



Mapping of potential financial services distribution channels in SADC

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A FinMark Trust report prepared by Redflank under the auspices of Cenfri

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Glossary

The following is a listing of uncommon words, typically acronyms, used in this document.

Area	Extent of a country's landmass.
ATM	An Automated Teller Machine is an electronic banking outlet, which allows customers to complete basic transactions without the aid of a branch representative or teller.
Distribution Channel Feasibility	Analysis and evaluation of a distribution channel, in terms of strength of infrastructure, footfall, cash float, partnership support and proven distribution models.
Ease of doing business	An index created by the World Bank to measure regulations directly affecting businesses. Based on 10 sub-indices including: starting a business, dealing with construction permits, access to electricity and credit.
Emerging SADC country	A SADC country that does not meet minimum threshold criteria for financial inclusion (33%) and/or urbanisation (66%).
Established SADC country	A SADC country that meets minimum threshold criteria for financial inclusion (33%) and urbanisation (66%).
Financial Access Strand	A key financial access indicator that was developed by the FinMark Trust through its FinScope product. The Financial Access Strand categorises the economically active population as formally included, informally serviced, financially included, or financially excluded. For those countries that do not have a completed FinScope study (viz. Angola, DRC, Mauritius, and Seychelles), the Financial Access Strand was extrapolated based on World Bank data.
Financial inclusion	The extent to which the adult population in the country engages with financial products and services, such as savings, transaction banking, credit and insurance, whether formal or informal.
GDP	Gross Domestic Product. Market value for all goods and services produced within a country in a given year.
GDP per capita	A measure of the total output of a country that takes the gross domestic product and divides it by the population of the country.
Global Competitiveness	A measure of the competitiveness of a country based on the set of institutions, policies and factors that determine the level of productivity of the country. Ranking determined by a report developed and produced by the World Economic Forum that identifies and measures the competitive landscape of more than 140 economies.
HDI Rank	Human Development Index is a composite statistic used by the United Nations to rank a country's social and economic development based on life expectancy at birth, mean years of schooling, expected years of schooling and gross national income per capita.
Key Economic Indicators	Key statistics pertaining to economic activity in relation to a particular country included in the study.
MFI	A Microfinance Institution is a financial institution specializing in banking services for low-income groups or individuals.

MNO	Mobile Network Operator is a telecommunications business that provides wireless voice and data services to its subscribed mobile users.
Non-traditional financial services	Financial services disseminated through a channel other than direct bank or insurance channels e.g. retailers that distribute financial services products on behalf of a financial services provider.
Opportunity Mapping	Assessment and depiction of a channel's latent potential to distribute financial services, based on the feasibility and reach of the channel.
Opportunity Mapping Graphs	Opportunity mapping graphs provide a framework within which the distribution potential for a channel can be depicted visually, as an aggregate view of the channel's reach and feasibility (for the distribution of financial services) ¹ .
Population Density	Measurement of population per unit area.
POS	A Point Of Sale is a location where a retail transaction is fulfilled.
POS terminals	Point-of-sale terminals typically include a computer, a cash register and other devices or software used to sell goods or services. They also transmit sales data to be posted to customer accounts.
Poverty	Percentage of population living on less than 2 USD a day ² .
PPP	Purchasing Power Parity is an economic technique used to determine relative value of currencies by estimating the amount of adjustment required to the exchange rate between countries in order for the exchange to be equivalent to each currency's purchasing power.
Reach	For a distribution channel, this is measured by the number of distribution points and the size of the customer base for the channel.
Real GDP growth	A measure of the rate of change of a country's gross domestic product (GDP) in real terms.
SACU	The Southern African Customs Union (SACU) is a customs union amongst five countries of Southern Africa: Botswana, Lesotho, Namibia, South Africa and Swaziland.
SADC	The Southern African Development Community (SADC) is an association of 14 countries, viz. Angola, Botswana, DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe.
Subsistence farming	Self-sufficiency farming in which the focus is on growing enough food to feed the farmer and his/ her family.
Traditional financial services distribution	Financial services distribution via direct bank and insurance channels e.g. bank branches, call centres, insurance branch offices.

¹ For a detailed explanation of opportunity mapping, and opportunity mapping graphs, refer to section 1.3.

² This definition applies to all SADC countries except for Mauritius, for which an alternate definition of percentage of population living on less than USD 1.25 a day was used, given that the data for the standard definition was not available.

1 Introduction

The aim of the study is to produce a mapping of potential financial services distribution channels in the Southern African Development Community (SADC). The study is conducted at country and cross country levels and includes all 14 member states of SADC. This report documents the findings generated from this study, as well as recommendations for its use. The core focus of the study is informed by the extent of opportunity for the distribution of financial services through 6 alternative distribution channels. In the study the attributes of each of the 6 channels are assessed for their ability to serve as potential distribution channels for the delivery of financial services products. The channels identified for the study are: agro distributors; gas stations; informal traders; Mobile Network Outlets (MNOs); post offices; and retailers. An analysis of these opportunities is conducted in terms of per country and per channel context and quantified in terms of channel reach, and feasibility for financial services distribution.

This report and the findings therein are presented under the following sections of this document: Introduction; Summary Findings; Findings at SADC region level; Detailed Findings at country and channel level; Regulatory Considerations³; Case Studies; and Study Recommendations.

This FinMark Trust study was undertaken by Redflank, under the auspices of Cenfri.

1.1 Background and context to this study

1.1.1 FinMark Trust

FinMark Trust⁴, an independent trust based in Johannesburg, South Africa, was established in 2002, and is funded primarily by UKaid from the Department for International Development (DFID) through its Southern Africa office. FinMark Trust's purpose is 'Making financial markets work for the poor, by promoting financial inclusion and regional financial integration as well as institutional and organisational development, in order to increase access to financial services for the un-served and under-served. FinMark Trust commissions research to identify the systemic constraints that prevent financial markets from reaching out to these consumers and by advocating for change on the basis of the research findings.

1.1.2 Cenfri

Cenfri⁵ is a non-profit think-tank based in Cape Town, South Africa. Cenfri's mission is to support financial sector development and financial inclusion through facilitating better regulation and market provision of financial services. It does this by conducting research, providing advice and developing capacity building programmes for regulators, market players and other parties operating in the low-income market. Cenfri has built up extensive global experience, including in Southern and East Africa.

1.1.3 Redflank

Redflank⁶, a specialist management consultancy based in Johannesburg, South Africa, assists clients with the delivery of strategy (including research), diagnostic, implementation, and assurance projects.

³ Section 19, *Regulatory Analysis*, outlines the key legislation (viz, consumer protection, money laundering, know your customer, financial institution, and payments legislation) to be considered by stakeholders interested in the distribution of financial services within each of the SADC countries. Specific regulatory analysis per product and per channel will require more detailed analysis, not within the scope of this study.

⁴ Further information on FinMark Trust is available at www.finmark.org.za.

⁵ Further information on Cenfri is available at www.cenfri.org.

⁶ Further information on Redflank is available at www.redflank.com.

The specialist nature of the consultancy relates to the deep management consulting and industry expertise in Redflank project teams. Redflank's client base includes private sector companies (e.g. Old Mutual, Absa, BCX) as well as public sector organisations (e.g. the Department of Science and Technology, the Industrial Development Corporation). Redflank focuses on the financial services, public sector, and Information, Communication and Technology (ICT) industries.

1.1.4 Background to the Study

A major challenge in the provision of financial services to low-income and rural populations is the high cost associated with distribution. Following global trends, bank and non-bank financial services providers in the SADC region are increasingly looking to leverage the infrastructure of third party channels for financial services distribution in order to access additional clients and provide a broader spectrum of products to clients through a particular channel.

Existing studies have documented in part the role that retailers, mobile network operators (MNOs), postal services and gas stations have played in the distribution of financial services. While extensive research has been conducted on the use of non-financial sector infrastructure for the distribution of financial services globally, there is a need to develop a better understanding of the specific distribution opportunities in SADC. This study aims to bridge that gap by providing an assessment of the distribution opportunities available for interested parties looking to engage in the region, as well as regulators aiming to better understand the landscape. The study is focused on mapping and aggregating the footprint of a variety of potential channels across SADC, looking at their geographical spread, and assessing their suitability to distribute financial services.

The study commenced in November 2012 and was completed in August 2013.

1.2 Objectives of the study

The objective of the study is to map the reach and feasibility of various potential alternative financial services distribution channels across SADC.

The specific objectives of the study were as follows:

- i. To map non-financial sector distribution infrastructures that could be used to distribute financial services in each of the SADC countries. This includes agro distributors, gas stations, informal traders, MNOs, post offices, and retailers;
- ii. To provide high-level information on the nature of each distribution channel and the enabling attributes of the existing physical infrastructure;
- iii. To provide, where applicable, a detailed list of financial services currently provided by the distribution channel;
- iv. To provide an aggregate country level view of the available opportunities. This includes an assessment of the absolute size of the potential distribution footprint in the country compared with the other countries in the sample. It also includes an assessment of geographical spread of various distribution opportunities and their scale, so as to allow financial services companies interested in serving rural areas, or particular regions, to easily identify distribution opportunities;
- v. To provide an outline of the opportunities and challenges for financial services distribution through third party networks in each of the selected countries, as well as across the region.

1.3 Setting some baselines

In order to ensure a common understanding and facilitate the reading of the document the concepts and terms of reference used in the study are elaborated on.

1.3.1 Types of financial services provision and distribution

Financial services may be provided formally, or informally. Financial services distribution may be accomplished through traditional and/or non-traditional channels. These concepts are explained in the box below.

The concepts of “formal” and “traditional” as they apply to financial services

- **Formal financial services** is considered to be the provision of financial services offerings by government regulated financial institutions such as commercial banks, insurance companies and microfinance institutions.
 - **Traditional financial services distribution channels** are direct bank and insurance channels (e.g. bank branches, call centres, insurance branch offices) or brokers.
 - **Non-traditional financial services channels** are any other channels, e.g. retailers that distribute financial services products on behalf of a financial services provider. Non-traditional channels are also referred to as alternative distribution channels.
- **Informal financial services** are considered to be the provision of financial services by individuals and/or associations which are not regulated by government, such as savings clubs and private moneylenders.

1.3.2 Alternative distribution channels

As per the study terms of reference, this study focuses on 6 key non-traditional, or alternative distribution channels, viz. agro distributors, gas stations, informal traders, MNOs, post offices, and retailers⁷. A brief definition of each channel follows. These definitions have been tailored to the terms of reference and context for this study. For a more detailed exposition of each channel, refer to section 3.6, *Channel Findings*.



⁷ This study is focused on enabling a better understanding of the 6 distribution channels highlighted in the study terms of reference. Whilst other channels, such as micro finance institutions (MFIs) and savings clubs are important to the distribution of financial services products, they are not dealt with in detail in this report.

- **Retailers** are registered, tax-paying businesses that distribute consumer goods, typically operating out of commercial premises. Retailers may operate as chain stores or as independent businesses.
- **Informal Traders** are small trading businesses operating out of informal premises, typically non-registered and non-tax paying. For the purposes of this study informal traders are categorised as house shops, market vendors, or street hawkers.
- **Agro Distributors** distribute agricultural goods and services. Given the context of this study the focus is primarily on distributors of seed, fertilizer, and farming equipment to subsistence farmers.
- **Gas Stations** are distributors of petrol and diesel, typically used as fuel for motor vehicles. Gas stations may have an attached store focusing on convenience items (e.g. bread), motor-related goods (e.g. motor oil), and/ or fast food.
- **MNOs** are telecommunications businesses that provide wireless voice and data services to their client base. MNOs are of particular interest given their large subscriber bases and enhanced distribution presence (achieved through third party distributors and agents).
- **Post Offices** are providers of postal services; typically owned and operated by the government. Post offices, given their typical reach into remote areas, have historically provided people in outlying areas with access to financial services.

Identifying and Quantifying Distribution Opportunities

- **Distribution Reach** for a channel is reflected by the extent of the channel's physical footprint and the size of its client base. Distribution reach is assessed in terms of:
 - **Distribution Points** - area channel's physical outlets, and is measured in terms of the number of outlets per 100 000 adults;
 - **Market Served** - is the size of the channel's client base, and is measured as a percentage of the adult population served by the channel.
- **Channel Feasibility** refers to the appropriateness of a channel for the distribution of financial services. Feasibility is assessed in terms of:
 - **Infrastructure** - refers to the availability of electricity supply, data connectivity, and POS infrastructure;
 - **Footfall** – refers to the number of people visiting channel outlets over a period of time. Particular footfall may be more, or less, beneficial from a financial services perspective, e.g. footfall in a bank branch is better suited to the sale of insurance products, than, for example, footfall at a supermarket;
 - **Cash float** - refers to cash kept on the business premises for daily transactions
 - **Partnership support** - relates to the extent to which the channel's personnel are able to support the sales and servicing of financial services products;
 - **Proven distribution models** refer to whether or not there are successful case studies for the distribution of financial services through similar channels.
- **Opportunity Mapping** for a channel refers to the assessment and depiction of a channel's latent potential to distribute financial services, based on the feasibility and reach of the channel. Opportunity mappings are used extensively in this report to illustrate the distribution potential of particular channels relative to others.

Understanding Opportunity Maps

- a. Opportunity mapping and the opportunity maps used to depict them are central to this study. Understanding how opportunity maps are structured, and what conclusions may be drawn from them, will assist greatly in deriving maximum value from this report.
- b. Opportunity maps provide a framework within which the distribution potential for a channel can be depicted graphically, presenting an aggregate view of the channel's reach and feasibility (for the distribution of financial services). In practice this translates into plotting the reach and feasibility of the channel on a two-dimensional graph. This allows for any channel plotted on an opportunity map graph to be categorized in terms of which of the four quadrants (Monitor, Act Now, Ignore, Explore), the channel is located in. A sample of an opportunity map graph is shown below.
- c. Each of the quadrants of the opportunity map have associated distribution implications
 - **Act Now**
Placement in this quadrant indicates high feasibility and reach for a channel; a naturally favourable position for the distribution of financial services.
 - **Ignore**
A channel falling within this quadrant is a poor candidate for the distribution of financial services. Low feasibility and reach constrain the channel's ability to distribute financial services.
 - **Monitor**
A channel with high reach and low feasibility is not ideally suited for financial services distribution. However, channels falling within this quadrant are appealing for their reach, and should be monitored for structural feasibility improvements, which would then move the channel into the Act Now space.
 - **Explore**
A channel placed in this quadrant has low reach and high feasibility. These channels are worth exploring for niche opportunities to distribute financial services through subsets of the channels distribution network. Unlike channels falling within the Monitor quadrant, channels in this quadrant are not limited by low feasibility (which tends to be a structural, typically widespread constraint).



1.4 Data sources

As a general rule, common data sources for this study are listed once, in section 4. This convention has been adopted to avoid repetition of the same data source, and associated footnotes (e.g. for a country's HDI index) across multiple countries.

1.5 Approach and methodology

The project required multiple levels of analysis, incorporating a top-down and bottom-up perspective. This approach ensures delivery within tight timelines, while ensuring the breadth of reach and feasibility insight required for 84 country-channel combinations. This approach is described further below.

1.5.1 Multiple levels of data gathering and analysis

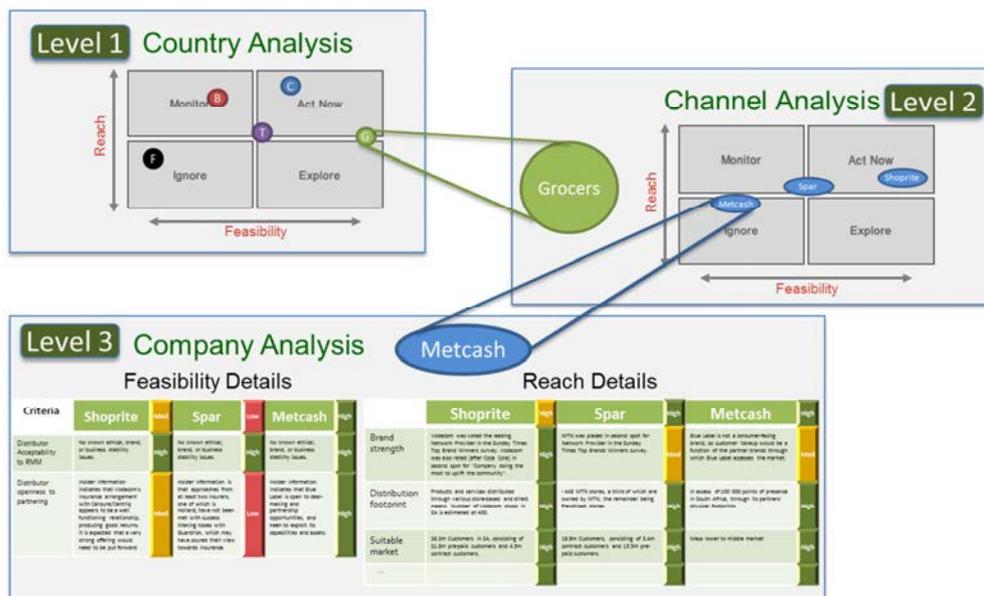


Figure 1: Conceptual view of multi-level data gathering and analysis⁸

In order for the project to deliver against its objectives, it was essential that data gathering and analysis covered the full breadth of 6 alternative distribution channels for each of the 14 SADC countries. This required coverage of 84 country-distribution channel combinations, each contextualized within the relevant country, and within the appropriate channel.

To ensure efficient and effective outcomes for the project, the appropriate level of research effort needed to be directed at each of three levels: country, channel, and company:

- Each SADC country required research and analysis to understand the country context
- Channels needed to be understood within the context of each country
- Where channel data for a particular country was not available, or incomplete, this was supplemented by company level data, on the assumption that company level data could be aggregated to produce an industry view, e.g. an integrated view of petroleum providers within a particular country helping inform a view of gas stations for that country.

⁸ The diagram is intended to conceptually convey the levels of data analysis relevant to this study. The data presented is illustrative only, and therefore not specific to this project.

This multi-level research approach required careful gathering of data, with a focus on tracking data overlaps and gaps, to ensure the required data coverage and integrity. A customized version of a standard Redflank research repository was employed to enable the required data linking and tracking.

The multi-level data gathering and analysis approach adopted, allowed for the production of project findings that span the breadth (e.g. reach and feasibility for each of the 84 country-channel combinations) of the study, while allowing for a fit-to-purpose exploration of depth, for particular areas of interest (e.g. development of a qualitative view of the scale and effectiveness of agro distributors in a country through an examination of the private and public sector organisations involved in distributing seed and fertiliser to subsistence farmers).

1.5.2 Top-down and Bottom-up approaches

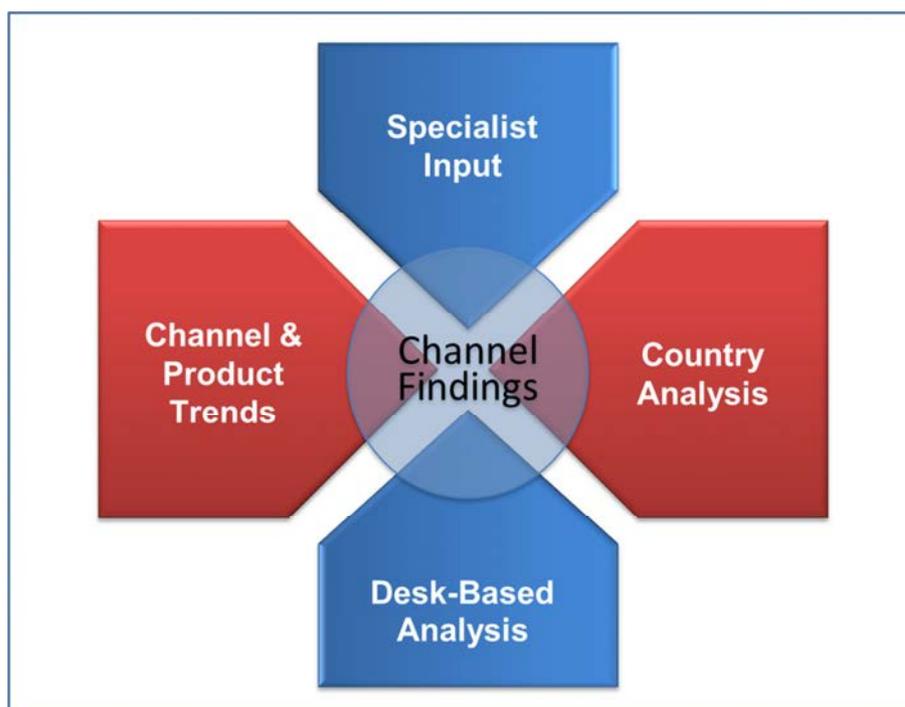


Figure 2: The Virtuous Research Cycle

In addition to adopting a multi-level data gathering and analysis approach, complementary bottom-up and top-down perspectives were also incorporated to ensure effective and efficient delivery of study outcomes. This is depicted conceptually in the figure above.

Bottom-up, detailed desk-based analysis was complemented by the more top-down intuitive and informed insights provided by specialist input (either from specialists within the team, or by country and industry specialists). Similarly, detailed bottom-up country analysis was complemented by a more top-down analysis of general channel and product trends.

Overall, the multi-level and top-down, bottom-up approach to data gathering and analysis worked well to ensure high quality study outcomes.

1.6 Report structure and use

How to Read this Report

- a) **The 5 Minute View:** **Section 2** presents a snapshot of key findings of the study, It outlines the distribution opportunities at SADC level.
- b) **Summary Findings:** **Section 3** provides opportunity maps per SADC country accompanied by an analysis of the reach, feasibility, and characteristics for each of the 6 alternative distribution channels covered by this study.
- c) **Detailed Findings:** In Sections 5 to 18 a detailed analysis of distribution opportunities, feasibility, and reach (for each of the 6 alternative distribution channels) is presented for each of the 14 SADC countries. These sections also provide country and financial services context per country.
- d) **Additional Information:** Sections 19 to 23 cover additional information intended to supplement the above perspectives.

Section Outline

- i. **Section 1** provides background and context for the study, and explains some of the relevant terms and concepts.
- ii. **Section 2** provides a brief outline of findings for the study.
- iii. **Section 3** provides a cross country perspective, outlining findings at SADC, country, and channel level.
- iv. **Section 4** provides context for how each detailed country write-up is structured and what sources were used for commonly quoted data.
- v. **Sections 5 (Angola) to 18 (Zimbabwe)** provide detailed country level findings.
- vi. **Section 19** provides information on legislation relevant to alternative financial services distribution.
- vii. **Section 20** outlines key considerations for the distribution of financial services products through alternative distribution channels, illustrated through case studies.
- viii. **Section 21** (Appendix A) lists stakeholders and specialists consulted during this study.
- ix. **Sections 22 and 23** (Appendices B and C) provide data source references for the various Distribution Point and Market Served figures sourced during this study.

2 Summary findings

The key findings of this study are articulated in terms of the relative distribution potential of 6 alternative distribution channels (viz. agro distributors, gas stations, informal traders, MNOs, post offices, and retailers), for each of the 14 SADC countries. This relative distribution potential is depicted for the typical Established SADC country and the Emerging SADC country, in the opportunity maps⁹ below.

Summary analysis at country and channel level is included in section 3. Detailed per country and per channel analysis is included in sections 5 to 18.



Figure 3: Emerging SADC Country Mapping

Figure 4: Established SADC Country Mapping



Trends Common to Emerging & Established SADC Countries

- **Retailers and mobile networks** provide the most attractive opportunities for both Emerging and Established SADC countries, though to a greater extent in Established SADC countries
- **Informal traders** provide high levels of reach, but are limited by poor feasibility
- **Post offices** provide opportunities worth exploring, potentially in niche areas

Trends Specific to Emerging SADC Countries

- **Agro distributors** provide reasonable reach, but are limited by low levels of feasibility for financial services distribution
- **Gas stations** are currently not attractive for financial services distribution

Trends Specific to Established SADC Countries

- **Gas stations** provide promising distribution opportunities, based on convenience store and POS payment point growth
- **Agro distributors** are not attractive for financial services distribution at this stage, given limited feasibility and reach

⁹ For an explanation of opportunity mapping, and opportunity maps, refer to section 1.3.

3 Findings across SADC countries

3.1 Introduction

In this section summary findings for the study across the various SADC countries, are presented using opportunity maps for each SADC country. Included also is an analysis of the reach, feasibility, and characteristics for each of the 6 alternative distribution channels covered by this study.

Country and channel characteristics that are common, as well as exceptional and noteworthy are outlined, and expanded upon in this section. Sections 5 to 18 cover detailed findings per SADC country, listed in alphabetical order from Angola (section 5) to Zimbabwe (section 18).

3.2 Established SADC Countries vs. Emerging SADC Countries

For the purposes of this study, each SADC country has been categorised into either the Established SADC Countries Cluster or the Emerging SADC Countries Cluster, based on whether or not the country meets minimum threshold criteria¹⁰ for financial inclusion and urbanisation¹¹.

The figure below depicts for each country the category under which it falls. The **horizontal axis** indicates the level of urbanisation; the **vertical axis** the level of financial inclusion; and the **diameter of each bubble** the size of the adult population for each SADC country.

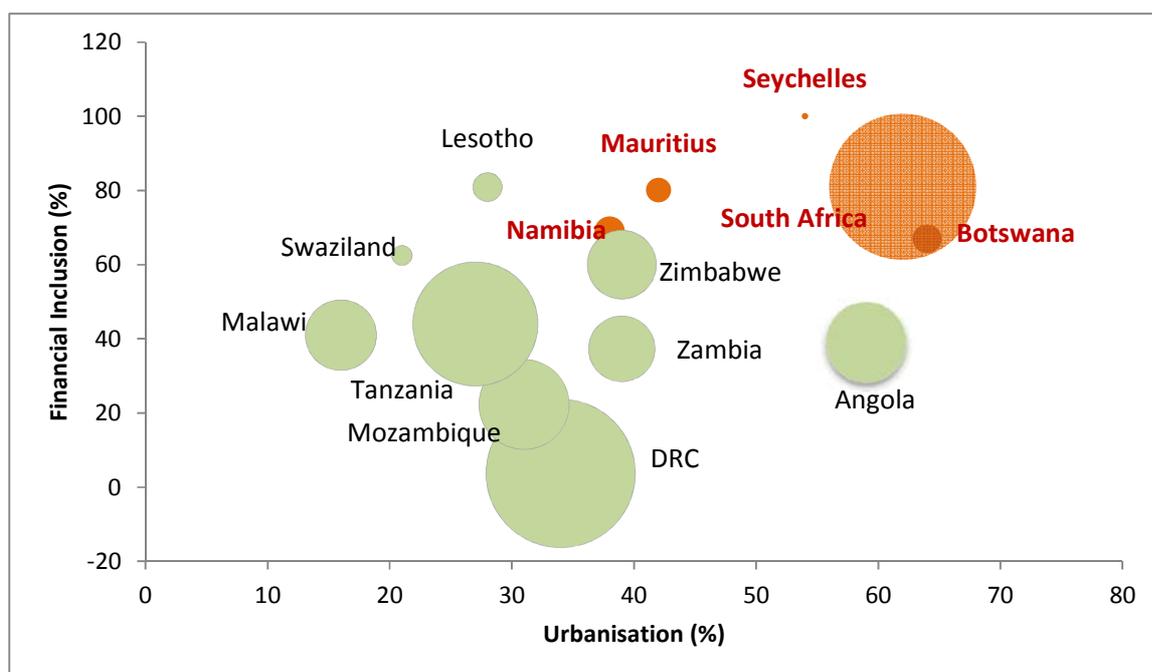


Figure 5: Established SADC Countries vs. Emerging SADC Countries

It is noted, that 5 countries (Established SADC countries highlighted in orange) have financial inclusion in excess of 66% and a level of urbanisation surpassing 33%, and may thus be considered to have better distribution reach and feasibility (for financial services) as compared those countries that do not meet the criteria (Emerging SADC countries, appearing in green). An analysis of the reach

¹⁰ Financial inclusion in excess of 66% and a level of urbanisation greater than 33%

¹¹ Urbanisation is employed in this study as a proxy for ease of distribution, given that a more urbanised environment has better transport infrastructure, higher population density, cost-efficiencies related to economies of scale etc.

and feasibility for alternative distribution channels within the various SADC countries confirms that countries belonging to the same cluster (either Emerging SADC Country Cluster or Established SADC Country Cluster) tend to demonstrate similar distribution characteristics.

3.3 Opportunity mapping and recommendations

A summary of distribution opportunities for the typical Emerging SADC country and that for the average Established SADC country¹², are depicted in the opportunity mapping graphs¹³ below. The content in this section is replicated in section 2 above.



Figure 6: Emerging SADC Country Mapping

- Trends Common to Emerging & Established SADC Countries**
- **Retailers and mobile networks** provide the most attractive opportunities for both Emerging and Established SADC countries, though to a greater extent in Established SADC countries
 - **Informal traders** provide high levels of reach, but are limited by poor feasibility
 - **Post offices** provide opportunities worth exploring, potentially in niche areas

- Trends Specific to Emerging SADC Countries**
- **Agro distributors** provide reasonable reach, but are limited by low levels of feasibility for financial services distribution
 - **Gas stations** are currently not attractive for financial services distribution



Figure 7: Established SADC Country Mapping

- Trends Specific to Established SADC Countries**
- **Gas stations** provide promising distribution opportunities, based on convenience store and POS payment point growth
 - **Agro distributors** are not attractive for financial services distribution at this stage, given limited feasibility and reach

3.3.1 Opportunity mapping snapshot per country

¹² Established SADC countries are Botswana, Mauritius, Namibia, Seychelles, and South Africa. Emerging SADC countries are Angola, DRC, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, and Zimbabwe. For further details on how Emerging SADC Countries and Established SADC Countries are defined, refer to section 3.2.

¹³ For an explanation of opportunity mapping, and opportunity maps, refer to section 1.3.

This section provides opportunity mapping graphs for each of the 14 SADC countries, together with a brief commentary. The countries have been grouped according to their distribution opportunity characteristics. Sections 5 to 18 provide more detailed opportunity mapping analysis.

Countries fitting into the typical Emerging SADC Country profile

- The opportunity mapping for Angola, DRC and Zambia most closely align with the average profile for Emerging SADC countries, with channels for these 3 countries sharing the same quadrants as the typical Emerging SADC country.
- As is characteristic of the typical Emerging SADC country, MNOs and retailers in Angola, DRC and Zambia demonstrate the highest level of readiness for the distribution of financial services; with gas stations being least attractive.



Figure 8: Opportunity Mapping: Typical Emerging SADC Country

Figure 9: Opportunity Mapping: Angola



Figure 10: Opportunity Mapping: DRC

Figure 11: Opportunity Mapping: Zambia

Emerging SADC countries with attractive post office distribution channels

- Unlike the typical Emerging SADC country, post offices in Lesotho, Swaziland, Tanzania, and Zimbabwe present immediate opportunities for the distribution of financial services products. This is a function of a greater relative concentration of post office branches and higher market penetration. Improved capabilities (introduced through the advent of post office banks) may also contribute to superior distribution opportunities for post offices in these countries.
- As is characteristic of the typical Emerging SADC country, MNOs and retailers in Lesotho, Swaziland, Tanzania, and Zimbabwe provide leading opportunities for the distribution of financial services; with gas stations being the least attractive.



Figure 12: Opportunity Mapping: Lesotho

Figure 13: Opportunity Mapping: Swaziland



Figure 14: Opportunity Mapping: Tanzania

Figure 15: Opportunity Mapping: Zimbabwe

Countries with sub-par MNO distribution opportunities

- In a departure from the typical Emerging SADC country, MNOs in Malawi and Mozambique fall into the Explore quadrant of the opportunity map. This is indicative of MNOs in these countries not having the extent of reach as their Emerging SADC country counterparts. Discussions with a MNO in Malawi indicate that they are in the process of extending their distribution reach via third parties. Initiatives such as this will, in time, improve distribution opportunities within the MNO space in Malawi.
- Characteristic of a typical Emerging SADC country, retailers in Malawi and Mozambique provide leading opportunities for the distribution of financial services; with gas stations being the least attractive.



Figure 16: Opportunity Mapping: Malawi

Figure 17: Opportunity Mapping: Mozambique

Countries fitting within the typical Established SADC country profile

- The opportunity maps for South Africa, Botswana, and Namibia (the SACU countries within the Emerging SADC country cluster) align closely to that of the typical Established SADC country.
- Characteristic of the typical Established SADC country, MNOs and retailers in South Africa, Botswana, and Namibia present leading opportunities (significantly better than for Emerging SADC countries) for the distribution of financial services; with agro distributors being least attractive.



Figure 18: Opportunity Mapping: Typical Established SADC country

Figure 19: Opportunity Mapping: South Africa



Figure 20: Opportunity Mapping: Botswana

Figure 21: Opportunity Mapping: Namibia

The outliers: Mauritius and Seychelles

- Although the opportunity maps for Mauritius and Seychelles, in many respects align to that for a typical Established SADC country, there are some notable differences, e.g. the high level of reach and feasibility of bank branches in these countries relative to other channels. The bank branch anomaly stems from a relatively well developed banking environment, and may also be linked to Mauritius and Seychelles having the 2 highest population densities in SADC. The high penetration of post office branches in Mauritius likewise contributes to their high distribution attractiveness.



Figure 22: Opportunity Mapping: Mauritius



Figure 23: Opportunity Mapping: Seychelles

3.4 Reach assessment

Distribution reach for a channel is reflected by the extent of the physical footprint and the size of the channels client base. It is an important measure of the extent of presence of a channel, and a key component of the Opportunity Mapping assessment that quantifies the relative attractiveness of one distribution channel relative to another.

The following figures provide a view of distribution reach by channel and by country.

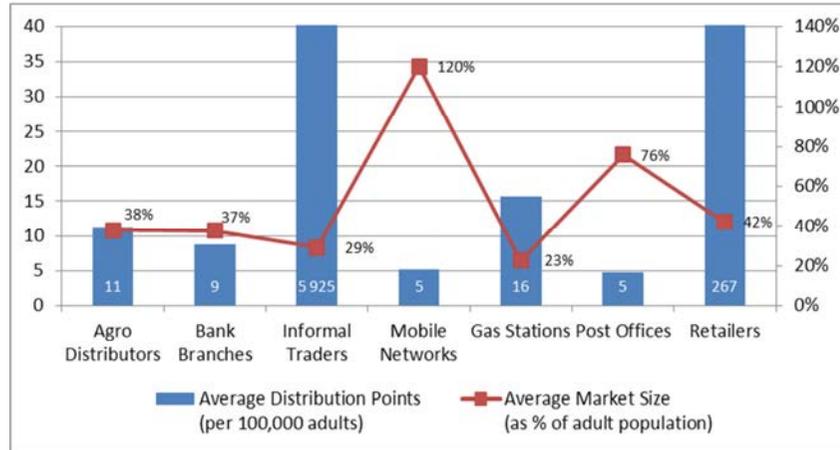


Figure 24: Distribution Reach by Channel

It is clearly evident in Figure 24 that informal traders, and (to a lesser extent) retailers eclipse other channels with regard to a number of distribution points. Similarly, the market penetration for mobile networks and (to a lesser extent) post offices far exceed that of other channels.

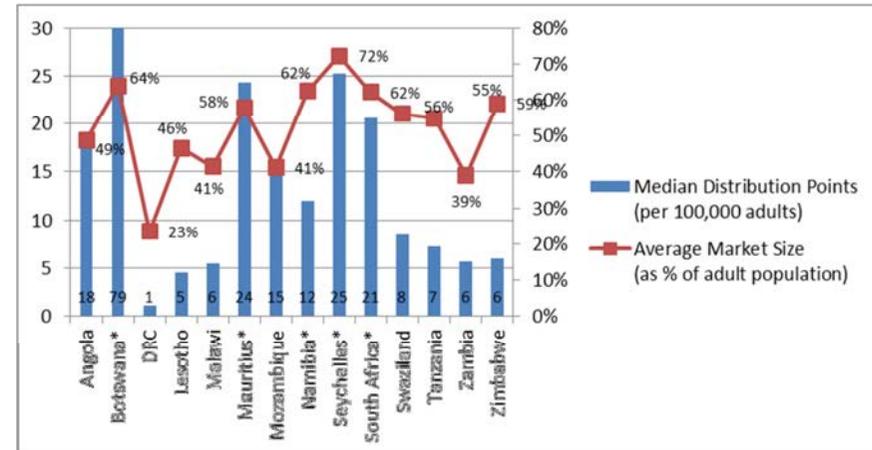


Figure 25: Distribution Reach by Country

Figure 25 indicates the dominance of Established SADC countries (with an asterisk) over Emerging SADC (without an asterisk). Apart from Namibia, all other Established SADC countries lead their SADC counterparts with respect to extent of distribution points and market sizes across channels.

Distribution reach is projected fully in the heat maps that follow.

The heat maps below provide an indication of the spread of distribution points across SADC countries.

How to read the heat maps

Heat maps colour code data items within a dataset to visually represent their relative values, thus allowing for quick identification of outlier values, viz. highs and lows.

Colour Coding

- Red indicates high relative values for distribution points/ market penetration for a channel. Green indicates the opposite.
- Column headings for Established SADC countries are highlighted in blue (white for Emerging SADC countries).

Data Points of Reference

- Distribution point figures are per 100 000 adults, and market penetration percentages are against the total adult population for a country. As regards market penetration some figures (e.g. mobile penetration) may exceed 100%, given that the client base for MNOs is measured by the number of handsets/ subscriptions, which for a number of countries exceeds the size of the adult population (due to people having multiple handsets/ subscriptions).
- Detailed data reference sources for distribution points and market penetration figures are included in appendices B & C.

Abbreviated Country Names: AGO (Angola), BWA (Botswana), DRC (Democratic Republic of Congo), LSO (Lesotho), MWI (Malawi), MUS (Mauritius), MOZ (Mozambique), NAM (Namibia), SYC (Seychelles), ZAF (South Africa), SWZ (Swaziland), TZA (Tanzania), ZMB (Zambia), ZWE (Zimbabwe)

Distribution Points (per 100,000 people)	AGO	BWA	DRC	LSO	MWI	MUS	MOZ	NAM	SYC	ZAF	SWZ	TZA	ZMB	ZWE
Agro Distributors	27	6	8	5	18	2	27	9	2	6	5	29	7	7
Bank Branches	11	9	1	3	1	21	4	7	37	11	7	2	4	5
Informal Traders	562	3217	20336	7236	23992	894	6435	2700	894	3625	7236	398	2996	2424
Mobile Networks	2	6	1	2	2	27	2	7	13	6	0.5	1	2	1
Gas Stations	6	132	0.3	4	1	14	2	15	10	14	10	4	3	5
Point of Sale Units	25	146	1	52	9	647	34	217	1084	480	52	11	11	20
Post Offices	2	12	1	4	2	12	1	9	7	7	5	1	2	3
Retailers	84	684	5	100	124	81	114	618	81	889	100	143	85	635

Figure 26: Heat map (by country) of channel distribution points

The figure above indicates the dominance of the distribution networks of informal traders across the SADC region, shared only, to some extent, with retailers (in South Africa, Namibia, and Zimbabwe) and POS units (in Mauritius and Seychelles). These are the

only channels that have in the region of 1 000 distribution points for every 100 000 people (equivalent to 1 outlet for every 100 people). Retailers bring up the next level of distribution presence, though not quite in the league of informal traders.

Distribution Points (per 100,000 people)	AGO	BWA	DRC	LSO	MWI	MUS	MOZ	NAM	SYC	ZAF	SWZ	TZA	ZMB	ZWE
Agro Distributors	27	6	8	5	18	2	27	9	2	6	5	29	7	7
Bank Branches	11	9	1	3	1	21	4	7	37	11	7	2	4	5
Informal Traders	562	3217	20336	7236	23992	894	6435	2700	894	3625	7236	398	2996	2424
Mobile Networks	2	6	1	2	2	27	2	7	13	6	0.5	1	2	1
Gas Stations	6	132	0.3	4	1	14	2	15	10	14	10	4	3	5
Point of Sale Units	25	146	1	52	9	647	34	217	1084	480	52	11	11	20
Post Offices	2	12	1	4	2	12	1	9	7	7	5	1	2	3
Retailers	84	684	5	100	124	81	114	618	81	889	100	143	85	635

Figure 27: Heat map (by channel) of channel distribution points

The figure above presents a similar heat map to the previous one, except not by country but by channel. It highlights the superior reach across channels for Established SADC countries (Botswana, Mauritius, Namibia, Seychelles, and South Africa) relative to Emerging SADC countries. The view for the DRC indicates the strength of its informal trader network relative to its other channels.

The heat maps below provide a similar view to that above, except that it assesses size of customer base, rather than number of distribution points.

Market Size (% of Population)	AGO	BWA	DRC	LSO	MWI	MUS	MOZ	NAM	SYC	ZAF	SWZ	TZA	ZMB	ZWE
Agro Distributors	59%	24%	40%	27%	63%	4%	68%	18%	44%	3%	21%	70%	47%	41%
Bank Branches	39%	41%	4%	38%	19%	80%	12%	62%	80%	67%	44%	12%	14%	13%
Informal Traders	34%	19%	42%	34%	32%	5%	34%	21%	6%	9%	37%	54%	49%	29%
Mobile Networks	90%	220%	45%	89%	47%	128%	59%	158%	187%	180%	115%	105%	114%	139%
Gas Stations	23%	31%	3%	2%	5%	33%	6%	42%	34%	35%	37%	4%	15%	46%
Post Offices	45%	75%	0.4%	100%	76%	100%	60%	100%	100%	96%	100%	100%	7%	100%
Retailers	51%	38%	30%	35%	48%	53%	50%	36%	55%	43%	38%	39%	27%	45%

Figure 28: Heat map (by country) of size of customer market (as % of population)

The figure above reveals that mobile networks and post offices have the largest customer bases, followed by retailers. Gas stations have the smallest customer bases. Informal trader customer bases are high in some countries and low in others.

Market Size (% of Population)	AGO	BWA	DRC	LSO	MWI	MUS	MOZ	NAM	SYC	ZAF	SWZ	TZA	ZMB	ZWE
Agro Distributors	59%	24%	40%	27%	63%	4%	68%	18%	44%	3%	21%	70%	47%	41%
<i>Bank Branches</i>	39%	41%	4%	38%	19%	80%	12%	62%	80%	67%	44%	12%	14%	13%
Informal Traders	34%	19%	42%	34%	32%	5%	34%	21%	6%	9%	37%	54%	49%	29%
Mobile Networks	90%	220%	45%	89%	47%	128%	59%	158%	187%	180%	115%	105%	114%	139%
Gas Stations	23%	31%	3%	2%	5%	33%	6%	42%	34%	35%	37%	4%	15%	46%
Post Offices	45%	75%	0.4%	100%	76%	100%	60%	100%	100%	96%	100%	100%	7%	100%
Retailers	51%	38%	30%	35%	48%	53%	50%	36%	55%	43%	38%	39%	27%	45%

Figure 29: Heat map (by channel) of size of customer market (as % of population)

The heat map above provides an indication of which countries have higher relative customer bases compared to their SADC neighbours. Seychelles, South Africa, Namibia and Mauritius lead the way, with countries such as DRC, Malawi and Zambia indicating lower (relative) market penetration.

Tanzania is an interesting case in point, given the mix of pronounced lows (e.g. the size of the gas station client base) and highs (e.g. the size of the market served by informal traders).

3.5 Feasibility assessment

Distribution feasibility may be profiled for the typical Emerging SADC country and Established SADC country. These feasibility profiles are as follows:

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Ranking	2	6	3	3	6	5	1
Infrastructure	High	Low	High	High	Medium	High	High
POS infrastructure	High	Low	High	Medium	Low	High	High
Electricity	High	Medium	High	High	Medium	High	High
Connectivity	Medium	Low	High	High	Medium	Medium	High
Footfall	High	High	High	Medium	Low	Medium	Medium
Cash Float	High	Low	Low	Medium	Medium	Medium	High
Partnership Support	Medium	Low	High	High	Medium	Medium	High
Proven Models	High	Medium	Medium	High	Medium	Medium	High

Figure 30: Feasibility Profile for Established Country

Established countries tend to have high feasibility for financial services distribution through retailers (not far behind banks), followed by MNOs and post offices. Agro distributors and informal traders have the lowest feasibility. Agro distributors present lower feasibility, due primarily to low POS infrastructure and footfall. Low feasibility for informal traders stems from poor connectivity, POS infrastructure, availability of cash and staff financial services capabilities.

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Ranking	3	6	4	2	6	5	1
Infrastructure	Low	Low	Low	Medium	Low	Low	Medium
POS infrastructure	Low	Low	Low	Low	Low	Low	High
Electricity	Low	Low	Low	Low	Low	Medium	Medium
Connectivity	Low	Low	Medium	High	Low	Low	Medium
Footfall	High	High	Medium	Medium	Medium	Medium	Medium
Cash Float	High	Low	Medium	Medium	Medium	High	High
Partnership Support	Low	Low	Medium	High	Low	Low	High
Proven Models	Medium	Low	High	High	Medium	Low	High

Figure 31: Feasibility Profile for Emerging Country

As illustrated above, Emerging SADC countries tend to have higher (though not high) feasibility for financial services distribution through post offices and retailers compared to the other channels. None of the alternative distribution channels for the typical Emerging SADC country comes close to the

feasibility for bank branches. As is the case for Established SADC countries, informal traders and agro distributors present the lowest level of feasibility.

For Emerging SADC countries, financial services penetration through alternative channels tends to be low. The lack of chain stores (in the case of retailers), poor POS payment point presence, low levels of connectivity between distribution points, and a weak culture of asset-based finance and credit life cover¹⁴, limit the distribution of both banking and insurance products through the alternative channels that may be considered for financial services distribution. Each of these factors impacts upon feasibility for the distribution of financial services products through alternative channels (e.g. poor connectivity restricts the scale of reach possible for a financial services provider, given that a central database of product and transactional data is required to enable effective and efficient distribution of products).

The greatest systemic impediments to the distribution of financial services through alternative distribution channels are the lack of adequate supporting infrastructure, in particular inter-branch connectivity, low POS payment point penetration, and lack of financial services knowledge and understanding amongst channel staff. Strengthening of retail payments infrastructure would help address aspects of this systemic impediment.

3.6 Channel findings

This section describes key characteristics for each of the 6 alternative distribution channels, including distribution opportunities, reach, feasibility, and current financial services products.

3.6.1 Retailers

Retailers, together with MNOs, lead all other alternative channels with regard to attractiveness for the distribution of financial services products, though more so in Established SADC countries than in Emerging SADC countries. Retailers are distinguished from MNOs in that they tend to have better feasibility for the distribution of financial services.



- Retailers have an established track record of financial services distribution in some Established SADC Countries, such as South Africa, where furniture stores, clothing retailers, and supermarkets have been distributing financial services products for decades.
- Retailers rank in the top two amongst alternative distribution channels for feasibility. In Emerging SADC countries, retailers tend to suffer from lower levels of feasibility for financial services distribution, due to limited POS infrastructure, connectivity, and chain store presence.

¹⁴ The merits of credit life cover as a means of increasing beneficial financial inclusion are questionable, given that the way in which the product is marketed, structured, sold, and serviced may result in financial services providers benefitting more from the product than the policyholders themselves.

Some form of financial services product is distributed through retailers in most of the SADC countries, with some countries, such as South Africa, demonstrating extensive financial services distribution through a number of retail segments, e.g. clothing stores, supermarkets, furniture stores.

3.6.2 MNOs

MNOs, together with retailers, lead all other alternative channels with regard to attractiveness for the distribution of financial services products, though more so in Established SADC countries than in Emerging SADC countries. MNOs are distinguished from retailers in that they tend to have greater reach.



- MNOs are remarkable for their extensive reach, stemming from very high levels of market penetration, and distribution networks that are heavily augmented by third party distributors of their products.
- MNOs have a level of feasibility that leads at least 3 of the 5 other alternative distribution channels. However, in Emerging SADC countries, MNOs suffer from similar issues regarding poor infrastructure as tends to constrain other alternative distribution channels.

The extended distribution network made possible through third party distributors (including individual agents) contracted to operate as mobile money agencies make MNOs an attractive avenue to reach markets that may otherwise be unreachable. The capabilities established by MNOs in setting up mobile money distribution points may help address current structural issues restricting the use of informal traders as distributors of financial services products.

Some form of financial services product is distributed through MNOs in all SADC countries, with the typical product being mobile banking or mobile money.

3.6.3 Post Offices

Post offices are the next most attractive channel for the distribution of financial services products after MNOs and retailers. In some countries, e.g. Lesotho, they are even more attractive than both retailers and MNOs.



- Post offices tend to have moderate reach, with declining numbers of post office branches in some countries, e.g. Tanzania. However, post offices feature in the Act Now quadrant in a number of countries, including Lesotho, Mauritius and Zimbabwe.
- Post offices rank among the top two alternative distribution channels for feasibility.
- Post offices are remarkable in that they have similar levels of feasibility and reach for both the typical Established and Emerging SADC country.

Some form of financial services product is distributed through post offices in all SADC countries, including products such as savings accounts, money transfers and insurance.

3.6.4 Gas Stations

Gas stations are promising distribution channels however they do not yet present extensive enough opportunities to be considered a leading prospect for the distribution of financial services products.



- Gas stations have moderate to low reach, which reduces their attractiveness for the distribution of financial services products, particular in Emerging SADC countries.
- However, gas stations present promising potential with regard to the rise of attached convenience stores, as well as the increasing use of POS payment systems (for fuel and convenience store payments), both of which improve feasibility for the distribution of financial services products.
- An anticipated increase in reach and feasibility over time will improve the attractiveness of gas stations in future.

Some form of financial services is present at gas stations in a number of the SADC countries, usually in the form of ATMs (typically used for cash withdrawals) or electronic payments (via POS payment points).

3.6.5 Informal Traders

Informal traders are exceptional for their unmatched reach, but are considered poor prospects for the distribution of financial services products given low feasibility stemming from various structural issues.



- Informal traders have extraordinary reach, with numbers of distribution points that far exceed all other distribution channels, particularly for Emerging SADC countries
- Informal traders rank in the bottom two for feasibility, given a number of structural limitations, including poor infrastructure, cash float, partnership support, and a lack of proven business models. It is, however, possible to overcome these structural limitations, as demonstrated by the success of Standard Bank with Access Points (see case study in section 20).

Given the physical, human resource and relationship capabilities being established with informal traders, in support of MNO mobile money initiatives, MNOs have the potential to improve the feasibility of informal traders for the distribution of financial services products. These capabilities are being rapidly established by MNOs in a number of countries, e.g. Malawi, albeit with challenges.

Penetration of financial services products via informal traders is extremely weak, with less than a third of SADC countries having some form of financial services distributed through informal traders.

3.6.6 Agro Distributors

Agro distributors are of special interest given the potential avenue they provide to reach subsistence farmers, who, in many SADC countries represent some of the poorest segments of the population. However, the potential of agro distributors to serve as a distributor of financial services products is limited by low feasibility stemming from various structural issues.



- Agro distributors have a moderate level of reach, though with a naturally high level of penetration amongst subsistence farmers, which make them an attractive channel for those interested in reaching some of the poorest segments of the population
- Agro distributors rank in the bottom two for feasibility, due to structural limitations that include poor infrastructure. It is possible however to overcome these constraints, as demonstrated by the successful Kilimo Salama agri-insurance pilot (see case study in section 20 for details)

Distribution of agricultural inputs (viz. seeds and fertiliser) and farming equipment to subsistence farmers is typically accomplished through either government or NGO channels (e.g. in Zimbabwe, Mozambique, Tanzania), and for those interested in accessing lower income rural communities these are the channels to consider. .

In more than half of the SADC countries financial services distribution through agro distributors is , typically in the form of credit extension or crop insurance. ,.

3.7 Summary opportunities and recommendations

3.7.1 Current alternative distribution opportunities

Based on the analysis above, and with reference to the figure below, it is clear that there are a number of opportunities for the distribution of financial services through alternative channels:

- For both Emerging SADC countries and Established SADC countries, mobile networks and retailers provide high levels of reach and feasibility, at exceptional levels of feasibility for Established SADC countries in particular. This is due, at least in part, to the increasingly integrated nature of MNO business models, and the typically strong infrastructure and proven successes of MNOs and retailers;
- While post offices lack the reach to present a serious challenge to the pervasive distribution prospects of MNOs and retailers, they are attractive for their significant levels of feasibility for the distribution of financial services products. Although they may not provide a consistent and extensive network of post office branches, they may however be used to selectively target particular opportunity areas (e.g. distribution of insurance products through post office savings banks);
- Gas stations do not yet have the reach demonstrated by other channels. However, particularly with regard to the increasing presence of convenience stores and other retail outlets at gas stations, together with the increasing use of cards for payment at gas stations, this channel provides opportunities for the distribution of financial services products enabled by the infrastructure that accompanies the convenience stores and payment mechanism being introduced.

3.7.2 Projected trends going forward



Figure 32: Opportunity Mapping - Emerging SADC Country vs. Established SADC Country

The above figure, which reflects the opportunity mapping for the typical Emerging SADC country (in blue) superimposed by the typical Established SADC country (in grey), projects the potential change (reflected by the arrows) in distribution trends that may be expected over time¹⁵:

- Mobile networks, gas stations, and retailers will become more attractive as distribution channels, as reach and feasibility improve over time; with mobile networks being the biggest expected mover;
- The attractiveness of post offices as distribution channels will, in aggregate, remain relatively stable as Emerging SADC countries mature into Established SADC countries;
- The superior reach of informal traders and agro distributors will diminish, becoming less prominent over time.

3.7.3 Addressing the opportunities

For financial services stakeholders interested in advancing the distribution of financial services through alternative channels, it should be clear that there are immediate, as well as longer term opportunities to be pursued.

The remainder of this report provides further insight to help inform and enable such interventions. It will inform on the methods applied and the processes followed in identifying potential distribution opportunities; and the actions and considerations required in the enquiry and implementation of, financial services delivery through alternative distribution channels. Best practice perspectives for the distribution of financial services through alternative channels is presented in section 20 and in section

¹⁵ The analysis in this subsection is based on the assumption that the typical Emerging SADC country will, as its level of urbanisation and financial inclusion increases over time, tend to demonstrate the characteristics of the typical Established SADC country. Put another way, it may be expected that Emerging SADC countries will transform into Established SADC countries over time. Extending this thinking further, it may be expected that these trends will continue to be demonstrated by Established SADC countries as they themselves evolve with the passage of time.

19 the regulatory framework governing financial services distribution is outlined, highlighting the particular considerations that need to be taken into account.

4 Outline of analysis conducted at country level

The primary purpose of this section is to introduce and provide the framework for the ensuing sections 5 to 18. These sections contain the country write-ups and detailed findings of the study for each of the 14 SADC countries. Given that the write-up for each country follows a standard structure and often share the same data source it is preferred to provide this information to the reader in advance so as to avoid repetition. For example, the Key Economic Indicators that appear in the panel on the right hand side of each of the first pages of the detailed country write-ups, appear in this format consistently for each of the 14 SADC countries, and are all sourced from a single data repository: the World Bank. For the purposes of this study KPI is described once and is listed once. Furthermore, it is intended that this will inform and enhance the understanding of the reader and provide for easy referencing. The detailed country findings presented in this study (sections 5 to 18) include:

- An overview of the country’s economic and social context
- An outline of the financial services industry within the country, including the level of financial inclusion, the formal and informal financial services sector, and traditional and non-traditional financial services distribution
- An outline of the financial services products currently distributed through each of 6 alternative distribution channels, viz. retailers, post offices, MNOs, agro distributors, informal traders, gas stations
- An analysis of the potential financial services distribution opportunities for each of the 6 alternative distribution channels
- An analysis of the reach of each of the 6 alternative distribution channels
- An analysis of the feasibility for each of the 6 alternative distribution channels
- An exploration of the nature of each of the 6 alternative distribution channels

Findings from the study, covering the areas above, are structured into sections and subsections within this report. Study outcomes are elucidated through qualitative and quantitative analysis, including textual, numeric, tabular, and figurative representations. The table below describes these sections and subsections in more detail.

The “X”s in the section numbers indicated below serve as a placeholder for the section numbers (from 5 to 18) for each of the SADC countries. For a detailed listing of data sources for the number of distribution points and size of market served per channel, refer to Appendices B and C.

Section		Contents/ Relevance	Graphs/ Tables/ Sources/ Data
No.	Name		
1st page	Country Overview	An overview of each SADC country with a view of the geographic, economic, and social highlights pertinent to the study	<ul style="list-style-type: none"> • Key economic Indicators table (Source: World Bank): <ul style="list-style-type: none"> ○ Area (km²) ○ GDP (PPP) ○ Real GDP growth ○ GDP per capita ○ Population ○ Population density ○ Urban population ○ HDI Rank
	Overview	<ul style="list-style-type: none"> • General description of the country 	
	Economic Highlights	<ul style="list-style-type: none"> • Describes the economic status of the country, with reference to key indicators such as GDP, inflation, agricultural workforce etc. 	
	Social Highlights	<ul style="list-style-type: none"> • Describes key social measures such as HDI ranking, access to water, access to electricity, dependency on 	

Section		Contents/ Relevance	Graphs/ Tables/ Sources/ Data
No.	Name		
		farming etc.	<ul style="list-style-type: none"> ○ Poverty ○ Access to water ○ Access to electricity ○ Competitiveness ○ Ease of doing business • Pie chart indicating GDP spread across industry sectors (Source: African Economic Outlook): <ul style="list-style-type: none"> ○ Agriculture ○ Mining ○ Manufacturing ○ Construction ○ Retail trade & tourism ○ Finance & services ○ Public sector ○ Other
X.1	Financial Services	Description of the current state of financial services in the country. An overview of financial inclusion, formal and informal financial services and traditional financial services distribution is provided.	<ul style="list-style-type: none"> • Financial Access Strand¹⁶ Graph depicting the country's level of financial inclusion (Sources: Country Specific FinScope Documents & WorldBank): <ul style="list-style-type: none"> ○ 4 categories: <ul style="list-style-type: none"> ➢ Banked ➢ Formally serviced ➢ Informally serviced ➢ Financially Excluded • Key Indicators Table (Sources: fas.imf.org, WorldBank, FinScope documents) <ul style="list-style-type: none"> ○ Number of Bank Branches: <ul style="list-style-type: none"> ➢ Per 1 000 km² ➢ Per 100 000 adults ○ ATMs per 1 000 km² ○ POS per 100 000 adults
X.1.1	Financial Inclusion	<ul style="list-style-type: none"> • Discusses the level of financial inclusion, including a discussion of the Financial Access Strand 	
X.1.2	Formal Financial Services	<ul style="list-style-type: none"> • Describes the major banks, insurers and other financial services institutions and their distribution presence within the country 	
X.1.3	Informal Financial Services	<ul style="list-style-type: none"> • Highlights groups or organisations within the country provides informal financial services 	
X.1.4	Traditional Financial Services Distribution	<ul style="list-style-type: none"> • Discusses the types and presence of existing, typically tied, channels 	
X.2	Channels	The various distribution channels are analysed in detail in the sub-sections	

¹⁶ Developed by the FinMark Trust through its FinScope product to measure financial inclusion across the formal-informal institutional provider continuum.

Section		Contents/ Relevance	Graphs/ Tables/ Sources/ Data
No.	Name		
within this section			
X.2.1	Opportunity Mapping	<ul style="list-style-type: none"> The opportunity mapping graph shows the reach versus the feasibility for each distribution channel. The ideal quadrant for the channel to be pursued as an effective alternative distribution channel for the unbanked population is the 'Act Now' quadrant, as this represents the channels with the highest reach and feasibility combination; with the corollary being the 'Ignore' quadrant. The 'Monitor' quadrant represents channels with high reach and low feasibility. In the event that a prevailing factor changes this may increase the feasibility of that particular distribution channel and should thus be monitored closely. The 'Explore' quadrant contains the channels that have low reach but high feasibility which implies that increasing the reach would require an investment of time or resources 	<ul style="list-style-type: none"> Opportunity Mapping Graph: <ul style="list-style-type: none"> Reach on the Y axis Feasibility on the X axis 4 quadrants: <ul style="list-style-type: none"> Monitor Act Now Ignore Explore
X.2.2	Reach	<ul style="list-style-type: none"> "Reach" refers to the level of accessibility of financial services and products both from the supply and demand perspective. This section explores each channel's level of reach, in terms of the number of distribution points as well as the size of the customer base. The graph provides a graphical representation of the distribution channels as per the number of distribution points and the extent of customer base reached. The distribution points are scaled per 100 000 people and the customer base is shown as a percentage of the population 	<ul style="list-style-type: none"> Reach Graph: <ul style="list-style-type: none"> Distribution points (per 100 000 people) Customer base (% of population)
X.2.3	Feasibility	<ul style="list-style-type: none"> This section quantifies the extent of financial services distribution capabilities inherent in each channel. These capabilities correspond directly 	<ul style="list-style-type: none"> Feasibility Table: <ul style="list-style-type: none"> Column Headings: <ul style="list-style-type: none"> Retailers

Section		Contents/ Relevance	Graphs/ Tables/ Sources/ Data
No.	Name		
		to the feasibility of the channel for the distribution of financial services products. Each channel is allocated a rating of low, medium or high feasibility with regards to a number of key criteria (as per entries in the left-most column of the Feasibility Table).	<ul style="list-style-type: none"> ➤ Informal traders ➤ Mobile networks ➤ Post offices ➤ Agro distributors ➤ Gas stations ➤ Bank branches ○ Row Headings: <ul style="list-style-type: none"> ➤ Infrastructure <ul style="list-style-type: none"> ▪ POS infrastructure ▪ Electricity ▪ Connectivity ➤ Footfall ➤ Cash float ➤ Partnership support ➤ Proven models
X.2.4	Financial Services Products Currently Distributed through Alternative Channels	<ul style="list-style-type: none"> • This section provides a view of formal and informal products that are currently distributed through alternative channels. The table lists the bank and insurance products (per channel), as established by the study. 	<ul style="list-style-type: none"> • Current Financial Services Distribution table: <ul style="list-style-type: none"> ○ Column Headings: <ul style="list-style-type: none"> ➤ Channel ➤ Savings, credit and payments ➤ Insurance ○ Row Headings: <ul style="list-style-type: none"> ➤ Retail ➤ Informal traders ➤ Post offices ➤ Mobile networks ➤ Agro distributors ➤ Gas stations
X.2.5 to X.2.10	Channel Descriptions	<ul style="list-style-type: none"> • Describes each of the 6 alternative distribution channels from a qualitative perspective 	

Figure 33: Synopsis of Individual Country Write-Ups

5 Angola



Angola is situated on the west coast of Africa and is bordered by the DRC to the north, Zambia to the east, Namibia to the south and the Atlantic Ocean to the west. The official language of Angola is Portuguese.

Overview

Angola was engaged in a decade long civil war that ended in 2002. This impacted significantly on the economic and social development of the country. Among other things, this prolonged conflict led to the displacement of rural populations and accounts for Angola having the the second highest urban population in SADC. Starting off a low base, a GDP growth of 11.1% over the past decade makes Angola one of the fastest growing economies in the world^{17,18}.

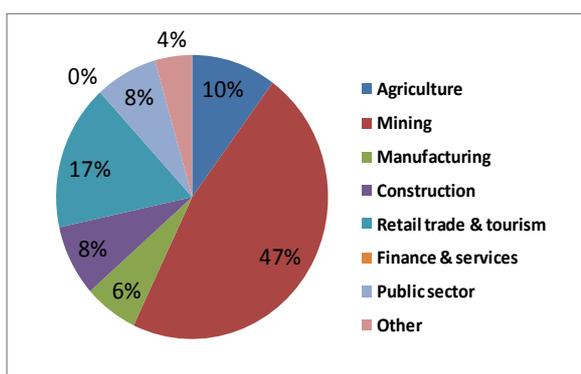
Economic Highlights

Mining (including oil) accounts for almost half (47% - see below) of the GDP. Despite its high urban population, a significant portion of the Angolan workforce is engaged in agriculture. The economy is primarily cash-based. Inflation is at 9.04% and the exchange rate is stable¹⁹. Angolan companies are generally managed by conglomerates which tend to be owned by influential families²⁰.

Social Highlights

Angola presents a mixed bag with regard to the welfare of its people ranking 7th on HDI, and 12th on access to water. Only 30%²¹ of the population have access to government health facilities. Angola has one of the most unequal societies in the world, with the bottom 20% earning 2% of the country's revenue.

Key Figures		SADC Rank
Area (km ²)	1.24	2/14
GDP (PPP)	104.3	2/14
Real GDP Growth	4	5/14
GDP per Capita	5318	5/14
Population (m)	19.6	5/14
Population Density	15	12/14
Urban Population	59	2/14
HDI Rank	148	7/14
Poverty	70.2	9/14
Access to water	51	12/14
Access to electricity	26	7/14
Ease of doing bus.	172	13/14
Competitiveness	139	13/14



SADC Comparison

- An **Emerging SADC country**, as defined in Section 3 above
- One of the **larger** countries in SADC, with size of country & GDP in the top 3, and population in top 5.
- Second highest urban population
- Amongst the **least competitive** of SADC countries, and one of the most difficult places to do business, ranking second last on both related indices
- At 39.2%, in the bottom 5 for **financial inclusion**

www.afdb.org.

¹⁸ Trading Economics. (2012). Angola GDP growth rate. Retrieved February 13, 2013, from www.tradingeconomics.com.

¹⁹ Bertelsmann Stiftung. (2012). BTI 2012 Angola Country Report. Retrieved February 13, 2013, from www.bti-project.de.

²⁰ Specialist Consultation. Refer to Section 21 for details.

²¹ AfDB, OECD, UNDP and UNECA. African Economic Outlook 2012: Angola. Retrieved 13 March 2013 from www.africaneconomicoutlook.org

5.1 Financial services

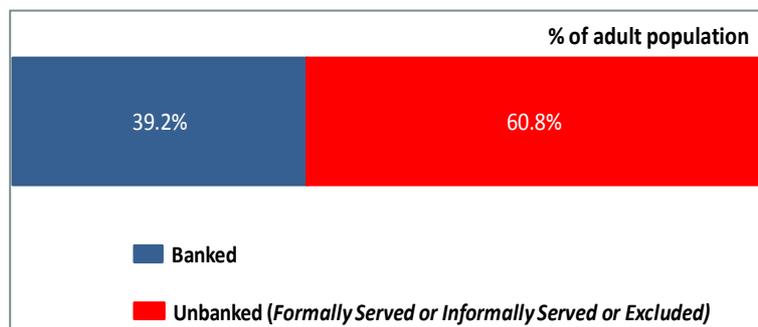


Figure 34: Financial Access Strand²²

Key Indicators		SADC Rank
Bank Branches		
'- per 1 000 km ²	0.86	8/14
'- per 100 000 adults	10.51	4/14
ATMs per 1 000 km ²	1.31	7/14
POS per 100 000	25	8/14

Figure 35: Traditional FS Distribution

5.1.1 Financial Inclusion

The majority of Angolans have poor access to mainstream financial services. Only 39.2% of Angolans have bank accounts²³. This is primarily due to geographical isolation, financial illiteracy and weak credit history data. Poor take-up of banking offerings also stems from the complex administrative procedures associated with opening bank accounts and obtaining loans. The microfinance sector is still in its infancy but is growing rapidly²⁴.

5.1.2 Formal Financial Services

Formal financial services in Angola are primarily focused on the commercial sector. The Angolan banking sector is the third largest in sub-Saharan Africa, after Nigeria and South Africa. A number of local and international banks are represented. The top 5 banks (Banco Africano de Investimentos, Banco Espirito Santo Angola, Banco de Poupanca e Credito, Banco de Fomento Angola and Banco BIC) control over 80% of total banking assets²⁵. Banks in Angola prefer to generate income from transaction fees; the provision of short term trade financing; and investment in high yield government bonds; as opposed to the provision of credit.

The Angolan insurance market is the 6th largest in Africa. The non-life segments contribute the bulk of the growth, making up 95% of the total insurance market²⁶. There are 7 registered companies, with the leading players being AAA, Ensa, Global and GA Seguros.

5.1.3 Informal Financial Services

Savings and credit is provided informally through rotating savings and credit associations, known as 'kixikilas' (in Luanda) 'kituku' (by the Bakongo) and 'kussulekissa' (among the Ovimbundu).

5.1.4 Traditional Financial Services Distribution

Financial services distribution is largely focused on the urban areas, e.g. half the country's bank branches are located in Luanda²⁷. New technology-based financial services, such as mobile phone

²² Given that a FinScope survey has not yet been completed for Angola, a view of financial inclusion has been produced using the following source as input: The World Bank. (2011). World DataBank: World Development Indicators. Retrieved March 26, 2013, from databank.worldbank.org.

²³ The World Bank. (2011). World DataBank: World Development Indicators. Retrieved March 26, 2013, from databank.worldbank.org.

²⁴ Ibid.

²⁵ Agyeman-Togobo, K. Angola's New Oil and Banking Legislation. 2013. Retrieved March 23, 2013, from <http://africanarguments.org/2011/12/13/angola%E2%80%99s-new-oil-banking-legislation-by-kissy-agyeman-togobo-songhai-advisory/>.

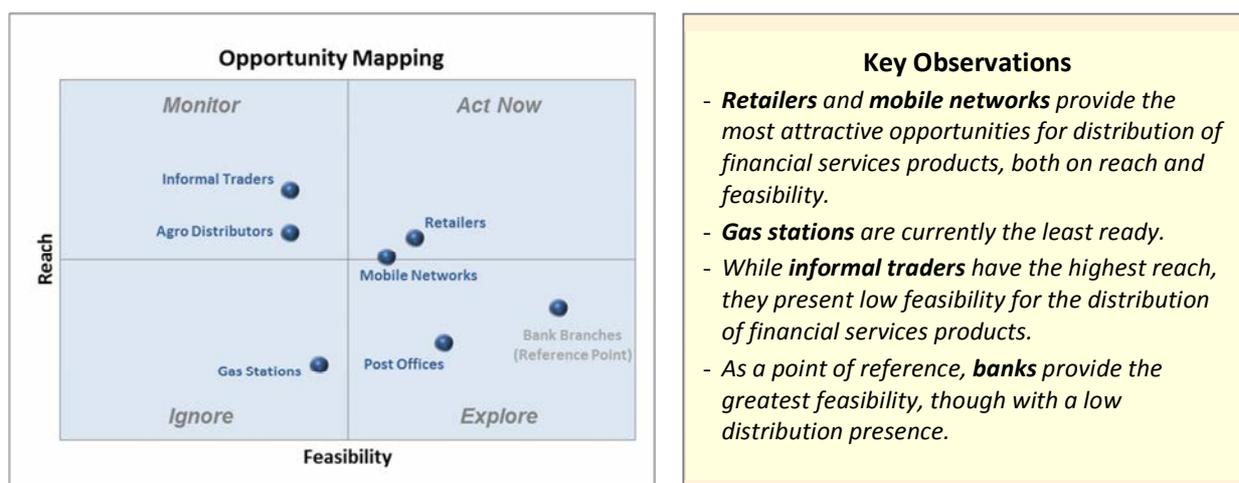
²⁶ Elsayed, H. 2006. African Insurance Market Information- Non-Life (P&C). Retrieved March 23, 2013, from www.scribd.com.

banking and smartcards, have the potential to substantially increase people’s access to finance. However, mobile banking services are yet to be introduced in Angola²⁸.

5.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station and post office channels. The sections that follow provide more detail per channel.

5.2.1 Opportunity Mapping



Key Observations

- **Retailers** and **mobile networks** provide the most attractive opportunities for distribution of financial services products, both on reach and feasibility.
- **Gas stations** are currently the least ready.
- While **informal traders** have the highest reach, they present low feasibility for the distribution of financial services products.
- As a point of reference, **banks** provide the greatest feasibility, though with a low distribution presence.

Figure 36: Opportunity Mapping

5.2.2 Reach

Informal traders present the highest number of distribution points across the various channels, though their customer base is fairly low. Mobile networks provide the largest customer base.

²⁷Jover, E., Pinto, L.A., & Marchand, A. (2012). Angola: September 2012. Private Sector Country Profile. Retrieved February 11, 2013, from www.afdb.org.

²⁸Ibid.

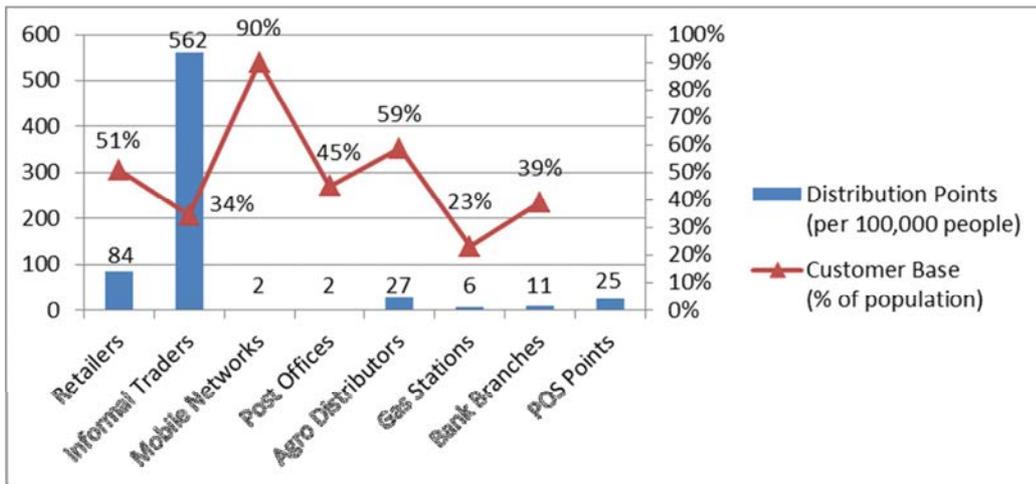


Figure 37: Reach

5.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches
Infrastructure	Low	Low	Low	Low	Low	Low	High
POS infrastructure	Medium	Low	Low	Low	Low	Low	High
Electricity	Low	Low	Low	Low	Low	Medium	Medium
Connectivity	Low	Low	Medium	Medium	Low	Low	High
Footfall	High	High	Medium	Medium	Medium	Medium	Medium
Cash Float	High	Low	Medium	Medium	Medium	High	High
Partnership Support	Low	Low	Medium	High	Low	Low	High
Proven Models	Medium	Low	High	High	Medium	Low	High

Figure 38: Feasibility

Post offices present the highest level of feasibility for the distribution of financial services followed by retailers and mobile networks. Gas stations provide the next level of feasibility. Informal traders and agro distributors provide the lowest level of feasibility.

5.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> • Retail credit is relatively new, currently confined to the larger stores²⁹ • MAXI stores offer store cards e.g <i>Maxi Professional Gold Customer Discount Cards</i>³⁰ • Jumbo Kwanza offers money transfers³¹ • Large furniture stores offer credit terms for home furnishings • Some of the large supermarkets have small kiosks where people can exchange money or ATMs³² 	<ul style="list-style-type: none"> • No known products
Informal Traders	<ul style="list-style-type: none"> • No known products 	<ul style="list-style-type: none"> • No known products
Post Offices	<ul style="list-style-type: none"> • Post offices do not offer savings accounts • Money transfers³³ 	<ul style="list-style-type: none"> • No known products
Mobile Networks	<ul style="list-style-type: none"> • Unitel recharge cards³⁴ • Unitel <i>Tap-Tap Refills</i>³⁵ • Unitel Pre-paid and Post-paid³⁶ 	<ul style="list-style-type: none"> • No known products
Agro Distributors	<ul style="list-style-type: none"> • Crédito Agricola de Campanha- loan facility for smallscale farmers³⁷ • IDA (Agrarian Development Institute) provides credit to small scale farmers³⁸ • MAXI Stores offer a “State Farm Maxi” card to producers for store discounts³⁹ 	<ul style="list-style-type: none"> • No known products
Gas Stations	<ul style="list-style-type: none"> • Prepaid Gas Card for Sonangol Group employees and private entities. Only valid at participating gas stations⁴⁰ 	<ul style="list-style-type: none"> • No known products

Figure 39: Product Distribution

5.2.5 Retailers

Retailers comprise the larger chain stores, as well as independent stores. Chain stores include retailers such as Shoprite (24 stores in Angola⁴¹), Alimenta Angola Cash and Carry, Casa dos Frescos, Kero Hypermarket, MEGA Cash and Carry, Nosso Super, Supermercado Maxi Outlets and

²⁹ Specialist Consultation. Refer to Section 21 for details.

³⁰ MAXI. (2013). Products. Retrieved February 14, 2013, from www.maxi.co.ao.

³¹ Specialist consultation. See Section 21 for details.

³² Specialist Consultation. Refer to Section 21 for details.

³³ All Biz Angola. Retrieved 4 July 2013 from <http://luanda.all.biz/servicos-financeiros-postais-s2482>.

³⁴ Unitel. (2011). Services. Retrieved February 12, 2013, from www.unitel.ao.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Jover, E., Pinto, L.A., & Marchand, A. (2012). Angola: September 2012. Private Sector Country Profile. Retrieved February 11, 2013, from www.afdb.org.

³⁸ Ibid.

³⁹ MAXI. (2013). Products. Retrieved February 14, 2013, from www.maxi.co.ao.

⁴⁰ Sonangol Distribuidora Products. Retrieved February 10, 2013, from www.sn1-distribuidora.com/produtos_en.shtml.

⁴¹ Specialist Consultation. Refer to Section 21 for details.

Teixeira Duarte⁴². Businessmen of Portuguese, Lebanese and Indian descent have historically dominated the retail market. However, new players are increasingly entering the industry. Grupo Score (Portuguese retailer), El Corte Ingles (Spanish retail giant), Massmart (WalMart subsidiary) and Woolworths (South African retailer) are also considering opening stores in Angola. Lower income earners do not typically shop at the large department stores, frequenting instead independent retailers and informal trading establishments⁴³.

5.2.6 Post Offices

The Correios De Angola is the national postal service. It has 160⁴⁴ branches throughout Angola. According to the President of the Angolan postal board (ANGOP), all branches of the post office in Angola will incorporate postal banks as from the second half of 2013. The programme was announced in late 2012 by the Postmaster General, and is expected to take nine months before it is officially launched across all post offices⁴⁵.

5.2.7 Mobile Networks

Angola has one of the largest mobile telecoms markets in sub-Saharan Africa⁴⁶. Despite the relatively low incomes of most households, mobile penetration is at 63.7%. Unitel S.A has more than 73% market share, with the remainder accounted for by Movitel Telecomunicacoes S.A. The Regulator is Instituto das Comunicacoes (INACOM)⁴⁷.

5.2.8 Gas stations

Gas stations have a limited footprint, with a total of 534⁴⁸ outlets in Angola. Sonangol is the national oil company and sole concessionaire for oil and gas exploration and production, and has 425 gas stations. Pumangol, Sonangal and White Flags have a total of 108 stations⁴⁹.

5.2.9 Agro distributors

The farming sector in Angola collapsed as a result of the civil war, which also displaced much of the rural population, many of whom still live in urban areas. The country depends heavily on expensive food imports, primarily from South Africa and Portugal. The bulk (90%) of farming is done at family and subsistence level⁵⁰. There are also a number of commercial farms or 'fazendas' as well as companies providing inputs and services to the agricultural sector. Some of the major players are FertiAngola, Agroway, BrasAfrica, Novagro, LonAgro, Omnia, and Agromundo⁵¹. Agricultural support including distribution of seed, fertilizer, pesticide, and equipments, provided to small farmers in Angola is primarily accomplished by the Ministry of Agriculture and Rural Development, through EDAs (Agrarian Development Stations). Each of the 163 municipalities has an EDA⁵². The Agricultural Development

⁴² Jover, E., Pinto, L.A., & Marchand, A. (2012). *Angola: September 2012. Private Sector Country Profile*. Retrieved February 11, 2013, from www.afdb.org.

⁴³ *Specialist Consultation*. Refer to Section 21 for details.

⁴⁴ Angop - Angola Press. (2011). *Operationalized 55 stores for postal services*. Retrieved February 13, 2013, from www.portalangop.co.ao.

⁴⁵ Angop - Angola Press. (2011). *Operationalized 55 stores for postal services*. Retrieved February 13, 2013, from www.portalangop.co.ao and <http://www.macauhub.com.mo/pt/2012/11/28/estacoes-de-correios-de-angola-vaio-ter-servicos-financeiros-em-2013/>.

⁴⁶ Jover, E., Pinto, L.A., & Marchand, A. (2012). *Angola: September 2012. Private Sector Country Profile*. Retrieved February 11, 2013, from www.afdb.org.

⁴⁷ Teleco. (2012). *TelecoWorld: Angola*. Retrieved February 12, 2013, from www.teleco.com.br.

⁴⁸ Opais online. (2012). *Country already has 534 gas stations*. Retrieved February 12, 2013, from www.opais.net.

⁴⁹ *Ibid.*

⁵⁰ *Interpress News Service News Agency*. (2009). *Poverty-Angola: NGOs are sceptical of Govt's Rural Development Plans*. Retrieved February 14, 2013, <http://www.ipsnews.net/2009/06/poverty-angola-ngos-sceptical-of-govt-s-rural-development-plans/>.

⁵¹ Jover, E., Pinto, L.A., & Marchand, A. (2012). *Angola: September 2012. Private Sector Country Profile*. Retrieved February 11, 2013, from www.afdb.org.

⁵² *Ibid.*

Institute (IDA), under the Ministry of Agriculture, Rural Development and Fisheries, is the sole importer of agricultural inputs, farm implements and fertilisers. While government support has increased significantly in recent years, it is still viewed as inadequate in terms of the distribution of agricultural inputs, especially to rural communities⁵³.

5.2.10 Informal traders

Informal trading includes market traders, street vendors and home-based enterprises which appear to be a significant part of the informal economy, particularly for women⁵⁴. Informal trading tends to be fragmented, composed of a diversity of local and foreign ethnic groups, including Lebanese, Eritrean, Senegalese, Mauritanian and Malian trading and distribution networks. In recent years there has been a tendency for street trading activities to relocate closer to homes in residential areas, where they attract less attention from the “*fiscals*” (tax authorities) and which allows traders to more easily combine trading with domestic activities.

Many informal sector vendors have organized themselves into rotating savings and credit associations known as ‘*kixikilas*’ in Luanda (‘*kituku*’ by the Bakongo and ‘*kussulekissa*’ among the Ovimbundu)^{55, 56}.

⁵³ SADC Secretariat. (2012). *Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports*. Retrieved March 22, 2013, from www.sadc.int.

⁵⁴ Development Workshop (DW) Angola. (2009). *Informal Trading in Luanda's markets, streets and at home*. Retrieved February 14, 2013, from idl-bnc.idrc.ca.

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*

6 Botswana⁵⁷



Botswana is a landlocked country in Southern Africa, that borders South Africa, Namibia, Zimbabwe and Zambia. The official languages of the country are English and Setswana.

Overview

With the 4th smallest population in SADC and 70% of the country covered by the Kalahari Desert⁵⁸, Botswana has the second lowest population density amongst SADC countries. Even so in terms of GDP it ranks in the top 5 in SADC, and with regard to GDP growth in the top 3. It outranks all other SADC countries on urbanisation, and ranks in the top 3 to 5 on HDI, ease of doing business, global competitiveness, and GDP per capita.

Economic Highlights

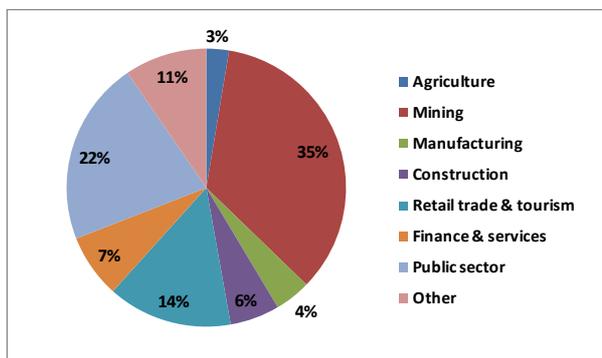
Mining, trade and the public sector account for more than two thirds of GDP. Unlike a number of its SADC neighbours, the agricultural sector plays a small role in Botswana's economy, contributing just 3% to to GDP. GDP growth is well above regional averages and remains strong. Inflation was recorded at 7.50% for January 2013⁵⁹.

Social Highlights

Botswana's HDI ranking places it in the top 3 relative to other SADC countries. It has invested heavily in its social welfare policies and infrastructure development since independence.

More than 80%⁶⁰ of the population is dependent on agriculture for their livelihood, predominantly subsistence farming. 96% of the population has access to water, and 45% access to electricity.

Key Figures		SADC Rank
Area (m km ²)	0.56	9/14
GDP - PPP	17.32	5/14
Real GDP Growth	6	3/14
GDP per Capita	8533	3/14
Population (m)	2.03	11/14
Population Density	4	13/14
Urban Population	62	1/14
HDI Ranking	118	3/14
Poverty	55.5	5/14
Access to Water	96	3/14
Electricity Access	45	4/14
Ease of Doing Bus.	59	3/14
Competitiveness	79	4/14



SADC Comparison

- An **Established SADC country**
- One of the **smaller** countries, with **population and population density** in the bottom 5
- Economically one of the larger countries, with **GDP** in the top 5
- Ranks in the top 3 to 5 for **urbanisation, human development, poverty, ease of doing business, and global competitiveness**
- At 67%, ranked 6th for **financial inclusion**

⁵⁷ Note that this report typically uses the same data sources for similar data across countries. Refer to section 4 for an outline of data sources, as well as for a description of generic structure for this section.

⁵⁸ Africa and the World. (2012). Retrieved 8 March, 2013, from www.africaw.com/major-problems-facing-botswana-today.

⁵⁹ Trading Economics. (2012). Retrieved 8 March, 2013, from www.tradingeconomics.com/botswana/inflation-cpi.

⁶⁰ Ibid.

6.1 Financial services

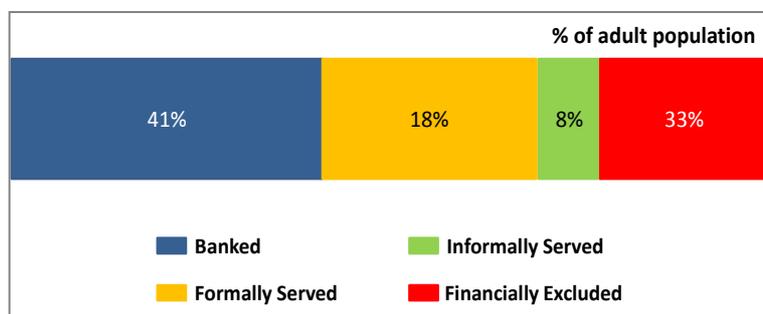


Figure 40: Financial Access Strand

Key Indicators		SADC Rank
Bank Branches		
'- per 1 000 km ²	0.20	12/14
'- per 100 000 adults	8.57	5/14
ATMs per 1 000 km ²	0.65	13/14
POS per 100 000	146.40	5/14

Figure 41: Traditional FS Distribution

6.1.1 Financial Inclusion

One third of the population is classified as financially excluded, with no take-up of either formal, or informal, financial services. Close to 60% of the population has access to banking or insurance products. There are a variety of reasons for the unbanked population not having a bank account, namely insufficient documentation, inconsistent cash flow or affordability^{61,62}. Botswana ranks 6/14 amongst the SADC countries for its level of financial inclusion.

6.1.2 Formal Financial Services

A number of local and international banks are represented, including Bank of Baroda, Bank Gabarone, Standard Chartered, BancABC, Barclays Botswana, Capital Bank, First National Bank of Botswana and Stanbic Bank which has a combined branch network of 107⁶³ branches in Botswana. Insurance companies include, amongst others, First Alliance Assurance, Botswana Insurance Company, Botswana Life and Prefsure⁶⁴.

6.1.3 Informal Financial Services

The informal financial services sector (serving 8% of the adult population) is small relative to the formal sector (serving 59% of the adult population). Informal savings and loans groups are referred to as 'Metshelo'⁶⁵. Many households and some SMMEs are believed to obtain loans from informal micro-lenders although information on these loans has not been properly documented. Operating largely in the "cash loan" space, these micro-lenders or cash loan shops are now regulated and operate under the Non-Banking Financial Institutions Act⁶⁶.

⁶¹ Jeffries, K. (2007). *FinMark Trust. Enhancing access to banking and financial services in Botswana*. Retrieved March 5, 2013, from www.finmarktrust.org.za.

⁶² *Ibid.*

⁶³ IMF. (2011). *Financial Access Survey - 2011*. Retrieved March 11, 2013, from <http://elibrarydata.imf.org/public/FrameReport.aspx?v=3&c=20573690>.

⁶⁴ Insurance Gateway. Retrieved March 8, 2013 from <http://www.insurancegateway.co.za/Botswana/Directory/ViewCategory/Irn=957&URL=Insurance+Companies+2>.

⁶⁵ Jeffries, K. (2007). *FinMark Trust. Enhancing access to banking and financial services in Botswana*. Retrieved March 5, 2013, from www.finmarktrust.org.za.

⁶⁶ Jeffries, K, von Rudoloff L, Kenewendo, B, Singwele, H, Tlali and Moyo, T. (2012). *FinMark Trust. Status of Agricultural and Rural Finance in Botswana*. Retrieved March 5, 2013, from www.finmarktrust.org.za.

6.1.4 Traditional Financial Services Distribution

The financial services industry is relatively well run in urban areas, but there are instances where certain ATMs and POS devices are offline, or will not accept certain types of cards⁶⁷. The availability of finance in rural areas is fairly limited. There are no commercial bank branches in rural areas, although there may be some “mini-ATMs” in rural stores⁶⁸. POS presence across the country is widespread, as well as ATM usage. Debit and credit cards are more popular means of payment than cheques, given that cheques are expensive⁶⁹.

6.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station, and post office channels. The sections that follow provide more detail per channel.

6.2.1 Opportunity Mapping

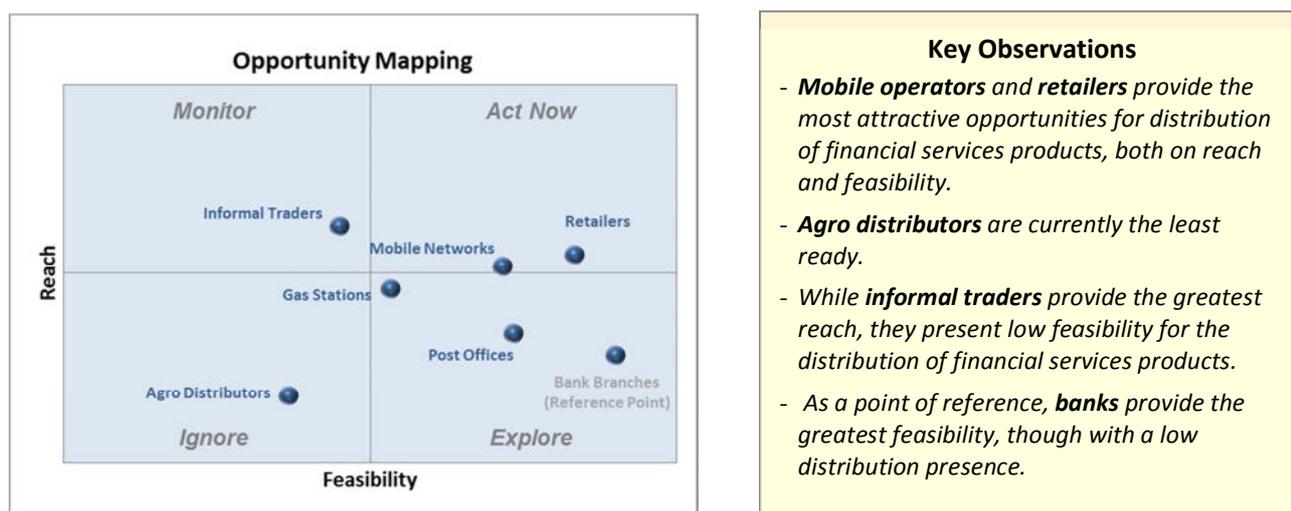


Figure 42: Opportunity Mapping

6.2.2 Reach

In terms of number of distribution points, informal traders have by far the greatest reach to distribute financial services products compared to all other channels used in the study. Retailers also have a relatively large number of distribution points. MNOs have the largest client base, though with limited dedicated distribution points.

⁶⁷ Jeffries, K. (2007). FinMark Trust. Enhancing access to banking and financial services in Botswana. Retrieved March 5, 2013, from www.finmarktrust.org.za.

⁶⁸ Jeffries, K, von Rudoloff L, Kenewendo, B, Singwele, H, Tlali and Moyo, T. (2012). FinMark Trust. Status of Agricultural and Rural Finance in Botswana. Retrieved March 5, 2013, from www.finmarktrust.org.za.

⁶⁹ Specialist Consultation. Refer to Section Section 21 for details.

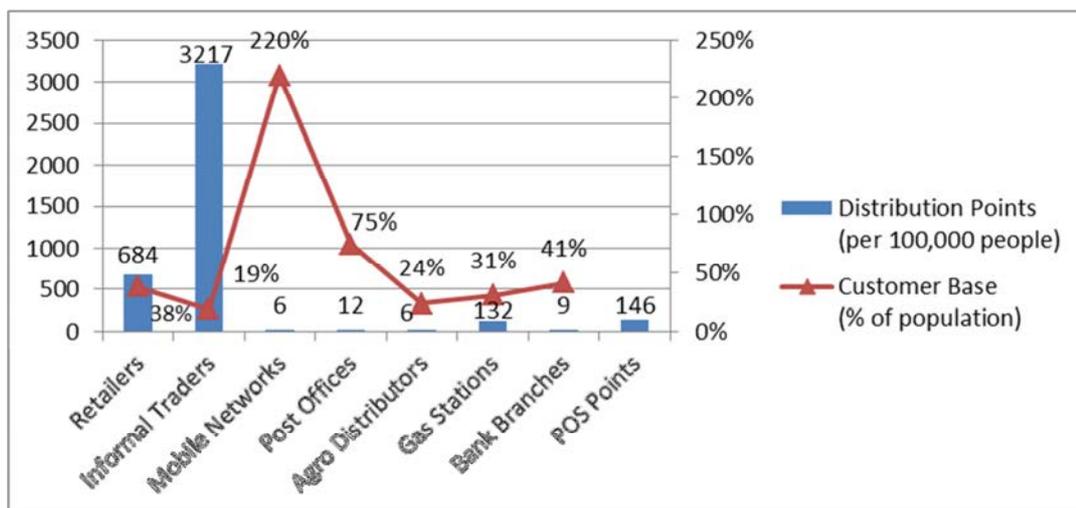


Figure 43: Reach

6.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro distributors	Gas stations	Bank Branches (as comparison)
Infrastructure	Medium	Low	High	Medium	Low	Medium	High
POS infrastructure	High	Low	High	Medium	Low	High	High
Electricity	Medium	Low	Medium	Medium	Low	High	High
Connectivity	Medium	Low	High	High	Medium	Medium	High
Footfall	High	High	High	Medium	Low	Medium	Medium
Cash Float	High	Low	Low	Medium	Medium	Medium	High
Partnership Support	Medium	Low	High	High	Low	Medium	High
Proven Models	High	Medium	Medium	High	Medium	Medium	High

Figure 44: Feasibility

Retailers, post offices and mobile networks provide the highest level of feasibility. Gas stations provide the next level of feasibility. Agro distributors and informal traders provide the lowest feasibility.

6.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> Choppies stores offer prepaid electricity services, plans to offer an easy-pay system for bill payments, and is pursuing a partnership with Standard Bank to offer money transfer services⁷⁰ Edcon Store Cards⁷¹ Massmart Store Cards⁷² 	<ul style="list-style-type: none"> No known products

⁷⁰ Durham, L. (2011). Supermarket and retailer. Retail across borders. Retrieved March 4, 2013, from <http://www.supermarket.co.za/>.

Mapping of potential financial services distribution channels in SADC

Informal Traders	<ul style="list-style-type: none"> • No known products 	<ul style="list-style-type: none"> • No known products
Post Offices	<ul style="list-style-type: none"> • Botswana Couriers, a subsidiary of BotswanaPost, offers a Value Ticket Voucher⁷³ • BotswanaPost offers money orders through the Botswana Savings Bank⁷⁴ 	<ul style="list-style-type: none"> • Botswana Couriers offers package insurance⁷⁵
Mobile Networks	<ul style="list-style-type: none"> • Orange Botswana offers <i>Orange Money</i> for transactions such as money transfers, bill payments, withdrawals and emergency credit⁷⁶ • Mascom Wireless offers <i>Myzaka Mascom Money</i> that is used for money deposits and withdrawals, money transfers, and airtime purchases⁷⁷ • beMobile offers <i>Smega</i>, a mobile money service⁷⁸ 	<ul style="list-style-type: none"> • No known products • Handset insurance is available on a coupon policy issued by a local insurer. • Mascom has an agreement with a local insurer to provide insurance products, but none have as yet been launched.
Agro distributors	<ul style="list-style-type: none"> • <i>Thusang Basadi</i> offers finance to women farmers⁷⁹ • Agricultural Credit Guarantee Scheme⁸⁰ 	<ul style="list-style-type: none"> • Agricultural Credit Guarantee Scheme (ACGS) offers loan insurance for credit provided⁸¹ • <i>Cropsure</i>, offered by BIHL Insurance Company provides multi-peril crop cover to commercial farmers via banks and farmers' associations.
Gas stations	<ul style="list-style-type: none"> • POS points and ATMs are present at most filling stations, and motorists do use bank cards to pay for their fuel⁸² 	<ul style="list-style-type: none"> • No known products

Figure 45: Product Distribution

⁷¹ Edcon.(2012). Annual Report. Retrieved March 6, 2013, from www.edcon.co.za.

⁷² Massmart. (2013). Products. Retrieved March 6, 2013, from www.massmart.co.za.

⁷³ Botswana Post.(2013). Botswana Post. Retrieved March 4, 2013, from www.botspost.co.bw/.

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Orange Botswana.(2013). Products. Retrieved March 7, 2013, from www.orange.co.bw.

⁷⁷ Mascom Wireless. (2013). Products. Retrieved March 7, 2013, from www.mascom.bw.

⁷⁸ beMobile. (2013). Products. Retrieved March 7, 2013, from www.bemobile.co.bw.

⁷⁹ FinMark Trust: The status of agricultural and rural finance in Botswana. Retrieved March 8, 2013, from www.finmark.org.za.

⁸⁰ Ibid.

⁸¹ Ibid.

⁸² Specialist Consultation. Refer to Section 21 for details.

6.2.5 Retailers

In comparison to the rest of SADC, Botswana has a well developed retail sector, with significant investment from local and international players. Chain stores, such as Payless, Shoppers and Choppies, are complemented by independent retailers. Many South African retail chains have a presence in Botswana, e.g. Pick n Pay, Shoprite, Game, Spur and Primi Piatti⁸³. In recent years, there has been an increase in the number of chain stores in Botswana⁸⁴. The introduction of supermarkets in local neighbourhoods has resulted in the number of general dealers diminishing over time. Malls and shopping centres are located throughout the be country, with the greatest presence in urban areas, particularly areas such as Gaborone, Francistown and Maun. ATMs are located in most shopping malls^{85, 86}. Store cards are not a common occurrence within the retail sector⁸⁷.

6.2.6 Post Offices

Botswana Post has 121 branches and 43 agencies throughout the country⁸⁸. The company has a subsidiary that couriers post and parcels to domestic and international destinations and provides insurance to cover lost or damaged post. Botswana Post provides third party services on behalf of government and private companies, as it has the network and physical presence in remote locations⁸⁹.

6.2.7 Mobile Networks

Botswana has a high mobile penetration rate, as most people have more than one mobile number, and almost everyone, including those who reside in rural areas, owns a phone. There are three mobile network operators: Mascom Wireless, Orange Botswana and beMobile. Mascom Wireless has the largest market share. All three MNOs offer mobile money services. All three mobile network operators have their own branded stores and sell airtime through third party distributors⁹⁰. Mobile money uptake has been low, partly due to the widespread use of POS and ATMs⁹¹.

6.2.8 Gas stations

There are 182 gas stations within Botswana. The main players in the industry include Vivo Energy, TOTAL, Puma Energy and Engen. Company-owned, or franchised, fuel retailers are complemented by independents trading under their own name. Some fuel retailers will accept the use of a fuel card, but most deal primarily in cash^{92, 93}.

6.2.9 Agro distributors

The agro-economy in Botswana consists mainly of livestock farming which is well suited to the climate. Agricultural output is low due to semi-arid conditions and low rainfall limiting the availability of arable land. Whilst there is a small base of highly productive commercial farmers, whose output represents the bulk of the country's crop production, most people involved in the agricultural sector are engaged in subsistence farming and cattle ranching. Subsistence farmers often source their own seed and use

⁸³ Specialist Consultation. Refer to Section 21 for details.

⁸⁴ Durham, L. (2011). Supermarket and retailer. Retail across borders. Retrieved March 4, 2013, from <http://www.supermarket.co.za/>.

⁸⁵ Emongor, R. (2008). Regoverning Markets. Botswana: Trends in growth of modern retail and wholesale chains and related agribusiness. Retrieved March 6, 2013, from

http://web.up.ac.za/sitefiles/file/48/2052/7_%20Botswana_Trends%20in%20Agri%20Retail%20&%20Wholesale%20Chains.pdf.

⁸⁶ Durham, L. (2011). Supermarket and retailer. Retail across borders. Retrieved March 4, 2013, from <http://www.supermarket.co.za/>.

⁸⁷ Specialist Consultation. Refer to Section 21 for details.

⁸⁸ Botswana Post. (2013). General Information. Retrieved March 4, 2013, from http://www.botspost.co.bw/general_information.php.

⁸⁹ Ibid.

⁹⁰ Specialist Consultation. Refer to Section 21 for details.

⁹¹ Ibid.

⁹² Engen. (2013). Products. Retrieved March 8, 2013, from www.engen.co.za.

⁹³ TOTAL. (2013). Products. Retrieved March 8, 2013, from www.total.co.za.

cattle manure for fertiliser⁹⁴. Agro distributors focus mainly on products associated with livestock farming, such as animal vaccines and dips to prevent disease. Most rural people keep their money and wealth in the form of cattle. There are 4 farmers' organisations in Botswana involved mainly in either commercial farming or animal husbandry, thus operating outside the domain of smallholder and subsistence farming⁹⁵. At least one of these organisations however conducts a community programme aimed at raising the skills of smallholder farmers.

The Ministry of Agriculture is responsible for the provision of inputs such as seeds, fertilizers and vaccines for certain cattle diseases⁹⁶. The government support programme, Integrated Support Programme for Arable Agricultural Development (ISPAAD) provides farmers with free seed, fertiliser and ploughing (up to a maximum of 5 hectares), as well as facilitating access to credit for farmers⁹⁷. The Agricultural Ministry is also actively involved in experimental crop farming, and has established irrigation schemes in a number of areas.

6.2.10 Informal traders

Informal traders in Botswana are engaged in the retail and wholesale industry and often operate out of their homes. Street vendors play an important role in alleviating unemployment, as they absorb up to 63.4%⁹⁸ of the working population that are otherwise not economically active. In Botswana, "box shops" are quite common in the suburbs⁹⁹. These are shipping containers that have been converted into mini shops selling airtime and other goods. Hawkers, generally not tolerated by the government, are limited in their numbers. Mobile canteens are prevalent, especially in business districts. Car washers and shoe washers are common, as well as markets where crafts are sold¹⁰⁰.

⁹⁴ Specialist Consultation. Refer to Section 21 for details.

⁹⁵ Jeffries, K, von Rudoloff L, Kenewendo, B, Singwele, H, Tlali and Moyo, T. (2008). FinMark Trust. Status of Agricultural and Rural Finance in Botswana. Retrieved March 5, 2013, from www.finmarktrust.org.za.

⁹⁶ SADC Secretariat.(2012). Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports. Retrieved March 22, 2013, from www.sadc.int.

⁹⁷ Ibid.

⁹⁸ AfDB. Botswana Economic Outlook. Retrieved March 5, 2013, from <http://www.afdb.org/en/countries/southern-africa/botswana/botswana-economic-outlook/>.

⁹⁹ Specialist Consultation. Refer to Section 21 for details.

¹⁰⁰ Ibid.

7 Democratic Republic of Congo



The Democratic Republic of Congo (DRC) is a landlocked country in central Africa. The official languages of the country are French, Kikongo, Lingala, Swahili and Tshiluba.

Overview

The DRC is the largest of the SADC countries, with the greatest area and population. Its vastness, poor infrastructure, and other structural issues contribute to it ranking lowest amongst SADC countries on most developmental indicators, such as ease of doing business, global competitiveness, HDI, and level of financial inclusion.

Economic Highlights

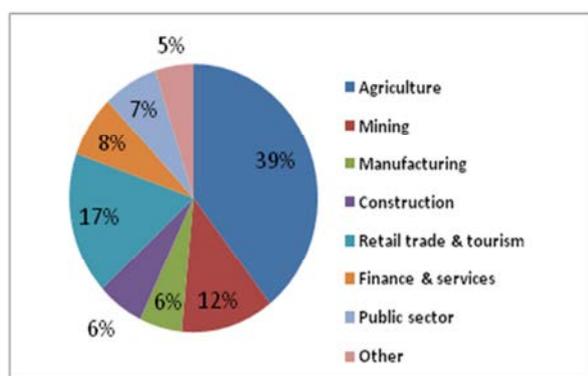
Agriculture, at 39%, is the biggest single contributor to GDP¹⁰¹. Retail trade and mining are the next biggest economic sectors. Although sizeable, at 60%, the proportion of the workforce engaged in agriculture ranks only 10/14 amongst SADC countries. The economy is primarily cash-based. Although high in recent years, inflation was brought down from 23.5% in 2010 to 14.8% in 2011¹⁰².

Social Highlights

The DRC records the lowest HDI ranking in the SADC, and is in the bottom three for access to electricity and access to water.

Charcoal is the main source of energy for households in DRC¹⁰³.

Key Figures		SADC Rank
Area (km ²)	2.27	1/14
GDP (PPP)	15.65	6/14
Real GDP Growth	7	2/14
GDP per Capita	231	14/14
Population (m)	67.75	1/14
Population Density	29	10/14
Urban Population	34	7/14
HDI Rank	187	14/14
Poverty	79.6	10/14
Access to water	45	14/14
Access to electricity	11	12/14
Ease of doing bus.	181	14/14
Competitiveness	Not Available	



SADC Comparison

- An **Emerging SADC country**
- The **largest** of the SADC countries, both in terms of area and population.
- The **lowest HDI ranking**
- In the bottom five for **poverty and population density**.
- The most **difficult place to do business**, ranking last on the index within SADC.
- At 3.7%, the worst off for **financial inclusion**.

¹⁰¹ African Economic Outlook (2012) Congo Democratic Republic. Retrieved February 18, 2013. www.africaneconomicoutlook.org/en/countries/central-africa/congo-democratic-republic/.

¹⁰² Ibid.

¹⁰³ TDRP (Transitional Demobilization and Reintegration Program). (2011). 5 Democratic Republic of Congo. Retrieved February 19, 2013, from www.tdrp.net.

7.1 Financial services

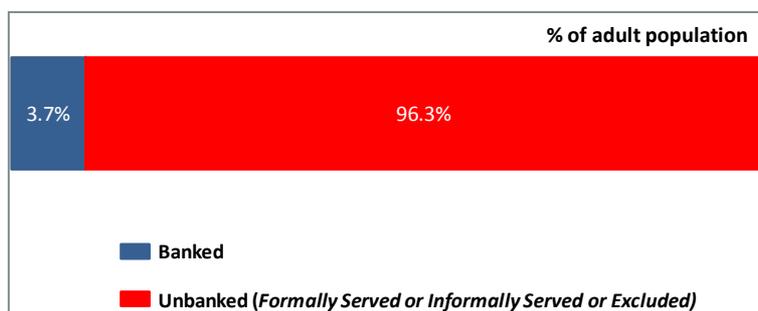


Figure 46: Financial Access Strand¹⁰⁴

Key Indicators		SADC Rank
Bank Branches		
'- per 1 000 km ²	0.10	14/14
'- per 100 000 adults	0.66	14/14
ATMs per 1 000 km ²	0.08	14/14
POS per 100 000	1.40	14/14

Figure 47: Traditional FS Distribution

7.1.1 Financial Inclusion

Less than 4% of the adult population is banked, leaving 96% without access to banking facilities. DRC ranks last amongst the SADC countries for level of financial inclusion.

7.1.2 Formal Financial Services

Although there are 20 banks in the DRC, including ProCredit Bank Congo, Advans Bank Congo and FINCA Congo, the sector is considered weak¹⁰⁵¹⁰⁶. Banking regulation and supervision is limited and there is no sustainable and functioning capital market. There is only one insurance company in the country, Sonas State Insurance¹⁰⁷. The microfinance sector is ineffective, inaccessible and largely non-existent, especially in rural areas¹⁰⁸.

The sector offers several new products such as bank cards, ATMs and special accounts. Some non-traditional financial products, such as mobile money and money transfers are well established. More than 75% of credits disbursed are short-term. Credit card payment systems have recently been introduced. The government is driving an initiative for people to be paid through mobile money. This provides an alternative means of receiving wage payments, which is particularly useful for those without bank accounts, and provides a mechanism that encourages people not to withdraw their earnings as soon as it is deposited into their accounts. The government currently requires that government employees have bank accounts to receive their salary payments¹⁰⁹.

Banks do not generally provide long-term loans due to the political context, weaknesses of the legal system and the business environment.

The DRC government tabled a bill in December 2012 that will include regulations governing the insurance industry. Previously, the state insurance company was the sole provider of insurance, with insurance companies acting as brokers on their behalf¹¹⁰. The bill will open up the industry to more competition, and enhance health insurance, agricultural insurance and micro-insurance¹¹¹.

¹⁰⁴ Given that a FinScope survey has not yet been completed for Angola, a view of financial inclusion has been produced using the following source as input: The World Bank. (2011). World DataBank: World Development Indicators. Retrieved March 26, 2013, from databank.worldbank.org.

¹⁰⁵ African Economic Outlook. (2012). Congo, Dem Rep. 2012. Retrieved February 18, 2013, from www.africaneconomicoutlook.org.

¹⁰⁶ Bertelsmann Stiftung. (2012). BTI 2012 Congo, DR Country Report. Retrieved February 18, 2013, from www.bti-project.de.

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

¹⁰⁹ Specialist Consultation. Refer to Section 21 for details.

¹¹⁰ Ibid.

¹¹¹ Ibid.

7.1.3 Informal Financial Services

The majority of commercial transactions are processed through informal channels, which account for more than 80% of the money flow. DRC Mutual Associations offer micro credit¹¹². COOPEC, a credit co-operative offers credit¹¹³. There are no funeral societies in the DRC. When the Congolese need to raise money to finance a funeral, neighbours contribute by donating money towards funeral expenses. The country makes use of 'likememba' which are informal rotating savings groups¹¹⁴.

7.1.4 Traditional Financial Services Distribution

Formal financial services in DRC are limited¹¹⁵. Financial services are currently primarily distributed through bank branches and microfinance institutions, although micro-finance activity has not taken off and the insurance sector is still limited. Geographical and infrastructural constraints and years of violence from the civil war and on-going conflict with rebels have resulted in most banks being confined to major cities¹¹⁶.

7.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station and post office channels. The sections that follow provide more detail per channel.

7.2.1 Opportunity Mapping

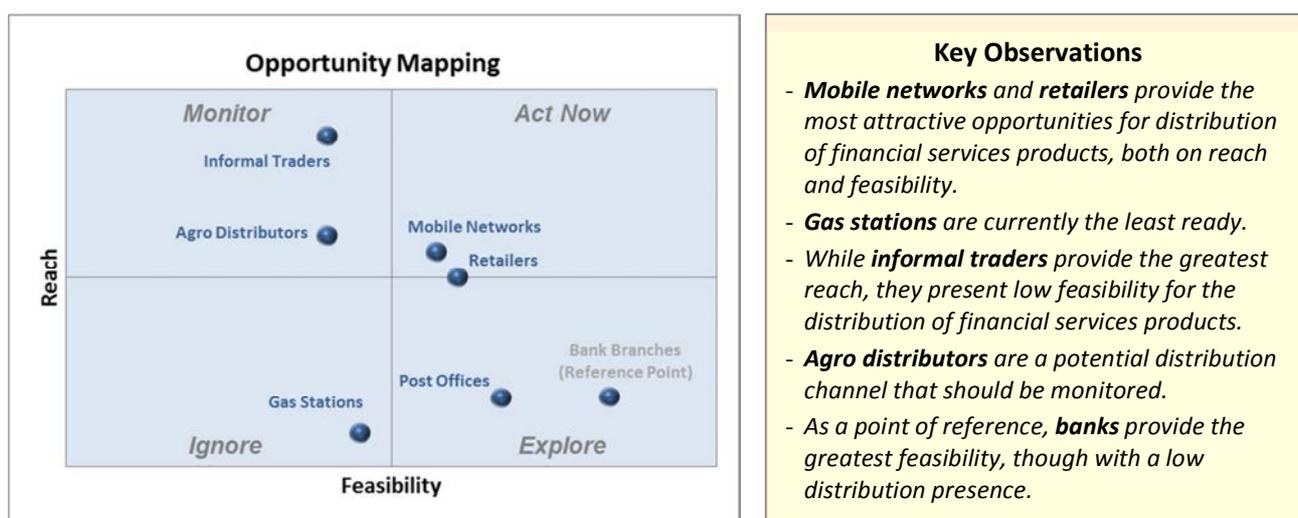


Figure 48: Opportunity Mapping

7.2.2 Reach

Both in terms of the number of distribution points, as well as size of client base, informal traders have by far the greatest reach of the various channels that may be employed to distribute financial services

¹¹² Streetnet International. (2012). Summary Report: Case studies of collective bargaining and representative forums for street traders 2012. Retrieved February 20, 2013, from www.streetnet.org.za.

¹¹³ Ministry of Foreign Affairs of the Netherlands and IFDC. (2012). CATALIST. Catalyze Accelerated Agricultural Intensification for Social and Environmental Stability. Retrieved February 20, 2013, from issuu.com/ifdcinfo/docs/catalist_draft4cb_web.

¹¹⁴ Specialist Consultation. Refer to Section 21 for details.

¹¹⁵ African Economic Outlook. (2012). Congo, Dem Rep. 2012. Retrieved February 18, 2013, from www.africaneconomicoutlook.org.

¹¹⁶ Bertelsmann Stiftung. (2012). BTI 2012 Congo, DR Country Report. Retrieved February 18, 2013, from www.bti-project.de.

products. Mobile networks have the largest client base, though with limited dedicated distribution points. Agro distributors have a client base fairly close to mobile networks. Both gas stations and post offices have limited distribution presence as well as customer base.

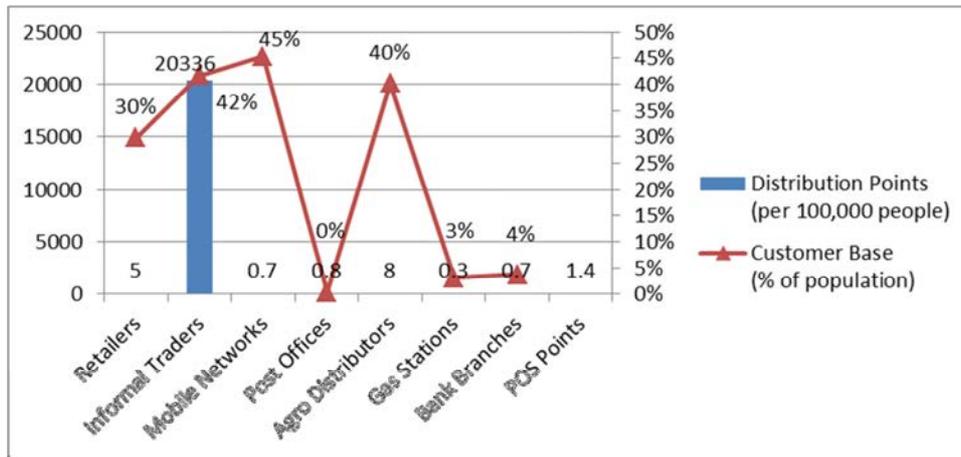


Figure 49: Reach

7.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Infrastructure	Low	Low	Low	Low	Low	Low	Medium
POS infrastructure	Low	Low	Low	Low	Low	Low	High
Electricity	Low	Low	Low	Low	Low	Medium	Medium
Connectivity	Low	Low	Medium	Medium	Low	Low	Medium
Footfall	High	High	Medium	Medium	Medium	Medium	Medium
Cash Float	High	Low	Medium	Medium	Medium	High	High
Partnership Support	Low	Low	Medium	High	Low	Low	High
Proven Models	Medium	Low	High	High	Medium	Low	High

Figure 50: Feasibility

Post offices provide the highest level of feasibility for the distribution of financial services products followed by retailers and MNOs. Gas stations, agro distributors and informal traders provide the lowest feasibility among the various channels.

7.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	• No known products	• No known products

Channel	Savings, Credit and Payments	Insurance
Informal Traders	<ul style="list-style-type: none"> No known products 	<ul style="list-style-type: none"> No known products
Post Offices	<ul style="list-style-type: none"> Savings accounts and money transfer services¹¹⁷ 	<ul style="list-style-type: none"> No known products
Mobile Networks	<ul style="list-style-type: none"> Bharti Airtel is testing mobile money services branded <i>Airtel Money</i> and <i>'M-Falanga'</i>¹¹⁸ 	<ul style="list-style-type: none"> No known products
Agro distributors	<ul style="list-style-type: none"> Caritas, an NGO, offers a start up inventory credit system (a.k.a. warrantage) to warehouse stock¹¹⁹ Members of MUSO, a group of producers, pool their funds to offer small loans to one another¹²⁰ 	<ul style="list-style-type: none"> No known products
Gas stations	<ul style="list-style-type: none"> Some gas stations have convenience stores attached to them¹²¹ 	<ul style="list-style-type: none"> No known products

Figure 51: Product Distribution

7.2.5 Retailers

Independent retailers conduct most of the retail business with an extensive network in urban, rural and suburban areas¹²². There are no malls within the country¹²³. The formal trading customer base is small due in part to the number of power blackouts, a lack of infrastructure and competition from a large informal trading sector. The significant number of people living in poverty with limited disposable income has also contributed to the retail sector not taking off. Shoprite is the first South African retailer to establish a presence in the DRC. Examples of larger retail stores in Kinshasha are Pelou Store, Hasson Freres, KinMarket and Food Market¹²⁴. Neither Shoprite nor any of the stores mentioned offer any financial services products¹²⁵.

7.2.6 Post Offices

Post services was previously the responsibility of the Congolese Office of Post and Telecommunications (OCPT), an institution that has since been separated into two distinct postal services and telecommunications organisations¹²⁶. There are 365 post office branches throughout DRC, with 280 in operation¹²⁷. The post office has a low volume of mail, with limited services in cities and urban centres and remote areas typically unserved¹²⁸. Post offices offer savings accounts and provide money transfer services through its branches, albeit through independent operators¹²⁹. The

¹¹⁷ Specialist Consultation. Refer to Section 21 for details.

¹¹⁸ Telecompaper. (2012). *Mobile & Wireless. Airtel, BCC test Airtel Money in DRC*. Retrieved February 21, 2013, from www.telecompaper.com.

¹¹⁹ Ministry of Foreign Affairs of the Netherlands and IFDC. (2012). *CATALIST. Catalyze Accelerated Agricultural Intensification for Social and Environmental Stability*. Retrieved February 20, 2013, from issuu.com/ifdcinfo/docs/catalist_draft4cb_web.

¹²⁰ Ministry of Foreign Affairs of the Netherlands and IFDC. (2012). *CATALIST. Catalyze Accelerated Agricultural Intensification for Social and Environmental Stability*. Retrieved February 20, 2013, from issuu.com/ifdcinfo/docs/catalist_draft4cb_web.

¹²¹ Specialist Consultation. Refer to Section 21 for details.

¹²² *Ibid.*

¹²³ *Ibid.*

¹²⁴ Douglas, K. (2012). *Shoprite takes on the DRC*. Retrieved February 19, 2013, from www.howwemadeitinafrica.com.

¹²⁵ Specialist consultation. Refer to Section 21 for details.

¹²⁶ *Ibid.*

¹²⁷ Bongwalanga, J.F. (2008). *State instead of the Congolese Office of Post and Telecommunications OCPT-2008*. Retrieved February 21, 2013, from www.africaefuture.org.

¹²⁸ *Ibid.*

¹²⁹ Specialist Consultation. Refer to Section 21 for details.

government is in the process of drafting legislation that would allow a savings bank to be established¹³⁰. Poor access and perceived service delivery issues limits the market for postal services in DRC¹³¹.

7.2.7 Mobile Networks

Mobile networks have taken over from the national fixed line operator as the predominant providers of basic telecommunication services, as landline based communications infrastructure tends to be largely non-operational¹³². This has made connectivity on the whole difficult, especially between government entities, and for the provision of POS services across all distribution channels¹³³. Connectivity as a result is provided by mobile network operators¹³⁴. Subscriptions amount to 24% of the population. Airtime is sold through MNO stores as well as through airtime vendors¹³⁵. The major MNOs are Airtel, Vodacom Congo, Millicom (Tigo) and France Telecom Orange DRC (previously Congo Chine Telecom). Four operators (Airtel, Vodacom, Oasis and Africell) have obtained 3G licences. Despite a poorly developed national and international infrastructure, the country has access to international bandwidth through a submarine fibre optic cable¹³⁶.

Cash distribution points set up by the MNOs have helped extend access to cash services, particularly in provinces that do not have bank branches¹³⁷. Some independent retailers act as agents who collect and distribute cash on behalf of the MNOs¹³⁸.

7.2.8 Gas stations

Gas stations have a limited footprint, with less than 100^{139, 140, 141} of them in DRC. Shell, Fina, Total, Engen, COHYDRO, Congo Oil, and Cobil are the major players¹⁴². The Services des Entreprises Pétrolières Congolaises (SEP) is the main fuel logistics operator in the DRC¹⁴³. Ex-combatants have established small businesses that sell petrol on the roadside (a.k.a. 'le Quadaffi')¹⁴⁴. These are more common in the rural areas, as most of the gas stations are concentrated in the urban areas¹⁴⁵. Some gas stations have convenience stores attached to them, which is becoming increasingly common. Stores attached to gas stations tend to sell motor products, e.g. motor oil¹⁴⁶. Cash is the predominant form of payment at gas stations¹⁴⁷.

¹³⁰ *Ibid.*

¹³¹ Bongwalanga, J.F. (2008). *State instead of the Congolese Office of Post and Telecommunications OCPT-2008*. Retrieved February 21, 2013, from www.africaefuture.org.

¹³² *Specialist Consultation. Refer to Section 21 for details.*

¹³³ *Ibid.*

¹³⁴ *Ibid.*

¹³⁵ *Ibid.*

¹³⁶ Barton, J. (2012). *Developing Telecoms for emerging markets worldwide. 3G licences raise EUR60 million in DRC auctions*. Retrieved February 21, 2013, from www.developingtelecoms.com.

¹³⁷ *Specialist Consultation. Refer to Section 21 for details.*

¹³⁸ *Ibid.*

¹³⁹ Total. (2013). *Bloc III GrabenAlbertine: operating Block III near a fragile wilderness area in the Democratic Republic of the Congo*. Retrieved February 22, 2013, from www.total.com.

¹⁴⁰ Cohydro. (2012). *List of CohydroStations*. Retrieved February 22, 2013, from cohydro.cd/liste-des-stations-cohydro/.

¹⁴¹ Engen.DRC Service Stations. Retrieved February 22, 2013, from www.engoil.com.

¹⁴² United Nations Joint Logistics Centre (UNJLC). *DRC Snapshot .Fuels in the DRC*. Retrieved February 20, 2013, from www.logcluster.org.

¹⁴³ *Ibid.*

¹⁴⁴ TDRP (Transitional Demobilization and Reintegration Program). (2011). *5 Democratic Republic of Congo*. Retrieved February 19, 2013, from www.tdrp.net.

¹⁴⁵ *Ibid.*

¹⁴⁶ *Specialist Consultation. Refer to Section 21 for details.*

¹⁴⁷ *Ibid.*

7.2.9 Agro distributors

Agriculture employs close to 60% of the workforce in DRC, with both subsistence and commercial (primarily for export) agricultural production¹⁴⁸. The major crops are cassava, yams, plantains, rice, and maize. DRC is not drought-prone but has a poor internal transportation system, which impedes the development of an effective national urban food supply system. Farming in the subsistence segment involves around 4 million families. Subsistence farmers produce mainly manioc, corn, tubers, and sorghum¹⁴⁹.

The National Seed Service (SENASEM) assists with seed control, including provision and distribution of seeds. All fertilisers are imported and considerable effort is being made by the government to encourage the use of fertilisers¹⁵⁰. Fertilisers and seeds and other farming inputs are distributed through aid organisations such as USAID and FAO¹⁵¹. The government is in the process of implementing co-operatives with subsistence farmers, however this project is yet to take off¹⁵².

7.2.10 Informal traders

The bulk of the trading is done through informal traders¹⁵³. While most entities operate without licences they pay taxes and royalties to local authorities and traditional leaders. The informal trading sector is primarily made up of house shops, market vendors and hawkers¹⁵⁴. Many households, particularly in the urban areas, derive their income from market stalls although most goods sold in market places, including agricultural produce are imported¹⁵⁵. In the DRC, street traders are organised by trade unions as well as by socio-professional or mutual associations which organise, support, protect and promote vendors' rights¹⁵⁶. Some informal traders make use of motorcycles to drive through neighbourhoods to sell their goods¹⁵⁷. House shops are quite prevalent in most suburban areas¹⁵⁸.

¹⁴⁸ *Ibid.*

¹⁴⁹ *Focus: Africa. Sector Profile: DRC (Democratic Republic of Congo). Principle Economic Sectors of DRC. Retrieved February 18, 2013, from focusafrica.gov.in/Sector_Profile_DRC.html.*

¹⁵⁰ *SADC Secretariat. (2012). Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports. Retrieved March 22, 2013, from www.sadc.int.*

¹⁵¹ *Specialist Consultation. Refer to Section 21 for details.*

¹⁵² *Ibid.*

¹⁵³ *Ibid.*

¹⁵⁴ *Streetnet International. (2012). Summary Report: Case studies of collective bargaining and representative forums for street traders 2012. Retrieved February 20, 2013, from www.streetnet.org.za.*

¹⁵⁵ *TDRP (Transitional Demobilization and Reintegration Program). (2011). 5 Democratic Republic of Congo. Retrieved February 19, 2013, from www.tdrp.net.*

¹⁵⁶ *Streetnet International. (2012). Summary Report: Case studies of collective bargaining and representative forums for street traders 2012. Retrieved February 20, 2013, from www.streetnet.org.za.*

¹⁵⁷ *Specialist Consultation. Refer to Section 21 for details.*

¹⁵⁸ *Ibid.*

8 Lesotho¹⁵⁹



Lesotho is a landlocked country in Southern Africa, with a single border with just one country, South Africa. The official languages of the country are English and Sesotho.

Overview

One of the smaller countries in SADC, with size of country, and population in the bottom 5, and GDP in the bottom 3. Its level of financial inclusion lags behind just two other SADC countries. Lesotho has a close relationship with South Africa – for instance, the Lesotho ‘maloti’ is on par with the South African rand; approximately 35% of active male wage earners work in South Africa¹⁶⁰.

Economic Highlights

Agriculture, trade, and manufacturing account for just over half of GDP. GDP growth is generally robust at around 6% per annum which is on par with many of the other SADC countries. Lesotho generates most of its tariff revenue from SACU, which is the biggest driver for its GDP¹⁶¹. Inflation was 4.54% in December 2012¹⁶².

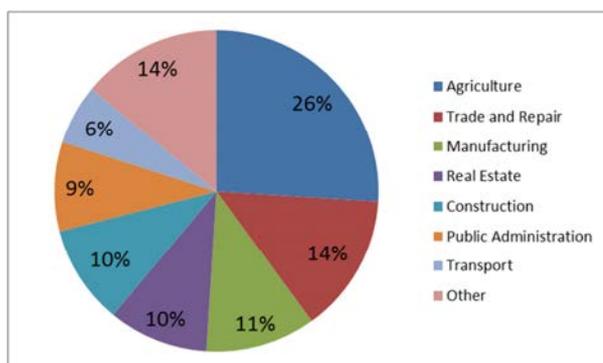
Social Highlights

Lesotho’s HDI ranking places it in the bottom half relative to other SADC countries. The bulk (86%) of its workforce is engaged in farming and the bulk of the population (72%) live in rural areas. Although close to a third (62.3%) of the population lives below the poverty line, there are 7 SADC countries that are worse off. 78% of the population have access to water, and 16% have access to electricity.

Key Figures		SADC Rank
Area (km ²)	0.03	11/14
GDP - PPP	2.43	13/14
Real GDP Growth	6	3/14
GDP per Capita	1106	9/14
Population	2.19	10/14
Population Density	72	4/14
Urban Population	28	9/14
HDI Ranking	160	9/14
Poverty	62.3	7/14
Access to Water	78	8/14
Electricity Access	16	9/14
Ease of Doing Bus.	136	9/14
Competitiveness	137	11/14

SADC Comparison

- An **Emerging SADC country**
- One of the **smaller** countries in SADC, with size of country, and population in the bottom 5, and GDP in the bottom 3.
- Population density in the top 5, top 3 for % of workforce employment in agriculture
- Amongst the **least competitive** of SADC countries, ranking in the bottom 4 and ranking in the bottom half for ease of doing business
- At 80.9%, in the top 3 for **financial inclusion**



¹⁵⁹ Note that this report typically uses the same data sources for similar data across countries. Refer to section 4 for an outline of data sources, as well as for a description of generic structure for this section.

¹⁶⁰ Lesotho Economic Profile 2013. (2013). Retrieved March 12, 2013, from www.indexmundi.com/lesotho/economy_profile.html.

¹⁶¹ AfDB, OECD, UNDP, UNECA. (2012). African Economic Outlook: Lesotho. Retrieved March 12, 2013, from www.africaneconomicoutlook.org.

¹⁶² Trading Economics. (2012). Lesotho Inflation-CPI. Retrieved March 13, 2013, from www.tradingeconomics.com/lesotho/inflation-cpi.

8.1 Financial services

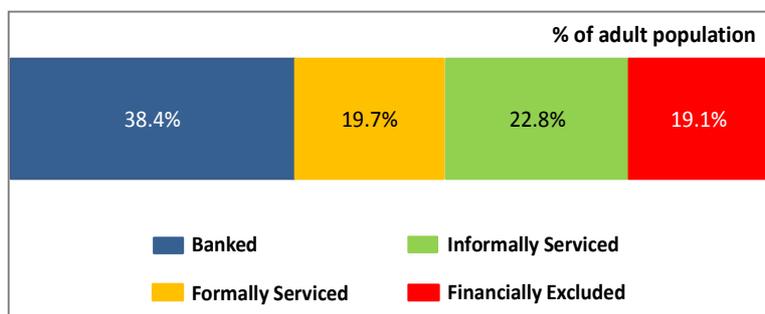


Figure 52: Financial Access Strand

Key Indicators	SADC Rank	
Bank Branches		
'- per 1 000 km ²	1.45	5/14
'- per 100 000 adults	3.24	11/14
ATMs per 1 000 km ²	3.39	5/14
POS per 100 000	52	6/14

Figure 53: Traditional FS Distribution

8.1.1 Financial Inclusion

At just over 80%, Lesotho has a high level of financial inclusion. Almost a third (31%) of the formally serviced population use non-bank products for access to credit through microfinance providers¹⁶³. The bulk of the informally served (81%) have funeral cover with burial societies. Although 38% of the population is banked, 42% utilize bank accounts primarily for remittance purposes.

The government has implemented the Rural Financial Intermediation Programme (RUFIP), which is a seven year programme focused on enhancing access to efficient financial services by the rural poor on a sustainable basis. This programme also covers co-operatives and informal savings groups. Support to Financial Inclusion in Lesotho (SUFIL) is running concurrently with RUFIP¹⁶⁴.

Lesotho ranks 3/14 amongst SADC countries for financial inclusion.

8.1.2 Formal Financial Services

The banks represented include Standard Lesotho Bank, Nedbank Lesotho, First National Bank Lesotho and Lesotho Post Bank, with a combined total of 42 branches spread across Lesotho. Bank charges are high, and banks in general are reluctant to grant individuals loans due to the high default rate, and difficulties in tracing defaulters. While credit extension has traditionally been low, it has been growing in recent years¹⁶⁵. Insurance companies include Sentinel Insurance, Prosperity Insurance, Lesotho National Insurance Company and Metropolitan Insurance Company. Boliba Credit and Savings Financial Cooperatives is the largest of the financial co-operatives.

8.1.3 Informal Financial Services

The informal financial services sector in Lesotho is fairly well established, with close to 30% of the adult population taking up financial products related to co-operatives and burial societies. The 141 savings and credit cooperatives (SACCOs) and Rural Savings and Credit Groups (RSCGs) play an important part in the semi-formal sector¹⁶⁶.

¹⁶³ Trading Economics.(2012). Lesotho Inflation-CPI. Retrieved March 13, 2013, from www.tradingeconomics.com/lesotho/inflation-cpi.

¹⁶⁴ Ibid.

¹⁶⁵ Ibid.

¹⁶⁶ FinScope. (2011). FinScope: Consumer survey 2011. Retrieved March 11, 2013, from www.finscope.co.za.

8.1.4 Traditional Financial Services Distribution

A large part of Lesotho is mountainous and rural, making access to conventional financial services difficult for the majority of the population. The rural population is underserved by the commercial banks in terms of the location of their branches throughout the country, as well as by the products that they offer, e.g. the Highland district is home to 420 000 people, but has only 9 bank branches¹⁶⁷. Almost half of the bank branches and ATMs are located in the Maseru urban area alone.

8.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station and post office channels. The sections that follow provide more detail per channel.

8.2.1 Opportunity Mapping

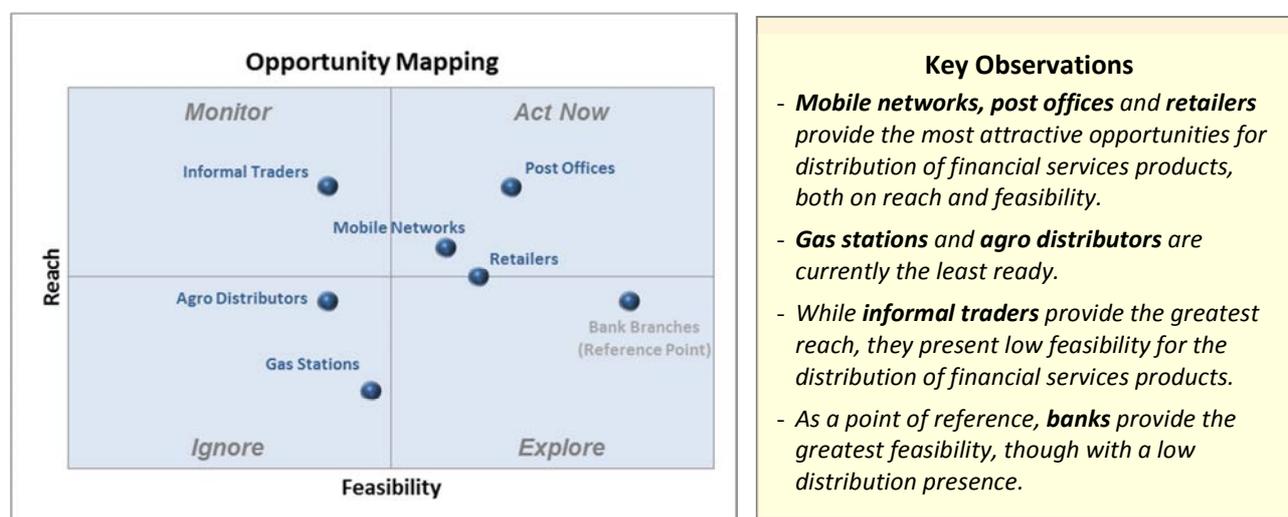


Figure 54: Opportunity Mapping

8.2.2 Reach

In terms of the number of distribution points, informal traders have by far the greatest reach of the various channels that may be employed to distribute financial services products. Post offices and MNOs have the largest client bases, though with limited dedicated distribution points. Gas stations have the smallest client base.

¹⁶⁷ FinScope. (2011). FinScope Consumer Survey Lesotho - 2011. Retrieved March 11, 2013, from www.finscope.co.za

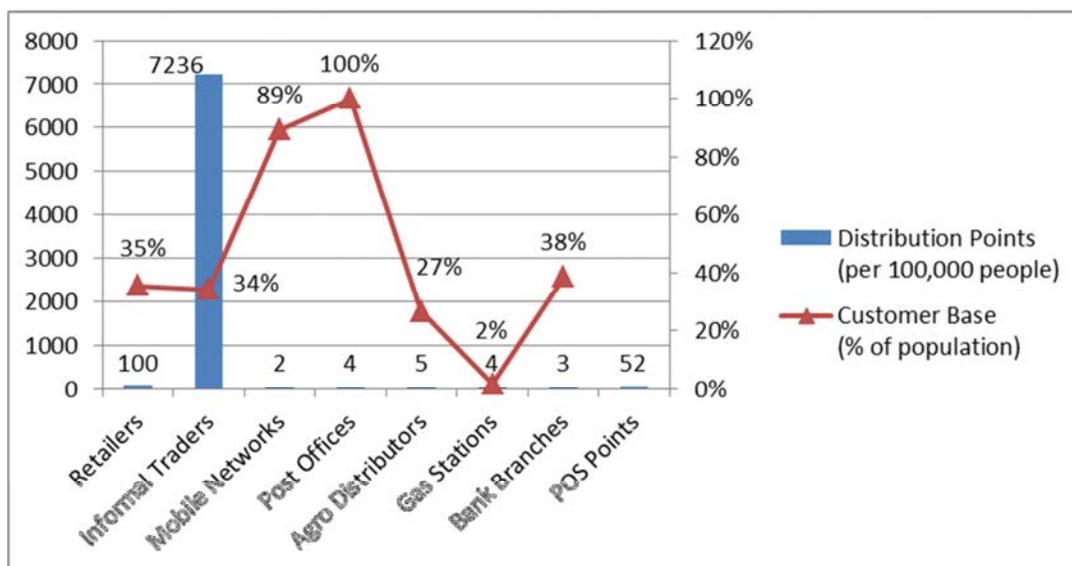


Figure 55: Reach

8.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Infrastructure	Medium	Low	Medium	Medium	Low	Low	High
POS infrastructure	Medium	Low	Low	Low	Low	Low	High
Electricity	Medium	Low	Medium	Medium	Low	Medium	Medium
Connectivity	Low	Low	Medium	Medium	Low	Low	High
Footfall	High	High	Medium	Medium	Medium	Medium	Medium
Cash Float	High	Low	Medium	Medium	Medium	High	High
Partnership Support	Low	Low	Medium	High	Low	Low	High
Proven Models	Medium	Low	High	High	Medium	Low	High

Figure 56: Feasibility

Post offices, followed by retailers and mobile networks provide the highest levels of feasibility. Gas stations present the next level of feasibility for the distribution of financial services. Agro distributors and informal traders provide the lowest feasibility.

8.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> • Edcon Store Cards¹⁶⁸ • Woolworths Store Cards¹⁶⁹ • Lay buy offered by smaller, independent retailers¹⁷⁰ • Shoprite Money Transfers¹⁷¹ 	<ul style="list-style-type: none"> • Funeral insurance¹⁷²
Informal Traders	<ul style="list-style-type: none"> • No known products 	<ul style="list-style-type: none"> • No known products
Post Offices	<ul style="list-style-type: none"> • Ngatana Savings Subscription¹⁷³ • Ordinary Savings Book¹⁷⁴ • Telea Fixed Deposit¹⁷⁵ • Lefisa Personal Loan¹⁷⁶ • Cheque Intermediation Services¹⁷⁷ • Payment card technology for the unbanked¹⁷⁸ • Electronic money transfer service within Lesotho and between Lesotho and SA Post Office¹⁷⁹ • Salary advance¹⁸⁰ 	<ul style="list-style-type: none"> • No known products
Mobile Networks	<ul style="list-style-type: none"> • <i>Sepache-fono</i> (Ecocash) for Econet Ezi-Cel¹⁸¹ • M-PESA, and linked products being launched by Vodacom Lesotho¹⁸² 	<ul style="list-style-type: none"> • No known products
Agro Distributors	<ul style="list-style-type: none"> • No known products 	<ul style="list-style-type: none"> • No known products
Gas Stations	<ul style="list-style-type: none"> • Convenience stores are typically present at gas stations in major towns¹⁸³. 	<ul style="list-style-type: none"> • No known products

Figure 57: Product Distribution

8.2.5 Retailers

Many of the chain store retailers operating in Lesotho are South African companies such as PEP, Edcon and Shoprite-Checkers. There are also many local businesses, but many of these are independent retailers with no chain store presence. Shoprite tends to focus on particular districts and therefore has a limited presence, whereas retailers such as PEP and Frasers have a greater

¹⁶⁸ Edcon. (2011). *Edcon Annual Report - 2011*. Retrieved March 12, 2013, from <http://www.edcon.co.za/Documents/AnnualResults/AnnualReport2011.pdf>.

¹⁶⁹ Specialist Consultation. Refer to Section 21 for details.

¹⁷⁰ Ibid.

¹⁷¹ FinMark Trust. (2012). *SADC Remittance Flows Report*. Retrieved August 14, 2013, from http://www.finmark.org.za/wp-content/uploads/pubs/Rep_SADCremittflowsFNL.pdf.

¹⁷² FinScope. (2011). *FinScope: Consumer survey 2011*. Retrieved March 11, 2013, from www.finscope.co.za.

¹⁷³ Lesotho PostBank. (2013). *Services*. Retrieved March 12, 2013, from www.lpb.co.ls.

¹⁷⁴ Ibid.

¹⁷⁵ Ibid.

¹⁷⁶ Ibid.

¹⁷⁷ Ibid.

¹⁷⁸ Ibid.

¹⁷⁹ Ibid.

¹⁸⁰ Ibid.

¹⁸¹ Lesotho Times. (2012). *Lesotho Times*. Retrieved March 11, 2013, from www.lesothotimes.com/?p=10125.

¹⁸² Vodacom Lesotho. (2013). *Vodacom Lesotho*. Retrieved March 13, 2013, from www.vodacom.co.za/personalls/main/home.

¹⁸³ Specialist Consultation. Refer to Section 21 for details.

distribution footprint¹⁸⁴. The Maseru Mall, which opened in 2012, is the largest mall in the country¹⁸⁵. Prior to this, Lesotho lacked a proper centralised shopping mall, resulting in many Basotho doing their shopping in nearby South African towns. Chinese retailers have set up business in Lesotho, with the perception that their lower pricing has forced competing local retailers out of business¹⁸⁶. Although there are many South African owned retailers operating in the country, they do not all offer the services that may be found in South Africa. An example of this is Shoprite Holdings. They have 5 stores in Lesotho but they do not have money markets counters (as is the case in South Africa) that are able to conduct money transfers within the country or across its borders¹⁸⁷.

8.2.6 Post Offices

There were 47¹⁸⁸ permanent post offices within Lesotho in 2011. The postal bank has a wide range of services, including the Ngatana Subscription Deposit that is geared to build up individual savings through the the same discipline found in rotating savings clubs. The postal bank is introducing new payment technology in support of it's goal to treble its customer base, 90% of whom are classified as poor. This payment system is focused mainly on the unbanked¹⁸⁹.

8.2.7 Mobile Networks

The 2 MNOs in Lesotho are Vodacom Lesotho and Econet Ezi-Cel. Vodacom holds 80% of the market share. Mobile penetration is good and the networks cover most of Lesotho. Air time may be purchased from retailers, branded stores or super dealers. Mobile penetration in Lesotho is 51%

8.2.8 Gas stations

Fuel retailers include Engen, TOTAL and independent retailers. There are 45¹⁹⁰ gas stations throughout the country. The industry is regulated by the Petroleum Fund of Lesotho, which is a statutory body¹⁹¹.

8.2.9 Agro distributors

Service provision to smallholder and subsistence farmers is mainly provided by the public sector¹⁹², with limited private sector distribution of agricultural inputs, fertilizer, equipment, and support to this market. Lesotho has 67 Agricultural Resource Centres, covering all ten districts of the country. These centres are responsible for providing technical support to farmers. The country also has various commodity associations, such as the Serumula Development Association which is responsible for sustainable agriculture and rural development. NGOs, such as the Rural Self-Help Development Association (RSDA), provide technical and monetary assistance to subsistence farmers in Lesotho in support of ensuring food security¹⁹³. The government, through the Ministry of Agriculture and Food Security (MAFS) has been promoting private sector participation in input distribution and MAFS

¹⁸⁴ *Ibid.*

¹⁸⁵ *Lesotho Times*. (2012). *Lesotho Times*. Retrieved March 12, 2013, from www.lesothotimes.com/?p=10928.

¹⁸⁶ *IRIN*. (2008). *LESOTHO: Anti-Chinese resentment flares*. Retrieved March 14, 2013, from www.irinnews.org/Report/76405/LESOTHO-Anti-Chinese-resentment-flares.

¹⁸⁷ *Specialist Consultation*. Refer to Section 21 for details.

¹⁸⁸ *Lesotho Post*. (2012). *Lesotho Post*. Retrieved March 11, 2013, from www.lesothopost.org.ls.

¹⁸⁹ *Ibid.*

¹⁹⁰ *Engen*. (2013). Retrieved March 15, 2013, from www.engen.co.za.

¹⁹¹ Kanono, B.T. (2000). *The role of small, medium and micro enterprises in Lesotho's economy*. Retrieved March 13, 2013, from http://researchspace.ukzn.ac.za/xmlui/bitstream/handle/10413/4852/Kanono_T_Bolaoane_2000.pdf?sequence=1.

¹⁹² *Ibid.*

¹⁹³ *Rural Self-Help Development Association*. (2013). *Rural Self-Help Development Association*. Retrieved March 14, 2013, from www.rsd.org.ls/Projects.htm.

occasionally provides input subsidies¹⁹⁴. Fraser stores have a presence in rural areas and service the farming community .

8.2.10 Informal traders

Lesotho has 100 000 micro, small and medium enterprises (MSMEs). Most of these businesses are run by sole proprietors and are not registered. Street vendors are involved in the hawking of either perishable or non-perishable foods. There are usually no designated areas or stalls for them to sell their wares¹⁹⁵. Informal, home-based convenience retailers, referred to as “*spaza shops*”, usually do not have access to technology and seldom have access to power¹⁹⁶. The informal sector is largely unregulated¹⁹⁷.

¹⁹⁴ SADC Secretariat. (2012). *Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports*. Retrieved March 22, 2013, from www.sadc.int.

¹⁹⁵ Kanono, B.T. (2000). *The role of small, medium and micro enterprises in Lesotho's economy*. Retrieved March 13, 2013, from http://researchspace.ukzn.ac.za/xmlui/bitstream/handle/10413/4852/Kanono_T_Bolaoane_2000.pdf?sequence=1.

¹⁹⁶ *Specialist Consultation*. Refer to Section 21 for details.

¹⁹⁷ Kanono, B.T. (2000). *The role of small, medium and micro enterprises in Lesotho's economy*. Retrieved March 13, 2013, from http://researchspace.ukzn.ac.za/xmlui/bitstream/handle/10413/4852/Kanono_T_Bolaoane_2000.pdf?sequence=1.

9 Malawi



Malawi is a landlocked country east of Zambia, and west and north of Mozambique. The official languages of the country are English and Chichewa.

Overview

Malawi is one of the poorest, least developed, and most densely populated countries in the world. It has one of the highest population densities, one of the lowest HDI rankings (171 out of 179 countries in 2011) and has a large portion (90.5%) of its population living in poverty. Malawi is largely an agrarian country and relies heavily on foreign donor aid.

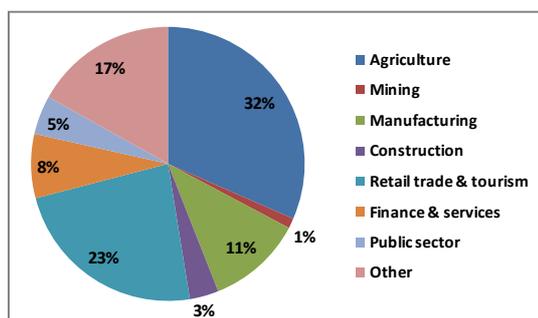
Economic Highlights

GDP is driven by agriculture and agri-business, which accounts for 90%¹⁹⁸ of its export revenues. Agriculture accounts for one third of Malawi's GDP, followed by retail trade and tourism and trade, and manufacturing. Lake Malawi, Africa's third biggest lake is a centre for tourism. The economy is primarily cash-based¹⁹⁹.

Social Highlights

82% of Malawians are heavily dependent on agriculture for their livelihood and are mostly subsistence and smallholder farmers²⁰⁰. Only 9% of the population has access to electricity, the second lowest level in SADC.

Key Figures		SADC Rank
Area (mkm ²)	0.094	10/14
GDP (PPP)	5.62	11/14
Real GDP Growth	4	5/14
GDP per Capita	365	13/14
Population (m)	15.38	6/14
Population Density	158	3/14
Urban Population	16	12/14
HDI Rank	171	11/14
Poverty	90.5	14/14
Access to water	83	6/14
Access to electricity	9	13/14
Ease of doing bus.	157	11/14
Competitiveness	129	8/14



SADC Comparison

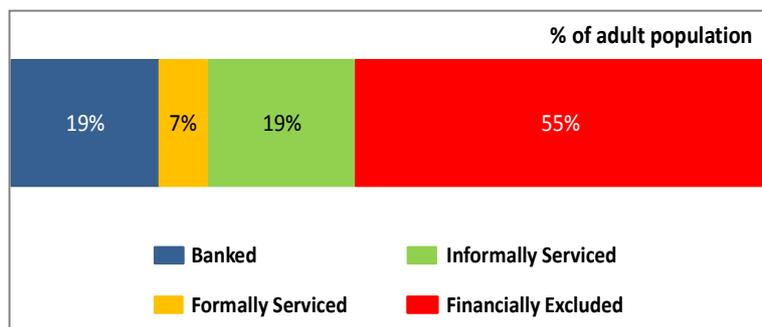
- An **Emerging SADC country**.
- Highest proportion of its **workforce engaged in agriculture**.
- Greatest proportion of its people living in **poverty**.
- In the bottom 3 for level of **urbanization**.
- In the bottom 5 for **HDI**.
- In the top 3 for **population density**.
- At 45%, in the bottom 5 for **financial inclusion**.

¹⁹⁸ AfDB, OECD, UNDP, UNECA. (2012). African Economic Outlook: Malawi. Retrieved February 21, 2013, from www.africaneconomicoutlook.org/fileadmin/uploads/aeo/PDF/Malawi%20Full%20PDF%20Country%20Note.pdf.

¹⁹⁹ Bank for International Settlements. (2012). Retail Payments Systems Landscape, Malawi, 2012. Retrieved February 28, 2013, from www.bis.org/cpss/paysys/Malawi.pdf.

²⁰⁰ United Nations Educational, Scientific and Cultural Organisation. (2012). Education for All Global Monitoring Report, 2012. Retrieved February 28, 2013, from <http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/ED/pdf/gmr2012-report-ch7.pdf>.

9.1 Financial services



Key Indicators	SADC Rank	
Bank Branches		
‘- per 1 000 km ²	0.93	6/14
‘- per 100 000 adults	1.00	13/14
ATMs per 1 000 km ²	2.50	6/14
POS per 100 000	8.52	13/14

Figure 58: Financial Access Strand

Figure 59: Traditional FS Distribution

9.1.1 Financial Inclusion

With more than half of the adult population financially excluded, only 5 other SADC countries have a lower level of financial inclusion than Malawi. Close to 1 in 5 Malawians are informally serviced, while roughly 1 in 4 are served through banks and insurance companies²⁰¹. Current formal products are not suitable for the low-income segment of the population and existing distribution networks have a limited reach.

9.1.2 Formal Financial Services

A number of local and international banks are represented, including National Bank of Malawi, Standard Bank of Malawi, and First Merchant Bank. There are 9 general insurers, 3 life insurers and a number of brokers and agents in the insurance sector²⁰². Insurance service provision is still very under-developed as insurance products are limited in range and reach. The 19²⁰³ MFIs in the country have a specific rural focus.

9.1.3 Informal Financial Services

The informal sector is served primarily through ‘*Katapila*’ (informal money lenders), Village Savings and Loan Associations (VSLAs), and ‘*Chipereganyu*’ (Rotating savings and credit associations, ROSCAs)²⁰⁴. The ‘*Katapila*’ (money lenders) sometimes double up and act as distributors of maize seed and other inputs during the planting season, and receive repayments in cash when the harvest is in.

9.1.4 Traditional Financial Services Distribution

Financial services companies tend to focus their physical presence in the more affluent, typically urban areas, resulting in poor overall presence (e.g. Malawi ranks second last of the SADC countries on bank branches per 100 000 adults). However, some financial services companies, namely banks, have started to focus more on rural areas by extending their physical presence through sub-branches, agencies, ATMs, POS and mobile banks (e.g. Opportunity International Bank of Malawi’s (OIBM’s)

²⁰¹ Based on internal Centri analysis of FinScope data, indications are that the informal figure is likely to be grossly under representative.

²⁰² Agar, J., Lewis-Donaldson, T., Mwabumba, M., Mwabutwa, C. & Mahlati, V. (2013). *FinMark Trust. Status of Agriculture and Rural Finance in Malawi*. Retrieved February 19, 2013, from www.finmark.org.za.

²⁰³ *Ibid.*

²⁰⁴ *Ibid.*

*banks-on-wheels*²⁰⁵ and FMB's '*Banki pa Mseu*'²⁰⁶), thus aiding expansion of the banking distribution footprint²⁰⁷.

Bank branches, ATM and POS channels are only available to existing bank customers, the majority of whom live in urban centres. In contrast, the post office has a presence throughout Malawi and provides some services to customers without accounts at banks or other formal institutions²⁰⁸.

9.2 Channels

The following 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, mobile networks, gas station, and post office channels. The sections that follow provide more detail per channel.

9.2.1 Opportunity Mapping

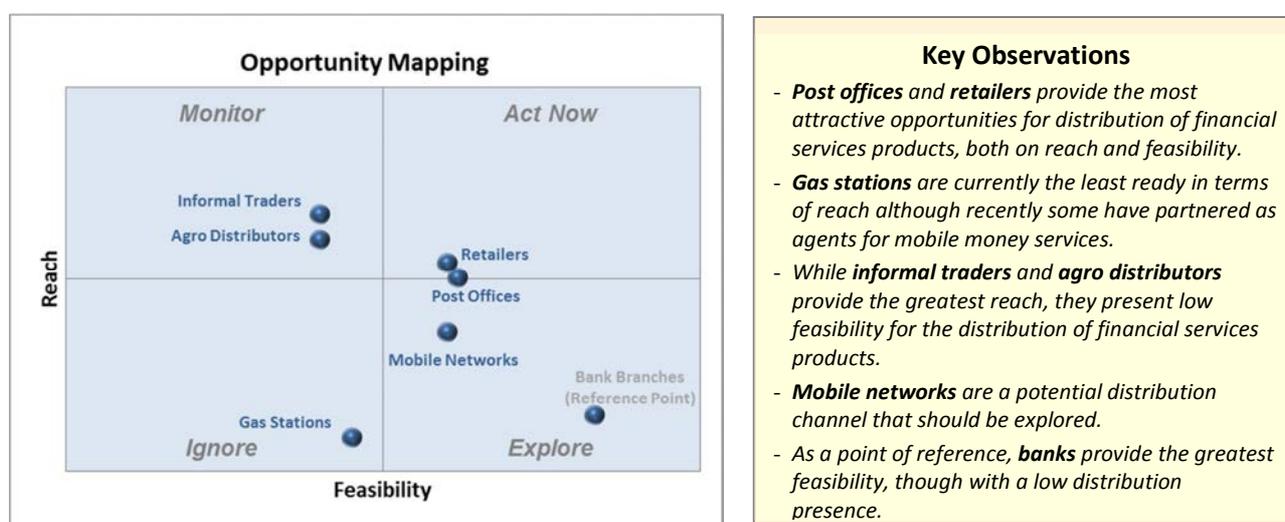


Figure 60: Opportunity Mapping

9.2.2 Reach

In terms of the number of distribution points informal traders have by far the greatest reach of the various channels that may be employed to distribute financial services products. Post offices have the largest client base, though with limited dedicated distribution points. Gas stations have the smallest client base.

²⁰⁵ Opportunity Bank of Malawi. (2013). Products and Services. Retrieved February 27, 2013, from <http://www.oibm.mw/>.

²⁰⁶ FMB Malawi. (2013). Products and Services. Retrieved February 27, 2013, from www.fmbmalawi.com.

²⁰⁷ Dermish, A and BFA. (2012). Retail Payments Systems Landscape, Malawi, 2012. Retrieved February 19, 2013, from <http://www.finmark.org.za/publication/mapping-of-retail-payment-services-landscape-in-malawi/>.

²⁰⁸ Ibid.

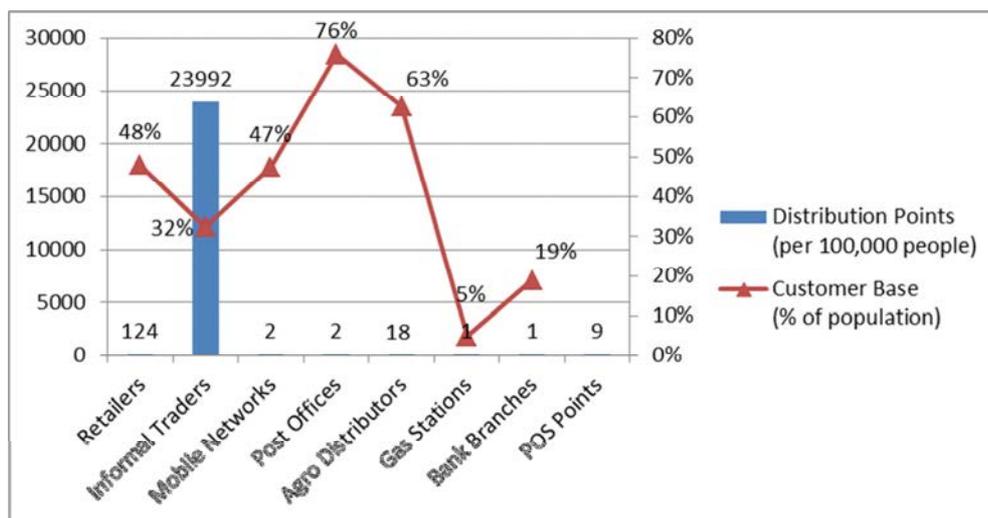


Figure 61: Reach

9.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Infrastructure	Low	Low	Medium	Low	Low	Low	Medium
POS infrastructure	Medium	Low	Low	Low	Low	Low	High
Electricity	Low	Low	Low	Low	Low	Medium	Medium
Connectivity	Low	Low	High	Low	Low	Low	Medium
Footfall	High	High	Medium	Medium	Medium	Medium	Medium
Cash Float	High	Low	Medium	Low	Medium	High	High
Partnership Support	Low	Low	Medium	High	Low	Low	High
Proven Models	Medium	Low	High	High	Medium	Low	High

Figure 62: Feasibility

Post offices, MNOs and retailers present the highest level of financial distribution feasibility. Gas stations, agro distributors and informal traders provide the lowest feasibility.

9.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various alternative channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> 56% of retailers offer credit²⁰⁹ Malswitch smartcard used for payments in retail stores²¹⁰ 	<ul style="list-style-type: none"> Old Mutual funeral plan²¹¹
Informal Traders	<ul style="list-style-type: none"> No known products 	<ul style="list-style-type: none"> No known products

²⁰⁹ Agar, J., Lewis-Donaldson, T. Mwabumba, M., Mwabutwa, C., & Mahlati, V. (2012). Status of Agricultural and Rural Finance in Malawi. Retrieved March 20, 2013, from www.finmark.org.za.

²¹⁰ Malswitch. (2013). Products & Services. Retrieved March 20, 2013, from http://malswitch.mw/malswitch/.

²¹¹ Old Mutual Malawi. (2013). Retrieved March 20, 2013, from http://www.ide.go.jp/English/Data/Africa_file/Company/malawi04.html.

Channel	Savings, Credit and Payments	Insurance
Post Offices	<ul style="list-style-type: none"> Malawi Post Corporation <i>PostGlobal Solution</i> provides point of sale, electronic money order, and electronic bill payments²¹² Mobile banking through Telekom Network Malawi (TNM)²¹³ <i>FastCash</i> (Remittance service)²¹⁴ 	<ul style="list-style-type: none"> No known products
Mobile Networks	<ul style="list-style-type: none"> Airtel mobile money services²¹⁵ TNM Mobile Money '<i>Mpamba</i>' allows for payments through its network²¹⁶ TNM's <i>Mpamba</i> mobile money planned²¹⁷ Airtel is partnering with NBM Bank to launch a new product that allows purchase of air time²¹⁸ Payment of utility bills²¹⁹ OIBM bank's <i>Banki M'manja</i> mobile money services requires a formal bank account²²⁰ 	<ul style="list-style-type: none"> Airtel partnered with Smile Insurance to offer funeral insurance through mobile banking (<i>Thandizo</i> Funeral Policy)²²¹ Sanlam planning to launch Nico Life, a product with eventualities that includes funeral²²²
Agro distributors	<ul style="list-style-type: none"> Agro distributors offer credit through the AGRA Agro Dealer Development Programme²²³ FMB Bank's <i>Makwacha</i> debit card focused on agricultural sector²²⁴ and sold through outlets of the agro distributor network through Farmers World in Central and Northern Malawi and Agora in Southern Malawi²²⁵ OIBM Bank <i>Kulima Gold</i> product enables e-payments to agriculture sector²²⁶ Various public sector funding programmes, e.g. <i>MARDEF</i> credit programme, <i>Farm Input Subsidy Programme</i> (FISP)²²⁷ 	<ul style="list-style-type: none"> No known products

²¹² Malawi Postal Corporation. (2013). *Malawi Postal Corporation*. Retrieved February 21, 2013, from www.malawiposts.com.

²¹³ Bloomberg. (2011). *Malawi inflation accelerated to 7.6 in August agency says*. Retrieved February 21, 2013, from www.bloomberg.com/news/2011-09-23/malawi-inflation-accelerated-to-7-6-in-august-agency-says.html.

²¹⁴ FinMark Trust. (2012). *Retail Payments Systems Landscape, Malawi, 2012*. Retrieved February 21, 2013, from www.finmark.org.za.

²¹⁵ Dermish, A. & BFA. (2012). *FinMark Trust. Mapping the Retail Payment Services Landscape: Malawi*. Retrieved February 19, 2013, from www.finmark.org.za.

²¹⁶ Nkawihe, M. (2013). *Nyasa Times. TNM launches Mobile Money Mpamba to build great Malawi Nation*. Retrieved February 19, 2013, from <http://www.nyasatimes.com/2013/05/02/tnm-launches-mobile-money-mpamba-to-build-great-malawi-nation/>.

²¹⁷ Communications Africa. (2012). *Malawi telecom operators tap into low-income rural market*. Retrieved February 21, 2013, from <http://www.communicationsafrica.com>.

²¹⁸ Oxford Policy Management and Kadale Consultants. (2010). *Supply side study of financial inclusion in Malawi*. Retrieved February 20, 2013, from www.housingfinance.org.

²¹⁹ Specialist Consultation. Refer to Section 21 for details.

²²⁰ FinMark Trust. (2012). *Retail Payments Systems Landscape, Malawi, 2012*. Retrieved February 21, 2013, from www.finmark.org.za.

²²¹ Specialist Consultation. Refer to Section 21 for details.

²²² Ibid.

²²³ Agar, J., Lewis-Donaldson, T., Mwabumba, M., Mwabutwa, C., & Mahlali, V. (2012). *Status of Agricultural and Rural Finance in Malawi*. Retrieved March 20, 2013, from www.finmark.org.za.

²²⁴ Oxford Policy Management. (2010). *Oxford Policy Management. Supply side study of financial inclusion in Malawi*. Retrieved February 19, 2013, from www.opml.co.uk.

²²⁵ Specialist Consultation. Refer to Section 21 for details.

²²⁶ Dermish, A. & BFA. (2012). *FinMarkTrust. Mapping the Retail Payment Services Landscape: Malawi*. Retrieved February 19, 2013, from www.finmark.org.za.

²²⁷ Oxford Policy Management. (2010). *Oxford Policy Management. Supply side study of financial inclusion in Malawi*. Retrieved February 19, 2013, from www.opml.co.uk.

Channel	Savings, Credit and Payments	Insurance
Gas stations	<ul style="list-style-type: none"> • E-fuel cards from Puma Energy, and PlusCard from Total, facilitate gas payments • Puma Energy offers facility to prepay for fuel at participating bank branches²²⁸. • Some gas stations have ATMs 	<ul style="list-style-type: none"> • No known products

Figure 63: Product Distribution

9.2.5 Retailers

Malawians conduct most of their shopping through local stores, however international stores such as SPAR and Shoprite-Checkers also operate in the country. Local chain stores include the Peoples Trading Centre (PTC), Metro and Chipuku. Independent retail stores outnumber chain stores²²⁹. Malawi's second modern mall, the New Gateway Shopping Centre is currently under construction and will feature South African based stores upon completion. Telephonic consultation with staff at Shoprite, SPAR and USave confirmed that these stores do not offer any financial services products.

9.2.6 Post Offices

The Malawi Post Corporation (MPC) is a government parastatal that has 380²³⁰ branches across the country. MPC is authorised to provide financial services²³¹. MPC partnered with Telekom Network Malawi to introduce mobile banking through its branches. The Malawi Savings Bank (MSB) has agencies in MPC that offer a wide variety of financial services products. MPC and MSB used to be a single entity prior to their split

9.2.7 Mobile Networks

At 24%, the mobile penetration rate in Malawi is low. The main MNOs are Airtel, with majority market share and Telekom Network Malawi (TNM)²³². Airtime is distributed through local agents, throughout the three regions. Hawkers also sell airtime in conjunction with other trading goods²³³.

9.2.8 Gas stations

There are 112²³⁴ gas stations (referred to locally as "filling stations") in Malawi. There are several regional and international players retailing fuel in Malawi. Energem, Puma Energy, BP, TOTAL and Petroda are the companies with the greatest presence across the country. Gas stations tend to be concentrated in urban and peri-urban areas²³⁵. Gas stations in urban areas tend to have convenience stores attached. In rural areas shops attached to gas stations focus on motor related goods²³⁶.

²²⁸ Specialist Consultation. Refer to Section 21 for details.

²²⁹ Ibid.

²³⁰ Dermish, A. & BFA. (2012). *FinMark Trust. Mapping the Retail Payment Services Landscape: Malawi*. Retrieved February 19, 2013, from www.finmark.org.za.

²³¹ Ibid.

²³² Dermish, A. & BFA. (2012). *FinMark Trust. Mapping the Retail Payment Services Landscape: Malawi*. Retrieved February 19, 2013, from www.finmark.org.za.

²³³ Agar, J., Lewis-Donaldson, T., Mwabumba, M., Mwabutwa, C. & Mahlati, V. (2012). *FinMarkTrust. Status of Agriculture and Rural Finance in Malawi*. Retrieved February 19, 2013, from www.finmark.org.za.

²³⁴ Malawi Energy Regulatory Authority. (2013). *Regulated entities*. Retrieved February 20, 2013, from www.meramalawi.mw/documents/regulated_entities.pdf.

²³⁵ Specialist Consultation. Refer to Section 21 for details.

²³⁶ Ibid.

9.2.9 Agro distributors

The majority of Malawi's rural agricultural workforce are employed as '*mlimi*' (subsistence farmers). 56% of agro distributors offer credit to farmers in their areas. Agro distributors are usually private companies that sell directly to the farmers, and may be found at trading centres across the country²³⁷. Opportunity International Bank Malawi (OIBM) has partnered with a local retail network, Kulima Gold which provides inputs to farmers. POS devices have been supplied to all 64 outlets allowing OIBM customers to purchase goods using their OIBM cards²³⁸.

Farmers World (operating as Agora in the south) has a large agro distributor network in the country with 120 outlets throughout Malawi. It has a partnership with First Merchant Bank (FMB) to distribute the *Makwacha* card which can be used by farmers to cash in and cash out. The *Makwacha* card has been in use for the last 7 years and is used by 33 000 smallholder farmers who are considered active customers. Consultation suggests that there is a POS device in almost every outlet. Many of the outlets have a table or kiosk with with a FMB clerk²³⁹.

The Agricultural Development and Marketing Corporation (ADMARC) and the Smallholder Farmers' Fertilizer Revolving Fund of Malawi (SFFRFM) are parastatals involved in the sale and distribution of farm inputs to smallholder farmers, as well as importing and distributing fertilizers for smallholder farmers²⁴⁰.

9.2.10 Informal traders

Informal traders may be located at the front of a house, or at village markets. The Malawi Union for the Informal Sector (MUFIS) oversees the informal sector in Malawi, and has a membership of 10 000 people, which consists of street vendors, market traders and informal tea growers²⁴¹. MUFIS also provides business training to its members. Each ward in Malawi will typically have at least 1 trading market, located in a space typically managed by the municipality²⁴².

²³⁷ *Ibid.*

²³⁸ Dermish, A. & BFA. (2012). *FinMark Trust. Mapping the Retail Payment Services Landscape: Malawi*. Retrieved February 19, 2013, from www.finmark.org.za.

²³⁹ *Specialist Consultation. Refer to Section 21 for details.*

²⁴⁰ SADC Secretariat. (2012). *Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports*. Retrieved March 22, 2013, from www.sadc.int.

²⁴¹ *Inclusive Cities. Leading the fight for legitimacy: Malawi Union for the Informal Sector (MUFIS)*. Retrieved February 19, 2013, from www.inclusivecities.org/wp-content/uploads/2012/07/MUFIS_Success_Story_Leading_the_Fight.pdf.

²⁴² *Ibid.*

10 Mauritius²⁴³



Key Figures		SADC Rank
Area (km ²)	0.00203	13/14
GDP - PPP	11.26	9/14
Real GDP Growth	4	5/14
GDP per Capita	8755	2/14
Population	1.29	12/14
Population Density	631	1/14
Urban Population	42	4/14
HDI Ranking	77	2/14
Poverty	1	1/14
Access to Water	99	2/14
Electricity Access	99	1/14
Ease of Doing Bus.	19	1/14
Competitiveness	54	2/14

Mauritius is a small tropical volcanic island in the West Indian Ocean, about 2 200 km off the southern east coast of Africa²⁴⁴. The official language of the country is English, though more than 80% of the people speak Creole.

Overview

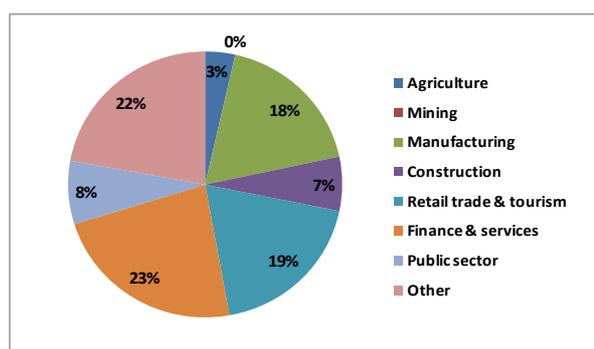
Mauritius is amongst the smallest of the SADC countries in terms of area and population, with the highest population density. The country ranks first or second amongst SADC countries for most progressive measures (HDI, ease of doing business, global competitiveness, financial inclusion) except for urbanisation, where it ranks 4th. It has developed from a low income, agriculturally based economy to a middle income, diversified economy since its independence in 1968²⁴⁵.

Economic Highlights

Finance, manufacturing, trade, and service account for 60% of GDP. Unlike the majority of SADC countries, agriculture accounts for a small proportion (3%) of GDP. The bulk of its workforce is engaged in trade, restaurants and hotels, and construction and industry²⁴⁶. Tourism plays a major role in the economy with over 1 000 000 tourists visiting the country a year. At 4.1% in 2011, the country's real GDP growth rate remains strong²⁴⁷.

Social Highlights

Its HDI ranking places Mauritius in the top 2 relative to other SADC countries. At 1%, it has the lowest level of poverty in the region. Over half of the population (58%) live in rural areas, with only 1% living below the poverty line. Almost all people (99%) have access to water and access to electricity. The government provides free healthcare to its citizens.



SADC Comparison

- An **Established SADC country**
- One of the **smaller** countries in SADC, with size of country & population in the bottom 3 and GDP ranking 6th
- Highest **population density, urban population** in the top 5
- Amongst the **most competitive** of SADC countries, and the **least difficult** places to do business, ranking 2nd and 1st respectively

²⁴³ Note that this report typically uses the same data sources for similar data across countries. Refer to section 4 for an outline of data sources, as well as for a description of generic structure for this section.

²⁴⁴ SADC Secretariat. (2012). *Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports*. Retrieved March 22, 2013, from www.sadc.int.

²⁴⁵ Focus: Africa. (2011). *Mauritius Overview*. Retrieved March 22, 2013, from focusafrica.gov.in.

²⁴⁶ *Ibid.*

²⁴⁷ African Economic Outlook. (2011). *African Economic Outlook*. Retrieved March 18, 2013, from <http://www.africaneconomicoutlook.org>.

10.1 Financial services

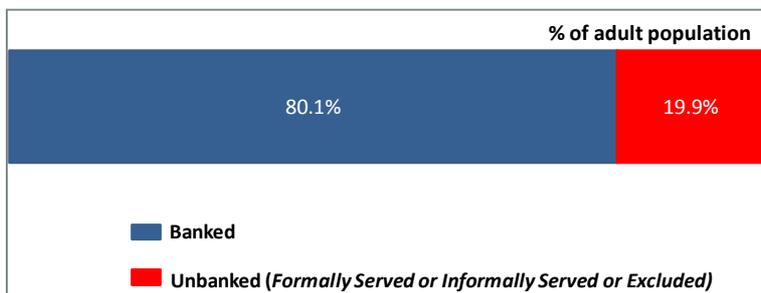


Figure 64: Financial Access Strand²⁴⁸

Key Indicators		SADC Rank
Bank Branches		
'- per 1 000 km ²	104.93	1/14
'- per 100 000 adults	21.29	2/14
ATMs per 1 000 km ²	210.84	1/14
POS per 100 000	647.00	2/14

Figure 65: Traditional FS Distribution

10.1.1 Financial Inclusion

Take-up of financial services amongst the majority of the population is high, with Mauritius ranking 4/14 amongst SADC countries for financial inclusion. Only 19.9% of the population is classified as unbanked²⁴⁹.

10.1.2 Formal Financial Services

There are a large number of local and international banks represented in Mauritius, including MCB (Mauritius Commercial Bank), HSBC, State Bank of Mauritius and Mauritius Post and Cooperative Bank Ltd, with combined total of 216 branches²⁵⁰. The insurance companies include the Mauritian Eagle Insurance Company, Swan Insurance and State Insurance Company of Mauritius Ltd.

10.1.3 Traditional Financial Services Distribution

Financial services are currently primarily distributed through bank branches, microfinance institutions and insurance brokerages, which are primarily located in the urban areas. Insurance companies typically operate through brokerages located primarily in the cities and larger towns. Mauritius, compared to the rest of the SADC countries, has the highest number of bank branches and ATMs per 1 000 km² and the second highest number of POS terminals per 100 000 adults. Alternative distribution channels such as mobile networks and post offices provide well established financial services products²⁵¹. The take-up of mobile banking has been low²⁵².

²⁴⁸ Given that a FinScope survey has not yet been completed for Mauritius, a view of financial inclusion has been produced using the following source as input: The World Bank. (2011). World DataBank: World Development Indicators. Retrieved March 26, 2013, from databank.worldbank.org.

²⁴⁹ Statistics Mauritius. (2013). Republic of Mauritius. Retrieved March 21, 2013, from <http://www.gov.mu>.

²⁵⁰ Bank of Mauritius Annual Report 2012. Retrieved March 21, 2013.

²⁵¹ Bertelsmann Stiftung. (2012). BTI 2012 - Mauritius Country Report. Retrieved March 22, 2013, from <http://www.bti-project.de>.

²⁵² Specialist Consultation. Refer to Section 21 for details.

10.2 Channels

10.2.1 Opportunity Mapping



Key Observations

- **Mobile networks, post offices and retailers** provide the most attractive opportunities for distribution of financial services products, both on reach and feasibility.
- **Agro distributors** are currently the least ready.
- **Informal traders** are a channel that should be monitored.
- **Gas stations** may be explored for niche opportunities.
- As a point of reference, banks provide a relatively high feasibility, though with a lower distribution presence compared to **mobile networks**.

Figure 66: Opportunity Mapping

10.2.2 Reach

In terms of the number of distribution points, informal traders have by far the greatest reach of the various channels that may be employed to distribute financial services products. Retailers also have a relatively large number of distribution points. MNOs have the largest client base.

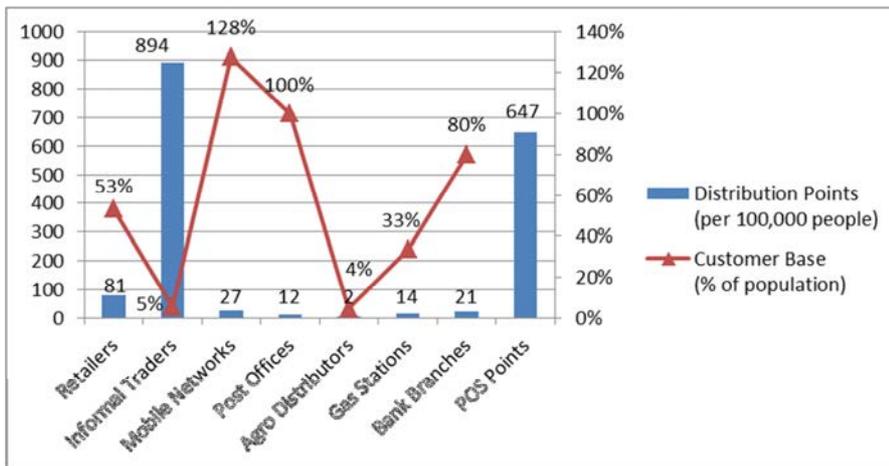


Figure 67: Reach

10.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Infrastructure	High	Low	High	High	Medium	High	High
POS infrastructure	High	Low	High	Medium	Low	High	High
Electricity	High	Medium	High	High	Medium	High	High

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Connectivity	Medium	Low	High	High	Medium	Medium	High
Footfall	High	High	High	Low	Low	Medium	Medium
Cash Float	High	Low	Low	Medium	Medium	Medium	High
Partnership Support	Medium	Low	High	High	Low	Medium	High
Proven Models	Medium	Medium	Medium	High	Medium	Medium	High

Figure 68: Feasibility

Retailers provide the highest level of feasibility. MNOs and post offices provide the next level of feasibility followed by gas stations. Agro distributors and informal traders provide the lowest feasibility.

10.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> • MCB- Bagatelle Credit Card²⁵³ 	<ul style="list-style-type: none"> • No known products
Informal Traders	<ul style="list-style-type: none"> • No known products 	<ul style="list-style-type: none"> • No known products
Post Offices	<ul style="list-style-type: none"> • Etoile cards – Can be used to pay bus fare and make purchases²⁵⁴ • Banking Services – Withdrawals, deposits, opening new accounts, Savings Culture Scheme and Cheque Encashment²⁵⁵ 	<ul style="list-style-type: none"> • SICOM and ILA life insurance are sold at the post office²⁵⁶ • SICOM parcel insurance²⁵⁷
Mobile Networks	<ul style="list-style-type: none"> • Emtel Easy Transfer allows the transfer of credit between prepaid devices²⁵⁸ • Emtel mPayment links to credit card accounts, allowing postpaid bills to be paid directly from a mobile phone²⁵⁹ • Emtel Mobile Banking²⁶⁰ • Orange Money – Pay electricity, telephone and mobile bills²⁶¹ 	<ul style="list-style-type: none"> • No known products
Agro distributors	<ul style="list-style-type: none"> • No known products 	<ul style="list-style-type: none"> • No known products
Gas stations	<ul style="list-style-type: none"> • Shell Card²⁶² • Gas stations generally have a convenience store²⁶³ 	<ul style="list-style-type: none"> • No known products

Figure 69: Product Distribution

²⁵³ Mauritius Commercial Bank. (2013). Mall Cards. Retrieved April 16, 2013, from <http://www.mcb.mu/en/individual/cards/mall-card>.

²⁵⁴ Mauritius Post. (2012). Mauritius Post. Retrieved March 18, 2013, from <http://www.mauritiuspost.mu/>.

²⁵⁵ Ibid.

²⁵⁶ Ibid.

²⁵⁷ Ibid.

²⁵⁸ Emtel. (2012). Emtel. Retrieved March 18, 2013, from <http://www.emtel-ltd.com/>.

²⁵⁹ Ibid.

²⁶⁰ Ibid.

²⁶¹ Orange. (2012). Orange Mauritius - Mauritius. Retrieved March 20, 2013, from <http://www.orange.mu/>.

²⁶² Specialist Consultation. Refer to Section 21 for details.

²⁶³ Ibid

10.2.5 Retailers

The Mauritian retail industry has evolved since the early 1990's, where independent store owners were the norm. Since then, the proportion of chain stores has increased. Jumbo Supermarket and Winners Supermarket are the most widely known retailers, and have a widespread network of stores throughout the country²⁶⁴. There are not many large retail brands in Mauritius, with only 3²⁶⁵ Shoprite stores, 3²⁶⁶ Pick n Pay outlets, 1²⁶⁷ Woolworths store, and 6²⁶⁸ SPAR branded stores. There are, however, a number of shopping centres, arcades and malls in Mauritius, with LaRoisset and Bagatelle being the biggest malls, selling various items such as food, clothing, jewellery, arts and crafts and other products. Hire purchase is common for goods such as mobile phones and furniture²⁶⁹.

10.2.6 Post Offices

Mauritius Post is the national postal service of Mauritius. It has 114 branches across Mauritius and 6 on the neighboring islands²⁷⁰. Mauritius Post provides e-commerce and online payment platform services and has post shops and banking services. The Post Office Bank is a savings bank that carries out some lending²⁷¹.

10.2.7 Mobile Networks

Mauritius has a mobile penetration rate of approximately 102%, which implies that some individuals possess more than one cellphone or subscription. The major MNOs are Orange, Emtel and MTML (Mahanagar Telephone Mauritius Ltd). Sales and service is accomplished through super agents and franchise outlets²⁷². Emtel has 21 distribution outlets, MTML as 238 and Orange Mauritius has 19. Mauritians change their phones quite regularly, and there is a strong demand for smart phones. Mobile money is currently not offered²⁷³.

10.2.8 Gas stations

Gas stations have a limited footprint in Mauritius, with roughly 140 service stations across the country. Vivo Energy (formerly Shell), Engen, Indian Oil and TOTAL are the major players²⁷⁴. Gas stations may have an attached convenience store selling general consumer products, typically at gas stations in the bigger towns and villages²⁷⁵. They also provide fleet cards allowing businesses to better manage fuel consumption. Commuters transact at gas stations either using cash or credit, debit or special cards²⁷⁶.

10.2.9 Agro distributors

Agriculture does not play a large role in Mauritius, with only 8.46% of the labour force being involved in agriculture, which is mainly commercial²⁷⁷ farming and fishing. There is very little livestock farming in

²⁶⁴ *Ibid.*

²⁶⁵ Shoprite Holdings Ltd. (2012). Shoprite Holdings Ltd. Retrieved March 20, 2013, from <http://www.shopriteholdings.co.za/>.

²⁶⁶ Pick n Pay. (2012). Pick n Pay. Retrieved March 20, 2013, from www.picknpay-ir.co.za.

²⁶⁷ Woolworths Holdings Ltd. (2012). WHL. Retrieved March 20, 2013, from www.woolworthsholdings.co.za.

²⁶⁸ Score Jumbo / Score. Different Devices. Retrieved March 20, 2013, from <http://www.jumbo-score.com/dispositif.php>.

²⁶⁹ Specialist Consultation. Refer to Section 21 for details.

²⁷⁰ Mauritius Post. (2012). Mauritius Post. Retrieved March 18, 2013, from <http://www.mauritiuspost.mu/>.

²⁷¹ Specialist Consultation. Refer to Section 21 for details.

²⁷² Budde Comm. (2012). Mauritius - Telecoms, Mobile, Broadband and Forecasts. Retrieved March 22, 2013, from <http://www.budde.com.au>.

²⁷³ Specialist Consultation. Refer to Section 21 for details.

²⁷⁴ State Trading Corporation. (2013). Petroleum Products. Retrieved March 22, 2013, from http://stc.intnet.mu/index.php?option=com_content&view=article&id=63&Itemid=80.

²⁷⁵ Specialist Consultation. Refer to Section 21 for details.

²⁷⁶ *Ibid.*

²⁷⁷ *Ibid.*

Mauritius. A large proportion of people involved in agriculture work within the sugar cane fields, although some other crops are grown as well²⁷⁸.

The Mauritian government, through the Ministry of Agro and Food Security²⁷⁹, has recently decided to develop agricultural self-sufficiency in Mauritius. There are a few existing agro-organisations in Mauritius, namely: The National Federation of Young Farmers (NFYF), Mauritius Co-operative Agricultural Federation Ltd (MCAF), Mauritius Agricultural Marketing Co-operative Federation (MAMCF), and Mauritius Vegetable Planters Association (MVPA)²⁸⁰.

Agricultural Services (AS) which is a department of the Ministry of Agro Industry and Food Production and Security provides agricultural inputs including 40%²⁸¹ of the national requirement of vegetable seeds at subsidized prices. The Agricultural Marketing Board (AMB) is the sole importer of potato seeds and guarantees a minimum price for registered dealers, determined by the National Potato Committee. The state is one of the main suppliers of seed. There are 2 main companies that manufacture and distribute fertilizer in Mauritius; Island Fertiliser which is a joint venture between the Mauritius Co-operative Agricultural Federation and a private company and the Mauritius Chemical and Fertiliser Industry (MCFI)²⁸².

10.2.10 Informal traders

Informal trading is widespread in Mauritius, providing significant competition for independent retailers. There are a number of markets in Mauritius (e.g The Grand Bay Fish and Food Market, The Port Louis Market) selling fruits, vegetables, clothing, and other items²⁸³. The major client base of these markets are generally tourists or those that live in the surrounding areas. House shops, called '*pabagie*', sell items such as newspapers, soft drinks and cakes. Street hawkers sell items such as shoes, undergarments and CDs on occasion smaller trading businesses may gather to create an informal market²⁸⁴.

²⁷⁸ *Ibid.*

²⁷⁹ *Ibid.*

²⁸⁰ Hosenally, N. (2012). *Current and Emerging Youth Policies and Initiatives with a Special focus on Links to Agriculture*. Retrieved March 21, 2013, from dialogue2012.fanrpan.org.

²⁸¹ SADC Secretariat. (2012). *Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports*. Retrieved March 22, 2013, from www.sadc.int.

²⁸² *Ibid.*

²⁸³ Travel Mauritius. (2011). *Travel Mauritius*. Retrieved March 21, 2013, from http://www.travelmauritius.info/grand_bay_market.html.

²⁸⁴ Specialist Consultation. Refer to Section 21 for details.

11 Mozambique²⁸⁵



Mozambique is located on the eastern coast of southern Africa, bordered by Tanzania in the north, South Africa and Swaziland in the south and Zimbabwe, Zambia and Malawi in the west.

The official language of the country is Portuguese.

Overview

The country is primarily agrarian. With a population of 23.93 million people, it is amongst the 5 most populous SADC countries.

Economic Highlights

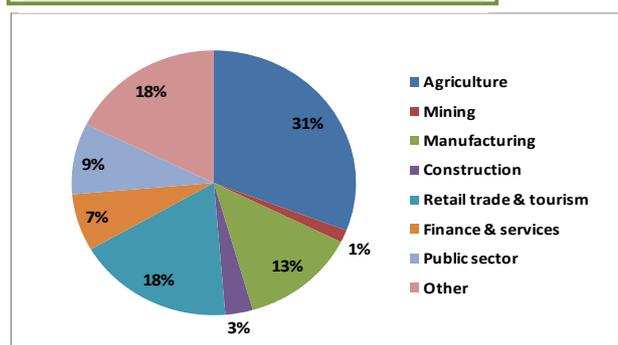
Agriculture, retail, trade and tourism account for almost half of GDP. Mozambique has achieved an average 7.2% growth during the last decade. In 2011, this was due to a boost in coal production and strong performance in the financial services sector, transport, communications, and construction.

The economy is primarily cash-based²⁸⁶.

Social Highlights

The bulk of Mozambique's workforce (81%) is engaged in farming, and the bulk of its population live in rural areas (69%). Close to 82% of the population live below the poverty line. The country has a HDI ranking of 184/187²⁸⁷. Only 47% of the population has access to water, and 12% to electricity.

Key Figures		SADC Rank
Area (km ²)	0.79	7/14
GDP (PPP)	12.8	7/14
Real GDP Growth	7	2/14
GDP per Capita	535	11/14
Population (m)	23.93	4/14
Population Density	30	9/14
Urban Population	31	8/14
HDI Rank	184	13/14
Poverty	81.6	12/14
Access to water	47	13/14
Access to electricity	12	11/14
Ease of doing bus.	146	10/14
Competitiveness	138	12/14



SADC Comparison

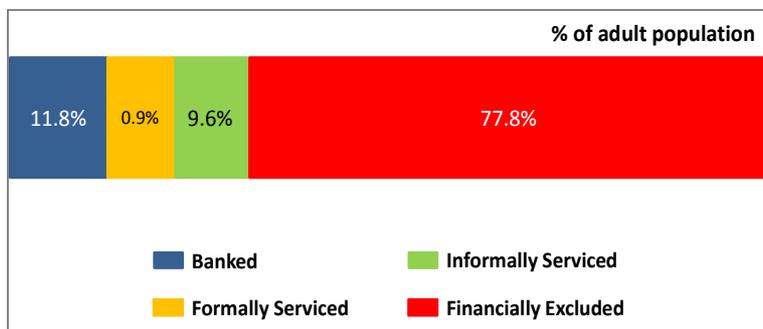
- An **Emerging SADC country**
- One of the larger countries, in the top 5 for size of population
- Amongst the **less competitive** of SADC countries, and one of the **more difficult places to do business**, ranking in the bottom 3 on the first index and the bottom 5 on the second.
- At 22.2%, in the bottom 5 for **financial inclusion**

²⁸⁵ Note that this report typically uses the same data sources for similar data across countries. Refer to section 4 for an outline of data sources, as well as for a description of generic structure for this section.

²⁸⁶ FinMark Trust. (2012). Mapping the retail payment services landscape: Mozambique 2012. Retrieved March 22, 2013, from www.cenfri.org.

²⁸⁷ The World Bank. (2011). World Databank: World Development Indicators. Retrieved March 23, 2013, from databank.worldbank.org.

11.1 Financial services



Key Figures		SADC Rank
Bank Branches		
'- per 1 000 km ²	0.60	9/14
'- per 100 000 adults	3.63	10/14
ATMs per 1 000 km ²	1.08	9/14
POS per 100 000	34.00	8/14

Figure 70: Financial Access Strand

Figure 71: Traditional FS Distribution

11.1.1 Financial Inclusion

Close to 80% of the population is classified as financially excluded, with no take-up of either formal, or informal, financial services. 2.3% of adults in Mozambique have some form of formal insurance²⁸⁸. Only one other SADC country (DRC) has a lower level of financial inclusion than Mozambique.

11.1.2 Formal Financial Services

A number of local and international banks are represented. The banking sector is dominated by Millenium BIM and BCI which between them operate the majority of bank branches. There are also commercial banks focused on the SMME and microfinance customers, including Banco Procredit SA, Banco Oportunidade de Moçambique SA (BOM), Banco Socremo de Microfinancas SA, and Banco Tchuma SA, which amongst them, have 462²⁸⁹ branches in Mozambique. There are 8 micro banks, 7 credit co-operatives and 155 microfinance operators²⁹⁰. ASCAs (accumulating savings and credit associations) provide services primarily to the low-income populations in rural areas. The ASCAs are promoted by 21²⁹¹ organisations, mostly NGOs and rural finance associations as well as individual agents. The insurance sector is underdeveloped, accounting for less than 1% of GDP²⁹². The regulated Mozambique insurance market consists of 7 insurers and 1 reinsurer which includes Empresa Moçambicana de Seguros (EMOSE), Seguradora Internacional de Moçambique (SIM), Global Alliance-CGSM (GA)/ Global Alliance Seguros, Hollard Moçambique Companhia de Seguros and Moçambique Companhia de Seguros, SA (MCS)²⁹³.

11.1.3 Informal Financial Services

Family and community solidarity mechanisms operating without a legal identity make up the majority of informal risk pooling²⁹⁴. Informal financial services are largely provided by mainly urban-based groups such as 'xitique' (rotating savings groups), 'xitique geral' (ambulant deposit takers, located

²⁸⁸ Raja, B. et al (2012). Cenfri: Access to insurance in Mozambique. Unpublished document.

²⁸⁹ Hunguana, H., Ribeiro, P., Mata, T., Dlamini, M., Mahlati, V., and Fitzpatrick, K. (2012). FinMark Trust: Status of Agricultural and Rural Finance in Mozambique. Retrieved March 22, 2013, from www.finmark.org.za.

²⁹⁰ Ibid.

²⁹¹ Ibid.

²⁹² Ibid.

²⁹³ Raja, B. et al (2012). Cenfri: Access to insurance in Mozambique. Unpublished document.

²⁹⁴ Ibid.

primarily in urban areas, especially markets²⁹⁵), informal money lenders²⁹⁶ and funeral associations. There are 70 000 ASCAs (Accumulating Savings and Credit Associations) operating mainly in rural areas²⁹⁷, individual agents and market linkages institutions. Microcredit operators provide services to the rural areas.

11.1.4 Traditional Financial Services Distribution

Financial services are currently primarily distributed through bank branches, microbanks, credit co-operatives, microcredit operators and rural financial associations.

The presence of formal financial services in rural districts is poor, as illustrated by the weak penetration of bank branches (approximately 24% of which are located in rural districts). Access is concentrated in Maputo, which, for example, accounts for 37% of the country's bank branches and 47% of ATMs. The ASCAs and some of the MFIs concentrate on more rural, isolated areas²⁹⁸.

Of those surveyed by FinScope, approximately 50% of those in rural areas with access to formal financial services had to spend 2 hours to reach their financial institution; a third required 3 hours and some had to stay overnight.

While bank branch presence is currently focused on the urban areas, the big commercial banks are putting plans in place to expand their rural network²⁹⁹.

11.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station and post office channels. The sections that follow provide more detail per channel.

11.2.1 Opportunity Mapping



Figure 72: Opportunity Mapping

²⁹⁵ Raja, B. et al (2012). Cenfri: Access to insurance in Mozambique. Unpublished document.

²⁹⁶ Ibid.

²⁹⁷ Ibid

²⁹⁸ Dias, D., Sanford, C., and Dermish, A. (2012) Country Report: Mozambique. Mapping the Retail Payment Services Landscape in Malawi, Mozambique, Zambia and Zimbabwe. Retrieved March 22, 2013, from www.finmark.org.za.

²⁹⁹ Specialist Consultation. Refer to Section 21 for details.

11.2.2 Reach

Informal traders have by far the greatest number of distribution points, followed by retailers. Agro distributors provide the largest customer base, though they have a significantly lower number of distribution points than informal traders .

Mobile networks and post offices both have a moderately high customer base, though with a low distribution presence.

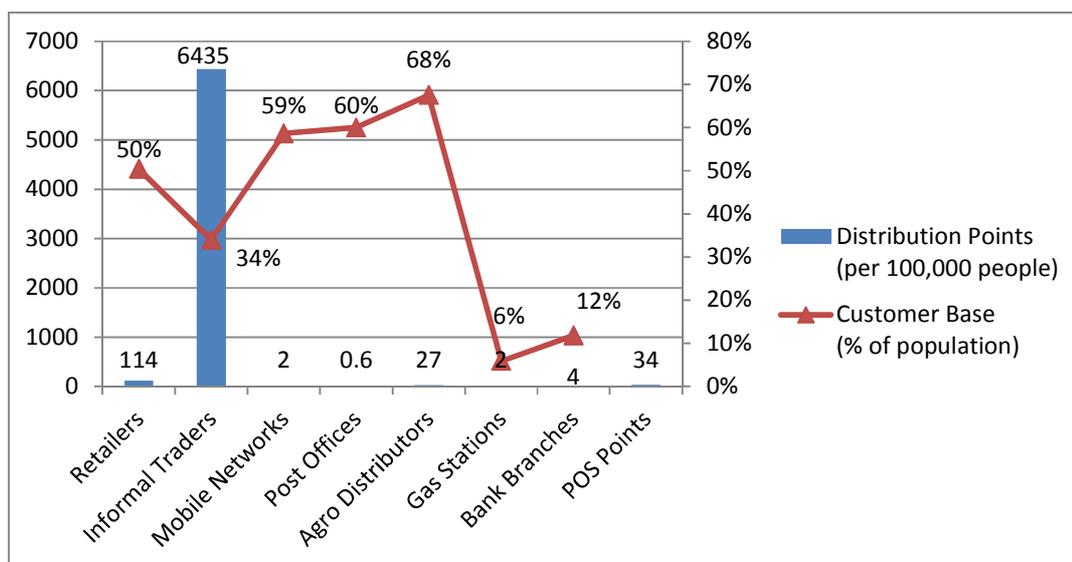


Figure 73: Reach

11.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Infrastructure	Low	Low	Low	Low	Low	Low	Medium
POS infrastructure	Medium	Low	Low	Low	Low	Low	High
Electricity	Low	Low	Low	Low	Low	Medium	Medium
Connectivity	Low	Low	Medium	Medium	Low	Low	Medium
Footfall	High	High	Medium	Medium	Medium	Medium	Medium
Cash Float	High	Low	Medium	Medium	Medium	High	High
Partnership Support	Low	Low	Medium	High	Low	Low	High
Proven Models	Medium	Low	High	High	Medium	Low	High

Figure 74: Feasibility

Post offices present the highest level of feasibility for financial services distribution. Mobile networks and retailers present the next level of feasibility. Gas stations, informal traders and agro distributors all present a low level of feasibility, due to structural issues, including poor connectivity.

11.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> No known products³⁰⁰ 	<ul style="list-style-type: none"> No known products³⁰¹
Informal Traders	<ul style="list-style-type: none"> No known products 	<ul style="list-style-type: none"> No known products
Post Offices	<ul style="list-style-type: none"> Offers domestic remittances, known as <i>Vale Postal</i>³⁰² Provides for payment of pensions³⁰³ 	<ul style="list-style-type: none"> No known products
Mobile Networks	<ul style="list-style-type: none"> mCel offers a mobile money service, <i>Mkesh</i> for transfers, deposits and withdrawals³⁰⁴ Vodacom to launch mobile money service based on M-Pesa, pending authorisation from the Bank of Mozambique³⁰⁵ 	<ul style="list-style-type: none"> No known products
Agro distributors	<ul style="list-style-type: none"> Credit for smallholder farmers by agro firms via outgrower schemes³⁰⁶ The outgrower agro companies uses Banco Oportunidade to make payments to farmers using its network of branches and mobile networks³⁰⁷ 	<ul style="list-style-type: none"> Pilot insurance schemes for traders and associations³⁰⁸
Gas stations	<ul style="list-style-type: none"> No known products 	<ul style="list-style-type: none"> No known products

Figure 75: Product Distribution

11.2.5 Retailers

While the average Mozambican typically shops at an independent retailer, many international retailers have taken advantage of the booming economy by setting up retail stores within the major urban areas such as Maputo, Matola, Nacala and Tête. South African retailers such as Game, Shoprite, Pick n Pay and SPAR have embarked on store expansion initiatives as there are not many local chain store brands. Due to the economic upswing, there are more people (especially in urban areas) that are able to support retail business. Retail stores within Mozambique do not offer financial services.

11.2.6 Post Offices

The Correios de Moçambique is the national postal service. It has 85 branches throughout Mozambique. The proportion of adults who use postal services to send or receive remittances is the same as those who use money transfer operators. The financial services offered by the post office include payment of pensions³⁰⁹.

³⁰⁰ Specialist Consultation. Refer to Section 21 for details.

³⁰¹ Ibid.

³⁰² Dias, D., Sanford, C., and Dermish, A. (2012) *Country Report: Mozambique. Mapping the Retail Payment Services Landscape in Malawi, Mozambique, Zambia and Zimbabwe*. Retrieved March 22, 2013, from www.finmark.org.za.

³⁰³ Correios de Mocambique. (2013). *Financial Services - Payment of pensions*. Retrieved March 22, 2013, from www.correios.co.mz.

³⁰⁴ Hanguana, H., Ribeiro, P., Mata, T., Dlamini, M., Mahlati, V., and Fitzpatrick, K. (2012). *Status of Agricultural and Rural Finance in Mozambique*. Retrieved March 22, 2013, from www.finmark.org.za.

³⁰⁵ Dias, D., Sanford, C., and Dermish, A. (2012) *Country Report: Mozambique. Mapping the Retail Payment Services Landscape in Malawi, Mozambique, Zambia and Zimbabwe*. Retrieved March 22, 2013, from www.finmark.org.za.

³⁰⁶ Hanguana, H., Ribeiro, P., Mata, T., Dlamini, M., Mahlati, V., and Fitzpatrick, K. (2012). *Status of Agricultural and Rural Finance in Mozambique*. Retrieved March 22, 2013, from www.finmark.org.za.

³⁰⁷ Ibid.

³⁰⁸ Ibid.

³⁰⁹ Correios de Mocambique. (2013). *About Us*. Retrieved March 25, 2013, from www.correios.co.mz.

11.2.7 Mobile Networks

There are 3 active MNOs: Vodacom, mCeland Movitel which was licensed in 2011. mCel is fully government-owned and is the largest MNO with 4 million subscribers (over 50% of the market)³¹⁰ and Vodacom has 2.5 million clients. mCel offers a mobile wallet product, *Mkesh* for transfers, deposits and withdrawals and Vodacom launched M-pesa in the country in May 2013³¹¹. mCel covers 60% of Mozambique and more than 75% of the population. It has 25 stores and at the end of September 2011, mKesh, its mobile money platform had 2 728 agents serving 45 000 clients throughout the country, with the majority being in Maputo (1635), Sofala (526) and Nampula (324). The 7 other provinces had between 4 and 70 agents each. Mobile money penetration is still seen as limited at present. Movitel has expanded rapidly in terms of its network coverage, though has yet to launch mobile money services. Movitel's network coverage consistently outperforms mKesh and mCel in remote rural areas³¹².

The telecommunications regulator is Instituto Nacional de Comunicações de Moçambique (INCM).

11.2.8 Gas stations

There are 293 gas stations in Mozambique. The major players are BP, Mobil Oil, Petromac, Sasol and TOTAL, Engen and Galp Energia^{313, 314, 315, 316, 317, 318, 319}. Gas stations, particularly in urban areas, may have convenience stores attached to them. Franchise opportunities do exist, especially for established companies such as BP³²⁰.

11.2.9 Agro distributors

Agriculture employs approximately 75% of the workforce in Mozambique³²¹. Agro distributors in Mozambique are located primarily in major market towns, making it difficult for smallholder farmers in rural areas to access fertilizers and improved seeds. In most areas, farmers must travel 30-40 kilometres to buy agro-inputs and to market their crops. Agro distributors or '*empresas de fomento*' provide credit via outgrower schemes for cash crops to smallholder farmers. Out grower firms typically provide smallholder farmers with inputs such as fertilizer and seeds at the beginning of the planting season, agreeing upfront on the price that the company will pay for the harvest at the end of the season. Once harvest time comes, the company pays the established price for the harvest minus the cost of the distributed inputs³²². Outgrower companies include Mozambique Leaf Tobacco, Plexus, OLAM, SANAM, China Africa Cotton, JFS/SAN and S.A.M³²³. Seed suppliers are also an important potential distribution channel due to the critical role they play in the value chain for example AgDevCo,

³¹⁰ Raja, B. et al (2012). *Cenfri: Access to insurance in Mozambique*. Unpublished document.

³¹¹ Fauvet, P. (2013). Mozambique: Vodacom launches its M-Pesa product in Mozambique. Retrieved August 6, 2013, from <http://allafrica.com/stories/201305200518.html>.

³¹² Specialist consultation. Refer to Section 21 for details.

³¹³ BP. Mozambique. (2013). *BP is the second largest oil company operating in Mozambique*. Retrieved March 20, 2013, from www.bp.com.

³¹⁴ Engen.Mozambique. (2013). *Service stations*. Retrieved March 20, 2013, from www.engenoi.com.

³¹⁵ GalpEnergia. (2013). *Refining and Marketing. GalpEnergia distributes oil products in Mozambique since 1957*. Retrieved March 20, 2013, from www.galpennergia.com.

³¹⁶ 2b1st Consulting. (2012). *Total signed farm-in agreement with Petronas in Mozambique*. Retrieved March 20, 2013, from www.2b1stconsulting.com.

³¹⁷ Creamer Media's Engineering News Online. (2000). *Fuel service stations in Mozambique*. Retrieved March 20, 2013, from www.engineering.co.za.

³¹⁸ Total.Investors. Mozambique. (2012). *Total farms into the Rovuma Basin*. Retrieved March 20, 2013, from www.total.com.

³¹⁹ Petromac. (2013). *Petromac Company Profile*. Retrieved March 20, 2013, from www.petromac.co.mz.

³²⁰ Specialist Consultation. Refer to Section 21 for details.

³²¹ Mitransparency. (2012). *Country Survey Mozambique*. Retrieved March 22, 2013, from <http://www.mitransparency.org/wp-content/uploads/2012/05/MFT-RPT-104-EN-Country-Survey-Mozambique.pdf>.

³²² Hunguana, H., Ribeiro, P., Mata, T., Dlamini, M., Mahlati, V., and Fitzpatrick, K. (2012). *Status of Agricultural and Rural Finance in Mozambique*. Retrieved March 22, 2013, from www.finmark.org.za.

³²³ Ibid.

one of the country's premier seed producer and distributor, that provides seeds to more than 120 000 farmers³²⁴.

11.2.10 Informal traders

The informal sector is the main source of income for many Mozambicans. Women outnumber men in informal trading businesses. The 'Associação dos Operadores e Trabalhadores do Sector Informal' (Association of Informal Sector Operators and Workers, ASSOTSI) is the main body representing informal traders in Mozambique³²⁵.

³²⁴ Raja, B. et al (2012). *Cenfri: Access to insurance in Mozambique. Unpublished document.*

³²⁵ Byiers, B. (2009). *Informality in Mozambique: Characteristics, Performance and Policy Issues. Retrieved March 22, 2013, from www.tipmoz.com.*

12 Namibia³²⁶



Namibia is a country in southern Africa, bordering the south Atlantic ocean between Angola and South Africa. The official language of the country is English.

Overview

A medium size country in SADC, with size of country, GDP and population around the median. Historically speaking, Namibia has many South African and German influences. Namibia is the driest country in the SADC region³²⁷. The country's geographical spread means that most towns are far apart from each other, thus increasing the cost of goods and services quite significantly, given the higher transportation costs³²⁸.

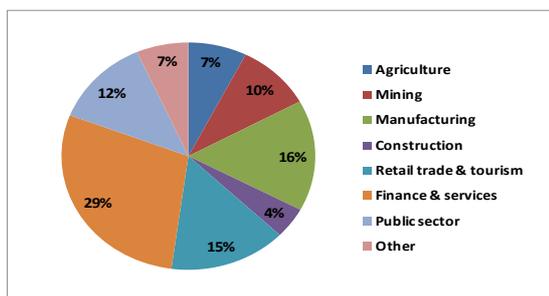
Economic Highlights

60%³²⁹ of GDP is accounted for by finance, trade, manufacturing, and services. 16% of the workforce is engaged in agriculture, although the sector contributes only 7.40% to GDP. Inflation for 2012 remained steady at 7%³³⁰. The Namibian dollar (NAD) is pegged to the South African rand on a ratio of 1:1.

Social Highlights

Namibia's HDI ranking places it in the top 5 relative to other SADC countries. 55.80% of the population live below the poverty line. 41% of Namibians are heavily dependent on agriculture for their livelihood, mostly subsistence and smallholder farmers. 93% of the population has access to water and 34% to electricity.

Key Figures		SADC Rank
Area (km ²)	0.823	6/14
GDP - PPP	12.3	8/14
Real GDP Growth	4	5/14
GDP per Capita	5293	6/14
Population	2.32	9/14
Population Density	3	14/14
Urban Population	38	6/14
HDI Ranking	120	4/14
Poverty	55.8	6/14
Access to Water	93	4/14
Electricity Access	34	6/14
Ease of Doing Bus.	87	5/14
Competitiveness	92	5/14



SADC Comparison

- An **Established SADC country**
- A **medium size** country in SADC, with size of country, GDP and population around the median.
- Lowest **population density**, bottom 5 for % of workforce employment in agriculture
- Amongst the **more competitive** of SADC countries, and one of the **less difficult** places to do business, ranking fifth on both related indices.
- At 69%, in the top 5 for **financial inclusion**

³²⁶ Note that this report typically uses the same data sources for similar data across countries. Refer to section 4 for an outline of data sources, as well as for a description of generic structure for this section.

³²⁷ Nampost. (2013). Nampost. Retrieved March 18, 2013, from www.nampost.com.na.

³²⁸ Specialist Consultation. Refer to Section 21 for details.

³²⁹ African Economic Outlook. Retrieved March 18 2013 from www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Namibia.

³³⁰ Nampost. (2013). Nampost. Retrieved March 18, 2013, from www.nampost.com.na.

12.1 Financial services

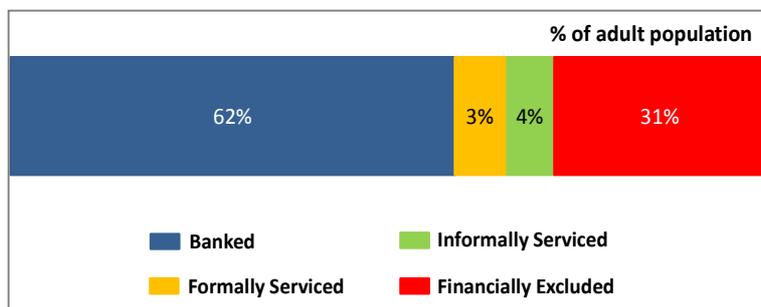


Figure 76: Financial Access Strand

Key Indicators	SADC Rank	
Bank Branches		
'- per 1 000 km ²	0.13	13/14
'- per 100 000 adults	7.10	7/14
ATMs per 1 000 km ²	0.84	11/14
POS per 100 000	217.00	4/14

Figure 77: Traditional FS Distribution

12.1.1 Financial Services Inclusion

Approximately 31% of the population is classified as financially excluded³³¹. Financial exclusion is attributable to a lack of financial resources and affordability³³², given that reaching the financially excluded tends not to be cost effective (in the context of the low population density), and the fact that banks are not easily accessible (it takes more than an hour to get to a bank branch)³³³.

In support of improved access to financial services, Bank Windhoek introduced products for the lower end of the income market, *Easy Save* and *Easy Credit*; First National Bank of Namibia introduced their low income product called *First Save*.

12.1.2 Formal Financial Services

A number of local and international banks are represented, including Bank Windhoek, First National Bank of Namibia, Commercial Bank of Namibia and Standard Bank Namibia, with a combined total of 101 branches spread across Namibia. There is also one microfinance bank, and four specialised financial institutions that do not fall under the regulatory powers of the Bank of Namibia. These are autonomous and government-owned and include FIDES Bank which uses approximately 550 village associations (ELOs) as its main outreach channel³³⁴.

Insurance companies include Guardrisk Insurance Company, Liberty Life Namibia, Santam Namibia and Welwitschia Nammic.

There are also many well established, registered non-banking financial institutions (NBFIs) including 347 micro-lenders. In the insurance sector, there are 17 long-term and 13 short-term insurers.³³⁵

12.1.3 Informal Financial Services

Burial societies, 'Okwiiumbila's' or savings groups and other types of rotating savings and credit associations are rare³³⁶. According to FinScope Consumer Survey, Namibia, 2011, the majority of informal institutions consists of moneylenders, unregistered microlenders and private savings clubs. Of those that use informal products, 25% belong to savings groups, clubs or *Okwiiumbila*, 29% borrow

³³¹ FinMark Trust (2011). *FinScope Consumer Survey 2011*. Retrieved March 18, 2013, from www.finscope.co.za.

³³² *Ibid.*

³³³ Oxford Policy Management. *Namibia's path to mobile money*. Retrieved March 18, 2013, from www.opml.co.uk/news/namibia's-path-mobile-money.

³³⁴ FinMark Trust. (2011). *FinScope Consumer Survey 2011 Namibia*. Retrieved March 18, 2013, from www.finscope.co.za.

³³⁵ *The Namibian*. (2013). *Growth in Namibia's Insurance Numbers*. Retrieved March 22, 2013, from http://www.namibian.com.na/index.php?id=28&tx_ttnews%5Btt_news%5D=106017&no_cache=1.

³³⁶ FinMark Trust. (2011). *FinScope Consumer Survey 2011 Namibia*. Retrieved March 18, 2013, from www.finscope.co.za.

from informal lenders and 9% are members of burial societies. Only 1.5% of the population made use of an informal financial provider only, according to FinScope 2011.

12.1.4 Traditional Financial Services Distribution

Current financial services penetration through the majority of alternative channels is low. According to FinScope 2011, there are vast regional differences in bank branch distribution with, for example, the Khomas region having a people-to-branch ratio of 13 000 while the rural Omusati region has a people-to-branch ratio of 228 000 even though they have nearly the same number of people³³⁷. Insurance brokers typically operate through brokerages located in urban areas. There are POS devices, connectivity and ATMs in urban areas. Rural areas tend to suffer from unreliable connections for POS terminals, therefore mainly operate in cash. New e-money regulations were introduced in 2012 to further expand the reach for financial inclusion by permitting non-banks to provide financial services.

12.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station, and post office channels. The sections that follow provide more detail per channel.

12.2.1 Opportunity Mapping



Key Observations

- **Mobile networks, retailers and post offices** provide the most attractive opportunities for distribution of financial services products, both on reach and feasibility.
- **Agro distributors** are currently the least ready.
- **Informal traders** have high reach, but lack feasibility. **Informal traders** should be monitored.
- As a point of reference, **banks** provide the greatest feasibility, though with a low distribution presence.

Figure 78: Opportunity Mapping

12.2.2 Reach

In terms of the number of distribution points informal traders have by far the greatest reach of the various channels that may be employed to distribute financial services products. Retailers also have a relatively large number of distribution points. MNOs and post offices have the largest client base, though with limited dedicated distribution points.

³³⁷ FinMark Trust. (2011). FinScope Consumer Survey Namibia 2011. Retrieved March 18, 2013, from finscope.co.za.

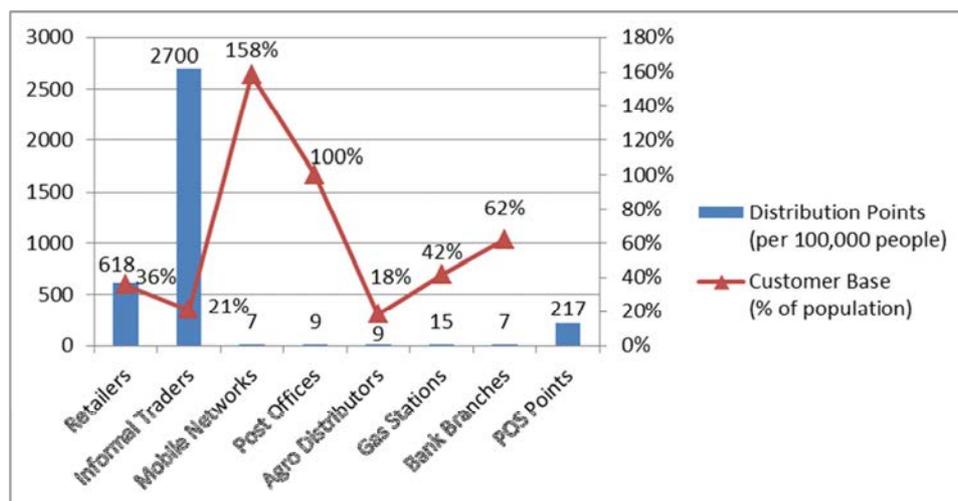


Figure 79: Reach

12.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Infrastructure	Medium	Low	High	Medium	Low	Medium	High
POS infrastructure	High	Low	High	Medium	Low	High	High
Electricity	Medium	Low	Medium	Medium	Low	High	High
Connectivity	Medium	Low	High	High	Medium	Medium	High
Footfall	High	High	High	Low	Low	Medium	Medium
Cash Float	High	Low	Low	Medium	Medium	Medium	High
Partnership Support	Medium	Low	High	High	Low	Medium	High
Proven Models	High	Medium	Medium	High	Medium	Medium	High

Figure 80: Feasibility

Retailers present the highest level of feasibility followed by mobile networks and post offices. Gas stations present the next level of feasibility. Agro distributors and informal traders present the lowest feasibility.

12.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> The Nam-mic Financial Services Holdings (NFSH) company launched Nam-mic CellCard in April 2012³³⁸ Edcon Store Cards³³⁹ Massmart Store Cards³⁴⁰ 	<ul style="list-style-type: none"> Funeral care by Old Mutual³⁴¹ Life Plan by Old Mutual³⁴² Jet Stores Commuter Travel insurance³⁴³

³³⁸ FinMark Trust. (2011). *FinScope: Consumer survey 2011*. Retrieved March 21, 2013, from www.finscope.co.za.

³³⁹ Edcon. (2012). *Edcon Annual Report*. Retrieved March 18, 2013, from www.edcon.co.za.

Channel	Savings, Credit and Payments	Insurance
Informal Traders	<ul style="list-style-type: none"> No known products 	<ul style="list-style-type: none"> No known products
Post Offices	<ul style="list-style-type: none"> Smart card savings account through Nampost Savings Bank³⁴⁴ Nampost Savings Bank offers a number of other financial services e.g. money transfer services, insurance and pension payment service, utility bill payments, collection service for loans and premiums³⁴⁵ Loans through PostFin³⁴⁶ 	<ul style="list-style-type: none"> Nampost Savings Bank Funeral cover³⁴⁷ Funeral insurance
Mobile Networks	<ul style="list-style-type: none"> Mobipay, the mobile payment solution on all three networks offers e.g. bill payments, goods payments at retailers, purchasing of prepaid electricity³⁴⁸ 	<ul style="list-style-type: none"> No known products
Agro distributors	<ul style="list-style-type: none"> No known products 	<ul style="list-style-type: none"> No known products
Gas stations	<ul style="list-style-type: none"> Some gas stations have ATMs³⁴⁹ The majority of them will be attached to a convenience store³⁵⁰ Most gas stations accept Petro and Garage cards³⁵¹ 	<ul style="list-style-type: none"> No known products

Figure 81: Product Distribution

12.2.5 Retailers

There are a number of chain store retailers and small to medium retailers in operation in Namibia. There are many South African retail stores in Namibia, (e.g. Edcon, the JD Group, Pick n Pay), most of which offer store credit to their customers. The retail sector bears many similarities to South Africa³⁵². German supermarkets such as Woerman & Brock cater for higher end income earners in urban areas, while Shoprite and SPAR serve lower income earners, in the high density and rural areas. Independent retailers are usually family owned businesses with few employees³⁵³.

12.2.6 Post Offices

Nampost is the official postal service provider for Namibia with a network of 130 branches. The postal company is able to cater to 100% of the Namibian population through its network³⁵⁴. Its courier service is the largest domestic courier. Nampost is an agent for Nampost Savings Bank. NamPost Financial

³⁴⁰ Massmart. (2012). *Massmart Annual Report*. Retrieved March 18, 2013, from www.massmart.co.za.

³⁴¹ Andrea, W. (2007). *FinMark Trust: Access to insurance products in Namibia*. Retrieved March 18, 2013, from www.finmark.org.za.

³⁴² *Ibid.*

³⁴³ Jet Financial Services. (2013). *Products*. Retrieved March 21, 2013 from <http://www.jetmoney.co.za/article/Commuter-Insurance.aspx>

³⁴⁴ Nampost. (2013). *Nampost*. Retrieved March 18, 2013, from www.nampost.com.na.

³⁴⁵ FinMark Trust. (2011). *FinScope Consumer Survey Namibia 2011*. Retrieved March 18, 2013, from [finscope.co.za](http://www.finscope.co.za).

³⁴⁶ Nampost. (2013). *Nampost*. Retrieved March 18, 2013, from www.nampost.com.na.

³⁴⁷ Nampost. (2013). *Products and Services*. Retrieved March 18, 2013, from <http://www.nampost.com.na/savings/119/Funeral-cover>.

³⁴⁸ MobiPay. (2013). *Welcome to MobiPay*. Retrieved March 21, 2013, from www.mobipay.com.na.

³⁴⁹ Keulder, C. (2004). *FinMark Trust: Access to financial services in Namibia*. Retrieved March 22, 2013, from www.finmark.org.za.

³⁵⁰ *Ibid.*

³⁵¹ *Ibid.*

³⁵² Namibia Web. (2013). *Namibia's position in the Southern African economy "Opportunity and challenges for the future*. Retrieved March 21, 2013, from www.namibweb.com/ne.htm.

³⁵³ *Specialist Consultation. Refer to Section 21 for details.*

³⁵⁴ FinMark. (2011). *FinScope: Consumer survey 2011*. Retrieved March 21, 2013, from www.finscope.co.za.

Brokers (Pty) Ltd trading as PostFin is a wholly owned subsidiary of NamPost. It was created as a conduit for NamPost to better serve Namibians by providing access to affordable financial services throughout the country.

12.2.7 Mobile Networks

There are 2 MNOs in Namibia: Leo and Mobile Telecommunications Limited (MTC). The mobile penetration rate for Namibia is 110%. Airtime City supplies wholesale airtime to retailers through their 27 outlets throughout the country, and they make extensive use of agents as well. Leo is a subsidiary of Telecom Namibia, the fixed line network operator, and has a 15% market share. MTC accounts for the remainder of the subscriber base. MTC makes use of mobile home offices distributed throughout the country to service customers in remote areas. Mobipay is a mobile banking platform that works across both mobile networks in conjunction with the Bank of Namibia.^{355,356} Mobipay has been well received in the country with the service covering 50-60% of Namibia and with Mobipay having opened at least one office in each of the major urban areas³⁵⁷. As of 27 February 2012, Mobipay had 20 000 customers³⁵⁸.

12.2.8 Gas stations

There are 222³⁵⁹ gas stations operating in Namibia with the main players being Puma Energy, Engen, TOTAL and Vivo Energy. Debit, credit and garage cards may be used to pay for fuel at most gas stations, and many of these stations have a convenience store attached to them, especially along well travelled routes. Some gas stations may have fast food outlets attached to them, such as Steers and Wimpy³⁶⁰.

12.2.9 Agro distributors

The Alliance for a Green Revolution in Africa (AGRA) has 18 distribution points across Namibia, and they are the main suppliers of seeds and fertilizer. They are a NGO that is geared towards training agro distributors, and leveraging them as a retail point for the subsistence and small scale farmers to obtain seed and fertiliser. The Hoodia Growers Association of Namibia (HOGGAN) have 2 centres which serve as distribution points as well. There are 130 farmers unions who have organised themselves among the 12 districts and provide implements and supplies during the agricultural planting season³⁶¹.

The Ministry of Agriculture, Water and Forestry (MAWF) is returning to direct provision of subsidised quality seeds and fertilizer, funded under a capital programme called *Support to Dry Land Crop Production* as farmers in remote areas were not being reached³⁶².

12.2.10 Informal traders

Informal traders in Namibia are engaged in various types of trade, with the most common being street hawkers, entrepreneurs and cross border trading. Informal shops have been set up in various parts of the city, and stalls along the side of the road and at taxi ranks are quite common³⁶³. The Namibia

³⁵⁵ Cellone. (2013). Leo Namibia. Retrieved March 18, 2013, from www.cellone.com.na.

³⁵⁶ MTC. (2013). Mobile Telecommunications Limited (MTC). Retrieved March 20, 2013, from www.mtc.com.na.

³⁵⁷ Prime Focus Magazine. (2012). Necessity becomes the mother of reality. Retrieved July 5, 2013, from <http://www.primefocusmag.com>.

³⁵⁸ Nampost. (2012). Nampost joins Mobipay. Retrieved July 9, 2013, from <http://www.nampost.com.na/news/14/NamPost-joins-MobiPay>.

³⁵⁹ BP Namibia. (2013). Namibia. Retrieved March 20, 2013, from <http://www.bp.com/genericarticle.do?categoryId=16003471&contentId=7020758>.

³⁶⁰ Specialist consultation. Refer to Section 21 for details.

³⁶¹ AGRA. (2013). About AGRA. Retrieved March 20, 2013, from www.agra.com.na/about_agra/about_main.htm.

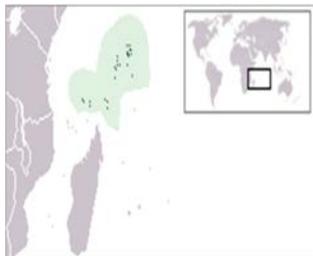
³⁶² SADC Secretariat. (2012). Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports. Retrieved March 22, 2013, from www.sadc.int.

³⁶³ Specialist Consultation. Refer to Section 21 for details.

Small Traders Association (NAMSTA) is an umbrella body for various other informal trader associations. There are 10 680³⁶⁴ members in NAMSTA. There are also other informal trader associations in operation in Namibia such as The Okutumbatumba Hawkers Association (OHA) and the Namibia Shebeen Association (NASA), both of whom have been in existence for over a decade.

³⁶⁴ Labour Resource and Research Institute (LaRRI). (2006). *Namibia's Informal Economy: Possibilities for Trade Union Intervention*. Retrieved March 20, 2013, from www.streetnet.org.za/docs/research/2006/en/namibiareport.pdf.

13 Seychelles



Seychelles is an archipelago in the Indian Ocean, north-east of Madagascar. Just 10 of the country's 115 islands are inhabited³⁶⁵. The official language of the country is English, though more than 90%³⁶⁶ of the people speak Creole.

Overview

Seychelles is the smallest of the SADC countries in terms of landmass, population, and GDP. However, the country ranks in the top 3 amongst SADC countries for most progressive measures (HDI, global competitiveness, financial inclusion, urban population) except for ease of doing business, where it ranks 4th.

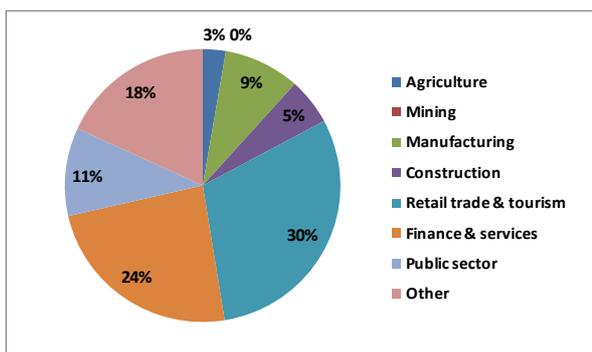
Economic Highlights

Finance, services, retail trade and tourism accounts for more than half of GDP. Contrary to a number of its SADC neighbours, only a small part of the workforce is engaged in agriculture. The country is a net importer of food and other basic commodities³⁶⁷. GDP growth is 5%, which is above regional averages and remains strong³⁶⁸. Inflation was 6.2%³⁶⁹ as at January 2013.

Social Highlights

Seychelles has the highest HDI rank amongst SADC countries. It has the second lowest level of poverty (1.8%), with less than 3% of its workforce employed in agriculture, despite 46% of its population living in rural areas. All of the population has access to water and 96% to electricity.

Key Figures		SADC Rank
Area (km ²)	0.00046	14/14
GDP - PPP	1	14/14
Real GDP Growth	5	4/14
GDP per Capita	11711	1/14
Population	0.086	14/14
Population Density	188	2/14
Urban Population	54	3/14
HDI Ranking	52	1/14
Poverty	1.8	2/14
Access to Water	100	1/14
Electricity Access	96	2/14
Ease of Doing Bus.	74	4/14
Competitiveness	76	3/14



SADC Comparison: Seychelles

- An **Established SADC country**
- The **smallest** country in SADC in terms of size of country, GDP and population.
- Urban population and population density in the top 3, bottom 3 for % of workforce employment in agriculture
- Amongst the **most competitive** of SADC countries, and the **least difficult** places to do business, ranking 3rd and 4th respectively
- 100% for **financial inclusion**

³⁶⁵ IFAD. (2012). *Enabling Poor people to overcome poverty in Seychelles*. Retrieved March 25, 2013, from www.ifad.org/operations/projects/regions/pf/factsheets/seychelles_e.pdf.

³⁶⁶ BookRags. (2006). *Seychelles – Albert Rene*. Retrieved March 20, 2013, from <http://www.bookrags.com/research/seychelles---albert-ren-wen-06/>.

³⁶⁷ IFAD. (2012). *Enabling Poor people to overcome poverty in Seychelles*. Retrieved March 25, 2013, from www.ifad.org/operations/projects/regions/pf/factsheets/seychelles_e.pdf.

³⁶⁸ Modise, B. (2010). *Oxford Policy Management: Evaluation of retirement systems of countries within the Southern African Development Community*. Retrieved March 26, 2013, from www.finmark.org.za.

³⁶⁹ Cetoupe, N. (2011). *Central Bank of Seychelles: Financial Services Supervision Annual Report*. Retrieved March 25, 2013, from www.cbs.sc.

13.1 Financial services

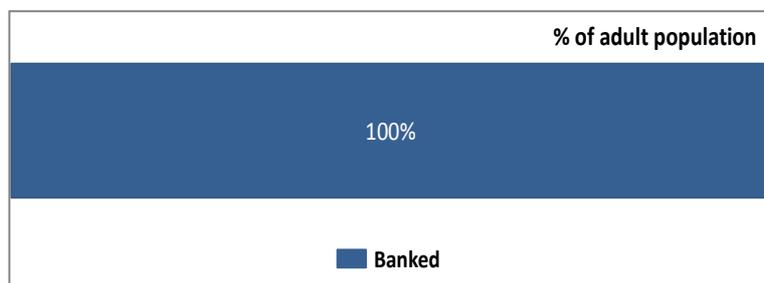


Figure 82: Financial Access Strand³⁷⁰

Key Indicators		SADC Rank
Bank Branches		
'- per 1 000 km ²	69.57	2/14
'- per 100 000 adults	37.21	1/14
ATMs per 1 000 km ²	67.39	2/14
POS per 100 000	1084.40	1/14

Figure 83: Traditional FS Distribution

13.1.1 Financial Inclusion

Seychelles has the highest level of financial inclusion of all the SADC countries, with one bank account, on average, for every member of the population. Financial reform introduced by the central bank around 2008 has impacted various sectors of the economy, including retail, where the number of card-based payments has increased. While most adults have a savings account, credit card usage tends to be higher amongst higher income earners³⁷¹. Take-up of motor, health and home insurance is high³⁷².

13.1.2 Formal Financial Services

A number of local and international banks are represented, including Seychelles Savings Bank, Seychelles International Mercantile Banking Corporation - Nouvobanq, Barclays Bank (Seychelles), Mauritius Commercial Bank (Seychelles), Bank of Baroda and Habib Bank³⁷³. There are 4 domestic insurance companies, 3 foreign insurance companies and 50 insurance intermediaries – these include SACO, Mauritius Union Assurance (MUA) Seychelles Company and Harry Savy Insurance Company³⁷⁴. The country has two other non-banking financial institutions which are the Seychelles Credit Union and the Development Bank Seychelles. The Seychelles Credit Union provides loans, securities and mortgages to the Seychellois people. The Development Bank of Seychelles is responsible for helping small businesses and companies to grow by providing financial assistance³⁷⁵.

13.1.3 Traditional Financial Services Distribution

Financial services are currently primarily distributed through the branches of financial services institutions, which are typically within easy reach of the population. The central bank's interventions in the payments arena includes the planned introduction of mobile banking around 2014, which is expected to extend the strong physical footprint of financial services channels into virtual channels.

³⁷⁰ Given that a FinScope survey has not yet been completed for Seychelles, a view of financial inclusion has been produced using the following source as input: The World Bank. (2011). World DataBank: World Development Indicators. Retrieved March 26, 2013, from databank.worldbank.org.

³⁷¹ Specialist Consultation. Refer to Section 21 for details.

³⁷² Ibid.

³⁷³ Cetoupe, N. (2011). Central Bank of Seychelles: Financial Services Supervision Annual Report. Retrieved March 25, 2013, from www.cbs.sc.

³⁷⁴ Ibid.

³⁷⁵ Ibid.

13.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station and post office channels. The sections that follow provide more detail per channel.

13.2.1 Opportunity Mapping



Key Observations

- **Mobile networks** and **retailers** provide the most attractive opportunities for distribution of financial services products, both on reach and feasibility.
- **Agro distributors**, as well as **informal traders** are currently the least ready.
- **Post offices** and **gas stations** may be explored for niche opportunities.
- As a point of reference, **banks** provide high feasibility, though with a low distribution presence in rural areas.

Figure 84: Opportunity Mapping

13.2.2 Reach

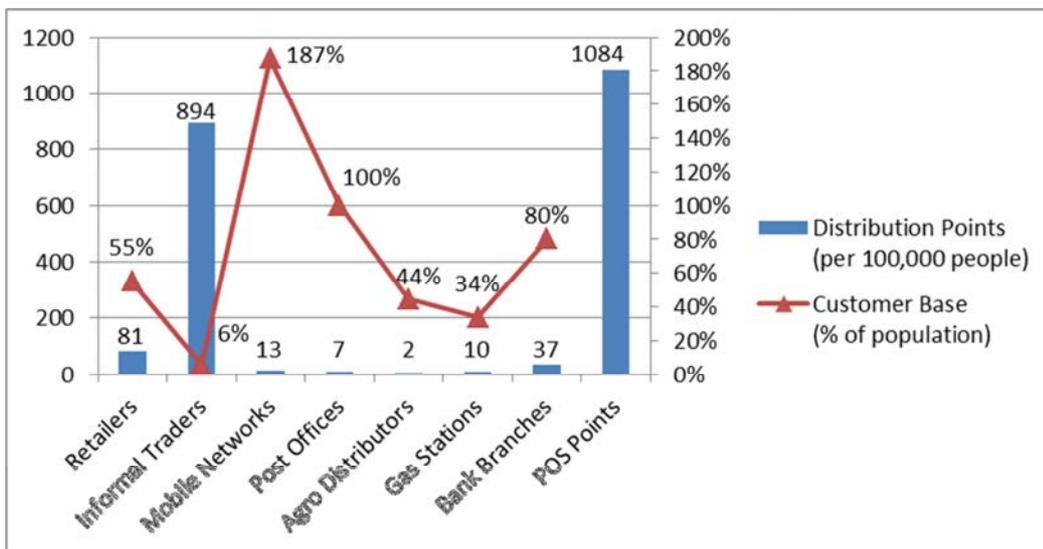


Figure 85: Reach

Informal traders have by far the greatest number of distribution points, however, they have a rather low customer base. Retailers also have a relatively large number of distribution points. MNOs have the largest client base, though with limited dedicated distribution points.

13.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Infrastructure	Medium	Low	High	High	Low	Medium	High
POS infrastructure	Medium	Low	High	Medium	Low	Low	High
Electricity	High	Medium	High	High	Medium	High	High
Connectivity	Medium	Low	High	High	Low	Medium	High
Footfall	High	High	High	Low	Low	Medium	Medium
Cash Float	High	Low	Low	Medium	Medium	High	High
Partnership Support	Medium	Low	High	High	Low	Medium	High
Proven Models	Medium	Medium	Medium	High	Medium	Medium	High

Figure 86: Feasibility

Retailers, MNOs and post offices present the highest level of feasibility. Post offices present the next level of feasibility, followed by gas stations. Agro distributors and informal traders provide the lowest feasibility.

13.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> No known banking services 	<ul style="list-style-type: none"> No known products
Informal Traders	<ul style="list-style-type: none"> No known products 	<ul style="list-style-type: none"> No known products
Post Offices	<ul style="list-style-type: none"> Seychelles Postal Service offers Local Money Order (LMO) and is considering offering international money transfer in the future^{376 377} 	<ul style="list-style-type: none"> No known products
Mobile Networks	<ul style="list-style-type: none"> PS mPay to be introduced in conjunction with the Central Bank and ProgressSoft in 2013³⁷⁸ 	<ul style="list-style-type: none"> No known products
Agro distributors	<ul style="list-style-type: none"> No known products 	<ul style="list-style-type: none"> No known products
Gas stations	<ul style="list-style-type: none"> No known products 	<ul style="list-style-type: none"> No known products

Figure 87: Product Distribution

13.2.5 Retailers

Shopping in the country is enabled by independent retailers, with no well established chain stores³⁷⁹. While shopping centres, of which there are about 10 in the country, enable a measure of one stop shopping³⁸⁰, there are no large malls, and virtually no international branded shops shops³⁸¹. General traders, or corner shops, are common in residential areas, and tend to stay open late. As an indication

³⁷⁶ Seychelles Post. (2013). Seychelles Post. Retrieved March 26, 2013, from www.seychellespost.gov.sc.

³⁷⁷ Specialist Consultation. Refer to Section 21 for details.

³⁷⁸ Progress Soft. (2013). Progress Soft. Retrieved March 28, 2013, from www.progresssoft.com/?option=com_press&id=178.

³⁷⁹ Specialist Consultation. Refer to Section 21 for details.

³⁸⁰ Ibid.

³⁸¹ Live World Tours. (2013). Live World Tours. Retrieved March 28, 2013, from www.liveworldtours.com/seychelles/tourist.html.

of the number of retailers in the country, Victoria has 2 supermarkets, with smaller supermarkets to be found in the other urban areas. Plans are in the pipeline for the South African retailer, SPAR, to establish a presence in the country. Hire purchase is not common, but is expected to become more prevalent through microfinance legislation expected to be introduced during the course of 2013³⁸².

13.2.6 Post Offices

The Seychelles Postal Service has 5 post offices, located on the three main islands of Victoria, Mahé and LaDigue. Most of the large hotels act as postal agents around the islands, thus increasing the post offices' reach³⁸³. The post office makes use of post office boxes to provide access to mail for those living in remote areas. Seychelles does not have a post office bank³⁸⁴.

13.2.7 Mobile Networks

There are two mobile network operators: Airtel and Cable & Wireless³⁸⁵. There are 4 Airtel outlets in Seychelles. Airtel has 57% of the market share. Cable & Wireless has 5 shops on different islands³⁸⁶. Mobile penetration rate is 127%. Neither of the network providers have a mobile banking platform³⁸⁷. There is, as yet, no mobile money in Seychelles, given that the Central Bank is in the process of drafting regulation to govern these types of transactions, as well as person-to-person transfers³⁸⁸.

13.2.8 Gas stations

Seychelles Petroleum is a government controlled parastatal, and is the sole distributor of petroleum products throughout Seychelles. There are 7 gas stations in the country,³⁸⁹. Customers predominately use cash to pay for fuel, as many of the gas stations do not have POS points. Most of the gas stations have convenience stores³⁹⁰.

13.2.9 Agro distributors

Agricultural land in the Seychelles is scarce, with most people employed in the sector engaging in animal husbandry or fishing. The agricultural industry employs many expatriates, mainly from Bangladesh, and is the sector with the smallest contribution to GDP and employment in Seychelles. The Seychelles Farmers Association (SeyFA) is involved in training farmers and looking after the interests of farmers who have livestock or crops. There are 250 registered farmers on the islands, that do not make use of private sector agro distributors for inputs, and receive various support through SeyFA (should they be a member of the organisation)³⁹¹. In September 2011, the government signed the Comprehensive Africa Agriculture Development Programme (CAADP) Compact. This agreement commits Seychelles to investing 10% of public funds in agriculture³⁹².

³⁸² Specialist Consultation. Refer to Section 21 for details.

³⁸³ Seychelles Post. (2013). Seychelles Post. Retrieved March 26, 2013, from www.seychellespost.gov.sc.

³⁸⁴ Specialist Consultation. Refer to Section 21 for details.

³⁸⁵ Airtel Seychelles. (2013). Airtel Seychelles. Retrieved March 27, 2013, from www.africa.airtel.com/wps/wcm/connect/africaairtel/Seychelles/.

³⁸⁶ Cable and Wireless Seychelles. (2013). Cable and Wireless Seychelles. Retrieved March 29, 2013, from www.seychelles.net.

³⁸⁷ Progress Soft. (2013). Progress Soft. Retrieved March 28, 2013, from www.progresssoft.com/?option=com_press&id=178.

³⁸⁸ Specialist Consultation. Refer to Section 21 for details.

³⁸⁹ Seychelles Petroleum Company. (2013). Seychelles Petroleum Company. Retrieved March 29, 2013, from www.seypec.com.

³⁹⁰ Specialist Consultation. Refer to Section 21 for details.

³⁹¹ Seychelles Farmers Association. (2013). Seychelles Farmers Association. Retrieved March 29, 2013, from www.esaff.org/Seychelles/.

³⁹² IFAD. (2012). Enabling Poor people to overcome poverty in Seychelles. Retrieved March 25, 2013, from www.ifad.org/operations/projects/regions/pf/factsheets/seychelles_e.pdf.

The Seychelles Agricultural Agency (SAA) imports seeds, fertilizers, pesticides and other inputs and distributes these through regional outlets at subsidized prices³⁹³. The country is considering a regional inputs depot to include seeds and fertilisers³⁹⁴.

13.2.10 Informal traders

Roughly 4.5%³⁹⁵ of the economically active population between the ages of 15 and 63 years are unemployed, and thus tend to operate within the informal economy. Informal traders include people who sell fresh produce on the side of the street and street hawkers. Street food vendors are quite common. Local markets include the Beau Vallon Beach Market and Sir Selwyn Clarke Market which sell a variety of products.

³⁹³ SADC Secretariat. (2012). *Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports*. Retrieved March 22, 2013, from www.sadc.int.

³⁹⁴ *Ibid.*

³⁹⁵ Electoral Institute for Sustainable Democracy in Africa. (2011). Retrieved March 22, 2013, from <http://www.eisa.org.za/WEP/seyoverview4.htm>.

14 South Africa³⁹⁶



South Africa is at the tip of the African continent. The country has 11 official languages, including English, Afrikaans, Zulu, and Xhosa.

Overview

South Africa is the largest of the SADC countries in terms of GDP, with the second largest population. It ranks in the top 3 for most progressive indicators (urbanisation, financial inclusion, ease of doing business, global competitiveness), except for human development, for which it ranks 5th amongst SADC countries.

Economic Highlights

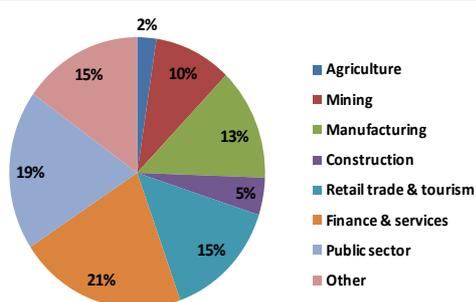
South Africa has a well-developed tertiary sector, which accounts for three quarters of GDP. Unlike a number of its SADC neighbours, only 5.1% of its workforce is engaged in farming. GDP growth is well within the region's average at 3%³⁹⁷. Inflation averaged 6.3%³⁹⁸ for the first quarter of 2013.

Social Highlights

South Africa's HDI ranking places it in the top 5 relative to other SADC countries. 38% of the population live in rural areas, with 35.7% of the population living below the poverty line. 5.1% of South Africans are dependent on agriculture for their livelihood, mostly subsistence and smallholder farmers. 91% of the population has access to water and 75% to electricity.

Although South Africa has a highly developed banking and payments system, lower income earners tend to receive income in cash³⁹⁹.

Key Figures		SADC Rank
Area (km ²)	1.21	3/14
GDP - PPP	408.24	1/14
Real GDP Growth	3	6/14
GDP per Capita	8070	4/14
Population	50.59	2/14
Population Density	41	7/14
Urban Population	62	1/14
HDI Ranking	123	5/14
Poverty	35.7	4/14
Access to Water	91	5/14
Electricity Access	75	3/14
Ease of Doing Bus.	39	2/14
Competitiveness	52	1/14



SADC Comparison: SA

- An **Established SADC country**
- One of the **larger** countries in SADC, with the highest GDP; and size of country and population in the top 3.
- Highest **urban population**, bottom 3 for % of workforce **employment in agriculture**
- In the top 5 in terms of **human development**
- Amongst the **most competitive** of SADC countries, and one of the **least difficult** places to do business, ranking 1st and 2nd respectively

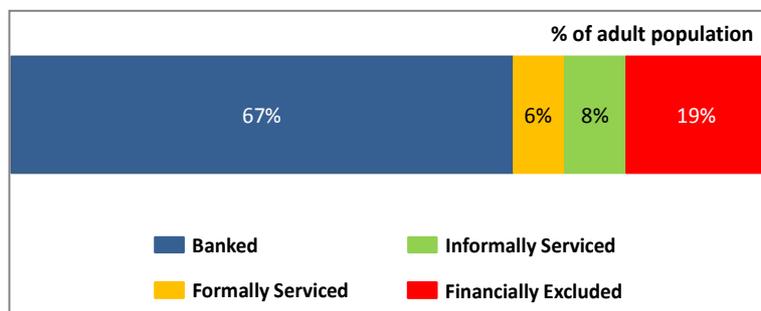
³⁹⁶ Note that this report typically uses the same data sources for similar data across countries. Refer to section 4 for an outline of data sources, as well as for a description of generic structure for this section.

³⁹⁷ The World Bank. (2011). Data. Retrieved March 25, 2013, from <http://data.worldbank.org/>.

³⁹⁸ Statistics South Africa. (2013). Statistics. Retrieved March 25, 2013, from www.statssa.gov.za/default.asp.

³⁹⁹ Turner, M., Varghese, R., Walker, P., & Lenisa, F. (2009). Increasing financial access for underserved South Africans through alternative data. Retrieved March 25, 2013, from www.finmark.org.za.

14.1 Financial services



Key Indicators	SADC Rank	
Bank Branches		
‘- per 1 000 km ²	3.08	3/14
‘- per 100 000 adults	10.71	3/14
ATMs per 1 000 km ²	17.26	3/14
POS per 100 000	479.80	3/14

Figure 88: Financial Access Strand⁴⁰⁰

Figure 89: Traditional FS Distribution

14.1.1 Financial Inclusion

Take-up of financial services amongst the majority of the population is high compared to other SADC countries, with South Africa ranking 2/14 amongst SADC countries for financial inclusion. According to FinScope South Africa 2012, 67% of South Africans are banked and 70% of adults have or use formal non-banking products or services. 51% of adults have or use informal mechanisms. A significant number of people who earn income are not banked⁴⁰¹. Funeral policies in the country have reached a high saturation point, partly due to them being used as a form of saving⁴⁰². Community based involvement provides significant potential for improved penetration of financial service products.

14.1.2 Formal Financial Services

The South African banking sector is the second largest in sub-Saharan Africa, after Nigeria. A number of local and international banks are represented, including ABSA, First National Bank (FNB), Standard Bank, Nedbank, Capitec, and African Bank. There are 3 712 bank branches in South Africa. Insurance companies include Sanlam, Old Mutual, Assupol, Mutual & Federal, OUTsurance and Dial Direct.

14.1.3 Informal Financial Services

The informal financial services sector includes everything from rotating savings clubs (ROSCAs) and ‘stokvels’ to burial societies and loans from ‘mashonisas’ (which means “to sink” given that these lenders are considered unscrupulous as they “sink” the people they lend to into debt)⁴⁰³.

14.1.4 Traditional Financial Services Distribution

According to FinScope 2012, ATM/debit card usage has increased from 52% to 61%, savings account usage from 30% to 39% and cellphone banking from 8% to 13%. Retail store point withdrawals have increased from 7% to 25%. Usage of formal credit products has remained stable. Formal savings products have declined substantially while ‘stokvels’ and savings clubs savings have increased⁴⁰⁴. With Mzansi, which is a banking product for lower income earners, usage has dropped. The overall claimed formal insurance products has declined and overall short- term product usage has declined to

⁴⁰⁰ FinScope survey has been completed for South Africa, a view of financial inclusion has been produced using the Financial Access Strand found in FinScope Consumer Surveys.

⁴⁰¹ Khumalo, J. (2012). FinScope: Consumer Survey 2012. Retrieved March 25, 2013, from www.finscope.co.za.

⁴⁰² Specialist Consultation. Refer to Section 21 for details.

⁴⁰³ Paradigm Shift. (2010). The Microcredit Sector in South Africa: An Overview of the History, Financial Access, Challenges and Key Players. Retrieved March 25, 2013, from <http://www.gdrc.org/icm/country/za-mf-paradigmshift.pdf>.

⁴⁰⁴ Khumalo, J. (2012). FinScope: Consumer Survey 2012. Retrieved March 25, 2013, from www.finscope.co.za.

10% in 2012 and motor vehicle insurance has remained stable at 7% with 33% of individuals from households with a motor vehicle having car insurance⁴⁰⁵. The industry is characterized by low penetration for short term insurance in the lower end of the market⁴⁰⁶.

14.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station and post office channels. The sections that follow provide more detail per channel.

14.2.1 Opportunity Mapping



- Key Observations**
- **Mobile operators, post offices and retailers** provide the most attractive opportunities for distribution of financial services products, both on reach and feasibility.
 - **Gas stations** have a high level of feasibility and low reach and hence should be explored further.
 - **Agro distributors** are currently the least ready.
 - **Informal traders** have high reach and low feasibility and hence should be monitored.
 - As a point of reference, **banks** a high level of feasibility, though with a low distribution presence in rural areas.

Figure 90: Opportunity Mapping

14.2.2 Reach

Informal traders have by far the greatest number of distribution points, but lack the customer base needed to enable them to be a viable channel for the distribution of financial services products. Retailers also have a relatively large number of distribution points. MNOs have the largest client base, though with limited dedicated distribution points.

⁴⁰⁵ Khumalo, J. (2012). *FinScope: Consumer Survey 2012*. Retrieved March 25, 2013, from www.finscope.co.za.

⁴⁰⁶ Specialist Consultation. Refer to Section 21 for details.

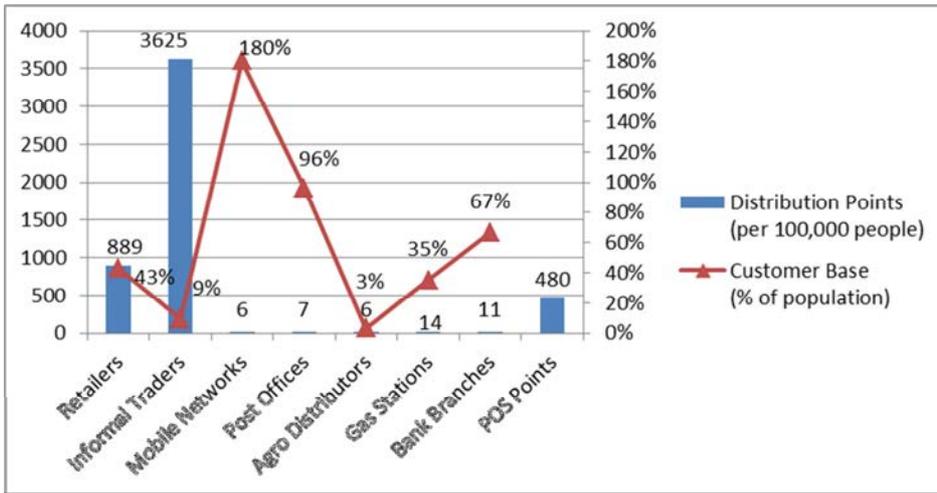


Figure 91: Reach

14.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Infrastructure	High	Low	High	High	Medium	High	High
POS infrastructure	High	Low	High	Medium	Low	High	High
Electricity	High	Medium	High	High	Medium	High	High
Connectivity	Medium	Low	High	High	Medium	Medium	High
Footfall	High	High	High	Medium	Low	Medium	Medium
Cash Float	High	Low	Low	Medium	Medium	Medium	High
Partnership Support	Medium	Low	High	High	Medium	Medium	High
Proven Models	High	Medium	Medium	High	Medium	Medium	High

Figure 92: Feasibility

Retailers provide the highest level of feasibility, followed by MNOs and post offices. Gas stations provide the next level of feasibility. Agro distributors and informal traders provide the lowest feasibility.

14.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> • Store cards are common, e.g. Edgars, Game, Clicks, Woolworths⁴⁰⁷ • Hire purchase offered by furnishers, department stores⁴⁰⁸ • POS payments, withdrawals, remittance service offered through players such as Shoprite Checkers, Pick n Pay⁴⁰⁹ • Manned banking kiosks in retailers (e.g. Nedbank at Pick n Pay)⁴¹⁰ 	<ul style="list-style-type: none"> • Funeral cover, either standalone (e.g. Shoprite Checkers), or bundled (e.g. Edgars)⁴¹¹ • Various core (e.g. contents insurance), niche (e.g. commuter cover) and value add insurance (emergency assist, hospital cover) offered by retailers such as Woolworths, Edgars⁴¹²
Informal Traders	<ul style="list-style-type: none"> • Electronic banking kiosks emerging, e.g. Standard Bank Access Point⁴¹³ 	<ul style="list-style-type: none"> • Funeral insurance, e.g. Take it Eezi and My Funeral Card by Hollard Insurance to sell airtime, electricity and insurance⁴¹⁴
Post Offices	<ul style="list-style-type: none"> • SA Post Office (SAPO) offers savings and investment accounts⁴¹⁵ • Allows remittances to be sent within the region and internationally⁴¹⁶ 	<ul style="list-style-type: none"> • Life and funeral insurance, e.g. The Thuso Life and Funeral Plan⁴¹⁷
Mobile Networks	<ul style="list-style-type: none"> • Mobile money services and linked offerings, e.g. Vodacom M-PESA, MTN Mobile Money^{418,419} 	<ul style="list-style-type: none"> • Cellphone insurance, offered through MNOs⁴²⁰
Agro distributors	<ul style="list-style-type: none"> • No known products 	<ul style="list-style-type: none"> • No known products
Gas stations	<ul style="list-style-type: none"> • Electronic payment for fuel common, through petrol cards, debit cards, credit cards, e.g. Caltex StarCard⁴²¹, FNB has partnered with Engen to offer payment for fuel using e-buck loyalty points⁴²² • Most gas stations have ATMs, convenience stores, particularly in the urban areas 	<ul style="list-style-type: none"> • Third party insurance sold at some gas stations, for example the ones near the Mozambique border⁴²³

Figure 93: Product Distribution

⁴⁰⁷ Edcon. (2012). Annual Report. Retrieved March 27, 2013, from www.edcon.co.za.

⁴⁰⁸ Specialist Consultation. Refer to Section 21 for details.

⁴⁰⁹ Ibid.

⁴¹⁰ Ibid.

⁴¹¹ Smith, A. & Smit, H. (2010). Case Study: Shoprite. Retrieved March 29, 2013, from www.finmark.org.za.

⁴¹² Specialist Consultation. Refer to Section 21 for details.

⁴¹³ Ibid.

⁴¹⁴ Smith, A. & Smit, H. (2010). Case Study: Hollard Insurance and Take it Eezi. Retrieved March 29, 2013, from www.finmark.org.za.

⁴¹⁵ The South African Post Office. (2012). Products and Services. Retrieved March 29, 2013, from www.sapo.co.za.

⁴¹⁶ Ibid.

⁴¹⁷ Ibid.

⁴¹⁸ Vodacom South Africa. (2013). Products. Retrieved March 28, 2013, from www.vodacom.co.za.

⁴¹⁹ MTN South Africa. (2013). Products. Retrieved March 28, 2013, from www.mtn.co.za.

⁴²⁰ Cellsure, a subsidiary of Vodacom. (2013). Products. Retrieved March 28, 2013, from <http://www.cellsure.co.za/>.

⁴²¹ Caltex South Africa. Star Card for Fleets. Retrieved March 27, 2013, from www.caltex.com/za/products-and-services/starcard-for-fleets.

⁴²² First National Bank. (2012). Retrieved March 29, 2013, from www.fnb.co.za/promotions/ebucksPromotion.html.

⁴²³ Mozambique Tourism. (2012). The shortest route to paradise. Retrieved April 04, 2013, from <http://www.moztour.com/index.htm>.

14.2.5 Retailers

The retail sector in South Africa is well established, with a sizeable footprint. There is a strong presence of chain stores, especially in the urban areas. There are 553 425 registered businesses within the country, with 157 550 of them retail outlets⁴²⁴. Malls and shopping centres, together with associated services such as ATMs and POS, are very common. Rural towns will typically have a chain store supermarket, for example a Shoprite or Boxer supermarket store.

14.2.6 Post Offices

The South African Post Office (SAPO) has 2 447 postal branches throughout the country. 1 572 are fully fledged post offices, and the remaining 875 are retail post office agents, located in those areas where it would not have been economically viable to set up a full branch. The network across South Africa is fairly comprehensive, covering 96.4% of the country. The PostBank is the financial arm of the post office, and uses the post office branch network to access its customer base, which are mainly government and Telkom employees⁴²⁵.

14.2.7 Mobile Networks

South Africa has a well developed mobile industry with five MNOs. These are Vodacom, MTN, Cell C, 8ta and Virgin Mobile. The mobile penetration rate for the country is around 100%. Mobile banking has not taken off in South Africa as well as it has in other countries in the SADC region. All five networks have their own branded stores distributing airtime and other cellphone related services, with MTN having the most outlets⁴²⁶. However, airtime may be procured through retailers, ATMs and informal traders.

14.2.8 Gas stations

South Africa has a well developed fuel retail sector, including multiple franchise retail offerings, with the main players being BP, Shell, Caltex, Engen, Sasol (together with Exel and Zenex) and TOTAL. There are roughly 5 000 gas stations, situated mainly in urban areas and along major highways throughout the country⁴²⁷.

14.2.9 Agro distributors

Although 80% of South African land is used for agriculture and subsistence farming, only 12% is arable, and the rest is used for grazing. There are around 3 000 000 subsistence farmers in South Africa, and most of them are based in the former homelands⁴²⁸. The agro distributor network in the country is primarily made up of private sector companies, with a fairly well established network that includes third party distributors⁴²⁹.

The South African government has initiated the Comprehensive Agricultural Support Programme that is available to all emerging farmers for infrastructural development. A Broad-Based Black Economic

⁴²⁴ EconStats. (2013). Statistics. Retrieved March 28, 2013, from www.econstats.com/wdi/wdiv_494.htm.

⁴²⁵ The South African Post Office. (2012). Annual Report. Retrieved March 29, 2013, from www.postoffice.co.za/Documents/PostOfficeannualreport2012.pdf.

⁴²⁶ MTN South Africa. (2013). Products. Retrieved March 28, 2013, from www.mtn.co.za.

⁴²⁷ Adland, H. (2002). In *Terror and In Silence, An investigation into safety levels and standards at gas stations*. Retrieved March 27, 2013, from www.hsrapress.ac.za/product.php?productid=1992.

⁴²⁸ FAO. (2005). Fertiliser by crop in South Africa. Retrieved March 28, 2013, from <ftp://ftp.fao.org/agl/agll/docs/fertusesouthafrica.pdf>.

⁴²⁹ Agrinet. (2013). Company Overview. Retrieved March 28, 2013, from www.agrinet.co.za/AgriCorp/Wet%20op%20Openbaarmaking%20van%20Inligting.pdf.

Empowerment Framework for Agriculture (AgriBEE) policy was introduced which applies to the entire value chain including all activities related to the provision of agricultural input and distribution⁴³⁰.

14.2.10 Informal traders

There are a number of informal businesses in South Africa, including street traders, hawkers and house shops (referred to as “*spaza shops*”), which make up the body of informal traders within South Africa. More than 70% of informal traders sell food, and the majority of them are women⁴³¹. Informal traders employ 1 600 000, and support up to 5 000 000 people. Informal traders are located in both urban and rural areas.

Various institutions focused on organising and supporting informal traders, e.g. in Johannesburg, the Metropolitan Trading Company (MTC) is responsible for informal traders and taxis by providing developmental support to taxi operators and informal traders by managing the facilities set aside by the municipality for them⁴³².

Community involvement and solutions are key to successful distribution in this area, e.g. the Old Mutual ‘*Imbizo*’ model⁴³³.

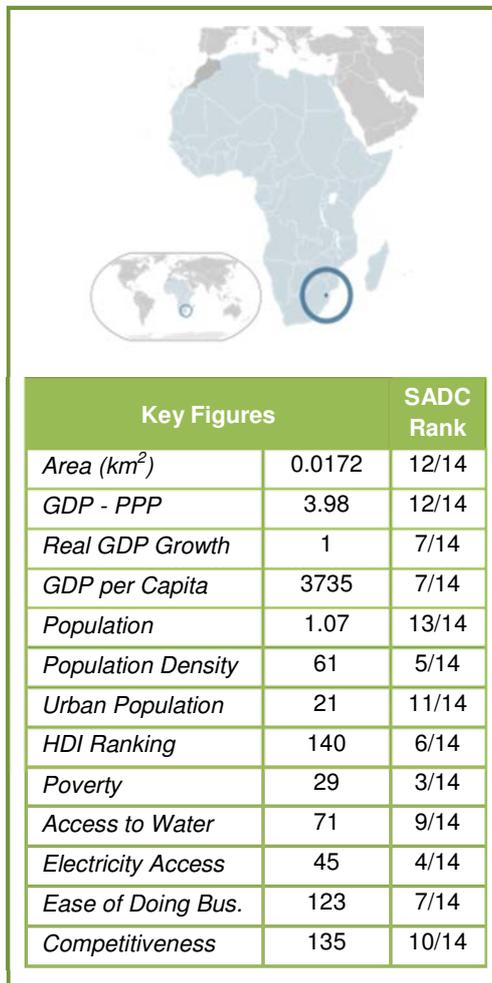
⁴³⁰ SADC Secretariat. (2012). *Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports*. Retrieved March 22, 2013, from www.sadc.int.

⁴³¹ FinMark Trust. (2011). *FinScope: Small business survey*. Retrieved March 26, 2013, from www.finscope.co.za.

⁴³² City of Johannesburg. (2013). *Metropolitan Trading Company*. Retrieved March 27, 2013, from www.joburg.org.za/index.php?option=com_content&do_pdf=1&id=1291.

⁴³³ Specialist Consultation. Refer to Section 21 for details.

15 Swaziland⁴³⁴



Swaziland is a landlocked country located in south eastern Africa, bordered by Mozambique to the east and the South Africa on all other sides. The official languages of the country are English and Swati.

Overview

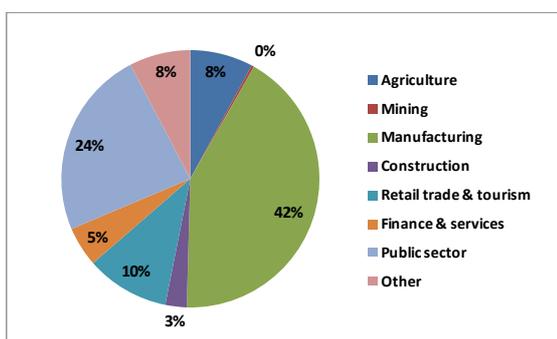
Swaziland is amongst the smallest of the SADC countries with size of country, GDP and population in the bottom 3. The country is governed by a monarchy, where the Head of State is the King – in this Swaziland is unique amongst SADC countries.

Economic Highlights

Manufacturing and the public sector account for two thirds of GDP. Manufacturing and services account for a larger share of output than in most of Sub-Saharan Africa⁴³⁵. A severe fiscal crisis in 2011 set back economic and social development and the lagged impact cut growth prospects in 2012⁴³⁶. The economy is primarily cash-based although there has been significant growth in POS in recent years⁴³⁷.

Social Highlights

Swaziland's HDI ranking places it in the top half of SADC countries. Poverty reduction has been slow due to the lowest growth rates in Africa, high unemployment, and the HIV pandemic. The bulk (75%) of Swaziland's workforce is engaged in farming (mostly subsistence and smallholder farmers⁴³⁸) and the bulk of the population (79%) live in rural areas. 71% of the population has access to water and 45% to electricity.



SADC Comparison

- An **Emerging SADC country**
- One of the **smaller** countries in SADC, with size of country, GDP and population in the bottom 3
- Urban population in the bottom 5, top 3 for % of population living below the poverty line
- Amongst the **least competitive** of SADC countries, ranking in the bottom 5 and ranked in the middle in terms of ease of doing business
- At 62.5%, ranked 7th for **financial inclusion**

⁴³⁴ Note that this report typically uses the same data sources for similar data across countries. Refer to section 4 for an outline of data sources, as well as for a description of generic structure for this section.

⁴³⁵ African Economic Outlook. (2012). Swaziland 2012. Retrieved March 12, 2013, from www.africaneconomicoutlook.org.

⁴³⁶ Ibid.

⁴³⁷ Specialist Consultation. Refer to Section 21 for details.

⁴³⁸ The World Bank. (2011). World DataBank. World Development Indicators. Retrieved March 14, 2013, from databank.worldbank.org.

15.1 Financial services

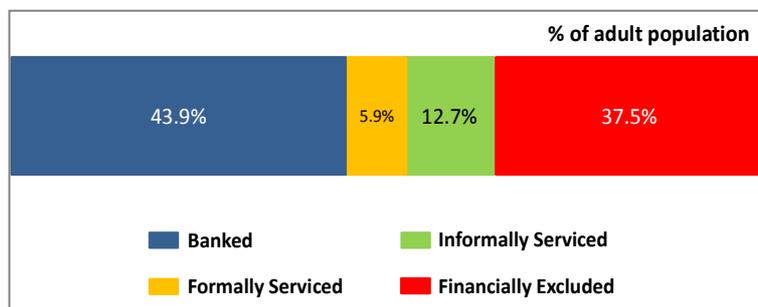


Figure 94: Financial Access Strand⁴³⁹

Key Indicators	SADC Rank	
Bank Branches		
'- per 1000 km ²	2.73	4/14
'- per 100000 adults	7.23	6/14
ATMs per 1000 km ²	9.42	4/14
POS per 100,000	52	6/14

Figure 95: Traditional FS Distribution

15.1.1 Financial Inclusion

While less than two thirds of the adult population have access to financial services, Swaziland has the second highest level of financial inclusion among Emerging SADC countries. Close to half of its adult population has access to banking services, with a much smaller portion formally and informally serviced. 4.6% of the adult population is indirectly banked, which means that they use someone else's bank account.

The FinScope Survey of 2011 found that Swazi adults are more likely to save than borrow. Both borrowing and saving are primarily for living expenses, emergencies and education.

15.1.2 Formal Financial Services

The banking sector consists of 3 commercial banks, a mutual building society and a statutory bank. Banks include Nedbank, Standard Bank, FNB of Swaziland, Swaziland Building Society and Swazibank (which is 100% government owned), with a sum total of . The banks, amongst them, have 43 branches across Swaziland. There are 10 insurance companies, nine of which are South African owned⁴⁴⁰.

15.1.3 Informal Financial Services

'*Inhlangano*' (informal savings clubs) and '*Masingcwabisane*' (burial societies) service the informal sector⁴⁴¹. Informal borrowing mechanisms include taking goods in advance, '*tinhlango*' (savings groups) and '*shylock*' (informal money lenders)⁴⁴². Around 5% of adults belong to '*masingcwabisane*'. Established funeral parlours, such as Dups and B3 offer funeral insurance underwritten by insurers. There are also some unlicensed funeral insurance schemes, which the authorities are looking to shut down⁴⁴³.

⁴³⁹ FinScope survey has been completed for Swaziland, a view of financial inclusion has been produced using the Financial Access Strand found in FinScope Consumer Surveys.

⁴⁴⁰ Assaralo.com. (2013). List of Insurance Companies in Swaziland. Retrieved March 11, 2013, from http://www.asaralo.com/index.php?option=com_content&view=article&id=924:list-of-insurance-companies-in-swaziland&catid=82:african-insurance&Itemid=558.

⁴⁴¹ FinMark Trust. (2011). FinScope Consumer Survey Swaziland 2011. Retrieved March 12, 2013, from www.finscope.co.za.

⁴⁴² Ibid.

⁴⁴³ Hougaard, C., & Chelwa, G. (2011). Cenfri: Swaziland microinsurance review. A market and regulatory analysis. Retrieved March 11, 2013, from www.finmark.org.za.

15.1.4 Traditional Financial Services Distribution

The commercial banks in Swaziland tend to focus on conservative financial products and on higher income earners in the main centres. Rural penetration is limited⁴⁴⁴. Savings and credit co-operatives (SACCOs) and more than a hundred microfinance institutions primarily service rural areas.

15.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station and post office channels. The sections that follow provide more detail per channel.

15.2.1 Opportunity Mapping



Key Observations

- **Retailers, post offices and mobile networks** provide the most attractive opportunities for distribution of financial services products, both on reach and feasibility.
- **Agro distributors** are currently the least ready.
- While **informal traders** provide the greatest reach, they present low feasibility for the distribution of financial services products.
- As a point of reference, **banks** provide the greatest feasibility, though with a low distribution presence.

Figure 96: Opportunity Mapping

15.2.2 Reach

In terms of the number of distribution points informal traders have by far the greatest reach of the various channels that may be employed to distribute financial services products. Retailers have a relatively large number of distribution points. MNOs have the largest client base, though with limited dedicated distribution points.

⁴⁴⁴ Hougaard, C., & Chelwa, G. (2011). *Centri: Swaziland microinsurance review. A market and regulatory analysis*. Retrieved March 11, 2013, from www.finmark.org.za.

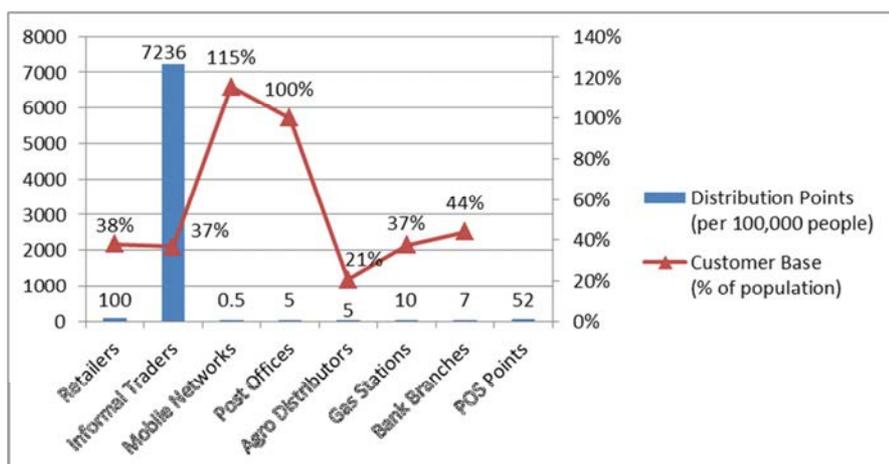


Figure 97: Reach

15.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Infrastructure	Medium	Low	Medium	Medium	Low	Medium	High
POS infrastructure	High	Low	Low	Low	Medium	Medium	High
Electricity	Medium	Low	Medium	Medium	Low	Medium	Medium
Connectivity	Low	Low	Medium	Medium	Low	Low	High
Footfall	High	High	Medium	Medium	Medium	Medium	Medium
Cash Float	High	Low	Medium	Medium	Medium	High	High
Partnership Support	Low	Low	Medium	High	Low	Low	High
Proven Models	Medium	Low	High	High	Medium	Low	High

Figure 98: Feasibility

Post offices and retailers provide the highest level of feasibility for alternative distribution channels, followed by post offices. Mobile networks present the next level of feasibility followed by gas stations. Agro distributors and informal trader networks present the lowest level of feasibility. None of the channels provide a level of feasibility comparable to the banks.

15.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> • Store cards e.g. Legit⁴⁴⁵ • Shoprite in the process of introducing money market product in partnership with Capitec⁴⁴⁶ 	<ul style="list-style-type: none"> • Furniture stores e.g. Lewis, Ellerines, Beares, Bradlows offers compulsory credit life cover on products purchased on hire purchase and item insurance⁴⁴⁷ • Credit life e.g Legit
Informal Traders	<ul style="list-style-type: none"> • Informal credit mechanisms e.g. taking goods in advance from shops⁴⁴⁸ 	<ul style="list-style-type: none"> • No known products
Post Offices	<ul style="list-style-type: none"> • Postal orders, money orders⁴⁴⁹ • ‘Sivinini’ – Service which sends money from one post office to another via telegram⁴⁵⁰ 	<ul style="list-style-type: none"> • Parcel insurance
Mobile Networks	<ul style="list-style-type: none"> • MTN Mobile Money⁴⁵¹ • FNB’s eWallet⁴⁵² 	<ul style="list-style-type: none"> • No known products
Agro distributors	<ul style="list-style-type: none"> • No known products 	<ul style="list-style-type: none"> • Livestock insurance by SRIC and Lidwala⁴⁵³
Gas stations	<ul style="list-style-type: none"> • Electricity and airtime can be bought at gas stations⁴⁵⁴ • Gas stations typically have convenience stores, particularly in the urban areas, and some have ATMs⁴⁵⁵ 	<ul style="list-style-type: none"> • No known products

Figure 99: Product Distribution

15.2.5 Retailers

An estimated third of retail in Swaziland is made up of chain stores with the rest accounted for by independently owned stores. Chain stores are generally located around the 5 urban centres. Hire purchase is common, serving as a base for various insurance products⁴⁵⁶.

15.2.6 Post Offices

The Swaziland Post and Telecommunication Corporation is the national postal service. There are 91 major outlets. The Swazi Post office has postal orders, money orders, and ‘Sivinini’ which is punted as the fastest way to send money from one post office to another through telegram, which is possible without a bank account. Swazi Post is also a retail agent outlet for MTN.

⁴⁴⁵ Edcon. (2013). Edcon to sell its private label store card portfolio to Absa and enter into a long-term strategic relationship with Absa. Retrieved March 11, 2013, from <http://www.edcon.co.za/NewsandMedia/PressRelease/EdconPressRelease6June2012.aspx>.

⁴⁴⁶ Capitec. (2013). Money Management: Global One. Retrieved March 11, 2013, from <http://www.capitecbank.co.za/money-management/global-one>.

⁴⁴⁷ Specialist consultation. Refer to Section 21 for details.

⁴⁴⁸ FinScope. (2011). FinScope Consumer Survey Swaziland 2011. Retrieved March 12, 2013, from www.finscope.co.za.

⁴⁴⁹ Swaziland Post and Telecommunications Corporation. (2013). Swazipost. Financial Services. Retrieved March 13, 2013, from <http://www.sptc.co.sz>.

⁴⁵⁰ Ibid.

⁴⁵¹ FinScope. (2011). FinScope Consumer Survey Swaziland 2011. Retrieved March 12, 2013, from www.finscope.co.za.

⁴⁵² Ibid.

⁴⁵³ Hougaard, C., & Chelwa, G. (2011). Cenfri: Swaziland microinsurance review. A market and regulatory analysis. Retrieved March 11, 2013, from www.finmark.org.za.

⁴⁵⁴ Specialist consultation. Refer to Section 21 for details.

⁴⁵⁵ Ibid.

⁴⁵⁶ Specialist Consultation. Refer to Section 21 for details.

15.2.7 Mobile Networks

Swazi MTN is the sole mobile phone operator in Swaziland with a 65% (695 500 subscribers)⁴⁵⁷ penetration rate⁴⁵⁸. MTN has 3 MTN Connect stores and 1 035 indirect outlets/channels⁴⁵⁹.

MTN currently has approximately 200 000 mobile money customers⁴⁶⁰. Churches and other groups are working with mobile money for the payment of tithes and offerings. MTN has mobile money outlets countrywide in both rural and urban areas and is establishing direct relationships with smaller, rural stores.⁴⁶¹

15.2.8 Gas stations

Gas stations have a limited footprint, with only 64^{462, 463} of them in Swaziland. The larger fuel retailers include BP, Chevron (Caltex) Swaziland, TOTAL, Engen, Exel, Galp Energia, and Global Oils. The larger players are supplemented by independents⁴⁶⁴.

15.2.9 Agro distributors

There are between 100⁴⁶⁵ and 400⁴⁶⁶ agro distributors in Swaziland. Agriculture employs 75%⁴⁶⁷ of the workforce in Swaziland, with the majority engaged in subsistence farming. The land tenure system in Swaziland is referred to as Swazi National Land (SNL) which accounts for 60% of the land⁴⁶⁸. The SNL is held under customary law and held in trust for the Swazi nation by the King. The SNL is comprised of small-holder farmers who are mainly subsistence farmers, marketing only the occasional surplus. Crops include maize, cotton, sugarcane, vegetables and ground nuts. The remaining 40% of land is freehold and primarily commercial farming on estates and individual farms growing sugar cane, citrus and pineapples⁴⁶⁹. Livestock insurance is underwritten in such a manner that premiums are collected for each risk making it a complex, expensive product that is internationally not considered viable⁴⁷⁰.

The National Agricultural Board (NAMBoard) is responsible for facilitating the distributing of scheduled agricultural products⁴⁷¹.

15.2.10 Informal traders

According to the 2007 Swaziland Integrated Labour Force survey, 48% of the labour force are engaged in the informal economy. 89% of these engage in informal trading activities⁴⁷². These

⁴⁵⁷ Deloitte and the GSMA Association. (2012). *Sub-Saharan Africa Mobile Observatory 2012*. Retrieved March 13, 2013, from www.gsma.com.

⁴⁵⁸ FinScope. (2011). *FinScope Consumer Survey Swaziland 2011*. Retrieved March 12, 2013, from www.finscope.co.za.

⁴⁵⁹ MTN. (2009). *MTN Dealer Locator Information 2009*. Retrieved March 13, 2013, from www.mtn.co.sz/pdf/Swaziland_Dealer_Locator.pdf.

⁴⁶⁰ Ibid.

⁴⁶¹ Specialist Consultation. Refer to Section 21 for details.

⁴⁶² GalpEnergia. (2013). *Swaziland*. Retrieved March 14, 2013, from www.galpennergia.com.

⁴⁶³ Mbendo.mobi. (2012). *Service Stations in Swaziland*. Retrieved March 14, 2013, from mbendi.mobi.

⁴⁶⁴ Ibid.

⁴⁶⁵ Specialist Consultation. Refer to Section 21 for details.

⁴⁶⁶ Nkambule, N. (2012). *The Swazi Observer*. *Agro-dealer accreditation panel launch soon*. Retrieved March 14, 2013, from www.observer.org.sz.

⁴⁶⁷ The World Bank. (2011). *World DataBank*. *World Development Indicators*. Retrieved March 14, 2013, from databank.worldbank.org.

⁴⁶⁸ IRIN: Humanitarian news and analysis. (2012). *Swaziland recommends land reforms*. Retrieved March 14, 2013, from <http://www.irinnews.org/Report/96742/SWAZILAND-IMF-recommends-land-reforms>.

⁴⁶⁹ National Assessment Report: *Swaziland to the World Summit of Sustainable Development 2002*. <http://www.environment.gov.sz/files/wssd.pdf>

⁴⁷⁰ Hougaard, C & Chelwa, G. (2011). *Cenfri: Swaziland microinsurance review. A market and regulatory analysis*. Retrieved March 11, 2013, from www.finmark.org.za.

⁴⁷¹ SADC Secretariat. (2012). *Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports*. Retrieved March 22, 2013, from www.sadc.int.

⁴⁷² FinScope. (2011). *FinScope Consumer Survey Swaziland 2011*. Retrieved March 12, 2013, from www.finscope.co.za.

activities include selling goods in markets or on sidewalks and cross border trading. Spaza shops are generally located in urban areas and sell most of the airtime, phones etc⁴⁷³.

⁴⁷³ *Specialist Consultation. Refer to Section 21 for details*

16 Tanzania



Tanzania is in eastern Africa, bordering the Indian Ocean, between Kenya and Mozambique. The official language of the country is Swahili.

Overview

Tanzania is amongst the largest of the SADC countries, ranking in the top three on population as well as GDP. Tanzanians tend to be dependent on agriculture for their livelihood, mostly subsistence and smallholder farming⁴⁷⁴.

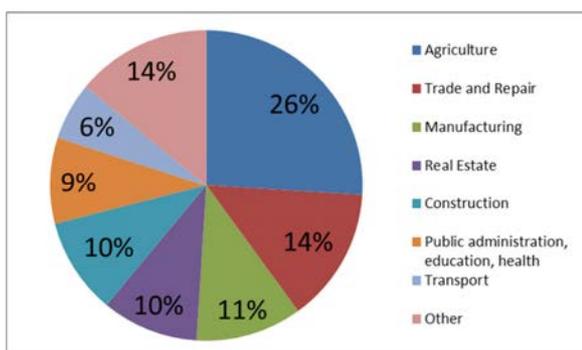
Economic Highlights

GDP is driven by agriculture, trade, manufacturing, real estate, construction and public administration⁴⁷⁵. The economy is primarily cash-based⁴⁷⁶. GDP growth is well above regional averages and remains strong. Inflation, at close to 20%⁴⁷⁷ remains high and affects interest rate volatility.

Social Highlights

Tanzania's HDI ranking places it in the bottom half relative to other SADC countries. Close to 90% of the population live below the poverty line. The bulk (80%⁴⁷⁸) of its workforce is engaged in farming, and the greater majority of the population (73%) live in rural areas. Only 53% of the population has access to water and 14% to electricity.

Key Figures		SADC Rank
Area (km ²)	0.89	4/14
GDP (PPP)	23.87	3/14
Real GDP Growth	6	3/14
GDP per Capita	532	12/14
Population (m)	46.22	3/14
Population Density	51	6/14
Urban Population	27	10/14
HDI Rank	152	8/14
Poverty	87.9	13/14
Access to water	53	11/14
Access to electricity	14	10/14
Ease of doing bus	134	8/14
Competitiveness	120	7/14



SADC Comparison

- An **Emerging SADC country**
- One of the **larger** countries in SADC, with population and GDP in the top 3, and size of country in the top 5.
- **Second highest level of poverty**
- Around the median 3 for HDI, and in the bottom 5 for access to water and access to electricity
- Around the median for **competitiveness** and ease of doing business
- At 44%, in the bottom half for **financial inclusion**

⁴⁷⁴ African Economic Development Institute. (2012). Tanzania: Growth, Inflation and efforts to support the economy. Retrieved February 13, 2013, from <http://www.africaecon.org>.

⁴⁷⁵ African Economic Outlook. (2012). Tanzania 2012. Retrieved February 13, 2013, from <http://www.africaneconomicoutlook.org>.

⁴⁷⁶ Ibid.

⁴⁷⁷ Ibid.

⁴⁷⁸ AGWater Solutions. (2013). Tanzania. Retrieved February 13, 2013, from <http://awm-solutions.iwmi.org/tanzania-1.aspx>.

16.1 Financial services

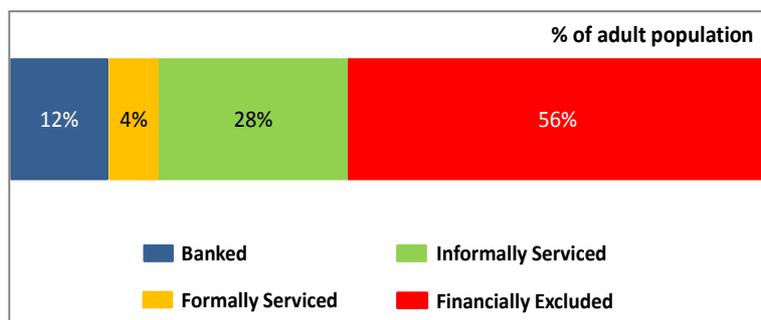


Figure 100: Financial Access Strand

Key Indicators		SADC Rank
Bank Branches		
'- per 1 000 km ²	0.55	10/14
'- per 100 000 adults	1.95	12/14
ATMs per 1 000 km ²	1.26	8/14
POS per 100 000	11.00	11/14

Figure 101: Traditional FS Distribution

16.1.1 Financial Inclusion

Take-up of financial services amongst the majority of the population is low⁴⁷⁹ (close to 60% of the adult population is financially excluded), with Tanzania ranking 10/14 amongst SADC countries for financial inclusion⁴⁸⁰.

16.1.2 Formal Financial Services

A number of local and international banks are represented, including NBC, Barclays, Stanbic, and Standard Chartered, with a sum total of 517⁴⁸¹ branches in Tanzania. The insurance companies, a combination of single line, and composite insurers, include NIC, Heritage, Alliance, and Phoenix. Micro finance institutions have a strong presence in Tanzania, with their main target market being the poor. There are 55 active MFIs currently in operation⁴⁸².

16.1.3 Informal Financial Services

Savings clubs and burial societies provide well established informal savings, lending and funeral cover⁴⁸³. Rotating savings and credit associations, typically involve 10 to 20 members who know and trust each other, and tend to be run by women⁴⁸⁴.

16.1.4 Traditional Financial Services Distribution

Formal financial services in Tanzania are primarily focused on the commercial sector, with the bulk of financial services presence focused on the urban areas. Insurance companies typically operate through brokerages, located primarily in the cities and larger towns. While most insurance companies locate their branch offices only in the major urban centres, NIC tends to have a branch in most towns in Tanzania⁴⁸⁵. Savings clubs and burial societies are more common in rural areas. Credit unions usually operate from homes⁴⁸⁶.

⁴⁷⁹ FinMark Trust. (2012). *FinScope South Africa 2012*. Retrieved February 11, 2013, from www.finscope.co.za.

⁴⁸⁰ *Ibid.*

⁴⁸¹ Tanzania Chamber of Commerce, Industry and Agriculture. (2012). *Tanzania Chamber of Commerce, Industry and Agriculture*. Retrieved February 13, 2013, from http://www.tccia.com/tccia/?page_id=1440.

⁴⁸² Tanzania Association of Microfinance Institutions. (2012). *Types and list of members*. Retrieved February 13, 2013, from http://www.tamfi.co.tz/index.php/membership/category/types_and_list_of_members.

⁴⁸³ Tanzania Chamber of Commerce, Industry and Agriculture. (2012). *Tanzania Chamber of Commerce, Industry and Agriculture*. Retrieved February 13, 2013, from http://www.tccia.com/tccia/?page_id=1440.

⁴⁸⁴ *Specialist Consultation*. Refer to Section 21 for details.

⁴⁸⁵ *Ibid.*

⁴⁸⁶ *Ibid.*

16.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station and post office channels. The sections that follow provide more detail per channel.

16.2.1 Opportunity Mapping



Key Observations

- **Mobile operators, post offices and retailers** provide the most attractive opportunities for distribution of financial services products, both on reach and feasibility.
- **Gas stations** are currently the least viable.
- While **informal traders** provide the greatest reach, they present low feasibility for the distribution of financial services products, due to poor infrastructure, and other factors.
- As a point of reference, **banks** provide the greatest feasibility, though with a low distribution presence.

Figure 102: Opportunity Mapping

16.2.2 Reach

In terms of the number of distribution points informal traders have by far the greatest reach of the various channels that may be employed to distribute financial services products. Agro distributors and retailers also have a large number of distribution points. MNOs have the largest client base, though with limited dedicated distribution points.

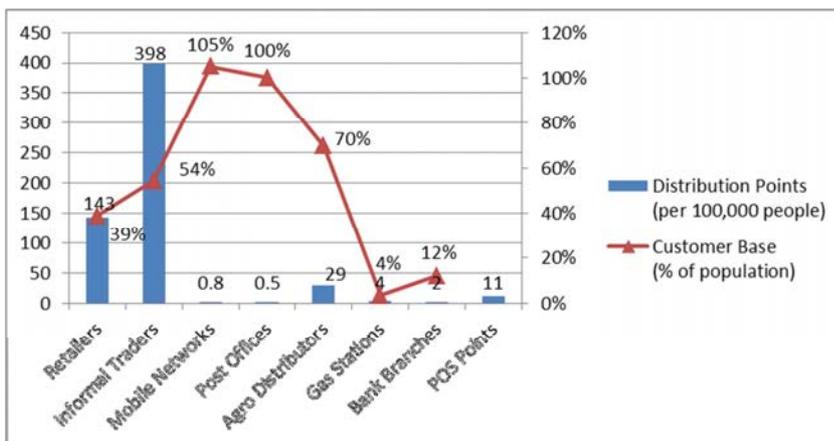


Figure 103: Reach

16.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas stations	Bank Branches (as comparison)
Infrastructure	Low	Low	Low	Medium	Low	Low	Medium
POS infrastructure	Low	Low	Low	Low	Low	Low	High
Electricity	Low	Low	Low	Low	Low	Medium	Medium
Connectivity	Low	Low	Medium	High	Low	Low	Medium
Footfall	High	High	Medium	Medium	Medium	Medium	Medium
Cash Float	High	Low	Medium	Medium	Medium	High	High
Partnership Support	Low	Low	Medium	High	Low	Low	High
Proven Models	Medium	Low	High	High	Medium	Low	High

Figure 104: Feasibility

Post offices present the highest level of feasibility followed by retailers and mobile networks. Gas stations, agro distributors and informal traders present the lowest level of feasibility.

16.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit, Payments	Insurance
Retail	<ul style="list-style-type: none"> Informal money lending and cashing of cheques, by <i>dukas</i>⁴⁸⁷ 	<ul style="list-style-type: none"> No known products
Informal Traders	<ul style="list-style-type: none"> Informal traders will cash a personal cheque at a discount⁴⁸⁸ 	<ul style="list-style-type: none"> Medical insurance being piloted in some trading marketplaces⁴⁸⁹
Post Offices	<ul style="list-style-type: none"> Tanzanian Posts Corporation (TPC) offers money transfers, money orders, postal orders⁴⁹⁰ As an agency of the Post Office Bank TPC also offers savings facilities, short term unsecured loans, third party payments (e.g. municipal rates), stop orders⁴⁹¹, insurance from NIC⁴⁹² etc. 	<ul style="list-style-type: none"> No known products
Mobile Networks	<ul style="list-style-type: none"> Mobile money offerings, e.g. <i>M-PESA</i>, are common⁴⁹³ 	<ul style="list-style-type: none"> Tigo Bima, an insurance product offered by Tigo and underwritten by Golden Crescent in partnership with MicroEnsure⁴⁹⁴ Vodacom in partnership with Heritage Insurance offers funeral insurance and accidental life cover through its product, Faraja⁴⁹⁵

⁴⁸⁷ Specialist Consultation. Refer to Section 21 for details.

⁴⁸⁸ *Ibid.*

⁴⁸⁹ *Ibid.*

⁴⁹⁰ Tanzania Posts Corporation. (2012). Tanzania Posts Corporation. Retrieved February 12, 2013, from <http://www.pposta.co.tz/>.

⁴⁹¹ *Ibid.*

⁴⁹² Specialist Consultation. Refer to Section 21 for details.

⁴⁹³ *Ibid.*

Channel	Savings, Credit, Payments	Insurance
Agro Distributors	<ul style="list-style-type: none"> No known products 	<ul style="list-style-type: none"> Medical insurance being piloted with some co-operatives⁴⁹⁶
Gas Stations	<ul style="list-style-type: none"> Some gas stations have ATMs⁴⁹⁷ Informal meeting point for cash transfers through <i>Dala Dala</i> drivers⁴⁹⁸ 	<ul style="list-style-type: none"> No known products

Figure 105: Product Distribution

16.2.5 Retailers

Tanzanians make the majority of their household purchases from family-owned shops known as 'dukas'. *Dukas* range from speciality stores (e.g. pharmacies) to general dealers. They are independently owned and formally registered. Retail chain stores are rare; *Shoppers* being one of the few exceptions. There are no furniture chain stores⁴⁹⁹. Malls (e.g. Malimani Shopping Mall) and shopping centres tend to be restricted to cities and larger towns (e.g. Dar es Salaam, Arusha and Moshi). Payment is typically made by cash or cheque. ATMs tend to be located in shopping centres. Asset-based retail credit is typically only granted by special arrangement, typically with the backing of an employer. *Dukas* do, however, grant low value, unsecured informal loans to customers⁵⁰⁰.

16.2.6 Post Offices

The Tanzanian Posts Corporation (TPC) is the national postal service. TPC has 154⁵⁰¹ branches throughout Tanzania, a number that has decreased steadily over the past decade. TPC acts as an agent for the Tanzanian Postal Bank⁵⁰². The post bank offers savings, standing orders (similar to stop orders), payment of municipal rates, account queries, money transfers, postal orders, and unsecured loans e.g. *Payday Loan* which has to be paid back fully on pay day⁵⁰³.

16.2.7 Mobile Networks

Despite the relatively low incomes of most households, 91% of Tanzanians own a mobile phone, which tends to be used primarily for text messaging. Vodacom, Airtel, and Tigo have more than 90% market share, with the remainder accounted for by Zantel, TTCL, Sasatel and Bensen⁵⁰⁴. Sales and service is accomplished through super agents and franchise outlets. Airtime may be purchased through various retail outlets on any street corner in the urban areas⁵⁰⁵.

16.2.8 Gas stations

There are around 1 000⁵⁰⁶ gas stations in Tanzania. BP, Engen, GAPCO, Kenil/ Kobil, Lake Oil, Mount Meru Petroleum, and OILCOM are the major players. Some gas stations have ATMS, and some sell

⁴⁹⁴ Hougaard, C., de Vos, M., Bowman, N., Mahori, N., & Bester, H. (2012). *Access to insurance diagnostic Tanzania: Document 5: Product and distribution landscape*. Retrieved February 13, 2013, from <http://www.finmark.org.za>.

⁴⁹⁵ *Ibid.*

⁴⁹⁶ *Specialist Consultation. Refer to Section 21 for details.*

⁴⁹⁷ *Specialist Consultation. Refer to Section 21 for details.*

⁴⁹⁸ *Ibid.*

⁴⁹⁹ *Ibid.*

⁵⁰⁰ *Ibid.*

⁵⁰¹ Tanzania Posts Corporation. (2012). *Tanzania Posts Corporation*. Retrieved February 12, 2013, from <http://www.posta.co.tz/>.

⁵⁰² *Ibid.*

⁵⁰³ *Specialist Consultation. Refer to Section 21 for details.*

⁵⁰⁴ Hudson Kazonta. (2012). *Tigo Tanzania leads SMS market share*. Retrieved February 12, 2013, from <http://www.biztechafrika.com/article/tigo-tanzania-leads-sms-market-share/3710/>.

⁵⁰⁵ *Specialist consultation. Refer to Section 21 for details.*

⁵⁰⁶ *The Citizen (Dar es Salaam)*. (2009). *Tanzania: Ewura - 70 Per Cent of Gas Stations: Gas stations Unsafe*. Retrieved February 14, 2013, from www.thecitizen.co.tz/.

prepaid electricity. Gas stations may have a store of some sort e.g. Total has *Bonjour convenience stores*⁵⁰⁷. Gas stations may be used as a meeting point for money transfers enabled through drivers of 'dala dalas' (local minibuses)⁵⁰⁸.

16.2.9 Agro distributors

Agriculture employs 80%⁵⁰⁹ of the workforce in Tanzania, with the majority engaged in subsistence farming. While the number of established agro distributors is modest, the more than 60 000 agricultural service providers overall provide a distribution footprint that matches reasonably well to the location of the farmers – see figures below.

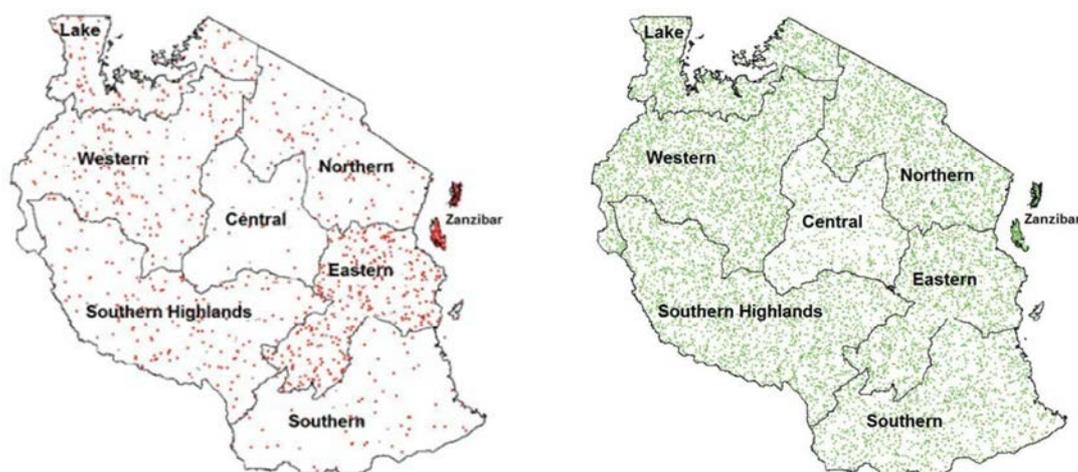


Figure 106: Distribution of Agricultural Service Providers (on the left) vs. Farmers (on the right)

The government, through District Agricultural and Livestock Development Officers (DALDO) facilitates access of inputs to farmers in rural areas. The Tanzania Official Seed Certification Agency (TOSCA) is responsible for quality control from the foundation seed farm stage up to the sale of certified seed to the farmers including distribution⁵¹⁰.

16.2.10 Informal traders

Informal traders tend to sell produce (e.g. vegetables), commodities (e.g. charcoal) or provide services (e.g. tailoring) and are located in urban, regional, or village markets. Businesses in this sector are very small, and tend to produce just enough profits for the owner to draw a small salary. Infrastructure is basic, e.g. traders typically work without electricity.

⁵⁰⁷ Specialist Consultation. Refer to Section 21 for details.

⁵⁰⁸ Ibid.

⁵⁰⁹ African Economic Development Institute. (2012). *Tanzania: Growth, Inflation and efforts to support the economy*. Retrieved February 13, 2013, from <http://www.africaecon.org>.

⁵¹⁰ SADC Secretariat. (2012). *Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports*. Retrieved March 22, 2013, from www.sadc.int.

17 Zambia



Zambia is in southern Africa, east of Angola, and south of the DRC. The official language of the country is English.

Overview

With a population of 13.47 million, Zambia is a medium sized SADC country. Its GDP, however, places it in the top 5, and its GDP growth rate in the top 3.

Economic Highlights

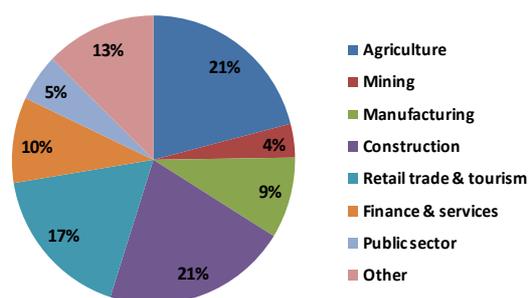
Agriculture is the biggest contributor to the country's GDP (at 21%), followed by construction, retail trade and tourism. Most economic activity is found along the Copperbelt region of the country⁵¹¹. Recently, GDP growth slowed down primarily due to weaker mining sector performance, and the country has been looking into diversifying its economy to alleviate this⁵¹².

Zambia is a cash based society and relies heavily on this mode of transacting⁵¹³.

Social Highlights

Zambia's HDI ranking places it in the bottom 5 relative to other SADC countries. Poverty is evident, remaining at well over 60% for the last 5 years⁵¹⁴. Mining employs 3.8%⁵¹⁵ of the economically active population while agriculture employs the most at 72%⁵¹⁶, with about 2 000 000 people working as subsistence farmers⁵¹⁷. 61% of the population has access to water and 19% to electricity.

Key Figures		SADC Rank
Area (km ²)	0.74	8/14
GDP (PPP)	19.21	4/14
Real GDP Growth	6	3/14
GDP per Capita	1425	8/14
Population (m)	13.47	7/14
Population Density	17	11/14
Urban Population	39	5/14
HDI Rank	164	10/14
Poverty	81.5	11/14
Access to water	61	10/14
Access to electricity	19	8/14
Ease of doing bus.	94	6/14
Competitiveness	102	6/14



SADC Comparison

- An **Emerging SADC country**
- **Economically**, one of the **larger** countries in SADC, GDP in the top 5
- In the top 5 for **urbanization**
- In the bottom 5 for **population density**
- In the bottom 5 for **HDI**, as well as for access to water and access to electricity
- In the top half for **competitiveness** and **ease of doing business**
- At 37.3%, in the bottom 3 for **financial inclusion**

⁵¹¹ Dermish, A. (2012). Mapping the retail payment landscape: Zambia. Retrieved February 27, 2013, from www.finmark.org.za.

⁵¹² Ibid.

⁵¹³ Ibid.

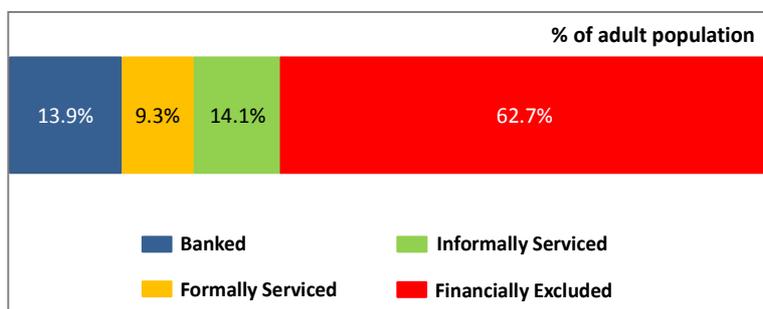
⁵¹⁴ AfDB, OECD, UNDP, UNECA. (2012). Zambia: African Economic Outlook. Retrieved February 26, 2013, from www.afdb.org.

⁵¹⁵ Ibid.

⁵¹⁶ Siziya, S, Muula, A, Ryan, A and Rudatsikira, E. (2010). Compensation patterns following occupational injuries in Zambia: results from the 2009 Labour Survey. Retrieved February 27, 2013, from <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2944123/>.

⁵¹⁷ BTI. (2012). Zambia Country Report. Retrieved February 27, 2013, from <http://www.bti-project.de>.

17.1 Financial services



Key Indicators		SADC Rank
Bank Branches		
'- per 1 000 km ²	0.41	11/14
'- per 100 000 adults	4.40	9/14
ATMs per 1 000 km ²	0.70	12/14
POS per 100 000	11.00	11/14

Figure 107: Financial Access Strand⁵¹⁸

Figure 108: Traditional FS Distribution

17.1.1 Financial Inclusion

Zambia has the third lowest level of financial exclusion in SADC. Close to 63% of adults do not use any form of financial services. Of the formally included, about 14% are banked and just over 9% use other formal financial services, while 13.9% use informal services. Only 4% of all Zambians have any type of insurance (life, funeral or motor insurance).

Zambians tend to have a poor perception of commercial banking channels, and associate money transfer services with Zampost⁵¹⁹. They prefer to use informal channels as they offer greater reach to areas where commercial banks may not have a presence⁵²⁰. Some lower income Zambians prefer not to use formal financial channels to transact because of the many supporting documents needed, complex application forms and high banking fees⁵²¹.

17.1.2 Formal Financial Services

There are 19 banks, including several foreign-controlled banks, with 286 branches spread across the country⁵²². The 8 largest banks are Barclays, Zanaco, Stanchart, Stanbic, Citibank, Indo Zambia, Finance Bank, and Bank of China⁵²³.

The 102⁵²⁴ nonbank financial services institutions include leasing companies, building societies, insurance companies, microfinance institutions, a development bank, bureaus de change, a savings bank (National Savings and Credit Bank) and a credit bureau.

17.1.3 Informal Financial Services

Informal financial service providers include MFIs, “chilimba” (informal savings unions) and “kaloba” (informal, unsecured money lenders). The microfinance subsector includes unregulated entities, mostly small community-based non-deposit taking non-governmental organizations (NGOs), which undertake micro-lending. Only 8% of Zambians borrow from a bank.

⁵¹⁸ FinScope survey has been completed for Zambia, a view of financial inclusion has been produced using the Financial Access Strand found in FinScope Consumer Surveys.

⁵¹⁹ Munro, J. (2008). FinMark Trust Zambia. Brief: The Landscape of remittances in Zambia. Retrieved February 25, 2013, from www.finmark.org.za.

⁵²⁰ Ibid.

⁵²¹ Munro, J. (2009). FinMark Trust Zambia. Brief: Exploring themes for FinScope Zambia 2009. Retrieved February 25, 2013, from www.finmark.org.za.

⁵²² Munro, J. (2012). Mapping the retail payment system: Zambia. Retrieved February 25, 2013, from www.finmark.org.za.

⁵²³ Ibid.

⁵²⁴ Ibid.

17.1.4 Traditional Financial Services Distribution

Most financial services are concentrated within the urban areas, primarily Lusaka. 61%⁵²⁵ of the adult population live in rural areas and financial access in rural Zambia is markedly lower than that for urban areas, according to FinScope 2009.

ATMs are growing in popularity. Bank cards tend to be used mainly for cash withdrawals, and less so for POS purchases⁵²⁶.

17.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station, and post office channels. The sections that follow provide more detail per channel.

17.2.1 Opportunity Mapping

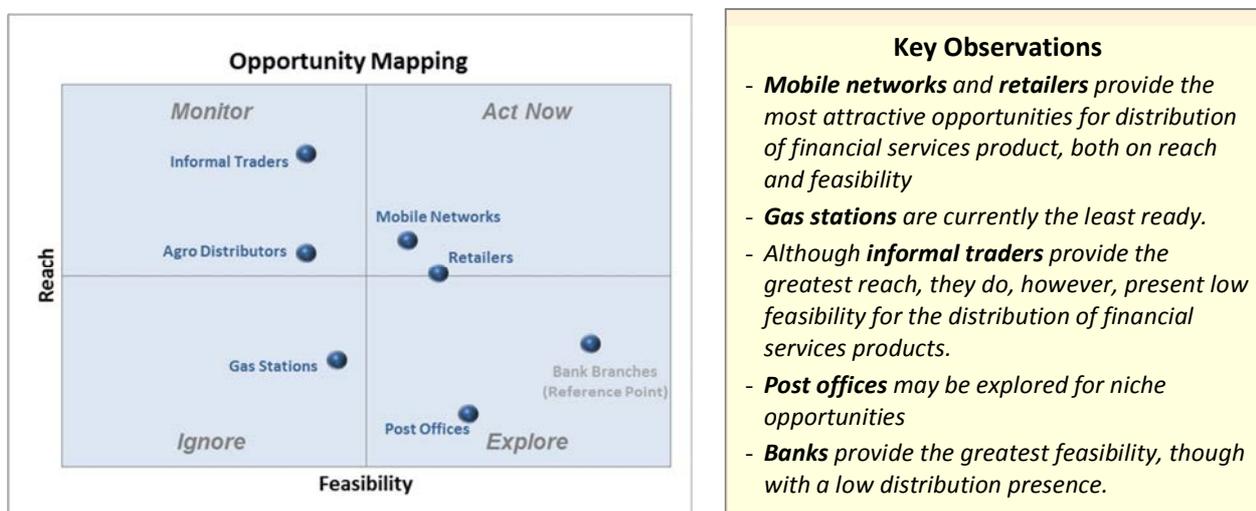


Figure 109: Opportunity Mapping

17.2.2 Reach

Informal traders provide the largest distribution presence, along with a fairly moderate customer base. Mobile networks have a low distribution presence, but a rather large customer base compared to the various other channels. Retailers provide the next highest distribution presence, though it is not very high compared to informal traders.

⁵²⁵ The World Bank. (2011). Data. Retrieved February 25, 2013, from <http://data.worldbank.org/>.

⁵²⁶ Clarke, G.R, Shah, M.K, Sheppard, M, Munro, J and Pearson Jr, R.V. (2010). The Profile and Productivity of Zambian businesses. Retrieved February 25, 2013, from www.finmark.org.za.

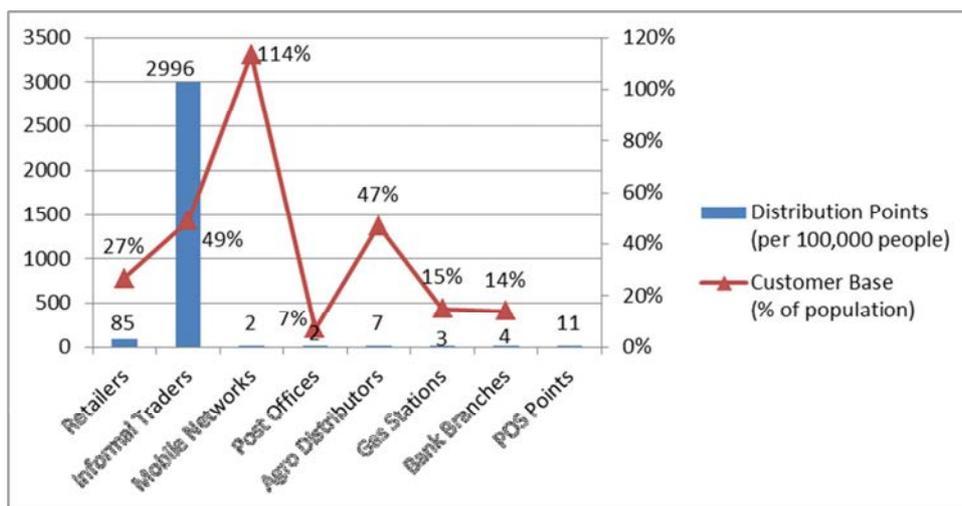


Figure 110: Reach

17.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Infrastructure	Low	Low	Low	Low	Low	Low	High
POS infrastructure	Medium	Low	Low	Low	Low	Low	High
Electricity	Low	Low	Low	Low	Low	Medium	Medium
Connectivity	Low	Low	Medium	Medium	Low	Low	High
Footfall	High	High	Medium	Medium	Medium	Medium	Medium
Cash Float	High	Low	Medium	Medium	Medium	High	High
Partnership Support	Low	Low	Medium	High	Low	Low	High
Proven Models	Medium	Low	High	High	Medium	Low	High

Figure 111: Feasibility

Post offices provide the highest level of feasibility for alternative distribution channels, followed by mobile networks and retailers. Agro distributors and informal traders present the lowest level of feasibility. None of the channels provide a level of feasibility comparable to the banks.

17.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> No known products 	<ul style="list-style-type: none"> No known products
Informal Traders	<ul style="list-style-type: none"> Remittances sent through bus drivers, talk time vendors⁵²⁷ 	<ul style="list-style-type: none"> No known products

⁵²⁷ Munro, J. (2009). FinMark Trust Zambia. Brief: Exploring themes for FinScope Zambia 2009. Retrieved February 25, 2013, from www.finmark.org.za.

Channel	Savings, Credit and Payments	Insurance
Post Offices	<ul style="list-style-type: none"> Zampost offers electronic bill payments, point of sale, and electronic money transfer⁵²⁸ Zampost has partnered with Zanaco Bank offering Zanaco customers deposits and withdrawals at POS terminals⁵²⁹ Swiftcash, a domestic remittance service⁵³⁰ 	<ul style="list-style-type: none"> No known products
Mobile Networks	<ul style="list-style-type: none"> Airtel offers a mobile money service, 'makwacha'⁵³¹ MTN Zambia offers MTN Mobile Money⁵³² Zamtel offers Zamtel Mobile Money⁵³³ 	<ul style="list-style-type: none"> Sanlam insurance and health funding products, through Airtel⁵³⁴ MTN sells life assurance through its network⁵³⁵
Agro distributors	<ul style="list-style-type: none"> E-Voucher system for payment between agro distributors and smallholders⁵³⁶ Zoona mobile platform enables payment services for rural farmers, e.g. electronic vouchers, money transfers⁵³⁷ 	<ul style="list-style-type: none"> Zoona working with Professional Life Assurance to facilitate microinsurance sales and premium payment⁵³⁸
Gas stations	<ul style="list-style-type: none"> Some gas stations have ATMs⁵³⁹ Money transfers via bus drivers⁵⁴⁰ 	<ul style="list-style-type: none"> No known products

Figure 112: Product Distribution

17.2.5 Retailers

Zambians have access to a wide range of retail services, especially in the urban areas. There are several South African chain stores operational in the country, including the Mr. Price Group, the Shoprite Group, and the Foschini Group. There are 6 164⁵⁴¹ retail stores that are registered with the government. The country also has a host of local retailers, such as Melissa supermarkets and smaller shops, usually owned families in the high density areas⁵⁴². Zambia has two well developed malls,

⁵²⁸ Munro, J. (2008). *FinMark Trust Zambia. Brief: The Landscape of remittances in Zambia*. Retrieved February 25, 2013, from www.finmark.org.za.

⁵²⁹ *Ibid.*

⁵³⁰ *Ibid.*

⁵³¹ 'Makwacha' was the name used prior to the launch for promotional purposes.

⁵³² BancABC: (2013). *MTN opens mobile money distribution channel in Zambia*. Retrieved February 25, 2013, from <http://www.bancabc.co.zm/news/mtn-opens-mobile-money-distribution-channel-in-zambia.aspx>.

⁵³³ Malakata, M. (2011). *IT Web Financial. Zambia gets more mobile banking services*. Retrieved February 25, 2013, from http://www.itweb.co.za/index.php?option=com_content&view=article&id=49636

⁵³⁴ African Press Organisation. (2012). *Bharti Airtel and Sanlam cooperate for distribution of financial products in Africa*. Retrieved February 25, 2013, from <http://appablog.wordpress.com/2012/09/04/bharti-airtel-and-sanlam-cooperate-for-distribution-of-financial-products-in-africa/>.

⁵³⁵ *Specialist Consultation. Refer to Section 21 for details.*

⁵³⁶ Fawley-King, T. (2010). *The ADAPT Project in Zambia successes and lessons in building a scalable network of rural agro distributors to serve smallholders*. Retrieved February 21, 2013, from edu.care.org.

⁵³⁷ FinMark Trust. (2013). *Mapping the Retail Payment Landscape: Zambia*. Retrieved February 21, 2013, from www.finmark.org.za/publication/mapping-the-retail-payment-services-landscape-in-zambia/.

⁵³⁸ *Ibid.*

⁵³⁹ Clarke, G.R, Shah, M.K, Sheppard, M, Munro, J and Pearson Jr, R.V. (2010). *The Profile and Productivity of Zambian businesses*. Retrieved February 25, 2013, from www.finmark.org.za.

⁵⁴⁰ FinMark Trust. (2008). *The landscape of remittances in Zambia*. Retrieved June 8, 2013, from http://www.finmark.org.za/wp-content/uploads/Brief_remittancesZambia.pdf.

⁵⁴¹ Bloomberg. (2011). *Malawi inflation accelerated to 7.6 in August agency says*. Retrieved February 21, 2013, from www.bloomberg.com/news/2011-09-23/malawi-inflation-accelerated-to-7-6-in-august-agency-says.html.

⁵⁴² *Specialist Consultation. Refer to Section 21 for details.*

namely Arcade shopping centre and Manda Hill. The country has a cash culture, however credit access and use has been improving over the years⁵⁴³, though subject to challenges. There are POS terminals in some stores, but this is not the preferred method of payment for many consumers mainly due to a lack of knowledge⁵⁴⁴. Electronic payment services are sometimes offline, which has created an impression of unreliability⁵⁴⁵.

17.2.6 Post Offices

Zampost has been proactive in offering many services outside mail delivery services and has a wide reach into rural areas. Recently, the post office has been offering *bureau de change* services through post office branches⁵⁴⁶. There are 118 post offices, post branches or sub post offices across the country. Recently, Zampost registered with the ZICTA (Zambian Information Communication Technology Authority), which allows the post office to offer postal banking and other financial services such as money transfer services. Zampost has also partnered with Zanaco to use post offices as points of cash deposit or withdrawal⁵⁴⁷. The product offering is enabled through the use of POS devices in outlying areas that allow clients (typically low income earners) to transact using their “*xapit*” card⁵⁴⁸.

17.2.7 Mobile Networks

53% of Zambian adults own a mobile phone and 70% of them have access to one. This means mobile networks have the ability to reach most of the sparsely populated country⁵⁴⁹. The mobile payments and e-payment sector of the economy is the fastest growing sector for cash and transfer payment services. The MNOs operating in Zambia are Airtel Money, MTN Mobile Money, and Zamtel. Sales and service is accomplished through super agents and franchise outlets. MTN has extensive reach with containers in rural areas and kiosks in Shoprite⁵⁵⁰. MTN is the first MNO to offer life assurance subscriptions to its customers where subscribers are able to pay premiums through its network⁵⁵¹.

17.2.8 Gas stations

There are 233⁵⁵² gas stations distributed across Zambia, with 67%⁵⁵³ of these concentrated within Lusaka, urban areas and the Copperbelt province. Gas stations are mainly distributed along roads and railroad lines, leaving the outlying districts without fuel facilities. The major players in the fuel retail industry are Puma Energy, TOTAL, Engen, Kobil Zambia and SGC Investments. Most gas stations such as TOTAL and BP have convenience stores on their premises, with a focus that includes the selling of non-motor related products⁵⁵⁴.

⁵⁴³ Munro, J. (2008). *FinMark Trust Zambia. Brief: The Landscape of remittances in Zambia*. Retrieved February 25, 2013, from www.finmark.org.za.

⁵⁴⁴ *Ibid.*

⁵⁴⁵ Munro, J. (2012). *Mapping the retail payment system: Zambia*. Retrieved February 25, 2013, from www.finmark.org.za.

⁵⁴⁶ *Specialist Consultation. Refer to Section 21 for details.*

⁵⁴⁷ Zampost. (2013). *Zampost products*. Retrieved February 26, 2013, from www.zampost.com.zm.

⁵⁴⁸ *Specialist Consultation. Refer to Section 21 for details.*

⁵⁴⁹ Melzer, I, Agasi, R and Botha, H. (2010). *Zambia Business Survey. Demand-side analysis of access to financial services for businesses in Zambia*. Retrieved March 1, 2013, from www.finmark.org.za.

⁵⁵⁰ *Specialist Consultation. Refer to Section 21 for details.*

⁵⁵¹ *Ibid.*

⁵⁵² UNCTAD. (2010). *The Petroleum Industry in Zambia: A study in market structure and competition*. Retrieved February 25, 2013, from http://unctad.org/en/Docs/ditccp2011d1_en.pdf.

⁵⁵³ *Ibid.*

⁵⁵⁴ *Specialist Consultation. Refer to Section 21 for details.*

17.2.9 Agro distributors

The Zambian economy employs 72%⁵⁵⁵ of its workforce in the agricultural sector. Agro distributors are divided into two groups: boma agro distributors and rural agro distributors⁵⁵⁶. 73% of these dealers are registered and the remainder are informal. 1 145 829 households engage in farming- 96% of these in subsistence farming⁵⁵⁷. Smallholders tend to own less than 10 hectares, and engage in small scale livestock or vegetable farming. These farmers usually sell directly to supermarkets or to informal traders who then onsell to consumers, typically on a cash basis⁵⁵⁸. The Ministry of Community Development and Social Services provides subsidized inputs to small scale farmers through the Programme Against Malnutrition (PAM) which provides seed inputs in the form of food security packs. The government also provides fertilizer at subsidized prices to small scale farmers under the Fertilizer Support Programme (FSP) through the Ministry of Agriculture and Co-operatives⁵⁵⁹. With regard to agro distributor training initiatives, 560 agro distributors were trained under the CARE project, 350 of whom are trained and certified as small businesses.

17.2.10 Informal traders

The Zambian government defines an informal trader as a business that operates without having being registered for tax benefits. In Zambia, there are 1 020 000 micro and small enterprises. Of these enterprises, 70% (721 000) fall within the agricultural sector, 21% (216 000) in the retail sector, 3% in the manufacturing sector, 2% in the hotel and restaurant sector and the remainder in other sectors. Infrastructure is basic, e.g. traders typically work without electricity⁵⁶⁰.

⁵⁵⁵ Food and Agricultural Organisation of the UN. (2013). *FAO initiatives on soaring food prices*. Retrieved February 21, 2013, from <http://www.fao.org/isfp/country-information/zambia/en/>.

⁵⁵⁶ Fawley-King, T. (2010). *The ADAPT Project in Zambia. Successes and lessons in building a scalable network of agro distributors to serve smallholders*. Retrieved February 28, 2013, from www.edu.care.org.

⁵⁵⁷ *Doing Business*. (2012). *Economy Profile: Zambia*. Retrieved February 27, 2013, from www.doingbusiness.org/~media/tpdkm/doing%20business/documents/profiles/country/ZMB.pdf.

⁵⁵⁸ *Specialist Consultation*. Refer to Section 21 for details.

⁵⁵⁹ SADC Secretariat. (2012). *Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports*. Retrieved March 22, 2013, from www.sadc.int.

⁵⁶⁰ Shah, M, K. (2012). *The Informal Sector in Zambia: Can it disappear? Should it disappear?* Retrieved February 28, 2013, from www.theigc.org/sites/default/files/Zambia%20Informal%20Sector%20Manju%20Shah.pdf.

18 Zimbabwe



Zimbabwe is a landlocked country in Southern Africa, that borders South Africa, Mozambique, Botswana and Zambia. The official languages of the country are English, Shona and Ndebele.

Overview

With its GDP of country in the top 5, Zimbabwe is one of the larger SADC countries. Zimbabwe experienced economic upheaval and hyperinflation over the past decade that led to 64.2% of the population living below the poverty line and a HDI index in the bottom 3 for SADC. The country has the leading GDP growth rate amongst SADC countries, albeit off a low base.

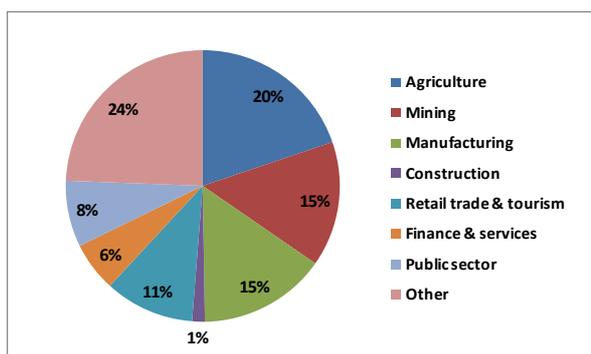
Economic Highlights

Agriculture, mining, and manufacturing account for 50% of GDP. Inflation is currently at 2.51%⁵⁶¹, which has stabilized greatly since the dollarization of the economy. The country primarily transacts with cash, however some consumers use bank cards to pay for goods, or withdraw money from ATMs.

Social Highlights

Zimbabwe's HDI ranking places it in the bottom 3 relative to other SADC countries. It has a high literacy rate of 92%⁵⁶², but 64.2% of Zimbabweans live in poverty. 70%⁵⁶³ of Zimbabweans are heavily dependent on agriculture, mostly subsistence and smallholder farmers. While the portion of its population that has access to electricity (42%) places it in the top 5 for SADC, the country as a whole experiences frequent power outages⁵⁶⁴.

Key Figures		SADC Rank
Area (km ²)	0.87	5/14
GDP - PPP	9.66	10/14
Real GDP Growth	9	1/14
GDP per Capita	757	10/14
Population	12.75	8/14
Population Density	32	8/14
Urban Population	39	5/14
HDI Ranking	173	12/14
Poverty	64.2	8/14
Access to Water	80	7/14
Electricity Access	42	5/14
Ease of Doing Bus.	172	12/14
Competitiveness	132	9/14



SADC Comparison

- An **Emerging SADC country**
- One of the **larger** countries in SADC, with size of country in the top 5
- The highest **GDP growth rate**
- In the top 5 for **urbanization**
- In the bottom 3 for **HDI**, though in the top half for access to water and access to electricity
- In the bottom half for **competitiveness** and in the bottom 3 for **ease of doing business**
- At 60%, it ranks 8/14 for **financial inclusion**

⁵⁶¹ The Reserve Bank of Zimbabwe. (2013). Statistics. Retrieved March 6, 2013, from www.rbz.co.zw.

⁵⁶² Chisita, C. T. (2011). Role of public libraries in promoting literacy in Zimbabwe: Challenges of sustaining a reading culture. Retrieved March 6, 2013, from <http://conference.ifla.org/past/ifla77/114-chisita-en.pdf>.

⁵⁶³ Moving forward in Zimbabwe: Reducing poverty and promoting growth. Retrieved March 8, 2013, from http://www.bwpi.manchester.ac.uk/research/ResearchAreaProjects/Zimbabwe/Moving_forward_in_Zimbabwe_e_Chapter_03.pdf.

⁵⁶⁴ The World Bank. (2011). Data. Retrieved March 6, 2013, from <http://data.worldbank.org/>.

18.1 Financial services

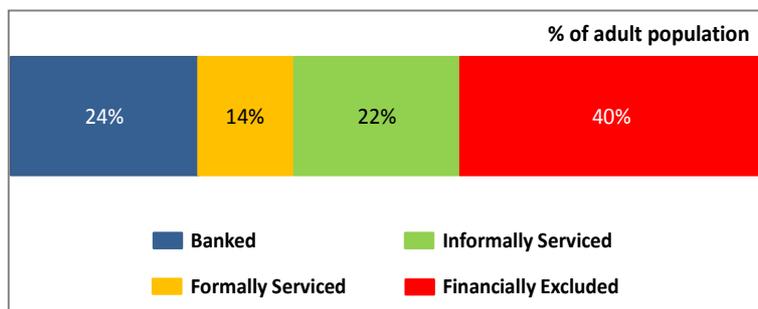


Figure 113: Financial Access Strand⁵⁶⁵

Key Indicators	SADC Rank	
Bank Branches		
'- per 1 000 km ²	0.92	7/14
'- per 100 000 adults	4.63	8/14
ATMs per 1 000 km ²	1.03	10/14
POS per 100 000	20.00	10/14

Figure 114: Traditional FS Distribution

18.1.1 Financial Inclusion

Zimbabwe is remarkable in that its relatively high level of financial inclusion (at 60%, it is amongst the highest for Emerging SADC countries) is comprised of a high proportion of formally serviced and informally serviced people (which together, exceed the banked population by roughly half).

From a banking perspective, consumers in the country fall into three categories: banked, ex-banked and unbanked⁵⁶⁶. The ex-banked population is primarily due to the hyperinflation environment that existed in Zimbabwe which led to account holders' bank accounts being frozen. As a result, there has been a loss of confidence in the banking sector. This, coupled with high banking fees and stringent requirements have left 76% of Zimbabweans unbanked. The country transacts primarily with cash, however some consumers use bank cards to pay for goods, or withdraw money from ATMs⁵⁶⁷.

18.1.2 Formal Financial Services

The banking sector is made up of 17 commercial banks, 4 merchant banks, 4 building societies and 1 savings bank, the People's Own Savings Bank (POSB)⁵⁶⁸. There are 435 bank branches⁵⁶⁹ and 157 microfinance institutions⁵⁷⁰ in Zimbabwe. Non-bank financial institutions, e.g. electronic money institutions, are not authorized to operate in Zimbabwe⁵⁷¹. The insurance industry is comprised of 40 insurance players, 33 of whom are members of the Insurance Council of Zimbabwe⁵⁷². Many firms remain inactive or have ceased to exist due to liquidity and capitalization constraints⁵⁷³. Insurance companies include Nicoz Diamond, RM Insurance, Champion Insurance and Heritage Insurance.

⁵⁶⁵ FinScope survey has been completed for South Africa, a view of financial inclusion has been produced using the Financial Access Strand found in FinScope Consumer Surveys.

⁵⁶⁶ Dermish, A and BFA. (2012). FinMarkTrust. Mapping the Retail Payment Services Landscape: Zimbabwe. Retrieved March 4, 2013, from www.finmark.org.za.

⁵⁶⁷ Ibid.

⁵⁶⁸ Vitoria, B, Mudimu, G and Moyo, T. (2012). FinMark Trust. Status of Agriculture and Rural Finance in Zimbabwe. Retrieved March 4, 2013, from www.finmark.org.za.

⁵⁶⁹ Ibid.

⁵⁷⁰ Ibid.

⁵⁷¹ Dermish, A and BFA. (2012). FinMarkTrust. Mapping the Retail Payment Services Landscape: Zimbabwe. Retrieved March 4, 2013, from www.finmark.org.za.

⁵⁷² Vitoria, B, Mudimu, G and Moyo, T. (2012). FinMark Trust. Status of Agriculture and Rural Finance in Zimbabwe. Retrieved March 4, 2013, from www.finmark.org.za.

⁵⁷³ Ibid.

18.1.3 Informal Financial Services

After micro-lenders, Savings and Credit Cooperative Associations (SACCOs) are the second largest financial service providers to low-income households. Rotating Savings and Credit Associations (ROSCAs) include vendors operating informal businesses at a given locality or those operating small enterprises such as hair salons or groups of friends⁵⁷⁴. Limited information is available on other informal savings and credit groups that were started by NGOs before hyperinflation and dollarization, but these are still considered to be servicing the needs of rural populations⁵⁷⁵.

18.1.4 Traditional Financial Services Distribution

ATMs are not widely distributed throughout the country due to the low quality paper of the US dollars currently in circulation which makes disbursements of cash at ATMs unreliable. This and other factors such as the lack of inter-connectivity between different institutions have led to a large number of ATMs being shut down throughout the country⁵⁷⁶. Zimbabwe has a high number of POS devices but usage is low⁵⁷⁷.

18.2 Channels

The next 4 sections provide an overview of the alternative distribution channels: retailer, informal trader, agro distributor, MNO, gas station, and post office channels. The sections that follow provide more detail per channel.

18.2.1 Opportunity Mapping



Key Observations

- **Mobile networks, post offices and retailers** provide the most attractive opportunities for distribution of financial services products, both on reach and feasibility
- **Gas stations and agro distributors** are currently the least ready.
- **Informal traders** provide the greatest reach, but present low feasibility for the distribution of financial services products.
- As a point of reference, **banks** provide the greatest feasibility, though with a low distribution presence.

Figure 115: Opportunity Mapping

18.2.2 Reach

⁵⁷⁴ Vitoria, B, Mudimu, G and Moyo, T. (2012). FinMark Trust. Status of Agriculture and Rural Finance in Zimbabwe. Retrieved March 4, 2013, from www.finmark.org.za.

⁵⁷⁵ Ibid.

⁵⁷⁶ Dermish, A and BFA. (2012). FinMarkTrust. Mapping the Retail Payment Services Landscape: Zimbabwe. Retrieved March 4, 2013, from www.finmark.org.za.

⁵⁷⁷ Ibid.

MNOs present the largest customer base, however, they also have a low distribution presence. Post offices have a sizeable customer base. Informal traders have the highest distribution presence as well as a moderate customer base. Retailers provide the next highest distribution presence.

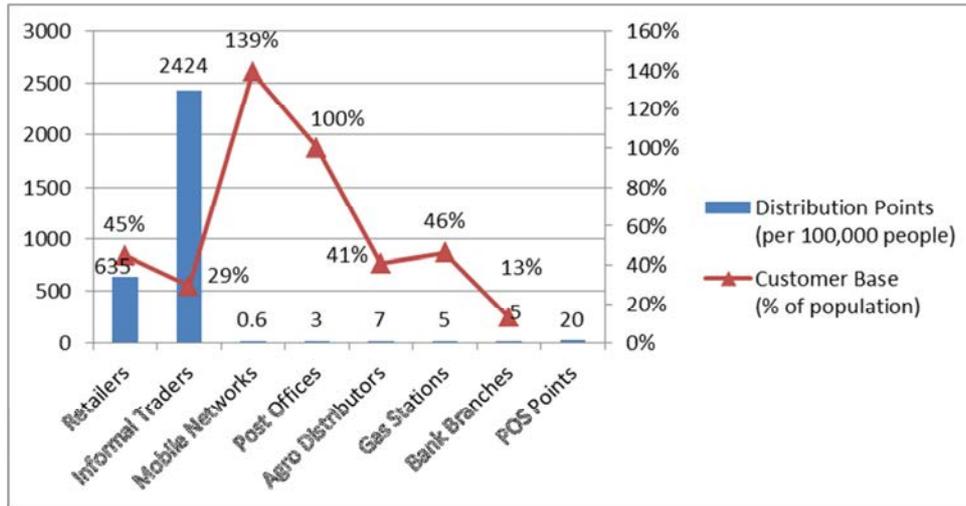


Figure 116: Reach

18.2.3 Feasibility

Feasibility Factor	Retailers	Informal Traders	Mobile Networks	Post Offices	Agro Distributors	Gas Stations	Bank Branches (as comparison)
Infrastructure	Medium	Low	High	Medium	Low	Low	High
POS infrastructure	Medium	Low	High	High	Low	Low	High
Electricity	Medium	Low	Medium	Medium	Low	Medium	Medium
Connectivity	Medium	Low	High	Medium	Low	Low	High
Footfall	High	High	Medium	Medium	Medium	Medium	Medium
Cash Float	High	Low	High	Medium	Medium	High	High
Partnership Support	Low	Low	High	High	Low	Low	High
Proven Models	Medium	Low	High	High	Medium	Low	High

Figure 117: Feasibility

Mobile networks provide the highest level of feasibility for the distribution of financial services products that is comparable to the banks (included in the table above as a point of reference). Post offices and retailers provide the next level of feasibility. Gas stations, agro distributors and informal traders provide a rather low level of feasibility.

18.2.4 Financial Services Products Currently Distributed through Alternative Channels

The table below summarizes current financial services distribution by the various channels:

Channel	Savings, Credit and Payments	Insurance
Retail	<ul style="list-style-type: none"> • OK Zimbabwe to start financial services division⁵⁷⁸ • OK has a store card called Shop Easy⁵⁷⁹ • Ecocash (Econet mobile money offering) registrations and transactions in OK stores⁵⁸⁰ • TN Mart offers 30 day credit to established clients⁵⁸¹ • Truworths has store card with 6 months interest free credit⁵⁸² 	<ul style="list-style-type: none"> • Insurance product offered in OK stores underwritten by Zimnat⁵⁸³ • Edgars offers funeral insurance⁵⁸⁴ • TV Sales and Hire offers insurance for goods bought on hire purchase⁵⁸⁵
Informal Traders	<ul style="list-style-type: none"> • No known products 	<ul style="list-style-type: none"> • No known products
Post Offices	<ul style="list-style-type: none"> • Zimpost offers remittance services, and electronic money orders⁵⁸⁶ • Some branches provide access to limited Post Office Bank services⁵⁸⁷ • Zimpost branches serve as distribution points for NetOne's <i>OneWallet</i> mobile money offering⁵⁸⁸ 	<ul style="list-style-type: none"> • No known products
Mobile Networks	<ul style="list-style-type: none"> • Mobile money offering provided by Econet (<i>Ecocash</i>) and NetOne (<i>One Wallet</i>)⁵⁸⁹ 	<ul style="list-style-type: none"> • Econet offers life cover – when a subscriber tops up airtime, a portion of the amount contributes towards life cover⁵⁹⁰

⁵⁷⁸ OK Zimbabwe. (2013). OK Zimbabwe. Retrieved March 5, 2013, from www.okzinvestor.com/about-us/.

⁵⁷⁹ Ibid.

⁵⁸⁰ Ibid.

⁵⁸¹ Lifestyle Holdings. (2013). Lifestyle Holdings Limited. TN Mart Home. Retrieved March 5, 2013, from www.lifestyleholdings.com.

⁵⁸² Ibid.

⁵⁸³ Zimbabwe Independent. (2012). OK Zim to offer financial services. Retrieved March 8, 2013, from <http://www.theindependent.co.zw/2012/10/19/ok-zim-to-offer-financial-services/>.

⁵⁸⁴ Edgars Stores Limited. (2013). Financial Services. Retrieved March 5, 2013, from <http://www.edgars.co.zw/financial-services/>.

⁵⁸⁵ Specialist Consultation. Refer to Section 21 for details.

⁵⁸⁶ Zimpost. (2013). Products. Retrieved March 8, 2013, from www.zimpost.co.zw.

⁵⁸⁷ Ibid.

⁵⁸⁸ Ibid.

⁵⁸⁹ NetOne: (2012). Mobile Money Transfer. Retrieved March 8, 2013, from http://www.netone.co.zw/index.php?option=com_content&view=article&id=22&Itemid=39.

⁵⁹⁰ Specialist Consultation. Refer to Section 21 for details.

Channel	Savings, Credit and Payments	Insurance
Agro distributors	<ul style="list-style-type: none"> In the 2010/ 2011 agricultural season the Food and Agricultural Organisation (FAO) provided e-vouchers that smallholder farmers could redeem at participating rural Agro distributors^{591, 592} Input credit scheme run by the Grain Marketing Board (GMB)⁵⁹³ The Cotton Company of Zimbabwe (Coltco) provides value chain finance, through its <i>Agritrade Revolving Fund</i>^{594, 595} 	<ul style="list-style-type: none"> Insurance premiums sponsored by SNV (RARP)⁵⁹⁶ Life stock insurance⁵⁹⁷
Gas stations	<ul style="list-style-type: none"> Most gas stations have a convenience store or kiosk to sell other ancillary products, particularly in the urban areas⁵⁹⁸ 	<ul style="list-style-type: none"> No known products

Figure 118: Product Distribution

18.2.5 Retailers

Zimbabwe has many established retailers, especially within the fast moving consumer goods (FMCG) industry, including veteran operators such as OK Zimbabwe, and new entrants such as Pick n Pay. In the competitive clothing sector, corporate chains are facing challenges from independent clothing retailers and second hand clothes shops, as more and more Zimbabweans opt to use these channels as a more affordable option.

18.2.6 Post Office

Zimpost is responsible for postal and telecommunication services for Zimbabwe. It has 250⁵⁹⁹ branches throughout the country. Zimpost acts as an agent for the Post Office Savings Bank (POSB). The POSB has the largest physical distribution network for payment services through its 166 offices throughout the country⁶⁰⁰.

⁵⁹¹ Dhewa, C. (2011). SNV. Masvingo Agro Distributors Association: *Unsung hero of rural economic development in Zimbabwe*. Retrieved March 5, 2013, from www.snvworld.org/files/publications/agro_dealers_-_unsung_heroes_of_rural_economic_development_in_zimbabwe.pdf.

⁵⁹² FAO. (2011). *E-Vouchers in Zimbabwe. Guidelines for Agricultural Input Distribution*. Retrieved March 8, 2013, from www.fao.org/emergencies.

⁵⁹³ Dermish, A and BFA. (2012). *FinMarkTrust. Mapping the Retail Payment Services Landscape: Zimbabwe*. Retrieved March 4, 2013, from www.finmark.org.za.

⁵⁹⁴ Vitoria, B, Mudimu, G and Moyo, T. (2012). *FinMark Trust. Status of Agriculture and Rural Finance in Zimbabwe*. Retrieved March 4, 2013, from www.finmark.org.za.

⁵⁹⁵ Dhewa, C. (2011). SNV. Masvingo Agro Distributors Association: *Unsung hero of rural economic development in Zimbabwe*. Retrieved March 5, 2013, from www.snvworld.org/sites/www.snvworld.org/files/publications/agro_dealers_-_unsung_heroes_of_rural_economic_development_in_zimbabwe.pdf.

⁵⁹⁶ Vitoria, B, Mudimu, G and Moyo, T. (2012). *FinMark Trust. Status of Agriculture and Rural Finance in Zimbabwe*. Retrieved March 4, 2013, from www.finmark.org.za.

⁵⁹⁷ *Ibid.*

⁵⁹⁸ *Specialist Consultation. Refer to Section 21 for details.*

⁵⁹⁹ Zimpost. (2013). Retrieved March 8, 2013 from <http://www.zimpost.co.zw/findapostoffice.html>.

⁶⁰⁰ Dermish, A and BFA. (2012). *FinMarkTrust. Mapping the Retail Payment Services Landscape: Zimbabwe*. Retrieved March 4, 2013, from www.finmark.org.za.

18.2.7 Mobile Networks

Zimbabwe has three mobile networks, namely Econet Wireless, NetOne and Telecel⁶⁰¹. The mobile penetration rate is 87.2%⁶⁰². Sales and service is augmented through various branded stores, retailers or agents in the informal sector who use the sale of air time to increase their earnings.

Telecel abandoned its *Skwama* product, a mobile money transfer service it launched in 2011, for a broader product connection on ZimSwitch⁶⁰³. Mobile money is otherwise picking up steam through Econet's *Ecocash* and NetOne's *One Wallet* offerings and is expected to be rolled out to a larger subscriber base as partnerships with various banks and retailers are finalised.

18.2.8 Gas stations

Gas stations are located in most urban areas and in some rural areas. The main fuel retailers include Engen, Redan Petroleum, Zuva Petroleum and Caltex. There are around 400⁶⁰⁴ gas stations in Zimbabwe, not including those run by the government for government vehicles. Motorists usually pay for petrol in cash.

18.2.9 Agro distributors

Agriculture employs 71%⁶⁰⁵ of the workforce in Zimbabwe, with the majority engaged in subsistence farming. The government plays an active role in controlling, and providing assistance, to the farming community. For example, the Grain Marketing Board (GMB), a government parastatal, serves as the focal point for farmers to sell their cereal crops during harvest time, as they have a monopoly⁶⁰⁶. The GMB has a country wide presence with 70 depots⁶⁰⁷. The government supports farmers with inputs during the planting season through the GMB. Since 2000, provision of inputs such as seed and fertilizer for crops has been undertaken by government under various programs resulting in an unprecedented level of dependence by small farmers on government. Government also ring-fenced all available inputs leaving nothing to flow to the retail market⁶⁰⁸.

In recent years, particularly since 2011, agro distributors have been integral in helping the farming community get back on its feet by providing points of distribution and training to new farmers. CARE propagated the Agribusiness Entrepreneur Network and Training Model (AGENT) in Zimbabwe which involved over 200 farmers⁶⁰⁹.

18.2.10 Informal traders

Informal traders are found in rural and urban areas and contribute significantly to the economy. Market vendors, including cross border traders, are quite common, in both urban and rural areas. Market vendors typically sell items such as electrical goods, clothing, and food items. Trading establishments

⁶⁰¹ Ibid.

⁶⁰² Econet Wireless. (2013). *EconetWireless*. Retrieved March 6, 2013, from www.econetwireless.com.

⁶⁰³ Dermish, A and BFA. (2012). *FinMarkTrust. Mapping the Retail Payment Services Landscape: Zimbabwe*. Retrieved March 4, 2013, from www.finmark.org.za.

⁶⁰⁴ Jiri, J. (2012). *Green fuel is struggling to sell, deploys teams at service stations*. Retrieved March 4, 2013, from <http://www.zimeye.org/?p=48857>.

⁶⁰⁵ FAO Corporate Repository. (2012). *Women, agriculture and rural development: a synthesis report of the Africa*. Retrieved March 4, 2013, from <http://www.fao.org/docrep/X0250E/x0250e03.htm>.

⁶⁰⁶ Dermish, A and BFA. (2012). *FinMarkTrust. Mapping the Retail Payment Services Landscape: Zimbabwe*. Retrieved March 4, 2013, from www.finmark.org.za.

⁶⁰⁷ GMB Dura Online. (2013). Retrieved March 4, 2013, from http://www.gmbdura.co.zw/index.php?option=com_content&view=article&id=206&Itemid=89.

⁶⁰⁸ SADC Secretariat. (2012). *Regional Agricultural Policy; Country Summary Agricultural Policy Review Reports*. Retrieved March 22, 2013, from www.sadc.int.

⁶⁰⁹ Southern African Regional Poverty Network. (2005). *Retaining the multiplier effects in rural areas*. Retrieved March 22, 2013, from http://www.sarprn.org/documents/d0002060/10_Termite_Strategy_Jan2005_Chap8.pdf.

located at proprietors' homes, referred to as *tuck shops*, are common in high density areas. *Tuck shops* typically focus on the sale of convenience goods⁶¹⁰.

Due to the high unemployment rate, the country instituted the Zimbabwe Chamber of Informal Economy Associations which has 150 associations in its membership. The organisation aims to protect and promote the interests of informal workers⁶¹¹.

⁶¹⁰ *Specialist Consultation. Refer to Section 21 for details.*

⁶¹¹ *Zimbabwe Chamber of Informal Economy Associations. (2004). Retrieved March 22, 2013, from <http://www.streetnet.org.za/docs/affiliates/ZCIEA-Zimbabwe-Chamber-of-Informal-Economy-Associations.pdf>.*

19 Regulatory analysis

In this section the key legislation pertinent to the distribution of financial services within SADC countries is outlined for each country. It provides for all stakeholders the regulatory framework that informs and impacts particularly, the financial services environment. It is designed to guide, inform and enable stakeholder participation in the distribution of financial services products in the SADC region. In this report the regulatory framework is presented in terms of financial service providers; intermediaries; third parties; and consumers. . Provision where relevant, may also be made as regards the underlying infrastructure, such as payment systems. Stakeholders are advised that the decisions, solutions and actions required for ensure regulatory compliance, take into consideration the attendant cost-risk factors, and is guided and informed by a detailed analysis of the relevant legislation and regulations.

To enhance understanding of the scope and intent of the legislation presented in the table below, an outline of the typical scope and intent of the common items are described:

- **Consumer Protection Legislation**
Consumer protection laws are designed to help make markets work, to ensure that consumers are able to obtain goods and services of quality, and at the price they are willing to pay. It is aimed at protecting consumer's rights; imposing duties on producers and suppliers of goods and services; and putting in place necessary recourse measures in the case of default by suppliers or manufacturers.
- **Money Laundering and Know Your Customer Legislation**
Laws in this category are designed to ensure that banks can verify that the clients they are dealing with are who they claim to be. The regulations require banks to secure some form of identification from the clients and to set up systems to monitor the transaction behaviour of their clients, to check against lists of internationally blacklisted people and report any suspicious financial behaviour.
- **Financial Institution Legislation**
Legislation regulating financial institutions (e.g. Banking Act, Insurance Act) provide for the licensing and authorization of financial services businesses such as banks, insurance companies and micro financing institutions. Banking legislation is typically aimed at maintaining the stability, security and soundness of the financial system and is aimed at minimizing the risk of loss to depositors. Similarly, insurance legislation is typically aimed at protecting the interests of policyholders, creditors and the general public and ensuring the soundness of the insurance industry.
- **Payments Legislation**
This legislation governs the payments infrastructure that regulates the transfer of money between entities in a country thus providing for payment systems oversight; entry and participation criteria; recognition and supervision of systems for clearance and settlement.

Data for the information included below was sourced from a variety of sources, including regulatory (e.g. central banks, insurance regulators), industry (e.g. banking players), and research (e.g. FinMark Trust reports) sources. Given space limitations with the report, general, rather than specific sources are included below.

Mapping of potential financial services distribution channels in SADC

Country	Consumer Protection & Know Your Customer ⁶¹²	Financial Institutions and Intermediaries ⁶¹³	Payments Systems ⁶¹⁴
Angola	<ul style="list-style-type: none"> • Consumer Protection nr. Law 15/03 2003 • Money Laundering and Countering Financing of Terrorism Law 2011 	<ul style="list-style-type: none"> • Financial Institutions Law nr. 13/05 2005 • Insurance Law 2002 - Opened and liberalized the insurance market 	<ul style="list-style-type: none"> • Payment System Law 1997 • Value Clearing Services (CSV) 1994 - Regulated by Statutory Instrument 46/91 of 24th May
Botswana	<ul style="list-style-type: none"> • Consumer Protection Act 1998 • Corruption and Economic Crime Act No.13 of 1994 • Anti-Money Laundering Banking Regulations 2003 • Proceeds of Serious Crime Act No.19 1990 	<ul style="list-style-type: none"> • Banking Act 1995 • Non-Bank Financial Institutions Regulatory Authority Act also applicable • The Insurance Industry Act (Cap 46:01) 	<ul style="list-style-type: none"> • National Clearance and Settlement Systems (NCSS) Act 2003
Democratic Republic of Congo	<ul style="list-style-type: none"> • No known consumer protection legislation. 	<ul style="list-style-type: none"> • Bank Act 2002 • Draft Insurance Code 2012- Currently under discussion the DRC parliament⁶¹⁵. 	<ul style="list-style-type: none"> • Decree No 04/083 of the 27th September 2004 set up the National Committee of Payment and Settlement, focused on revamping the National Payment System.
Lesotho	<ul style="list-style-type: none"> • Anti-Money Laundering Guidelines no. 199 2000 <i>provides for processes to be followed by financial institutions to curb money laundering</i> 	<ul style="list-style-type: none"> • Financial Institutions Act 2012 • Insurance Act 1976 	<ul style="list-style-type: none"> • The Automated Clearing House (ACH) project has been identified as one of the strategies to modernize the payment system under the broader initiative of the Lesotho National Payments Systems (LNPS) Modernization Project.
Malawi	<ul style="list-style-type: none"> • Consumer Protection Act 2003⁶¹⁶ • Money Laundering Act of 2006 	<ul style="list-style-type: none"> • Insurance Act 2010 • Malawian Banking Act 2010 • Financial Services Act No. 26 2010 • Microfinance Act 2010 • Draft Agent Banking Guidelines- The Draft Guidelines⁶¹⁷ 	<ul style="list-style-type: none"> • Draft National Payment Systems Bill 2012
Mauritius	<ul style="list-style-type: none"> • Consumer Protection Act 1998 • The Prevention of Terrorism Act 2002 • The Prevention of Corruption Act 2002 	<ul style="list-style-type: none"> • Banking Act 2004 • Financial Services Act 2007 • Insurance Act 2005 	<ul style="list-style-type: none"> • No special regulations have been made to regulate new payment systems. The Bills of Exchange Law 1914 regulates payment instruments such as cheques, promissory notes and other bills of exchange.

⁶¹² Data sourced from multiple sources, including (<http://www.microfinancegateway.org>) (<http://www.lexadin.nl/wlg/>), various central government and central bank websites and through specialist consultation.

⁶¹³ Data sourced from central bank or insurance regulator websites, or through specialist consultation.

⁶¹⁴ Data sourced from FinMark Trust Retail Payment Systems reports or through specialist consultation.

⁶¹⁵ There is only one non- life insurance Company in the DRC, the National Insurance Company (SONAS) and is a state owned monopoly. This bill is an attempt to privatise the industry and open it up to other players.

⁶¹⁶ Customer Due Diligence for banks and financial institutions 2005- Provides additional clarification on the required processes that must be applied to the 'practises and procedures designed to determine the true identity of customers'.

⁶¹⁷ Applies only to banks and MFIs, and specifies the policies and processes required to apply for the use of agents.

Mapping of potential financial services distribution channels in SADC

Country	Consumer Protection & Know Your Customer ⁶¹²	Financial Institutions and Intermediaries ⁶¹³	Payments Systems ⁶¹⁴
Mozambique	<ul style="list-style-type: none"> • Consumer Protection Act (Law nr. 22/2009)^{618,619} • Law 14/2007 of 27 June 2007 which established the Financial Intelligence Unit • Law 7/2002 of 5 February 2002 <i>which criminalised money laundering</i> • Law 9/2004 <i>which regulates financial and credit institutions</i> 	<ul style="list-style-type: none"> • Law 9/2004 regulates financial and credit institutions including intermediaries and provide amendments to the Law on Credit and Financial Companies (Law 15/99)⁶²⁰ • Insurance Activity Legal Framework, approved by Decree-Law nr. 1/2010^{621,622} • General regulatory framework for microfinance (Decree 57/2004)⁶²³ 	<ul style="list-style-type: none"> • National Payment Act 2008
Namibia	<ul style="list-style-type: none"> • No consumer protection legislation in place.⁶²⁴ • Financial Intelligence Act 3 2007 • Namibia Financial Institutions Supervisory Authority Act 3 2001 	<ul style="list-style-type: none"> • Bank of Namibia Act 15 1997 • Banking Institutions Act 2 1998. • Namibia Financial Institutions Supervisory Authority Act 3 2001 • Short Term Insurance Act 3 1998 and Long Term Insurance Act 4 1998 	<ul style="list-style-type: none"> • Payment System Management Act 2003
Seychelles	<ul style="list-style-type: none"> • Consumer Protection Act 2010 • The Seychelles Anti- Money Laundering Act 2006 • The Prevention of Terrorism Act 2004 	<ul style="list-style-type: none"> • Financial Institutions Act 2004 (as amended in 2008, 2009 and 2011) • The Credit Union 2009- <i>The Credit Union Act was issued in 2009 with the aim of introducing a modern and effective legislation aimed specifically for credit unions.</i> • Insurance Act 1994 	<ul style="list-style-type: none"> • National Clearance and Settlement Systems Act 2010
South Africa	<ul style="list-style-type: none"> • Financial Advisory and Intermediary Services (FAIS) Act 37 of 2002 • Consumer Protection Act 2008 • Financial Intelligence Centre Act 38 of 2001 	<ul style="list-style-type: none"> • Banks Act 1990 • Financial Advisory and Intermediary Services (FAIS) Act • Short Term Insurance Act 53 1998 and Long Term Insurance Act 52 1998 	<ul style="list-style-type: none"> • National Payment Systems Act 1998 • The Electronic Communications and Transactions Act 25 of 2002 <i>allows for legal recognition of electronic contracts, electronic signatures and electronic records.</i>
Swaziland	<ul style="list-style-type: none"> • Competition Commission Act 2008 <i>has some aspects of consumer protection</i> • Money Laundering (Prevention) Act No. 12 2001 	<ul style="list-style-type: none"> • Financial Institutions Act 6 of 2005 • Insurance Act 2005 	<ul style="list-style-type: none"> • The National Clearing and Settlements System Act 2011.

⁶¹⁸ Raja, B. et al (2012). *Cenfri: Access to insurance in Mozambique. Unpublished document.*

⁶¹⁹ This act also provides generic guidance.

⁶²⁰ *Ibid.*

⁶²¹ Raja, B. et al (2012). *Cenfri: Access to insurance in Mozambique. Unpublished document.*

⁶²² This law replaced Law nr. 3/2003, is regulated by Decree No. 30/2011 and contains a clause which applies consumer protection principles to insurance (article 89(1)).

⁶²³ Raja, B. et al (2012). *Cenfri: Access to insurance in Mozambique. Unpublished document.*

⁶²⁴ However consumer protection is supported to an extent by the National Consumer Protection Group (NCPG), which is a lobby group started in 2009 to provide an information channel to consumer about their rights in Namibia. It focuses on illegal and unethical behaviour by Namibian companies.

Mapping of potential financial services distribution channels in SADC

Country	Consumer Protection & Know Your Customer ⁶¹²	Financial Institutions and Intermediaries ⁶¹³	Payments Systems ⁶¹⁴
Tanzania	<ul style="list-style-type: none"> • Fair Competition Act 2003 • Anti-Money Laundering Act 2006 • Tanzania Financial Intelligence Unit Guideline No. 4 	<ul style="list-style-type: none"> • Banking and Financial Institutions Act 2006 • Societies Ordinance Cap 337 RE 2002- Governing SACCO's, agricultural societies etc. • Insurance Act no. 10 2009 • Draft Micro-insurance Regulations 2012 	<ul style="list-style-type: none"> • There is no explicit law governing payment systems in Tanzania⁶²⁵.
Zambia	<ul style="list-style-type: none"> • Consumer Protection Act No. 24 2010 for all products and services • Competition and Fair Trading Act 1994 • Prohibition and Prevention of Money Laundering Act 2001 • Anti-Corruption Commission Act No. 38 2010 • Financial Intelligence Centre Act No. 46 2010 • Central Bank Anti-Money Laundering Directives 2004. 	<ul style="list-style-type: none"> • Banking and Financial Services Act 1995 • Insurance Act 1997 	<ul style="list-style-type: none"> • National Payment System Bill 2007
Zimbabwe	<ul style="list-style-type: none"> • No specific consumer protection legislation in place, although there is lobbying to draft and enact a CPA. Current consumer laws in use are the Small Claims Act and Consumer Contract Act • Bank Use Promotion and Suppression of Money Laundering Act 2 2004 	<ul style="list-style-type: none"> • The Banking Act 2004 • Insurance Act 24_07 	<ul style="list-style-type: none"> • National Payments Systems Act 2001⁶²⁶

Figure 119: Regulation Relevant to Financial Services Distribution

⁶²⁵ There is a National Payment System department within the Bank of Tanzania headquarters, which operate according to a set of guidelines, which is the National Payment System Vision and Strategic Framework 2005. The payment system regulatory framework, which will include provision for e-money, is now under development.

⁶²⁶ This Act does not cover electronic payments.

20 Alternative distribution case studies

The aim in this section is to highlight and through example illustrate some of the key considerations to be taken into account when implementing the distribution of financial services through alternative distribution channels. To this end, four case studies, profiling existing financial distributors that have achieved success in the distribution of financial services products through alternative distribution channels are included:

- Edcon, a clothing retailer that pioneered the retail distribution of credit and insurance products through its outlets in South Africa
- Vodacom, a Tanzanian MNO that launched M-PESA, a mobile money service , designed for the unbanked
- KilimoSalama, agricultural input insurance piloted with farmers in Kenya
- Banking through informal traders, introduced by Standard Bank, an African banking group.

Each of the case studies is described briefly in the next four sections, followed by an examination, in the section thereafter, of key considerations to be taken into account by those wishing to explore, or implement, distribution of financial services through alternative channels.

20.1 Edcon's credit and insurance distribution^{627,628}

20.1.1 Edcon

Edcon is a South African retail group, with 1 173 stores under 12 retail brands throughout Southern Africa⁶²⁹. Edcon focuses largely on clothing products, and is the biggest non-food retailer in South Africa. Through its discount division and department store division Edcon positions to cover a broad socio-economic spectrum.

20.1.2 The Financial Services Offering

Edcon offers consumer credit and insurance products through its credit and financial services business, as well as in partnership with banks and insurance companies.

Products offered by Edcon include:

- store credit cards (e.g. Legit store card)
- co-branded credit cards (e.g. Mastercards)
- personal loans
- insurance products (funeral insurance, commuter accident insurance, cell phone insurance, account protection, legal insurance, appliance maintenance insurance, domestic employee insurance).

Edcon is responsible for sales, and some of the servicing components relating to the financial services products offered to its client base.

20.1.3 Outcomes Achieved

⁶²⁷ Specialist Consultation. Refer to Section 21 for details.

⁶²⁸ Edcon Holdings. (2012). Annual Report for the period ended 31 March 2012. Retrieved March 5, 2013, from www.edcon.co.za.

⁶²⁹ Edcon. (2013). Home. Retrieved March 5, 2013, from www.edcon.co.za.

Edcon is one of the most successful retail distributors of financial services products in South Africa, with 3.8 million active private label credit cards, and an insurance book in the region of R1 billion in premium per annum, in 2011.

20.2 Vodacom's M-PESA mobile money services^{630, 631, 632}

20.2.1 Vodacom

Vodacom, part of the Vodafone group and one of the first mobile network operators in Tanzania, launched M-PESA in Tanzania in April 2008. M-PESA is a mobile money service, designed as a service for the unbanked in emerging markets. The product was conceived in 2005 and piloted in early 2007 in Kenya.

20.2.2 The Financial Services Offering

M-PESA is a SMS-based system. It allows customers to use mobile phones to deposit, send, and withdraw funds. It also allows customers to transact at any of the country's 3,000 agent outlets. Customers do not need to have a bank account and even the poorest users are able to use the system at a reasonable cost as transaction values are small, ranging from USD 5 to USD 30.

20.2.3 Outcomes Achieved

Fourteen months post implementation in Tanzania, Vodacom had signed up 280,000 users and 1 000 agents. The M-PESA user uptake in Tanzania was much slower than the M-PESA by Safaricom in Kenya which had signed up 2.7 million users and almost 3 000 agents after the same period. However, during its financial year ended 31 March 2013, Vodacom reported that its M-PESA revenue increased by 125%⁶³³. The mobile money service now accounts for 14.1% of sales in Tanzania, TZS 105 billion (\$65 million) which is a significant increase from the 8.4% share M-PESA accounted for the previous year. Vodacom is reported to currently have 4.9 million active M-PESA customers in Tanzania which makes up more than half of its subscriber base. M-PESA generates a monthly ARPU of \$1.50⁶³⁴.

20.3 KilimoSalama agricultural inputs insurance^{635,636}

20.3.1 The Initiative

KilimoSalama is an initiative under joint partnership between UAP Insurance and Syngenta Foundation for Sustainable Agriculture (SFSA), referred to as the Agricultural Index Insurance Initiative. Safaricom is the mobile network and payments partner. Training and selection of stockists is conducted by NGO AGMARK.

20.3.2 The Financial Services Offering

KilimoSalama is an agricultural insurance product sold by Agro distributors in Kenya to farmers. It is an insurance product that protects farmers' investments in farm inputs such as seed, fertilizer and

⁶³⁰ IFC:World Bank Group. (2010). *M-Money Channel Distribution Case – Tanzania*. Retrieved August 4, 2013, from www.afdb.org.

⁶³¹ Camner, G., Pulver, C. & Sjoblom, E. (2012). *What makes a successful mobile money implementation*. Retrieved August 4, 2013, from www.gsma.com.

⁶³² International Finance Corporation: World Bank Group. (2010). *M-Money Channel Distribution Case – Tanzania: Vodacom Tanzania M-PESA*. Retrieved February 14, 2013, from <http://www.microfinancegateway.org>.

⁶³³ Wieland, K. (2013). *Vodacom reports M-Pesa surge in Tanzania*. Retrieved August 4, 2013, from www.mobileworldlive.com.

⁶³⁴ *Ibid.*

⁶³⁵ Goslinga, R. & Brugger, F. (2010). *Kilimo Salama: Agricultural Insurance Initiative Kenya*. Retrieved March 29, 2013, from <http://www.syngentafoundation.org>.

⁶³⁶ Kilimo Salama. (2010). *About Kilimo Salama*. Retrieved March 29, 2013, from <http://kilimosalama.wordpress.com/about/>.

chemicals; against extreme weather risk such as drought or excess rainfall using solar powered weather stations to monitor rainfall; and mobile payment technology to collect premiums and pay-out to farmers. It currently covers maize and wheat inputs. 500 agro distributors are currently distributing the product.

20.3.3 Outcomes Achieved

The product was launched in 2009 in Nanyuki, Kenya and by 2010, 11 000 farmers were insured and 5 areas covered.

20.4 Standard Banks' Access Points⁶³⁷

20.4.1 Standard Bank

Standard Bank Group is Africa's largest financial institution, with a presence in 18 African countries. The Group is listed on the JSE and the Namibian Stock Exchange, and, as at 2011, maintained a branch network of 1 222 across Africa, and employed approximately 52 000 people.

20.4.2 Informal Trader Banking Portal, or "Access Point"

Standard Bank introduced a low cost transactional account and formed partnerships with thousands of retailers (such as home-based convenience shops, or "spaza shops") in low income communities throughout South Africa, in peri-urban and rural areas, to provide easily accessible points of access, particularly for low income earners. These are called AccessPoints and function as no-frills bank branches. The bank launched a new transactional account, the AccessAccount in March 2012 that provides account-holders with a number of transactions including cash-in and cash-out services (which are similar to cash deposits and withdrawals at a bank); prepaid airtime purchases (mobile phone credits) and prepaid electricity.

20.4.3 Outcomes Achieved

Since its launch in 2007, the bank has 9 700 AccessPoints across the 9 provinces in South Africa. To date, approximately 900 000 low-cost accounts have been opened. Informal traders such as spaza shops and taverns have increased foot traffic and have measurably higher turnover.

20.5 Key considerations for alternative distribution

The following table lists key considerations illustrated by the case studies, relating to the distribution of banking and insurance products through alternative distribution channels.

Key Consideration	Relevant Case Study	Illustration
Product and process simplicity	Edcon	<ul style="list-style-type: none"> The sales process for credit and insurance products was engineered to enable simple operations and processes, to ensure that sales could be processed quickly and efficiently by front line staff
	Standard Bank AccessPoints	<ul style="list-style-type: none"> Standard Bank developed a process that circumvents typical onerous FICA (anti-money laundering) requirements to ensure money transfers with minimal paperwork

⁶³⁷ Coetzer, P., & Pascarel, N. (2012). *Standard Bank's Inclusive Banking Model – An Overview*. Retrieved March 14, 2013, from http://www.b4dpathfinder.org/documents/standard_bank_inclusive_banking_20120921.pdf.

Mapping of potential financial services distribution channels in SADC

Key Consideration	Relevant Case Study	Illustration
Product bundling	KilimoSalama	<ul style="list-style-type: none"> The administration backbone is a fully automated, paperless technology
	Edcon	<ul style="list-style-type: none"> Certain insurance products (such as credit life), are bundled with other products (such as store credit) to simplify product take-up. Some products (e.g. funeral offerings) are bundled with Edcon's club offerings.
	Standard Bank AccessPoints	<ul style="list-style-type: none"> Standard Bank is pursuing product bundling (of loans, credit, insurance) as a way to move its Access Point offering beyond the current transactional products which provide low revenue
Distributors as premium collectors	Edcon	<ul style="list-style-type: none"> Bulk of premium for Edcon insurance products are collected through their account payment collection mechanisms, which leverages their POS infrastructure.
Leveraging technology	Vodacom M-PESA	<ul style="list-style-type: none"> Agents take pictures of voter registration cards with mobile phone cameras, making it cost-effective due to the lack of paperwork and filing.
	KilimoSalama	<ul style="list-style-type: none"> Weather index based insurance offers a method to insure farms as small as one acre as well as larger farms by replacing costly farm visits with measurements from weather stations as the indicator of drought conditions. KilimoSalama uses mobile payment technology to collect premiums and pay-out to farmers. It uses mobile phones with tailor-made software as registration devices at points of sale in the agro shops
Partnarial relationships	Edcon	<ul style="list-style-type: none"> Edcon and Hollard have a partnarial relationship, which is positioned as a partnership of equals, with strong commitment from both parties, a high degree of strategic alignment, and a risk and reward sharing arrangement.
	Standard Bank AccessPoints	<ul style="list-style-type: none"> Standard Bank formed partnerships with thousands of retailers in low income communities throughout South Africa, in peri-urban and rural areas to provide easily accessible points of access
Active selling	Edcon	<ul style="list-style-type: none"> At Edcon, their point of sale system has been set up, for example, to prompt cashiers to ask clients whether they are interested in taking out funeral insurance
Ensuring appropriate distribution partners	Standard Bank AccessPoints	<ul style="list-style-type: none"> A typical AccessPoint can be a spaza shop (informal retailer or tuck shop) which is required to have a good credit record, be recognized and established in the community, and be South-African owned.
	Vodacom M-PESA	<ul style="list-style-type: none"> There are almost 17,000 M-PESA agents in Tanzania and they account for 87% of all cash outlets commonly used for financial services or money transfers⁶³⁸

⁶³⁸ Mas, I., & John, A. (2013). *Where's the Cash? The Geography of Cash Points in Tanzania*. Retrieved August 8, 2013, from www.cgap.org.

Key Consideration	Relevant Case Study	Illustration
Ensuring sufficient cash float	Standard Bank AccessPoints	<ul style="list-style-type: none"> Standard Bank flagged the issue of availability of physical and electronic cash at AccessPoints as potential bottlenecks to be addressed
	Vodacom M-PESA	<ul style="list-style-type: none"> Most mobile money agents remain near main roads, close to banking points to ensure sufficient cash float. 56% of the almost 17,000 M-PESA agents are within 1 kilometre of a bank branch while 83% are within 5 kilometres⁶³⁹
The criticality of regulatory alignment	Vodacom M-PESA	<ul style="list-style-type: none"> The regulatory environment is conducive to M-PESA as the Central Bank of Tanzania is currently supportive of the deployment of mobile money services and does not require the mobile network operator to officially partner with a bank. The various mobile payment systems in Tanzania are regulated under different structures since some provide formal banking services while others are positioned only as remittance and bill payment products. Without this type of support, M-PESA initiatives in other countries have failed.
The importance of education and training	Vodacom M-PESA	<ul style="list-style-type: none"> Initially, Vodacom did not invest a lot of resources in consumer education and this may be one of the key reasons that the service was slow to start. Recently, the company has started nationwide communication campaign to help users understand the product better. Furthermore, 2 of their 3 competitors have also launched similar money transfer services and their efforts to educate the general public have increased the overall level of financial understanding in Tanzania.
	KilimoSalama	<ul style="list-style-type: none"> Cost-effective training such as offering farming advice through SMS
Learning from comparable distribution cases, without slavishly aiming to replicate	Vodacom M-PESA	<ul style="list-style-type: none"> The launch of Vodacom’s M-PESA in Tanzania had a markedly lower take-up than Safaricom’s launch of M-PESA in Kenya. This discrepancy has been linked to important distinctions in country demographics, cultures, market characteristics and strategic implementation decisions.
	KilimoSalama	<ul style="list-style-type: none"> KilimoSalama’s design is based on the lessons learned from a pilot in Laikipia district

Figure 120: Key Considerations for the Distribution of Financial Services Products Through Alternative Channels

⁶³⁹ Mas, I., & John, A. (2013). *Where's the Cash? The Geography of Cash Points in Tanzania*. Retrieved August 8, 2013, from www.cgap.org.

21 Appendix A: SPECIALIST CONSULTATIONS

The following stakeholders were consulted during the course of the study.

Country	Name	Organisation	Role
Angola	Allan Cain	Development Workshop – Angola; Co-founder KixiCredito Micro-Finance & Housing Institution	
	Germaine	Usave (Bairo Azul)	Management
	Miguel	Hungry Lion (Luanda)	Management
	Carla	Casa dos Frescos	Financial Director
	Rosa	Jumbo	Management
	Bhairav Raja	Cenfri	Project Manager
	Evans Musodza	Redflank	Payments Specialist
	Jose Matoso	BPC	Marketing Manager
Botswana	Evans Musodza	Redflank	Payments Specialist
	Tebogo	Botswana Post	Customer Services Consultant
	John Haenen	BIHL Life Insurance	CEO
Democratic Republic of Congo	His Excellency Bene L M'poko	DRC Embassy in SA	Ambassador
	Malamba Lenge Nzangula	DRC Citizen	Student
	Francois Okamba	Shoprite (Kinshasa)	Salesman
Lesotho	Evans Musodza	Redflank	Payments Specialist
	Mamalela Palesa Sematlane	FinMark Trust	FIP Consultant
	Matumelo	Lesotho Postal Bank	Administrator
	Pulani	Shoprite	Receptionist
Malawi	Evans Musodza	Redflank	Payments Specialist
	Felix Kadewere	FinMark Trust	FIP Consultant
	Bhairav Raja	Cenfri	Project Manager
	Andrew Sante	Airtel	Head of the Airtel Money Function
	Elfacy Nyembo	Shoprite	Manager
	Rindi	SPAR (Lilongwe)	General Manager
	Wilson White	USave (Lilongwe)	General Manager

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Country	Name	Organisation	Role
	Griffin	Massmart Holdings, Lilongwe	Sales Manager
	Lawson Mbewe	Malawi Posts Corporation	Customer Services Manager
	Taulunga	Malawi Posts Corporation	Switchboard Operator
Mauritius	Abraham Rawat	Mauritius Commercial Bank Limited	Head of Banking Products SBU
	Ajay	Mauritius Post	Callcentre Agent
	Mrs Chen	Hong Kong Store	Salesperson
	Bene Dourga	Jumbo	Salesperson
Mozambique	Selizar	Correios de Mocambique	Manager
	Joao Goncalves	Shoprite Holdings Ltd	Management
	Chadi	SPAR (Chimoio)	Store Manager
	Anna Paula Florentino	Game Stores	Manager
	Ruben	Game	Management
	Welcome	Petrolos de Mozambique	Accountant
	Bhairav Raja	Cenfri	Project Manager
	Ian Bain	Bosch Holdings (Pty) Ltd.	Financial Consultant
Namibia	Evans Musodza	Redflank	Payments Specialist
	Louw Leeb	Metro Cash & Carry, Mariental	Manager
	Paul Klein	AGRA	Agro-dealer
	M Malunga	Ministry of Agriculture, Water and Forestry	Deputy Director of Agricultural Planning
	Ester	Metro Cash & Carry: Gobabis	Salesperson
	Stossel Louw	Metro Cash & Carry: Keetmanshoop	Manager
	Heelen Titus	Model Pick 'n Pay Family Store: Otjiwarongo	Assistant

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Country	Name	Organisation	Role
	Selma	Metro Cash & Carry: Tsumeb	Manager
	Anna Pieterse	Model Pick 'n Pay Family Store: Walvis Bay	Sales person
	Loftie	Namica Supermarket: Windhoek	Manager
Seychelles	Bernard Jackson	MCB Seychelles	Head of Finance and Administration
	Barbra Esther	Seychelles Post	Administrator
South Africa	Evans Musodza	Redflank	Payments Specialist
	Matungoe Chidi	Redflank	Management Consultant
	Lings Naidoo	Redflank	Director
	Pankaj Ranchod	Redflank	Director
	Andrew Lovegrove	FinMark Trust	Payments Specialist
	Jaco Vlok	Old Mutual	Executive
Swaziland	Evans Musodza	Redflank	Payments Specialist
	Ian Bain	Bosch Holdings (Pty) Ltd.	Financial Consultant
	Sabelo Mabuza	FinMark Trust	Management Consultant
Tanzania	John Haenen	Heritage Insurance	Ex CEO
	Lings Naidoo	Consulting to various Tanzanian companies	Consultant
Zambia	Kaluya Kaluya	Banking Operations Director	Pan African Business Forum and Lash Capital
	John	Pick n' Pay: (Jhb Head Office)	Management
	Issac	Shoprite	Store Manager
	Molenga	Zambia Postal Services Corporation	Accounts Officer
	Ntazana Kalaule	Zambia National Commercial Bank	Treasury Sales Dealer
Zimbabwe	Evans Musodza	Redflank	Payments Specialist

Country	Name	Organisation	Role
	Stephen Pswarayi	Ex-Paprika Zimbabwe	Smallholder farmer
	P. Gondo	OK Store	Salesman
	Pauline	TM Zimbabwe	Management
	Tinashe Chidovi	Truworths	Finance department
	Tapiwa	TV Sales and Hire	Sales person
	Sibongile	Edgars, Bulawayo	Sales person

22 Appendix B: Data Sources for Number of Distribution Points

The table below outlines the data sources for the number of distribution points for each country-channel combination. In certain instances, more than 1 data source was used. The roman numerals below refer to footnotes with details of the relevant data sources. The footnotes appear at the end of this section.

Table 1: Distribution Points⁶⁴⁰

	AGO	BWA	COD	LSO	MWI	MUS	MOZ	NAM	SYC	ZAF	SWZ	TZA	ZMB	ZWE
Agro Distributors	i	ii	iii	iv	v, vi	vii, viii	ix	x	xi	xii	xiii	xiv	xv	xvi
Bank Branches	xvii, xviii													
Informal Traders	xix	xx	xxi	xxii	xxiii	xxiv	xxv	xxvi	xxvii	xxviii	xxix	xxx	xxxi	xxxii, xxxiii
Mobile Agents	xxxiv	xxxv	xxxvi	xxxvii, xxxviii	xxxix	xl	xli	xlii	xliii	xliv	xlv	xlvi	xlvii	xlviii
Gas Stations	xlix, l	li	lii	liii	liv	lv	lvi	lvii	lviii, lix	lx	lxi, lxii, lxiii, lxiv, lxv	lxvi	lxvii	lxviii
Post Offices	lxix	lxx	lxxi	lxxii	lxxiii	lxxiv	lxxv	lxxvi	lxxvii	lxxviii	lxxix	lxxx, lxxxii	lxxxiii	lxxxiiii
Retailers	lxxxiv	lxxxv	lxxxvi	lxxxvii	lxxxviii	lxxxix	xc	xcii	xciii, xciv	xcv	xcvi	xcvii	xcviii	xcix

⁶⁴⁰ Abbreviated country names as follows: AGO (Angola), BWA (Botswana), COD (Democratic Republic of Congo), LSO (Lesotho), MWI (Malawi), MUS (Mauritius), MOZ (Mozambique), NAM (Namibia), SYC (Seychelles), ZAF (South Africa), SWZ (Swaziland), TZA (Tanzania), ZMB (Zambia), ZWE (Zimbabwe)

23 APPENDIX C: Data Sources for Size of Market Served

The table below outlines the data sources for the market served by each of the 6 alternative distribution channels in each of the SADC countries. Some figures were obtained by calculation from other known figures. The formulas used are listed below in the second column. The data sources for these figures are indicated via footnotes.

Table 7: Market Served

	AGO	BWA	COD	LSO	MWI	MUS	MOZ	NAM	SYC	ZAF	SWZ	TZA	ZMB	ZWE
Agro Distributors	<ul style="list-style-type: none"> Total economically active population in agriculture^c 													
Bank Branches	<ul style="list-style-type: none"> (Percentage of people formally included) X (Population aged 15+)^{ci cii} Seychelles was assumed to have 100% of its population that are formally included, due a greater than 100% bank account coverage rate 													
Informal Traders	<ul style="list-style-type: none"> (Total number of economically active people) X (% of people in informal employment) OR (Informal economy as a % of GDP)^{ciii civ cv} Where data was not available, it was assumed that those countries had the same or similar values to comparable countries, in terms of the informal economy. 													
Mobile Agents	<ul style="list-style-type: none"> Various MNO Websites^{cvi} 													
Gas Stations	<ul style="list-style-type: none"> Customer base = (Total number of vehicles in a country) X (Average number of passengers per vehicle)^{cvii} 													
Post Offices	<ul style="list-style-type: none"> (100% - percentage of population WITHOUT postal services) X (Population aged 15+ in millions)^{cviii cix} 													
Retailers	<ul style="list-style-type: none"> (Total number of economically active people) X (100% - percentage of people involved in the informal economy)^{cx cxii cxiii} 													

ⁱ (% of Agro Distributors in Mozambique) X (Angola's Population, aged 15+)

- ⁱⁱ AgroNews, (2011), No incinerators to dispose of agrochemicals in Botswana, Retrieved March 10, 2013, from <http://news.agropages.com/News/NewsDetail---3800.htm>
- ⁱⁱⁱ Estimated based on the number of agro distributors = (Number of people are employed in agriculture (60%) X Number of SMEs_Formal_5000)
- ^{iv} Annor-Frempong, I. E., (2008), The National Agricultural Research System in Lesotho: Situation analysis, Retrieved March 11, 2013, from www.sadc.int/fanr/agricresearch/icart/inforesources/situationanalysis/LesothoSitAnalysisFinalReport.pdf
- ^v FinScope, (2012), FinScope Malawi SMME Survey 2012, Retrieved 18 February, 2013, from www.finscope.co.za
- ^{vi} The average number of farming households per agro-dealer = 1,550 (as per <http://africa-rising.net/category/crops/>). Given that there are 5,221,000 economically active people in agriculture (www.FAO.org), and assuming that there are 2.2 economically active people per farming household in Tanzania (as it is for Zambia - see Agro-Dealer entry for Zambia for details), we calculate farming households in Tanzania. This yields a figure of 1,530 agro distributors in Malawi.
- ^{vii} Mauritius Cooperative Agricultural Federation Ltd (MCAF), ABOUT US, Retrieved March 18, 2013, from <http://mcafacoop.com/files/category.php?lang=1&id1=20>
- ^{viii} Ministry of Agro Industry and Food Security, Seed and Seedlings, Retrieved March 18, 2013, from <http://agriculture.gov.mu/English/Pages/Services/Inputs/Seed-and-Seedlings.aspx>
- ^{ix} A network of 450 agro distributors was strengthened and expanded in Manica and Tete provinces of Mozambique (IFDC, (2012), MADD: Mozambique Agro-Dealer Development, Retrieved 1 March, 2013, from <http://www.ifdc.org/Projects/Recent/MADD>). Manica and Tete represents 12.4% of the land cultivated for food crops in Mozambique (FAO, (1997), FAO/WFP CROP AND FOOD SUPPLY ASSESSMENT MISSION TO MOZAMBIQUE, Retrieved 1 March, 2013, from <http://www.fao.org/docrep/004/w5245e/w5245e00.htm>). Assuming that the Agro distributors in Mozambique are relatively evenly distributed through the provinces, then the total number of agro distributors in Moz = (450)/(12.4%) = 3630.
- ^x National Agricultural Support Services Programme (NASSP), (2005), NAMIBIA: DRAFT SEED POLICY, Retrieved February 9, 2013, from <http://www.mawf.gov.na/Documents/seedpolicy.pdf>
- ^{xi} (% of Agro Distributors in Mauritius) X (Seychelles' Population, Aged 15+)
- ^{xii} (% of Agro Distributors in Mozambique) X (SA's Population, Aged 15+)
- ^{xiii} (% of Agro Distributors in Lesotho) X (Swaziland's Population, Aged 15+)
- ^{xiv} Agricultural Finance Markets Scoping Tanzania, (2012), AgFIMS Tanzania 2011 Headline Findings, Retrieved February 10, 2013, from <http://www.gatsby.org.uk/~media/Files/Africa/Gatsby%20Africa%20AgFIMS%20Tanzania%20Headline%20Findings%202012.ashx>
- ^{xv} CARE, (2010), The ADAPT Project in Zambia: Successes and Lessons in Building a Scalable Network of Rural Agro Distributors to Serve Smallholders - A MARKET ENGAGEMENT INNOVATIONS and IMPACTS CASE STUDY, Retrieved 25 February, 2013, from <http://edu.care.org/Documents/The%20ADAPT%20Project%20in%20Zambia%20Successes%20and%20Lessons%20in%20Building%20a%20Scalable%20Network%20of%20Rural%20Agro%20Distributors%20to%20Serve%20Smallholder.pdf>
- ^{xvi} (% of Agro Distributors in Zambia) X (Zimbabwe Population, Aged 15+)
- ^{xvii} WorldBank, (2011), WorldBank, Retrieved March 28, 2013, from www.data.worldbank.org
- ^{xviii} International Monetary Fund, (2011), Financial Access Survey, Retrieved March 28, 2013, from www.fas.imf.org
- ^{xix} Retrieved, March 3, 2013, from http://www.dnci.net/abccomercial/edicoes/revistas/abc_11e.aspx
- ^{xx} TradeMark Southern Africa, (2011), Botswana government facilitates women's cross border informal trade, Retrieved March 4, 2013, from <http://www.trademarksa.org>
- ^{xxi} Streetnet International, (2012), Summary report: Case studies of collective bargaining and representative forums for street traders, Retrieved 19 February, 2013, from www.streetnet.org.za/docs/research/2012/en/composite.pdf
- ^{xxii} FinMark Trust, (2012), FinScope Consumer Survey Lesotho 2011, Retrieved March 12, 2013, from www.finscope.co.za
- ^{xxiii} Mywage.org, The Informal Sector, Retrieved February 19, 2013, from <http://m.mywage.com/main/labour-law/labourlaw/Malawi/DecentWorkCheck-Malawi/informal-sector/the-informal-sector>
- ^{xxiv} Daniels L., (2009), The Role of Small Enterprises in Africa: Lessons from Four National Surveys, Retrieved March 20, 2013, from http://report.nat.gov.tz/ReportFront/report_download.jsp?sysId=C09803324&fileNo=004
- ^{xxv} Business Teacher, An overview of the informal sectors of mozambique & south Africa, Retrieved February 25, 2013, from <http://www.businessteacher.org.uk/free-business-essays/comparative-overview-of-the-informal-sectors.php>
- ^{xxvi} Mwilima N. (2006), Dealing With the Informal Economy: A Challenge for Trade Unions in Southern Africa Trade Union Involvement In the Informal Economy in Namibia (Draft), Retrieved March 18, 2013, from http://www.fesnam.org/pdf/2006/reports_publications/Mwilima_NamibiaCountryPaper_onTU_IE2006.pdf
- ^{xxvii} (% of Informal Traders in Mauritius) X (Seychelles' Population, Aged 15+)
- ^{xxviii} Retrieved, March 17, 2013, from www.esset.org.za/PDF%20files/Publications/Informa%20Economy%20Fact%20Sheet.1.pdf
- ^{xxix} (% of Informal Traders in Lesotho) X (Swaziland's Population, Aged 15+)
- ^{xxx} National Bureau of Statistics Ministry of Finance Dar-es-Salaam, (2011), Basic Facts and Figures on Human Settlements – Tanzania Mainland 2009, Retrieved February 13, 2013, from http://www.nbs.go.tz/takwimu/references/Basic_Facts_and_Figures_on_Human_Settlements_2009.pdf
- ^{xxxi} Shaha, M. K., (2012), The Informal Sector in Zambia: Can it Disappear? Should it Disappear?, Retrieved February 26, 2013, from www.theigc.org/sites/default/files/Zambia%20Informal%20Sector%20Manju%20Shah.pdf
- ^{xxxii} Informal Economy Association has 1.7mil members. Assumed that 28% (figure for Zambia) of these are involved in retail, and that each retail business has 2.5 workers = 190400.
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