

2011



Making financial markets work for the poor



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.

We work primarily across Africa, and our purpose is 'Making financial markets work for the poor, by promoting financial inclusion and regional financial integration'.

We achieve our 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 education and consumer financial empowerment;
- 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 executive chairman and co-founder of the Tiso Group. He is a director of Aveng, Exxaro Resources Limited, Emira Property Fund, Litha Healthcare Holdings, African Explosives Limited and Alstom SA (Pty) Limited. Nkululeko is also the chairman of Idwala Industrial Holdings (Pty) Limited, the Home Loan Guarantee Company and FinMark Trust.



Maya Makanjee

is the chief executive officer of FinMark Trust. Maya has held senior executive positions in the financial services, management consulting, telecommunications and fast-moving consumer goods industries prior to being appointed as CEO of FinMark Trust in June 2009.



Cas Coovadia

is the managing director of the Banking Association of South Africa and is actively involved at a strategic and policy level in low income housing, microfinance and SMME finance.



Ethel Matenge-Sebesho

is head of new markets for Home Loan Guarantee Company. She is involved with establishing new markets for the company in a number of African countries. Ethel has considerable experience in the banking and financial services sector at a strategic and policy level, and in several microfinance initiatives in Southern Africa.



Ishmael Mkhabela

is a 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 the head of the Business for Development 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. 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 the executive chairman of Ness Associates, a family consulting firm in Zambia. He is also the chairman of the Governing Council of the National Institute of Public Administration and serves on several boards, including Indo-Zambia Bank and Maamba Collieries Limited.

CHAIRMAN'S REVIEW

Africa's progress towards achieving its development goals has lagged behind due to the lingering effects of the global financial and economic crisis which took a heavy toll on economic activities on the continent. With declining economic growth, the rate of unemployment and poverty has increased, particularly amongst the vulnerable groups, and in many countries the crisis has jeopardised progress towards meeting the Millennium Development Goals (MDGs).

However, there have been encouraging signs of stronger recovery in the global economy as we entered 2011 – but this recovery is twofold. While there is moderate growth in the United States and parts of Europe, emerging economies like China and many others continue to expand rapidly. This divergent growth pattern lies in the unbalanced structure of world growth in the years leading up to the financial crisis where global growth came to rely too heavily on countries with overly high consumption, financed by countries with high savings and trade surpluses. The financial crisis and recession brought painful adjustments. The shift in the world economies and structural transition will take many years as a multi-polar world evolves. Up until the turn of the century, 20% of the global output was accounted for by developing countries and this is expected to increase to 40% by about 2015. As incomes rise and poverty falls, developing economies in Africa, Latin America and South Asia will play an increasingly important role in the global economy in the years ahead. The broadening of the sources of economic growth is reflected in South Africa's invitation to join the BRIC (Brazil, Russia, India and China) countries.

Even if the global economic crisis has stalled greater progress, the crisis does provide African countries with an opportunity to reorient their long-term growth and development policy frameworks. Economic diversification and equitable distribution of the benefits of growth are essential for reducing poverty on a sustainable basis to meet broader development goals, especially for vulnerable groups. Furthermore, the global economic crisis has also highlighted the need for African countries to pursue policies to use domestic resources as a major source of development financing instead of relying on the uncontrollable forces of external financing.

FinMark Trust continues to play a key role in promoting financial inclusion through its research.

Coupled with this, African countries should pay serious attention to policy reforms which expand the banking base to the unbanked. In this light, FinMark Trust continues to play a key role in promoting financial inclusion through its research, in support of bringing about the necessary systemic change in the financial services sector. In an attempt to address the challenges of the global recession and maximising the opportunities of the region, the Southern African Development Community (SADC) has an ambitious integration program which includes establishing a regional central bank and monetary union in 2016; and a regional single currency in 2018. The SADC Regional Indicative Strategic Development Plan (RISDP) and Finance and Investment Protocol (FIP), are key initiatives in the strategy to integrate the region financially and economically, constituting the deepest form of economic and financial integration.

In line with supporting a participatory approach to regional integration together with complementing and deepening ongoing work on access to financial markets for the poor, FinMark Trust established the Regional Financial Integration Unit (RFIU) in 2010. Apart from supporting and promoting regional financial integration in SADC, the RFIU also supports the implementation of the FIP which has recently been ratified by the required two thirds of member states. Africa is at a juncture of change and its progress would depend on good political and economic convergence, improved infrastructure, intra-regional trade, reducing inequalities and poverty, and improving public resource mobilisation. FinMark Trust is pleased that in fulfilling its mandate to support initiatives in the region, it is able to contribute to policies regionally and nationally which have a further impact on institutions, and also positively change the lives of many.

I would therefore like to thank our core funder, UKaid from the Department for International Development (DFID) through its Southern Africa office, for its continued support in enabling FinMark Trust to fulfil its mandate. To this end, I would like to express my appreciation to Graham Symons, DFID Economic Advisor, for his contribution over the years and to wish him well in his new role at the DFID UK offices. Furthermore, I am pleased to welcome two new members to the board, Dr Prega Ramsamy and Mr Esau Nebwe, who will bring new expertise and augment the board's role in achieving its goals in the years ahead. Thank you to my fellow trustees for your support in ensuring that FinMark Trust is successful in achieving its purpose. To the CEO, staff and theme coordinators, thank you for your contributions and commitment to the activities of FinMark Trust.

Nkululeko Sowazi
Johannesburg
July 2011



CHIEF EXECUTIVE OFFICER'S REVIEW

The change taking place in so many different ways across different continents, geographies and cultures is changing the face of poor people's access to financial services. New business models, new partnerships and new players are emerging. Product innovations that focus on the real needs of poor clients are beginning to enter the picture. Regulators around the world now see financial inclusion as an essential part of their economy. An industry that was focused on supply is now entering a new phase where demand is becoming the key factor for business success, and where understanding lower income clients and focusing on their needs is critical.

Some highlights for the year ending 31 March 2011 include the establishment of the Regional Financial Integration Unit together with the inclusion of Rural and Agricultural Finance as a new theme area. Since its inception in 2010, the Regional Financial Integration Unit has worked extensively in ensuring that it partners with key stakeholders in the region which include the SADC Secretariat, Committee for Central Bank Governors, Committee for SADC Stock Exchanges, Committee on Insurance, Securities and Non-banking Authorities (CISNA), SADC Payment Systems Integration subcommittee, SADC Banking Association and stakeholders at member state level. Ongoing interaction has taken place with key financial integration donors based in Gaborone, such as the European Union, GIZ and the USAID funded Trade Hub. FinMark Trust in partnership with the SADC Secretariat and the GIZ has initiated a baseline study on the implementation of the Finance and Investment Protocol. The study will provide a comprehensive picture of the state of financial integration in the region and will form the basis for an effective strategy to be developed.

Efficient and reliable payment systems enhance the commercial reputation of a country, improve the investment climate, strengthen the image of the banking sector, and provide a much needed vehicle for increasing economic growth and improving the livelihoods of low income households by allowing funds to move to where they are needed. During the year under review, FinMark Trust commissioned a study to chart the landscape of retail payment services in South Africa and to develop a typology to understand the shared characteristics and implications for financial inclusion. Furthermore, as part of our ongoing support to the Reserve Bank, an exercise was commissioned to map the flow of funds and investigate costs in cross-border money transfer transactions through various channels. A range of studies are also being initiated in other SADC countries to consider the last mile access issues in receiving countries, map the retail payment services landscape in the country and consider the scope for cross-border money transfers. With regard to key issues on anti-money laundering (AML) and Combating the Financing of Terrorism (CFT), FinMark Trust continues to support the debate through key research outputs and the promotion of dialogue on AML/CFT in the context of retail payment system engagement. In partnership with Bankable Frontier Associates, FinMark Trust has been contracted by UNICEF to advise the Ministry of Community Development and Social Services in Zambia, on how best to navigate the complex process of purchasing an electronic payment solution which will ultimately meet the objectives of their cash transfer programme as well as offering the potential to build financial inclusion within some of Zambia's remote communities.

Well-developed and inclusive financial systems are associated with rapid growth and better income distribution. Financial services help the poor catch up with the rest of the economy as it grows and also help extend the range of individuals and households that can get access in the modern economy. Insurance, which is inherently inclusive, helps poor households mitigate risk and seeks to broaden and diversify risk pools. As one of the drivers of the microinsurance regulation agenda and a sponsoring partner and board member of the global Access to Insurance Initiative (A2ii), together with the International Labour Organisation (ILO), World Bank, the German BMZ and UNCDF, FinMark Trust is providing input to international standards on access friendly policy, regulation and supervision in the insurance sphere. The Trust plays an active role in advising regulators, creating market insights and facilitating market-regulator dialogue in a number of SADC countries.

In the consumer financial empowerment theme area, FinMark Trust focused on supporting countries with developing financial literacy strategies and contributed to the body of work on understanding and measuring financial capability in low and middle income countries. The Bank of Zambia with assistance from FinMark Trust obtained funding from the Financial Education Fund to develop a national financial



literacy strategy. FinMarkTrust continues to render support to the Bank of Zambia's Financial Sector Development Plan team and Financial Education Working Group. With funding from the Russian government, the World Bank initiated a project to explore the measurement of financial capability in low and middle income countries and to develop a survey instrument. In this regard, FinMarkTrust was responsible for the focus group discussions and interviews in Namibia, Zambia and Malawi.

With the majority of the world's poor living in rural areas, support to rural and agricultural development is fundamental to reducing poverty and boosting growth. The newly established rural and agricultural finance theme area completed a scoping study in six countries in the region, namely Botswana, Malawi, Mozambique, South Africa, Zambia and Zimbabwe. The objectives were to provide information on the state of rural and agricultural finance in the six countries and to identify opportunities to improve access to and quality of financial services. We will now focus on contextualising best practices and identifying interventions that can improve the functioning of rural and agricultural financial markets in the region. The country assessments have been shared with a number of researchers and stakeholders, and are being used as a base for further policy work at regional level.

During the financial year, FinMark Trust's Centre for Affordable Housing Finance in Africa focused on identifying gaps and barriers in the value chain that undermine the flow of housing finance in various African countries. This has been done through the commissioning of research and sharing the findings amongst policy makers, investors, financiers and other housing finance sector practitioners. The year saw the launch of the Housing Finance in Africa Yearbook. Housing finance sector studies were undertaken in Nigeria and Zimbabwe with two regional reports commissioned on the use of pension assets for housing in Southern and Eastern Africa. A strong relationship was developed with the African Union for Housing Finance and FinMark Trust was appointed to act as its Secretariat. Research was also commissioned on the performance of housing loans extended in South Africa to the Financial Sector Charter target market households. Another initiative relating to data availability was the launch of the Affordable Land + Housing Data Centre (al+hdc) which is a joint venture between FinMark Trust and Urban LandMark with support from Lightstone Property Consultants and Eighty20.

The year under review also saw the extension of the FinScope survey which was initially designed to tell the financial inclusion story of a country. A process was put in place to create a link between FinScope and the goal of improving the livelihoods of the poor through increased access to financial products and services. This new approach is premised on the fact that FinScope should not only assess the status quo of financial inclusion, but should also guide stakeholders to develop financial products and services that would contribute to improving the livelihoods of the poor. During the financial year, a supply-side component was developed and implemented for the FinScope survey. FinScope surveys were conducted or are underway in South Africa, Ghana, Lesotho, Swaziland, Uganda, Nigeria and Tanzania. To date, FinScope surveys have been implemented in 15 African countries as well as in Pakistan.

FinMarkTrust continues to support policy makers and regulators in focusing on financial inclusion and identifying ways to unlock the supply of financial services. During the year, discussions were held with policy makers on financial inclusion, especially on barriers and access to financial services. A report was completed on the South African financial inclusion landscape, and we were pleased to support National Treasury in developing its financial inclusion strategy. FinMark Trust also participated in the Namibia financial inclusion workshop whereby the Trust facilitated the action plan for the Namibia financial inclusion program and assisted the Bank of Namibia define actions to implement its policy. We are also members of the G20 working groups on financial inclusion.

As the landscape has grown more complex, opportunities and partnerships continue to flourish. As an organisation working to improve financial inclusion and regional financial integration, we are guided by the wisdom, experience, and shared mission of our core funder, UKaid from the Department for International Development (DFID) and we are grateful for their support. Working towards financial access for the poor remains an important goal because we know that access to formal services helps them better manage their financial lives. We also know from research that economies with deeper financial sectors and less informality tend to perform better. It is humbling to be part of this critical endeavour, and FinMark Trust remains dedicated to making financial markets work better for the poor.

I would like to express my gratitude to our chairman and board of trustees for their invaluable insight and guidance during the course of the year. My appreciation goes out to the FinMark Trust team and theme coordinators, our partners, co-funders and service providers for their commitment and support. We have been able to deliver on our mandate through your dedication and hard work.

Maya Makanjee (Ms)
Johannesburg
July 2011

REGIONAL FINANCIAL INTEGRATION

Head: **Brendan Pearce**

The Regional Financial Integration Unit (RFIU) at FinMark Trust was established in 2010 to complement and deepen FinMark Trust's ongoing work on making financial markets for the poor. The unit's focus is on supporting and promoting regional financial integration in the Southern African Development Community (SADC) and more specifically, on the implementation of the SADC Finance and Investment Protocol (FIP), which has recently been ratified by the required two thirds of member states.

Why regional financial integration?

Regional financial integration, although not a panacea for all financial sector development challenges, has been recognised as having the ability to address many of the issues associated with small, fragmented financial markets such as those found in Southern Africa. Consolidated and integrated financial markets can add value in the following areas: bring together scarce savings, viable investment projects and financial infrastructure, boost the number and types of financial institutions and instruments, increase competition through innovation, reduce efficiencies in lending, expand opportunities for risk diversification, help improve regulatory and supervisory bodies and insulate central banks from domestic fiscal excesses.

Greater financial integration in the SADC region should help improve the allocation of Foreign Direct Investment and capital together with promoting trade integration. The improvement in the business environment, investment and trade integration therefore occurs as an effect of financial integration and financial sector development. The current level of financial integration in the SADC region is quite low. An indicator of this is the large variance in real interest rates among member states: some have excessively high rates (Mozambique, Tanzania, and Zambia), while others report negative rates (DRC, Botswana, Madagascar and Angola). Countries also vary hugely in terms of the availability of financial products and their accessibility to different sectors of the economy.

Regional financial integration has been recognised as having the ability to address many issues associated with small, fragmented financial markets.

RFIU – the inception period

The RFIU has been very active in its inception year and the initial focus has been on introducing the unit, its work and the team to key stakeholders in the region. These include the SADC Secretariat, Committee for Central Bank Governors (CCBG), Committee for SADC Stock Exchanges (COSSE), Committee on Insurance, Securities and Non-banking Authorities (CISNA), SADC Payment Systems Integration subcommittee, SADC Banking Association and stakeholders at member state level. The unit has also interacted with key regional financial integration donors operating in the SADC region such as the European Union, GIZ and the USAID funded Trade Hub, all of which are based in Gaborone.

Practical projects have already started taking shape and these will continue into the second year of the programme. FinMark Trust, in partnership with the SADC Secretariat and GIZ, has initiated a status quo and baseline study to:

- better understand the level of implementation of the FIP across the region;
- identify the opportunities for intervention and support; and
- develop a baseline that will allow progress or lack thereof to be monitored over time.

This study is critical for the implementation of the protocol because it will provide the first comprehensive picture of the state of financial integration in the region. The study will produce its findings in July 2011 and will be presented to the SADC Ministers of Finance meeting in September 2011.

Current projects

- The RFIU through its relationship with COSSE, is supporting the development of its five year strategy. The area of stock market integration is crucial to financial integration in the region and the work of this subcommittee will be supported into the second year of the programme. Meetings were held with key stock exchanges in the region and a draft strategy was presented to the subcommittee.
- Integration of payment systems in the region is another important aspect of regional financial integration and an important component of the RFIU strategy. A good relationship has been established with the Payment Systems subcommittee which is based at the South African Reserve Bank. In support of the work of the subcommittee, the Retail Payment Systems theme area at FinMark Trust has



commissioned research into the remittance payment process from South Africa to the major corridors in the region. The research focused on the major impediments in the formal channels including the high costs, the inconvenience as well as the lack of competition in the remittance market. The research was presented to a regional payment systems subcommittee meeting as well as to the major South African commercial banks. This research will be followed by research on last mile challenges in Zambia to ascertain the impediments experienced by the recipients of remittances in that country. Further support will be provided to the subcommittee in its integration pilot programme in the Common Monetary Area countries. This work will entail scoping the retail payment systems environment in the region to also include cross-border payment systems.

- CISNA has been identified as a key subcommittee to engage with, particularly in the area of microinsurance which is an important FinMark Trust theme area. The RFIU is facilitating the participation of the microinsurance theme in a major study on harmonisation of insurance and pension regulations in the region. This work is central to the future work of CISNA as it will determine the harmonisation approach to be adopted for the region.
- One of the key drivers of any anti-poverty strategy, particularly in Africa, is the access to and use of financial products. Access to convenient savings, credit, transaction

and insurance mechanisms helps poor households to stabilise their incomes and reduce their vulnerabilities. The RFIU, in partnership with the CCBG, has commissioned a study on the microfinance regulatory environment in the region. This study is a follow-up of a microfinance project which was supported by the International Labour Organisation about five years ago. The objective of this study is to assess the state of regulation of the microfinance sector by central banks in SADC as well as their capacity and extent of monitoring and support, using the findings and recommendations of the initial microfinance study as a baseline.

- FinMark Trust understands that the existence of account payment profiles, as can be found in private and public credit bureaus, could act as a powerful market development catalyst. A good payment record is an asset for a consumer or business and could result in accessing financial services more easily and at a preferential rate. With this in mind, the RFIU has commissioned a study to take stock of the status and use of credit registers in the SADC countries. The objective of this project is to gain a high-level understanding of credit register activity, and to ascertain how we can play a role in supporting market development research in the credit register industry.
- Country-level support to institutions responsible for implementing the FIP forms a critical part of the RFIU strategy. The work at this level will be carried out with the support of the SADC Secretariat with Zambia identified as the first country for this support. A memorandum of understanding has been negotiated with the Zambian Ministry for Economic Planning to govern the nature and rules of the technical assistance that FinMark Trust provides. Four additional countries will be provided similar support over the next year.



PAYMENT SYSTEMS

Theme coordinator: [Doubell Chamberlain](#)

Cross-border and domestic money payment systems can have a major impact on the livelihoods of low income households by allowing funds to move to where they are needed. A safe and convenient way to transact may be the first financial services need of many. Part of the focus of this theme area is to facilitate regulation that manages payment systems risks, while at the same time facilitating the introduction of new models and technologies that support financial inclusion. FinMark Trust's work in this theme area over the past year consolidated some of our earlier work and introduced new angles, relating to four main themes:

- mapping retail payment services innovation in South Africa;
- promoting small value remittances through the formal sector into the SADC region by better understanding the flow of funds and the regulatory and market barriers;
- interacting with the impact of anti-money laundering (AML) requirements specifically, and other areas of conservative compliance more broadly, in understanding both of the above; and
- promoting the delivery of government to person (G2P) payments using payment systems that offer the potential to increase financial inclusion in previously unserved and underserved areas of Zambia.



Mapping retail payment services innovation in South Africa

Mobile-enabled and other innovative delivery models outside of traditional branch-based banking are seen as a breakthrough in delivering financial services to the poor. The eagerly awaited launch of Vodacom and Nedbank's M-Pesa in South Africa in 2010 is just one of the many retail payment services (be it person to person payments, mobile wallets or bill payment services) offered in South Africa over recent years. The low income population is turning conventional preconception on its head by increasingly adopting technology-savvy ways of paying their bills and buying airtime. Sons and daughters working in the city now have a number of options to send money to their families living in rural areas – by going to their local supermarket or spaza shop or by simply using their mobile phone. There are many different models entering this market with different permutations of product and delivery mechanisms. How does one make sense of all the products in the market? In the latter part of 2010 FinMark Trust commissioned a study to chart the landscape of retail payment services in South Africa and develop an emerging typology to better understand shared characteristics and their implications for financial inclusion. Based on a set of more than 35 product descriptors, the study generated a matrix of models that were presented at a stakeholder workshop in March 2011.

EXAMPLES OF RETAIL PAYMENT SERVICES: FNB eWALLET AND NET1 EASYPAY

Launched in late 2009, First National Bank's (FNB) eWallet is intended to meet the market need 'to send cash to someone without a bank account', but who has a mobile handset. FNB's eWallet allows FNB customers to send money to anyone with a valid South African cell number. The money is transferred instantly and can be used to buy prepaid airtime, send the e-money to another cellphone or redeem the eWallet funds as cash via any FNB ATM. There has been significant growth since its inception, from a modest start of 30 000 (January 2010) to 370 000 (January 2011) eWallet users. There is a current daily average of R1.5 million being paid into eWallets, bearing in mind the daily limit per eWallet is R1 000¹.

Net1's EasyPay service is the largest bank-independent (non-bank) transaction processing service in South Africa. First Rand Bank is the sponsoring bank. In addition to its core transaction processing services, EasyPay processes a wide range of value-added payment services such as mobile top-up transactions, prepaid utility purchases, bill payments and money transfers. The payment service enables people to settle accounts online, at retailer till-points that are integrated with EasyPay systems, PoS and kiosks (ATM-style devices) using cash or accounts. During 2010, EasyPay processed 655.2 million transactions with a total value of R143.8 billion. It is reported that the range of EasyPay services is to be extended to include money transfer services from kiosks to mobile handsets and from one mobile phone to another.

¹ <https://www.fnb.co.za/news/archive/2011/20110214ewallet.html> 14 February 2011.



Promoting cross-border money transfers

Why do most people still prefer to send cash cross-border with a taxi driver or a travelling friend or relative? Do they in fact have viable, affordable formal sector alternatives, or is the overwhelming informality a rational response to a market that fails its biggest potential client base?

In our previous financial year we reported that the main barriers to formal cross-border money transfers identified in a 2009 FinMark Trust discussion document were the high cost of transfers, regulatory barriers related to foreign exchange controls, anti-money laundering requirements and immigration legislation.

This year, we commissioned follow-up research and continued our dialogue with policy makers and regulators to address each barrier. As part of our ongoing support and inputs to the South African Reserve Bank, we commissioned an exercise to map the flow of funds and investigate the cost centres in cross-border money transfer transactions through various channels from South Africa to a sample of five SADC countries.

The study found that, although regulation does impose onerous compliance requirements, there is considerable variation in how these requirements are applied and it is not clear that a reduction in regulatory compliance requirements alone will lead to a reduction in cost. Pricing and competition in the industry are equally of concern, as are infrastructure and ready access for the man on the street to international remittance outlets.

The findings of the cross-border transfer mapping exercise were presented at a dialogue session between the South African Reserve Bank and industry, and to a workshop of SADC payment system representatives, where it was used as a basis for constructive debate on the way forward in bringing down costs from a regulatory and market perspective. Related to FinMark Trust's engagement in this area, the Financial Intelligence Centre (FIC) has publicly committed to drafting a threshold-based AML exemption for cross-border money transfers, provided that industry reciprocates by passing on savings to consumers.

The fact that not all barriers relate to regulation was confirmed by another note, based on a mystery shopping exercise, where FinMark Trust considered the doorstep barriers facing a Zimbabwean migrant wishing to send money through the formal sector:

THE DIFFICULTIES OF SENDING MONEY HOME THROUGH THE FORMAL SECTOR

For any migrant worker, sending money home is often a challenge. Opening a bank account with any South African bank or sending once-off amounts is a complex task for any migrant worker, due to the various regulations that need to be complied with (the Financial Intelligence Centre Act, Section 45 of the Immigration Act and foreign exchange control regulations). These regulations require migrants to have both a valid passport and a valid work permit. In many cases they are also required to provide proof of physical address and income. For the estimated millions of Zimbabweans in South Africa, many of them undocumented, this is a very real barrier to financial access. But are these the only barriers faced in practice? Will access be increased if regulatory barriers are reduced?

During the course of 2010, FinMark Trust conducted a mystery shopping exercise to establish whether migrants will have access to formal cross-border money transfers and whether regulatory requirements will be a barrier. The 90 day work permit that was available to Zimbabweans up to the end of December 2010 was an ideal vehicle for this experiment. Unfortunately, the finding was that, though on paper the 90 day permit should grant migrants access to financial services, our mystery shopper, phoning in as a blue-collar Zimbabwean worker, faced inconsistency, apathy, a lack of knowledge on what the exact requirements are and whether the 90 day permit would be acceptable (in some cases our mystery shopper was transferred to a number of staff members, none of whom could clarify), and even faced discrimination from branch staff in a number of branches across all big four banks. Furthermore, foreign exchange transactions are not available at all branches and considerable time and transaction costs may be required to get to a branch that actually can assist. These elements, combined with the varying but generally high fees quoted, may strongly discourage a migrant who has made initial enquiries from becoming a formal remittance customer.



Interacting with AML requirements

Concern has arisen about the difficulties of implementing the recommendations of financial legislation and procedures based on the accepted international models and standards in undeveloped settings and the inclusion impacts that this approach may have. The possibility that inappropriate implementation of AML and Combating the Financing of Terrorism (CFT) standards may exclude the financially vulnerable and marginalised citizens of such countries from the formal financial system is of particular importance.

Earlier work conducted by FinMark Trust successfully identified and raised awareness of the key issues with regard to AML/CFT and inclusion. After a number of years of engagement, the international community, through the standards set by the Financial Action Task Force (FATF), is starting to explicitly recognise the interplay between AML/CFT requirements and financial inclusion and FATF is drafting a discussion paper in this regard. FinMark Trust is continuing to support the debate through key research outputs and the promotion of dialogue on AML/CFT in the context of its retail payment system engagement. The Financial Intelligence Centre Act (FICA) is a recurring theme through much of our work in the retail payment system area.

To discuss the impact of AML/CFT, FinMark Trust hosted a stakeholder workshop in April 2011. The workshop focused specifically on two pieces of FinMark Trust research, namely, conservative compliance responses with regard to AML/CFT in the financial services industry in South Africa (unpacking drivers of compliance behaviour); and the interplay between RICA and FICA and whether RICA will facilitate transformational mobile banking in South Africa.

Promoting the delivery of government to person (G2P) payments using automated payment systems

Many governments in developing countries are providing social payments to vulnerable households and individuals within their respective countries in an effort to reduce levels of poverty and raise standards of living. While manual systems have been favoured in the past, there is a growing trend for social safety net programmes to adopt electronic systems to deliver payments to their beneficiaries. Together with increasing outreach and efficiency, improving security, and reducing costs to the beneficiaries, electronic payment systems also offer an opportunity for additional financial services to be provided to beneficiaries, and to the wider financially unserved and underserved communities within which such programmes largely operate.

In Zambia, the government is in the process of scaling up its social cash transfer programme and has made a decision to purchase an electronic payment solution that will facilitate this expansion process. Bankable Frontier Associates in partnership with FinMark Trust, have been contracted by UNICEF to advise the Ministry of Community Development and Social Services on how best to navigate this complex procurement process, to ensure that the ultimate solution meets the objectives of the programme as well as offering the potential to build financial inclusion within some of Zambia's remotest communities. It is anticipated that the new payment system will be operational by early 2012.



CONSUMER FINANCIAL EMPOWERMENT

Theme coordinator: Astrid Ludin

Empowering consumers to make informed product choices and providing recourse in cases where consumers have been negatively impacted are important for sustainable market development. This is particularly pronounced in the financial services sector, where imbalances in bargaining power and information asymmetries often limit consumer choice.

Consumer financial empowerment therefore involves not only educating consumers about financial products and how to make product choices, but also about providing additional support in the form of appropriate regulatory frameworks and recourse mechanisms.

During the period under review, FinMark Trust focused on supporting countries with developing financial literacy strategies and contributed to the body of work on understanding and measuring financial capability in low and middle income countries.

Financial literacy strategies

An increasing number of countries have adopted financial literacy strategies, including Australia, Brazil, Canada, Hungary, Ireland, Kenya, Malaysia, New Zealand, Singapore, South Africa, Tanzania, Trinidad and Tobago, Uganda, the UK and the US. However, these have not always been successful. Much depends on stakeholder buy-in and support.

With the assistance of FinMark Trust, the Bank of Zambia obtained funding from the Financial Education Fund to develop a national financial literacy strategy. Ongoing support has been rendered to the Bank of Zambia's Financial Sector Development Plan and Financial Education Working Group, which are tasked with overseeing the process. As part of the strategy development process, a stakeholder workshop was held, bringing together a broad range of stakeholders to discuss financial literacy and to build consensus around the need for a national strategy. The Working Group has initiated a study tour of Kenya, with plans to visit Ghana at a later stage. A study to review the current supply of financial education was commissioned, an international expert on financial education and capability was contracted and efforts were made to identify a Zambian consultant to facilitate the strategy development process. It is expected that the strategy will be finalised and its implementation will commence later this year.

A number of other countries in SADC are also initiating processes to develop financial literacy strategies. Namibia and Malawi have begun their own processes, while the Bank of Malawi has approached FinMark Trust about possible assistance and support for their process.

Measuring financial capability in low and middle income countries

With growing interest in financial capability in developing countries, as evidenced by the number of countries initiating financial literacy strategies, questions about appropriate measures of financial capability as well as survey instruments have increasingly surfaced. Of particular concern was the appropriateness of questions relating to financial capability in low income countries, as many survey instruments have been designed and implemented in developed countries.

The World Bank initiated a project with the assistance of funding from the Russian government to explore the measurement of financial capability in low and middle income countries and to develop a survey instrument. The project involved exploring definitions of financial capability through focus group discussions in eight countries, namely Uruguay, Colombia, Mexico, Papua New Guinea, Tanzania, Namibia, Zambia and Malawi. FinMark Trust was responsible for three countries, namely, Namibia, Zambia and Malawi. The focus group discussions were followed by two sets of in-depth interviews to test survey questions. The focus group discussions provided rich information at a global level, and also for FinMark Trust. A more detailed analysis of the transcripts revealed that while there are differences between countries impacting on the mechanisms people use to manage their money, the broad themes that arose in the discussion groups were similar. In all focus groups, participants were able to identify individuals in their communities who were characterised as financially capable.





Typically, groups highlighted the following as critical characteristics:

- 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

These four points could form the broad categories for testing financial capability, particularly in low income countries. The questions will be incorporated in FinScope in two to three countries over the next 18 months. The body of knowledge gained from the project provides rich information that will be made available through FinMark Trust and through the World Bank.

Money advice offices

A 2008 study on the feasibility of providing money advice for low income people, commissioned by FinMark Trust, recommended that these services should be piloted in South Africa. A Money Advice Association was formed, consisting of the dti, African Bank, the Credit Ombud and FinMark Trust, to implement a pilot project offering money advice services in three pilot sites. Funding for the project was obtained from the Financial Education Fund and from African Bank. Three pilot offices were launched in Cape Town, Durban and Johannesburg which completed the first half of the year long pilot.

The initial findings of the project suggest that the primary demand is for assistance to resolve complaints. Even where particular problems regarding money management are identified in the initial interactions, the amount of advice and guidance solicited is limited. Demand for such services may grow over time, and will be critically dependent on the reputation of the office, its ability to resolve initial complaints and the relationship of trust that is built with clients. It seems that it will take a standalone office longer to establish itself if it does not have help from a more established brand, such as an existing, credible non-governmental organisation.

In the year ahead, the project will be completed and the Money Advice Association will conclude whether the service is of value to South African consumers and can be feasibly offered to them.

Consumer protection

Consumer rights can be captured either in legislation or in self-regulatory measures adopted and enforced by industry by agreement. In the financial services area, consumer protection measures are contained in prudential regulation, market conduct regulation and in product regulation. Consumer protection is most commonly associated with market conduct regulation, which has traditionally focused on disclosure, marketing and advertising and unconscionable conduct provisions. Increasingly, regulators around the world are considering product regulation.

A number of countries in the SADC region are reviewing their consumer protection legislation, with a view to enhancing the protection offered to consumers in the financial services area. Malawi, Namibia and South Africa have all initiated reviews of their regulation. In response to the increasing interest from low and middle income countries, the World Bank issued good practice guidelines for consumer protection. CGAP also produced a note outlining good approaches to consumer protection in low access environments. Both these guidelines are very useful. The World Bank had tested its consumer protection diagnostic in Malawi and was considering applying it in South Africa. FinMark Trust believes that the applicability of the guidelines in the SADC region should be further tested and this will be explored further in the next financial year.

An emerging concern in a number of countries in the region is the impact of credit, especially payroll-based lending on levels of indebtedness. In Kenya, a number of steps have been taken to enhance transparency and competition. In Zambia, policy considerations remain underway, while in Namibia, initial suggestions for stricter regulation have been stalled, pending a broader review. Country diagnostics, which holistically assess the credit environment and the consumer impact, can assist in guiding these policy debates. FinMark Trust will consider such diagnostics in the new financial year.





Some successful cases solved by the money advice offices

Miss Msiza bought an RDP House in 2006 and paid a deposit of R10 300 to a construction company. Only after paying was she advised that her subsidy for the purchase of the house was not granted and that the sale was therefore cancelled. Despite that, Miss Msiza unlawfully occupied the property up until her death in July 2009. Thereafter Mr Msiza (Miss Msiza's father) and his wife allowed their sons to occupy the premises following their daughter's death. On 19 January 2011 they were served with an eviction notice which was addressed to them by the construction company's attorneys, failing which a High Court eviction action would be instituted.

Subsequent to several telephonic discussions with the construction company's attorney and Mr Msiza, the matter was resolved by the money advice consultants, as Mr Msiza agreed to vacate the premises on the refund of the deposit of R10 300.

Mrs Cloete purchased goods on credit from a retailer in 2002. She made her last and final payment in 2008. In August 2010 she received a letter from a debt collector demanding payment of R377.37 which was allegedly due by her. Reacting in fright she made an immediate payment of R150 to them and then contacted a consultant at the money advice office.

The money advice consultant wrote a letter to the debt collector on behalf of Mrs Cloete and received a reply advising that they had sent a letter to Mrs Cloete confirming that the account has in fact been settled in full. The money advice consultant advised Mrs Cloete to never again allow herself to be bullied into paying money she does not owe and that she has a right to be furnished with information as proof of a claim, so that she has an opportunity to properly assess whether she in fact owes the sum claimed.

Mr Jacob lost his job two years ago and was unable to find employment. He lived off his wife's salary of R5 000 and incurred debt to the value of R50 000. He had to sell their house to avoid a sale in execution as the bond had been foreclosed and the bank instituted judgment against him which was reflected in his credit bureau report.

Mr Jacob was advised that even though the bank's debt has been settled, the judgment will remain in his bureau report for a period of five years unless the judgment is rescinded by a court. Mr Jacob advised that he had tried with the help of the Registrar of the High Court to apply for a rescission but his application was thrown out of court as the papers were not in order. He received guidance from the money advice consultant on how to draft and file a new application in the high court under the same case number following the correct procedure, and his application was successful the second time.

*Pseudonyms have been used to protect the identities of individuals

MICROINSURANCE

Theme coordinator: [Doubell Chamberlain](#)

At the global level, FinMark Trust continues to be one of the drivers of the microinsurance regulation agenda. As a sponsoring partner and board member to the global Access to Insurance Initiative (A2ii), along with the International Association of Insurance Supervisors (IAIS), the ILO, the World Bank, the German BMZ and the UNCDF, it is providing input to international standards on access-friendly policy, regulation and supervision in the insurance sphere. Over the past year, we presented lessons regarding microinsurance regulation, policy and supervision in a number of international forums. FinMark Trust is represented on the IAIS-Microinsurance Network Joint Working Group and furthermore, participated in the Munich Re Microinsurance Conference in Manila, Philippines in November 2010, where we assisted with the hosting of a workshop for insurance regulators of developing countries on the regulation of microinsurance.

FinMark Trust also plays an active role in advising regulators, creating market insights and facilitating market-regulator dialogue in a number of SADC countries. During the past year we hosted a seminar for SADC policymakers and regulators, presented at a SADC-CISNA conference as well as at a workshop in Namibia, had discussions with the majority of SADC regulators on the state of the insurance market and the challenges and opportunities for microinsurance development. Visits were also conducted to Mozambique and Zimbabwe with a view to informing future FinMark Trust engagements and making specific regulatory inputs.

REGIONAL ENGAGEMENT VISITS TO MOZAMBIQUE AND ZIMBABWE

FinMark Trust conducted an exposure visit to Mozambique in September 2010 and to Zimbabwe in March 2011. These visits provided an opportunity to engage with a broad range of stakeholders to better understand the insurance landscape, the regulatory challenges and the support role that FinMark Trust could fulfill in the future. In both instances, the visit included in-depth discussions with the insurance supervisors. In Mozambique, the visit culminated in a workshop organised by the insurance registrar to share learnings on microinsurance regulation from elsewhere in the world. Following the visit the insurance supervisor requested technical inputs and advice into Mozambique's proposed microinsurance legislation.

FinMark Trust continues to be a core supporter of the microinsurance development process in Zambia, which was initiated in 2009 with a diagnostic study that was co-funded by UNCDF, the ILO and FinMark Trust. Following this study, a Technical Advisory Group (TAG) was established and tasked with developing a strategy that seeks to catalyse both the demand for, and supply of microinsurance, as well as to improve the regulatory environment for the sector. The TAG, which comprises private sector, government, regulatory, industry association and donor representatives, meets regularly and is a demonstration of how local stakeholders can work together towards a common goal. FinMark Trust, in partnership with the ILO, is co-funding a local coordinator whose role it is to ensure that agreed activities that arise from the strategy are successfully completed. FinMark Trust is co-funding a number of activities which have included an industry supplier assessment survey, a study of potential aggregators for microinsurance and participation of the TAG at the 6th International Microinsurance Conference in Manila, Philippines, where the coordinator delivered a presentation on the Zambia process.

In Swaziland, FinMark Trust has commissioned a demand-side study into people's understanding and perceptions of insurance to support a broader market diagnostic exercise. This is normally done through focus group discussions, but in this case the research firm is experimenting with ethnographic immersion interviews to augment the findings from focus groups, to get to the bottom of the everyday realities of low income communities. For example, the researchers attended a funeral service, visited a market/trading place and a hospital, among others, using the opportunity to observe and initiate one-on-one conversations.





In South Africa, FinMark Trust continues to support the domestic dialogue around microinsurance and its appropriate regulatory framework. The much awaited microinsurance policy statement to be published by National Treasury this year will be the culmination of a number of years' work in the field and will arguably be the most comprehensive proposal for a microinsurance regulatory framework yet to be developed in the world.

A significant development over the past year was the Financial Sector Charter entering a new phase. FinMark Trust is supporting industry to take stock of the access product standards in the insurance sphere. FinMark Trust is also continuing to map and engage with innovative microinsurance models and extract learnings that are of international relevance.

In the year ahead, FinMark Trust's involvement globally through the Access to Insurance Initiative and the IAIS-Microinsurance Network Joint Working Group will continue to contribute to the growing body of knowledge and guidance on microinsurance policy, regulation and supervision. There will be an even bigger drive to conduct diagnostic studies in SADC countries to build up a region-wide discussion, to maintain and expand the growing momentum on the pertinent issue of the development of the insurance market to serve the needs of the low income population. In South Africa, FinMark Trust will focus on progressing thematic issues such as informality, health benefits, distribution and building a better understanding of the behaviour of potential customers.

SHORT-TERM MICROINSURANCE INNOVATION

THE CASE OF JET HOME PROTECT

Though much of microinsurance innovation in South Africa has been centred on life insurance, specifically funeral, insurers are increasingly looking to find ways of addressing the need for short-term insurance among the lower income population. Jet Home Protect is a household structure and content insurance product launched in August 2009, underwritten by Hollard and sold to Jet account holders. The product is sold through an outbound call centre for R99 per month and covers household structure and content against natural disaster or accidental damage to the value of R50 000 and includes R15 000 theft cover.



RURAL AND AGRICULTURAL FINANCE

Theme coordinator: [Gerhard Coetzee](#)

Africa is predominantly rural, with poverty pervasive in rural areas. At the same time the agricultural sector makes the largest contribution to the GDP in many countries. A little over 70% of the poor are estimated to live in rural areas, where the extent and severity of poverty is greater than in urban areas. Also within rural areas, agriculture is usually a key component of the local economy, and is particularly important in the livelihoods of the poor; notwithstanding increasing evidence that own-account agriculture generally contributes less than 50% to poor rural people's incomes.

The reality of the continent and the importance of agriculture and rural economic activities for the livelihoods of the majority of people make it important to focus on access to rural and agricultural finance. In line with FinMark Trust's purpose, the Rural and Agricultural Finance theme area was established with the aim of promoting the inclusion of poor people in financial markets.

Recognising that the extent of financial access and the nature of its causes in the SADC region have not been adequately assessed, a study was undertaken in six SADC countries, namely Botswana, Malawi, Mozambique, South Africa, Zambia and Zimbabwe. The study provided explanations for the lack of access to financial services, as well as for the progress that has been made. This entailed identifying factors that enable or disable access to rural and agricultural financial services in each of the six countries.

Demand for rural and agricultural financial services

The demand for financial services by rural and farming communities, as well as rural-based micro and small enterprises was found to be significant and diverse. Rural people require various types of financial services (credit, savings, insurance and transmission facilities and, on occasion, even access to foreign exchange) to meet household and business related expenses. Often, rural people have to rely on informal sources of finance to meet their expenses, partly because formal financial services are not available. While available information indicates the existence of unmet demand for rural and agricultural financial services in the six countries, it was difficult to quantify the demand due to lack of sufficient data.

Supply of rural and agricultural financial services

The suppliers of rural and agricultural financial services in the six countries include formal and informal players. In the formal sector, commercial banks are the dominant players. However, their services and products are largely urban-oriented and, therefore, many rural people are excluded from the financial services provided by them. For a variety of other reasons, many rural people still prefer to use informal financial service providers, even when formal services are within easy reach. Hence, there is a continued reliance by the majority of rural people on informal sources for the supply of financial services.

Access to rural and agricultural financial services

While lack of access to rural and agricultural financial services remains a major challenge, the severity of the problem varies across the six countries and tends to be more severe in the poorer countries, such as Mozambique, Malawi and Zimbabwe, and less severe in the more developed economies, such as Botswana and South Africa. In all six countries, rural people find access more difficult than their urban counterparts.

Factors that enable or disable access to rural and agricultural financial services

Numerous factors are responsible for poor access. These occur at various levels of the financial system (client, meso, micro and macro) and may be categorised into societal, supply and demand factors. The importance of the respective factors varies across the six countries, but the majority of disabling factors are societal. These include amongst others, unfavourable macro-level financial policies, poor physical infrastructure and land tenure systems. Disabling factors that are demand and/or supply-related include high transaction costs and interest rates and low levels of financial literacy.





Findings

- Credit, loans, savings and transmission services are the most demanded components of rural financial services;
- The demand for insurance services is still relatively low;
- In all six countries, commercial banks tend to dominate the financial sector in terms of the value of transactions but not in terms of the number of people served;
- The services and products offered by commercial banks in the six countries are biased towards urban areas and better-off members of the population. The commercial banks have relatively few branches in rural areas and are generally not geared to respond to the needs of rural people, especially not to the higher risks of agriculture;
- Competition among commercial banks in some of the countries (e.g. Botswana, Mozambique and Zimbabwe) is limited, resulting in higher costs and less affordable products to rural consumers and producers;
- Although formal public institutions mandated to provide rural financial services exist in all six countries, their impact to-date is clearly limited, as evidenced by the large proportion of rural people still without access to formal financial services.

FINMARK TRUST ANNUAL REPORT 2011

HOUSING FINANCE

Theme coordinator: **Kecia Rust**

Housing is probably the single most significant investment that a household will make in its lifetime. It is expensive, costing as much as between two and ten times a household's annual income. The availability of affordable housing finance often makes the difference between households having access to adequate housing and having to live in substandard conditions. Housing finance can also enable the development of home based enterprises, which can have a major impact on the livelihoods of low income households.

In our efforts towards making housing finance markets work for the poor, FinMark Trust's Centre for Affordable Housing Finance in Africa is interested in the availability of appropriate loan products that enhance access to housing for low income earners, improving the efficiency of their housing processes and encouraging more providers to extend their business into this market segment. We also focus on enhancing the performance of housing assets for low income households, creating the opportunity for poverty alleviation through equity growth, income earning potential and stronger social fabric – all the impacts that good housing can have.

As in previous years, we have pursued these objectives through three broad areas:

- Understanding the housing asset: this area of work relates to property markets and the performance of housing for low income households. Our major effort this year has been on the launch of the Affordable Land + Housing Data Centre (al+hdc).
- Innovation in housing finance: we have continued with our focus on housing microfinance, and with our partners, Rooftops Canada and Habitat for Humanity International, we are leading the discussion on opportunities for housing microfinance in Africa.
- Monitoring housing sector performance: this area is especially important insofar as it creates the data by which potential investors and other financial sector practitioners decide whether and how they will engage in the market. Increasingly our work is targeted at investors who facilitate the development of new housing finance products and entry into new markets.

Affordable Land and Housing Data Centre (al+hdc)

Fifty-eight percent of the six million residential properties on South Africa's deeds registry are valued at less than R500 000 (about US\$70 000). This segment of the property market includes government subsidised housing, entry-level new housing and existing stock for resale, all costing less than R500 000. With only 12% of the South African population earning enough to afford housing that costs more than R500 000, this property market services 88% of South African households. It is clearly significant, but with the focus of the industry on high value housing costing upwards of R1m, very little attention is given to this affordable property market and the role it plays in the national economy and household wealth.

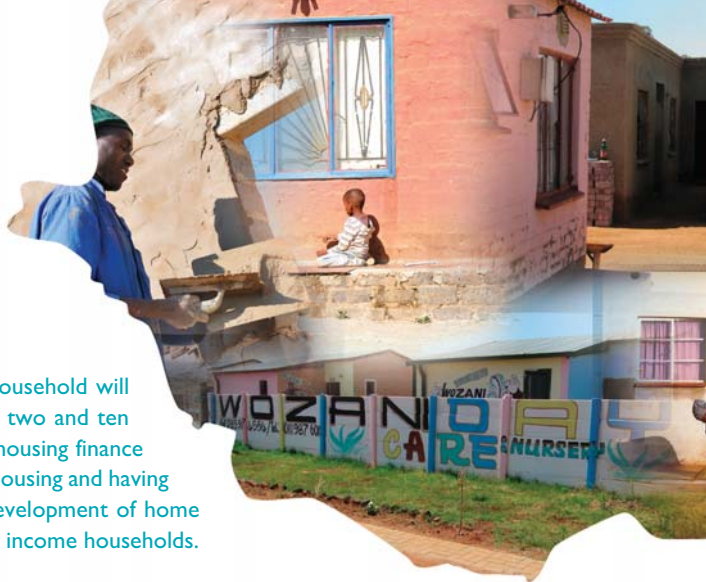
The al+hdc was launched in November 2010, as a joint venture between FinMark Trust and Urban LandMark, with support from Lightstone Property Consultants and the consulting firm Eighty20. Drawing deeds data from the South African deeds registry and survey data from StatsSA and other sources, the al+hdc provides information (purchase price, type of buyer and seller, level of mortgage finance, etc.) on all suburbs in South Africa where the average property price is less than R500 000. Consolidated analysis includes trends, levels of churn in different areas and the average value of properties. The latest data and research in this segment of the market can be accessed from the website, www.alhdc.org.za.

The al+hdc can be used by policy makers, regulators, researchers, students and professionals to increase understanding of this segment of the market and enable constructive policy choices by private sector practitioners – lenders, developers, estate agents, conveyancers and others – to enhance product and service development for this market, as well as by households themselves so that they can better access market information and maximise the performance of their assets.

Housing microfinance

Throughout sub-Saharan Africa, income levels are such that the majority of households cannot afford to buy the least expensive house, even if mortgage finance was available. Our research shows that in most countries, less than 5% of the population have an income sufficient to support a mortgage. It is within this environment that housing microlenders have emerged as an important source of housing finance for low income earners whose access to more traditional forms of credit is constrained both by their affordability and the circumstances in which they live.

FinMark Trust has undertaken various research initiatives to explore the state of housing microfinance in South Africa and across sub-Saharan Africa, highlighting innovation and providing recommendations to financial institutions and governments. Our work is focused on supporting the growth of a housing microlending sector in Africa, with more players supported by more investors, reaching more clients. In April 2010, we co-hosted the second regional workshop on Housing Microfinance with Rooftops Canada and Habitat for Humanity





International. Supported by a variety of organisations, the workshop hosted 96 participants from 23 countries in Africa and around the world. The theme of the workshop was "Turning Loans into Homes", and over the course of four days participants considered the various non-financial services that were required in tandem with housing microfinance so that sustainable housing outcomes might be realised. Research commissioned by FinMark Trust, Rooftops Canada and Habitat for Humanity International on the role of housing support services in Southern Africa was presented and debated. As a result of this research, we were invited to participate in Habitat for Humanity International's internal, global workshop regarding housing support services and housing microfinance, held in Nicaragua in March 2011.

Monitoring sector performance

Early in the year we commissioned research into the performance of housing loans extended in South Africa to the Financial Sector Charter (FSC) target market households. We expected that the five-year experience of the FSC (January 2004 – December 2008) would have many useful lessons for a new phase of the FSC, or for lenders' own strategies to extend their housing finance products further into lower income markets. However, we discovered that loan performance data in South Africa is reported by product type (mortgage, savings, etc.), but not by market segment. It is not possible to determine whether the financial sector's loans to lower income (FSC target market) households perform better or worse than to higher income households. Without this data, it becomes almost impossible for investors, financiers, guarantors and other role players in the housing finance sector to understand the relative risk of different market segments, and so they gravitate towards what they know, namely, higher income markets.

The role of data in market development has been established in other countries. Experience in the US has shown that when regulators and lenders shared their data and made it available for public analysis, it prompted innovation in product development and spurred investment decisions that would have otherwise not been possible. Limitations in the availability of accurate and relevant data are the most significant factors undermining market development in Africa. This is an area that we are therefore addressing head on.

Another critical area of focus has been to identify gaps and barriers in the value chain that undermine the flow of housing finance in various African countries, while also considering how appropriately designed housing finance interventions might change the supply environment. We've done this by commissioning research and circulating this among policy makers, investors, financiers and other housing finance sector practitioners.

In September of 2010, we launched our first ever Housing Finance in Africa Yearbook. Providing profiles on 15 African countries and an overview of the state of the housing finance market across the continent, this publication has been widely hailed as an important contribution to information by which investors and other funders make the decision on whether to invest in housing. Three new housing finance sector studies were published – for Tanzania, Angola and Nigeria – and two regional reports considering the use of pension assets for housing in Southern and Eastern Africa were commissioned.

In support of our work in Africa, we've developed a strong relationship with the African Union for Housing Finance, and were appointed to act as its Secretariat in September 2010. This gives us an excellent opportunity to engage with housing finance sector practitioners across the continent and offer them support in extending access to new, lower income markets.

The year ahead

Looking forward, we will continue to focus our efforts on three areas: understanding the housing asset, innovation in housing finance and monitoring housing finance sector performance. In the first half of the year we intend to launch a major research initiative into the performance of government subsidised housing stock in South Africa. This research work has been underway for some months, and represents the first effort in South Africa to explicitly consider the role that government-subsidised housing stock plays in the national property market. We are also developing a regional support programme for housing microfinance, so that practitioners can be encouraged to grow the scale of their efforts in support of greater financial inclusion. By continuing to monitor housing finance sector performance, we seek to address the information asymmetry that undermines market development in the lower income segments.

ENTERPRISE DEVELOPMENT THROUGH HOUSING FINANCE

Housing is important because it addresses the asset poverty faced by so many low income households, and this, in turn, offers opportunities for addressing income poverty. In South Africa, the government offers all households earning less than R3 500 per month a housing subsidy which covers the cost of a basic, entry level house. This housing asset then becomes the point around which other finance can be structured, and slowly the household is able to grow its income, lifting itself out of poverty. Mrs Mabula (not her real name) moved to Slovoville in Soweto in 1997 when she was allocated a government subsidised house. At the time, she worked as an assistant in a small mobile operator container in an informal settlement, selling sweets on the side to earn extra income. Although the house was small, her first investment was for her business, and involved moving a container to her property so she could start a small spaza shop. From the income she earned in this way, she was able to access a loan from a microlender, which she used together with her savings, to build extra rooms on her property. Mrs Mabula now rents these out. Because of the rental income this generated, she was able to take out an additional microloan which she used to buy stock for her spaza shop.

INFORMATION AND RESEARCH SUPPORT

Head: Irma Grundling

After seven years of implementing numerous FinScope surveys to assess financial inclusion in various countries, FinMark Trust proudly saw the coming of age of the FinScope survey during this financial year. Through a process of both reorientation and redirection, the relevance of, and the need for the FinScope survey was re-established.

The FinScope survey was initially designed to tell the financial inclusion story of a country, by answering questions such as:

- Who are using financial products?
- What kind of products?
- What do they use it for?
- Are they adequately served?
- Who are not using financial products?
- Why not?
- What is preventing them from doing so?

With improving the livelihoods of the poor through increasing access to financial products and services being the primary FinMark Trust goal, a clear link between this goal and the FinScope tool was needed. During the financial year a process was put in place to redirect the FinScope tool and create this link which culminated in the FinScope livelihoods approach.

The FinScope livelihoods approach

The premise of our approach is that FinScope should not only assess the status quo of financial inclusion, but it should also aim to guide stakeholders involved in the development of, and/or the deepening of financial markets (i.e. policymakers, regulators, donors and/or service providers) to develop financial products and services that would ultimately improve the livelihoods of the poor and further create an environment within which individuals with different livelihoods would have equal access to such products and services. With this approach, FinScope aims to provide a clear

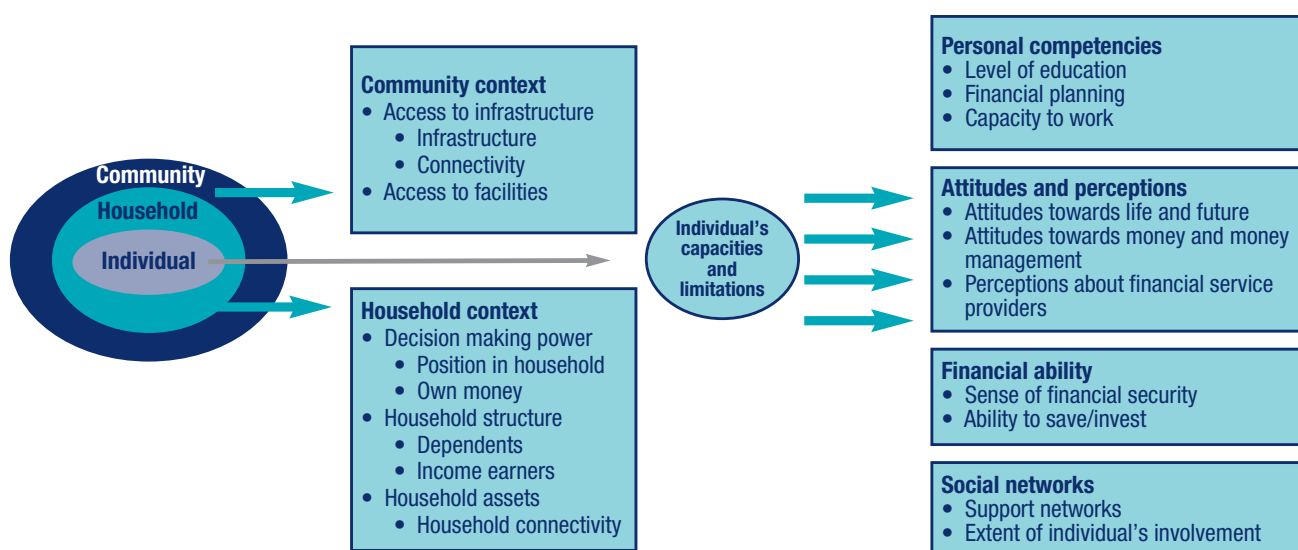
understanding of real demand-side needs in terms of different livelihoods in order to facilitate evidence and need-based interventions, thereby increasing the likelihood of the sustainability of interventions.

To achieve this objective, a conceptual framework that can provide this understanding has to drive the development of the FinScope questionnaire. To this end, the FinScope livelihoods framework was developed based on the DFID livelihoods framework². This framework focuses on the individual and the factors that affect usage of financial services and/or products and assumes that:

- An individual does not exist in isolation. Any attempt to understand the needs of an individual has to take account of the context within which the individual exists, namely, the household and the community.
- The extent to which individuals use financial services and/or products is influenced by:
 - The capacities/capabilities or limitations of the individual;
 - Specific dynamics present in the household; and
 - Specific dynamics present in the community.

Using the data from a number of FinScope surveys, the individual, household and community characteristics influencing the usage of financial products and services was identified. This is illustrated in the following diagram.

FinScope livelihoods framework



² Source: DFID. Sustainable Livelihoods Guidance Sheets. London, Department for International Development (UK), 1999–2005. Available at: http://www.livelihoods.org/info/info_guidancesheets.html.

FinScope supply-side component

Although invaluable in terms of guiding financial sector development, looking at demand-side data in isolation has its limitations. To obtain a holistic understanding of financial sector development needs and to enhance the identification of sustainable market opportunities, demand-side data has to be integrated with supply-side data in order to facilitate a demand-supply gap analysis. During the financial year, a supply-side component was developed and implemented for the FinScope survey. The supply-side component provides an overview of:

- Financial service providers (formal and informal) and the geographical distribution thereof
- Channels of financial product distribution (formal and informal)
- Financial products being provided (formal and informal) in terms of:
 - Types of products
 - Cost of usage
 - Minimum requirements
 - Targeted population segments

FinScope workshop

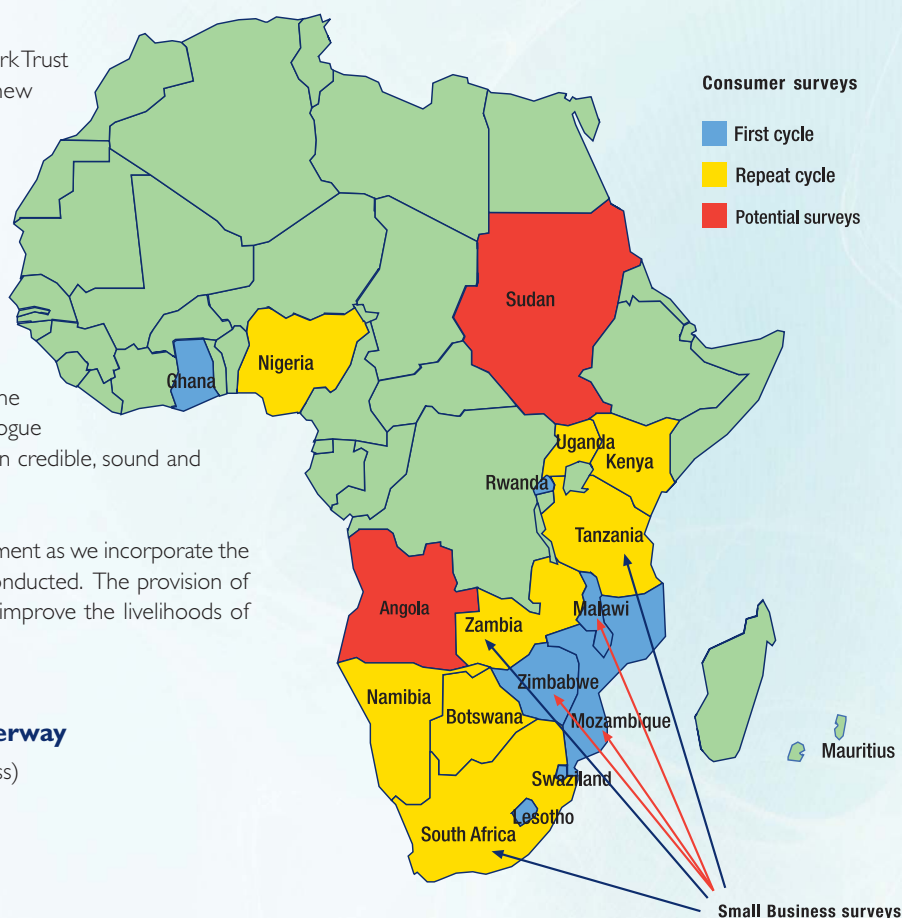
During the latter part of the financial year, FinMarkTrust hosted a three day workshop to share the new FinScope approach, obtain feedback, and gain consensus from a broad range of stakeholders. The workshop was attended by delegates from 15 countries. Information obtained during the workshop is being integrated and will be used to develop a strategy for the roll-out of FinScope surveys throughout SADC and the rest of Africa. The information will also be used to build research and analytical capacities in these countries to ensure that the research process is continuous and that the dialogue around financial sector development is based on credible, sound and robust information.

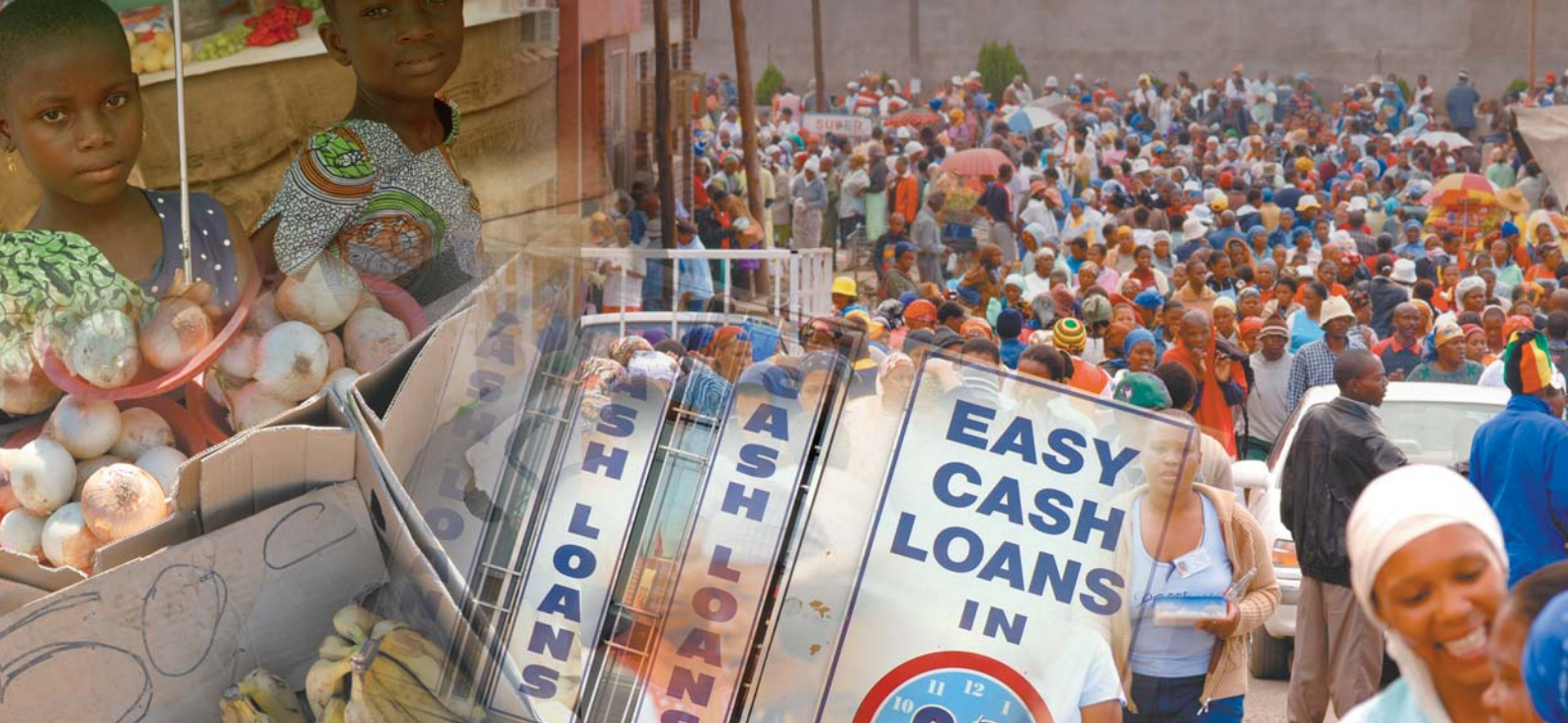
This approach will undergo continuous improvement as we incorporate the lessons we learn from each FinScope survey conducted. The provision of information to facilitate interventions that will improve the livelihoods of the poor is the main goal.

FinScope surveys conducted or underway

- South Africa (Consumer and Small Business)
- Ghana (Consumer)
- Lesotho (Consumer)
- Swaziland (Consumer)
- Uganda (Consumer)
- Tanzania (Small Business)
- Nigeria (Access to Finance survey)

FinScope footprint





Consumer financial vulnerability

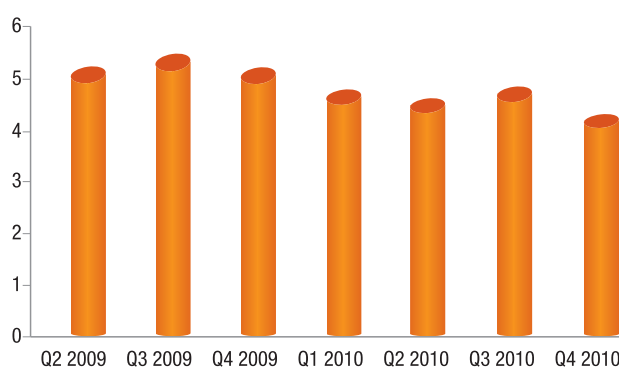
The Consumer Financial Vulnerability Index (CFVI), introduced by FinMark Trust in 2009, is proving to be a valuable index widely used and quoted as a useful indication of consumer financial vulnerability in South Africa. The CFVI reflects the overall financial vulnerability of a consumer; after taking into consideration the different dynamics influencing a consumer's profile for income, savings, expenditure and debt.

The overall CFVI and sub-indices are based on a 10-point scale where 0 indicates total financial security and 10 indicates total financial vulnerability.

0 – 1.99	2.0 – 3.99	4.0 – 5.99	6.0 – 7.99	8.0 – 10
Financially very secure	Financially secure	Somewhat financially vulnerable	Financially vulnerable	Financially very vulnerable

Although South Africans were less financially vulnerable at the end of 2010 than in Q2 of 2009 which was characterised by a significant increase in job losses, consumers overall remain financially vulnerable. Since the inception of the survey in Q2 of 2009, the index and sub-index values have hardly been below a desirable index value of four. It is important to highlight the different drivers of financial vulnerability of South Africans to both policy makers and providers of financial services. Consumers are left vulnerable because they do not have savings to draw on. Furthermore, increases in the costs of food, fuel and electricity are impacting on their livelihoods. High levels of unemployment mean that a significant number of people are subject to income vulnerability. Although debt servicing vulnerability has declined a bit due to more tempered credit granting after the credit boom of 2005-2007, 46% of credit active consumers in South Africa are three months or more in arrears with at least one creditor. FinMark Trust will continue to monitor consumer financial vulnerability in South Africa, and hopes to introduce similar measurements in other countries.

Consumer Financial Vulnerability Index



Agriculture Financial Markets Scoping (AgFIMS) Study

We played a significant role in the development of the AgFIMS survey design which was developed in collaboration with the Gatsby Charitable Foundation. This survey is currently being implemented in Tanzania and has the aim of providing demand and supply-side information that would be used to facilitate increased financial access within the agricultural sector.

FINANCIAL POLICY AND REGULATION

Theme coordinator: Anne-Marie Chidzero

Over the past few years, economic stability and poverty reduction have been largely prioritised by macroeconomic policies. South Africa has experienced a high rate of unemployment and income disparities which are attributing factors to many South Africans not using formal financial products despite the highly sophisticated financial market. However, progress has been made with an increase in the proportion of adults with access to bank accounts and insurance.

The impact of policy reforms has contributed extensively to the improvements in financial inclusion whereby the exemptions created to the Usury Act allowed for the flourishing of the microlending industry, and exemptions to the Financial Intelligence Centre Act (FICA) made it easier for low income individuals to open bank accounts. However, the implementation of the Financial Sector Charter (FSC) is the most important initiative, as it established benchmarks for financial inclusion that the banks needed to meet. The National Credit Act (NCA) was instrumental in improving consumer protection and market behaviour, but also negatively impacted access to credit.

In this regard FinMark Trust through its work continues to support policy makers and regulators in focusing on financial inclusion and identifying ways to unlock the supply of financial services.

During the year under review, discussions were held with policy stakeholders on policy issues and financial inclusion, especially on barriers relating to access to financial services. A study was commissioned for the National Treasury in 2010 on the review of financial inclusion policies and programs in South Africa since 1994. A workshop was held with National Treasury in the latter part of the financial year to discuss the findings.

FinMark Trust has worked closely with the National Treasury and engaged in discussions on South Africa's financial policy together with providing support to the G20. FinMark Trust is a member of the G20 working groups on financial inclusion.

Ongoing discussions and dialogue were held with Bank Windhoek and Bank of Namibia (BoN) regarding a supply-side study for Namibia with particular reference to access and related policy issues which culminated in a meeting in November 2010.

We also participated in the Namibia financial inclusion workshop to define actions to support the development of an inclusive financial sector whereby the Trust facilitated the action plan for the Namibia financial inclusion programme and assisted BoN to define actions to implement their policy. The actions entailed:

- Coordination, setting up of a financial inclusion agency;
- Information, data analysis and dissemination;
- Financial education;
- Regulatory review and changes; and
- Infrastructure review, for example credit bureaus.

The BoN workshop included stakeholders from other countries as part of the Smart Partnership Initiative and FinMark Trust was highly visible as providing support to the process.

In the year ahead, FinMark Trust will continue to play an integral role in its support to the South African National Treasury's financial inclusion unit as well as support the Bank of Namibia and other stakeholders with their financial inclusion policies.



PUBLICATIONS

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

Document	Author	Date
Value chain finance in Zambia: Supply chain solutions to financial constraints	Mary Beggs, Cardno Emerging Markets USA, Ltd for FinMark Trust and USAID/PROFIT	March 2010
A review of the South African microfinance sector – successes, challenges and policy issues	FinMark Trust, The Centre for Microfinance, University of Pretoria	March 2010
Access to housing finance in Africa: Exploring the issues No. 10 Tanzania	Dr James Mutero, Matrix Consultants	March 2010
Zambian private health insurance: Optimal regulation and market development	Dr Nicola Theron, Mariné Erasmus, Johann van Eeden and Dr Felix Masiye, Econex	March 2010
Workshop report: Growing sustainable housing microfinance options in sub-Saharan Africa – turning loans into homes	FinMark Trust, Habitat for Humanity, Rooftops Canada	April 2010
Real money, new frontiers	Mark Napier	May 2010
Report: Supply-side study of financial inclusion in Malawi	Oxford Policy Management, Kadale Consultants	May 2010
Access to housing finance in Africa: Exploring the issues No. 11 Angola	Development workshop	May 2010
Brochure: Zambia Business survey – the profile and productivity of Zambian businesses	Roland Pearson Jr, Siana Strategic Advisors; Juliet Munro, FinMark Trust; George Clarke, Texas A&M International University; Marie Sheppard and Manju Shah, World Bank	June 2010
Summary report: Zambia Business survey – the profile and productivity of Zambian businesses	Roland Pearson Jr, Siana Strategic Advisors; Juliet Munro, FinMark Trust; George Clarke, Texas A&M International University; Marie Sheppard and Manju Shah, World Bank	June 2010
Report: Zambia Business survey – demand-side analysis of access to financial services of businesses in Zambia	Illana Melzer, Reut Agasi and Harry Botha, Eighty20	June 2010
Report: Zambia Business survey – segmenting the market into powerful pictures: Application of the Business Facilities Measure (BFM)	Roland Pearson Jr, Siana Strategic Advisors	June 2010
Report: Zambia Business survey – the business landscape for MSMEs and large enterprises in Zambia	Roland Pearson Jr, Siana Strategic Advisors; George Clarke, Texas A&M International University; Manju Shah, World Bank	June 2010
Report: Zambia Business survey – who's productive in Zambia's private sector? Evidence from the Zambia business survey	Patrick Conway, University of North Carolina; Manju Shah, World Bank	June 2010
Synthesis report: Evaluation of retirement systems of countries within the Southern African Development Community	Oxford Policy Management	June 2010
Reaching the client: Update on microinsurance innovation in South Africa	Anja Smith, Christine Hougaard, Doubell Chamberlain, Herman Smit and Joel Carlman, Cenfri	July 2010
Brochure: FinScope Zambia	Irma Grundling and Juliet Munro, FinMark Trust	June 2010
Report: FinScope Zambia 2009 topline findings	Christine Hougaard, Cenfri; Irma Grundling and Juliet Munro, FinMark Trust; African Heights	June 2010
Case study: Shoprite	Anja Smith and Herman Smit, Cenfri	July 2010
Case study: Hollard insurance and Pep	Anja Smith and Herman Smit, Cenfri	July 2010
Case study: Metropolitan Cover2go	Anja Smith and Herman Smit, Cenfri	July 2010
Case study: Hollard insurance and take it Eezi	Anja Smith and Herman Smit, Cenfri	July 2010
The role of cell captive insurance in the development of the South African microinsurance sector	Derek Pead, Lynn Witten, Paul Zondagh and Pierre Reineck	July 2010
FinMark Trust newsletter	FinMark Trust	July 2010
FinMark Trust annual report	FinMark Trust	July 2010
The promotion of microinsurance in Zambia: Microinsurance development – strategy and implementation	Lemmy Manje, FinMark Trust/ILO	July 2010
FinMark Trust newsletter	FinMark Trust	August 2010
Access to Housing Finance in Africa: Exploring the issues No. 12 Nigeria	FinMark Trust and EFinA	August 2010
FinMark Trust newsletter	FinMark Trust	September 2010
Brochure: FinScope South Africa Small Business survey 2010	FinMark Trust	September 2010
Report: FinScope South Africa Small Business survey 2010	FinMark Trust	September 2010
Assessing access to and performance of FSC loans	Illana Melzer, Eighty20	September 2010
FinMark Trust newsletter	FinMark Trust	October 2010
Housing finance in Africa Yearbook: A review of some of Africa's housing finance markets	Centre for Affordable Housing, a division of FinMark Trust	September 2010
Will RICA's customer identification data meet anti-money laundering requirements and facilitate the development of transformational mobile banking in South Africa?	Louis de Koker and Cenfri	October 2010
Report on the research project for Sinamandla: Moving towards economic independence for social grant recipients through the self-help approach	Southern Hemisphere Consultants	October 2010
Brochure: Affordable land and housing data centre (al+hdc)	FinMark Trust; al+hdc	November 2010
Working towards a sustainable source of access and performance data of affordable housing finance: Focus on regulatory reporting	Marlene Heymans	November 2010

PUBLICATIONS CONTINUED

Document	Author	Date
FinMark Trust newsletter	FinMark Trust	November 2010
Brochure: Consumer Financial Vulnerability Index Q2 2010	Bureau of Market Research	November 2010
The landscape and capacity of informal sector aggregators as potential microinsurance delivery partners in Zambia	Nathan De Assis and Alex Valeta, PMTC Zambia Limited	November 2010
Microinsurance focus note series: Multi-sector stakeholder involvement, local ownership with private sector engagement; a working strategy	Lemmy Manje, FinMark Trust/ILO	November 2010
Microinsurance supplier capacity assessment survey: industry gaps and recommendations	Lemmy Manje, FinMark Trust/ILO	December 2010
FinMark Trust newsletter	FinMark Trust	December 2010
Brochure: FinScope South Africa 2010	FinMark Trust	December 2010
Mobilising pension assets for housing finance needs in Africa – experiences and prospects in East Africa	Dr James Mutero (Matrix Development Consultants), with input from Mwijage Bishota; Dr William Kalema and Duncan Kayiira (UMACIS Consultants)	December 2010
Housing support services for housing microfinance lending in East and Southern Africa	Anthea Houston	December 2010
So near, yet so far? Assessing the 90-day permit for Zimbabwean migrants as a remittances financial inclusion tool	Christine Hougaard and Sandisiwe Ncube, Cenfri	December 2010
Brochure: FinScope Ghana 2010	FinMark Trust	December 2010
FinMark Trust newsletter	FinMark Trust	January 2011
Brochure: Consumer Financial Vulnerability Index Q3 2010	Bureau of Market Research	January 2011
FinMark Trust newsletter	FinMark Trust	February 2011
FinMark Trust newsletter	FinMark Trust	March 2011
Brochure: Consumer Financial Vulnerability Index Q4 2010	Bureau of Market Research	March 2011
Brochure: FinScope workshop – from data to action	FinMark Trust	March 2011

PRESENTATIONS

Topic	Event	Presenter	Date
Housing support services in East and Southern Africa: Status and Challenges	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Anthea Houston	April 2010
Housing support services in Central America: Status and challenges	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Irene Vance, Sida	April 2010
Progressive housing programme for low income families	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Henning Alts, CEMEX	April 2010
Housing microfinance and housing support services: Key issues for this workshop	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Kecia Rust, FinMark Trust	April 2010
Technical assistance for housing	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Veronica Mora, Prodel	April 2010
Delivering housing support services in Central America: Experiences from the private and NGO sectors and the housing value chain approach	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Anayansy Velverde, Fuprovi	April 2010
Construction technical assistance and housing microfinance: Who should be responsible for a good housing outcome?	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Grace Sebageni, Habitat for Humanity	April 2010
Housing microfinance and technical services	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Allan Cain, Development Workshop, Angola	April 2010
Incremental product development and housing case study	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Ken Corsar, Select Africa Limited	April 2010
The micro-energy alliance micro-franchise pilot: A model support system for incremental housing improvement processes	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Mehdi Dutheil and Bezant Chongo, PlaNet Finance	April 2010
Delivering housing support services: Centenary rural development bank's experience	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Ben Eyabu, Centenary Bank	April 2010
Housing support services to rural areas: MRHP-NGO experience	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Ashililya Nyanda, MRHP NGO	April 2010
Designing, planning, monitoring and evaluation: A case for organisational learning	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Andrew Sooka, Habitat for Humanity	April 2010
Building a better future, homes, health and livelihood	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Sednaoui Makar, Habitat for Humanity	April 2010

PRESENTATIONS CONTINUED

Topic	Event	Presenter	Date
Institutional models and systems : NGO partnerships	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Innocent Mnolo and Sarah Jameson Mchenga Fund CCODE and MHPF	April 2010
Financing slum upgrading and slum prevention for the poor	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Bruce Ferguson	April 2010
Providing viable housing support services in HMF lending	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Anthea Houston	April 2010
Financial sustainability of ATV	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Veronica Mora, Prodel, Nicaragua	April 2010
Providing viable housing support services in HMF lending	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Alex Tumusiime, UGAFOOD Ltd	April 2010
From worthy to viable HMF projects	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Larry English, Homeless International	April 2010
UN- habitat urban finance experience	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Bonnie Hewson, UN Habitat	April 2010
Housing microfinance in Africa and key issues for support	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Kecia Rust, FinMark Trust	April 2010
Modelling residential cross – subsidisation	Sustainable Housing Microfinance in sub-Saharan Africa workshop, Nairobi, Kenya	Mukura Sinai	April 2010
FinScope Mozambique 2009	Topline findings launch event, Maputo, Mozambique	Maya Makanjee, FinMark Trust	April 2010
Financial Inclusion	Dialogue on South Africa and the G20, Pretoria, South Africa	Maya Makanjee, FinMark Trust	May 2010
M-Pesa : From Kenya to South Africa	FinMark Forum, Johannesburg, South Africa	Hennie Bester, Cenfri	May 2010
Private health insurance in Zambia: Optimal regulation and market development	FinMark Trust Forum, Lusaka, Zambia	Cobus Venter, Econex	May 2010
Real money new frontiers	Book Launch, Johannesburg, South Africa	Mark Napier	May 2010
Financial Services Landscape in South Africa	Deutsche Bank Mass Market Banking Conference, Cape Town, South Africa	Maya Makanjee, FinMark Trust	June 2010
Zambia Business survey	Launch of topline findings, hosted by Ministry of Commerce, Trade and Industry, Lusaka, Zambia	Roland Pearson Jr, Siana Strategic Advisors	June 2010
Zambia Business survey	Launch of topline findings, hosted by Ministry of Commerce, Trade and Industry, Ndola, Zambia	Roland Pearson Jr, Siana Strategic Advisors	July 2010
Access to and performance of FSC loans – a review of available data	FinMark Forum	Illana Melzer, Eighty20 and Marlene Heymans	July 2010
FinScope Zambia 2009	Launch of topline findings, hosted by Bank of Zambia, Lusaka, Zambia	Juliet Munro and Irma Grundling, FinMark Trust; Enock Bwalya, African Heights	July 2010
FinScope Zambia 2009	Launch of topline findings, hosted by Bank of Zambia, Ndola, Zambia	Juliet Munro and Irma Grundling, FinMark Trust; Enock Bwalya, African Heights	July 2010
Exploring supply chain finance in Zambia: What role does large business play in financing small business?	FinMark Trust Forum, Lusaka, Zambia	Joe Dougherty, USAID, PROFIT	August 2010
Access to finance: Harnessing the hard working industrious nature of rural women	FinMark Forum, Johannesburg, South Africa	Trevor Kaseke, FinMark Trust	August 2010
Dilemma in access to banking	FinMark Forum, Johannesburg, South Africa	Ben Nkuna, WDB	August 2010
Regional Financial Integration	SADC Banking Association meeting, Gaborone, Botswana	Maya Makanjee, FinMark Trust	September 2010
FinScope South Africa Small Business survey 2010	Launch of topline findings, Johannesburg, South Africa	Rob Powell, TNS Research Surveys	September 2010
FinMark Trust in Africa	FinScope Uganda launch, Kampala, Uganda	Maya Makanjee, FinMark Trust	October 2010
Exploring market opportunities for banking	FinMark Trust FinScope Forum, Lusaka, Zambia	Illana Melzer, Eighty20	October 2010
Exploring market opportunities for credit	FinMark Trust FinScope Forum, Lusaka, Zambia	Illana Melzer, Eighty20	October 2010
Exploring market opportunities for insurance	FinMark Trust FinScope Forum, Lusaka, Zambia	Illana Melzer, Eighty20	October 2010
Exploring market opportunities for payment systems	FinMark Trust FinScope Forum, Lusaka, Zambia	Illana Melzer, Eighty20	October 2010
Delivering a national financial literacy strategy	Towards a national strategy on financial education and literacy – Bank of Zambia stakeholder workshop, Lusaka, Zambia	Shaun Mundy, Consultant	October 2010
Financial literacy in Zambia: what does the data tell us?	Towards a national strategy on financial education and literacy – Bank of Zambia stakeholder workshop, Lusaka, Zambia	Illana Melzer, Eighty20	October 2010
The Ghana financial literacy strategy	Towards a national strategy on financial education and literacy – Bank of Zambia stakeholder workshop, Lusaka, Zambia	Nicholas Gyabaah, Ministry of Finance Ghana	October 2010

PRESENTATIONS CONTINUED

Topic	Event	Presenter	Date
Financial literacy training	Towards a national strategy on financial education and literacy – Bank of Zambia stakeholder workshop, Lusaka, Zambia	Barbara Chilangwa, Camfed Zambia	October 2010
Financial fitness: sharing experiences	Towards a national strategy on financial education and literacy – Bank of Zambia stakeholder workshop, Lusaka, Zambia	Caroline Handia, Zanaco	October 2010
R500 000 and below – exploring the affordable market in South Africa	Urban LandMark Regional Conference: Rethinking emerging land markets in rapidly growing Southern African cities	Kecia Rust, FinMark Trust	November 2010
Affordable Land and Housing Data Centre: Understanding the dynamics that shape the affordable property market in South Africa	Launch of Affordable Land and Housing Data Centre, Johannesburg, South Africa	Kecia Rust, FinMark Trust	November 2010
FinScope in Africa	Microfinance to Inclusive Banking Conference, Johannesburg, South Africa	Maya Makanjee, FinMark Trust	November 2010
Profiling Zambia's very poor population using FinScope	Exploring payment arrangements for social cash transfer programmes, FinMark Trust Forum, Lusaka, Zambia	Juliet Munro, FinMark Trust	November 2010
Delivering social payments to poor and rural people	Exploring payment arrangements for social cash transfer programmes, FinMark Trust Forum, Lusaka, Zambia	Caroline Pulver, Bankable Frontier Associates	November 2010
The state of rural and agricultural finance in SADC: some initial findings	FinMark Forum, Johannesburg, South Africa	Charles Machethe, Thinah Moyo, Vuyo Mahlati, Centre for Inclusive Banking in Africa, University of Pretoria and Gerhard Coetzee, FinMark Trust	November 2010
Developing microinsurance strategies: Multi-stakeholder engagement and local ownership	Munich-Re Foundation 6th International microinsurance conference, Manila, Philippines	Lemmy Manje, FinMark Trust/ ILO	November 2010
FinScope Ghana	Launch, Accra, Ghana	Irma Grundling, FinMark Trust	November 2010
FinScope South Africa 2010	FinScope consumer 2010 launch, Johannesburg, South Africa	Sarina de Beer, Ask Afrika	December 2010
Microinsurance supplier assessment: industry capacity gaps and recommendations	Business opportunities for Zambian microinsurance market, FinMark Trust seminar, Lusaka, Zambia	Lemmy Manje, FinMark Trust/ ILO and Caroline Gommans, Just Good Business	December 2010
Creating an enabling environment for microinsurance: regulatory considerations	Business opportunities for Zambian microinsurance market, FinMark Trust seminar, Lusaka, Zambia	Lemmy Manje, FinMark Trust/ ILO	December 2010
Alternative non-traditional distribution channels for microinsurance	Business opportunities for Zambian microinsurance market, FinMark Trust seminar, Lusaka, Zambia	Nathan De'Assis, PMTC	December 2010
Challenges in South Africa's housing finance and delivery framework: navigating the gap	International Housing Solutions' SA Workforce Housing Fund Investors Conference	Kecia Rust, FinMark Trust	January 2011
Moving towards economic independence for social grant recipients through the self-help approach	FinMark Forum, Johannesburg, South Africa	Phil Donnell, Sinamandla	January 2011
Challenges in South Africa's housing finance and delivery framework: navigating the gap	FinMark Forum, Johannesburg, South Africa	Kecia Rust, FinMark Trust	February 2011
FinScope South Africa 2010	Deutsche Bank workshop, Cape Town, South Africa	Maya Makanjee, FinMark Trust	March 2011
Banks making financial markets work for the poor	FinScope workshop: From data to action, Johannesburg, South Africa	Charles Mudiwa	March 2011
Financial capability in FinScope	FinScope workshop: From data to action, Johannesburg, South Africa	Astrid Ludin, FinMark Trust	March 2011
Financial literacy in Malawi, Namibia and Zambia	FinScope workshop: From data to action, Johannesburg, South Africa	Illana Melzer, Eighty20	March 2011
What do the FinScope results tell about Uganda?	FinScope workshop: From data to action, Johannesburg, South Africa	Samuel Sentumbwe, Uganda Co-operative Alliance	March 2011
FinScope Presentation	FinScope workshop: From data to action, Johannesburg, South Africa	Gerhard Coetzee, FinMark Trust	March 2011
FinScope in Zambia: analytical frameworks applied	FinScope workshop: From data to action, Johannesburg, South Africa	Juliet Munro, FinMark Trust	March 2011
FinScope livelihoods approach: addressing some of the needs	FinScope workshop: From data to action, Johannesburg, South Africa	Irma Grundling, FinMark Trust	March 2011
Housing data in FinScope	FinScope workshop: From data to action, Johannesburg, South Africa	Irma Grundling, FinMark Trust	March 2011
Housing finance access frontier – a South African case study	FinScope workshop: From data to action, Johannesburg, South Africa	Illana Melzer, Eighty20	March 2011
An access frontier for housing finance in Malawi	FinScope workshop: From data to action, Johannesburg, South Africa	Illana Melzer, Eighty20	March 2011

PRESENTATIONS CONTINUED

Topic	Event	Presenter	Date
Spatial application of FinScope data	FinScope workshop: From data to action, Johannesburg, South Africa	Irma Grundling, FinMark Trust	March 2011
Supporting housing lenders, investors, practitioners in their reach down-market	FinScope workshop: From data to action, Johannesburg, South Africa	Kecia Rust, FinMark Trust	March 2011
Measuring and understanding the results from financial capability assessments	FinScope workshop: From data to action, Johannesburg, South Africa	Alyna Wyatt, Financial Education Fund	March 2011
FinScope South Africa Small Business survey 2010	FinScope workshop: From data to action, Johannesburg, South Africa	Trevor Kaseke, FinMark Trust	March 2011
Beyond sales: Extracts from Brazil and Colombia	FinMark Forum, Johannesburg, South Africa	Herman Smit, Cenfri	March 2011
Housing support services for housing microfinance lending in East and Southern Africa	Strategic innovations grant workshop, Habitat for Humanity International, Nicaragua	Kecia Rust, FinMark Trust	March 2011
Mapping cross-border money transfer transactions	South African Reserve Bank and SADC Payment Systems subcommittee meeting	Craig Kilfoil, Sarah Langham, Keith Smith, Exact Consult	March 2011

FORUMS IN SOUTH AFRICA

Topic	Presenter	Date
M-Pesa: From Kenya to South Africa	Hennie Bester, Cenfri	May 2010
Access to and performance of FSC loans: a review of available data	Illana Melzer, Eighty20	July 2010
Access to finance: Harnessing the hard working industrious nature of rural women	Trevor Kaseke, FinMark Trust	August 2010
Dilemma in access to banking	Ben Nkuna, WDB	August 2010
The state of rural and agricultural finance in SADC: Some initial findings	Charles Machethe, Thinah Moyo, Vuyo Mahlali, Centre for Inclusive Banking in Africa, University of Pretoria and Gerhard Coetzee, FinMark Trust	November 2010
Moving towards economic independence for social grant recipients through the self-help approach	Phil Donnell, Sinamandla	January 2011
Challenges in South Africa's housing finance and delivery framework: Navigating the gap	Kecia Rust, FinMark Trust	February 2011
Beyond sales: Extracts from Brazil and Colombia	Herman Smit, Cenfri	March 2011

FORUMS IN ZAMBIA

Topic	Presenter	Date
Private health insurance in Zambia: Optimal regulation and market development	Cobus Venter (Econex), Lemmy Manje (FinMark Trust/ILO), Juliet Munro (FinMark Trust)	May 2010
Exploring supply chain finance in Zambia: What role does large business play in financing small business?	Joe Dougherty, USAID, PROFIT	August 2010
Exploring market opportunities for credit	Illana Melzer, Eighty20	October 2010
Exploring market opportunities for banking	Illana Melzer, Eighty20	October 2010
Towards a national strategy on financial education and literacy	Shaun Mundy (FSA Consultant UK), Illana Melzer (Eighty20), Caroline Handia (ZANACO), Barbara Chilangwa (Camfed), Nicholas Gyabaah (Ministry of Finance Ghana)	
Exploring market opportunities for insurance	Illana Melzer, Eighty20	October 2010
Exploring market opportunities for payment systems	Illana Melzer, Eighty20	October 2010
Exploring payment arrangements for social cash transfer programmes	Juliet Munro (FinMark Trust), Caroline Pulver (Bankable Frontier Associates), David Porteous (Bankable Frontier Associates)	November 2010
Business opportunities for the Zambian microinsurance market: Regulatory issues, capacity and resource requirements, products and distribution channels	Lemmy Manje (FinMark Trust/ILO), Caroline Gommans (Just Good Business), Christine Hougaard (Cenfri), Nathan De'Assis (PMTIC)	December 2010

CO-FUNDED PROJECTS

Project	Funders
FinScope South Africa Consumer survey 2010	Absa Bank Limited First National Bank Liberty Life Metropolitan National Treasury Nedbank Limited Old Mutual South African Post Office Limited Sanlam The Standard Bank of South Africa Ltd uBank (previously Teba Bank)
RDP housing assets – exploring the performance of government subsidised housing in South Africa	Department of Human Settlements, Western Cape National Department of Human Settlements South African Cities Network The FB Heron Foundation Urban LandMark
Housing microfinance workshop: Growing sustainable housing microfinance options in sub-Saharan Africa – Turning loans into homes	Agencia Catalana de Coopericio al Desenvolupament Canadian International Development Agency Habitat for Humanity International (Africa Middle East) Habitat International Coalition Mazingira Institute Rooftops Canada Sida UN Habitat
Access to housing finance in Africa: Exploring the issues. No. 11 Angola	Development Workshop
Access to housing finance in Africa: Exploring the issues. No. 12 Nigeria	EFInA
Affordable Land + Housing Data Centre	Eighty20 Lightstone Urban LandMark
Agrifin Tanzania	Gatsby Charitable Foundation
Africa financial capability project	The World Bank through the Russia Trust Fund
FinScope India scoping study	DFID India
FinScope Ghana Consumer survey 2010	DFID Ghana
FinScope Nigeria Consumer survey 2010	EFInA
FinScope Sudan scoping study	The World Bank
FinScope Tanzania Small Business survey 2010	Financial Sector Deepening Trust, Tanzania
FinScope Uganda Consumer survey 2010	Uganda Insurers Association
FinScope Zimbabwe scoping mission	The World Bank
Housing Finance Framework – South Africa	The World Bank
Housing finance systems in Kenya, Uganda, Tanzania, Malawi and Ghana	Agence Francaise de Developpement (AFD)
SADC Finance and Investment Protocol baseline study	GIZ
Zambia national financial education strategy	Financial Education Fund (FEF) and the Bank of Zambia
Zambia social cash transfer delivery	UNICEF
Zambia Business survey dissemination	The World Bank



FINMARK TRUST

Making financial markets work for the poor

PO Box 61674 Marshalltown 2107 Republic of South Africa

Tel +27 11 315 9197 Fax +27 86 518 3579

E-mail info@finmark.org.za

www.finmarktrust.org.za and www.finscopeafrica.com