Committee of Insurance, Securities and Non-Banking Financial Authorities

ANNUAL REPORT 2016

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 developing 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
COMESA	Common Market of Eastern and Southern Africa
COSSE	Committee of SADC Stock Exchanges
CSD	Central Securities Depository
CSTO	Committee of Senior Treasury Officials
EAC	East African Community
EPA	Economic Partnership Agreement
ESAAMLG	Eastern and Southern Africa Anti Money Laundering Group
EXCO	Executive Committee
EU	European Union
FATF	Financial Action Task Force
FIC	Finance Investment and Customs
FIP	Protocol of Finance and Investment
FSB-RCG	Financial Stability Board Regional Consultative Group
GDP	Gross Domestic Product
GPW	Gross Premiums Written
IAIS	International Association of Insurance Supervisors
ICT	Information Communication Technology
IOPS	International Organisation for Pension Supervisors
IOSCO	International Organization of Securities Commissions
LES	Lesotho
M & E	Monitoring and Evaluation
MLW	Malawi
MoU	Memorandum of Understanding
MMoU	Multilateral Memorandum of Understanding
MRT	Mauritius
MS	Member States
MTSP	Medium Term Strategic Plan
MZQ	Mozambique
NAM	Namibia
NBFIs	Non-Banking Financial Institutions
NBFIRA	Non-Bank Financial Institutions Regulatory Authority
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
USD	United States Dollar
WFE	World Federation of Exchanges
ZAM	Zambia
ZIM	Zimbabwe

Authorities within CISNA

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

SN	SADC Member		CISNA Member
1		Angola	1. Angolan Agency for Insurance Regulation and Supervision 2. Comissão do Mercado de Capitais (Capital Markets Commission)
2		Botswana	3. Ministry of Finance and Development Planning 4. Non-Bank Financial Institutions Regulatory Authority
3		Democratic Republic of the Congo	5. Non-Participating
4		Lesotho	6. Central Bank of Lesotho
5		Madagascar	7. Non-Participating
6		Malawi	8. Reserve Bank of Malawi
7		Mauritius	9. Financial Services Commission
8		Mozambique	10. Banco de Moçambique 11. Institution de Supervisão de Seguros de Moçambique
9		Namibia	12. Namibia Financial Institutions Supervisory Authority
10		Seychelles	13. Financial Services Authority, Seychelles

SN	SADC Member		CISNA Member
11		South Africa	14. Financial Services Board 15. South African Council for Medical Schemes
12		Swaziland	16. Financial Services Regulatory Authority
13		Tanzania	17. Capital Markets and Securities Authority 18. Social Security Regulatory Authority 19. Tanzania Insurance Regulatory Authority
14		Zambia	20. Bank of Zambia 21. Pensions and Insurance Authority 22. Securities and Exchange Commission
15		Zimbabwe	23. Insurance and Pensions Commission 24. Reserve Bank of Zimbabwe 25. Securities and Exchange Commission

Foreword

On behalf of SADC Secretariat, it is my pleasure to introduce the CISNA's Annual Report 2016. CISNA which falls under the new SADC Directorate of Finance Investment and Customs (FIC) has been set up under the Annexure 10: Co-operation on Non-Banking Financial Institutions and services of Finance and Investment Protocol to bring together the regulatory authorities in SADC Member States responsible for the financial sector activities outside the banking sector such as the insurance, securities markets, pension funds, asset managers and other non-banking financial institutions. It aims at contributing to the sound regulation, effective supervision and rapid development of financial services industries.

CISNA's strategy and mandate is also to substantially conform to appropriate global best practices as set out by international standard setting bodies, namely the International Association of Insurance Supervisors (IAIS), the International Organisation of Pension Supervisors (IOPS), and the International Organization of Securities Commissions (IOSCO).

As SADC moves towards regional integration, the work of CISNA is critical in the delivery of financial services to the citizens of SADC especially at a time where the external environment has been characterised by crises and regulatory failures. It is the role of CISNA as regulators to ensure the protection of investors and ensuring that markets are fair and transparent in the reduction of the systemic risks.

As CISNA and its members now operate in a world of unprecedented levels of inter-connectedness it is important for CISNA to adopt a harmonised regulatory framework at the regional work and also to learn some of the important lessons that have emerged from the recent crisis and factor them into its future strategy and work programme. In this context CISNA, should work through surveillance and compliance programs, effective enforcement and close cooperation with other regulators in order to act quickly and decisively, in a co-operative way, across geographical and financial industry boundaries to meet future challenges.

In fulfilling its mandate under the FIP, SADC Secretariat will continue to provide CISNA, to the extent possible, with the necessary resources to undertake various activities and initiatives. I commend CISNA on delivering to its strategic objectives and those of the overall SADC.

SADC Executive Secretary

Chairperson's Report

It gives me great pleasure as Chairperson to report the activities and achievements of CISNA in this fourth Annual Report. The year 2016 was the first in the strategic plan period 2016 to 2020. Credit to all the CISNA structures for not only putting together the strategic plan but also for achieving so much in the plan's first year towards our long-term goals to SADC regional harmonisation in the non-banking financial sector.

While plans are still underway to establish a permanent secretariat, CISNA conducted its business mainly through bi-annual meetings. I am pleased to report that in 2016 Zambia successfully hosted the 36th bi-annual meeting in Livingstone and the 37th was held in Maseru, Lesotho. At both meetings, attendance was commendable with 12 SADC member states attending the Zambia meeting and 13 SADC member states at the Lesotho meeting. The United Republic of Tanzania, Democratic Republic of Congo and Madagascar were absent in Zambia, whilst the Democratic Republic of Congo and Madagascar were absent in Lesotho.

In part to address the erratic attendance due to budgetary pressures as well as make bi-annual meetings more efficient and focused at the 36th bi-annual meeting, Plenary decided to reduce the number of the bi-annual meeting days from 5 to 3. The bi-annual meeting in Maseru therefore became the first which started on a Wednesday and finished two days later on a Friday. Delegates welcomed the increased focus and interactions between various committees brought greater teamwork and cooperation among the CISNA structures.

In line with getting Member authorities to commit specific human resources assigned tasks, Plenary agreed that the CISNA Secretariat would write letters to member authorities to request that the specific individuals be committed to attending CISNA meetings at least until their projects are completed.

Given the collaborative thrust among the various committees under the new bi-annual meeting format, CISNA made remarkable progress in all the four strategic priorities. The first of these priorities is harmonisation. It is comforting to report that CISNA drafted model legal frameworks for Collective Investment Schemes, as well as Central Securities Depository, and licensing requirements for participants. CISNA plans to have developed draft model legal framework on Pension Regulation by the end of 2017. A paper on the licensing requirements for market intermediaries and Collective Investment Schemes (CIS) requirements for enhancing cross border operations was developed. Further, work is underway for the requirements on SMEs, Bond Exchange, and advertising guidelines.

The second strategic priority is capacity building and cooperation. On this front CISNA drafted a stakeholder communication strategy. In addition, progress on the establishment of the office of the CISNA Secretariat is notable by way of the draft bidding document, which was transmitted to the SADC Secretariat for consideration and endorsement.

On the third strategic priority which is market development, CISNA conducted a survey of member states to identify challenges for achieving membership of international standard setting bodies namely IAIS, IOPS, and IOSCO. The survey will lead to an action plan to remove impediments to market development in the region. Similar information gathering exercises are taking place in the microfinance sector through a survey that will help identify impediments to free flow of investments into the sector.

The fourth strategic priority is consumer protection and education. CISNA developed a paper identifying types and levels of financial inclusion activities/products in the region to compare with the SADC financial inclusion strategy for any overlaps.

In conclusion, I would like to take this opportunity to thank the CISNA Vice-Chairperson Mr Kenneth Matomola, the CISNA Secretariat Mrs Koko Kubelo and all the sub-committee and technical committee chairpersons and vice chairpersons for the sterling work during the year in directing their charges to stay focused on delivering CISNA's objectives. Given their commitment and dedication, I am confident that CISNA will thrive in the years to come.

Tafadzwa Chinamo
CISNA Chairperson

CISNA Secretariat's Report

There are 13 SADC member states represented at CISNA, with the exception of the Democratic Republic of Congo and Madagascar.

During the 2016 reporting period, Mrs 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

The 2016 bi-annual CISNA meetings were held in Livingstone, Zambia from 04 to 08 April 2016 as well as in Maseru, Lesotho on 26 to 28 October 2016.

CISNA Plenary

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.

The CISNA Plenary comprises of CISNA member states, and is chaired by the Chairperson of CISNA with assistance from the CISNA Vice-Chairperson. For the 2016 review period, CISNA was chaired by Mr Tafadzwa Chinamo from Zimbabwe, assisted by his Vice-Chairperson Mr Kenneth S. Matomola from Namibia. The Secretariat supports the Plenary work.

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

a. Executive Committee
b. Strategic Planning and Performance Review Committee
c. Insurance, Retirement Funds, Medical Schemes, and Intermediaries Sub-committee
d. Capital Markets Sub-committee
e. Microfinance and Financial Cooperatives Sub-committee
f. Anti-Money Laundering Technical Committee
g. Consumer Education Technical Committee
h. Executive Officials of CISNA member authorities
i. Legal Technical Committee
j. Training Technical Committee

The Plenary approved the 2014 and 2015 CISNA Annual Reports in the period under review. It also reduced the number of meeting days from 5 to 3 working days. The rationale for reducing the duration was help countries deal with budgetary constraints when sending staff to CISNA and also to make the meetings more effective and focused. The Financial Services Regulatory Authority of Swaziland signed the CISNA Multilateral Memorandum of Understanding (MMoU) at the April 2016 bi-annual meeting.

CISNA EXCO

CISNA EXCO is chaired by the Chairperson of CISNA and comprised the:

a. CISNA Chairperson
b. CISNA Vice-Chairperson
c. CISNA Secretariat
d. Chairpersons and Vice-Chairpersons of CISNA Sub-committees
e. Chairperson and Vice-Chairperson of the SPPRC
f. Director SADC Trade, Industry, Finance and Investment – ex-officio

The Secretariat also supported the CISNA 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 Executive Officials Meeting

The Secretariat arranged a meeting of the Executive Officials of the CISNA members on 27 October 2016 in Lesotho. The Executive Officials meeting is held once a year during the second bi-annual meeting. The meeting reports to CISNA Plenary through the CISNA Chairperson.

The Executive Officials meeting re-emphasises member commitment to CISNA's overall objectives. The meeting is attended by the Executive Officials or Chief Executive Officers of CISNA member authorities or any person fully mandated to represent the Chief Executive Officers from member authorities.

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 other funding offers from third parties are required to be in line with strategic objectives of CISNA and approved by CISNA EXCO.

Koko Kubelo
CISNA Secretariat

Strategic Planning and Performance Review Committee

The Strategic Planning and Performance Review Committee (SPPRC), is mandated to review and monitor the 2016-2020 CISNA strategic plan on behalf of CISNA EXCO. It is led up by a Chairperson, and supported by the CISNA Secretariat. The SPPRC held four meetings during the course of 2016.

In line with the Strategic Plan 2016 – 2020, four Strategic Priorities have been identified as follows:

a. ***Harmonisation*** – Harmonise and enhance the effectiveness of regional financial regulatory and supervisory frameworks in line with applicable global regulatory principles, standards and best practices.

b. ***Capacity Building and Cooperation*** - Build capability to ensure that CISNA is able to execute on its mandate successfully and facilitate the development of competent professional NBFI regulatory capacity.

c. ***Market Development*** - facilitate wider access to non-bank financial products and services.

d. ***Consumer Protection and Education*** - foster fair treatment of consumers and investors.

During the year 2016, SPPRC spent most of its effort monitoring and reviewing CISNA strategy in line with the priorities above. The rules were also reviewed to make sure that they respond to emerging challenges and changing environment. An important milestone was the in-principle adoption of the bidding documents, which was expected to be advanced further for approval by CISNA Plenary and subsequently by the SADC Secretariat.

Matsabisa Thamae
SPPRC Acting-Chairperson

Plenary Technical Committees of CISNA

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

a) Consumer Financial Education Technical Committee (CFE TC);
b) Legal Technical Committee (LTC TC);
c) Anti-Money Laundering and Combating the Financing of Terrorism Technical committee (AML/CFT TC); and
d) Training Technical Committee1 (TTC).

Consumer Financial Education Technical Committee

Background

The CFE TC 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.

Activities of the CFE TC during 2016

In accordance with the objectives and scope of work of the CISNA Action Plan of the CFE TC drafted in Maputo in 2015, the committee has in 2016:

- Updated the questionnaire on state of financial education in the SADC region. The questionnaire will be completed electronically via the CISNA website and the CFE TC initiated a process through the Financial Services Board that will design and develop the web based questionnaire. The data will provide information on the current state of financial literacy as recorded by the CISNA authorities.

- Drafted a generic guideline for implementation of Consumer Financial Education.

- Drafted a generic guideline for monitoring and evaluation of Consumer Financial Education. The document was approved by the CFETC and will be published as a CISNA document once the CISNA communication strategy is approved.

- Attended international meetings and conferences on consumer financial education hosted by the International Network on Financial Education in Amsterdam, Netherlands, in April 2016 and Auckland, New Zealand in October 2016. Knowledge and information acquired at the events were disseminated at the bi-annual meetings. The CFE TC also successfully collaborated with organisers of the Financial Education Seminar for Sub-Saharan Africa to secure CISNA members as speakers for the Seminar held in South Africa in September 2016.

[1] No activities conducted for 2016

Challenges and the Way Forward

- Although a certain degree of stability has been reached with respect to membership to the committee, it is still worrisome that some authorities do not attend regularly or send alternate members that are not properly briefed.

- CISNA members still have a challenge in attending international conferences and seminars and cite lack of funding for membership fees and travel and accommodation. CFE TC has recommended that CISNA consider hosting its own seminars and invite international speakers.

- The TC would like to see a more integrated approach amongst CISNA sub-committees and technical groups to elevate financial literacy and education as priority in the consumer protection environment.

- The CFE TC will also work hard to impress on CISNA Financial authorities to prioritise financial education by assigning human and financial resources to projects and programmes.

Lyndwill Clarke
CFTETC Chairperson

Legal Technical Committee

Background

The work of the LTC is mainly focused on assisting CISNA to ensure that all regulatory frameworks within SADC are harmonised and comply with best international practices, standards and principles as set by the relevant international standard setting bodies. The LTC therefore develops model legal frameworks on various subjects in order to achieve CISNA's harmonisation-goal. In addition, the LTC provides legal advice and assistance on CISNA matters to build the internal capability to ensure that CISNA is able to successfully execute its mandate.

Activities of the LTC during 2016

At the April 2016 meeting of the LTC, four members and one observer were present from Lesotho, Zambia, Namibia and South Africa. A draft model legal framework on Collective Investment Schemes and a draft model legal framework for Central Securities Depositories, prepared by individual members of the LTC, were considered and reviewed by the full Committee before the two drafts were forwarded to the Capital Markets Sub-committee for their consideration and review. In addition, the LTC was requested by the SPPRC to make amendments to the CISNA Rules and to provide legal advice on the establishment of a permanent CISNA Secretariat.

At the October 2016 meeting of the LTC, five members and one observer were present from Lesotho, Zambia, Namibia, South Africa and Zimbabwe. The Committee finalised the model legal frameworks on Collective Investment Schemes and Central Securities Depositories after receipt of the comments from the Capital Markets Sub-committee. The finalised model legal frameworks were submitted to the Capital Markets Sub-committee for adoption. The finalisation of a draft model legal framework in respect of the Licensing requirements for broker-dealers, investment managers and financial intermediaries was delayed as a result of the resignation of one of the members of the LTC. This project and three others were allocated to individual members of the LTC with specific deadlines for finalisation.

The CISNA Rules were amended and presented to the SPPRC for their consideration and further action. The legal advice prepared on the feasibility of the establishment of a permanent CISNA Secretariat was discussed and a Bidding document was reviewed. The SPPRC suspended the finalisation and issue of the Bidding document for the establishment of permanent CISNA Secretariat pending additional steps to be taken by the SPPRC.

Challenges and the way forward

Adequate capacity to deal with the many requests for model legal frameworks remains a problem, although the number of members of the LTC has improved.

Ketelo Nkoabele
LTC Chairperson

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

Background

The AML/CFT TC was formed as a sub-committee of the CISNA Plenary. 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.

Activities of the AML-CFT during 2016

During 2016, the AML/CFT TC carried out a number of activities in furtherance of its mandate in line with the Southern African Development provisions on the Anti-Money Laundering of the Protocol of Finance and Investment (FIP):

- The TC made contributions to the 2016-2020 Strategic Plan guided by ESAAMLG and FATF requirements for approval by the CISNA executive committee and Plenary.
- Development of AML/CFT reporting template
- The reporting template was meant to assist the TC in obtaining and analysing NBFI's AML/CFT activities in the region.TC undertook NBFI surveys for some member states who submitted survey templates as at October 2016 (Namibia, Botswana and Swaziland). Proposals were made for incorporation of AML/CFT issues during licensing and registration of entities
- Deliberations on National Risk Assessments (NRA) and Mutual Evaluations
- The TC shared experiences with regards to Namibia, Malawi and Zimbabwe for guidance purposes for members yet to do undertake National Risk Assessments. Requests for sharing of sanitised versions of the risk assessments reports were made.
- Technical Needs Template: TC members populated training needs on AMLCFT and requested the Training Technical Committee to facilitate training on risk assessments in the NBFI sector.

Challenges and the way forward

- Limited membership. Member states were not sufficiently represented in order to ensure effectiveness of the AML/CFT TC.
- Inconsistent attendances by countries.
- Technical deficiencies. There is need for capacity building to TC members.

Munyaradzi Machinjika
AML/CFT Chairperson

Sub-Committees Reports

Capital Market Sub-committee

Introduction

2016 was a year marked by general global capital market volatility and mixed developments. The overall capital markets landscape was collectively shaped by a wide range of factors ranging from the Brexit, US election outcome together with the uncertainty around its policy direction as well as China's policy shift from import dependency and persistent geopolitical tension. Global market performance was initially depressed on the back of China's economic slowdown, the single largest trading partners for most economies. Markets rebounded over the year as cautious optimism returned following the recovery of oil prices. By the fourth quarter of the year, advanced markets rallied on signs of improving U.S. economic growth and aggressive central bank stimulus measures around the world.

These developments had a contra-impact in emerging and developing markets as global investors shifted capital flows back to advanced economies in search of low prices and low risk assets with increasing yields. In the outlook, global economic fragility continues amid growing uncertainty in economic and trade policies. Hinted tighter US restrictions on global trade and immigration will squeeze demand and income even further. Increasing aversion towards globalisation, trade and immigration are likely to create some geopolitical and economic uncertainties in certain regions. The aforementioned developments have the potential to derail recovery efforts by many emerging economies. As a result, the CISNA region may continue to be exposed to tighter global financial conditions and capital flow reversals.

Harmonisation

The CMS as part of its mandate is tasked with identifying possible areas of harmonisation of laws across Member States. In this regard, the CMS is working on the enhancement of the effectiveness of regional financial regulatory and supervisory frameworks in line with applicable global regulatory principles, standards and best practices. Further, the CMS is targeting at least three professionally drafted 'model' legislation and regulations that are to be presented to Plenary and approved by October 2019.

The CMS further identified possible areas of harmonisation and came up with projects that each Member State was tasked to research on and provide recommendations to the CMS for consideration. The various projects / activities that the CMS is currently engaged with are elaborated below.

Main Activities during 2016

- Projects that are 75 percent complete include Licensing requirements for broker dealers, investment managers and compliance officers and Prospectus requirements. These have been submitted to the LTC for drafting into model laws.

- Projects that are about halfway through include the minimum requirements for the establishment of markets for Global Depository Receipts, Exchange Traded Funds, Small and Medium Enterprises and bonds. In this same category is the development of minimum Advertising Guidelines for capital markets across the region.

- Projects that are only 25 percent complete include minimum requirements for Cross Directorship, Financial inclusion, Contract for Differences, Risk Management, Code of Conduct and OTCs.

- CMS is also working on regional frameworks (licensing, supervision, enforcement) for capital markets within the region in an effort to enhance cross border operations. However, the three projects are still at preliminary stages.

- A fact-finding research is currently underway to gain insight on impediments to free flow of capital market services within the region

- CMS is also developing a Peer Review manual that is to be used in conducting regular peer review for member states / independent third party assessments of regulatory systems to ensure adoption of global capital markets regulatory principles, standards and best practice.

- Lastly, CMS is working on requirements for the introduction and cross-listing of common products in the SADC Region and reduction in regulatory arbitrage to enhance market access across the region.

Achievements

- CMS managed to complete two projects on:

  (1) CIS requirements and

  (2) Requirements for CSD and CSD participants.

  These two projects will be tabled at the next Plenary meeting for approval.

Update on the Committee of SADC Stock Exchanges

- Committee of SADC Stock Exchanges (CoSSE) hosted the first Broker network session on 07 December 2016 at the Johannesburg Stock Exchange (JSE) to facilitate information sharing amongst regional brokers. For successful harmonisation and integration, the brokers highlighted the following challenges on cross border investments:

- Unfair profit sharing from transactions undertaken with some brokers demanding the bulk of the profits.
- There is still double taxation on profits and dividends between and amongst a number of member states
- The region still faces significant exchange controls in all jurisdictions except for Botswana. There are exchange control restrictions regarding:

    - Foreign shareholding;

    - The ability of a nominee company to be held by an offshore entity. Out of country brokers may fail to hold their shares in the country of origin within a nominee company;

    - Legality of investing outside of the home country. Exchange controls either prevent this or allow it but with a lot of red tape and costs; and

    - Ability (ease and cost) to remit money back to the home country after a transaction

  CMS believes that some of the above cited challenges would be addressed by the Committee's ongoing projects aimed at gaining insight on impediments to free flow.

➢ The proposed AFDB loan facility to fund the proposed regional interconnectivity hub project was unsuccessful as most brokers considered it to be too prohibitive. In the meantime, a pilot survey to interconnect Stock Exchanges of the Rand based Common Monetary Area countries (i.e. Namibia, Lesotho, Swaziland, South Africa) is underway. Other members are free to join in later should they find it beneficial to do so.

International Standards and Affiliations

In an effort to align with international best practice, CMS member authorities are at varying stages of the full IOSCO membership application. Below is a summary of efforts by members towards attaining full IOSCO membership:

Figure 1: IOSCO Membership for CISNA Members

- Work is underway for a number of Regulators that are yet to apply for associate membership to align their laws with IOSCO principles.

- The Financial Services Authority (FSA) Seychelles is at an advanced stage of completing the IOSCO self-assessment questionnaire with the assistance of an IMF consultant. FSA Seychelles will be submitting its IOSCO application for Associate membership during the first quarter of next year.

- NBFIRA's application for the IOSCO membership was turned down in December 2016 due to limited legal authority at the time of application.

- The Bank of Mozambique is in the process of completing a questionnaire for the IOSCO Associate membership application.

John Naanda
CMS Chairperson

Data Analytics

Capital Markets

Table 1: Data Analytics (Capital Markets)

	Number of												Value	Volume	Market	Liquidity	GDP at	Market
	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	De-listings	Traded USD mn	Traded (mn)	Cap USD bn	%	Current Prices USD bn	Cap as % of GDP
Angola	1	2	1	1	15	3	-	-	-	-	-	-	3.445	33.017	-	-	-	-
Botswana	1	2	2	1	4	4	8	*3	14	34	2	0	237.47	770.77	4.37	5.3	15.93	30.9
Lesotho	1	-	1	1	2	2	1	-	2	0	0	0	-	-	-	-	-	-
Malawi	1	2	4	-	4	4	8	2	6	13	-	1	8.64	410.90	0.80	1.08	5.26	15.21
Mauritius	2	-	2	-	12	11	32	10	396	129	18	7	419.83	2,076.07	10.67	16	-	89
Mozambique	1	2	-	1	15	10	-	-	-	4	-	-	39.00	39.04	0.87	4.50	11.45	9.00
Namibia	1	3	1	-	4	4	-	3	22	38	-	-	1,059	223.84	126.886	0.12	11,688	1.086
Seychelles	1	4	1	1	10	2	3	-	-	9	4	0	1.79	0.84	0.36			
South Africa	1	-	1	1			-	-	-	388	18	25	400,876	79,501	993,098	34.92	317,147	313
Swaziland	1	2	-	1	3	2	14	2	6	7	0	0	2.6	5.8	0.26	0.014	4.06	6.4
Tanzania	1	5	3	2	12	12	18	5	8	25	3	-	192.98	194.71	29.74	0.29	36.32	81.90
Zambia	2	3	-	1	27	10	7	3	8	23	-	-	27.87	105.15	5.8	0.92	18.48	27.77
Zimbabwe	2	3	-	1	13	35	32	7*	16	62	2	4	193.91	1,501.59	4.008	4.84	14.17	28.29

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

Introduction

The main focus of the sub-committee during 2016 was the implementation of the new CISNA Strategic plan and drafting a workplan and a monitoring and evaluation framework for the sub-committee. In doing so it was agreed that the main focus would be on harmonisation activities especially in the pensions and insurance sectors followed by the medical schemes and intermediaries. Key deliverables were also identified in developing common insurance products for the region and micro-insurance harmonisation based on the IAIS paper on financial inclusion. As a result, during 2016 CISNA Plenary adopted the minimum guidelines for the development of micro-insurance laws in the region underpinned by international principles.

Harmonisation

The sub-committee commissioned the revision of various surveys. In this regard the surveys on tracking member states adherence to international standards on insurance and pensions were launched. Questionnaires were aligned to the recent international IAIS core principles as well as the IOPS principles. In the area of micro-insurance several countries had already adopted a national policy statement on financial inclusion with a focus on micro-insurance. Member states are at various stages of the legislative process. The sub-committee is tracking adherence to the international principles in the region.

The harmonised model laws for micro insurance have been adopted by CISNA Plenary during 2016. Pensions model laws are planned for 2017 as well as insurance model laws where-after medical schemes and financial intermediary's model laws are planned for 2019. The sub-committee will continue to track and report to CISNA Plenary on the level of harmonisation as the various member states begin to adopt the CISNA model laws over time as part of legislative reviews.

Main Activities during 2016

The sub-committee held two meetings during 2016 in Zambia during April 2016 and in Lesotho in October 2016. The technical committees of the sub-committee were replaced by the following project groups:

- Insurance harmonisation;
- Pensions harmonisation;
- Micro-insurance forum;
- Medical schemes harmonisation; and
- Licensing and intermediaries harmonisation.

It was also agreed that the sub-committee will be responsible for the identification of its own training needs. The following priority training areas was identified:

- Actuarial, valuation and solvency assessments;
- Corporate governance;
- New international insurance core principles such as conglomerate supervision and risk-based supervision;
- New international pensions principles; and
- Risk management.

Achievements

Greater collaboration with the technical committees of CISNA Plenary on drafting of model laws and consumer financial education was achieved. Self-assessments of the member states' current adherence to international standards on micro-insurance, insurance and pensions were launched. The five year work plan and monitoring and evaluation framework of the sub-committee was adopted by CISNA Plenary. IRMIS is represented at the SADC Secretariat work stream on common products as well as at the Sub-Saharan workgroup of IAIS Secretariat.

International Standards and Affiliations

IAIS membership status in the region:

The Table below lists down the CISNA Member Authorities that are members of the IAIS:

Table 2: IAIS Membership for CISNA Members

Countries	Member Authority
Botswana	• Non-Bank Financial Institutions Regulatory Authority
Lesotho	• Central Bank of Lesotho
Malawi	• Reserve Bank of Malawi
Mauritius	• Financial Services Commission
Mozambique	• Instituto de Supervisão de Seguros de Moçambique
Namibia	• Namibia Financial Institutions Supervisory Authority
Seychelles	• Financial Services Authority, Seychelles
South Africa	• Financial Services Board
Swaziland	• Financial Services Regulatory Authority
Tanzania	• Tanzania Insurance Regulatory Authority
Zambia	• Pensions and Insurance Authority

Member Authorities from Angola and Zimbabwe are not yet members of the IAIS.

IOPS membership status in the region:

The Table below lists the CISNA member authorities that are Governing Members of IOPS:

Table 3: IOPS Membership for CISNA Members

Countries	Member Authorities
Botswana	• Non-Bank Financial Institutions Regulatory Authority
Lesotho	• Central Bank of Lesotho
Malawi	• Reserve Bank of Malawi
Mauritius	• Financial Services Commission
Mozambique	• Instituto de Supervisão de Seguros de Moçambique
Namibia	• Namibia Financial Institutions Supervisory Authority
Seychelles	• Financial Services Authority, Seychelles
South Africa	• Financial Services Board
Swaziland	• Financial Services Regulatory Authority
Tanzania	• Social Security Regulatory Authority
Zambia	• Pensions and Insurance Authority
Zimbabwe	• Insurance and Pension Commission

Member Authorities from Angola are not yet members of the IOPS.

Medical schemes international membership status in the region:

Currently international standards setting bodies for medical schemes and intermediaries regulators have not yet been identified but IRMIS continues to participate at IAIS Sub-Saharan seminars hosted by IAIS Secretariat and a2ii on an annual basis. IRMIS is also keen to participate at BHF (Business Health Funders) conferences in the near future where the work of CISNA can be promoted and areas of common interest can be identified.

IRMIS also assists and participates with the various work streams of SADC Secretariat in relation to the Regional Transit Customs Bond Guarantee project and common products such as third party motor vehicle insurance. These products including medical aid and insurance for students in the region are possible common products being researched.

Data Analytics

Insurance

The main objective of this part 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 2016. Whereas the SADC consists of fifteen (15) member countries, only thirteen (13) 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. Two (2) countries excluded in the survey are Democratic Republic of the Congo and Madagascar.

Market Structure

As at end of 2016, about 406 insurance companies were licensed to transact insurance business in the SADC region (2015: 431). The largest number of insurers was from by South Africa with a proportion of 39.7 percent, remotely followed by Zambia at 8.4 percent. The number of reinsurance companies licensed to transact reinsurance business by regulatory authorities within the SADC region decreased to 36 in 2016 from 46 in 2015. Of these, 14 were based in South Africa, 10 in Mauritius and 9 in Zimbabwe. As at 31 December 2016, about 11,057 insurance brokers (2015: 11,047) were operating in the region while 138,259 insurance agents (2015: 138,420) were licensed regionally.

INSURANCE MARKET PLAYERS IN THE SADC REGION IN 2016

Table 4: Insurance Market Players

Member State	No. of insurers	No. of reinsurers	No. of Brokers	No. of Agents	Broker-Insurer Ratio	Agent-Insurer Ratio
Angola	24	-	60	469	2.5	19.5
Botswana	24	3	51	161	2.1	6.7
Lesotho	11	-	42	500	4.1	45
Malawi	13	1	16	245	1.2	18.8
Mauritius	23	10	38	238	1.7	10.3
Mozambique	19	1	80	125	4.2	6.6
Namibia	30	2	951	4,490	31.7	149.7
Seychelles	5	-	15	2	3.0	0.4
South Africa	161	14	9,564	130,745	59.4	812.1
Swaziland	12	1	31	137	2.6	11.4
Tanzania	30	1	136	584	4.5	19.5
Zambia	34	4	50	240	1.5	7.1
Zimbabwe	20	9	31	465	1.6	23.3
SADC	406	36	11,057	138,259	27.2	340.5

Premium Income and Expenses

The SADC insurance market size in terms of Gross Premiums Written (GPW) is estimated to have reached approximately US$ 48,817 million in 2016, which was 13.5 percent higher compared to US$ 42,994 million recorded in 2015. South Africa held the largest share of the SADC insurance market with GPW of US$ 44,966 million in 2016 (2015: US$ 38,753 million), representing 92.1 percent of the entire market business (2015: 90.1 percent).

It is noted that the South African market GPW rebounded to increase by 16.0 percent having contracted by a corresponding level of 16.2percent in 2015, in US dollars. The majority of member states broadly reported increases in premium income across the SADC region. Non-Life insurance GPW in the SADC region were approximately US$ 11,450 million in 2016, representing 23.5 percent only of the total GPW (Life and Non-Life).

PREMIUMS FOR INSURERS IN THE SADC REGION (US$ MILLION) IN 2016

Table 5: Premiums for Insurers

Member State	Gross Written Premiums			Reinsurance Premiums		
	Non-Life	Life	Total	Non-Life	Life	Total
Angola	605	12	617	150	5	155
Botswana	127	310	437	48	8	56
Lesotho	5	20	25	3	1	4
Malawi	49	27	76	12	1	14
Mauritius	217	263	480	76	11	87
Mozambique	140	29	170	58	10	68
Namibia	257	562	819	71	21	93
Seychelles	25	5	30	11	0	11
South Africa	9,332	35,633	44,966	3,134	1,332	4,466
Swaziland	41	42	84	16	3	18
Tanzania	269	34	303	124	6	130
Zambia	166	83	248	74	19	93
Zimbabwe	216	347	563	87	-	87
SADC	11,450	37,367	48,817	3,862	1,418	5,281

The regional Non-Life market recorded Net Claims Incurred amounting to US$ 4,282 million during the year under review. Meanwhile, the market incurred Net Commissions Paid and Management Expenses of US$ 484 million and US$ 2,162 million, respectively. Accordingly, the market had an overall Loss Ratio of 55.2 percent during 2016 (2015:50 percent).

The market also experienced a Net Commission Ratio and a Net Management Expense Ratio of 6.2 percent and 27.9 percent, respectively.

UNDERWRITING AND OPERATIONAL EXPENSES FOR NON-LIFE INSURERS IN THE SADC REGION (US$ Million) IN 2016

Table 6: Underwriting and Operational Expenses for Non-life Insurers

Member State	Net Claims Incurred	Net Commission Paid	Management Expenses	Total U/W Expenses
Angola	284	26	333	643
Botswana	45	9	22	76
Lesotho	10	4	5	19
Malawi	21	2	12	35
Mauritius	74	21	40	135
Mozambique	43	-	-	43
Namibia	102	17	47	166
Seychelles	4	2	9	14
South Africa	3,527	374	1,529	5,430
Swaziland	9	1	6	16
Tanzania	78	10	61	149
Zambia	39	10	50	99
Zimbabwe	57	11	50	118
SADC	4,282	484	2,162	6,928

Capital, Liabilities and Assets

Total assets held by insurers in the region at end of December 2016 amounted to US$ 210,457 million, an increase of 3.7percent compared to total assets of US$ 203,012 million at end of 2015. On the other hand, insurers' liabilities increased by 12.2 percent to US$ 196,987 million in 2016 compared to US$ 175,568 million in 2015. Meanwhile, insurers' net worth in the region declined to US$ 18,975 million at 31 December 2016 compared to net worth of US$ 27,444 million at end of prior year.

CAPITAL, LIABILITIES AND ASSETS OF INSURERS IN THE SADC REGION (US$ Million) IN 2016

Table 7: Capital, Liabilities and Assets of Insurers

Member State	Total Assets		Total Liabilities		Capital and Reserves	
	Non-Life	Life	Non-Life	Life	Non-Life	Life
Angola	1,327	-	977	-	351	-
Botswana	190	1,891	110	1,606	80	285
Lesotho	30	359	21	285	9	74
Malawi	53	459	33	421	20	38
Mauritius	431	2,403	227	2,250	204	153
Mozambique	362	21	350	18	12	4
Namibia	421	3,471	288	2,973	133	498
Seychelles	30	36	4	2	26	34
South Africa	10,900	199,661	6,454	187,641	4,446	12,020
Swaziland	45	250	27	218	18	32
Tanzania	285	99	184	77	101	22
Zambia	153	132	138	112	15	20
Zimbabwe	195	1,675	103	1,385	92	290
Total	**14,422**	**210,457**	**8,916**	**196,987**	**5,506**	**13,469**

Data Analytics

Retirement Funds

Table 8: **Pensions Sectors Within CISNA Member Data For The 2016 Calendar Year**

								Total Contributions												
	No. of Pensions Technical	Year of Pensions	Name of Pensions	Total No. of Registered/ Licensed	Licensed Administrator Companies			Employers	Members	Total Payments	Total Number of Members	Total Assets	Total Contributions	GDP Per Capita	Pension Fund contributions as a percent of GDP	Inflation Rate (per cent)	Exchange Rate	Bank lending Rate (per cent)	Population millions	Local Currency
Country	Staff	Legislation	Legislation	Retirement Funds	Employer	Benefit	Investment	millions	millions	millions	Coverage	millions	US $				US $			
Angola	3	1998	Pension Funds Decree no 25/98	32		9			31 907,80	12 720,89	35874	304 552,78	191,35	494 398.76	0.25 %	41,95	166,75	16	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

Mozambique	4	2009	Pension Funds Management Constitution and Regulation, Decree no 25/2009	8				3,65	1,45	7,59	6 706	59,39	5,11	417,03	0,05 %					
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		79 149	83 479	228 221	9 721 236	2 342 556	11 871	US$ 5 274	55.16 %	7 %	13.70	7per cent	56.02	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)	242		6	7	435	295	138	112260	5 664	139.1006098	18951.03176	2%	21	10	15.50	15,602,751	Zambian Kwacha
Zimbabwe	12	2004	Pension and Provident Funds Act (Chapter 24:09)	1297	16	6	9	N/A	N/A	388,039.00	554,012	3,236	701.23	1,011.21	4.34 %	-0.1 %	1.00	TBA	15.97	US$

Medical Schemes

The following supervisors of privately administered medical schemes have been admitted to CISNA according to the SADC Secretariat confirmation received in August 2013.

Table 9 below indicates Ministries and Regulators of privately administered Medical Aids Schemes in each Member State.

Table 9: Ministries and Regulators of privately administered Medical Aids Schemes

SN	Member States	Medical Aid Schemes
1	Angola	Ministry of Finance
2	Botswana	NBFIRA
3	Lesotho	Ministry of Health
4	Malawi	Reserve Bank of Malawi
5	Mauritius	Ministry of Finance and Economic Development
6	Mozambique	There is no supervisory for Medical Aid Schemes
7	Namibia	Ministry of Finance/Ministry of Health. Regulator: NAMFISA
8	Seychelles	Ministry of Health
9	South Africa	Ministry of Health Regulator: Council for Medical Schemes
10	Swaziland	Ministry of Finance and Ministry of Health and Social Welfare
11	Tanzania	Ministry of Health and Social Welfare
12	Zambia	No information available
13	Zimbabwe	Ministry of Health and Child Care

Botswana

Medical schemes

During the year 2016/2017, the Authority had 10 Medical Aid Schemes registered in its books (8 open and 2 restricted). The Medical Aids Funds are classified as non-bank financial institutions in terms of the NBFIRA Act (2016) and are therefore subject to prudential regulation. Accordingly, the development of the Medical Aid Funds regulations is in progress. In the interim the medical aid funds are issued with exemption/waiver letters which grant the schemes permission to operate the business of medical aid funds, whilst the regulations are being developed. It is through these exemption/waiver letters that the Medical Aid Schemes were required to among other things submit Audited Financial Statements (AFS), no later than four (4) months following their respective year-ends.

In the 2016/2017 period, the principal membership of these funds stood at 150,997 compared to 150,278 reported during the prior year. The sector also recorded a total membership coverage of 385 470 lives as compared to 346,399 lives reported in 2015/2016, reflecting 11.3 percent increase. During this period, the asset base and total liabilities of Medical Aids were P875 million and P272 million, respectively, this compares with the revised P784 million and P249 million, respectively in year 2015/2016. These figures were obtained from only five (5) out of the ten (10) registered medical aid schemes which submitted their audited financial statements.

This reflects serious challenges of reporting for the sector. The Authority has, however, employed corrective measures to ensure all medical aids comply with the requirements as stipulated in the exemption letters. The objective of the Authority is to exercise oversight over the financial soundness of medical schemes and to ensure the protection of members.

Namibia

Medical Aid Funds Industry

There was no change in the number of registered medical aid funds between 2015 and 2016 (Table 10 below). As at 31 December 2016, there were ten registered such funds, comprising five open and five closed funds. An open medical aid fund means it is open to the public, i.e. any member of the public may become a member of an open medical aid fund if they are not currently a member of any other medical aid, and can afford its monthly contributions. Thus, a self-employed person, a wage-earner or an unemployed person may join an open medical aid fund.

Conversely, a closed or restricted medical aid fund is not open to the public. Instead, it is set up to cater for a homogenous group of individuals such as persons employed by a company or workers from a specific industry. By pooling together certain individuals, restricted funds can potentially minimise their risk in some instances, collect premiums more easily from a specific employer, and/or cater for the unique needs of its members.

Medical aid funds are not permitted to discriminate on the basis of race, religion or creed, among other things. The Table 10 shows the number of medical aid funds by size and type over the past five reporting years.

Table 10: Medical aid funds by size and type, 2012–2016

Type of fund	Size of fund	2012	2013	2014	2015	2016
Open medical aid fund	Large*	3	3	2	2	2
	Medium**	1	1	2	2	2
	Small***	0	0	0	1	1
	TOTAL	**4**	**4**	**4**	**5**	**5**
Closed medical aid fund	Large	0	0	0	0	0
	Medium	2	2	2	2	2
	Small	3	3	3	3	3
	TOTAL	**5**	**5**	**5**	**5**	**5**
All funds	Large	3	3	2	2	2
	Medium	3	3	4	4	4
	Small	3	3	3	4	4
	TOTAL	**9**	**9**	**9**	**10**	**10**

* ≥ 30 000 beneficiaries
** ≥ 6 000 members but < 30 000 beneficiaries
*** < 6 000 members

Beneficiaries

The total number of beneficiaries in the medical aid industry increased from 184,823 as at 31 December 2015 to 190,436 as at 31 December 2016 (Table 11 below). The growth rate has seemingly stabilised over the past five reporting periods, peaking at 6.9 percent in 2012, but hovering at around 3.0 percent since 2013.

More importantly, the number of principal members increased by 3.6 percent between 2015 and 2016, growing from 86,577 to 89,679 as at 31 December in each respective year. The rise is attributable to new employees joining existing employers as well as new employers joining existing medical aid funds. The Table 11 also reveals that the growth in the number of dependants dropped by 2.6 percent between 2015 and 2016, levelling off at 100,757 by the end of 2016. This decline eased the burden on medical aid funds in respect of dependants' claims.

Table 11: Medical aid fund beneficiaries, 2012–2016

Fund type	Beneficiary type	2012	2013	2014	2015	2016
Number						
All funds	Principal members	75,273	78,509	83,291	86,577	89,679
	Dependants	94,387	96,769	96,073	98,246	100,757
	Total beneficiaries	169,660	175,278	179,364	184,823	190,436
Percent						
All funds	Change in principal members	7.6	4.3	6.1	3.9	3.6
	Change in dependants	6.3	2.5	-0.7	2.3	2.6
	Change in total beneficiaries	6.9	3.3	2.3	3.0	3.0

As shown in Table above, the number of beneficiaries of open funds grew by 3.3 percent in comparison with the previous reporting period, and reached a total of 170,525 beneficiaries as at 31 December 2016. This growth can be attributed to more intense recruitment within participating employer groups. On the other hand, the total of beneficiaries associated with closed funds increased by only 1.0 percent, i.e. from 19,718 on 31 December 2015 to 19,911 by 31 December 2016.

The following table also illustrates the movement in the industry's various types of beneficiaries over the past five reporting years. Principal members, for example, increased in respect of both open and closed funds, growing at 3.5 percent and 4.0 percent, respectively.

The rate of growth in dependants for both open and closed funds was lower than that for principal members, with closed funds even experiencing a negative rate. The latter decline came about primarily because some dependants were no longer eligible for membership.

Table 12: Medical aid fund beneficiaries by fund type, 2012–2016

Fund type	**Beneficiary type**	**2012**	**2013**	**2014**	**2015**	**2016**
Open medical aid funds	Number					
	Principal members	65,590	68,471	73,624	77,937	80,697
	Dependants	81,396	83,338	83,423	87,168	89,828

	Total beneficiaries	146,986	151,809	157,047	165,105	170,525
	Percent					
	Change principal members	8.5	4.4	7.5	5.9	3.5
	Change dependants	7.4	2.4	0.1	4.5	3.1
	Change total beneficiaries	7.9	3.3	3.5	5.1	3.3
Closed medical aid funds	Number					
	Principal members	9,683	10,038	9,667	8,640	8,982
	Dependants	12,991	13,431	12,650	11,078	10,929
	Total beneficiaries	22,674	23,469	22,317	19,718	19,911
	Percent					
	Change principal members	1.8	3.7	-3.7	-10.6	4.0
	Change dependants	-0.3	3.4	-5.8	-12.4	-1.3
	Change total beneficiaries	0.6	3.5	-4.9	-11.6	1.0

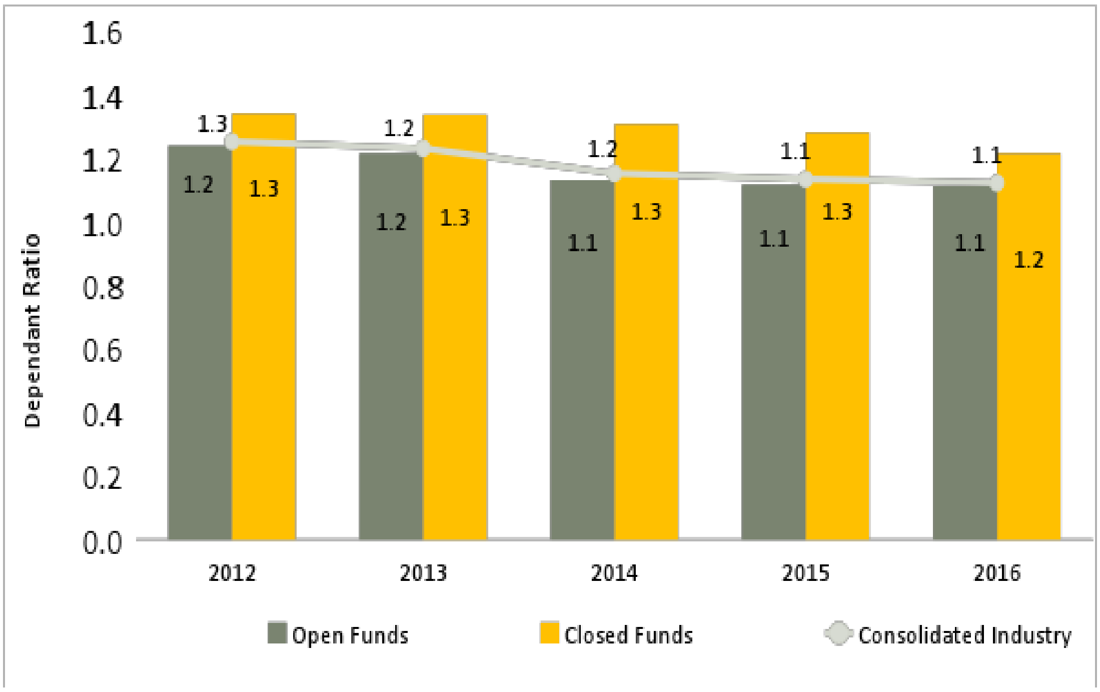
Dependant and pensioner ratios

The dependant ratio measures the average number of dependants per principal member, the value for which was 1.1 as at 31 December 2016. Naturally, a low dependant ratio is desirable: the number of contributing members would be greater than that for non-contributing members such as dependants and pensioners, resulting in less pressure on medical aid funds.

As shown in Figure 2 below, the dependant ratio has been on a steady decline since 2012. This trend is predictable, since the number of principal members has been increasing at a relatively higher rate than that for dependants.

In respect of the pensioner ratio, i.e. the proportion of pensioners to the total number of beneficiaries, pensioners accounted for 5.1 percent of all beneficiaries as at 31 December 2016 (Figure 2 below). In nominal terms, there were 9,700 pensioners on that date, up from 9,468 on 31 December 2015. Approximately 86.5 percent of pensioners belong to open medical aid funds.

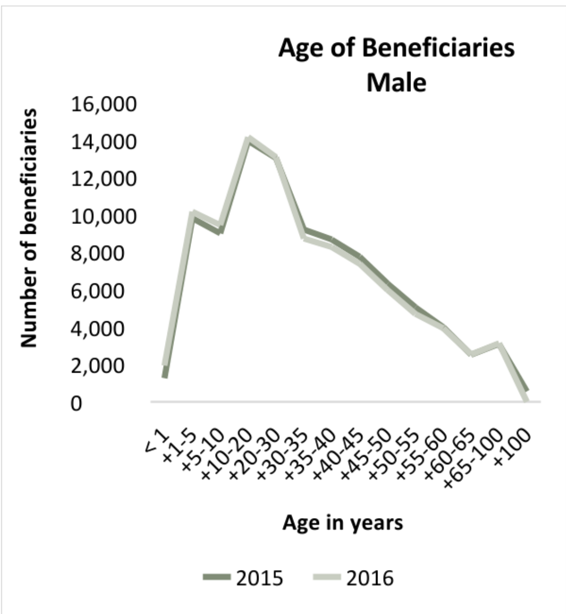
Figure 2: Medical aid fund dependant ratios (includes pensioners), 2012–2016

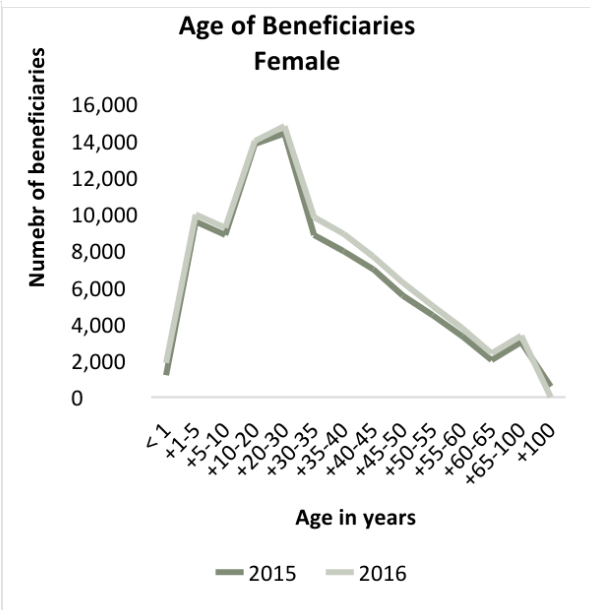


Age and gender distribution

The average age of beneficiaries was 29.4 years in 2016, falling from 31.4 years in 2015. The average age of males was slightly higher, namely 31.9 years, compared with that for females, where the recorded average age was 31.6. There were slightly more males than females in the group who were aged 20 or younger, while the opposite was true for those of 20 years or older. Just over half (50.9 percent) of all beneficiaries were female.

Figure 3: Age and gender distribution, 2015–2016





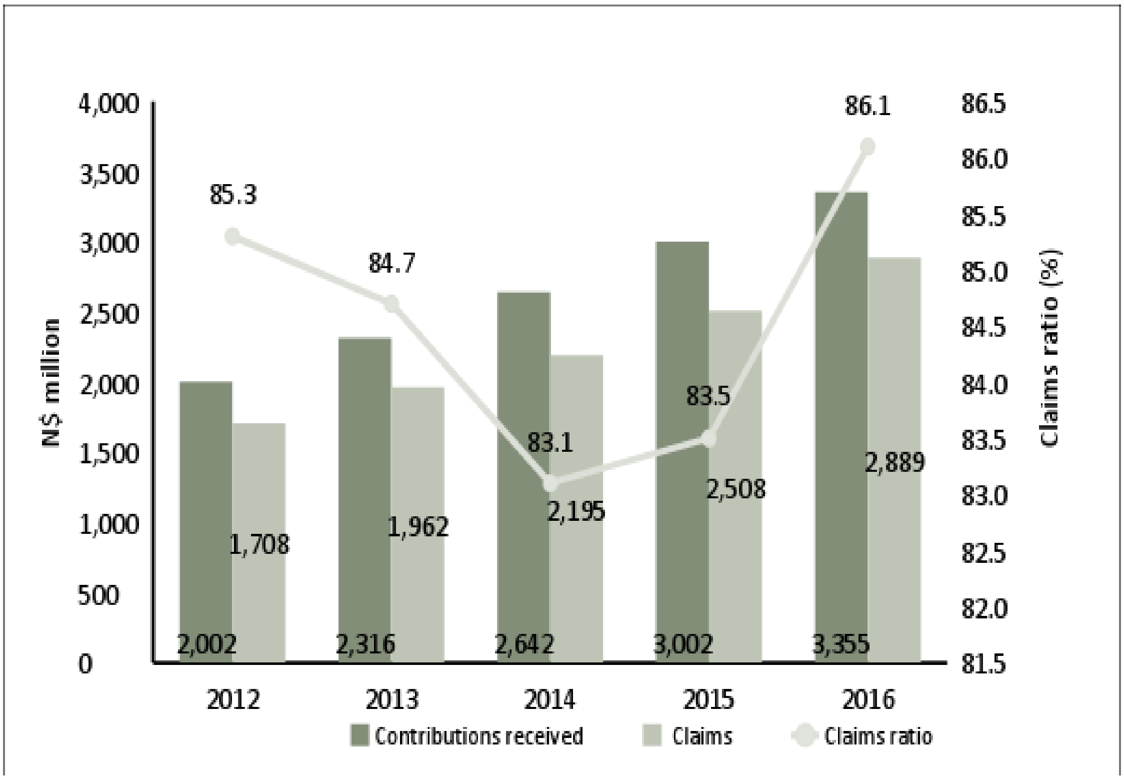
Income

Gross contributions received increased by 11.8 percent to N$3.4 billion for 2016. On average, gross contributions have increased by 13.8 percent per annum over the past five reporting years. However, for the purposes of improving liquidity, this average growth falls short of the 14.1 percent average growth in claims over the same five-year period. Although the average increase in claims is more than that of gross contributions, the dollar value of contributions (N$3.4 billion) is more than the dollar value of claims (N$2.9 billion).

Thus, over the past five reporting years, the claims ratio range of 83.1 – 86.1 percent shows it has remained well below 100.0 percent, with the highest ratio experience (86.1 percent) having been recorded for 2016. Thus, contributions were sufficient to settle healthcare expenditure, with excess funds available to cover non-healthcare expenses and to build up reserves.

The Figure 4 illustrates the five-year trend in consolidated gross contributions, and compares it with consolidated gross healthcare expenditure reported by the industry for the same mid-term period.

Figure 4: Gross contributions versus gross healthcare expenditure, 2012–2016

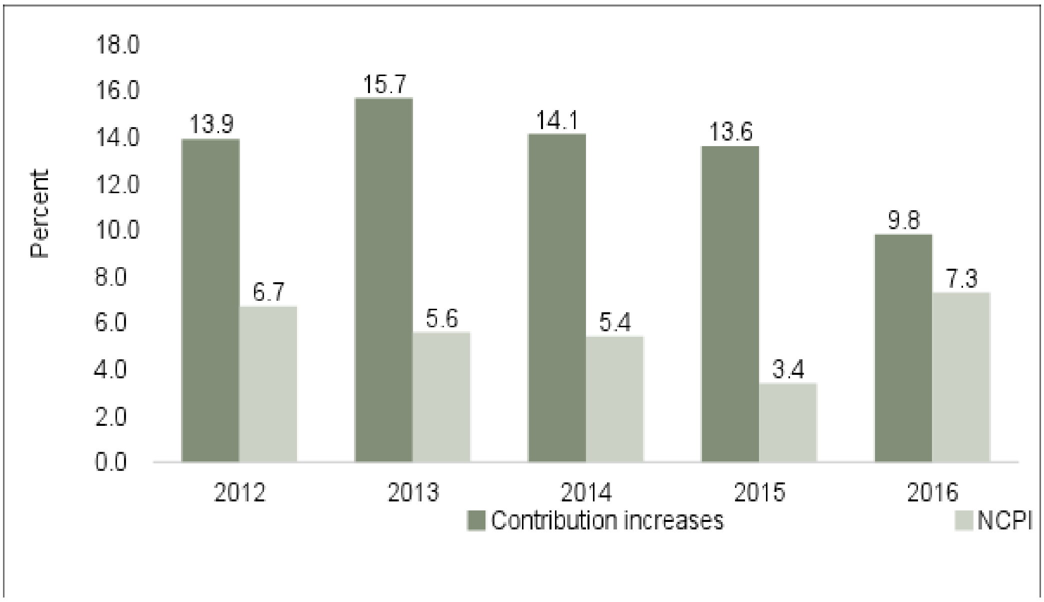


For the reporting period ended 31 December 2016, the Registrar of medical aid funds approved contribution increases ranging between 7.6 percent and 15.8 percent. The increase in weighted premiums of open medical aid funds (9.9 percent) was much higher than that of closed funds (6.4 percent) for 2016.

Figure 5 below shows that, although the average contribution increase of 9.8 percent by the end of the reporting period was closer to inflation (7.3 percent), contribution increases have been significantly more than the national inflation rate in each of the last five reporting years. If this trend continues, members may elect cheaper options, take some of their dependants off their policies, or may exit medical aid funds altogether.

Younger and healthier members, who require less comprehensive healthcare coverage, tend to be more sensitive to price changes and thus more likely to 'buy down', i.e. switch to a cheaper benefit option. These pressures will negatively impact the viability – and, indeed, the very existence – of the industry.

Figure 5: Contribution increases versus Namibia Consumer Price Index rates of inflation, 2012–2016



Source: Namibia Statistics Agency

Healthcare expenditure

Healthcare expenditure is the sum of the benefits paid from medical aid funds' risk pools and members' savings accounts. For the reporting period, total healthcare expenditure increased by 15.2 percent, i.e. from N$2.5 billion in 2015 to N$2.9 billion in 2016, mainly due to inflationary increases in healthcare costs. The average annual amount of healthcare expenditure per beneficiary reported for 2016 was N$15,173, reflecting an increase of 11.8 percent on the 2015 average expenditure figures.

The Table 13 compares 2015 and 2016 figures in respect of the share of total benefits paid by health service providers.

Table 13: Distribution of healthcare benefits paid, 2015–2016

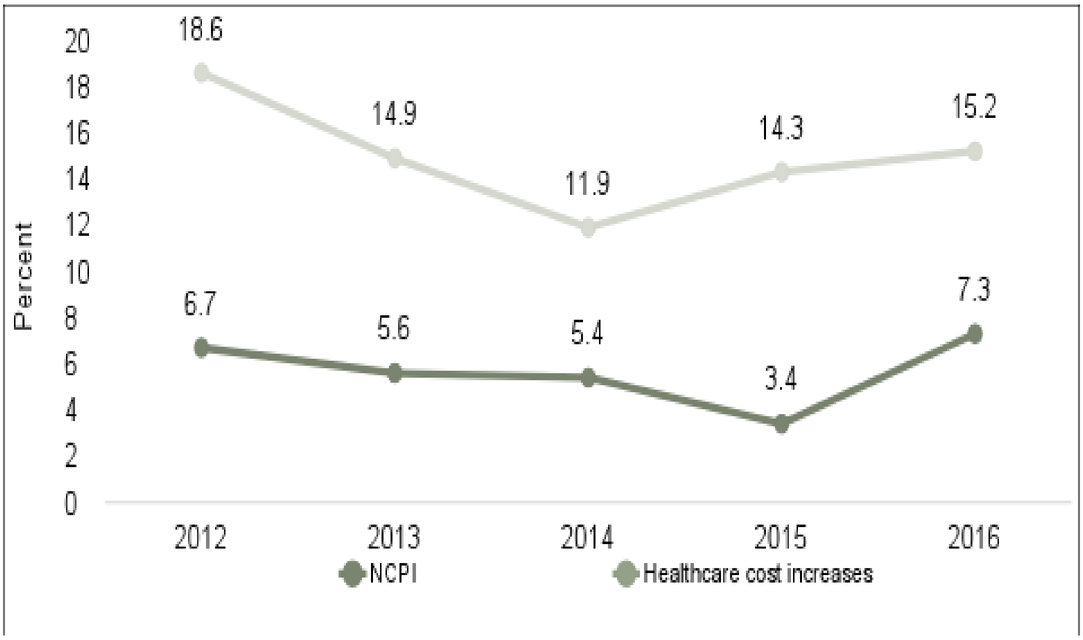
Health service provider	Share of total benefits paid (in descending order)	
	As at 31 December 2015	As at 31 December 2016
Hospitals	35.4%	36.3%
Pharmacies/medicine	16.8%	16.7%
Specialist	11.9%	11.9%
General practitioner	9.8%	9.3%
Auxiliary service	4.8%	5.1%
Pathologist	4.8%	4.8%
Dentist	4.6%	4.6%
Radiologist	3.9%	4.2%
Optometrist	3.3%	2.9%
Dental specialist	0.6%	0.6%
Incurred but not reported IBNR movement	1.0%	0.6%
Psychiatric institution	0.2%	0.2%
Dental therapist	0.1%	0.1%
Optic payout	0.0%	0.0%
Other	2.9%	2.8%
TOTAL	**100.0%**	**100.0%**

Unsurprisingly, hospitals, pharmacies/medicine and medical specialists made up the bulk of healthcare expenditure in 2016. Claims associated with these groups accounted for 65.0 percent of total benefits paid, i.e. N$1.9 billion. Specifically, hospital claims paid amounted to N$887.0 million, while N$482.9 million and N$345.3 million were defrayed for pharmacies/medicine and specialists, respectively.

The notable increase in healthcare benefits paid (N$2.9 billion for 2016 vis-a-vis N$2.5 billion for 2015), was due not only to inflation in the cost of general healthcare, but also to growth in membership: the latter had a direct impact on the frequency and magnitude of healthcare events.

The Figure 6 below illustrates the percentage increase in healthcare expenditure by medical aid members in relation to the rate of inflation as measured by the Namibia Consumer Price Index (NCPI), over the past five reporting periods.

Figure 6: Healthcare cost increases versus Namibia Consumer Price Index (NCPI) rates, 2012–2016



Source: Namibia Statistics Agency

The continuous growth in healthcare expenditure in excess of the inflation rate recorded by the NCPI signifies the unaffordability of private healthcare cover for the average Namibian citizen. As Figure 7 shows, the increase in healthcare expenditure has consistently exceeded the inflation rate over the past five reporting years.

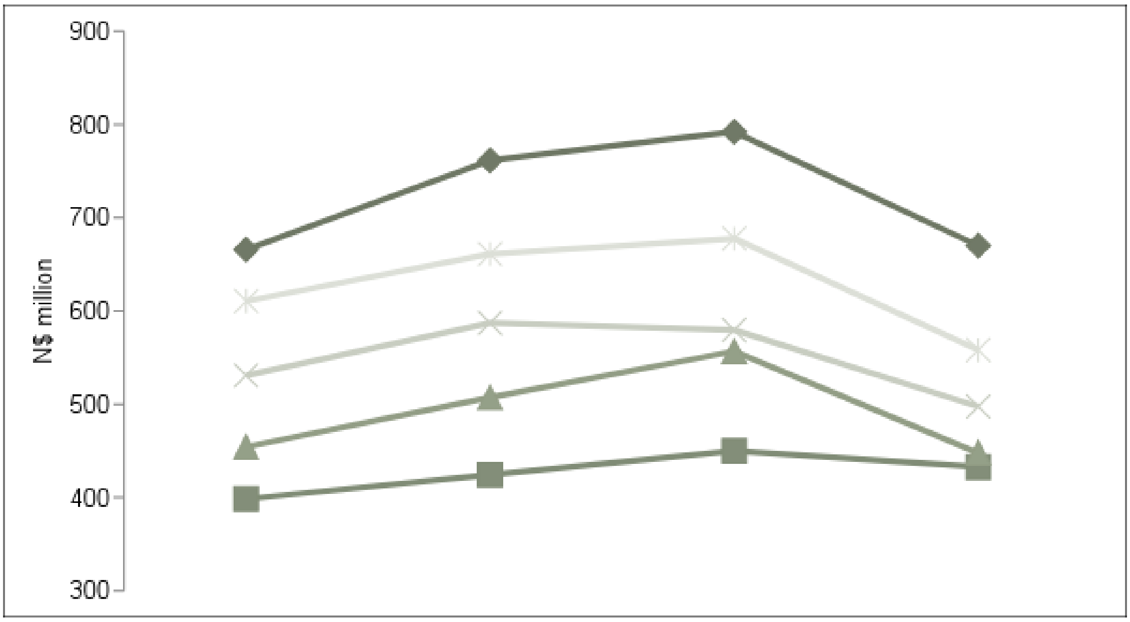
The continual rise in healthcare expenditure was influenced by medical price inflation and by increased utilisation of healthcare benefits by all beneficiaries in general, and by aging beneficiaries in particular.

Medical aid funds experience fluctuations in benefit claim patterns depending on the time of year. Therefore, a trend can be observed in different quarters of the year, with claims generally higher in the second and third quarters because of maladies associated with the winter season.

The Figure 7 below demonstrates a distinct seasonal trend in quarterly healthcare benefit claims as reported during the past five years with healthcare benefit claims slowly increasing during the second quarter each year, and peaking during the third quarter of each year.

The healthcare benefit claims declined during the fourth quarter of each year mainly due to the depletion of the members' benefits and due to the deferment of non-emergency procedures by healthcare/medical professionals because of the national end-of-year holiday season.

Figure 7: Claims seasonality, 2012–2016



Non-healthcare expenditure

The non-healthcare expenditure by medical aid funds primarily consists of administration costs, managed healthcare costs e.g. fees for managing healthcare benefits), operational costs, and consultant fees. Non-healthcare expenditure increased by 8.9 percent during the review period, i.e. from N$299.7 million in 2015 to N$326.4 million for 2016. Administration costs continue to be the largest component (68.4 percent) of non-healthcare expenditure, growing by 9.0 percent from 2015 to 2016.

As with administration costs forming part of healthcare expenditure, such costs within total non-healthcare expenditure increased mainly due to a growth in membership and due to the annual inflationary adjustment of fees charged per member. Administration costs consist of fixed costs, on the one hand, which are paid regardless of a fund's membership, and variable costs, on the other, which are paid for each registered member of a fund. As stated above, administration costs accounted for 68.4 percent of all non-healthcare expenditure, with N$223.3 million having been spent on this cost component alone.

Administration expenditure by closed funds fell from N$11.0 million in 2015 to N$10.8 million in 2016, primarily due to slow membership growth and a decline in the number of dependants. Conversely, there was a notable rise of 9.6 percent in open fund administration costs, which soared from N$193.8 in 2015 to N$212.5 million 2016. The latter cost increase was largely attributable to membership growth and annual inflationary adjustments to the fee charged per member.

The increase in managed healthcare costs in 2016 was higher than national price inflation (7.3 percent), jumping by 10.1 percent from N$42.4 million in the prior reporting year to N$46.7 million in 2016. Managed healthcare costs contributed 14.2 percent of total non-healthcare costs incurred, but remained at 1.4 percent of gross contributions in 2016, while the aggregate proportion of managed healthcare and administration costs to gross contributions was 8.0 percent in 2016.

The Table 14 compares the annual increases of gross contributions received, gross healthcare costs, and gross non-healthcare costs, in relation to the NCPI over the past five reporting years. As the tabled content implies, membership of medical aid funds is becoming increasingly unaffordable as annual remuneration increases in tandem with national inflation, but not in line with the increase in healthcare costs.

Table 14: Gross contributions received, gross healthcare costs, and gross non-healthcare costs in relation to the national inflation rate, 2012–2016

Reporting period	Gross contributions received	Gross healthcare costs	Gross non-healthcare costs	Namibia Consumer Price Index
	Percent increase	Percent increase	Percent increase	
2012	13.9	18.6	18.6	6.7
2013	15.7	14.9	14.7	5.6
2014	14.1	11.9	8.4	5.4
2015	13.6	14.3	4.2	3.4
2016	11.8	15.2	8.9	7.3

The Table 15 below depicts the two highest cost components of medical aid fund expenditure – healthcare costs (claims) and administration costs. Healthcare and administration costs together accounted for 92.8 percent of gross contribution income, with the remainder having been used to cover other non-healthcare costs and to build reserves.

Table 15: Healthcare costs (claims) as a share of gross contributions, 2012–2016

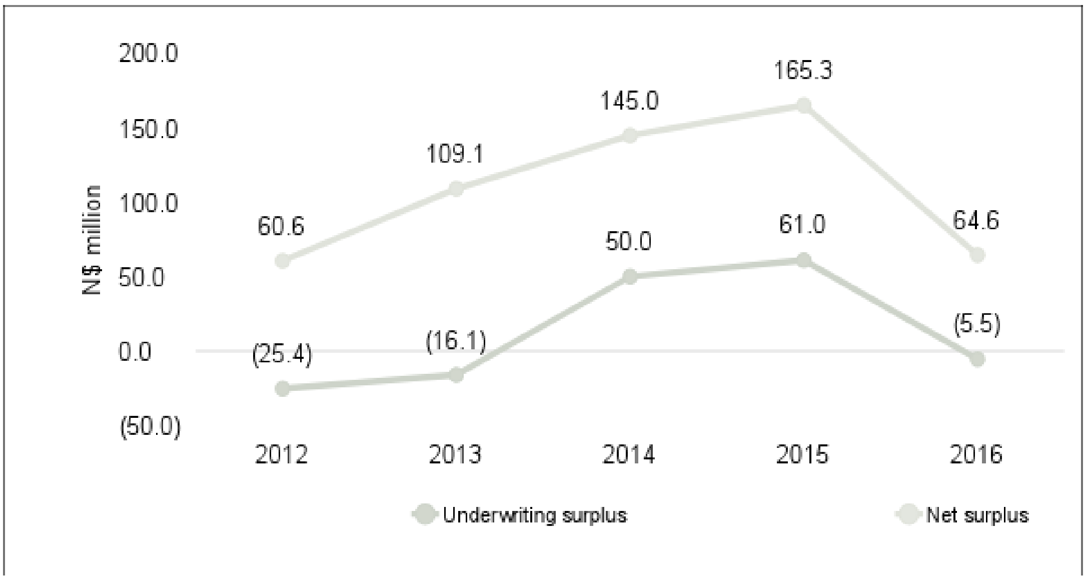
Cost category	Share of gross contributions (percent)				
	As at 31 December				
	2012	**2013**	**2014**	**2015**	**2016**
Healthcare costs	85.3	84.7	83.1	83.5	86.1
Administration costs	8.1	8.1	7.4	6.8	6.7
Healthcare and administration costs	93.4	92.8	90.5	90.3	92.8

Net healthcare results

The industry recorded an underwriting deficit of N$5.5 million for 2016. This is an undesirable turnaround from the N$61.0 million surplus recorded in 2015. The underwriting deficit for open medical aid funds amounted to N$25.3 million in 2016, while closed funds reported an underwriting surplus of N$19.7 million. In 2015, the open funds and closed funds reported underwriting surpluses of N$33.9 million and N$27.1 million.

The Figure 8 below shows the trend in the underwriting results and the net results of the medical aid fund industry for the period 2012 to 2016.

Figure 8: Underwriting surplus and net surplus, 2012–2016



The net results, which include investment and other income as well as contributions, showed a net surplus of N$64.6 million for 2016, which is a huge decline of 154.0 percent from 2015. Investment and other income dropped significantly in 2016, with funds recording N$70.1 million compared to N$104.2 million in 2015 due to poor market performance. The net surplus in 2016 was primarily attributable to more contributions received during the year.

The 2016 net surplus was virtually evenly spread among fund types, with open medical aid funds reporting a net surplus of N$ 31.3 million, while their closed-fund counterparts recorded a slightly higher net surplus of N$ 33.2 million.

Assets and Liabilities

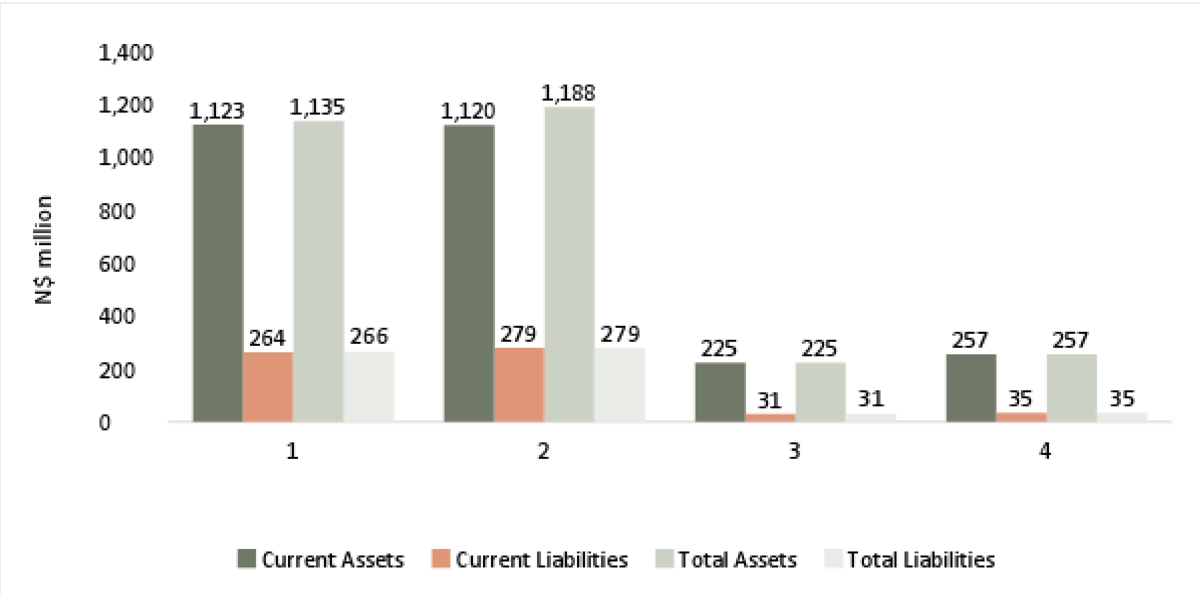
Total industry assets grew during the year under review, amounting to N$1.44 billion as at 31 December 2016. The 6.3 percent growth in total assets, namely from N$1.4 billion in 2015, was attributable to capitalised investment gains and to the reinvestment of a portion of the net surplus of N$64.6 million in 2016. Short-term loans reduced from N$2.0 million as at 31 December 2015 to 1.8 million by year end in 2016.

Matching of assets and liabilities

The difference between a fund's current assets and its current liabilities constitutes what is known as a liquidity gap. A positive value indicates that a fund has sufficient current assets to meet its current liabilities.

For the reporting year, the medical aid fund industry held liquid assets of N$1.4 billion compared with its current obligations of N$314.7 million. Its liquidity gap of N$1.1 billion was significant, therefore. Accordingly, the industry was able to settle its current liabilities as at 31 December 2016. The Figure 9 below compares the assets and the liabilities of open and closed medical aid funds for the 2015 and 2016 financial years, respectively.

Figure 9: Asset and liability matching, 2015–2016



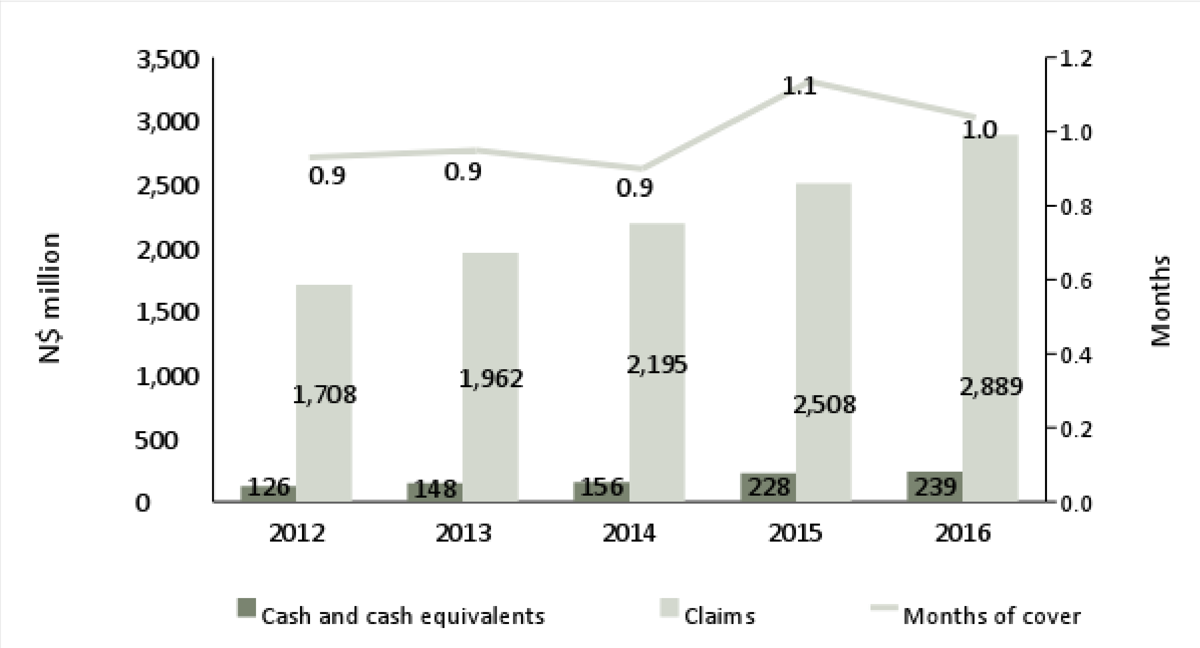
In respect of medical aid funds, the ratio of current assets to current liabilities increased slightly from 4.5:1 in the 2015 reporting year to 4.8:1 for 2016. Closed funds had a higher ratio of 7.3:1 as at 31 December 2016, than open funds which had a ratio of 4:1.

Cash and cash equivalents increased as contributions increased, due to growth in membership. In addition, some medical aid funds allocated their investments to the cash and cash equivalent accounts held locally to comply with Regulation 9 under the Medical Aid Funds Act.

Liquidity of medical aid funds

The liquidity position of a fund is measured by its ability to pay claims from cash and cash equivalents. The Figure 10 below depicts the industry's ability pay claims, as measured in months of cover.

Figure 10: Average gross healthcare costs covered by cash and cash equivalents, 2012–2016



The cash coverage of claims period is determined by dividing cash and cash equivalents as at year-end with the claims incurred for the year, multiplied by 12 months. This is the number of months for which the industry can pay claims from its existing cash and cash equivalents.

Over the past five reporting years, the cash coverage of claims period remained stable, peaking at 1.1 months in 2015 after falling to 1 month in the current reporting period. This means that there were sufficient cash and cash equivalents as at 31 December 2016 to settle approximately one month's worth of claims.

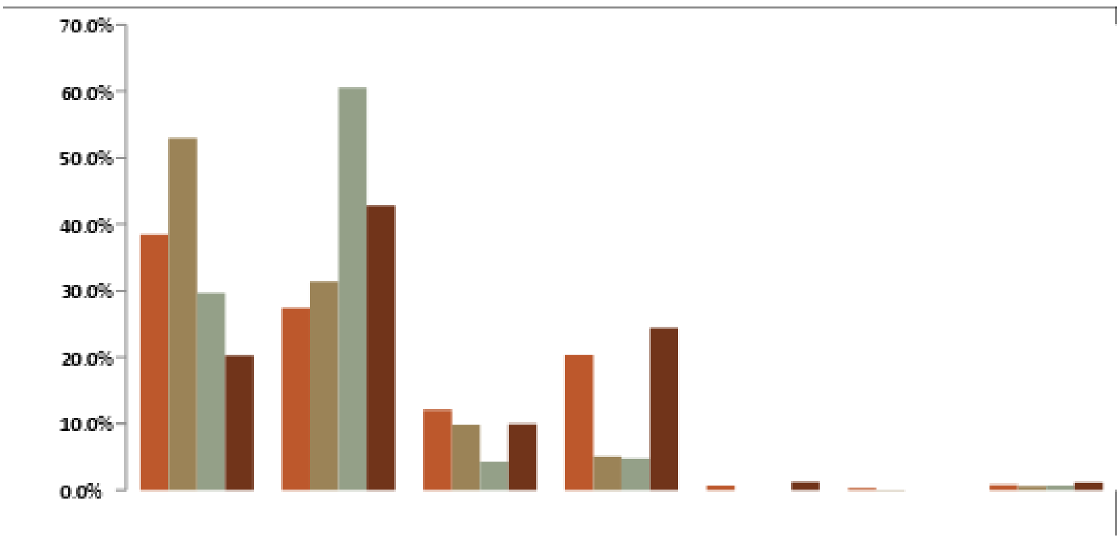
Investments

Total investments decreased by 13.3 percent, i.e. from N$1.3 billion to N$1.2 billion as at 31 December 2016, mainly due to poor market performance in South Africa, where the majority of medical aid fund capital is invested.

Regulation 9 of the Medical Aid Funds Act stipulates that all medical aid funds are obliged to invest a minimum of 35.0 percent of their total assets in Namibia. Easily meeting this legal requirement, medical aid funds held 48.2 percent of their assets in Namibia as at 31 December 2016.

Open medical aid funds held 38.5 percent of their investments in unit trusts, which was the largest holding, followed by cash and cash equivalents at 27.4 percent. Conversely, holdings in cash and cash equivalents constituted the largest asset class for closed funds, at approximately 42.9 percent. Interestingly, in a quest to attain higher growth, the industry significantly increased its investment in shares, with open funds holding 20.3 percent and closed funds holding 24.5 percent of their assets in this category. Commensurate with the nature of its liabilities, the bulk of the industry's investments were in highly liquid assets. The Figure 11 below presents a comparative snapshot of the industry's various investments as at the end of the 2015 and 2016 reporting periods.

Figure 11: Industry investments, 2015–2016 for the year ended 31 December 2016



Reserves

Albeit lower than the previous year's increase of 18.4 percent, medical aid funds reported an increase in their net assets in the 2016 financial year. The net assets or accumulated funds (total assets minus total liabilities) increased by 6.4 percent from N$1 billion in 2015 to N$1.1 billion on 31 December 2016.

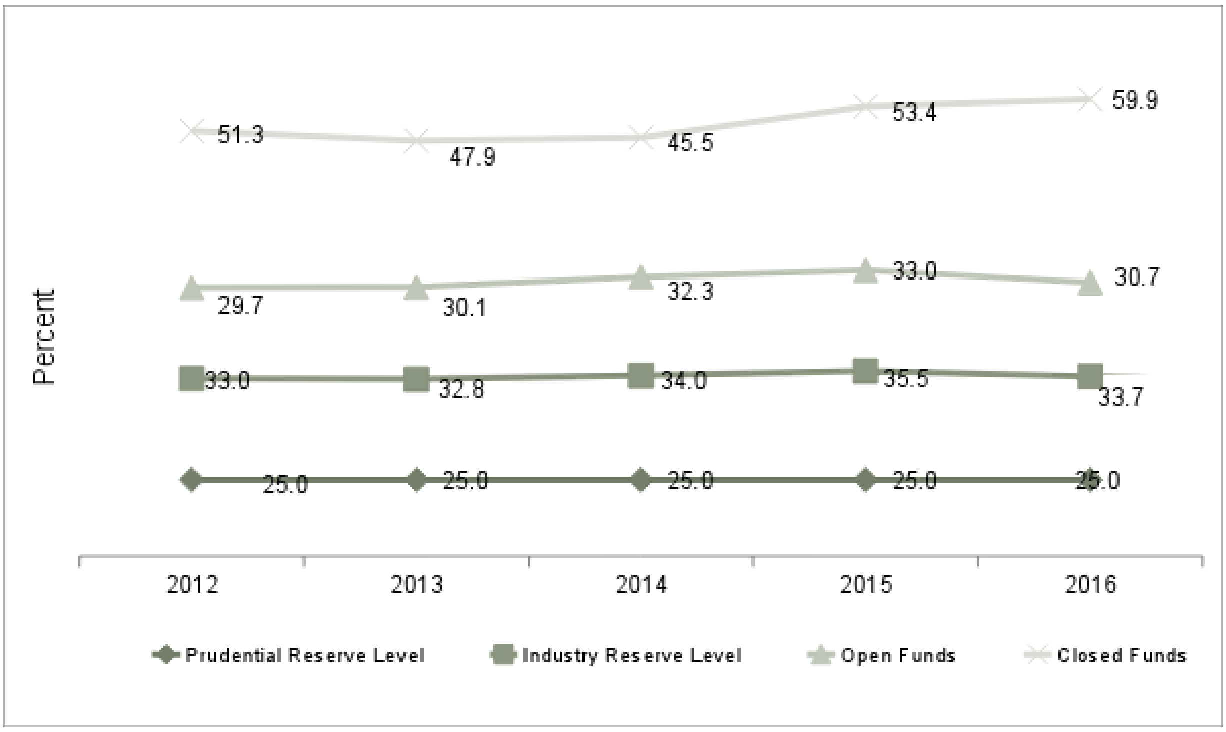
The accumulated funds (reserves) of medical aid funds are legally obliged to be maintained at the minimum prudential required reserves level (reserves level), namely 25.0 percent of gross contributions. This reserves level is used as a benchmark for determining a fund's ability to absorb losses as they occur. A high solvency margin (reserves level) serves both to protect members' interests and to provide assurance of a fund's ability to continue operations. It also acts as a buffer against unforeseen adverse claims.

During the period under review, the industry remained adequately capitalised, with the solvency ratio being well above the minimum prudential required level. The solvency ratio2 for 2016 was 33.7 percent, falling from 35.5 percent in 2015, primarily due to higher healthcare and non-healthcare costs experienced during the reporting year. However, two specific open funds experienced a significant decline in reserve levels, and breached the 25.0 percent prudential limit. These funds were instructed to take proactive remedial measures to improve their reserve levels, and will be monitored closely.

The average solvency ratio for open medical aid funds was 30.7 percent as at 31 December 2016, down from 33.0 percent at the end of 2015. On the other hand, the ratio for closed funds increased from 53.4 percent in 2015 to about 60.0 percent as at 31 December 2016. The Figure 12 below illustrates the trend of industry solvency over the past five reporting years.

[2] The solvency ratio is determined by dividing accumulated funds by annual gross contributions.

Figure 12: Medical aid fund industry solvency trend, 2012–2016



South Africa

Medical schemes

Market Composition

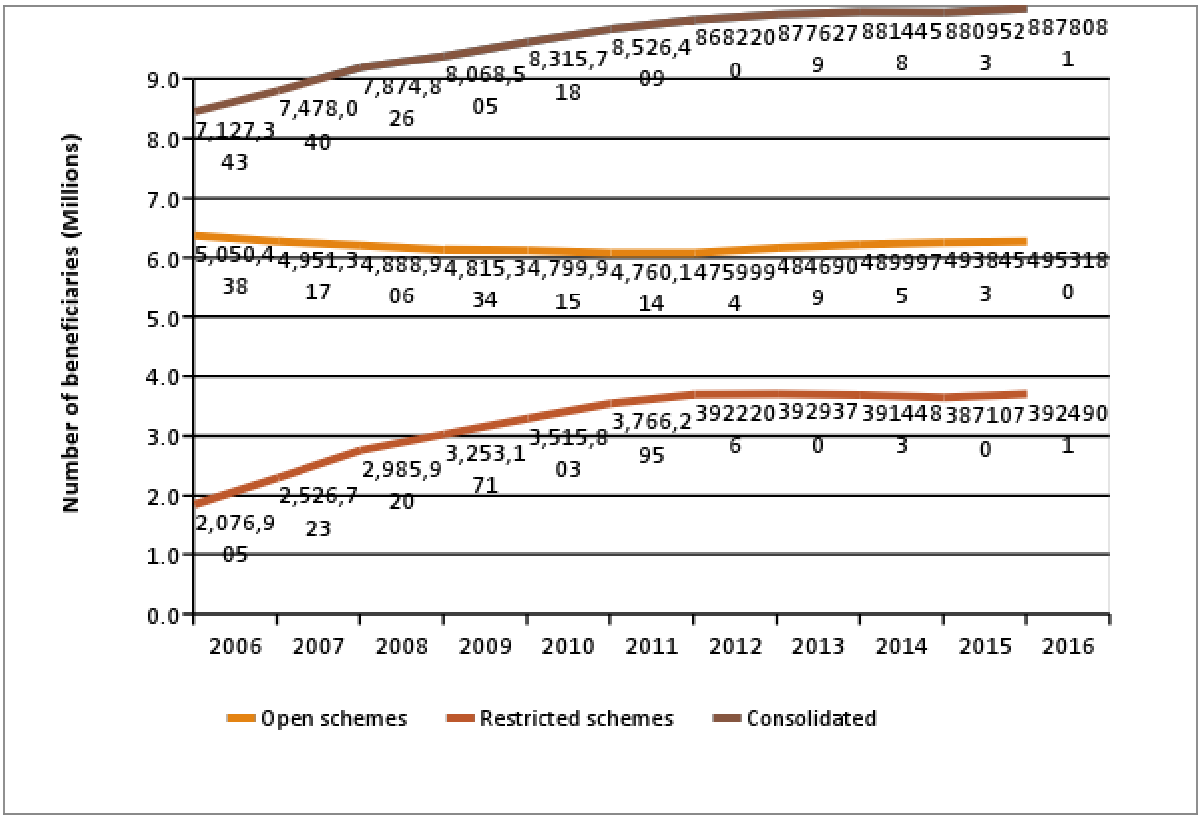
The Council for Medical Schemes is a regulatory authority responsible for overseeing the medical schemes industry in South Africa. It administers and enforces the Medical Schemes Act, 131 of 1998.

The Council for Medical Schemes supervises a considerable industry consisting of 8 878 051 beneficiaries, spread across 82 medical schemes. These schemes have a total annual contribution flow of approximately R163.9 billion.

There was a year-on-year increase of 0.78 percent in the total number of medical scheme beneficiaries, from 8.809 million in December 2015 to 8.879 million in December 2016. The total number of beneficiaries of restricted schemes increased by 1.39 percent compared to a 0.30percent increase in the beneficiaries of open schemes.

Figure 13 below depicts the trend in medical scheme coverage for the past 11 years. Beneficiaries belonging to open schemes constituted 55.8 percent of the total number of beneficiaries at the end of 2016.

Figure 13: Number of beneficiaries 2005-2016



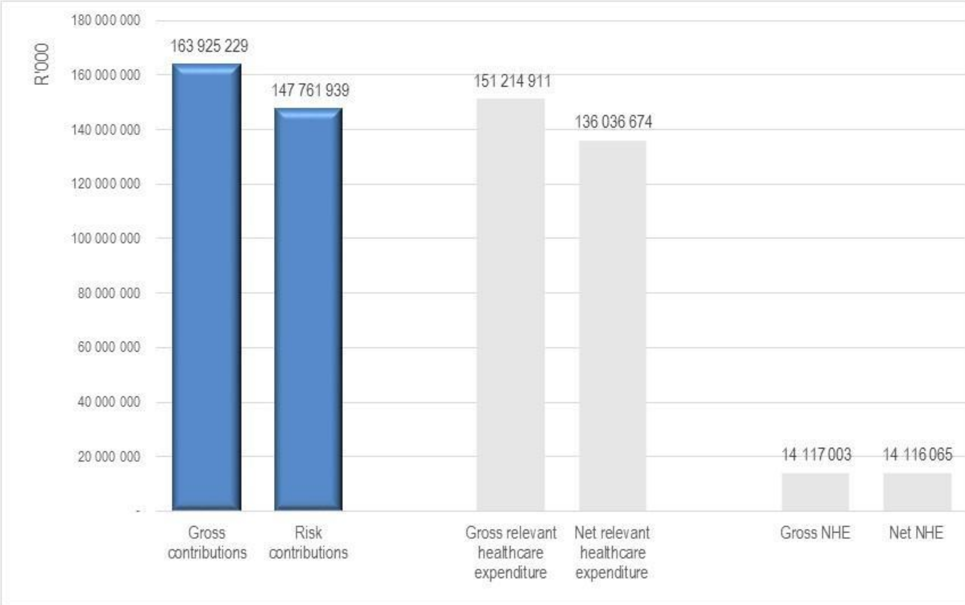
Financial Performance

Gross contributions

Gross contributions increased by 8.1 percent to R163.9 billion as at December 2016, from R151.6 billion in December 2015. Risk contributions (excluding medical savings accounts contributions) increased by 8.1 percent to R147.8 billion from R136.7 billion in 2015. The equivalent increase from 2014 to 2015 was 7.7 percent.

Figure 14 below shows total contributions collected from members, before (gross) and after savings (risk).

Figure 14: Gross Contributions 2016



Investment income and reserves have somewhat assisted the industry to cover increasing healthcare costs, maintain reserves and retain members. Factors such as increasing, healthcare inflation as well as utilisation have also had an impact on the affordability of medical schemes.

Gross contributions pabpm (per average beneficiary per month) rose by 7.2 percent to R1 543.2 from R1 439.8 in 2015. After adjusting for inflation, this growth was 0.8 percent.

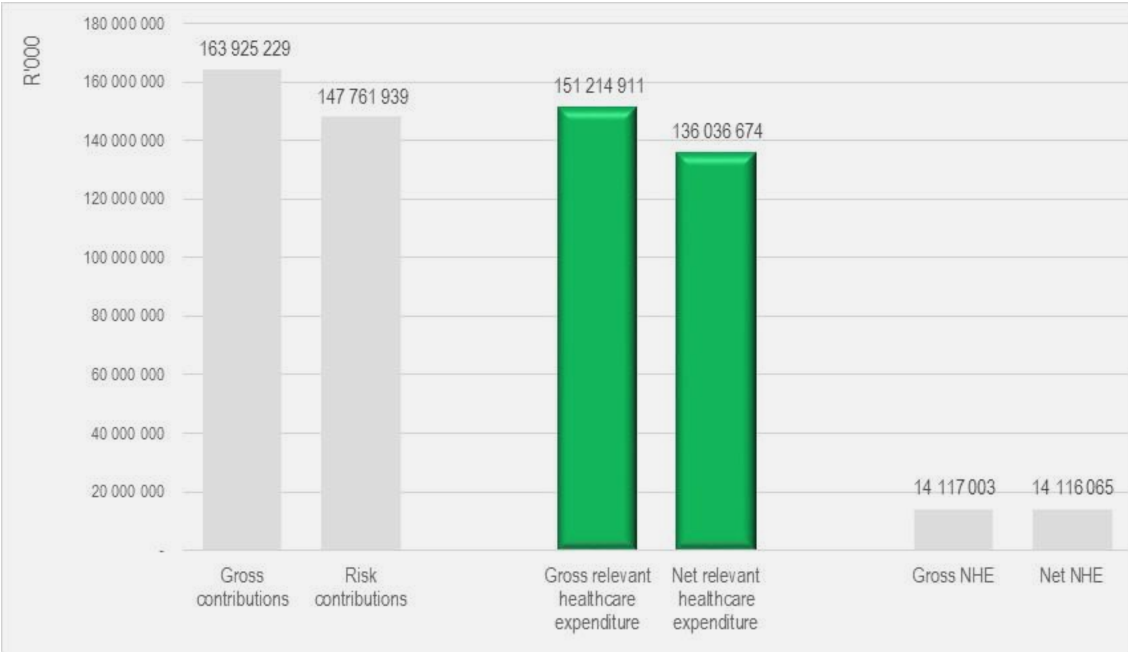
The increase in risk contributions pabpm was 7.1 percent, rising to R1 391.1 from R1 298.5. The 2015 increase was 7.9 percent.

Contributions to medical savings accounts increased by 8.6 percent to R16.2 billion from R14.9 billion (12.1 percent increase in 2015). When measured on a pabpm basis in respect of only those schemes which use medical savings accounts, the increase was 7.3percent, from R165.2 to R177.3. The increase in 2015 was 9.8 percent.

Healthcare expenditure

The total gross relevant healthcare expenditure incurred by medical schemes increased by 8.9 percent to R151.2 billion from R138.9 billion in 2015. Risk claims increased by 8.9 percent to R136.0 billion from R124.9 billion in 2015. Risk claims pabpm rose by 8.5 percent to R1186.6 from R1 093.5.

Figure 15: Relevant healthcare expenditure 2016

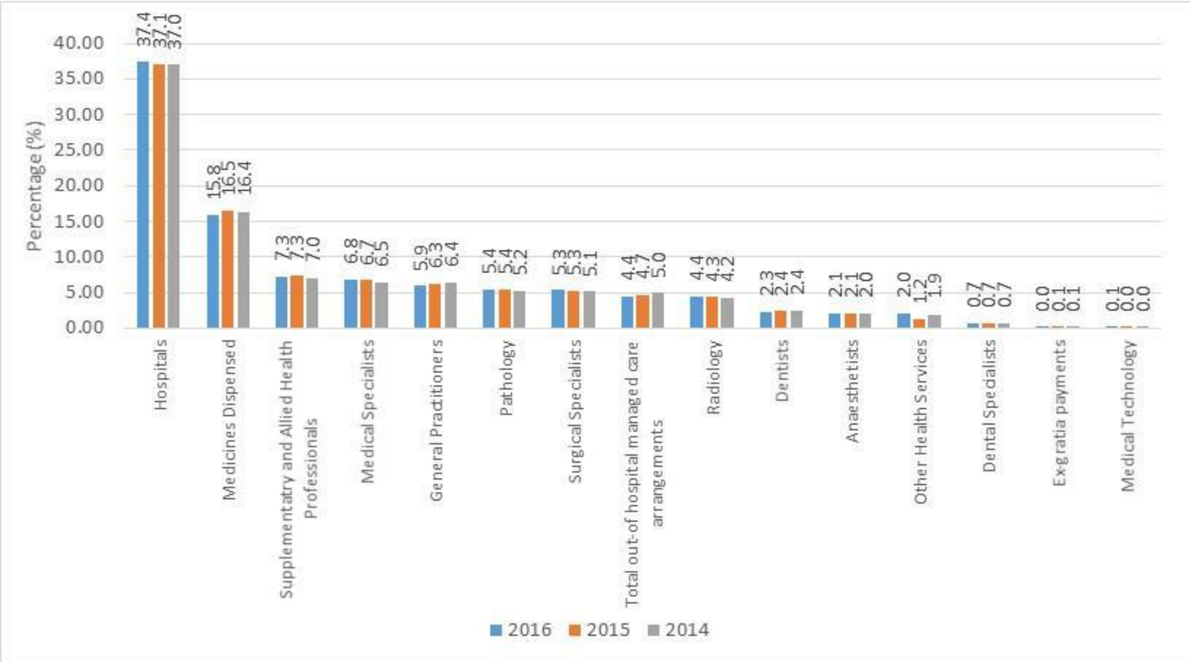


Healthcare benefits paid

The total healthcare benefits paid is the sum of the benefits paid from both the risk pools of medical schemes and the savings accounts of members. Expenditure on healthcare benefits increased (in nominal terms) by 8.87 percent, from R138.89 billion in 2015 to R151.21 billion in 2016.

The average amount spent per beneficiary per annum (pabpa) increased by 8.30percent in 2016, from R15 843.35 to R17 157.77. Figure below shows the proportions of benefit expenditure paid by medical schemes to various categories of healthcare providers for the period between 2014 and 2016.

Figure 16: Distribution of healthcare benefits paid 2014, 2015 and 2016



Total hospital expenditure by medical schemes comprised R56.61 billion or 37.44 percent of the R151.21 billion that medical schemes paid to all healthcare providers in 2016.

Total medical scheme expenditure on private hospitals increased by 9.80 percent to R56.32 billion in 2016 from R51.29 billion in 2015. Inpatient admissions constituted about 87.75 percent of the R56.32 billion paid to private hospitals in 2016 (same-day inpatient admissions constituted 12.25 percent). The average amount pabpa paid to private hospitals increased by 9.22 percent, from R5 850.85 in 2015 to R6 390.53 in 2016.

Medicines (and consumables) dispensed by pharmacists and providers other than hospitals, amounted to R23.95 billion or 15.84 percent of total healthcare benefits paid. This represents an increase of 4.65percent compared to the R22.89 billion spent in 2015.

The amount paid to supplementary and allied health professionals in 2016 increased by 8.01 percent, from R10.15 billion in 2015 to R10.97 billion in 2016. This category accounted for 7.25 percent of all benefits paid by schemes in 2016.

Expenditure on general practitioners amounted to R8.96 billion or 5.93 percent of healthcare benefits paid, representing an increase of 3.25 percent on the 2015 figure of R8.68 billion. Only 9.92 percent of the R8.96 billion paid to GPs in 2016 was paid to general practitioners operating in hospitals.

Payments to all specialists (anaesthetists, medical specialists, pathology services, radiology services and surgical specialists) amounted to R36.32 billion or 24.02 percent of total healthcare benefits paid in 2016. This amount increased by 9.92 percent from R33.04 billion paid in 2015.

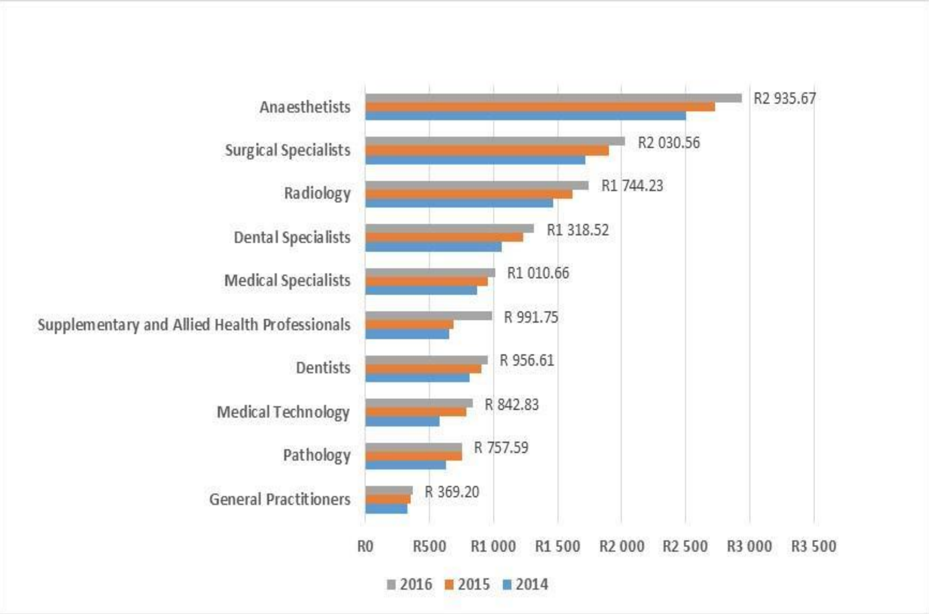
Payments to medical specialists amounted to R10.24 billion or 6.78 percent of total healthcare benefits paid in 2016. About 51.33 percent of the R10.16 billion paid to medical specialists in 2016 was paid to medical specialists operating in hospitals. Expenditure on pathology amounted to R8.16 billion or 5.40 percent of healthcare benefits paid. Expenditure on surgical specialists and radiology services amounted to R8.04 billion and R6.69 billion respectively.

Figure 17 below shows benefits paid to different disciplines per event (visit). Total benefits paid per event is calculated as total benefits paid (from risk + savings) divided by the number of visits to a provider. Notice that the cost (or benefits paid) per event must be interpreted with caution as the calculation does not take into account other factors such as the number of hours spent per event.

In 2016, benefits paid to anaesthetists averaged at R2 935.67 per event (visit). This represented an increase of 7.47 percent from the 2015 figure of R2 731.53 and was the highest average paid per event in the industry, but in total, anaesthetists consumed less than 3percent of all benefits paid. The amount paid to surgical specialists was R2 030.56 per event.

General practitioners were paid the lowest amount at an average of R369.20 per event. This represented an increase of 4.42 percent from the 2015 figure of R353.56. The average amount paid to general practitioners per event in 2016 for in-hospital consultations was R861.45. This is more than twice the average amount paid for out-of-hospital consultations, the average being R328.00.

Figure 17: Total benefits paid per event (visit) 2016



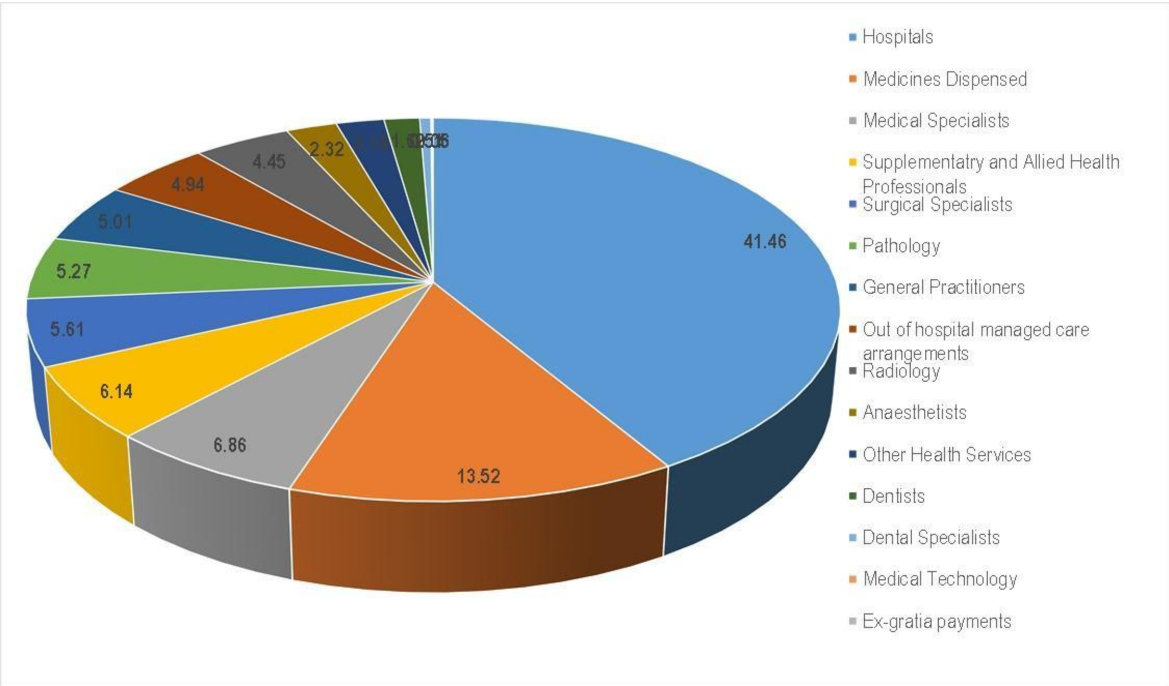
Healthcare benefits paid from risk pool

A detailed breakdown of how medical schemes used their risk pools to cover healthcare benefits is provided in Figure 18 below.

Healthcare benefits which medical schemes covered from their risk pools amounted to R135.98 billion in 2016 compared to R124.54 billion in 2015, an increase of 9.18 percent. The average risk amount pabpa increased by 8.87 percent to R15 429.36 in 2016 compared to R14 172.56 in 2015.

Hospital expenditure accounted for 41.46 percent of risk benefits paid in 2016. Expenditure on medicines accounted for 13.52 percent of total risk pool benefits. Medical specialists consumed 6.86 percent of the pie, while risk pool expenditure on general practitioners was R6.81 billion or 5.01 percent of total risk pool benefits.

Figure 18: Distribution of healthcare benefits paid from risk pool 2016

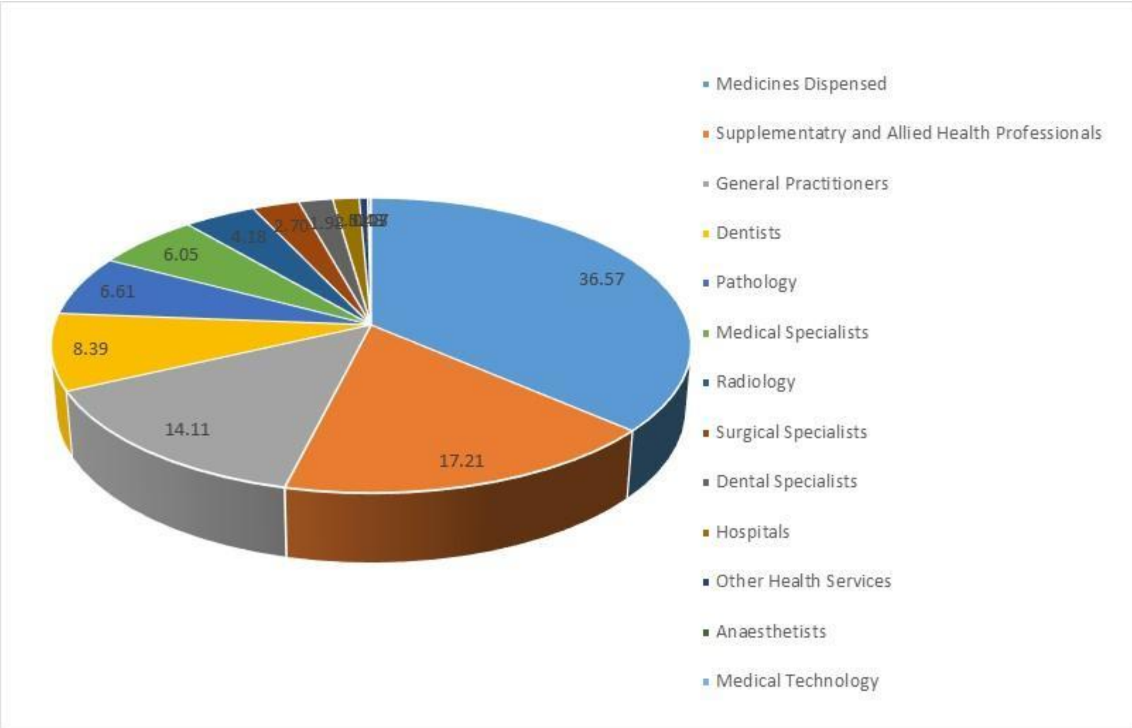


Healthcare benefits paid from savings

Of total healthcare benefits paid, medical schemes paid R15.23 billion (10.07 percent) from beneficiaries' personal medical savings accounts in 2016. Figure 19 below shows that medicines absorbed the largest share of savings accounts expenditure in 2016 (36.57 percent). Supplementary and allied health professionals took up 17.21 percent of healthcare benefits paid from savings accounts.

GPs accounted for 14.11 percent and dentists for 8.39 percent, while pathology services and medical specialists absorbed 6.61 percent and 6.05 percent of healthcare benefits paid from savings accounts respectively.

Figure 19: Distribution of healthcare benefits paid from savings 2016



Non-healthcare expenditure

The total gross non-healthcare expenditure for all medical schemes at the end of 2016 was reported at R14.1 billion, an increase of 8.5 percent from R13.0 billion in 2015. The net non-healthcare expenditure increased by 8.5 percent from 2015.

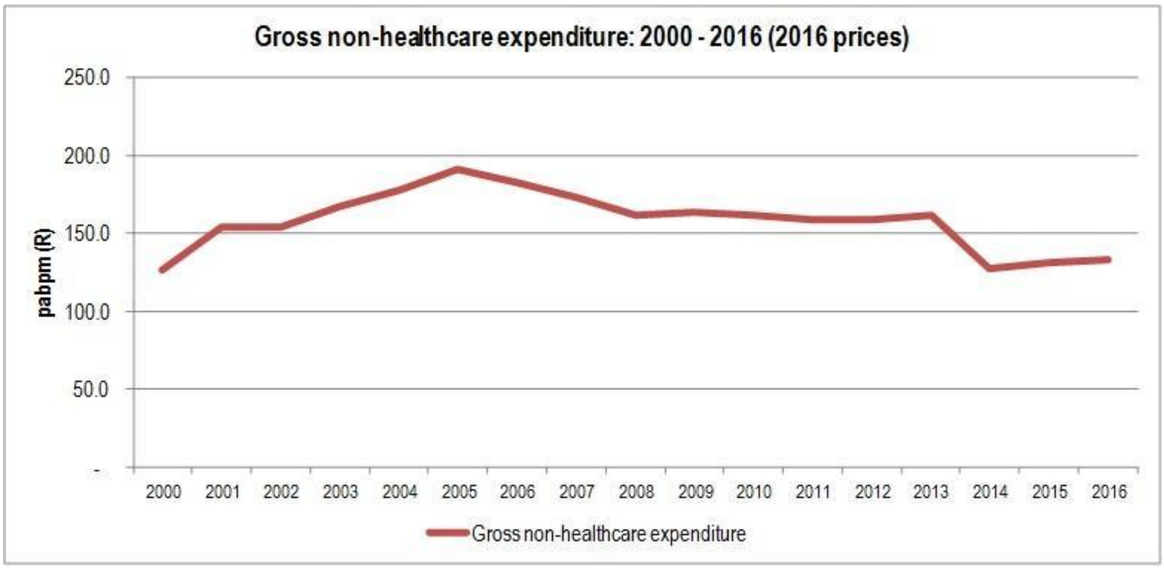
The non-healthcare expenditure of medical schemes consists mainly of administration expenditure, commissions and service fees paid to brokers, other distribution costs and impaired receivables.

Affordability of medical schemes has increasingly become an important consideration in the private healthcare sector. When medical schemes determine premiums, factors such as the claims experience of the scheme, operational costs and level of reserving required are taken into consideration. It is therefore essential to ensure that monies collected from members are directed at the appropriate interventions and expenditure, and that non-healthcare expenditure is managed judiciously.

The rate of increase in non-healthcare expenditure has decreased substantially between 2000 and 2016, more so in recent years; particularly given that this expenditure was increasing at rates that exceeded the rate of increase in contributions in the earlier years.

Non-healthcare expenditure has in fact reduced in real terms over the period. There are, however, still individual schemes and particular non-healthcare items (such as advertising and marketing, consulting and legal fees, and trustee remuneration) that continue to show upward trends and thus require attention. In recent years, the remuneration of trustees and principal officers of medical schemes has come under the spotlight, with increases being significantly higher than inflation, as well as the expenditure on annual general meeting costs. In the interest of members' protection, it is important that such expenditure is associated with a discernible value proposition.

Figure 20: Gross non-healthcare expenditure: 2016 prices



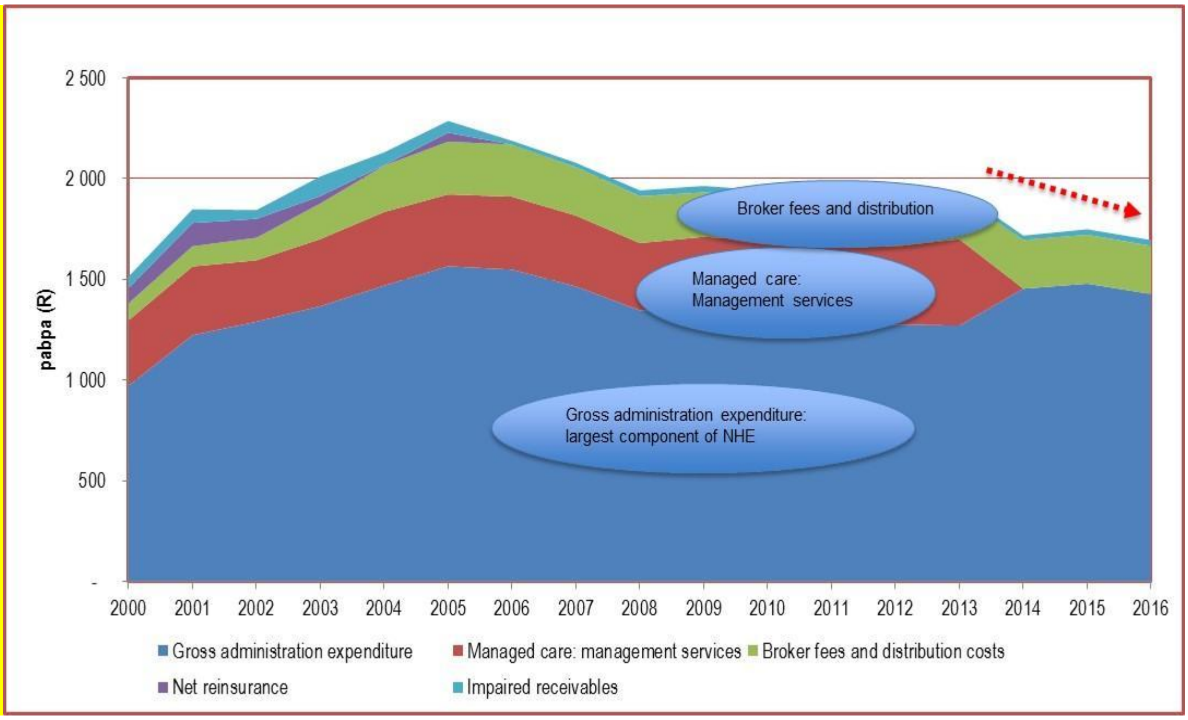
pabpm = per average beneficiary per month

Administration expenditure, being the largest component of non-healthcare expenditure in all medical schemes, grew by 8.1 percent to R11.9 billion between December 2015 (when it stood at R11.0 billion) and December 2016. Open schemes increased their administration expenditure by 5.8 percent to R7.9 billion from R7.4 billion in 2015. Administration expenditure in restricted schemes increased by 12.8 percent from R 3.6 billion in 2015 to R 4.0 billion in 2016. It accounted for 7.3 percent of GCI in 2016, unchanged from 2015.

Circular 56 of 2015 resulted in the 2014 non-healthcare expenditure decreasing by 21.5 percent from R1 948.7 pabpa to R1 529.8 pabpa (in real terms).

Non-healthcare expenditure increased marginally (by 1.2 percent) to R1 594.7 in 2016 from R1 575.6 in 2015. The non-healthcare ratio (as percent of RCI) also increased, to 9.6 percent in 2016 from 9.5 percent in 2015.

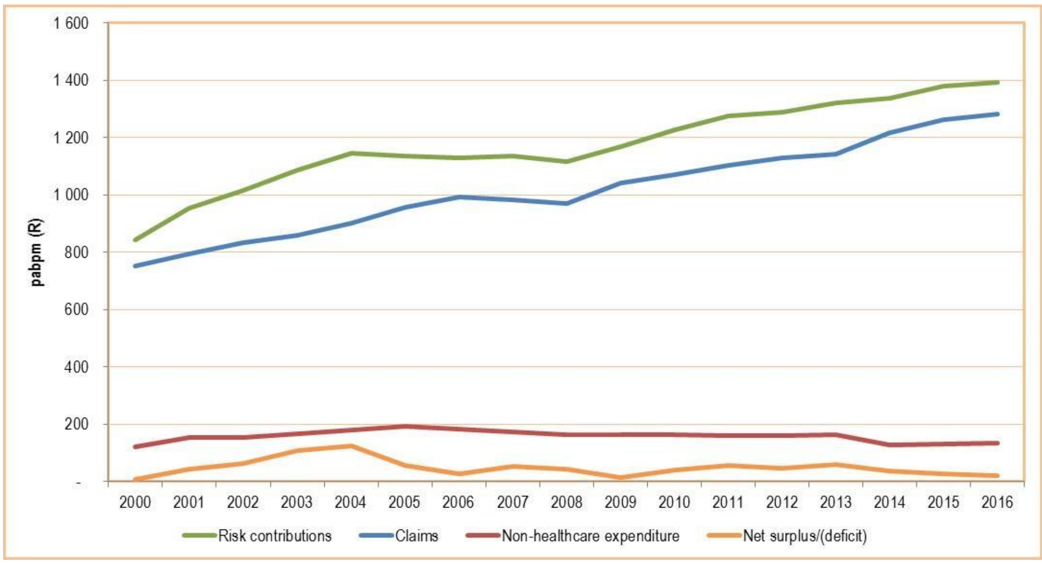
Figure 21: Non-healthcare expenditure pabpa 2000-2016: 2016 prices



Operating results

Figure 22 below depicts information on risk contributions, benefits, non-healthcare expenditure, and operating surpluses pabpm. The trade-off between non-healthcare expenditure and annual surpluses pabpm grew between 2000 and 2003, then started decreasing and almost levelled out in 2004. Although this gap has since grown wider, it seems to have stabilised in the last few years.

Figure 22: Risk contributions, claims, non-healthcare expenditure, and operating surpluses 2000-2016: 2016 prices

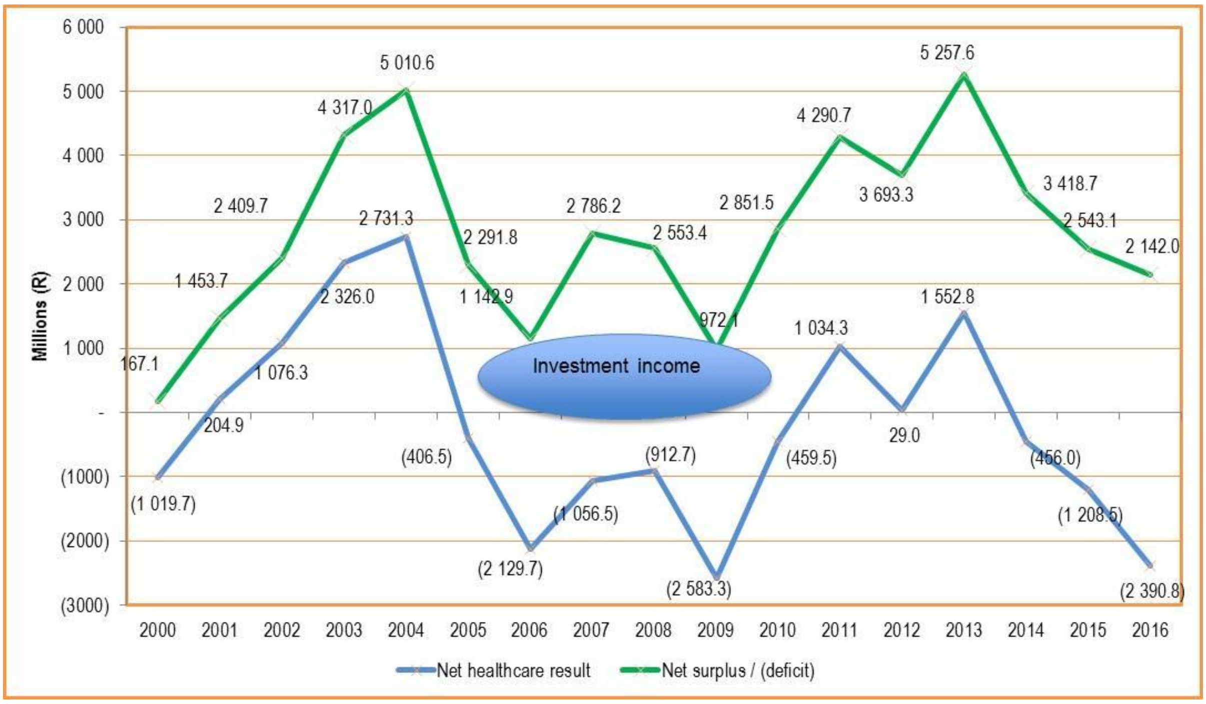


Net healthcare results and trends

The net healthcare result of a medical scheme indicates its position after benefits and non-healthcare expenditure are deducted from contribution income.

The net healthcare result for all medical schemes combined reflected a deficit of R2 390.8m in 2016 (2015: R1 208.5m deficit). Open schemes incurred a total deficit of R955.7m (2015: R539.6m deficit), and restricted schemes generated a combined deficit of R1 435.1m (2015: R668.9m deficit). This deterioration is mainly due to the worsening claims ratios of all schemes from 91.4 percent in 2015 to 92.1 percent in 2016.

Figure 23: Net healthcare results 2000-2016



Financial Position

Regulation 29 of the Medical Schemes Act prescribes the minimum accumulated funds to be maintained by medical schemes. Accumulated funds mean the net asset value of the medical scheme excluding funds set aside for specific purposes and unrealised non-distributable profits. The accumulated funds must at all times be maintained at a minimum level of 25.0 percent of gross contributions except for new medical schemes, in which case phase-in solvency ratios will apply. The phase-in solvency ratio is 10 percent during the first year of operation, 13.5 percent during the second year, 17.5 percent during the third year and not less than 22 percent during the fourth year.

These minimum accumulated funds are more commonly called the ‘reserves’ of a scheme. When expressed as a percentage of gross contributions, they become known as the ‘solvency ratio’ of a scheme. A prescribed solvency ratio serves both to protect members’ interests as well as to guarantee the continued operation of the scheme, ensuring that it is able to meet members’ claims as they arise. It also acts as a buffer against unforeseen and adverse developments, whether from claims, assets, liabilities or expenses. When reserves fall below the prescribed solvency ratio, this serves as a warning of a medical scheme’s possible inability to meet its obligations.

The size of a medical scheme plays a crucial role in terms of its ability to absorb adverse claims fluctuations and meet its obligations. Therefore, non-compliance with Regulation 29 does not necessarily mean that the scheme is in financial difficulties.

Factors that affect solvency

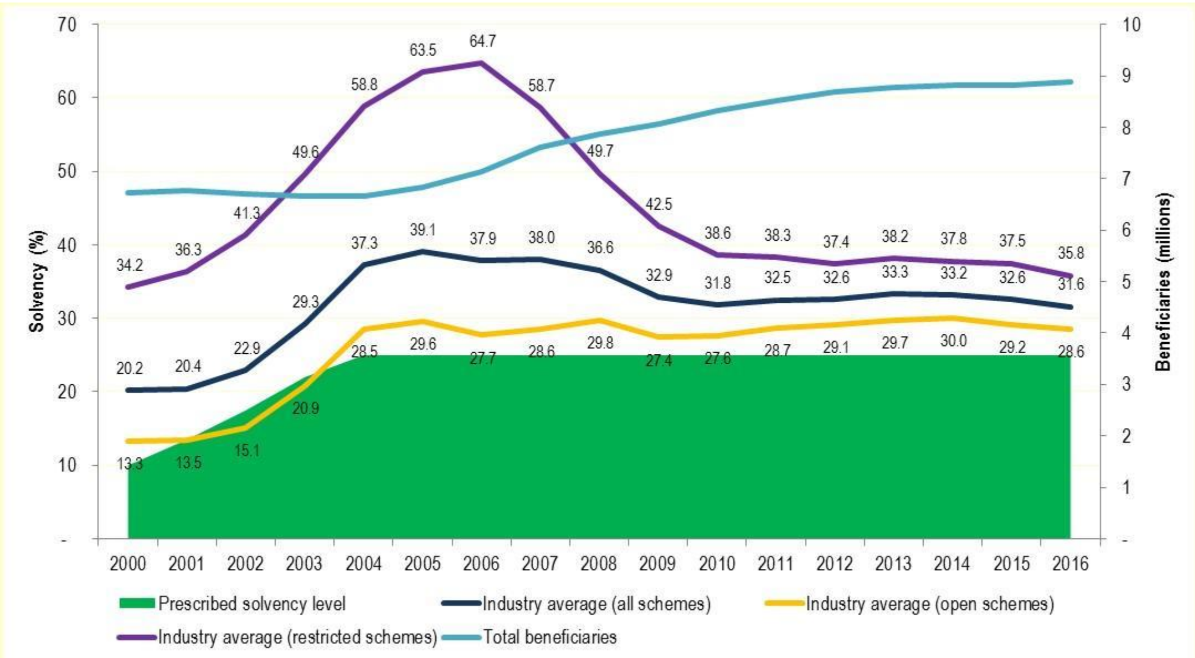
The most important factors affecting solvency are:

- Membership growth
- The performance of the medical scheme in relation to claims and non-healthcare expenditure
- Investment income

The membership profile of a medical scheme further affects its solvency. Membership includes variables such as the average age of beneficiaries, the proportion of pensioners, the relative number of male and female dependants, and the dependant ratio. All of these affect the frequency and extent of claims.

Figure 24 below shows the solvency levels for all schemes from 2000 to 2016.

Figure 24: Industry solvency for all schemes 2000-2016



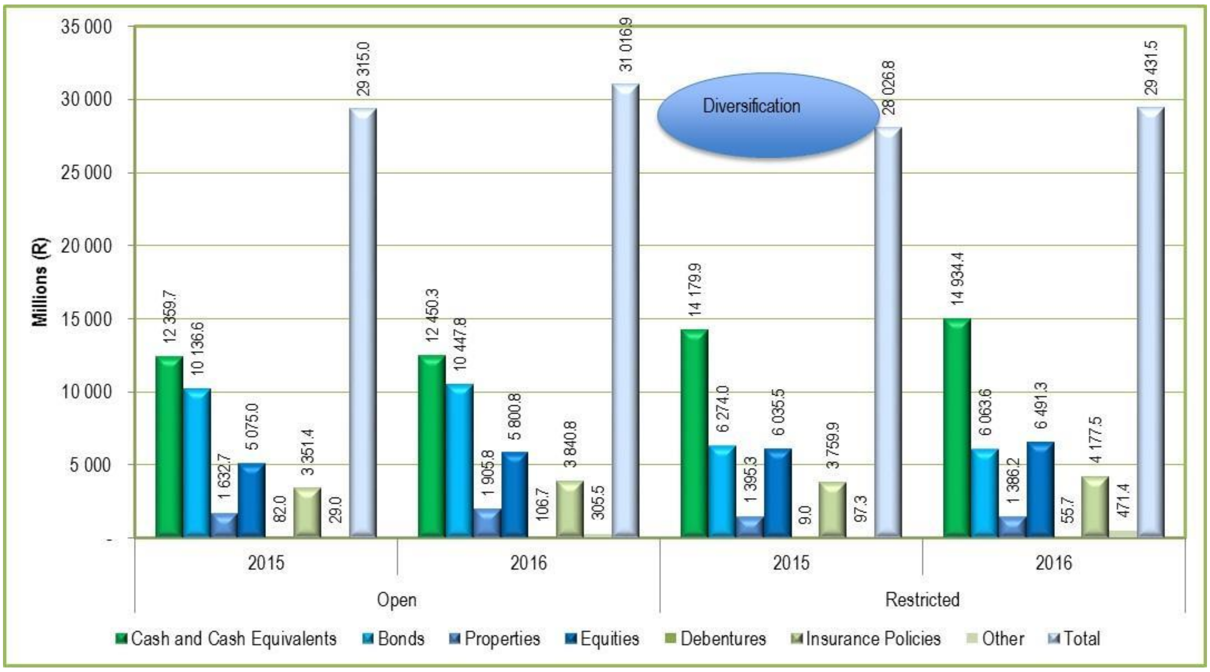
Net assets or members' funds (total assets minus total liabilities) rose by 3.8 percent to end 2016 at R54.1 billion. Accumulated funds grew by 4.5 percent to R52.6 billion from the R50.3 billion recorded in 2015.The industry average solvency ratio decreased to 31.6 percent in 2016 from 32.6 percent in 2015.

The solvency ratio of open schemes decreased by 2.1 percent to 28.6 percent in 2016 (2015: 29.2percent). Restricted schemes experienced a decrease of 4.5 percent in their solvency ratio, 35.8 percent from 37.5 percent in 2015. Overall industry average solvency ratio increased consistently from 2000 to 2005. Schemes were required to have reached the 25percent solvency ratio in 2005.

Investments

Figure 25 below provides information on the investments of medical schemes as at the end of the years 2015 and 2016.

Figure 25: Scheme investments 2015 and 2016



In open schemes, 40.1 percent of investments (2015: 42.2 percent) were held in cash or cash equivalents. Bonds accounted for 33.7 percent (2015: 34.6 percent), debentures for 0.3percent (2015: 0.3 percent), equities for 18.7 percent (2015: 17.3 percent), non-linked insurance policies for 0.0 percent (2015: 0.0 percent), properties for 6.1 percent (2015: 5.6percent), and other investments for 1.0 percent (2015: 0.1 percent).

Restricted schemes also held a large proportion of their investments (50.7 percent) in cash or cash equivalents (2015: 50.6 percent). Their bonds accounted for 20.6 percent (2015: 22.4 percent) and debentures for 0.2 percent (2015: 0.0 percent). Equities made up 22.1 percent (2015: 21.5 percent), non-linked insurance policies 0.1 percent (2015: 0.1 percent), properties 4.7 percent (2015: 5.0 percent), and other investments 1.6 percent (2015: 0.3 percent).

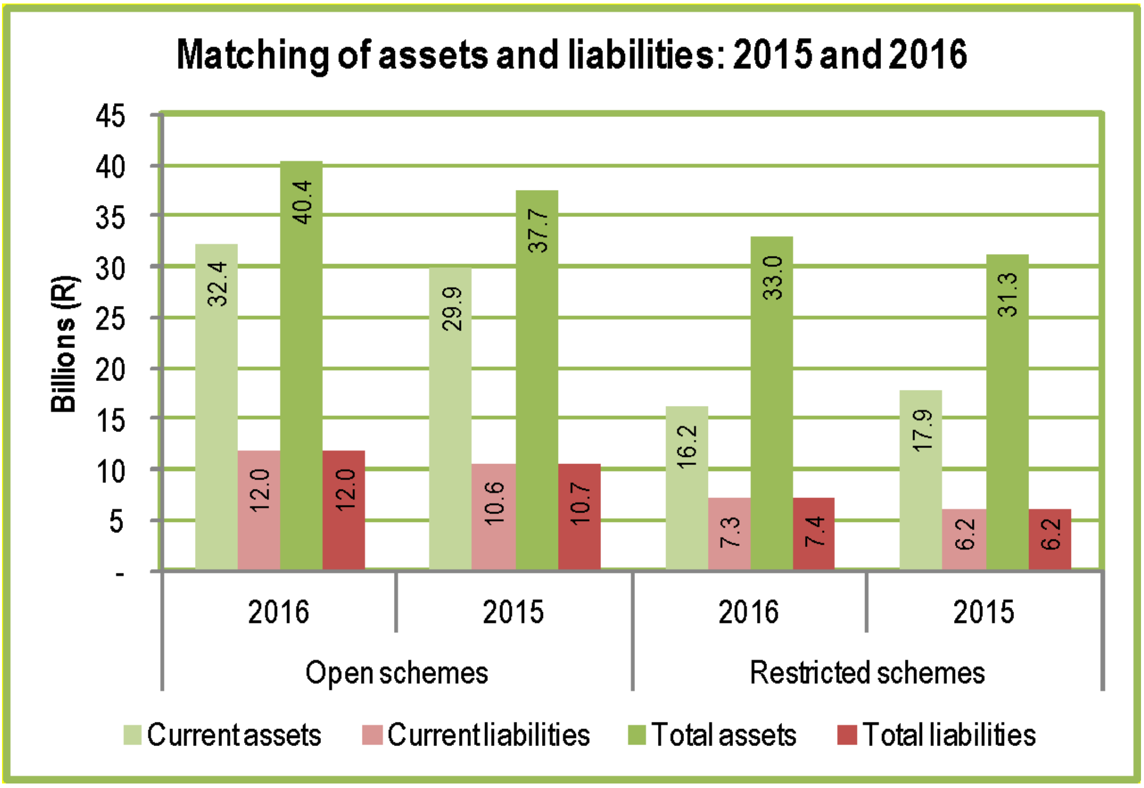
The primary obligation of a medical scheme is to ensure that it has sufficient assets to pay benefits to its beneficiaries when those benefits fall due. The management of its assets must therefore be structured to cope with the demands, nature and timing of its expected liabilities. The assets of a scheme should be spread in such a manner that they match its liabilities and minimum accumulated funds (reserves) at any point in time. Trustees need to monitor investments closely, not only to ensure compliance with legal requirements, but also to diversify risk appropriately.

The difference between the total assets of a scheme and its total liabilities represents the liquidity gap. A positive number indicates that the scheme has sufficient assets to meet its liabilities. A negative number indicates that the scheme has greater liabilities than assets and is therefore technically insolvent and in breach of section 35(3) of the Medical Schemes Act.

Schemes should pay attention to more than just their total asset and liability positions; they should also consider the periods in which liabilities must be paid and in which assets can be converted into cash flows.

Figure 26 below compares the matching of assets and liabilities in open and restricted schemes.

Figure 26: Matching of assets and liabilities 2015 and 2016



The current-assets-to-current-liabilities ratio in open schemes was 2.7:1 in 2016 (2.8:1 in 2015) and it was 2.2:1 (2015: 2.9:1) in restricted schemes. The total-asset-to-total-liability ratio for open and restricted schemes in 2016 was 3.4:1 (2015: 3.5:1) and 4.5:1 (2015: 5.0:1) respectively.

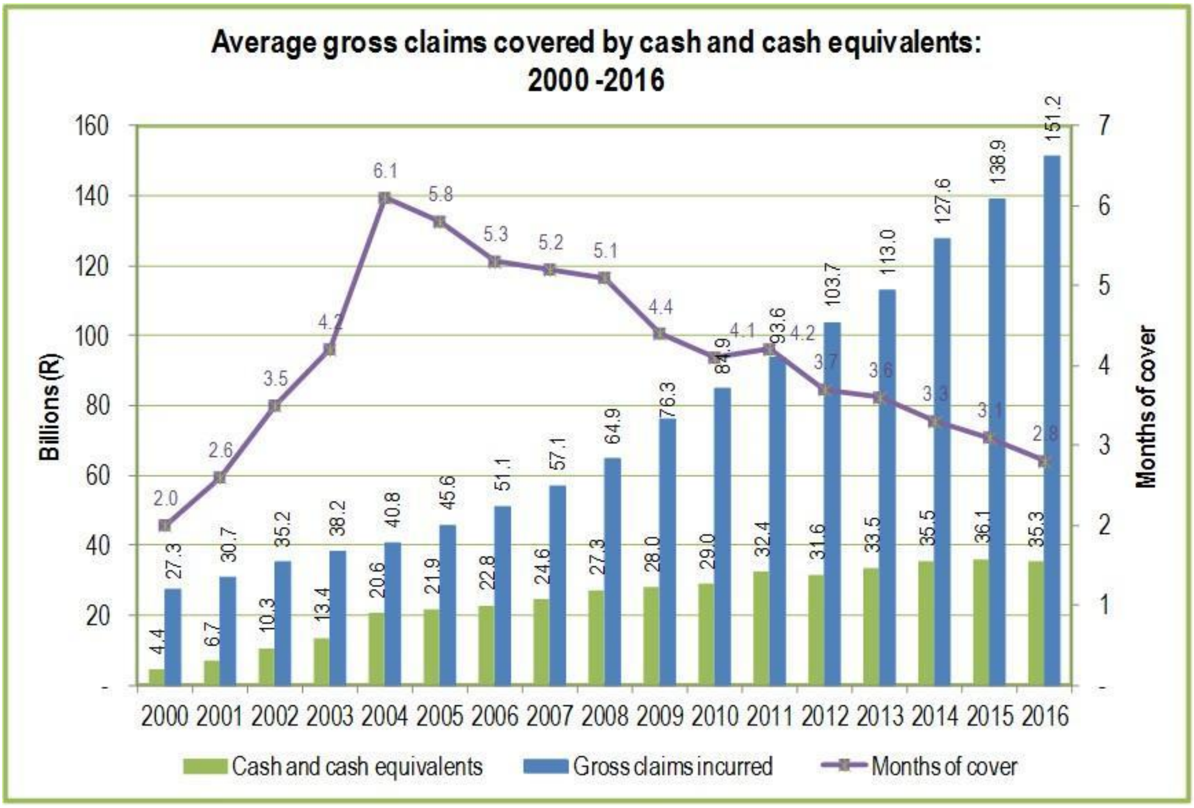
The principle of matching assets with liabilities is particularly important in the context of liquidity. Where the claims-paying ability of medical schemes with low liquidity (that is, a quick ratio below 2.0) is lower than the industry average of 2.8 months, boards of trustees must guard against longer-term, riskier investments. Although such investments may offer the prospect of higher returns, they may prove detrimental to the scheme should it experience a liquidity crunch.

Claims-paying ability of schemes

The financial soundness of a medical scheme is also measured by its ability to pay claims from cash and cash equivalents.

Figure 27 below depicts the claims-paying ability of schemes measured in months of cover. This is the number of months for which the scheme can pay claims from its existing cash and cash equivalents.

Figure 27: Average gross claims covered by cash and cash equivalents 2000-2016



The length of cash coverage declined from 3.1 months in 2015 to 2.8 months in December 2016. Payment cycles of medical schemes in 2016 were an average of 14.0 days compared with the 23.3 days in 2015.

Swaziland

Medical schemes

Regulatory Structure and Legislation

- The Financial Services Regulatory Authority 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.

Wilma Mokupo
IRMIS Chairperson

Microfinance and Financial Cooperatives Sub-committee

Introduction

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

The MiFFCO was established in April 2014 with a potential membership of more than 14 regulatory authorities as depicted in Table 16 below. However, from 2014 to-date, the Subcommittee has struggled to attract new members. Thus far, there are only six active members from Botswana, Lesotho, Namibia, Swaziland, Zambia and Zimbabwe and this has negatively impacted implementation of the Sub-committee's objectives.

Table 16: Ministries and Regulators Overseeing Microfinance and Financial Cooperatives in each Member States

SN	Member States	Microfinance/Microlending	Financial Cooperatives
1	Angola	Ministry of Finance	Ministry of Finance
2	Botswana	Ministry of Finance and Development Planning/NBFIRA	Ministry of Trade and Industry
3	Lesotho	Central Bank/Ministry of Finance	Central Bank/Ministry of Trade
4	Malawi	Reserve Bank of Malawi/Ministry of Trade	Reserve Bank of Malawi/Ministry of Trade
5	Mauritius	Ministry of Finance and Economic Development	Ministry of Business, Enterprise and Cooperatives
6	Mozambique	Banco de Mocambique	Banco de Mocambique
7	Namibia	NAMFISA	Ministry of Agriculture. Regulator: Registrar of Cooperatives
8	Seychelles	Small Business Financing Agency	Central Bank of Seychelles
9	South Africa	Ministry of Trade and Industry and National Treasury Regulator: National Credit Regulator	Ministry of Trade and Industry
10	Swaziland	Ministry of Finance	Ministry of Finance

SN	Member States	Microfinance/Microlending	Financial Cooperatives
11	Tanzania	Ministry of Industry and Trade	Ministry of Agriculture Food Security, and Cooperatives
12	Zambia	Bank of Zambia	Department of Cooperatives under the Ministry of Commerce, Trade & Industry
13	Zimbabwe	Ministry of Finance Regulator: Reserve Bank of Zimbabwe	Ministry of Small and Medium Enterprises and Cooperative Development

Achievements

Notwithstanding the resignations and poor attendance of the MiFFCO meetings, the Sub-committee managed during 2016 to develop its terms of reference which are anchored on the broad CISNA objectives, develop terms of reference for the regional assessment on microfinance sector and conduct a research on the impediments to the free flow of investments into the microfinance sector of the SADC region.

Two thirds of the sample acknowledged the dominance of the banking sector to be an impediment with the exception of Mozambique and Zimbabwe. The research also established that except for Namibia, the structural fragility of MFIs was significant in Botswana, Mozambique, South Africa, Zambia and Zimbabwe. For this impediment, issues of corporate governance were ignored in Botswana. On the other hand, in South Africa training was being offered to alleviate this impediment while in Zambia the concern was the poor managed information systems employed by MFI's. Further, seventy-five percent of the sample indicated that MFI's have high operating costs due to, for example, to poor information management systems making the monitoring and valuation of clients costly.

Terms of Reference for the Regional Assessment on Microfinance sector

Consensus Guidelines for Microfinance/Micro lending Sector

The findings of the SAMP study, which proved that there is lack of a supervisory and regulatory model law on microfinance /micro lending sector in SADC informed the development of MiFFCO's Action Plan for the implementation of CISNA Strategic Plan (2016 – 2020). In particular, one supporting the achievement of Goal-1, i.e., 'harmonisation and enhancement of an effective regulatory and supervisory framework for microfinance/micro lending sector in the region'. As a result, members of MiFFCO undertook to develop a consensus guideline for the microfinance/micro lending sector, by identifying the regulatory and supervisory principles that can be harmonised within the region. Once completed, the exercise is expected to result in the development of a model law for the regulation and supervision of microfinance/micro lending 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 mainly under the regulation and supervision of government ministries or departments, which have difficulties in collecting statistical data from these institutions.

Architecture of the Microfinance Sector

The microfinance sector in SADC member countries is made up of microcredit providers (also known micro-lenders) and deposit-taking microfinance institutions (also known as microfinance banks) and savings and credit cooperative societies (SACCOs). These institutions offer micro loans, payroll based loans, group loans, savings and other financial products. Table 17 below summarises the sector's players and their products.

Table 17: Architecture of the Microfinance Sector in SADC Member States[3] as at 31 December 2016

Member States	Number of Institutions		Products Offered	
	Financial Cooperatives	Microfinance Institutions	Financial Cooperatives	Micro Finance Institutions
Botswana	49 - Service and Worker Cooperatives	218 – Micro lenders	▪ Ordinary loans; ▪ Emergency loans; ▪ Quick loans; ▪ Ordinary savings; and ▪ Fixed savings.	▪ Unsecured short term loans; and ▪ Long term salary based loans
Lesotho	90 Financial Cooperatives	10 Micro Finance Institutions and 117 Micro Lenders	▪ Savings and term deposits ▪ MSMEs finance ▪ Short and long term loans ▪ Group or member based lending	▪ Short and Medium-term loans ▪ MSMEs finance
Malawi	41 – of which 34 are supervised by the Reserve Bank of Malawi	32 – Micro credit agencies 9 – Non-deposit taking4 1 –Deposit taking	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) ▪ Savings deposits

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

Member States	Number of Institutions		Products Offered	
	Financial Cooperatives	Microfinance Institutions	Financial Cooperatives	Micro Finance Institutions
				▪ Time deposits ▪ Business and Credit Management Trainings ▪ Small Group Loans ▪ Credit facilities
Namibia	Information not available	277 microlenders	Information not available	▪ Short term loans (1 month); ▪ Long term loans (up to five years).
Swaziland	59 Financial cooperatives	127 Credit Providers (2 development finance institutions; 4 credit institutions; 5 retail outlets; 80 micro-lending institutions; and 36 micro-lenders)	▪ Withdrawable and non-withdrawable savings; and ▪ Short & long-term loans	▪ Short and long term loans
Zambia	No information provided	7 Deposit taking MFIs 29 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 comprises diverse institutional arrangements and regulatory frameworks as reported in the CISNA Annual Report 2015.

During 2016, 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.

Lesotho

The Central Bank of Lesotho (CBL) is governed by the Central Bank Act of 2000. This Act provides the legal framework for the central bank to conduct monetary policy and oversee the financial sector and the payment system. This mandate covers both banks and non-bank financial institutions, hence there is no separate non-bank regulator in Lesotho. The Financial Institutions Act of 2012 is the primary piece of legislation governing financial institutions in Lesotho. It appoints the CBL as the supervisor for all banks, large financial cooperatives (i.e., SACCOs whose volume of savings and deposits have reached 5 million maloti) and microfinance institutions operating in Lesotho. This law appoints the Governor of the central bank as the Commissioner of Financial Institutions.

The Central Bank is also responsible for overseeing the money lenders. The Moneylenders Act of 1993 provides a broad framework for registration, licensing and oversight of moneylenders. In an attempt to regularize and upgrade the quality of moneylenders in Lesotho, the CBL is in the process of amending the Microfinance Regulations of 2014 in order to accommodate what have traditionally been money lenders within the MFIs space.

On the one hand, Large Financial Cooperatives are supervised by the Commissioner of Financial Institutions while SACCOs, are on the other hand, supervised by the Commissioner of Cooperatives, housed within the Ministry of Small Business Development, Cooperatives and Marketing. As per the Cooperative Societies Act of 2000 (CSA), and as amended in 2014, the Department of Cooperatives is currently responsible for registration, promotion and oversight of all cooperatives including financial cooperatives. The CSA vests these powers with a Commissioner of Cooperatives. This dual supervision arrangement is supported by a Memorandum of Understanding between the two Commissioners.

Namibia

The regulatory and supervisory framework focused primarily on finance charges and market conduct of the micro lenders. The provisions on both finance charges and market conduct required strengthening as the micro lending market continued to take on greater risks while expanding its diverse client base. Against this backdrop, during 2016 a draft law aimed at establishing an effective and consistent enforcement framework relating to micro lending transactions including the promotion of responsible borrowing and lending was developed.

The envisaged law covers, *inter alia*, provisions on the following:

- Registration;
- Administration;
- Conduct of micro lenders;
- Rights and obligations of borrowers;
- Regulation and supervision; and
- Enforcement powers.

Swaziland

The Consumer Credit Act of 2016 which is expected to improve the market conduct of credit providers (including commercial banks) was passed by Parliament while the protection of consumers will be enhanced by the office of the Ombudsman for Financial Services. The Consumer Credit Act aimed, inter alia, to protect consumers from unscrupulous microfinance services providers, while the SACCO bill is intended to strengthen the regulatory and supervisory framework for the savings and credit cooperatives, which in 2015 were being supervised under the SACCOs Licensing and Reporting Guidance Notes.

Zambia

In Zambia, the Bank of Zambia (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:

- In 2015, the BoZ collaborated with PACRA to develop an enabling legislation for the collateral registry for movable assets styled the **Movable Property (Security Interest) Act**. The MPSA was assented to by the President in April 2016 as the substantive legislation for the collateral registry. In 2016, the BoZ in collaboration with PACRA developed and issued two regulations under the MPSA; the Movable Property (Security Interest) Regulations and the Movable Property (Fees) Regulations to operationalise the collateral registry and attendant fees for the services of the collateral registry.

- 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; and

- 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.

Zimbabwe

- In March 2016, the Reserve Bank of Zimbabwe launched the National Financial Inclusion Strategy (NFIS). The NFIS is premised on four (4) pillars, financial innovation, financial literacy, financial consumer education and microfinance. As part of the implementation, nine thematic working groups were set up which include:
  - Women Financing and Development;
  - Microfinance thematic committee;
  - Youth;
  - People living with disabilities;
  - SME Financing and Development;
  - Insurance, Pensions, and Capital Markets;
  - Digital Finance;
  - Financial Literacy and Consumer Protection; and
  - Rural and Agricultural Finance Development.

- A number of empowerment facilities have been set up to ensure access to finance by marginalised groups, and these include the Microfinance Revolving Facility, the Women Empowerment facilities, and the Business Linkage facilities which are being disbursed by both banks and microfinance institutions.

- Following the launch of National Financial Inclusion Strategy (NFIS) in March 2016, the Reserve Bank developed and released to the market the following guidelines:
  a) Agency Banking Guideline;
  b) Consumer Protection Guideline; and
  c) Electronic Payments Guideline.

- Enhancement of credit infrastructure including the credit reference system and the credit guarantee scheme to facilitate access to finance by the marginalised.

- The Reserve Bank of Zimbabwe together with the Ministry of Finance and Economic Development initiated Amendments to the Microfinance Act with a view to remove the current ambiguity in the definition of microfinance institutions, introduce five-year licences for credit-only MFIs and perpetual licences for deposit-taking MFIs.

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.

Table 18: Key Industry Performance Indicators as at 31 December 2016 for the Microfinance Sector

Indicators	Botswana		Lesotho		Malawi		Namibia		Swaziland		Zambia		Zimbabwe	
	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs	MFIs	FCOs
Number of Institutions	218*	N/A	127	90	32	41	277	N/A	134	57	36	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$)	380	N/A	52.5	8.5	30.5	10.0	0.3	N/A	217	95	348	N/A	225,13	N/A
Total Outstanding Loans (Million US$)	320	N/A	49.3	53.9	30.7	6.6	0.3	N/A	136	66	317	N/A	187,16	N/A
Number of Borrowers	N/A	N/A	51,000	60,000	304,954	69,630	N/A	N/A	-	-	348	N/A	202,242	N/A
Portfolio at Risk (PaR>30 days)[4]	N/A	N/A	14.4		17.9%	0.03%	N/A	N/A	-	-	10.4%	N/A	10.72%	N/A
Total Deposits (Million US$)	N/A	N/A			N/A	7.2	N/A	N/A	-	76	27	N/A	N/A	N/A
Number of Members	N/A	N/A		60,000	N/A	69,630	N/A	N/A	-	40,125	N/A	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.

[4]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 microfinance institutions. As a result, the significance of the sector to the economic development of the region will remain unknown.

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 poor corporate governance practices, low 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 2016 some member states accessed technical assistance from World Bank and the Savings Bank Foundation for International Cooperation as summarised below:

Lesotho

- In February 2016, the Credit Information Sharing Initiative or Project was launched. As at the end of the review year, there credit records of about 7.5 percent of the adult population in the credit bureau collected from Banks, Retailers, MFIs, SACCOs, and other credit providers. Lesotho's position in the Doing Business Indicator for 2016 improved as a result of this reform.

- Policy position to include MFIs in the partial credit guarantees which have been used by Banks only. The roll out and full implementation is expected to introduce a shift of credit extension towards MSMEs.

- The promulgation into Law of the Financial Institutions (Large Financial Cooperatives) Regulations. These regulations give power to the prudential supervisor (Central Bank) to supervise large financial cooperatives. The intuition is that depositor's money or shares will be better protected with proper prudential supervision being imposed upon the large financial cooperatives.

- Development of the Financial Consumer Protection and Market Conduct Framework. A diagnostics study or gap analysis have been completed and endorsed and a policy is being drafted with the assistance of the World Bank.

- The FinScope MSMEs Survey was undertaken in 2015 and the results were released in 2016. This study came with a set of recommendations and provides a measure of Financial

Inclusion for MSMEs and a baseline through which performance of financial inclusion initiatives could be benchmarked with.

- The adoption of the Secured Transactions Regime and Collateral Registry Policy by Cabinet. This policy provides for the introduction of the Security Interests in Movable Property Bill and the Lesotho Registry in Movable Property electronic system.

Zambia

National Financial Inclusion Strategy (NFIS)

The BoZ continued to support the development of the new NFIS for Zambia which was envisaged for conclusion by December 2016 and implementation as a five-year programme from 2017 - 2021. The timeline was set so as to synchronise its activities and timeframe with the Seventh National Development Plan. The development process was being led by the Ministry of Finance in collaboration with the financial sector regulators notably, BoZ, the PIA, the SEC as well as the Competition and Consumer Protection Commission and the Rural Finance Expansion Programme.

The World Bank is supporting the development and implementation of the NFIS with technical and financial support of up to US$2.8 million for a three-year period, commencing 2016, under its Financial Inclusion Support framework. In this regard, the NFIS will benefit from input arising from the on-going Financial Sector Assessment Programme and the financial capability survey whose reports are both due before end August 2016.

Rural Finance

The BoZ conducted a desktop research during the second quarter of 2016 to produce a Concept Paper on incentive mechanisms for the expansion of financial services to rural areas in Zambia.

A BoZ Working Group was formed to provide expertise and engage various stakeholders to accelerate the development of the Concept Paper. In the 3rd and 4th quarter of 2016, the Working Group held stakeholder consultative meetings with the Financial Sector Deepening Zambia, SaveNet (a network of NGOs), RuFEP, the IFAD Mission Team, United Nations Capital Development Fund, and the UK Oxford Policy Management research team to obtain views on the Concept Paper.

Financial Education through Teachable Moments – 2016 Financial Literacy Week

The BoZ collaborated with a multi-stakeholder Working Group to organise and conduct country-wide activities for the 2016 Financial Literacy Week (FLW) in March 2016, under the theme “A Better Life Through Saving – It Pays to Plan”.

The BoZ collaborated with Child and Youth Finance International to host a Product Development Workshop on Youth Financial Services and Economic Citizenship for FSPs that participated in the 2016 FLW.

The Governor's 2016 FLW Awards Ceremony was held on 14 July 2016 to appreciate all the participating schools, FSPs and cooperating partners for the partnership and their engagement with the public through awareness campaigns and the school Coin-A-Thon Competition. Deserving stakeholders were also formally recognised with shields and certificates under various categories for their support and innovations in initiatives.

Bank of Zambia MoU with the Savings Bank Foundation for International Cooperation

Under the MoU, the SBFIC provided support to the BoZ for the implementation of several initiatives of the National Strategy for Financial Education (NSFE) under the following three (3) key result areas:

a) Financial Literacy Week – 2016

The SBFIC contributed towards the main 2016 FLW budget financially and through providing support staff from Germany. An event manager was engaged to assist in the planning and implementation process of the FLW. In addition, SBFIC resources were allocated towards the production of materials e.g. piggy banks, brochures etc. The SBFIC participated at the first 2017 FLW planning meeting at which it committed to contribute towards the planning and implementation process financially and through providing support staff. An event manager was also engaged to assist during the awareness campaign.

b) World Savings Day

The SBFIC contributed towards the main 2016 World Savings Day (WSD) budget by contracting an event manager whose task was mainly to assist in the organization of the main events in Lusaka: a high level stakeholders' engagement forum dubbed 'CEOs breakfast'; and the Cosmopolitan Exhibition. SBFIC organised visits before and during the commemoration of the WSD in four provinces. To assist in the overall planning and implementation of the WSD and handover process of financial literacy activities from BoZ to the BAZ, a short term expert from Germany was assigned to assist BAZ and BoZ in organizing the WSD. The expert's main task was to share the German experience of WSD and to help adapt appropriate activities to the Zambian context, some of which included enhancement of social media usage e.g. Facebook, developing a 'KYC' campaign, developing a world savings day radio jingle and campaign messages for bulk messaging.

Zimbabwe

Zimbabwe accessed World Bank Technical Assistance on establishment of the Credit Reference System and 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.

Joseph Zifa Mphande
MiFFCO Acting-Chairperson

Member Jurisdictional Overview

Appendix A - Capital Market Highlights

Appendix A1

Angola

Key Market Highlights

Number of Licensed participants at 31 December	2016	2015
Stock Exchange	1	1
Management Companies of Collective Investment Undertakings	5	4
Investment Company with Variable Capital	0	0
Collective Investment Undertaking Funds	7	4
Stock Brokers/Dealers	15	14
Auditors	5	1
Real Estate Appraisers	9	8
Real Estate Appraisers Certifying Entity	1	1

CIU Funds held by Management Company

Net Asset Value as at 31 December	2016 (US $)	2015 (US $)
ECOFI - SGOIC	508 061 953,32	861 501 282,63
ILHA - SGOIC	N/A	N/A
BNI Asset Management - SGOIC	N/A	N/A
ODELL Global Investors - SGOIC	66 492 996,98	N/A
BFA Gestão de Activos - SGOIC	N/A	N/A
Hipergest - SIICF	12 017 999,38	N/A
Total	586 572 949,67	861 501 282,63

Appendix A2

Botswana

Key Market Highlights

As at 31 December	2016	2015
Turnover (US $ Mn)	238.62	269.88
Traded Volume (Mn)	778.2	803.1
Number of listed Companies	34	32
Domestic Companies Index (DCI)	9400.71	10 602.32
Domestic Companies Index Performance (percent)	(11.3)	11.6
Foreign Companies Index (FCI)	1585.76	1572.43
Foreign Companies Index Performance (percent)	0.85	(0.4)
Domestic Market Capitalisation (US $ million)	4373.11	4469.03
Foreign Market Capitalisation (US $ million)	35188.20	33008.79
Total Market Capitalisation (US $ million)	39561.31	37477.83

Number of Licensed and or exempt participants at 31 December	2016	2015
Management Companies of Collective Investment Undertakings	6	4
Investment Company with Variable Capital	2	1
Collective Investment Undertaking Funds	23	17
Asset Managers	12	12
Trustees	3	2
Custodian	3	3
Investment Advisors	8	6
Securities Exchange	1	1
Central Securities Depository	1	1
Securities Brokers	4	4

CIU Funds held by Management Company

Net Asset Value as at 31 December	2016 (US $)	2015 (US $)
African Alliance Botswana	121 403 640.48	90 216 378.33
Bifm Unit Trust	1 214 238 206.55	75 280 938.54
Investec	725 252 188.67	677 761 725.27
SIMS	472 281 208.95	389 674 353.90
Total	2 533 175 244.65	1 232 933 396.05

Geographical allocation of CIU Total Assets

Amount as at 31 December	2016 (US $)	2015 (US $)
Domestic	491 807 809.34	280 738 744.94
Offshore	119 488 848.17	73 607 996.20
Total Gross Asset Allocation	611 296 657.51	354 346 741.14

*Exchange Rate Pula/US $ 0.0939 – 31 December 2016 and 0.089 – 31 December 2015

Appendix A3

Lesotho

Key Market Highlights

A summary of licensing activities by the Central Bank

Licensing of Market Players	31 December 2016	31 December 2015
Securities Brokers	2	-
Securities Exchanges	1	-
Investment Advisors	1	-
Investment Managers	2	2
CSD	1	1

Appendix A4

Malawi

Key Market Highlights

As at 31 December	2016	2015
Traded Value (US $)	8,643,385.39	101,857,955.72
Traded Volume	410,895,390	2,355,317,369
Number of listed Companies	13	14
Malawi All Share Index (MASI)	13,320.51	14,562.53
Annual Performance (percent)	–8.53	–2.17
Domestic Share Index	10,456.92	11,462.87
Domestic Share Index Performance (percent)	–8.78	–2.20
Foreign Share Index	2,026.07	1,762.13
Foreign Share Index Performance (percent)	+14.98	+0.14
Market Capitalisation (US $ billion)	0.80	0.94
Licensees:		
Stock Exchange	1	1
Asset Management Companies	6	7
Stock Brokers	4	4
Unit Trusts	1	1
Investment Trust/Closed End Schemes	1	1
Transfer Secretaries	4	4
Investment Advisors	8	9

Appendix A5

Mauritius

Key Market Highlights

SEM Market Figures: Official Market	2016	2015
No of listed companies as at 31 December	56	51
Total Volume Traded for the year ended	1,980,514,221	3,965,970,523
Total Turnover Value Traded (US $) for the year ended	371,290,080	492,830,159
Market Capitalisation (US $) as at	5,880,559,535	5,525,672,537

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

SEM Market Figures: Development & Enterprise Market	2016	2015
No of listed companies as at 31 December	42	44
Total Volume Traded for the year ended	95,552,757	151,357,764
Total Turnover Value Traded (US $) for the year ended	48,538,013	53,337,388
Market Capitalisation (US $) as at 31 December	1,274,827,835	1,354,503,506

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

Bourse Africa ltd ('BAL') Performance for the year ended 31 December	2016	2015
Total Turnover (in US $ Million)	-	1,387,300,253
Total Volumes (in Lots)	-	127,529

Source: Bourse Africa Ltd ('BAL')

Domestic Market Intermediaries as at 31 December	2016	2015
Investment Dealer	12	15
Investment Adviser	32	30
Representative of Investment Dealer	46	50
Representative of Investment Adviser	77	62

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	2016	2015
Total Funds		
Collective Investment Schemes	475	472
Closed-end funds	467	456
CIS Managers	387	377
Custodians	10	10
CIS Administrators	8	7

Source: Financial Services Commission, Mauritius
All figures refer to active entities, i.e. those applying for winding up and wound up entities are excluded

Appendix A6

Mozambique

Key Market Highlights

	Official Market 2016	Official Market 2015
Number of listings	40	46
Listed companies	12	15
Traded Value (US $ millions)	39	329
TradedVolume (US $ millions)	39.04	208.20
GDP at Current Prices (US $ billions)	11.45	14.38
Market Capitalisation (US $ billions)	0.87	1.20
Market Cap. percent GDP	9.00%	8.00%
Liquidity	4.50%	26.80%

Source: BVM 2016

Transactions in the Official Markets as at 31December

	Quantity 2016	Value 2016 (US $ m)	Quantity 2015	Value 2015 (US $ m)
Bonds	8,970,095	12.56	41,715,640	92.25
Commercial papers	10,000	0.014	157,000	0.035
Shares	661,426	1.32	2,241,044	6.05
Public funds	18,443,152	25.14	108,244,112	230.41

Source: BVM 2016

Securities as at 31December

Listed Emissions	2016	2015
Bonds	34	38
Commercial papers	1	3
Shares	4	4
Public	1	1

Source:BVM 2016, 2015

Market Players as 31 December

	2016	2015
Dealers (Commercial Banks)	9	10

Appendix A7

Namibia

Key Market Highlights

Capital Market Set up As at 31 December	2016	2015
Number of Securities/Stock Exchange	1	1
Number of Clearing Agency/Facility	1	1
Number of Central Securities Depository	0	0
Number of licensed Broker/Dealers as at 31 December per Market	**2016**	**2015**
Brokers	4	4
Sponsors	7	7
Number of licensed Broker/Dealers which are members of exchange as at 31 December per Market	**2016**	**2015**
Brokers	4	4

Collective Investment Schemes overview			
Collective Investment schemes in:	Number of approved portfolios 2016	Total Assets under management 2015 (U$ billion)	Total assets under management 20165(U$ billion)
CIS in Securities	100	3.39	3.43
CIS in Participation Bonds	0	0	0
CIS in Property	10	0.11	0.12

Indices	2016	2015
NSX overall index (points)	1,069	866
NSX local index (points)	547	498
JES All Share Index (points)	50,654	50,694
Securities Traded (millions)		
Overall value of equity securities traded (N$)	2,137	5,066

[5]Based on ZAR/USD exchange rate as at 13/12/2016 (R13.62/1US$)

Local value of equity securities traded (N$)	159	251
Overall volume of securities traded	37	74
Local volume of securities traded	9	11

Shares In Issue (millions)		
Overall market shares in issue	30,697	30,220
Local market shares in issue	4,192	3,758
Total shares in issue (Development Capital Board)	2,665	2,232
Total shares in issue (Exchange Traded Funds)	257	289
Market Capitalisation (millions)		
Overall market capitalisation (N$)	1,726,583	1,417,935
Local market capitalisation (N$)	32,017	29,430
Liquidity (%)		
Overall market	0.12	0.36
Local market	0.50	0.85

Appendix A8

Seychelles

Key Market Highlights

Capital Market Set up at 31 December	2016	2015
Number of Securities/Stock Exchange	1	1
Number of Market/Board types	4	4
Number of Clearing Agency/Facility	1	1
Number of Central Securities Depository	1	1
Licensed Players as at 31 December	**2016**	**2015**
Broker/Dealers	10	8
Broker/Dealers which are members of exchange	2	2
Number of Investment Advisors	3	1
Securities Dealers Representatives	12	9

Collective Investment Schemes Highlights

Licence Type	Number of Licensees as at Dec 2016	Number of Licensees as at Dec 2015
Professional Funds	6	2
Private Funds	7	5
Public Funds	5	1
Fund Administrators	6	6

Appendix A9

South Africa

Key Market Highlights

Capital Market Set up As at 31 December	2016	2015
Number of Securities/Stock Exchange	3	1
Number of Clearing Agency/Facility	2	2
Number of Central Securities Depository	2	2
Number of licensed Broker/Dealers as at 31 December per Market	**2016**	**2015**
CDM Dealers	655	737
EDM Dealers	721	761
IRM Dealers	540	531
EQM Dealers	1390	1026
Number of licensed Broker/Dealers which are members of exchange as at 31 December per Market	**2016**	**2015**
CDM Member Firms	64	65
EDM Member Firms	94	93
IRM Members Firms	91	95
EQM Members Firms	58	59

Collective Investment Schemes overview			
Collective Investment schemes in:	**Number of approved portfolios 2016**	**Total Assets under management 2015 ($ billion)**	**Total assets under management 2016[6] ($ billion)**
CIS in Securities	1607	141	168
CIS in Participation Bonds	47	0.99	0.95
CIS in Property	6	0.50	0.765

[6]Based on ZAR/USD exchange rate as at 13/12/2016
[7]Number of approved schemes

CIS Overview as at 31 December	2016	2015
CIS Managers in Securities	51	50
CIS Managers in Participation Bonds	4	4
CIS Managers in Property	6	5
Trustees	5	5

Appendix A10

Swaziland

Key Market Highlights

Capital Market Set up as at 31 December	2016	2015
Number of Securities/Stock Exchange	1	1
Number of Market/Board types	2	2
Type and Number of Participants under Supervision		
Number of licensed Broker/Dealers	3	2
Number of licensed Broker/Dealers which are members of exchange	2	2
Number of Investment Advisors	14	12
Trustees / Custodians	2	2
Collective Investment Scheme Managers	6	5
Investment Advisors	14	12

Asset under Management (US $) as at 31 December

	2016	2015
Collective Investment Schemes	511, 182, 710.00	459, 996, 904.00
Investment Advisor	1, 373, 984, 293.00	1, 309, 221, 959.00
Total	1, 855, 167, 003.00	1, 769, 218, 863.00

Appendix A11

Tanzania

Key Market Highlights

Market Set up as at 31 December	2016	2015
Number of Securities/Stock Exchange	1	1
Number of Market/Board types	5	5
Number of Clearing Agency/Facility	3	3
Number of Central Securities Depository	2	2

Licensed Players as at 31 December	2016	2015
Number of licensed Broker/Dealers	12	10
Number of licensed Broker/Dealers which are members of exchange	12	10
Number of Investment Advisors	18	22
CIS	9	9
Fund Managers	8	10
Bond Traders	6	6
Nominated Advisors	2	2
Custodians	5	4

CIS-Includes one CIS-REIT

Collective Investment Schemes as at 31 December	2016	2015
Fund Manager	3	3
Open ended scheme	8	8
Closed ended scheme	3	3

Appendix A12

Zambia

Key Market Highlights as at 31 December

Market Set up	2016	2015
Number of Securities/Stock Exchange	2	2
Number of Market/Board types	3	3
Number of Central Securities Depository	1	1

Market Performance Indicators	2016	2015
LuSE All Share Index	4,195.95	5,734.68
Market Capitalisation US $ billion	5.81	5.85
Market Capitalisation/GDP ratio (percent)	27.77	19.23

Market Performance Indicators for the year ended	2016	2015
Volume (millions)	105.15	116.90
Turnover (US $ millions)	27.87	67.57
Turnover /Market Capitalisation (percent)	0.92	2.47
Trades in Bonds	428	270
Turnover(bonds) (ZMK' billions)	4.45	1.93

Licensing of Market Players	2016	2015
Number of brokers	10	10
Dealers	27	28
Dealers Representatives	97	103
Investment Advisers	7	10
Investment Advisers Representatives	18	19

Issuers of Securities	2016	2015
Listed Equity Issuers	23	23
Listed Corporate Bonds	22	14
Quoted equity Issues	12	13
Collective Investment Schemes	8	8

Appendix A13

Zimbabwe

Key Market Highlights

A summary of the market performance as at 31 December

Market Set up	2016	2015
Industrial Index	144.53	114.85
Mining Index	58.51	23.72
Volumes Traded (m'shares)	1,501.59	2,223
Number of Listed Companies	62	65
Market Capitalisation (US $ billion)	4.01	3.07

A summary of the market performance for the year ended

	2016	2015
Foreign Deals (m'shares)	1,094.073	1,045
Total Turnover (US $ million)	193.91	228.63
Net Foreign Inflows (US $ million)	-80.06	-4.32

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

Licensing of Market Players	2016	2015
Securities dealers	35	41
Securities Dealing Firms	13	13
Custodians	5	5
Transfer Secretaries	3	3
Investment Advisors	32	25
Investment Managers	16	17
Securities Trustees	2	-
CSD	1	1
Exchanges	2	1

Appendix B - Retirement Funds Highlights

Appendix B1

Angola

Registered under the Pension Legislation as at 31 December 2016

	31 Dec 2016	31 Dec 2015
Local Retirement Funds	32	32
Foreign Retirement Funds	0	0
Fund Administrators	8	9

Funds regulated by ARSEG:

Types of funds	2016	2015
Provident Funds		N/A
Pension Funds	32	32
Other	0	0
Total	32	32

Exchange rate as at 31 December 2016 US $=1 Angolan Kwanza exchange rate: 166.75

Market size (local currency in millions)

	2016	2015
Contributions	31 907,80	21 213,72
Benefits paid	12 720,89	10 541,35
Total assets	304 552,78	242 928,58

Market impact

GDP as at 31 December 2016 US$: 76 435.38 (Mil) Angolan Kwanza: 12 745 600.00 (Mil)

Appendix B2

Malawi

Registered under the Pension Legislation as at 31 December 2016

	31 Dec 2016	31 Dec 2015
Local Retirement Funds	23	23
Foreign Retirement Funds	0	0
Fund Administrators	7	8

Funds regulated by Reserve Bank of Malawi:

Types of funds	2016	2015
Provident Funds	0	0
Pension Funds	23	23
Other	0	0
Total	23	23

Exchange rate as at 31 December 2016 US $ =1Malawian Kwacha exchange rate: 0.0015

Market size (local currency in millions)

	2016	2015
Contributions	48,523.62	40,948.99
Benefits paid	21,572.56	24,578.40
Total assets	380,828.74	312,150.40

Market impact

GDP as at 31 December 2016 US$ 6 565.3 (Mil) Malawian Kwacha: 0.0015 (4 376 866.6 Mil)

Appendix B3

Mauritius

Registered under the Pension Legislation as at 31 December 2016

	31 Dec 2016	31 Dec 2015
Local Retirement Funds8	68	65
Foreign Retirement Funds9	2	2
Fund Administrators	7	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	2016	2015
Provident Funds	Not applicable	Not applicable
Pension Funds	70	67
Other	Not applicable	Not applicable
Total	**70**	**67**

[8] Private Pension Schemes set up as Trust, Foundation or Superannuation Funds.
[9] Private Pension Schemes set up as Trust and termed under the Act as *External Pension Scheme*.

Exchange rate as at 30 December 2016 US$1 = MUR 36.956310

Market size (local currency in millions)

	2016	2015
Contributions	1,829[11]	2,057
Benefits paid	483[12]	1,241
Total Assets	44, 696	44,500

Market impact

GDP as at 31 December 2016 US$ 11,760[13] Mauritian Rupees: 434,615[14]

[10] 31 December 2016 was a Saturday. Data available at 30 December 2016

[11] Figures based on 17 Private Pension Schemes set up as Trust, Foundation or Superannuation Funds that have, as at date, submitted their returns for year ending 2016.

[12] Figures based on 17 Private Pension Schemes set up as Trust, Foundation or Superannuation Funds that have, as at date, submitted their returns for year ending 2016

[13] GDP at market prices (USD Million); Source: Statistics Mauritius – National Accounts – December 2016 issue – Revised Forecast

[14] GDP at current market prices (MUR Million)[1]; Source: Statistics Mauritius – National Accounts – December 2016 issue – Revised Forecast

Appendix B4

Mozambique

Registered under the Pension Legislation as at 31 December 2016

	31 Dec 2016	31 Dec 2015
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	2016	2015
Provident Funds	n/a	n/a
Pension Funds	8	8
Other	n/a	n/a
Total	8	8

Exchange rate as at 31 December 2016 1USD=62.6 Mozambican Meticais

Market size (local currency in millions)

	2016	2015
Contributions	320.3	226.9
Benefits paid	474.9	209.8
Total assets	3717.8	3296.5

Market impact

GDP as at 31 December 2016 US$ 11.009,7 (Mil) Mozambican Meticais: 689.213,0 (Mil)

Appendix B5

Namibia

Registered under the Pension Legislation as at 31 December 2016

	31 Dec 2016	31 Dec 2015
Local Retirement Funds	91	97
Foreign Retirement Funds	122	121
Fund Administrators	7	7

Funds regulated by NAMFISA:

Types of Funds	2016	2015
Provident Funds	18	16
Pension Funds	67	74
Other	6	7
Total	91	97

Exchange rate as at 31 December 2016 US$ 1 = Namibian dollar 13.65

Market size (local currency in millions)

	2016	2015
Contributions	6 371	6 150
Benefits paid	6 323	5 476
Total Assets	137 462	133 088

Market impact

GDP as at 31 December 2016 US$ 11 656 (Mil) Namibian dollar: N$ 159 105 (Mil)

Appendix B6

South Africa

Registered under the Pension Legislation as at 31 December 2016:

	31 Dec 2016	31 Dec 2015
Local Retirement Funds	2 973	2 946
Foreign Retirement Funds	1	1
Fund Administrators	2 162	2 188

Funds regulated by Financial Services Board:

Types of funds	2016	2015
Provident Funds	768	846
Pension Funds	807	889
Other	157	83
Total	**1 732**	**1 818**

Exchange rate as at 31 December 2016 US$1= Rand 15.57

Market size (local currency in millions)

	2016	2015
Contributions	162 628	151 395
Benefits Paid	228 221	197 243
Total Assets	2 342 556	2 271 122

Market Impact

GDP as at 31 December 2016 US$ 312 797.5(Mil) Rand: 4 810 257 Mil

Appendix B7

Swaziland

Registered under the Pension Legislation as at 31 December 2016

	31 Dec 2016	31 Dec 2015
Local Retirement Funds	70	71
Foreign Retirement Funds	47	47
Fund Administrators	5	5

Funds regulated by Financial Services Regulatory Authority:

Types of funds	2016	2015
Provident Funds	27	28
Pension Funds	43	43
Total	**70**	**71**

Exchange rate as at 31 December 2016 US$1 = SZL 14.99

Market size (local currency in millions)

	2016	2015
Contributions	1 817	1 833
Benefits paid	1 426	1 150
Total Assets	26 421	25 314

Market impact

GDP (nominal) as at 31 December 2016 US$ 3 657 (Mil) Lilangeni SZL 54 828 (Mil)

Appendix B8

Tanzania

Registered under the Social Security Legislation as at 31 December 2016

	31 Dec 2016	31 Dec 2015
Local Retirement Funds	5	5
Foreign Retirement Funds	0	0
National Health Insurance Fund	1	1
Community Health Fund	10	0
National Workers Compensation Fund	1	1
Supplementary Retirement Funds	12	5
Fund Administrators	5	5
Custodians	2	1
Fund Managers	18	10

Funds regulated by Financial Services Regulatory Authority:

Types of funds	2016	2015
Provident Funds	12	5
Pension Funds	5	5
Health Fund	11	1
Compensation Fund	1	1
Total	**29**	**12**

Exchange rate as at 31 December 2016 US$1 = TZS 2183.43

Market size (local currency in millions)

	2016	2015
Contributions	2,150	2270
Benefits paid	2,930	1,530
Total Assets	7,971,500	6,217,459

Market impact

GDP as at 31 December 2016 USD 47,515 (Mil) TZS103, 744,606 (Mil)

Appendix B9

Zimbabwe

Registered under the Pension Legislation as at 31 December 2016

	31 Dec 2016	31 Dec 2015
Local Retirement Funds	1297	
Foreign Retirement Funds	-	
Fund Administrators	31	

Funds regulated by Insurance and Pensions Commission:

Types of funds	2016	2015
Provident Funds	4	
Pension Funds	1293	
Total	1297	

Exchange rate as at 31 December 2016 US$1 = TZS 2183.43

Market size (local currency in millions)

	2016	2015
Contributions	**2,150**	**2270**
Benefits paid	**2,930**	**1,530**
Total Assets	**7,971,500**	**6,217,459**

Market impact

GDP as at 31 December 2016 USD 47,515 (Mil) TZS103, 744,606 (Mil)

Appendix C – Microfinance and Cooperatives Highlights

Appendix C1

NON-BANK FINANCIAL INSTITUTIONS REGULATORY AUTHORITY– BOTSWANA

1. ARCHITECTURE OF THE SECTOR

Market Profile of Microfinance/Financial Cooperatives Sector

1.1. **Micro Lenders**

2.1.1 The micro finance sector in Botswana is composed of micro lenders (regulated by NBFIRA) and one deposit taking institution (regulated by the Central Bank).

2.1.2 The micro lending sector is composed of term lenders and cash lenders. Term lenders provide loans with repayment terms of up to five years whilst cash lenders provide short term loans of up to three months. Term lenders are predominantly large lenders who operate like quasi banks and their share of the market is approximately ninety percent.

2.1.3 Micro lending in Botswana remains salary based with the term lenders repayment being deducted at source through deduction codes administered by two central registries. These registries also provide some form of credit information on the client which assists in assessing the client's ability to repay the loan. The cash lenders are repaid by cash or by arrangements with collection companies such as Real Pay and Touch Pay. Some of the cash lenders rely on Compuscan for information relating to the client's indebtedness.

1.2. **Legislative and Regulatory Framework**

2.2.1 The enabling legislation and regulatory framework is NBFIRA Act 2008 as amended in 2016 and it's supporting Micro Lending Regulations of 2012. The regulations address issues of market conduct and where there is a breach the Act provides guidance on the steps necessary to impose a civil penalty. The regulatory authority also issue notices where necessary. The review of the micro lending regulations is still to be completed. The Authority has since responded to feedback from Attorney General's office.

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

2.3.1 NBFIRA as one of its strategic initiatives is involved in conducting financial literacy campaigns and consumer education.

2. CONDITION AND PERFORMANCE OF THE SECTOR

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

Table below shows the select balance sheet items for the top 20 micro lenders.

The Micro Lending total assets strengthened by 15 percent from USD 330 million in 2015 to USD 380 million in 2016. The increase in total assets was mostly attributable to a recorded growth rate of 100 percent in other assets from USD 30 million in 2015 to USD60 million in 2016. The loan book values showed an increase of 3.3 percent indicating a slight increase in the demand for loans.

The total Capital and liabilities increased by 15 percent from USD330 billion in 2015 to USD380 million in 2016, as a result of an increase in liabilities by 50percent from US140 million in 2015 to USD210 million in 2016.

Financial Performance of Micro Lenders - Balance Sheet

	2015 USD (million)	2016 USD (million)
Number of Micro Lenders Reporting	20	20
Loan Book Values	300	320
Other Assets	30	60
Total Assets	330	380
Capital	190	170
Other Liabilities	140	210
Total Liabilities	330	380

The Total Revenue for the sector accelerated by 9 percent from USD 110 million in 2015 to USD120 million in 2016, as a result of an increase in interest income, which recorded an increase of 11 percent from USD 90 million in 2015 to USD 0.1 million in 2016. However, profit remained constant as result of an increase in expenses from USD 60 million in 2015 to USD70 million in 2016 which recorded a higher increase than the total revenue.

During the same review period, micro lenders were financially sound, with total liabilities at 55.3 percent of total assets, while capital and reserves were at 44.7 percent of total assets. The Return on Average Assets (ROAA) decreased from 12.7 percent in 2015 to 11.3 percent in 2016 as a result of an increase in total assets which outpaced growth in net income after tax as it remained constant. Return on Equity (ROE) which is a measure of profitability, however, increased to 23.5 percent in 2016, compared to 21 percent in 2015 signifying a marginal reduction in equity whilst the net income after tax remained constant. The portfolio value as a percentage of total assets decreased by 6.9 percent from 91.1 percent in 2015 to 84.2 percent in 2016 signifying that the growth rate for other assets was higher than that of the loan book value.

Business Sector Performance of the Micro Lending Sector

Business Sector Performance	Year 2015 USD (million)	Year 2016 USD (million)
Total Assets	330	380
Total Revenue	110	120
Net Income after tax	40	40
ROAA (Av. 2 yrs.)	12.7	11.3
ROE	21	23.5
Portfolio Value as Percentage of Total Assets	91.1	84.2

USD 1 = P10

2.2. For prudential requirements complete the table below and provide comments as necessary. Currently there are no prudential regulations for the micro lending sector. However, the Act gives the Authority the power to conduct a Fit and Proper test on the controllers and key persons of the micro lenders. The finalisation of the draft prudential rules for the large micro lenders have been shelved pending the finalisation of the review of the micro lending regulations.

3. MAJOR SOURCES OF FUNDING

3.1. The major sources of funds still remain shareholders' funds and borrowings. One large micro lender is listed on the Botswana Stock Exchange.

4. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

The sector continues to experience challenges as listed below

4.1. Complaints from clients (high interest rates charged).
4.2. Financial illiteracy leading to over indebtedness
4.3. Unlicensed entities operating illegally
4.4. No Central Bureau for all lending institutions.

5. COMPLIANCE WITH REGULATORY FRAMEWORK

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

The failure to submit returns on time is the major non-compliance issue which the Authority is addressing by writing letters to the concerned entities failure of which they are referred to the Legal and Compliance for further action in line with the Act.

6. INTERNATIONAL COOPERATION

6.1. Where applicable advise on:

a) International participation of Conferences / Committee meetings,
   - Committee of Insurance Supervisors and Non-banking Authorities (CISNA)

b) Capacity building and training opportunities / attendance of training seminar, etc.
   - Four staff members studying towards attaining a Certificate in Micro Finance offered online by the Micro finance Institute.

Appendix C2

Ministry of Investment, Trade and Industry: Department for Co-Operative Development – Botswana

1.0 **ARCHITECTURE OF THE SECTOR**

Market Profile of Microfinance/Financial Co-operative Sector:

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

There are a total of 68 Savings and Credit Co-operative Societies

- Institutional Savings and Credit Co-operative Societies -37
- Communal Savings and Credit Co-operative Societies -31

1.2 **Describe the types of activities – products and services offered.**

SACCOSs provide the following products and services to their members:

- Various types of Savings: e.g. ordinary, holiday, Save As You Earn (SAYE)
- Various Loans Portfolios
  - Long term (12-120 months)
  - Medium term: (12-15 months)
  - Short- term (1-12 months)
- Investment initiatives (Unit Trusts and Stock Market Shares)

1.3 **State Acts/Guidelines/Regulations in place and year issued**

- Co-operative Societies Act (Cap 42:04) as reviewed in 2013.
- National Policy for Co-operative Development (2007).
- Co-operative Transformation Strategy for Botswana (2012).
- Bye-Laws (which are Secondary Legislations and issued upon registration per SACCOS).
- Information Communication Technology (2015).

1.4 **Give a brief account of policy/strategy on microfinance/financial Co-operatives (e.g national microfinance strategy/policy; national financial inclusion strategy/policy), etc.**

The Co-operative Transformation Strategy is meant to resuscitate, revamp and redirect the development of Co-operatives thereby developing “New Generation Co-operatives” based on modern and best business practices. The Transformation Strategy is driven by the following eight (8) Pillars:

- Pillar 1: Co-operative Branding
- Pillar 2: Develop of Co-operative Growth Pillars and Linkages
- Pillar 3: Improve the Co-operative Environment for Doing Business
- Pillar 4: Improve Co-operative Access to Finance and Insurance
- Pillar 5: Increase Youth Participation in Co-operatives

- Pillar 6: Promote Co-operative Mind-set Change
- Pillar 7: Develop Co-operatives with Good Corporate Governance
- Pillar 8: Increase Member Participation and Commitment

1.5 **Indicate any current national initiatives for the development of the microfinance/financial Co-operatives sector.**

- The Government of Botswana, through the Department for Co-operative Development continues to support those currently engaged in the Co-operative sub-sector through intensified education, skills training and business advisory services;

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

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

- Botswana Financial Inclusion Roadmap, strives to aid national growth and welfare in a number of ways; notably by helping generate employment (by supporting farmers and SMMEs), developing human capital (financial services for access to education and to mitigate health risks), and by directly improving household welfare (products to support household needs, new technologies that reduce cost and improve access, financial services to mitigate household risks, and by aiding asset accumulation).

  The purpose of the Botswana Financial Inclusion Roadmap is to assist the government and stakeholders to identify and implement actions that best improve financial inclusion in support of these goals, based on the research as documented in the diagnostic report.

  The Botswana 2015 – 2020 Roadmap document produced forms part of a series of documents in the Making Access Possible (MAP) Botswana initiative; and the document also summarises the main findings and recommendations from the comprehensive diagnostic report and presents a way forward on the recommended six priority areas for financial inclusion in Botswana as follows:

  1. Developing the payment ecosystem;
  2. Facilitating low cost savings;
  3. Developing accessible risk mitigation products;
  4. Improving the working of the credit market;
  5. Consumer protection and empowerment, and
  6. National coordination.

  The Botswana Financial Inclusion Roadmap lays out the national priorities for the enhancement of financial inclusion in Botswana, with a view of improving citizens' welfare and supporting national objectives. Within the Ministry of Investment, Trade and industry there are two (2) Departments, (Co-operative Development and Trade and Consumer Affairs) chairing two (2) of the above six (6) priority areas, that is the 4th and 5th priority areas.

2.0 CONDITION AND PERFORMANCE OF THE SECTOR

2.1 Comment on the condition and performance of the sector

Generally in Botswana, SACCO's are performing well in relation to their objectives, some even have excess liquidity which enable them to invest and benefit from the returns. However, there are some SACCO's experiencing hiccups of misappropriation and fraud as a result of poor internal controls and non-compliance to the best business practices.

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

Key Industry Indicators As At 30 April 2016

Indicator	Microfinance/ Microcredit Institutions	Financial Co-operatives (SACCOs)
	April 2016	April 2016
Number of Institutions/Lenders		62
Number of branches		62
Total Assets (US$)		US$ 622,562
Total Outstanding Loans (US$)		US$ 3,749,695
Number of Borrowers		24,971
Portfolio at Risk (PaR>90 days)1		0.04
Total Deposits (US$)		US$ 36,021,108
Number of Members (SACCOs only)		30,779

Notes:

- The number of Borrowers (Members with Loans) has been estimated at 80 percent of the total membership.

- The Portfolio at Risk (PaR>90 days):
  - Has been calculated at >90 days to give an allowance for administrative errors and commissions of loan deductions from employers' payroll.
  - Increasing as some of the Institutional SACCOS are somehow affected by the closures and retrenchments exercises taking place in their institutions (about 5 percent have already been affected).

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

Key Industry Indicators As At 30 April 2016

Prudential Indicator	Deposit Taking Microfinance Institutions		Financial Co-operatives	
	Regulatory Requirement	Industry Average (30 April 2016)	Regulatory Requirement	Industry Average (30 April 2016)
Minimum Capital (US$)			N/A	US$10 per member
Core Capital Ratio			N/A	
Total Capital Ratio			N/A	
Liquidity Ratio			N/A	
Non-Performance Loans Ratio			N/A	

NB: The Botswana Co-operative Movement is regulated by the Co-operative Societies Act, 2013 which is general to all Co-operatives; and there is no specific regulatory instrument which is meant for Financial Co-operatives, hence no specified regulatory financial standards which could be compared with the industry averages.

3.0 MAJOR SOURCES OF FUNDING

3.1 Indicate any stakeholders' capital, donor support, offshore funding, etc

Savings and Credit Co-operative Societies are self-financing through member contributions of share capital, savings, and accumulated interest on loans and return on investments.

4.0 CHALLENGES IN THE MICROFINANCE/FINANCIAL CO-OPERATIVES SECTOR

4.1 Briefly explain the operational challenges experienced in the sector over the past year

Financial Co-operatives face the following challenges among others:

- Mismanagement and fraud.
- Unskilled Manpower.
- Failure to attract and retain skilled personnel.
- Inadequate member commitment/participation.
- Poor record keeping.
- Poor corporate governance.

5.0 COMPLIANCE WITH THE REGULATORY FRAMEWORK

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

There are non-compliance issues to the Co-operative Societies Act, the Bye-laws and other governing documents in some SACCOS. These among others include failure to maintain up-to-date books of account hence failure to conduct annual audits resulting in audit backlogs and failure to regularly convene Annual General Meetings (AGMs).

6.0 INTERNATIONAL CO-OPERATION

6.1 Where applicable advise on:

a) National surveys conducted and when:

- The Co-operative Data Analysis (CODAS) was conducted in 2014, and the data is periodically being updated through various reports like Audits, Inspection Reports and Managers Reports.

b) WB/IMF/etc, initiative projects in the country:

- The Ministry of Investment, Trade and Industry is currently planning to review the Co-operative Societies Act, which will result in either a new Act for SACCOS or making/categorising the Act into different parts catering for different categories of Co-operative sectors.

c) International participation of Conferences/Committee meetings:

- Botswana through the Ministry of Investment, Trade and Industry is the Chairperson of Africa Co-operative Ministerial Conferences effective October, 2015. Since assuming the Chairmanship, the Ministry participated in a number of International assignments and conferences where Co-operatives issues were discussed. These among others include:
    - Meeting with the Honourable Minister of Rwanda for a handover of the Africa Co-operative Ministerial Conference (ACMC), chairmanship in Kigali, Rwanda in May 2016.
    - A presentation at the Committee for Promotion and Advancement of Co-operatives (COPAC), held at New York City, where the Minister shared on the contribution of Co-operatives to the sustainable development goals (SDGs).
    - The 1st East African Co-operative Conference in Nairobi- Kenya held under the theme "Industrialising East Africa through Co-operatives", and a visit to the ICA – Africa headquarters (Nairobi) for briefing by Secretariat.
    - The International Summit of Co-operatives held at Quebec, Canada in 2016, under the theme "Co-operatives the Power to Act for a Sustainable future" which highlighted the economic significance, impact and contribution of co-operatives at the local, national and international level.
    - The 2nd Co-operative Conference and 12th Regional Assembly held in Kigali, Rwanda, where the Minister presented on the Youth and Women participation in Co-operatives.

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

The Department for Co-operative Development has a Co-operative Training Centre which is accredited with the Botswana Qualification Authority (BQA). The institution offers various courses and seminars which among others include Bookkeeping, Risk

Management, Customer Care, Financial Management and Co-operative Philosophy in addition to the tailor made courses offered by the African Confederation of Savings and Credit Co-operative Association (ACOSCCA).

Appendix C3

Central Bank of Lesotho

1. ARCHITECTURE OF THE SECTOR

Market Profile of Microfinance/Financial Cooperatives Sector

1.1. Type and number of institutions registered and being supervised.

Microfinance Institutions

Total MFIs and Money Lenders Licensed	Deposit Taking MFIs Licensed	Credit-Only MFIs Licensed	Money Lenders Licensed
144	0	12	122

Financial Cooperatives

Total Registered SACCOs	Large Financial Cooperatives supervised by the CBL	SACCOs supervised by the Commissioner of Cooperatives
90	1 in the process of licensing	90

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

Microfinance Institutions	Financial Cooperatives
• Salary Based short and long-term loans • Group Lending • Cheap Car Loans (Clearance Given) • Low Cost Housing Loans (Clearance Given) • MSMEs finance	• Savings and term deposits • MSMEs finance • Salary Based short and long term loans • Group or member based lending

Legislative and Regulatory Framework

1.3. The financial institutions landscape in Lesotho is highly dominated by banks serving about 45 percent of the adult population or approximately 560,000 clients. It is also comprised of MFIs, Money lenders, Insurance Companies, Securities market, MNOs and SACCOs. This is supplemented by the Rural Savings Groups (RSCGs) and Village Savings and Credit Associations (VSLAs) which do not fall within the formal regulatory radar. Overall, financial sector development is very low and financial intermediation is concentrated.

1.4. The Central Bank of Lesotho is governed by the Central Bank Act of 2000. This Act provides the legal framework for the central bank to conduct monetary policy and oversee the financial sector and payment system. This mandate covers both banks and non-banks, hence why there is no separate non-bank regulator in Lesotho. The Financial Institutions Act of 2012 is the primary piece of legislation governing financial institutions in Lesotho. It appoints the CBL as the supervisor for all banks, large financial cooperatives (i.e., SACCOs whose volume of savings and deposits have reached 5 million maloti), and microfinance institutions operating in Lesotho. This Law appoints the governor of the central bank as the Commissioner of Financial Institutions.

1.5. The following table depicts the institutional, legal and regulatory architecture of the financial institutions in Lesotho, excluding the insurance, securities and capital markets.

Institutional, Legal and Regulatory Framework

Financial Institution	**Banks**		**Financial cooperatives**		**Micro Finance Institutions**		**Moneylenders**
	Commercial – type 1	**Saving – type 2**	**Large – type 2**	**Not large - exempted from FIA**	**Deposit taking – type 2**	**Credit only – type 4**	**Type 4**
Legislative and Regulatory Framework	Financial Institutions Act (FIA) 2012 Set of supporting Regulations		FIA 2012, Financial Institutions (Large Financial Institutions) Regulations of 2016	Cooperative and Societies Act 2000, Amended 2014	FIA 2012 MFI Regulation 2014		Money Lenders Act 1989, Amended 1993
Supervisor	CBL or Commissioner of Financial Institutions	CBL or Commissioner of Financial Institutions	Commissioner of Financial Institutions for Large Financial Cooperatives	The Commissioner of Cooperatives for Registration of other SACCOs	CBL or Commissioner of Financial Institutions	CBL or Commissioner of Financial Institutions	CBL or Commissioner of Financial Institutions
Type of	Full Prudential		Full	Registration	Reduced	Market	Market

Supervision		Prudential		Prudential Market Conduct Financial Consumer Protection	Conduct Financial Consumer Protection	Conduct Financial Consumer Protection

1.6. The Central Bank is also responsible for overseeing the money lenders. The Moneylenders Act of 1993 provides a broad framework for registration, licensing and oversight of moneylenders. These are small finance companies and individuals who are in the business of offering small cash loans to households or MSMEs at a certain interest rate. By nature money lenders are almost exactly the same as credit-only microfinance amidst at a smaller scale. In an attempt to regularize and upgrade the quality of moneylenders in Lesotho, the CBL is in the process of amending the Microfinance Regulations of 2014 in order to include what have traditionally been money lenders.

1.7. On the one hand, Large Financial Cooperatives are supervised by the Commissioner of Financial Institutions while SACCOs are on the other hand supervised by the Commissioner of Cooperatives, housed within the Ministry of Small Business Development, Cooperatives and Marketing. Per the Cooperative Societies Act of 2000 (CSA), and as amended in 2014, the Department of Cooperatives is currently responsible for registration, promotion and oversight of all cooperatives including financial cooperatives. The CSA vests these powers with a Commissioner of Cooperatives.

1.8. This dual supervision arrangement is supported by the Memorandum of Understanding between the two Commissioners. The MoU is intended to provide parameters for the working relationship between these two organizations and their eventual joint oversight of large financial cooperatives in Lesotho. It does so by describing key aspects of cooperation, coordination and information sharing between DOC and CBL on different supervisory activities including registration, licensing, on-site inspections, and corrective actions that may be taken for such institutions.

1.9. Current national initiatives for the development of the microfinance, financial cooperatives and Financial Inclusion

At the top or National level, there is a National Strategic Development Plan (NSDP) that lays a foundation and sets a tone for development of sector specific policy environment or frameworks. It sets the following strategic objectives from which the Financial Sector Development Strategy draws its pillars from:

- Improving access to finance and foster financial inclusion
- Increasing alternatives for mobilising financial resources
- Promoting a savings culture
- Improving financial sector efficiency
- Bridging the skills gaps in the financial sector and increasing financial literacy
- Improving financial stability and soundness.

In implementing the strategic initiatives above, there are many on-going initiatives:

- Development of the Financial Consumer Protection and Market Conduct Framework. A diagnostics study or gap analysis have been completed and endorsed and a policy is being drafted with the assistance of the World Bank.
- Financial literacy and education strategy drafted
- Consumer Awareness and promotion campaigns including the 'Money Month'
- Draft financial inclusion strategy currently being reviewed
- Scaling Inclusion through Mobile Money (SIMM) Program.
- Overhauling or reengineering of the MFIs sector
- Training programs for MFIs by the Central Bank

2. CONDITION AND PERFORMANCE OF THE SECTOR

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

A. Financial Cooperatives

SACCOs (credit unions) have grown overtime, 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 LESOTHO 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.

2.2. Complete table below as much as you can in US dollars (M13.00/Dollar)

Key Industry Indicators (2016)

Indicator	Microfinance Institutions and Moneylenders		Financial Cooperatives (SACCOs)	
	Dec 2015	Dec 2016	Dec 2015	Dec 2016
Number of Institutions/Lenders	127	127		90
Number of branches				n/a
Total Assets (US$)	39.5 million	51.5 million		76.5 million
Total Outstanding Loans (US$)	46.7million	49.3 million		
Number of Borrowers	47,900	52,000		56,000

Indicator	Microfinance Institutions and Moneylenders		Financial Cooperatives (SACCOs)	
	Dec 2015	Dec 2016	Dec 2015	Dec 2016
Portfolio at Risk (PaR>30 days)15	3.2 million	4.4 million		
Total Deposits (US$)	n/a	n/a		
Number of Members (SACCOs only)	n/a	n/a		56,000

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

Prudential Indicator	Deposit Taking Microfinance Institutions		Financial Cooperatives	
	Regulatory Requirement	Industry Average (Dec 2016)	Regulatory Requirement	Industry Average (Dec 2016)
Minimum Capital (US$)	769.2		769.2	
Core Capital Ratio	>=10%		>10%	
Total Capital Ratio	>=15%		>=10%	
Liquidity Ratio	>=15%		>=15%	
Non-Performing Loans Ratio				

3. MAJOR SOURCES OF FUNDING

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

Financial Cooperatives

- shares,
- Loans
- Deposits from members.
- Donor funds

Microfinance Institutions

- Loans from mother companies

[15] 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.

- Bonds issued and listed by mother companies
- Capital injection from shareholders and other investors
- Donor funds

4. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

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

The following challenges have been observed:

- Funding is the main challenge for MFIs and SACCOs as they do not get finance from Banks. They are not adequately capitalised and sometimes run into liquidity shortage.
- Small MFIs lack proper systems and business processes to help them operate efficiently as some still operate manually without policies and internal risk controls.
- There is evidence to suggest that most money Lenders in Lesotho do not charge the prescribed legal interest rate, which is not supposed to be above 25% per annum;
- Some money Lenders force their clients to leave the important documents as security including the Automatic Telling Machine Cards (ATM) together with their secret codes, Passports and other delicate documents
- Lack of knowledge and skills in general
- Most of them do not have adequate structures as prescribed by the law
- The monthly returns required by CBL are filled manually, incorrectly and are not submitted regularly and/or on time.
- Some of them use the same licence in different offices
- Money Lenders do not assess clients' credit worthiness as per the legal requirements.
- Money Lenders take by force customer's property in case of default despite the available legal ways to be followed.
- Poor governance and management in SACCOs with the Board Members and some Executive members having delinquent loans.
- Low financial literacy and education by the general public.

Compliance with Regulatory Framework

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

4.2.1. There is evidence to suggest that most money Lenders in Lesotho do not charge the prescribed legal interest rate, which is not supposed to be above 25% per annum. In instances that come to the Bank's attention, such money lenders are forced to recalculate interest.

4.2.2. Most MFIs do not comply with setting Governance structures as prescribed in the Law, e.g. setting up the board and its subcommittees. The Bank is reviewing the law in order to reduce some of the burdensome requirements for credit only MFIs.

4.2.3. Some MFIs and most money lenders do not assess clients' credit worthiness as per the legal requirements and thereby fuelling over indebtedness. In cases where we find reckless lending

5. INTERNATIONAL CO-OPERATION

5.1. The Central Bank of Lesotho 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.

5.1.1. National surveys conducted;
FINScope Household Survey 2011
FINSsope MSMEs Survey 2016
Making Access Possible (MAP) Diagnostics study 2014

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

- World Bank Technical Assistance on Financial Inclusion under the First Initiative
- World Bank funded Private Sector Development and Economic Diversification Program. This program is assisting the Central Bank in the development of the credit information sharing project, the secured transactions and collateral registry and finance leasing.

5.1.3. International participation of Conferences / Committee meetings,

- Committee of Central Bank Governors (CCBG)
- Working group meetings for Alliance for Financial Inclusion (AFI)
- Committee of Insurance Supervisors and Non-banking Authorities (CISNA)
- Financial or Credit Infrastructure Week (World Bank)
- SAM African Microfinance Week
- FinMark Trust – Financial Consumer Protection

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

- ICURN programs
- MEFMI programs
- Boulder Institute of Microfinance
- Consultative Group to Assist the Poor (CGAP)
- The microfinance association
- Toronto Centre Global Leadership in Financial Supervision

Appendix C4

Reserve Bank of Malawi

1. ARCHITECTURE OF THE SECTOR

Market Profile of Microfinance/Financial Cooperatives Sector

1.1 Type and number of institutions registered and being supervised.

Financial Cooperatives

Total Registered SACCOs	**RBM supervised SACCOs (licensed)**	**MUSCCO supervised SACCOs**
41	34	7

Microfinance Institutions

Microcredit Agencies Registered	Non-Deposit Taking Institutions Licensed	Deposit Taking Microfinance Institutions
32	9	1

1.2 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) • Savings deposits • Time deposits • Business and Credit Management Trainings • Small Group Loans • Credit facilities

Legislative and Regulatory Framework

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

Financial Cooperatives

A. Acts

- Financial Services Act, 2010
- Cooperative Societies Act, 2000
- 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
- Corporate Governance Requirements Directive, 2016

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

1.4 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

- 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.
- National Financial Literacy Strategy

B. Microfinance Institutions

Some of the policies are:

- National Microfinance policy: Bring about a dynamic and inclusive financial sector that provides the full range of microfinance services to low-income people
- Financial Inclusion Policy: Develop and implement programmes, policies, strategies on how microfinance will operate.
- National Financial Literacy Strategy

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

A. Financial Cooperatives

- Financial Services Act recognizes financial cooperatives as financial institutions and as such, they are subject to registration, licensing and supervision. This has promoted the growth of the sector.
- "Financial literacy activities" are being conducted to inform the general public on the benefits of effective personal finance management and to promote awareness of products and services offered by the sector. These awareness campaigns include a series of radio and television jingles and road shows.
- The registrar of financial institutions took over supervision of all delegated financial cooperatives to Malawi Union of Savings and Credit Cooperatives (MUSCCO) to enhance growth of the sector.
- The monthly offsite analysis and routine onsite examinations have also promoted to the growth of the sector.

B. Microfinance Institutions

- Conducting financial literacy week

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

- The registrar of Microfinance institutions withdrew delegated the supervision of MCAs with minimal asset base to the MAMN. Currently all microfinance institutions are under the direct supervision of the Registrar of Financial Institutions.

2. CONDITION AND PERFORMANCE OF THE SECTOR

2.1 Comment on the condition and performance of the sector.

A. Financial Cooperatives

SACCOs (credit unions) have grown over time to the extent that overall, all key performance indicators are being reported within their regulatory requirements due to willingness to implementation of the recommendations made during onsite examinations.

C. 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.

2.2 Complete table below as much as you can in US dollars (K726/Dollar)

Key Industry Indicators as at 31 December 2016

Indicator	**Microfinance / Microcredit Institutions**		**Financial Cooperatives (SACCOs)**	
	Dec 2016	**Dec 2015**	**Dec 2016**	**Dec 2015**
Number of Institutions/Lenders	35	30	30	30
Number of branches	77	69	n/a	n/a
Total Assets (US$)	30,467,588.9	49,900,000.0	9,998,717	9,100,000
Total Outstanding Loans (US$)	30,727.7	54,500.0	6,562,431	6,031,884
Number of Borrowers	304,954.0	434,802.0	69,630	94,639
Portfolio at Risk (PaR>30 days)16	5,481,470.6	2,780,776.0	207,430	421,739
Total Deposits (US$)	-	-	7,165,891	6,847,826
Number of Members (SACCOs only)	-	-	69,630	94,639

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

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

Prudential Indicator	Deposit Taking Microfinance Institutions		Financial Cooperatives	
	Regulatory Requirement	**Industry Average (31 Dec 2016)**	**Regulatory Requirement**	**Industry Average (31 Dec 2016)**
Minimum Capital (US$)	328,454.69	15,934,053.2	2,899	37,213
Core Capital Ratio	>10%	22.4	n/a	n/a
Total Capital Ratio	>15%	22.4	>=10%	20.1%
Liquidity Ratio	>20%	61.1	>=10%	16.1%
Non-Performing Loans Ratio	< 5%	6.4	=<5%	3.2%

3. MAJOR SOURCES OF FUNDING

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

A. Financial Cooperatives

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

B. Microfinance Institutions

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

4. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

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

A. Financial Cooperatives

- Most payroll based SACCOs are faced with delays in remitting payroll deductions which results in increasing level of non-performing loans.

B. 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 Identity

5. COMPLIANCE WITH REGULATORY FRAMEWORK

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

- Not prominently displaying Effective Interest rate (EIR) on loan contracts;
- Late submission of call reports;
- Use of straight line interest calculation method as opposed using reducing balance method;
- Not reporting complaints from clients to Registrar.
- Not fully complying with Credit Reference Bureau Act 2016

6. INTERNATIONAL CO-OPERATION

6.1 Where applicable advise on:

a) National surveys conducted;

- FINSCOPE (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 C4

Namibia Financial Institutions and Supervisory Authority (NAMFISA)

1. ARCHITECTURE OF THE SECTOR

Market Profile of Microfinance/Financial Cooperatives Sector

1.1. Type and number of institutions registered and being supervised.

Microlenders (Term lenders and Pay day lenders) registered as at 31 December 2016 stood at 277.

1.2. 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

1.3. 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[17]; and
Government General Notice No. 196 of 2004[18].

1.4. 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

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

Microlending legislation -Bill (Act No.x of 2017)

2. CONDITION AND PERFORMANCE OF THE SECTOR

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

Sector is in a financial sound position, and there are no mounting defaults. (See table on key industry indicators).

[17] Notice in terms of Section 15A of the Usury Act, 1968 (Act No. 73 of 1968).
[18] 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).

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

Key Industry Indicators as at 31 December 2016

Indicator	Microfinance / Microcredit Institutions		Financial Cooperatives (SACCOs)	
	Dec 2016	**Dec 2015**	**Dec 2016**	**Dec 2015**
Number of Institutions/Lenders	277	280		
Number of branches	n/a	n/a		
Total Assets (US$)	297 88819	285 22820		
Total Outstanding Loans (US$)	297 888	285 228		
Number of Borrowers	n/a	n/a		
Portfolio at Risk (PaR>30 days)21	none	none		
Total Deposits (US$)	n/a	n/a		
Number of Members (SACCOs only)	n/a	n/a		

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

Prudential Indicator	Deposit Taking Microfinance Institutions		Financial Cooperatives	
	Regulatory Requirement	**Industry Average (30 Dec 2016)**	**Regulatory Requirement**	**Industry Average (30 Dec 2016)**
Minimum Capital (US$)				
Core Capital Ratio				
Total Capital Ratio				
Liquidity Ratio				
Non-Performing Loans Ratio				

[19] At an exchange rate of U$13.8361, N$4 121 612 becomes U$297 888.

[20] At an exchange rate of U$14.9260, N$4 257 312 becomes U$285 228.

[21] 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.

3. MAJOR SOURCES OF FUNDING

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

4. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

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

None

5. COMPLIANCE WITH REGULATORY FRAMEWORK

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

1. Retention of bank card and PIN Codes;
2. Not complying with 50 percent take-home borrowing requirements;
3. Not respecting confidentiality of information.

6. INTERNATIONAL CO-OPERATION

6.1. Where applicable advise on:

a) National surveys conducted; 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

2. MARKET PROFILE OF SACCOS/CREDIT PROVIDERS

2.1.1 For the year ended 31 December 2016 there were fifty-two (52) 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 2016 there were hundred and fifteen (115) Credit Providers licensed with the FSRA which fell under the following classes; Development Finance Institutions (2), Credit Institutions (3), Retail Outlets (6), Micro-Lending Institutions (74), and Micro lenders (30). Furthermore, the FSRA has licensed the credit bureau, TransUnion ITC Swaziland, and the building society, Swaziland Building Society.

2.1 Acts/Guidelines/Regulations in place

a) FSRA Act;
b) Financial services laws;
c) SACCOs Licensing and Reporting Guidance Notes;
d) Credit Providers Guidance Notes; and
e) 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) An ongoing study on Making Access to Finance Possible (MAP).

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.

a) SACCOs continue to grow according to the value of total asset with improvements displayed towards legal and regulatory compliance.

3.2 Complete table below as much as you can in US dollars (Rand/Dollar 13.72 as at 03 January 2017).

Key Industry Indicators as at 31 December 2016

Indicator	Microfinance/Microcredit Institutions		Financial Cooperatives (SACCOs)	
	Dec 2016	Dec 2015	Dec 2016	Dec 2015
Number of Institutions/Lenders	115	86	52	51
Number of branches	74	66	-	-
Total Assets (US$)	217,019,151	184,513,981	96,134,541	97,682,357
Total Outstanding Loans (US$)	132,190,194	150,894,465	67,006,938	66,773,183
Number of Borrowers	-	-	-	-
Portfolio at Risk (PaR>30 days)[22]	-	-	-	-
Total Deposits (US$)	-	-	77,327,149	69,186,058
Number of Members (SACCOs only)	-	-	39,823	39,908

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

Prudential Indicator	Credit Providers		SACCOs	
	Regulatory Requirement	Industry Average (30 June 2016)	Regulatory Requirement	Industry Average (31 Dec 2016)
Minimum Capital (US$)	n/a	n/a	331.56	147,042.64
Core Capital Ratio (to total assets)	n/a	n/a	≥10%	11.15%
Core Capital Ratio (to total savings)	n/a	n/a	≥8%	13.86%
Institutional Capital Ratio	n/a	n/a	≥8%	6.56%

[22] 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.

(to total assets)				
Liquidity Ratio	n/a	n/a	≥15%	21.74%
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

5.1 Timely submission of returns;

5.2 Appointment of a competent and capable Board e.g. Chairperson and Treasurer;

5.3 Board's term of office;

5.4 Staff turnover; and

5.5 Inadequate use of Management Information Systems.

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 conduced 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. ARCHITECTURE OF THE SECTOR

Market Profile of Microfinance/Financial Cooperatives Sector

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

Deposit taking MFIs	10
Non deposit taking MFIs	25
Total	35

Enterprise lending MFIs	9
Consumer lending MFIs	26
Total	35

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

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

1.3. 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

1.4. 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.

1.5. 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.

2. CONDITION AND PERFORMANCE OF THE SECTOR

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

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

Key Industry Indicators

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)23	8.1%	7.0%
Total Deposits (US$)	15,673,087	15,477,727

Exchange rate: $1= ZWK10.9906

[23]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.

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

Prudential Indicator	Deposit Taking Microfinance Institutions	
	Regulatory Requirement	Industry Average (31 December 2016)
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

3. MAJOR SOURCES OF FUNDING

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

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

4. CHALLENGES IN THE MICROFINANCE/FINANCIAL COOPERATIVES SECTOR

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

- 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.

5. COMPLIANCE WITH REGULATORY FRAMEWORK

5.1. 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.

6. INTERNATIONAL COOPERATION

6.1. Where applicable advise on:

a) National surveys conducted;

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

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

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

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 are 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

Appendix C7

Reserve Bank of Zimbabwe

1. ARCHITECTURE OF THE MICROFINANCE SECTOR

1.1. The number of registered microfinance institutions (MFIs) increased from 152 as at 31 December 2015 to 185 inclusive of four (4) deposit-taking microfinance institutions (DTMFIs), also known as microfinance banks.

1.2. In line with the requirement for microfinance institutions to renew their licences annually upon expiry, the total number of licences issued by the Registrar of Microfinanciers during the quarter ending 31 December 2016 below:

Number of Microfinance Licences Issued in 2016

Type of Institution	Number of Licences Issued
Licences Renewed	
Money lending Institutions	20
Credit-only Microfinance Institutions	15
Deposit-taking Microfinance Institutions	2
New Licences Issued	
Money lending Institutions	6
Credit-only Microfinance Institutions	5
Deposit-taking Microfinance Institutions	1

1.3. A pre-opening inspection of one deposit-taking microfinance institution, which had been licensed on 17 November 2015, was conducted from 28 November 2016 to 2 December 2016. The objective of the pre-opening inspection was to assess the institution's preparedness to commence deposit-taking microfinance operations. The inspection established that the institution was largely compliant with the minimum operating requirements to commence deposit-taking microfinance activities.

1.4. A third deposit-taking microfinance institution commenced deposit-taking activities on 2 December 2016.

1.5. The microfinance sector registered an expansion in outreach both in terms of number of branches and number of active clients served during 2016. The number of branches increased by 14.89% from 571 as at 31 December 2015 to 659 as at 31 December 2016.

1.6. Microfinance outreach in terms of number of active clients remained low, with the sector recording 290,552 active clients as at 31 December 2016, up from 205,940 as at 31 December 2015.

1.7. Following the launch of National Financial Inclusion Strategy (NFIS) in March 2016, the Reserve Bank developed and released to the market the following guidelines:

b) Agency Banking Guideline;

c) Consumer Protection Guideline; and

d) Electronic Payments Guideline.

2. CONDITION AND PERFORMANCE OF THE MICROFINANCE SECTOR

2.1. The microfinance sector's total loans outstanding increased by 2.73 percent from $200.80 million as at 31 December 2015 to $206.28 million as at 31 December 2016. The sector's lending reflects high concentration, with top 20 microfinance institutions accounting for 84.86 percent of the sector's total loans of $206.28 million as at 31 December 2016. The remaining 165 microfinance institutions accounted for only 15.14 percent of the market's total loans.

2.2. The Table below shows key performance indicators for the sector as at 31 December 2016

Indicator	Microfinance / Microcredit Institutions	
	December 2016	December 2015
Number of Institutions licensed	185	152
Number of branches	659	572
Total Assets	US$ 275.04m	US$ 225.13m
Total Loans	US$ 206.28m	US$ 200.80m
Number of Borrowers	290,552	205,940
Portfolio at Risk (PaR>30 days)	8.34%	10.72%
Total Deposits (US$)*	US$ 4.19m	n/a
Number of Savings Accounts	1,411	n/a

2.3. As at 31 December 2016 the microfinance sector's total loans of $206.28 million, constituted 5.30 percent of total financial sector loans of $3.89 billion as at the same date.

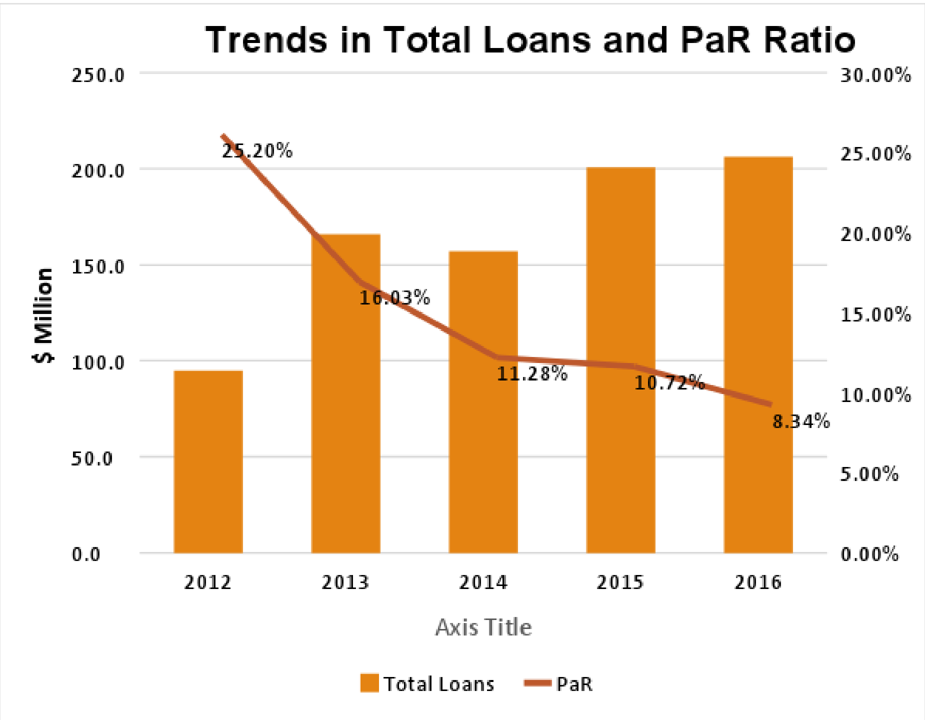
2.4. Total loans for the three DTMFIs amounted to $48.27 million representing 23.40% of the loan portfolio in the microfinance sector as at 31 December 2016, with the largest DTMI with a loan book of $29.44 million, commanding a market share of 14.27% as at 31 December 2016.

2.5. As at 31 December 2016, the three operating DTMFIs had mobilised deposits amounting to $4.19 million compared to $2.10 million as at 30 September 2016. The sector witnessed a 33.13% increase in the total number of savings accounts opened from 1,060 as at 30 September 2016, to 1,411 as at 31 December 2016.

2.6. The sector's performance largely reflects the funding challenges of the majority of the microfinance institutions which has curtailed their ability to create critical mass in terms of loan portfolio and increase in the breath of their outreach.

2.7. Although portfolio quality of the sector as measured by the Portfolio at Risk (PaR>30 days), marginally improved from 10.72% as at 30 December 2015 to 8.34 percent as at 31 December 2016 it was above international benchmark of 5 percent. The PAR remained above international standards, signifying the general liquidity challenges in the country that have not spared consumers of microfinance services.

2.8. The trend in the level of PaR is reflected in the Figure below.

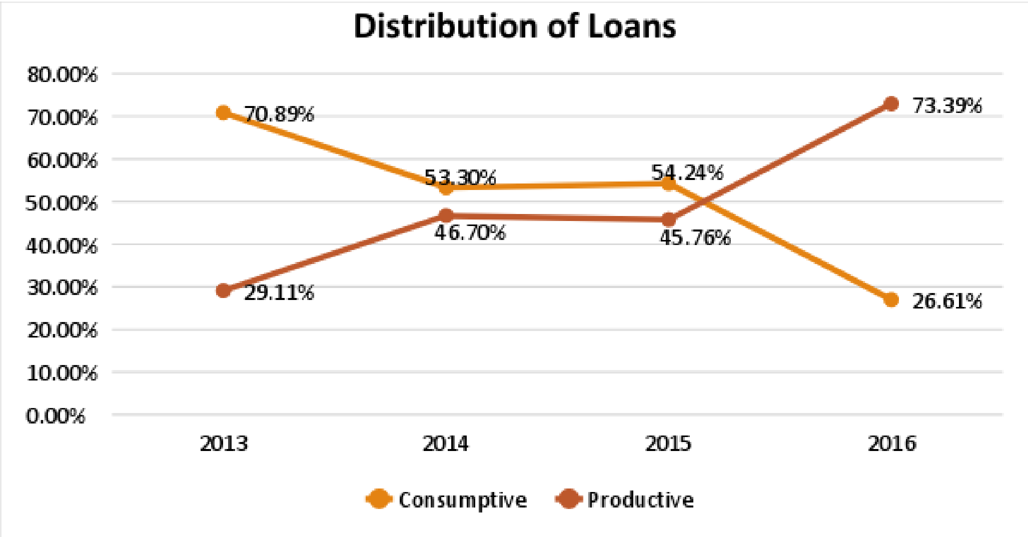


2.9. The Reserve Bank has been working on various initiatives aimed at reducing the level of credit risk in the microfinance sector. These initiatives include various capacity building programs in the microfinance sector and the setting up of both the Credit Reference System.

2.10. The Credit Registry is poised to improve the portfolio quality in the microfinance sector as the system is expected to enhance credit risk management for the individual microfinance institutions and the sector as a whole. Credit Registry will be instrumental in minimizing information asymmetry thereby curbing incidents of over indebtedness.

2.11. Over the review period, microfinance institutions continued to re-align their lending activities towards the productive sector. Loans to the productive sector amounting to $151.38 million represented 73.39% of the sector's total loans as at 31 December 2016.

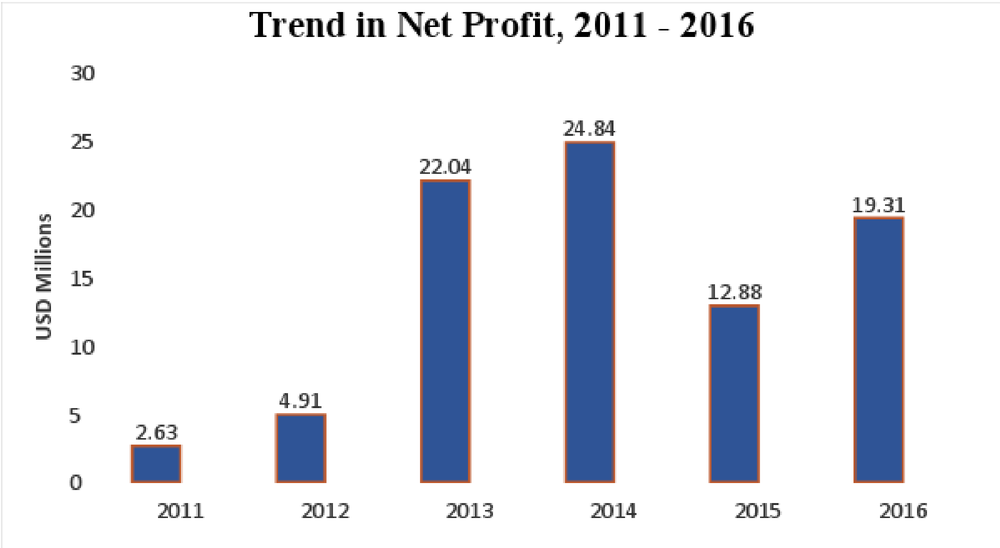
2.12. The Figure shows the trend in the distribution of loans from 2013 to 2016.



2.13. The dominance of the productive loans portfolio over consumptive lending portfolio is largely attributed to improvement in data reporting and positive response by microfinance institutions to the Reserve Bank call to re-orient their lending portfolios towards productive lending.

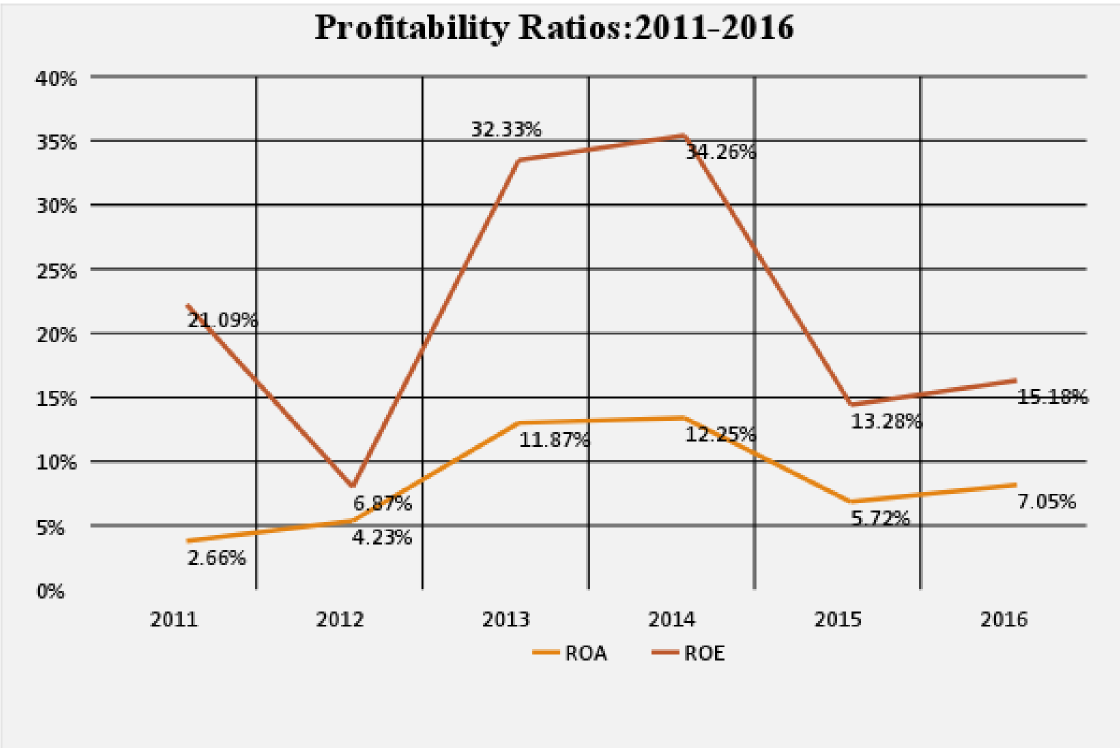
2.14. Some of the microfinance institutions continue to have access to cheaper and affordable funding for on-lending from developmental institutions such as Zimbabwe Microfinance Fund (ZMF) which disbursed a total of $9.9 million to microfinance institutions for on lending in 2016.

2.15. Net profit in the sector improved from $12.88 million for the year ended 31 December 2015 to $19.31 million for the year ended 31 December 2016 as indicated below.



2.16. The increase is largely attributed to improved earnings performance by the majority of the medium to large microfinance institutions. The total net profit for the three deposit-taking microfinance institutions amounted to $3.47 million constituting 17.97% of net income for the entire microfinance subsector.

2.17. Profitability ratios (return on assets and return on equity) improved in 2016 on the back of improved earnings as shown below.



2.18. For the year ended 31 December 2016, a total of nine (9) institutions recorded net profit in excess of $1 million each, amounting to $15.27 million, constituting 79.08% of total net income for the microfinance sector. A total of 36 institutions reported losses amounting to

$3.52 million, largely attributed to unsustainable high operating costs due to lack of critical mass.

2.19. Microfinance institutions were considered sustainable as reflected by the average Operating Self Sufficiency (OSS) ratio[24] of 146.22% for the year ended 31 December 2016.

2.20. In January 2016 two (2) deposit-taking microfinance institutions (also known as microfinance banks) commenced deposit-taking operations following the conduct of Pre-Opening Inspections by the Reserve Bank which revealed that both institutions had put in place adequate infrastructure and risk management system.

Prudential Indicator	**Deposit Taking Microfinance Institutions***	
	Regulatory Requirement	**Industry Average (31 Dec 2016)**
Minimum Capital (US$)	$5 million	$10.37 million
Core Capital Ratio**	--	--
Total Capital Ratio**	--	--
Liquidity Ratio**	--	--
Non-Performing Loans Ratio	5%	4.62%

*The Reserve Bank of Zimbabwe is developing template to facilitate collection of statistical data with respect to prudential indicators for the deposit-taking microfinance institutions.

**These prudential indicators are yet to be agreed upon with all stakeholders, after which they will be adopted.

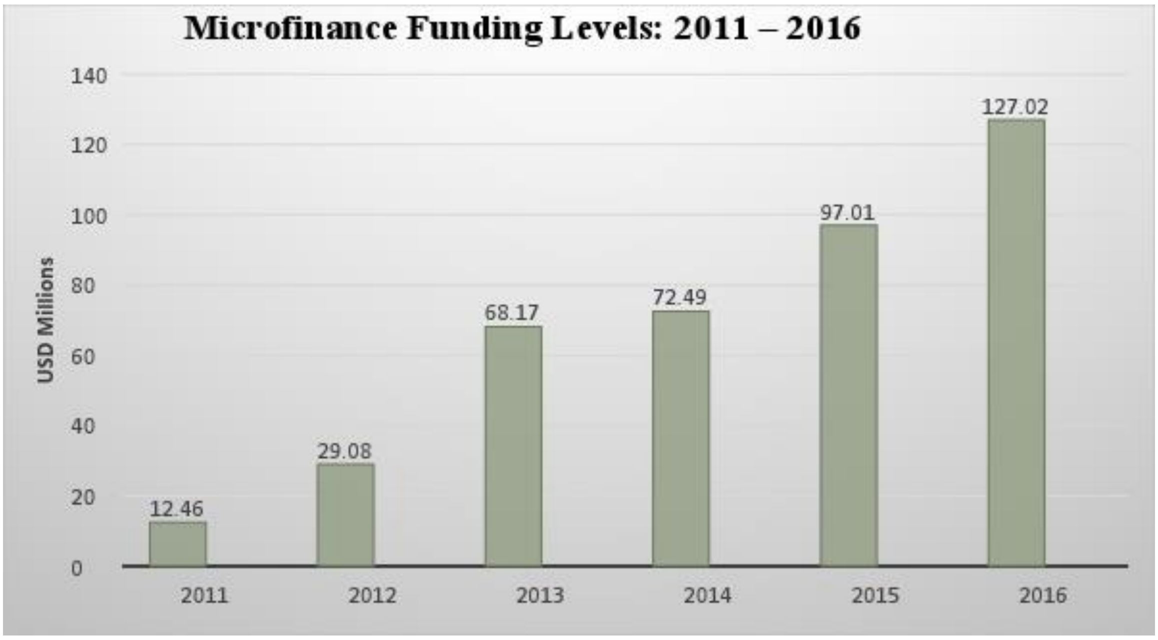
3. MAJOR SOURCES OF FUNDING AND CAPITAL

3.1. On the funding front, MFIs have been able to raise both debt and equity to fund their operations. Aggregate equity injection in MFIs increased by 30.94% from $97.01 million in December 2015 to $127.02 million in December 2016. On the debt side, MFIs have been able to diversify their funding profile with a large number of MFIs raising funds from off-shore markets, Zimbabwe Microfinance Fund and local banks.

3.2. As at 31 December 2016, the Zimbabwe Microfinance Fund's total exposure to microfinance institutions and SACCOs amounted to $9.99 million to the following sectors: distribution (62%), agriculture (29%), manufacturing (4%), services (3%) and other (2%).

3.3. The trend in total funding to the microfinance sector is shown in Figure below.

[24] **OSS** is the ratio of an MFI's operating revenues to its operating expenses including financial costs and impairment losses on loans. A ratio of less than 100% indicates that the MFI may not survive or continue operations without external assistance



3.4. The increase in funding is attributed to organic growth and entry of new microfinance institutions in 2016. All the three operating DTMFIs were compliant with the minimum capital requirement of $5 million while eight (8) credit-only microfinance institutions had capital positions below the prescribed $20,000 and were in the process of regularizing their capital positions through injection of fresh capital.

3.5. The Reserve Bank is spearheading the development of a Micro, Small and Medium Enterprises Finance Policy which is an initiative of financing strategies for the MSME sector including MFIs.

4. CHALLENGES IN THE MICROFINANCE SECTOR

4.1. The microfinance sector continues to endure a plethora of challenges which include poor quality of loan portfolio, high interest rates due to limited availability of concessionary funding, adverse impact of climate change on agriculture which reduces microfinance opportunities in the rural areas, and also slow adoption of mobile technology largely due to high cost of appropriate ICT systems.

4.2. The slow pace of the legal and parliamentary processes is frustrating the passing of the Microfinance Amendment Bill into law, which will remove the burdensome annual licence renewal for MFIs. The one year tenure of the licence has remained a major stumbling block for potential flow of investments into the microfinance sector.

5. COMPLIANCE WITH REGULATORY REQUIREMENTS AND BEST PRACTICES

5.1. As at 31 December 2016, eleven (11) institutions had capital levels below the prescribed minimum capital of $20,000 due to losses reported during the year. The institutions were in the process of regularizing their capital positions through injection of fresh capital.

5.2. A total of 18 institutions were penalized by the Reserve Bank, with seven (7) institutions being penalized for failure or late submission of the Quarterly Microfinance Return, while 11 microfinance institutions were penalized for non-compliance with the Microfinance Act [Chapter 24:29] for failure to indicate, on their letterheads, that they were registered microfinanciers.

5.3. A total of three (3) complaints were received during the quarter ended 31 December 2016, compared to ten complaints received in the previous quarter. This brought the total number of client complaints received during 2016 to 31 compared to 30 complaints received during 2015.

5.4. The complaints received from microfinance customers are in relations to over-deductions by MFIs, over indebtedness, and lack of understanding of the terms and conditions of the loan contracts.

5.5. The Reserve Bank continues to monitor compliance with the Core Client Protection Principles (CCPPs) and the Microfinance Act [Chapter 24:29] on an ongoing basis by the Reserve Bank.

6. IMPLEMENTATION OF NATIONAL FINANCIAL INCLUSION STRATEGY

6.1. Following the launch of the National Financial Inclusion Strategy (NFIS) on 11 March 2016, eight thematic working groups were constituted. A number of sub-committees have also been constituted as part of the implementation process and operationalisation of specific strategies agreed under the action plans of the various working groups.

6.2. As part of the implementation of the NFIS eight thematic working groups have been constituted to focus on key priority areas and their terms of reference are indicated in the table below:

Working Group	Broad Terms of Reference
Women Finance and Development (met twice)	Promote development of innovative financial products for women and facilitate capacity building programs for women to complement access to financial services.
SMEs Finance and Development	Facilitate minimisation of challenges encountered by SMEs in their efforts to be financially included, promote innovative financial products for SMEs and other capacity building programs.
Rural and Agricultural Finance & Development	Develop and recommend agricultural finance solutions for small holder farmers and the rural community.
Insurance, Pensions and Capital Markets	Facilitate the development and uptake of appropriate insurance, pensions and capital markets products for low income groups and ensure effective capacity building and awareness programmes.
Digital Finance	Promote the development of innovative and affordable digital financial products and services that to promote

Working Group	Broad Terms of Reference
	financial inclusion.
Financial Literacy and Consumer Protection	Facilitate the design and implementation of tailored financial literacy strategies for special groups e.g. school children, youth, women, SMEs. Facilitate the design and implementation of a sound framework for financial consumer protection.
Microfinance Advisory Council (operational)	Promote development of innovative products, delivery channels and capacity building in the microfinance sector, and positive contribution of microfinance to financial inclusivity.
Youth	Promote development of innovative financial products for youth and facilitate capacity building programs for youth to complement access to financial services.

6.3. As part of the implementation of the National Financial Inclusion Strategy, the Reserve Bank issued Prudential Standards on DTMFIs and Prudential Standards on Agency Banking in the last quarter of 2016.

6.4. Prudential standards on DTMFIs provide guidance on the operational modalities for deposit-taking microfinance institutions while the adoption of the Agency Banking model by banks is expected to increase proximity of financial services products and services to previously disadvantaged groups, respectively.

6.5. The Reserve Bank is also working on the following guidelines:

a) Consumer Protection Guideline to increase public awareness of financial services and products, promote greater transparency and minimize information asymmetry between financial services consumers and banking institutions;
b) Agriculture and Rural Finance Policy to facilitate the development of a sustainable and competitive agricultural sector through increased productivity and income growth, especially for smallholder and rural farmers;
c) SME Finance Policy to facilitate and support the development of sustainable and affordable finance to SMEs; and
d) Financial Literacy Framework to raise awareness of financial services and products and promote adoption of minimum standards of market conduct by banking institutions to achieve acceptable consumer protection when conducting their banking business.

6.6. The Reserve Bank is in the process of developing information content on Consumer Education to be disseminated at each of the communication information centres being established by the Ministry of Information Communication Technology and Postal and Courier Services.

6.7. The Reserve Bank has established the Credit Guarantee Scheme to facilitate access to finance by the microfinance clients who have inadequate collateral.

6.8. As at 31 December 2016, a total of 10 women's desks and 12 SMEs units had been established by banking institutions to enable them to better serve the interests of women and SMEs. The Reserve Bank has been monitoring progress by banks in this regard.

6.9. A Credit Registry has been established by the Reserve Bank. Once fully operational MFIs will be able to access credit info on prospective clients which they will use in credit assessment.

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

Chief Executive Officer: Mr. Aguinaldo Jaime

Contact Details:

Physical/Postal Address: Rua Frederick Welwitsch, nº 84, Torre Maculusso, 10º andar
Caixa Postal nº. 2795 – Luanda - Angola
Email: geral@arseg.ao
Website: www.arseg.ao

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; Asset management companies, securitization funds and holdings; Other persons exercising activities related to 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.º1 for Experts real estate appraisers of real estate investment funds, Regulation of CMC n.º2 for Regulated Market, Regulation of CMC n.º3 for Management companies of regulated markets, clearing, depositories and settlement houses, Regulation of CMC n.º4 for Collective Investment Schemes.

Board Members: Chairperson (Mrs Vera Esperança Daves de Sousa) and 4 board members all appointed by the Angolan President

Contact Details:

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

Corporate Profile

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 No. 3 of 2016
ii) Insurance Industry Act
iii) International Insurance Act
iv) Pension and Provident Funds Act
v) Botswana Stock Exchange Act
vi) Collective Investment Undertakings Act
vii) Securities Act
viii) Securities Regulations
ix) Relevant portions of Part XIV of the Income Tax Act; and
x) All Prudential Rules from above Acts

Board of Directors:

Eight (8) independent non-executive Board members, out of which two are ex-officio Board Members, namely; the Permanent Secretary in the Ministry of Finance and Economic Development and the Governor of the Central Bank.

The Chairman and Members are all appointed by the Minister of Finance and Economic Development, whilst the Deputy Chair is elected by other Board Members. Ex-officio Board members can neither be appointed Chairpersons, nor elected Deputy Chairpersons. In addition, the Chief Executive Office shall also be an ex-officio member of the Board but shall have no voting rights.

Chief Executive Officer: Mr Oaitse M Ramasedi

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

Corporate Profile

Name of Authority: Ministry of Finance and Development Planning

Country: Botswana

The mandate of the Ministry of Finance and Development Planning is to coordinate national development planning, mobilize and prudently manage available financial and economic resources. Furthermore the Ministry is responsible for the formulation of economic and financial policies for sustainable economic development. The core functions of the Ministry fall into three main areas as follows:

- Treasury and Budget Administration.
- Economic Management and National Development Planning Coordination.
- Financial Administration and Management.

Corporate Profile

Name of Authority: Central Bank of Lesotho

Country: Lesotho

Regulated Industry: Banks and Non-banking Financial Services including Collective Investment Schemes, Collective Investment Scheme Managers, Central Securities Depository, Insurance

Date of Establishment: 1978

Market Legislation:

- Central Bank (Capital Market) Regulations 2014,
- Insurance Act 2014 and Insurance regulations 2016
- Central Bank of Lesotho (Collective Investment Schemes) Regulations 2001
- Financial Institutions Act 2012
- Money Lenders Amendment Act of 1993
- Cooperatives and Societies (Amendment) Act of 2014 (CSA)

Mandate:

Section 5 of the Central Bank of Lesotho Act states that the objective of the Bank is to achieve and maintain price stability. In addition to that the Bank is mandated by the above acts to supervise the financial sector.

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 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 S R Chuka (Governor)

Contact Details:
Physical Address:
HEAD OFFICE
Convention Drive
P O Box 30063
Lilongwe 3

Blantyre Branch
10 Hannover Avenue
P. O Box 565
Blantyre

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

Corporate Profile

Name of Authority: Financial Services Commission, Mauritius

Financial Services Commission
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 Chairperson appointed by the Prime Minister, a Vice-Chairperson, and not more than 5 other members, appointed by the Minister.

Acting Chief Executive Officer: Mr P. K. Kuriachen

Contact Details:

FSC House
54 Cybercity, Ebène, 72201
Republic of Mauritius
Tel: +(230) 403 7000
Fax: +(230) 467 7172
Email: fscmauritius@intnet.mu;
Website: www.fscmauritius.org
Consumer Education Website: 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 Nº. 15/1999 of 1November, as amended by the Law Nº. 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 08September.
- The Money Laundering and Financing of Terrorism Prevention regulation, Decree Nr. 66/2014, of 29October.
- Foreign Exchange Regulation, Decree Nr. 83/2010, of 31December (Section III – Investment on securities).

Board of Directors: Governor and Deputy-Governor appointed by the President of the Republic and other Board members (General Managers) appointed by the Prime Minister.

Chief Executive Officer: Mr Ernesto Gouveila Gove

Contact Details:
P.O. Box 423
Maputo - Mozambique
Physical/Postal Address:
Av. 25 de Setembro Nr. 1695, Maputo – Mozambique
Phone: +258 21354600; Fax: +258 21323247
Website: www.bancomoc.mz

Corporate Profile

INSTITUTO DE SUPERVISÃO DE SEGUROS DE MOÇAMBIQUE

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 31st December.
- Complementary Pension Funds constitution and management regulation approved by Decree 25/2009, of 17th August;
- Insurance Act Regulation, approved by Decree Law 30/2011, of 11th August;

Board of Directors: Chairperson appointed by the Cabinet and Board members appointed by the Minister of Economics and Finance.

Chief Executive Officer: Ms Maria Otília Monjane Santos

Contact Details:

Maputo - Mozambique
Physical/Postal Address:
Av. 2a de Julho Nr. 1097, 2º Andar Esquerdo, Maputo – Mozambique
Phone: +258 21320892; Fax: +258 21320891
Website: www.issm.gov.mz

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 Microlending.

Date of Establishment: 2001

Market Legislation:

- NAMFISA Act,2001
- Long-term Insurance Act,1998
- Short-term Insurance Act,1998
- Inspection of Financial Institutions Act,1984
- Investment of 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 and Members appointed by Minister of Finance

Acting Chief Executive Officer: Mr Kenneth S. Matomola

Contact Details:

Physical/Postal Address:
154 Independence Ave,
1stfloor, Sanlam Centre,
Windhoek, Namibia
PO Box 21250
Email: kmatomola@namfisa.com
Phone: +264612905000
Website: www.namfisa.com.na

Corporate Profile

Country: Seychelles

Regulator: Financial Services Authority Seychelles

Date of establishment: 2013

Regulated Industry: Non-bank financial services including Long-term and Short-term Insurance business, Capital Markets, Collective Investments Schemes, and Hire Purchase.

Market Legislation:

- Financial Services Authority Act, 2013
- Securities Act, 2007
- Mutual Fund and Hedge Fund Act, 2008
- Insurance Act, 2008
- Hire Purchase and Credit Sale Act, 2013

Regulatory Structure/Mandate: The Seychelles Financial Services Authority, established under the Financial Services Authority Act, 2013, is the integrated regulator for non-bank financial services in the Seychelles, and is responsible for the licensing, supervision and regulation 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:	P.O. Box 991 Bois De Rose Avenue Victoria Seychelles
Telephone:	(+248) 4 380 800
Fax:	(+248) 4 380 888
Email:	enquiries@fsaseychelles.sc
Website:	www.fsaseychelles.sc

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: Advocate Dube Tshidi

Contact Details:
Physical Address: Riverwalk Office Park, 41 Matroosberg Road
Ashlea Gardens, Extension 6
Menlo Park, South Africa, 0081
Telephone: +27124288000
Fax: +27123466941
E-mail: info@fsb.co.za
Website: www.fsb.co.za
Consumer Education website: www.mylifemymoney.co.za and www.trusteetoolkit.co.za

Corporate Profile

Name of Authority: Council for Medical Schemes

Country: South Africa

Regulated Industry: Healthcare

Date of Establishment: 2 May 2000

Market legislation: Medical Schemes Act 131 of 1998; Intelligence Services Act 65 of 2001; General Intelligence Laws Amendment Act 52 0f 2003; Prevention and Combating of Corrupt Activities Act 12 of 2004; Constitution of South Africa Act 108 of 1996; Financial Services Board Act 97 of 1990; Financial Institutions Act 2001

Board of Directors:

Council members appointed by the Minister of Health:
Prof. Y Veriava (Chairperson)
Dr L Mpuntsha (Vice Chairperson)
Prof. B Dumisa
Prof. S Perumal
Dr S Mabela
Adv. H Kooverjie
Dr A Thulare
Ms L Sibanyoni
Ms M Maboye
Mr J van der Walt

Chief Executive Officer: Acting Chief Executive and Registrar: Dr Sipho Kabane

Contact Details:

Physical/Postal Address: Private Bag X34, Hatfield, 0028
Block A Eco Glades 2 Office Park, 420 Witch-Hazel Avenue, Eco Park, Centurion, Pretoria 0157, South Africa

Email: information@medicalschemes.com
Phone: 012 431 0500
Call centre: 0861 123 267
Website: www.medicalschemes.com

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 and 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
Phone: +255 22 2132 537
Website: 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: Dr. Irene Isaka (Director General)

Contact Details:

Physical/Postal Address: Alfa House,
Plot No. 25, Bagamoyo Road,
Dar-es-Salaam
Phone: +255 22 276 1683-4
Fax: +255 22 276 1681
Email: info@ssra.go.tz
Website: www.ssra.go.tz

Corporate Profile

Name of Authority: Capital Markets & Securities Authority

Country: Republic of Tanzania

Regulated Industry: Capital markets and securities business

Date of Establishment: 1995

Market Legislation:

- Capital Markets And Securities Act [PRINCIPAL LEGISLATION] Acts Nos.5 of 1994The Social Security Laws (Amendments) Act No. 5 of 2012
- Capital Markets and Securities (Amendments) Act, 2010
- Commodity Exchanges Act, 2015

Board of Directors:

Ms.Susana B. Mkapa - Ex-Officio, Representing the Permanent Secretary Ministry of Finance and Planning
Hon.George Masaju - Ex-Officio
Mr.Frank Kanyus- Ex-Officio
Pro.Benno Ndulu - Ex-Officio
Mr.Gabriel L. Mwero - Member
Mr.Juma A. Hafidh - Member
Mr.Geoffrey M. Msela - Member
Dr.Severine A. Kessy - Member
Mrs. Nasama M. Massinda - Ex-Officio - CEO

Chief Executive Officer: Mrs Nasama M. Massinda

Contact Details:

6th Floor, PPF Tower
Ohio Street/Garden Avenue
Postal Address:
P.O. Box 75713,
Dar es Salaam, Tanzania
Tel: +255 22 2114959/61
Fax: +255 22 2113846
Email: info@cmsa.go.tz
Website: www.cmsa.go.tz

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 including Insurer, Insurance Broker/ Agent, Retirement Fund, Provident Funds, Fund Administrators, retirement fund trustees, SACCOs, Central Securities Depositories, Collective Investment Schemes, Collective Investment Scheme trustees and managers, Investment Advisers, Investment Adviser representatives, Credit Bureau, Dealer, Representative of a Dealer, Medical Aid Schemes, Medical Aid Scheme Providers, Nominees, Pawnbroker, Securities Exchanges, Building Societies

Date of Establishment: 2010

Market Legislation:

- Financial Services Regulatory Authority Act, 2010
- Insurance Act, 2005
- Insurance Regulations,2008
- Retirement Funds Act,2005
- The Retirement Funds Regulations, 2008
- The Consumer Credit Act, 2016
- The Securities Act,2010
- The Capital Markets Rules & Regulations, 2013
- Building Societies Act,1962
- The Lotteries Act, 1963
- The Money Laundering and Financing of Terrorism (Prevention) Amendment Act, 2016

Board of Directors: Chairperson and members appointed by the Minister of Finance

Chief Executive Officer: Mr Sandile S. Dlamini

Contact Details:

P.O.Box3365
Mbabane Swaziland H100
Physical/Postal Address:
2nd & 5th Floor, Ingcamu Building, Mhlambanyatsi Road, Mbabane
Email: info@fsra.co.sz
Phone: +26824068000
Website: www.fsra.co.sw

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

Chief Executive Officer: Mr Phillip Chitalu

Contact Details:
P.O.Box35165
Lusaka, Zambia

Physical Address:
Plot No. 3827, Parliament Road, Olympia
Email: info@seczambia.org.zm
Phone:+260211222368 +26021122701
Fax: +260211225443
Website: www.seczambia.org.zm

Corporate Profile

Name of Authority: Bank of Zambia

Country: Zambia

Regulated Industry: Non-bank financial institutions including microfinance Institutions (MICRO CREDIT) and commercial banks.

Date of Establishment: 7 August 1965

Market legislation: The Bank of Zambia Act No. 43 of 1996
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

Board of Directors: Dr Denny H Kalyalya
Mr Fredson Yamba
Mr Gilbert Temba
Mr Esau Nebwe
Ms SiphiweNkunika
Ms Jacqueline Musiitwa

Chief Executive Officer: Dr Denny H Kalyalya

Contact Details:
Physical/Postal Address: Bank of Zambia
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Cairo road
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Zambia
10101
Email: pr@boz.zm
Phone: +260211228888/91
Website: www.boz.zm

Corporate Profile

Name of Authority: Pensions and Insurance Authority

Country: Zambia

Regulated Industry: Pensions and Insurance

PENSIONS AND INSURANCE AUTHORITY

Regulating Pensions and Insurance in Zambia

Date of Establishment: The Pensions and Insurance Authority (PIA) is the regulatory and supervisory body for the pensions and insurance industry in Zambia. The Authority falls under the Ministry of Finance and derives its mandate from the Pension Scheme Regulation Act No 28 of 1996 (amended by Act No. 27 of 2005) and the Insurance Act No. 27 of 1997.

Market legislation: Insurance Act No. 27 of 1997

Board of Directors

The members are Mrs. Petronella N M Mwangala, Board Chairperson (ministerial appointment), Maj. Constantine Hara (Ministry of Justice), Mr. Chibamba K Lopa (Zambia Chamer of Commerce and Industry), Mr. Harrington Chibanda (Zambia Federation of Employers), Mr. Anthony Dumingu (Ministry of Labour), Mrs. Prudence Malilwe (Bank of Zambia), Mr. Akapelwa Imwiko (Ministry of Finance), Mr. Alfred Chifota (Zambia Union of Financial Institutions and Allied Workers), Mrs. Pitican Miyanda Syafunko (Zambia Institute of Chartered Accountants).

Chief Executive Officer: As required under the Pension Scheme Regulation Act the Board appoints the Registrar, who is the Chief Executive Officer of the Authority. The Registrar is Martin Libinga.

Contact Details:
Stand No 4618, Lubwa Road
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Fax: +260 211 251492
Email: pia@pia.org.zm
Website: http://www.pia.org.zm/

Corporate Profile

Name of Authority: Insurance and Pensions Commission

Country: Zimbabwe

Regulated Industry: Insurance Companies and Pensions Funds

Date of Establishment: January 2006

Market Legislation: Insurance Act {24:07}, Pension and Provident Funds Act Chapter {24:09}

Mandate: Registers, licences, supervises and regulates insurance companies and pension funds.

Board of Directors:

IPEC is headed by a Non-Executive Board of Directors which is appointed by the Minister of Finance. The Board is responsible for overall policy and strategic direction to the Commission.

Operational Structure/Secretariat:

The day to day management of IPEC is done by the Commissioner of Insurance, Pension and Provident Funds.

Commissioner: Mr Tendai Karonga

Contact Details:
Office
IPEC
160 Rhodesville Avenue
Greendale
Harare
Zimbabwe

Corporate Profile

Name of Authority: The Securities and Exchange Commission, Zimbabwe

Country: Zimbabwe

Regulated Industry: Securities Dealers, Securities Investment Advisors, Securities Trustees, Securities Investment Management, Securities Custodians, Securities Transfer Secretaries, Securities Exchanges and Central Securities Depositories

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.

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, Zimbabwe
20 York Avenue
Newlands Harare Zimbabwe
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P.O. BoxH.G263
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Fax: +263 4 776166
E-mail: seczim@seczim.co.zw
Web: www.seczim.co.zw

Corporate Profile

Name of Authority: Reserve Bank of Zimbabwe

Country: Zimbabwe

Regulated Industry: Banking and Microfinance institutions

The Reserve Bank of Zimbabwe operates under the Reserve Bank of Zimbabwe Act, Chapter 22: 15 of 1964. The Act provides for the Board of Directors and the post of Governor who is responsible for the day-to-day administration and operations of the Bank. The Governor is assisted by two Deputy Governors.

The Governor and his two deputies are appointed by the State President for renewable five-year-terms. The board of directors is chaired by the Governor, and its membership includes a maximum of seven non-executive directors, appointed by the President and representing key sectors of the economy.

Governor: Dr J. P. Mangudya

Contact Details:

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COMMITTEE OF INSURANCE, SECURITIES AND NON BANKING FINANCIAL AUTHORITIES

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