPORATE PROFILE & BACKGROUND INFORMATION

<b>Country</b>	Zimbabwe
<b>Industry</b>	Microfinance
<b>Name of Regulatory Authority</b>	Reserve Bank of Zimbabwe
<b>Date of establishment</b>	March 1956
<b>Market Legislation</b>	<ul style="list-style-type: none"> <li>a. Moneylending &amp; Rates of Interest Act [<i>Chapter 14:14</i>];</li> <li>b. Microfinance Act [<i>Chapter 24:29</i>];</li> <li>c. Guideline No. 01-2004/BSD: Corporate Governance;</li> <li>d. Prudential Standards No. 07-2014/BSD: Fitness &amp; Probity Assessment Criteria;</li> <li>e. Circular to Moneylending &amp; Microfinance Institutions; 4 June 2012;</li> <li>f. Circular to Moneylending &amp; Microfinance Institutions - No. 02-2014/BSD: Methods of Raising Funds; and</li> <li>g. Circular to Moneylending &amp; Microfinance Institutions -No. 04-2014/BSD: Minimum Capital Requirements for Microfinance Institutions.</li> </ul>
<b>Corporate Governance structure</b>	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

<b>Mandate of Regulatory Authority</b>	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.
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## 2. ARCHITECTURE OF THE MICROFINANCE SECTOR

### Market Profile of Microfinance

- 2.1. As at 31 December 2015, there were 152 registered credit-only microfinance institutions (MFIs) compared to 147 as at 31 December 2014 that were under the purview of the Reserve Bank of Zimbabwe. The number of MFI branches increased by 20.72% from 473 as at 31 December 2014 to 571 as at 31 December 2015 as more institutions expanded their outreach to areas outside the major cities and towns of the country.
- 2.2. There were three (3) registered deposit-taking microfinance institutions in Zimbabwe which were not yet operational as at 31 December 2015.
- 2.3. 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

- 2.4. The Reserve Bank of Zimbabwe, through the Bank Supervision Division regulates and supervises microfinance industry using prudential and non-prudential methodology. Prudential supervision is applied to deposit-taking microfinance and banks while non-prudential supervision is for credit-only and moneylending microfinance institutions.
- 2.5. In Zimbabwe microfinance services are provided by a spectrum of service providers which range from credit-only microfinance institutions through savings and credit co-operative societies to banking institutions.

## 3. NATIONAL INITIATIVES

- 3.1. The national initiatives undertaken during 2015 to develop the microfinance sector and expand financial inclusion in Zimbabwe are summarised below.

### Development of National Financial Inclusion Strategy

- 3.2. In October 2015 the Reserve Bank of Zimbabwe spearheaded the development of a National Financial Inclusion Strategy (NFIS) in consultation with various stakeholders

including the Ministry of Finance and Economic Development.

- 3.3. Microfinance was identified as one of the major pillars of the National Financial Inclusion Strategy by virtue of its ability to reach out to large numbers of the poor and low income groups, the majority of whom are largely financially excluded.
- 3.4. The various policy initiatives that will come out of the NFIS are expected to facilitate the sustainable development and spur the growth of the microfinance sector, on the back of a growing micro, small and medium enterprises sector.
- 3.5. The NFIS will:
  - a) establish a framework for the co-ordination of financial inclusion initiatives in the country;
  - b) enable determination of priority areas and action points in order to achieve the financial inclusion vision and mission; and
  - c) identify key stakeholders and their respective roles and responsibilities to ensure accountability and transparency in the implementation of the various financial inclusion initiatives.

#### **Amendments to the Microfinance Act**

- 3.6. The Reserve Bank of Zimbabwe together with the Ministry of Finance & Economic Development initiated the enhancement of 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.

#### **Establishment of a Credit Reference System**

- 3.7. The Reserve Bank of Zimbabwe spearheaded the establishment of a Credit Reference System which is expected to improve credit risk management in the microfinance sector and reduce information asymmetry and the resultant incidences of over-indebtedness and non-performing loans currently bedevilling the sector.

### **4. CONDITION AND PERFORMANCE OF THE MICROFINANCE SECTOR**

- 4.1. The microfinance sector reported total assets of \$225.13 million as at 31 December 2015 representing an increase of 11.06% from \$202.71 million as at 31 December 2014. Total loans increased from \$156.99 million as at 31 December 2014 to \$187.16 million as at 31 December 2015. The increase in total loans is mainly due to new entrants in the market as well as availability of affordable funding from wholesale financiers and offshore sources.
- 4.2. Table 2 below shows some key indicators for the microfinance sector under the purview of the Reserve Bank of Zimbabwe as at 31 December 2015.

**TABLE 2: KEY INDICATORS AS AT 31 DECEMBER 2015**

Indicator	Microfinance / Microcredit Institutions	
	Dec 2015	Dec 2014
Number of Institutions	152	147
Number of branches	571	473
Total Assets (US\$)	225.13 million	202.71 million
Total Loans (US\$)	187.16 million	156.99 million
Number of Borrowers	202,242	205,282
Portfolio at Risk (PaR>30 days) <sup>11</sup>	10.72%	11.29%
Total Deposits (US\$)*	n/a	n/a

\*There were three (3) registered deposit taking microfinance institutions which were not yet operational as at 31 December 2015.

- 4.3. The decline in the number of borrowers was largely attributable to a decrease in the number of potential borrowers due to closure of companies and subsequent loss of jobs on the back of the deteriorating macro-economic environment.
- 4.4. Portfolio quality as measured by the Portfolio at Risk (PaR) (30 days) improved from 11.29% as at 31 December 2014 to 10.72% as at 31 December 2015.
- 4.5. The noted improvement in the PaR was largely due to enhanced credit analysis in the sector as some MFIs were 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 (10.72 %) remains above the international benchmark of 5%, largely reflecting the negative impact of the liquidity challenges that continued to constrain the economy.

## 5. MAJOR SOURCES OF FUNDING

- 5.1. The main sources of funding for microfinance institutions included:
- Shareholders' equity contributions towards the capital of the institutions;
  - shareholders' loans;
  - Borrowings from local financial institutions; and
  - Offshore funding mainly grants and donations from international non-governmental organizations and development finance institutions including USAID, Care International, and HIVOS.
- 5.2. In addition, the Zimbabwe Association of Microfinance Institutions (ZAMFI), which is the industry apex association, in conjunction with development partners have set up

<sup>11</sup> 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.

the Zimbabwe Microfinance Fund (ZMF) which is responsible for mobilizing offshore lines of credit and donor funding for on-lending to MFIs at concessionary rates. Further, MFIs also benefited from another wholesale facility, Zimbabwe Agricultural Development Trust which provides funding for onlending to the agricultural value chain projects that ensure communal and smallholder farmers have access to farming inputs, equipment and markets.

- 5.3. 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**

- 6.1. The microfinance sector has continued to be affected by a number of macro and microstructure challenges such as capitalization, constricted liquidity environment, absence of credit reference services, shortage of skilled manpower, inadequate ICT infrastructure, weak record management and low financial Literacy which has negatively affected financial consumer protection.

## **7. COMPLIANCE WITH REGULATORY FRAMEWORK**

- 7.1. 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.
- 7.2. Improved compliance in terms of submission of quarterly returns by MFIs was also noted as evidenced by a total of 145 microfinance institutions out of 152 licensed MFIs submitting MFI Returns for the quarter ended 31 December 2015.
- 7.3. As at 31 December 2015, only two (2) institutions had capital levels below the prescribed minimum capital of \$20,000 and were in the process of regularizing their capital positions.
- 7.4. However, cases of inadequate disclosure of terms and conditions of loans to the borrowing public were noted as evidenced by a number of complaints against the less transparent microfinance institutions. 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.
- 7.5. 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**

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

### **World Bank Technical Assistance on establishment of the Credit Reference System and Collateral Registry**

- 8.2. The Reserve Bank with the technical support of experts from the World Bank is working towards the establishment of a credit reference system which will alleviate the information asymmetry in the financial sector.
- 8.3. The Reserve Bank has also accessed financial and technical support from the World Bank to establish a collateral registry which will enhance access to finance for lower income groups on the back of movable assets as collateral.

### **International Conferences/Committee Meetings**

- 8.4. 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.

## Appendix C3

### NBFIRA – BOTSWANA

#### 1. CORPORATE PROFILE BACKGROUND INFORMATION

<b>Country</b>	Botswana
<b>Industry</b>	Micro Lending
<b>Name of Regulatory Authority</b>	Non Bank Financial Institutions Regulatory Authority (NBFIRA)
<b>Date of Establishment</b>	2008
<b>Enabling Legislation</b>	<p><i>State the law giving regulatory and supervisory powers to the Regulatory Authority/Department</i></p> <ul style="list-style-type: none"> <li>• Non Bank Financial Institutions Regulatory Authority Act(NBFIRA Act) 2006</li> <li>• Micro Lending Regulation of 2012</li> </ul>
<b>Corporate Governance Structure</b>	Minister of Finance
	Board of Directors of NBFIRA
	Chief Executive Officer
	Deputy Chief Executive Officer (Regulatory)
	Director – Lending Activities Department
	Deputy Director – Lending Activities Department
<b>Mandate of Regulatory Authority</b>	<p><i>State the mandate of your Regulatory Authority</i></p> <p>To regulate and supervise non-bank financial institutions so as to foster the-</p> <ul style="list-style-type: none"> <li>a) safety and soundness of non-bank financial institutions;</li> <li>b) highest standards of conduct of business by non-bank financial institutions;</li> <li>c) fairness, efficiency and orderliness of the non-bank financial sector;</li> <li>d) stability of the financial system, and</li> <li>e) (e) reduction and deterrence of financial crime</li> </ul>

#### 2. ARCHITECTURE OF THE SECTOR

##### Market Profile of Microfinance/Financial Cooperatives Sector

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

- 218 licensed micro lenders

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



- *Unsecured short term and long term credit*

### **Legislative and Regulatory Framework**

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

- NBFIRA Act; 2006
- Micro Lending Regulations, 2012

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.*

- The results of the study on Making Access to Finance possible conducted in 2015 revealed that financial literacy and consumer protection are amongst the highest needs for financial inclusion priorities in Botswana.

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

- NBFIRA as one of its strategic initiatives is involved in conducting financial literacy campaigns and consumer education
- Two of the large micro lenders embarked on nationwide financial literacy campaign.
- One of the large micro lenders has been awarded SMART Certification.

### **3. CONDITION AND PERFORMANCE OF THE SECTOR**

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

The performance analysis below relates to the top twenty micro lenders which account for ninety percent of the market.

The Micro Lending total assets strengthened by 14% from US \$ 278 million in 2014 to US \$ 317 million in 2015. The increase in total assets was attributable to a recorded growth rate of 13% in the loan book values from US \$ 254 million in 2014 to US \$ 289 million in 2015. The portfolio value as a percentage of assets however decreased marginally from 92% in 2014 to 91% in 2015 signifying that the growth rate for other assets was higher than that of the loan book value. The majority of the micro lenders recorded an increase in assets.

The Total Capital and Reserves increased by 36% from US \$ 132million in 2014 to US\$179million in 2015 as a result of growth in earnings and capital injection for some micro lenders.

The Return on Average Assets (ROAA) increased to 12% as the growth in the net income outpaced growth in assets. However, another measure of profitability, namely, Return on Equity (ROE), on the other hand decreased to 21% in 2015.

3.2. Complete table below as much as you can in **US dollars** ( $P1 = 0.096047\text{Dollars}$ )

### KEY INDUSTRY INDICATORS AS AT 31 Dec 2015

Indicator	Micro lending Institutions	
	Dec 2015	Dec 2014
Number of Institutions/Lenders	20	20
Number of branches		
Total Assets (US\$)	317million	278million
Total Outstanding Loans (US\$)	n/a	n/a
Number of Borrowers	none	none
Portfolio at Risk (PaR>30 days) <sup>12</sup>	none	none
Total Deposits (US \$)	n/a	n/a
Number of Members ( <b>SACCOs only</b> )	n/a	n/a

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

- The development of prudential rules for the large micro lenders is at an advanced stage.

#### 4. MAJOR SOURCES OF FUNDING

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

- Shareholder funds
- Borrowings(both offshore and locally)
- Listing in the Botswana Stock Exchange

#### 5. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

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

- No Central Bureau to provide entities with information that can allow them to make informed decisions is assessing the client's creditworthiness.
- Some regulated entities have inadequate knowledge on the financial services laws

<sup>12</sup> 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.

- Reluctance in submission of regulatory Returns
- Non-compliance by Micro lenders with our legislations. However, the Regulatory Authority is taking regulatory action for non-compliance.

## COMPLIANCE WITH REGULATORY FRAMEWORK

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

- Non submission and late submission of returns. Penalties were imposed on the entities found guilty.

## 6. INTERNATIONAL CO-OPERATION

6.1. *Where applicable advise on:*

e) *National surveys conducted and when;*

- *DNA Economics (Pty) Ltd was engaged by Finmark Trust to review and assess the adequacy of the laws pertaining to consumer protection.*
- *WB / IMF / etc, initiative projects in the country;*
- *IMF Technical Assistance Mission on the development of prudential rules for large micro lenders*

f) *International participation of Conferences / Committee meetings,*

- *Committee of Insurance Supervisors and Non-banking Authorities (CISNA)*

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

- *Staff members were sent to the Financial Services Board in South Africa (FSB SA) for familiarization.*
- *Two staff members attended training workshop on AML/CTF Risk Based Approach and the achievement of institutional Risk Assessment Objectives*
- *All staff attended in-house training on Financial Analysis.*

## Appendix C4

### Namibia Financial Institutions & Supervisory Authority (NAMFISA)

#### 1. CORPORATE PROFILE BACKGROUND INFORMATION

<b>Country</b>	Namibia
<b>Industry</b>	Microfinance Institutions (Micro Credit)
<b>Name of Regulatory Authority</b>	Namibia Financial Institutions and Supervisory Authority
<b>Date of Establishment</b>	2001
<b>Enabling Legislation</b>	<i>State the law giving regulatory and supervisory powers to the Regulatory Authority/Department</i> NAMFISA ACT (Act No. 3 of 2001)
<b>Corporate Governance Structure</b>	Minister of Finance
	Chief Executive Officer
	Assistant Chief Executive Officer
	General Manager
<b>Mandate of Regulatory Authority</b>	<i>State the mandate of your Regulatory Authority</i>
	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

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

Microlenders (Term lenders and Pay day lenders) and are as at end of Dec 2015 278 registered

2.2. *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

2.3. *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<sup>13</sup>; and  
Government General Notice No. 196 of 2004<sup>14</sup>.

- 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.

Namibia Financial Sector Strategy 2011-2021

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

Micro-lending legislation -Bill (Act No.x of 2015)

### 3. CONDITION AND PERFORMANCE OF THE SECTOR

- 3.1. 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.

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

**KEY INDUSTRY INDICATORS AS AT 31 Dec 2015**

Indicator	Microfinance / Microcredit Institutions		Financial Cooperatives (SACCOs)	
	Dec 2015	Sept 2015	Dec 2015	Sept 2015
Number of Institutions/Lenders	278	279		
Number of branches	n/a	n/a		
Total Assets (US \$)	273 689 <sup>15</sup>	301 313 <sup>16</sup>		
Total Outstanding Loans (US \$)	273 689	301 313		
Number of Borrowers	n/a	n/a		
Portfolio at Risk (PaR>30 days) <sup>17</sup>	none	none		
Total Deposits (US\$)	n/a	n/a		
Number of Members ( <b>SACCOs only</b> )	n/a	n/a		

- 3.3. For prudential requirements complete the table below and provide comments as necessary. Not Applicable

<sup>13</sup> Notice in terms of Section 15A of the Usury Act, 1968 (Act No. 73 of 1968).

<sup>14</sup> 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).

<sup>15</sup> At an exchange rate of 15.5553, N\$ 4 257 312 becomes US \$ 273 689.

<sup>16</sup> At an exchange rate of N\$12.9902, N\$ 3 914 111 becomes US \$ 301 313.

<sup>17</sup> 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.

Prudential Indicator	Deposit Taking Microfinance Institutions		Financial Cooperatives	
	Regulatory Requirement	Industry Average (30 Dec 2015)	Regulatory Requirement	Industry Average (30 Dec 2015)
Minimum Capital (US\$)				
Core Capital Ratio				
Total Capital Ratio				
Liquidity Ratio				
Non-Performing Loans Ratio				

#### 4. MAJOR SOURCES OF FUNDING

4.1. *Indicate any shareholders' capital, donor support, offshore funding, etc (majority perhaps 99.9 % use own fund/savings)*

#### 5. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

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

None

#### 6. COMPLIANCE WITH REGULATORY FRAMEWORK

6.1. *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

7.1. *Where applicable advise on:*

- a) *National surveys conducted and when; n/a*
- b) *WB / IMF / etc, initiative projects in the country; n/a*
- c) *International participation of Conferences / Committee meetings, n/a*
- d) *Capacity building and training opportunities / attendance of training seminar, etc.*

## Appendix C5

### Financial Services Regulatory Authority – Swaziland

#### 1. CORPORATE PROFILE BACKGROUND INFORMATION

<b>Country</b>	Swaziland
<b>Industry</b>	Savings and Credit Co-operative Societies (SACCOs) and Credit Providers
<b>Name of Regulatory Authority</b>	Financial Services Regulatory Authority (FSRA)
<b>Date of establishment</b>	2012
<b>Enabling Legislation</b>	Financial Services Regulatory Authority Act of 2010 (FSRA Act)
<b>Corporate Governance structure</b>	Ministry of Finance
	BOD
	CEO
	General Manager: Credit and Savings Institutions
	Manager: Licensing and Inspections
	Financial Analysts(5)
<b>Mandate of Regulatory Authority</b>	<p>To foster through the regulation and prudential supervision of financial services providers-</p> <ul style="list-style-type: none"> <li>a) the stability of the Swaziland financial systems;</li> <li>b) the safety and soundness financial services providers;</li> <li>c) the highest standards of conduct of business by financial services providers;</li> <li>d) the promotion of fair competition between different financial services providers for the benefit of stakeholders;</li> <li>e) fairness, efficiency and orderliness of the Swaziland non-bank financial sector; and</li> <li>f) the protection of stakeholders.</li> </ul>

#### 2. ARCHITECTURE OF THE SECTOR

##### 2.1 Market Profile of SACCOs/Credit Providers

2.1.1 For the year ending 31 December 2015 there were fifty-one (51) 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.

2.1.2 As at 31 December 2015 there were eighty-six (86) Credit Providers licenced with the FSRA which fell under the following classes; Development Finance Institutions (2), Credit Institutions (2), Retail Outlets (5), Micro-Lending Institutions (55), and Micro lenders (22).

## Legislative and Regulatory Framework

### 2.1 Acts/Guidelines/Regulations in place

- a) FSRA Act, 2010;
- b) Financial services laws;
- c) SACCOs Licensing and Reporting Guidance Notes;
- d) Credit Providers Guidance Notes; and
- e) Fit & Proper and Rehabilitation Criteria Guideline
- f) AML-CFT Guideline
- g) Public Notices from time to time.

2.2 Brief account of policy/strategy on microfinance (e.g. national microfinance strategy/policy; national financial inclusion strategy/policy).

- a) Micro Finance Policy in place

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

- a) Consumer Credit Bill; and
- b) SACCO Bill.

## 3 CONDITION AND PERFORMANCE OF THE SECTOR

3.1 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.

3.2 Complete table below as much as you can in **US dollars** (Rand/Dollar 15.12 December 2015).

### KEY INDUSTRY INDICATORS AS AT 31 DECEMBER 2015

Indicator	Microfinance / Microcredit Institutions		Financial Cooperatives (SACCOs)	
	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Number of Institutions/Lenders	86	3	51	48



Number of branches	66	6	n/a	n/a
Total Assets (US\$)	167,429,353	63,446,317	88,637,695	69,530,226
Total Outstanding Loans (US\$)	136,922,756	51,886,031	60,590,481	46,744,668
Number of Borrowers	-	-	-	-
Portfolio at Risk (PaR>30 days) <sup>18</sup>	-	-	-	-
Total Deposits (US\$)	-	-	62,779,942	56,664,997
Number of Members (SACCOs only)	-	-	39,908	38,810

3.3 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	5,000	305,145
Core Capital Ratio (to total assets)	n/a	n/a	≥10%	3.73%
Core Capital Ratio (to total savings)	n/a	n/a	≥8%	17.85%
Institutional Capital Ratio (to total assets)	n/a	n/a	≥8%	-2.85%
Liquidity Ratio	n/a	n/a	≥15%	20.72%
Non-Performing Loans Ratio	n/a	n/a	n/a	n/a

#### 4 MAJOR SOURCES OF FUNDING

4.1 Members' share capital for SACCOs, and shareholders' funds and external borrowings for Credit Providers.

#### 5 CHALLENGES IN THE SACCO's SECTOR

- Timely submission of returns;
- Appointment of a competent and capable Board e.g. Chairperson and Treasurer;
- Board's term of office;
- Staff turnover; and
- Inadequate use of Management Information Systems.

<sup>18</sup> 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**

- 6.1** Inherent risks with regards to non-compliance on prudential standards particularly capital adequacy ratios has required continued offsite analysis of all licensed SACCOs.

## **7 INTERNATIONAL COOPERATION**

### *7.1 WB / IMF Initiative projects in the country;*

- 7.1.1 The FSRA received Technical Assistance from the IMF with specific intervention in the supervision of the SACCO sector.
- 7.1.2 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.

### *7.2 International participation conferences / committee meetings;*

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

## Appendix C6



### Bank of Zambia

#### 1. CORPORATE PROFILE BACKGROUND INFORMATION

<b>Country</b>	Zambia
<b>Industry</b>	Microfinance Institutions
<b>Name of Regulatory Authority</b>	Bank of Zambia: Registrar of Banks, Financial Institutions and Financial Businesses – Deputy Governor - Operations
<b>Date of establishment</b>	7 August 1964
<b>Enabling Legislation</b>	The Bank of Zambia Act 43 of 1996
<b>Corporate Governance structure</b>	Ministry of Finance
	Board of Directors
	Governor
	2 Deputy Governors – Operations and Administration
	1 Senior Director
<b>Mandate of Regulatory Authority</b>	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

2.1. *Type and number of Micro Finance Institutions (MFIs) registered and being supervised.*

Deposit taking MFIs	10
Non deposit taking MFIs	25
<b>Total</b>	<b>35</b>
Enterprise lending MFIs	9
Consumer lending MFIs	26
<b>Total</b>	<b>35</b>

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

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

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

- Banking and Financial Services Act of 1994, amended in 2005
- Banking and Financial Services (Microfinance Regulations) 2006
- 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

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.*

The BoZ's rationale for regulation of the financial sector is based on the need to sustain systemic stability, maintaining 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 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 categorise microfinance institutions (MFIs) 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 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 Agency Banking** to permit 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.
- Continued pursuance of Digital Financial Services to reduce transaction costs and enhance the ease of doing business.

2.5. *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** three times, in March 2013, 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

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 2015

Indicator	Microfinance / Microcredit Institutions	
	March 2016 \$	December 2015 \$
Number of Institutions/Lenders	37	35
Number of branches	152	127
Total Assets (US\$)	306,057,200	298,194,579
Total Outstanding Loans (US\$)	277,426,506	270,945,117
Number of Borrowers	282,746	241,118
Portfolio at Risk (PaR>30 days) <sup>19</sup>	8.1%	7.0%
Total Deposits (US\$)	15,673,087	15,477,727

*Exchange rate: \$1= ZWK10.9906*

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

Prudential Indicator	Deposit Taking Microfinance Institutions	
	Regulatory Requirement	Industry Average (31 December 2015)
Minimum Capital (US\$)	50,722,167	32,451,209
Core Capital Ratio	5	21.3
Total Capital Ratio	15	36.6
Liquidity Ratio	-	-
Non-Performing Loans Ratio	10	6.4

*Exchange rate: \$1= ZWK10.9906*

### 4. MAJOR SOURCES OF FUNDING

- 4.1. *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

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

<sup>19</sup> 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.

- Four (4) out of 36 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*.

## 6. COMPLIANCE WITH REGULATORY FRAMEWORK

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

- Four (4) 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 other three 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

7.1. *Where applicable advise on:*

**a)** *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 % of the Zambian population uses formal and informal financial services while 66.5% were financially excluded.

The follow-up FinScope study of 2009 showed only a marginal improvement in this statistic as it indicated that 37.3 % of the Zambian population uses formal and informal financial services while 62.7 % 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.

**b) 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.

**World Bank Technical Assistance to Zambia on the Credit Reporting System**

During the second quarter of 2015, the BoZ and the World Bank entered into an agreement on technical cooperation for the development of the credit reporting system in Zambia. The technical assistance is intended to focus on four major support areas:

- (i) Strengthening the BoZ's regulatory, oversight and supervisory capabilities over credit reporting;
- (ii) Facilitation of the integration of microfinance and Small and Medium Enterprise credit reporting and other non-regulated credit providers into the credit reporting regime;
- (iii) Support to the improvement of stakeholder education and public awareness on credit reporting;
- (iv) Support to the evolution of the Credit Provider's Association..

**World Bank Technical Assistance to Zambia on the Credit Reporting System**

During the second quarter of 2014, the BoZ, Patents and Companies Registration Agency (PACRA) and the World Bank entered into an agreement on technical cooperation for the development of the collateral registry system for movable property.

The objects of project is to provide for the;

- (i) Legal framework relating to security interests in personal property and in particular to:

- provide for the creation of security interest in personal property;
  - The perfection of security interests;
  - The determination of priority of security interest in personal property;
  - The enforcement of security interest in personal property;
- (ii) The establishment of the registry for security interests in personal property.

**c) *International participation of Conferences / 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.

**d) *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

**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. Aginaldo 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. Aginaldo Jaime

### Contact Details:

**Physical/Postal Address:** RuaCónego Manuel das Neves, 234 – Edifício da EDEL – 12. Piso  
Caixa Postal nº. 2795 – Luanda - Angola

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## Corporate Profile

**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 Mangureira (Presidente)

Members appointed by Angolan President:

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

### Contact Details:

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Website: [www.cmc.gv.ao](http://www.cmc.gv.ao)



## Corporate Profile

**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

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Phone: (+267)3102595 / (+267)3686100

Website: [www.nbfira.org.bw](http://www.nbfira.org.bw)



## Corporate Profile

**Name of Authority:** Central Bank of Lesotho

**Country:** Lesotho

**Regulated Industry:** None as yet

**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

**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 SR Chuka (Governor)

### Contact Details:

Physical Address:

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E-mail: [reserve-bank@rbm.mw](mailto:reserve-bank@rbm.mw)

Website: [www.rbm.mw](http://www.rbm.mw)





## Corporate Profile

**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 non-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.

**Acting Chief Executive Officer:** Mr P. K. Kuriachen

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 Cybercity, Ebène, 72201  
Republic of Mauritius  
Tel: +(230) 403 7000  
Fax: +(230) 467 7172  
Email: [fscmauritius@intnet.mu](mailto:fscmauritius@intnet.mu);  
Website: [www.fscmauritius.org](http://www.fscmauritius.org)  
Consumer Education Website: [www.protectyourfinance.com](http://www.protectyourfinance.com)



## Corporate Profile

**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 02.
- Banks and Financial Societies' Law, Law N<sup>o</sup>. 15/1999 of 1 November, as amended by the Law N<sup>o</sup>. 9/ 2004, of 21 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 08 September.
- The Money Laundering and Financing of Terrorism Prevention regulation, Decree Nr. 66/2014, of 29 October.
- Foreign Exchange Regulation, Decree Nr. 83/2010, of 31 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 Gouveia Gove

### Contact Details:

P.O. Box 423  
Maputo - Mozambique  
Physical/Postal Address:  
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Phone: +258 21354600; Fax: +258 21323247  
Website: [www.bancomoc.mz](http://www.bancomoc.mz)

## Corporate Profile

**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:

- Insurance Act approved by Decree-Law 1/2010, of 31 December.
- Complementary Pension Funds constitution and management regulation approved by Decree 25/2009, of 17 August;
- Insurance Act Regulation, approved by Decree Law 30/2011, of 11 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](http://www.issm.gov.mz)

## Corporate Profile

**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 Micro lending.

**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 FundsAct,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

**Acting Chief Executive Officer:** Mr Kenneth S. Matomola

### Contact Details:

Physical/Postal Address:

154 Independence Ave,  
1<sup>st</sup> floor, Sanlam Centre,  
Windhoek, Namibia

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Website: [www.namfisa.com.na](http://www.namfisa.com.na)

## Corporate Profile



**Country:** Seychelles

**Industry:** non-bank financial services industry

**Regulator:** Financial Services Authority, Seychelles (formerly Seychelles International Business Authority)

**Date of establishment:** 2013

**Market Legislation:**

- Securities Act, 2007
- Mutual and Hedge Fund, Act 2008
- Companies (Special License) Act, 2003

**Regulatory Structure/Mandate:**

The Seychelles Financial Services Authority is the regulator for non-bank financial services in the Seychelles. Established under the Financial Services Authority Act, 2013, the Authority is responsible for the licensing, supervision and development of the non-bank financial services industry of the Seychelles. The Authority is also responsible for the registration of International Business Companies, Foundations, Limited Partnerships and International Trusts in the Seychelles.

**Chief Executive Officer:** Ms Jennifer Morel

**Address:**

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Roche Caiman Victoria  
Seychelles  
Telephone: +248 438-08-00  
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## Corporate Profile

**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 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 OfficePark; 41 Matroosberg Road  
Ashlea Gardens, Extension6  
MenloPark, SouthAfrica, 0081  
Telephone: +27124288000  
Fax: +27123466941  
E-mail: [info@fsb.co.za](mailto:info@fsb.co.za)  
Website: [www.fsb.co.za](http://www.fsb.co.za)  
Consumer Education website: [www.mylifemymoney.co.za](http://www.mylifemymoney.co.za)

## Corporate Profile

**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.Box3365

Mbabane SwazilandH100

Physical/Postal Address:

2<sup>nd</sup>&5<sup>th</sup> Floor, Ingcamu Building, Mhlambanyatsi Road, Mbabane

Email: [info@fsra.co.sz](mailto:info@fsra.co.sz)

Phone: +26824068000

Website: [www.rirf.co.sz](http://www.rirf.co.sz) [www.fsra.co.sz](http://www.fsra.co.sz)



## Corporate Profile

**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)

### Contact Details:

Physical/Postal Address: TIRA Building, Block 33, Plot No. 85/2115, Mtendeni Street, Dar-Es-Salaam

Email: [coi@tira.go.tz](mailto:coi@tira.go.tz)

Phone: +255 22 2132 537

Website: [www.tira.go.tz](http://www.tira.go.tz)



## Corporate Profile

**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](mailto:info@ssra.go.tz)  
Website: [www.ssra.go.tz](http://www.ssra.go.tz)



## Corporate Profile

**Name of Authority:** Securities and Exchange Commission

**Country:** Zambia

**Regulated Industry:** Capital Markets

**Date of Establishment:** 26 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

**Contact Details:**

P.O.Box35165  
Lusaka, Zambia

**Physical Address:**

Plot No. 3827, Parliament Road, Olympia

Email: [info@seczambia.org.zm](mailto:info@seczambia.org.zm)

Phone: +260211222368 +26021122701

Fax: +260211225443

Website: [www.seczambia.org.zm](http://www.seczambia.org.zm)



## Corporate Profile

**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  
The Securities and Exchange Commission of Zimbabwe  
20 York Avenue  
Newlands Harare Zimbabwe

Postal Address  
P.O. Box H.G263  
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Zimbabwe  
Telephone: +263 – 4 – 776045 / 065 / 206  
Fax: +263 4 776166  
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