

# Monthly Financial Sector Bulletin

Issue No. 50, October 2017 – Breaking New Ground



**PICTURE OF THE MONTH:** On Friday, 13 October 2017 Brainworks Limited broke new ground after it became the first Zimbabwean company to have a primary listing on the Johannesburg Stock Exchange. The listing is seen as expanding the company's capital base and supporting its vision for growth and expansion into regional and global markets. The group says that its main investment case lies in the fact that it offers ground floor access to a recovering emerging market and through the listing provides exposure to Zimbabwe based assets without risks associated with direct investment through the Zimbabwe Stock Exchange. **(From Left to Right):** George Manyere; Isaac A Moyo, Zimbabwe Ambassador to RSA, Walter Kambwanji, Chief Financial Officer of Brainworks Limited, Brett Childs, CEO of Brainworks Limited. **Picture Credit:** Johannesburg Stock Exchange (JSE) <https://www.jse.co.za>

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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!

# MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 50, OCTOBER 2017

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## SELECTED VITAL STATISTICS AT A GLANCE

### General Statistics

Year-on-year Inflation for <b>September 2017</b>	0.78 % ( <b>August 2017</b> : 0.14%)
Average Annual Inflation for 2016	Minus 1.56% (Minus 2.4% in 2015)
Projected Annual Inflation in 2017	2-3%
Projected <b>2017</b> Gross Domestic Product (GDP) Growth	3.7% (Initial projection for 2017 – 2.7%; 2016 - 0.7%)
Original Budget for 2017	US\$4.1 billion
2016 Weighted Manufacturing Sector Capacity Utilisation	47.4 % ( 2015 - 34.3%) (2014 - 36.5%) (2013 – 36.1%)
Projected Trade Deficit for <b>2017</b>	US\$1.2bn (Exports – \$4.0 bn; Imports – \$5.2 bn)
Zimbabwe's Foreign Direct Investment (FDI) – <b>2016</b>	US\$319 million (US\$421m in 2015) (US\$545m in 2014)

### Statutory Ratios

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

### Deposits, Loans and Lending Ratios

Total Banking Sector Deposits ( <b>30 September 2017</b> )	US\$7.62 billion (US\$6.99 billion - <b>30 June 2017</b> )
Total Banking Sector Loans & Advances ( <b>30 September 2017</b> )	US\$3.73 billion (US\$3.64 billion - <b>30 June 2017</b> )
Loans-to Deposit Ratio ( <b>30 September 2017</b> )	48.95% (30 June 2016 – 52.11%)
Banking Sector Non-Performing Loans (NPLs) ( <b>30 Sept 2017</b> )	8.63%(7.95% - June 2017 & Peak 20.45% as at 30 Sept 2014)
Total Banking Sector Assets ( <b>30 June 2017</b> )	US\$9.65 billion (31 Dec 2016 - US\$8.73 billion)

## Editorial Comment

### Product Innovation & Channel Development: Banks urge clients to subscribe for electronic payment systems

Overall product launch and promotional activity declined marginally from nine (9) in September to eight (8) in October 2017. Most of the activity was related to mobile banking, online/Internet Banking and plastic money in line with the country's increasing usage of these channels occasioned by cash shortages. It is ironic that while EcoCash was launching a value-added service through the "Swipe into EcoCash" facility, NetOne was still struggling get it right with the relaunch of OneMoney which replaces the failed OneWallet. It remains to be seen whether this latest offering will seriously challenge the incumbent EcoCash, which has gained so much traction that its use now permeates almost every facet of commercial life from retail to tollgate fees.

Channel development initiatives increased by 150% from 4 to an all-time high of 10 so far in the year. The activity comprised an assortment of activity such as rationalisation of limits on cards for international transactions, branch renovations and opening of new branches. Notably, in early October, EcoCash suspended international transactions using the EcoCash Debit Card but left the prefunding window open effective 1 November 2017. However, the ink had barely dried on the notice when the company deferred the prefunding requirement, effectively before it had even begun. Either the company did not even intend to let it happen or had a change of heart likely influenced by the worsening foreign currency situation. In August 2017, EcoCash said cardholders could now only transact up to \$300 per month - a limit split between \$50 set for ATM cashouts, \$200 for POS (point of sale) transactions and another \$50 for online purchases, said the company about its fourth reduction of transaction limits. Before that, in October 2016, it set its limit at \$1 100 and then revised this to \$500 in December 2016. In February 2017, the amount was further reversed to \$400 per month, split between \$200 for ATM cash outs and \$200 for POS (point of sale) transactions and virtual payments which cover online purchases. But like someone recently asked, what is a MasterCard if it cannot make international transactions? Apart from highlighting the diminished utility of the card, this sequence of events illustrates the foreign currency crisis that the country is facing, to which sadly, there appears to be no end in sight.

In recent months, banks have been urging their clients to subscribe for electronic transacting systems, a development that significantly cut down on the need for depositors to use banking halls. The impact of this is that financial institutions are reportedly considering retraining their employees to ensure they fit into a new business model dominated by electronic banking.

### Executive Management/Board Changes: Two Top Executives Walk Into the Sunset

November was a significant month in terms of C-suite developments as it saw two of the financial sector's most senior executives leave employment. CBZ Holdings' announcement of the retirement of Never Nyemudzo as CEO was certainly a bolt from the blue. After the corporate governance issues that resulted in the departure of the previous Chairman, the Group appeared to be stable and only insiders could confidently say they saw this development coming. But there was certainly more to it than met the eye, especially when one considered that Never Nyemudzo proceeded on leave with immediate effect and Peter Zimunya assumed the role of Acting Group Chief Executive Officer. CBZ Holdings has always carefully managed its succession planning and this sudden turn of events was baffling, coming as it did just three years into Nyemudzo's appointment. Although Nyemudzo insisted that he retired voluntarily and was not forced out by the CBZH board, in due course, it became apparent that his departure was mainly to do with the US\$385 million penalty slapped on the bank by the United States Treasury's Office of Foreign Assets Control (OFAC), apparently for thousands of transactions done on behalf of ZB Bank when it was still under sanctions.

The termination of employment of Barclays Bank Zimbabwe Managing Director George Guvamatanga was another key development of the month. While we can't say we were sure that it would happen, we are not surprised by the development and can actually say we kind of saw it coming. After having opposed FMB's takeover and even led a rival bid for the stake which was eventually snapped by the new Malawi shareholder, Guvamatanga would have been at best naïve to think that he would be embraced by the new shareholder.

### ICT Developments: Flurry of Upgrade/Maintenance Activity

During the month, there was a flurry of upgrade/maintenance activity of IT infrastructure by no less than half a dozen financial institutions. The basis of these maintenance exercises is banks' efforts to decongest banking halls by increasing

usage of alternative digital channels, which has seen a commensurate increase in transaction volumes, making it necessary to improve the quality and utility of underlying delivery channels.

### **Corporate Actions: Market Moves Away From Monetary Assets**

Zimre Holdings Limited (ZHL)'s termination of negotiations for the disposal of its 30.03 percent stake in NicosDiamond which was to be sold to the NSSA, illustrates the instability of the current operating environment. Resultantly, it has become increasingly difficult to conclude negotiations in a market bedevilled by currency issues where everyone is looking for real assets. Given the loss of value in monetary assets and the continued uncertainty, it becomes difficult to sell real assets when the whole market is moving away from monetary assets. The issue of valuation is also another factor as we have a market (ZSE) that is overpriced versus the real value of underlying assets. After much hard work behind the scenes and a bit of controversy in the public domain, FMB Capital Holdings Plc and Barclays Bank Zimbabwe announced the successful acquisition of a majority shareholding in Afcarme Zimbabwe Holdings (Pvt) Limited, the holding company for Barclays Bank of Zimbabwe Limited from Barclays Bank PLC. Completion of the transaction came after all statutory and regulatory requirements were duly fulfilled.

### **Fiscal, Public Debt & Investment Issues: IMF Endorses Zim's 2017 Growth Prospects**

The International Monetary Fund (IMF)'s revision of Zimbabwe's growth forecasts from the earlier projection of 2% to 2.8%, although short of Zimbabwe's own projection of 3.7%, was a notable endorsement of the country's growth prospects. Meanwhile the country's decision to delay the settlement of its debts to three international financial institutions (IFIs) until it meets conditions that would enable Harare to access cheap concessional funding is commendable. Other than just piling up on debt, the country would achieve nothing by rushing to pay off debts when it has not met debt engagement conditions such as ease of doing business reforms, improvement of investment climate, fiscal and current account deficit containment and reorganisation of state-owned enterprises.

### **Capital Markets Developments: Brainworks Limited Breaks New Ground**

In the capital markets, a key highlight of the month was the listing on 13 October 2017 of Brainworks Limited on the Johannesburg Stock Exchange, breaking new ground to become the first Zimbabwean company to have a primary listing on South Africa's bourse. The listing was seen as expanding the company's capital base and supporting its vision for growth and expansion into regional and global markets. The group said that its main investment case lied in the fact that it offered ground floor access to a recovering emerging market and through the planned listing provided exposure to Zimbabwe based assets without risks associated with direct investment through the ZSE.

### **Bond/TB Issue Outlook: PBO Warns of Potential Govt Default on TBs**

As the level of TB issuances continued to grow, no less an authority than the Parliamentary Budget Office warned that Government could default on its TB payment obligations, a development that could leave banks, whose TB holdings now amounted to 1.7 times the level of bank equity capital seriously exposed. As a result, the PBO said, banks were becoming increasingly fearful and now preferred to hold onto physical US dollar, limiting withdrawals and international card transactions.

### **Policy/Regulatory /Legal Developments: Cabinet Reshuffle More About Settling Political Scores**

The cabinet reshuffle which was announced on the 9<sup>th</sup> of October 2017 and appeared to have more to do with settling scores of internal succession party politics than trying to fix the ailing economy, was one of the highlights of the month. Ten ministers were reassigned, eight new appointments were made and three ministers were dropped from cabinet altogether. One of the biggest casualties of the reshuffle was Finance Minister Patrick Chinamasa, who was reassigned to the brand-spanking-new but decidedly less glamorous Ministry of Cyber Security, Threat Detection and Mitigation. Chinamasa was appointed finance minister after Mugabe's re-election in 2013 and his move to head the new ministry was unexpected, to say the very least. Interestingly, Chinamasa in September said government would now treat social media as a security threat after accusing users of spreading rumours about shortages of basic goods, which caused panic buying and price increases. He was replaced by former Minister of Home Affairs Ignatius Chombo, an educationist who without a finance background, was a surprise pick for the Finance Ministry. The manner of this current replacement is reminiscent of how Herbert Murerwa was replaced by another educationist called Samuel Mumbengegwi. To rub salt to injury, the changes were announced while Chinamasa was out of the country on government business – at the IMF/World Bank annual meetings. Chinamasa was widely seen as a moderate, progressive voice; a reformist trapped by hardline party ideology. Twice, he announced measures (to do with



suspending civil servant bonuses and rationalisation of the civil service) meant to ease pressure on the fiscus and twice, he was ridiculed, humiliated and overruled. There are fears that with someone like Chombo - seen as a loyalist and died-in-the-wool party ideologue - in charge of the Finance Ministry, all the progress made to date, particularly on international re-engagement and arrears clearance strategy could come to naught and the wheels could finally come off the re-engagement agenda plunging the country into isolation once again. The removal of Chinamasa could also be a reflection that he was as stumbling block to the party's populist agenda ahead of the 2018 elections. He recently complained about lack of support in Government for his efforts to rein in the fiscal deficit.

On the legal front, the case in which the High Court allowed businessman Ken Sharpe, owed more than \$2 million by Tetrad Investment Bank (TIB) to institute legal proceedings to recover the debt despite the financial institution being under judicial management, could have a bearing on other firms that have escaped from their obligations under the cover of judicial management. Meanwhile, weighted capacity utilisation in the manufacturing sector declined by 2.3 percentage points from 47.4 percent last year to 45.1 percent in 2017, according to the CZI's survey published during the month. This decline was in spite of Government's intervention through Statutory Instrument 64 of 2016.

### Industry Awards & Achievements: Stanbic Bank Shines Again

The standout development of the month was Stanbic Bank's ranking as the best performing bank in Zimbabwe in the Zimbabwe Independent's Banks and Banking Survey, for the second year running – a remarkable achievement indeed. During the survey period, Stanbic reported a profit of US\$12.8 million, up from US\$10.5 million in the comparable period in 2016 with its core capital standing at US\$119.5 million, up from US\$95.3 million in June 2016, which was well above the regulatory minimum of US\$25 million. The bank also won an award for the Highest Dollar Value Contributor per Sector in the Services Sector at the Zimbabwe Revenue Authority (ZIMRA)'s Taxpayer Appreciation Awards.

### Currency, Pricing and Liquidity Perspectives: Black Market Accounts for 25% of Imports

During the month under review, the Confederation of Zimbabwe Industries revealed that industrialists and retailers were sourcing at least 25 percent of their foreign currency requirements from the black market. If the activities of other informal market users of foreign currency such as cross-border traders (who sometimes double as "runners" for official businesses) are factored in, the percentage could actually be higher. The fact that the issue was openly discussed at such a high level public forum serves to remind us that this alternative market has become a necessary evil, without which importers might be forced to close shop if they have to wait six to eight weeks (or even more) to get foreign currency through official channels. Without the unofficial market, shortages of basic commodities might well have become the order of the day by now. Understandably, the RBZ appears intent on being seen to be lessening the influence of this market which it can't possibly control and during the month, sought to ride on the recently gazetted Statutory Instrument 122A which criminalises the trading of cash without a licence and discouraged the public from transacting in foreign currency with unregistered parties. The apex bank also sought to encourage mainstream banks to play a more active role in currency trading, which would help to move the volumes away from the streets into the formal markets. The expectation is that as the new regulations force unregistered currency traders to give up some ground due to the fear of being arrested, banks should be ready to capitalise on this opportunity and seek to increase their share of the currency market, a point the RBZ Governor highlighted during his meeting with representatives of banks during the month. The big questions is: Do banks really see this as an opportunity worth pursuing?

As September inflation rose to 0.78 percent following price increases on the back of foreign currency shortages which continued to affect the retail sector by hampering the importation of critical raw materials, the Parliamentary Budget Office (PBO) warned that inflation was likely to touch two-digit levels. "It is clearly evident that the country is headed for two-digit inflation by end of year 2018. Although this is valuable in terms of reduction in the real value of domestic debt, it reduces the value of savings and bank balances in real time gross settlement dollars thus bringing back old memories of hyperinflation," the PBO said.

## 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



“With all it’s hidden fees, this bank must be the leader of the fee world.”

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“What good is online banking if you can’t download free money from the Internet?”



“You need to improve your credit score. Come back after you pay off your share of the national debt.”



“As part of the bank’s forms reduction policy, you won’t have to fill out any additional forms. Your loan application has not been approved.”



**October 19, 1987** : “Black Monday” occurred on Wall Street as stocks plunged a record 508 points or 22.6 per cent, the largest one-day drop in stock market history.

**October 24, 1929** : “Black Thursday” occurred on the New York Stock Exchange as nearly 13 million shares were sold in panic selling. Five days later “Black Tuesday” saw 16 million shares sold.

**October 29, 1929** : The stock market crashed as over 16 million shares were dumped amid tumbling prices. The Great Depression followed in America, lasting until the outbreak of World War II.





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



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

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

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

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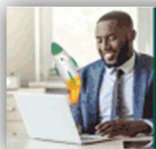


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**RECENT EVENTS IN PICTURES**



Payserv Marketing & Communications Manager Patience Mapolisa, FSSL Chairperson Kudzai Kwangwari and FSSL Committee Member Olleny Muringani with the Paynet Cup and some medals on the final day of the FSSL Paynet Cup Tournament on 11 November 2017 at Standard Chartered Bank Sports Club.



Mufakose Queens (in orange) and Mbare-based Cyclone Stars (in light green jerseys and black shorts) pose for a group picture before their curtain-raising invitational match at the FSSL Paynet Cup Tournament played on 11 November 2017. Mufakose Queens won the match 1-0 courtesy of a wonder strike by central striker Takudzwa Mupingo.



## PRODUCT LAUNCH/ENHANCEMENT INDEX (PLEI)

- **Metbank** partnered **Telecel**, **NetOne**, **TelOne** and **Moonlight** to launch the **Syndicated Mobile Payment Platform System (SMPPS)**. “Enjoy selling your crop to **GMB** and receive the money on your phone. Using the new Syndicated Mobile Payment Platform System (SMPPS), you can buy your seed, pay school fees and buy groceries wherever you are in Zimbabwe. The two leading Mobile network providers, Telecel and NetOne together with Metbank, TelOne and Moonlight are inviting the whole farming sector, suppliers, distributors and consumers to the official launch of SMPPS that will be held in Murehwa town council grounds on the 4<sup>th</sup> of October 2017 from 9am to 6pm. Entertainment will be provided by SoulJah Love and many more!”
- **MBCA Bank Limited** introduced **MasterCard** services in its product portfolio. “We are delighted to announce that we now have MasterCard services in our product portfolio. MasterCard brings great convenience to our clients who travel abroad by allowing them to transact anytime, anywhere around the world. Our clients no longer need to carry physical cash when travelling abroad. MBCA Access has done it again, enabling clients to transact wherever, whenever across the globe,” said the local franchise of the **Nedbank Group**. The bank further advised that the pre-paid MasterCard was not linked to one’s MBCA account, so clients could load the card by making a cash deposit in USD or EURO at the bank’s branches and the funds would be loaded in the client’s card in 72 hours. Cardholders needed to register for My Account at [www.cashpassport.com](http://www.cashpassport.com) to enable them to create and confirm a password. The card is Chip and PIN protected for enhanced security and worldwide acceptance.
- **FBC Bank** announced enhanced features of the FBC Mobile Moola Card including no minimum balance, no monthly service charges, send and receive transfers, linked to all wallets (**OneMoney**, **EcoCash**, **TeleCash**), Easy and Quick registration, **ZimSwitch**-enabled, Payment of Bills as well as only \$2 & ID required to register in only 5 minutes at any branch or agent.
- **Econet Wireless’** mobile money platform, **EcoCash** launched the **Swipe into EcoCash** service that enables customers whose banks have not integrated with EcoCash to swipe their funds from their bank account into their EcoCash accounts. All **ZimSwitch**-enabled cards can access this facility. The service will be available at selected merchants as well as agents with **Steward Bank** POS machines and customers can swipe up to \$2000 per transaction. However, the number of swipe transactions and limits depend on individual bank’s terms and conditions. EcoCash general manager **Natalie Jabangwe-Morris** said this was part of the firm’s efforts to enhance interoperability and convenience at a time the country was facing cash shortages and relying on electronic platforms for transacting. “Our idea is to go beyond mobile money. This is about improving payment systems,” she said during the launch of the service on 25 October 2017. **Reserve Bank of Zimbabwe** National Payments Systems Deputy Director **Josphat Mutepfa**, who officially launched the swipe facility said this was a commendable innovation at a time consumers sought convenience. He however implored the financial services sector to be on the lookout for risks associated with digital payment systems as customers also need security. “This will bring convenience to the banking community. Over the years, we have witnessed collaboration between banks and mobile networks which has resulted in improved interoperability,” he said.
- **OneMoney**, **NetOne’s** new mobile money platform, was officially launched in Harare on 25 October 2017. OneMoney replaced OneWallet that was launched in 2011, but encountered operational hurdles before being suspended. “OneMoney is a new mobile financial service that allows NetOne customers to enjoy everyday financial transactions. OneMoney allows you to do more at the least cost and when set up, a OneMoney account can be linked to a **ZimSwitch** enabled card. Now that’s convenience! To register for OneMoney simply dial \*111# on your phone. Get your OneMoney debit card and swipe for everything, anytime, anywhere across Zimbabwe. With OneMoney, It’s One Time!” said the Mobile Network Operator (MNO) about the service which enables access to Banking Services (Bank to Wallet & Zipit to Wallet), buying or sending airtime, Payroll & Debit Card. One can also pay bills, buy **ZESA** Tokens, pay Merchant as well as send and receive money. The OneMoney debit card was unveiled in Murehwa at the launch of the Syndicated Mobile Payment Platform System (SMPPS) on the 4<sup>th</sup> of October 2017.

## MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 50, OCTOBER 2017

- **ZB Bank** introduced an Internet banking offering branded as **ZB Internet Banking**. “With ZB Internet Banking, our doors are now open for business 24/7, 365. You can securely transfer money, buy ZETDC prepaid electricity, check balances, pay bills and much more. All in your own time and FAST! Visit <http://zbnet.zb.co.zw/online> and register for ZB Internet Banking today. When you are out and about, carry your bank with you, using the must-have ZB Mobile Banking App. Get it on Google play or download on the App Store,” said the subsidiary of ZBFH.

### NEW FINANCIAL INSTITUTION

- A “wrong” Information Communication Technology system reportedly delayed the opening of the Women’s Bank expected to financially empower women through affordable loans, it emerged. Women Affairs, Gender and Community Development Minister **Nyasha Chikwinya** confirmed the development on the sidelines of a tour of the bank’s headquarters at **Trust Towers** in Harare on Tuesday, 3 October 2017. “What has been delaying us is the ICT system. The one we had chosen before they did not find it suitable for millions of women who are going to be users of this bank. That has to be looked into yet again,” said Chikwinya, adding that plans to open were now at an advanced stage as a team of experts in designing such institutions was assisting the ministry.

### PRODUCT PROMOTION INDEX (PPI)

- **Steward Bank** introduced a promotion for **Kwese TV** satellite services. “You’re not mistaken, it’s amazingly real. Think you are having an illusion? Look twice because it’s real with Kwese TV. Hang out with your favourite actor right in the comfort of your living room and be sure to experience so much fun for less. Monthly subscriptions payable on SQUARE. First month subscription is free!” said the bank, a subsidiary of **Econet Wireless**.
- **Steward Bank** launched the **Square & Be Squared Promotion** running from 1 October 2017 to 31 December 2017. “Be sure to use Kambudzi Banking, Online Banking, Square App and get ready to win exciting prizes. The more you transact, the more your chances of winning. Start today!!” said the banking subsidiary of **Econet Wireless** and a member of the **Deposit Protection Corporation**. The prizes on offer included \$5 airtime for the weekly top 100, Huawei Y3 smartphones for the monthly top100 and Apple iPhones and Apple iPad Grand Prize for the Top 5 while the Top 5 runners up would walk away with Samsung Galaxy S7 Edge handsets and Samsung Tablets.
- The **People’s Own Savings Bank (POSB)** introduced the **Bank on The Go & Win Promotion** running from **15 October 2017 to 15 January 2017**. “Stand a chance to win lots of prizes. Maintain a monthly balance of at least \$100 in your POSB account. The more \$100 deposited and maintained, the greater the chances of winning! If you are not a POSB account holder, open one today! Register for Cellbank and Internet Banking. Transact on Cellbank, Internet Banking, Mobile App and the more you transact the more chances of winning,” said the country’s sole savings bank. On offer were 100 monthly prizes of \$50 each while the grand prizes included 50 smart phones, 20 bicycles, 20 freezers, 20 stoves and a fully serviced stand.





# MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 50, OCTOBER 2017

## SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

#	Organization	Product /Promotion	Product/Service Category	Sub-sector	Type of Initiative
1	Metbank & Others	Syndicated Mobile Payment Platform System (SMPPS)	Mobile Payment Platform	Banking	Product Launch
2	MBCA Bank Limited	MasterCard Prepaid Card	Chip & Pin Card Product	Banking	Product Launch
3	ZB Bank	ZB Internet Banking & App	Internet/Digital Banking	Banking	Product Launch
4	NetOne	OneMoney & Debit Card	Mobile Money Platform	Non-Bank	Product Relaunch
5	FBC Bank	FBC Mobile Moola Card	Mobile Money-enabled Card	Banking	Product Enhancement
5	Econet Wireless/EcoCash	Swipe into EcoCash	Mobile Money Platform	Banking	Product Enhancement
6	Steward Bank	Kwese Subscription Promotion	Satellite TV Subscription	Banking	Product Promotion
7	Steward Bank	Square & Be Squared Promotion	Telephone & Online Banking	Banking	Product Promotion
8	POSB	Bank on The Go & Win Promotion	Telephone & Internet Banking	Banking	Product Promotion

## CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

- Cairo-headquartered [Afreximbank](#) announced plans to build a multimillion dollar business complex comprising a hotel in Harare's Newlands area, bank President [Dr Benedict Oramah](#) said. The bank recently received title for 1.2 hectares of prime commercial land for the development of its regional offices which will become the bank's Southern African hub, and other trade facilities. "The formalisation of the land and the building comes at a time we have set out to develop and implement a concept for the transformation of Afreximbank's existing and future buildings into iconic business complexes, to be branded Afreximbank Africa Trade Centres. The bank will make available a hotel of international standards, mini business park for Africa, large conference facility, trade information portal, corporate rental office for trade promotion bodies, upmarket furnished offices, shops, restaurants and public facilities," said Oramah, adding that Zimbabwe became the first country to benefit from the new concept. When completed, the project is expected to transform Zimbabwe into an inter-African trade hub where trade and investment deals can be struck. "It's not surprising that the bank's intervention in Zimbabwe has been deep and far-reaching, during the past decade, cumulative investments exceeded US\$3 billion and touch all critical areas including trade, export agriculture, manufacturing, financial institutions and so on," he said.
- Financial institutions were reportedly considering retraining their employees to ensure they fitted into a new business model dominated by electronic banking. This came as banks increasingly moved towards creating lean structures that could see several branches being shut down across the country. Although [Bankers Association of Zimbabwe \(BAZ\)](#) president [Dr Charity Jinya](#) ruled out wholesale job losses in the banking sector due to the impact of technology, some banks had already lined up plans to shut down branches considered "not very busy." In recent months, banks have been urging their clients to subscribe for electronic transacting systems, a development that significantly cut down on the need for depositors to use banking halls. In the absence of adequate cash on the market, most transactions such as transfers, payments for services such as ZESA tokens, [DStv](#), City Council water bills and airtime purchase, amongst others, have gone electronic. "Banks are continually re-modeling their business around new technologies and innovations," said Dr Jinya.
- The [Infrastructure Development Bank of Zimbabwe \(IDBZ\)](#) issued a notice on the introduction of its e-Procurement portal. "The Infrastructure Development Bank of Zimbabwe has developed an electronic procurement (e-Procurement) portal for the registration of service providers (consultants, contractors and suppliers of materials). All current and prospective service providers are being requested to register on the Bank's e-Procurement portal which is available on the Bank's website [www.idbz.co.zw](http://www.idbz.co.zw)," said the bank's Procurement Secretariat.

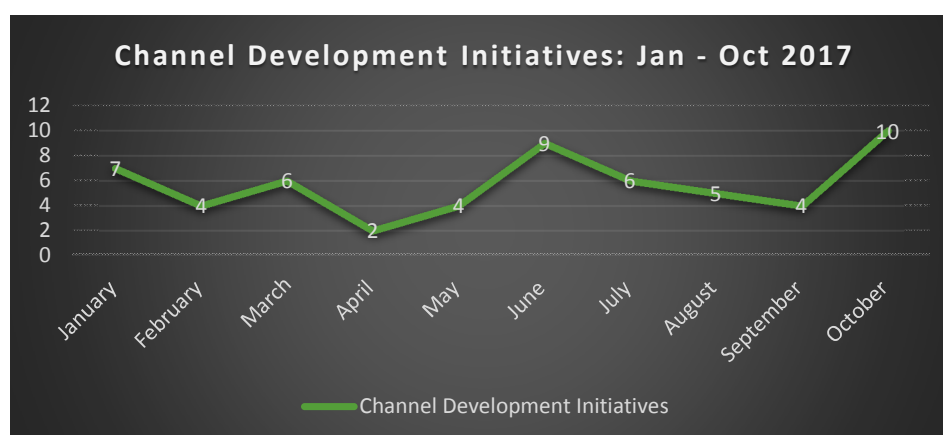
- **EcoCash** issued a public notice on its revised **MasterCard** Debit Card Conditions. “Dear valued Customers. Due to the prevailing foreign currency challenges, we regret that with immediate effect EcoCash will be suspending international transactions on the Debit Card. However, with effect from 1 November 2017, we are happy to advise that you will be able to transact with the Debit Card outside Zimbabwe upon prefunding your card at your nearest Econet shop. The card remains in use within Zimbabwe. We apologise for any inconveniences caused which, unfortunately are beyond our control,” read the public notice.
- **Kwese TV** launched an online sales and distribution channel branded **Kwese eStore** where customers can select the package and pay using **EcoCash** or any bank card that can transact online. One can buy for self or others from the eStore. To pay for subscriptions, the process is exactly the same, except that the customer will have to choose the “pay subscription” option. “As Kwese TV, we have seen that most of our customers are using digital platforms and are very busy most of the time, hence we now offer non-conventional services to ensure that they can do their transactions wherever they are without coming to our service centres. We have a good customer value proposition, which is very convenient to them and avoid costs associated with time, travel, parking and congestion. We therefore urge people to register for Kwese service and buy the decoder and or dish in the comfort of your home, office and also be able to pay your monthly subscriptions from the eStore from wherever you are. The same goes for someone in the diaspora (sponsor) can even buy and pay for someone in Zimbabwe (beneficiary),” said Kwese.
- **Steward Bank** announced the suspension of **MasterCard** limits for international transactions. “Dear Valued Customer. We regret to advise that due to the prevailing foreign currency challenges, the bank has, with immediate effect withdrawn limits on the following cards; MasterCard Titanium, MasterCard Standard Debit & MasterCard Diaspora Cards. Customers who still wish to use their cards abroad will be required to prefund their cards in USD or via Diaspora Remittances (for Diaspora Accounts) up to the \$10,000 regulatory monthly limit. We sincerely apologise for any inconvenience caused by this variation which unfortunately is beyond our control,” said **Econet Wireless’** banking subsidiary.
- **FBC Bank Limited** announced the closure of its Harare Private Banking Centre for renovations. “Please be advised that our Private Banking Centre is closed for renovations from 14 October to 18 December 2017. During this period, the designated branches for Private Bank clients are Borrowdale Branch located at **Sam Levy’s Village** and Samora Machel Branch, located along Samora Machel Avenue in the CBD. For added convenience, we encourage you to use our various electronic banking platforms available. We apologise for any convenience you may encounter as we carry out this necessary exercise to enhance your banking experience with us,” said the bank in a public notice.
- Financial services giant **Old Mutual** commissioned two more Green Zones in Masvingo and Chiredzi on the 16<sup>th</sup> and 17<sup>th</sup> of October 2017 respectively, in a development enabling the organisation’s clients to access a full bouquet of financial services offered by the group under one roof. Speaking at the event, Old Mutual Chief Executive Officer – Rest of Africa **Jonas Mushosho** said the Green Zones are a modern client-centred facility, with an integrated approach to improving the client experience. “The Green Zone concept is part of Old Mutual’s strategy to bring closer cooperation and synergy among its group companies and the launch of two more Green Zones will make it a total of six such facilities in the country which will go a long way in catering for the need of all our clients under one roof. There will now be six Green Zones operating, two in Harare, one in Bulawayo, and another in Zvishavane. Old Mutual’s ultimate objective is to establish such centres across the country” said Mushosho. Through the establishment of Green Zones, customers will access from under one roof, services from **Old Mutual Life Assurance Company**, **Old Mutual Investment Group**, **Old Mutual Property**, **Old Mutual Securities** and **CABS**.
- **FBC Building Society** advised stakeholders that its Leopold Takawira Branch was undergoing renovations. “Please be advised that our FBC Building Society Leopold Takawira Branch will be closed for renovations effective 6 November 2017. The branch will reopen on the 2<sup>nd</sup> of January 2018. During this period the designated branch for Leopold Takawira Building Society clients will be FBC Building Society Centre Branch located at 45 Nelson Mandela Avenue in the CBD. For added convenience, we encourage you to use our various electronic banking platforms

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available. We apologise for any inconvenience you may encounter as we carry out this necessary exercise to enhance your banking experience with us," said the mortgage financing arm of [FBC Holdings](#).

- [FBC Bank Limited](#) and [FBC Building Society](#) announced the move to go paperless in respect of RTGS and inter-account transfers. "Paperless is the future. Protecting our environment is as important to us as improving the quality of service to our Customers as well as saving them money. With effect from **1 November 2017** all RTGS and inter-account transfers will be done electronically. All customers are expected to use Internet and Mobile Banking platform for their transactions," said the sister companies in a joint statement.
- [EcoCash](#) issued a public notice in respect of new EcoCash [MasterCard](#) Debit Card Conditions. "Dear Valued Customers. On the 11<sup>th</sup> of October 2017, we advised of the suspension of international transactions using the EcoCash Debit Card. We further informed that the Debit Card would need to be prefunded from the 1<sup>st</sup> of November 2017. We would like to inform you that the prefunding requirement has been deferred indefinitely and the use of the card for international transactions remains suspended until further notice. However, we are happy to inform you that your Debit Card remains valid for use in Zimbabwe. Thank you for your continued support," said [Econet Wireless](#)'s mobile money platform.
- [Homelink Financial Services](#) announced the opening of its branches in Victoria Falls and Gwanda. "Homelink has now set foot in Victoria Falls and Gwanda. Come to our new branches and get the most affordable loans for individuals and businesses," said the registered microfinance institution, a wholly owned subsidiary of the [Reserve Bank of Zimbabwe](#). The branches are situated at Shop No. 10 Galleria Building in Victoria Falls and Shop No. 4 Gwanda Shopping Centre.

SUMMARY: CHANNEL EXPANSION/RATIONALISATION ACTIVITY				
#	Institution	Sector	Type of Initiative	Description
1	IDBZ	Banking	e-Procurement portal	For registration of service providers
2	EcoCash	Non-Bank/Telco	Suspension of Int'l Transactions	Debit Card: Effective 1 November 2017
3	Kwese TV	Non-Bank/Telco	Kwese eStore	Online sales and distribution channel
4	Steward Bank	Banking	Suspension of MasterCard limits	For international transactions
5	FBC Bank Limited	Banking	Private Banking Centre renovations	14 October - 18 December 2017
6	Old Mutual	Diversified Group	Launch of two new Green Zones	Masvingo and Chiredzi (16 & 17 October 17)
7	FBC Building Society	Banking	Branch Renovations	Leopold Takawira Branch (6 Nov 17 - 2 Jan 18)
8	FBC Bank & Building Society	Banking	Going Paperless Strategy	RTGS & Inter-A/c transfers effective 1 Nov 2017
9	EcoCash	Non-Bank/Telco	Suspension of prefunding option	Deferred Indefinitely
10	Homelink Financial Services	Microfinance	Opening of New Branches	Victoria Falls and Gwanda



### EXECUTIVE MANAGEMENT/BOARD CHANGES

- The Board, Management and Staff members of [FBC Holdings](#) congratulated [Barnabus Vera](#) for being elected the President of the [Institute of Internal Auditors of Zimbabwe \(IIAZ\)](#) at the institute's annual conference.
- The [Deposit Protection Corporation \(DPC\)](#) announced the death of A.L.A Pichanick, a founding board member of the corporation. "It is with great sadness that we learnt of the passing away of our long-serving and founding Board Member, [Mr Alwyn Pichanick](#), on the 9<sup>th</sup> of October 2017. The Board, Management and Staff of Deposit Protection Corporation (DPC) will forever be grateful for his sterling contribution and commitment to the Corporation. May his soul rest in eternal peace," said the deposit insurer in a condolence message.
- The [CBZ Holdings Limited](#) Board of Directors announced the retirement of [Never Nyemudzo](#) with effect from 31 December 2017, after serving three years as Group CEO. "In the meantime and with immediate effect, Never Nyemudzo will proceed on leave and [Peter Zimunya](#) will assume the role of Acting Group Chief Executive Officer. Peter Zimunya is currently the Managing Director for [CBZ Bank Limited](#). The Board acknowledges Never's leadership and service to the Group having joined the Group in 2008 as the Group Finance Director and his subsequent appointment as Group Chief Executive Officer in 2014. Never created immense value as he continued with the growth of the Company to its current position of being the leading financial institution in Zimbabwe. The Board, Management and Staff extend their appreciation to Never for his commitment and dedication during his tenure as Group Chief Executive Officer and wish him well as he embarks on new interests after an illustrious career within the Group," said [Rumbidzayi A. Jakanani](#), the Group Legal Corporate Secretary on 23 October 2017.
- The Board of [Fidelity Life Assurance of Zimbabwe](#) announced the appointment of [Patricia Zvandasara](#) as the Group's Chief Finance Officer effective 1 October 2017. "Patricia holds an Honours Bachelor of Accountancy Degree from the [University of South Africa](#). She is a qualified Chartered Accountant who served her articles at [PricewaterhouseCoopers](#). After qualification, she worked in various local and international organisations and has extensive experience spanning over 22 years particularly in the insurance industry where she served in various senior leadership capacity where she drove operational and financial efficiency whilst establishing core matrices that optimize and maximize team and corporate performance. In addition, Patricia is also active in the accountant's professional industry. She currently serves as a Member of the [Women's Chartered Accountants Network, \(WeCan\)](#) whose purpose is to develop female chartered accountants for influence and relevance as the [Institute of Chartered Accountants of Zimbabwe](#) competency Assessor, having been registered in 2014. We wish Patricia every success in her new role," said the Board of Fidelity Life Assurance in the notice of executive appointment.
- [Barclays Bank Zimbabwe Limited \(BBZ\)](#) parted ways with its managing director [George Guvamatanga](#) who got modest US\$354 000 exit package as the new majority shareholder [First Merchant Bank \(FMB\)](#) of Malawi flexed its muscles and appointed the bank's chief finance officer, [Sam Matsekete](#), as acting MD. Appointed MD in 2008, Guvamatanga was with the bank for 28 years. According to a letter written by BBZ chairperson [Anthony Mandiwanza](#), the board resolved to retrench Guvamatanga. "We refer to the above matter (Notice of intention to retrench) and advise that the employer has resolved to retrench you from employment effective **October 31, 2017**. Your name accordingly appears on the Notice of Retrenchment which is attached to this letter with the reasons thereof. The notice will also be served on the [Retrenchment Board](#). Your individual gross retrenchment package, calculated based on your gross monthly salary of US\$16 666.67 and be paid to you upon your retrenchment subject to any taxation, shall be the total gross sum of US\$354 293.37. Kindly note that effective the moment you receive this letter, you will be forthwith required to handover any and all property in your possession belonging to the employer," wrote Mandiwanza in a letter dated October 24. According to annexures to the letter "the employer has reorganized and requires new management team with different wage and skill structure than the current one. Additionally, the employer intends to merge and/or separate certain positions and duties in its management and in respect of the head of the organisation, which may include but not limited to abolishing the managing director position for a different model." The retrenchment board confirmed Guvamatanga's exit in a letter dated October 30, a decision that was immediately challenged by his lawyers. "It is hereby notified that the Retrenchment Board



has in terms of the Labour Act Section 12C (2) considered and confirmed the proposal of Barclays Bank Zimbabwe Limited," the board wrote.

## REBRANDING & STRATEGIC REALIGNMENT INITIATIVES

- Malawi's [First Merchant Bank Capital Holdings Plc \(FMBCH\)](#) said it would invest in excess of US\$7 million in the complete IT System integration of [Barclays Bank Zimbabwe](#) and another US\$500 000 on the bank's rebranding. FMB Chairperson [Hitesh Anadkat](#) told an analyst briefing on Wednesday, 18 October 2017 that the integration costs could have cost US\$15 million but Zimbabwe would benefit from integration with Malawi. "We expect to spend US\$6 million to US\$7 million locally for the core system integration. The cost would have been US\$15 million but Zimbabwe will benefit from Malawi expertise. On rebranding, we will be rebranding all the banks simultaneously so for Zimbabwe we will spend about half-a-million dollars on the rebranding. We will rebrand to [FMB Barclays](#)," he said. The rebranding exercise was expected to start in less than 12 months' time and Anadkat said it would depend on the pace at which things moved in Zimbabwe. It also emerged that the [Reserve Bank of Zimbabwe](#) had already approved the new name of the bank.

## ICT DEVELOPMENTS

- [ZB Bank](#) carried out a scheduled routine maintenance on its ATM/POS and Internet Banking system from 22:00hrs to 00:00hrs on 7<sup>th</sup> October 2017. "We do not anticipate to face any challenges but should these arise while you are transacting you can contact us on 0772 560 116 which is our 24 hour helpdesk number. We sincerely apologise for any inconvenience that may be caused. We thank you for your support and understanding," said the banking unit of [ZB Financial Holdings Limited](#).
- [FBC Bank Limited](#) and [FBC Building Society](#) advised their clients of a System upgrade and service interruption. "We advise our valued clients that FBC will be carrying out a system upgrade exercise starting at 02:00 a Sunday, 08 October 2017 to 04: 30 am Monday 09 October 2017. The exercise will result in the unavailability of the following services during the period: Internet Banking, E-statements, [ZIMRA](#) statements, Email and SMS alerts. The following services will however be available: ATM, [MasterCard](#), Point of Sale, [OneWallet](#), and [Mobile Moola](#). Please bear with us as we carry out this necessary exercise to improve the quality and utility of our delivery channels," the sister company in the joint public statement.
- [CABS](#) issued a notice in respect of a System Upgrade and Service Disruption during the period 13 -17 October 2017." Dear Valued Customer, CABS would like to advise that the Society will be upgrading its banking system from 2000 hours on Friday, 13 October 2017 to midnight on Tuesday, 17 October 2017. During this period, some services/platforms will be affected as shown in the table below. Normal operations will resume on Wednesday, 18 October 2017.

Channel	Unavailable	Available
<b>Branches</b>	<ul style="list-style-type: none"> <li>• RTGS, both incoming and outgoing</li> <li>• Cash withdrawal</li> <li>• Account opening</li> </ul>	<ul style="list-style-type: none"> <li>• Normal banking hours with limited services outlined below:                             <ul style="list-style-type: none"> <li>○ Cash deposits</li> <li>○ Telegraphic transfers</li> </ul> </li> </ul>
<b>ATM's</b>		Normal services to card-holders will be available
<b>Internet Banking</b>	Unavailable	
<b>Salaries/Debit Order</b>	Unavailable	
<b>Point of Sale (POS)</b>		Normal services to card-holders will be available at Merchants & CABS Agents
<b>Mobile Banking including ZIPIT &amp; EcoCash</b>		Normal services to all registered mobile banking customers
<b>Cash Passport MasterCard</b>	Unavailable	

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We encourage you to plan your banking in advance to minimise any inconvenience. Kindly contact our Call Centre on 04-883823-59 should you require any clarification and/or assistance during this period. We thank you for your patience and apologise sincerely for the inconvenience caused,” said the bank, a member of the [Old Mutual Group](#).

- [ZB Bank](#) carried out a scheduled routine systems maintenance, which it said might affect its Banking Channels, from 14<sup>th</sup> October to 15<sup>th</sup> October 2017. “During this period you will not be able to access the ZB Internet Banking platform. We do not anticipate to face any challenges but should these arise while you are transacting you can contact us on 0772 560 116 which is our 24 hour helpdesk number. We sincerely apologise for any inconvenience that may be caused. We thank you for your support and understanding,” said the banking unit of [ZB Financial Holdings Limited](#).
- [Standard Chartered Bank Zimbabwe Limited](#) advised that it was upgrading its IT Infrastructure in order to serve its clients better. “As part of our promise to provide you with fast and convenient services, we are enhancing our IT infrastructure and this will cause some disruption of service to you. On Saturday 4 November 2017 and Sunday 5 November 2017, the services below will be unavailable. We urge you to plan your banking in advance to minimize any inconvenience.

Channel	Saturday 4 November 2017	Sunday 5 November 2017
Branches	Closed	Closed
ATMs	Unavailable 4:00am – 6:00pm	Available for use
VISA Debit (Point of Sale Services and International payments)	Unavailable 4:00am – 6:00pm	Available for use
Mobile banking (ZIPIT, ZESA Payments, Airtime Topup, DSTV Payments, Interaccount Transfers)	Unavailable 4:00am – 6:00pm	Available for use
Straight2Bank and Online Banking	Unavailable 4:00am – 6:00pm	Available for use

Normal operations will resume on Sunday 5 November 2017. For further information please do not hesitate to contact your relationship manager or any of our branches,” said the bank, whose payoff line is “Here for good.”

- [MBCA Bank Limited](#) a member of the [Nedbank Group](#) carried out a system maintenance exercise on Sunday, 5 November 2017 from 1300hrs to 0430hrs on Monday, 6 November 2017. As a result of this exercise, the bank’s internet banking platform (MBCAnet) was unavailable. However, alternative digital platforms i.e. MBCA Point of Sale, [ZimSwitch](#) point of sale purchases, Mobile Banking and all ATMs were available for customers’ banking convenience.

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

- The [Zimbabwe Golf Association \(ZGA\)](#) announced on Wednesday, 4 October 2017 that the [All Africa Golf Team Championships \(AAGTC\)](#) would now go ahead after [FBC Bank Limited](#) saved the day with a US\$35 000 sponsorship package. Speaking at a press conference held at the [Royal Harare Golf Club](#) to announce the sponsorship, ZGA president [Mafingei Nyamwanza](#) said the success of the tournament was doubtful before the helping hand from FBC Bank. FBC Group Marketing Head [Priscilla Sadomba](#) said that FBC Bank were the proud title sponsors of the tournament, adding that the bank as a responsible corporate citizen was dedicated to giving back to the community as part of its corporate social responsibility. “It is against this background that we always disburse funds towards sustainable, value-driven and mutually beneficial corporate social responsibility initiatives in the fields of education, health and sports. Our corporate vision is to be Africa’s Trendsetters in Financial and Risk Management. Our vision is in line with the 2017 All Africa Golf Team Championship which is a continental sporting event. As such, we are here to affirm our commitment towards supporting the development of golf as a sport for everyone in Zimbabwe and the continent of Africa at large,” she said. FBC has been a good friend of the golf community as it was also one of the sponsors of the Women’s HIV and Cancer Prevention Golf ProAm Tournament held at the Royal Harare Golf Club on Tuesday, 3 October 2017.

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- [FBC Holdings Limited](#) was one of the sponsors of the 2017 edition of Musica Festival held on 7<sup>th</sup> October 2017 at the [New Italian Club](#) on Enterprise Road.
- The [Bankers Association of Zimbabwe \(BAZ\)](#) donated a solar-powered borehole worth over \$19 200 to flood victims in Tsholotsho in early October. The borehole, which was drilled by the association to assist the victims, was handed over to Local Government, Public Works and National Housing Minister [Saviour Kasukuwere](#) at a brief ceremony in Harare. "This donation is indeed an expression of corporate social responsibility and the professional relationship that exists between the association and the people of Zimbabwe. As I receive this donation from the Bankers Association of Zimbabwe with a deep sense of gratitude, I wish to highlight that it is through concerted efforts of organisations like yours that we have been able to assist victims of natural calamities in this country," said Kasukuwere.
- [Stanbic Bank](#) and the [People's Own Savings Bank](#) were platinum sponsors; [MBCA Bank Limited](#) and [CBZ Holdings](#) were gold sponsors while [Metbank](#) and [ZB Bank](#) were silver sponsors of the 2017 Exporters' Conference hosted by [Zimtrade](#) on 19<sup>th</sup> October 2017. The institutions' sponsorship was as follows.

#	Sector	Sponsor
1	Processed Foods & Beverages	POSB
2	Horticulture (Floriculture)	POSB
3	Horticulture (Fresh Produce)	POSB
4	Hides & Skins	Stanbic Bank
5	Packaging	Stanbic Bank
6	Textiles	Stanbic Bank
7	Agricultural Inputs	Stanbic Bank
8	Agricultural Implements	MBCA Bank
9	Clothing	MBCA Bank
10	Pharmaceuticals	MBCA Bank
11	Engineering	CBZ Bank
12	Furniture	CBZ Bank
13	Leather Products and Footwear	CBZ Bank
14	Building & Construction	Metbank
15	Household & Electrical Goods	ZB Bank

- The [People's Own Savings Bank \(POSB\)](#) supported Soul Jah Love ([Soul Musaka](#))'s album launch on Saturday, 21 October 2017 in Mbare. The bank opened instant accounts on the day and during the show at the venue. "POSB has taken a position to help Soul Jah Love. This is his first bank account ever in his life and it is Esteem Banking where he gets served coffee while doing his transactions. They want to assist his development, mortgages, musical instruments etcetera. You can now swipe at Soul Jah Love's shows," said the artiste's manager [Benjamin Nyandoro](#).
- [Barclays Bank of Zimbabwe](#) was the sponsor of the [Zimbabwe Independent's](#) Banks & Banking Survey 2017 Magazine which was available to delegates during an awards dinner held on [24 October 2017](#).
- [NMB Bank Limited](#) was one of the sponsors of Dr STEF: Miracle Hypnotist, an event hosted by [Sharon School](#) at the 7<sup>th</sup> Arts Theatre on 28 October 2017.
- [Old Mutual](#), whose payoff line is "Do Great Things" was once again the sponsor of the 40<sup>th</sup> Edition of the Old Mutual National Choir Festival Regional Championship for Zimbabwe held on 29 October 2017 at the [Harare International School](#).
- On Wednesday 25 October 2017, [Stanbic Bank](#) donated 300 Dove Soaps, 600 Nivea sunscreen lotions, 300 lip balms and 300 sunhats to the [Albino Charity Organisation of Zimbabwe](#). The donations were handed over at the most timely season with the summer season heat is at its highest.

- Diversified financial services group [CBZ Holdings](#) on Thursday, 26 October 2017 launched the second edition of the [Youth Entrepreneurship Programme \(YEP\)](#) at [Jubilee Christian Centre](#), aimed at assisting young people between 18 and 35 who want to venture into business. As part of the assistance, CBZ would be holding seminars in various provinces, educating young people on how to start businesses. "YEP has a major investment of \$110 000 for the year 2017, up from \$48 000 in 2016. In partnership with the [Empowered Life Trust](#), CBZ Holdings Youth Entrepreneurs Programme is a practical and results-based initiative to produce growth-oriented, not survivalist, but profitable businesses that are run professionally by youth from all 10 provinces in Zimbabwe," said CBZ Senior Manager for Group Marketing [Joel Gombera](#). The 2017 edition came with a top prize of \$10 000, while the first runner up and the second runner up would walk away with \$7500 and \$5000 respectively.
- The [People's Own Savings Bank \(POSB\)](#) and [MBCA Bank Limited](#) were platinum and silver category sponsors respectively of the [Institute of Internal Auditors Zimbabwe's](#) 2017 Annual Conference.

### CORPORATE ACTIONS

- [Zimre Holdings Limited](#) issued a notice to shareholders on 10<sup>th</sup> October 2017 regarding withdrawal of its Cautionary Statement. "The Board of Directors of ZimRe Holdings Limited "ZHL" wishes to advise shareholders and the investing public that negotiations over the disposal of certain assets held by the Company referred to in the Cautionary Statement first published on the 16<sup>th</sup> of August 2017, have been curtailed by the ongoing market developments. The Board has mutually terminated the negotiations with the parties involved. The Company will consider other funding alternatives, to pursue its strategic opportunities. Accordingly shareholders and the investing public are advised to take note of the withdrawal of the Cautionary Statement," said Company Secretary [Lovemore Madzinga](#).
- [Zimre Holdings Limited \(ZHL\)](#) terminated negotiations for the disposal of certain assets held by the company as the operating environment increasingly became unstable. A source close to the negotiating parties said it was becoming increasingly difficult to conclude negotiations in a market bedevilled by currency issues where everyone was looking for real assets. Given the loss of value in monetary assets and the continued uncertainty, it becomes difficult to sell real assets when the whole market is moving away from monetary assets. The issue of valuation was also another factor as we have a market ([ZSE](#)) that is overpriced versus the real value of underlying assets. As much as you can come up with a true intrinsic value, comparisons will always be made with the current market value. Questions will always be raised and the parties involved do not want unnecessary attention," said the source who requested anonymity. It is understood that the asset in question was the 30.03 percent stake in [NicozDiamond](#) which was to be sold to the [National Social Security Authority \(NSSA\)](#) as part of the latter's efforts to consolidate its assets under one portfolio. The proceeds from the deal were earmarked to support the ZHL's new strategic endeavour.
- [Old Mutual Zimbabwe Limited](#) issued a notice to shareholders in respect of the declaration of an interim dividend. "Notice is hereby given that on Thursday 5 October 2017, the Board of Directors of Old Mutual Zimbabwe declared an Interim Dividend of 2.474 United States cents per share. The dividends accrue to members registered in the Share Register of Old Mutual Zimbabwe Limited at the close of business on Friday 27 October 2017. Dividend warrants will be posted, or direct payments made, on or about Tuesday 31 October 2017. Further, the Share Register of the Company will be closed from Friday 27 October 2017 to Wednesday 1 November 2017, both dates inclusive," said Group Company Secretary [Onias Chigavazira](#).
- Barclays Bank of Zimbabwe issued a Press Release on 13 October 2017 in respect of the close of the [FMB Capital Holdings Plc](#) takeover deal. "FMB Capital Holdings Plc (FMBCH) and [Barclays Bank Zimbabwe \(BBZ\)](#) have announced the successful acquisition of a majority shareholding in [Afcarme Zimbabwe Holdings \(Pvt\) Limited](#), the holding company for Barclays Bank of Zimbabwe Limited (BBZ) from [Barclays Bank PLC \(BBPLC\)](#). Completion of this transaction comes after all statutory and regulatory requirements were fulfilled. The FMB group has banking operations in Malawi, Mozambique, Zambia and Botswana. The move sees FMBCH acquiring a 42% shareholding in BBZ with Barclays PLC retaining a 10% stake (employees hold 15% through an Employee Share Ownership Trust



and the remaining 33% are listed on the [ZSE](#)). Despite the change of ownership both FMBCH and Barclays have stressed that it's 'business as usual' with no immediate changes anticipated to its service offering and network. For the first 12 months after conclusion of the deal, the bank will continue to operate under the Barclays brand with the FMBCH brand being introduced over a subsequent two year period. BBZ Board Chairman, [Antony Mandiwanza](#) said "The completion of this transaction marks an important juncture in the history of Barclays Bank Zimbabwe. It is testament to the successful franchise that the institution has become, particularly since dollarisation and in the current challenging macroeconomic environment, as evidenced by our 2017 half year results. "This transaction follows FMB's recent acquisition of [Opportunity International Group's](#) Malawi operations, [Opportunity International Bank Malawi \(OIBM\)](#). FMB is listed on the [Malawi Stock Exchange](#) and has two wholly owned subsidiaries incorporated in Malawi: [The Leasing and Finance Company of Malawi Limited](#), a licensed financial institution engaged in deposit taking and asset finance, and [FMB Capital Markets Limited](#), a licensed portfolio manager. The Group also has interests in [Capital Bank Limited](#) in Mozambique and Botswana, and [First Capital Bank Limited](#) in Zambia with total assets (at the end of June 2017) of USD 496Mn. This transaction will be the FMBCH's first operation in Zimbabwe. FMBCH has a conservative banking philosophy with safeguarding of depositor funds being at its core. This is evidenced by its high levels of liquidity, strong capital adequacy and conservative lending policy. For instance, the Group's liquidity position and capital adequacy has consistently remained above 55% and 20% for the past five years and its NPLs were at 2.7% as at 31 Dec 2016 despite adverse market conditions. "FMB Chairman, [Hitesh Anadkat](#) said 'This transaction marks a significant milestone in our steps to becoming a truly African bank offering financial solutions to the region. We share many of the same values as our colleagues at Barclays and we will continue to create meaningful value for all our stakeholders – customers, employees, investors and the Zimbabwean community at large.' He added that FMB have 'a strong track record which demonstrates prudent financial management, sound operating platforms as well as the ability to respond to market opportunities with relevant product offerings that meet customer demand. The Group has a strong management team with a blend of experienced bankers from leading global and regional banking institutions coupled with local talent. The Group's Board of Directors also comprises members with extensive experience in international/regional banking, accounting, law and investment banking. The Group would continue to pursue its conservative approach to banking with BBZ but would also seek to enhance the product and service offering by leveraging on BBZ's existing infrastructure/skills as well as FMBCH's regional expertise," read the press release.

- [CBZ Holdings Limited](#) issued a sixth cautionary statement dated 19 October 2017 in respect of one of its subsidiaries. "Further to the Cautionary Statements issued by the Board on 2 May 2017, 31 May 2017, 19 July 2017 and 23 August 2017, and 21 September 2017 the Directors of CBZ Holdings Limited ("the Company") advise shareholders and other stakeholders that the regulatory matter which one of the Company's subsidiary is involved in, is still under discussion and may, on finalization have an impact on the value of the Company's shares. The Directors of CBZ Holdings Limited advise the Company's shareholders and members of the public to exercise caution and to consult their professional advisors when dealing in the shares of the Company until a further announcement is made. The Company's shareholders and members of the public will be updated on the matter in accordance with the [Zimbabwe Stock Exchange](#) Listing Rules," said Group Legal Corporate Secretary [Rumbidzayi A. Jakanani](#).
- [CBZ Holdings](#) issued a dividend declaration notice dated 26 October 2017. "Notice is hereby given that the Board declared an Interim dividend of \$1,762,371 (0.25644 US cents per share) for the Six Months ended 30 June 2017 payable in respect of all the ordinary shares of the Company. This dividend will be payable in full to all Shareholders of the Company registered at the close of business on 10 November 2017. The payment of the dividend will take place on or about 17 November 2017. The applicable shareholders' tax will be deducted from the Gross Dividends. The shares of the Company will be traded cum-dividend on the [Zimbabwe Stock Exchange](#) up to the market day of 7 November 2017 and ex-dividend as from 8 November 2017," said Group Legal Corporate Secretary [Rumbidzayi A. Jakanani](#).

## FISCAL, PUBLIC DEBT & INVESTMENT ISSUES

- The [International Monetary Fund \(IMF\)](#) revised Zimbabwe's growth forecasts upwards, saying the new growth projections were anchored by the agricultural and mining sectors. In its October 2017 World Economic Outlook, entitled *Seeking Sustainable Growth – Short Term-Recovery, Long Term Challenges*, the IMF said Zimbabwe's economy was now expected to grow by 2.8% - up from the earlier projections of 2%. The IMF's growth projections are however still below what the Zimbabwe Government expects to achieve in 2017. In March 2017, Zimbabwe revised its 2017 GDP growth rate to 3.7% from 1.7% on the back of an expected bumper maize harvest.
- The [Reserve Bank of Zimbabwe \(RBZ\)](#) said Zimbabwe had taken a position to delay the settlement of its debts to three international financial institutions (IFIs) until it met conditions that would enable Harare to access cheap concessional funding. RBZ deputy governor [Dr. Jesimen Chipika](#) told delegates attending the 46th [Institute of Bankers Zimbabwe \(IoBZ\)](#) summer school in Nyanga on Tuesday, 10 October 2017 that the country would achieve nothing by rushing to pay off debts when it has not met the debt engagement conditions. Some of the conditions include ease of doing business reforms, improvement of investment climate, fiscal and current account deficit containment and reorganisation of state-owned enterprises. "We have already secured a facility that can clear the debt, but the only reason we are not clearing now is that there are some components of the debts engagements obligations that we are still to fulfil. If we pay now, as central bank we would only manage to pile up our debts. So what the governor is working on is that once we get at the prescribed level, we then take the package we have managed to secure and pay off the debt," Chipika said.

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

- Government confirmed working on a \$56 million facility with the [African Export-Import Bank \(Afreximbank\)](#) to support importation of fertiliser for the forthcoming agricultural season. The amount would be part of the \$150 million facility being negotiated by the [Reserve Bank of Zimbabwe](#) to import cooking oil raw materials and fuel, central bank governor [Dr John Mangudya](#) said. "The Reserve Bank of Zimbabwe is currently working on a new \$150 million letter of credit facility to support fertiliser, fuel, crude oil importation and of that amount around \$56 million will go to fertiliser importation ahead of the 2017/2018 summer cropping season," said Dr Mangudya.

## CAPITAL MARKETS DEVELOPMENTS

- The [Zimbabwe Stock Exchange \(ZSE\)](#) issued a notice to the public on 2 October 2017 outlining progress on implementation of the ZSE Market Data Policy. "The Zimbabwe Stock Exchange Limited ("ZSE") wishes to announce that the ZSE Market Data Policy ("Policy") is being implemented with effect from 1 January 2018. The Policy outlines the policies which will govern the use, distribution, display and reporting of Zimbabwe Stock Exchange ("ZSE") market data by direct customers, data vendors and their end users. The ZSE publicly invited comments from all stakeholders on the Draft Policy on 7 September 2016, which comments were used to amend the Draft Policy. A soft copy of the approved Policy is available on the ZSE website [www.zse.co.zw](http://www.zse.co.zw) or from the ZSE'S Business Development Team who are reachable on the following landlines +263242868305 or email [data@zse.co.zw](mailto:data@zse.co.zw). The general public should note that the Policy is an evolving document which will be continually updated over time and updated versions of the document will be available from time to time through the above channels," said Acting Chief Executive Officer [Martin Matanda](#).
- [First Mutual Holdings Limited](#) announced the results of its Renounceable Rights Offer. "Shareholders are advised that the results of the Rights Offer made to members of who were registered in the books of the company as at close of business on 8 September 2017 that closed on 6 October 2017 are as follows:

	Shares	Amount US\$	Percentage Response
Rights Offer Subscriptions	142,387,314	11,675,759.78	67.68%
Underwriters' Portion	67,984,081	5,574,694.61	32.32%
<b>TOTAL RIGHTS OFFER SHARES</b>	<b>210,371,395</b>	<b>17,250,454.39</b>	<b>100.00%</b>

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The Rights Offer shares will be issued and listed on the [Zimbabwe Stock Exchange](#) with effect from Friday, 13 October 2017. The Board of Directors and Management of First Mutual Holdings Limited take this opportunity to express their appreciation to shareholders, the underwriters and other stakeholders for their valued support,” said Group Company Secretary [Sheila F Lorimer](#) on 11 October 2017.

- On Friday, 13 October 2017 [Brainworks Limited](#) broke new ground after it became the first Zimbabwean company to have a primary listing on the [Johannesburg Stock Exchange](#). Brainworks, the 16<sup>th</sup> company to list on the JSE in 2017, has subsidiaries in real estate ([Dawn Properties](#)), hospitality ([African Sun](#)), logistics ([FML](#)) and financial services ([GetSure](#), [GetBucks](#) and [GetCash](#)). The shares opened at R11.50 with an anticipated market capitalisation of the company at around R869.7 million. The listing was seen as expanding the company’s capital base and supporting its vision for growth and expansion into regional and global markets. “With regards to capital, we are looking to raise about \$15 million in the first year which will be used to fund various operations and to retire debt obligations. But we are really hoping to use our equity to raise more capital in Zimbabwe also,” said CEO [Bretts Child](#) after the listing ceremony. The group says that its main investment case lies in the fact that it offers ground floor access to a recovering emerging market and through the planned listing provides exposure to Zimbabwe based assets without risks associated with direct investment through the [Zimbabwe Stock Exchange](#).
- [Standard Chartered Bank](#), [Stanbic](#) and [CBZ](#) were appointed bankers for the Zimbabwe Portfolio Fund which was established by the [Reserve Bank of Zimbabwe](#) in August 2017. Although the fund was supposed to be functional from September 2017, the bankers were still awaiting the seed capital from the central bank. “There is potential in Zimbabwe concerning private equity. I think that the good thing is that there is an equity fund that was created recently in the last monetary policy statement and CBZ, Stanbic and Stanchart have been made the bankers for the fund. We are just waiting for the seed capital to come in. That way when the investor comes into Zimbabwe we sort of reserve the currency that will pay for the capital, investment appreciation and dividend. It is going to be potentially a million US dollars for each of the banks and then as and when investors come in with fresh capital, it will be ring-fenced. We will benefit through custody business, the inflows that will come in the usual banking business... For the country it gives confidence that they will come in and they will tell people that it’s not true that if you invest in Zimbabwe your money will not come back. The seed capital is coming from the Reserve Bank. We will then mobilise the money that comes through the banks that goes to the stock exchange. We will be responsible for quarantining the capex so that for people that want to pay out we can use that same fund so it becomes a self-running fund,” Standard Chartered Bank CEO [Ralph Watungwa](#) said on the sidelines of the 46th [Institute of Bankers in Zimbabwe \(IOBZ\)](#) Summer School in Nyanga in mid-October.

### DEPOSIT PROTECTION & TROUBLED INSTITUTIONS RESOLUTION INITIATIVES

- [Welsa International](#) a member of [Crowe Horwath International](#), issued a notice in respect of the [Navistar Insurance Brokers \(Private\) Limited](#) (under judicial management in terms of CR91/14. “The Judicial Manager of Navistar Insurance Brokers (Private) Limited (“Navistar” or “the Company” wishes to advise all clients, creditors and statutory bodies that Navistar has been registered with [Insurance & Pensions Commission \(IPEC\)](#) and issued with an insurance broking licence in terms of the Insurance Act (Chapter 24:07). The Company shall be trading as [AGH Insurance Brokers \(Private\) Limited](#) and will change its name as such in terms of the Companies Act (Chapter 24:03). Should any individual, corporate or statutory body require any further information or clarity in this regard, please contact the Judicial Manager,” said [Dr. Wesley Sibanda](#), the Judicial Manager.
- [Knowledge Hofisi](#) of [Aurifin Capital](#), the Provisional Liquidator of [Altfin Insurance Company Limited](#) issued a notice to creditors and contributories. “Notice is hereby given that a meeting of creditors and contributories of Altfin Insurance Company Limited will be held at 8:30am on Wednesday, 25 October 2017 at the Master’s House, Corner Herbert Chitepo Avenue & Same Nujoma Street, Harare for the purpose of transacting the following business: Proof of claims and consideration of the statutory report,” said Hofisi, noting that creditors were required to file claims with the Master of the High Court before the meeting took place and that hard copied of the statutory

report would be available for collection from Aurifin Capital's offices from 10:00am on Monday, 23 October 2017. Soft copies were also available on request.

- The [Deposit Protection Corporation](#) and [BDO](#) issued a notice in respect of payment arrangements under the [Tetrad Investment Bank \(TIB\)](#) scheme of arrangement. "Each Creditor and/or Depositor of Tetrad Investment Bank (in provisional Judicial Management) ("the Bank") is hereby advised to visit the Bank's Offices situated at Harare, 51 The Chase, Mt Pleasant or Bulawayo, Ground Floor, Charter House, L Takawira/Fort Street) between Monday 23 October 2017 and Friday 10 November 2017, both dates inclusive, to complete payout instructions in respect of payments that shall be made to you in terms of the Scheme of Arrangement that was approved by the creditors of the Bank on the 6<sup>th</sup> April 2017 and 7<sup>th</sup> April 2017. For positive identification, each Creditor and/or Depositor must bring their original and certified identification documentation," read the joint notice.

### BOND/TB ISSUE OUTLOOK

- The [Parliamentary Budget Office \(PBO\)](#) warned that Government could default on its Treasury Bills payment obligations on maturity, a development it feared could leave most local commercial banks, which hold the bulk of the TBs stock, heavily exposed. Government has been heavily relying on domestic markets to finance the budget deficit and as a result TBs worth \$2.5 billion were issued to the market. In its second quarter performance review of the budget, the Parliamentary Budget Office noted that at the current level, the TBs held by commercial banks were now "unsustainably" 1.7 times the level of bank equity capital, up from 1.3 times at the end of 2016. "The TBs are creating more fictitious money than what is necessary. With commercial banks becoming increasingly fearful, and rightfully so, about the potential for TBs default, banks have smartly preferred to hold onto physical US dollar, limiting withdrawals and international card transactions. The TBs face further potential mark downs with the new accounting procedures under the International Financial Reporting Standards 9 rules that will take effect on January 1 next year," said the report. However, some analysts dismissed the possibility of Government defaulting saying instead, the holders of Government paper should worry about the potential loss of value in the face of rising inflation. The PBO also said that the current level of public debt violated provisions of the Debt Management Act, which provides that outstanding Government debt as a ratio of GDP should not exceed 70 percent at the end of any fiscal year, yet it was now over 80 percent.

### POLICY/REGULATORY/LEGAL DEVELOPMENTS

- The High Court allowed a businessman owed more than \$2 million by [Tetrad Investment Bank \(TIB\)](#) to institute legal proceedings to recover the debt, despite the financial institution being under judicial management. Zimbabwean firms had to date used judicial management to escape debt repayments. But judge president, [Justice George Chiweshe](#), said property tycoon, [Kenneth Sharpe](#), could proceed to sue Tetrad to recover money he was owed by the financial institution. The judgement will allow Sharpe to proceed with a court application in which he is demanding \$1, 7 million lent to the bank in 2013, together with interest at 18 percent per year. The bank failed to pay back the loan before it was placed under judicial management in February 2015. Sharpe is demanding the repayment from Tetrad Investment Bank and its parent company, [Tetrad Holdings](#) as well as from [Eugene Mlambo](#), the judicial manager. Justice Chiweshe dismissed arguments by the lawyers for the three defendants that TIB could not be sued by virtue of it being under judicial management. He said the law governing judicial management only stays existing litigations, but not future ones, unlike in the case where a company was winding up. All new suits can only proceed with the permission of the court in cases where a company is winding up. "I agree with the plaintiff that neither the wording of s 301 (c) of the Companies Act nor that of para 1 (f) of the provisional judicial management order granted in favour of the first defendant (TIB) apply to any litigation commenced after the company has been placed under provisional judicial management," Chiweshe said in a landmark ruling that could have a bearing on other firms that have escaped from their obligations under the cover of judicial management. "The express words of the order are that 'all actions and applications and execution of all writs, summons and other processes against the applicant shall be stayed and not proceeded with without leave of this Court'. The wording of the order and indeed of s 301 (c) itself indicates that only existing actions and processes may be stayed," Chiweshe ruled.



- The [Ministry of Industry and Commerce](#) consolidated a number of Statutory Instruments (SIs) issued recently to control the importation of goods which are available on the domestic market. The consolidation was effected through SI 122 of 2017 in the Government Gazette issued on Friday, 29 September 2017. SI 122 was expected to become a reference point for previous SIs, including SI 64 of 2016, which removed about 100 products from the open general licence to encourage the consumption of locally manufactured products. "SI 122 is a consolidation of fragmented SIs into one. If one wants to check which goods have been removed from the open general licence, they can now use one SI," said [Kipson Gundani](#), chief economist at [Buy Zimbabwe](#), one of the organisations that have been campaigning for import restrictions to boost domestic production and consumption. Some of the consolidated instruments include SIs 18,19,20,64 all of 2016, SI 150 of 2011 and SIs 6 and 126 of 2014. Government hopes that by introducing measures to control the importation of some goods, consumers would switch to domestic products and increase revenues for local producers, whose products have been failing to compete with imports.
  
- The [Reserve Bank of Zimbabwe](#) issued a press statement on the buying and selling of foreign currency through licenced Bureau De Change and the reporting of Retailers and Traders who refuse other modes of payment. "Following the promulgation of Exchange Control (Amendment) Regulations, 2017, Statutory Instrument 122A of 2017, a number of people have been arrested for offences related to dealing in currency without being licenced or through unauthorised persons. In order to ensure the orderly dealing in currency and for the convenience of the transacting public, the Reserve Bank of Zimbabwe (the "Bank") wishes to advise members of the public to transact in currency with or through licensed bureaux de change and money transfer agencies {listed hereunder}. The Bank will continue to advise of additional licenced bureaux de change. The permissible currency exchange is as follows: 1 Bond Note: 1 United States Dollar. The exchange between the United States Dollars or Bond Note with other currencies shall be at a fee spread of not more than 10% of the nominal value of either currency. The Bank advises that opportunities still exist for interested parties to apply for bureau de change licences. Any parties can apply to Exchange Control Division for licencing. Application forms are available on the Bank's website (<http://www.rbz.co.zw/assets/application-form.pdf>),"said the statement, which also published a list of 14 Tier 1 MTAs, 20 Tier 2 MTAs as well as 11 Bureaux De Change. Regarding retailers and traders of goods and services who refused other modes of payment, RBZ Governor [Dr John Mangudya](#) had this to say: "It has also come to the attention of the Bank that certain retailers and traders of goods and services are refusing to accept modes of payment other than cash. The Bank advises members of the public that such practices are undesirable and distort our markets. Members of the public are therefore urged to report to the [Zimbabwe Republic Police \(ZRP\)](#) or the Bank any such persons who refuse to accept other modes of payment insisting on cash payments only. The necessary corrective action shall be taken against such malpractices."
  
- Government introduced a Livestock Department Levy that affects those involved in the production of day old chicks, buying raw milk and slaughtering beef cattle. Producers of day chicks will pay 1 cent per chick, while buyers of raw milk shall also pay the same amount per litre. Those who slaughter cattle for beef will pay \$10 of the value of a fifth quarter per animal slaughtered. The levy, which was introduced through Statutory Instrument 129 of 2017, will be used to fund a number of initiatives including the promotion of surveillance, prevention and control of animal disease in accordance with Animal Health Act (Chapter 19:01). The Statutory Instrument was a supplement to the Government Gazette dated October 13, 2017. "Every person engaged in the business of - (a) producing chicks; or (b) buying raw milk; or (c) slaughtering cattle; shall pay a Livestock Development Levy. The levy shall be payable to the [Agricultural Marketing Fund](#) no later than seven days of the month following the month in which - (i) the chicks were produced; (ii) the cattle were slaughtered; (iii) the milk bought..." Some of the uses of the levy will be to promote research on appropriate technologies in livestock production and animal health; transparent grading and classification of livestock and livestock products; orderly marketing of livestock; investment in veterinary infrastructure and sustainable animal husbandry practices.
  
- The [Insurance and Pensions Commission \(IPEC\)](#) advised Government against setting up the [Road Accident Fund \(RAF\)](#), warning that doing so would erode \$71 million of short-term insurers' income from third party business and cause sudden collapse of at least eight companies. The RAF was conceived by the Ministry of Transport and Infrastructure Development as a mechanism to pool financial resources to be used in the event of major road

accidents; amid concerns private third party insurance (TPI) companies do not do much about it, leaving the burden to Government. But in its response, following a request by Government for the regulator's perspective regarding the proposed fund, IPEC confirmed the insurers' fears, saying apart from eroding half their incomes, the RAF would see four insurers immediately ceasing operations. The RAF would mean insurers would have to stop third party business. In effect a total of eight out of 20 TPI insurance companies could immediately collapse if Government set up the RAF, as four other insurers derived 60 percent of their gross premium written from third part cover. IPEC's advice followed the submission to Government by the [Insurance Council of Zimbabwe \(ICZ\)](#), which lobbied against the establishment of the road fund, but consolidation and refining of the TPI system. In Zimbabwe, third party insurance is mandatory in terms of the Road Traffic Act. "It is clear that four insurance companies would have to close down immediately ([Champions](#), [Clarion](#), [Regal](#) and [Sanctuary](#)). This is because their business is predominantly TPI with gross premium written of about 100 percent. Another four will be in serious financial problems ([Allied](#), [CBZ Insurance](#), [Hamilton](#) and [Safe!](#)) because their TPI business constitutes 60 percent of their gross premium written," said IPEC. TPI accounts for a big portion of the business of the insurance industry and loss of the TPI business following the establishment of the RAF would result in the market not enjoying economies of scale, IPEC added. The insurance regulator therefore recommended Government should maintain the current system of short-term insurance cover where road accident victims are covered by TPI issued by private companies.

- [Reserve Bank of Zimbabwe](#) Governor [Dr John Mangudya](#) on 25 October 2017 said only 10 companies had so far applied to the central bank to be considered to get more than the set five percent export incentive that exporters get paid. Mangudya told captains of industry at the launch of the 2017 Manufacturing Sector Survey that the central bank had opened an opportunity for companies serious about boosting their exports to earn more than five percent incentive. "We also provided you with an export incentive scheme which we have said we can increase from five percent. So far, only 10 companies have applied to ensure that it goes up above five percent and they are exporting and they have improved their employment," he said.
- The [Confederation of Zimbabwe Industries \(CZI\)](#) warned on [25 October 2017](#) that thirty percent of the country's manufacturing companies were on the brink of collapse due to the vexing foreign currency crisis and the "pervasive lack of confidence that is hurting new investment" as it launched its annual manufacturing sector survey, published in partnership with [The Financial Gazette](#). Capacity utilisation declined to 45.1 percent in 2017, from 47.4 percent in 2016, having peaked at 57.2 percent in 2011. "Weighted capacity utilisation has declined by 2.3 percentage points from 47.4 percent last year to 45.1 percent in 2017. Expected average capacity utilisation after 12 months if things were to remain the same is 43.6 percent. This shows that companies expect to slow down on production. The decline has been driven by sectors such as non-metallic mineral products, wood and furniture, transport and equipment production and petroleum products. What is worrying business is that the fiscal deficit will persist and inflation might be much higher than the three to seven percent [SADC](#) target. The economy is still way off the mark in terms of the desired levels of industrialisation," the survey report said.
- The [Registrar of Microfinanciers](#) at the [Reserve Bank of Zimbabwe \(RBZ\)](#) issued a public notice regarding registration of seven new microfinance institutions. "Please take note that during the period July to September 2017, the Registrar of Microfinanciers registered the following additional institutions.

#	Institution	Type of Institution
1	Zimbabwe Women's Microfinance Bank Limited	Deposit Taking Microfinance Institution
2	Tinrue Finance (Private) Limited	Moneylending Institution
3	Credfund Finance (Private) Limited	Moneylending Institution
4	Lomabil (Private) Limited	Moneylending Institution
5	Skwama Microfinance (Private) Private Limited	Moneylending Institution
6	Invincible Hand (Private) Limited	Moneylending Institution
7	Anephen Investments (Private) Limited	Moneylending Institution

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This brings the number of institutions authorised to conduct business of providing loans in terms of the Microfinance Act [ Chapter 24:29] to 189 as at 30 September 2017,” said the Registrar in the public notice dated September 2017 but published in late November.

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

- The [National Building Society Limited](#) issued an informal tender invitation in relation to the supply of Retail Mobile POS Terminals under tender number NBS/mPOS\_01\_/2017. “Tenders are invited from reputable, reliable and well established firms for the supply of two hundred Retail Mobile POS (mPOS) Terminals and related Application software at the National Building Society of Zimbabwe. Tender documents (RFP) are obtainable from the Reception at National Building Society Limited (NBS), 14<sup>th</sup> Floor Social Security Centre upon payment of US\$10.00. Tenders must be enclosed in sealed envelopes and endorsed on the outside with the advertised tender number, the description and closing date and must be delivered by hand or post to : The Procurement Officer, National Building Society Limited (NBS), 14<sup>th</sup> Floor, Social Security Centre, Corner Sam Nujoma Street and Julius Nyerere Way, Harare, Zimbabwe before 10am on the closing date. Late bids will not be considered,” said the mortgage lender, adding that the closing date was 30<sup>th</sup> October 2017 and the closing time was 1000hrs.
- The [World Bank](#) Zimbabwe Country Office said it would dispose of used IT equipment via sealed bid. The items up for disposal included 16 laptops, 2 M92 Tiny Desktops, 8 USB 3.0 Mini Docks and 7 ThinkPad Docking stations. “Viewing and bidding of items will be on the 27<sup>th</sup> October 2017 from 10:00 – 11:00 hrs at World Bank Offices, Block 3, Arundel Office Park, 107 Norfolk Road, Mount Pleasant, Harare. Those interested should submit their sealed bids to the World Bank Office addressed to the Procurement Committee. Closing date for receiving bids is 30<sup>th</sup> October 2017 at 16:00hrs,” said the Country Office.
- [CBZ Holdings](#) invited tenders from registered and reputable companies for the following requirements: Tender Number CBZ14/2017 for the supply of CISCO 555-X Firewall Systems with licence and Checkpoint Firewall Systems and CBZ15/2017 for the supply of HP Servers. “All companies that wish to participate in the tender may collect our tender documents at the respective tender upon paying a non-refundable tender fee of US\$100.00 per tender. The tender documents are available from: The Procurement Depart, 1<sup>st</sup> Floor, Sapphire House, Corner Speke Avenue and Angwa Street, Harare. Deadlines for queries submission for both tenders is Friday 10 November 2017. CBZ Holdings will clarify all queries by Friday 17 November 2017. Tender bids should be submitted to the undersigned (The Tendering Committee Secretary) not later than 10:00AM on Friday 1 December 2017. Late submissions will not be accepted,” said the diversified financial services group.

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

- The [People’s Own Savings Bank \(POSB\)](#) held its Corporate Golf Day on 13 October 2017 at Chapman Golf Club. The Game format was Individual Stableford.
- [First Mutual Holdings Limited](#) held its Golf Classic 2017 on Friday October 2017 at Chapman Golf Club in Individual Stableford format.

### INDUSTRY AWARDS AND ACHIEVEMENTS

- For the second year running, [Stanbic Bank Zimbabwe](#) was ranked the best performing bank in Zimbabwe after scooping the top prize during the [Zimbabwe Independent](#) Banks and Banking Survey ceremony held in Harare on Tuesday, 24 October 2017. The survey, which ranked banks based on interim financial results for 2017, was conducted by [Zfn](#) in partnership with the Independent. [Afreximbank](#) regional manager [Gift Simwaka](#) was the guest of honour at the ceremony. During the survey period, Stanbic reported a profit of US\$12.8 million, up from US\$10.5 million in the comparable period in 2016 with its core capital standing at US\$119.5 million, up from US\$95.3 million in June 2016, which was well above the regulatory minimum of US\$25 million. [Standard Chartered Bank](#) came second, after managing to reduce its non-performing loans to US\$803 421 from the US\$2.08 million recorded at

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the end of June 2016. [CABS](#) came third, followed by [Ecobank](#), while [BancABC](#) came fifth. Banks were awarded scores based on efficiency, profitability, growth and credit quality, strength and market share. The survey was carried out under the theme, “Banking on Caution, Dealing with Rising Currency Risk.”

- The [Contact Centre Association of Zimbabwe \(CCAZ\)](#) in partnership with the [Chartered Institute of Customer Management \(CICM\)](#), Ministry of Tourism and Hospitality Industry and the [Consumer Council of Zimbabwe \(CCZ\)](#) hosted the 6<sup>th</sup> edition of the Service Excellence Awards at the Rainbow Hotel on **20 October 2017**. Winners from the financial services sector lined up as follows:

Sector	Winner	First Runner Up	2 <sup>nd</sup> Runner Up
<b>Banking Sector</b>	CBZ Bank	FBC Bank	Steward Bank
<b>Health Insurance Sector</b>	Generation Health	FML	CIMAS
<b>Insurance Sector</b>	Old Mutual	Zimnat	NicozDiamond
<b>Funeral Assurance Sector</b>	Nyaradzo	Doves	Moonlight

- The [Zimbabwe Revenue Authority \(ZIMRA\)](#) held the Taxpayer Appreciation Awards and winners from the financial services sector were as follows:

Award	Winner
Highest Dollar Value Contributors Per Sector – Services	<a href="#">Stanbic Bank Zimbabwe</a>
MCO Highest Dollar Value Contributor Category - Income Tax	<a href="#">Zimnat Finance Services</a>

- The Megafest Southern Region Awards were held at [Bulawayo Rainbow Hotel](#) on 27 October 2017 under the theme: “Appreciating Business, Honouring Business”. Winners from the financial services sector were as follows:

Category /Award	Institution	Position
Best Marketed Organisation	<a href="#">Inclusive Financial Services</a>	Winner
Young Manager of the Year	<a href="#">Norman Chagwiza (Inclusive Financial Services)</a>	First Runner-up
Excellent Business Personality	<a href="#">Gerald Zhou (Inclusive Financial Services)</a>	Winner

- The 2017 edition of the Zimbabwe Investor Awards, hosted by the [Zimbabwe Investment Authority \(ZIA\)](#), were held on 27 October 2017 at the [Rainbow Towers Hotel](#) in Harare. Winners from the financial sector lined up as follows:

<b>Financial Sector Award – Banking sub-sector:</b> Recognising contribution to broadening of financial sector, financial inclusion and jobs as well as new investment in the sector in 2016	
Institution	Position
<a href="#">People’s Own Savings Bank (POSB)</a>	First runner-up (Corporate Loans and Retail Banking)
<a href="#">Steward Bank</a>	Winner (Banking)
<b>Financial Sector Award – Microfinance sub-sector:</b> Recognising contribution to broadening of financial sector, financial inclusion jobs as well as new investment in 2016	
Institution	Position
<a href="#">Microhub Financial Services</a>	Second runner-up
<a href="#">Untu Capital Zimbabwe</a>	First runner-up
<a href="#">Microcred Zimbabwe (Pvt) Ltd</a>	Winner
<b>Effort Awards Category: Stock Market Deal of the Year Award:</b> Recognising significance of portfolio investment transactions and secondary market activity in 2016	
<a href="#">GetBucks Microfinance Bank Limited</a>	First runner-up

### DOMESTIC LENDING AND FINANCING PERSPECTIVES

- The [Insurance and Pensions Commission \(IPEC\)](#) said that financial institutions such as banks, insurance companies and pension funds should invest more in housing prescribed assets, as they are an attractive investment option. IPEC Commissioner [Tendai Karonga](#) said the financial industry should prioritise housing development prescribed assets which offer good returns given the backlog of over 1.5 million housing units in the country. He said investment in prescribed assets had a bearing on the tax base because of the tax status accorded to income derived from the underlying assets. Generally, prescribed assets are also accorded tax exempt status. As a result, income from investment in prescribed assets is income tax and VAT exempt. “The Commission, therefore, urges market players in the financial sector to channel resources towards housing,” Karonga told delegates attending a tax and business interface week meeting in Harare on 9 October 2017.

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

- A [Confederation of Zimbabwe Industries \(CZI\)](#)-organised breakfast meeting held on 4 October 2017 revealed that industrialists and retailers were sourcing at least 25 percent of their foreign currency requirements from the black market. [Confederation of Zimbabwe Retailers](#) president, [Denford Mutashu](#), said retailers had resorted to sourcing foreign currency from the black market because of unavailability or limited supply of hard currency from the official market. “The impact of the acute shortage of hard currency has started resulting in price increases in certain products, though sporadic, as importers and manufacturers have little choice but to pass on the cost of the currency premiums on to the customers who bear the brunt of the challenges,” he said. [Cairns Foods](#) chief executive officer, [Nancy Guzha](#), said most retailers were sourcing foreign currency on the parallel market because it was taking between six to eight weeks to receive their foreign currency allocations from banks. [Jimmy Psillos](#), an economic and banking committee chairperson for the CZI, said at least 25 percent of foreign currency required by industry and commerce was coming from the parallel market. “At present, 25 percent or more of the goods in retail are dependent on informal foreign currency... People are worried because there are ingredients of inflation pressures. They are scared of what happened when the country experienced high inflation before dollarisation,” said Psillos, who is also the managing director for [Crystal Candy](#).
- [NicozDiamond](#) managing director [Grace Muradzikwa](#) said that Zimbabwe’s insurance industry was struggling to preserve the value of its investments due to the persistent foreign currency crisis. She noted that maintaining the value of money set aside or saved for future use was a challenge the insurance sector was facing as the country grappled with a severe shortage of foreign currency and uncertainty over bond notes. The erosion of value and lack of confidence in the local currency, which came at a time inflation started creeping up, brought back memories of the hyperinflationary era. “Insurance is all about spreading risk, while all sector players are doing their best to come up with various products to serve their purpose, value preservation of reserves will become a major challenge. Failure to manage this looming challenge could result in us going back to the 2008 era,” Muradzikwa said. She said the performance of the insurance industry was positively correlated with the performance of the economy hence value preservation was a cause for concern for the industry. She said the multi-currency environment had managed to alleviate some challenges facing the insurance sector but bond notes had “created unease and had brought back memories” of the hyperinflationary era.
- September inflation rose to 0.78 percent following price increases as foreign currency shortages continued to affect the retail sector. However the full effect of the recent wave of price increases would only be felt in the October figures when it was expected to be above 1 percent. According to the [Zimbabwe National Statistics Agency \(Zimstat\)](#), the Consumer Price Survey is carried out over a period of five working days normally around the 15<sup>th</sup> of every month and in September 2017, the survey was carried out from September 13 to 19 2017. The year-on-year inflation rate for the month as measured by the all items Consumer Price Index (CPI) stood at 0.78 percent gaining 0.64 percentage points on the August 2017 rate of 0.14 percent on account of price increases in products such as rice, breakfast cereals, macaroni and noodles. “This means that prices as measured by the all items Consumer Price Index increased by an average of 0.78 percentage points between September 2016 and



September 2017,” said Zimstat. The month-on-month inflation rate was 0.38 percent, gaining 0.51 percentage points on the August 2017 rate of minus 0.13 percent

- Zimbabweans should brace for more price increases, with inflation likely to touch two-digit levels, the [Parliamentary Budget Office \(PBO\)](#) warned. In its 2017 first half budget performance and outlook report, PBO said inflation, which gained 0,64 percentage points to 0,78 percent September, was likely to further strain public confidence in the country’s banking sector. The country is already grappling with foreign currency shortages, which have hampered the import of critical raw materials. This has resulted in high premiums being charged on hard currency, pushing inflation higher. “It is clearly evident that the country is headed for two-digit inflation by end of year 2018. Although this is valuable in terms of reduction in the real value of domestic debt, it reduces the value of savings and bank balances in real time gross settlement dollars thus bringing back old memories of hyperinflation,” PBO said. Noting that policy inconsistency with regards to civil service wage bill rationalisation measures agreed at a Cabinet meeting of June 13, 2017 remained a problem, PBO said reduction in employment costs would also remain a dream. “This casts doubt on the possibility of Treasury intentions to reduce employment costs to below 70 percent of the wage bill by year end...It is therefore highly unlikely that measures to cut spending will see the light of day, especially as the country gears up for the harmonised elections next year,” PBO said.

## UNAUDITED FINANCIAL STATEMENTS: STEWARD BANK

**S**teward Bank Limited released unaudited abridged financial statements for the half year ended 31 August 2017 during the period under review. “I am happy to present to you our financial performance for the six months ended 31 August 2017, during which Steward Bank registered its best performance to date over a similar comparative period, having delivered a profit before tax of \$11.3 million in an extremely challenging economic environment. The Bank’s profit after tax for the year increased by 162% from the comparable period last year to \$11.3 million. Overall performance was largely driven by a strong growth in non-interest income which grew by 112% from prior year due to a surge in transactional volumes, notably on Cards, POS and Mobile Banking transactions” said Chairman [Bernard T. R Chidzero](#).

Half-Year Ending	Profit/Loss Before Tax(US\$)	Profit/Loss After Tax(US\$)	Total Income(US\$)	Total Expenses(US\$)	Total Assets(US\$)
31 August 2017	11,326,349	8,528,097	26,358,905	15,032,556	254,397,788
31 August 2016	4,328,409	2,567,389	13,987,408	9,658,999	226,058,440



Brett Childs, CEO of Brainworks Limited

## MFSB SPORT: FSSL FACTS, FIGURES & LEAGUE TABLE

### THE FSSL TIMELINE FOR 2017 SEASON



**9 March 2017:** The Financial Services Soccer League (FSSL) Annual General Meeting (AGM) is held, ushering in the new executive chaired by Kudzai Kwangwari of FBC Holdings.

**29 April 2017:** 2017 Fixtures commence with three matches being played while the fourth is a walkover. The standout development is the 22-0 drubbing of Payserv by FBC, prompting the League's Executive Committee to deliberate on the result and pass a decision in the spirit of sportsmanship.

**8 May 2017:** The withdrawal of the NMB Bank team from the League is formally communicated after the team reportedly fails to secure sponsorship from the employer and accordingly, revised fixtures are released.

**25 June 2017:** Window period opens, enabling clubs to de-register and register players.

**8 July 2017:** Window period closes, signalling the end of the process of registration and deregistration of players.

**29 July 2017:** Resumption of week 10 games after all outstanding matches were played.

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

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

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

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

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

## MFSB SPORT: WEEK 18 FSSL LEAGUE TABLE

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

### MFSB SPORT: ZB LIFE DEFIES ODDS TO EMERGE 2017 FSSL PAYNET CUP CHAMPIONS

#### Invitee Steals the Thunder

**Z**B Life Assurance defied heavy odds to emerge the 2017 FSSL Paynet Cup Champions, after beating Old Mutual 4-1 in a penalty shoot-out on Saturday, 11 November 2017 at Standard Chartered Bank Sports Club. Being only an invitee and playing against more fancied opponents with a history of playing the tournament, ZB Life were not expected to make that much of an impact but having gone on to beat a well-supported CBZ team courtesy of a solitary Victor Matare strike deep into the second half of their semi-final match, they will feel that they deserved their place in the sun. Earlier, the other semi-final match between ZB Bank and Old Mutual had also been decided on penalties and had the former won, this could have set the stage for a ZB affair in the final.

#### An Unlikely Final

The unlikely all-insurance final featuring ZB Life and Old Mutual had to be decided through penalties after the two teams could not be separated in regulation time. Despite the lack of goals, the match was engaging, with both teams playing some crisp attack-minded football in an evenly balanced contest. The two finalists clearly knew each other well, having met earlier in a Group D match which Old Mutual won 2-1. For ZB Life, the final was therefore an opportunity to turn the tables on their fellow insurers.

ZB Life were the first to take their spot kick and went on to convert all their efforts through Victor Matare, Trevor Zidoro, Saul Masaraure and player-coach Tawanda Guma who had come in as a substitute. Old Mutual players donning jersey numbers 11 and 10 missed their team's first two chances respectively while number 6 converted to make the score line 4-1, torching wild scenes of celebrations for the ZB Life team and their merry band of supporters.

The fact that only three of the seven matches of the knockout stages were settled in regulation time while the other four had to be decided through penalties suggests that teams found the allocated time too short to effectively deploy their tactics. It could also be an indication that teams were overly cautious as evidenced by the dearth of goals, except in the ZB Bank vs Steward Bank match which saw the latter conceding 8 goals attributable mainly to the fact that they played with nine men due to challenges associated with player eligibility.

#### Invited Women's Teams Impress

This year the 3<sup>rd</sup> and 4<sup>th</sup> place play-off was replaced by an invitational women's match between Mufakose Queens and Mbare-based Cyclone Stars who curtain-raised for the men's final. The initiative was meant to encourage women in the financial sector to take up soccer. The match was decided through a spectacular long-range lobbed effort by central striker Takudzwa Mupingo to hand Mufakose Queens a narrow but deserved 1-0 win. The gangly Cyclone Stars goalkeeper appeared to have the attempt covered but was not to deny Mupingo what was widely acknowledged to be the best goal scored at the 2017 tournament. For her daring effort, she was rewarded with a special prize from FSSL Chairman Kudzai Kwangwari, which he however did not disclose. The biggest lesson from Takudzwa's goal is "do not be afraid to try."

In appreciation of their entertaining performance, FSSL Chairperson Kudzai Kwangwari decided to hand each of the women's teams the soccer balls that were originally meant for the men's finalists. Former Mighty Warriors player Melody Mususa was one of the captains on hand to receive the ball and Shield on behalf of her triumphant team.

#### Awards Ceremony

Ian Zvoma, was the MC at the awards ceremony where individual and team accolades were handed out after speeches by the Payserv CEO Sibert Dube and the league Chairperson. Stephen Reuben of Old Mutual clinched the Top Goal Scorer Award after scoring 3 goal while Privilege Chiteme of Old Mutual was the Goalkeeper of the Tournament. The Player of the Tournament was Victor Matare of ZB Life.



**MFSB SPORT: FSSL PAYNET CUP TOURNEY IN PICTURES**



Champions ZB Life Players go through their paces before the final of the FSSL Paynet Cup Tournament on the 11<sup>th</sup> of November 2017.



Losing finalists Old Mutual line up before one of their matches at the 2017 edition of the FSSL Paynet Cup Tournament.

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