Monthly Financial Sector Bulletin

Issue No. 52, December 2017 – Setting A New Policy Agenda

COVER PICTURE: The 24 members of the International Monetary and Financial Committee (IMFC), the policy advisory committee of the Board of Governors of the International Monetary Fund, selected Mr. Lesetja Kganyago, Governor of the South African Reserve Bank, as the first Sub-Saharan African to chair the Committee, for a term of three years effective January 18, 2018. Kganyago's appointment is seen as creating an opportunity for the African continent to make some gains in the sphere of international economic diplomacy.

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The MFSB is a monthly roundup of key Zimbabwean financial sector developments produced by SoundGarden Publishing, a provider of proprietary data, business intelligence and analytical content supporting decision-making in financial markets.

SINCE SEPTEMBER 2013: For four solid years, the Monthly Financial Sector Bulletin (MFSB) has been consistently providing reliable aggregated financial sector information enabling industry professionals and other stakeholders to make data-driven decisions!

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SELECTED VITAL STATISTICS AT A GLANCE

General Statistics	
Year-on-year Inflation for **December 2017**	3.46 % (**November 2017**: 2.97%)
Average Annual Inflation for 2016	Minus 1.56% (Minus 2.4% in 2015)
Average Inflation for 2017	1%
Projected 2017 Gross Domestic Product (GDP) Growth	3.7% (Initial projection for 2017 – 2.7%; 2016 - 0.7%)
Original Budget for 2017	U$4.1 billion
2016 Weighted Manufacturing Sector Capacity Utilisation	47.4 %(2015 - 34.3%) (2014 - 36.5%) (2013 – 36.1%)
Trade Deficit for as at **November 2017**	US$1.457bn (Exports – $3.476bn; Imports – $4.933 bn)
Zimbabwe's Foreign Direct Investment (FDI) – **2016**	US$319 million (US$421m in 2015) (US$545m in 2014)

Statutory Ratios	
Formula	**Ratio**
Minimum Capital Adequacy Ratio:(Total Qualifying Capital/Total Risk Weighted Assets) x 100	12%
Minimum Liquidity Ratio:(Total Liquid Assets/Total Liabilities to the Public) x 100	30%

Deposits, Loans and Lending Ratios	
Total Banking Sector Deposits (**31 December 2017**)	US$8.48 billion (US$6.51 billion – **31 December 2016**)
Total Banking Sector Loans & Advances (**31 December 2017**)	US$3.80 billion (US$3.69 billion – **31 December 2016**)
Loans-to Deposit Ratio (**31 December 2017**)	44.81% (31 December 2016 – 56.64%)
Banking Sector Non-Performing Loans (NPLs) (**31 Dec 2017**)	7.08%(7.87% - **Dec 2016** & Peak 20.45% as at 30 Sept 2014)
Total Banking Sector Assets (**31 December 2017**)	US$11.25 billion (**31 Dec 2016** - US$8.73 billion)

Source: Mainly the January 2018 Monetary Policy Statement (RBZ) & Various other Industry Sources

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Editorial Comment

Product Innovation & Channel Development: Festive Season Reprieve

After the slump in total product development and promotion activity in November attributed to the country's interesting political developments, activity rebounded from three (3) to seven (7) in December in keeping with the Christmas festivities. As expected in this season, promotional activity was dominant, with companies linked to the Old Mutual Group accounting for half of the activity through a promotion for funeral insurance. Unlike product development and promotion activity, channel development did not recover and instead remained flat at just two initiatives namely the impending relocation of Stanbic Bank's Southerton Branch and CABS's strategic partnership with ZymPay for purposes of facilitating payments by Diaspora mortgage customers.

Executive Management/Board Changes: End of an Era

As Zimbabweans adjusted to life without former president Robert Mugabe after 37 long years, "colleagues" at Barclays Bank of Zimbabwe had to similarly cope with life after George Guvamatanga, whose departure was officially announced by bank Chairman Anthony Mandiwanza in early December. A week later, Mandiwanza announced the appointment of the bank's former CFO Samuel Matsekete as substantive managing director. Meanwhile the Board of Directors of the Rainbow Tourism Group (RTG) announced the appointment of immediate past chairman of Agribank as its new Chairman to replace Deposit Protection Corporation CEO John Chikura. Biyam is currently the CEO of the Bankers Association of Zimbabwe and Executive Director of the Institute of Bankers of Zimbabwe. During the month, Cambria Africa's largest subsidiary, Paynet Zimbabwe, appointed Sibert Dube as its Chief Executive Officer, having been acting CEO since 2015.

ICT Developments: Blackout Exposes Technology Risk

In technology news, the banking sector reportedly lost an estimated $70 million after internet-dependent transactions could not be processed because of the six-hour long data blackout on December 5, 2017 - a result of a technical fault on Liquid Telecoms Zimbabwe's main fibre lines coming from South Africa. The fault, which affected services such as point of sale (POS) transactions, the real time gross settlement system (RTGS), automated teller machines and mobile money, illustrates that banking is now a technology business and highlights the level of risk the sector is exposed to as a result of ICT. Apparently, Internet-related financial services now account for a significant chunk of the sector's revenue.

Corporate Social Investment (CSI) & Sponsorship Initiatives: Donations Dominate

Activity in the corporate social investment space was dominated by donations. CBZ Holdings donated to an old people's home and to the Zimbabwe Parks and Wild Life Management Authority (ZimParks) to promote sustainable wildlife management. Ecobank donated to the Mother of Peace Community orphanage in Mutoko as part of Ecobank Day celebrations in order to ensure access to clean drinking water. The bank also donated consumable and drugs to the Chitungwiza General Hospital's maternity home and oxygen equipment in order to help in reducing child mortality.

Corporate Actions: Political Developments Improve Market Sentiment

Following the momentous political developments of November 2017, which had far reaching implications on the economic fabric of Zimbabwean society, one of the most telling developments of the month was the announcement that positive changes in market conditions had caused an agreement to be reached for ZHL to dispose of its 30.03% stake in NicozDiamond Insurance Limited (NDIL) to National Social Security Authority (NSSA), at a consideration of US$7.040 million, effective 19th December 2017. Negotiations relating to the disposal of the stake had been abruptly terminated due to market conditions prevailing at the time, such as valuation considerations and the inflationary backdrop that made it illogical to dispose of a real asset in exchange for monetary assets at a time everyone was running away from them. For clearly demonstrating the impact of political developments on the operating environment for business, this is one of the highlights of the review period.

Meanwhile, the process of separating ZB Financial Holdings Limited (ZBFHL) from Intermarket Holdings Limited (IHL) gathered momentum with Government and the Reserve Bank of Zimbabwe reportedly anxious to have the transaction concluded, following irreconcilable differences. The delays were considered unnecessary given the belief that separating the two groups should be a "straight forward" and "quick" affair considering that the businesses were separately licensed and had different administrative structures.

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External Financing: China to the Rescue

Even as Deputy Minister of Finance and Economic Development Terrence Mukupe said proper banking services would only return to the country after the Zimbabwe Democracy and Economic Recovery Act (Zidera) has been removed, China, through its Export-Import Bank bucked this trend by announcing US$300 million in support for Zimbabwe. This came in the form of a US$153 million loan facility for the upgrade of the Robert Gabriel Mugabe International Airport and two grants for the construction of the New Parliament Building in Mount Hampden (US$50 million) and construction of the High Performance Computing Centre (US$15 million) at the University of Zimbabwe. At the end of the month, NetOne, signed a $71 million funding agreement with Huawei Technologies International of China for the expansion of its mobile phone network into the rural areas as part of the new administration's 100-day plan.

Capital Markets Developments: Untu Capital Breaks New Ground

In the capital markets, the highlight was Untu Capital Limited's move to tap the market through Tranche 1 of its US$5 million Medium Term Note Programme to be listed on the Financial Securities Exchange (Private) Limited ("FINSEC"). This was significant in that it was the first time a credit-only microfinance institution was coming to the market to raise funds in this way (retail bond) to be used for underwriting new business. The capital raising exercise however appeared to suffer a minor setback with the extension of the US$1 million U-gain offer to close on 26 January 2018 instead of 5 January 2018 as originally intended, ostensibly to give all mobile subscribers an opportunity to participate in the offer. However, it's most likely that the extension was a result of low uptake of the bond. Meanwhile, Brainworks Capital founders George Manyere and Walter Kambwanji sold their shareholding in the Johannesburg Stock Exchange-listed company and acquired the company's investment in Getbucks, in a move the company hoped would increase the percentage shareholding held by the public and accordingly improve liquidity.

Fiscal, Public Debt & Investment Issues: Afreximbank pledges massive funding support

African Export-Import Bank (Afreximbank)'s announcement of a US$1.5 billion economic stabilisation package for Zimbabwe, was clearly a key highlight of December, coming as it did a few weeks into the life of the new political administration which needs all the support it can get. While the support is clearly necessary and is in fact sorely needed, the Afreximbank delegation did not give much away in terms of the details of the facility except to mention that it would go towards the revival of the productive sectors in order to stimulate exports and also provide investment guarantees to entice investors to come to Zimbabwe. This means that in the short to medium term, there will be no actual inflow of funds into Zimbabwe. The more we tried to decipher the substance of the facility, the more it appeared to be more of a hastily arranged public relations exercise meant to improve the image of the new dispensation as one capable of attracting foreign funding. "There is no new money; it's a recycled old debt. They were just making headlines. It's hot air," said Former Finance Minister in the Inclusive Government Tendai Biti, adding that it was impossible for Afreximbank to lend Zimbabwe $1.5 billion, given its balance sheet size.

However, the reality is that investment will only come to Zimbabwe if government makes tangible effort to institute reforms that improve the operating environment in Zimbabwe, such as the recently proposed revision of the indigenisation and economic empowerment Act. Of course, Afreximbank has been an all-weather friend of Zimbabwe over the years in terms of providing funding support but it also has a few things to be grateful for. The bank recently received a donation of a 12000 square metre stand in Newlands from Government, on which it intends to construct its Southern Africa Regional Office and Trade Centre. So we wait with bated breath for the implementation of the facility.

Troubled Institutions Resolutions Initiatives: Depositors Continue to Sing the Blues

During the month, Reggie F. Saruchera, the Deposit Protection Corporation's Liquidator Agent issued a public notice in respect of the progress of liquidation of AfrAsia Bank Zimbabwe Limited, pursuant to which it emerged that two interim dividends amounting to only $2.95 million had been paid to preferred creditors. Legal proceedings and the illiquid market have continued to impede the anticipated timing of the liquidation distributions, a state of affairs which brought into sharp focus the predicament of long-suffering depositors, most of whom are unsecured creditors.

Policy/Regulatory /Legal Developments: Setting a New Policy Agenda

Regulatory maneuvers during the month were principally to do with giving legal effect to the moratorium announced by President Emmerson Mnangagwa on 28 November 2017. First, through the instrumentality of Statutory Instrument 145 of 2017, Government amended the Exchange Control Act to enable individuals and corporates to return

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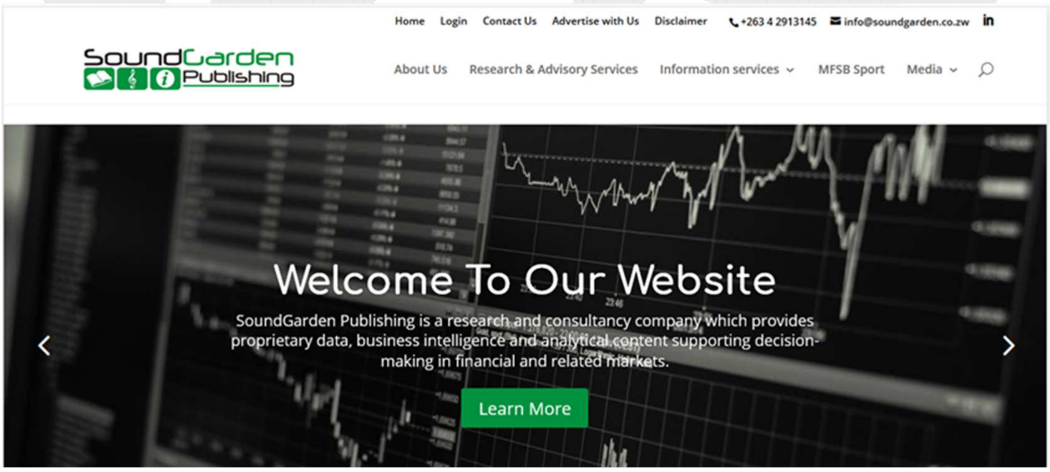
externalised funds to Zimbabwe without facing prosecution. Then the Reserve Bank of Zimbabwe issued a press statement to advise the administrative arrangements applicable to the repatriation of the expatriated foreign exchange and assets during the amnesty. Finance and Economic Minister Patrick Chinamasa's presented the US$5.1 billion 2018 National Budget themed "Towards a New Economic Order" to the Parliament of Zimbabwe on Thursday, 7th December 2017. This particular budget statement was significant for a number of reasons. First, the budget is Government's most important policy instrument so when it is issued, the nation is bound to pay attention. Second, it was the first under the new administration of President E. D. Mnangagwa and was therefore widely anticipated for its potential to spell out the new policy direction. There was no doubt that the 2018 budget statement signaled a departure from the fiscal indiscipline of the past, but the proof of the pudding is in the eating, so Zimbabweans waited to see whether the implementation matrix would match the reformist agenda outlined in the budget. Chinamasa had previously decried the lack of political will as the bane of policy implementation, but this time it appeared that the stakes were high and political will might be more forthcoming.

Another highlight of the month was the announcement that following discussions between the Reserve Bank of Zimbabwe and Time Bank to address the parties' historical disputes, resolution had been reached, paving way for re-opening of the bank. Despite the advent of the new political dispensation which has brought an air of hope and optimism which Time Bank might want to exploit, one wonders if the bank will not go the way of the likes of Trust Bank and ZABG/Allied Bank which were allowed to reopen and operate but folded not long after that, simply because they wanted to prove a point. Any bank that wants to start or resume operations at this time has to think about meeting capital levels and the need to catch up and invest heavily in IT systems since banking has clearly become a technology business. One can't help thinking about Mthuli Ncube's Barbican Bank Limited, which was given regulatory permission to resume operations but chose note to do so.

Currency, Pricing and Liquidity Perspectives: Local Currency? Not So Fast!

In one of the reassuring messages of the new political administration, Minister of Finance and Economic Planning Patrick Chinamasa said Zimbabwe was not ready for its own currency as the country needed to first address some issues such as the budget deficit, trade balance and import cover. This was despite suggestions from some quarters within government calling for the return of Zimbabwe dollar. In a related development, the Reserve Bank of Zimbabwe finally pronounced their official position regarding the use of virtual currencies. The apex advised members of the public that the use of and trading in cryptocurrencies or virtual currencies was not regulated by the country's laws and as such, presented risks such as money laundering, terrorism financing, tax evasion and fraud. "Under the existing legal and regulatory dispensation, any person who invests in virtual currencies or participates in any transactions involving virtual currencies, does so at own risk and will not have legal protection from, or recourse against, any regulatory authority," said Reserve Bank of Zimbabwe governor, Dr. John Mangudya, on the 20th of December 2017. However, as we have said in this bulletin before, as long as foreign currency shortages persist, virtual currencies such as Bitcoin shall continue to offer investment and transacting options for Zimbabwean.



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LAUGHING & LEARNING ALL THE WAY TO THE BANK

Welcome to a brand new extra editorial page which is a collage of facts, figures and some humour. "Laughing All the Way to The Bank", as its name suggests, brings you some of the best humour - inspired by the often too serious subject of banking. "Did You Know?" profiles facts and figures you probably didn't know about the Zimbabwean economy in general or the banking sector in particular.

LAUGHING ALL THE WAY TO THE BANK

"We operate on a system of checks and balances. My wife writes the checks and I try to balance them."

I am looking for a MyBank app that lets me swipe away my bills.

"Personally I don't think our salaries are too high - I see them as legitimate compensation for the emotional trauma we suffer due to the public's disdain for us for having high salaries."

Did you know that on December 15, 1995 European Union leaders announced their new currency would be known as the *Euro*, which was eventually launched on 1 January 1999 as a virtual currency for cash-less payments and accounting purposes? Banknotes and coins were introduced on 1 January 2002. The international three-letter code for the euro is EUR. The euro has evolved to become the most tangible proof of European integration – the common currency in 19 out of 28 EU countries and used by some 338.6 million people every day. The Euro is the second most important international currency after the US dollar. A single currency offers many advantages, such as eliminating fluctuating exchange rates and exchange costs. Because it is easier for companies to conduct cross-border trade and the economy is more stable, the economy grows and consumers have more choice. A common currency also encourages people to travel and shop in other countries.

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RECENT EVENTS IN PICTURES

During the month, Stanbic Bank Southerton Branch relocated to a new location at 39 Birmingham Road (See p.14)

BancABC, which has a proud history of supporting football in Zimbabwe, ended its sponsorship deals with the country's top football giants, Dynamos FC and Highlanders FC on the 31st of December 2017 after half a dozen years.

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THE MICROFINANCE INTERVIEW: MFI TARGETS BOTTOM-OF-THE-PYRAMID WOMEN ENTREPRENEURS

The Microfinance Interview is a monthly question-and-answer feature through which we engage key stakeholders of the sector such as MFIs, funders, service providers, development partners and regulatory authorities amongst others on issues of topical and mutual interest. This is in recognition of the influential role of microfinance as one of the four pillars of the National Financial Inclusion Strategy (NFIS) alongside financial innovation, financial literacy and financial consumer protection. In this instalment, the spotlight is on Thrive Microfinance, a developmental microfinance institution. Brian Nyabadza, the company's Operations Director talks about the company's origins and reason for existence, its business model, and its impact on the targeted market. He also talks about several topical issues such as the capping of interest rates, the importance of savings as the key to long-term financial security, how the company is mainstreaming Client Protection Principles (CPPs) in its operations and playing a part in the Social Performance Management movement through a poverty assessment initiative. He concludes by outlining the developments he would you like to see in the microfinance sector in Zimbabwe. Thrive was founded by current Managing Director, Henry Bartram.

MFSB: Tell us a little about Thrive Microfinance. The when, the how and the why it was founded.

BN: Thrive was founded in March 2012 for the benefit of bottom-of-the-pyramid women entrepreneurs who normally fail to access financial products and services from conventional lenders owing to their inability to meet conventional lending requirements. The vision was and still is a world in which women entrepreneurs are supported reasonably enough to reach their full potential in business.

MFSB: Why the name Thrive?

BN: To thrive is to grow or develop well, in this regard we seek to provide products and services that enable our borrowers to develop and progress well. We have a strong beneficiary focus and we target economic and social transformation. We exist to enable our clients to thrive by offering them reasonably priced and customer oriented products and services.

MFSB: Can you briefly describe Thrive Microfinance's mission and the approach that you use in an effort to fulfil that mission.

BN: Thrive's mission is to provide training and micro-credit to women entrepreneurs in a manner that is socially responsible and financially sustainable. We target the previously excluded and our products are designed to enable their inclusion. 80% of our loan book consists of loans secured by group guarantee. While our target market (women) generally do not have assets to borrow against, they often have very closely knit social ties. We proactively support them to systematically develop those ties before we allow them to borrow against them and so far it has been working very well.

> "For us, striking the balance between financial and social objectives is the challenge of making it as a double bottom line organisation and our resolve could never have been stronger."

We measure their poverty likelihoods when they get their first loans and we track changes over time. Throughout the lifecycle of the relationship we provide additional training and support that allows them to not only grow their business acumen but also slowly build assets that cushion them against socio-economic shocks.

The model we use is a high cost one and should not be used by financial institutions looking for a quick return. Because of the client care and monitoring we provide, our efficiency metrics suffer and so does profitability. For us, striking the balance between financial and social objectives is the challenge of making it as a double bottom line organisation and our resolve could never have been stronger.

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MFSB: What's your current outreach, loan book size and number of customers like?

BN: At present we have branches in Harare, Chitungwiza, Marondera and Juru. Our gross loan book size is $1,4m and active clients are 5500. Over the past 5 years we have trained and provided micro-loans to 11000 entrepreneurs.

MFSB: Given that you are a credit-only MFI, could you outline your current sources of funding?

BN: Our biggest supporter is the Zimbabwe Microfinance Fund, they have basically nurtured us through our teething problems. We have also managed to attract funding from international lenders such as Kiva, Care International's Lend with Care and the Whole Planet Foundation in addition to shareholder capital.

MFSB: Can you tell us about the cost structure of your loans and also give us your views on the capping of interest rates by regulatory authorities.

> "Transparency and appropriate pricing are important issues for us as they go a long way in preventing borrower over-indebtedness."

BN: Our interest rates range from 3% to 6.5% flat per month on the various products we offer. We do not have any other charges (application fees, insurance or arrangement fees etc) as these have the effect of disguising the true cost of borrowing to clients. Transparency and appropriate pricing are important issues for us as they go a long way in preventing borrower over-indebtedness.

The capping of interest rates by the regulator is in principle absolutely correct. Excessively high interest rates eventually drive loan poor performance as they make the borrowing cost unbearable. However, to go with the capping, the regulator or someone has to address the cost of funds in this economy. As it stands, MFIs are picking up very expensive capital for on-lending and because of the high operating cost structure in the country, they can only pass on the burden to the borrowers because it makes business sense. Having said this, MFIs should proactively seek to be more efficient, responsibly!

MFSB: We note that you view savings as the key to long-term financial security. Given the loss of savings in the past and the inflationary impact of the current operating environment, how do you allay the fears of your clients?

BN: This is one of our biggest challenges since inception. While savings are key and after continued training, our clients often demonstrate significant behavioural change, banks and inflation have over the past 10 years made it difficult for our people to develop the sort of savings culture prevalent in East and Central Africa (where almost everyone belongs to a SACCO or Internal Savings and Lending (ISAL) schemes. As a result a lot of our clients remain financially exposed, with a number of them still regrettably exchanging chants such as *"gara wadya, kufa kwakauya"*. Unfortunately this state of affairs further drives the cycle of poverty and it breaks the hearts of genuine development practitioners.

MFSB: Considering that you encourage and assist groups to open savings accounts with local banks, are you not thinking of becoming a deposit-taking MFI yourselves to diversify your funding sources as well as your product offering.

BN: We aspire to be deposit taking in the future but we are still a long way off. We will need a much stronger balance sheet and our focus over the next few years will be to achieve that. We just hope that banks develop better community banking products and banking confidence improves in the short term so that we continue referring our borrowers to banks for a while.

MFSB: The MFSB is informed that borrowers undertake a training programme prior to applying for a loan? Would you like to tell us more about this? How is it done and what is covered?

BN: We provide group dynamics and financial literacy training to all our borrowers. Group dynamics training is particularly important since 80% of our loan book consists of group business loans. The training therefore supports our borrowers in forming and maintaining cohesive borrowing units that enable them to access micro-loans against social guarantees. In this way we not only combat financial but social exclusion by bringing community members together. Through the same groups we provide voluntary non-financial training on esteem, health and legal issues since these affect the extent to which women can benefit from micro-loans.

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Furthermore, we provide training on financial literacy. Financial literacy is a very broad subject but we only focus on topics that enable borrowers to make appropriate borrowing decisions, manage their businesses and cashflows better.

The provision of borrower education is however a significant cost. Thrive only does it because we believe it is a pre-requisite for financial inclusion if a socially responsible outcome is sought. Including the previously excluded and obviously more vulnerable requires the financial institution to be very careful lest the inclusion process leaves borrowers worse off and discouraged. This should be avoided at all costs.

MFSB: How would you describe the impact of Thrive Microfinance so far in Zimbabwe?

> "Thrive (though it still has a long way to go) is making strides towards addressing the discrepancy between male and female access to productive capital."

BN: Thrive, just like a lot of other MFIs in Zimbabwe has made a great impact on household poverty and wealth creation. Unfortunately we do not have commonly accepted social impact measurement frameworks. At best, we can say Thrive has enabled countless families to survive poverty en route to building tangible assets. Our in-house impact measuring tools suggest that our borrowers' poverty likelihoods decrease progressively over three years but they also show that the impact (though we can never claim 100% causality) we make in borrowers' lives reduced significantly over the last two years owing to the worsening macro-economic conditions. In addition, Thrive (though it still has a long way to go) is making strides towards addressing the discrepancy between male and female access to productive capital.

MFSB: We understand that your company is "an enthusiastic adopter" of the Client Protection Principles (CPPs). First tell us more about these CPPs in general and more specifically how you are mainstreaming them into your operations.

BN: Client Protection Principles (CPPs) are developed by the Smart Campaign and are expressly referred to in the Microfinance Act. They are guidelines that prescribe the standard of care that a financial institution ought to take when dealing with vulnerable borrowers. Similar but further to these are Social Performance Indicators (SPI) as developed by the Social Performance Task Force (SPTF). Though we are not yet Smart certified (on account of cost), we are both CPP and SPI compliant as confirmed by a recent social impact audit that was conducted on Thrive by a Barcelona based independent auditor known as Inclusion Social Rating (ISR). The specific principles and how we measure up to them are as follows:

1. Appropriate product design and delivery: all our products derive from client needs and best interests. Product development for us is the internal effort we make in trying to meet a client's need efficiently and profitably.
2. Prevention of over-indebtedness: our lending decisions are based on assessing whether the borrowing benefit outweighs the cost or whether a borrower can sustain a repayment pattern without becoming worse off or having to pawn assets. Our marketing is never aggressive, our loan officers have no portfolio size targets and we do not pay performance bonuses as they distort loan officer behaviour.
3. Transparency: our borrowers will never sign a loan contract without them demonstrating that they are clear on the loan cost as well as the benefit from the borrowing.
4. Responsible pricing: we price to nurture vulnerable borrowers, the less you borrow, the less interest you pay.
5. Collection methods: we collect religiously within the confines of the CPPs. Breach of CPPs during collections is a serious loan officer offence, what we fail to collect within the CPPs, we write-off. (Using the court due processes is within the confines of the CPPs.)
6. Client data privacy: we have a sound data privacy policy that compels us to only use client data for loan assessments and research.
7. Client feedback mechanism: We have a robust feedback mechanism that goes up to board sub-committee.

MFSB: Tell us about poverty assessment in Zimbabwe and how your company is playing a part in the Social Performance Management movement.

BN: Poverty assessments are quite advanced in Zimbabwe particularly for organisations with dedicated research units capable of using metrics such as the ones USAID and the World Bank use. However small players (the likes of Thrive) are still very behind and most view it as a want, not a need.

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In trying to change this, Thrive is a part of the ZAMFI led Progress out Poverty Index pursuit. This is a simple impact measuring tool which once in place will enable local development organisations to report their progress on a comparable basis that also fits the global template. This tool is developed by the Grameen Foundation (the pioneers of microfinance) and some American experts.

Thrive is also participating in a five-year study being carried out by the University of Portsmouth, which seeks to further characterize and understand poverty in our local context and the extent to which microcredit can be effective as an intervention.

MFSB: What developments would you like to see in the microfinance sector in Zimbabwe?

BN: Firstly, the Reserve Bank of Zimbabwe should find ways of issuing longer term licences for MFIs. While we recognise their skepticism and need to manage the sector carefully (probably because of previous bad behaviour by some of us), we wish to point out the extent to which the one year licence affects planning and fundraising.

We propose that they stop the one size fits all approach - for MFIs that have been around and have proven that they are well managed and aspire for best practice, they could issue two year licences, progressing to three or five year licences upon next renewal. They can retain the one year licences for the new entrants, giving them a chance to have a feel of the waters before they start giving them longer term licences over time.

Secondly, we seem to continue to lag behind in terms of effective utilisation of mobile financial services. Ecocash appears to be miles behind MPesa in terms of transaction costs, customer support and financial institution convenience (in my opinion). We hope to see the day the mobile financial service providers will genuinely engage the financial institutions in moving away from rigid to more flexible, well priced customer focused products.

> "We want to challenge the insurance sector to innovate and develop insurance products whose premiums are affordable to the market segments that we serve."

Furthermore, microfinance is predominantly the provision of micro-credit in Zimbabwe, yet it is supposed to include more products and services such as micro-insurance. We want to challenge the insurance sector to innovate and develop insurance products whose premiums are affordable to the market segments that we serve. This way, we would partner them in ensuring that insurance does not remain a product for the middle class and the rich, the bottom of the pyramid needs insurance more. In addition, funding remains scarce and expensive in this economy.

> "Unfortunately at the moment, the sector cannot even measure how well it is doing in terms of the social objectives of microfinance."

Lastly, the regulator should do more to raise awareness about responsible lending and social impact management. What the bottom of the pyramid and generally the market segments we serve need is informed financial inclusion by responsible lenders. Without this, the borrowers will get worse off while the financial institutions post remarkable profit numbers. Unfortunately at the moment, the sector cannot even measure how well it is doing in terms of the social objectives of microfinance. It is to this end that the regulator or someone should ensure the sector has sound and common social performance management frameworks upon which we all report at agreed intervals. The regulator may give incentives to complying institutions as opposed to sanctions for non-compliance.

Brian Nyabadza has been in the microfinance field for the last six years and is the Director of Operations for Thrive Microfinance. He holds a degree in Applied Economics from the University of Zimbabwe and is a Management Accountant in training.

December 27, 1945: The International Monetary Fund was established in Washington, D.C.

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PRODUCT LAUNCH/ENHANCEMENT INDEX (PLEI)

- Untu Capital, a registered Microfinance Institution launched U-Gain, a retail debt instrument meant to of expand the reach and increase the convenience of local transactions and loan facilities to micro-borrowers and micro-entrepreneurs. "Untu Capital is proud to announce the launch of the first ever mobile retail bond in Zimbabwe called "U-gain." It will allow Zimbabwean citizens to lend money to Untu by buying this bond using their mobile phones. Untu has partnered with Telecash and Ecocash in this pioneering event. This initiative advances the cause of financial inclusivity in the country. Less than 10% of the population has traditionally had access to the Capital Markets. This is a game changer and brings the convenience and ease of accessing the Capital Markets through everyone's mobile phone. U-gain notes can be bought from as little as $50 and are for a period of 12 months, you also gain 9% interest per annum. These notes will be listed on the Finsec Stock Exchange, which means they will be tradeable and can be bought and sold like shares," said the MFI on its website.

PRODUCT PROMOTION INDEX (PPI)

- EcoCash introduced the Christmas Turn up Promotion in which users of the mobile money platform stood a chance to win over$100,000 in prizes. "EcoCash yauya ne Christmas! Transact, accumulate value for payments and WIN! Accumulate at least $20 or more in payments via EcoCash from the 1st of December to the 31st of December and stand a chance to WIN in the Christmas Turn Up promotion!," said the mobile money platform of Econet Wireless, further outlining the prices as follows:

SPEND $20 - $99.99	SPEND $100 - $299.99	SPEND $300 - $599.99	SPEND $600 - $5,000+
WIN Airtime	WIN Cash Back	WIN Shopping Vouchers	Win Kwese Decoders, $10,000 EcoSure Accident Cover/ $1000 EcoSure Cover plus many more

- MBCA Bank Limited introduced a 60-day promotion for its funeral cover offering. "We are pleased to advise that if you sign up for MBCA Funeral Cover between 1 December 2017 and 31 January 2018, you will be exempt from paying premiums for those two months. Get cover that you need this festive season, after all you will only start paying your premiums in February 2018, way after January disease. The promotion runs form 1 December 2017 to 31 January 2018. Terms and conditions apply," the bank said in an update to clients issued on 1 December 2017.

- Old Mutual Zimbabwe introduced the Old Mutual Funeral Plan Promotion running from 1 December 2017 to 31 January 2018. "Sign up for the Old Mutual Funeral Plan and get FREE Cover. It's just our way of saying Happy Holidays. This is how it works. Individuals or Groups that take up the Old Mutual Funeral Plan between 1 December 2017 and 31 January 2018 will be exempted from paying premiums for these respective months. Clients will only start paying premiums from February 2018 (in accordance with the terms and conditions of the Old Mutual Funeral Plan). The Funeral Plan has immediate cover for accidental death and a three month waiting period for natural deaths," said the diversified financial services group with interests in investments, savings, insurance and banking.

- CABS announced a free funeral cover promotion. "CABS would like to advise that all new funeral policies opened between 1 December 2017 and 31 January 2018 will receive free cover for that period. This means that the first premium payment will cover February 2018," said the member of the Old Mutual Group. Part of the terms and conditions of the offer required new policy holders to submit a debit order or stop order effective in February 2018. The CABS Funeral Plan, which is underwritten by Old Mutual Life Assurance Company Zimbabwe (Limited), has immediate cover for accidental death and three-month waiting period for natural death events.

- The People's Own Savings Bank (POSB) announced the 100 November winners of its Bank & Win on the Go Promotion. "We have Winners on the GO! Congratulations November Winners," said the savings bank, noting that the prize money of $50 would be deposited directly into winners' accounts.

Daily Minimum Balance Winners	50
New E-Channel Transaction Winners	50

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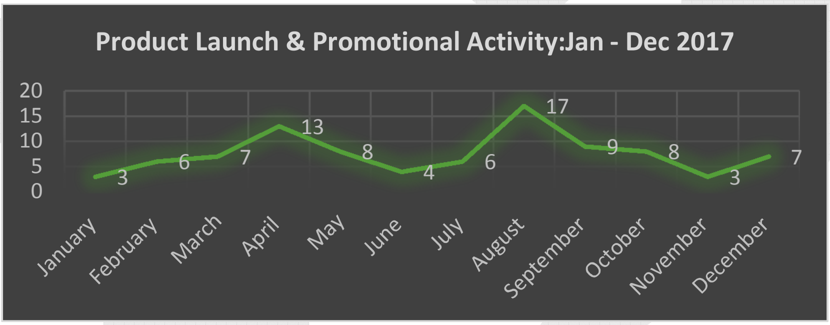
- Agribank introduced the Agribank Schools Deposit Promotion under which schools which open an Agribank account stand a chance to win a Nissan NP300 Single cab vehicle. Schools enter the promotion by opening an Agribank account, maintaining a minimum balance of $10 000 per month for the national prizes and maintaining a minimum balance of $2 000 per month for the provincial prizes. The national prizes include a Nissan NP300 (First Prize), $10 000 (Second Prize), $5 000 (Third Prize) and 10 consolation prizes of $1 000 each. The provincial prizes include $1 500 (First Prize), $1 000 (Second Prize), $500 (Third Prize) and 10 consolation prizes of $200 each. The promotion runs from 15 December 2017 – 30 September 2018.

- FMC Finance, a registered credit-only Microfinancier introduced the "Get FMC Loan & Win!" Promotion. "Simply apply for any of our low interest rate loans and stand a chance to win one of these fantastic prizes. Promotion runs from January 1 to March 31, 2018. All government pensioners qualify. Draws to be conducted at every branch nationwide," said the microfinance institution which has 26 branches nationwide, adding that prizes included 10 laptops, 30 school fees vouchers, 10 Samsung mobile phones and ten 49 inch LED TVs.



SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

#	Organization	Product /Promotion	Product/Service Category	Sub-sector	Type of Initiative
1	Untu Capital	U-Gain, a retail debt instrument	Retail Bond	Microfinance	Product Launch
2	EcoCash	Christmas Turn Up Promotion	Mobile Money	Non-Bank –Telco	Product Promotion
3	MBCA Bank Limited	MBCA Funeral Cover Promotion	Funeral Insurance	Banking	Product Promotion
4	Old Mutual Zimbabwe	Old Mutual Funeral Plan Promotion	Funeral Insurance	Insurance	Product Promotion
5	CABS	Free Funeral Cover Promotion	Funeral Insurance	Banking	Product Promotion
6	Agribank	Agribank Schools Deposit Promotion	Retail Deposits	Banking	Product Promotion
7	FMC Finance	"Get FMC Loan & Win!" Promotion	Consumer Lending	Microfinance	Product Promotion

CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

- Stanbic Bank issued a notice regarding the relocation of its Southerton Branch. "We are pleased to advise that our Southerton Branch will be relocating to a new location for your convenience. The new address is 39 Birmingham, Southerton, Harare. Our contact numbers remain unchanged and you can call us on +263 4 754 444/5/7/8 or 756 864 -8. To facilitate this relocation, the Branch will be closed on Saturday 2 December 2017 and will re-open on Monday 4 December 2017 at our new home. We encourage customers to make use of our digital platforms or alternatively access banking services at any of our other branches. All inconveniences caused during this transition are sincerely regretted," said the bank in the notice published on 1 December 2017.

- Cross border bill payment business ZymPay entered into a strategic partnership with Central Africa Building Society (CABS) in Zimbabwe to facilitate payments from their Diaspora mortgage customers in the United Kingdom,

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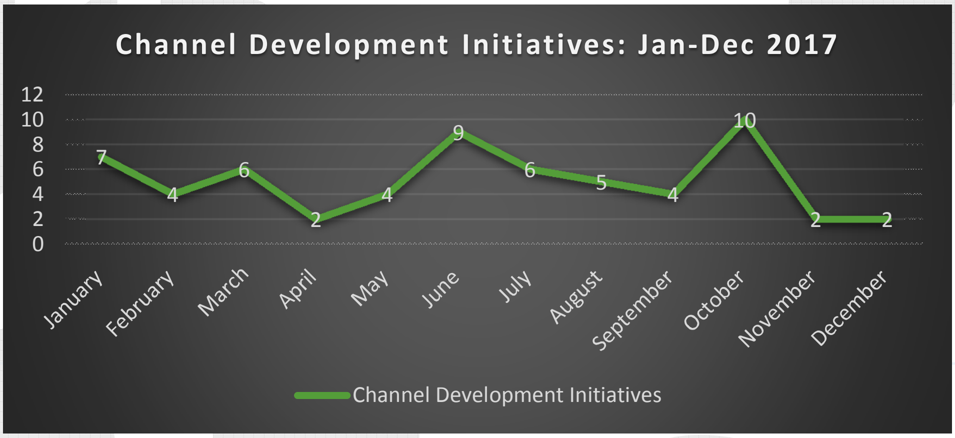
Europe and Switzerland. Now mortgage customers with CABS - a part of the Old Mutual Group – can pay in just a few clicks, using their regular bank debit card without the inconveniences of money transfers, local deposits or payments into other banks to get it to Zimbabwe, according to ZymPay chairperson and CEO, Dakshesh Patel who added that fees were on a sliding scale but capped and far better value than making a bank transfer. Additionally, he said ZymPay provided competitive and fair exchange rates too. "With this new system, using ZymPay, the minute you pay online, you get an instant notification of your order and your transaction account at CABS in Zimbabwe is credited within 24 hours and you will get a receipt by email. This strategic partnership with CABS has simplified the process of mortgage payments in Zimbabwe. It is endorsed by CABS, making it the go-to solution for mortgage payments for CABS customers and Zimbabweans everywhere," said Patel.

#	SUMMARY:CHANNEL EXPANSION/RATIONALISATION ACTIVITY			
	Institution	Sector	Type of Initiative	Description
1	Stanbic Bank	Banking	Branch Relocation	Move to 39 Birmingham Road
2	CABS	Banking	Strategic Partnership	Facilitating Diaspora Mortgage Payments.



EXECUTIVE MANAGEMENT/BOARD CHANGES

- Barclays Bank of Zimbabwe Chairman Anthony Mandiwanza issued a public statement in respect of management changes at the bank. "Following the successful completion of the transaction between Barclays Bank PLC and FMB Capital Holdings, the Board of Directors for the Barclays Bank of Zimbabwe would like to inform all stakeholders that the Managing Director of Barclays Bank of Zimbabwe, George Guvamatanga has retired from the bank with effect from November 2017 in order to pursue other interests. The bank is deeply indebted to George for his 28 years of dedicated service, 10 of which he was the Managing Director of Barclays Bank of Zimbabwe. George steered the business through difficult times whilst managing to lead the bank's growth in scale and profitability over the period. Further, George played a catalytic role in progressing the engagement process between Zimbabwe, the World Bank and the International Monetary Fund at Lima. Barclays Bank of Zimbabwe thanks George for his contribution to the well – being of the bank and wishes him the very best in his future endeavours. Meanwhile, Samuel Matsekete, the Chief Finance Officer, has been appointed Acting Managing Director. The bank remains grateful to its customers, stakeholders and staff for their continued support," said Mandiwanza in the statement dated 8 December 2017.

- The Board of Barclays Bank of Zimbabwe Limited announced the appointment of a new Managing Director following the departure of George Guvamatanga. "The Barclays Bank of Zimbabwe Board is pleased to announce the appointment of Samuel Matsekete as substantive Managing Director of the company with immediate effect. Samuel was previously the bank's Chief Finance Officer. Sam joined Barclays Zimbabwe as Financial Controller in 2007. A year later, he was appointed to the Board and assumed the role of Finance Director. Over his career within the bank, Sam also held extended responsibilities that covered Risk, Compliance and Legal. Sam's experience prior

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to joining Barclays involved executive roles in organisations from advisory services, investment management, insurance, manufacturing and mining sectors. He holds a Master of Business Leadership degree from the University of South Africa, a Bachelor of Accountancy degree from the University of Zimbabwe and is an associate of the Institute of Bankers Zimbabwe. Sam is a qualified chartered accountant. The board and all colleagues at the bank wish Sam all the best in his new role," read the statement dated 15 December 2017.

- The Board of Directors of Rainbow Tourism Group (RTG) announced the appointment of Sijabuliso Thabani Biyam as Chairman of the RTG Board with effect from 22 November 2017. "Mr. Biyam brings to the Board a wealth of experience in both public and private institutions spanning over three decades. He is currently the Chief Executive Officer of Bankers Association of Zimbabwe and Executive Director of the Institute of Bankers of Zimbabwe. He also serves as the Chairman of the Board of Trustees of a Public Sector Housing Fund. Mr. Biyam is the former Managing Director of Zimbank and Head of Syfrets Corporate and Merchant Bank. He has also served as the former Chairman of Agribank, National Social Security Authority (NSSA), Minerals Marketing Corporation of Zimbabwe, Oxygen Industries (now BOC Gases) and the Zimbabwe Stock Exchange. He was Deputy Permanent Secretary in the Ministry of Finance from 1980 up to 1984 and has worked in the Private Sector as Accountant for National Breweries, General Manager of Tobacco Sales Floor and Managing Director of Caribonum (Private) Limited - both subsidiaries of TSL Ltd. The board, management and staff of RTG congratulate Biyam on his appointment and wish him all the success in his new roles," said the RTG Board.

- Cambria Africa's largest subsidiary, Paynet Zimbabwe, appointed Sibert Dube as its Chief Executive Officer. Having joined the company in 2003 as its customer services and business deployment manager, Dube rose through the ranks in Paynet and held the acting CE position since 2015. Prior to being assigned as the acting CE, he was named chief operating officer in January 2014. He holds a BSc Honours (1995) in Computer Science, MBA (2007) from the University of Zimbabwe, and a Masters of Business Leadership (2017) from the University of South Africa. Dube hopes to expand Paynet Zimbabwe's footprint by establishing an Express Payment Platform, deploying block chain technologies, making inroads into the consumer market, and acting as a major player in international remittances into Zimbabwe. Paynet Zimbabwe's subsidiaries include Autopay - a payroll and salaries services bureau and Tradanet - which processes consumer loans for CABS, Zimbabwe's largest building society.

ICT DEVELOPMENTS

- The banking sector reportedly lost an estimated $70 million after many internet-dependent transactions could not be processed because of the data blackout on December 5, 2017 which lasted six hours as a result of a technical fault on Liquid Telecoms Zimbabwe's main fibre lines coming from South Africa. While millions of netizens were left stranded during the blackout, financial institutions saw their services grind to a standstill. Internet-related financial services now contribute 75% of the revenue for the banking sector. Services such as point of sale (POS) transactions, the real time gross settlement system (RTGs), automated teller machines and mobile money were affected. The banks' dependence on the internet can be seen by the volume of transactions that are conducted as reported by the Reserve Bank of Zimbabwe's (RBZ) weekly economic report in week ending December 1, 2017. In the report, a total of $1,936 billion was transacted using the real time gross settlement system, cheque, point of sale machines (POS), automated teller machines and mobile, systems which to some degree rely on internet services.

CORPORATE SOCIAL INVESTMENT (CSI) & SPONSORSHIP INITIATIVES

- Steward Bank was acknowledged as the sponsor of the prize money for ZOL Zimbabwe's F500 Introduce a Friend Promotion. "Introduce your Friends to win in the ZOL F500. Cash in on up to $2000 spending money from Steward Bank when you sign on the most friends to ZOL! The more you refer, the bigger you win! There's no time to waste. First 500 referring customers only! To Qualify: Friends use your ZOL ID when they sign up," said Steward Bank's sister company.

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- CBZ Bank Limited donated food hampers and clothes to Chengetanai Old People's Home in Chinhoyi in response to distressed calls for assistance. CBZ Chinhoyi branch manager Mrs Nyaradzo Mandingaisa said the bank stepped in to cover some critical requirements at the home. "We realised that there could be some gaps at the home where our elderly people who raised us are living. They look up to us as their children and we should chip in whenever we can," she said. The donated items included bags of maize, flour, rice, meat, cooking oil, beans, cordials, sugar, cabbages, chunks, soap and clothes, among others. The home's project manager, Lucky Nyanda said the donation was timely and would give the elderly something to cheer about during the festive season.

- CBZ Bank Limited and the Export Credit Guarantee Company (ECGC) were among the sponsors of the Zimbabwe National Chamber of Commerce's Business Review Conference 2017 held on 7th December 2017 under the theme "Consolidating the New Normal Economy through Policy Reforms." Invited guests included RBZ governor Dr John Mangudya and World Bank Country Manager Rosemary Mukami – Kariuki.

- Ecobank donated $5000 to Mother of Peace Community orphanage in Mutoko as part of Ecobank Day celebrations. The donation was meant to ensure that the orphanage could access to clean drinking water. Ecobank manager Tichaona Gandanhamo said the bank was willing to work with different communities to ensure that children live a healthy, good life. "The significance of this donation is coming from Ecobank's direction of corporate social responsibility this year, which is focusing on providing clean and safe drinking water to children, which is the theme we have adopted this year. This is being done across 33 African countries. We have also worked with Chitungwiza General Hospital maternity where today we are donating consumables, drugs to the maternity home and oxygen equipment to make sure that we help in reducing child mortality, and help through provision of chemicals, the mother of these children to make sure that they give their children safe water to drink." said Gandanhamo. Apart from the $5 000, Ecobank also donated foodstuffs worth $2 000 including clothes and toys.

- CBZ Holdings mobilised resources aimed at empowering the Zimbabwe Parks and Wild Life Management Authority (ZimParks) to promote sustainable wildlife management. The financial institution's acting chief executive officer Peter Zimunya said the $2500 donation would enable ZimParks to conduct nationwide conservation education for wildlife clubs in schools. "Our smart partnership with ZimParks will help promote wildlife clubs in schools thus enhancing awareness within the local communities that wildlife must be preserved for our future generation. This will also help young Zimbabweans to learn the knowledge and skills and develop attitudes they need to help conserve their wildlife and environment," said Zimunya. ZimParks director-general Fulton Mangwanya said the donation by Zimbabwe's largest financial services group would help implement the most important facet for conservation and peaceful co-existence with nature through outreach awareness programmes. "Through this generous offer by CBZ, the authority intends to intensify and amplify its advocacy of living in harmony with nature especially in communities surrounding protected areas," he said.

CORPORATE ACTIONS

- Untu Capital Limited, a registered microfinance institution which was incorporated in Zimbabwe on 29 February 2008 and commenced business on 1 September 2009, issued an Abridged Programme Memorandum and Prelisting Statement relating to an issuance of USD5,000,000 Medium Term Note Programme to be listed on the Financial Securities Exchange (Private) Limited ("FINSEC"). "Under this Programme, the Issuer may from time to tome issue Notes denominated in USD or whatever legal currency is in use in Zimbabwe, having such period of maturities as may be determined by the Issuer and approved by FINSEC," said the MFI in the statement dated 1 December 2017. NMB Bank Limited was the Financial Advisor and Receiving Bank for the transaction while ZB Bank was the Trustee.

- Untu Capital Limited issued the applicable pricing supplement for Tranche 1 of the US$5 million Medium Term Note Programme, which opened on 4 December 2017 and was set to close on 5 January 2018. Minimum subscription amounts were US$50 for individuals through mobile money, US$1,000 for individuals and MSMEs through other forms of payment and US$50,000 for institutions. The Listed Notes were to be issued at an interest rate of 9% per annum and the proceeds were to be used for underwriting new business. The Notes were set to be listed on the Financial Securities Exchange (FINSEC) on10 January 2018.

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- First Mutual Holdings Limited issued a notice to shareholders being an update on the transaction to acquire NicozDiamond Insurance Limited. "Shareholders are advised that First Mutual Holdings Limited ("FMHL") has received regulatory approval for the acquisition of the entire issued share capital of NicozDiamond Insurance Limited ("NDIL"). The last of the Conditions Precedent having been met, the National Social Security Authority ("NSSA") has transferred to FMHL 300,263,184 (three hundred million two hundred and sixty three thousand one hundred and eighty four) NDIL shares constituting 50.89% of the entire issued shares of NDIL. In consideration of the NDIL stake, FMHL has issued and allotted 59,813,383 (fifty nine million eight hundred and thirteen thousand three hundred and eighty three) FMHL shares to NSSA. Accordingly, NDIL will become a subsidiary of FMHL. NSSA is in the process of procuring an additional 177,161,256 (one hundred and seventy seven million one hundred and sixty one thousand two hundred and fifty six) NDIL shares, representing 30.03% shareholding in NDIL, from a third party. Subject to shareholder and regulatory approvals, NSSA has irrevocably undertaken to acquire and sell these share to FMHL in terms of the Circular to FMHL Shareholders issued on 10 August 2017. FMHL shall issue and allot 35,291,087 shares in consideration for this stake. Following the purchase of shares from NSSA, FMHL is required to make an offer to the remaining minority shareholders in NDIL. As previously communicated, the operations of NDIL and Tristar Insurance Company Limited ("Tristar") will be merged through the acquisition of Tristar by NDIL or through any other appropriate mechanism," said the FMHL Board in the notice published on 6 December 2017.

- ZB Financial Holdings issued a cautionary announcement dated 6 December 2017 in respect of "a material transaction" for which it was engaged in negotiations. "Shareholders and members of the public are advised that ZB Financial Holdings Limited ("ZBFH" or "the Company") is engaged in negotiations concerning a material transaction which, if concluded, may have an effect on the price of the Company's shares. Accordingly, shareholders and members of the public are advised to exercise caution and consult their professional advisors when dealing in the Company's shares until a full announcement is made or this cautionary is withdrawn," said Company Secretary H R Nharingo. This followed the issuance of an earlier announcement on 14 November 2017.

- The Reserve Bank of Zimbabwe (RBZ) set 31 December 2017 as the deadline for the separation of ZB Financial Holdings Limited (ZBFHL) from Intermarket Holdings Limited (IHL), which will see banker Nicholas Vingirai regaining his assets after a seven-year wait. On 6 December 2017, ZBFHL issued its second cautionary announcement to members of the public and shareholders that discussions were presently under way that would likely impact on the institution's share price. Sources privy to the negotiations said that the parties – RBZ, ZBFHL and Transnational Holdings Limited (THL) – met on December 6 to discuss the finer details of bringing closure to the long-standing issue. It was the second such meeting following discussions on 23 June 2017. "The Reserve Bank of Zimbabwe wants the matter to be resolved by December 31, 2017, and the parties are currently negotiating. There was a meeting on 6 December 2017, which resolved to come up with a clear roadmap," said a source. At the meeting, which was convened at the central bank, ZBFHL was represented by board chairperson Professor Charity Manyeruke, its legal advisors and transactions advisors, Imara, while THL was represented by Vingirai and his legal team, including financial advisors, Ernest & Young. It was understood that Government, worried about the interminable delays surrounding the deal, had taken a keen interest in the matter, especially considering that Cabinet approved the deal in February 2015. There was also a belief that separating the two groups could be "straight forward" and "quick" considering that the businesses were separately licensed and had different administrative structures.

- Zimre Holdings Limited issued an announcement to shareholders regarding disposal of its stake in NicozDiamond Insurance Limited. "Further to the withdrawal of the Cautionary Statement dated 10th October 2017, wherein shareholders were notified of the termination of negotiations relating to the disposal of certain assets due to prevailing market conditions at the time, the Directors of ZimRe Holdings Limited (ZHL) are pleased to announce to shareholders that following positive changes in market conditions, an agreement has been reached for ZHL to dispose of its 30.03% stake in NicozDiamond Insurance Limited (NDIL) to National Social Security Authority (NSSA), at a consideration of US$7.040 million, effective 19th December 2017. Shareholders will recall that as disclosed in the ZHL 2016 Annual Report, NDIL was deconsolidated and the investment reclassified as an associate of ZHL. The NDIL shares were further reclassified as assets held for sale as at 30 June 2017. As at the transaction date, the

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shares had a book value of US$5.208 million resulting in a gain of US$1.832 million which will be reflected on the Statement of Comprehensive Income for the year ended 31 December 2017.The disposal will allow ZimRe Holdings Limited to realign its Group assets in order to focus on the reinsurance business and property development. The Directors obtained an opinion from independent financial advisors that the terms of the transaction are fair and reasonable to the shareholders of ZHL. Further disclosures relating to this transactions will be made available in the next published annual financial statements of ZHL for the year ending 31 December 2017," said ZHL company secretary, Lovemore Madzinga on 21 December 2017.

- CBZ Holdings Limited issued an eighth cautionary statement dated 27th December 2017 in respect of one of its subsidiaries. "Further to the Cautionary Statements issued by the board on 2 May 2017, 31 May 2017, 19 July 2017, 23 August 2017, 21 September 2017, 23 October 2017 and 24 November 2017, the Directors of CBZ Holdings Limited advise shareholders and other stakeholders that the regulatory matter which one of the company's subsidiary is involved in, is still under discussion and may, on finalization have an impact on the value of the company's shares. The Directors of CBZ Holdings Limited advise the company's shareholders and members of the public to exercise caution and to consult their professional advisors when dealing in the shares of the company until a further announcement is made. The company's shareholders and members of the public will be updated on the matter in accordance with the Zimbabwe Stock Exchange Listing Rules," said group legal corporate secretary, Rumbidzayi Jakanani on 27 December 2017.

- ZB Financial Holdings issued a third cautionary announcement concerning a material transaction it was engaged in. "Further to the Cautionary Statements issued by the board on 15 November 2017 and 7 December 2017, shareholders and members of the public are advised that ZB Financial Holdings Limited (ZBFH) is still engaged in negotiations concerning a material transaction which, if concluded, may have an effect on the price of the company's shares. Accordingly, shareholders and members of the public are advised to exercise caution and consult their professional advisors when dealing in the company's shares until a full announcement is made or this cautionary is withdrawn,' said company secretary, H. R. Nharingo on 29 December 2017.

EXTERNAL FINANCING: LINES OF CREDIT AND GRANT FINANCE/AID

- The People's Republic of China on 6 December 2017 extended a US$153 million loan facility to Zimbabwe for the upgrade of the Robert Gabriel Mugabe International Airport. The Asian giant also announced two grants for the construction of the New Parliament Building in Mount Hampden (US$50 million) and the High Performance Computing Centre (US$15 million) being constructed at the University of Zimbabwe, taking the total to US$218 million. The loan and grants will be administered through the Export-Import Bank of China. Finance and Economic Development Minister Patrick Chinamasa and Chinese Ambassador to Zimbabwe Huang Ping signed the deal in Harare on 6 December 2017 on behalf of the two Governments. The US$153 million loan, which carries a concessionary 2 percent interest rate, is payable over 20 years and has a seven-year grace period.

- Proper banking services will return after the Zimbabwe Democracy and Economic Recovery Act (Zidera) has been removed, opening lines of credit, Deputy Minister of Finance and Economic Development Terrence Mukupe said on 14 December 2017. "No one can be able to put timelines on it. I know what the problem is. You know the solutions that we are trying to put in place to address that. So for you to ask us to give you a specific time as to when this is going to happen, no one is able to do that. You saw the presentations that were being done by some of our colleagues that sanctions will be in place until elections are held. You know for a fact that as long as Zidera is there, there is no way we are going to have a proper banking system in Zimbabwe because we need those lines of credit," he said at a Currency Dialogue organised by Econometer Global Capital. Section 4(2) (c) of Zidera stipulates that until the US President makes certification, the Secretary of the Treasury shall instruct the US executive director to each international financial institution to oppose and vote against any extension by the respective institution of any loan, credit or guarantee to the government of Zimbabwe; or any cancellation or reduction of indebtedness owed by the government of Zimbabwe to the US or any international financial institution.

- NetOne, the country's second biggest mobile network operator by subscription, on December 31, 2017 signed a $71 million funding agreement with Huawei Technologies International of China for the expansion of its mobile

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phone network into the rural areas. NetOne acting chief executive officer Brian Mutandiro, represented the company while Albert Yan, the local managing director of Huawei Technologies, signed on behalf of the Chinese telecoms giant. "We are grateful to Huawei for this facility. As part of our 100-day plan, we included accessibility to rural communities as a major quick-win and with the signing of this contract, we are happy to say that we will deliver this goal. We want to thank the Government for facilitating this arrangement and it is now for us to deliver," said Mutandiro. The deal was funded from a concessional loan from the Export-Import Bank of China.

CAPITAL MARKETS DEVELOPMENTS

- Akribos Capital Incorporated launched its securities trading arm in mid-December 2017 after being registered by the Securities and Exchange Commission of Zimbabwe (SECZ) in July 2017, and subsequently admitted as a member of both Financial Securities Exchange (FinSec) and the Zimbabwe Stock Exchange. Akribos Securities will specialize in trading quoted and unquoted investment securities in Sub-Saharan Africa and beyond. Speaking at the launch of Akribos Securities in Harare, Edmond Mupfapairi, a partner and principal stockbroker, said the firm was looking at investing in new technology solutions to help promote its newly launched securities arm. "As 2018 starts, we expect to have empowered our retail clients to be able to trade directly on the local bourses without our interference. Although such technology has been in use for decades in the first world economies, we are proud to be part of the pioneering team in introducing it in Zimbabwe, we will be working very hard to prime the group and deepen our offering. Most notable, will be our exploitation of cutting edge technology to transform our clients' experience in their dealings with each of our units. The second phase of the project will extend the same convenience to institutional investors; our ultimate goal is to allow direct access to the market in a manner that makes trading exciting to all investment professionals. We have hailed the introduction of an ATP (Alternative Trading Platform) in Zimbabwe which we expect to transform the way we interact with organised exchange," he said.

- Brainworks Capital founders George Manyere and Walter Kambwanji sold their shareholding in the Johannesburg Stock Exchange-listed company and acquired the company's investment in Getbucks. According to an announcement from Brainworks, the company together with GetSure Life Assurance entered into transactions with the two non-executives directors – through their respective investment vehicles – for the disposal of 163 769 298 shares constituting 14.98 percent of GetBucks. This came after the two agreed to dispose of their Brainworks shares to the benefit of institutional investors who were yet to receive their shares following a placement in October. Brainworks placed 9 088 677 of its treasury shares with various institutional investors in Zimbabwe in October subject to receipt of approval by the Reserve Bank of Zimbabwe. "The necessary Reserve Bank and other approvals have not yet been obtained and accordingly Brainworks has, to date, not been able to deliver the shares subscribed for the institutional investors. However, in order to be in a position to deliver to the said institutional investors' shares in Brainworks, certain directors of the company have agreed to dispose of their Brainworks shares to the Institutional investors," said the group in a statement. Brainworks CEO Bretts Child hoped the transaction would increase the percentage shareholding held by the public and "accordingly we hope it will improve liquidity."

BOND/TB ISSUE OUTLOOK

- Untu Capital issued a notice on the extension of the "U-gain" offer. "Untu Capital is pleased to advise that the Note issuance for US$1 million over 12 months at 9% per month, ISIN Number – ZWFSE0000201 will now close on 26 January 2018 instead of 5 January 2018. This extension is being done in order to give all mobile subscribers an opportunity to participate in the offer. All the mobile platforms, i.e., Ecocash and Telecash are now operational as of 15 December 2017. Please take note that the revised listing date is now 29 January 2018. A revised pricing supplement will be published to capture this extension," said company secretary, Marko Mahuni in the notice issued on behalf of the Board.

December 31, 1781: The first bank in the U.S., the Bank of North America, received its charter from the Confederation Congress. It opened on January 7, 1782, in Philadelphia.

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FISCAL, PUBLIC DEBT & INVESTMENT ISSUES

- The African Export-Import Bank (Afreximbank) on 12 December 2017 announced a US$1.5 billion economic stabilisation package for Zimbabwe to go towards the revival of the productive sectors in order to stimulate exports. Afreximbank president and board of directors chairman Dr Okey Oramah said the bank was keen to support stabilisation of the Zimbabwean economy by providing currency liquidity to avoid bank queues. The funds being provided by Afreximbank would also provide investment guarantees for investors to entice them to come to Zimbabwe.

TROUBLED INSTITUTIONS RESOLUTION INITIATIVES

- Reggie F. Saruchera, the Deposit Protection Corporation's Liquidator Agent issued a public notice in respect of the progress of liquidation of AfrAsia Bank Zimbabwe Limited. "Pursuant to the liquidation of AfrAsia Bank Zimbabwe Limited, we write to update you on the progress to date. To date, two interim dividends amounting to $2.95 million have been paid to preferred creditors only. In reference to our last update which anticipated a dividend payout during the second half of 2017, we would like to update that, legal proceedings and the illiquid market have continued to impede the anticipated timing of the liquidation distributions. Currently we are working on transactions which if concluded a dividend of between 10 and 15 cents per dollar may be paid out. Due to these developments the third interim dividend is likely to be paid in the first quarter of 2018 to concurrent/unsecured creditors after all preferred creditors have been paid. We will continue to update you on the progress of the liquidation. If you need any assistance, please contact Alex Dera on alex.dera@zw.gt.com or send an email to claims@dpcorp.co.zw,"said Saruchera in the notice dated 07 December 2017.

POLICY/REGULATORY/LEGAL DEVELOPMENTS

- Government froze bank accounts of former Higher and Tertiary Education, Science and Technology Development Minister Professor Jonathan Moyo and his former Local Government, Public Works and National Housing counterpart Saviour Kasukuwere, pending investigations into their business activities. Home Affairs and Culture Minister, Dr. Obert Mpofu, confirmed the freezing of the bank accounts on 7 December 2017, but referred further questions to the Reserve Bank of Zimbabwe. "Yes, the Reserve Bank has put adverts regarding to that and you can contact them for more details," Mpofu said. In a directive to all financial institutions, the RBZ said: "You are directed to identify and immediately freeze all accounts in the name of the above named individuals and any accounts in which the said individuals are directors or have a known beneficial interest. You are further directed to submit, in writing, a written report to the Unit, by no later than the 8th of December, 2017, listing and giving particulars (including balances) of all the accounts that you would have identified and frozen in terms of this directive. Where you have not identified any relevant account, you shall nevertheless submit nil return. The effect of the freeze is that, (except any inflows into the account, which shall be processed normally and immediately notified to the Unit) no other transaction shall be processed from a frozen account, until further the Unit directs otherwise."

- Finance and Economic Minister Patrick Chinamasa presented the US$5.1 billion 2018 National Budget to the Parliament of Zimbabwe on Thursday, 7th December 2017. Highlights of the statement, themed "Towards a New Economic Order" included:
  - Revision/relaxation of the Indigenisation law except for platinum and diamond sectors
  - A GDP growth rate of 4.5% expected in 2018
  - Budget anchored on an economic reform and austerity agenda
  - Cuts in staff benefits including reviewing vehicle scheme for senior Govt officials
  - Freeze in recruitment and introduction of a voluntary retirement scheme

- Government amended the Exchange Control Act to enable individuals and corporates to return externalised funds to Zimbabwe without facing prosecution. The amendment gave legal effect to the three-month moratorium extended by President Emmerson Mnangagwa on 28 November 2017. Statutory Instrument 145 of 2017 was published in the Government Gazette in accordance with Section 2 of the Presidential Powers (Temporary

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Measures) Act (Chapter 10:20). It will remain inserted in the Exchange Control Act until February 2018, upon the expiry of the moratorium. According to the SI, the Reserve Bank's Exchange Control Inspectorate Department is responsible for compliance, while RBZ Governor Dr John Mangudya "shall have the authority to do anything necessary for the efficient and effective application or implementation of the schedule." An application for amnesty is supposed to be written and processed within 10 days unless further information is required. Amnesty shall only be granted once an applicant has fully disclosed details regarding the illegally expatriated property or funds, providing supporting documents as required by law. "Subject to this schedule, for the purpose of this amnesty, the violation of any provision of this Act or the Criminal Law of Zimbabwe for which an amnestied person would, but for this schedule, be liable to be prosecuted by the National Prosecuting Authority , shall not be deemed to be criminal conduct. The amnesty granted to any applicant shall be withdrawn and thereby nullified if - (a) the applicant makes, in relation to the illegally expatriated property in to which amnesty is sought, any willfully false declaration to the Reserve Bank in applying for the amnesty; or (b) the applicant fails to timeously repatriate the property in accordance with paragraph 5," reads the amendment in part. Government will neither ask questions nor prefer charges against those repatriating money or assets.

- Government gazetted the Finance Bill that sought to give legal effect to the various fiscal measures introduced by Finance and Economic Developments Minister Patrick Chinamasa when he presented the 2018 National Budget on 7 December 2017. The Bill sought to give effect to proposals on tax, value-added tax, customs and excise duties and mining royalties whose proposals were made by Chinamasa. Parliament was set to debate the Bill and the 2018 National Budget when it resumed sitting on 19 December 2017. One aspect of the Bill was the sweeping changes to the Indigenisation and Economic Empowerment Act. This is achieved by opening the bulk of sectors of the economy to investors of any nationality and making them free from the current 51/49 percent indigenisation threshold in favour of Zimbabwean ownership, with the exception of the platinum and diamond sub-sectors. The Bill would also give legal effect to three forms of amnesty pronounced by the Government. There is an amnesty in respect of funds and other property illegally expatriated before December 1, 2017, which was previously announced by President Emmerson Mnangagwa. Another amnesty regards the unlawful hoarding of cash by traders, parastatals and money-lenders in breach of the Bank Use Promotion Act, where the breach occurred before December 1, 2017. The third is a tax amnesty that will waive interest and penalties on arrears of taxes and duties that became due and payable before December 1, 2017.

- The Reserve Bank of Zimbabwe issued a press statement regarding administrative arrangements for the repatriation of expatriated foreign exchange and assets. "Pursuant to the amnesty in respect of illegally expatriated foreign exchange and assets (gold, precious stones, currency, securities) granted in terms of the Presidential Powers (Temporary) Measures (Amendment of Exchange Control Act) Regulations, SI 145 of 2017, the Reserve Bank of Zimbabwe wishes to advise the administrative arrangements that will apply for the repatriation of the expatriated foreign exchange and assets during the amnesty. The administrative arrangements will also apply to legitimately expatriated foreign exchange and assets.

  Legitimately Expatriated Foreign Exchange and Assets

  The Bank requests all persons who may have legally expatriated foreign exchange and assets, for a variety of reasons, to declare such foreign exchange or assets as a way of promoting financial integrity and transparency and also to repatriate all such foreign exchange and assets for investment in the country. The Bank calls upon holders to repatriate such foreign exchange and assets for investment in the country under the Reserve Bank of Zimbabwe Savings Bond at the prevailing rate of 7% per annum.

  Illegally Expatriated Foreign Exchange and Assets

  Illegally expatriated foreign exchange and assets should be declared to the Bank or the affected person's bankers on "a no questions asked" basis. An application for amnesty should be filed with the bank or through the affected person's bankers and such application will be treated with confidentiality. The application form is obtainable upon request from the bank's Exchange Control Department or any authorised dealer. For the avoidance of doubt, the

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foreign exchange or assets to be repatriated under the amnesty includes foreign exchange or assets obtained from Zimbabwe and expatriated through acts or omissions such as:-

(a) Export of any currency above permissible thresholds;
(b) Smuggling of gold and other precious stones;
(c) Non-repatriation of export proceeds due to the country;
(d) Undervaluation of exports and overvaluation of imports and retention of the funds offshore;
(e) Trade misinvoicing by importers to evade customs duties, VAT, or income taxes;
(f) Non-return of temporary exports and disguised exports of samples;
(g) Payments for imports of goods and services whose corresponding value has not been received into the country;
(h) Remittance of funds used for investments offshore without Exchange Control approval;
(i) Offshore retention of funds realised from sale of local assets e.g. shares in local companies to foreign residents;
(j) Offshore retention of investment income such as dividends, profits and management fees due to the country;
(k) Remittance of funds for repayment of fictitious offshore loans;
(l) Management fees and technical fees;
(m) Settlement of purchase prices offshore, for an immovable property situated in Zimbabwe;
(n) Operation of illegal offshore bank accounts by individuals and companies funded from Zimbabwe;
(o) Offshore retention of sale proceeds realised from smuggled goods or minerals; and
(p) Any unauthorized offshore retention of funds without Exchange Control approval," said Reserve Bank of Zimbabwe governor, Dr. John Mangudya in the statement dated 20th of December 2017.

- The Registrar of Banking Institutions issued a public notice regarding the status of Time Bank of Zimbabwe Limited. "Members of the public are advised that the Reserve Bank of Zimbabwe and Time Bank of Zimbabwe Limited have had historical disputes, which have been the subject of various litigation. During this period, Time Bank has not been operating as a banking institution. Following discussions between the Reserve Bank of Zimbabwe and Time Bank to address the issues, resolution has been reached, paving way for re-opening of the bank. Time Bank shall be resuming banking operations subject to prior inspections by the Reserve Bank of Zimbabwe to ensure that Time Bank has put in place the necessary capital and banking systems and structures," said the Registrar in the notice.

PUBLIC TENDER INVITATIONS/RESULTS, EOI & RFPs

- Afreximbank issued a request for expression of interest in respect of the construction of its office complex in Harare. "The African Export-Import Bank (Afreximbank) is a pan-African Multilateral financial institution established in 1993, by African Governments, African private and institutional investors as well as non-African financial institutions and private investors for the purpose of financing, promoting and expanding intra-African and extra-African trade. The Bank, headquartered in Cairo, Egypt, established its first branch in Harare, Zimbabwe, in July 1996. The Bank intends to construct its permanent Southern Africa Regional Office and Trade Centre in Harare, Zimbabwe. The Bank contemplates constructing a landmark modern futuristic iconic office complex on a 12 000 square metre stand in the Newlands area. For this purpose, the Bank intends to engage a consulting firm to carry out a feasibility study for the project. The Bank hereby invites expressions of interest from reputable consulting firms. The expressions of interest should be delivered to the e-mail address below no later than 1500hrs (CAT) on 29 December 2017. Consulting firms making submissions should include the following information in their expressions of interest: General experience of the firm/service provider, company registration and ownership structure, registered physical address for operations, experience working in region and country, annual financial statements for the past 3 years, detailed monthly cost trends, experience carrying out feasibility studies in commercial building projects and list of professional employees and staff structure. For further information, if any required in connection with this invitation, please email: HarareTC@afreximbank.com," said the bank, whose payoff line is Transforming Africa's Trade.

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INDUSTRY AWARDS AND ACHIEVEMENTS

- The Marketers Associations of Zimbabwe (MAZ) hosted the 2017 Superbrand Awards ceremony on 8 December 2017 at the Rainbow Towers Hotel in Harare and amongst the winners were financial sector entities as follows:

Award	Winner	First runner-up	Second runner-up
Banking Sector	CBZ Bank	Steward Bank	Standard Chartered Bank
Funeral Assurance & Services Sector	Nyaradzo Funeral Services	Doves	Moonlight
Health Insurance Sector	Cimas	First Mutual Health	PSMAS
Life Assurance Sector	Old Mutual	First Mutual Life	Zimnat
Short-term Insurance	NicozDiamond Insurance Ltd	Champions Insurance	Zimnat
Money Transfer Sector	Ecocash	ZimSwitch	Western Union

Meanwhile Nyaradzo Group was the overall winner in the Top 20 Business to Business brands of 2017 with the following also making the list: Steward Bank (15), CBZ Bank (13), ZimSwitch (11) and Ecocash (4).

- The 6th edition of the Buy Zimbabwe Excellence Awards ceremony hosted by Buy Zimbabwe was held at Cresta Lodge, Harare on 18 December 2017. The award winners included the following institutions from the financial services sector:

Award	Winner	First runner-up	Second runner-up
Buy Zimbabwe SME Support Award			Agribank
Buy Zimbabwe Customer Service Award	Nyaradzo Group	CBZ Bank	
Buy Zimbabwe Bank of the Year Award	Agribank	CBZ Bank	Steward Bank
Buy Zimbabwe Champion 2017	Phillip Mataranyika – MD, Nyaradzo Group		

DOMESTIC LENDING & FINANCING PERSPECTIVES

- President Emmerson Mnangagwa promised to help over 30 000 teachers recover money fleeced from them by microfinance firms. Many micro-lenders typically provide loans to civil servants, mainly teachers, at interest rates which are considered extortionate. Resultantly some borrowers have ended up losing property on account of the ballooning debt, while others have had their salaries unilaterally garnished for months. Salaries of teachers who had repaid their loans and those who had unsuccessfully applied for funds have also been garnished. The Progressive Teachers' Union of Zimbabwe (PTUZ) has since asked Mnangagwa to intervene on members' behalf. Responding to the union, Mnangagwa undertook to work with the Primary and Secondary Education Ministry to resolve the matter. In a letter dated December 12, 2017, Principal Director (Office of the President and Cabinet) Christopher Gwatidzo wrote: "His Excellency, the President of the Republic of Zimbabwe, Cde E.D. Mnangagwa, acknowledges your profound congratulatory message and has noted the union's great concern on the welfare as well as deductions from teachers' salaries. The Offices of the President and Cabinet, in consultation with the line Ministry of Primary and Secondary Education will broadly look into the matter with the gravity and urgency it deserves," he said. PTUZ president Dr. Takavafira Zhou said the union suspected staff at the Salary Service Bureau (SSB) were conniving with lenders to deduct earnings. "These companies did not get permission from the employees and we are yet to understand how they did it. This could be an indication that something is wrong within the SSB. Some teachers brought receipts to prove that they had paid back the loans, but, still more money was being deducted from their salaries to the extent that some have not been taking home anything. Other members of our union had applied for loans but were unsuccessful. However, these companies still went ahead to garnish their salary accounts," Zhou said.

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CURRENCY, PRICING & LIQUIDITY PERSPECTIVES(CP & LP)

- Despite suggestions from some quarters within government calling for the return of Zimbabwe dollar, Minister of Finance and Economic Planning Patrick Chinamasa said Zimbabwe was not ready for its own currency. Speaking at a Confederation of Zimbabwe Industries post-budget breakfast meeting in Harare on Friday, 8 December 2017, the minister said the country needed to address some issues such as the budget deficit, trade balance and import cover before it could start using its own currency again. "As long as we don't have a currency of our own we cannot achieve the growth rate that we wish (for). But we are not ready for our own currency until we have done certain things, which include addressing the budget deficit, addressing import cover. If I have got six months (import cover) that is good enough for me. At the moment it is 0.7 months cover; this is not good enough. We need to address the issue of trade balance, especially where your imports are not adding value to your economy," Chinamasa said.

- Zimbabwe's year-on-year inflation rate for November as measured by the all items Consumer Price Index (CPI) stood at 2.97 percent, gaining 0.73 percent from the October figure of 2.24 percent driven by a surge in food and non-alcoholic beverages. This means prices as measured by the all items CPI increased by an average of 2.97 percent between November 2016 and 2017. The rise in year-on-year inflation thrusts the country on a firm footing to end the year with inflation of slightly above 3 percent, as predicted by market watchers. The month-on-month inflation rate in November 2017 was 0.74 percent, shedding 0.80 percentage points on the October 2017 rate of 1.54 percent. This means that prices as measured by the all items CPI increased at an average of 0.74 percent from October 2017 to November 2017. The CPI for November stood at 98.97 compared to 98.24 in October 2017 and 96.11 in November 2016.

- The Reserve Bank of Zimbabwe issued a press statement on the use of virtual currencies in Zimbabwe. "The use of virtual currencies or cryptocurrencies is on the increase both locally and globally and there are entities that are facilitating the purchase and sale of virtual currencies in and outside Zimbabwe. There are many virtual currencies in circulation, with Bitcoin being one of the most popular. "Virtual currency" is defined by the Financial Action Task Force (FATF), as "a digital representation of value, that can be digitally traded and functions as (1) a medium of exchange; and/or (2) a unit of account; and/or (3) a store of value, but does not have legal tender status." Virtual currency is different from fiat currency (also known as real currency, real money or national currency) which is the coin and paper money of a country that is designated as its legal tender. Virtual currency is also not the same as e-money, which is used to electronically represent and transfer value denominated in fiat currency. Virtual currencies are not only unregulated but are also neither issued by public authority nor guaranteed by the State. In this regard virtual currencies are not in any way attached to notes and coins circulating in the country. Virtual currencies do not have legal tender status in Zimbabwe or in any jurisdiction in the world. Virtual currencies are attractive to money launderers and other criminals because of the supposed anonymity and ease with which transactions can be conducted, on the internet and across borders. The Reserve Bank of Zimbabwe wishes to advise members of the public that the use of and trading in cryptocurrencies or virtual currencies is not regulated by the country's laws and presents risks such as money laundering, terrorism financing, tax evasion and fraud. Under the existing legal and regulatory dispensation, any person who invests in virtual currencies or participates in any transactions involving virtual currencies, does so at own risk and will not have legal protection from, or recourse against, any regulatory authority," said Reserve Bank of Zimbabwe governor, Dr. John Mangudya, on the 20th of December 2017.

"Empower Bank, when I looked at it, was not really ready for launch. I discovered that it was not registered with the Reserve Bank of Zimbabwe. You can't launch an unregistered bank. I think they launched anticipating approval would be swift. But (the bank was launched) without registration; that's all I am saying. So we can't really call it a bank. Banks have to be approved by the RBZ and then get a banking certificate," **Minister of Women and Youth Affairs Sithembiso Nyoni** explaining why her ministry had not included the microfinance bank in its 100-day plan.

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THE PRODUCT DEVELOPMENT SITUATION IN 2017

In December 2017, the Monthly Financial Sector Bulletin (MFSB), completed four years of uninterrupted monitoring of new product initiatives in the financial sector in Zimbabwe. In addition to aggregating general financial sector content for the convenience of its subscribers, the bulletin monitors product launches, promotions, enhancements and relaunches. We also rate and review some of these products in the MFSB when they achieve "Product of the Month" status. The full year to December 2017 (FY2017) saw 92 initiatives being introduced; a marginal increase of 2% from the 90 recorded in 2016.

Contribution by Type

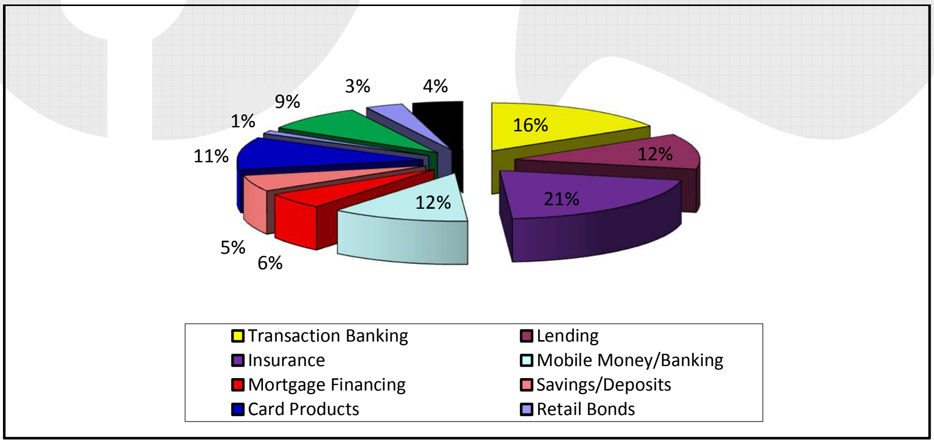
The outturn of initiatives comprised of 46 product launches (50%) 34 product promotions (37%), 10 product enhancements (11%) and 2 product re-launches. Comparatively speaking, on a year-to-year basis there were marginal declines in launches of new products and enhancements while product promotions went up by close to 10%. Below is a comparative summary of products launched in 2014, 2015, 2016, and 2017.

Type of Initiative	2014	2015	2016	2017
Product Launches	59	54	47	46
Product Promotions	22	34	31	34
Product Enhancements	9	11	12	10
Product Relaunches	4	1	0	2
Totals	94	100	90	92

While in the past, the successive declines in new product launches over the years was consistent with a worsening operating environment which stifled innovation, there was a marginal improvement in the total number of initiatives in 2017. This could be seen as being in sync with better economic sentiment following the political developments that ushered in a new administration whose new policy thrust is expected to create a conducive environment for business.

Contribution by Category

In the top three, insurance weighed in with 21% of the activities, followed by transaction banking at 16% as well as mobile money and lending tied at 12%, accounting for a total of 61%. The robust performance of insurance could be the sector's nascent response to the threat of disruptive technologies, demographic shifts and dramatic changes in consumer aspirations among others. This was also partly a result of growing competition in the funeral assurance sector, decidedly now a "Red Ocean" in which mainstream banks are increasingly interested. The equally strong charge of mobile money, transaction banking and plastic money continues to reflect the imperative to reconfigure transactions away from cash towards alternative payment channels such as mobile money and plastic money.



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Contribution by Sub-Sector

Sectorally, the initiatives were contributed by the banking sector (56), insurance sector (12), telecommunications or telco sector (14), non-bank retail sector (2), non-bank other (1) fintech (1) and microfinance sector (5).

Although the fintech sector has made inroads in the financial sector the worldover, local fintech activity continued to be depressed in terms of actual products brought to market. There are however indications that this belies the level of activity that is taking place behind the scenes and in the fullness of time; we can expect to see some interesting initiatives coming from this sector to disrupt incumbents in the banking sector. Most of the activity is below the radar because the regulatory environment is still not conducive enough. For instance during the period under review Bitcoin traded fairly actively in Zimbabwe and at a premium to its normal price in the international markets. The cryptocurrency was seen by Zimbabweans as providing a solution to foreign currency shortages but the Reserve Bank warned against its use apparently because it is not yet regulated by them. However, while this may reduce its usage in the local market, this does not mean that people will not stop using it.

Monthly Distribution

For most of the year, product and channel development were generally depressed, particularly in the first half of the year, unlike in early 2016 when both were quite ebullient. As seen before, the two exhibited an inverse relationship whereby the former is at its highest when the latter is at its lowest and vice versa. This is because institutions tend not to focus on both initiatives at the same time since products must first be developed before focus on the channels through which they will be delivered.

Movers and Shakers

EcoCash, CABS and Steward Bank were the movers and shakers in product and channel development stakes as they took first, second and third positions respectively in both categories - a development that underlines the dominance of companies linked to Econet Wireless when it comes to innovation. Other institutions which weighed in with notable initiatives in the top five included NMB Bank Limited, POSB, Standard Chartered Bank and CBZ Holdings.

Outlook

Political developments in the country ushered in a new administration at the end of 2017 and we expect that this will improve the operating environment, particularly if the country holds free and fair elections in the next five or so months. The reformist agenda of the new dispensation could in turn unlock investment into the country, improve liquidity and positively impact the level of innovation in the financial sector. We therefore expect to see an upsurge in product and channel development in 2018.

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MFSB SPORT : A REVIEW OF THE 2017 FSSL SEASON

The Monthly Financial Sector Bulletin (MFSB), through its franchise MFSB Sport entered into an informal arrangement with the Financial Services Soccer League (FSSL) which saw the former covering FSSL matches for the first time during the 2017 season. We are proud to announce that as a point of departure, we managed to cover at least one match for each of the teams in the league as outlined in the table below. This was achieved despite resource and time constraint and for the foreseeable future, we will try to ensure that each team is covered at least once in the season.

#	Date	Teams & Score Lines	Venue
1	3 June 2017	RBZ (0) vs FBC (10)	RBZ Sports Club
2	1 July 2017	Agribank (1) vs RBZ (1)	Barclays Bank Sports Club
3	1 July 2017	FBC (1) vs Standard Chartered Bank (2)	FBC OH Sports Club
4	16 September 2017	Agribank (0) vs ZB Bank (5)	ZB Sports Club
5	2 October 2017	Payserv (2) vs RBZ (2)	RBZ Sports Club
6	16 October 2017	FBC (4) vs Old Mutual (0)	FBC OH Sports Club
7	23 October 2017	CBZ (3) vs CABS (2)	Greendale Sport Club
8	28 October 2017	Ecobank (5) vs Agribank (1)	StanChart Sports Club

While some teams may have been unsettled by the glare of our coverage and inevitably some of our match reports, the big picture is that this media coverage caused players, spectators and administrators to talk after the matches, which was not happening before. In covering the matches, we tried to make the reports exciting so that they could generate conversations and resultantly, during the season there was some excitement around the league's activities. The critical thing for stakeholders to realise is that we can't have our cake and eat it – publicity will not always be favourable to individual teams but when all is said and done the league benefits. Teams must just learn to take the good with the bad – in any case the aspects that some stakeholders may perceive as bad are outweighed by the good aspects.

Cooperation between the MFSB and FSSL culminated in coverage of the official launch of the FSSL Paynet Cup Tournament on the 28th of October 2017 and subsequently the tournament itself on the 4th, 5th and 11th of November. As part of the partnership, the MFSB also produced a special inaugural publication for the tournament titled "FSSL Paynet Cup Tournament: The Official Newsletter" which was widely circulated in the financial sector. We anticipate to take our cooperation with the FSSL to a higher level in 2018, especially as we launch our Website which has an e-version of the MFSB Sport, featuring some articles from the 2017 season. Through the website, MFSB Sport is expected to enable more dynamic coverage of financial sector soccer in 2018.

Camaraderie! Agribank and ZB Bank teams pose for a group photo after an FSSL match at ZB Sports Club.

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INDIVIDUALS, COMPANIES AND INSTITUTIONS MENTIONED IN THIS ISSUE

Companies & Institutions Mentioned in This Issue

People Mentioned in This Issue

SoundGarden Publishing

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