

ANNUAL REPORT 2012





Our Purpose

FinMark Trust, an independent trust based in Johannesburg, South Africa, was established in 2002, and is funded primarily by UKaid from the Department for International Development (DFID) through its Southern Africa office. FinMark Trust's purpose is 'Making financial markets work for the poor, by promoting financial inclusion and regional financial integration'.

FinMark Trust achieves its purpose by:

- Playing a catalytic role to make financial markets accessible, sustainable and inclusive by promoting and supporting policy and institutional change across Africa;
- Providing information that encourages financial service providers to understand the potential and characteristics of new market segments;
- Promoting financial capability and consumer financial protection;
- Promoting growth and integration in the financial services sector in Southern Africa, focusing on SADC member states and contributing to the process of regional policy harmonisation, together with translating and setting best practice through evidence-based advocacy.

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TRUSTEES



Nkululeko Sowazi

is the co-chairman of Kagiso Tiso Holdings (KTH) a leading South African Investment holding company with significant interests in the media, financial services and resources sectors. He is also a director of JSE Listed Aveng Limited, Exxaro Resources Limited, Actom (Pty) Ltd as well as Litha Healthcare Holdings. Nkululeko is also chairman of Idwala Industrial Holdings (Pty) Limited, Eris Property Group, and Home Loan Guarantee Company.



Maya Mankanjee

is the chief executive officer of FinMark Trust. Maya has held senior executive positions in the financial services, consulting, telecommunications and fast-moving consumer goods industries prior to joining FinMark Trust in June 2009. She serves on the boards of Tiger Brands Limited and Worldwide Fund for Nature (WWF), South Africa.



Cas Coovadia

is the managing director of the Banking Association of South Africa, which is the mandated representative body of all licensed banks in South Africa. He is also chairman of the National Business Initiative, first deputy-president of the African Union for Housing Finance and president of the International Union for Housing Finance. He also serves on the Council of the University of Witwatersrand.



Ethel Matenge-Sebesho

is head of New Markets for Home Loan Guarantee Company. Ethel has considerable experience in the financial services sector at a strategic and policy level. She also serves on the boards of FirstRand Limited, Momentum Employee Benefits and Investment Divisional Boards, First National Bank Divisional Board and is chairman of Women's Development Businesses-Micro Finance and vice chairman of Botswana Investment and Trade Centre.



Ishmael Mkhabela

is a freelance community development practitioner and organiser who also serves on the boards of both public and private companies. He is the founder, and was chief executive officer of Interfaith Community Development Association, which has pioneered community organisation and conflict resolution in South Africa since 1991.



Prega Ramsamy

is currently the head of the Business for Development (B4D) Pathfinder at the Southern Africa Trust. With a strong background in regional integration and development economics, he has extensive knowledge and experience in business and development, as well as in international relations. He has provided policy and strategic advice to both the private and public sectors in the SADC region.



Esau Nebwe

is a chartered accountant by profession, and executive chairman of Ness Associates, a family consulting firm. He is also chairman of the Governing Council of the National Institute of Public Administration, a wholly Zambian government human resource training and development institution. Mr. Nebwe serves on several boards, including Indo-Zambia Bank and Maamba Collieries Limited.

CHAIRMAN'S REVIEW

These are extremely challenging economic times where the post-recession recovery will test the sustainability of old models of leadership with a renewed focus on development. We are frequently presented with news on market volatility as well as worsening financial and economic turmoil. The global economy is facing threats of financial implosion in the EU. Large fiscal and financial imbalances, high debt levels and slowing growth in advanced economies weigh heavily on policymakers and business leaders across the world.

The two year Eurozone sovereign debt crisis remains largely unresolved and fears of a 'double dip' recession have been raised. According to the recent authoritative OECD survey, the Eurozone is expected to experience a mild recession in 2012. The effects of the Eurozone crisis are not exclusive to the seventeen countries of the single currency, but can be felt even further, beyond Europe. African countries that have barely recovered from the troubles of the 2008 financial crisis already realise that they may also be indirectly affected by the Euro-crisis.

Indeed, Africa has weathered the crisis well relative to most other developing regions. While Africa's growth prospects remain sound, risks of the continent's exposure to the European crisis need to be closely monitored and well understood, especially with regards to export and tourism receipts and financial flows. The exposure of Africa's banking sector is real, due to the heavy presence of foreign banks, which needs to be closely watched from the perspective of liquidity and rising uncertainty from parent banks in Europe.

The global financial crisis has spearheaded a rethinking of old development models chosen by African countries in the past, with a renewed interest in domestic and regional drivers of growth. In view of the European debt crisis and slower US recovery, the need for African countries to diversify into other regions such as the Middle East and Asia for trade and financial services, as well as other financial resource flows cannot be discounted. Restoring and maintaining fiscal soundness, a necessary precondition for macroeconomic stability at a time of global uncertainty, needs to be prioritised. As Africa's financial markets develop, the global financial crisis and the recent European turmoil also highlight the importance of prudent management of capital flows.

A great interconnectivity exists in the world and a spill-over effect occurs with what happens at a global level with developed countries on developing and emerging economies. Prospects for emerging market economies have also become more uncertain. At present, the focus is on containing the crisis with opportunities for new markets and new investors in Africa and Asia to be found amid these uncertain times. China is, for example, changing its model from an export-based economy to foster greater consumer expenditure, and South Africa can obviously supply to the massive Chinese consumer base. Recently, a few business consultancies and international organisations have released reports on Africa's economic prospects, and most of these reports are very optimistic about future growth.

Africa looks up to Europe in the area of regional integration and regrettably, the Eurozone crisis has somewhat threatened to derail the European regional cooperation model that Africa sought to emulate. Compared to other continents, Africa has the highest number of regional economic communities with plans underway to establish an African Economic Community by 2035. A major blow would be dealt to Africa's own attempts at regional integration should a collapse of the EU or Eurozone occur. Africa needs strong economies to provide leadership in its own integration process similar to that provided by Germany and France in steering the EU through various hurdles.

The recent financial crisis, particularly the sovereign debt crisis in Europe, demonstrates that the current international financial architecture cannot be left unchanged. However, there is a need to adopt prudent macroeconomic policies at the national level, as well as a conducive political environment to support the new financial architecture. Central bankers, financial regulators and credit agencies should play a key role in establishing the new architecture, supported by governments passing the relevant legislation. Strengthening supervisory capacity and at the same time encouraging market development needs to remain at the core of the reform agenda in Africa, especially as the African region continues to grow and integrate with global markets.

Against this backdrop, the past year has been challenging, and at the same time rewarding for FinMark Trust, as we continue to contribute to policy development, supporting regulatory and supervisory bodies, harmonising laws and institutions and creating opportunities for learning. We are committed to making a meaningful difference to improve access to financial services and continue to provide research to advocate for change to help the poor during these economic times.

I would like to express my gratitude to our core funder, UKaid from the Department for International Development (DFID) through its Southern Africa office for its support over the years. To my colleagues on the board, thank you for your unwavering support. FinMark Trust has maintained its energy, drive and perseverance during the past turbulent year and the credit for this belongs to its leadership. It is therefore with sadness that we bid farewell to Maya Makanjee, the CEO of FinMark Trust, who is moving to Vodacom. I would like to take this opportunity to recognise the leadership, commitment and contribution provided by Maya, who has succeeded in building the reputation of FinMark Trust not only in South Africa, but regionally and globally as well. I wish her much success in her future endeavours. My thanks also go to the staff and theme coordinators for their invaluable dedication and contribution over the years.

Nkululeko Sowazi

Johannesburg

May 2012



CHIEF EXECUTIVE OFFICER'S REVIEW

Attention has gradually shifted from the problems of Africa to its vast potential and abundant opportunities. There is a heightened appreciation for the need for African self-reliance in a world of uncertainty and setbacks. Given the many challenges and obstacles, some countries in Africa have shown progress towards sustainable growth and development.

The past year has been particularly eventful for the world as a whole. The growing debt in the United States, the consequences of the earthquake in Japan and the eurozone crisis have all had an impact on how the industrialised world views its priorities. Coupled with this, the global financial crisis, high food and fuel prices, shifts in the balance of political and economic power and political change in North Africa have transformed the policy space in which African leaders and their partners operate. Attention has gradually shifted from the problems of Africa to its vast potential and abundant opportunities. There is a heightened appreciation for the need for African self-reliance in a world of uncertainty and setbacks. Given the many challenges and obstacles, some countries in Africa have shown progress towards sustainable growth and development.

Although the past financial year has been both challenging and rewarding, we delivered successful outcomes and we are committed to making a meaningful difference to support financial sector innovation and development to fulfil the needs of the poor. This annual report which takes stock of our progress in the 2011 financial year, underscores our continued efforts to provide research which targets both the public and private sectors in bringing about changes that benefit the financially excluded.

In the past financial year, amongst other initiatives successfully embarked on, FinMark Trust undertook a Finance and Investment Protocol (FIP) baseline study with the support of the SADC Secretariat and GIZ. We developed a matrix of indicators for domestic and regional implementation. This year also saw the successful development of a Minister's Dashboard to monitor progress on regional integration.

We also focused on understanding the payment system landscape in South Africa and challenges at regional level by conducting a study to map retail payments systems in Malawi, Mozambique and Zimbabwe. Furthermore, the mapping of cross-border transfer transactions was completed with an analysis of first mile market challenges for transfers from South Africa to five SADC countries. A case study was conducted on a money transfer channel from South Africa to Zimbabwe, together with commissioning a study to estimate the total size of the annual remittance market from South Africa to the rest of SADC.

Insurance is an important element of growth as it enables both individuals and businesses to structure cost-effective methods to mitigate risks. This year our work in South Africa focused on microinsurance policy support, informality in the microinsurance sector, microinsurance product standards review and the review of hospital cash plans. We also co-funded diagnostics in Swaziland and Mozambique and continued to build on regulatory and stakeholder engagement support in SADC countries. FinMark Trust also embarked on a regulatory harmonisation initiative in partnership with SADC's CISNA Secretariat. Closer to home, our ongoing engagement with the National Treasury and Financial Services Board (FSB) over the past six years materialised in the release of a policy document on microinsurance by National Treasury.

During the year under review, we engaged with the South African Credit Ombud and the National Debt Mediation Agency to encourage targeted interventions for debt-stressed consumers. We also assisted the Government of Zambia with project management and the development of a national strategy on financial education.

The key focus of the information and research support theme area is providing detailed datasets on financial inclusion that can inform policy work as well as provide a platform for stakeholders to be informed, thus leading to better decision-making. FinScope surveys provide evidence to support policy making and measuring the impact thereof. Thus far FinScope surveys have been conducted or initiated in 16 countries including Pakistan. During the year under review, FinScope consumer surveys were conducted in Lesotho, Swaziland, South Africa and Namibia. SMME surveys are underway in Mozambique, Malawi and Zimbabwe. Further to this, workshops were held in Lesotho, Swaziland and Namibia to provide a thorough understanding of the data to stakeholders.



We also assisted the Swaziland Ministry of Finance with establishing a National Credit Act to enhance consumer protection in the country. Continuous engagement is underway with the South African National Treasury and other regulators. We have undertaken research on agency banking for National Treasury and the experience of social grant recipients. The goal of the research on the experience of social grant recipients was to understand the payments services available to them. Both these reports will feed into National Treasury processes.

The development of the agriculture sector is critical in advancing the Millenium Development Goal of halving poverty and hunger by 2015. During the year under review, reports on a policy development program for six Southern African countries were completed. FinMark Trust provided input at the 5th African Microfinance Conference in Ethiopia in October, and also facilitated the proceedings of the Agricultural Finance Stakeholders Working Group in November. Over the past year, we assisted the International Fund for Agricultural Development's Rural Finance Knowledge Management Partnership and the African Rural and Agricultural Credit Association. We also collaborated with SaveAct in conducting research and assisted the Directorate of Development Finance Coordination, South African National Department of Agriculture, Forestry and Fisheries to formulate its Development Finance Policy Framework.

It is evident that with the right focused plans for development, enormous advances are possible through collaboration and support even in the most difficult circumstances. There is a growing need for partnership to harness creativity and resources to achieve results. Such partnerships have proven their transformative power by improving efficiencies; extending services, access and opportunities to the marginalised segments of the population.

After three wonderful years at FinMark Trust, I will be leaving the organisation to join the Vodacom Group. I feel privileged to have led FinMark Trust during this period and I am grateful to the many people with whom I interacted for sharing their knowledge and insights with me. In particular, I would like to thank our chairman and the board of trustees for their guidance and support over the years – they have been instrumental in ensuring that we continue to remain relevant.

I would also like to thank DFID, our core donor for acknowledging the value and impact of our work. Similarly, I would like to thank our business partners and service providers for their commitment in helping FinMark Trust realise its objectives. Last but not least, a heartfelt thank you to my team of permanent staff and theme coordinators for their unwavering dedication, commitment and support during my tenure. I wish my successor, Dr Prega Ramsamy all the best, and I am confident that he will continue to leverage the work we have done to make financial markets work better for the poor.

Maya Makanjee (Ms)

Johannesburg

May 2012



REGIONAL FINANCIAL INTEGRATION

Head: [Brendan Pearce](#)

FinMark Trust has made significant strides in establishing itself as a key institution in the process of financial integration in the region with impact in various areas.

Financial integration remains an important imperative for economic growth and development in the Southern African Development Community (SADC). Although trade between countries in the region is increasing, it remains low compared to the levels of trade SADC achieves with the rest of the world. Many factors contribute to this situation, but paramount is the lack of economic development among countries in SADC. The SADC Finance and Investment Protocol (FIP) which was ratified in 2010 is an important instrument to ensure financial integration and investment in the region to promote and boost the required economic growth. It therefore provides governments of the region with a tool to deal with unemployment and poverty.

Regional Financial Integration (RFI) will benefit the SADC region where there are small and fragmented financial markets lacking economies of scale. RFI offers opportunities for allocating capital to more productive use. A larger regional market can expand the scale of opportunities for financial intermediation, for example, the pooling of regional savings can finance large investment projects where funding may otherwise be scarce or unavailable at a national level. Likewise, RFI can boost the number of financial institutions and instruments offered across the region and spur higher levels of competition and innovation amongst financial institutions. In time, increased competition and innovation should bring down the price of, and improve access to, financial products and services for both businesses and consumers. RFI can also allow investors in the region to diversify portfolios between domestic and regional assets more efficiently.

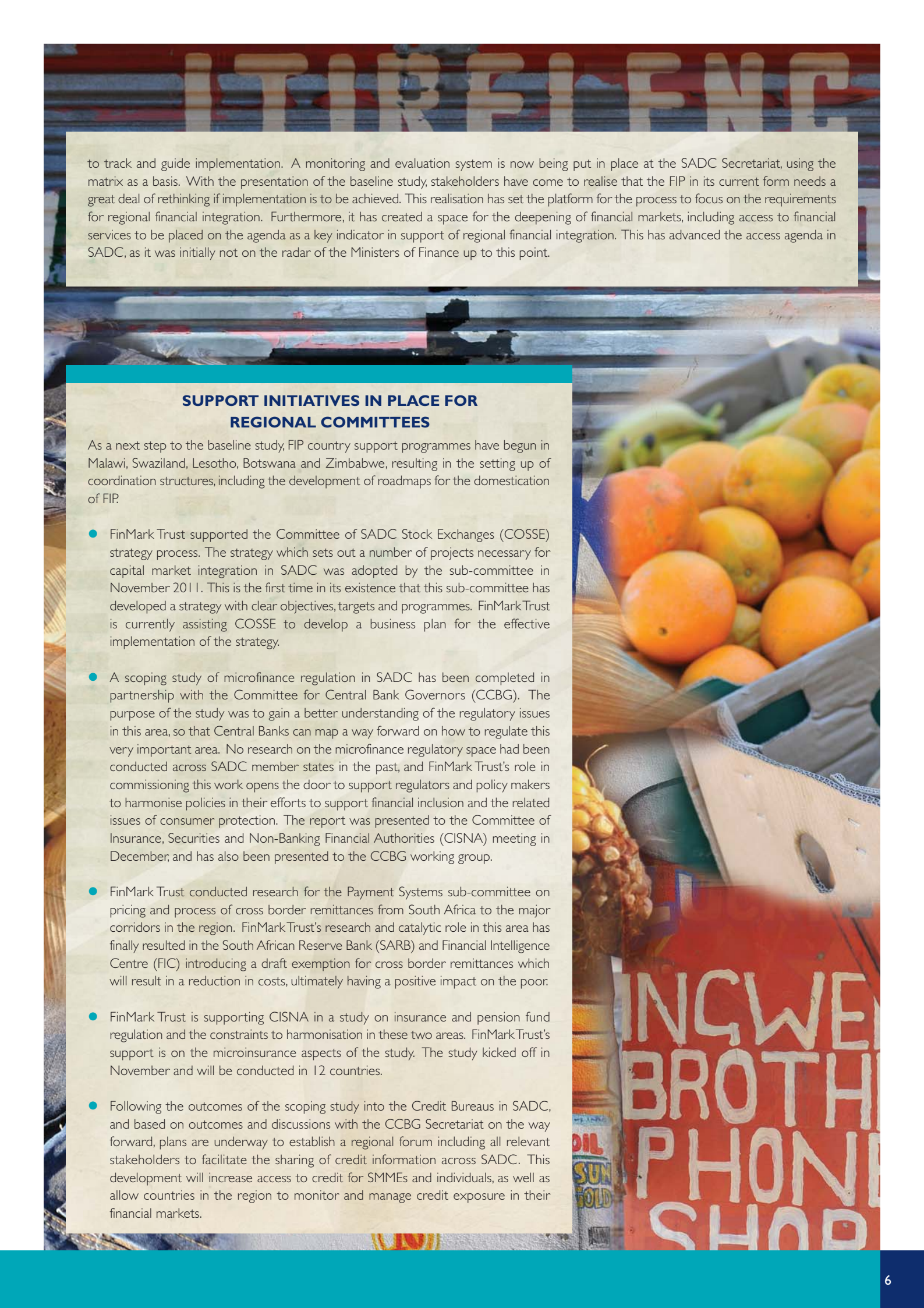
Although levels of financial integration remain low, there are two encouraging signs that have emerged over the last financial year:

- Private sector integration has progressed with a number of retailers spreading their operations across the region. In the financial sector, the banking sector is spreading across the region. For example, there are currently eight banks doing business in more than five countries (Botswana, Mauritius, Seychelles, South Africa, Tanzania, Zambia, Zimbabwe, Lesotho, Malawi, Namibia, DRC, Angola and Swaziland) in the region. Although this is modest when compared to the 161 separate banking entities doing business in SADC, it is encouraging. More private sector de facto (actual) integration will become clear as data is made available over the next year.
- The SADC FIP has generated significant momentum over the past financial year largely through the work of FinMark Trust and its work with the SADC Secretariat and the Deutsche Gesellschaft für Internationale Zusammenarbeit, GmbH (GIZ). In this regard an implementation framework with regional and country level indicators to implement the FIP was adopted for the first time by the SADC Ministers of Finance. A Minister's Dashboard of indicators to measure de facto integration was also adopted together with recommendations to establish country level coordination structures across the region, which are positive steps towards regional financial integration.

Finance and Investment Protocol

FinMark Trust has made significant strides in establishing itself as a key institution in the process of financial integration in the region with impact in various areas.

To kick off its work in the region, FinMark Trust undertook a FIP baseline study with the support of the SADC Secretariat and GIZ. The process involved an in-depth study across all member states to assess the extent of FIP implementation and to develop a matrix of indicators for domestic and regional implementation. The process also developed a Minister's Dashboard of indicators to measure de facto financial integration in the region. The findings of the baseline study were discussed at a SADC stakeholder workshop in 2011 where a series of recommendations were developed for presentation to the Ministers of Finance. The recommendations of the baseline study, which were presented at a meeting in October 2011, were unanimously accepted by the Ministers of Finance, resulting in immense momentum being created for the implementation of the FIP strategy. This momentum has translated into countries signing up for the country support provided by FinMark Trust, in some instances in partnership with GIZ. The FIP is the first ever SADC protocol that has adopted a matrix of indicators



to track and guide implementation. A monitoring and evaluation system is now being put in place at the SADC Secretariat, using the matrix as a basis. With the presentation of the baseline study, stakeholders have come to realise that the FIP in its current form needs a great deal of rethinking if implementation is to be achieved. This realisation has set the platform for the process to focus on the requirements for regional financial integration. Furthermore, it has created a space for the deepening of financial markets, including access to financial services to be placed on the agenda as a key indicator in support of regional financial integration. This has advanced the access agenda in SADC, as it was initially not on the radar of the Ministers of Finance up to this point.

SUPPORT INITIATIVES IN PLACE FOR REGIONAL COMMITTEES

As a next step to the baseline study, FIP country support programmes have begun in Malawi, Swaziland, Lesotho, Botswana and Zimbabwe, resulting in the setting up of coordination structures, including the development of roadmaps for the domestication of FIP.

- FinMark Trust supported the Committee of SADC Stock Exchanges (COSSE) strategy process. The strategy which sets out a number of projects necessary for capital market integration in SADC was adopted by the sub-committee in November 2011. This is the first time in its existence that this sub-committee has developed a strategy with clear objectives, targets and programmes. FinMark Trust is currently assisting COSSE to develop a business plan for the effective implementation of the strategy.
- A scoping study of microfinance regulation in SADC has been completed in partnership with the Committee for Central Bank Governors (CCBG). The purpose of the study was to gain a better understanding of the regulatory issues in this area, so that Central Banks can map a way forward on how to regulate this very important area. No research on the microfinance regulatory space had been conducted across SADC member states in the past, and FinMark Trust's role in commissioning this work opens the door to support regulators and policy makers to harmonise policies in their efforts to support financial inclusion and the related issues of consumer protection. The report was presented to the Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA) meeting in December, and has also been presented to the CCBG working group.
- FinMark Trust conducted research for the Payment Systems sub-committee on pricing and process of cross border remittances from South Africa to the major corridors in the region. FinMark Trust's research and catalytic role in this area has finally resulted in the South African Reserve Bank (SARB) and Financial Intelligence Centre (FIC) introducing a draft exemption for cross border remittances which will result in a reduction in costs, ultimately having a positive impact on the poor.
- FinMark Trust is supporting CISNA in a study on insurance and pension fund regulation and the constraints to harmonisation in these two areas. FinMark Trust's support is on the microinsurance aspects of the study. The study kicked off in November and will be conducted in 12 countries.
- Following the outcomes of the scoping study into the Credit Bureaus in SADC, and based on outcomes and discussions with the CCBG Secretariat on the way forward, plans are underway to establish a regional forum including all relevant stakeholders to facilitate the sharing of credit information across SADC. This development will increase access to credit for SMMEs and individuals, as well as allow countries in the region to monitor and manage credit exposure in their financial markets.



RETAIL PAYMENT SYSTEMS

Theme coordinator: [Doubell Chamberlain](#)

Paying for goods or services, sending or receiving money or getting paid – be it for your harvest, receiving your wage or receiving payments from clients, as is the case for so many small-scale businesses and street vendors throughout Southern Africa, is part of everybody's everyday reality.

All people, regardless of where they live, how they make a living or how wealthy they are, need to transact. Paying for goods or services, sending or receiving money or getting paid – be it for your harvest, receiving your wage or receiving payments from clients, as is the case for so many small-scale businesses and street vendors throughout Southern Africa, is part of everybody's everyday reality. A move away from a cash-dominated society in favour of electronic payment systems can have substantial efficiency gains for low-income households by allowing people to pay and get paid efficiently, securely and cost-effectively. Indeed, a safe and convenient way to transact may be the first financial services need of many and can be regarded as a gateway to the use of other financial services.

Through its work in this theme area, FinMark Trust aims to facilitate regulatory frameworks and market conditions conducive to financial inclusion in the payments space. This includes strategic research and stakeholder dialogue to advocate for removing regulatory and market barriers to domestic transactions or cross-border money transfers through the formal financial system, thereby creating room for product and channel innovation (such as mobile-enabled payments) to flourish.

FinMark Trust's work in this theme area over 2011 has consolidated some of our earlier work along two main lines:

Retail payment systems – domestic and regional

- Following our work to map and build a typology of retail payment systems innovation and models in South Africa in 2010, over the past year we turned our attention to begin to understand the payment system landscape and challenges at a regional level in Southern Africa.
- As a first step, we conducted a study to map the retail payment systems in Malawi, Mozambique and Zimbabwe and are in the process of concluding a study in Zambia. Over the course of 2012, we will include further countries to the fold.

Facilitating formalisation of cross-border remittance flows

- In the past financial year, we completed the mapping of cross-border transfer transactions that began with an analysis of first mile market challenges for transfers from South Africa to five SADC countries, by commissioning an analysis of the last mile issues for the South Africa-Zambia corridor. The study which was commissioned to inform the SADC Payment Systems committee tasked with reducing cost and other barriers, confirmed that, apart from the size and interoperability of the financial sector footprint to allow funds to be collected on the receiving (last mile) end, most of the challenges in sending money through this corridor lie on the sending (first mile) end. This confirms our focus on lowering the barriers to formal cross-border flows in the South African regulatory framework and market structure.
- The continuous process of engagement with the South African Reserve Bank and National Treasury is starting to bear fruit emanating from a discussion document on the regulatory barriers to formalisation of cross-border remittances which was produced by FinMark Trust in 2009. It is here that positive indications on ways of overcoming the barriers relating to foreign exchange control and anti-money laundering/combating the financing of terrorism regulation are being considered. Thus our strategic focus over the past year has shifted to the third relevant policy area, namely immigration policy.
- Through our advocacy work to remove regulatory and market barriers to formal cross-border money transfers, it became apparent that it is important to know the size of the informality problem and hence, the size of the market opportunity and regulatory imperative for formalisation. We therefore commissioned a study to estimate the total size of the annual remittance market from South Africa to the rest of SADC and the proportion of total flows through informal channels.
- Lastly, we also conducted a case study on a particular money transfer channel from South Africa to Zimbabwe to understand the potential for enhancing financial inclusion in cross-border remittances.

Alongside these key areas, we, together with Bankable Frontier Associates, continue to advise the Government of Zambia on procuring a payment solution that builds outreach, efficiency and security

within its national government to person (G2P) cash transfer programme, while at the same time offering the potential for the delivery of other financial services to some of the remotest regions of the country. It is anticipated that the new payment system will be operational in early 2013, and that it will present a valuable case study within SADC to explore the use of G2P payments as a gateway for financial inclusion.

Mapping retail payment services in three SADC countries: Malawi, Mozambique and Zimbabwe

In commissioning this project, FinMarkTrust aimed to form a holistic understanding of the landscape of retail payment services and products in each country, the scope for enhanced financial inclusion through such products and the market and regulatory challenges experienced, in order to serve as input to regulators and other stakeholders. In addition to focusing on domestic payments solutions, the project helped us to understand the current landscape and scope for increasing formal financial inclusion in terms of cross-border money transfers.

All three markets are showing growing interest by market players in broadening the market through the use of mobile technology. Likewise, growing awareness of the increased efficiencies brought by greater interconnection of electronic services is creating more active dialogue among stakeholders. However these opportunities also highlight associated challenges, such as developing new distribution networks using agents, brokering rules around competition and the use of shared infrastructure and, importantly, developing a legal framework that can ensure that the safety and stability of the market is prioritised.

The findings from all three studies form the basis of stakeholder workshops and FinMark Trust's future engagement on the topic in each country. The first stakeholder workshop was held in Lilongwe, Malawi, in collaboration with the Reserve Bank of Malawi in March 2012.

At a cross-border remittances level, the clear obstacle is the limited infrastructure for cash distribution outside urban centres. All of the countries in question require traditional money transfer operators (such as Western Union and MoneyGram) to operate out of regulated outlets such as bank branches or post offices. These outlets are limited in their national distribution (on average fewer than four per 100 000 people), and even then are mainly confined to urban centres. This creates a circumstance that decreases convenience and increases the cost of the service to the majority of receiving customers. More specifically, customers from outside urban centres are forced to travel into the city to receive funds, often forgoing the opportunity to earn a day's wage and incurring the cost of travel to an often highly congested service outlet (e.g. bank branch or post office). This high transaction cost to customers makes the proposition for informal payment services more attractive, as informal channels (such as buses, taxis or relatives) often find their way to a location that is more accessible than the formal alternative.

Furthermore, regardless of last mile challenges, the reality is that the remittance senders often find it difficult to gain access to formal financial services (often due to immigration status) and therefore are forced to use informal channels to send funds to their respective countries of origin.

RETAIL PAYMENTS INNOVATION: THE EXAMPLE OF AIRTEL MONEY MALAWI

To date, the financial services industry in Malawi has focused its products and services on the predominantly urban population, thereby excluding the vast majority of Malawians from access to financial services. Apart from the Malawi Post Office, distribution infrastructure in rural areas is limited; presenting a significant distribution challenge – a challenge that mobile network operator Airtel now wishes to tackle through its Airtel Money service. After an initial pilot phase, Airtel Money was launched in Malawi in March 2012. This hails the first transformational mobile money initiative in Malawi aimed at breaking open a new customer base. In the pilot phase alone, Airtel signed up around 2 000 agents, thereby already making its agent network the single most pervasive network in Malawi.

The challenge now lies in making the agent relationships work. There is also a challenge on the customer side. The following quotes from the focus group research conducted as part of the study highlight the importance of building consumer capability around new services and challenges:

- "I have seen the option on my phone but I have not used it because I do not have enough information on how it works." – Lilongwe male
- "I have just seen some information on the Airtel Money option on my phone and tried to use it, but I received a message saying I did not have enough money on my phone. So I kept wondering how much is enough money?" – Mangochi female.



Immigration policy impact analysis

Remittances from the earnings of immigrants in South Africa contribute to the economies of a number of countries in the SADC region, but are generally transferred in an informal manner and not through the formal financial sector. Part of the reason for these informal transactions is that current immigration legislation requires banks to check whether potential customers have permission to stay in the country and report those in contravention of the Immigration Act. The effect in practice is that banks simply do not allow the estimated millions of migrant workers without the right to stay and work in South Africa to conduct transactions through the formal system. While FinMarkTrust does not necessarily advocate the regularisation of undocumented migrants, we feel that the resultant informality in remittance flows does not serve government goals of financial inclusion and financial integrity and that it is unlikely that the financial sector will be an effective tool to police immigration policy. Hence FinMarkTrust commissioned research to better understand the current immigration policy, legislative and regulatory environment as well as policy review processes. Going forward, this research will form the basis of engagement with the Department of Home Affairs.

Remittance data estimate from South Africa to the rest of SADC

Many countries of the SADC region have a long-standing tradition of economic migration to South Africa. The remittances received from such migrants have been an extremely important form of income support for many households from which they originate.

It is well known that there are large remittance flows from South Africa to other countries in the SADC region and that a substantial proportion of such flows are informal – sent for example via cross-border mini-bus taxis or buses. However, data on the size of this remittance market is hard to come by. Data is not only incomplete on informal flows, which by their nature are hard to track, but there is no single reliable source of total migrant remittances sent home to the rest of SADC annually through the formal sector either. This deficit of complete and high quality data has made it difficult to formulate a comprehensive policy response to the problem of market informality, and has obscured the size of the market opportunity available to private sector operators.

In 2011, FinMarkTrust commissioned DNA Economics to estimate the total volume of remittances from South Africa to the rest of SADC on an annual basis. The methodology followed was to first estimate the number of migrants, based on a variety of available sources. The next step, based on various assumptions informed by focus groups and other research on remittance behaviour, was to estimate the proportion of migrants that are likely to remit and the average annual remittance amount per migrant. Based on this methodology, it was estimated that there are a minimum of 3.3m migrants from SADC currently residing in South Africa, likely sending in excess of R10bn home annually, with more than two thirds thereof flowing through informal channels. These findings were workshopped with a range of stakeholders in Johannesburg in March 2012. The policy imperative and market opportunity for formalisation of remittance flows is self-evident.

A NEW SENDING CHANNEL IN THE SA-ZIMBABWE REMITTANCES CORRIDOR: THE EXAMPLE OF MUKURU

FinMarkTrust this year embarked on a case study of the Mukuru money transfer product between South Africa and Zimbabwe provided by a joint venture between foreign exchange bureau InterAfrica and money transfer operator Mukuru.

Clients sending funds to Zimbabwe are first required to register at any of the 22 InterAfrica branches across South Africa and meet the relevant know your customer (KYC) requirements. Mukuru clients can send money to Zimbabwe through four payment channels a) Pep stores (using the Pay @ bill payment system available in Pep outlets); b) Inter Africa branches; c) FNB branches and, d) through FNB cellphone banking. Recipients in Zimbabwe can collect their money from any outlets of two banks: CBZ or Central African Building Society (CABS). Once registered, they receive a unique Mukuru ID which must be quoted in all transactions. When sending funds to Zimbabwe, Mukuru clients must first call the Mukuru call centre and 'place an order.' When placing an order, Mukuru clients inform the call centre agent of the amount they would like to send, which channel they would like to send it through, as well as the contact details and location of the recipient in Zimbabwe. They then deposit the money into the InterAfrica account through any of the four payment channels. Once the funds have been sent, both the recipient and the sender receive a text message confirming the transaction and the address of the collection point.

This product is of interest because of its comparatively low and simple fees – customers are charged a flat fee of 10% for any amount sent to Zimbabwe. Indications are that it has already started to promote formal financial inclusion in the remittances area.



MICROINSURANCE

Theme coordinator: [Doubell Chamberlain](#)

FinMark Trust plays an active role in
advising regulators, creating
market insights and facilitating
market-regulator dialogue.

Internationally, FinMark Trust continues to help shape the agenda on microinsurance regulation. We are a charter sponsor of the global Access to Insurance Initiative (A2ii), along with the International Association of Insurance Supervisors (IAIS), the International Labour Organisation (ILO), Consultative Group to Assist the Poor (CGAP), the German Federal Ministry for Economic Development Cooperation (BMZ) and the United Nations Capital Development Fund (UNCDF).

FinMark Trust is also represented on the IAIS Microinsurance Network Joint Working Group. As such, FinMark Trust has the opportunity to provide input to emerging international standards on inclusive policy, regulation and supervision in the insurance sphere. In June 2011, we participated in the International Finance Corporation (IFC) Global Insurance Conference in Washington, DC, USA. We also participated in the Munich Re International Microinsurance Conference in Rio de Janeiro, Brazil in November 2011, where we co-facilitated a workshop for insurance regulators on the regulation of microinsurance.

FinMark Trust plays an active role in advising regulators, creating market insights and facilitating market-regulator dialogue. In the SADC region, our 2011 work has included ongoing regulatory reform and dialogue processes in Swaziland, Mozambique and Zambia, and the initiation of a process of engagement in Tanzania. We co-hosted a policy seminar with the Access to Insurance Initiative (A2ii) and the African Insurance Organisation in Victoria Falls in May 2011 that reached policymakers and regulators from across Africa.

FinMark Trust also supported the Cenfri-University of Stellenbosch Business School, Executive Education training session on microinsurance business models in Africa that was attended by a number of regulators and market players from across the region. Most recently, we embarked on a regional harmonisation project with the SADC Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA). As part of the broader insurance regulation harmonisation project, FinMark Trust is specifically considering the financial inclusion angle and assessing how each country is faring against emerging international best-practice in this regard.

Within South Africa, FinMark Trust has continued to engage with the private sector, showcasing innovation in the microinsurance area, as well as with regulators and policymakers. This year, our work in South Africa focused on the following key areas:

- Microinsurance policy support in South Africa
- Informality in the microinsurance sector in South Africa
- Microinsurance product standards review in South Africa
- Review of hospital cash plans in South Africa

Microinsurance regulatory support and stakeholder engagement

FinMark Trust continues to build on regulatory and stakeholder engagement support in SADC countries. Over the past year, we co-funded two diagnostics as the basis for ongoing engagement in Swaziland and Mozambique. The Mozambique diagnostic was preceded by close interaction with the Mozambican insurance regulator regarding aspects of new legislation that can be calibrated to enhance access to insurance.

As a follow-up to diagnostic studies, we are currently supporting regulatory and stakeholder processes in Zambia, Mozambique and Swaziland together with other partners. FinMark Trust also provided regulatory advice to the Zimbabwean insurance regulator through sharing international perspectives and strategic approaches to microinsurance regulation in early 2011. FinMark Trust is supporting the implementation of an insurance diagnostic in 2012 in partnership with the Financial Sector Deepening Trust in Tanzania.



THE ROLE OF PERCEPTIONS IN INSURANCE UPTAKE: AN EXAMPLE FROM THE MOZAMBIKAN INSURANCE DIAGNOSTIC

In September 2011, FinMark Trust funded a series of focus group discussions (FGDs) that formed part of the Mozambique Access to Insurance diagnostic and the creation of an action plan for the promotion of microinsurance through microfinance institutions.

Understanding the demand-side drivers of microinsurance plays a key role in facilitating the development of the market. The FGDs gauge the livelihood and income realities, as well as the risks faced and coping mechanisms employed by ordinary Mozambicans. In addition, they also test awareness, understanding, perceptions and demand related to insurance. The focus group discussions indicate that, whilst there is a high awareness of insurance, there is also a strong need for financial education and literacy programmes focusing on deepening the understanding and use of insurance in Mozambique. Contrary to other countries in the region, respondents seem to trust insurance companies. Nevertheless, formal insurance usage is extremely low, with less than 1% of adults having cover from a commercial insurer according to FinScope Mozambique 2009.

In the absence of insurance, people use a variety of strategies to cope with the financial impact of risk events. These strategies include relying on the extended family for contributions or belonging to community-based risk-pooling groups, funeral associations, or church associations. Yet, with only 1.9% of Mozambicans relying on informal risk-pooling mechanisms, the vast majority remains without any form of protection, thereby creating a powerful policy imperative and market opportunity for expanding insurance inclusion.

Multi-stakeholder engagement in Zambia

Following a diagnostic study in 2009, FinMark Trust helped to establish the Technical Advisory Group (TAG), a multi-stakeholder group tasked with overseeing an activity-based process aimed at promoting market development and regulatory reform. In 2011, this process focused on the training of insurers and their partners to more effectively engage in the microinsurance value chain. Towards the end of the year, the Microinsurance Acceleration Facility (MAF), a matching grant fund aimed at encouraging product innovation through risk-sharing, was launched in partnership with the ILO and UNCDF. Since the Zambia process was initiated, two members of the TAG – Professional Life Assurance and African Life – have launched microinsurance products and a number of others are in the pipeline, demonstrating that positive market impact can be achieved through long-term catalytic intervention.

SADC regulatory harmonisation

During 2011 FinMark Trust embarked on a regulatory harmonisation initiative in partnership with SADC's CISNA Secretariat. Through consultation with insurance supervisory entities and key insurance market operators in twelve SADC member countries, the project seeks to address access to insurance issues by building an understanding of the role that insurance market development plays in regulatory objectives across member states, and the extent to which developmental considerations are taken into account in countries' efforts to comply with international standards. The analysis will provide FinMark Trust with a greater understanding of insurance market development and access to insurance, and will highlight areas for harmonisation across the insurance regulatory spectrum.

Microinsurance policy support in South Africa

South Africa has proposed a radical overhaul of the regulatory environment for microinsurance, the details of which are contained in a policy document published by National Treasury in July 2011. The proposed framework will permit the licensing of a new category of insurers to provide only microinsurance products. Microinsurance will be defined in terms of a range of product parameters including benefit and contract term limits, as well as requirements aimed at ensuring simple, easy to understand products in line with the realities of the low-income target market. The framework will provide for a simpler solvency regime and lighter market conduct requirements for microinsurers limited to only providing microinsurance products as defined.

The release of the policy document is an important milestone in FinMark Trust's engagement with microinsurance and the relationship built with the South African National Treasury and the Financial Services Board (FSB) over the last six years. In drawing up the framework, National Treasury drew on several research outputs commissioned by FinMark Trust over the years. The drafting of the microinsurance legislation started in 2012 and we continue to monitor and contribute to the process.



As part of its ongoing support to microinsurance development in South Africa, FinMark Trust has decided to embark on a microinsurance readiness assessment of a select number of potential candidates for the new microinsurance license proposed in the 2011 policy document.

ASSESSING READINESS OF POTENTIAL MICROINSURANCE LICENSE CANDIDATES LEADING UP TO THE MICROINSURANCE REGULATORY FRAMEWORK

As part of its ongoing support to microinsurance development in South Africa, FinMark Trust has decided to embark on a microinsurance readiness assessment of a select number of potential candidates for the new microinsurance license proposed in the 2011 policy document. These assessments are intended to inform both the potential candidate's compliance strategy as well as to serve as a reality check that can inform the finalisation of the regulatory framework.

The first such assessment is being conducted on the Old Apostolic Church (OAC) Burial Society, a registered friendly society covering more than 300 000 lives and operating under the current friendly society exemption to the Long-term Insurance Act of 1998. The OAC burial society operates strictly in the interests of members and does not pursue any commercial goals. Should they want to obtain a microinsurance license in line with the current proposals in the 2011 policy document, they would need to convert to a cooperative and meet all the requirements set out in the proposed microinsurance legislation. This will have several operational, tax, prudential, market conduct and corporate governance implications. Through the readiness assessment, FinMark Trust is helping them to unpack what the exact implications will be.

Microinsurance product standards review in South Africa

In 2011, FinMark Trust co-funded a review of a number of collective industry initiatives launched between 2005 and 2008 to support the development of a low-income insurance and savings market in South Africa, namely:

- Zimele product standards: This set of life insurance product standards were launched in 2007 by the then Life Office Association, now the Association of Savings and Investment SA or ASISA.
- Mzansi product standards: This household content and structure insurance product was launched in 2006 by the South African Insurance Association (SAIA).
- Fundisa product: A standard tertiary education savings product launched in 2007 by the Association of Collective Investments (since incorporated in ASISA) and the Department of Education.

These initiatives were launched specifically to facilitate delivery on the objectives of the Financial Sector Charter. The standards served as a compliance tool to assist companies in meeting the Charter objectives and targets. The standards also catalysed the insurance industry's engagement with the low-income market. While not all initiatives were viable and suffered from too narrow definitions and a lack of strong branding, they facilitated a collective industry effort to develop the low-income market and triggered the development of similar products that served the objectives of the Financial Sector Charter.

Reviewing hospital cash plans in South Africa

Our final major project for 2011 was to commission a review of the market for hospital cash plan insurance products in South Africa. As a consequence of the continued unmet demand for health insurance in South Africa, as well as favourable court rulings on some of the products testing the demarcation between health insurance and medical schemes, an increasing variety of these products are offered in the market. At the same time, new regulations proposed by the National Treasury and the Council of Medical Schemes are moving to tighten the regulatory space for health insurance products and will most likely lead to the closing down of several of the products. In the face of these dynamics, building and understanding the nature of the market (products, providers and clients) will allow us to determine whether there is a legitimate space for these products in serving the insurance needs of lower income clients – and to pursue regulatory and market stakeholder engagement accordingly.



CONSUMER FINANCIAL EMPOWERMENT

Theme coordinators: [Penelope Hawkins/Kim Dancey](#)

There is a power, information and resource imbalance between financial firms and consumers.

The activities of the Consumer Financial Empowerment theme embody the notion that sustainable financial inclusion requires a consumer that is both financially capable and exposed to appropriate and suitable financial services.

Underlying this approach is the understanding that the relationships and behaviour between financial entities and consumers are key to market outcomes. There is a power, information and resource imbalance between financial firms and consumers. Moreover, inappropriate behaviour impacts reputations and confidence which can impact the already fragile existence of consumers negatively. For this reason, consumer financial empowerment efforts must be two-pronged, involving both consumer literacy and capability as well as consumer protection.

The objective of confident, informed and empowered consumers involves the efforts of policy makers, public sector entities, educators, commercial providers and non-governmental organisations. Political and commercial pressures in South Africa have led to growing awareness of the importance of enhancing financial capability – but the process needs to move beyond awareness to one of implementation, monitoring and evaluation. FinMark Trust has a role to play in helping to frame, facilitate and provide input into the debate in South Africa and in the rest of the Southern African Development community (SADC).

In October 2011, FinMark Trust delivered a presentation at the international OECD/FSB Consumer Protection and Education Seminar and highlighted the need for more detail on successful programmes, better consumer education segmentation in terms of needs and risks, and more comprehensive evaluation techniques for programmes. We emphasised that the scope for intervention was so large that the question of public-private partnerships was not one of whether; but how and what standards were necessary, to guide such collaborative interventions.

Engagement is underway with the South African Credit Ombud and the National Debt Mediation Agency to encourage targeted interventions for debt-stressed consumers. This process will continue in the year ahead.

FinMark Trust has assisted the Government of Zambia with project managing the development of a National Strategy on Financial Education, the strategic objective of which is to improve the knowledge, understanding, skills, motivation and confidence of people in Zambia in order to help them secure positive financial outcomes for themselves and their families. A number of underpinning principles such as focusing on the client, maximising cost effectiveness and working in partnership, provide the foundation upon which specific programmes which target children, young people and adults have been identified within the strategy's framework. A monitoring and evaluation system has also been designed to ensure that impact is measured from the outset. A coordination unit will be established within the Bank of Zambia to drive the strategy's implementation, in partnership with Zambia's other financial services regulators.

Regarding the regional debate around financial capability, FinMark Trust has developed and presented a consumer protection diagnostic to the SADC Committee of Non-bank Supervisory Authorities (CISNA). The key point of departure here is that greater exposure to financial services will lead to the betterment of consumers where consumer protection provides a framework for financial inclusion. The CISNA delegates displayed considerable interest and FinMark Trust is planning to conduct the diagnostic in as many of the region's countries over the next year.

FinScope surveys implemented by FinMark Trust provide a potentially useful point of entry to developing a financial capability analysis. FinScope Namibia 2012 has provided an opportunity to develop profiles of consumers of financial products and identify vulnerabilities and risks, with a view to helping develop education and literacy interventions. Zambia's third FinScope consumer survey that is planned for late 2012 is also expected to build focus around measuring financial capability which would serve as a baseline survey for the National Strategy on Financial Education.



CONSUMER FINANCIAL EMPOWERMENT AND FINSCOPE

In a previous Annual Report, FinMark Trust reported that consumers in low-income countries identified the following characteristics as critical to financial capability:

- They budget and have the discipline to stick to a budget
- They use credit responsibly
- They save and invest for the future
- They consult and seek advice

In the recent FinScope survey in Namibia, these areas of financial capability were further unpacked. The Namibia survey asked respondents to rate themselves on being able to budget or keep up with financial commitments; keep a record of their spending; their attitude towards repaying debt and whether they saved regularly, among others.

Forty three per cent of those in Namibia with a tertiary education rate themselves as being able to keep up with their financial commitments, whereas only 9% of those without any formal education believe they keep up with their financial commitments.

While 21% of those with a tertiary education say they never keep a record of their spending, this spikes to 67% for those having no formal education.

While one third of people with a formal education think it is acceptable to borrow money to pay back outstanding debt, half of those without a formal education agree. And while only 11% of those with some tertiary education fail to save at all, this goes up to over 30% of those without a formal education.

Having a formal (and particularly a tertiary) education is associated with living in an urban area (and hence having far greater access to financial services) and having a higher income (which is likely to increase choice regarding financial services). All of these variables are hence associated, and the policy implications suggest education in general is important to more specific financial capability. From the perspective of FinMark Trust, the Namibian FinScope provides lessons on how FinScope questions can further be refined to analyse financial capability and ensure improved and more comprehensive insights for the surveyed country.



AGRICULTURAL AND RURAL FINANCE

Theme coordinator: **Gerhard Coetzee**

Despite rapid urbanization in recent decades, sub-Saharan Africa's population and economy are still predominantly rural with poverty mainly a rural phenomenon.

Despite rapid urbanization in recent decades, sub-Saharan Africa's population and economy are still predominantly rural with poverty mainly a rural phenomenon. In Eastern and Southern Africa the concentration of poor people is among the highest in the world – most of the region's estimated 130 million poor live in rural areas, and research conducted by the UN's International Fund for Agricultural Development (IFAD) indicates that rural poverty is deepening.

Growth in the rural economy is slow, in part because arid or semi-arid land makes up almost 40 per cent of the region's land base. While agricultural productivity is stagnating or decreasing, IFAD believes that more than 85% of the rural population live on land that has medium to high potential for increased productivity. It is the constrained use of this natural resource base that leads to low investment in agriculture, low productivity and low incomes in the region that will make it difficult to attain Millennium Development Goals (MDG), especially MDG 1 – the halving of hunger and poverty by 2015 – and the 6% pa increase in agricultural productivity aimed at by the Comprehensive African Agricultural Development Plan.

The constraints are multiple and well recognised. Many are exogenous, brought about by policies and practices entirely beyond the control of farmers, but others are endogenous. While most households that engage in small scale farming are adequately supplied with labour, many lack the technical and/or managerial skills to undertake anything but subsistence farming and few have the internal capital resources to produce more than occasional surpluses for the market.

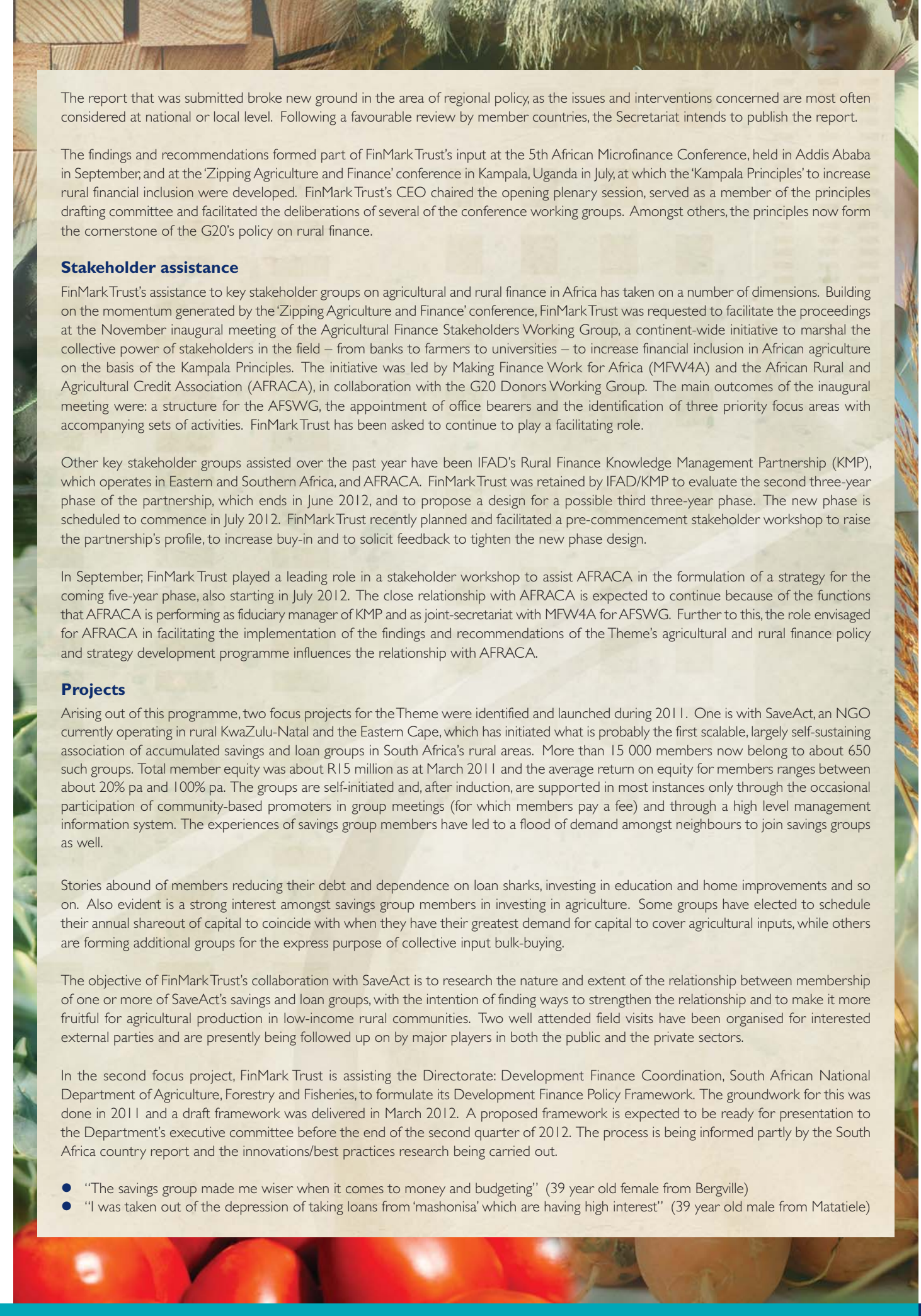
It is in this context that the significance of having access to financial services (transactional, savings, credit and insurance products and services) becomes clearest. Given the size of the outlays required to cover their annual, medium and long-term needs, most commercial farmers the world over, especially annual crop farmers, find it necessary to borrow part or all of the funds needed and save post-harvest. Other improvements for example, to infrastructure or water management, are made to encourage subsistence farmers to increase the volume of output that they market. Without adequate access to and greater usage of borrowed capital and other financial services, it will be difficult for most farmers to realise such returns, to produce more for the market and to improve food security. Yet, of the many pre-conditions for agriculture and rural development, the provision of financial services remains one of the most poorly fulfilled almost throughout Africa and the nature, extent and causes of the deficiencies remain among the most poorly understood.

Policy development programmes

In line with the FinMark Trust purpose statement, the Agricultural and Rural Finance theme aims to ensure the inclusion of poor people in rural areas in financial markets, specifically small scale farmers, and to make the services provided through those markets more appropriate for the needs of rural enterprises and households. To this end, a policy development programme was launched in 2010 with a study to determine the status of rural and agricultural financial services in six Southern African countries: Botswana, Malawi, Mozambique, South Africa, Zambia and Zimbabwe.

The first outputs of the programme – draft reports on the countries – were tabled in 2011 and resulted in the publication of a comprehensive regional summary. The six country reports are presently being prepared for publication and have informed the second phase of the programme now underway – a study of African and international innovations and best practices in key areas of rural and agricultural financial policy. The findings and recommendations of the first two phases will be discussed with policy makers from the six countries in the second half of 2012. The next phase will focus on working with these policy makers to integrate the findings and recommendations of this research into policy and strategy frameworks.

In line with its goal to assist the process of regional economic integration, FinMark Trust undertook an assignment from the Food, Agriculture and Natural Resources Directorate of the SADC Secretariat to review and prioritise policy issues related to agricultural and rural finance, credit and insurance, and to identify intervention areas for consideration by the organisation in the course of formulating its Regional Agricultural Policy.



The report that was submitted broke new ground in the area of regional policy, as the issues and interventions concerned are most often considered at national or local level. Following a favourable review by member countries, the Secretariat intends to publish the report.

The findings and recommendations formed part of FinMark Trust's input at the 5th African Microfinance Conference, held in Addis Ababa in September; and at the 'Zipping Agriculture and Finance' conference in Kampala, Uganda in July, at which the 'Kampala Principles' to increase rural financial inclusion were developed. FinMark Trust's CEO chaired the opening plenary session, served as a member of the principles drafting committee and facilitated the deliberations of several of the conference working groups. Amongst others, the principles now form the cornerstone of the G20's policy on rural finance.

Stakeholder assistance

FinMark Trust's assistance to key stakeholder groups on agricultural and rural finance in Africa has taken on a number of dimensions. Building on the momentum generated by the 'Zipping Agriculture and Finance' conference, FinMark Trust was requested to facilitate the proceedings at the November inaugural meeting of the Agricultural Finance Stakeholders Working Group, a continent-wide initiative to marshal the collective power of stakeholders in the field – from banks to farmers to universities – to increase financial inclusion in African agriculture on the basis of the Kampala Principles. The initiative was led by Making Finance Work for Africa (MFW4A) and the African Rural and Agricultural Credit Association (AFRACA), in collaboration with the G20 Donors Working Group. The main outcomes of the inaugural meeting were: a structure for the AFSWG, the appointment of office bearers and the identification of three priority focus areas with accompanying sets of activities. FinMark Trust has been asked to continue to play a facilitating role.

Other key stakeholder groups assisted over the past year have been IFAD's Rural Finance Knowledge Management Partnership (KMP), which operates in Eastern and Southern Africa, and AFRACA. FinMark Trust was retained by IFAD/KMP to evaluate the second three-year phase of the partnership, which ends in June 2012, and to propose a design for a possible third three-year phase. The new phase is scheduled to commence in July 2012. FinMark Trust recently planned and facilitated a pre-commencement stakeholder workshop to raise the partnership's profile, to increase buy-in and to solicit feedback to tighten the new phase design.

In September, FinMark Trust played a leading role in a stakeholder workshop to assist AFRACA in the formulation of a strategy for the coming five-year phase, also starting in July 2012. The close relationship with AFRACA is expected to continue because of the functions that AFRACA is performing as fiduciary manager of KMP and as joint-secretariat with MFW4A for AFSWG. Further to this, the role envisaged for AFRACA in facilitating the implementation of the findings and recommendations of the Theme's agricultural and rural finance policy and strategy development programme influences the relationship with AFRACA.

Projects

Arising out of this programme, two focus projects for the Theme were identified and launched during 2011. One is with SaveAct, an NGO currently operating in rural KwaZulu-Natal and the Eastern Cape, which has initiated what is probably the first scalable, largely self-sustaining association of accumulated savings and loan groups in South Africa's rural areas. More than 15 000 members now belong to about 650 such groups. Total member equity was about R15 million as at March 2011 and the average return on equity for members ranges between about 20% pa and 100% pa. The groups are self-initiated and, after induction, are supported in most instances only through the occasional participation of community-based promoters in group meetings (for which members pay a fee) and through a high level management information system. The experiences of savings group members have led to a flood of demand amongst neighbours to join savings groups as well.

Stories abound of members reducing their debt and dependence on loan sharks, investing in education and home improvements and so on. Also evident is a strong interest amongst savings group members in investing in agriculture. Some groups have elected to schedule their annual shareout of capital to coincide with when they have their greatest demand for capital to cover agricultural inputs, while others are forming additional groups for the express purpose of collective input bulk-buying.

The objective of FinMark Trust's collaboration with SaveAct is to research the nature and extent of the relationship between membership of one or more of SaveAct's savings and loan groups, with the intention of finding ways to strengthen the relationship and to make it more fruitful for agricultural production in low-income rural communities. Two well attended field visits have been organised for interested external parties and are presently being followed up on by major players in both the public and the private sectors.

In the second focus project, FinMark Trust is assisting the Directorate: Development Finance Coordination, South African National Department of Agriculture, Forestry and Fisheries, to formulate its Development Finance Policy Framework. The groundwork for this was done in 2011 and a draft framework was delivered in March 2012. A proposed framework is expected to be ready for presentation to the Department's executive committee before the end of the second quarter of 2012. The process is being informed partly by the South Africa country report and the innovations/best practices research being carried out.

- "The savings group made me wiser when it comes to money and budgeting" (39 year old female from Bergville)
- "I was taken out of the depression of taking loans from 'mashonisa' which are having high interest" (39 year old male from Matatiele)



HOUSING FINANCE

Theme coordinator: **Kecia Rust**

Better data would make the housing and housing finance markets in Africa work better for all market participants, including the poor.

Leading investor interest with good data

Investor interest in housing and property in Africa has grown substantially in the past ten years. Driven, in part, by new market opportunities created by economic growth and a rising urban middle and lower middle class, investors are looking for specific initiatives where they can get returns. Data across much of Africa is scarce, however; especially so for the housing and housing finance sectors. Specific gaps include:

- Market overview data: data on the size and scope of the demand for affordable housing and for housing microfinance, quantification of volume and amounts being invested in each country in affordable construction and finance
- Affordability and profitability of investments in affordable housing, mixed use housing, housing microfinance
- Competitive market horizon: the size, financial capacity, and geographic reach and market share of participants in the construction sector and in the housing finance (mortgage, home equity, personal loan, consumer loan, microfinance and housing microfinance sectors)
- Land ownership and titling norms and constraints, the availability of land for development and associated conditions, etc
- Building code, and building materials norms and constraints, relating to availability and costs
- Infrastructure norms and constraints (both basic services infrastructure relating to residential accommodation, and broader infrastructure affecting housing delivery – such as the cost of transporting materials over poor roads, etc)

As investors struggle to assess market risk and opportunity with precision, they shift their sights to more easily dimensioned and quantified investments – sector investments in energy, telecommunications, retail or commercial ventures – or price for the inability to fully review and dimension risk, ultimately narrowing the affordability of the housing output. Better data would make the housing and housing finance markets in Africa work better for all market participants, including the poor.

FinMarkTrust's Centre for Affordable Housing Finance in Africa has focused on improving the landscape of data available to investors so that they are better inclined to focus their investment interests on affordable housing and housing finance.

Four initiatives undertaken in the past year highlight the potential of this approach.

SADC Housing Investors Database

We have developed a database and 14 country dashboards which host key data that is of interest to housing finance investors. Following a process of consultation in which we identified the affordable housing and housing finance sector data needs of potential investors in SADC, we developed a database with over 600 indicators, and a dashboard including six broad categories of indicators which will be updated on a regular basis for each of the SADC countries, and disseminated throughout the public and private sectors. Because one-time data snapshots are less useful to investors than repeated, comparable market data which is available on a consistent basis over time, the initiative also involves the production of useful data analyses over a period of time sufficient to support enhanced private equity, mezzanine and debt investments in the affordable housing and affordable housing finance sectors. The focus of the database is to offer insights that would lead investors to consider new or increased scope and scale of investments in affordable housing and housing finance opportunities, especially those which will reach lower income earners. FinMarkTrust will work with investors in affordable housing finance to use this database to better support their investment decision-making.

Affordable Land + Housing Data Centre (al+hdc)

The al+hdc (www.alhdc.org.za) is a joint initiative of FinMarkTrust and Urban LandMark, which seeks to stimulate investment in affordable housing in South Africa by highlighting current and future market potential at the local level. The al+hdc brings together deeds registry data with other public and



proprietary data sets, and enables users to consider the depth of this data on an aggregated basis at the local, suburb level. The compilation of the data into a single dashboard creates a common platform around which public and private sector entities can negotiate developments and promote affordable housing delivery at the municipal level. In the past year we have completed a review of the affordable housing markets in the nine major metros in South Africa, and have used this to encourage municipal housing departments to better engage with private sector developers. A reciprocal data-sharing collaboration with the City of Johannesburg will refine the tool even further to enable a more precise prediction of demand and opportunity.

Yearbook 2011 – Housing Finance in Africa

The 2011 Housing Finance in Africa Yearbook was the second edition of this publication, and provides an overview of 28 countries and one region, offering investors key data for each in its analysis of investment opportunities. The document is regularly downloaded from the Centre for Affordable Housing Finance's website, and is often used by investors visiting the region or specific countries for the first time to get a broad understanding of the potential in housing finance in Africa.

Mortgage Loan Performance in South Africa

Access to housing finance has been an explicit policy focus in South Africa, promoted not only by government but also by the financial sector; initially through the Financial Sector Charter. While the industry provides data on the origination of loans in the FSC target market, no data is provided on the performance of these loans. Starting in 2010, FinMarkTrust commissioned a study on the repayment performance of mortgage loans originated through the FSC. With the permission of the Credit Providers Association in South Africa, and support from XDS Credit Bureau, we accessed the data and undertook the analysis. In 2011, we extended this to consider the performance of mortgage loans in the entire affordable market. The findings were enormously significant. We found that mortgage loans extended to the affordable housing market performed generally better than the entire mortgage market as a whole. This data is now being used to support government as it develops its mortgage guarantee instrument in support of South Africa's affordable housing market.

FinMarkTrust has always championed the importance of evidence-based policy making. In these initiatives, its Centre for Affordable Housing Finance in Africa is taking this approach one step further; working with the private sector to target their investments for the benefit of low income earners seeking to access housing finance to help them realise their housing needs.



INFORMATION AND RESEARCH SUPPORT

Head: **Kameshnee Naidoo**

The FinScope surveys have become a well recognised brand globally, and remain the cornerstone of our evidence based policy and analysis framework.

Evidence and analysis that is robust and publicly available can serve as an important input into policy and regulatory debates. This is achieved by enabling the wider community to be better informed about what is at stake and empowering those who bear the costs of implementing policy to make informed decisions based on access to good data.

FinScope surveys are an essential component of our mandate to provide evidence-based influence into policy-making and innovation by service providers, and measuring the impact thereof. FinScope surveys underpin the policy and regulatory analysis, provide a benchmark for the regional integration framework and shed light on cross-border and domestic money payment systems. Thus, a key focus of the Information and Research Support theme area has been in providing detailed, robust datasets on financial inclusion in Africa that can inform internal analysis and policy work, as well as provide a platform for stakeholders in the financial services sector to be informed, leading to better decision-making. The essential ingredient of good evidence-based analysis is a robust analytical methodology that is able to provide in-depth insight into financial inclusion. The data establishes credibility and patterns of inclusion and is able to withstand public scrutiny through an open and transparent process. Furthermore, independence throughout the process is crucial to ensure that the data is able to tell its own story, and hence inform policy and regulatory processes as well as stimulate product and service innovation by highlighting the demands and needs of the consumers at the bottom of the pyramid.

Over a period of nine years, the FinScope surveys have cemented a robust methodological framework that can support evidence-based policy-making. The FinScope surveys have become a well recognised brand globally, and remain the cornerstone of our evidence based policy and analysis framework.

We are now able to roll out FinScope surveys in a standardised approach across multiple countries using an established methodology. Stakeholder buy-in and engagement throughout the process, and a standard sampling methodology and analytical framework are the cornerstones of our approach. The three analytical tools, namely, Access Strand, Landscape of Access and the Access Frontier measuring financial inclusion, have become a standard reporting framework. Furthermore, the livelihoods approach developed in 2010, has matured as a conceptual framework that is used to drive the development of the FinScope questionnaire. The FinScope survey thus aims to provide a clear understanding of real demand-side needs in terms of different livelihoods in order to facilitate evidence and need-based interventions.

Financial access is driven both by demand and the availability of relevant products and services able to meet market needs. The FinScope surveys also incorporate a supply-side component in order to provide a comprehensive market assessment. The supply-side component comprises an assessment of financial products (formal and informal) available in the market. For formal financial products, the survey provides insight into the geographical distribution, target markets, service costs and requirements.

In order to ensure a thorough understanding of the dataset, workshops with key stakeholders, namely, policy-makers, regulators and the private sector are held at the end of each survey implementation. This year six workshops were conducted in Lesotho, Swaziland and Namibia, together with a number of specific workshops with the South African financial services sector:

To date, FinScope surveys have been conducted or initiated in 16 countries. The year under review saw the launch of the Lesotho, Swaziland and Namibia Consumer surveys with the finalisation of the Zimbabwe survey. Both Lesotho and Swaziland were baseline studies used to inform the policy-making process. Swaziland was in the process of setting up a Microfinance Unit that would serve as an arm of its Treasury, to investigate financial inclusion. Thus, the FinScope survey was conducted at an opportune time, as it was used to inform financial inclusion policy for Swaziland. The FinScope Lesotho process resulted in policy-makers looking at consumer financial education as a key area of focus.

FinScope Namibia indicated a large increase in the percentage of adults that are formally served. In Namibia, this increase in financial inclusion was driven by the large uptake in transactional and savings products between 2007 and 2012, financial sector innovation through products and services, and technology and expansion of the distribution footprint. Also, there was an overall increase in local economic activity driven largely by the mining sector. The South African FinScope survey remains a stalwart with nine surveys conducted to date. The importance of FinScope as a research tool is also highlighted by the willingness of the private sector to fund the surveys. Both Namibia and South Africa were syndicate funded.

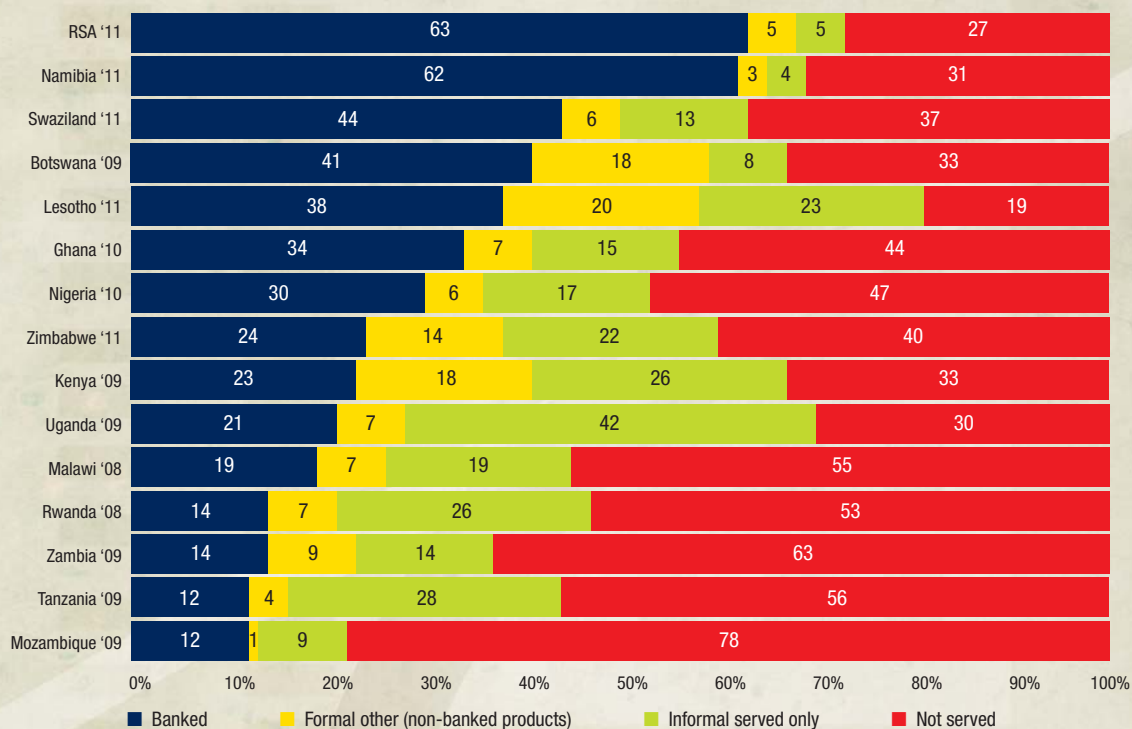
The FinScope SMME surveys have increasingly gained attention and interest as they have become an important indicator of financial inclusion for small businesses. To this end, SMME surveys are currently underway in Mozambique, Malawi and Zimbabwe.

Over the years the FinScope surveys have become recognised as an indicator of national financial inclusion on the African continent. As a result, the demand for its implementation has increased significantly globally. In this regard, FinMark Trust in partnership with UNCDF and Cenfri developed a diagnostic tool that looks at making access to financial services possible in 16 least developed countries and six non-least developed countries over a six year period. The partnership aims to conduct country level diagnostic work and stakeholder processes leading to the development of a national financial inclusion roadmap while contributing to learning and dialogue at the international level.



FINSCOPE TESTIMONY

"We, as a country need to address our socio-economic problems: poverty, unemployment and the degree of financial inclusion. We need to be able to measure the depth of these challenges. The FinScope survey enables us to do so. The usefulness of the FinScope Namibia survey has been demonstrated in the development of the Financial Sector Action Plan 2010/2011, especially in the chapter on financial inclusion. The Financial Sector Strategy indicates access to financial services, especially in terms of low income earners." (Ipumbu Wendelinus Shiimi, Speech at the launch of FinScope Namibia, March 2012).



² Countries in Africa where FinScope surveys have been conducted



FINANCIAL POLICY AND REGULATION

Theme coordinator: [Penelope Hawkins/Kim Dancey](#)

FinMark Trust continues its engagements with the South African National Treasury and other regulators.

FinMark Trust remains committed to helping guide and support improvements in policy and regulation with a view to enhancing financial inclusion on global, regional and local platforms. FinMark Trust continues to contribute to the debate on the G20 financial inclusion working groups and the Alliance for Financial Inclusion, among others. Furthermore, the CEO of FinMark Trust was requested by the Mexican government to present perspectives on Financial Inclusion in December at a conference arranged to hand over the Presidency of the G20 from France to Mexico. The presentation was exceptionally well received, with the President of Mexico stressing the importance of financial inclusion in his closing remarks.

Financial inclusion remains a key goal for policy makers in the region. During the year under review, FinMark Trust began assisting the Swaziland Ministry of Finance with the establishment of a National Credit Act that would also enhance consumer protection in the country. The aim is to provide an enabling policy and regulatory environment for access to credit. The Swaziland credit landscape is highly varied and includes commercial credit providers as well as credit unions, with significant variances in prices and fees. A high proportion of employees in Swaziland are heavily indebted and credit providers appear to rely on salary deductions for collection. Research is ongoing and includes a credit market landscape, credit legislation analysis and in-depth workshops with policy makers and their panel of experts as well as relevant stakeholders.

FinMark Trust continues its engagements with the South African National Treasury and other regulators. During the year under review, the South African Minister of Finance announced that a target of 70% of adults should have access to a bank account by 2013. FinScope South Africa 2011 shows that some 63% of adults (16 years and older) are banked and in total 68% are formally served. The total banked population has risen to about 20.7 million from 19.3 million in 2010. FinScope estimates that the total unbanked population now stands at around 11.2 million.

While Mzansi has been in decline in recent years, the major banks have expanded their entry level products in a number of ways. In a bid to answer what could be done to further improve financial inclusion in South Africa, FinMark Trust has undertaken research into agency banking and the experience of social grant recipients.

Agency Banking

An agency bank can be seen to fulfil the functions of a bank and should thus be able to originate accounts, service them, sell associated financial services such as funeral policies and loans and allow for cash to be deposited and withdrawn – all from within its own infrastructure. While there are currently many alliances for some of these services between banks and non-banks (including retailers and cellular companies), a successful full-service agency arrangement has yet to be achieved in South Africa.

The legal framework for agency banking in South Africa includes the Banks Act and its associated practice notes, the Financial Intelligence Centre Act (FICA) and the Financial Advisory and Intermediary Services Act (FAIS). While the Banks Act does not provide any prohibition to agency banking (except that a bank license is necessary), the application of FICA and FAIS have added costs to originating accounts. In particular, the interpretation of the practical implementation of FICA by banks ranges from a highly conservative approach to a highly liberal one. Those adopting a conservative approach deny the usefulness of the oft-touted Exemption 17 in creating accounts for low-income and underserved consumers.

The results of the research indicate a number of additional barriers in terms of how structural and regulatory approaches have inhibited the sustainable use of agents in the country. FinMark Trust is engaging with policy makers and other stakeholders regarding the outcomes of the report with a view to stimulating further debate and assist in implementing guidance notes to the relevant regulations regarding the above key issues.

BROADER MEASUREMENT OF FINANCIAL INCLUSION

One of the matters brought to light by the agency banking research relates to what we should be measuring when we track financial inclusion. As experience in Pakistan shows, for example, data on money transfers or remittances may be a crucially important indicator of underserved individuals being effectively served through formal institutions. In that country, these are regulatory reports by registered banks. In South Africa, our current statutory reporting from banks focuses almost exclusively on solvency, not on access. Some possible statistics that could be useful if regularly monitored:

- Number of money transfers through agency arrangements
- Take up (and servicing) of credit by lower income quartiles in South Africa
- Number of active accounts that fall within the FICA Exemption 17 thresholds
- Number of funeral policies sold (bundled and unbundled) and serviced by consumers

FinMarkTrust has engaged with the Payment Association of South Africa, and they are currently approaching their member banks to request information on intra-bank transfers (such as Capitec's Shoprite-Checkers arrangement, as well as the volume and value of small inter-bank transfers making use of agents).



Social grants

The South African government provides social assistance to its citizens in the form of child support, old age and disability grants as well as grants for war veterans; foster children; care dependency and grant-in-aid. The South African Social Security Agency (SASSA) is responsible for the management, administration and payment of social grants. These grants are paid in cash or via electronic payments. During the year under review, SASSA had contracted different payment service providers, providing services in specific provinces.

In its latest published annual report (for 2009/10), SASSA records a total number of 14 057 365 beneficiaries, of which 4 831 548 receive cash payments.

The realities of the cash and electronic disbursement methods have not been documented on a rigorous basis, and anecdote is often employed to set out the advantages of either electronic or cash payment methods, as the case might be. The goal of the research was to gain an understanding of the payment services available to social grant recipients in terms of collection and expenditure of the grant, the costs involved in accessing and using the grant, and how the experience could be enhanced within budgetary considerations.

A key focus of the research is not only to understand how the payment methods being applied in respect of the social grant operate (both in terms of efficiency, effectiveness and cost), but also how the payment methods impact on and enhance the beneficiaries' ability to operate in the environment in terms of accessing goods, services and the financial sector:

The project involved desktop research, interviews, on-site visits and focus group discussions. A reference panel, comprising representatives from the National Treasury, SASSA, The Payments Association of South Africa and The University of the Western Cape was very useful in providing expert guidance. The outcomes of the research and subsequent implications and debate will guide interactions with policy makers and providers in the year ahead.

FINANCIAL ACCESS FOR SOCIAL GRANT RECIPIENTS

The low access to financial services by social grant recipients - both in respect of formal and informal services is somewhat to be expected, given that they do not have surplus cash. However, recipients using the electronic payment method seem to use financial services to a greater extent than those using the cash payment method. The question the survey results beg is what is appropriate access for this category of consumer - should they for example, have access to credit? Only 5% of recipients using the cash method and 11% of those receiving grants through the electronic method said that the grant helped them to access a formal or informal loan.

The research shows that there are high levels of similarity between the processes applied with the electronic payment method and the cash payment method, both in respect of the service provided by SASSA and the payment service providers, and how the recipients are using their cards. Any benefits from the electronic payment method for example, drawing more than once, are not being realised or encouraged. The lack of innovation around these products may be because of a lack of commercial opportunity or regulatory prohibition. However, the results suggest there is space for revision of the type of offerings around the electronic payment method so that it can be used more effectively to reduce costs and improve ease of accessing social grants.



PRESENTATIONS

These are available on the FinMark Trust website: www.finmarktrust.org.za

| Topic | Event | Presenter | Date |
|---|---|---|----------------|
| Regional overview of housing finance systems in sub-Saharan Africa | Housing finance workshop for sub-Saharan Africa, Kenya School of Monetary Studies | Kecia Rust, FinMark Trust | April 2011 |
| A special product line: Understanding microfinance for housing | Housing finance workshop for sub-Saharan Africa, Kenya School of Monetary Studies | Kecia Rust, FinMark Trust | April 2011 |
| Conservative compliance behaviour | FinMark Trust workshop on conservative compliance | Louis de Koker, John Symington | April 2011 |
| Mobile money regulatory perspective | FinMark Trust workshop on conservative compliance | Louis de Koker, Deakan University | April 2011 |
| Financial Inclusion and its impact on Regional Financial Integration | Southern Africa Trust workshop, Midrand | Maya Makanjee, FinMark Trust | May 2011 |
| Financial services landscape in Africa | G20 Study group meeting – Reviewing the G20's development and financial inclusion agendas, Pretoria | Maya Makanjee, FinMark Trust | May 2011 |
| Financial Inclusion in Africa | AIO meeting, Victoria Falls, Zimbabwe | Maya Makanjee, FinMark Trust | May 2011 |
| Designing insurance products for low-income markets | Zambia microinsurance seminar | UAP | May 2011 |
| Insurance products for low income people: Clientele case study | Zambia microinsurance seminar | Clientele Limited | May 2011 |
| Agricultural index insurance initiative: UAP/Syngenta case study | Zambia microinsurance seminar | Isaac Magina, UAP Insurance Ltd; Fritz Brugger, Syngenta Foundation | May 2011 |
| Insurance products for low income people: MI product design and distribution – global perspectives and trends | Zambia microinsurance seminar | Christine Hougaard, Cenfri; FinMark Trust | May 2011 |
| Insurance products for low income people: NICO Malawi case study | Zambia microinsurance seminar | Eric E. Chapola, Insurance Association of Malawi | May 2011 |
| A case study of microinsurance products: British American | Zambia microinsurance seminar | James Irungu K, British American | May 2011 |
| South Africa's housing finance sector: an overview | Graduate School of Public and Development Management, Wits University, Housing Certificate Course | Kecia Rust, FinMark Trust | June 2011 |
| Swaziland microinsurance diagnostic study | Stakeholder workshop presentation, hosted by the Registrar of Insurance and Retirement Funds | Christine Hougaard, Cenfri; FinMark Trust | June 2011 |
| Challenges in South Africa's housing finance and delivery framework: navigating the gap | Merrill Lynch | Kecia Rust, FinMark Trust | June 2011 |
| Considering the potential of the affordable housing market | 9th Annual IPD Property Investment Conference: Expanding Horizons | Kecia Rust, FinMark Trust | July 2011 |
| Turning corner-stores into banks in Mexico | The retail network workshop | Auric Consulting; FinMark Trust | July 2011 |
| FinScope Swaziland | Launch of FinScope Swaziland | Irma Grundling, Jabulani Khumalo, FinMark Trust | July 2011 |
| Challenges in South Africa's housing finance and delivery framework: navigating the gap | Merrill Lynch | Kecia Rust, FinMark Trust | August 2011 |
| SADC Retail Payment System integration-roadmap and constraints | Protocol on finance and investment baseline study workshop | Tim Masela, SADC Secretariat | August 2011 |
| Protocol on finance and investment baseline study | Protocol on finance and investment baseline study workshop | Genesis analytics; FinMark Trust; SADC Secretariat; GIZ | August 2011 |
| Protocol on finance and investment baseline study – the Minister's Dashboard | Protocol on finance and investment baseline study workshop | Genesis analytics; FinMark Trust; SADC Secretariat; GIZ | August 2011 |
| Monetary and financial aspects of EAC integration: issues, challenges and way forward | Protocol on finance and investment baseline study workshop | Camillus Alphonce Kombe, Bank of Tanzania | August 2011 |
| African Development Bank's role, strategy and experiences in promoting regional financial integration in Africa | Protocol on finance and investment baseline study workshop | Moono Mupotola, NEPAD, Regional Integration and Trade Department | August 2011 |
| Regional financial integration: FNB eWallet | Protocol on finance and investment baseline study workshop | Kim Dancey, FNB | August 2011 |
| Current data/trends in housing in South Africa: the gap between policy and practice in affordable housing | International housing solutions conference on affordable housing development and finance | Kecia Rust, FinMark Trust | September 2011 |

| Topic | Event | Presenter | Date |
|--|---|---|----------------|
| Current data/trends in housing in South Africa: understanding the gap market | Hollard Insurance | Kecia Rust, FinMark Trust | September 2011 |
| Regulatory, policy and supply issues in housing finance in Africa: finding the market opportunities | African Union for Housing Finance conference and AGM | Kecia Rust, FinMark Trust | September 2011 |
| Promoting effective housing markets with enabling policies | Bank of Namibia symposium on housing in Namibia | Kecia Rust, FinMark Trust | September 2011 |
| Financial literacy | 5th African microfinance conference, Addis Ababa, Ethiopia | Maya Makanjee, FinMark Trust | September 2011 |
| FinScope SA Small Business survey presentation | CIPC workshop, Pretoria | Maya Makanjee and Jabulani Khumalo, FinMark Trust | September 2011 |
| Lead discussant – data working group submissions | G20 Global partnership for financial inclusion forum | Maya Makanjee, FinMark Trust | October 2011 |
| Overview of housing finance systems in South Africa | Leadership forum for municipal managers | Kecia Rust, FinMark Trust | October 2011 |
| Housing finance public hearings: Emergent themes | Finance and fiscal commission public hearings into housing finance in South Africa | Kecia Rust, FinMark Trust | October 2011 |
| Financial inclusion for poverty reduction | Southern Africa Trust conference, Sandton | Maya Makanjee, FinMark Trust | November 2011 |
| The role and impact of FinMark Trust in Southern Africa | Developing market systems conference, Brighton, UK | Maya Makanjee, FinMark Trust | November 2011 |
| An access frontier for housing finance in Zambia | FinMark Trust Zambia forum | Illana Melzer, Eighty20 Consulting; Juliet Munro, FinMark Trust | November 2011 |
| Draft national strategy on financial education: Main presentation | National strategy on financial education for Zambia: Stakeholder consultative workshop | Lemmy Manje, Bryn Clive Associates | November 2011 |
| Draft national strategy on financial education: Introduction | National strategy on financial education for Zambia: Stakeholder consultative workshop | Namaku Ntini, FSDP Financial Education Working Group | November 2011 |
| Integration of financial education in the education curriculum | National strategy on financial education for Zambia: Stakeholder consultative workshop | Peter Kasaji, Ministry of Education, Science and Vocational Training Zambia | November 2011 |
| Financial fitness: Sharing experiences | National strategy on financial education for Zambia: Stakeholder consultative workshop | Caroline Handia, Zanaco | November 2011 |
| Camfed Zambia | National strategy on financial education for Zambia: Stakeholder consultative workshop | Barbara Chilangwa, Camfed | November 2011 |
| Financial education in Zambia: Supply-side perspectives | National strategy on financial education for Zambia: Stakeholder consultative workshop | Bwalya Penza-Chona, Consultant | November 2011 |
| The need for financial education: A demand-side perspective | National strategy on financial education for Zambia: Stakeholder consultative workshop | Illana Melzer, Eighty20 Consulting | November 2011 |
| Draft national strategy on financial education for Zambia: Objectives of the stakeholder consultative workshop | National strategy on financial education for Zambia: Stakeholder consultative workshop | Juliet Munro, FinMark Trust | November 2011 |
| A toolkit for assessing capacities of insurers: Firm and capacity level application | 7th International microinsurance conference, Rio de Janeiro, Brazil | Lemmy Manje, Bryn Clive Associates | November 2011 |
| Strengthening financial systems and increasing the availability of financial services to foster economic growth. | G20 Seminar – Current challenges for global economic growth, Mexico's G20 Presidency launch | Maya Makanjee, FinMark Trust | December 2011 |
| Housing subsidy assets: Exploring the performance of government subsidised housing in South Africa | Launch presentation | Kecia Rust, FinMark Trust | December 2011 |
| Housing subsidy assets: Overall analysis presentation | Presentation to the Department of Human Settlements, MINTOP meeting | Kecia Rust, FinMark Trust | December 2011 |
| FinScope South Africa 2011 | Launch of the results of the FinScope Consumer Survey South Africa 2011 | Ask Afrika | December 2011 |
| The Microinsurance Acceleration Facility Zambia: Application Guidelines | FinMark Trust information session | Lemmy Manje, Bryn Clive Associates; Juliet Munro, FinMark Trust | December 2011 |
| Access to finance for low-cost housing developments: Current trends and issues | Affordable housing South Africa conference – IQPC | Kecia Rust, FinMark Trust | February 2012 |
| Perspectives on South Africa's affordable housing market: Current trends and issues | International housing solutions investors' conference | Kecia Rust, FinMark Trust | February 2012 |
| Opportunities in South Africa's housing finance and delivery framework: Navigating the gap | Nedbank affordable housing strategy discussion | Kecia Rust, FinMark Trust | March 2012 |
| A special product line: Understanding microfinance for housing | Centre for Inclusive Banking in Africa, Certificate Programme in Microfinance Management | Kecia Rust, FinMark Trust | March 2012 |
| Regional overview of housing finance systems in sub-Saharan Africa | Development Planning Unit, University College London | Kecia Rust, FinMark Trust | March 2012 |
| FinScope Consumer Survey Namibia 2012 | Launch of the results of the FinScope Consumer Survey Namibia 2012 | Kameshnee Naidoo, FinMark Trust | March 2012 |
| SADC remittances | Moving moola workshop | FinMark Trust; FOSHIZI-Black Consumer Insight Agency | March 2012 |



PUBLICATIONS

| Document | Author | Date |
|--|---|----------------|
| FinMark News | FinMark Trust | April 2011 |
| Microinsurance development Zambia: Annual report 2010 | Lemmy Manje, Clive Bryn Associates; FinMark Trust | April 2011 |
| Microinsurance focus note: Capacity assessment, corporate buy-in with private investments – an essential business strategy | Lemmy Manje, Clive Bryn Associates; FinMark Trust | April 2011 |
| Project Swaziland management report | Corporate Research Consultancy; FinMark Trust | April 2011 |
| Report: FinScope small business survey 2010 | FinMark Trust | April 2011 |
| The cross-border money transfer experience: Why taxis and buses are still preferred to banks? | Sarah Langhan and Craig Kilfoil, exactConsult; FinMark Trust | April 2011 |
| FinMark News | FinMark Trust | May 2011 |
| FinMark News | FinMark Trust | June 2011 |
| The profile of retail payment services and models in South Africa: Assessing the potential to increase financial inclusion and market participation | Colin Donian and Maire Eltringham, Insightworx; FinMark Trust | June 2011 |
| FinMark News | FinMark Trust | July 2011 |
| FinScope Swaziland | FinMark Trust | July 2011 |
| Swaziland microinsurance demand-side research report | CRC Consulting | July 2011 |
| Conservative compliance behaviour: Drivers of conservative compliance responses in the South African financial services industry | Louis de Koker and John Symington, Cenfri; FinMark Trust | August 2011 |
| Discussion paper: Building a regional support initiative for housing microfinance | Sophie Mills | August 2011 |
| FinMark News | FinMark Trust | August 2011 |
| FinMark Trust annual report | FinMark Trust | August 2011 |
| Report: SADC stakeholder workshop on the Protocol on Finance and Investment | Hennie Bester; FinMark Trust; GIZ; SADC Secretariat | August 2011 |
| Understanding the last mile in cross-border money transfers from South Africa to Zambia | Sarah Langhan, exactConsult; FinMark Trust | August 2011 |
| FinMark News | FinMark Trust | September 2011 |
| Government policies and programmes to enhance access to housing: response to two papers. Paper prepared for the Bank of Namibia housing finance Symposium. | Kecia Rust, FinMark Trust | September 2011 |
| Housing finance in Africa 2011 year book: A review of some of Africa's housing finance markets | Centre for Affordable Housing Finance in Africa, FinMark Trust | September 2011 |
| Case study: Strengthening consumer protection in the South African microinsurance market | Katherine Gibson, Arrowpoint Consulting; FinMark Trust | October 2011 |
| Housing finance temperature gauge, Vol. I No. 2 | Centre for Affordable Housing Finance in Africa, FinMark Trust; Eighty20 Consulting | October 2011 |
| Housing finance: FSC mortgage loan performance | Centre for Affordable Housing Finance in Africa, FinMark Trust; Eighty20 Consulting | October 2011 |
| Draft national strategy on financial education in Zambia | FinMark Trust; FSDP Financial Education Working Group | November 2011 |
| Swaziland microinsurance diagnostic report | Centre for Financial Regulation and Inclusion | November 2011 |
| Financial education in Zambia: What does FinScope tell us? | Eighty20 Consulting; FinMark Trust | November 2011 |

| Document | Author | Date |
|--|--|---------------|
| Brochure: Consumer financial vulnerability index Q3 2011 | Bureau of Market Research; FinMark Trust | December 2011 |
| Brochure: FinScope South Africa 2011 | Irma Grundling, FinMark Trust; Ask Afrika | December 2011 |
| FinMark News | FinMark Trust | December 2011 |
| Government subsidised housing assets: Macro analysis | Shisaka Development Management Services | December 2011 |
| Government subsidised housing assets: Time line analysis | Shisaka Development Management Services | December 2011 |
| Government subsidised housing assets: Main overall report | Shisaka Development Management Services | December 2011 |
| Government subsidised housing assets: Qualitative report | Shisaka Development Management Services | December 2011 |
| Media release: Consumer financial vulnerability index Q3 2011 | Bureau of Market Research; FinMark Trust | December 2011 |
| Media release: One quarter of South Africa's property market is government-subsidised stock | FinMark Trust | December 2011 |
| Report: The status of agricultural and rural financial services in Southern Africa 2011 | Mike de Klerk, Prof Charles Machete, Prof Gerhard Coetzee, FinMark Trust | December 2011 |
| Striving for regional integration: Baseline study on the implementation of the SADC Protocol on finance and investment | FinMark Trust; SADC Secretariat; GIZ | December 2011 |
| FinMark News | FinMark Trust | January 2012 |
| Brochure: Consumer financial vulnerability index Q4 2011 | Bureau of Market Research; FinMark Trust | February 2012 |
| FinMark News | FinMark Trust | February 2012 |
| Brochure: FinScope Namibia | FinMark Trust | March 2012 |
| FinMark News | FinMark Trust | March 2012 |
| The profile of retail payment services and models in South Africa: Focus note 1 – key findings | Colin Donian and Maire Eltringham, Insightworx; FinMark Trust | March 2012 |
| The profile of retail payment services and models in South Africa: Focus note 2 – towards a common understanding of terms | Colin Donian and Maire Eltringham, Insightworx; FinMark Trust | March 2012 |
| The profile of retail payment services and models in South Africa: Focus note 3 – the regulatory framework for retail payment services in South Africa | Colin Donian and Maire Eltringham, Insightworx; FinMark Trust | March 2012 |
| The profile of retail payment services and models in South Africa: Focus note 4 – retail payment system market participation framework | Colin Donian and Maire Eltringham, Insightworx; FinMark Trust | March 2012 |
| The profile of retail payment services and models in South Africa: Focus note 5 – the landscape of retail payment services in South Africa | Colin Donian and Maire Eltringham, Insightworx; FinMark Trust | March 2012 |
| The profile of retail payment services and models in South Africa: Focus note 6 – towards retail payments services models in South Africa | Colin Donian and Maire Eltringham, Insightworx; FinMark Trust | March 2012 |



FORUMS IN SOUTH AFRICA

These are available on the FinMark Trust website: www.finmarktrust.org.za

| Topic | Presenter | Date |
|---|--|----------------|
| The housing finance temperature gauge | Marlene Heymans | May 2011 |
| FinScope livelihoods approach | Irma Grundling, FinMark Trust | June 2011 |
| Turning corner-stores into banks: The Mexican story | Angel Pompa, Nicola Giberti, Auric Consulting in Mexico | July 2011 |
| The status of agricultural and rural finance in Southern Africa | Gerhard Coetzee, Charles Machethe, Centre for Inclusive Banking in Africa, University of Pretoria; FinMark Trust | July 2011 |
| FSC mortgage loan performance assessment: with real data | Illana Melzer, Eighty20 Consulting | August 2011 |
| FSC mortgage loan performance assessment: with real data | Illana Melzer, Eighty20 Consulting | September 2011 |
| An access frontier for housing finance in Zambia | Illana Melzer, Eighty20 Consulting; Juliet Munro, FinMark Trust | November 2011 |

CO-FUNDING FOR 2011/2012

| Project | Donor/Co-funding/Syndicate member |
|---|--|
| South African Post Bank survey | South African Post Office Limited |
| FinScope Botswana | Letshego Financial Services Botswana Ministry of Finance and Development Planning |
| FinScope South Africa | Absa Bank Limited First National Bank Hollard Holdings (Pty) Ltd Liberty Life Metropolitan Nedbank Old Mutual Standard Bank SA National Treasury Eighty20 Consulting (on behalf of Cell C) South African Post Office Limited Sanlam |
| FinScope Ghana | DFID Ghana |
| FinScope Namibia | Bank Windhoek FNB Namibia Holdings Ministry of Finance Standard Bank Namibia NAMFISA Registrar of Insurance and Retirement Funds Swaziland UNCDF GIZ Making Finance Work for Africa |
| RDP assets study | Department of Human Settlements South African Cities Network |
| Affordable Land and Housing Data Centre | Urban LandMark |

| Project | Donor/Co-funding/Syndicate member |
|---|--|
| Consumer Recourse | The World Bank |
| Financial Inclusion | UN Capital Development Fund |
| Financial Education | Opportunity International |
| FinScope Malawi SME | The World Bank Reserve Bank of Malawi |
| FinScope Mozambique Consumer | The Ministry of Finance/KfW |
| FinScope Mozambique SME | The Ministry of Finance/KfW |
| FinScope Zimbabwe SME | The World Bank |
| Housing finance research | FB Heron Foundation |
| Access to Insurance Initiative (A2ii) | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH |
| Social cash transfers, Zambia | UNICEF (via Bankable Frontier Associates) |
| Support to financial education strategy development in Zambia | DFID Financial Education Fund/Bank of Zambia |
| SADC Baseline study | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH |
| Zimbabwe small business | The World Bank |



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